

ABRIDGED RESULTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

Abridged & published in accordance with Article 137 of the Articles of Association of the Company

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE FIFTY-NINTH ANNUAL GENERAL MEETING of the Company will be held at the Bomas of Kenya, Langata Road, Nairobi on Wednesday, 14th December 2011 at 11.00 a.m. to conduct the following business:

1. To table the proxies and note the presence of a quorum.
2. To read the Notice convening the meeting.
3. To consider and if approved, adopt the Company's audited financial statements for the year ended 30th June 2011, together with the Chairman's, Directors' and Auditors' Reports thereon.
4. To approve the payment of a final dividend of 20% or Kshs.0.50. per ordinary share of Kshs.2.50, subject to withholding tax where applicable, in respect of the financial year ended 30th June 2011.
5. To elect Directors:
 - (i) Mr. Joseph Kinyua, Permanent Secretary-Treasury who retires on rotation in accordance with Article 104 of the Articles of Association of the Company and being eligible offers himself for re-election as a Director of the Company.
 - (ii) Mrs. Dorcas Kombo who retires on rotation in accordance with Article 104 of the Articles of Association of the Company and being eligible offers herself for re-election as a Director of the Company.
 - (iii) Mr. George Njagi who retires on rotation in accordance with Article 104 of the Articles of Association of the Company and being eligible offers himself for re-election as a Director of the Company.
6. To approve payment of Directors' fees for the year ended 30th June 2011.
7. Auditors:
To note that the audit of the Company's books of accounts will continue to be undertaken by the Auditor-General or an audit firm appointed by him in accordance with Section II of the State Corporations Act (as amended by the miscellaneous Law Amendment Act 2002) and Sections 14 and 39 (i) of the Audit Act 2003.
8. To authorise the Directors to fix the remuneration of the Auditors.
9. Special Business:
To consider and if approved, pass the following Special Resolution:
"That the Articles of Association of the Company be amended as follows:

Article 132

By deleting in its entirety and substituting it with the following new Article:
"All dividends, interest or other sum payable and unclaimed for twelve(12) months after having become payable may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends unclaimed for a period of seven (7) years after having been declared or become due for payment shall be forfeited and be paid by the Company to the Investor Compensation Fund in accordance with section 18(e) of the Capital Market Act (Cap 485A) and shall cease to remain owing by the Company."

10. To consider any other business for which due notice has been given.

By Order of the Board



Rebecca Miano
Company Secretary

26 October 2011

NOTES:

1. A member entitled to attend and vote at the meeting and who is unable to attend is entitled to appoint a proxy to attend and vote on his or her behalf. A proxy need not be a member of the Company.
A Proxy Form may be obtained from the Company's website at www.kengen.co.ke, registered office of the Company, Stima Plaza, Kolobot Road, Parklands, Nairobi or offices of the Company's shares registrar firm, Image Registrars Limited, Transnational Plaza 8th Floor, Mama Ngina Street, Nairobi.
To be valid, the Proxy Form, must be duly completed by a member and must either be lodged at the registered offices of the Company's shares registrar firm, Image Registrars Limited, Transnational Plaza 8th Floor, Mama Ngina Street, P.O. Box 9287, 00100 GPO, Nairobi or be posted, or scanned and emailed to info@image.co.ke in PDF format; so as to reach Image Registrars not later than Tuesday, 13th December 2011 at 11.00 a.m.
2. In accordance with Article 137 of the Articles of Association of the Company, a copy of the entire Annual Report & Accounts may be viewed on the Company's website at www.kengen.co.ke or a printed copy may be obtained from the Registered Office of the Company, Stima Plaza, Kolobot Road, Parklands, Nairobi, P.O. Box 47936 - 00100 GPO, Nairobi.

CHAIRMAN'S ABRIDGED COMMENTARY



Hon. Titus K. Mbathi,
EGH, Chairman

Energy is one of the infrastructure enablers of The Kenya Vision 2030. Our goal to power the economy continued in earnest with support from The Government of Kenya through The Energy and Finance Ministries.

The Government of Kenya has continued

to finance the drilling of wells through substantial budgetary allocations. It is worthy to note that the current budget for the energy sector was doubled significantly thereby increasing funds for geothermal development. At the same time, our development partners have approved over Kshs.100 billion to fund the Olkaria projects.

In the context of operating within a dynamic business environment, KenGen is on an exciting journey where relevant issues that dominate both the local and global agenda such as climate change, carbon disclosure and renewable energy are among its priority considerations.

The Company achieved its performance targets as set out in the Performance Contract with the Government in June 2010 by attaining its operational, financial and strategic goals. The Board is committed to continually demonstrating its capacity and competence to achieve the agreed and freely negotiated performance targets.

As a Board, our goal has been to always make the right decisions based on the long-term opportunities for the business. As a result, we now have an established generation-mix with an attractive potential for sustained growth and investment. This approach has led to strong returns to shareholders and a consistent dividend policy over the last five years.

MANAGING DIRECTOR & CEO'S ABRIDGED COMMENTARY



Edward Njoroge, EBS
Managing Director
& CEO

Our commitment to sustainability is embedded in our transformation philosophy themed "G2G". It symbolizes two critical themes of moving from a "Good" to a "Great" Company through the creation of sustainable value from "Generation" to "Generation".

We began our ambitious transformation journey in 2007. Our goal was to add 500MW by year 2012 to stabilize the power situation in Kenya. The commissioning of Kipevu III 120MW in March 2011 exemplifies our commitment. The plant is part of our infrastructure bond investment funds which we raised two years ago. The plant was completed within the scheduled time and budget.

KenGen is on target to complete the Horizon I projects expected to deliver 500MW by 2012. We have delivered 264MW with construction and project development of more capacity going on. Projects commissioned are 60MW Sondu Miriu, 35MW Olkaria II 3rd Unit, 24MW Kiambere Optimization, 5.1MW Ngong Wind, 120MW Kipevu III commissioned in March 2011 and 20MW Redevelopment of Tana Power Station completed in April 2011.

In our Horizon II for the period 2012 to 2018, we plan to inject an additional 2,000MW into the national grid. Over the next decade, we expect to generate over 70% of our electricity from clean sources of energy. By modernizing and diversifying our generating plants now, we will produce energy more efficiently, retire older plants and reduce our carbon footprint.

The 2.3MW Eburru geothermal project is expected to be completed in December 2011, a move that will open up Eburru geothermal fields for future development.

Our first CDM project, Olkaria II 3rd Unit 35MW is abating 149,000 tons of (CO₂) earning US \$ 10.25 per ton of CO₂ emissions. Of this amount, 10% will go towards community projects around Olkaria. We have received US\$225,000 – funds that we are ploughing back to the community by implementing social projects.

We remain committed to reducing our environmental footprint and are taking action today for a clean energy future. We have commenced the Clean Development Mechanism (CDM) registration process for the Olkaria I&IV 280MW geothermal power plant.

We delivered on our operational and financial commitments as we grew earnings and maintained a consistent dividend policy and a strong balance sheet.

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, Sang'oro, drilling rigs and start up costs for Olkaria I & IV.

Due to implementation of new power projects, capital expenditure increased from Kshs.13 billion last year to Kshs.19 billion this year. We are committed to growing our capacity and have targeted a long-term capital expansion program of US\$5 billion by 2018.

We will continue to implement our aggressive capacity expansion program and explore favourable funding mechanisms that will enable us to deliver cost effective projects. As we look ahead to 2012 and beyond, we are inspired by the great potential of our country and we commit to be provide energy for the nation and create value for our stakeholders.

REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS

The accompanying financial statements of the Kenya Electricity Generating Company Limited set out at pages 49 to 89 which comprise the Statement of financial Position as at 30th June, 2011, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information have been audited on my behalf by Deloitte & Touche, auditors appointed under Section 39 of the Public audit Act, 2003. The auditors have duly reported to me the results of their audit and on the basis of their report, I am satisfied that all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit were obtained.

Management's Responsibility for the Financial Statements

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the Auditor- General

My responsibility is to express an independent opinion on the financial statements based on the audit. The audit was conducted in accordance with the International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed with a view to obtaining reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessments of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

I believe the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

Opinion

In my opinion the financial statements present fairly, in all material respects the financial position of the Company as at 30th June, 2011, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards and comply with the Companies Act, Cap 486 of the Laws of Kenya.

Report on other Legal Requirements

As required by the Kenyan Companies Act, I report based on the audit that:-

1. In my opinion, proper books of account have been kept, by the company, so far as appears from the examination of those books: and,
2. The Company's Statement of Financial Position and Statement of Comprehensive Income are in agreement with the books of account.

Edward R.O. Ouko
AUDITOR-GENERAL
Nairobi
26 October 2011

SHAREHOLDER RESOURCES

Final Dividend for the financial year ended 30 June 2011

Closure of Register and Date of Payment

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

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

Update of Particulars

- **For all CDS accountholders**, please update your postal address, email address, telephone number and bank account details at the CDSC through your Stockbroker or Custodian Bank.
- **For all Share Certificate holders**, please update your postal address, email address, telephone number and bank account details at the offices of Image Registrars Limited, Transnational Plaza 8th Floor, Mama Ngina Street, P.O. Box 9287-00100 GPO Nairobi.

STATEMENT OF COMPREHENSIVE INCOME

	Year ended 30 June 2011	Year ended 30 June 2010 (Restated)
	KShs' million	KShs' million
Electricity Revenue	14,389	10,998
Operating expenses	(10,014)	(8,558)
Operating profit	4,375	2,440
Other Income	1,273	786
Finance costs-Net	(1,997)	(741)
Profit before Tax	3,651	2,485
Tax	(1,571)	802
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	(46)	(40)
Other comprehensive income	(633)	1,363
Total comprehensive income	<u>1,447</u>	<u>4,650</u>
Earnings per share		
-Basic and Diluted (Kshs).	0.94	1.49
Dividend per share		
Final proposed (Kshs).	<u>0.50</u>	<u>0.50</u>

CASH FLOW STATEMENT FOR THE YEAR TO 30 JUNE 2011

	Year ended 30 June 2011	Year ended 30 June 2010
	KShs' million	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 (used in) / generated from financing Activities	(331)	31,340
Balance at June	<u>3,116</u>	<u>21,331</u>

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	30 June 2011	30 June 2010 (Restated)	30 June 2009 (Restated)
	KShs' million	KShs' million	KShs' million
Non current Assets			
Property, Plant and Equip	116,786	102,231	92,699
Other Non-current assets	24,668	15,487	7,376
	<u>141,454</u>	<u>117,718</u>	<u>100,075</u>
Working capital			
Current assets	19,539	32,849	12,870
Current liabilities	(11,256)	(6,970)	(5,868)
Net Working capital	<u>8,283</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
Dividends declared	1,099	1,099	1,099
	<u>69,419</u>	<u>70,531</u>	<u>66,980</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>