

AccessKenya **GROUP**

AccessKenya Group Limited
Incorporated in Kenya under the Companies Act (Cap 486), Registration Number C122775

PROSPECTUS

relating to

An Offer for Subscription of up to 45,000,000 New Ordinary Shares of KShs. 1/= Each
And Offer for Sale of up to 35,000,000 Fully Paid and Issued Ordinary Shares of Kshs. 1/= Each
At an offer price of Kenya Shillings 10.00 per Ordinary Share

and incorporating

AN APPLICATION FORM

Offers Opens at 9.00 am on 19 April 2007

Offer Closes at 3.00 pm on 30 April 2007

Admission Date: 4 June 2007

AccessKenya **GROUP**

Joint Lead Sponsoring Stockbrokers

Dyer & Blair Investment Bank Limited

Kestrel Capital (EA) Limited

Standard Investment Bank Limited

AccessKenya **GROUP**

AccessKenya Group Limited (Formerly AccessKenya Limited)
Incorporated in Kenya under the Companies Act (Cap 486), Registration Number C122775
(the "Group")

PROSPECTUS

In respect of

ADMISSION TO LISTING

of the Group's 199,885,978 issued and fully paid up ordinary shares to the Main Investment Market Segment of the
Nairobi Stock Exchange

and

AN OFFER FOR SUBSCRIPTION

By the Group
Of up to 45,000,000 New Ordinary Shares of KShs. 1/= each in the ordinary share capital of the Group at an Offer Price
of Kenya Shillings 10.00 per ordinary share

and

AN OFFER FOR SALE

By the current shareholders of the Group
Of up to 35,000,000 New Ordinary Shares of KShs. 1/= each in the ordinary share capital of the Group at an Offer Price
of Kenya Shillings 10.00 per ordinary share

and incorporating

AN APPLICATION FORM

Offer Opens at 9.00 am on 19 April 2007

Offer Closes at 3.00 pm on 30 April 2007

Admission Date: 4 June 2007

AccessKenya **GROUP**

Joint Lead Sponsoring Stockbrokers

Dyer & Blair Investment Bank Limited • Kestrel Capital (EA) Limited • Standard Investment Bank Limited

Financial Advisor • Kestrel Capital (EA) Limited

Reporting Accountant • Deloitte & Touche, Certified Public Accountants (Kenya)

Legal Advisor • Hamilton Harrison & Mathews Advocates

Receiving Bank • NIC Bank Limited

Receiving Agent and Share Registrar • Comp-rite Kenya Limited

Public Relations and Advertising Advisor • Tell-Em Public Relations (EA) Ltd

PROSPECTUS OVERVIEW

This document is a Prospectus inviting the public to subscribe to the Offer Shares in AccessKenya Group Limited under terms outlined herein. If you are in doubt as to the meaning of the contents of this Prospectus or as to what action to take, please consult your accountant, bank, lawyer, stockbroker or other professional advisor.

If you wish to apply for shares in terms of the Offer, then you must complete the procedures for application and payment set out in section 2 of the Main Features of the Offer within this document.

REGISTRATION AND APPROVALS

A copy of this Prospectus together with the documents required by section 43 of the Companies Act, have been delivered to the Registrar of Companies at the Attorney General's Office for registration.

Application has been made to the Capital Markets Authority ("CMA", the "Authority"), and approval has been obtained from the Authority for the Listing and Offer of the AccessKenya Group shares at the Nairobi Stock Exchange ("NSE", the "Exchange"). As a matter of policy, the CMA assumes no responsibility for the correctness of any statements or opinions made or reports contained in this Prospectus.

Application has also been made to the NSE for the admission of AccessKenya Group's entire issued ordinary shares on the Main Investment Market Segment ("MIMS"), and the NSE has granted permission for the admission of the entire issued ordinary shares on MIMS. Subject to compliance with the NSE listing rules, the NSE will admit the issued share capital of AccessKenya Group under the abbreviation "Access". Admission is expected to become effective on 4 June 2007. The NSE assumes no responsibility for the correctness of any of the statements made or opinions or reports expressed or contained or referred to in this prospectus.

Approval of the Offer and Listing of shares is not to be taken as an indication of the merits of the issuer or of the securities.

The existing shareholders of AccessKenya Group and the Board of AccessKenya Group have approved the Offer.

DIVIDENDS

It is anticipated that the first dividend payable to AccessKenya Group shareholders following the Offer and Listing will be in respect of the year ended December 31, 2007.

RIGHTS AND TRANSFER

The Offer Shares will carry the right to participate in all future dividends to be declared and paid on the ordinary share capital of the Group. The Offer Shares rank *pari passu* with the other shares of AccessKenya Group and each share carries one vote at a general meeting.

After the closing of the Offer, the ordinary share capital of the Group will comprise 199,885,978 authorised, issued and fully paid ordinary shares with a par value of Kenya Shillings 1 each. These shares will be freely transferable and will not be subject to any restrictions on marketability or any pre-emptive rights.

This Prospectus contains information that is provided in compliance with the requirements of the Companies Act and the Capital Markets Act as well as the rules and regulations made there under. The current Directors of AccessKenya Group, whose names appear in section 6 of the Prospectus, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken reasonable care to ensure that such is the case), the information contained in this document is in accordance with facts and does not omit anything that is likely to affect the importance of such information.

REPORTING ACCOUNTANT'S OPINION

This Prospectus contains a statement from Deloitte & Touche, the Reporting Accountants, which constitutes a statement made by an expert in terms of Section 42(1) of the Companies Act. Deloitte & Touche have not withdrawn their consent to the issue of the said statement in the form and context in which it is included in Schedule II of this Prospectus.

LEGAL ADVISOR'S OPINION

Hamilton Harrison & Mathews, the Legal Advisors, have given and not withdrawn their written consent to the inclusion in this Prospectus of their letter and the references to their names, in the form and context in which they appear and have authorised the contents of their letter set out in Schedule III of this Prospectus.

DATE OF PROSPECTUS

This Prospectus is dated 12th April 2007

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APPLICATION FORM

TERMS AND DEFINITIONS

| | |
|--|---|
| “Act” | The Companies Act (Chapter 486 of the Laws of Kenya); |
| “AccessKenya” or “CSL” | (Communication Solutions Limited), a private limited company incorporated under the Act on March 2 nd , 1995 with Registration No. C63645 |
| “AccessKenya Group” or “AKGL” | AccessKenya Group Limited, a public company incorporated in accordance with the Act Registration No. C122775 to be listed on the NSE pursuant to the successful completion of the Offer; |
| “AccessKenya Group Shares” or “Shares” | The ordinary shares of KShs 1 each in the issued share capital of AccessKenya Group; |
| “AccessKenya Group Shareholders” | The holders of AccessKenya Group Shares; |
| “AccessKenya Group Subsidiaries” | The subsidiaries of the Company i.e. Communication Solutions Limited, Broadband Access Limited; |
| “Admission” | The admission of the AccessKenya Group Shares to the Official List of the NSE becoming effective in accordance with the NSE rules; |
| “Application Form” | The Application Form enclosed with this prospectus; |
| “Applicants” | The proposed investors who submit Application Forms for the Offer Shares; |
| “Announcement Date” | Date of announcement of the results of the allocation of Offer Shares as specified in Para I of the Main Features of the Offer; |
| “Articles” | The Articles of Association of the Company; |
| “Authorised Cheque” | A banker's or Authorised Selling Agents cheque; |
| “Authorised Selling Agent” | The authorised licensed stockbrokers, investment banks as set out in Schedule VII of this Prospectus; |
| “BAL” or “Blue” | Broadband Access Limited, a private limited company incorporated under the name of Netscape Limited, under the Act on October 7 th , 1996, with Registration No. C73068 |
| “Business day” | Any day other than a Saturday, Sunday or official public holiday in the Republic of Kenya; |
| “CDS” | Central Depository System, an electronic share transfer facility to facilitate the deposit and dealing of immobilized listed shares at the NSE; |
| “CDS Account” | A securities account opened on behalf of a shareholder with the CDSC for purposes of recording the deposit & dealing of immobilized shares; |
| “CDSC Limited” | The Central Depository & Settlement Corporation Limited, a company incorporated in accordance with the Act and licensed by the CMA, the operator and managing agent of the CDS; |
| “Closing Date” | 3pm on 30 April, 2007 being the last date and time for submission of Application Forms, duly completed and signed accompanied with payment by way of banker's cheque, to any Authorised Selling Agent or the Receiving Bank, in connection with the application for the Offer Shares as specified in the timetable set out in the Main Features of the Offer; |

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| “CMA” | The Capital Markets Authority of Kenya established under the Capital Markets Act (Cap 485A, Laws of Kenya); |
| “Commercial and Services Sector” | A market sector of the NSE; |
| “Company” | AccessKenya Group Limited, a public company incorporated in accordance with the Act Registration No. C122775 to be listed on the NSE pursuant to the successful completion of the Offer; |
| “Corporate Investor” | A company duly incorporated under the Act, collective investment vehicle, retirement benefit scheme, trustees of associations, a licensed financial institution, co-operative society and any other corporate body or registered organization other than a Qualified Institutional Investor and an individual or group of individuals; |
| “Directors” or “Board” | The board of Directors of the Group; |
| “DPS” | Dividend per AccessKenya Group Share; |
| “EBITDA” | Earnings Before Interest Tax Depreciation and Amortisation. |
| “EPS” | Earnings per AccessKenya Group Share; |
| “ESOP” | Employee Share Ownership Plan |
| “Executive Directors” | David Somen and Jonathan Somen |
| “Group” | The Company and the AccessKenya Group Subsidiaries; |
| “High Net Worth Investors” | Individual Investors and Corporate Investors applying for over 50,000 shares; |
| “IAS” | International Accounting Standards (also referred to as International Financial Reporting Standards); |
| “Individual Investor” | An individual or group of individuals who is not a Corporate Investor or a Qualified Institutional Investor; |
| “KShs.” or “KShs” or “Sh” | Kenya Shillings or the currency of the Republic of Kenya; |
| “Listing” | Admission of the AccessKenya Group Shares to the Official List of the Nairobi Stock Exchange; |
| “NAV” | Net asset value per AccessKenya Group Share; |
| “Net Proceeds” | The gross proceeds of this Offer in respect of the New Shares less the commissions and expenses thereof; |
| “New Ordinary Shares” or “New Shares” | 45,000,000 new AccessKenya Group ordinary Shares of KShs.1/= being offered for subscription by the Company to prospective investors on the terms and subject to the conditions set out in this Prospectus and in the Application Form; |
| “NSE” | Nairobi Stock Exchange or the Nairobi Stock Exchange Limited; |
| “Offer” | The invitation constituted by this Prospectus to prospective investors to subscribe for and or acquire Offer Shares on the terms and subject to the conditions set out in this Prospectus and in the Application Form; |
| “Offer Price” | Kenya shillings 10.00 per Offer Share; |

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| “Offer Shares” | 80,000,000 AccessKenya Group Shares representing New Shares and Sale Shares, to be allotted to prospective investors pursuant to the successful completion of the Offer; |
| “Para” | Paragraph in this Prospectus; |
| “Par Value” | The nominal value of AccessKenya Group Shares; |
| “PE” | Price earnings ratio of AccessKenya Group shares; |
| “Prospectus” | This prospectus together with its Schedules and the attached Application Form; |
| “Qualified Institutional Investor” | Fund managers licensed by the Capital Markets Authority under the Capital Markets Act, Collective Investment Schemes licensed by the Capital Markets Authority under the Capital Markets Act, Investment Banks licensed by the Capital Markets Authority under the Capital Markets Act, fund managers, custodians and schemes licensed by the Retirement Benefits Authority under the Retirement Benefits Act (No 3 of 1997) and life insurance companies licensed by the Commissioner of Insurance under the Insurance Act (Cap 487) of the Laws of Kenya; |
| “Receiving Bank” | NIC Bank Limited, a limited liability company incorporated in accordance with the Act (Registration No. C.11/71) licensed by the Central Bank of Kenya as a commercial bank; |
| “Retail Investors” | Individual Investors and Corporate Investors applying for between 5,000 shares and 49,999 shares |
| “Receiving Agent & Registrar” | Comp-rite Kenya Limited, a limited liability company incorporated in accordance with the Act |
| “Sale Shares” | 35,000,000 fully paid AccessKenya Group Shares owned by the Vendors, being offered for sale by the Vendors to prospective investors on the terms and subject to the conditions set out in this Prospectus and in the Application Form; |
| “Vendors” | David Somen, Jonathan Somen and Michael Lewis Somen |

GLOSSARY OF INDUSTRY RELATED TERMS ---

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| “ADSL” | Asymmetric Digital Subscriber Line. DSL (Digital Subscriber Line) is a technology for bringing high-bandwidth information to homes and small businesses over ordinary copper telephone lines. Asymmetric DSL has more of the bandwidth devoted to sending data to the user rather than data from the user. |
| “Bandwidth” | Refers to data rates when communicating over certain media or devices: essentially the higher the bandwidth the quicker the speed of an internet connection |
| “Broadband” | A high data transmission rate internet connection. Generally refers to a connection speed higher than that achieved for dial up services |
| “CDMA” | Code Division Multiple Access. A technology for sending voice and data across wireless spectrum |
| “Churn” | For any given period of time, the number of participants who discontinue their use of a service divided by the average number of total participants. Churn rate provides insight into the growth or decline of the subscriber base as well as the average length of participation in the service. |
| “CPE” | Customer Premises Equipment |
| “Dial up” | A form of data access mainly used for internet access through which the client uses a modem connected to a computer and a telephone line to dial into an internet service provider network to establish a modem-to-modem link, which is then routed to the internet |
| “Edge” | Enhanced Data GSM Environment. Effectively a data service through a mobile phone at speeds higher than dial up but unable to give speeds as high as larger broadband leased line connections |
| “GPRS” | General Packet Radio Service. Effectively a data service through a mobile phone at speeds higher than dial up but lower than EDGE |
| “Guaranteed speed” | Refers to the speed or data rates of a data connection and means that the speed / data rates are guaranteed by the service provider. A number of service providers offer “target” speeds which may fall below the speed advertised. |
| “Hi Res” | High End Residential. Refers to the most prosperous of residential customers |
| “ICT” | Information and Communications Technology |
| “IP” | Internet Protocol |
| “ISP” | Internet Service Provider |
| “IT” | Information Technology |
| “Kbps” | Kilo bits per second. A measure of bandwidth (the amount of data that can flow in a given time) on a data transmission medium |
| “LAN” | Local Area Network. A local area network is a group of computers and associated devices that share a common communications line or wireless link. |

| | |
|----------------------------|---|
| “Leased Line” | A permanent telephone or data connection between two points set up by a telecommunication service provider. Typically, leased lines are used by businesses to connect on a permanent (“always on”) basis to an ISP and / or to connect geographically distant offices |
| “LLO” | Local Loop Operator |
| “Mb” | Megabyte |
| “Modem” | A device for transmitting usually digital data over telephone wires by modulating the data into an audio signal to send it and demodulating. |
| “PC” | Personal Computer |
| “PDNO” | Public Data Network Operator |
| “Point of Presence” | On the Internet, a Point of Presence (POP) is an access point from one place to the rest of the Internet |
| “SME” | Small and medium - sized enterprises |
| “SNO” | Second National Operator |
| “SOHO” | Small Office / Home Office - refers to the small business or “business at home” user |
| “VoIP” | Voice over Internet Protocol. The technology used to transmit voice conversations over a data network using the Internet Protocol. Such data network may be the Internet or a corporate Intranet. |
| “WAN” | Wide Area Network. A computer network that spans great distances. Usually connects LANs together |
| “WiMAX” | WiMAX refers to broadband wireless networks that are based on the IEEE 802.16 standard, which ensures compatibility and interoperability between broadband wireless access equipment. |
| “WLL” | Wireless Local Loop. A wireless network "last mile" connection of a home or office phone system to the wired network, replacing the traditional twisted pair copper wire installation |

ADVISORS TO THE COMPANY AND THE VENDORS

JOINT LEAD SPONSORING STOCKBROKERS

**Dyer & Blair Investment
Bank Ltd**
10th Floor, Loita House
Loita Street
P. O. Box 45396-00100
Nairobi, Kenya
Telephone: 254 20 3240000
Fax: 254 20 218633

**Kestrel Capital
(East Africa) Ltd**
Hughes Building, Floor 7
Kenyatta Avenue/Muindi Mbingu St
P O Box 40005-00100
Nairobi, Kenya
Telephone: 254 20 251758
Fax: 254 20 243264

**Standard Investment
Bank Ltd**
Hazina Towers 17th Floor
Monrovia Street
P O Box 13714-00800
Nairobi, Kenya
Telephone: 254 20 240296
Fax: 254 20 240297

FINANCIAL ADVISOR

Kestrel Capital (East Africa) Ltd
Hughes Building, Floor 7
Kenyatta Ave/Muindi Mbingu St.
P.O. Box 40005-00100
Nairobi, Kenya
Telephone: 254 20 251758
Fax: +254 20 243264

LEGAL ADVISOR

Hamilton Harrison & Mathews
4th Floor, ICEA Building
Kenyatta Avenue
P. O. Box 30333-00100
Nairobi, Kenya
Telephone: 254 20 225981
Fax: 254 20 222318

REPORTING ACCOUNTANT

Deloitte & Touche
“Kirungii”
Westlands
P. O. Box 40092-00100
Nairobi, Kenya
Telephone: 254 20 4441344
Fax: 254 20 4448966

RECEIVING BANK

NIC Bank Limited
NIC House, Masaba Road
P O Box 44599-00100
Nairobi, Kenya
Telephone: 254 20 2888000
Fax: 254 20 2888505

RECEIVING AGENT AND SHARE REGISTRAR

Comp-rite Kenya Ltd
8th Floor, Rehani House, Kenyatta Avenue
P O Box 63428-00619
Nairobi, Kenya
Telephone: 254 20 212030
Fax: 254 20 212047

PUBLIC RELATIONS AND ADVERTISING ADVISOR

Tell-Em Public Relations (EA) Ltd
Ideas House, Muthithi Road, Westlands
P O Box 41305-00100
Nairobi, Kenya
Telephone: 254 20 3746508
Fax: 254 20 3751183

CORPORATE INFORMATION

DIRECTORS

| Name | Occupation | Address | Nationality |
|-----------------|--|----------------------------------|-------------|
| Michael L Somen | Advocate & Non-Executive Chairman of the Group | P O Box 30333 - 00100 Nairobi | Kenyan |
| Jonathan Somen | Business Executive and Managing Director of the Group | P O Box 43588 - 00100 Nairobi | Kenyan |
| Ngugi Kiuna | Business Executive and Non- Executive Director of the Group | P O Box 41939 - 00100 Nairobi | Kenyan |
| Mungai Ngaruiya | Business Executive and Non- Executive Director of the Group | P O Box 75200 - 00100 Nairobi | Kenyan |
| David Somen | Business Executive and Executive Director of the Group | P O Box 43588 - 00100 Nairobi | British |

COMPANY SECRETARY

Fiona Fox
Chunga Associates
P O Box 41968-00100
Nairobi, Kenya
Telephone: 254 20 2855000
Fax: 254 20 2855001

PRINCIPAL BANKERS TO THE COMPANY

NIC Bank Limited
P O Box 44599-00100
Nairobi, Kenya
Telephone: 254 20 2888000
Fax: 254 20 2888505

AUDITORS TO THE COMPANY AND ITS SUBSIDIARIES

Deloitte & Touche
"Kirungii", Westlands
P. O. Box 40092-00100
Nairobi, Kenya
Telephone: 254 20 4441344
Fax: 254 20 4448966

ADVOCATES TO THE COMPANY

Hamilton Harrison & Mathews
4th Floor, ICEA Building
Kenyatta Avenue
P. O. Box 30333-00100
Nairobi, Kenya
Telephone: 254 20 225981
Fax: 254 20 222318

Walker Kontos Advocates
Hakika House
4th Ngong Avenue
P. O. Box 60680-00200
Nairobi, Kenya
Telephone: 254 20 2713023
Fax: 254 20 2718429

SHARE REGISTRAR

Comp-rite Kenya Ltd
8th Floor, Rehani House, Kenyatta Avenue
P O Box 63428-00619
Nairobi, Kenya
Telephone: 254 20 212030
Fax: 254 20 212047

REGISTERED OFFICE AND HEAD OFFICE OF THE COMPANY

L.R. No. 209/70/2 4th Floor,
Museum Hill Centre
P. O. Box 43588 - 00100,
Nairobi, Kenya

FINANCIAL YEAR END OF THE COMPANY AND ITS SUBSIDIARIES

31st December

MAIN FEATURES OF THE OFFER

1 TIMETABLE OF PRINCIPAL EVENTS

| | |
|---|---------------------|
| Opening Date | 9.00 am on 19 April |
| Closing Date | 3.00 pm on 30 April |
| Announcement date | 24 May |
| Electronic crediting of CDS Accounts with Offer Shares and / or dispatch of share certificates for the Offer Shares and/or refund cheques (applicable if applications are received in excess of the number of Offer Shares) | 28 May |
| Listing Date and commencement of trading of AccessKenya Group Shares on the NSE | 4 June |

2 PROCEDURE FOR APPLICATION AND PAYMENT

- i. The procedure for the Terms and Conditions of Application for Offer Shares is set out in Schedule IV of this Prospectus. **Prospective investors are strongly advised to read the same prior to completing and signing the enclosed Application Form**
- ii. The information in Paragraph 1 above (Timetable of Principal Events) should be read in conjunction with this Prospectus in its entirety
- iii. Any prospective investor wishing to purchase or subscribe for the Offer Shares should obtain a copy of this Prospectus from the Receiving Bank or any of the Authorised Selling Agents whose addresses are listed in Schedule VII of this Prospectus and read the same in its entirety, prior to duly completing and signing the enclosed Application Form
- iv. Applicants may elect to receive the allocated Offer Shares in material form (share certificates) or have them immobilised by crediting their respective CDS accounts with the applicable number of allocated Offer Shares
- v. For applicants who elect to receive allocated Offer Shares in electronic form by way of crediting their CDS Accounts with the allocated number of Offer Shares, the Company will authorize the CDSC to credit the CDS Accounts of such applicants with the applicable number of allocated Offer Shares within seven business days following the Announcement Date of the Allocation Results as specified in the Offer Timetable (see section 1 above) and in accordance with the instructions set out in the Application Form.
- vi. In compliance with the Central Depository (Operational) Rules 2004, Applicants who elect to receive allocated Offer Shares in material form (by way of share certificates) will not be able to trade their allocated Offer Shares on the NSE until such time as they have opened a CDS account in their name, and immobilised their share certificates to enable the allocated Offer Shares to be credited in their CDS Accounts
- vii. Whilst it is not mandatory for Applicants who elect to receive the allocated Offer Shares in material form (share certificates), to open CDS Accounts, Applicants are encouraged to open such accounts to enable them to trade their allocated shares on the NSE. A CDS Account can be opened by any applicant through Central Depository Agents. These Agents include members of the NSE and various commercial banks. Only members of the NSE can directly trade shares for applicants on the NSE.
- viii. To open a CDS Account, individual applicants will be required to complete CDS 1 Form available from an authorised CDA and provide a copy of their National Identity Card or Passport and two passport size photographs. Corporate applicants will need to provide a copy of the Certificate of Incorporation, copies of Directors and/or Secretary's National Identity Cards or Passports and two passport size photographs of each Director and/or Secretary.

3 AUTHORISED SELLING AGENTS, RECEIVING AGENT & REGISTRAR AND RECEIVING BANK

3.1.1 Authorised Selling Agents

- i) The Company and Vendors have appointed specific Authorised Selling Agents to this Offer and these Agents have signed Agency Agreements with the Vendors. This Agreement sets out various terms and conditions that the Agent is required to comply with.
- ii) The Authorised Selling Agents are members of the NSE as licensed by the CMA. The appointed Authorised Selling Agents are listed in Schedule VII of this Prospectus.

3.1.2 Receiving Agent / Registrar

The Company and Vendors have appointed Comp-rite Kenya Limited as the receiving agent to this Offer with the responsibility of receiving all applications from Authorised Selling Agents and processing the applications. Comp-rite Kenya Limited is also the Shares Registrar for the Company.

3.1.3 Receiving Bank

The Company and Vendors have appointed NIC Bank Limited as the receiving bank to this Offer with the responsibility of receiving all payments from the Receiving Agent & Registrar and processing them. The receiving bank will also process the refund payments.

4 RATIONALE FOR THE OFFER AND LISTING ON THE NSE

4.1 The Group

- The Group and its businesses have matured to the size and level that require broad share ownership for purposes of long term stability and growth
- As part of the Group's strategy may include making acquisitions, the ability to issue its own marketable shares as consideration and / or raise additional capital from the NSE will assist in achieving these acquisitions and therefore accelerating growth
- The scale and potential of the opportunities in ICT in Kenya are such that access to the capital markets will be beneficial
- The Group has already put into place the necessary corporate governance structures appropriate for a public company
- Listing will facilitate an Employee Share Option Plan and give employees a meaningful stake in the business, creating value for them and enhancing employee retention
- Tax benefits from listing will be beneficial to the Group
- For all the above reasons, the Offer is the preferred mechanism to accomplish the Group's corporate and strategic objectives

4.2 The Vendors

- The Offer for Sale provides an opportunity for new investors to participate in the future growth of the Group and a transparent mechanism to unlock shareholder value; and
- The Executive Directors have given undertakings in favour of the Group to retain a minimum of 40 million shares of the issued share capital in the business for a period of two years from the date of listing (see section 6.10 of this Prospectus) as demonstration of their ongoing commitment to the business.

5 OFFER STATISTICS

| | |
|--|--------------------|
| Offer Price per Offer Share | KShs 10.00 |
| Number of New Shares now offered for subscription | 45,000,000 |
| Number of Sale Shares now offered for sale | 35,000,000 |
| Gross Proceeds of the Offer | KShs 800,000,000 |
| Estimated Net Proceeds receivable by the Company | KShs 426,000,000 |
| Estimated Net Proceeds receivable by the Vendors | KShs 334,000,000 |
| Number of Issued AccessKenya Group Shares following the Offer | 199,885,578 |
| Market Capitalisation of the Company at the Offer Price | KShs 1,998,855,780 |
| EPS for the twelve (12) month period ended 31 st December 2006 | KShs 0.32 |
| “Adjusted” EPS for the twelve month period ended 31 st December 2006* | KShs 0.64 |
| DPS for the twelve (12) month period ended 31 st December 2006 | KShs 0.07 |
| Implied Historic PE based on the EPS for the twelve (12) month period ended 31 st December 2006 | 31.3 times |
| Implied “adjusted” Historic PE based on the EPS for the twelve (12) month period ended 31st December 2006 * | 15.6 times |
| Forecast EPS for the twelve (12) month period ending 31 st December 2007 | KShs 1.02 |
| Forecast DPS for the twelve (12) month period ending 31 st December 2007 | KShs 0.30 |
| Implied Future PE based on the forecast EPS for the twelve (12) month period ending 31st December 2007 and the Offer Price | 9.8 times |
| Implied Future Dividend Yield based on the forecast DPS for the twelve (12) month period ending 31 st December 2007 and the offer Price | 3.0% |

* “Adjusted” figures reflect the underlying profitability of the business as a non family owned concern. This measure assumes that Directors fees are charged on the same basis as in the last quarter of 2006 following the adoption of market level service agreements for Directors. The measure also reflects the termination of all overseas consulting fees as of the last quarter of 2006 and removes these fees. The detailed calculation of the “adjusted” figures (as well as EBITDA) can be found in Schedule VI of this Prospectus.

- (i) For comparison purposes, the calculation of actual and “adjusted” EPS and PE for 2006 and 2007 is based on the 147,635,578 shares outstanding in the Company as of February 28th, 2007 on completion of the share swap.
- (ii) The DPS calculation for 2006 is based on the total dividend of KShs. 10,000,000 paid by BAL and CSL as a final dividend for the twelve (12) month period ended 31st December 2006 and 147,635,578 shares outstanding. The DPS and dividend yield calculations for 2007 are based on the Company's projections and an assumed dividend policy of 40% of profit after tax and the 199,885,578 shares outstanding after the Offer.
- (iii) The net proceeds to the Company of the Offer for Subscription are KShs. 426,000,000, after deduction of the estimated commission and other expenses of the Offer payable by the Company, which are expected to be KShs. 24,000,000.

6 THE OFFER SHARES

The Offer Shares rank pari passu in all respects with the existing Group shares (including the right to participate in full in any dividends to be declared and paid, if any, on the ordinary share capital of the Group in respect of the financial year beginning 1st January 2007), are freely transferable and are not subject to any restrictions on marketability or any pre-emptive rights and in the event of liquidation to an equal entitlement in any surplus and any other special rights attaching the Group Shares

7 OFFER PRICE

A business valuation of the Group was conducted to provide an estimate of the fair value of 100% of the issued and fully paid shares of the Group.

The valuation was based on financial projections prepared by the Group's management and the primary valuation approach applied was market comparable multiples (MCM) with discounted cash flow (DCF) as an additional valuation approach. These are the primary valuation methods commonly used by analysts worldwide to determine the value of a company.

Based on the business valuation and an assessment of prevailing equity market conditions a price range was established for AKGL. The following factors were taken into consideration in developing the price range:

- Kenya and East Africa economic conditions;
- Earning potential of AKGL;
- Cash flow generation and dividend paying potential of the Group;
- The observed price earnings multiples at which the shares of comparable companies in Kenya are trading;
- Market liquidity and assessed appetite for shares on the primary and secondary equity market; and
- Observed capital markets performance indicators in Kenya and the experiences of recent IPOs in Kenya.

Based on the above, the Directors are of the view that the Offer Price of KShs 10.00 for each Group Share is fair and reasonable.

8 ELIGIBILITY

The Offer is open to any member of the public including individuals, corporations, institutions and foreign investors who make an application in the required form through an Authorised Selling Agent in Kenya

9 MINIMUM APPLICATION AND ALLOCATION POLICY

- (i) The allocation policy has been designed to comply with the requirements of the Capital Markets (Securities) (Public Offers, Listing and Disclosure) Regulations 2002 with regard to the share ownership structure of a listed company, i.e. at least 25% of the Group shares are held by not less than 1,000 shareholders (excluding employees).
- (ii) The Directors wish to achieve balanced distribution of the Offer Shares between individual members of the public, institutions (who generally invest funds on behalf of individual members of the public) and companies in addition to ensuring that employees of the Group who also benefit from an Employee Share Ownership Plan participate in the Offer. In this regard, the Directors of the Group have determined that the Offer Shares shall be allocated applying the following allocation policy:-

| Classification | % Offer Shares | No. Offer Shares | Minimum Application | Minimum Lots For Extra Shares |
|---|----------------|------------------|---------------------|-------------------------------|
| Category A: Employees of the Group | 5% | 4,000,000 | 1,000 | 1,000 |
| Category B: Retail Investors | 35% | 28,000,000 | 5,000 | 1,000 |
| Category C: High Net Worth Investors | 30% | 24,000,000 | 50,000 | 5,000 |
| Category D: Qualified Institutional Investors | 30% | 24,000,000 | 100,000 | 10,000 |

- (iii) There are no maximum restrictions to the total number of Offer Shares any Applicant may apply for in any category other than Retail Investors who will be classified as High Net Worth Investors if they apply for 50,000 shares or more
- (iv) In the event that the total number of Offer Shares applied for by any Applicants in the above four categories equates to the respective total number of Offer Shares reserved for such category, all valid applications will be allocated in full as per the number of Offer Shares applied for by such Applicants
- (v) In the event that the total number of Offer Shares applied for by Applicants in a particular category are below the total number of Offer shares reserved for that category, the following will apply:-
- All valid applications received from Applicants will be allocated in full as per the number of Offer Shares applied for taking into account the minimum number of shares that may be applied for by any Applicant in each category
 - The balance of Offer Shares will be available for allocation to Applicants in any or all of categories B, C and D which are oversubscribed, and such excess Offer Shares will be aggregated and the pool of excess Offer Shares available will be allocated pro-rata to the excess Offer Shares applied for in the other categories B, C and D
- (vi) Applicants in an over-subscribed category may receive fewer Offer Shares than the number applied for as follows:
- Category A. All valid applications received from Applicants will be allocated the total number of Offer Shares applied for up to 100 Offer Shares each. Thereafter all remaining available Offer Shares will be allocated pro-rata amongst all Applicants in this category
- Category B. All valid applications received from Applicants will be allocated the total number of Offer Shares applied for up to 100 Offer Shares each. Thereafter all remaining available Offer Shares will be allocated pro-rata amongst all Applicants in this category
- Category C. All valid applications received from Applicants will be allocated the total number of Offer Shares applied for up to 10,000 Offer Shares each. Thereafter all remaining available Offer Shares will be allocated pro-rata amongst all Applicants in this category
- Category D. All valid applications received from Applicants will be allocated the total number of Offer Shares applied for up to 100,000 Offer Shares each. Thereafter all remaining available Offer Shares will be allocated pro-rata amongst all Applicants in this category

In the event that the level of subscriptions is such that the minimum amount of shares indicated above for each category cannot be satisfied, the minimum for that category will be reduced accordingly by the Allocation Committee

-
-
- (vii) If the results of the subscription make the above policy impractical then an amendment of the allotment policy shall be made with the approval of the Capital Markets Authority and such amendment will be announced within twenty four hours of the grant of such approval
 - (viii) If there is any doubt whatsoever as to the eligibility of a purchaser as a particular type of investor, the Vendors and the Company will refer the decision as to which category of investor the purchaser is for the purpose of allocation of the Offer Shares to the CMA, irrespective of the category of investor indicated by that purchaser on the relevant application form, and the decision of the CMA shall be final and binding on all relevant parties.
 - (ix) The Group is not aware whether any of its major shareholders, Directors, members of management, supervisory and administrative committees or any person intends to subscribe for more than 5% of the Offer Shares

10 MINIMUM AGGREGATE SUBSCRIPTION AND APPLICATIONS

The Directors of the Group shall not proceed with the Offer unless valid applications for the Offer Shares are received from not less than 1,000 applicants (excluding employees of the Group) for a total consideration of KShs 500,000,000 (i.e the minimum aggregate subscription).

11 APPLICATION OF PROCEEDS

The net proceeds from the issue of New Shares by the Company will be applied, inter alia, for the following purposes:

- a. Increase in sales and marketing expenditure across the Group's businesses
- b. Purchase of the necessary equipment to connect corporate customers to the Group's telephone service and finance the cost of equipment for eligible customers
- c. Development of the Group's business in adjacent market sectors, including the possible deployment of new and complementary networks such as CDMA and WiMax to facilitate voice and data services for SoHo and Hi Res as well as corporate customers through either or both of organic growth and acquisition
- d. Investment into the development of an IT services business through either or both of organic growth and acquisition
- e. Expansion of the Group's existing network to increase its robustness, functionality and cost effectiveness for current and future customers

The proceeds from the sale of the Sale Shares will accrue to the Vendors.

12 EXPENSES OF THE OFFER

The estimated expenses of the Listing and the Offer, based on the assumption of full subscription of the Offer, are estimated at KShs 40.0 million, and will be settled from the gross proceeds and shared between the Company and the Vendors as specified in the table below. The expenses payable by the Company will be charged to the Company's share premium account.

| Cost Component | Company | Vendors | Total |
|--|-------------------|-------------------|-------------------|
| Joint sponsoring Stockbroker and Financial Advisory Fees | 4,218,750 | 3,806,250 | 8,025,000 |
| Legal fees | 1,546,875 | 1,395,625 | 2,942,500 |
| Receiving Bank Fees | 562,500 | 507,500 | 1,070,000 |
| Reporting Accountants Fees | 787,500 | 710,500 | 1,498,000 |
| Placing commission | 6,750,000 | 5,250,000 | 12,000,000 |
| CMA Approval fees | 1,350,000 | 1,050,000 | 2,400,000 |
| NSE listing fees | 480,000 | - | 480,000 |
| Receiving Agent & Share Registrar fees (up to 30,000 applications) | 4,500,000 | - | 4,500,000 |
| Printing | 1,125,000 | 1,015,000 | 2,140,000 |
| Advertising & PR | 1,687,500 | 1,522,500 | 3,210,000 |
| Postage | 28,125 | 21,875 | 50,000 |
| Other costs | 963,750 | 720,750 | 1,684,500 |
| Total | 24,000,000 | 16,000,000 | 40,000,000 |
| Total Expenses per offer Share | 0.30 | 0.20 | 0.50 |

Basis of the Sharing of the expenses of the Offer between Vendors and the Company

- a. The following expenses are shared between Vendors and the Company in proportion to the Offer Shares offered for sale and subscription
 - Joint sponsoring Stockbroker and Financial Advisory Fees
 - Legal Fees
 - Receiving Bank Fees
 - Reporting Accountants Fees
 - Placing commission
 - CMA Approval Fees
 - Printing
 - Advertising & PR
 - Postage
- b. Expenses relating to the NSE listing fees and Receiving Agent & Share Registrar fees are to be borne wholly by Company as it enables the Company to list its shares on NSE
- c. The VAT component of the expenses of the Company has not been provided as the Company intends to reclaim these amounts as input VAT but the Vendors' component of the expenses includes VAT where applicable.
- d. The "other costs" category has been inserted as a contingency for overruns on the expense items above and the costs for overruns will be split between the Company and the Vendors according to the proportions indicated above

13 FOREIGN INVESTORS

Foreign investors are requested to seek legal advice and / or tax advice prior to participation in the Offer, in addition to familiarising themselves with the Capital Markets (Foreign Investors) Regulations, 2002 and the relevant sections of the Income Tax Act (Cap 470).

The Offer to persons who are not resident in Kenya may be affected by the laws of the relevant jurisdictions in which they may reside and the distribution of this Prospectus and the Application Form in certain jurisdictions are restricted by law. Persons into whose possession this Prospectus and the Application Form may come are required by the Group to be fully informed about and observe such restrictions. Accordingly this Prospectus and Application Form may not be used for or in connection with any offer to, or solicitation by, anyone in any jurisdiction or in any circumstances where such offer or solicitation is not authorised or is unlawful. In particular any person who receives this Prospectus and Application Form in any territory other than Kenya may not treat it as constituting an invitation or offer to him, unless in the relevant territory, such invitation or offer could be made lawfully to him without contravention of any unfulfilled legislation or other legal requirements.

14 LISTING ON THE MAIN INVESTMENT SEGMENT OF THE NAIROBI STOCK EXCHANGE

The Nairobi Stock Exchange has given permission for the whole of the issued share capital of the Group to be admitted to the Official List of the Nairobi Stock Exchange. Dealings in the Shares of the Group on the Official List are expected to commence on 4 June 2007

15 PRESENTATION OF INFORMATION

The historical financial information detailed in this Prospectus is in accordance with the Group's audited financial statements, which are based on International Financial Reporting Standards. The Group's figures have been adjusted to include the assets and liabilities of the subsidiary companies for the periods covered by this report. This treatment is, however, not in compliance with IFRS3 on Business Combinations and IAS 27 on Consolidated and separate Financial Statements which require a subsidiary company to be consolidated from the date on which effective control is transferred to the parent. This presentation has been adopted in order to provide a better understanding of the Group's operations during the five year period ended 31st December 2006 and the two month period ending February 28th, 2007.

The information presented in this Prospectus has been prepared on the basis that all the Offer Shares are subscribed for or purchased in full unless otherwise indicated

16 GOVERNING LAW

This Prospectus and any contract resulting from acceptance of an application for Offer Shares shall be governed by and construed in accordance with Kenyan Law and it shall be a term of each such contract that the parties thereof and all other interested parties submit to the exclusive jurisdiction of the Courts of Kenya.

PART 1: KEY INFORMATION

The following information is derived from and should be read in conjunction with, the full text of this Prospectus. Potential investors should read the whole Prospectus and not just rely on the key or summarised information

1.1 LEGAL STATUS OF THE COMPANY

AccessKenya Group Limited was incorporated in Kenya, as a private limited company under the Act on February, 23rd, 2006 under the name AccessKenya Limited (registration number C122775), solely to act as a holding company for Communication Solutions Limited (registration number C63645), a private limited company incorporated under the Act on March 2nd, 1995 and Broadband Access Limited (registration number C73068), a private limited company incorporated under the name of Netscape Limited, under the Act on October 7th, 1996. AccessKenya Group Limited was converted to a public company on April 12th 2007.

1.2 BUSINESS OF THE COMPANY

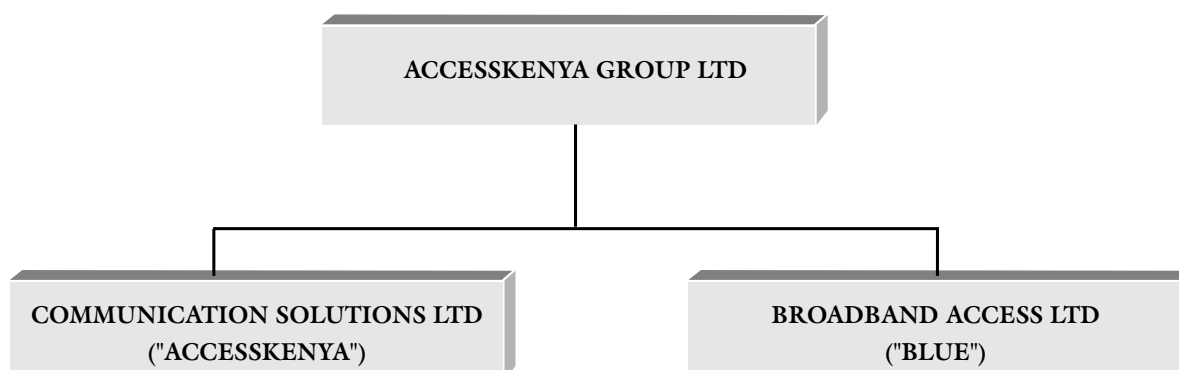
The main objects of the Group are the provision of internet and electronic mail services to corporate clients, and the provision of high speed wireless local loop services

1.3 CORPORATE STRUCTURE

AccessKenya Group Limited is a holding company for the two AccessKenya Group Subsidiaries involved in the provision of internet and electronic mail services to corporate clients, and the provision of high speed wireless local loop services. In December, 2006, the shareholders of the Subsidiaries executed agreements to be allotted shares in AccessKenya Group Limited in exchange for their shareholding in the two subsidiary companies. This transaction required approval from the Collector of Stamp Duty under S.95 of the Stamp Duty Act, and this approval was received in February 2006. The completion of the share exchange took place on February 28, 2007. The table below sets out details of the Group Subsidiaries, both of which are now owned 100% by AccessKenya Group.

| Subsidiary Name | Beneficial Ownership | Activities |
|---------------------------------|----------------------|---|
| Communication Solutions Limited | 100% | The provision of internet and electronic mail services to corporate clients |
| Broadband Access Limited | 100% | The provision of high speed wireless local loop services |

GROUP STRUCTURE



1.4 SHARE CAPITAL AND WORKING CAPITAL

- a. The Group has an authorised share capital of KShs 250,000,000 comprising 250,000,000 ordinary shares and a total, issued and fully paid share capital of KShs 154,885,578 comprising 154,885,578 ordinary shares of KShs 1 each
- b. Assuming that the Offer for Subscription is fully subscribed, the issued share capital in the Group shall be KShs 199,885,578 comprising 199,885,578 ordinary shares and the un-issued share capital of the Group shall be KShs 50,114,422 comprising 50,114,422 ordinary shares
- c. The Directors believe that the issued fully paid up share capital of the Group is adequate for the purposes of the business of the Group for the foreseeable future
- d. The Directors believe that the Group has adequate working capital for the purposes of conducting the business of the Group

1.5 SHAREHOLDINGS

The current beneficial shareholders of the Group are as follows:

| Name | Number of AccessKenya Group Shares | Shareholding % |
|---|------------------------------------|----------------|
| Shareholders holding >3% | | |
| Jonathan Somen | 68,590,000 | 44.3% |
| Michael Lewis Somen | 31,395,205 | 20.3% |
| David Somen | 24,960,000 | 16.1% |
| Direct Investment Co Ltd* | 7,619,250 | 4.9% |
| AccessKenya Group Employee Share Ownership Plan | 7,250,000 | 4.7% |
| Other Shareholders | | |
| Karitie Ltd | 3,100,218 | 2.0% |
| Mungai Ngaruiya | 2,720,955 | 1.8% |
| Vitas Ltd | 2,575,750 | 1.6% |
| Pass Mark Co Ltd | 2,575,750 | 1.6% |
| James Wangunyu | 2,430,000 | 1.6% |
| Planfam Co Ltd | 1,668,450 | 1.1% |
| Total | 154,885,578 | 100.0% |

* The registered shareholders of Direct Investment Co Ltd are CT Echaria and ZG Mbugua

Pursuant to the successful implementation of the Offer and the listing of the Group Shares on the NSE, it is envisaged that the shareholding structure of the Group will be as follows:-

| Name | Number of AccessKenya Group Shares | Shareholding % |
|---|------------------------------------|----------------|
| Shareholders holding >3% | | |
| Employees of the Group, Individual, Corporate and Qualified Institutional Investors | 80,000,000 | 40.0% |
| Jonathan Somen | 49,354,022 | 24.7% |
| Michael Lewis Somen | 22,631,183 | 11.3% |
| David Somen | 17,960,000 | 9.0% |
| Direct Investment Co Ltd | 7,619,250 | 3.8% |
| AccessKenya Group Employee Share Ownership Plan | 7,250,000 | 3.6% |
| Other Shareholders | | |
| Karitie Ltd | 3,100,218 | 1.6% |
| Mungai Ngaruiya | 2,720,955 | 1.4% |
| Vitas Ltd | 2,575,750 | 1.3% |
| Pass Mark Co Ltd | 2,575,750 | 1.3% |
| James Wangunyu | 2,430,000 | 1.2% |
| Planfam Co Ltd | 1,668,450 | 0.8% |
| Total | 199,885,578 | 100.0% |

1.6 MOVEMENT IN SHARE CAPITAL OF THE GROUP COMPANIES IN THE THREE YEARS IMMEDIATELY PRECEDING THE DATE OF THIS PROSPECTUS

AccessKenya Group's authorized share capital at incorporation was KShs. 500,000 divided into 500,000 ordinary shares of KShs. 1 each. The Authorized share capital was increased on 25th October 2006 to KShs 220,000,000/= by the creation of an additional 219,500,000 ordinary shares of KShs. 1 each, and again on 28th February, 2007 to KShs 250,000,000/= by the creation of an additional 30,000,000 ordinary shares of KShs. 1 each.

AccessKenya was incorporated with a nominal share capital of Kenya Shillings Twenty Thousand (KShs. 20,000) divided into 1000 ordinary shares of Kenya Shillings Twenty (KShs. 20) each. The authorized share capital was increased on 13th July 2006 to KShs. 40,000 divided into 2,000 shares of KShs 20 each by creating an additional 1,000 ordinary shares of KShs 20 each. By a resolution of the company dated 13th July 2006, the company resolved to subdivide the existing 2,000 ordinary shares of KShs. 20 each in the present capital of the company into 40,000 ordinary shares of KShs. 1 each.

Blue was incorporated with a nominal share capital of Kenya Shillings Twenty Thousand (KShs. 20,000) divided into 1000 ordinary shares of Kenya Shillings Twenty (KShs. 20) each. The authorized share capital was increased on 13th July 2006 to KShs. 40,000 divided into 2,000 shares of KShs 20 each by creating an additional 1,000 ordinary shares of KShs 20 each. By a resolution of the company dated 13th July 2006, the company resolved to subdivide the existing 2,000 ordinary shares of KShs. 20 each in the present capital of the company into 40,000 ordinary shares of KShs. 1 each.

1.7 KEY STRENGTHS

1. Outstanding Growth Track Record.

The Group has an outstanding track record of growth over the last five years in terms of both sales and profit. Revenues have grown by 900% from KShs. 67 million in 2002 to KShs. 578 million in 2006. A full discussion of the Group's business can be found in section 4 of this Prospectus.

2. Focus on Under Penetrated large and fast growing markets.

The Group is focused on large, fast growing and relatively untapped markets - internet and telephony services. According to the ITU, internet usage in Kenya grew by 428% between 2000 and 2006 and high levels of growth are expected to continue. For example, Africa Analysis, the South African market research company, has estimated that the market for broadband data services in Kenya will grow by nearly 600% between 2006 and 2011. A full discussion of the internet and telephony markets in Kenya can be found in section 3 of this Prospectus.

3. Dominant and Diversified Position in Core Market.

AKGL has a dominant position in its current core market - corporate internet services - across a diverse customer base and its economies of scale set it in good stead for significant future growth. According to Africa Analysis, AccessKenya is the largest player in the corporate leased line market with a market share of 32% and with over 1,250 leased lines there is no single customer or group of customers making up a disproportionate share of the Group's revenues. Further details about the Group's competitive position can be found in sections 2 and 4 of this Prospectus.

4. Economies of Scale Protect Profitability within Core Market in the Face of Competition.

While competition exists and is expected to intensify, the Group's existing competitive advantages should ensure it retains its leading position of best price, most bandwidth, guaranteed speed and performance while maintaining margins. Further details about the Group's product positioning and competitive advantages can be found in sections 2 and 4 of this Prospectus.

5. Enormous Potential in Adjacent Market Segments.

There is enormous potential in adjacent market segments which the Group is already targeting or intends to target - namely corporate telephony services, SOHO / high end residential voice and data services and corporate IT services. Further details of the potential in adjacent market sectors can be found in section 2 of this Prospectus.

6. Strong Management Team and Financial Resources.

A strong management team, coupled with excellent cash flow and a clean balance sheet underpins the Group's ability to continue its high growth path and successfully execute its expanded strategy. Full details of the Group's management team can be found in section 6 of this Prospectus and balance sheet details can be found in section 1.8 below.

7. "Smart" Market Driven Network Roll Out with all Required Licences in Place.

Underpinning the successful commercial strategy has been a "smart" network roll out facilitated by existence of all required licences for expansion. The Group has rolled out network in a "smart" fashion by deploying network in response to already established customer demand and connections, rather than building infrastructure and hoping to fill it later.

8. Strategy will Continue to Deliver High Growth.

The strategy of deepening AKGL's penetration in existing sectors and broadening the Group's product and customer reach will ensure continued delivery of high growth in sales and profits

1.8 FINANCIAL SUMMARY

The financial statements for the Group have been prepared in accordance with the International Financial Reporting Standards. The following tables which have been extracted from the “Reporting Accountant's Report” set out selected audited financial information for the Group for the five year period ended 31st December 2006 and the two month unaudited period ended February 28th, 2007. The Group's figures have been adjusted to include the assets and liabilities of the subsidiary companies for the periods covered by this report. This treatment is, however, not in compliance with IFRS3 on Business Combinations and IAS 27 on Consolidated and separate Financial Statements which require a subsidiary company to be consolidated from the date on which effective control is transferred to the parent. This presentation has been adopted in order to provide a better understanding of the Group's operations during the five year period ended 31st December 2006 and the two month period ending February 28th, 2007.

Profit & Loss

| | 28 Feb 2007 (2 mths) Kshs '000 | 31 Dec 2006 (12 mths) Kshs '000 | 31 Dec 2005 (12 mths) Kshs '000 | 31 Dec 2004 (12 mths) Kshs '000 | 31 Dec 2003 (12 mths) K Shs '000 | 31 Dec 2002 (12 mths) Kshs '000 |
|--|--------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|--|---------------------------------------|
| | Unaudited | Audited | Audited | Audited | Audited | Audited |
| Total Revenue | 119,428 | 577,881 | 349,547 | 180,941 | 95,129 | 66,582 |
| Gross Margin | 78,276 | 378,007 | 236,302 | 128,202 | 61,737 | 34,717 |
| EBITDA | 38,426 | 107,586 | 40,716 | 35,879 | 13,635 | 4,943 |
| “Adjusted” * EBITDA | 38,426 | 171,516 | 109,052 | 53,589 | 20,891 | 8,381 |
| Profit Before Tax | 32,331 | 70,266 | 12,789 | 17,613 | 2,862 | (2,060) |
| Profit After Tax | 22,632 | 46,906 | 8,650 | 13,186 | 1,088 | (1,441) |
| “Adjusted” Profit After Tax | 22,632 | 93,937 | 56,787 | 24,726 | 7,082 | 964 |

* Adjusted figures reflect the underlying profitability of the business as a non family owned concern. This measure assumes that Directors fees are charged on the same basis as in the last quarter of 2006 following the adoption of market level service agreements for Directors. The measure also reflects the termination of all over seas consulting fees as of the last quarter of 2006 and removes these fees. The detailed calculation of the “adjusted” figures (as well as EBITDA) can be found in Schedule VI of this Prospectus.

Taxation for adjusted figures is at a rate of 30%

Selected Consolidated Balance Sheet Data

| | 28 Feb 2007 (2 mths) Kshs '000 | 31 Dec 2006 (12 mths) Kshs '000 | 31 Dec 2005 (12 mths) Kshs '000 | 31 Dec 2004 (12 mths) Kshs '000 | 31 Dec 2003 (12 mths) K Shs '000 | 31 Dec 2002 (12 mths) Kshs '000 |
|-------------------------|--------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|--|---------------------------------------|
| | Unaudited | Audited | Audited | Audited | Audited | Audited |
| Non Current Assets | 65,127 | 67,753 | 54,670 | 39,168 | 30,353 | 21,288 |
| Current Assets | 208,806 | 157,519 | 92,932 | 46,203 | 15,638 | 16,207 |
| Total Assets | 273,933 | 225,272 | 147,602 | 85,372 | 45,991 | 37,495 |
| Current Liabilities | 115,224 | 92,979 | 119,937 | 63,639 | 39,679 | 31,590 |
| Non Current Liabilities | 2,181 | 2,181 | 10,506 | 13,225 | 10,990 | 11,671 |
| Total Equity | 156,528 | 130,112 | 17,159 | 8,508 | (4,678) | (5,766) |

Cash Flow Information

| | 28 Feb 2007 (2 mths) Kshs '000 | 31 Dec 2006 (12 mths) Kshs '000 | 31 Dec 2005 (12 mths) Kshs '000 | 31 Dec 2004 (12 mths) Kshs '000 | 31 Dec 2003 (12 mths) K Shs '000 | 31 Dec 2002 (12 mths) Kshs '000 |
|---|--------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|--|---------------------------------------|
| | Unaudited | Audited | Audited | Audited | Audited | Audited |
| Net cash flows generated from (used in) operating activities after tax and interest | 24,956 | 68,512 | 37,218 | 29,839 | 15,321 | 14,609 |
| Cash flow used in purchase of equipment | (3,561) | (49,150) | (42,528) | (27,107) | (21,380) | (15,912) |
| Net cash flows generated from / (used in) financing activities | 13,805 | 60,668 | (5,409) | (222) | (681) | 2,313 |
| NET Increase / Decrease in Cash and Cash Equivalents | 35,200 | 80,030 | (10,719) | 2,509 | (6,739) | 1,011 |
| NET Increase / Decrease in Cash and Cash Equivalents on adjusted basis * | 35,200 | 127,061 | 37,418 | 14,050 | (745) | 3,417 |
| Bank and Cash Balances | 100,681 | 65,481 | (14,549) | (3,830) | (6,340) | 400 |

* Adjusted figures reflect the underlying cash flow of the business as a non family owned concern. This measure assumes that Directors fees are charged on the same basis as in the last quarter of 2006 following the adoption of market level service agreements for Directors. The measure also reflects the termination of all overseas consulting fees as of the last quarter of 2006 and removes these fees. The detailed calculation of the "adjusted" figures (as well as EBITDA) can be found in Schedule VI of this Prospectus.

1.9 FINANCIAL FORECAST

1.9.1 Profit and Loss Forecast

The forecast of Gross Revenues and profits before taxation for the Group for the financial year ending 31st December 2007, as adopted by the Directors is set out below. The forecast has been examined and reported on by the reporting accountants and their report has been set out in Schedule 1 of this Prospectus. The forecast is made subject to no unforeseen circumstances arising and on the basis set out below.

| | 31 st December 2007 Kshs '000 |
|--|--|
| Gross Revenue | 803,386 |
| Gross Margin | 536,744 |
| EBITDA | 261,429 |
| Depreciation | 46,388 |
| Net Finance Costs | 0 |
| Profit before taxation | 215,041 |
| Taxation Charge | 64,512 |
| Net Profit for the Period | 150,529 |
| Earnings per share based on 199,885,978 Group shares | 1.02 |
| Earnings per share based on 147,635,578 Group shares | 0.75 |

1.9.2 Basis of forecast

The profit forecast is based on management's prudent assumptions and has been prepared on a basis consistent with the accounting policies normally adopted by the Group and is based on the following principal assumptions

- New sales per sales person to internet clients continue at a level approximately 10% lower than that achieved in 2006 reflecting an increase in the intensity of the competitive environment
- Average revenue per user declines by 7% through 2007 reflecting normal price pressure as the industry continues to deregulate
- Customer churn occurs at a similar level to 2006 reflecting the Group's competitive price position and the activities of the Client Relationship Management and Customer Service teams
- Expenditure will increase in line with inflation estimated at 10% and growth in staff numbers.
- No change in tax rates which are assumed at 30% for 2007.

1.10 PRO-FORMA BALANCE SHEET

The table below sets out the un-audited Pro-forma financial effects of the proposed Offer on the net asset value of a Group share “Before” and “After” based on the consolidated balance sheet for the period ending 28th February 2007

| | “Before” (KShs ‘000) | “After” (KShs ‘000) |
|---------------------------------------|----------------------|---------------------|
| Non Current Assets | 65,127 | 65,127 |
| Current Assets | 208,806 | 642,056 |
| Total Assets | 273,933 | 707,183 |
| Current Liabilities | 115,224 | 115,224 |
| Non Current Liabilities | 2,181 | 2,181 |
| Share Capital | 147,635 | 199,885 |
| Reserves and Surplus | 8,893 | 8,893 |
| Share Premium Account | 0 | 381,000 |
| Total Liabilities & Equity | 273,933 | 707,183 |
| Net Asset Value per share | 1.06 | 2.95 |

Notes:

- The NAV per share in the “Before” position is based on the consolidated balance sheet for the period ending 28th February 2007 and the issued share capital of the Group comprising 147,635,578 ordinary shares.
- The NAV per share in the “After” column is based on the assumption the Offer is fully subscribed at the offer Price of KShs 10 per ordinary share as at 28th February, 2007, the ESOP is formalised at the time of the Offer and a fully diluted issued share capital of the Group comprising 199,885,578 ordinary shares
- The Share Premium Account above is stated after deduction of the expenses of the Offer payable by the Company

1.11 DIVIDEND POLICY

- The Offer for Subscription Shares, when allotted, will be fully paid and rank pari passu in all respects
- In recommending a dividend, the Directors of the Group will take into account the underlying performance of the Group and its subsidiaries and the opportunities for the profitable investment of retained profits to achieve earnings growth
- While the business does require ongoing capital investment, such investment should be approximately equivalent to depreciation (barring unforeseen circumstances or opportunities), and hence the Directors envisage having approximately the Net Profit Before Tax of the Group available for payment of taxation, dividends and retained earnings. The Directors anticipate (barring unforeseen circumstances) being in a position to recommend the declaration of an annual dividend payment of 40% of profit after tax which represents dividend cover of 2.5 times. The Directors expect to maintain this dividend policy, subject to future business requirements. In respect of the financial year ending 31st December, 2007, this will translate to KShs 0.30 per Group Share based on the forecast after tax profits for 2007, indicating a dividend yield of 3.0% based on the Offer Price.

1.12 MATERIAL INDEBTEDNESS

Save as disclosed in Part VIII Section 16 of this Prospectus and other than indebtedness arising in the ordinary course of business, the Group has no other indebtedness including bank loans, overdrafts, debentures, hire purchase agreements, mortgages, acceptances, financial guarantees and other contingent liabilities

1.13 LITIGATION

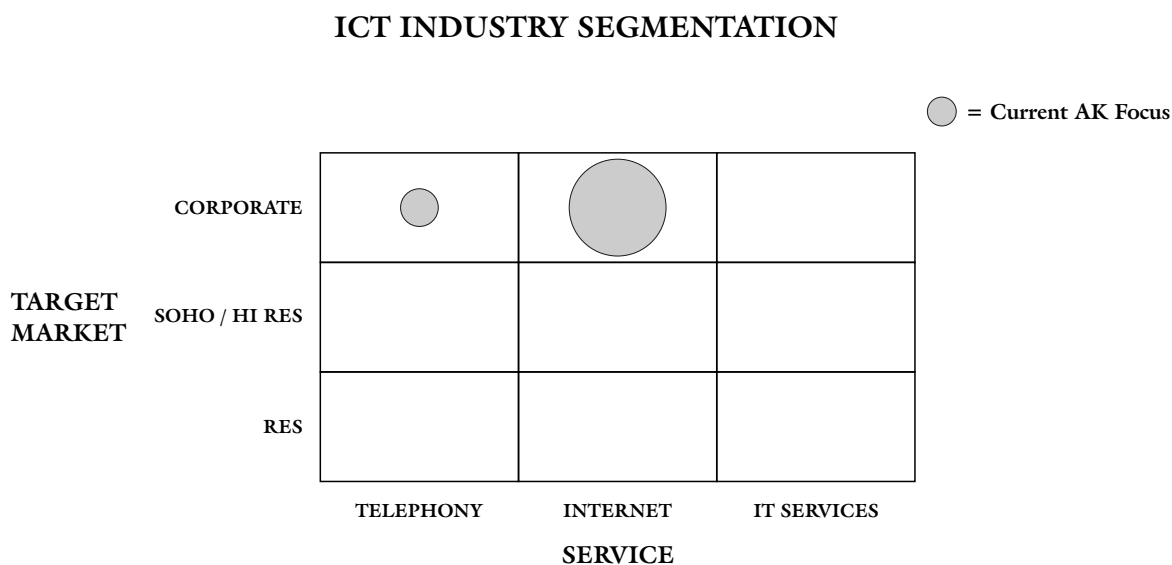
As disclosed in Part VIII Section 15 of this Prospectus, there is no material litigation, prosecution or other civil or criminal legal action in which the Group or any of its Directors as Directors of AccessKenya Group are involved.

PART II ICT INDUSTRY OVERVIEW

2.1 SEGMENTATION OF ICT INDUSTRY FOR END USERS

Defining the ICT (“Information and Communications Technology”) industry is a difficult task given that there already exist a number of different industry and product definitions. For example, the OECD, which attempts to harmonise definitions across countries to assist international comparison, defines ICT to include both equipment and service components of ICT production. By contrast, other definitions include communications services, information services, the manufacture, wholesale and retail of ICT equipment and content related industries.

The matrix below seeks to simply segment the ICT industry for end users between three core services and three main target markets - namely telephony, internet and IT services and Corporate, Small Office Home Office / High End Residential (“SoHo/Hi Res”), and Residential markets. The matrix also identifies the current focus of the AccessKenya Group.



Source: AccessKenya Group ICT Segmentation Matrix

2.2 OVERVIEW OF KEY LICENCES UNDER THE KENYAN REGULATORY REGIME

Telkom Kenya Limited currently hold all the main licences available (except for a Mobile Operators licence) and are able to offer all forms of international, national and local connectivity for both voice and data services. In 2006, CCK awarded a license to a new second national operator, VTel, but cancelled the award of that licence in 2007. The runner up in the bidding process, Reliance Group, to whom the licence was subsequently offered, also failed to take up the licence and the tendering process will now be restarted. Whenever the SNO licence is awarded, that player will hold all the licences held by Telkom Kenya plus a Mobile Operators licence.

Current holders of Mobile Operators licences are Safaricom and Celtel who have deployed extensive networks around the country, plus Econet, whose licence is mired in various technical issues and have yet to finalise payment for the licence or to deploy any network. Telkom Kenya have made public statements saying they intend to apply for a Mobile Operators licence.

Within the market structure, there are a significant number of licences. However, there are just a few key licences in the telephony and internet services market as summarised in the table below. These key licences cover connectivity internationally, nationally, locally and provision of services to end users. Under the current market structure, CCK has split licences into Facilities Based Telecommunications Service Providers and Non Facilities Based Telecommunications Services Providers with the principle being that the former offer network services to the latter which are responsible for the provision of services to end users. AccessKenya Group, while providing network services, focuses almost exclusively on the provision of services to end users.

| LICENCE NAME | DESCRIPTION | Comments | Key Players & AKGL Presence |
|--|---|--|---|
| <p>DATA CARRIER NETWORK OPERATOR (“DCNO”)</p> <p>(Facilities Based)</p> | <ul style="list-style-type: none"> • Provide alternative routes and capacity to Internet portals outside Kenya • Provide data and voice connectivity for individual and intra-corporate use within and outside of Kenya | <p>This licence combines previous licences including internet backbone and gateway services, commercial vsat network operators. In a nutshell this allows providers to offer international and national connectivity</p> | <ul style="list-style-type: none"> • Kenya Data Network • Telkom Kenya (“Jambonet”) • Afsat • Jamii Telecom • Blue holds this licence |
| <p>PUBLIC DATA NETWORK OPERATOR (“PDNO”)</p> <p>(Facilities Based)</p> | <p>A national licence authorising the licensee to construct and operate a public switched data network in Kenya. With the removal of the restriction on VoIP usage, data operators can now provide non switched (IP based) VoIP services</p> | <p>In a nutshell this licence enables the connection between customer premises and the points of presence of end user service providers such as ISPs, as well as point to point connections between customer sites.</p> | <ul style="list-style-type: none"> • Kenya Data Network • Telkom Kenya (“Kenstream”) • Blue holds this licence and is one of the three largest PDNOs in the market |
| <p>INTERNET SERVICE PROVIDER (“ISP”)</p> <p>(Non Facilities Based)</p> | <p>A service provider licence allowing holders to provide Internet services to end users including email, web browsing and VoIP using the services of licenced network operators (primarily PDNOs and DCNOs)</p> | <p>In a nutshell the ISP provides the internet service to end users, utilising facilities for national and international connectivity from network providers.</p> | <ul style="list-style-type: none"> • AccessKenya holds this licence and is the largest corporate ISP in the market • UUnet Kenya • Swift Global Kenya • Africaonline • Wananchi Online • Telkom Kenya (“Jambo Telkom”) |
| <p>LOCAL LOOP OPERATOR (“LLO”)</p> <p>(Facilities Based)</p> | <p>Local loop operators are meant to extend the (voice and data) services within an administrative district boundary the services of licensed fixed, mobile and data operators. The preferred technology for this is CDMA although CCK does not regulate this</p> | <p>Although a facilities based licence, the LLOs are selling directly to end users and have deployed CDMA (mobile) networks which can offer voice and data services to end users.</p> | <ul style="list-style-type: none"> • Flashcom • Popote • Telkom Kenya (“Telkom Wireless”) • Blue holds this licence and has reserved spectrum for the deployment of a CDMA network |

Source: CCK website, AccessKenya

2.3 KEY PRODUCT OFFERINGS WITHIN TELEPHONY AND INTERNET SEGMENTS

2.3.1 Internet Product Offerings - Key functionality and suitability for market sectors

The table below outlines the key features of different internet product offerings and their suitability for different market segments. It illustrates that leased lines remain the most “rounded” internet solution for corporate clients. As residential and SoHo / Hi Res segments are more price sensitive and less “reliability and guarantee” sensitive, a broader array of offerings are suitable for those segments.

| Product | Speed | Speed Guarantee | SLA | Corporates | SoHo / Hi Res | Residential |
|------------------|--------|---------------------------|-------|------------|---------------|-------------|
| Leased line | High | Yes * | Yes * | ✓ | ✓ | |
| VSAT | High | No ** | No ** | ✓ | | |
| ADSL | High | No | No | | ✓ | |
| CDMA | Medium | No | No | | ✓ | |
| Mobile GPRS/Edge | Medium | No | No | | ✓ ? | ✓ |
| Dial up | Low | Yes guaranteed slow speed | No | | | ✓ |

* AccessKenya offers speed guarantees and SLAs although not all ISPs do

** Speed guarantee and SLA, whilst potentially available with VSAT, are mostly not offered

Source: AccessKenya

2.3.2 Telephone Product Offerings - Key functionality and suitability for market sectors

The table below outlines the key features of different telephony product offerings and their suitability for different market segments. Compared to the picture for internet, it shows that Telkom and the mobile operators have offerings across all market sectors other than calls from corporate fixed lines where there is no significant mobile offering. The ISP VoIP offerings therefore face stiffer competition than leased lines do for internet services although of course the market is correspondingly bigger.

| Product | Cost * | Integrate to PBX? | Corporates | SoHo / Hi Res | Residential |
|--------------|--------|-------------------|------------|---------------|-------------|
| Telkom '000' | Hi | Yes | ✓ | ✓ | |
| Telkom '888' | Lo | Yes | ✓ | ✓ | ✓ |
| ISP VoIP | Lo | Yes | ✓ | ✓ | |
| CDMA | Med | Yes | ✓ | ✓ | |
| Mobiles | Med | No | ** | ✓ | ✓ |

* Cost for calls to international destinations

** The mobile operators are used by corporate clients but not for calls from their fixed office lines

Source: AccessKenya

2.4 KEY COMPETITORS WITHIN TELEPHONY AND INTERNET SEGMENTS

The matrix below summarises the key solutions for each of the internet and telephony market segments based on section 2.3

| Market Sector | Key Products | Key Competitors |
|----------------------------|------------------------|--------------------------------------|
| Internet Corporate | Leased Line | AccessKenya UUNet Swift Global |
| | VSAT * | Afsat |
| Internet SoHo / Hi Res | Leased Line | AccessKenya UUNet Swift Global |
| | ADSL | Telkom Kenya |
| | CDMA | Africaonline Flashcom Popote |
| Telephony Corporate | Telkom '000' and '888' | Telkom |
| | ISP VoIP | AccessKenya UUNet Swift Global |
| | CDMA | Flashcom Popote |
| Telephony SoHo / Hi Res | Telkom '000' and '888' | Telkom |
| | ISP VoIP | AccessKenya UUNet Swift Global |
| | CDMA | Flashcom Popote |
| | Mobile GPRS / Edge | Safaricom Celtel |

* While VSAT service is purchased by corporate customers in the major towns, a large number of VSAT users are located in remote areas.

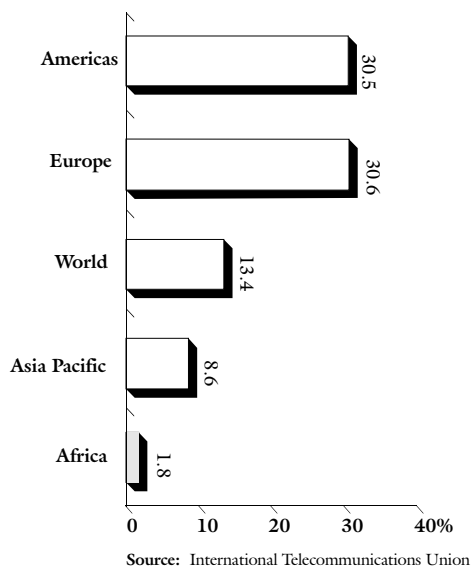
Source: AccessKenya

2.5 THE “DIGITAL DIVIDE” - AFRICA VS THE REST OF THE WORLD

While the digital divide has been shrinking in terms of numbers of fixed phone lines, mobile subscribers, and Internet users over the last ten years, there remains a “crucial gap” according to the International Telecommunications Union (“ITU”). Figures from the 2004 ICT World Telecommunications Database paint a striking picture, and illustrate the significant gap between Africa and the rest of the world in terms of internet usage, and penetration of fixed telephone lines. Turning to the internet first:

- In 2004, less than 3 out of every 100 Africans use the Internet, compared with an average of 1 out of every 2 inhabitants of the G8 countries (Canada, France, Germany, Italy, Japan, Russia, the UK and the US). By 2006, this figure had increased but at 3.6% remained well below the penetration of other regions around the world.
- There are more than 8 times as many Internet users in the US, twice as many Internet users in Germany, and more internet users in France than on the entire African continent - home to 50 countries.

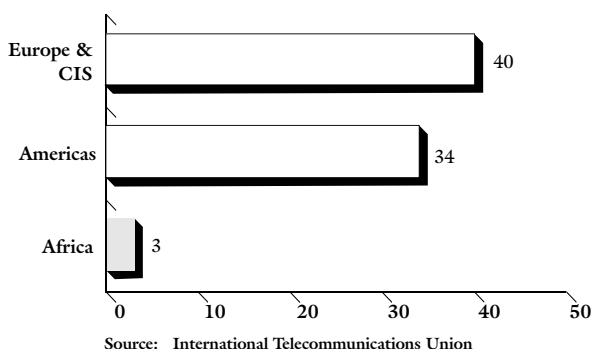
INTERNET PENETRATION BY REGION, 2004 (%)



The picture is not much better with respect to the deployment of fixed telephone lines:

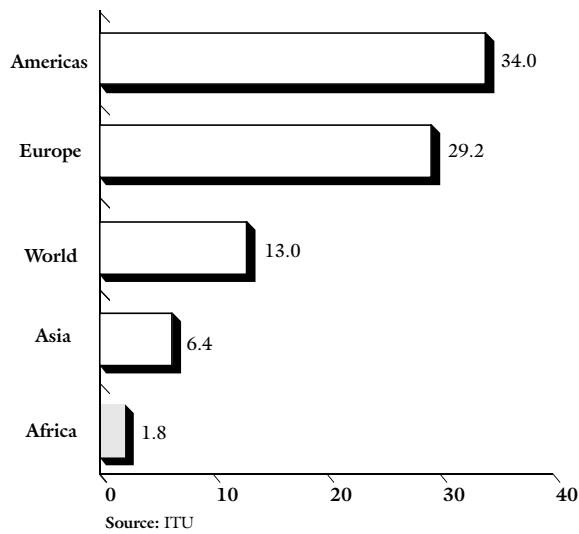
- In 2004, Africa accounted for 13% of the world's population, but for only 3.7% of all fixed and mobile subscribers worldwide. Furthermore, Africa has by far the world's lowest penetration of fixed lines, with a continental average of around 3 main lines per 100 people.
- In 2004 Africa had close to 100 million total telephone subscribers, 76 million of which were mobile subscribers. Africa has the highest ratio of mobile to total telephone subscribers of any world region, and has been dubbed "the least wired region in the world".

MAIN TELEPHONE LINES PER 100 INHABITANTS, 2004



Similarly, the deployment of PCs in Africa lags behind the rest of the world:

PC'S PER 1,000 INHABITANTS, 2004



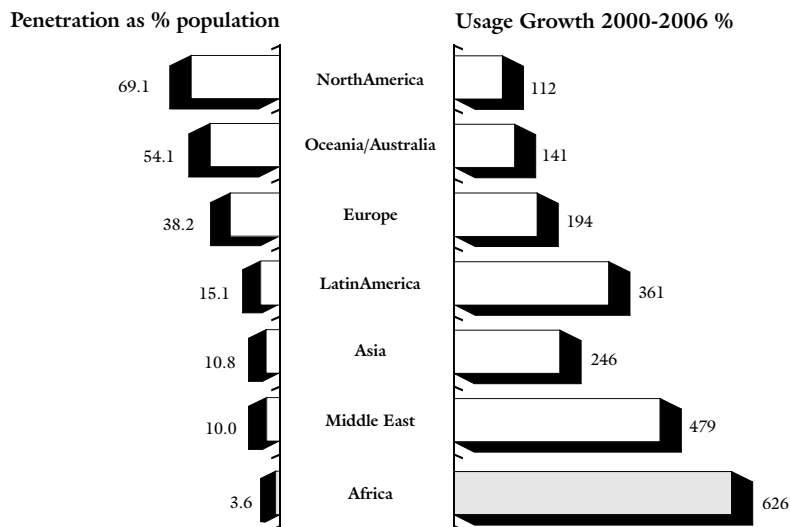
While sobering reading, the magnitude of the difference between Africa and the rest of the world present a startling opportunity for service providers whose focus is to bridge the digital divide and greatly increase the penetration of affordable internet, telephony and general IT services in the African market.

2.6 INTERNET MARKET

2.6.1 Overview of International and African Market Growth

As indicated in the chart below, growth in usage of the internet over the last six years (2000 - 2006) has been significant at just over 200%, but growth within Africa has been greater than any other region in the world at 626% in the same six year period. Moreover, the low penetration of internet users in the African continent (3.6% vs world average of 16.7% and 69.1% in North America) illustrates the continued potential for significant growth across the continent.

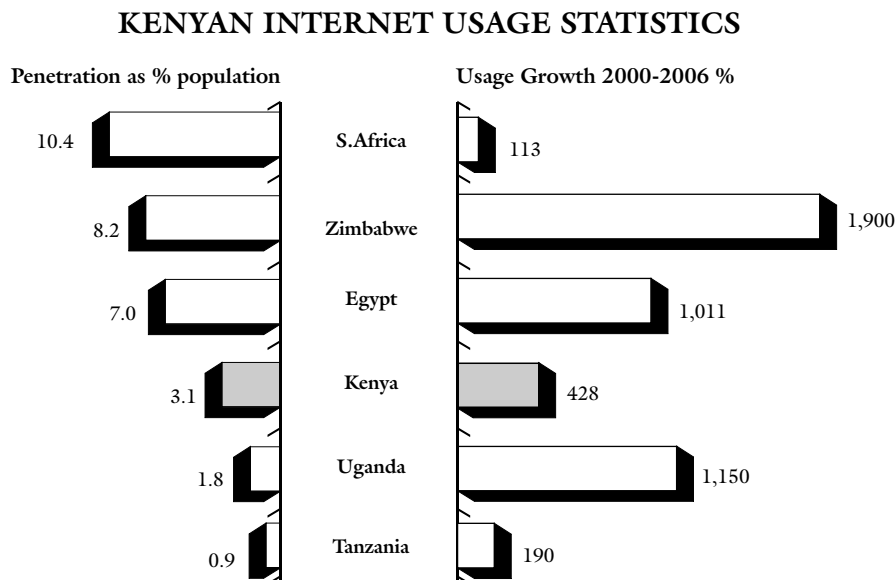
WORLD INTERNET USAGE STATISTICS



Source: demographic population numbers based on data contained in the world gazetteer website; internet usage comes from data published by Nielsen/ Netratings, by the ITU, by local NICs and other reliable sources

2.6.2 Kenyan Market Overview

While the number of people using the internet in Kenya compares favourably to that of its similarly populous neighbouring countries Uganda and Tanzania, penetration of internet usage as a percentage of the population (3.1%) lags behind that in other major African countries such as Egypt (7.0%) and South Africa (10.4%) and the African average of 3.6%. This relatively low penetration, coupled with below average growth in usage over the period from 2000 - 2006 (428% compared to the African average of 626%), imply that significant further growth should be achievable



Source: demographic population numbers based on data contained in the world gazetteer website; internet usage comes from data published by Nielsen/Netratings, by the ITU, by local NICs and other reliable sources

This impressive market growth is projected to continue. Africa Analysis in its “Kenyan Telecommunications Market Data” study published in December 2006 believes that the overall market for internet services will grow by 242% between 2006 and 2011. The estimated growth rate in broadband connections, the target market for the Group, far exceeds this figure with the total broadband connections expected to grow by 583% over the same time period to a total of 18,100 connections in 2011.

2.6.3 Kenyan Corporate and SoHo / Hi Res Internet Market

The corporate internet market around the world has always been regarded as the “jewel in the crown” for internet service offerings, giving service providers the ability to offer high quality, Service Level Agreement supported solutions which are less of a commodity than residential internet services. The core solution offered to corporate customers is known as a “leased line” - giving users the ability to have a “permanently on” connection to the internet.

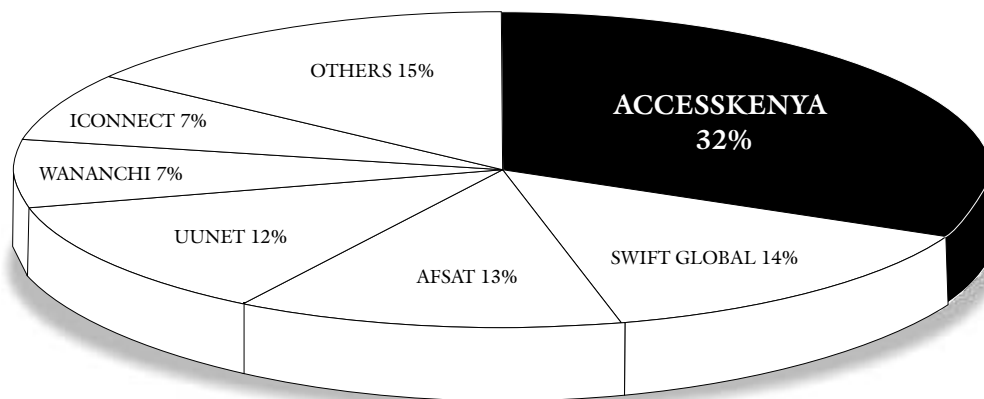
Africa Analysis in the “Kenya Telecommunications Market Data” report, with analysis based on a variety of sources, estimated that the total corporate market in Kenya in 2005 totalled just under 50,000 entities of which just over 1,000 could be classified as medium and large corporates with the balance being small corporates. The company assumes for its market analysis that the small corporate sector is further split approximately “80/20” into real small corporates and “SoHo” offices with therefore respectively 39,000 and 10,000 in each category. The real corporate market defined as small, medium and large companies is therefore 40,000 companies. Based on this figure, one can see that the current penetration of 3,100 leased lines is very low and the projected penetration in 2011 of 18,000 leased lines looks reasonable.

In the same survey, African Analysis estimated that there were a total of just under 7.8 million households of which 314,000 could be classified as “high end” - in other words “Hi Res”. Adding the SoHo part of the small corporate segment to these high end households gives a market size of 324,000 for SoHo and Hi Res customers.

2.6.4 Competition in the Kenyan Corporate Internet Market

It is difficult to obtain exact figures for the number of corporate leased line connections held by the various players in the market as some of the competition release misleading information. Bearing this caveat in mind, and as stated above, Africa Analysis estimates that in July 2006 there were about 3,100 leased lines deployed in Kenya for internet access, and the table below illustrates the key players and their market share, illustrating that the Group is the clear market leader.

CORPORATE LEASED LINES IN KENYA, JULY 2006



Source: AfricaAnalysis

2.7 TELEPHONY MARKET

2.7.1 Overview of Kenyan Telephony Market

The telephony market in Kenya has a value of approximately \$1 billion - based on the turnover of Telkom Kenya and the two existing mobile operators, Safaricom and Celtel. The market is split between international and national calls and calls to mobiles. Following the deregulation of VoIP services, the focus of alternative telephony providers has been on international calling, but it is expected that, as with other deregulating markets, opportunities to offer lower cost national and mobile calls will arise.

2.7.2 International Telephony Market in Kenya

According to Africa Analysis, total international traffic to and from Kenya in 2005 was approximately 385 million minutes with about 133 million minutes of outgoing traffic. The same source estimates that by 2011 the outgoing telephone traffic volumes will increase by 220% to reach just over 290 million minutes. Furthermore, as deregulation continues to occur, opportunities will arise in termination of national and mobile traffic and the complete telephony market was estimated at 3.4 billion minutes growing to 6.5 billion minutes in 2011 - an enormous market.

2.7.3 Kenyan Corporate and SoHo / Hi Res Telephony Market & Competition

The size of the corporate and SoHo / Hi Res Telephony markets mirror the statistics given in section 2.6.3 above for the internet market. As with internet, the corporate sector offers more opportunities for differentiation than the more commoditised SoHo / Hi Res and Residential Sectors, and certainly more than the residential segment. Some of the alternative providers in the corporate segment, including the Group, have been installing “telephone router” devices on customers' fixed line telephone systems to automatically route calls through their telephone services. In the SoHo/ Hi Res sectors, customers tend to dial manually on either fixed or mobile devices to access the services.

Africa Analysis estimates that Telkom Kenya, Safaricom and Celtel carried 98.7% of the international telecommunications traffic in 2005, with Telkom Kenya carrying almost all of the outgoing telephone traffic from fixed lines and Safaricom and Celtel almost all the traffic from mobile devices. There is therefore great potential for the alternative providers to take significant market share from these major players and carve out a sizeable business in telephony services.

2.8 IT SERVICES MARKET

Apart from hardware and basic software sales, the market for IT services includes a number of value added solutions including backup, virtual private network and firewalls, LAN and WAN support, security and disaster recovery and overall outsourced support. Worldwide, the overall IT market for 2006 was estimated by the European Information Technology Observatory, in cooperation with IDC, at about 920 billion euros with a growth between 2005 and 2007 of 4.7%. The same source estimates the market growth for the same period in the “rest of the world” outside Europe, US and Japan at 8.8% during the same time period

While not as impressive as the growth potential in internet and telephony, this growth rate, coupled with the ability to offer differentiated value added services, makes the segment an attractive complement to internet and telephony.

PART III HISTORY OF THE GROUP

3.1 KEY MILESTONES

The Vendors (Michael Somen, the Chairman of the Company, is the father of David Somen and Jonathan Somen) established Communication Solutions Ltd in 1995 to offer communications services within the Kenyan market, but their focus on another business offering telecom services, primarily in Europe, meant that little was done with the company until the year 2,000. From 1995 - 2000, David Somen and Jonathan Somen were directors of a telephony company, ultimately named LCR Telecom Group Plc (“LCR”), which grew from zero to \$50 million in turnover and was sold to a NASDAQ listed corporation in February 2,000.

The experience and learning from the establishment of LCR Telecom Group have been utilised in the building of the AccessKenya Group, and subsequent to the sale of LCR, key milestones of the Group have been as follows:

- 1995 Communication Solutions Ltd founded. Received agency for AT&T and Sprint's email services for Kenya
- 1996 Netscape Ltd founded
- 1998 Communication Solutions launches internet fax solution
- 2000 “Corporate only” Internet Service Provider launched under the brand name “AccessKenya”
- 2001 Voted “Best Digital Leased Line Provider” in Kenya by Computer Society of Kenya
- 2002 Voted “Best Digital Leased Line Provider” in Kenya by Computer Society of Kenya
- 2003 Netscape Ltd renamed Broadband Access Limited (“Blue”). Blue established as a Public Data Network Operator, providing the “last mile” connection from customers to AccessKenya and other ISPs. Blue signs authorised reseller deal with Motorola to deploy Motorola wireless network in Kenya
- 2003 Voted “Best ISP in Kenya” by Computer Society of Kenya
- 2004 Voted “Best ISP in Kenya” by Computer Society of Kenya
- 2005 The Group opens offices in Mombasa
- 2005 In December, AccessKenya was one of the first ISPs to be licensed by CCK to offer Voice over IP as well as internet services to its customers.
- 2005 Voted “Best Corporate ISP in Kenya” by Computer Society of Kenya
- 2006 AccessKenya becomes authorised Cisco partner
- 2006 AccessKenya wins three coveted COYA - “Company of the Year Awards”
- 2006 Motorola publish international case study featuring AccessKenya and Blue and their success in the Kenyan market
- 2006 Private placement successfully completed with a new group of investors now owning approximately 14% of the share capital of both AccessKenya and Blue
- 2006 AccessKenya Limited formed as holding company for Communication Solutions Ltd and Broadband Access Ltd to own 100% of share capital of both subsidiaries. AccessKenya Limited renamed as AccessKenya Group Limited
- 2006 Group breaks the barrier of 1,000 leased lines in Nairobi plus 100 in Mombasa, finishes the year with 1,250 leased lines
- 2007 Completion on February 28th of share exchange making AccessKenya and Blue fully owned subsidiaries of AccessKenya Group Limited

PART IV BUSINESS OF THE GROUP

4.1 MISSION STATEMENT

“To build on our market leadership position in the corporate internet market to become the leading provider of a range of ICT services for corporate, SoHo and high end residential customers in Kenya and East Africa. We shall achieve these goals by continuously improving the value for money of our customer proposition, by offering high levels of customer service, and by attracting, developing and retaining outstanding personnel”

4.2 BUSINESS ACTIVITIES

AccessKenya Group is the holding company for the two businesses of the Group - AccessKenya, the leading corporate ISP in Kenya and Blue, one of the largest PDNOs offering network services and in particular the “last mile” connection from customer premises to ISPs. Although the separate businesses have been consolidated under one holding company, the two companies operate as separate entities as required by the market regulator, CCK.

The Group operates solely in Kenya and has four distinct although inter related business activities:

a. Leased Line Internet Access

AccessKenya is the market leading provider of leased line internet access to corporate customers in Kenya. AccessKenya's leased line offerings - sold under the brand names “Broadband Max” and Broadband Max 2” - are differentiated from the main competitors in a number of ways.

Firstly, where many competitors offer “symmetrical” leased lines - i.e. the same speed to and from the internet, Broadband Max and Broadband Max 2 offer twice and four times the download speeds from the internet respectively, at similar or lower prices than the comparable symmetrical offerings of the competition.

Secondly, AccessKenya offers an absolute guarantee that advertised speeds of their leased lines will be attained by customers at all times unlike a number of the competition who offer “target” speeds.

Thirdly AccessKenya offers all leased line clients a full service level guarantee (“SLA”) of 99.8% availability each month

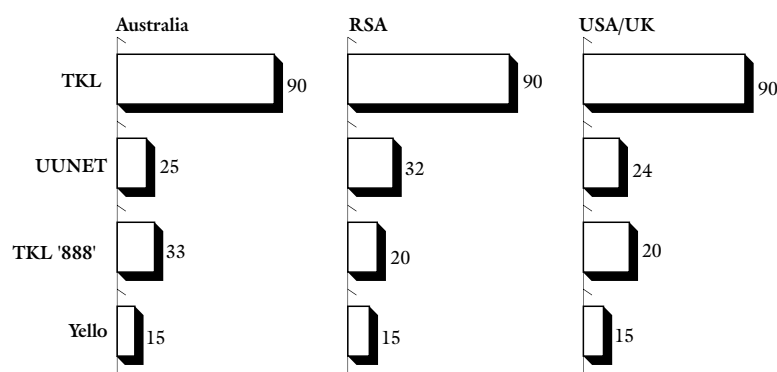
Finally, AccessKenya has wired a very significant number of buildings (greater than one hundred) around Nairobi offering clients in those buildings a cheaper and more efficient way to gain connectivity to the Group's network. Only one of the Group's major competitors has been able to wire a significant number of buildings.

b. Telephony Services utilising “Voice over IP” technology

In 2006, AccessKenya launched its alternative telephone service for corporate customers - “Yello”. AccessKenya installs telephone “routers” on clients' telephone switchboards (“PBXs”) which seamlessly connect telephone calls to Yello's main “switch” in Nairobi, from where the calls are passed to various international telephone carriers to complete calls overseas. Calls to Kenya mobiles are also possible. Yello's service offers high quality calls, “no hassle dialling” (customers dial as normal on their office phones) and amongst the lowest rates in the market

Yello Pricing, November 2006

US Cents



Source: AccessKenya, Telkom, UUNet, Published Tariff Lists

c. “Last mile” wireless local loop connectivity to internet service providers and end user customers

Blue has deployed one of the largest wireless networks in Kenya, and one of the largest Motorola wireless networks in all of Africa. With thirteen base stations in Nairobi and Mombasa, Blue's network covers 2,700 square kilometres. Almost all of AccessKenya's customers are connected from their offices to the main Point of Presence by Blue. This involves the installation of a piece of radio equipment and some other devices on the customer's roof pointing to one of Blue's base stations from where the customer is connected back to AccessKenya's main point of presence. Blue's network offers three main advantages over the competition.

Firstly, the network is extremely reliable. On average over the last six months, Blue has had five customer “tickets” (complaints) per month for every one hundred links.

Secondly, the time for installation and hence revenue is exceptional. In general Blue installs most new customers within three days, where installation is defined as installing the equipment referred to in the first paragraph above and ensuring that the connection to the network is working.

Thirdly, Blue's network has been specifically deployed to meet the needs and presence of customers and as a result of this is an extremely low cost network. In fact, apart from the depreciation of fixed investment, one of the biggest elements of Blue's overall costs are the licensing fees that they have to pay to CCK.

Blue also holds a Local Loop Operators licence (“LLO”) which allows the company to offer various other telephony services including telephone numbers. Blue has reserved and purchased spectrum from CCK in order to offer CDMA services which are particularly suitable for offering both telephony and internet services to SoHo / Hi Res customers in the same way that Flashcom and Popote do today

d. International Backbone connections from Kenya to the internet

Blue paid for its Data Carrier Network Operator licence (“DCNO”) in the first quarter of 2007. As a Group, AccessKenya and Blue have two connections to and from the internet, ensuring that customers have a “redundant” fall back option in the event of problems on one of their links, further setting their reliability apart from that of the competition. Blue, having paid for its DCNO licence, will now be able to save money on its purchases of international capacity and will also be able to sell international capacity to ISPs if it chooses to do so.

4.3 KEY SUPPLIERS

The Group has several supplier relationships of importance all of which have been negotiated in a manner reflecting the scale of the Group's operations and in particular the extent of satellite capacity the Group buys with attractive pricing. While a number of the satellite contracts have some form of term commitment, the term commitment is not unusual in the context of satellite purchasing, and leaves the Group with significant flexibility to shop around if required for better deals when each contract comes up for renegotiation.

The most important contracts are with

- Teleglobe Inc, a Canadian satellite provider, for the purchase of uplink and downlink satellite services
- Gilat Satcom, an Israeli satellite provider, for the purchase of uplink and downlink satellite services
- Jamii Telecom Ltd, a Kenyan Internet Backbone and Gateway Operator, for the purchase of uplink satellite services

In addition to the satellite contracts, the Group purchases equipment (in particular Cisco and Motorola equipment) from a variety of vendors depending on the best price and quality combination of the moment.

The Group has not entered into any supply contracts which contain any onerous or unreasonable terms and the Group is not reliant on any one supplier for material goods and services

4.4 CLIENTS

4.4.1 Client Base

The Group's client base represents a highly diversified cross section of corporate customers in Nairobi and Mombasa. Clients include subsidiaries of multi - national corporations, listed companies on the NSE, parastatals, local and international non-governmental organisations and locally owned small, medium and large sized domestic corporations.

Over 90% of the companies use the services of both AccessKenya and Blue, although in most cases they will have just one bill from AccessKenya who in turn pay Blue. A number of companies also purchase both internet and telephony services from the Group.

The Group is highly diversified and not at all reliant on any one client for a material percentage of its business. At the end of December, 2006, AccessKenya provided a total of 1,250 leased line connections and the largest single customer represented less than 1% of the Group's total revenue. The top 10 clients represent 5% of the Group's total revenue.

The Group have contractual relationships using standard form agreements with all their Clients which detail the scope of services, service level agreements and monthly payments. In the last few years the Group has adopted a policy of allowing customers to give only one month's notice to terminate services, unlike many companies in the industry who try to enforce longer terms contracts. This policy, coupled with the Group's pricing and SLA, is part of the Group's marketing message and strategic positioning and, despite these relatively easy termination terms, the Group's churn (based on number of leased line connections) has been significantly below its growth in 2006 at only about 7%.

4.4.2. Charges

The Group charges for its services based on a pre agreed monthly, quarterly or half yearly fee. Clients are billed in either the Kenya shilling equivalent of a dollar amount or a Kenya shilling amount. The exchange rate for the Kenya shilling equivalent of dollar denominated clients is set on a monthly basis and Clients have the option to pay in either dollars or shillings.

4.4.3 Terms of Trade

Under the standard customer contracts, unless special conditions are otherwise specifically agreed, clients are supposed to pay for their internet services monthly in advance. In practice, most clients pay for their internet services some time during the month for which service has been invoiced and received. The company takes a provision for bad debts of 2.5% of leased line revenues which has historically proved adequate for bad debts.

The Group does extend some credit to reliable paying Clients within reasonable time periods. Tight credit policies translate into not more than half a month's receivables being normally outstanding at the end of any given month, together with the billing for the subsequent month.

4.4.4 Sample Clients

The Group has a broad cross section of clients and the list below includes a selected group of them:

- Central Bank of Kenya
- Rockefeller Foundation
- Capital FM
- Aga Khan University Hospital
- First Chartered Securities
- NHIF
- Voice of America
- German TV
- Beiersdorf East Africa Limited
- International Finance Corporation

4.5 INFORMATION TECHNOLOGY AND R&D POLICY

The Group's operations are supported extensively by computerised systems. The Group has implemented a completely standard information technology system within its offices, deploying up to date hardware and applications running on a Windows 2003 Server platform. The Group upgrades its business systems on a business cycle of between two and four years depending on the nature of the hardware or software.

The Group employs a team of qualified Engineering personnel to work on the development of the customer facing network and improve that network as required when technology improves.

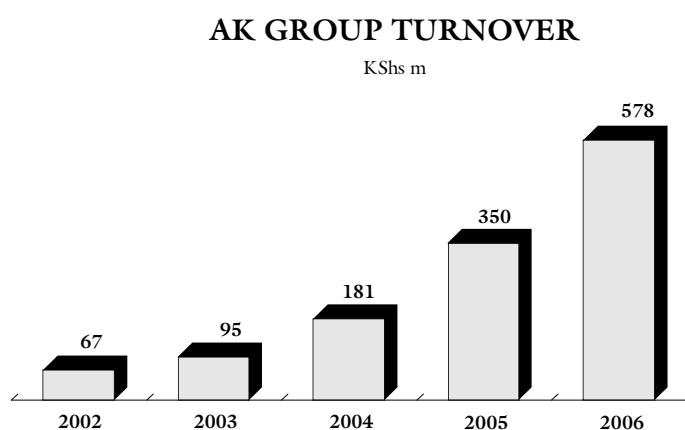
PART V FUTURE PROSPECTS

5.1 ECONOMIC OUTLOOK

Kenya's economy has been growing steadily since 2001, with GDP growth exceeding 5% in 2005. While there has been some discussion of a slight decrease in the rate of GDP growth, overall growth is expected to continue to be healthy. Furthermore, the current government has stated publicly that it intends to continue to deregulate and promote the ICT sector ensuring continued growth in the segment with minimal regulatory intervention

5.2 TURNOVER ANALYSIS

The chart below details the breakdown in turnover (gross revenue) of the core business activities of the Group during the five year period ended 31st December 2006, illustrating the strong increase in sales over that period.



Source: AccessKenya

5.3 BUSINESS REVIEW

(i) Revenues.

During the last two years, the Group has consolidated its position as the leading provider of corporate internet services in Kenya. As stated in section 2.6.3, the Group appears to have over 30% of the corporate leased line internet market, having grown by an average of approximately 75% per year for each of the last three years. The Group has leveraged its scale, its satellite bandwidth buying power and Blue's reliable but low cost network to offer customers the highest speeds coupled with the best value for money in the market. The Group's tremendous growth from year to year has been attributed to the following factors:

- a. Under penetrated large and fast growing market
- b. A dominant position in the core corporate internet services market which has been translated into excellent value for money in the service offering
- c. An extensive and well trained sales and marketing department
- d. Motivated loyal staff members dedicated to the Group and to offering Clients excellent standards of service
- e. A driven and perfectionist senior management team and Board of Directors
- f. A well managed and reliable network

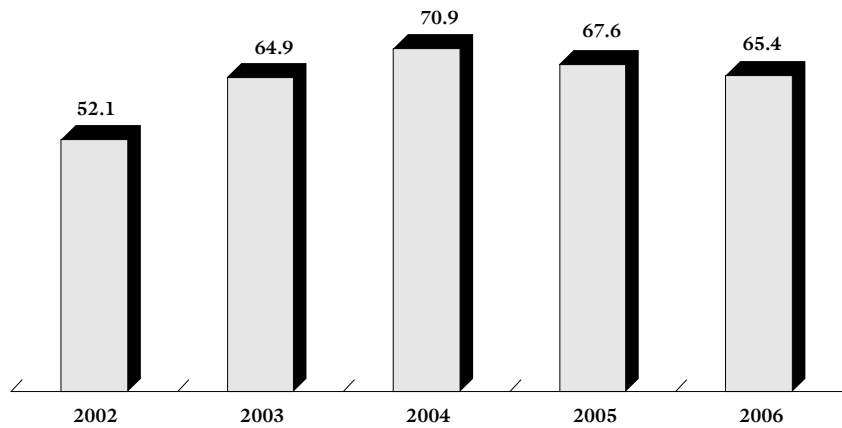
(ii) **Sources of new business.**

During 2006, the Group continued to acquire new customers aggressively. At the end of 2005, the Group had approximately 700 leased line connections and this had grown to 1,250 by the end of December 2006, representing approximately \$250,000 of new monthly revenue. These new connections came from a mixture of sources over the year, both new leased line connections and the acquisition of customers from the competition.

(iii) **Gross margin.**

Despite regularly and significantly increasing the value for money of the Group's customer offering (for example in 2004 a customer received a 64k/64k "symmetrical" leased line for a price of \$750 and in December 2006 the list price for a 64K/128K Broadband Max line was \$450 and a 64k/256k Broadband Max 2 leased line was \$599), the Group increased its gross margin from 52% in 2002 to within a range of between 65 and 71% between 2003 and 2006.

GROSS MARGIN DEVELOPMENT %



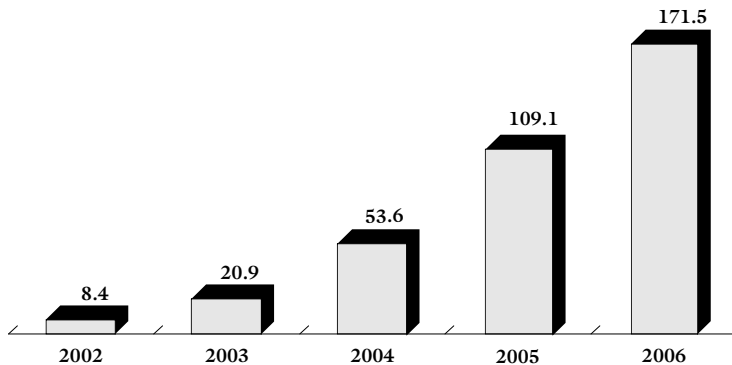
Source: AccessKenya

(iv) **Overhead costs and EBITDA.**

Despite a significant investment in overall staff levels to deliver good customer service and a big increase in sales and marketing resource and expenditure, the Group has steadily grown its "adjusted" EBITDA (as defined in section 1.8 - "Financial Summary") over the same time period.

"ADJUSTED" EBITDA

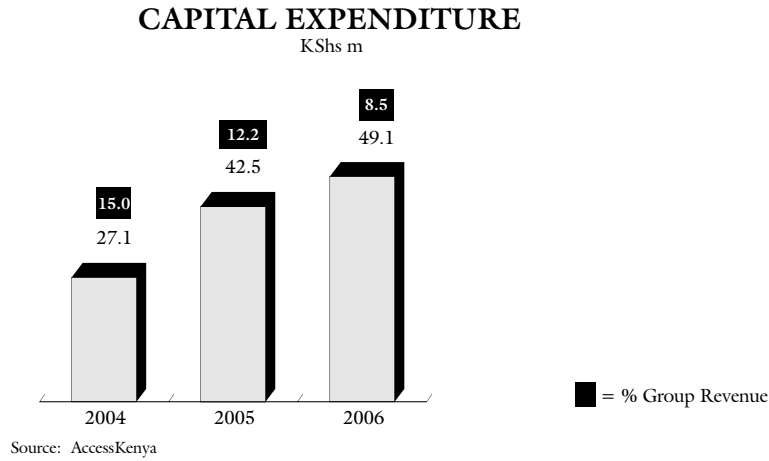
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Source: AccessKenya

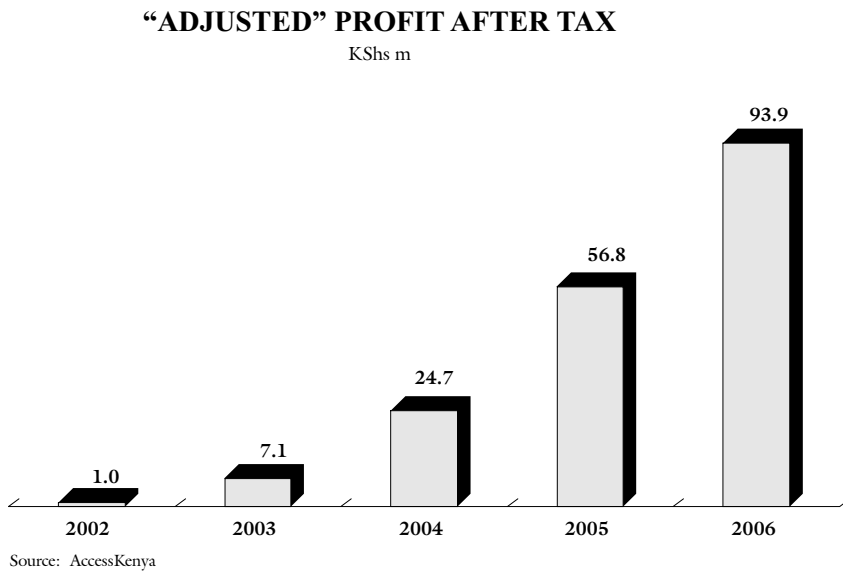
(v) **Capital Expenditure.**

The Group has invested regularly and heavily to ensure that Clients benefit from the latest technology and efficiencies. The table below illustrates capital expenditure over the last three years as an absolute number and as a percentage of revenues. It is clear that the Group has realised the scale where capital expenditure has begun to decrease as a percentage of sales



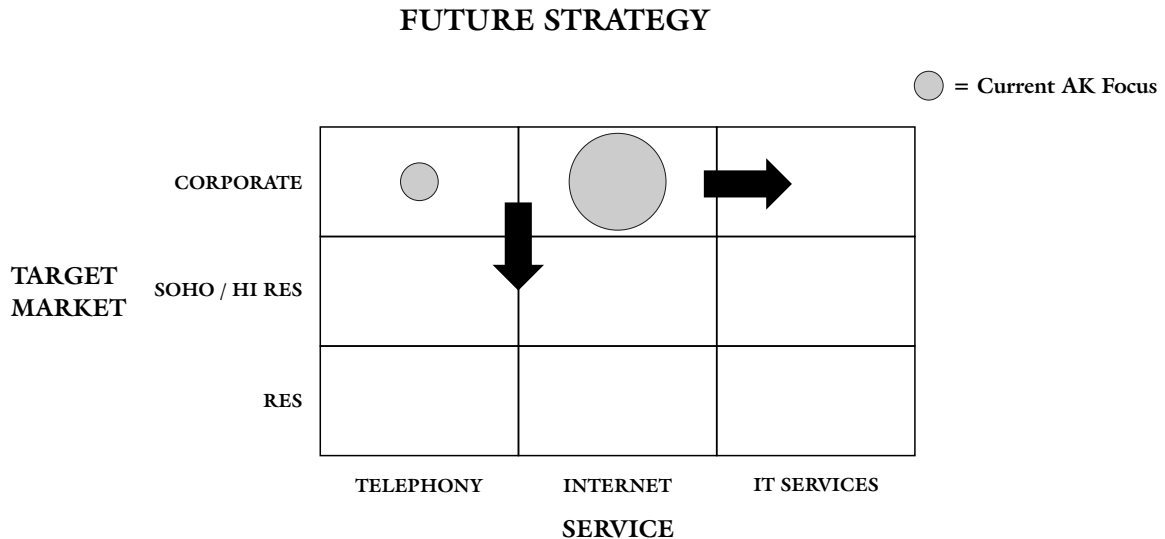
(vi) **Profit after Tax.**

Taking into all the above factors into account, the accounts reflect a clear picture of a steadily increasing “adjusted” net profit (as defined in section 1.8 - “Financial Summary”) over the last five years



5.4 FUTURE STRATEGY

As stated previously, the Group's strategic vision is to build on its market leadership position in the corporate internet market to become the leading provider of a range of ICT services for corporate, SoHo and high end residential customers in Kenya and East Africa while delivering strong and sustainable returns to its shareholders. The Group's strategic plans will effectively deepen and broaden its product offerings as illustrated by the following segmentation matrix.



Source: AccessKenya

The key components of the strategy are as follows:

a. Aggressively increase the value of the business proposition and market share in our core corporate internet market.

During the last few months of 2006, the Group launched two new solutions for the corporate internet market. “Broadband Max 2”, which provided as standard quadruple download speeds from the internet and “Go” - an entry level solution which allows clients to pay for their equipment over a twelve month period. These two solutions even further improve the value for money of AccessKenya’s leased line solutions, and the Group intends to continue with this approach as well as increasing sales and marketing resource to continue to build profitable market share.

b. Establish Yello as the premier alternative telephony brand in the corporate telephony market

In the second half of 2006, the Group rebranded its telephony service as “Yello” and further improved its value for money. In a nutshell the Yello solution offers outstanding value for money, being cheaper than most of the competition. Furthermore the Group has invested in a substantial stock of telephone routers that seamlessly connect customers to our service without any change in dialling habits and, subject to minimum call spend thresholds, will provide this equipment free of charge to eligible clients, furthering lowering the barriers to entry to use the service.

The Group intends to continue this strategy of good quality, excellent rates and subsidised equipment to grow its telephony customer base and will also expand the offering from international calls to include mobile and national calls once the appropriate interconnections and interconnect rates are acquired.

c. Move into the SoHo/Hi Res segment for data and telephony services

CDMA technology has already been deployed by various players within the Kenyan market and the Group has reserved the necessary spectrum for deployment of its own CDMA network. The Group is currently investigating appropriate equipment vendors and may deploy its own network and / or establish partnerships with existing players in this space. Either or both of WiMax and CDMA networks are well suited to provision of data and telephony services for the SoHo/Hi Res segment and will be used for this purpose.

d. Enter the profitable and complementary IT services market

Many of the Group's customers have been requesting sales and client relationship management executives for assistance with various forms of IT services. The Group is currently defining the exact IT services that the Group would offer and intends to enter this market for corporate and possibly SoHo/Hi Res customers through a combination of acquisition and organic growth.

e. Continue its “smart” network roll out as required by customer expansion

Blue's network is efficient, reliable and low cost. As the business continues to expand, the core network will continue to be expanded as required. As stated above, the Group plans to deploy a further “layer” of network in CDMA and / or “WiMax”, a relatively new technology which offers improved throughput and non line of sight functionality. The Group is in the process of reserving the necessary spectrum for deployment of the network with WiMax and is currently investigating appropriate equipment vendors.

f. Take advantage of opportunistic network opportunities such as Nairobi / Mombasa connectivity

With the benefit of increased capital resources, the Group will more aggressively pursue debt financing for opportunistic network opportunities to benefit the Group's cost base as well as offer customers improved pricing. For example, the cost of connectivity between Nairobi and Mombasa is more expensive than the cost of international satellite capacity to the internet, despite the deployment of fibre between those two cities by both Telkom Kenya and Kenya Data Network. The Group is investigating deploying national network between Nairobi and Mombasa and will continue to explore opportunistic network opportunities if and when they arise.

g. Leverage the benefits of its DCNO licence.

The DCNO licence will allow the Group to sell international satellite capacity to ISPs and will also enable the Group to offer certain VSAT services currently not allowable under the terms of the Group's existing licences. The Group will explore the opportunities offered by the DCNO licence in addition to the greater flexibility and cost advantages that licence will confer with respect to its purchase of international satellite capacity for its own needs.

h. At the appropriate time investigate further expansion across East Africa

The growth potential of the Kenyan ICT market is significant and in the short term, the Group intends to focus on that market. However, the Group may decide to expand across East Africa where possibilities exist for acquiring companies and deploying the learning, management and systems of our Kenyan operations to improve their profitability.

The financial projections provided within this prospectus in section 1.9 are based purely upon the first two strands of the strategy outlined above as these operations are already existent. The projections do not take into account any of the other opportunities reflected in this section of the Prospectus which could be significant.

PART VI DIRECTORS AND MANAGEMENT

6.1 BOARD OF DIRECTORS

A summary of the Group's directors' details as of the date of the Prospectus is as follows

| Name | Age | Nationality | Address | Occupation | Appointment | Status |
|-------------------------------|-----|-------------|---------------------------------------|-----------------------|---|---------------|
| Michael L Somen (Chairman) | 70 | Kenyan | P O Box 30333- 00100 Nairobi | Advocate | AKGL 23/2/06 CSL 6/3/95 BAL 7/10/96 | Non-Executive |
| Jonathan Somen | 37 | Kenyan | P O Box 41939- 00100 Nairobi | Managing Director | AKGL 23/2/06 CSL 6/3/95 BAL 8/10/96 | Executive |
| Ngugi Kiuna | 57 | Kenyan | P O Box 43588- 00100 Nairobi | Business Executive | AKGL 25/10/06 CSL 26/8/05 BAL 26/8/05 | Non-Executive |
| Mungai Ngaruiya | 56 | Kenyan | P O Box 75200- 00100 Nairobi | Business Executive | AKGL 25/10/06 CSL 27/9/06 BAL 27/9/06 | Non-Executive |
| David Somen | 41 | British | P O Box 43588- 00100 Nairobi | Business Executive | AKGL 25/10/06 CSL 22/6/01 BAL 25/7/03 | Executive |

Below is a brief profile of the Directors and Secretary of the Group

Michael Somen - Chairman of the Board

Michael has an MA in Law from Oxford University and was called to the Bar at Grays Inn in London. Having worked at Hamilton Harrison & Mathews, Advocates for 39 years, Michael retired from the firm as senior partner and continues to consult for them. He has been a non executive director of numerous organisations including Kenya Airways and the Nairobi Stock Exchange and is currently on the boards of NIC Bank, Marshalls East Africa Limited and Cooper Kenya Limited. Michael has been Chairman of the Board of the company since its foundation in 1995.

Jonathan Somen - Co-Founder and Managing Director

Jonathan has a BSc degree in Economics and Accounting from Bristol University. He was Chief Operating Officer of Kilimanjaro Mineral Water Ltd before joining the telecommunications field in Kenya in 1994. Jonathan was a founder and board director of the LCR Telecom Group, a telephony business servicing approximately 10,000 corporate customers, and after the sale of the Group, worked for Primus Telecommunications Inc. a publicly traded company on the NASDAQ stock exchange. Jonathan has been on the board of the company since its foundation in 1995.

Ngugi Kiuna - Director

Ngugi has a Bachelor of Science degree in Mechanical Engineering from Portsmouth University. He has a wealth of experience in business management, having worked for Holman Brothers for 16 years where he left as General Manager in 1990, and joined JohnsonDiversey East Africa Limited as Managing Director until 2006. He holds numerous directorships including Chairman of the board of JohnsonDiversey and Marshalls East Africa Limited, and non executive positions with BOC Kenya Limited and Proctor & Allan EA Ltd, amongst others. Ngugi has been a non executive director of the company since 2005.

Mungai Ngaruiya - Director

Mungai has a BSc degree in Electrical Engineering from the University of Nairobi. His business experience combines working for large corporations as well as managing his own entrepreneurial interests. He worked for Kenya Breweries Ltd and Lonrho E.Africa, before establishing his own businesses which he has run since 1978, focusing on Engineering and tourism. His directorships include Samura Engineering Ltd and Odyssey Hotels. Mungai has been a non executive director of the company since 2006

David Somen - Co-Founder and Director

David has a BA in Law from Oxford University and an MBA from Harvard Business School. He has several years work experience in London and Hong Kong for McKinsey & Co. After McKinsey, David was the Chief Executive Officer of the LCR Telecom Group, a telephony business servicing approximately 10,000 corporate customers, and subsequently Managing Director of PRIMUS Europe, managing a budget of about \$300 million and responsible for about 1,000 employees. He is currently the Managing Director of Virtual IT, an IT services business in the UK, and splits his time between Virtual IT and AccessKenya. David has been involved with the company since its foundation in 1995

Fiona Fox - Company Secretary

Fiona has a Bachelor of Law degree from the University of Glasgow and is also an Associate member of the Institute of Chartered Secretaries and Administrators (UK) and Institute of Public Secretaries in Kenya. She has managed the firm of Chunga Associates, Certified Public Secretaries, an affiliate of PricewaterhouseCoopers for over 16 years and has provided secretarial service to the Group since 1995. She currently provides secretarial service to companies listed on the NSE including Kenya Airways, Housing Finance and Crown Berger as well as a large number of companies both global and local entities. As such she has gained a wealth of experience in secretarial services.

6.2 DIRECTORS INTERESTS

The direct and indirect beneficial equity interests of the Directors in the Group are as follows:

| Name | Number of Shares in the Group | Shareholding % |
|---------------------|--------------------------------------|-----------------------|
| Jonathan Somen | 68,590,000 | 44.3 |
| Michael Lewis Somen | 31,395,205 | 20.3 |
| David Somen | 24,960,000 | 16.2 |
| Ngugi Kiuna | 3,100,218 | 2.0 |
| Mungai Ngaruiya | 2,720,955 | 1.8 |

Pursuant to the successful implementation of the Offer and listing of the Group's shares on the NSE, it is envisaged that the minimum direct and indirect beneficial interests of the Directors in the Group would be as follows

| Name | Number of Shares in the Group | Shareholding % |
|---------------------|--------------------------------------|-----------------------|
| Jonathan Somen | 49,354,022 | 24.7 |
| Michael Lewis Somen | 22,631,183 | 11.3 |
| David Somen | 17,960,000 | 9.0 |
| Ngugi Kiuna | 3,100,218 | 1.6 |
| Mungai Ngaruiya | 2,720,955 | 1.4 |

Note: details of the changes in the Directors' direct and indirect beneficial equity interests in the Group, during the three years preceding this Prospectus are set out in Part VIII - "Statutory and General Information" of this Prospectus

6.3 DIRECTORS EMOLUMENTS

- The total aggregate remuneration and benefits in kind received ("total emoluments") by the Directors from the Group during the two financial years ending 31st December, 2004 and 31st December 2005 were Kshs 13,184,000 and KShs 68,034,573

- The total emoluments paid to the Directors for the financial year ending 31st December 2006 was Kshs 61,072,496
- Historically as the Group was effectively a family owned business, Directors fees above market rates were paid by the Group. Following the private placement in September 2006, the Group entered into service contracts with David Somen and Jonathan Somen, which set out emoluments based on market remuneration packages for Directors of companies of similar size and repute. Directors' fees for Michael Somen, Ngugi Kiuna and Mungai Ngaruiya have also been fixed on a similar basis.
- Total Directors emoluments for the last quarter of 2006 (October to December) during which period the new arrangements had come into force were K Shs 3,870,000.
- There are no arrangements whereby any of the Directors have or have agreed to waive future emoluments and there has been no arrangement for the waiver of emoluments during the past financial year.

6.4 SERVICE CONTRACTS AND UNDERTAKINGS

The following are details of the service contracts of the Executive Directors of the Group which are held with CSL for service with any Group company:

| Name of Director | Date of Contract | Term | Notice Period | Remuneration and Benefits | Other details |
|------------------|---------------------------------|---|---|---|---|
| Jonathan Somen | 20 th September 2006 | Indefinite from 1 st February 2000 unless terminated by either party after giving due notice | 6 months or 6 months salary in lieu of notice where he is removed from being a director by the general meeting of the company or by the other directors | Remuneration 2007: K.Shs 12 million p.a. Usual benefits, including car, medical insurance, education, housing and holiday. | Bonuses may be paid as the Board may determine. There is no compensation payable on early termination. |

| Name of Director | Date of Contract | Term | Notice Period | Remuneration and Benefits | Other details |
|------------------|---------------------------------|---|---|--|---|
| David Somen | 20 th September 2006 | Indefinite from 1 st February 2000 unless terminated by either party after giving due notice | 6 months or 6 months salary in lieu of notice where he is removed from being a director by the general meeting of the company or by the other directors | Remuneration 2007: K.Shs 4 million p.a. No benefits payable | Bonuses may be paid as the Board may determine. There is no compensation payable on early termination. |

6.5 DIRECTORS TRANSACTIONS

Apart from the Executive Directors' service contracts, payments of Directors' fees, and transactions pursuant to the Share Swap Agreement referred to in Part VIII section 7.10, the Directors have no other dealings or transactions with any Group company.

6.6 CORPORATE GOVERNANCE

The Group has three committees that have been constituted by the Board as follows:

(a) Remuneration and Nominations Committee.

The staff committee has been set up to liaise with Access management and also to consult with other relevant bodies and to present the Board with proposals to improve the existing staff policy in order to promote efficiency through enhancement of working capacity, integrity and morale. The members of this committee are Michael Somen (Chairman), Ngugi Kiuna, Mungai Ngaruiya and David Somen.

(b) Audit Committee.

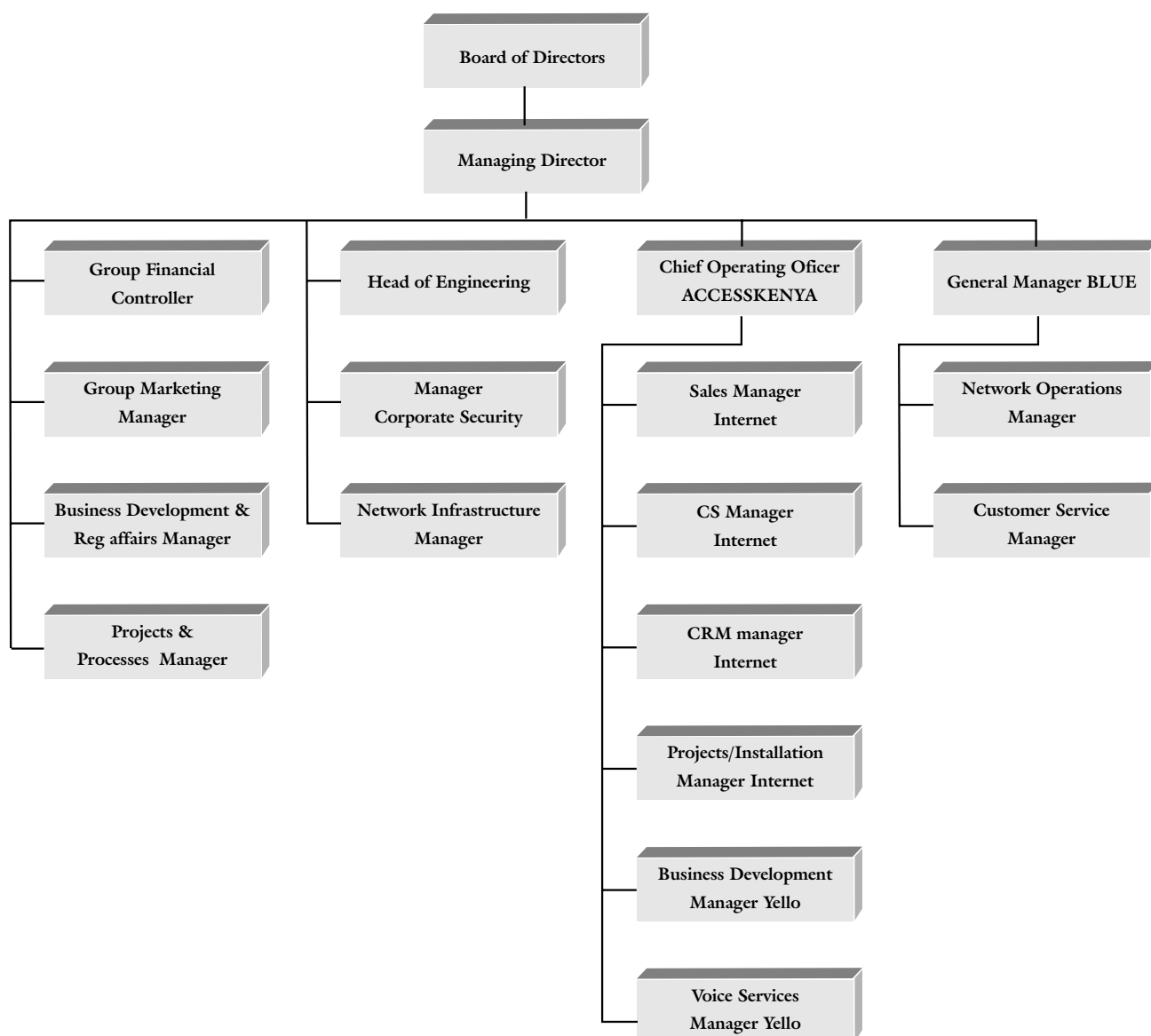
The Audit Committee's objective is to ensure that management has an effective control environment in the organisation and demonstrates and stimulates the necessary respect of the internal control structure amongst all parties. The members of this committee are Ngugi Kiuna (Chairman), Mungai Ngaruiya, David Somen and Jonathan Somen.

(c) Finance and Risk Committee.

The Finance Committee and Risk Committee objective is to assist the Board in exercising its responsibilities regarding the financial condition, objectives and strategy of the Group. The members of this committee are David Somen (Chairman) and Ngugi Kiuna.

The composition of the Committees may change over time.

AK GROUP MANAGEMENT STRUCTURE



6.7 SENIOR MANAGEMENT TEAM

Kris Senanu - Chief Operating Officer, AccessKenya

Kris graduated from United States International University with a Bachelor of Science Degree in International Business Administration. He is currently studying for an MBA at Warwick University on a part time basis. He joined the Internet Industry in Kenya in 1996, and now has ten years experience, over half of which has been at AccessKenya where he joined as Sales Manager, and was promoted several times before becoming COO in 2004. Kris joined the company in 2001

Jimmy Wahome - General Manager, Broadband Access Ltd (Blue)

Jimmy graduated from International University Europe in the UK with a Bachelor of Science Degree in International Business Administration. He then joined United States International University and graduated with an MBA in International Business and Marketing. He joined the Internet Industry 8 years ago, working first for Africa Online and then moving to AccessKenya. Jimmy became the General Manager of Blue in 2005. Jimmy joined AccessKenya in 2002.

Raymond Macharia - Head of Engineering, AccessKenya

Raymond has a BA degree in Economics from Punjab University India. He also holds two Diplomas in end user computing, a certificate in scaleable network infrastructure, and is an MCSE and MCP. Raymond has worked for six years in the Internet Industry and had previously been a Systems Administrator for another ISP before joining AccessKenya. Raymond joined AccessKenya in 2002

Ariba Olembo - Manager, Corporate Security, AccessKenya

Ariba has a Bachelors degree in Business Administration (Management), trained as a Krestcom Bullet Proof Manager, Microsoft Certified Professional, and is a member of the Information Systems Audit and Control Association. He has worked for ISP's for the past 6 years in various capacities, and was Network Operations Manager at AccessKenya prior to his current position. Ariba has worked for the company since 2001

Jane Gituanja - Group Financial Controller

Jane Gituanja is a certified public accountant. She has also taken management training with Crestcom International. She has worked in the finance departments of various companies for eleven years including at Kilimanjaro Mineral Water with Jonathan. Jane has been working with Jonathan for AccessKenya and other companies since 1998.

Petra Somen - Group Marketing Manager

Petra has a diploma in Tourism and Business from the Fach Hochschule, Germany. Having worked in Germany for 5 years in Sales and Marketing, Petra moved back to Kenya in 1998 to work in the travel business in various roles. She was the General Manager of Going Places Ltd before joining AccessKenya in 2002. Petra was promoted to be the Marketing Manager in January 2006.

Wanja Chege Michuki - Group Business Development and Regulatory Affairs Manager

Wanja graduated from the University of Maryland, College Park USA, RHS School of Business with a Masters in Business Administration in Finance. She also holds a Bachelor of Science Degree from James Madison University, Harrisonburg Virginia USA. She joined the internet and IP telephony industry in 2001 and has 5 years experience working in the USA, South Africa and now Kenya. Wanja joined the company in 2005 as the Voice Services Manager and was responsible for the launch of AccessKenya's Voice telephony service. She has since been promoted to her current Business Development role.

Cyril Samson Oluoch - Network Infrastructure Manager, AccessKenya

Cyril Samson Oluoch graduated from Jomo Kenyatta University of Agriculture and Technology with a Bachelors degree in Electrical and Electronics engineering. He holds the following qualifications: Cisco Certified Network Associate (CCNA), Microsoft Certified Systems Engineer (MCSE), Microsoft Certified Systems Administrator (MCSA) and Microsoft Certified Database Administrator (MCBDA). He is currently pursuing Cisco certifications. He has 4 years experience in the ISP industry. He joined AccessKenya in 2005

Kennedy K Mukiri - Network Operations Manager, Blue

Kennedy graduated from Kenyatta University with a BSc degree in Telecommunication and Information Technology. He also has certification in Linux and is awaiting his CCNA examination. Kennedy joined Blue in its infancy and was promoted from Field Engineer to Field Manager and is now Network Operations Manager. Kennedy joined Blue in 2003.

Ann Njaimwe - Sales Manager, Internet, AccessKenya

Ann graduated with Honors in 1997 in Economics and Sociology from University Of Nairobi. She is currently pursuing an Executive MBA programme at Esami. She has over eight years experience in the ISP industry and joined AccessKenya in early 2004

Ronald N. Omboto - Client Services Manager, Internet, AccessKenya

Ronald holds an Advanced Diploma in Systems Analysis and Design and a Diploma in Data Management and Programming. He also has an MCSE and is currently awaiting CCNA certification. He has attended several training courses in management, child psychology, client management and team leadership. He was a high school teacher before joining the ISP industry in 1994 where has worked in various roles in technical and customer support departments. Ronald joined AccessKenya in 2004

Nyawira Kagema - Client Relationship Manager, Internet, AccessKenya

Nyawira has a Bachelor of Science degree in Information Technology from United States International University. She is currently undergoing Advanced Management Training with Crestcom International. She worked with Lantech Limited, one of the leading IT firms in east and central Africa. handling Client Support Management prior to joining AccessKenya in 2003

Lilian Maingi Kyalo - Projects and Installation Manager, Internet, AccessKenya

Lilian has a BSc in International Business Administration (Finance) from USIU. She also has a diploma from Utalii and is currently pursuing a further diploma in Project Management from the Kenya Institute of Management. After working in the hotel industry, Lilian moved across to the internet industry and after working for the Projects and Installations team at AccessKenya was promoted to Manager in 2006. Lilian joined AccessKenya in early 2005.

Tom O. Abuya - Business Development Manager, Yello, AccessKenya

Tom holds a BSc degree in Computer Science and Statistics from Moi University, a diploma in Management Information Systems from IMIS (UK) and is currently pursuing an MBA at University of Nairobi specializing in Strategic Management. He has a total of 7 years experience in the ISP business as well as experience in sales and marketing in the media industry. Tom joined the company in 2006

Terry Wafula - Manager Voice Services, Yello

Terry holds a Bachelor of Science Degree in International Business Administration, and a Diploma in Information Management. She is currently pursuing a Masters in International Business Administration. She has attended several training courses in team leadership, strategic management and client relationship management. She joined the ISP Industry in 1996 and has worked in 2 other internet service providers in various roles in Sales and Client Management capacity. Terry Joined AccessKenya in 2005.

Bhavna Kassam - Projects and Processes Manager, AccessKenya

Bhavna trained in Office Management and then received a further qualification in Fine Arts, Commerce and Public Relations from the Maharaja Sayaji Rao University in India. She has also recently received Management Training from Crestcom International. Bhavna has worked in administration, office management and as Head of Project Management before taking up her current role. She has been working with Jonathan for AccessKenya and other companies since 1995.

6.8 CHANGES IN DIRECTORS AND SENIOR MANAGEMENT

The Company does not expect any changes in its directors or other senior management during the twenty four months following the issue and listing of the Shares, except the creation of the position of a Group Chief Financial Officer.

6.9 EMPLOYEES

As of 31st December, 2006, The Group employed 136 people.

Management, selling, customer service and technical skills are critical to the success of the group, and the development of talent and the effective management of the personnel and the way they are managed has been and continues to be important to the performance of the business.

The Group has an excellent track record of attracting, developing and retaining its employees in general and key managers in particular, increasingly differentiating the Group from the competition. The Group offers both internal and external training programmes at its own expense in recognition of the importance of its staff.

There is a very strong culture within the Group which can be categorised as customer focused, entrepreneurial and “can do”

The table below sets out the number of people in specific management categories employed by the Group at the year end of each of the last five years

NUMBER OF STAFF PER DEPT

| Dept | 2002 | 2003 | 2004 | 2005 | 2006 |
|----------------|-----------|-----------|-----------|-----------|------------|
| Sales | 5 | 8 | 16 | 13 | 25 |
| Finance | 1 | 2 | 2 | 7 | 17 |
| Administration | 3 | 9 | 18 | 29 | 32 |
| CS/CRM | 4 | 7 | 17 | 26 | 33 |
| Technical | 4 | 12 | 13 | 15 | 29 |
| Total | 17 | 38 | 66 | 90 | 136 |

The Group offers a variety of benefits to its employees in addition to training, including mobile phone benefits, mileage allowances, a recently introduced pension plan and car loan plan, a medical scheme and the ESOP.

6.10 CONFIDENTIALITY AND LOCK IN

- The Executive Directors within their employment contracts have entered into Confidentiality and Non Solicitation Agreements with the Group
- The Executive Directors have given undertakings in favour of the Group to retain a minimum of 40 million shares of the issued share capital in the business for a period of two years from the date of listing as demonstration of their ongoing commitment to the business
- Since commitment of skilled personnel is important to the success of the business, the Group has agreed to issue on the date of the listing of the Shares on the NSE, by way of gift, a total of 7,250,000 shares to the AccessKenya Group Employee Share Ownership Plan. The Board of the Group has recommended to the trustees of the ESOP the issuance of approximately 4 million shares to existing employees leaving the balance of the shares for issuance to existing and future employees at a future date. Ownership of the shares issued to employees will vest over a three year period from the date of issuance.

6.11 LABOUR RELATIONS

Neither the Group nor its subsidiaries are a party to any Collective Bargaining Agreement with any employee union.

6.12 CORPORATE SOCIAL INVESTMENT

The Group takes its obligations to the community seriously and has an active policy of providing support to internal and external community projects. These include providing free or subsidised internet and / or skills to a variety of organisations including Bombolulu Workshop and Cultural Centre, Watu Wa Maana Children's Home, Operation Smile, Habitat for Humanity, Ol Malo Trust, Starehe Boys College, Thika High School, SOS Children, Computer for Schools Kenya and others. Furthermore the Group instigated in 2006 an internal "Living with HIV" programme for all its staff, their partners and up to two of their children, which offers confidential testing and counselling and if required treatment at the Group's expense.

6.13 ENVIRONMENTAL AND HEALTH AND SAFETY POLICY

The Group has an environmental policy that seeks to position itself as an environmentally friendly business concern by way of pursuing initiatives for the reduction and recycling of waste and efficient use of energy at the work place. These are set out in the Company's handbook.

The Group has a health and safety policy and also has a Health and Safety Committee as required by the Safety and Health Committee Rules, 2004. The committee meets once a quarter. The committee investigates health and safety complaints and ensures that the Group's policies on health and safety are adhered to.

PART VII RISK FACTORS

The significant risk factors affecting the industry in which the Group competes, and the specific risks affecting the Group businesses, together with mitigating factors in every case, are detailed below

A INDUSTRY SPECIFIC RISKS

7.1 BUSINESS RISK

a. Competition

The ICT industry in Kenya comprises a number of players both small and large and with increasing deregulation, the level of competitive intensity for industry players is expected to increase. Key competitors include Telkom Kenya, the forthcoming SNO, mobile phone companies, ISPs, PDNOs and LLOs.

Notwithstanding the widespread competition, the Group has a competitive advantage over the alternatives in its core business through its established market presence, its large customer base yielding economies of scale, and the fact that it already offers excellent value for money and service guarantees in the market for a corporate leased line internet service. Outside the Group's core business, there is a significant market available, and therefore successful execution of strategy should stand the Group in good stead to gain market share.

b. Client Churn

In the light of increased competition, the ability of industry players to retain a significant proportion of their clients represents some business risk. For the Group, this risk is mitigated by two factors: firstly, the highly diversified nature of the Group's customer base with no one customer representing more than 1% of total revenue and the top 10 customers representing no more than 5% of revenues. Secondly, the Group has invested significantly for a number of years in a Client Relationship Management department who regularly and proactively visit clients to ensure that they are happy with both service and pricing and who ensure that clients' speed and pricing are in line with their expectations and the overall market.

c. Declining Average Revenue Per User ("ARPU")

Declining APRU represents some business risk to players in the industry in that, depending on the level of decrease in the cost of bandwidth, the Kenya Shilling Gross Margin (as opposed to the percentage margin) may decline while the fixed Shilling cost of overhead expenses remains constant or increases. Despite several years of increasing competition, the Group has succeeded in maintaining and even increasing ARPU by successfully upgrading clients' required bandwidth even while decreasing the price per unit of bandwidth. As the average Kenyan corporate customer buys significantly less bandwidth than a typical corporate customer in Europe, it is likely that ARPU will continue to remain relatively constant as the Group offers customers higher levels of bandwidth for the same price and maintains gross margin by pushing down its satellite and local loop costs.

d. Satellite Bandwidth Costs

The costs of satellite bandwidth are one of the largest single components of cost for ISPs. An inability to continue to drive down these costs and, at a minimum ensure that there are no price increases, represent some business risk for industry players. For the Group, this risk is mitigated by the fact that the Group currently purchases approximately 100mb of satellite bandwidth capacity which is an extremely high level of capacity for most satellite operators and gives the Group significant buying power. The Group already has contracts with four different suppliers and relationships with several others, ensuring that no single supplier can gain particularly leverage over the Group during negotiations and indeed that the Group can successfully drive down costs over successive negotiations. Furthermore, all the different bandwidth contracts end over a broad period of time, ensuring that the "blended" cost will not change much upon the termination of any single contract. In summary, it is more likely that the Group will continue to drive down the costs of satellite bandwidth than face an increase.

7.2 FINANCIAL RISK

Certain of the investments required to continue to move forward within the ICT industry are reasonably high and the inability to make the necessary investments represents some financial risk to players in the industry. With careful planning and intelligent investment decisions, the Group has always been able to make the necessary capital expenditure, even when it was much smaller and less financially stable. In the future, this risk is mitigated for the Group as its existing cash balances and unutilised existing overdraft facilities with NIC Bank give it spending power of in excess of Kenya Shillings one hundred million, comfortably more than the projected capital expenditure needs for its core business, even ignoring the monthly cash flow from operations, and any IPO proceeds.

7.3 ECONOMIC RISKS

a. Currency Risk

Most players in the industry are exposed to some foreign currency exchange risk as most satellite capacity is charged for in US dollars. As a result of this, adverse movements in exchange rates in theory may have a negative impact on earnings and represent some currency risk. In the case of the Group, most of its other expenses are in Kenya Shillings, and its clients make payments in both dollars and shillings. As a result of this policy, the Group's revenue stream in either currency is roughly equivalent to the costs in that currency and therefore the Group is hardly exposed to currency risk.

b. Inflation Risks

High levels of inflation may adversely impact on the business environment and hence the performance of industry players, based on the decline in the disposable income of clients. This risk is mitigated in the case of the Group as it already offers good value for money to clients.

c. Interest Rate Risks

High interest rates may adversely impact the business environment and hence adversely impact the performance of industry players, based on the decline in the disposable income of clients and the cost of borrowing. This risk is mitigated for the Group as it already offers good value for money to clients and because at present it has no borrowings.

7.4 POLITICAL RISK

The players in the industry, like all other companies in Africa, operate within a framework of relative political and economic volatility. Commercial and employment practices and procedures may at times be at risk from violence and lack of law enforcement, political or labour unrest, inflation, currency fluctuations or economic recession.

Changes in Government policy or the implementation or enforcement of policy by the Government or other authorities may have a detrimental effect. These factors could affect the industry players' results and financial condition, causing interruptions to operations or increasing the cost of operations. The Group has invested in maintaining good relationships and an open dialogue with its staff, the Government and industry bodies which would assist in mitigating risk in the event of greater political volatility.

7.5 REGULATORY RISK

In the last couple of years, both the Government and the ICT industry regulator, CCK, have regularly and consistently been on record stating that they intend to make ICT in Kenya one of the most important segments of the economy. They have also consistently stated that they intend to continue to deregulate the ICT industry and award requisite licences in a transparent and fair manner. A change in this policy could be detrimental to industry players.

As the Group already has all the major licences and spectrum it requires to effectively carry out its growth plans for both its core business and projected future activities, there is little or no risk to the Group if the Government and CCK decided to cease awarding new licences. In the event that the Government and CCK decided to try to remove licences already rewarded, this would represent a regulatory risk to the Group, but in the context of all their actions and statements in recent years, together with the overwhelming desire of Kenyans for better and more affordable ICT, this seems unlikely. The Group has invested in maintaining good relationships and an open dialogue with both the Government and CCK.

7.6 TECHNOLOGY RISK

a. Core Internet Network

All customers of technology companies are reliant on the “core” network of their suppliers. The core network comprises of a selection of, inter alia, routers, routing protocol, servers and switches. Failure or inadequate functioning of some or all of the elements of the core network, together with problems with power or cooling, represents a technological risk to customers who would suffer downtime until the particular failed element is replaced.

To mitigate these risks, the Group has ensured that it invests in modern equipment and upgrades the elements of its core network regularly as evidenced by the figures on capital expenditure in this Prospectus. This investment has been made both in raw equipment as well as power backup and cooling infrastructure. Wherever possible, the Group has purchased “redundant” equipment - so that where an item fails, a backup is available for instant deployment or kicks in automatically. Furthermore, the Group has a specific team - the “Engineering” department - which carefully plans the architecture of the core network in line with industry best practice. Changes to the network are carefully tested before live deployment and individual technical groups have limited access to the core network to ensure that changes that could disrupt client service are eliminated or minimised.

b. Wireless Network

Many clients connecting to their ISP through PDNOs utilise wireless connections, and most of the Group's leased line clients are connected through Blue's wireless local loop network and base stations. Failure of equipment at any wireless base station, problems with power or cooling, or failure of the backhaul equipment between base stations, represents a technological risk to customers who would suffer downtime until the particular failed element is replaced.

The Group has taken the same steps as outlined in point (a) above with respect to Blue's core network to mitigate these risks. Furthermore, the Group has deployed base stations across Nairobi to ensure that the customer traffic is reasonably well spread across different base stations.

c. Spectrum Interference

Many PDNOs operate at least part of their network in what is known as “shared” frequency, meaning that other operators may run their networks in the same frequency, with the possibility of interfering with parts of their service. For clarity, certain frequencies are “protected” - i.e. an operator has the sole right to use its specified frequency. This split between both shared and protected frequencies and deployment of operators in both is a worldwide phenomenon and almost all developed markets have the same market structure as in Kenya. Blue operates part of its network in shared frequency, and interference with Blue's network may cause degradation of customer service until either Blue or the interfering operator moves the offending equipment's broadcast to a different frequency.

There are a large number of factors which mitigate the spectrum risk. Firstly and most importantly, if another operator interferes with Blue, by definition their own service will be affected and hence it is in the interests of both operators to cooperate and not interfere with each other. Secondly, Blue has deployed its network in two different frequency spectrums with a total of in excess of fifteen frequencies in which it can operate, and to date these frequencies have been more than sufficient to ensure smooth running of the network. Finally, Blue, operates part of its network within protected spectrum, further mitigating risk.

d. Spectrum Availability

Frequency is a limited commodity and scarcity of additional spectrum within which industry players have deployed their networks can hamper their ability to grow, requiring them to purchase a different spectrum and further equipment for further growth. This represents a further technological risk to industry players.

Blue has reserved and paid for spectrum in multiple frequencies, and this additional spectrum, together with expansion possibilities in its existing frequencies, should mitigate any risk of running out of spectrum capacity in the foreseeable future. Furthermore, all the major equipment vendors are constantly improving their equipment so that operators can gain greater throughput from the same amount of frequency, further alleviating the risk of scarce spectrum

e. International Fibre Discriminatory Pricing

Several different consortiums are intending to deploy international fibre connectivity for connection to the internet in place of the satellite connectivity currently utilised by all operators in Kenya. If the providers of this fibre, some of which like Telkom Kenya have their own end user businesses, choose to discriminate against other providers by selling to their own end user businesses more cheaply, this could create some risk to industry players who are not part of these consortiums.

There are several factors which mitigate this risk for the Group. First and foremost, all the different consortiums will have made a very significant investment in their fibre and as such, will be keen to pick up business. The level of capacity that the Group buys will be significant to these consortiums and as such, they should be keen to offer competitive pricing and service the Group. Secondly, it is not entirely clear whether international fibre will be any cheaper than satellite connectivity, and therefore while the Group expects to be able to freely buy whatever fibre it needs at attractive prices, the availability or otherwise of fibre may be less important than anticipated, particularly as it is likely that the satellite providers will react to any lower priced fibre by dropping their prices.

f. International Fibre Lower Pricing

A wide variety of prices have been discussed for the international fibre when it arrives in Kenya. The cost of the West African fibre (“Sat 3”) was actually more expensive than satellite bandwidth. However, it is the stated aim of the Government to do everything in its power to ensure that the high prices of international connectivity that exist today will be lowered by fibre. This may represent some risk to players in the industry from declining ARPU as outlined in point 7.1 (c) above

The Group believes that it is unlikely that tested and reliable international fibre will be deployed until some time during the year 2008, and that the difference between the fibre pricing and the cost of satellite bandwidth based on the quantities the Group will be buying will not be particularly significant by that stage. Furthermore, the Group sees lower wholesale costs, if the fibre delivers them, as beneficial both to the country in general, as well as to the Group. The Group welcomes the opportunity to offer clients more bandwidth as a result of the lower wholesale pricing to increase their overall user experience as well as being able to offer lower retail pricing which in turn should expand the size of the market from which the Group will benefit.

g. Other Technological Advances

ICT is an extremely fast moving industry, and there are regular technological advances which may make previous technology obsolete and /or make entry of new competitors into the core markets of industry players more cost effective. While such technological advances are possible, the Group does not believe that any such advance would place them at a disadvantage, as the senior management team regularly study market developments themselves, as well as being briefed by various equipment vendors with whom the Group has close relationships and who would want to sell any new technology to the Group. As such, it seems unlikely that any new technological advance would disproportionately benefit a competitor rather than the Group itself.

B COMPANY SPECIFIC RISKS

7.7 MANAGEMENT RISK

The calibre, competency and retention of personnel are important to the Group's continued sustainable growth in revenues and profits. Losing key employees to other players in the industry or to other industries represents a level of management risk. This risk is mitigated by a number of facts. Firstly, there is a broad team of senior personnel, many of whom have been with the Group for a number of years, and have grown with the Group since it was a very small player in the market. This team have worked in a variety of roles as the business has grown and while focused on their current roles, can assist with other roles in the event that a particular team member leaves the business.

Secondly, the Group has a strong culture and has experienced high levels of retention over the years and, with all the exciting developments within the Group, it is likely that the attractiveness of the culture and the work environment will increase over time. Thirdly, the Directors have a significant shareholding in the business and are therefore extremely interested in its ongoing success, and all employees over a certain tenure have been awarded options in the Group's Employee Share Option Plan which should help to further improve retention

7.8 CREDIT RISK

The Group has a significant amount of individual invoices to collect each month and all its expenses are payable whether or not it succeeds in collecting from clients. This credit risk is mitigated by a number of factors. Firstly, no single client represents a significant portion of the Group's revenues. Secondly, the value for money of the Group's leased line offering is amongst the best, if not the best, in the market, and hence any client who decides to leave the group to avoid payment will end up with higher charges and is therefore unlikely to do so. Finally, the Group has in place very specific credit control policies ending in disconnection of service after a period of time to ensure that collections are as efficient as possible.

PART VIII STATUTORY AND GENERAL INFORMATION

8.1 INCORPORATION

- (i) The Company was incorporated under the Companies Act (Cap 486 of the Laws of Kenya) in Kenya on 23rd February 2006 as a private limited company under the name **AccessKenya Limited** under Company Number C122775.
- (ii) By a resolution dated 25 October 2006 the name of the Company was changed to AccessKenya Group Limited and a Certificate of such Change of Name was issued by the Registrar of Companies on December 6th, 2006.
- (iii) By a special resolution dated April 12th 2007 the Company was converted to a public company.

8.2 AUTHORISED AND ISSUED SHARE CAPITAL OF THE COMPANY

The Company's authorised and issued share capital is as follows:

- The authorised share capital of the Company is KShs 250,000,000 comprising 250,000,000 ordinary shares of KShs 1 each.
- The issued share capital of the Company is KShs 154,885,578 comprising 154,885,578 ordinary shares of KShs 1 each, all fully paid up.

8.3 ALTERATIONS TO THE AUTHORISED AND ISSUED SHARE CAPITAL OF THE GROUP DURING THE THREE PRECEDING YEARS

Changes in the issued share capital of the Company and material changes within the issued share capital of the Subsidiaries are detailed below:

8.3.1 The Company - AccessKenya Group Limited:

AccessKenya Group's authorized share capital at incorporation was KShs. 500,000 divided into 500,000 ordinary shares of KShs. 1 each. The Authorized share capital was increased on 25th October 2006 to K.Shs 220,000,000/= by the creation of an additional 219,500,000 ordinary shares of K.Shs 1 each. and again on February 28th, 2007 to KShs 250,000,000/= by the creation of an additional 30,000,000 ordinary shares of Kshs. 1 each.

The Share Capital of the Company is not divided into different classes of shares and all shares issued in the Company carry the same voting rights. Every Member shall have one vote for each AccessKenya Group share. Any share in the Company may be issued with or have attached thereto such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise, as the Company may from time to time by Ordinary Resolution determine. The Company may, in General Meeting, declare dividends but no dividend shall exceed the amount recommended by the board. If the Company shall be wound up, the liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Act, divide amongst the Members, *in specie* or in kind, the whole or any part of the assets of the Company.

Beneficial Ownership Structure - AccessKenya Group Limited

| Name | Number of Shares in the Group | Shareholding % |
|---|-------------------------------|----------------|
| Jonathan Somen | 68,590,000 | 44.3% |
| Michael Lewis Somen | 31,395,205 | 20.3% |
| David Somen | 24,960,000 | 16.1% |
| Direct Investment Co Ltd | 7,619,250 | 4.9% |
| AccessKenya Group Employee Share Ownership Plan | 7,250,000 | 4.7% |
| Karitie Ltd | 3,100,218 | 2.0% |
| Mungai Ngaruiya | 2,720,955 | 1.8% |
| Vitas Ltd | 2,575,750 | 1.6% |
| Pass Mark Co Ltd | 2,575,750 | 1.6% |
| James Wangunyu | 2,430,000 | 1.6% |
| Planfam Co Ltd | 1,668,450 | 1.1% |
| Total | 154,885,578 | 100.0% |

8.3.2 The AccessKenya Subsidiaries:

(i) Communication Solutions Limited

AccessKenya was incorporated with a nominal share capital of Kenya Shillings Twenty Thousand Thousand (KShs. 20,000) divided into 1000 ordinary shares of Kenya Shillings Twenty (KShs. 20) each. The authorized share capital was increased on 13th July 2006 to KShs. 40,000 divided into 2,000 shares of KShs 20 each by creating an additional 1,000 ordinary shares of KShs 20 each. By a resolution of the company dated 13th July 2006, the company resolved to subdivide the existing 2,000 ordinary shares of KShs. 20 each in the present capital of the company into 40,000 ordinary shares of KShs. 1 each.

Share Capital

| Authorised | | Issued <i>and</i> Fully Paid | |
|------------|------------------|------------------------------|------------------|
| KShs | Number of shares | KShs | Number of shares |
| 40,000/= | 40,000 | 29,041/= | 29,041 |

Ownership Structure

| Name | Number of Shares held |
|--|------------------------|
| AccessKenya Group | 29,040 Ordinary Shares |
| Jonathan Somen (on trust for AccessKenya Group) | 1 Ordinary Share |

(ii) **Broadband Access Limited**

Blue was incorporated with a nominal share capital of Kenya Shillings Twenty Thousand (KShs. 20,000) divided into 1000 ordinary shares of Kenya Shillings Twenty (KShs. 20) each. The authorized share capital was increased on 13th July 2006 to KShs. 40,000 divided into 2,000 shares of KShs 20 each by creating an additional 1,000 ordinary shares of KShs 20 each. By a resolution of the company dated 13th July 2006, the company resolved to subdivide the existing 2,000 ordinary shares of KShs. 20 each in the present capital of the company into 40,000 ordinary shares of KShs. 1 each.

Share Capital

| Authorised | | Issued <i>and</i> Fully Paid | |
|------------|------------------|------------------------------|------------------|
| KShs | Number of shares | KShs | Number of shares |
| 40,000/= | 40,000 | 29,041/= | 29,041 |

Ownership Structure

| Name | Number of Shares held |
|--|------------------------|
| AccessKenya Group | 29,040 Ordinary Shares |
| Jonathan Somen (on trust for AccessKenya Group) | 1 Ordinary Share |

8.3.3 Registered Office Addresses

The Registered Office of the Company and both the AccessKenya Group subsidiaries is L.R. No. 209/70/2
4th Floor, Museum Hill Centre, P. O. Box 43588 00100, Nairobi, Kenya

8.3.4 Acquisition of Subsidiaries

Under a Share swap agreement dated 25th October 2006 between the Company, the Subsidiaries and the then shareholders in the Subsidiaries, AKGL has acquired the shares in CSL and BAL and AKGL has allotted the shares set out in the table below to the respective shareholders, in consideration for those shareholders transferring their shares in CSL and BAL to AccessKenya Group:

| Shareholder | Shares in CSL | Shares in BAL | Shares in AKGL |
|--------------------------|---------------|---------------|--------------------|
| Jonathan Somen | 13,718 | 13,718 | 68,580,000 |
| Michael Lewis Somen | 6,250 | 6,250 | 31,250,000 |
| David Somen | 4,992 | 4,992 | 24,950,000 |
| Direct Investment Co Ltd | 1,411 | 1,411 | 7,055,000 |
| Karitie Ltd | 480 | 480 | 2,400,000 |
| Mungai Ngaruiya | 477 | 477 | 2,385,000 |
| Vitas Ltd | 477 | 477 | 2,385,000 |
| Pass Mark Co Ltd | 477 | 477 | 2,385,000 |
| James Wangunyu | 450 | 450 | 2,250,000 |
| Planfam Co Ltd | 309 | 309 | 1,545,000 |
| TOTAL | 29,041 | 29,041 | 145,185,000 |

In December, 2006, the shareholders of the Subsidiaries completed execution of the agreement. This transaction required approval from the Collector of Stamp Duty under S.95 of the Stamp Duty Act, and this approval was received in February 2006. The completion of the share exchange took place on February 28, 2007.

The Shareholders detailed above have not given any indemnities, guarantees or warranties in respect of the transfer of the shares in the subsidiaries to the Company.

The Share Swap Agreement does not preclude the Shareholders detailed above from carrying on business in competition with the issuer or any of its subsidiaries, or impose any other restriction on them.

8.3.5 Exercise of Options

In February 2007, the non-executive directors of the Company and the AccessKenya Group Shareholders specified below exercised options to purchase securities in the Company as a result of which their shareholding increased as follows:

| Shareholder | Shares in AGKL prior to exercise | Number of shares acquired | Shares in AKGL after exercise |
|--------------------------|----------------------------------|---------------------------|-------------------------------|
| Michael Lewis Somen | 31,250,000 | 145,205 | 31,395,205 |
| Direct Investment Co Ltd | 7,055,000 | 564,250 | 7,619,250 |
| Karitie Ltd | 2,400,000 | 700,218 | 3,100,218 |
| Mungai Ngaruiya | 2,385,000 | 335,955 | 2,720,955 |
| Vitas Ltd | 2,385,000 | 190,750 | 2,575,750 |
| Pass Mark Co Ltd | 2,385,000 | 190,750 | 2,575,750 |
| James Wangunyu | 2,250,000 | 180,000 | 2,430,000 |
| Planfam Co Ltd | 1,545,000 | 123,450 | 1,668,450 |
| TOTAL | 51,655,000 | 2,430,578 | 54,085,578 |

8.4 DIRECTORS AND COMPANY SECRETARY OF THE COMPANY AND SUBSIDIARIES

The following are directors of the Company and each subsidiary:

| Name | Occupation | Address | Nationality |
|-----------------|--|-----------------------------|-------------|
| Michael L Somen | Advocate & Non-Executive Chairman of the Group | P O Box 30333-00100 Nairobi | Kenyan |
| Jonathan Somen | Business Executive and Managing Director of the Group | P O Box 43588-00100 Nairobi | Kenyan |
| Ngugi Kiuna | Business Executive and Non-Executive Director of the Group | P O Box 41939-00100 Nairobi | Kenyan |
| Mungai Ngaruiya | Business Executive and Non-Executive Director of the Group | P O Box 75200-00100 Nairobi | Kenyan |
| David Somen | Business Executive and Executive Director of the Group | P O Box 43588-00100 Nairobi | British |

Note: The Company Secretary for all three companies of the Group is Fiona Fox

8.5 EXTRACTS FROM THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY.

By a Special Resolution of the Company passed on April 12th 2007 the Company ceased to be a private company and adopted its present Articles of Association.

Memorandum of Association - Main Objects

The Company's principal objects (as set out in its Memorandum of association) are:

- (1) To purchase or otherwise acquire the shares in Communications Solutions Limited (Company Number 63645) and Broadband Access Limited (Company Number 73068) and to pay for such acquisition either in cash or in share or loan capital or partly in one and partly in the other.
- (2) To carry on business as an investment holding company and to control and co- ordinate the business of any business of any companies in which it is for the time being interested.
- (3) To carry on the business of internet service provision, telecommunications and data transmission services and making, selling, hiring out, buying, installing, maintaining, modifying, repairing and working and otherwise dealing in communication and telephonic equipment and systems, electronic mail, telegraphs, recording instruments, electronic and mechanical apparatus, equipment and fittings of all kinds and to carry on the business of a telephone, telegraph, cable and radio communications company and to establish, work, manage, sell, hire, and in any other way apply information or communication technology whether it involves sound, visual images, electrical impulses or otherwise.

Articles of Association

These refer to certain provisions, inter alias, to the following effect: -

(a) Share Capital and Variation of Rights

Article 7. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by these Articles or by law otherwise provided) any other rights in respect of any shares except an absolute right to the entirety thereof in the registered holder.

Article 8. Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, any share in the Company may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the Company may from time to time by ordinary resolution determine.

Article 9. The Company may by special resolution create and sanction the issue of Preference shares which are, or at the option of the Company are to be, liable to be redeemed, subject to and in accordance with the provisions of Section 60 of the Act. The special resolution sanctioning any such issue shall also specify by way of an addition to these Articles the terms in which and the manner in which any such Preference shares shall be redeemed.

Article 10. If, at any time, the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed after a separate general meeting of the holders of the shares of the class. To every such separate general meeting the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be Two persons at least holding or representing by proxy one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy, or in the case of a corporation by a representative appointed in accordance with Article 88 may demand a poll.

Article 11. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

Article 12.

- (a) Unless otherwise authorised by the Members by way of an ordinary resolution in a General Meeting whenever the Directors propose to issue any Shares which have not been allotted they shall be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of the same in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which, by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares, cannot, in the opinion of the Directors, be conveniently offered under this Article PROVIDED THAT this regulation shall not apply to the issue of unallotted shares by the Company for the purposes of acquisition of another company's shares or business for which the Directors shall have the general authority to issue unallotted shares for that purpose, except where such issue of shares would result in a shareholder (as a result of being issue shares for the acquisition) gaining control of the Company in which case such issue will require the approval by the Members by way of a special resolution of a general meeting.
- (b) Members shall only be entitled to receive, pursuant to the foregoing provision, shares of the same class as the class of shares then held by them immediately before such offer.

(b) Increase of Capital

Article 56. The Company may, from time to time by ordinary resolution, increase the share capital by such sum to be divided into shares of such amount, as the resolution shall direct, or, in default of such direction, as the Directors shall determine.

Article 57: Subject to any direction or authority to the contrary that may be given by the resolution sanctioning the increase of capital or by any other ordinary resolution of the Company, all new shares shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of the same in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which, by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares, cannot, in the opinion of the Directors, be conveniently offered under this Article. Notwithstanding the foregoing, the provisions of this regulation shall not apply to the issue of unallotted shares by the Company for the purposes of acquisition of another company's shares or business for which the Directors shall have the general authority to issue unallotted shares for that purpose, except where such issue of shares would result in a shareholder (as a result of being issue shares for the acquisition) gaining control of the Company in which case such issue will require the approval by the Members by way of a special resolution of a general meeting.

(c) Alteration and Reduction of Capital

Article 60. The Company may, by ordinary resolution:

- (a) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (b) Sub-divide its existing shares, or any of them, into shares of smaller amount than is fixed by the Memorandum of Association subject, nevertheless, to the provisions of the Act;
- (c) Cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any persons; And may, by special resolution:
- (d). Reduce its share capital, any capital redemption reserve fund and any share premium account in any manner and with, and subject to, any incident authorised and consent required, by law.

(d) Transfer of Shares

Article 27. Subject to the provisions hereinafter contained, shares in the Company shall be transferable by written instrument in any common form executed by or, on behalf of the transferor and the transferee; provided that the Directors may dispense with execution by the transferee in any case in which they think fit to do so. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect thereof.

Article 28. The Directors may decline to register the transfer of a share (not being a fully paid share) to a person of whom they do not approve, and they may also decline to register the transfer of a share on which the Company has a lien.

Article 29. The Directors may also refuse to register any instrument of transfer of shares, if:-

- (a) the registration fee of Kenya Shillings 1000/- (or such lesser fee (if any) as the Directors may from time to time prescribe as the registration fee) is not paid to the Company in respect thereof; or
- (b) it is not accompanied by the certificate for the shares to which it relates, and such other evidence as the Directors may reasonably require to show the rights of the transferor to make the transfer; or
- (c) it is of shares of more than one class; or
- (d) the transferee named therein is:-
 - an infant person; or
 - a person incapable by reason of mental disorder of managing and administering his property and affairs; or
 - a partnership in its partnership name; or
- (e) in the case of a transfer to joint holders, they exceed Four in number.

Article 30. If the Directors refuse to register a transfer they shall within Two months after the date on which the transfer was lodged with the Company send to the transferee notice of the refusal.

Article 31. The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine, provided always that such registration shall not be suspended for more than Thirty days in any year.

Article 32. The Company shall be entitled to charge a fee not exceeding Kenya Shillings 1000/- on the registration of every probate, letters of administration, certificate of death or marriage, power of attorney, or other instrument.

(e) **Votes of Members**

Article 77. Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands every member present in person shall have one vote, and on a poll every member present in person or by proxy or being a corporation, by a representative appointed in accordance with Article 88, shall have one vote for each share of which he is the holder.

Article 78. In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the Register.

Article 79. A member incapable by reason of mental disorder of managing and administering his property and affairs may vote, whether on a show of hands or on a poll, by his receiver, or other person authorised by any Court of competent jurisdiction to act on his behalf, and such person may on a poll vote by proxy.

Article 80. No Member shall be entitled to be present at any General Meeting or to vote on any question, either personally or by proxy or by a representative appointed in accordance with Article 88, at any General Meeting or on a poll or to be reckoned in a quorum whilst any call or other sum shall be due and payable to the Company in respect of any of the Shares held by him, whether alone or jointly with any other person.

(f) **Directors**

Article 90. Unless and until otherwise from time to time determined by an ordinary resolution of the Company, the number of Directors (excluding alternates) shall not be less than Three (3) nor more than Nine (9) in number. If at any time the number of Directors falls below the minimum number fixed by or in accordance with these Articles, the remaining Directors may act for the purpose of convening a general meeting or for the purpose of bringing the number of Directors to such minimum, and for no other purpose.

Article 91. At the first Annual General Meeting of the Company following the adoption of these Articles and at the Annual General Meeting in every subsequent year one third of the Directors other than the Managing Director and any other Director being at the time in the employment of the Company or any of its Subsidiaries for the time being, or, if their number is not three or a multiple of three, then the number nearest

to, but not exceeding one third shall retire from office. The Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became directors on the same day, those to retire shall (unless otherwise agreed amongst themselves) be determined by lot.

Article 92. Notwithstanding the provision of Article 91 above any Director who retires from office shall be eligible for re-election.

Article 93. No person, other than a Director retiring at a meeting, shall be eligible for appointment as a Director at any General Meeting, unless not less than seven nor more than twenty one days before the day appointed for the meeting, there shall have been delivered to the Secretary of the Company notice in writing signed by the Shareholder, duly qualified to attend and vote at the meeting for which the notice has been given, of his intention to propose such person for election and notice in writing, signed by the person to be proposed of his willingness to be elected.

Article 94. The Directors shall cause to be kept a Register of the Directors' holdings of shares and debentures of the Company and of its subsidiaries or holding Company (if any) required by the Act, and shall cause the same to be available for inspection during the period and by the persons prescribed, and shall produce the same at every annual general meeting as required by the Act.

Article 95. The Directors shall be paid out of the funds of the Company by way of remuneration for their services such sums as the Company may from time to time by ordinary resolution determine and such remuneration shall be divided among them in such proportion and manner as the Directors may determine and, in default of such determination within a reasonable period, equally. Subject as aforesaid, a Director holding office for part only of a year shall be entitled to a proportionate part of a full year's remuneration. The Directors shall also be entitled to be repaid by the Company all such reasonable travelling (including hotel and incidental) expenses as they may incur in attending meetings of the Board, or of committees of the Board, or general meeting, or which they may otherwise properly incur in or about the business of the Company.

Article 96. Any Director who by request performs special services or goes or resides abroad for any purposes of the Company may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the Directors may determine.

Article 97. Directors shall not be required to hold any share qualification but shall be entitled to receive notice of and to attend and speak at all General Meetings of the Company or at any separate meeting of the holders of any class of Shares of the Company.

Article 109.

(a) A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare the nature of his interest at a meeting of the Directors in accordance with Section 200 of the Act.

(b) A Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser, or otherwise, or from being interested whether directly or indirectly in any contract or arrangement proposed to be entered into or in fact entered into by or on behalf of the Company; nor shall any such contract or arrangement in which any Director shall be so interested be avoided, nor shall any Director so contracting, or being interested, be liable to account to the Company for any profit realised by him from such contract or arrangement in which he shall be so interested by reason of such Director holding that office or the fiduciary relation thereby established.

(c) A Director may vote as a Director in respect of any contract or arrangement in which he is interested (and if he shall do so his vote shall be counted) and he may be counted for the purpose of any resolution regarding the same in the quorum present at the meeting.

(d) A Director, notwithstanding his interest, may be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any such office or place of profit under the Company or whereat the terms of any such appointment are arranged and he may vote on any such appointment or arrangement other than his own appointment or the arrangement of the terms thereof.

(e) Any Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director; provided that nothing herein contained shall authorise a Director or his firm to act as Auditor to the Company.

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- (f). A general notice given to the Directors by any Director to the effect that he is a member of any specified Company or firm and is to be regarded as interested in any contract which may thereafter be made with that company or firm shall be deemed a sufficient declaration of interest in regard to any contract so made but no such notice shall be of effect unless either it is given at a meeting of the Directors or the Director takes reasonable steps to secure that it is brought up and read at the next meeting of the Directors after it is given.
- (g) **Appointment of Directors in General Meeting**
Article 93. No person, other than a Director retiring at a meeting, shall be eligible for appointment as a Director at any General Meeting, unless not less than seven nor more than twenty one days before the day appointed for the meeting, there shall have been delivered to the Secretary of the Company notice in writing signed by the Shareholder, duly qualified to attend and vote at the meeting for which the notice has been given, of his intention to propose such person for election and notice in writing, signed by the person to be proposed of his willingness to be elected.
Article 98. Any Director may appoint any person who is approved by the Board to be an Alternate Director of the Company, and may at any time remove any Alternate Director so appointed by him from office. An Alternate Director so appointed shall not be entitled to appoint an alternate to himself and shall not as such be entitled to receive any remuneration from the Company. Every person acting as an Alternate Director shall be an officer of the Company, and he shall not be deemed to be the agent of the Director by whom he was appointed.
- (h) **Alternates**
Article 102. The remuneration of an Alternate shall be payable out of the remuneration if any of his appointor and shall be such proportion thereof as shall be agreed between them. The remuneration of an Alternate shall be payable out of the remuneration if any of his appointor and shall be such proportion thereof as shall be agreed between them.
- (i) **Proceedings of the Board**
Article 117. Unless otherwise agreed by the Directors all meetings of the Board shall take place in Nairobi. Subject to the foregoing the Directors may meet together for the dispatch of business, adjourn and otherwise regulate their Meetings as they think fit. Questions arising at any meeting shall be determined by a majority of votes and the Chairman shall have a second and casting vote in the event of any deadlock. The Secretary, on the instructions of a Director, shall at any time summon a Board meeting. At least seven clear days' notice (excluding of the date of service and the date of meeting) of all Board meetings shall, unless waived by all Directors, be given in the manner hereinafter mentioned to all Directors and Alternates. All such notices shall give reasonable particulars of the matters to be discussed and shall enclose copies of the relevant papers for discussion.
- (j) **Dividends and Reserves**
Article 131. The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Directors.
Article 132. The Directors may from time to time pay to the members such interim dividends (including therein the fixed dividends payable upon any preference or other shares at stated times) as appear to the Directors to be justified by the profits of the Company.
Article 133. No dividend shall be paid otherwise than out of profits.
- (k) **Payment of scrip dividends**
Article 147. The Company in general meeting may upon the recommendation of the Directors resolve that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss accounts or otherwise available for distribution, and accordingly that such sum be set free for distribution amongst the members who would have been entitled thereto if distributed by way of dividend and in the same proportions on condition that the same be not paid in cash but be applied either in or towards paying up any amounts for the time being unpaid on any shares held by such members respectively or paying up in full unissued shares or debentures of the Company to be allotted and distributed credited as fully paid up to and amongst such members in the proportion aforesaid, or partly in the one way and partly in the other, and the Directors shall give effect to such resolution: Provided that a share premium account and a capital redemption reserve fund may, for the purposes of this Article, only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.

(l) **Unclaimed dividends**

Article 141. All dividends, interest or other sum payable and unclaimed for 12 months after having become payable may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends unclaimed for a period of 7 years after having been declared or become due for payment shall be forfeited and be paid by the Company to the Investor Compensation Fund in accordance with Section 18 (ee) of the Capital Markets Act (Cap 485A) and shall cease to remain owing by the Company.

8.6 LEGAL OPINION

Hamilton Harrison & Mathews, Advocates have given a legal opinion dealing with the matters referred to in Regulation 6 (2) (b) of the Capital Markets (Securities) Public Offers, Listing and Disclosure Regulations. A copy of the opinion is set out in Schedule III of this Prospectus and is available for inspection as noted in Part VIII Section 27 below.

8.7 MATERIAL CONTRACTS

8.7.1 Material Contracts

The Group has not entered into any material contracts otherwise than in the normal course of business.

8.7.2 Contracts with related parties

8.7.2.1 Co-operation Agreement dated 12th April 2005 between Communication Solutions Limited and Broadband Access Limited

- **Scope**

Under this agreement, CSL has agreed to make available to Blue office space and related services. Blue on its part has agreed to provide connectivity to CSL.

The consideration for the services to be provided by CSL is Kshs. 110,440.00 per month and the consideration for the services to be provided by Blue is Kshs. 126,480.00.

- **Term and Termination**

The Agreement is deemed to have commenced on 1st January 2004 and is to continue until terminated by Thirty (30) days written notice given by either party not later than 30th November in each year.

8.7.2.2 Share swap agreement dated 25th October 2006 between the Company, the Subsidiaries and the then shareholders in the Subsidiaries,

Under a Share swap agreement dated 25th October 2006 between the Company, the Subsidiaries and the then shareholders in the Subsidiaries, AKGL has acquired the shares in CSL and BAL and AKGL has allotted the shares set out in the table below to the respective shareholders, in consideration for those shareholders transferring their shares in CSL and BAL to AccessKenya Group:

| Shareholder | Shares in CSL | Shares in BAL | Shares in AKGL |
|--------------------------|---------------|---------------|--------------------|
| Jonathan Somen | 13,718 | 13,718 | 68,580,000 |
| Michael Lewis Somen | 6,250 | 6,250 | 31,250,000 |
| David Somen | 4,992 | 4,992 | 24,950,000 |
| Direct Investment Co Ltd | 1,411 | 1,411 | 7,055,000 |
| Karitie Ltd | 480 | 480 | 2,400,000 |
| Mungai Ngaruiya | 477 | 477 | 2,385,000 |
| Vitas Ltd | 477 | 477 | 2,385,000 |
| Pass Mark Co Ltd | 477 | 477 | 2,385,000 |
| James Wangunyu | 450 | 450 | 2,250,000 |
| Planfam Co Ltd | 309 | 309 | 1,545,000 |
| TOTAL | 29,041 | 29,041 | 145,185,000 |

In December, 2006, the shareholders of the Subsidiaries completed execution of the agreement. This transaction required approval from the Collector of Stamp Duty under S.95 of the Stamp Duty Act, and this approval was received in February 2006. The completion of the share exchange took place on February 28, 2007.

8.7.3 Other Agreements

- **Directors Lock In Deeds** dated April 12th 2007 entered into by Jonathan Somen and David Somen in favour of the Company under which each of the Jonathan Somen and David Somen have undertaken to AccessKenya Group that they will retain a minimum of 30,000,000 and 10,000,000 shares respectively in AccessKenya Group during the period of two years following the date of listing of AccessKenya shares on the Nairobi Stock Exchange, provided that this undertaking shall not apply if there is a take over offer for a majority of the issued shares of the Group in accordance with any prevailing regulations and laws.
- **ESOP Settlement Deed** between AKGL and the trustees of the ESOP dated April 12th 2007 in connection with the Group's ESOP.

8.8 OTHER MATERIAL AGREEMENTS

The Group does not owe any royalties or other similar payments, nor are they dependant on any on patent, licences or other agreements which would affect the profitability of the Group's business.

8.9 STATUTORY LICENSES

Each of the companies in the Group has all the relevant trade licenses and business permits to operate within their fields of operation.

8.10 PROPERTY

The Group does not own any land or buildings.

Companies in the Group have entered into lease agreements for the following office premises:

| PROPERTY | LR / TITLE NUMBER | LANDLORD | TERM | RENT | STATUS OF DOCUMENTATION |
|---|------------------------------|---------------------------------------|---------------------------------|---|---|
| Museum Hill Centre: 2,840 sq. ft. on the 3 rd floor | 209/70/2 Nairobi | Propwa Company Limited | Six (6) years from 01.08.06 | Currently K.Shs 1,349,710.80/- p.a. | Formal Lease Agreement has been executed. |
| Museum Hill Centre: 3,792.55 sq. ft. on the 4 th floor | 209/70/2 Nairobi | Propwa Company Limited | Six (6) years from 01.08.06 | Currently K.Shs. 1,638,381.60/- p.a. | Formal Lease Agreement has been executed. |
| Barclays Plaza: Unit No. 1 | 209/10344 Nairobi | Plaza Trust Limited | Six (6) years from 01.02.02 | Currently K.Shs. 446,820/85 p.a. | Formal Lease Agreement has been executed. |
| TSS Tower: Shop No. 2 | Mombasa/ Block XXIV/19 | Tahir Sheikh Said Investments Limited | Five (5) years from 01.03.05 | Currently K.Shs. 75,020/- p.m. | Formal Lease Agreement has been executed. |

Companies in the Group have been granted leases/licences for installation of their transmitting equipment at the following premises:

| PROPERTY | LR / TITLE NUMBER | LANDLORD | TERM | RENT | STATUS OF DOCUMENTATION |
|--|----------------------------|--|--|---|--|
| Bandari Plaza Roof top and mid-top space | 1870/IX/118 woodvale grove | Kenya Commercial Bank Ltd | Six (6) years from 01.09.04 | Currently K.Shs 404,468.75 p.a. | The Letter of offer has been executed. The formal Lease is to be entered into on the terms set out in the Letter of Offer. |
| Ngong Hills Site | n / a | Baraza Ltd | Term has expired but the premises are still being utilized and paid for. | Currently Kshs 54,000 p.m. | A renewal of the licence is being negotiated. |
| EPZA Part of Service Area on 4th Floor | n / a | Export Processing Zones Authority | Two (2) years from 01.04.05 | Currently Kshs 180,000 p.a. | A renewal of the licence is being negotiated. |
| Barclays Plaza Parking Area on Mezzanine 6 | 209/10344 | Plaza Trust Limited | One (1) year renewable from 01.01.07 | K.Shs. 10,000/- plus VAT, per month | The Letter of offer has been executed. The formal Lease is to be entered into on the terms set out in the Letter of Offer. |
| Thika Thika Arcade | 4953/695 | Gatoka Ltd | Three (3) years from 01.04.06 | Currently Kshs 7,500/- p.m | Formal Licence Agreement has been executed. |
| Rahimtulla Tower | 209/11458 | Ismail Rahimtulla Trustees Registered | Seven (7)years from 01.05.06 | Currently \$2,000 p.m. | The Letter of offer has been executed. The formal Lease is to be entered into on the terms set out in the Letter of Offer. |
| Susian Hill Station | n / a | Telkom Kenya | Six (6) years from 07.01.07 | Currently Kshs 18,000 p.m. | The Letter of offer has been executed. The formal Lease is to be entered into on the terms set out in the Letter of Offer. |
| Kasarani Rent of mast | n / a | Regional Centre for Mapping of Resources for Development | Term has expired but the premises are still being utilized and paid for. | USD 3,120 p.a (being UDS 6,000 p.a. less connectivity fee due from Licensor of USD 2,880) | A renewal of the licence is being negotiated. |

Note: The Group is in the process of negotiating and/or formalising additional licences/leases for sites in various areas including Unga House Nairobi, Mazeras and Naivasha

8.11 INVESTMENTS

The Group has made no principal investments during the current financial year. Other than the restructuring which occurred in September 2005 as detailed in Part VIII, Section 8.3 above, there have been no other major investments made in any other undertakings over the last five financial years and during the current financial year, nor has there been any acquisition or proposed acquisition by the Company or any of its Subsidiaries in the business undertaking of any other company, business or fixed asset.

8.12 INSURANCE POLICIES

The Group has various insurance policies in force covering both the Company and its Subsidiaries for usual risks, valid until 31st December 2007. The aggregate annual premiums payable on these policies were KShs 921,998 for the year 2006.

8.13 PLANT AND EQUIPMENT

Plant and equipment and other assets of the Group as at 31st December 2006 are as follows:

| The Group | Assets include: | Total Fixed Asset Value (Less Depreciation) |
|---|--|--|
| The Company: AccessKenya Group Ltd | Computers, related peripherals, office equipment and vehicles | KShs 0 |
| The Subsidiaries of the Company: Communication Solutions Ltd | Computers, related peripherals, office equipment and vehicles | KShs 46,874,925 |
| Broadband Access Ltd | Computers, related peripherals, office equipment and vehicles | KShs 18,189,650 |

Note: The Group companies have not acquired or disposed of any material assets in the last three years.

8.14 MATERIAL LITIGATION

None of AccessKenya Group or the AccessKenya Group Subsidiaries is involved in (whether as claimant or defendant) any ongoing or threatened claims or disputes apart from the normal debt collection.

8.15 MATERIAL INDEBTEDNESS

As at the date of this Prospectus, CSL and BAL have entered into overdraft facility agreements with NIC Bank Limited, by virtue of which NIC Bank Limited has provided overdraft facilities of KShs. 12.3 million & US \$175,000 to CSL and KShs 4.0 million and US\$ 50,000 to BAL. These facilities are secured by various debentures creating fixed and floating charges over each company's assets. On the date of this prospectus, neither CSL nor BAL has any outstanding amounts due to NIC Bank Limited in relation to these overdraft facilities.

8.16 LOANS BY THE COMPANY AND ITS SUBSIDIARIES

CSL and BAL have given loans to various employees of which the amount of KShs. 2,236,979 is outstanding as of 31st December, 2006.

Save for the employee loans, none of AccessKenya Group or the AccessKenya Group Subsidiaries have given any loans to any directors or third parties.

8.17 CONTROL OF THE COMPANY

- There are no arrangements in force in the Group, the operation of which may at a subsequent date result in the control of the Group.
- No known person (excluding the Directors) is directly or indirectly interested in 10% or more of any member of the Group's share capital.
- None of the Company's major shareholders have different voting rights from any other shareholder.

8.18 CHANGES IN THE GROUP AND ITS BUSINESS

- There have been no changes in the Group's trading objectives over the last two years, nor is any new trading objective foreseen in the near future.
- Other than the restructuring and per share split in nominal value to KShs 1 that took place on October 25, 2006 there has been no material change in the business, financial and trading position of the Group during the past five years.
- Other than the restructuring which occurred in October 2006 there has been no change in the controlling shareholding in the Company or its Subsidiaries during the last two years.
- There have been no interruptions in the Group's business affecting the Group's financial position in the last five years.
- There has been no significant research and development of new products or processes over the past three financial years.

8.19 MINIMUM SUBSCRIPTION AND EXPENSES OF THE OFFER

The Directors of the Company shall not proceed with the Offer unless valid applications for the Offer Shares are received from not less than 1,000 applicants (including employees of the Group) for a total subscription of KShs 500,000,000 (i.e. the minimum aggregate subscription)

- For the purposes of section 49 of the Companies Act the Directors shall not proceed with the allotment of Shares under the Offer if applications to subscribe for at least 62.5 per cent of the Offer Shares with a value of KShs 500,000,000 are not received.
- The amount, which in the opinion of the Directors, must be raised by the Offer in order to provide for the matters listed in paragraph 4 of the Third Schedule to the Companies Act is as noted in the next sub-paragraph in respect of commission payable to stockbrokers and agents of the Nairobi Stock Exchange at the rates approved by the Capital Markets Authority.
- The expenses payable in respect of this Offer all of which are payable by the Company and the Vendors are estimated to be in the aggregate sum of KShs 40.0 million amounting to KShs 0.50 per Offer Share as more particularly detailed under Main Features of the Offer at Paragraph 12 of this Prospectus.

8.20 APPORTIONMENT BETWEEN NEW ORDINARY SHARES AND SALE SHARES

In the event that the Offer is not fully subscribed, complying with the procedure for application as detailed in Schedule IV of this Prospectus, the Applicants will first be allotted New Shares and only upon the New Shares being fully subscribed, will Applicants be allotted Sale Shares.

8.21 ALLOCATION OF SHARES

- (i) In the event that the Offer is fully subscribed: -
 - Applications to the value of KShs 450,000,000 shall be applied towards the subscription of New Ordinary Shares; and thereafter
 - Applications to the value of KShs 350,000,000 shall be applied towards the purchase of Sale Shares.
- (ii) In the event that the Offer is over subscribed, Applicants may receive fewer Offer Shares than the number applied for and the allotment of Offer Shares amongst all Applicants will be in accordance with the allocation policy specified in Paragraph 9 of the Main Features of the Offer.

8.22 DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of this Prospectus has been delivered to the Registrar of Companies for registration with the written consents, approvals, material contracts, Accountants Report and Legal Opinion referred to in Part VIII, Section 8.24 below.

8.23 GENERAL INFORMATION

- (i) There are no founders', management or deferred shares in the capital of the Company;
- (ii) The share capital of the Company is not divided into different classes of shares and all shares carry equal rights;
- (iii) No unissued share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option;
- (iv) No share or loan capital of the Company or its subsidiary has been issued, to the public or otherwise, within the period since incorporation of the Company or is now proposed to be issued, fully or partly paid, for a consideration other than cash;
- (v) No commission, discount, brokerage or other special terms have been granted by the Company within the periods since incorporation in connection with the issue or sale or any share or loan capital of the of any of the companies in the Group;
- (vi) The members of the Group do not carry on widely differing operations resulting in substantially different contributions being made by each member of the Group;
- (vii) As at the date of this Prospectus there are 50,114,422 unissued shares in the Company but there are no categories of persons having preferential subscription rights to such unissued shares;
- (viii) The Company does not intend to carry on any other businesses that may be material with regard to the profit or loss, assets employed or any other factors affecting the current business;
- (ix) Save for the acquisition of the AccessKenya Subsidiaries no significant material assets have been purchased by the Group in the last five years, nor is it proposed to buy any new assets in the near future;
- (x) Save for salaries and benefits received by the Directors of the Group under service contracts with members of the Group and the consideration for the Share Swap Agreement as set out in Section 8.7 above, no amount or benefit has been paid or given within the two preceding years, nor is intended to be paid or given, to any promoter;
- (xi) So far as the Directors of the Group are aware, there is no material litigation nor are there claims of material importance pending or threatened against the Group as disclosed in Part VIII Section 8.15 of this Prospectus;
- (xii) The Group's auditors have not resigned nor have they been removed since its incorporation and Deloitte and Touche, as the Group auditors, have not deposited a statement with the Group of circumstances which they believe should be brought to the attention of the members and creditors of the Group;
- (xiii) Deloitte and Touche and Hamilton Harrison & Mathews Advocates have given and have not withdrawn their respective consents to the issue of this document with the inclusion therein of their reports and names and the references thereto in the form and context in which they appear respectively;
- (xiv) Brokerage commission at the Capital Markets Authority approved rate of 1.5% for Authorised Selling Agents (licensed members of the NSE) will be paid by the Company on the Offer Price of all New Ordinary Shares subscribed and allotted pursuant to the Offer and by the Vendor in respect of all Sale Shares subscribed and sold pursuant to the Offer in respect of Application Forms bearing the stamp of an authorised agent, provided that no brokerage fee will be paid if more than one stamp appears on any application;
- (xv) Save as disclosed in Section 6.4 of this Prospectus, there is no existing or proposed contract between any Directors of the Company or any of its subsidiaries;
- (xvi) The Company's Articles of Association do not stipulate a minimum number of Shares required by an individual to allow for qualification as a Director of the Company;

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- (xvii) No amounts have been paid or agreed to be paid in cash or otherwise by any person to any present Director, or to any partnership, company, syndicate, or other association of which any Director is a member, either to induce him to become or to qualify him as a Director or for services rendered by any such Director or by any such partnership, company, syndicate or association in connection with the promotion or formation of the Company;
- (xviii) No bankruptcy, receivership or similar proceedings have been taken against any member of the Group;
- (xix) There is no plant or equipment that is expected to be replaced within two years of the Closing Date except those resulting from any renovation and upgrading of existing equipment;
- (xx) No options to purchase any securities of the Company have been granted to or exercised by any Director of the Company, its subsidiary or holding company within the period of one year prior to the date of this Prospectus, save for an option to purchase 700,218 shares to Karitie Ltd, a company of which Ngugi Kiuna is a director, an option to purchase 335,955 shares to Mungai Ngaruiya and an option to purchase 145,205 shares to Michael Somen. All these options were exercised in January 2007.
- (xxi) There is no specific government protection and /or any investment encouragement law affecting the business, other than regulation of the Industry by the Communications Commission of Kenya;
- (xxii) There are no principal future investments (new research and development) on which the Directors have already made firm commitments;
- (xxiii) Save as disclosed in Part VIII Section 8.3 above there has been no change in the direct and indirect interest of the Directors holding in excess of 3% of the share capital of the Company between the financial year of the Company ending 2006 and the date of publication of this Prospectus;
- (xxiv) Save as disclosed in Part VIII Section 8.7, there are no transactions which are or were unusual in their nature or conditions or significant to the business of the Group, effected during the current or immediately preceding year or any earlier financial year which remain outstanding or unperformed;
- (xxv) Save for the salaries and benefits received by the Executive Directors under service contracts with the Group no other cash, securities or benefits have been paid, issued or given to any promoters or members of the Group in the last three years preceding the publication of this Prospectus or proposed to be paid, issued or given to any such persons, in his capacity as a promoter;
- (xxvi) The Group has no material commitments, lease payments, contingent liabilities or guarantees
- (xxvii) The Board may exercise all the powers of the Company to borrow or raise money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue income notes, bonds, debentures and other securities The borrowing powers of the Board have not been exceeded in the past three years.
- (xxviii) The Group has no outstanding loan capital or indebtedness other than in the ordinary course of business nor has it exceeded any applicable borrowing powers over the last three years.
- (xxix) None of the Directors of the Group have in the last two years been subject to bankruptcy proceedings nor have they been barred by any court of competent jurisdiction from being a director or acting as an investment adviser or as a director or employee of a stockbroker, dealer, or any other financial service institution or from engaging in any type of business practice or activity.
- (xxx) There have been no criminal proceedings in which any director of the Group has been convicted of fraud or any criminal offence either within or outside Kenya and no Director of the Group is the subject of any pending criminal proceedings, or proceedings in respect of any other offence or action either within or outside Kenya.
- (xxxi) There is no material inter company finance between the Company and any of its subsidiaries.
- (xxxii) There have been no material disposals of assets by the Group or any of its Subsidiaries in the last five years.
- (xxxiii) Save for the acquisition of the AccessKenya Subsidiaries no significant material assets have been purchased by the Group in the last five years, nor is it proposed to buy any new assets in the near future until such time as the Company identifies potential businesses to acquire as specified in Part V Section 4.
- (xxxiv) There is no arrangement pursuant to which any future dividends of the Group have been waived or have been agreed to be waived.

8.24 DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at the offices of AccessKenya at Museum Hill Centre, Museum Hill. P.O. Box 43588 - 00100 Nairobi during usual working hours from 8.30 a.m. on April 19, 2007 up to 2.00 p.m. on April 30, 2007.

- (i) The Memorandum and Articles of Association of the Company;
- (ii) The consolidated audited accounts of the Group for the financial year ended 31 December 2006 and individual subsidiary companies audited accounts for the five years preceding the publication of the Prospectus, including all notes, reports or information required by the Companies Act;
- (iii) Audited Accounts of the Group for the period ended 31st December 2006;
- (iv) Copies of Service Agreements with Manager, Secretaries, and Executive Directors entered into in the last two financial years (where applicable);
- (v) Directors Service Contracts;
- (vi) The Accountants' Report and Statement of Adjustments;
- (vii) The Material Contracts referred to in Part VIII Section 8.7 above;
- (viii) Approval for the Offer for Sale, issue of Shares and listing of Shares from Capital Markets Authority;
- (ix) Approval for Listing from the Committee of the Nairobi Stock Exchange;
- (x) Written consents from the experts referred to herein for the issue of the Prospectus;
- (xi) The Legal Opinion; and
- (xii) Credit facility letters from NIC Bank.

SCHEDULE 1: PROFIT FORECAST

Deloitte.

Deloitte & Touche
Certified Public Accountants (Kenya)
"Kirungii"
Ring Road, Westlands
P. O. Box 40092 - GPO 00100
Nairobi
Kenya

Tel: + (254 - 20) 444 1344/05-12
Fax: + (254 - 20) 444 8966
Dropping Zone No. 92
E-mail: admin@deloitte.co.ke

4 April 2007

The Directors
AccessKenya Group Limited
P O Box 43588-00100
Nairobi

Dear Sirs,

FORECAST FOR THE PERIOD 1 JANUARY 2007 TO 31 DECEMBER 2007

We have examined the forecast of AccessKenya Group Limited and its subsidiary companies set out on pages 2 and 3 for the period 1 January 2007 to 31 December 2007 in accordance with the International Standard on Assurance Engagements applicable to the examination of prospective financial information. Management is responsible for the forecast, including the assumptions set out in section B on which it is based.

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the forecast. Further, in our opinion, the forecast is properly prepared on the basis of the assumptions and is presented in accordance with the accounting policies normally adopted by AccessKenya Group Limited.

Actual results have a likelihood of differing from the forecast since anticipated events frequently do not occur as expected and at times the variation may be material.

Yours faithfully

Deloitte & Touche

JWW/DAW

Audit . Tax . Consulting . Financial Advisory. ¹

A member firm of
Deloitte Touche Tohmatsu

Partners: D.M. Ndonye D.C. Hodges* F. O. Aloo H. Gadhoke* J.M. Kiarie J. Nyang'aya
J.W. Wangai M.M. Kisuu S.O. Onyango *British

Celebrating 100 years in East Africa

ACCESSKENYA GROUP LIMITED

A CONSOLIDATED PROFIT FORECAST FOR THE PERIOD 1 JANUARY 2007 TO
31 DECEMBER 2007

| | 31 December 2007 Forecast Sh |
|---|---------------------------------------|
| TURNOVER | 803,386,341 |
| COST OF SALES | (266,641,865) |
| | <hr/> |
| GROSS PROFIT | 536,744,475 |
| OPERATING EXPENSES | (321,704,092) |
| PROFIT BEFORE TAXATION | 215,040,384 |
| TAXATION CHARGE | (64,512,115) |
| | <hr/> |
| PROFIT AFTER TAXATION | 150,528,269 |
| | ===== |
| EARNINGS PER SHARE | 0.75 |
| (Based on 199,885,978 million shares expected to be in issue as at 31 December 2007) | ===== |

**B KEY ASSUMPTIONS UNDERLYING THE FORECAST FOR THE PERIOD
1 JANUARY 2007 TO 31 DECEMBER 2007**

The profit forecast is based on management's prudent assumptions and has been prepared on a basis consistent with the accounting policies normally adopted by the Group and is based on the following principal assumptions

- New sales per sales person to internet clients continue at a level approximately 10% lower than that achieved in 2006 reflecting an increase in the intensity of the competitive environment
- Average revenue per user declines by 7% through 2007 reflecting normal price pressure as the industry continues to deregulate
- Customer churn occurs at a similar level to 2006 reflecting the Group's competitive price position and the activities of the Client Relationship Management and Customer Service teams
- Expenditure will increase in line with inflation estimated at 10% and growth in staff numbers.
- No change in tax rates which are assumed at 30% for 2007.

SCHEDULE II: REPORTING ACCOUNTANTS REPORT

Deloitte.

Deloitte & Touche
Certified Public Accountants (Kenya)
"Kirungii"
Ring Road, Westlands
P. O. Box 40092 - GPO 00100
Nairobi
Kenya

Tel: + (254 - 20) 444 1344/05-12
Fax: + (254 - 20) 444 8966
Dropping Zone No. 92
E-mail: admin@deloitte.co.ke

4 April 2007

The Directors
AccessKenya Group Limited
P O Box 43588-00100
Nairobi

Dear Sirs,

REPORTING ACCOUNTANTS' REPORT ON ACCESSKENYA GROUP LIMITED

We are the auditors of AccessKenya Group Limited and have served as auditors of the company for the period since incorporation, on 23 February 2006, to 31 December 2006. The subsidiary companies, Broadband Access Limited and Communication Solutions Limited, were audited by Bassan Khanna Saini up to 31 December 2005. However, we are the current auditors for the two subsidiary companies following our appointment in 2006 and we were responsible for the audit of the companies' financial statements for the year ended 31 December 2006.

We report hereunder on the results of AccessKenya Group Limited in respect of each of the five financial years ended 31 December 2006 and on the assets and liabilities at 31 December 2006 being the date to which the last audited financial statements have been prepared.

Other than as stated in our Accountants' Report, we have not audited any other information relating to AccessKenya Group Limited and its subsidiaries.

A. INTRODUCTION

Group structure

AccessKenya Group Limited was incorporated on 23 February 2006 under the name of AccessKenya Limited to act as a holding company for Communication Solutions Limited and Broadband Access Limited. The name was changed to AccessKenya Group Limited in December 2006.

In December 2006, the shareholders of the two subsidiary companies, Communication Solutions Limited and Broadband Access Limited, executed agreements to be allotted shares in AccessKenya Group Limited in exchange for their shareholding in the two subsidiary companies. The allotment of shares was effected on February 28, 2007.

Consolidated financial statements

The financial information set out in this report is compiled by reference to the audited financial statements of the parent company, AccessKenya Group Limited, and the subsidiary companies, Communication Solutions Limited and Broadband Access Limited for the five year period to 31 December 2006. An extract of financial information for the subsidiary companies for 2005 and 2006 is provided as an appendix to this report.

The report incorporates AccessKenya Group Limited first set of audited financial statements for the period to 31 December 2006, Broadband Access Limited audited financial statements for the period 1 July 2003 to 31 December 2006 and Communication Solutions Limited audited financial statements for five years from 1 January 2002 to 31 December 2006. The first set of audited Broadband Access Limited financial statements cover an eighteen month period from 1 July 2003 to 31 December 2004.

Adjustments

The AccessKenya Group Limited's figures have been presented to include the result of operations as well as the assets and liabilities of the subsidiary companies for the periods covered by this report. The amounts shown in these accompanying consolidated income statements and consolidated balance sheets are those that would have been reported had the group, as it is now constituted, been in existence throughout the financial periods covered by this report.

Audit • Tax • Consulting • Financial Advisory.

A member firm of
Deloitte Touche Tohmatsu

Partners: D.M. Ndonye D.C. Hodges* F.O. Aloo H. Gadhoke* J.M. Kiarie J. Nyang'aya
J.W. Wangai M.M. Kisuu S.O. Onyango *British

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A. INTRODUCTION (Continued)

Adjustments (continued)

The above treatment is, however, not in compliance with IFRS 3 on Business Combinations and IAS 27 on Consolidated and Separate Financial Statements which require a subsidiary company to be consolidated from the date on which effective control is transferred to the parent.

The presentation adopted above is intended to provide a better understanding of the group's operations during the five year period to 31 December 2006.

Auditors' reports

The annual financial statements of AccessKenya Group Limited and its subsidiaries have been without audit qualification throughout the period covered by this report. However, emphases of matter contained in the audit report of a subsidiary company's financial statements for the periods covered by this report have been reproduced in full below:

Communication Solutions Limited 2003 financial statements-emphasis of matter

The balance sheet at 31 December 2003 reflects an excess of current liabilities over current assets of KShs 16,685,355 and a deficiency in shareholders' funds of KShs 1,820,520. The accounts have been prepared on the going concern basis on the assumption that continued financial support will be made available to the company by its shareholders.

Communication Solutions Limited 2002 financial statements-emphasis of matter

The balance sheet at 31 December 2002 indicates an excess of current liabilities over current assets of KShs 15,382,729 and a deficiency in shareholders' funds of KShs 5,765,868. The accounts have been prepared on the going concern basis on the assumption that continued financial support will be made available to the company by its shareholders.

The above highlights have no impact on the amounts reported in the relevant financial statements but relate only to an emphasis of matter.

B. COUNTRY OF INCORPORATION AND PRINCIPAL ACTIVITIES

AccessKenya Group Limited is domiciled and incorporated in Kenya under the Companies Act (Cap. 486) and its principal activities and those of the subsidiary companies are the provision of internet and electronic mail services to corporate clients, and the provision of high speed wireless local loop services.

C. CURRENCY

The financial statements are expressed in Kenya Shillings.

D. DIRECTORS' RESPONSIBILITY

The directors of AccessKenya Group Limited are responsible for the preparation of the Prospectus and all information contained therein and for the financial statements and financial information to which the Accountants' report relates and from which it has been prepared. Our responsibility is to compile the financial information set out in our report from the financial statements.

E. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with International Financial Reporting Standards. The principal accounting policies adopted in the preparation of these financial statements are set out below.

Basis of accounting

The financial statements have been prepared on the historical cost basis of accounting.

E. ACCOUNTING POLICIES (continued)

Basis of consolidation

Subsidiary undertakings, being those companies in which the Group either directly or indirectly has an interest of more than 50% of the voting rights or otherwise has power to exercise control over the operations, have been consolidated. All inter company transactions, balances and unrealised surpluses and deficits on transactions with the subsidiary companies have been eliminated on consolidation.

The consolidated financial statements incorporate the financial statements of the company and its subsidiaries, Communication Solutions Limited and Broadband Access Limited. The company and its subsidiaries' financial statements have been prepared to 31 December 2006.

Revenue recognition

Revenue is recognised upon provision of internet and related services, net of Value Added Tax and discounts given, if any.

Inventory

Inventory is stated at the lower of purchase cost or net realisable value. Cost is determined on the first-in first-out basis.

Equipment

Equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation

Depreciation is calculated on the straight line basis at the following annual rates estimated to write off the cost of equipment over their expected useful lives at the following annual rates:

| | |
|-----------------------------------|-------|
| Computers and accessories | 33.3% |
| Motor vehicles | 25% |
| Furniture, fittings and equipment | 20% |

Taxation

Current taxation is provided on the basis of the results for the period as shown in the financial statements, adjusted in accordance with tax legislation.

Deferred taxation is provided, under the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the unused tax losses and unused tax credits can be utilised.

Leases

The group's leases are classified as finance leases whenever the terms of the lease substantially transfer all risks and rewards of ownership to a company within the group as a lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are amortised on the straight line basis over the term of the relevant lease.

Foreign currencies

Assets and liabilities denominated in foreign currencies at the period end are translated at the rates of exchange ruling at the balance sheet date. Transactions during the period are translated at the rates ruling at the dates of the transactions. Gains or losses on exchange are dealt with in the income statement.

E. ACCOUNTING POLICIES (Continued)**Financial instruments**

Financial assets and liabilities are recognised in a group company's balance sheet when a company within the group has become a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the financial period end. Bad debts are written off when all reasonable steps to recover them have failed.

Trade payables

Trade payables are stated at their nominal value.

Impairment

At each balance sheet date, the group reviews the carrying amounts of its financial assets, tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated and an impairment loss is recognised in the income statement whenever the carrying amount of the asset exceeds its recoverable amount.

Retirement benefits

The group makes contributions to the statutory defined contribution pension scheme, the National Social Security Fund. Its obligations to retirement benefit schemes are recognised in the income statement as they fall due.

Provisions for employee entitlements

Employees' entitlements to annual leave are recognised when they accrue to employees. Provision is made for the estimated liability in respect of annual leave accrued up to the balance sheet date.

Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

ACCESSKENYA GROUP LIMITED

F CONSOLIDATED INCOME STATEMENTS FOR THE FIVE YEARS ENDED
31 DECEMBER 2006

| | Note | 31 December 2006 KSh | 31 December 2005 KSh | 31 December 2004 KSh | 31 December 2003 KSh | 31 December 2002 KSh |
|-------------------------------------|------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| TURNOVER | | 577,881,494 | 349,546,806 | 180,940,705 | 95,128,753 | 66,582,070 |
| COST OF SALES | | (199,874,439) | (113,245,122) | (52,738,906) | (33,392,056) | (31,864,985) |
| GROSS PROFIT | | 378,007,055 | 236,301,684 | 128,201,799 | 61,736,697 | 34,717,085 |
| OTHER INCOME | | - | - | - | 893,063 | 488,978 |
| ADMINISTRATION EXPENSES | | (307,793,751) | (222,768,434) | (110,071,121) | (59,849,226) | (37,265,645) |
| OPERATING PROFIT | | 70,213,304 | 13,533,250 | 18,130,678 | 2,780,534 | (2,059,582) |
| NET FINANCE INCOME/(COSTS) | 1 | 52,783 | (744,207) | (517,895) | 80,967 | - |
| PROFIT/(LOSS) BEFORE TAXATION | 2 | 70,266,087 | 12,789,043 | 17,612,783 | 2,861,501 | (2,059,582) |
| TAXATION | 3 | (23,359,720) | (4,138,692) | (4,426,611) | (1,773,567) | 617,873 |
| NET PROFIT/(LOSS) AFTER TAXATION | | 46,906,367 | 8,650,351 | 13,186,172 | 1,087,934 | (1,441,709) |
| DIVIDENDS PAID & PROPOSED | | 10,000,000 | 120,000 | - | - | - |
| | | Sh | Sh | Sh | Sh | Sh |
| EARNINGS/(LOSS) PER SHARE | 4 | 972.96 | 431.65 | 657.99 | 54.29 | (72.08) |
| DIVIDEND PER SHARE | 4 | 172.17 | 119.76 | - | - | - |

ACCESSKENYA GROUP LIMITED

G CONSOLIDATED BALANCE SHEETS FOR THE FIVE YEARS
TO 31 DECEMBER 2006

| | Note | 31 December 2006 KSh | 31 December 2005 KSh | 31 December 2004 KSh | 31 December 2003 KSh | 31 December 2002 KSh |
|---|------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| ASSETS | | | | | | |
| Non-current assets | | | | | | |
| Equipment, furniture and motor vehicles | 5 | 65,064,575 | 54,669,637 | 39,168,149 | 29,881,315 | 19,042,705 |
| Deferred taxation | 6 | - | - | - | 471,365 | 2,244,932 |
| Intangible assets – computer software | 7 | 2,688,118 | - | - | - | - |
| | | <u>67,752,693</u> | <u>54,669,637</u> | <u>39,168,149</u> | <u>30,352,680</u> | <u>21,287,637</u> |
| Current assets | | | | | | |
| Inventory | 8 | 18,638,410 | 9,414,484 | 6,449,490 | 6,246,719 | 1,278,220 |
| Trade and other receivables | 9 | 73,399,543 | 83,070,073 | 39,398,602 | 9,075,100 | 14,098,002 |
| Taxation recoverable | | - | 386,756 | - | - | - |
| Bank and cash balances | | 65,481,165 | 60,867 | 355,806 | 316,243 | 830,645 |
| | | <u>157,519,118</u> | <u>92,932,180</u> | <u>46,203,898</u> | <u>15,638,062</u> | <u>16,206,867</u> |
| Total assets | | <u>225,271,811</u> | <u>147,601,817</u> | <u>85,372,047</u> | <u>45,990,742</u> | <u>37,494,504</u> |
| EQUITY AND LIABILITIES | | | | | | |
| Capital and reserves | | | | | | |
| Share capital | 10 | 78,082 | 20,040 | 20,040 | 20,040 | 20,000 |
| Share Premium | | 66,109,026 | - | - | - | - |
| Revenue reserve/(deficit) | | 63,924,956 | 17,138,589 | 8,488,238 | (4,697,934) | (5,785,868) |
| Total equity | | <u>130,112,064</u> | <u>17,158,629</u> | <u>8,508,278</u> | <u>(4,677,894)</u> | <u>(5,765,868)</u> |
| Non-current liabilities | | | | | | |
| Deferred taxation | 6 | 2,180,333 | 5,147,439 | 2,457,464 | - | - |
| Borrowings | 11 | - | 5,358,576 | 10,767,376 | 10,989,985 | 11,670,776 |
| | | <u>2,180,333</u> | <u>10,506,015</u> | <u>13,224,840</u> | <u>10,989,985</u> | <u>11,670,776</u> |
| Current liabilities | | | | | | |
| Trade and other payables | 12 | 68,629,317 | 105,286,657 | 57,955,321 | 33,022,735 | 31,158,611 |
| Borrowings | 11 | - | 14,609,987 | 4,185,826 | 6,655,916 | 430,985 |
| Taxation payable | | 24,350,097 | 40,529 | 1,497,782 | - | - |
| | | <u>92,979,414</u> | <u>119,937,173</u> | <u>63,638,929</u> | <u>39,678,651</u> | <u>31,589,596</u> |
| Total equity and liabilities | | <u>225,271,811</u> | <u>147,601,817</u> | <u>85,372,047</u> | <u>45,990,742</u> | <u>37,494,504</u> |

ACCESSKENYA GROUP LIMITED

H CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIVE YEARS ENDED 31 DECEMBER 2006

| | Share capital Ksh | Share premium Ksh | Revenue Reserve/ (deficit) Ksh | Total equity Ksh |
|-------------------------|-------------------------|-------------------------|---|---------------------|
| At 1 January 2002 | 20,000 | - | (4,344,159) | (4,324,159) |
| Net loss for the year | - | - | (1,441,709) | (1,441,709) |
| At 1 January 2003 | 20,000 | - | (5,785,868) | (5,765,868) |
| Issue of shares | 40 | - | - | 40 |
| Net profit for the year | - | - | 1,087,934 | 1,087,934 |
| At 1 January 2004 | 20,040 | - | (4,697,934) | (4,677,894) |
| Net profit for the year | - | - | 13,186,172 | 13,186,172 |
| At 1 January 2005 | 20,040 | - | 8,488,238 | 8,508,278 |
| Net profit for the year | - | - | 8,650,351 | 8,650,351 |
| At 1 January 2006 | 20,040 | - | 17,138,589 | 17,158,629 |
| New shares issued | 58,042 | 66,109,026 | - | 66,167,068 |
| Dividends paid | - | - | (120,000) | (120,000) |
| Net profit for the year | - | - | 46,906,367 | 46,906,367 |
| At 31 December 2006 | 78,082 | 66,109,026 | 63,924,956 | 130,112,064 |

ACCESSKENYA GROUP LIMITED

I CONSOLIDATED CASH FLOW STATEMENTS FOR THE FIVE YEARS ENDED
31 DECEMBER 2006

| | Note | 31 December 2006 KSh | 31 December 2005 KSh | 31 December 2004 KSh | 31 December 2003 KSh | 31 December 2002 KSh |
|--|-------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Operating activities | | | | | | |
| Cash generated from operations | 13(a) | 71,319,518 | 41,411,052 | 30,284,958 | 15,321,113 | 14,609,421 |
| Taxation paid | | (1,630,502) | (3,292,726) | - | - | - |
| Interest paid | | (1,177,448) | (900,308) | (445,994) | - | - |
| Net cash flows generated from operating activities | | 68,511,568 | 37,218,018 | 29,838,964 | 15,321,113 | 14,609,421 |
| Investing activities | | | | | | |
| Purchase of equipment & intangible assets | | (49,326,275) | (42,528,318) | (27,106,702) | (21,379,695) | (15,911,576) |
| Proceeds of disposal of motor vehicle | | 176,500 | - | - | - | - |
| Net cash used in investing activities | | (49,149,775) | (42,528,318) | (27,106,702) | (21,379,695) | (15,911,576) |
| Financing activities | | | | | | |
| Loans from/(repaid to) shareholders | | (5,358,576) | (5,408,800) | 5,408,840 | (680,791) | 2,312,668 |
| Loans repaid | | - | - | (5,631,409) | - | - |
| Proceeds of share issue | | 66,147,068 | - | - | 40 | - |
| Dividends paid | | (120,000) | - | - | - | - |
| Net cash generated from/(used in) financing activities | | 60,668,492 | (5,408,800) | (222,609) | (680,751) | 2,312,668 |
| INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | | 80,030,285 | (10,719,100) | 2,509,653 | (6,739,333) | 1,010,513 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD | | (14,549,120) | (3,830,020) | (6,339,673) | 399,660 | (610,853) |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | 13(b) | 65,481,165 | (14,549,120) | (3,830,020) | (6,339,673) | 399,660 |

ACCESSKENYA GROUP LIMITED

J NOTES TO THE FINANCIAL STATEMENTS

| | 31 December 2006 KSh | 31 December 2005 KSh | 31 December 2004 KSh | 31 December 2003 KSh | 31 December 2002 KSh |
|--|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| 1 NET FINANCE COSTS/(INCOME) | | | | | |
| Interest expense | 1,177,448 | 900,308 | 445,994 | | - |
| Foreign exchange losses/(gains) | (1,230,231) | (156,101) | 71,901 | (80,967) | - |
| | <u>(52,783)</u> | <u>744,207</u> | <u>517,895</u> | <u>(80,967)</u> | <u>-</u> |
| | ===== | ===== | ===== | ===== | ===== |
| 2 PROFIT/(LOSS) BEFORE TAXATION | | | | | |
| Profit/(loss) before taxation is arrived at after charging: | | | | | |
| Depreciation and amortisation | 36,142,530 | 27,026,830 | 17,819,869 | 10,541,085 | 7,003,577 |
| Staff costs | 92,353,486 | 53,837,894 | 27,625,347 | 16,086,209 | 2,897,045 |
| Auditors' remuneration | 600,000 | 270,000 | 250,000 | 213,881 | 174,559 |
| Directors' emoluments -fees | 61,072,496 | 68,034,573 | 13,184,000 | | |
| -other | - | - | - | - | - |
| | <u>233,168,512</u> | <u>149,173,307</u> | <u>58,879,216</u> | <u>26,841,185</u> | <u>10,075,181</u> |
| | ===== | ===== | ===== | ===== | ===== |
| 3 TAXATION | | | | | |
| (a) Tax expense | | | | | |
| Current taxation based on adjusted profit at 30% | 26,326,826 | 1,448,717 | 1,497,782 | - | - |
| Deferred taxation (note 6) | (2,967,106) | 2,689,975 | 2,928,829 | 1,773,567 | (617,873) |
| | <u>23,359,720</u> | <u>4,138,692</u> | <u>4,426,611</u> | <u>1,773,567</u> | <u>(617,873)</u> |
| | ===== | ===== | ===== | ===== | ===== |
| (b) Reconciliation of profit/(loss) before tax to tax expense | | | | | |
| Profit/(loss) before tax | <u>70,266,087</u> | <u>12,789,043</u> | <u>17,612,783</u> | <u>2,861,501</u> | <u>(2,059,582)</u> |
| | ===== | ===== | ===== | ===== | ===== |
| Tax at the applicable rate (30%) | 21,079,826 | 3,836,713 | 5,283,835 | 858,450 | (617,873) |
| Tax effect of expenses not deductible for tax purposes | 696,445 | 301,979 | - | 915,117 | - |
| Tax effect of income not chargeable to tax | (1,502,183) | - | (857,224) | - | - |
| prior year under provision | 3,085,632 | - | - | - | - |
| | <u>23,359,720</u> | <u>4,138,692</u> | <u>4,426,611</u> | <u>1,773,567</u> | <u>(617,873)</u> |
| | ===== | ===== | ===== | ===== | ===== |

ACCESSKENYA GROUP LIMITED

J NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 EARNINGS PER SHARE AND DIVIDENDS PER SHARE

Earnings per share:

Earnings/(loss) per share is calculated based on the profit/(loss) attributable to shareholders divided by the weighted average number of ordinary shares as follows:

| | 2006 | 2005 | 2004 | 2003 | 2002 |
|---|------------|-----------|------------|-----------|-------------|
| Profit/(loss) after taxation (KSh) | 46,906,367 | 8,650,351 | 13,186,172 | 1,087,934 | (1,441,709) |
| Weighted average number of ordinary shares in issue | 48,210 | 20,040 | 20,040 | 20,040 | 20,000 |
| Basic earnings per share (Kshs) | 972.96 | 431.65 | 657.99 | 54.29 | (72.08) |

Diluted earnings per share is the same as the basic earnings per share.

Dividends per share:

| | 2006 | 2005 | 2004 | 2003 | 2002 |
|--------------------------|------------|---------|------|------|------|
| Total dividends (Sh) | 10,000,000 | 120,000 | - | - | - |
| Ordinary shares in issue | 58,082* | 1,002 | - | - | - |
| Dividend per share (Sh) | 172.17 | 119.76 | - | - | - |

*The group has 78,082 issued shares. However, two subsidiary companies with 58,082 issued shares have proposed a dividend. The third company with 20,000 issued shares has not proposed the payment of a dividend in respect of the year ended 31 December 2006.

ACCESSKENYA GROUP LIMITED

J NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

| | 2006 Ksh | 2005 Ksh | 2004 Ksh | 2003 Ksh | 2002 Ksh |
|---|--------------------|--------------------|-------------------|-------------------|-------------------|
| 5 EQUIPMENT, FURNITURE AND MOTOR VEHICLES | | | | | |
| COST | | | | | |
| Motor vehicles | 5,916,340 | 3,153,064 | 1,153,064 | 1,153,064 | 1,153,064 |
| Furniture and equipment | 21,195,086 | 15,025,765 | 8,412,278 | 7,043,370 | 5,831,889 |
| Computers | 137,788,253 | 106,612,977 | 72,698,146 | 46,960,352 | 26,792,138 |
| | <u>164,899,679</u> | <u>124,791,806</u> | <u>82,263,488</u> | <u>55,156,786</u> | <u>33,777,091</u> |
| ACCUMULATED DEPRECIATION | | | | | |
| Motor vehicles | 1,905,645 | 1,166,181 | 825,568 | 684,955 | 544,343 |
| Furniture and equipment | 9,097,249 | 6,678,849 | 4,396,814 | 3,084,428 | 2,056,279 |
| Computers | 88,832,210 | 62,277,139 | 37,872,957 | 21,506,088 | 12,133,764 |
| | <u>99,835,104</u> | <u>70,122,169</u> | <u>43,095,339</u> | <u>25,275,471</u> | <u>14,734,386</u> |
| NET BOOK VALUES | | | | | |
| Motor vehicles | 4,010,695 | 1,986,883 | 327,496 | 468,109 | 608,721 |
| Furniture and equipment | 12,097,837 | 8,346,916 | 4,015,464 | 3,958,942 | 3,775,610 |
| Computers | 48,956,043 | 44,335,838 | 34,825,189 | 25,454,264 | 14,658,374 |
| | <u>65,064,575</u> | <u>54,669,637</u> | <u>39,168,149</u> | <u>29,881,315</u> | <u>19,042,705</u> |

6 DEFERRED TAXATION

The net deferred taxation asset/(liability) is attributable to the following items:

| | 31 December 2006 KSh | 31 December 2005 KSh | 31 December 2004 KSh | 31 December 2003 KSh | 31 December 2002 KSh |
|---|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Accelerated (capital allowances)/ depreciation | (4,235,068) | (5,147,439) | (2,530,866) | (416,502) | 213,362 |
| Tax losses | - | - | 73,402 | 887,867 | 2,031,570 |
| General bad debt provision | 1,670,410 | - | - | - | - |
| Leave pay provision | 384,325 | - | - | - | - |
| | <u>(2,180,333)</u> | <u>(5,147,439)</u> | <u>(2,457,464)</u> | <u>471,365</u> | <u>2,244,932</u> |
| The movement on the deferred tax account is as follows: | | | | | |
| At beginning of the period | (5,147,439) | (2,457,464) | 471,365 | 2,244,932 | 1,627,059 |
| Income statement credit/(charge) (note 3(a)) | 2,967,106 | (2,689,975) | (2,928,829) | (1,773,567) | 617,873 |
| | <u>(2,180,333)</u> | <u>(5,147,439)</u> | <u>(2,457,464)</u> | <u>471,365</u> | <u>2,244,932</u> |

ACCESSKENYA GROUP LIMITED

J NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 INTANGIBLE ASSETS – Computer software

| | |
|-------------------------------------|--------------------------------------|
| | 2006 |
| | Sh |
| COST | |
| At 1 January | - |
| Transferred from computer equipment | 6,164,767 |
| Additions | 2,588,928 |
| | <u> </u> |
| At 31 December 2006 | 8,753,695 |
| | <u> </u> |
| AMORTISATION | |
| At 1 January | - |
| Transferred from computer equipment | 3,743,277 |
| Charge for the year | 2,322,300 |
| | <u> </u> |
| At 31 December | 6,065,577 |
| | <u> </u> |
| NET BOOK VALUE | |
| At 31 December | 2,688,118 |
| | <u> </u> ===== |

8 INVENTORY

Inventory comprises internet equipment held for sale.

| | 31 December 2006 KSh | 31 December 2005 KSh | 31 December 2004 KSh | 31 December 2003 KSh | 31 December 2002 KSh |
|-------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| 9 TRADE AND OTHER RECEIVABLES | | | | | |
| Trade receivables | 54,566,167 | 63,406,491 | 32,447,671 | 6,340,659 | 12,187,627 |
| Prepayments | 11,812,188 | 8,694,329 | 5,191,786 | 1,272,588 | 1,107,513 |
| Other receivables | 7,021,188 | 10,969,253 | 1,759,145 | 1,461,853 | 802,862 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | 73,399,543 | 83,070,073 | 39,398,602 | 9,075,100 | 14,098,002 |
| | <u> </u> ===== | <u> </u> ===== | <u> </u> ===== | <u> </u> ===== | <u> </u> ===== |

10 SHARE CAPITAL AT 31 DECEMBER 2006

The group has an authorised share capital of KSh 220,000,000 comprising 220,000,000 ordinary shares of Shs 1 each and a total issued and fully paid share capital of KSh 78,082 comprising 78,082 ordinary shares of KSh 1 each.

ACCESSKENYA GROUP LIMITED

J NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

| | 31 December 2006 KSh | 31 December 2005 KSh | 31 December 2004 KSh | 31 December 2003 KSh | 31 December 2002 KSh |
|---------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| 11 BORROWINGS | | | | | |
| Bank overdraft | - | 14,609,987 | 4,185,826 | 6,655,916 | - |
| Loans from shareholders | - | 5,358,576 | 10,767,367 | 10,989,985 | 12,101,761 |
| | - | 19,968,563 | 14,953,193 | 17,645,901 | 12,101,761 |
| Repayable within one year | - | 14,609,987 | 4,185,826 | 6,655,916 | 430,985 |
| Non current | - | 5,358,576 | 10,767,367 | 10,989,985 | 11,670,776 |
| | - | 19,968,563 | 14,953,193 | 17,645,901 | 12,101,761 |

The bank overdraft facility with NIC Bank Limited at 31 December 2006 is secured by a debenture charge over the group companies' assets.

| | 31 December 2006 KSh | 31 December 2005 KSh | 31 December 2004 KSh | 31 December 2003 KSh | 31 December 2002 KSh |
|------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| 12 TRADE AND OTHER PAYABLES | | | | | |
| Trade payables | 23,142,413 | 27,889,117 | 20,516,408 | 8,633,193 | 14,983,385 |
| Expense accruals | 43,332,006 | 75,959,760 | 36,199,692 | 23,421,763 | 15,152,095 |
| Customer deposits | 2,154,898 | 1,437,780 | 1,239,221 | 967,779 | 1,023,131 |
| | 68,629,317 | 105,286,657 | 57,955,321 | 33,022,735 | 31,158,611 |

ACCESSKENYA GROUP LIMITED

J NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2006

| | 31 December 2006 KSh | 31 December 2005 KSh | 31 December 2004 KSh | 31 December 2003 KSh | 31 December 2002 KSh |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| 13 NOTES TO THE CASH FLOW STATEMENT | | | | | |
| (a) Reconciliation of Operating profit/(loss) to cash generated from operations | | | | | |
| Operating profit/(loss) | 70,213,304 | 13,533,250 | 18,130,678 | 2,780,534 | (2,059,582) |
| Gain on disposal of m/v | (75,811) | - | - | - | - |
| Depreciation and amortisation | 36,142,530 | 27,026,830 | 17,819,868 | 10,541,085 | 7,003,577 |
| Exchange gain/(loss) | 1,230,231 | 156,101 | (71,901) | 80,967 | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Operating profit before working capital changes | 107,510,254 | 40,716,181 | 35,878,645 | 13,402,586 | 4,943,995 |
| Working capital changes | | | | | |
| Increase in inventories | (9,223,926) | (2,964,994) | (202,771) | (4,968,499) | (294,620) |
| Increase/(decrease) in receivables | 9,690,530 | (43,671,471) | (30,323,502) | 5,022,902 | (3,948,839) |
| Increase in payables | (36,657,340) | 47,331,336 | 24,932,586 | 1,864,124 | 13,908,885 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Cash generated from operations | <u>71,319,518</u> | <u>41,411,052</u> | <u>30,284,958</u> | <u>15,321,113</u> | <u>14,609,421</u> |
| | ===== | ===== | ===== | ===== | ===== |
| (b) Cash and cash equivalents | | | | | |
| Bank and cash balances | 65,481,165 | 60,867 | 355,806 | 316,243 | 830,645 |
| Bank overdraft | - | (14,609,987) | (4,185,826) | (6,655,916) | (430,985) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | <u>65,481,165</u> | <u>(14,549,120)</u> | <u>(3,830,020)</u> | <u>(6,339,673)</u> | <u>399,660</u> |
| | ===== | ===== | ===== | ===== | ===== |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

K CONSENT

We consent to the inclusion of our report in the Prospectus in the form and context in which it appears.

L OPINION

In our opinion, the financial information set out in the Accountants' Report gives, for the purposes of this Prospectus, a true and fair view of the state of affairs of the group as at the dates stated and of the results for the periods then ended.

Yours faithfully

A handwritten signature in black ink that reads "Deloitte Touche". The signature is written in a cursive, flowing style.

Deloitte & Touche
CERTIFIED PUBLIC ACCOUNTANTS (KENYA)

APPENDIX TO THE ACCOUNTANTS REPORT

**SUBSIDIARY COMPANIES (Communication Solutions Limited & Broadband Access Limited)
BALANCE SHEETS AT 31 DECEMBER 2005 & 2006, INCOME STATEMENTS AND CASH FLOW
STATEMENTS FOR THE TWO YEARS TO 31 DECEMBER 2006**

COMMUNICATION SOLUTIONS LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006**

| | 2006 Sh | 2005 Sh |
|--------------------------|---------------|---------------|
| TURNOVER | 578,382,240 | 343,494,427 |
| COST OF SALES | (276,459,134) | (162,842,511) |
| | ————— | ————— |
| GROSS PROFIT | 301,923,106 | 180,651,916 |
| ADMINISTRATIVE EXPENSES | (106,725,267) | (67,868,746) |
| OTHER OPERATING EXPENSES | (142,234,243) | (104,705,207) |
| | ————— | ————— |
| OPERATING PROFIT | 52,963,596 | 8,077,963 |
| NET FINANCE COST | (45,047) | (730,112) |
| | ————— | ————— |
| PROFIT BEFORE TAXATION | 52,918,549 | 7,347,851 |
| TAXATION | (16,901,830) | (2,506,335) |
| | ————— | ————— |
| NET PROFIT FOR THE YEAR | 36,016,719 | 4,841,516 |
| | ===== | ===== |

COMMUNICATION SOLUTIONS LIMITED

BALANCE SHEET
31 DECEMBER 2006

| | 2006 | 2005 |
|-------------------------------------|--------------------|-------------------|
| | Sh | Sh |
| ASSETS | | |
| Non-current assets | | |
| Equipment | 46,874,925 | 35,985,494 |
| Intangible assets | 2,688,118 | - |
| | <u>49,563,043</u> | <u>35,985,494</u> |
| Current assets | | |
| Inventories | 16,646,310 | 8,480,400 |
| Trade and other receivables | 66,010,052 | 40,887,777 |
| Tax recoverable | - | 386,756 |
| Bank and cash balances | 27,390,013 | 41,649 |
| | <u>110,046,375</u> | <u>49,796,582</u> |
| Total assets | <u>159,609,418</u> | <u>85,782,076</u> |
| EQUITY AND LIABILITIES | | |
| Capital and reserves | | |
| Share capital | 29,041 | 20,000 |
| Share premium | 33,054,513 | - |
| Revenue reserves | 47,446,601 | 11,429,882 |
| Proposed dividends | - | 100,000 |
| | <u>80,530,155</u> | <u>11,549,882</u> |
| Non current liabilities | | |
| Deferred taxation | 142,191 | 2,784,237 |
| Current liabilities | | |
| Trade and other payables | 61,328,952 | 55,946,929 |
| Borrowings | - | 15,501,028 |
| Tax payable | 17,608,120 | - |
| | <u>78,937,072</u> | <u>71,447,957</u> |
| Total equity and liabilities | <u>159,609,418</u> | <u>85,782,076</u> |

COMMUNICATION SOLUTIONS LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006

| | 2006 Sh | 2005 Sh |
|--|--------------|--------------|
| OPERATING ACTIVITIES | | |
| Cash generated from operations | 52,351,390 | 24,125,683 |
| Taxation paid | (1,549,000) | (3,292,726) |
| | <hr/> | <hr/> |
| Net cash generated from operating activities | 50,802,390 | 20,832,957 |
| | <hr/> | <hr/> |
| INVESTING ACTIVITIES | | |
| Purchase of equipment | (37,326,676) | (26,202,928) |
| Proceeds on disposal of motor vehicles | 176,500 | - |
| Purchase of intangible assets | (2,588,928) | - |
| | <hr/> | <hr/> |
| Net cash used in investing activities | (39,739,104) | (26,202,928) |
| | <hr/> | <hr/> |
| FINANCING ACTIVITIES | | |
| Proceeds of issue of new shares | 33,063,554 | - |
| Dividends paid | (100,000) | - |
| Repayment of directors' loan | (5,358,576) | - |
| Interest paid | (1,177,448) | (900,308) |
| | <hr/> | <hr/> |
| Net cash generated from/(used in) financing activities | 26,427,530 | (900,308) |
| | <hr/> | <hr/> |
| INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | 37,490,816 | (6,270,279) |
| CASH AND CASH EQUIVALENTS AT 1 JANUARY | (10,100,803) | (3,830,524) |
| | <hr/> | <hr/> |
| CASH AND CASH EQUIVALENTS AT 31 DECEMBER | 27,390,013 | (10,100,803) |
| | <u>=====</u> | <u>=====</u> |

BROADBAND ACCESS LIMITED

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006

| | 2006 Sh | 2005 Sh |
|---------------------------|--------------|--------------|
| TURNOVER | 84,943,763 | 64,035,357 |
| COST OF SALES | (8,859,814) | (8,385,589) |
| GROSS PROFIT | 76,083,949 | 55,649,768 |
| ADMINISTRATIVE EXPENSES | (21,612,417) | (12,995,978) |
| OPERATING EXPENSES | (37,221,824) | (37,198,503) |
| OPERATING PROFIT | 17,249,708 | 5,455,287 |
| NET FINANCE INCOME/(COST) | 97,830 | (14,095) |
| PROFIT BEFORE TAXATION | 17,347,538 | 5,441,192 |
| TAXATION | (6,457,890) | (1,632,357) |
| NET PROFIT | 10,889,648 | 3,808,835 |

BROADBAND ACCESS LIMITED
BALANCE SHEET

| 31 DECEMBER 2006 | 2006 Sh | 2005 Sh |
|-------------------------------------|-------------|-------------|
| ASSETS | | |
| Non-current assets | | |
| Equipment | 18,189,650 | 18,684,143 |
| | <hr/> | <hr/> |
| | 18,189,650 | 18,684,143 |
| | <hr/> | <hr/> |
| Current assets | | |
| Inventories | 1,992,100 | 934,084 |
| Trade and other receivables | 7,369,491 | 4,370,322 |
| Bank and cash balances | 38,091,152 | 19,218 |
| | <hr/> | <hr/> |
| | 47,452,743 | 5,323,624 |
| | <hr/> | <hr/> |
| Total assets | 65,642,393 | 24,007,767 |
| | <hr/> <hr/> | <hr/> <hr/> |
| EQUITY AND LIABILITIES | | |
| Capital and reserves | | |
| Share capital | 29,041 | 40 |
| Share premium | 33,054,513 | - |
| Revenue reserves | 16,478,355 | 5,588,707 |
| Proposed dividends | - | 20,000 |
| | <hr/> | <hr/> |
| | 49,561,909 | 5,608,747 |
| | <hr/> | <hr/> |
| Non current liabilities | | |
| Deferred taxation | 2,038,142 | 2,363,202 |
| | <hr/> | <hr/> |
| Current liabilities | | |
| Trade and other payables | 7,300,365 | 11,527,754 |
| Borrowings | - | 4,467,535 |
| Taxation payable | 6,741,977 | 40,529 |
| | <hr/> | <hr/> |
| | 14,042,342 | 16,035,818 |
| | <hr/> | <hr/> |
| Total equity and liabilities | 65,642,393 | 24,007,767 |
| | <hr/> <hr/> | <hr/> <hr/> |

BROADBAND ACCESS LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006

| | 2006 Sh | 2005 Sh |
|--|-------------|--------------|
| OPERATING ACTIVITIES | | |
| Cash generated from operations | 18,968,128 | 17,285,369 |
| Taxation paid | (81,502) | - |
| | <hr/> | <hr/> |
| Net cash generated from operating activities | 18,886,626 | 17,285,369 |
| INVESTING ACTIVITIES | | |
| Purchase of equipment | (9,410,671) | (16,325,390) |
| | <hr/> | <hr/> |
| FINANCING ACTIVITIES | | |
| Proceeds of issue of new shares | 33,083,514 | - |
| Dividends paid | (20,000) | - |
| Loans repaid | - | (5,408,800) |
| | <hr/> | <hr/> |
| Net cash generated from/(used) in financing activities | 33,063,514 | (5,408,800) |
| | <hr/> | <hr/> |
| INCREASE IN CASH AND CASH EQUIVALENTS | 42,539,469 | (4,448,821) |
| CASH AND CASH EQUIVALENTS AT 1 JANUARY | (4,448,317) | 504 |
| | <hr/> | <hr/> |
| CASH AND CASH EQUIVALENTS AT 31 DECEMBER | 38,091,152 | (4,448,317) |
| | <hr/> <hr/> | <hr/> <hr/> |

4 April 2007

The Directors
AccessKenya Group Limited
P O Box 43588-00100
Nairobi

Dear Sirs,

REPORTING ACCOUNTANTS' REPORT ON POST BALANCE SHEET EVENTS

We have reviewed the accompanying financial statements of Accesskenya Group Limited set out on pages 2 to 5 comprising the balance sheet at 28 February 2007 and the related income statement, cash flow statement and statement of changes in equity for the two months then ended. These financial statements are the responsibility of the directors. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2400. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

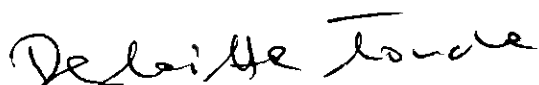
The AccessKenya Group Limited prior year's figures have been presented to include the result of operations as well as the assets and liabilities of the subsidiary companies for the periods covered by this report. The amounts shown in these accompanying consolidated income statements and consolidated balance sheets are those that would have been reported had the group, as it is now constituted, been in existence throughout the financial periods covered by this report.

The above treatment is, however, not in compliance with IFRS 3 on Business Combinations and IAS 27 on Consolidated and Separate Financial Statements which require a subsidiary company to be consolidated from the date on which effective control is transferred to the parent.

The presentation adopted above is intended to provide a better understanding of the group's operations during the period to 28 February 2007.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements are not presented fairly, in all material respects, in accordance with International Financial Reporting Standards, except as stated above in relation to consolidated financial statements.

Yours faithfully



Deloitte & Touche
CERTIFIED PUBLIC ACCOUNTANTS (KENYA)

Audit . Tax . Consulting . Financial Advisory .

A member firm of
Deloitte Touche Tohmatsu

Partners: D.M. Ndonge D. C. Hodge* F.O. Aloo H. Gadhoke* J.M. Kiarie J.Nyang'aya
J. W. Wangai M.M. Kisuu S.O. Onyango * British

ACCESSKENYA GROUP LIMITED

UNAUDITED INCOME STATEMENT FOR THE

2 MONTH PERIOD ENDED 28 FEBRUARY 2007

| | 28 February 2007 Unaudited (2 months) Sh | 31 December 2006 Audited (12 months) Sh |
|------------------------|--|---|
| TURNOVER | 119,427,626 | 577,881,494 |
| COST OF SALES | (41,151,057) | (199,874,439) |
| GROSS PROFIT | 78,276,569 | 378,007,055 |
| ADMINISTRATIVE COSTS | (45,346,311) | (307,793,751) |
| OPERATING PROFIT | 32,930,258 | 70,213,304 |
| FINANCE (COSTS)/INCOME | (599,238) | 52,783 |
| PROFIT BEFORE TAXATION | 32,331,020 | 70,266,087 |
| TAXATION | (9,699,306) | (23,359,720) |
| NET PROFIT | 22,631,714 | 46,906,367 |

ACCESSKENYA GROUP LIMITED

UNAUDITED BALANCE SHEET
AS AT 28 FEBRUARY 2007

| | 28 February 2007 Unaudited Sh | 31 December 2006 Audited Sh |
|-------------------------------------|--|--------------------------------------|
| ASSETS | | |
| Non-current assets | | |
| Equipment | 61,685,301 | 65,064,575 |
| Intangible asset | 3,441,087 | 2,688,118 |
| | <hr/> | <hr/> |
| | 65,126,388 | 67,752,693 |
| | <hr/> | <hr/> |
| Current assets | | |
| Inventories | 20,760,884 | 18,638,410 |
| Trade and other receivables | 87,364,449 | 73,399,543 |
| Cash and cash equivalents | 100,680,973 | 65,481,165 |
| | <hr/> | <hr/> |
| | 208,806,306 | 157,519,118 |
| | <hr/> | <hr/> |
| Total assets | 273,932,694 | 225,271,811 |
| | <hr/> <hr/> | <hr/> <hr/> |
| EQUITY AND LIABILITIES | | |
| Capital and reserves | | |
| Share capital | 147,635,578 | 78,082 |
| Revenue Reserves | 8,892,832 | 63,924,956 |
| Share premium | - | 66,109,026 |
| | <hr/> | <hr/> |
| | 156,528,410 | 130,112,064 |
| | <hr/> | <hr/> |
| Non current liabilities | | |
| Deferred taxation | 2,180,333 | 2,180,333 |
| | <hr/> | <hr/> |
| Current liabilities | | |
| Trade and other payables | 71,174,548 | 68,629,317 |
| Taxation payable | 34,049,403 | 24,350,097 |
| Dividends payable | 10,000,000 | - |
| | <hr/> | <hr/> |
| | 115,223,951 | 92,979,414 |
| | <hr/> | <hr/> |
| Total equity and liabilities | 273,932,694 | 225,271,811 |
| | <hr/> <hr/> | <hr/> <hr/> |

ACCESSKENYA GROUP LIMITED

UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE 2 MONTH PERIOD ENDED 28 FEBRUARY 2007

| | Share capital Sh | Share premium Sh | Revenue reserves Sh | Total Sh |
|---|------------------------|------------------------|---------------------------|--------------------|
| At 1 January 2006 | 20,040 | - | 17,138,589 | 17,158,629 |
| Shares issued | 58,042 | 66,109,026 | - | 66,167,068 |
| Dividends paid | - | - | (120,000) | (120,000) |
| Net profit for the year | - | - | 46,906,367 | 46,906,367 |
| | <u>78,082</u> | <u>66,109,026</u> | <u>63,924,956</u> | <u>130,112,064</u> |
| | ===== | ===== | ===== | ===== |
| At a 1 January 2007 | 78,082 | 66,109,026 | 63,924,956 | 130,112,064 |
| Adjustment for subsidiaries share capital-on consolidation | (20,040) | - | - | (20,040) |
| Issue of new shares through a rights issue | 2,450,578 | 11,354,094 | - | 13,804,672 |
| Issue of new shares through conversion of share premium and capitalisation of revenue reserves | 145,126,958 | (77,463,120) | (67,663,838) | - |
| Dividends payable | - | - | (10,000,000) | (10,000,000) |
| Profit for the period | - | - | 22,631,714 | 22,631,714 |
| | <u>147,635,578</u> | <u>-</u> | <u>8,892,832</u> | <u>156,528,410</u> |
| | ===== | ===== | ===== | ===== |

ACCESSKENYA GROUP LIMITED

UNAUDITED CASH FLOW STATEMENT FOR THE
2 MONTH PERIOD ENDED 28 FEBRUARY 2007

| | 28 February 2007 Unaudited Sh | 31 December 2006 Audited Sh |
|--|--|--------------------------------------|
| Operating profit | 32,930,258 | 70,213,304 |
| Adjustments for: | | |
| Depreciation | 5,920,450 | 33,820,230 |
| Amortisation | 266,454 | 2,322,300 |
| Foreign exchange (losses)/gains | (690,893) | 1,230,231 |
| Gain on disposal of motor vehicle | - | (75,811) |
| | ----- | ----- |
| Operating profit before working capital changes | 38,426,269 | 107,510,254 |
| Increase in inventories | (2,122,474) | (9,223,926) |
| Increase/(decrease) in trade and other receivables | (13,964,906) | 9,690,530 |
| Increase/(decrease) in trade and other payables | 2,525,191 | (36,657,340) |
| | ----- | ----- |
| Cash generated from operations | 24,864,080 | 71,319,518 |
| Interest received/(paid) | 91,655 | (1,177,448) |
| Taxation paid | - | (1,630,502) |
| | ----- | ----- |
| Cash generated from operating activities | 24,955,735 | 68,511,568 |
| | ----- | ----- |
| INVESTING ACTIVITIES | | |
| Purchase of intangible assets | (1,019,423) | (2,588,928) |
| Purchase of equipment | (2,541,176) | (46,737,347) |
| Proceeds from sale of equipment | - | 176,500 |
| | ----- | ----- |
| | (3,560,599) | (49,149,775) |
| | ----- | ----- |
| FINANCING ACTIVITIES | | |
| Shares issued | 13,804,672 | 66,147,068 |
| Dividends paid | - | (120,000) |
| Loans repaid to shareholders | - | (5,358,576) |
| | ----- | ----- |
| | 13,804,672 | 60,668,492 |
| | ----- | ----- |
| Increase in cash and cash equivalents | 35,199,808 | 80,030,285 |
| Cash and cash equivalents at the beginning of the period | 65,481,165 | (14,549,120) |
| | ----- | ----- |
| Cash and cash equivalents at the end of the period | 100,680,973 | 65,481,165 |
| | ===== | ===== |

SCHEDULE III: LEGAL OPINION

HAMILTON HARRISON & MATHEWS

K.A. Fraser*
R. Oduwa
K. Kimani
G.G. Mwangi
A. Khwaja
P.V. Shah
H.N. George
M.K. Kirimi
A. Mugambi
*Barrister

Consultants:
M.L. Somer
P. La Pelley S.C.

ADVOCATES, NOTARIES PUBLIC
COMMISSIONERS FOR OATHS

ICEA BUILDING
KENYATTA AVENUE
P.O. BOX 30333
GPO - NAIROBI - 00100

TELEPHONES :
254 - 20 - 225981-7 / 311594-5
CELLPHONES :
0722 - 453202
0733 - 382341
FAX: 254 - 20 - 222318
E-mail: hhm@lhm.co.ke
www.lhm.co.ke
DROPPING ZONE NO. 144

WHEN REPLYING PLEASE QUOTE OUR REF:

YOUR REF:

Date: 12th April 2007

The Directors
AccessKenya Group Limited ("AccessKenya")
Museum Hill Centre
Museum Hill
Post Office Box Number 43588 - 00100
NAIROBI

Dear Sirs

PUBLIC OFFERING OF 35,000,000 ORDINARY SHARES OF K.SHS 1/- EACH AND ISSUE OF 45,000,000 NEW ORDINARY SHARES OF K.SHS 1/= EACH IN THE SHARE CAPITAL OF ACCESSKENYA GROUP LIMITED ("AccessKenya")

We have acted as legal advisors to the existing shareholders of AccessKenya ("the Shareholders") in relation to the offer for sale of 35,000,000 ordinary shares of K.Shs 1 each and to AccessKenya in relation to the issue of 45,000,000 new ordinary shares of K.Shs 1 each (together called the "Offer") in AccessKenya.

We, Hamilton Harrison & Mathews, are Advocates of the High Court of Kenya, practicing and qualified as such to practice in Kenya, and to advise upon the laws of Kenya.

Unless otherwise stated or the context otherwise requires, words and terms defined in the Prospectus ("the Prospectus") dated April 12th, 2007 in relation to the Offer bear the same meaning in this Opinion.

1. **DOCUMENTS**

For this Opinion, we have examined originals or copies certified to our satisfaction of the following documents:

- 1.1 the certificate of incorporation of AccessKenya, and its memorandum and articles of association in force as at the date of the Prospectus;
- 1.2 a resolution of AccessKenya in General Meeting dated April 12th, 2007 inter alia, approving adoption of new articles of association;
- 1.3 the Prospectus; and
- 1.4 such other records and documents as we have considered necessary and appropriate for the purposes of this Opinion.

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HH&M
HAMILTON HARRISON & MATHEWS

2. ASSUMPTIONS

For the purposes of this opinion, we have assumed:

- 2.1 **Accuracy of information supplied**
All written information supplied to us by AccessKenya and by its officers and advisors is true, accurate and up to date.
- 2.2 **Authenticity of copies**
The authenticity of documents submitted as originals, the conformity with the original documents of all documents submitted as copies and the authenticity of the originals of such latter documents.
- 2.3 **Signatures**
The genuineness of all signatures on all documents.
- 2.4 **Due execution by other parties**
All agreements and other relevant documents have been duly authorised, executed and delivered by the parties to those documents other than AccessKenya.
- 2.5 **Factual matters**
With respect to matters of fact, we have relied on the representations of AccessKenya and its officers and advisors.

3. OPINIONS

In our opinion, based on the information made available to us by AccessKenya and subject to (i) the foregoing; (ii) section 2 of this Opinion; (iii) any matters set out in the Prospectus; (iv) the reservations set out below; and (v) any matters not disclosed to us:

- 3.1 AccessKenya is a company limited by shares, duly incorporated in Kenya pursuant to the provisions of the Companies Act (Chapter 486 of the Laws of Kenya), with power to execute, deliver and exercise its rights and perform its obligations pursuant to the Offer, and such execution, delivery and performance have been duly authorised by appropriate corporate action;
- 3.2 all rights and obligations of AccessKenya and the Shareholders contemplated by the Offer constitute valid and binding rights and obligations enforceable according to their terms;
- 3.3 the existing share capital of AccessKenya has been authorized and issued in conformity with all applicable laws and has received all necessary authorizations;
- 3.4 the transactions contemplated by the Offer and the performance by the Shareholders and AccessKenya of their respective obligations thereunder will not violate any laws of Kenya;
- 3.5 all authorisations, approvals, consents, licences, exemptions, filings or registrations of or with any governmental or public bodies or authorities of or in Kenya required in connection with the Offer have been obtained in proper form and are in full force and effect;
- 3.6 AccessKenya continues to maintain its statutory books at its registered office;
- 3.7 all licenses, authorizations, approvals, consents, exemptions, filings or registrations of or with any governmental or public body or authority in Kenya required in connection with the business of AccessKenya have been duly obtained in proper form and are in full force and effect;

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-
- 3.8 with regard to immoveable properties leased by AccessKenya subsidiaries, the subsidiaries are the lessees and licensees of all the immoveable property as set out in the Prospectus;
- 3.8 save for the contracts disclosed in the Prospectus at section 8.7, AccessKenya has not entered into any material contracts (within the meaning set out in paragraph 14 of the Third Schedule to the Companies Act i.e. contracts not entered into in the ordinary course of business carried on by AccessKenya) and there is no other agreement or arrangement concerning the offer;
- 3.9 there is no material litigation or arbitration, prosecution or other civil or criminal legal action in which AccessKenya or its Directors as Directors of AccessKenya, are involved or any other material claims against AccessKenya that could result in a dispute to be resolved by arbitration or litigation; and
- 3.10 there are no other material items not mentioned in the Prospectus of which we are aware with regard to the legal status of AccessKenya and the Offer.

4. **FURTHER OPINIONS**

Based upon and subject as aforesaid, and without prejudice to the generality of the foregoing, we are also of the opinion that:

- 4.1 the Prospectus has been dated in accordance with section 43(4) of the Companies Act;
- 4.2 a copy of the Prospectus, together with the documents required under Section 43 of the Companies Act, have been delivered to the Registrar of Companies at Nairobi for registration in accordance with section 43(a) of the Companies Act, duly signed by every person named in the Prospectus as a director of AccessKenya or by his agent duly authorized in writing, and a statement to such effect appears on the face of the Prospectus in accordance with section 43 (3) of the Companies Act;
- 4.3 this Prospectus contains statements made by Messrs Deloitte & Touche Certified Public Accountants and by ourselves, all of whom are experts for the purposes of Section 42(1) of the Companies Act. In accordance with Section 42(1) of the Companies Act, Deloitte & Touche and we have given, and have not before the delivery of this Prospectus for registration withdrawn, our consent to the issue of the Prospectus with the statements by us included in the form and context in which they are included;
- 4.4 the Shares subject to the Offer shall rank *pari passu* in all respects with the existing Ordinary Shares in the issued share capital of AccessKenya, including the right to participate in full in all dividends and/or other distributions declared in respect of such share capital with effect from the financial year of AccessKenya commencing on January 1st, 2007;
- 4.5 application has been duly made to, and permission duly granted by, the Capital Markets Authority and the Nairobi Stock Exchange ("NSE") in respect of the Offer pursuant to the Capital Markets (Securities) (Public Offers, Listing and Disclosure) Regulations 2002 and the First Schedule thereto and the Listing of the entire issued share capital of AccessKenya pursuant to the NSE Listing Rules;
- 4.6 in addition to the information required to be included by the Companies Act, the Prospectus includes such information as investors would reasonably require and reasonably expect to find therein for the purpose of making an informed assessment of:-

-
-
- (a) the assets and liabilities financial position, profits and losses, and prospects of the issuer of the securities; and
 - (b) the rights attaching to those securities.

Based on the foregoing, we are of the opinion that the Offer is in conformity with all applicable laws and has received all necessary authorisations.

5. RESERVATIONS

This letter and the opinions given in it are governed by Kenyan law and relate only to Kenyan law as applied by the Kenyan courts as at today's date. We express no opinion in this letter on the laws of any other jurisdiction.

We as the legal advisors confirm that we have given and have not, prior to the date of the Prospectus, withdrawn our written consent to the inclusion of the legal opinion in the form and context in which it appears.

Yours faithfully



HAMILTON HARRISON & MATHEWS

SCHEDULE IV: TERMS AND CONDITIONS OF APPLICATION FOR OFFER SHARES

TIMETABLE

1. The application list for the Offer Shares will open at 9.00 am on the 19 April 2007 (“the Opening Date”) and will close at 3.00 pm on the 30 April 2007 (“the Closing Date”).
2. In terms of the Offer, the Group is offering up to 45,000,000 New Ordinary Shares and the Vendors are offering to sell 35,000,000 Sale Shares to prospective investors.
3. The Nairobi Stock Exchange has given permission for the whole of the issued share capital of the Group to be admitted to the Official List of the Nairobi Stock Exchange. Dealings in AccessKenya Group shares on the Official List are expected to commence on the 4 June 2007
4. Copies of the Prospectus, with accompanying Application Form may be obtained from the Receiving Bank and any of the Authorised Selling Agents listed in Schedule VII of this Prospectus.

APPLICATION PROCEDURE

5. Applicants must duly complete and sign the enclosed Application Form, and return the same in its entirety accompanied by payment by way of a banker's or Authorised Selling Agent's cheque (as may be applicable) (an “Authorised Cheque”) for the full amount due for the applicable Offer Shares so that it is received by the Receiving Agent by the Closing Date. All Authorised Cheques must be in Kenya Shillings and should be drawn on a licensed bank, a member of the CBK Clearing House and should be made payable to “AccessKenya IPO” and be crossed “A/C payee only”. Personal cheques or cash will not be accepted.
6. Neither the Company nor the Vendors shall be under any liability whatsoever should any Application Form fail to be received by the Receiving Agent by the Closing Date referred to in paragraph 1 above. In this regard, such Application Forms and accompanying cheques shall be returned to the Authorised Selling Agent where the Application Form was submitted, for collection by the applicable Applicants
7. The minimum number of Offer Shares that may be applied for in each of the investor pools is outlined in section 17. Wherever possible, multiple applications will be aggregated.
8. Applications must be signed by or on behalf of all named Applicants. If not, such Applications will be rejected.
9. The Authorised Selling Agent on receiving a banker's cheque or personal cheque will issue the Applicant with a receipt in respect of the same.
10. All bank charges incurred in submitting an Application Form, together with requisite funds, are for the account of the Applicant.
11. The Authorised Selling Agents are entitled to ask for sufficient identification to verify that the person(s) making the application has authority or capacity to duly complete and sign the application form. In default, the Directors of the Group may at their sole discretion treat such application as invalid.
12. Applications once given are irrevocable and may not be withdrawn.
13. The Company and the Vendors reserve the right to present all cheques for payment on receipt, to reject any application not in all respects duly completed, and to accept or reject or scale down any other application in whole or in part.
14. Applications will be rejected at the discretion of the Directors for any reason, including, but not limited to, the following:
 - Incorrect CDS Account No ;
 - Missing or illegible Name of Primary / Joint / Company in any application ;
 - Missing or illegible Identification number, including company registration number ;
 - Missing or illegible postal Address;
 - Missing Residence and Citizenship indicators (for primary applicant in the case of an individual) or Missing Residency for tax purposes for Corporate Investors ;
 - Missing CDS 5 form Number / Financing Bank Details in the case of financed applications ;

- Insufficient documentation is forwarded including missing tax exemption certificate copies for companies that claim to be tax exempt ;
- Missing or inappropriately signed application form including:
- Primary Signature missing from Signature Box 1 ;
- Joint Signature missing from Signature Box 2 (if applicable) ;
- Two Directors / Officials or A Director and Company Secretary has not signed in the case of a Corporate Application ;
- Missing seal in the case of a Corporate Application by a company registered under the Companies Act
- Number of shares applied for does not comply with the levels set out in Section 17 of this Schedule IV; and
- Payment submitted is less than the correct calculated amount as per the number of shares applied for.

ALLOCATION POLICY

15. In the event that the Offer is fully subscribed, applications to the value of KShs. 450,000,000 shall be applied towards the subscription of New Ordinary Shares and thereafter applications to the value of KShs. 350,000,000 shall be applied towards the purchase of Sale Shares.
16. The allocation policy has been designed to comply with the requirements of the Capital Markets (Securities) (Public Offers, Listing and Disclosure) Regulations 2002 with regard to the share ownership structure of a listed Company, i.e. at least 25% of the Group shares are held by not less than 1,000 shareholders (excluding employees).
17. The Directors wish to achieve balanced distribution of the Offer Shares between individual members of the public, institutions (who generally invest fund on behalf of individual members of the public) and companies in addition to ensuring that employees of the Group who also benefit from an Employee Share Ownership Plan participate in the Offer. In this regard, the Directors of the Group have determined that the Offer Shares shall be allocated applying the following allocation policy:-

| Classification | % Offer Shares | No. Offer Shares | Minimum application | Minimum Lots for extra shares |
|---|----------------|------------------|---------------------|-------------------------------|
| Category A: Employees of the Group | 5% | 4,000,000 | 1,000 | 1,000 |
| Category B: Retail Investors | 35% | 28,000,000 | 5,000 | 1,000 |
| Category C: High Net Worth Investors | 30% | 24,000,000 | 50,000 | 5,000 |
| Category D: Qualified Institutional Investors | 30% | 24,000,000 | 100,000 | 10,000 |

18. There are no maximum restrictions to the total number of Offer Shares any Applicant may apply for in any category other than Retail Investors who will be classified as High Net Worth Investors if they apply for 50,000 shares or more
19. In the event that the total number of Offer Shares applied for by any Applicants in the above four categories equates to the respective total number of Offer Shares reserved for such category, all valid applications will be allocated in full as per the number of Offer Shares applied for by such Applicants
20. In the event that the total number of Offer Shares applied for by Applicants in a particular category are below the total number of Offer shares reserved for that category, the following will apply:-
 - All valid applications received from Applicants will be allocated in full as per the number of Offer Shares applied for taking into account the minimum number of shares that may be applied for by any Applicant in each category

-
-
- The balance of Offer Shares will be available for allocation to Applicants in any or all of categories B, C and D which are oversubscribed, and such excess Offer Shares will be aggregated and the pool of excess Offer Shares available will be allocated pro-rata to the excess Offer Shares applied for in categories B, C and D

21. Applicants in an over-subscribed category may receive fewer Offer Shares than the number applied for as follows:

Category A.

All valid applications received from Applicants will be allocated the total number of Offer Shares applied for up to 100 Offer Shares each. Thereafter all remaining available Offer Shares will be allocated pro-rata amongst all Applicants in this category

Category B.

All valid applications received from Applicants will be allocated the total number of Offer Shares applied for up to 100 Offer Shares each. Thereafter all remaining available Offer Shares will be allocated pro-rata amongst all Applicants in this category

Category C.

All valid applications received from Applicants will be allocated the total number of Offer Shares applied for up to 10,000 Offer Shares each. Thereafter all remaining available Offer Shares will be allocated pro-rata amongst all Applicants in this category

Category D.

All valid applications received from Applicants will be allocated the total number of Offer Shares applied for up to 100,000 Offer Shares each. Thereafter all remaining available Offer Shares will be allocated pro-rata amongst all Applicants in this category

In the event that the level of subscriptions is such that the minimum amount of shares indicated above for each category cannot be satisfied, the minimum for that category will be reduced accordingly by the Allocation Committee

22. If the results of the subscription make the above policy impractical then an amendment of the allotment policy shall be made with the approval of the Capital Markets Authority and such amendment will be announced within twenty four hours of the grant of such approval .
23. If there is any doubt whatsoever as to the eligibility of a purchaser as a particular type of investor, the Vendors and the Company will refer the decision as to which category of investor the purchaser is for the purpose of allocation of the Offer Shares to the CMA, irrespective of the category of investor indicated by that purchaser on the relevant application form, and the decision of the CMA shall be final and binding on all relevant parties.
24. The Group is not aware whether any of its major shareholders, Directors, members of management, supervisory and administrative committees or any person intends to subscribe for more than 5% of the Offer Shares.
25. Those Applicants not receiving the full number of Offer Shares applied for will receive refund payments in respect of the Offer Shares not allotted via a refund cheque delivered through the Authorised Selling Agent through whom the Application Form was submitted or, as an option for applicants who have applied for greater than 50,000 shares, directly credited to their bank account through an Electronic Funds Transfer ("EFT").
26. No interest will be paid on monies received in respect of applications for Offer Shares, nor will interest be paid on any amounts refunded or indeed deposited at the time of application.
27. The Directors will announce the manner in which the Offer Shares have been allocated between the above four categories (the "Allocation Results") on the Announcement Date.
28. Commissions at the specified rate of 1.5% on the Offer Price will be paid to Authorised Selling Agents (set out in Schedule VII of this Prospectus) on all allotments made in Application Forms receiving in respect of the Offer which bears the stamp of the Authorised Selling Agents. No commission will be paid on Application Forms which bear more than one stamp.

ACCEPTANCE AND SETTLEMENT

29. By signing an Application Form, an Applicant agrees to an issue and or transfer of such number of Offer Shares (not exceeding the number applied for) as shall be allocated or as the case may be transferred to the Applicant upon the terms and conditions of the Prospectus and subject to the Company's Memorandum and Articles of Association, and agrees that the Company may enter the Applicant's name in the register of members of the Company as holder of such Offer Shares. The number of Sale Shares (if any) allotted to an Applicant will be inserted by the Directors in the Share Transfer to be executed by the Vendors following allocation.
30. By signing an Application Form each applicant:-
- (i) agrees that having had the opportunity to read this document, it shall be deemed to have had notice of all information and representations concerning the Company contained herein;
 - (ii) confirms that in making such application it is not relying on any information or representation in relation to the Company other than that contained in this document and it accordingly agrees that no person responsible solely or jointly for this document or any part thereof shall have any liability for such other information or representation; and
 - (iii) authorises any of the Directors of the Company to sign on behalf of the applicant any share transfer required to be signed by a transferee in respect of any Offer Shares that shall have been allocated to the Applicant.
31. The Authorised Selling Agents will present to the Receiving Agent all Authorised Cheques for payment on behalf of the Vendors. Delivery of an Application Form accompanied with payment by way of an Authorised Cheque will constitute a warranty that the cheque will be honoured on first presentation. If any Authorised Cheque accompanying an application is not honoured on first presentation and the application has already been accepted in whole or part, such acceptance may at the option of the Vendors be rescinded and the Offer Shares comprised therein may be allocated to another person upon such terms and conditions as the Vendor see fit. The entire proceeds of such allotment or transfer shall be retained for the account of the Company or the Vendors, as the case may be, and the original Applicant shall be responsible for any losses and all costs incurred.
32. Applicants who are Employees of the Company must have their employment status verified by presenting their Application Form to the Company Secretary for endorsement and validation of their status as an Employee of the Company.
33. Applicants may elect to receive allocated Offer Shares in material form (share certificates) or in electronic form by way of crediting their CDS Accounts with the allocated number of Offer Shares. In this regard, Applicants are advised to indicate the preferred method of receiving allocated Offer Shares by completing the appropriate box in the enclosed Application Form.
34. For applicants who elect to receive allocated Offer Shares in electronic form by way of crediting their CDS Accounts with the allocated number of Offer Shares, the Company will authorize the CDSC to credit the CDS Accounts of such applicants with the applicable number of allocated Offer Shares within seven business days following the Announcement Date of the Allocation Results as specified in the Offer Timetable and in accordance with the instructions set out in the Application Form.
35. Whilst it is not mandatory for Applicants who elect to receive the allocated Offer Shares in material form (share certificates), to open CDS Accounts, Applicants are encouraged to open such accounts to enable them to trade their allocated shares on the NSE. A CDS Account can be opened by any applicant through Central Depository Agents. These Agents include members of the NSE and various commercial banks. Only members of the NSE can directly trade shares for applicants on the NSE.
36. To open a CDS Account, individual applicants will be required to complete CDS 1 Form available from an authorised CDA and provide a copy of their National Identity Card or Passport and two passport size photographs. Corporate applicants will need to provide a copy of the Certificate of Incorporation, copies of Directors and/or Secretary's National Identity Cards or Passports and two passport size photographs of each Director and/or Secretary.
37. In compliance with the Central Depository (Operational) Rules 2004, Applicants who elect to receive allocated Offer Shares in material form (by way of share certificates) will not be able to trade their allocated Offer Shares on the NSE until such time as they have opened a CDS account in their name, and immobilised their share certificates to enable the allocated Offer Shares to be credited in their CDS Accounts
38. Applicants who elect to receive Share certificates in respect of the applicable number of allocated Offer Shares must indicate in the appropriate box in the Application Form whether the share certificates will be posted to their own address, or submitted to the Authorised Selling Agent through whom the Application Form was submitted, for collection.

39. Where Applicants elect to receive Share certificates in respect of allocated Offer Shares by way of registered mail to the postal addresses set out in the Application Form, the Company will dispatch the Share certificates to such Applicant's postal addresses, at the Applicant's risk within seven (7) business days following the Announcement Date of the Allocation Results in accordance with the instructions set out in the Application Form. The Company and the Share Registrar accept no liability for any certificates that may be lost in the post
40. Applicants have different choices on how refunds (if any) are to be returned: via a refund cheque delivered through the Authorised Selling Agent through whom the Application was submitted or, as an option for applicants who have applied for greater than 50,000 shares, directly credited to their bank account through an Electronic Funds Transfer ("EFT"). In this regard, Applicants must indicate the preferred method of receiving their refund (if any) by ticking the appropriate box on the Application Form. EFTs may only be credited to accounts held at clearing banks, failing which refunds will be made by cheque and delivered in the mail. In the event that an EFT fails, a refund cheque will be sent in its place and delivered through the Authorised Selling Agent through whom the application was submitted.
41. Applicants may elect to have any future dividends mailed to their mailing address or directly credited to their bank account through an Electronic Funds Transfer ("EFT") and in this regard, must indicate the preferred method of receiving any future dividends on the enclosed Application Form. EFTs may only be credited to accounts held at clearing banks, failing which future dividends will be made by cheque and delivered in the mail.
42. All shares offered and transferred in terms of this Prospectus will be transferred to successful applicants at the expense of the Vendors. The costs of subsequent transactions, including commissions paid to the Authorised Selling Agents, will be borne by the Company's shareholders subsequent to the IPO.
43. All shares transferred in terms of this Prospectus will be allocated and transferred subject to the provisions of the Memorandum and Articles of Association of Access, and will rank pari passu in all respects.

RESIDENTIAL STATUS

44. Every Applicant is required to tick the appropriate box on the Application Form as regards his/her residency and or citizenship status where applicable.
45. Every applicant is required to complete the declaration on the Application Form declaring, as the case may be, the applicant's status as
- a Local Investor, East African Investor or Foreign Investor; and
 - and Employee, Individual, Corporate or Qualified Institutional Investor, with supporting documentation evidencing such status.

For the purposes of this Prospectus, the terms "Local Investor", "East African Investor" and "Foreign Investor" shall have the same meaning as in the Capital Markets (Foreign Investors) Regulations, 2002 ("the Foreign Investors Regulations") which defines the terms as follows:

| | |
|--------------------------------|---|
| "Local Investor" | in relation to an individual, means a natural person who is a citizen of Kenya; and a company as a body corporate, means a company incorporated under the Companies Act in which Kenya citizens or the Government of Kenya have beneficial interest in one hundred per centum of its ordinary shares for the time being or any other body corporate established or incorporated in Kenya under the provisions of any written law. |
| "East African Investor" | in relation to <ol style="list-style-type: none"> an institution is a corporate person incorporated or registered in the East African Community partner states of Tanzania or Uganda in whom one hundred per centum of the beneficial interest lies with the citizens of Tanzania or Uganda; and an individual means a natural person, who is a citizen of the East African Community partner states of Tanzania or Uganda. |
| "Foreign Investor" | means any person who is not a local investor in Kenya or an East African Investor. |

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46. If an applicant is tax exempt, they will be required to provide a copy of the Tax Exemption Certificate.

LOAN FACILITIES

47. Applicants may approach any licensed commercial bank, at their risk, for loan facilities to facilitate participation and payment of the full amount due in respect of the Offer Shares.
48. The extension of loan facilities by any commercial bank is a decision to be made by such bank at its sole and absolute discretion in addition to the Applicant complying with the terms and conditions of the loan facilities.
49. Any commercial bank which has extended finance to an Applicant, must submit their cheque for the full amount due and attach duly completed and signed Application Form, together with a letter signed by authorised representatives of the bank addressed to the Registrar of the Company requesting for the Share certificates for the applicable Offer Shares to be submitted to the bank, to reach the Authorised Selling Agent by the Closing Date.
50. Where Applicants with CDS Accounts have been extended finance by a bank which insists on taking the Offer Shares as collateral, the following procedure must be followed.
- The Applicant and or financing bank must complete a CDS 5 pledge form and record the pledge details on the Application Form. CDS 5 pledge forms shall be directly forwarded to the CDSC by the submitting Central Depository Agent.
 - Upon completion of any additional documentation prescribed by CDSC Limited, all pledges will be affected through entries in the Central Depository maintained by CDSC Limited. The pledging of such shares will at all times be subject to Rule 63 of the Central Depository Rules, 2004.

PROSPECTIVE FOREIGN INVESTORS

51. Pursuant to the Capital Markets (Foreign Investors) Regulations, 2002, every issuer shall reserve at least twenty five per centum of its ordinary shares for investment by local investors provided that where the reserved per centum is not subscribed by local investors the issuer may with the prior authority of the Capital Markets Authority allot the shares so remaining to East African investors and foreign investors.
52. Foreign investors may apply for shares in the Company, subject to the restrictions set out above. The offer of shares to foreign investors may be affected by laws and regulatory requirements of relevant jurisdictions. Foreign investors wishing to apply for the Offer Shares must satisfy themselves as to the full observance of the laws of the relevant territory and governmental and other consents to ensure that all requisite formalities are adhered to and pay any issue, transfer or other taxes due in such territory. Foreign investors are advised to consult their own professional advisors as to whether they require any governmental or other consent or need to observe any applicable legal or regulatory requirements to enable them to apply for and purchase the Offer Shares.
53. The Company and the Vendors reserve the right to treat as invalid any application or purported application to purchase the Offer Shares which appear to the Vendors or their agents to have been executed, effected, or despatched in a manner which may involve a breach of any applicable legal or regulatory requirement of any jurisdiction outside Kenya.

TAXATION ISSUES

54. The comments below are of a general nature based on taxation law and practice in Kenya as at the date of this Prospectus and are subject to any changes thereafter. They relate only to the position of persons who are the absolute beneficial owners of the Offer Shares. The section does not purport to be a complete analysis of all tax considerations relating to the Offer Shares and should be treated with appropriate caution. Prospective investors should consult their own professional advisors concerning the possible tax consequences of purchasing, holding and/or selling the Offer Shares and receiving payments of dividends and/or other amounts in respect of the shares under the applicable laws of their country of citizenship, residence or domicile.
- Withholding tax on dividend payments. Withholding tax at the rate of 5% will be deducted from dividend payments made to Kenya resident shareholders of the Company and at 10% for non-resident shareholders in terms of prevailing legislation as set out in the Kenya Income Tax Act (which is subject to revision through changes in Government policy). Non-residents may be entitled to a tax credit in their country of residence, either under domestic law or under the tax treaties referred to below.

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- Stamp duty. So long as the Offer Shares are listed on the NSE no stamp, registration or similar duties or taxes will be payable in Kenya in connection with the transfer of the shares in accordance with current legislation.
 - Tax treaties. Kenya has entered into double taxation treaties with Canada, Denmark, Germany, India, Norway, Sweden, the United Kingdom and Zambia. Treaties with Italy, Uganda and Tanzania have been signed but are not yet in force.

SELLING RESTRICTIONS

General

Each Authorised Selling Agent has acknowledged that no action has been or (except to the extent indicated in subparagraph (b)) will be, taken in any jurisdiction by any of the Authorised Selling Agents or the Vendors that would permit a public offering of the Offer Shares, or possession or distribution of the Prospectus (in preliminary or final form) or any other offering or publicity material relating to the Offer Shares, in any country or jurisdiction where action for that purpose is required.

Each Authorised Selling Agent has undertaken that it will comply with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Offer Shares or has in its possession or distributes the Prospectus (in preliminary or final form) or any such other material, in all cases at its own expense.

Each Authorised Selling Agent has also undertaken to ensure that no obligations are imposed on the Vendors, Access or any Authorised Selling Agent in any such jurisdiction as a result of any of the foregoing actions. The Vendors, the Lead Stockbroker, the Lead Transaction Adviser and the Authorised Selling Agents will have no responsibility for, and each Authorised Selling Agent will obtain, any consent, approval or permission required by it for, the acquisition, offer, sale or delivery by it of the Offer Shares under the laws and regulations in force in any jurisdiction to which it is subject or in or from which it makes any acquisition, offer, sale or delivery. No Authorised Selling Agent is authorised to make any representation or use any information in connection with the Offer, subscription and sale of the Offer Shares other than as contained in the Prospectus (in final form) or any amendment or supplement to it.

Republic of Kenya

The approval of the Capital Markets Authority has been obtained for the Offer in the Republic of Kenya. The sale or transfer of the Offer Shares by the Vendors will be subject to the Rules of the NSE and CMA. There are no other restrictions on the sale or transfer of the Offer Shares under Kenyan law. In particular, there are no restrictions on the sale or transfer of the Offer Shares by or to non-residents of Kenya, except as under Regulation 3(1) of Capital Markets Authority (Foreign Investors) Regulations 2002.

United States

The Offer Shares have not been and will not be registered under the U.S. Securities Act, 1933 as amended (the "Securities Act") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act ("Regulation S") or pursuant to an exemption from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S. Each Authorised Selling Agent has represented and agreed that, except as permitted by the Prospectus, it has only offered and sold the Offer Shares, and will only offer and sell the Offer Shares:

- as part of their distribution at any time; and
- otherwise until 40 days after the later of the commencement of the offering and the Closing Date (as defined in this Prospectus), only in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither it, its affiliates, nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Offer Shares, and it and they have complied and will comply with the offering restrictions requirement of Regulation S. Each Authorised Selling Agent agrees that, at or prior to confirmation of sale of the Offer Shares, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases the Offer Shares from it during the restricted period a confirmation or notice to, substantially, the following effect:

"The Offer Shares covered hereby have not been registered under the U.S. Securities Act of 1933 (the "Securities Act") and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date (as defined in the Prospectus), except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S."

United Kingdom

Each Authorised Selling Agent has represented and agreed and each further Authorised Selling Agent appointed under the Offer will be required to represent and agree that:

- it has not offered or sold and will not offer or sell any of the Offer Shares, prior to the expiry of six months from the Opening of the Offer in respect of such Offer Shares, to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of Public Offers of Securities Regulations 1995;
- it has complied and will comply with all applicable provisions of the Financial Services Act 1986 with respect to anything done by it in relation to the Offer Shares in, from or otherwise involving the United Kingdom; and it has complied and will comply with all applicable provisions of the Financial Services Act 1986 with respect to anything done by it in relation to the Offer Shares in, from or otherwise involving the United Kingdom; and
- it has only issued or passed on and will only issue or pass on in the United Kingdom any document received by it in connection with the issue of any of the Offer Shares to a person who is of a kind described in Article 11(3) of the Financial Services Act of 1996 (Investment Advertisements) (Exemptions) Order 1996 or is a person to whom the document may otherwise lawfully be issued or passed on.

SCHEDULE V: LIST OF DIRECTORSHIPS

Michael Lewis Somen

AccessKenya Group Limited
Alexander Forbes Insurance Brokers Kenya Limited
Associated Factors (Kenya) Limited
Associated Vehicle Assemblers Limited
Broadband Access Limited
Carant Properties Limited
Chartered Risk Management and Loss Adjustments Limited
Communication Solutions Limited
Cooper Kenya Limited
Doughty Limited
Ecta Holdings Limited
Genesis Kenya Investment Management Ltd
Hewton Ltd
Kayla Limited
Lea Brothers & Blakeman (EA) Limited
Marshalls (East Africa) Limited
NIC Bank Limited
Oriel Limited
Sominam Limited
F W Woolworth & Company (East Africa) Limited
Woolco East Africa Limited
Words Worth Limited

Jonathan Somen

AccessKenya Group Limited
Broadband Access Limited
Carant Properties Limited
Communication Solutions Limited
Kayla Limited
Virtual IT Limited (United Kingdom)
VSat Kenya Limited

Ngugi Kiuna

AccessKenya Group Limited
Avery Kenya Limited
BOC Kenya Limited
Broadband Access Limited
CHC East Coast Limited
Communication Solutions Limited
Flashcom Limited
JohnsonDiversey East Africa Limited
Kartie Limited
Maisha Nishike Limited
Marshalls EA Limited
Proctor & Allan East Africa Limited
Zeniki Investments Limited
Zenicom Investments Limited

Mungai Ngaruiya

AccessKenya Group Limited
Broadband Access Limited
Communication Solutions Limited
Garden City Ltd
Odyssey Hotels Ltd
Pinnacle Developments Ltd
Samura Engineering Ltd
Savannah Farms Ltd.

David Somen

AccessKenya Group Ltd
Broadband Access Ltd
Communication Solutions Ltd
Virtual IT Ltd (United Kingdom)
VSat Kenya Ltd

SCHEDULE VI: DETAILED CALCULATIONS FOR “ADJUSTED” FIGURES AND EBITDA

The “adjusted” figures in this Prospectus reflect the underlying profitability of the business as a non family owned concern. This measure assumes that Directors fees are charged on the same basis as in the last quarter of 2006 following the adoption of market level service agreements for Directors. The measure also reflects the termination of all overseas consulting fees as of the last quarter of 2006 and removes these fees. The figures below have been taken from Schedule 3: Reporting Accountants Report and the individual audited financial statements of CSL and BAL and prepared by the Directors of the Group. There is no adjustment necessary for the two months ended February 28th, 2007.

Earnings before interest, tax, depreciation and amortisation (“EBITDA”)

| | 31 Dec 2006 (12 mths) Kshs ‘000 | 31 Dec 2005 (12 mths) Kshs ‘000 | 31 Dec 2004 (12 mths) Kshs ‘000 | 31 Dec 2003 (12 mths) Kshs ‘000 | 31 Dec 2002 (12 mths) K Shs ‘000 |
|--------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|--|
| Profit/(loss) after tax | 46,906,367 | 8,650,351 | 13,186,132 | 1,087,974 | (1,441,709) |
| Add back: | | | | | |
| <u>Depreciation and amortisation</u> | <u>36,142,480</u> | <u>27,026,830</u> | <u>17,819,869</u> | <u>10,541,084</u> | <u>7,003,577</u> |
| CSL | 26,237,316 | 20,350,162 | 15,359,864 | 10,223,195 | 7,003,577 |
| BAL | 9,905,164 | 6,676,668 | 2,460,005 | 317,889 | |
| <u>Interest</u> | <u>1,177,448</u> | <u>900,308</u> | <u>445,994</u> | <u>232,656</u> | |
| CSL | 1,177,448 | 900,308 | 445,994 | 232,656 | |
| BAL | 0 | 0 | 0 | 0 | |
| <u>Taxation</u> | <u>23,359,720</u> | <u>4,138,692</u> | <u>4,426,611</u> | <u>1,773,567</u> | <u>(617,873)</u> |
| EBITDA | 107,586,015 | 40,716,181 | 35,878,606 | 13,635,281 | 4,943,995 |

EBITDA for the two months ended February 28th, 2007 consists of Profit after tax of KShs 22,631,714 PLUS interest depreciation and amortisation of KShs 6,095,249 PLUS tax of KShs 9,699,306 = KShs 38,426,269

Adjusted Earnings before interest, tax, depreciation and amortisation (“Adjusted EBITDA”)

| | 31 Dec 2006 (12 mths) Kshs ‘000 | 31 Dec 2005 (12 mths) Kshs ‘000 | 31 Dec 2004 (12 mths) Kshs ‘000 | 31 Dec 2003 (12 mths) Kshs ‘000 | 31 Dec 2002 (12 mths) K Shs ‘000 |
|--------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|--|
| EBITDA | 107,586,015 | 40,716,181 | 35,878,606 | 13,635,281 | 4,943,995 |
| Add back: | | | | | |
| <u>Directors Fees</u> | <u>61,072,496</u> | <u>68,034,573</u> | <u>13,184,000</u> | | |
| CSL | 40,095,534 | 43,244,016 | 13,184,000 | | |
| BAL | 20,976,962 | 24,790,557 | 0 | | |
| Less: | | | | | |
| Directors fees at market rates | (15,480,000) | (15,480,000) | (15,480,000) | | |
| Add back: | | | | | |
| <u>Consultancy</u> | <u>18,337,519</u> | <u>15,780,827</u> | <u>20,006,691</u> | <u>7,255,634</u> | <u>3,437,324</u> |
| CSL | 18,344,890 | 15,780,827 | 16,501,358 | 4,905,284 | 3,437,324 |
| BAL | (7,371) | 0 | 3,505,333 | 2,350,350 | |
| Adjusted EBITDA | 171,516,030 | 109,051,581 | 53,589,297 | 20,890,915 | 8,381,319 |

Adjusted Net Profit After Tax

| | 31 Dec 2006 (12 mths) Kshs '000 | 31 Dec 2005 (12 mths) Kshs '000 | 31 Dec 2004 (12 mths) Kshs '000 | 31 Dec 2003 (12 mths) Kshs '000 | 31 Dec 2002 (12 mths) K Shs '000 |
|----------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|--|
| Profit after Tax | 46,906,367 | 8,650,351 | 13,186,132 | 1,087,974 | (1,441,709) |
| Add back: | | | | | |
| <u>Taxation</u> | <u>23,359,720</u> | <u>4,138,692</u> | <u>4,426,611</u> | <u>1,773,567</u> | <u>(617,873)</u> |
| <u>Directors Fees</u> | <u>61,072,496</u> | <u>68,034,573</u> | <u>13,184,000</u> | | |
| CSL | 40,095,534 | 43,244,016 | 13,184,000 | | |
| BAL | 20,976,962 | 24,790,557 | 0 | | |
| Less: | | | | | |
| Directors fees at market rates | (15,480,000) | (15,480,000) | (15,480,000) | | |
| Add back: | | | | | |
| <u>Consultancy</u> | <u>18,337,519</u> | <u>15,780,827</u> | <u>20,006,691</u> | <u>7,255,634</u> | <u>3,437,324</u> |
| CSL | 18,344,890 | 15,780,827 | 16,501,358 | 4,905,284 | 3,437,324 |
| BAL | (7,371) | 0 | 3,505,333 | 2,350,350 | |
| Adjusted Profit before Tax | 134,196,102 | 81,124,443 | 35,323,434 | 10,117,175 | 1,377,742 |
| Taxation at 30% | (40,258,831) | (24,337,333) | (10,597,030) | (3,035,153) | (413,323) |
| Adjusted Profit after Tax | 93,937,271 | 56,787,110 | 24,726,404 | 7,082,023 | 964,419 |

Adjusted Cash Flow

| | 31 Dec 2006 (12 mths) Kshs '000 | 31 Dec 2005 (12 mths) Kshs '000 | 31 Dec 2004 (12 mths) Kshs '000 | 31 Dec 2003 (12 mths) Kshs '000 | 31 Dec 2002 (12 mths) K Shs '000 |
|---|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|--|
| Net increase in cash and cash equivalents | 80,030,285 | (10,719,100) | 2,509,653 | (6,739,333) | 1,010,513 |
| Less reported profit after tax | (46,906,367) | (8,650,351) | (13,186,132) | (1,087,974) | 1,441,709 |
| Add adjusted profit after tax | 93,937,271 | 56,787,110 | 24,726,404 | 7,082,023 | 964,419 |
| Adjusted Net increase in cash and cash equivalents | 127,061,189 | 37,417,659 | 14,049,925 | (745,285) | 3,416,641 |

SCHEDULE VII: LIST OF AUTHORISED SELLING AGENTS

| | |
|--|--|
| <p>African Alliance Investment Bank Limited</p> | <p>Ashbhu Securities Limited</p> |
| <p>Kenya Re Towers, 4th Floor Upper Hill, off Ragati Road P O Box 27639,00100, Nairobi Tel: 2718720,2710749 enquiries@africaalliance.co.ke</p> <p>Code: B23B</p> | <p>13th Floor, Finance House, Loita Street P O Box 41684, 00100, Nairobi Tel: 212989 ashbhu@africaonline.co.ke</p> <p>Code: B12B</p> |
| <p>Apex Africa Investment Bank Limited</p> | <p>CFC Financial Services Limited</p> |
| <p>Head Office 4th Floor, Rehani House, Koinange Street P O Box 43676,00100, Nairobi Tel: 2242170, 253742,220517</p> <p>Mombasa Branch Office Office no. 29, 1st floor, Kadherbhoy Building Nkurumah Road, Tel: (041) 2229996, 2229319</p> <p>Nakuru Branch Office Tehra Africa Investment Services, Hyrax complex, office no. 22 Tel: (051) 2213603, 0724-844849,0733-373692</p> <p>Kirieni-Muranga-Nyeri Branch Office 2nd floor, Murata Sacco Building, Kirieni Tel: (060) 51445 invest@apexafrica.com</p> <p>Code: B16B</p> | <p>Head Office 2nd Floor, CFC Centre, Chiromo Road P O Box 47198, 00100 Nairobi Tel: 3755000 / 0721-371941</p> <p>Downtown Office 1st Floor, CFC Bank, Kimathi St, Tel: 221452 / 0724-253453</p> <p>Mombasa Office Ground floor, TSS Towers, Nkrumah Road Tel: (041) 2228865, 0723-528639</p> <p>Naivasha Office 1st floor, CFC Heritage House, Moi Road Tel: (050) 2020500, 0724-729577</p> <p>Eldoret Office 1st floor, National Bank House, Oloo Street Tel: (053) 2060993, 0725-291887</p> <p>Kisumu Office 3rd floor, Block C, Mega Plaza, Oginga Odinga Road Tel: (057) 2020890, 0726-294602 cfcfs@cfcgroup.co.ke</p> <p>Code: B09B</p> |
| <p>Crossfield Securities Limited</p> | <p>Discount Securities Limited</p> |
| <p>5th Floor, IPS Building, Mama Ngina Street P O Box 70928, 00200, Nairobi Tel: 246036, 245971 crossfield@wananchi.com</p> <p>Code: B14B</p> | <p>4th Floor, International House, Mama Ngina Street P O Box 42489,00100, Nairobi Tel: 219552,219538 discount@dsl.co.ke</p> <p>Code: B22B</p> |

| | |
|---|---|
| Dyer & Blair Investment Bank Limited | Faida Securities Limited |
| <p>Nairobi Office 10th Floor, Loita House, Loita Street P O Box 45396, 00100, Nairobi Tel: 3240000</p> <p>Mombasa Office Housing Finance Permanent House, Moi Avenue / Mnazi Mmoja Road P O Box 80456, 80100 Mombasa Tel: (041) 2319040/1 shares@dyerandblair.com Code: B02B</p> | <p>1st Floor, Windsor House, Muindi Mbingu Street P O Box 45236, 00100, Nairobi Tel: 243811-13 info@faidastocks.com</p> <p>Code: B17B</p> |
| Francis Drummond & Co Limited | Kestrel Capital (East Africa) Limited |
| <p>3rd Floor, Hughes Building, Kenyatta Avenue P O Box 45465,00100, Nairobi Tel: 318686/89/90 info@francisdrummond.com</p> <p>Code: B01B</p> | <p>7th Floor, Hughes Building, Kenyatta Avenue P O Box 40005, 00100, Nairobi Tel: 251758, 251815 info@kestrelcapital.com</p> <p>Code: B21B</p> |
| Nyaga Stockbrokers Limited | Ngenye Kariuki & Co. Limited |
| <p>12th Floor, Nation Centre, Kimathi Street P O Box 41868 Nairobi Tel: 332783 nyagastk@users.africaonline.co.ke</p> <p>Code: B05B</p> | <p>8th Floor, Corner House, Kimathi Street, P O Box 12185, 00100, Nairobi Tel: 224333,220052 ngenyekani@yahoo.com</p> <p>Code: B06B</p> |
| Reliable Securities Limited | Solid Investments Securities Limited |
| <p>6th Floor IPS Building, Kimathi street P O Box 50338, 00200, Nairobi Tel: 241350 info@reliablesecurities.co.ke</p> <p>Code: B08B</p> | <p>Kimathi House, 1st Floor P.O. Box 63046-00200 Telephone 244272/9 info@solid-kenya.com</p> <p>Code: B18B</p> |
| Standard Investment Bank Limited | Sterling Securities Limited |
| <p>17th floor, Hazina Towers, Monrovia Street PO Box 13714,00100, Nairobi Tel: 220225 info@standardstocks.com</p> <p>Code: B20B</p> | <p>11th floor, Finance House, Loita Street P.O. Box 45080,00100, Nairobi Tel: 213914,244077 info@sterlingstocks.com</p> <p>Code: B15B</p> |
| Suntra Investment Bank Limited | |
| <p>10th floor, Nation Centre, Kimathi Street PO Box 74016, 00200, Nairobi Tel: 337220 info@suntra.co.ke</p> <p>Code: B07B</p> | |