

THE AUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013

The Board of Directors is pleased to announce the audited results for the financial year ended 30 June 2013.

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013**

	30 June 2013	30 June 2012
	KShs' million	KShs' million
Electricity Revenue	16,451	15,872
Operating expenses	<u>(10,575)</u>	<u>(10,266)</u>
Gross profit	5,876	5,606
Interest Income	676	952
Other Income	595	612
Other (losses) and gains	<u>(53)</u>	<u>(153)</u>
Operating profit	7,094	7,017
Finance costs-Net	<u>(3,001)</u>	<u>(2,972)</u>
Profit before Tax	4,093	4,045
Tax Income/(Expense)	<u>1,157</u>	<u>(1,223)</u>
Net profit for the year	<u>5,250</u>	<u>2,822</u>
Net (loss)/gains on revaluation of treasury bonds	(22)	(909)
Cumulative gain reclassified from equity on disposal of treasury bonds	<u>40</u>	<u>(53)</u>
Other comprehensive income	<u>18</u>	<u>(962)</u>
Total comprehensive income	<u>5,268</u>	<u>1,860</u>
Earnings per share		
-Basic and Diluted(Kshs.)	<u>2.39</u>	<u>1.28</u>
Dividend per share		
Final proposed(Kshs.)	<u>0.60</u>	<u>0.60</u>

**CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013**

	30 June 2013	30 June 2012
	KShs'million	KShs'million
ASSETS		
Property, Plant and Equip.	153,201	120,665
Other Noncurrent assets	10,344	20,192
Current assets	<u>25,128</u>	<u>22,288</u>
	<u>188,673</u>	<u>163,145</u>
EQUITY AND LIABILITIES		
Share capital	5,496	5,496
Reserves	67,314	63,365
Non-Current liabilities	96,872	77,964
Proposed Dividends	1,319	1,319
Current liabilities	<u>17,672</u>	<u>15,001</u>
	<u>188,673</u>	<u>163,145</u>

**CONDENSED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2013**

	30 June 2013	30 June 2012
	KShs' million	KShs' million
Balance at 1 July	436	3,116
Net cash generated from operating activities	22,962	3,050
Net cash used in investing activities	(34,495)	(8,635)
Net cash generated from / (used in) financing activities	<u>15,093</u>	<u>2,905</u>
Balance at June	<u>3,996</u>	<u>436</u>

BASIS OF PREPARATION

These audited condensed financial statements have been prepared in accordance with International Accounting Standards (IAS 1), “Financial Statements Presentation”. They do not include all the information required for full annual financial statements and should be read in conjunction with the annual audited financial statements for the year ended 30 June 2013.

ECONOMIC OVERVIEW

We are delighted to report KenGen’s results for the year ended 30 June 2013. The Company has continued to perform well. The Economy experienced moderate growth of 4.6% in GDP compared to 4.4% during the previous year, stability in inflation rates averaging 5% and favourable climatic conditions throughout the year. The Shilling appreciated against the Japanese yen and depreciated against other major foreign currencies.

OPERATIONS

We registered growth in Unit sales which increased by 11% from 5,404Gwhrs in June 2012 to 6,022Gwhrs during the period ending 30 June 2013 driven by improved hydrology.

This coupled with the additional capacity of 52.5MW following completion of Sang’oro hydro plant-21MW, Kindaruma Unit 3 hydro plant-24MW, Eburru Geothermal plant-2.5MW and Geothermal Pilot Wellhead-5MW which were completed during the year.

FINANCIAL RESULTS

As a result of our capacity expansion, electricity revenue grew by 4% from Kshs 15, 872 million in June 2012 to Kshs 16,451 million in June 2013.

We optimised our operating costs resulting in a marginal rise of 3% despite rising costs of doing business.

Profit before tax increased slightly by 1.2% from Kshs 4,045 million to Kshs 4,093 million while profit after tax increased by 86% from Kshs 2,822 million in June 2012 to Kshs 5,250 million in June 2013. The increase is attributable to tax credit resulting from capital allowances enjoyed by the company following the completion of Sang’oro and Kindaruma power plants.

Our assets base grew by 16% from Kshs 163,145 million to Kshs 188,673 million attributable to ongoing investments in new power plants, namely Geothermal Wellheads-65MW, Olkaria I & IV power plants-280MW and drilling of 80Wells for the 560MW projects.

Non-current liabilities increased from Kshs 77,964 million to Kshs 96,872 million mainly due to new loans received for Olkaria I & IV, drilling of 80MW projects and Rigs.

Cash balances increased by 817% from Kshs 436 million to Kshs 3,996 million due to funds received from Financiers of our ongoing Olkaria Geothermal 280MW project.

DIVIDEND

The Board of Directors is recommending for approval by the shareholders a final dividend of Kshs 0.60 per ordinary share.

FUTURE OUTLOOK

KenGen is committed to contribute to the Government’s Vision of generating 5,000MW within 40 months. KenGen is expected to generate additional 844MW mainly from Geothermal within this period.

The implementation of the flag ship Olkaria I & IV 280 MW plant is on course. The first unit of the Olkaria IV- 140MW plant is expected to be commissioned in December 2013 and the second unit by March 2014. Olkaria I -140MW plant is expected on stream by September 2014.

The installation of additional geothermal well head -65MW commenced during the first quarter of 2013. Two units totalling 12.4MW are expected to be completed by November 2013. We expect to complete the remaining units by December 2014.

The drilling of 80 wells for the 560MW geothermal power project is on course.

We commenced construction of the 20.4MW at Ngong in second quarter of 2013. The 6.8MW plant is expected to be commissioned by March 2014 and 13.6MW by September 2014. We have also undertaken feasibility studies for additional capacities in the areas of wind, thermal (coal & gas) and solar.

These major undertakings will not only provide adequate power

supply to the country but also spur economic and social growth in line with our Vision 2030 aspirations.

We are confident that with the continued support from National and County Governments, development partners and other industry stakeholders, KenGen is set to meet the power demand required to drive Vision 2030.

CLOSURE OF REGISTER AND DATE OF PAYMENT

The Register of Members will be closed on Thursday, 19th December 2013 and Friday 20th December 2013.

If approved, the dividend will be paid, less withholding tax where applicable on or about Friday, 31st January 2014 to the shareholders whose names appear in the Register of Members at the close of business on Wednesday, 18th December 2013.

ANNUAL GENERAL MEETING

The Sixty- first Annual General Meeting of the Company is scheduled to be held on Wednesday, 18th December 2013 at 11.00 a.m. at the Kasarani Gymnasium, Thika Road, Nairobi.

BY ORDER OF THE BOARD

SIMON NGURE

AG. MANAGING DIRECTOR & CEO

29th October 2013