

SAFARICOM LIMITED

Condensed audited financial statements for the year ended 31st March 2012

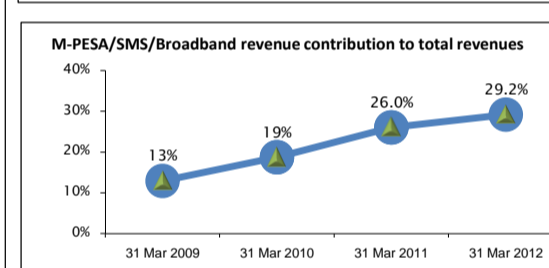
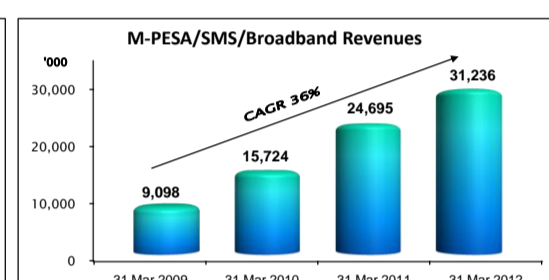
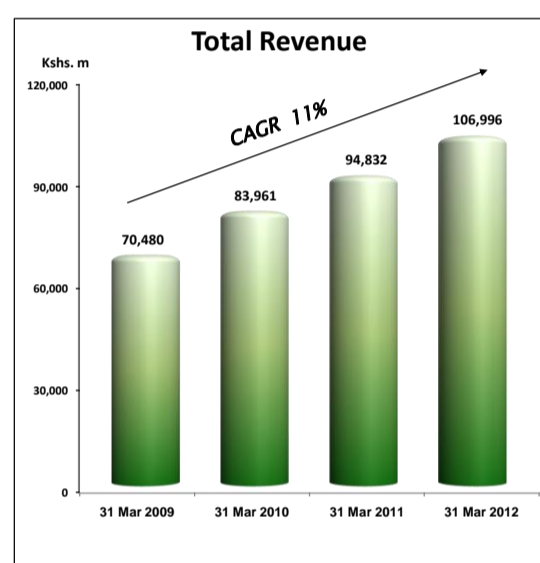
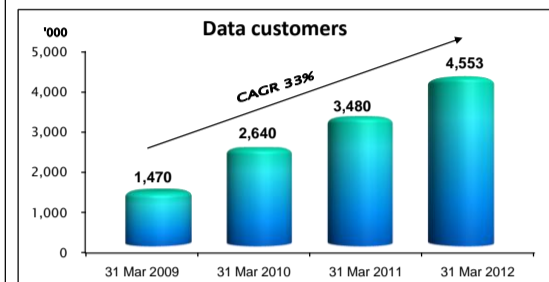
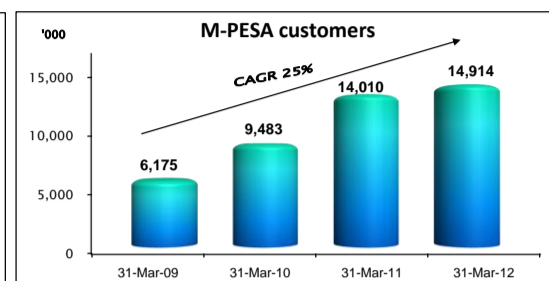
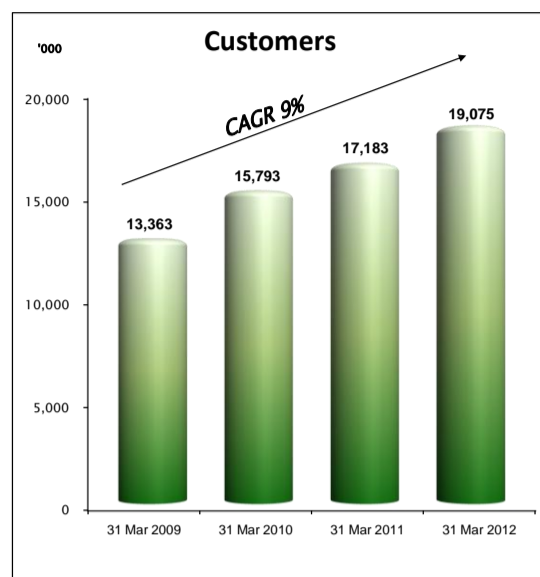
Condensed consolidated Statement of Comprehensive Income			
Kshs '000	Group		%
	31-Mar-12	31-Mar-11	
Revenue	106,995,529	94,832,227	12.8%
Cost of sales	(54,139,219)	(45,794,536)	18.2%
Gross Profit	52,856,310	49,037,691	7.8%
Operating expenses (selling, distribution, administration and other expenses/income)	(32,704,953)	(29,647,542)	10.3%
Operating Profit	20,151,357	19,390,149	3.9%
Net financing cost	(2,782,762)	(1,036,534)	168.5%
Share of associate profit	805	7,748	(89.6%)
Profit before tax	17,369,400	18,361,363	(5.4%)
Income tax expense	(4,741,793)	(5,202,390)	(8.9%)
Total comprehensive income for the period	12,627,607	13,158,973	(4.0%)
Attributed to:			
Equity holders of the Company	12,737,837	13,311,587	(4.3%)
Non-controlling interest	(110,230)	(152,614)	(27.8%)
	12,627,607	13,158,973	(4.0%)
Gross Margin	49.4%	51.7%	
Proposed dividend	8,800,000	8,000,000	10%
Earnings per share for profit attributable to the equity holders of the company			
- basic (KShs per share)	0.32	0.33	(4.3%)

Condensed consolidated Statement of Financial Position			
Kshs '000	Group		%
	31-Mar-12	31-Mar-11	
Capital Employed			
Share capital (including share premium)	3,850,000	3,850,000	0.0%
Retained earnings	59,940,584	56,002,747	7.0%
Proposed dividends	8,800,000	8,000,000	10%
Shareholders Funds	72,590,584	67,852,747	7.0%
Non-controlling interest	(508,886)	(398,656)	27.7%
Deferred liabilities	97,525	178,013	(45.2%)
Non current borrowings	12,104,554	12,104,932	(0.0%)
	84,283,777	79,737,036	5.7%
Represented by			
Non Current Assets	100,705,482	92,153,466	9.3%
Current Assets:			
Inventories	2,653,125	5,880,837	(54.9%)
Receivables and prepayments	8,190,298	9,440,461	(13.2%)
Current income tax	1,542,714	1,009,581	52.8%
Derivative financial instruments	-	111,382	(100.0%)
Cash and cash equivalents	8,808,058	5,259,035	67.5%
	21,194,195	21,701,296	(2.3%)
Current Liabilities			
Payables and accrued expenses	30,463,358	31,101,667	(2.1%)
Derivative financial instruments	147,000	-	100.0%
Borrowings	7,005,542	3,016,059	132.3%
	37,615,900	34,117,726	10.3%
Net current liabilities	(16,421,705)	(12,416,430)	32.3%
	84,283,777	79,737,036	5.7%

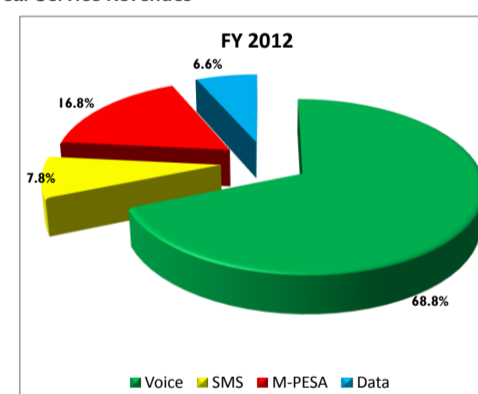
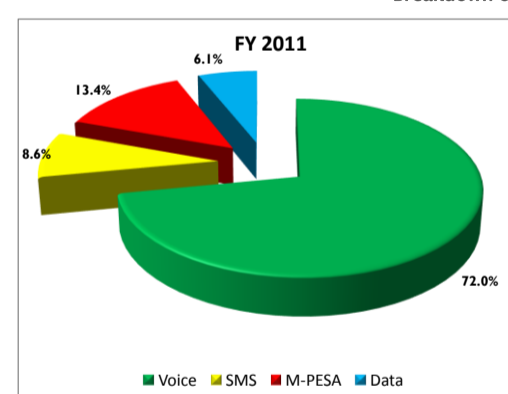
Condensed consolidated Statement of Cash Flows			
Kshs '000	Group		%
	31-Mar-12	31-Mar-11	
Operating activities			
Cash generated from operations	40,038,720	38,268,803	4.6%
Net interest paid	(1,468,799)	(1,069,681)	37.3%
Income tax paid	(5,333,847)	(6,197,250)	(13.9%)
Net cash from operating activities	33,236,074	31,001,872	7.2%
Investing activities	(25,681,538)	(26,847,618)	(4.3%)
Financing activities	(4,007,524)	(9,616,623)	(58%)
Net movement in cash and cash equivalents	3,547,012	(5,462,369)	
Movement in cash and cash equivalents			
At start of year	5,261,046	10,723,415	
Increase/(decrease)	3,547,012	(5,462,369)	
At end of the period	8,808,058	5,261,046	

Key highlights for the year ended 31 March 2012

- Customer numbers have increased by 11.0% to 19.1m in March 2012 from 17.18m in March 2011
- Revenue increased by 12.8% to Kshs 107.00bn compared to Kshs 94.83bn in a similar period ended March 2011
- Voice revenue increased by 8.6% to Kshs 68.96bn compared to Kshs 63.50bn for the period ended March 2011
- M-PESA/SMS/Broadband revenues increased to 29.0% of total revenues from 26.0% in a similar period ended March 2011
- Distinct mobile data customers increased by 30.7% to 4.55m in March 2012 from 3.48m in March 2011
- Strong growth of 43.2% in M-PESA revenue with 14.91m registered customers compared to 14.01m customers in March 2011
- EBITDA increased by 5.0% to Kshs 37.50bn compared to Kshs 35.72bn in a similar period ended March 2011
- Net income decreased by 4.0% to Kshs 12.63bn compared to a similar period ended March 2011, driven by a forex loss and increased interest charges
- Increased 2G sites across the country by 7.6% to 2,690. Of these 1,439 have been upgraded to 3G an increase of 26.2% from 1,140
- Dividend payout has increased to Kshs 8.80 billion representing a dividend payout ratio of 69.7% compared to 60.8% in a similar period ended March 2011



Breakdown of Full Year Service Revenues



Commentary on results

The Board of Directors is pleased to announce the audited results for the year ended 31 March 2012. The same accounting policies and methods of computation have been used as were in the last financial statements.

The year ended 31 March 2012 resulted in an increase in the number of customers to 19.1m as at 31 March 2012 from 17.2m as at 31 March 2011. In order to support this growth, the company continued to invest heavily in the expansion of both its 2G and 3G networks as well as fixed data infrastructure.

Capital expenditure in the year rose significantly with a further investment of Kshs 25.28 billion (excluding acquisitions and Indefeasible Rights of Use) to bring the total capital expenditure from inception to Kshs 189.79 billion. To finance this expansion, the company has continued to reinvest a significant portion of generated cash and enhanced long-term funding.

Total borrowings as at 31 March 2012 stood at Kshs 19.11 billion, offset by cash at bank of Kshs 8.81bn

Taxation

The Group continues to be a major contributor to the revenues of the government and remitted Kshs 33.21 billion in duties, taxes and license fees in the year ended 31 March 2012, increasing the total duties, taxes and fees paid since inception to Kshs 208.65 billion.

Dividends

The Directors recommend for approval the payment of a dividend per share of Kshs 0.22 representing a total dividend payment of Kshs 8.80 billion. Subject to the shareholders' approval at the AGM, the dividend will be paid on or before 11th December 2012.

Closure of register

The register of members will be closed at the closure of business on 13th September 2012 for the purpose of determining shareholders' entitlement of dividend.

Annual General Meeting

The Annual General Meeting will be held on 13th September 2012.

By order of the Board

Nicholas Ng'ang'a
Chairman

Date 9th May 2012