

**KenGen**Kenya Electricity  
Generating Company Ltd.**KENYA ELECTRICITY GENERATING COMPANY LIMITED  
UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2011**

The Board of Directors is pleased to announce the unaudited results of the Company for the six months ended 31 December 2011.

**STATEMENT OF COMPREHENSIVE INCOME**

	Unaudited six months 31 Dec 2011 Kshs'000	Unaudited six months 31 Dec 2010 Kshs'000
<b>Revenue</b>		
Electricity Revenue	7,158,945	6,341,243
Energy related Income	649,355	261,038
<b>Total Revenue</b>	<b><u>7,808,300</u></b>	<b><u>6,602,281</u></b>
Operating Expenses	(5,551,178)	(5,001,809)
<b>Gross Profit</b>	<b>2,257,122</b>	<b>1,600,472</b>
Interest Income	631,900	138,645
Other Income	323,693	204,225
<b>Operating Profit</b>	<b>3,212,715</b>	<b>1,943,342</b>
Financing costs-Net	(1,509,902)	(663,195)
<b>Profit before tax</b>	<b>1,702,813</b>	<b>1,280,147</b>
Taxation	(510,844)	(384,044)
<b>Profit after tax</b>	<b><u>1,191,969</u></b>	<b><u>896,103</u></b>
Earnings per share - Basic and diluted (Kshs)	<u>0.54</u>	<u>0.41</u>

**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011**

	Unaudited 31 Dec 2011 Kshs'000	Audited 30 June 2011 Kshs'000
<b>ASSETS</b>		
Property, Plant and Equipment	121,536,148	116,786,429
Other Non-Current Assets	22,342,842	24,667,827
Current Assets	17,372,681	19,539,034
<b>TOTAL ASSETS</b>	<b><u>161,251,671</u></b>	<b><u>160,993,290</u></b>
<b>EQUITY AND LIABILITIES</b>		
Capital and Reserves	69,511,375	69,418,587
Borrowings	62,010,429	64,166,527
Other Non-Current liabilities	16,150,583	16,151,583
Current Liabilities	13,579,284	11,256,593
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>161,251,671</u></b>	<b><u>160,993,290</u></b>

## **PERFORMANCE OVERVIEW**

I am pleased to report KenGen's results for the six (6) months ending 31 December 2011. The country experienced improved hydrology in the period October-December 2011, which impacted positively on our hydro generation capacity.

The improved hydrology, during the period and coupled with the additional capacity of the newly commissioned Tana and Kipevu III power plants, contributed to an increase of 5% in our electricity sales. The sales rose from 2,543 million units in December 2010 to 2,660 million units in December 2011. The above average rains have improved our reservoir levels and we therefore anticipate normal hydro generation in the next half of the year ending 30 June 2012.

Electricity Revenue increased by 13% from Kshs 6,341 million to Kshs 7,159 million attributable to the improved hydrology, commissioning of Tana and Kipevu III Power Plants and improved availability of the Power Plants. Operating expenses increased by 11% from Kshs 5,002 million to Kshs 5,551 million mainly due to increased depreciation from Tana and Kipevu III Power Plants. Financing costs increased by 127% due to interest on Public Infrastructure Bond (PIB) on the completed plants commissioned during the year.

The financial results for the half year therefore showed an increased pre-tax profit of 33% from Kshs 1,280 million in December 2010 to Kshs 1,703 million in December 2011.

## **DIVIDEND**

The Board of Directors does not recommend payment of an interim dividend.

## **FUTURE OUTLOOK**

We are on course in implementing our Good to Great (G2G) Transformation Strategy. We expect to commission Sang'oro 21MW by March 2012 and Kindaruma 32 MW by June 2013. We have commissioned Eburru 2.3MW geothermal plant – thus opening up Eburru field for future development. The pilot 5MW geothermal wellhead project is progressing well and the first turbine has been commissioned.

Our Vision 2030 flagship project - the Olkaria I&IV 280MW geothermal plant is on schedule with a commissioning date planned for early 2014. We have secured all financial commitments from our development partners - the World Bank, AfD, KfW, EIB and JICA. The Government of Kenya (GoK) has continued in committing drilling funds while KenGen is using PIB funds in meeting the funding requirement.

We are confident that we will implement all the planned projects on time to meet the forecasted electricity growth and drive Vision 2030 objectives while earning value for our shareholders.

## **BY ORDER OF THE BOARD**

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

28<sup>th</sup> February 2012



**KenGen**

Kenya Electricity  
Generating Company Ltd.

**KENYA ELECTRICITY GENERATING  
COMPANY LIMITED**

**UNAUDITED HALF YEAR REPORT**

**AND**

**FINANCIAL STATEMENTS**

**31 DECEMBER 2011**

**KENYA ELECTRICITY GENERATING COMPANY LIMITED  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2011**

	Unaudited 6 months 31 Dec 2011 Kshs'000	Unaudited 6 months 31 Dec 2010 Kshs'000
<b>REVENUE</b>		
Electricity Sales Revenue	7,158,945	6,341,243
Energy related Income	<u>649,355</u>	<u>261,038</u>
<b>Total Revenue</b>	<b>7,808,300</b>	<b>6,602,281</b>
Operating Expenses	<u>(5,551,178)</u>	<u>(5,001,809)</u>
<b>Gross Profit</b>	<b>2,257,122</b>	<b>1,600,472</b>
Interest Income	631,900	138,645
Other Income	<u>323,693</u>	<u>204,225</u>
<b>Operating Profit</b>	<b>3,212,715</b>	<b>1,943,342</b>
Financing costs:		
Foreign exchange gain/(loss)	-	6,730
Interest on Borrowings	<u>(1,509,902)</u>	<u>(669,925)</u>
<b>PROFIT BEFORE TAX</b>	<b>1,702,813</b>	<b>1,280,147</b>
Tax	<u>(510,844)</u>	<u>(384,044)</u>
<b>PROFIT FOR THE YEAR</b>	<b><u>1,191,969</u></b>	<b><u>896,103</u></b>
Earnings per share - Basic and diluted (Kshs)	<u>0.54</u>	<u>0.41</u>

**KENYA ELECTRICITY GENERATING COMPANY LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2011**

	Unaudited 31 Dec 2011 Kshs'000	Audited 30 June 2011 Kshs'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	121,536,148	116,786,429
Prepaid leases on land	1,358	1,373
Intangible assets	646,166	663,553
Amount due from KPLC-Deferred debt	1,611,801	1,472,503
Treasury bonds-Available for sale	9,247,363	9,610,661
Recoverable foreign exchange adjustment	10,836,154	12,919,737
<b>Total non-current assets</b>	<b>143,878,990</b>	<b>141,454,256</b>
<b>CURRENT ASSETS</b>		
Inventories	828,135	1,168,240
Amount due from KPLC	8,310,471	7,786,396
Other receivables	1,382,559	1,593,845
Amount due from Ministry of Energy	2,152,271	4,574,417
Treasury bonds - Available for sale	391,127	391,127
Recoverable foreign exchange adjustment	523,554	523,554
Tax recoverable	402,972	385,857
Cash and cash equivalent	3,381,592	3,115,598
<b>Total current assets</b>	<b>17,372,681</b>	<b>19,539,034</b>
<b>TOTAL ASSETS</b>	<b>161,251,671</b>	<b>160,993,290</b>
<b>EQUITY AND LIABILITIES</b>		
<b>CAPITAL AND RESERVES</b>		
Share capital	5,495,904	5,495,904
Share premium	5,039,818	5,039,818
Capital reserve	8,579,722	8,579,722
Investments revaluation reserve	751,962	751,962
Property, plant and equipment revaluation reserve	18,250,321	19,038,008
Retained earnings	31,393,648	30,513,173
<b>Total equity</b>	<b>69,511,375</b>	<b>69,418,587</b>
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	62,010,429	64,166,527
Prepaid operating lease	6,000	7,000
Retirement benefits liability	1,112,400	1,112,400
Deferred tax	15,032,183	15,032,183
<b>Total non-current liabilities</b>	<b>78,161,012</b>	<b>80,318,110</b>
<b>CURRENT LIABILITIES</b>		
Borrowings due within one year	4,758,764	4,480,481
Trade and other payables	4,092,168	3,645,245
Leave pay provision	191,387	191,387
Amount due to KPLC	1,118	13,659
Prepaid operating lease	2,000	2,000
Tax Payable	514,464	-
Dividends payable	4,023,001	2,923,821
<b>Total current liabilities</b>	<b>13,579,284</b>	<b>11,256,593</b>
<b>TOTAL LIABILITIES</b>	<b>91,740,296</b>	<b>91,574,703</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>161,251,671</b>	<b>160,993,290</b>

The Board of Directors approved the Half year financial statements on 28<sup>th</sup> February, 2012

**KENYA ELECTRICITY GENERATING COMPANY LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2011**

	Share Capital Kshs' 000	Share Premium Kshs' 000	Capital Reserve Kshs' 000	Financial Instruments Revaluation Reserve Kshs' 000	Retained Earnings Kshs' 000	Fixed asset Revaluation Reserve Kshs' 000	Foreign Currency Revaluation Reserve Kshs' 000	Total Kshs' 000
<b>At 1 July 2010</b>	5,495,904	5,039,818	8,579,722	1,385,460	28,168,569	21,600,510	(6,955,455)	63,314,528
Prior year adjustment	-	-	-	-	-	-	6,955,455	6,955,455
Prior year adjustment	-	-	-	-	260,885	-	-	260,885
As restated	5,495,904	5,039,818	8,579,722	1,385,460	28,429,454	21,600,510	-	70,530,868
Profit for the year	-	-	-	-	2,080,121	-	-	2,080,121
Other comprehensive income for the year net of tax	-	-	-	(633,498)	-	-	-	(633,498)
Total comprehensive income for the year	-	-	-	751,962	2,080,121	-	-	1,446,623
Transfer of excess depreciation	-	-	-	-	1,575,373	(1,575,373)	-	-
Deferred tax on revaluation surplus	-	-	-	-	(472,594)	472,594	-	472,594
Adjustment to deferred tax on revaluation surplus due to change in tax rate from 25% to 30%	-	-	-	-	-	(1,459,723)	-	(1,459,723)
Dividend declared - 2010	-	-	-	-	(1,099,181)	-	-	(1,099,181)
Unrealised exchange difference on translation of borrowings	-	-	-	-	-	-	-	-
<b>At 30 June 2011</b>	<b>5,495,904</b>	<b>5,039,818</b>	<b>8,579,722</b>	<b>751,962</b>	<b>30,513,174</b>	<b>19,038,008</b>	<b>-</b>	<b>69,418,587</b>
<b>At 1 July 2011</b>	5,495,904	5,039,818	8,579,722	751,962	30,513,174	19,038,008	-	69,418,587
Profit for the period	-	-	-	-	1,191,969	-	-	1,191,969
Other comprehensive income for the year net of tax	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	1,191,969	-	-	1,191,969
Transfer of excess depreciation	-	-	-	-	787,687	(787,687)	-	-
Deferred tax on revaluation surplus	-	-	-	-	-	-	-	-
Adjustment to deferred tax on revaluation surplus due to change in tax rate from 25% to 30%	-	-	-	-	-	-	-	-
Dividend declared - 2011	-	-	-	-	(1,099,181)	-	-	(1,099,181)
<b>At 31 December 2011</b>	<b>5,495,904</b>	<b>5,039,818</b>	<b>8,579,722</b>	<b>751,962</b>	<b>31,393,648</b>	<b>18,250,321</b>	<b>-</b>	<b>69,511,375</b>

**KENYA ELECTRICITY GENERATING COMPANY LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2011**

	Unaudited 6 months 31 Dec 2011 Kshs.'000	Unaudited 6 months 31 Dec 2010 Kshs.'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash flows generated from operations	8,220,748	7,966,742
Income tax paid	(17,116)	-
Interest received	741,676	278,705
Interest paid	(1,491,366)	(612,763)
<b>NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES</b>	<b>7,453,942</b>	<b>7,353,979</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment	(7,184,600)	(13,179,456)
Purchase of intangible assets	-	(151,391)
Proceeds on redemption of treasury bonds on maturity	363,300	-
Purchase of treasury bonds	-	(4,672,230)
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(6,821,300)</b>	<b>(17,724,372)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings	(1,113,556)	(2,372,078)
Proceeds from borrowings	746,908	657,973
<b>NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES</b>	<b>(366,648)</b>	<b>(1,714,105)</b>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>265,994</b>	<b>(12,084,498)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>3,115,598</b>	<b>21,331,446</b>
<b>NET FOREIGN EXCHANGE ADJUSTMENT</b>	<b>-</b>	<b>132,395</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>3,381,592</b>	<b>9,379,344</b>