

Condensed Consolidated Statement of Comprehensive Income for the six months ended KShs Bn	GROUP			
	30-Sep-18 IFRS 15	30-Sep-18 IAS 18	30-Sep-18 IAS 18	Change % IAS 18
Service revenue	118.05	118.21	109.73	7.7%
Handsets and other revenue	4.31	4.33	4.49	(3.5%)
Construction revenue	0.30	0.30	0.20	48.7%
Total revenue	122.66	122.84	114.43	7.4%
Other income	0.17	0.17	0.32	(47.8%)
Direct costs	(34.96)	(34.81)	(36.07)	(3.5%)
Construction costs	(0.30)	(0.30)	(0.20)	48.7%
Other expenses	(25.79)	(25.79)	(24.21)	6.5%
Earnings before interest, taxes, depreciation & amortisation (EBITDA)	61.79	62.12	54.27	14.5%
Depreciation and amortisation	(17.56)	(17.56)	(16.74)	4.9%
Earnings Before Interest and Taxes (EBIT)	44.22	44.56	37.52	18.7%
Finance Income	1.54	1.54	0.91	68.8%
Finance Costs	(0.13)	(0.13)	(0.63)	(79.5%)
Share of (loss)/profit of associate	(0.01)	(0.01)	0.01	<100.0%
Profit before taxation	45.63	45.96	37.81	21.5%
Income tax expense	(14.46)	(14.46)	(11.61)	24.5%
Total comprehensive income for the year	31.17	31.50	26.20	20.2%
Attributed to:				
Equity holders of the company	31.17	31.50	26.20	20.2%
Basic and diluted earnings per share (EPS) *	0.78	0.79	0.65	20.2%

Condensed Consolidated Statement of Financial Position KShs Bn	GROUP			
	30-Sep-18 IFRS 15	30-Sep-18 IAS 18	31-Mar-18 IAS 18	Change % IAS 18
Capital Employed				
Share capital (including share premium)	4.20	4.20	4.20	-
Retained earnings	108.82	107.14	75.64	41.6%
Proposed dividends	-	-	44.07	-
Shareholders Funds	113.03	111.34	123.91	(10.1%)
Represented by				
Non Current Assets	139.65	139.63	139.98	(0.3%)
Current Assets:				
Contract assets	2.69	-	-	-
Inventories	2.08	2.08	1.60	30.0%
Receivables and prepayments	20.63	20.63	15.86	30.1%
Cash and cash equivalents	36.67	36.67	9.50	>100.0%
Income Tax recoverable	-	-	0.50	-
	62.07	59.38	27.46	>100.0%
Current Liabilities:				
Contract liabilities	10.00	8.71	8.85	(1.6%)
Payables and accrued expenses	38.02	38.30	26.46	44.7%
Provision	3.10	3.10	4.03	(23.0%)
Dividends payable	33.03	33.03	-	-
Current income tax	0.52	0.50	0.14	>100.0%
Borrowings	4.04	4.04	4.04	(0.1%)
	88.69	87.67	43.53	>100.0%
Net Current Liabilities	(26.62)	(28.28)	(16.07)	76.1%
	113.03	111.34	123.91	(10.1%)

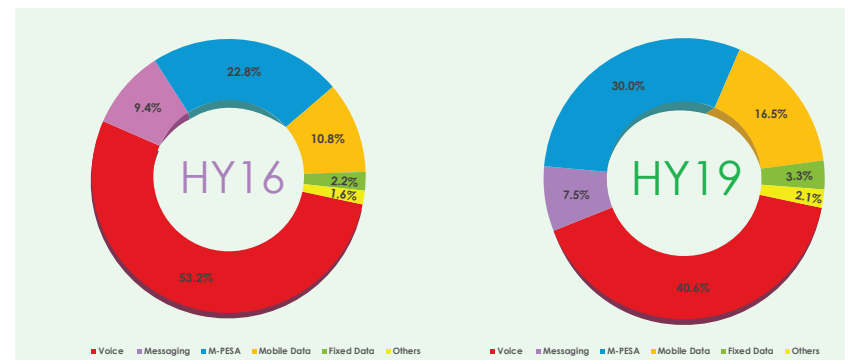
Condensed consolidated Statement of Cash Flows for the six month ended KShs Bn	GROUP			
	30-Sep-18 IFRS 15	30-Sep-18 IAS 18	30-Sep-17 IAS 18	Change% IAS 18
Operating activities				
Cash generated from operations	67.68	67.68	63.19	7.1%
Movement in restricted cash	(0.18)	(0.18)	(0.30)	(41.1%)
Net interest received	1.28	1.28	0.33	>100.0%
Income tax paid	(13.71)	(13.71)	(13.70)	0.1%
Net cash from operating activities	55.08	55.08	49.51	11.2%
Investing activities	(16.85)	(16.85)	(17.39)	(3.1%)
Proceeds from borrowings	4.03	4.03	6.53	(38.3%)
Repayments on borrowings	(4.03)	(4.03)	(16.54)	(75.6%)
Dividends paid	(11.05)	(11.05)	-	-
Net movement in cash and cash equivalents	27.17	27.17	22.11	22.9%
Movement in cash and cash equivalents				
At start of year	9.50	9.50	5.96	59.5%
Increase	27.17	27.17	22.11	22.9%
At end of the period	36.67	36.67	28.07	30.7%

Key highlights for the half year ended 30 September 2018

- Closing Mobile Customers numbers have increased by 1.5% to 29.94m as at 30 September 2018 from 29.49m as at 30 September 2017.
- Mobile data customers who were active in the last 30 days increased by 3.8% to 17.59m as at 30 September 2018 from 16.95m as at 30 September 2017. Usage increased 67% yoy to 640MBs with effective price per MB reducing by 36% yoy.
- M-PESA customers who were active in the last 30 days grew by 8.8% to 21.01m as at 30 September 2018 compared to 19.31m as at 30 September 2017.
- Service revenue increased by 7.7% from Kshs 109.73bn to Kshs 118.21bn for the period ended 30 September 2018.
- Voice service revenue increased by 14% from Kshs 47.35bn to Kshs 48.03bn for the period ended 30 September 2018.
- Messaging revenue decreased by 12% from Kshs 8.92bn to Kshs 8.81bn for the period ended 30 September 2018.
- Mobile data revenue increased by 10.8% from Kshs 17.55bn to Kshs 19.45bn for the period ended 30 September 2018.
- Fixed service revenue increased by 21.0% from Kshs 3.23bn to Kshs 3.91bn for the period ended 30 September 2018.
- M-PESA revenue grew by 18.2% from Kshs 30.05bn to Kshs 35.52bn for the period ended 30 September 2018.
- Non-Voice service revenue (M-PESA/Messaging/Broadband/Other service revenue) increased to 59.4% of total service revenues for the period ended 30 September 2018.
- EBITDA increased by 14.5% from Kshs 54.27bn to Kshs 62.12bn for the period ended 30 September 2018.
- EBIT increased by 18.7% from Kshs 37.53bn to Kshs 44.56bn for the period ended 30 September 2018.
- Net income increased by 20.2% from Kshs 26.20bn to Kshs 31.50bn for the period ended 30 September 2018.



Breakdown of Service Revenue (%)



Commentary on results

The Board of Directors is pleased to announce the unaudited results for the half year ended 30 September 2018. The same accounting policies and methods of computation have been used as were in the last financial statements, except for changes in IFRS 15 and IFRS 9.

During the period there was an increase in the number of customers to 29.94m with M-PESA 30 day active customers increasing to 21.01m and mobile data 30 day active customers increasing to 17.59m.

Capital expenditure in the network for the period ended 30 September 2018 stood at Kshs 16.98bn. To finance this expansion, the company levered its statement of financial position and continues to invest a significant portion of internally generated cash.

Borrowings

As at 30 September 2018 bank borrowings were at Kshs 4.04bn with cash and cash equivalents at Kshs 36.67bn, leaving a net cash of Kshs 32.64bn

Taxation

The Group continues to be a major contributor to the revenues of the Government and remitted Kshs 47.93bn in duties, taxes and license fees for the period ended 30 September 2018. This increased the total duties, taxes and fees paid since inception to Kshs 628.32bn.

Notes

Following the modified retrospective adoption of IFRS 15 - Revenue from Contracts with Customers on 1 April 2018, the Group's results for the six months ended 30 September 2018 are on an IFRS 15 basis, whereas the results for the six months ended 30 September 2017 are (as previously reported) on an IAS 18 basis.

To ensure appropriate disclosure during the period of transition onto IFRS 15, numbers for the six months ended 30 September 2018 have been disclosed on both an IFRS 15 and IAS 18 basis and our commentary describing our operating performance has been provided solely on an IAS 18 basis.

* EPS based on results to 30th September 2018.

By order of the Board

Nicholas Nganga
Chairman

1 November 2018