

**AccessKenya
GROUP**

Announcement of Results for the Year Ended 31 December 2007

Commentary

The Group has delivered strong financial results which have exceeded our IPO predictions as well as delivering significant progress on all of the key pledges made in the IPO prospectus.

Revenues for the twelve months ending December 2007 broke the K Shs One Billion barrier – an increase of nearly 75% from the 2006 figure of K Shs 578 million and 25% higher than the IPO projections of K Shs 800 million. This increase was achieved by a combination of higher than expected revenues in the original core corporate internet business (which on its own exceeded the K Shs 800 million target), together with the additional revenues from the acquisition of Openview Business Systems in September 2007.

Gross profit for the Group increased to K Shs 531 million (53%) up from K Shs 378 million (65%) in 2006. The decline in the percentage gross margin was primarily as a result of the blending into the overall margin of the much lower gross margin from the Openview business as well as a small reduction in the percentage gross margin in the internet business which resulted from purchases of additional bandwidth in the second half of 2007 in preparation for growth in 2008.

Profit after tax attributable to the shareholders of the company increased to K Shs 150 million – an increase of over 300% on the net profit of K Shs 47 million in 2006. This profit increase was achieved at the same time as the company increased

The Group audited financial statements include the results of Communication Solutions Limited and Broadband Access Limited for the 10 months to 31 December 2007 and the results for Openview Business Systems for the 4 months to 31 December 2007 as effective control was transferred to the parent company on these dates. There is no comparative income statement for the previous year.

The Directors draw attention to the Full Period Consolidations which show the results of operations of the two subsidiaries, Communication Solutions Limited and Broadband Access Limited that would have been reported had the Group, as it is now constituted, been in existence throughout the two full years ended 31 December 2006 and 2007, together with the results for Openview Business Systems for the 4 months to 31 December 2007. This presentation is intended to provide a better understanding of the Group's operations during the years ended 31 December 2006 and 2007.

The Board is pleased to recommend a total dividend of K Shs 0.30 per ordinary share – 40% of the profit after tax as announced at the time of the IPO – for approval at the AGM on 8th May 2008. The dividend will be paid less withholding tax where applicable at a date after the AGM to members on the register at the close of business on 9th May 2008.

certain of its overhead expenses – in particular in the areas of sales and marketing and also in the finance department – to lay a strong foundation for our growth in 2008, while ensuring that we delivered on our IPO pledge of profit after tax of K Shs 150 million. Our EPS for the year 2007 is 0.97.

The Balance Sheet has strengthened considerably this year after a year of good profits and as a result of the proceeds the Group received from the IPO in June 2007. Total assets increased to K Shs 833 million as compared to K Shs 132 million in December 2006, net current assets increased from K Shs 65 million to K Shs 575 million and cash and cash equivalents rose from K Shs 65 million to K Shs 433 million.

We have also made significant progress with respect to our main IPO pledges, in particular:

- We have aggressively increased market share in the core corporate internet sector, where the Group closed the year with 1,950 leased lines – ahead of the IPO projections of 1,720 – an estimated market share of about 40%
- We have entered the IT services market with the acquisition of Openview Business Systems in 2007 and the forthcoming launch of Outsourc IT
- Our technology and marketing plans for the launch of a residential broadband service in 2008 are well advanced. Residential broadband is a tremendous opportunity for the Group to extend our high levels of broadband service and speed from corporate to residential customers.

Consolidated Income Statement

	Unaudited based on Full period consolidation		
	Audited 12 Months to 31 - Dec - 07	12 Months to 31 - Dec - 07	12 Months to 31 - Dec - 06
Turnover	882,197,130	1,001,624,756	577,881,494
Gross margin	452,565,076	530,841,646	378,007,055
Profit from operations	146,061,948	179,036,883	70,213,304
Finance income	25,087,359	24,488,121	52,783
Profit before tax and minority interest	171,149,307	203,525,004	70,266,087
Tax	(37,639,541)	(47,338,847)	(23,359,720)
Minority interest	(5,909,851)	(5,909,851)	-
Profit after tax attributable to members	127,599,915	150,276,306	46,906,367
Earnings per share (Kshs)	0.83	0.97	0.31
Weighted average number of issued shares (Number)	154,116,114	154,136,114	152,904,232

Consolidated Balance Sheet

	Unaudited based on full period consolidation		
	Audited 31 - Dec - 07	Audited 31 - Dec - 06	31 - Dec - 06
Capital and Reserves			
Share capital	203,581,223	20,000	78,082
Share premium	482,469,925	-	66,109,026
Retained earnings	136,492,789	-	63,924,956
	822,543,937	20,000	130,112,064
Minority interest	9,676,270	-	-
Non Current Liabilities			
Deferred tax	973,364	-	2,180,333
Total equity and non current liabilities	833,193,571	20,000	132,292,397
Assets			
Non current assets			
Equipment	122,602,752	-	65,064,575
Intangible assets	29,114,095	-	2,688,118
Goodwill	104,208,680	-	-
Deferred tax	1,873,742	-	-
	257,799,269	-	67,752,693
Current assets			
Inventory	39,814,633	-	18,636,410
Trade and other receivables	224,949,050	2,215,000	73,399,543
Tax recoverable	4,494,750	-	-
Cash and cash equivalents	433,222,090	-	65,481,165
ESDP receivable	63,706,540	-	-
	766,187,073	2,215,000	157,519,118
Current liabilities			
Trade and other payables	144,221,676	2,195,000	68,629,317
Trade payable	32,449,902	-	24,350,097
Dividend payable	14,121,194	-	-
	190,792,772	2,195,000	92,979,414
Net current assets	575,394,302	20,000	64,539,704
Total assets	833,193,571	20,000	132,292,397

The above results are extracted from the consolidated financial statements of AccessKenya Group Limited for the year ended 31st December 2007, as audited by Deloitte & Touche, Certified Public Accountants on which an unqualified audit opinion has been given.