



KenGen
Kenya Electricity
Generating Company Ltd.

**THE DIRECTORS OF KENYA ELECTRICITY GENERATING COMPANY LIMITED
ANNOUNCE THE AUDITED RESULTS FOR THE FINANCIAL YEAR
ENDED 30 JUNE 2010**

STATEMENT OF COMPREHENSIVE INCOME

	Year ended 30 June 2010 Shs' 000	Year ended 30 June 2009 Shs' 000
Revenue - Energy sales	9,818,889	11,518,156
Other Revenue	1,323,840	1,134,232
Total Revenue	11,142,729	12,652,388
Operating expenses	(8,630,828)	(8,246,999)
Operating profit	2,511,901	4,405,389
Other Income	643,343	907,211
Finance costs-Net	(741,491)	(756,319)
Profit before Tax	2,413,753	4,556,281
Tax	(456,391)	(2,485,368)
Net profit for the year	1,957,362	2,070,913
Other comprehensive income	1,363,450	(127,106)
Total comprehensive income	3,320,812	1,943,807
Earnings per share - Basic and Diluted	0.89	0.94
Dividend per share - Final proposed	0.50	0.50

CASH FLOW STATEMENT FOR THE YEAR TO 30 JUNE 2010

	Year ended 30 June 2010 Shs' 000	Year ended 30 June 2009 Shs' 000
Balance at 1 July	4,221,990	3,730,280
Net cash generated from operating activities	1,800,193	4,619,532
Net cash used in investing activities	(16,031,082)	(3,711,502)
Net cash generated from/ (used in) financing activities	31,340,345	(416,320)
Balance at June	21,331,446	4,221,990

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

ASSETS

	30 June 2010 Shs' 000	30 June 2009 Shs' 000
Non current Assets		
Property, plant and Equip.	102,230,784	92,699,405
Other Non current assets	8,781,611	3,155,715
	111,012,395	95,855,120
Working capital		
Current assets	32,599,036	12,748,759
Current liabilities	(6,969,815)	(5,867,743)
Net Working capital	25,629,221	6,881,016
	136,641,616	102,736,136
Capital and reserves		
Share capital	5,495,904	5,495,904
Foreign currency rev. reserve	(6,955,455)	(4,341,281)
Reserves	63,674,899	61,059,425
Proposed Dividends	1,099,180	1,099,180
	63,314,528	63,313,228
Non-Current liabilities	73,327,088	39,422,908
Total Equity and Liabilities	136,641,616	102,736,136

PERFORMANCE

I am pleased to report KenGen's results for another successful trading year 2009/2010, in which our financial performance showed a slight stagnation due to severe drought leading to poor inflows. This impacted significantly our hydro generation capacity.

Under the new capacity based Power Purchase Agreement (PPA) regime, our revenues are based on a take or pay capacity availability. This is, however, adjusted in the event that we are not able to deliver a certain threshold of energy. Due to the poor inflows, the Company was unable to meet this threshold and was consequently adjusted by KPLC by a total of Kshs.1.25 billion, most of which was in the first half of the year. Hydrology risk is one of the issues to be revisited by the Energy Regulatory Commission (ERC) in the coming year.

Despite adverse hydrological conditions, the Company was still profitable and made a total comprehensive income of Kshs.3.3 billion compared to Kshs.1.9 billion in 2009, boosted by investments in Treasury instruments. A Pretax Profit of Kshs 2.414 billion compared to Kshs.4.556 billion in 2009 and Net profit of Kshs 1.957 billion compared to Kshs 2.071 billion in 2009.

In line with our Good to Great (G2G) Horizon I Strategy of increasing generation capacity by 500MW by 2013, we were able to complete Kiambere Optimization 24MW, Olkaria II 35MW and Ngong Wind 5.1MW. The Company issued a successful Kshs. 25 billion Public Infrastructure Bond, to finance the Kipevu III and other projects within Horizon I.

DIVIDEND

The Board of Directors is recommending for approval by the shareholders of a final dividend at the rate of Kshs.0.50 per ordinary share.

FUTURE OUTLOOK

With the good rains received early in the year, the short-term outlook is better, as there should be no adjustments in the coming year.

In line with vision 2030 and anticipated increased demand for electricity, the Company continues to pursue its G2G strategy of increasing generation capacity by 500MW by 2013 and another 1500MW by 2018.

Projects due for completion are Tana Redevelopment 20MW by November 2010, Kipevu III 120MW by December 2010.

We are on course to deliver the following Horizon I projects: Sang'oro 21MW, Eburru 2.5MW, Kindaruma 32MW and Well Head Technology 75MW before 2012.

Olkaria I Unit 4 & 5 and Olkaria IV 280MW are scheduled for 2013. In Horizon II, our focus is on implementation of 1,260MW from Geothermal, a coal joint venture of 600MW and over 100MW of wind by 2018.

To achieve all these, the Company plans to raise both debt and equity financing.

We are confident of providing sufficient and reliable electric power to the Kenyan people as well as creating value for our shareholders.

CLOSURE OF SHARE REGISTER AND DATE OF PAYMENT

The Register of Members will be closed from Monday, 15th November, 2010 to Tuesday, 16th November 2010, both dates inclusive.

If approved, the dividend will be paid, less withholding tax where applicable, on or about Tuesday, 18th January 2011 to the shareholders whose names appear in the Register of Members at the close of business on Friday, 12th November 2010.

ANNUAL GENERAL MEETING

The Fifty Eighth Annual General Meeting of the Company is scheduled to be held on Thursday, 9th December, 2010 at 11.00 a.m. at the Bomas of Kenya, Langata Road, Nairobi.

BY ORDER OF THE BOARD

EDWARD NJOROGE, EBS
MANAGING DIRECTOR & CEO
Date: 12th October 2010