

THE UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

The Board of Directors is happy to announce the Unaudited Results for the six months ended 31 December 2013.

BASIS OF PREPARATION

These condensed financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting." They do not include all the information required for full annual financial statements and should be read in conjunction with annual audited financial statements for the year ended 30th June 2013, which have been prepared in accordance with IAS 1. The same accounting policies and methods of computation are followed in these interim financial statements as compared to the annual financial statements for the year ended 30th June 2013.

PERFORMANCE OVERVIEW

I am pleased to report KenGen's results for the six (6) months ending 31 December 2013. The Company has continued to make profits. The Profit before tax decreased from Kshs 2,429 million in December 2012 to Kshs 1,836 million in December 2013 mainly due to reduction in interest income and other revenues.

Electricity revenue increased marginally from Kshs 8,432 million as at 31 December 2012 to Kshs 8,483 million as at 31 December 2013. Capacity revenue which is our core revenue base increased by 5% due to the commissioning of Kindaruma Unit 3 and Embakasi GT. Foreign exchange recoveries declined due to stable foreign exchange rate regime experienced during the period under review as compared to similar period last year. Heavy cash requirement for ongoing implementation of the vision 2030 flagship Olkaria Geothermal 280MW project depressed interest income resulting in decrease of 38%.

Our operating costs increased by 11% mainly due to increase in depreciation expenses following the commissioning of Kindaruma Unit 3 in 2013 and operating costs incurred due to newly commissioned plants.

DIVIDEND

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

FUTURE OUTLOOK

The first 140MW of the Olkaria 280 MW will be commissioned before the end of the financial year of which 70 MW will be connected to the grid in March, 2014 and the other 70 MW in May, 2014.

The installation of the additional 65MW of wellheads is ongoing of which we have already connected two units of 12.8MW to the grid and we expect to connect an additional 12.8MW before the end of the financial year.

We also expect to connect 6.8MW of wind to the National Grid in April 2014.

Hydro generation still remains our major source of generation and depends on prevailing hydrological conditions. During the period under review, the conditions have remained favourable. We anticipate normal hydrological conditions in the next half of the year ending 30th June 2014.

Arising from the above, our second half performance is expected to be better.

The drilling of the 80 wells for the 560MW projects is also ongoing. We are pleased to report that during this period we drilled one of the biggest single well in the world producing 30 MW.

We are confident that with the continued support from the Government, Development Partners and other industry stakeholders, KenGen is set to contribute significantly towards meeting the goals of 5000+MW within 40 months.

BY ORDER OF THE BOARD

ALBERT MUGO
MANAGING DIRECTOR & CEO

Date: 26th February 2014

CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

	31 Dec 2013 KShs' million	31 Dec 2012 KShs' million
Electricity Revenue	8,483	8,432
Operating Expenses	(5,696)	(5,144)
Gross Profit	2,787	3,288
Interest Income	266	429
Other Income	168	278
Operating Profit	3,221	3,995
Finance Costs	(1,385)	(1,566)
Profit before Tax	1,836	2,429
Tax	(818)	(770)
Net Profit for the year	1,018	1,659
Net (loss)/gains on revaluation of Treasury Bonds	(94)	(252)
Total comprehensive Income	924	1,407
Earnings per share		
-Basic and Diluted(Kshs.)	0.46	0.75

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	Unaudited 31 Dec 2013 KShs'million	Audited 30 June 2013 KShs'million
ASSETS		
Property, Plant and Equip.	179,488	153,201
Other Non-current Assets	9,697	10,344
Current Assets	20,835	25,128
	210,020	188,673
EQUITY AND LIABILITIES		
Share Capital	5,496	5,496
Reserves	68,238	67,313
Non-Current Liabilities	113,684	96,872
Proposed Dividends	-	1,319
Current Liabilities	22,602	17,673
	210,020	188,673

CONDENSED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

	31 Dec 2013 KShs' million	31 Dec 2012 KShs' million
Balance at 1 July	3,997	436
Net cash(used in)/ generated from operating activities	1,466	(1,659)
Net cash used in investing activities	(27,323)	(4,652)
Net cash generated from / (used in) financing activities	22,341	6,168
Balance at December	481	293