

KenGen
Media Report
Sept 22-23, 2011



KenGen News

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| Classic FM | Sept 22, 2011 | http://bit.ly/rkEA8l | Nile basin countries to connect power generation |
| KBC Eng Service | Sept 22, 2011 | http://bit.ly/oyqM8o | Nile Basin countries to integrate electricity grid |
| East FM | Sept 22, 2011 | http://bit.ly/r0vqH5 | Nile basin countries to interconnect power generation |
| KBC TV | Sept 22, 2011 | http://bit.ly/oYFgre | Nile basin countries to interconnect power grid |

Financial

FOREX Exchange Rates

| CURRENCY | MEAN | BUY | SELL |
|--------------|---------|---------|---------|
| US DOLLAR | 107.954 | 108.390 | 107.522 |
| STERLING | 120.282 | 121.208 | 119.260 |
| EURO | 132.121 | 133.206 | 131.040 |
| SA REND | 11.9781 | 11.9891 | 11.9611 |
| KRW/USD | 284.654 | 284.621 | 284.683 |
| HONGKONG | 13.619 | 13.747 | 13.672 |
| THAI BATH | 32.627 | 32.712 | 32.542 |
| INDONESIA | 1276.8 | 1277.52 | 1276.05 |
| RUPIAH | 3200.00 | 3192.45 | 3207.72 |
| CHINESE YUAN | 15.2461 | 15.273 | 15.2182 |

NSE BIGGEST MOVERS

WINNERS

| BRITISH-AMERICAN | CHANGE | PRICE |
|------------------|--------|-------|
| CFC INSURANCE | 7.40 | 10.80 |
| CFC STRANIC | 6.52 | 48.00 |
| REA WIPRO | 3.23 | 13.95 |
| ACCESSKENYA | 2.8 | 5.50 |

NSE BIGGEST LOSERS

LOSERS

| B.L.C KENYA | CHANGE | PRICE |
|-----------------|--------|-------|
| CAR AND GENERAL | -5.45 | 26.00 |
| EXPRESS LTD | -5.00 | 3.80 |
| TRV | -4.21 | 22.50 |
| OLYMPIA CAPITAL | -3.49 | 4.15 |

The Star September 23, 2011

KenGen fell a further 1.05% to close at 9.40 and traded 155,400 shares. Kengen has fallen 44.705% in 2011 and this is a 30 month closing low.

Chinese mobile firm eyes Kenyan market

BY LOLA OKILO

CHINA-based handset manufacturer Tecno is emerging market leadership in Africa through offering a affordable internet-enabled mobile phones which are fast gaining popularity in the region. Tecno is also looking to shed off the bad image that Chinese phones have in the market and plans by Kenyan regulator Communications Commission of Kenya to switch off fake phones. "We are going to offer nationwide after sales service network, and launch a call centre service for product devices and more", said Tecno Telecom Limited's General Manager Aron Wang. He said the company has put up a big team locally to service customers as well as managed to a substantial amount of money in establishing its base in Kenya to distinguish its products and services from those of other types of handsets perceived to be from China and branded as fake by most people.

Standard Chartered partners will Cellulant

BY STAR CORRESPONDENT

STANDARD Chartered Bank Kenya has partnered with mobile banking service platform provider Cellulant to roll out a mobile commerce network for its customers. Cellulant will deploy its new mobile commerce platform dubbed Release 3.0 that enables banking, merchant services, digital services, both payments and agency banking via applications on android and other channels such as USSD, SMS and Java applications. Standard Chartered Commercial Banking Director, Karuki Nyaga said the investment has seen them double M-banking users.

Essar and KDN now opt for arbitration

BY SAM KIPLAGAT

MOBILE phone provider Essar Telecom yesterday agreed to pay data supplier Kenya Data Networks (KDN) close to \$825 million being arrears for services rendered in 11 by the latter for the last four months.

In a consent adopted by the High Court, Essar which trades as YU also agreed to pay KDN \$56.2 million (KSh85.832) every month until the matter is settled by an arbitrator. The parties further agreed that failure by Essar to pay \$3.4 million within 14 days, reneges the agreement and void. The parties are arrears of services rendered by KDN in the months of May, June, July and August.

In the agreement, the parties also stipulated that KDN will not interfere with the services they are rendering to Essar until the matter has been settled by an arbitrator. The parties agreed that KDN will not interfere with the 116 sites of other competitors in the mobile telecommunication industry (PTOS). The company will also not switch off the competitors. Justice Muga Apondi also noted that Essar was at liberty to reduce the number of sites depending on the



COURT DEAL: Madhur Taneja Country Manager YU at a past function

services rendered by private data supplier provided that the latter is notified. And upon reduction of the sites, the parties will agree on the best payable. In the circumstances, the monthly rate of US\$ 656,515 will be adjusted on pro rata basis, read part of the agreement. KDN moved to court on May seeking to compel the mobile provider to clear a long-standing debt. The company had threatened to switch off its

connectivity. KDN accused YU of deferring in payments but Essar obtained the orders blocking the data provider from interfering with its facilities and infrastructure. In an application YU told the court that they would suffer irreparable loss and damage if KDN made good its threat as thousands of its customers would not access voice, SMS, data and other services available on YU.

ALY KHAN'S HIGHLIGHTS

THE Kenyan shilling slumped to a record low against the dollar again for the 3rd consecutive session and was last at 98.21. The shilling traded lower at 97.31 on Wednesday and 96.11 on Tuesday. The central bank sold dollars in the market on Wednesday to try and curb the fall. The momentum of the shilling is at a multi-year low and the Rand fell 7.3% versus the Dollar. The NSE20 rose 9.59 points to close at 14,912.7. The Nairobi All Share rose 0.14 points to close at 74.55. Market Cap was 929,390, versus 941,790.

More info at www.rich.co.ke

KenolKobil trades massively as British American gains

Equity turnover spiked to 248,582m versus 134,469m. British American rallied 6.42% to close at 6.45. It was listed at a price of 9.00 and remains 28.33% above being listed. In Agriculture, Kakui Farms fell 7.75% to close at 18.30 while Samba Tea closed 5 cents easier at 13.25. Samba Tea has firmal 82.2% in 2011 and called some 37,202% since 10th August through today as investors wanted to free cash flow to reduce share holder value via a conversion of a 1000 acres of its Ruen land into real estate. In Commercial and Services, Safaricom traded 0.6 to the negative clients.

Safaricom closed unchanged at 2.25. StanGroup rallied 2.5% to close at 41.00 while Uchumi rallied 1.78% to close at 3.55. Kenya Airways fell a further 1.73% to close at 28.00. Among banks, equity bank traded 2nd to the source and recorded 0.8% to close at 18.65. Equity Bank trades at 9.66. Banking Bank traded 7th and closed unchanged at 11.90. KCB eased 0.278% to close at 17.30 and trades at a 6.676 trailing PE. CFC Stanbic bounced 6.32% to close at 49.00 while StanChart traded a

shilling higher to close at 197.00. British American rallied 8.40% to close at 6.45 while Ecocounty closed unchanged at 20.00. In Industrial and AI, KenolKobil was the most active-traded share on the NSE but rose 2.91% to close at 10.00 and traded 7,439m shares worth 74,665m. Mamas Sugar traded 1st at the bourse and ended 1,531,783 to close at 6.63 and traded a 6.52-6.80 range and 3,086m shares worth 33,326m. Mamas Sugar traded a 6.51-6.80 range. Mamas Sugar trades at a 3.198 trailing PE and has closed to pay a 30 cent final dividend which is 7.63% of

market value and versus the price of 6.55. Mamas Sugar has rallied 10.084% since closing at 5.9740. A group which was a 23 month closing low. Mamas Sugar remains 75.474% in 2011. Bamburi Cement traded 4th and traded 301,150 shares worth 12,456m at 20,165.00. Bamburi Cement has recorded 11.14% in 2011 and on 11.43 trailing PE. ARM was unchanged at 100.00 and traded a 1.000 share. Portland 4 of core trade. KenGen fell a further 1.05% to close at 9.40 and traded 155,400 shares. KenGen has fallen 44.705% in 2011 and this is a 30 month closing low.

Nile Basin countries agree to share hydro electricity

BY RAMADHAN RAJAB

COUNTRIES in the Nile Basin have agreed to enter into co-operation to share the energy resources within the region.

Nile Equatorial Lakes Countries Technical Committee meeting that ended in Nairobi yesterday agreed that the steering team will engage key stakeholders in Uganda, DR Congo, Kenya, Rwanda and Uganda to enter into contracts that will open up sharing of electricity across the borders.

The participants who comprised of senior Energy ministry officials from the five countries and their national electricity companies' executives and donors said the project will be implemented through interconnection of electricity across the borders.

The project, the participants said will help avert the perennial power outages that have dogged the region for decades and a cause for high costs of operating business in the region.

The Star
September 23, 2011

Countries in the Nile Basin have agreed to enter into co-operation to share the energy resources within the region

The Standard Sept 23, 2011

A plan to interconnect electricity grids within the larger East African region is set for completion in 2014.

The move will open up a platform for trade in power within the region.

Energy

Date set for completion of EA power project

Grids of regional countries will be interconnected by 2014

By MACHARIA KAMAU

A plan to interconnect electricity grids of countries within the larger East African region is set for completion in 2014.

The move will open up a platform for trade in power within the region.

A meeting yesterday in Nairobi reported completion of studies on the design of transmission lines that were undertaken by individual countries.

Construction works on the lines is scheduled to commence next year and completed in 2014.

The transmission line will connect five countries on the Nile Equatorial Lakes countries — Kenya, Uganda, Rwanda, Burundi and DR Congo — and it is an initiative of the Nile Basin Initiative.

For Kenya, the line will start at Lessos in North Rift and run to Toro in Uganda and onward to Rwanda, Burundi and DR Congo.

CONNECTION LINES

The line will also connect with other existing and planned electricity transmission infrastructure in Tanzania and Ethiopia.

The project has been projected to cost \$363 million (Sh33 billion).

Fred Mwangi, chairman Nile Equatorial Transmission Advisory Committee, said the power transmission lines would open up trade in electricity, with countries that are producing more being able to export excess capacity to neighbouring countries.

"Once constructed, the seven countries in East Africa will have their

electrification grids interconnected and will form the backbone for future power trade. We expect that by 2015, we will have a regional power interconnected grid," he said.

He spoke at a meeting to evaluate

progress of the project in Nairobi yesterday.

Energy PS Patrick Nyoike said the transmission lines would enhance supply power in the region and help some of the countries bridge deficit

between their installed power generation capacity and demand.

"Lack of power is a common challenge in all our five countries. We have numerous occurrences of load shedding because existing supply

cannot satisfy demand," he said.

"These power grid interconnections will provide links between our electricity transmission systems and allow any two adjoining countries to share energy resources," he said.

>> Other stories inside

Secret to happiness at work,

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KISIMA

music awards



30th September 2011 @ KICC

Kshs. 1 Million up for grabs for the winner

Kisima Awards Gala Night

Performances by:

- Jaguar
- Size 8
- Mejja
- Jimwat

EDITORIAL & OPINION

Man U investors can always vote with their feet

JOHN FOLEY
INVESTMENT

Shares without votes raise hackles. Consider the disquiet around Manchester United's upcoming listing in Singapore, where new shareholders may be offered a package of vote-lite instruments that will entrench the Glazer family's control. But while unorthodox, that's not necessarily bad. Besides, investors are free to demand a discount, or boycott the IPO altogether.

Many companies break the one-share-one-vote principle. Carnation Food and Warner Buffett's Berkshire Hathaway both have vote-lite and vote-heavy shares.

Ditto internet companies Google and LinkedIn. Manchester United may have dreamt up an alternative by "splitting" non-voting preference shares to regular voting ones.

Reduced voting power can be problematic if managers misbehave or if takeover is in the air. Take media empire News Corp, where shareholders have struggled to exert pressure on the founding Murdoch family despite their poor governance. Or Playboy founder Hugh Hefner, who used his control of voting shares to take the adult entertainment group private in 2010 for less than the owner of rival Penthouse said it would offer.

But voters aren't everything.

The majority of investors don't always know best, as shown by a dreadful shareholder-approved deal like the Time Warner bid for AOL and Daimler's tie-up with Chrysler.

Meddling investors can also impede development. Companies should be encouraged to experiment, so long as rules are clear and investors protected from deceit and fraud.

For the Glazers, the question is how much the IPO pricing is harmed by them bending the norms of shareholder democracy. If pre and regular shares are glued together, investors who want one may demand a discount for having to take the other too.

Without guaranteed dividends, valuing the profits would be even harder -- giving rise to a potential "complexity discount".

The value of a vote also depends on investors' faith in management. Berkshire Hathaway's Azra B. Shein's trade impact, suggesting Buffett has investors' trust. Manchester United investors should ask for a sizeable discount, if only to compensate for the Glazers' taste for aggressive financing, if the family don't like it, they have a choice too. They can stick to the norms, or find capital elsewhere.

Mr Foley is a Reuters *Breakingviews* columnist. The opinion expressed are his own.

Better pay for farmers vital in ending the sugar shortage

HARRY MSHIKO
FARMING

Sugar cane shortage has been cited as one of the major factors that have led to the current shortage of the commodity.

Most sugar millers in Western and Nyanza provinces are operating below capacity as some have altered their machines grinding to halt as a result of biting shortage of the raw material. Many sugar factories are all operating at less than half their normal capacities.

Insider reports indicate that the factories are forced to accumulate the reduced cane deliveries for more than three days before milling. The situation is bound to worsen considering that the millers have now turned to poor quality and premature cane -- that should be saved for future use -- to run the plant.

This has resulted in low productivity and according to industry regulator, Kenya Sugar Board (KSB), the annual output is expected to drop to 400, 000 metric tonnes from last year's 600, 000 metric tonnes and against the annual demand of over 800, 000 metric tonnes.

So far, a myriad of theories have been advanced to explain the possible cause of the acute cane shortage bedeviling the sugar sector. Some millers, for instance, have been pointing accusing fingers at their colleagues for 'invading their territories' as others cry foul over 'in impact cane poaching'.

Struggle
KSB on the other hand attributes the shortage to declining yield per acre and static production and it blames the millers 'for not doing enough to boost cane production in their respective zones'. Others have linked the shortage to poor cane varieties which they argue have low sucrose content.

As a cane farmer, I intend want to state that the current cane shortage has everything to do with poor pay for cane deliveries and losses emanating from cane transportation to factories.

Despite numerous adjustments to cane prices per tonne -- both through amicable settlements and fierce court battles -- the cane farmer still holds the short end of the stick as he pertains benefits.

It is disheartening that some of the millers pays more than Sh5,000 per tonne despite the fact that the cost of cane farming has been increasing exponentially over the years. Most private millers have left the already impoverished farmers to struggle with skyrocketing cost of seed cane, pesticides, fertilizer and labour only to take their cane at throw-away prices.

It beats logic to invest your money painstakingly for over a year only to realise the same amount or even less in some cases while inflation rates increase. Sugar millers continue to reap the benefits of farmers' sweat as the latter continue to live in abject poverty. Millers should realise the pivotal role played by farmers in the sugar sector.



Letters

The editor welcomes brief letters on topical issues. Opinions expressed here are not necessarily those of the editor or publisher. They may be edited for clarity, space or legal considerations. Send via email to lf@feedback.ke.kenyanmedia.com

Increase investment in energy and airports infrastructure

Among the key sectors in a country's economic growth plan is infrastructure. Therefore, investment in infrastructure such as roads, energy and airports should be increased.

Infrastructure investment has a knock-on effect on the economy as it helps to reduce poverty, facilitate trade, generate employment and increase activity in the construction sector.

Adequate infrastructure also reduces the cost of doing business.

I watched with interest news reports on the completion of upgrading of Kisumu International Airport, which will make the lake side city a business hub in the western region.

It will play a critical role in fostering development and growth by ensuring reliable transportation hence boosting tourism activities in the region.

Since 2005, road construction



Public Works ministry employees repair the Nyero/Karatina Road yesterday. *mwaw*

has become prevalent. Even staunch Kenyan economists will readily admit that priority has been given to roads.

The 2011 budget seems to focus primarily on transport and energy sectors. It identified areas of investment like roads,

rail, fuel storage and geothermal drilling.

However, the budget does not spell out how the government will address energy supply disruptions that have a serious impact on productivity and growth. It is not a surprise then that the high

cost of electricity seems destined to last longer, reducing competitiveness and production.

The budget did not provide any significant information on ports and airports. The port of Mombasa is sometimes considered to be a constraint to economic growth in the region.

Oil infrastructure has a great stake in the economic growth. Therefore high oil prices have a negative impact on the economy, feeding inflation and driving up the cost of living.

There are challenges in the area of supply as a result of infrastructure constraints. Indeed, the budget underscored that oil supply constraints have weakened tax collection by KRA.

For Kenya to realise the much anticipated economic recovery and Vision 2030 dream, let all attention be directed to our infrastructure.

ERICK KIZITO
Nairobi

When will Kenyans learn not to siphon fuel from overturned oil tankers?

The rate at which Kenyans are dying while trying to siphon petrol is worrying and should be dealt with immediately.

Reports that four people lost their lives in Busia days after the Muhuru Sini slum tragedy that killed more than 100 people is

shocking. Kenyans must take precautionary measures especially avoiding petrol tankers that have overturned.

Moreover, stiff measures should be put in place to deal with anyone caught siphoning petrol. The public should change their attitudes towards

free things.

MACDONALD OGAMBE
Nairobi

When will Kenyans ever learn about danger of going close to overturned petrol tanker. We are still grappling with the effects of

the Sini tragedy yet some villagers in Busia died while siphoning fuel from an overturned tanker after it caught fire.

It is not poverty that is driving people to do this. This is sheer ignorance and lust for free things.

SOLOMON NDERITU
Nairobi

Business Daily September 23, 2011

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