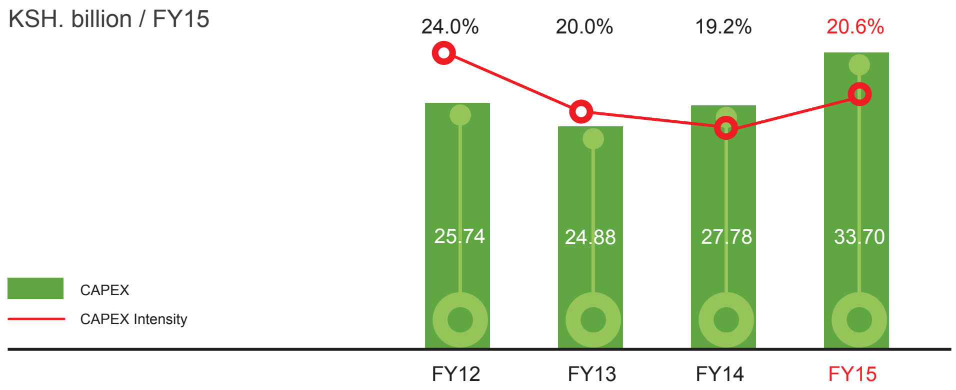
EXECUTIVE **SUMMARY**

PERFORMANCE HIGHLIGHTS

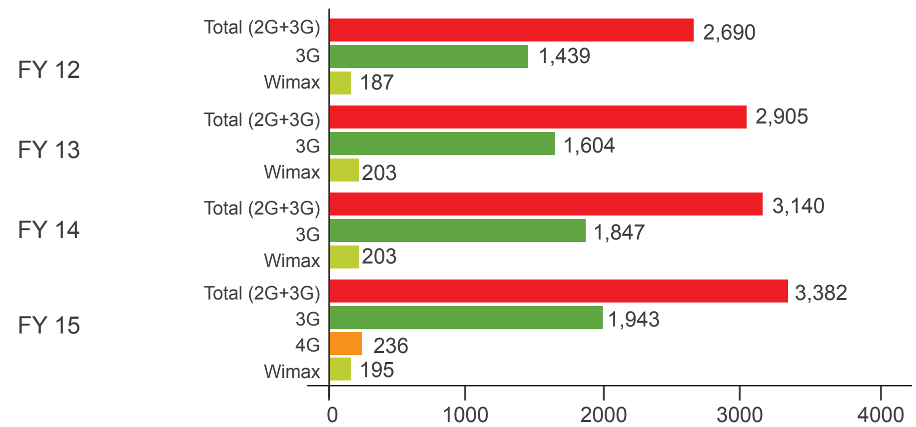
NETWORK EXPANSION AND EVOLUTION

We continued to expand our network during the year with capital expenditure (CAPEX) of KSH 34 billion. This was invested in a variety of capacity building and modernising projects, including our growing fibre network (over 2,010 km now laid in key metro areas), the deploying of more than 500 new sites (2G, 3G and, for the first time, 4G-enabled), the completed modernising of our entire 2G network, the migration and upgrade of the M-PESA platform, together with the acquisition of competitor spectrum. For further information about our work in this regard, refer to page 28.

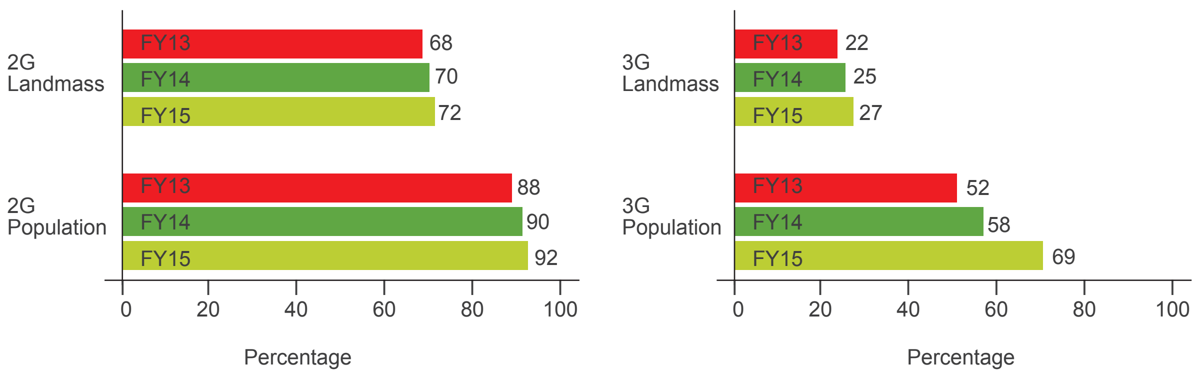
Infrastructural investment



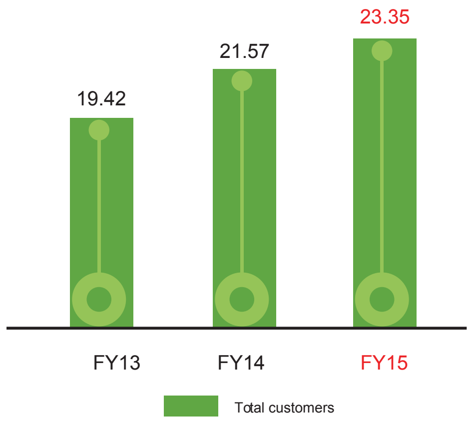
Number of Base stations



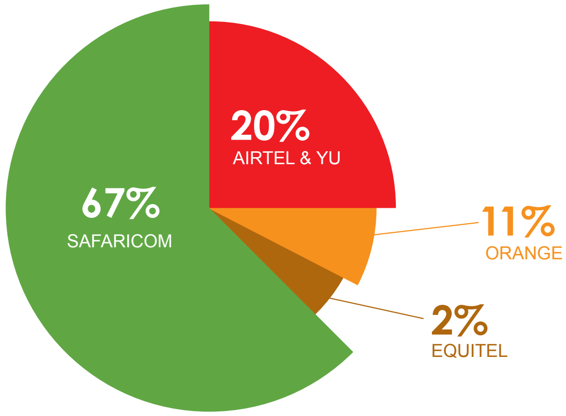
Coverage



Total customers (millions)



Market share by subscribers (%)



Net Promoter Score *	FY15	FY14	Target
Consumer NPS-competitor margin	4%	3%	5%
Enterprise NPS-competitor margin	28%	8%	10%

* Research performed by TNS

Brand Equity †	FY15	FY14
Overall	86	85
Youth	79	85

† Research performed by Millward Brown

NETWORK QUALITY AND AVAILABILITY

The quality of our network remained high and we successfully maintained our ‘Best Network in Kenya’ status in FY15.

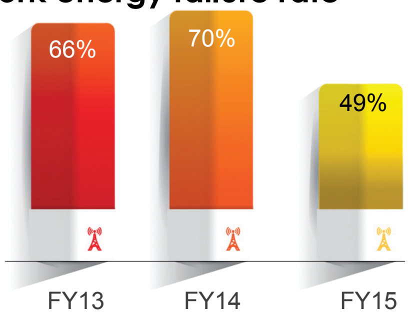
Our performance was also independently evaluated and certified for the first time by the industry-leading P3 Communications Group and we achieved the best overall results among Kenyan operators.

We tackled indoor penetration rates in high density urban areas with innovative solutions and, in another milestone first for Kenya, rolled out 236 super high speed 4G-enabled sites in Mombasa and Nairobi.

As well as testing our network performance directly, we measure the quality of our service using the Net Promoter Score (NPS) and Brand Equity metrics. In essence, the NPS reflects how happy our customers are with our services and Brand Equity measures the ‘presence’ and visibility of our brand. For further information about our technical Quality of Service (QoS) information refer to page 29 and to page 49 for more detailed customer experience-related information.

The availability of our network remains a critical necessity and we are pleased to be able to report that our network energy failure rate (the amount of times sites have lost all power) dramatically dropped during the year. At the same time, we met our target of reducing energy costs per site by 10% this year and we continued to deploy a range of energy availability and efficiency initiatives throughout the network. For further information about our work in this regard, refer to page 31.

Network energy failure rate *

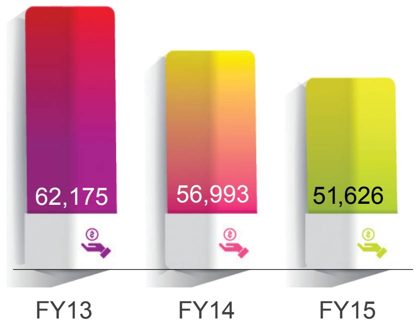


* Power failures as a percentage of total failures

ENERGY CONSUMPTION

We are pleased to report that we have achieved our target of reducing the cost of our energy consumption by 10% during the year (i.e. consumption of energy per network site and facility building). Our total consumption figures for our primary energy resources (electricity, diesel and water) may increase as our network continues to expand in size and sophistication, but we are using the energy we consume more efficiently and steadily reducing wastage. It is pleasing to see that in the current year both our electricity and diesel total consumption have decreased from the year before. This trend is a result of the numerous energy efficiency and consumption management initiatives we have been implementing across our network and facilities. For further information about our work in this regard, refer to page 33.

Cost of energy consumption by site (KSH per month)



Energy consumption

	FY15	FY14	FY13
Electricity (MWh)	98,018	113,800	96,326
Diesel (Litres)	6,166,942	6,833,590	5,748,197

FY16 Target is a 10% reduction (year-on-year)

Environmental performance

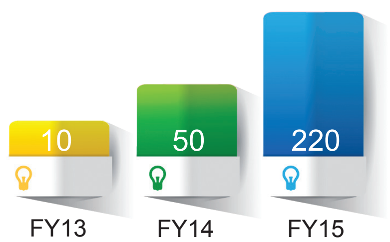
We remain committed to monitoring, reporting and reducing our carbon footprint to help meet the target of an 80% reduction in emissions by 2050. We have calculated and published our carbon footprint again this year and are satisfied to note that our overall consumption is reducing, despite the continued growth of our network infrastructure (another reflection of the various energy efficiency initiatives we have been implementing). We also ran a hugely successful E-waste (discarded electrical or electronic devices and appliances) awareness campaign and collection roadshow during the year, which resulted in the collection of 170 tonnes. Our water consumption has significantly increased from the prior year, this is partly due to us improving our data collection and partly due to increased usage. For further information about our environmental performance, refer to page 40.

Carbon footprint

	FY15	FY14	FY13
Scope 1 emissions (tCO_2e)	24,298	34,341	28,922
Scope 2 emissions (tCO_2e)	32,202	37,387	31,655
Scope 3 emissions (tCO_2e)	4,953	3,634	765
Total (tCO_2e)	**61,452**	**75,362**	**61,342**

E-waste collected (tonnes)*

* Cumulative tonnes of E-waste collected since the inception of the project

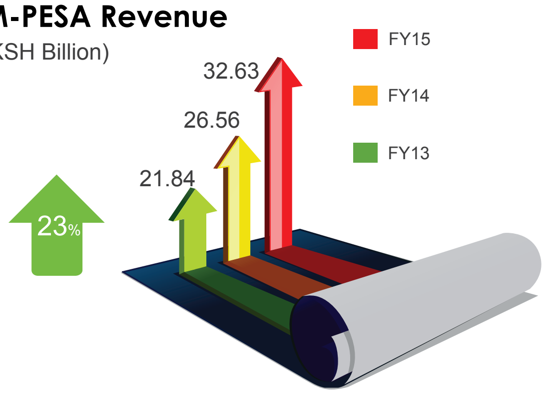


DEEPENING FINANCIAL INCLUSION

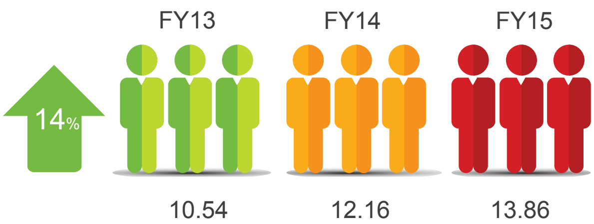
The primary way we participate in improving financial inclusion is through our M-PESA money transfer service. The service continues to grow in reach and in terms of the variety of services on offer. During the year, the number of active Lipa na M-PESA merchants (traders that can accept electronic payments and collections) grew by 105% to 49,413. Our M-Shwari service has now grown to 5.8 million customers and has facilitated KSH 5.5 billion in deposits and KSH 2.1 billion in loans at 2.0% interest per month.

During the year, we also partnered with Kenya Commercial Bank (KCB) to offer customers the KCB M-PESA account, a savings account that has already attracted 1.4 million customers, KSH 120 million in deposits and KSH 950 million in loans. We also launched two new services: Okoa Stima, which is an emergency loan facility that helps customers pay for electricity, and an international money transfer to Tanzania. For further information about our work in this regard, refer to page 39.

M-PESA Revenue
(KSH Billion)



M-PESA Customers
(Million - 30-day active)

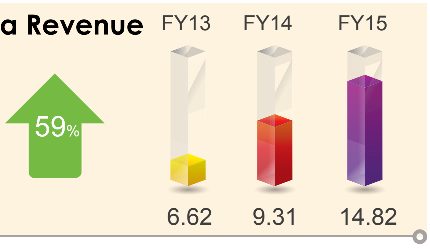


INNOVATION

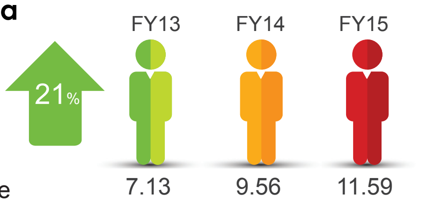
We are delighted to be able to report that our mobile data revenues grew by a pleasing 59% to KSH 14.82 billion during the year. In many respects, we are reaping the rewards of our continued investments in 3G technologies.

We have also been actively helping subscribers to experience the possibilities of the internet through a variety of extremely popular acquisition and stimulation campaigns and now have 11.59 million mobile data users (who have been active within the last 30 days), representing 50% of our total customer base. For further information about our work in this regard, refer to page 35.

Mobile Data Revenue
(KSH Billion)

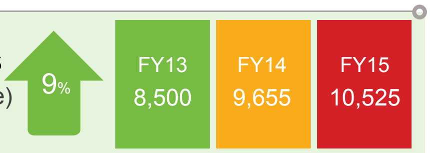


Mobile Data Customers
(Million)



* 30-day active

Appstore downloads
(Daily average)



EMPLOYEES

The character of our workforce changed little during the year. Our staff complement increased slightly, but not significantly, and overall the gender ratio remained stable. This was expected after the increase in the previous year when we offered permanent positions to just under 1,400 contract staff. Overall, our employees are young, dynamic Kenyans, with 70% of our workforce in their 30s, 16% still in their 20s and 85% of our workforce is based in Nairobi. On the whole, our staff complement is pretty evenly split between men and women, although the number of women in more senior management positions remains relatively low. As part of our acquisition of Essar, we on boarded approximately 100 Essar employees. For further information about our employees, refer to page 53.

FINANCIAL SUSTAINABILITY

We are pleased to be able to report another year of strong revenue growth. We achieved a healthy 12.9% growth in total revenue to KSH 163.36 billion. The most significant contributor to this growth was non-voice services, which grew by 27.4% and now contribute 42.1% of our total revenue. This segment include revenues from mobile data and fixed services, M-PESA and SMS. Revenues derived from voice services remained steady as well, growing by 3.7% to KSH 87.41 billion. For further information about our financial performance, please refer to our Annual Report.