

**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
Revenue		
Electricity Revenue	7,158,945	6,341,243
Energy related Income	<u>649,355</u>	<u>261,038</u>
Total Revenue	<u>7,808,300</u>	<u>6,602,281</u>
Operating Expenses	<u>(5,551,178)</u>	<u>(5,001,809)</u>
Gross Profit	2,257,122	1,600,472
Interest Income	631,900	138,645
Other Income	<u>323,693</u>	<u>204,225</u>
Operating Profit	3,212,715	1,943,342
Financing costs-Net	<u>(1,509,902)</u>	<u>(663,195)</u>
Profit before tax	1,702,813	1,280,147
Taxation	<u>(510,844)</u>	<u>(384,044)</u>
Profit after tax	<u>1,191,969</u>	<u>896,103</u>
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
ASSETS		
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
TOTAL ASSETS	161,251,671	160,993,290
EQUITY AND LIABILITIES		
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
TOTAL EQUITY AND LIABILITIES	161,251,671	160,993,290

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
28th February 2012