

**THE DIRECTORS OF KENYA ELECTRICITY GENERATING COMPANY LIMITED ANNOUNCE
THE AUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011**

STATEMENT OF COMPREHENSIVE INCOME

	Year ended 30 June 2011 KShs' million	Year ended 30 June 2010 (Restated) KShs' million
Electricity Revenue	14,389	10,998
Operating expenses	<u>(10,014)</u>	<u>(8,558)</u>
Operating profit	4,375	2,440
Other Income	1,273	786
Finance costs-Net	<u>(1,997)</u>	<u>(741)</u>
Profit before Tax	3,651	2,485
Tax	<u>(1,571)</u>	<u>802</u>
Net profit for the year	<u>2,080</u>	<u>3,287</u>
Net (loss)/gains on revaluation Of treasury bonds	(587)	1,403
Cumulative gain reclassified From equity on disposal of Treasury bonds	<u>(46)</u>	<u>(40)</u>
Other comprehensive income	<u>(633)</u>	<u>1,363</u>
Total comprehensive income	<u>1,447</u>	<u>4,650</u>
Earnings per share -Basic and Diluted	<u>0.94</u>	<u>1.49</u>
Dividend per share	<u>0.50</u>	<u>0.50</u>
Final proposed	<u>0.50</u>	<u>0.50</u>

ASSETS

	30 June 2011 KShs' million	30 June 2010 (Restated) KShs' million	30 June 2009 (Restated) KShs' million
Non current Assets			
Property, Plant and Equip.	116,786	102,231	92,699
Other Noncurrent assets	<u>24,668</u>	<u>15,487</u>	<u>7,376</u>
	<u>141,454</u>	<u>117,718</u>	<u>100,075</u>
Working capital			
Current assets	19,539	32,849	12,870
Current liabilities	<u>(11,257)</u>	<u>(6,970)</u>	<u>(5,868)</u>
Net Working capital	<u>8,282</u>	<u>25,879</u>	<u>7,002</u>
	<u>149,737</u>	<u>143,597</u>	<u>107,077</u>
Capital and reserves			
Share capital	5,496	5,496	5,496
Reserves	62,824	63,936	60,385
Proposed Dividends	<u>1,099</u>	<u>1,099</u>	<u>1,099</u>
	<u>63,923</u>	<u>65,035</u>	<u>61,484</u>
Non-Current liabilities	<u>80,318</u>	<u>73,066</u>	<u>40,097</u>
Total Equity and Liabilities	<u>149,737</u>	<u>143,597</u>	<u>107,077</u>

CASH FLOW STATEMENT FOR THE YEAR TO 30 JUNE 2011

	Year ended 30 June 2011 KShs' million	Year ended 30 June 2010 KShs' million
Balance at 1 July	21,331	4,222
Net cash generated from operating activities	4,513	2,125
Net cash used in investing activities	(22,398)	(16,356)
Net cash generated From / (used in) financing Activities	<u>(331)</u>	<u>31,340</u>
Balance at June	<u>3,116</u>	<u>21,331</u>

PERFORMANCE OVERVIEW

I am pleased to report KenGen's results for another successful trading year 2010/2011, in which our financial performance improved due to favourable weather conditions leading to good inflows in the Seven Forks Cascade, commissioning of Kipevu III plant and full year commercial operation of Olkaria II 3rd Unit.

Revenue increased by 31% to Kshs 14,389 million compared to Kshs 10,998 million in 2010. Profit before tax increased by 47% to Kshs 3,651 million compared to Kshs 2,485 million in 2010.

The expiry of the five-year IPO tax concessions resulted in increase of the corporate tax rate from 25% to 30%. Consequently, taxation rose by Kshs 2,273 million from Credit of Kshs 802 million to Kshs 1,571 million. This resulted in a reduction of the Profit after tax from Kshs 3,286 million to Kshs 2,080 million. The Company incurred total interest of Kshs 4,394 million on borrowings, out of this Kshs 2,399 million was capitalised to the ongoing projects and Kshs 1,996 million expensed after related projects were commissioned during the year.

Total non current assets increased by 20% from Kshs 117,717 million to Kshs 141,454 million mainly due to increase in property, plant and equipment. The Company commissioned Kipevu III and Tana Power plants during the period and continues to invest in other ongoing projects – Sangoro, Kindaruma, Eburru, and Olkaria I and IV.

Non current liabilities increased from Kshs 73,066 million to Kshs 80,318 million due to new loans from Development Partners for the ongoing projects. In addition, deferred tax increased by Kshs 3,031 million mainly due to change in Taxation rate from 25% to 30% following expiry of the five (5) year post IPO concessionary period.

CASH FLOWS

Cash flows decreased from Kshs 21,331 million to Kshs 3,116 million after investing the Public Infrastructure Bond funds in Kipevu III, Tana Redevelopment, Kiambere, Eburru, Sangoro, drilling rigs and start up costs for Olkaria I & IV.

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

We will continue to implement our aggressive capacity expansion program under the G2G strategy in line with Vision 2030. During the year we were able to commission Kipevu III 120MW and Tana Redevelopment 20MW in March and April 2011 respectively. We are on course to deliver Eburru 2.5MW in November 2011, Sang'oro 21MW in March 2012 and Kindaruma 32MW in June 2013. We have also relocated the 60MW Gas Turbine from Mombasa to Nairobi to support the National grid stability. Olkaria I and IV 280MW Geothermal project is ongoing and are scheduled for completion in 2014. Muhoroni 80MW thermal power plant is at the design stage and is expected to be commissioned in 2013. We are finalising funding arrangements for the 13.6MW and 5.9MW Ngong wind farms respectively. We expect to commission these in 2013.

The Company has continued to receive tremendous financing support from Development Partners and GoK. Going forward we anticipate to explore innovative ways of raising funds in order to maintain optimal Capital Structure.

As we look ahead to 2012 and beyond, we are confident of providing sufficient and affordable electric power to the country in order to achieve Vision 2030 demand projections and also create value to our Stakeholders.

We are inspired by the great potential offered by our country for development and we are proud to be providing energy for the nation and creating value for the shareholders.

CLOSURE OF SHARE REGISTER AND DATE OF PAYMENT

The Register of Members will be closed from Tuesday, 13th December 2011 to Wednesday, 14th December 2011, both dates inclusive.

If approved, the dividend will be paid, less withholding tax where applicable, on or about Tuesday, 31st January 2012 to the shareholders whose names appear in the Register of Members at the close of business on Friday, 9th December 2011.

ANNUAL GENERAL MEETING

The Fifty Ninth Annual General Meeting of the Company is scheduled to be held on Wednesday, 14th December, 2011 at 11.00 a.m. at the Bomas of Kenya, Langata Road, Nairobi.

BY ORDER OF THE BOARD

**EDWARD NJOROGE, EBS
MANAGING DIRECTOR & CEO**

26th October 2011