

**THE DIRECTORS OF KENYA ELECTRICITY GENERATING COMPANY LIMITED ANNOUNCE  
THE AUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006**

**INCOME STATEMENT**

Income Statement	Year ended 30 June 2006 Shs' 000	Year ended 30 June 2005 Shs' 000
Electricity Sales	<u>14,300,060</u>	<u>11,011,577</u>
Operating profit	<b>3,776,444</b>	<b>2,879,973</b>
Finance costs-Net	<u>(55,906)</u>	<u>(261,169)</u>
Profit before Taxation	<b>3,720,538</b>	<b>2,618,804</b>
Taxation	<u>48,395</u>	<u>(865,652)</u>
Net profit for the year	<b><u>3,768,933</u></b>	<b><u>1,753,152</u></b>
Earnings per share		
-Basic and Diluted	<u>1.71</u>	<u>0.80</u>
Dividend per share		
- Final proposed.	<b><u>0.55</u></b>	<b><u>0.23</u></b>

**CASH FLOW STATEMENT FOR THE YEAR TO 30 JUNE 2006**

	Year ended 30 June 2006 Shs' 000	Year ended 30 June 2005 Shs' 000
Balance at 1 July	2,441,971	831,266
Net cash generated from operating activities	3,920,044	2,760,263
Net cash generated / (used in) investing activities	1,005,767	(3,286,074)
Net cash (used in)/ generated from financing activities	(3,550,007)	1,499,936
Net foreign exchange Adjustment	<u>589,070</u>	<u>636,580</u>
Balance at June 2006	<b><u>4,406,845</u></b>	<b><u>2,441,971</u></b>

**BALANCE SHEET AS AT 30 JUNE 2006**

ASSETS	30 June 2006 Shs' 000	30 June 2005 Shs' 000
<b>Non current Assets</b>		
Property, plant and Equipment	50,662,367	50,605,503
Non current receivables	<u>2,449,021</u>	<u>17,100,003</u>
	<b><u>53,111,388</u></b>	<b><u>67,705,506</u></b>
<b>Working capital</b>		
Current assets	11,674,854	10,194,762
Current liabilities	<u>(5,070,579)</u>	<u>(5,328,758)</u>
Net Working capital	<b><u>6,604,275</u></b>	<b><u>4,866,004</u></b>
Net assets	<b><u>59,715,663</u></b>	<b><u>72,571,510</u></b>

	30 June 2006 Shs' 000	30 June 2005 Shs' 000
<b>Capital and reserves</b>		
Share capital	5,495,904	5,495,904
Reserves	29,793,660	27,432,856
Proposed Dividends.	<u>1,209,099</u>	<u>500,000</u>
	<b><u>36,498,663</u></b>	<b><u>33,428,760</u></b>
Non-Current liabilities	<b><u>23,217,000</u></b>	<b><u>39,142,750</u></b>
Total Equity and Liabilities	<b><u>59,715,663</u></b>	<b><u>72,571,510</u></b>

**STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2006**

	Share capital KShs'000	Share premium KShs'000	Capital reserve KShs'000	Financial instruments revaluation reserve KShs'000	Revenue reserve KShs'000	Proposed dividends KShs'000	Total KShs'000
At 1 July 2005	5,495,904	5,039,818	8,579,722	181,788	13,631,528	500,000	33,428,760
Net profit for the year					3,768,933		3,768,933
Amortization of bonds				(199,030)			(199,030)
Dividends:Paid-2005						(500,000)	(500,000)
Proposed-2006					<u>(1,209,099)</u>	<u>1,209,099</u>	
At 30 June 2006	<u>5,495,904</u>	<u>5,039,818</u>	<u>8,579,722</u>	<u>(17,242)</u>	<u>16,191,362</u>	<u>1,209,099</u>	<u>36,498,663</u>

**PERFORMANCE**

I am pleased to report a year of continued progress for KenGen and present to you the Company results of yet another successful trading year, in which our financial performance showed tremendous improvement with the pre-tax profit rising from Kshs 2,619 Million in 2005 to Kshs 3,721 million in 2006.

These results represent a solid performance from the Company. Earnings in 2006 were favorably impacted on by an increase in units sold as well as improvement in operational efficiency. Sales increased from 4,280 Million Kilowatt hours in 2005 to 4,538 Million Kilowatt hours in 2006. This increase in total electricity consumption is attributable to improved general economic performance, which saw the Gross Domestic Product grow from 4.3% in 2005 to 5.8% in 2006.

Our positive sales growth, together with consistent efforts to reduce costs as well as effective cash management has enabled us to deliver a 114% growth in earning per share to Shs.1.71 in 2006 (2005:Shs. 0.80).

As a newly listed Company on the Nairobi Stock Exchange with 30% private shareholding, our Corporation tax rate will reduce from 30% to 25% with effect from the next financial year. This new rate has impacted on the deferred tax liability computation in compliance with International Financial Reporting Standards resulting in very low tax levels this year.

**DIVIDEND**

The Board of Directors of KenGen is recommending for approval by the shareholders of a final dividend at the rate of Kshs.0.55 per ordinary share.

**FUTURE OUTLOOK**

In tandem with the increased economic activities, consumption of electricity is expected to continue growing and generation capacity is expected to rise by about 500MW over the coming five years at an estimated cost of Kshs 70 billion. We at KenGen are proactively putting all the necessary resources in place to meet the

emerging growth in demand. With our continued capacity expansion program, rehabilitation of the existing system, diversification of the generation modes, technological innovation and strategic leadership, we are assured of providing sufficient and reliable electric power to the Kenyan people as well as creating value for our shareholders.

**CLOSURE OF REGISTER AND DATE OF PAYMENT**

The Shares Register will be closed from 20<sup>th</sup> November, 2006 to 23<sup>rd</sup> November, 2006 at 5.00 p.m. both days inclusive.

The Dividend if approved will be paid to those shareholders registered in the books of the company at the close of business on 23<sup>rd</sup> November, 2006.

**ANNUAL GENERAL MEETING**

The Fifty Ninth Annual General Meeting of the company is scheduled to be held on 30<sup>th</sup> November, 2006 at 11:00 a.m. at the Kasarani Gymnasium.

**BY ORDER OF THE BOARD**

**EDWARD NJOROGE**  
MANAGING DIRECTOR

**Date: 26 September 2006**