

SAFARICOM LIMITED

Condensed unaudited financial statements for the six month period ended 30th September 2012

Condensed consolidated Statement of Comprehensive Income			
Kshs '000	Group	30-Sep-11	% Change
Revenue	59,118,149	49,628,228	19.1%
Cost of sales	(27,529,922)	(26,507,354)	3.9%
Gross Profit	31,588,227	23,120,874	36.6%
Operating expenses (selling, distribution, administration and other expenses/income)	(19,206,278)	(17,077,262)	12.5%
Operating Profit	12,381,949	6,043,612	104.9%
Net financing cost	(871,586)	(645,147)	35.1%
Share of associate's loss	(385)	(1,972)	(81.5%)
Profit before tax	11,509,988	5,396,503	113.3%
Income tax expenses	(3,735,149)	(1,383,663)	169.0%
Profit for the period	7,774,840	4,012,820	93.8%
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive income for the period	7,774,840	4,012,820	93.8%
Attributed to:			
Equity holders of the Company	7,774,840	4,012,820	93.8%
Non-controlling interest	-	-	-
Gross Margin	53.4%	46.8%	-
Earnings per share for profit attributable to the equity holders of the company - basic & diluted (Kshs per share)	0.19	0.10	90.0%
Condensed consolidated Statement of Financial Position			
Kshs '000	Group	31-Mar-12	% Change
Capital Employed			
Share capital (including share premium)	3,850,000	3,850,000	0.0%
Retained earnings	66,650,167	59,140,584	11.2%
Proposed dividends	-	8,620,000	(100.0%)
Shareholders Funds	70,500,167	72,590,584	(2.9%)
Non-controlling interest	-	(506,888)	(100.0%)
Payables and accrued expenses	12,000,000	12,101,554	(0.9%)
Non current borrowings	82,500,167	84,283,777	(2.1%)
Represented by			
Non current assets	90,661,975	100,705,482	(1.0%)
Current Assets:			
Inventories	3,445,324	2,651,125	29.9%
Receivables and prepayments	11,864,301	8,190,208	42.4%
Current income tax	-	1,542,714	(100.0%)
Cash and cash equivalents	13,201,945	8,808,058	49.9%
	28,311,570	21,194,105	33.6%
Current Liabilities			
Payables and accrued expenses	29,062,573	30,463,368	(4.6%)
Dividend payable	8,800,000	-	100.0%
Derivative financial instruments	39,600	147,000	(73.1%)
Current income tax	514,644	-	100.0%
Borrowings	7,028,561	7,005,542	0.3%
	45,473,378	37,615,900	20.9%
Net current liabilities	(17,161,903)	(16,421,795)	4.5%
	82,500,167	84,283,777	(2.1%)
Condensed consolidated Statement of Cash Flows			
Kshs '000	Group	30-Sep-11	% Change
Operating activities			
Cash generated from operations	16,317,386	17,530,927	(6.9%)
Net interest paid	(670,939)	(787,198)	10.6%
Income tax paid	(2,002,553)	(2,008,603)	(0.3%)
Net cash from operating activities	13,443,888	14,735,126	(8.8%)
Investing activities			
	(9,060,027)	(15,560,349)	(42.8%)
Financing activities			
	18,026	2,397,231	(99.9%)
Net movement in cash and cash equivalents	4,393,887	1,487,009	-
Movement in cash and cash equivalents			
At start of the period	8,609,059	5,239,035	-
Increase	4,293,847	1,267,009	-
At end of the period	13,201,945	6,526,044	-

Commentary on results

The Board of Directors is pleased to announce the unaudited results for the six month period ended 30 September 2012. The same accounting policies and methods of computation have been used as were in the last financial statements.

During the period there was an increase in the number of subscribers to 19,22m as at 30 September 2012 from 18,05m as at 30 September 2011. In order to support this growth, the company continued to invest heavily in the expansion of both the 2G and 3G networks as well as fixed data (MIMO) infrastructure.

Capital expenditure during the six month period stood at Kshs 8,55 bn (excluding acquisitions and IRUs). Capex spend is expected to increase to Kshs 14 bn for the second half of FY13 assuming a favourable economic and regulatory environment.

Total borrowings as at 30 September 2012 stood at Kshs 19,03 bn, offset by cash at bank totalling Kshs 13.2 bn.

Taxation

The Group continues to be the major contributor to the revenues of the government and remitted Kshs 15,99 bn in duties, taxes and license fees for the six month period ended 30 September 2012.

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

By order of the Board

Nicholas Nganga
Chairman

Date 8th November 2012

- ### Key highlights for the six month period ended 30th September 2012
- Customer numbers have increased by 6.5% to 19,22m as at September 2012 from 18,05m as at September 2011
 - Mobile data customers who were active in the last 30 days increased by 30% to 5.59m as at September 2012 from 4.31m as at September 2011
 - M-PESA registered customers grew to 15,23m as at September 2012 compared to 14,87m as at September 2011
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 - Voice revenue increased by 18.5% to Kshs 37,42bn compared to Kshs 31,49bn in a similar six month period ended September 2011
 - SMS revenue grew by 17.0% to Kshs 4,27bn compared to Kshs 3,65bn in a similar six month period ended September 2011
 - Data revenue also increased by 29.2% to Kshs 3,98bn compared to Kshs 3,08bn in a similar six month period ended September 2011
 - Strong growth in M-PESA revenue of 32.3% to Kshs 10,43bn compared to Kshs 7,88bn in a similar six month period ended September 2011
 - M-PESA/SMS/Data revenues increased to 31.6% of total revenues from 29.4% in a similar six month period ended September 2011
 - EBITDA increased by 51.0% to Kshs 22,28bn compared to Kshs 14,78bn in a similar six month period ended September 2011
 - Net income increased by 93.8% to Kshs 7,77bn compared to Kshs 4,01bn in a similar six month period ended September 2011.

