



The Directors are pleased to announce the unaudited trading results of the Company for six months period ending 31 December 2014 as follows:

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	31.12.2014 Shs. Million	31.12.2013 Shs. Million
Revenue		
Non-Fuel Revenue	37,605	26,921
Foreign exchange losses Recovered	906	3,641
Fuel Cost Recovered	16,732	15,980
Other Income	2,670	2,044
Total Revenue	57,913	48,586
Operating Expenditure		
Power Purchase Costs (non-fuel)	20,045	13,705
Fuel Costs	17,150	16,261
Foreign exchange	1,609	2,151
Transmission & Distribution Costs	10,456	9,701
Total Operating Costs	49,260	41,818
Operating Profit	8,653	6,768
Finance income	488	51
Finance Costs	(2,264)	(1,910)
Net foreign exchange losses	(469)	(719)
Profit Before Tax	6,408	4,190
Income Tax Expense	(2,236)	(1,177)
Profit After Tax	4,172	3,013
Earnings per Share - Basic	Shs.2.14	Shs. 1.54
Diluted earnings per Share	Shs.2.14	Shs. 1.54
Dividend Per Share	Shs.0.20	Shs.0.20

STATEMENT OF FINANCIAL POSITION

	31.12.2014 Shs. Million	31.12.2013 Shs. Million
Non-current assets		
Land, property and equipment	174,328	146,762
Net retirement benefit asset	5,442	-
	179,770	146,762
Working Capital		
Current assets	48,625	33,262
Current liabilities	(36,813)	(37,104)
Net working capital	11,812	(3,842)
Total Net Assets	191,582	142,920
Equity and non-current liabilities		
Shareholders' Equity	57,792	50,419
Non-current liabilities	114,001	76,854
Deferred income	19,789	15,647
Total equity and non-current liabilities	191,582	142,920

STATEMENT OF CASH FLOWS

	31.12.2014 Shs. Million	31.12.2013 Shs. Million
Cash generated from operating activities	12,313	9,154
Net cash used in investing activities	(13,775)	(9,426)
Net cash used in financing activities	10,482	(350)
Increase/(Decrease) in cash and cash equivalents	9,020	(622)
Cash and cash equivalents at 1 st July	6,609	(2,097)
Cash and cash equivalents at 31 st Dec.	15,629	(2,719)

REVIEW OF TRADING RESULTS

The Company recorded a profit before tax of Shs.6,408 million during the period under review, compared to Shs.4,190 million realised the same period the previous year, an increase of Shs.2,218 million or 53%. The rise is mainly attributed to increased sales and tariff review.

Electricity revenue (excluding foreign exchange surcharge and fuel recovery) grew to Shs.37,605 million from Shs.26,921 million recorded in the previous review period, an increase of Shs.10,684 million or 40% which is attributable to sales growth and tariff increase.

The power purchase costs (excluding fuel and foreign exchange costs) increased from Shs.13,705 million to Shs.20,045 million. This increase is attributed to additional generation capacity charges and increase in energy charges resulting from the rise in unit purchases from 4,093 GWh the previous year to 4,320 GWh, an increase of 5.5%.

Fuel cost, which is a pass-through component, increased by Shs.889 million or (5%) from Shs.16,261 million the previous period to Shs.17,150 million due to the fuel price variations.

Due to expansion of the Company's electricity network, implementation of power upgrade projects to improve the quality of service to customers and operational expenses in line with growth of the business in general, the transmission and distribution expenditure increased from Shs.9,701 million incurred the previous period to Shs.10,456 million.

Finance income amounted to Shs.487 million during the year compared to Shs.51 million realised the previous period due to increased bank balances.

Financing costs in the period amounted to Shs.2,264 million compared to Shs.1,910 million in the previous review period, an increase of Shs.354 million due to increased borrowings to supplement internally generated funds to finance network expansion and implement system reinforcement projects.

The exchange losses on loans for completed projects and the dollar deposit accounts during the year was Shs.469 million compared to Shs.719 million in the previous year due to the favorable exchange rate of the Shilling against the Dollar and Euro in the current year compared to the previous year.

Profit after Tax

The Company recorded a net profit after tax of Shs.4,172 million for the period compared to Shs.3,013 million realised the previous period.

Dividend

The Directors are pleased to announce an interim dividend of Shs.0.20 per ordinary share. The interim dividend will be paid on or about 29th May 2015 to Ordinary Shareholders on the register at close of business on 31st March 2015. The Register of Members will be closed for one day on 1st April 2015 to facilitate processing of the dividend.

FUTURE PROSPECTS

The Company is undertaking a capacity enhancement programme in readiness for the oncoming generation capacity which will be evacuated to the national grid and distributed efficiently across the country.

In line with this, we are undertaking major power projects including fast-tracking the ongoing construction of 29 new substations and conclusion of tenders for 36 new substations located countrywide to further reinforce the system and enhance service delivery to customers.

To secure revenue, we are planning to introduce smart metering systems to ensure billing accuracy for large power customers as well as reduce overhead costs. The Company will enhance the **Boresha Umeme** aimed at constructing alternative power lines for uninterrupted supply to improve quality and reliability of electricity. In addition, the Company is accelerating the rate of connectivity throughout the country to grow our customer base, empower Kenyans and help grow the economy.

We are optimistic that with the continued support of shareholders, the Government, customers, development partners and other stakeholders; the Company's good performance will be sustained.

BY ORDER OF THE BOARD

DR. BEN CHUMO
MANAGING DIRECTOR & CEO

February 17, 2015