

SAFARICOM LIMITED

Summarised unaudited results for the six months to 30 September 2008

The following selected financial data has been extracted, without material adjustment, from the company's unaudited results.

	Six months to 30-Sep-08	Six months to 30-Sep-07	% Change
Revenue	24,808,048	24,844,809	22.7%
Cost of sales	(13,302,040)	(12,728,780)	25.7%
Gross Profit	11,506,008	12,116,029	16.2%
Operating expenses (selling, distribution, administration and other expenses)	(8,252,789)	(7,585,977)	27.2%
Gross Profit	3,253,219	4,530,052	8.2%
Finance costs	(257,201)	(275,237)	-18.9%
Profit before tax	2,996,018	4,254,815	-14.4%
Income tax expense	(2,247,102)	(2,247,102)	-15.0%
Profit for the period	748,916	2,007,713	-14.7%
Gross Margin	46.4%	48.3%	
Proposed dividend	-	-	
Earnings per share for profit attributable to the equity holders of the company	-	-	
- basic (KShs per share)	0.155	0.187	-14.7%
Dividend per share for profit attributable to the equity holders of the company	-	-	
- basic (KShs per share)	-	-	

	At 30 September 2008	At 31 March 2008
Capital Employed	42,842,599	42,842,599
Shareholders Funds	5,780,000	5,480,000
Non Current Borrowings	37,062,599	37,362,599
Represented by		
Non Current Assets	48,722,543	48,722,543
Current Assets	61,478,875	61,478,875
Inventories	2,000,000	2,000,000
Receivables and prepayments	7,000,000	7,000,000
Current Income tax	3,312,841	3,312,841
Debt financial instruments	543,861	543,861
Cash and cash equivalents	2,844,081	2,844,081
Current Liabilities	13,453,235	13,453,235
Payables and accrued expenses	24,156,044	24,156,044
Current Income tax	102,041	102,041
Borrowings	3,144,767	3,144,767
Net current liabilities	57,257,438	57,257,438
Net current liabilities	(15,389,011)	(15,389,011)
	48,122,589	48,122,589

	Six months to 30-Sep-08	Six months to 30-Sep-07	% Change
Operating activities			
Cash generated from operations	13,707,531	13,707,531	
Interest received (paid)	(325,431)	(325,431)	
Income tax paid	(3,115,431)	(3,115,431)	
Net cash from operating activities	10,266,669	10,266,669	-10.8%
Investing activities			
Net movement in cash and cash equivalents	(2,254,785)	(2,254,785)	-21.5%
Financing activities			
Net movement in cash and cash equivalents	(2,254,785)	(2,254,785)	
At start of year	8,531,509	8,531,509	
At end of the period	(2,689,956)	(2,689,956)	
Statement of changes in equity KShs '000s	2,641,551	2,641,551	

	Share capital	Share premium	Retained reserves	Dividends	Total
At start of period	1	3,848,800	24,820,307	4,000,000	32,789,307
Profit for the period	-	-	7,268,878	-	7,268,878
Dividend declared	-	-	(14,000,000)	14,000,000	-
At end of period	1	3,848,800	32,227,985	-	36,077,985
Year ended 31 March 2008					
At start of year	1	3,848,800	24,820,307	4,000,000	32,789,307
Share issue of shares	1,998,000	(1,998,000)	-	-	-
Profit for the year	2,000,000	1,852,000	13,853,296	-	17,705,296
Dividends:					
- Paid for 2007	-	-	(13,853,296)	13,853,296	-
- Declared for 2008	-	-	(2,000,000)	2,000,000	-
At end of year	2,000,000	1,852,000	36,782,583	2,153,000	42,842,583
Period ended 30 September 2008					
At start of year	2,000,000	1,852,000	36,782,583	2,153,000	42,842,583
Profit for the period	-	-	8,216,744	-	8,216,744
Dividends:					
- Paid for 2008	-	-	(7,000,000)	7,000,000	-
At end of the period	2,000,000	1,852,000	43,999,327	-	47,851,327

Commentary on results

The Board of Directors is pleased to announce the unaudited results for the six months to 30 September 2008. In preparing the results, the same accounting policies and methods of computation have been used as were in the last financial statements. The six months in the last year ended 30 September 2007 there was a net off interest receivable amount of KShs 1,000,000 representing interest charges in TRL, and a net off unavalued foreign currency gain of KShs 1,000,000 due to the revaluation of dollar denominated shareholder loans.

Capital expenditure

Capital expenditure in the six months rose significantly with a further investment of KShs 10 billion to bring the total capital expenditure from inception to KShs 120 billion. To finance this expenditure, the company has continued to borrow internally generated cash. Total borrowings as at 30 September 2008 stood at KShs 8.9 billion.

Taxation

The company continues to be a major contributor to the revenues of the government and during the six months paid a total of KShs 12 billion in tax and license fees. The total duties, taxes and fees paid since launch has now exceeded KShs 100.0 billion.

Dividends

The Directors do not approve the payment of an interim dividend.

Michael Mwangi
Chairman

Key Highlights of the six months ended 30 September 2008

- The subscriber base increased by 62.2% over prior year position of 7.056m to close at 11.356m
- Market share rose from 61% to 64%
- Turnover increased by 22.4% to KShs 24.808bn compared to KShs 24.845bn in September 2007.
- EBITDA increased by 15.0% over prior year to KShs 18.0bn
- Profit before tax decreased by 14.4%. In prior year numbers there was interest charged on borrowed cash of KShs 1.000bn which was paid by TRL and a net off unavalued foreign currency gain of KShs 1.000bn due to the revaluation of dollar denominated shareholder loans
- Strong growth in the 18-24MVA service with over 4m registered users
- Capital expenditure in the period to 30 September 2008 in KShs 10bn
- Increased geographical footprint of the Safaricom network across the country
- Acquisition of One Communications Limited, a wireless service provider for US\$2.0m. The contract proceeds were settled on 14 October 2008

