

THE KENYA POWER AND LIGHTING COMPANY LIMITED
UNAUDITED TRADING RESULTS FOR SIX MONTHS PERIOD ENDED
31 DECEMBER 2010

The Directors are pleased to announce the unaudited trading results of the Company for six months ending 31 December 2010 as follows:

STATEMENT OF COMPREHENSIVE INCOME FOR SIX MONTHS PERIOD ENDED
31 DECEMBER 2010

	31.12.2010	31.12.2009
	Shs. Million	Shs. Million
Revenue:		
Electricity Sales	20,627	19,092
Fuel Cost Recovery	9,417	17,320
Foreign exchange surcharge	485	409
Other Income	618	646
Total Revenue	<u>31,147</u>	<u>37,467</u>
Operating Expenditure:		
Power Purchase Costs (Non- Fuel)	10,607	10,661
Fuel Costs	9,579	17,453
Transmission & Distribution Costs	7,661	6,224
Total Operating Costs	<u>27,847</u>	<u>34,338</u>
Operating Profit	3,300	3,129
Finance income	21	87
Financing Costs	(244)	(353)
Profit Before Tax	3,077	2,863
Deferred Tax	(856)	(990)
Profit After Tax	<u>2,221</u>	<u>1,873</u>
Earnings per Share – Basic and Diluted	<u>Shs.2.20</u>	<u>Shs.1.97</u>
Diluted Earnings per Share	<u>Shs.1.02</u>	<u>Shs.1.97</u>
Dividend per Share	<u>Shs. 0.35</u>	<u>Shs. 0.38</u>
Diluted Dividend per Share	<u>Shs. 0.35</u>	<u>Shs. 0.38</u>

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

	31.12.2010	31.12.2009
	Shs.	Shs.
	Million	Million
Non-current assets		
Land, property and equipment	<u>66,332</u>	<u>55,657</u>
Working capital		
Current assets	25,811	18,745
Current liabilities	<u>(18,040)</u>	<u>(16,778)</u>
Net working capital	<u>7,771</u>	<u>1,967</u>
Total Net Assets	<u><u>74,103</u></u>	<u><u>57,624</u></u>

Share Capital	3,115	1,583
7.85% Preference Share Capital	-	15,899
Reserves	11,297	9,347
Share Premium	14,367	-
Proposed dividends	<u>607</u>	<u>237</u>
	29,386	27,066
Pending Allotment	<u>9,528</u>	<u>-</u>
Total Shareholders' Equity	38,914	27,066
Non-current liabilities	<u>35,189</u>	<u>30,558</u>
Total equity and non-current liabilities	<u><u>74,103</u></u>	<u><u>57,624</u></u>

**STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDING
31 DECEMBER 2010**

	31.12.2010	31.12.2009
	Shs.	Shs.
	Million	Million
Cash generated from operating activities	6,044	4,229
Net cash used in investing activities	(7,606)	(6,657)
Net cash used in financing activities	<u>9,279</u>	<u>(577)</u>
(Decrease)/increase in cash and cash equivalents	7,717	(3,005)
Cash and cash equivalents at 1 st July	<u>2,609</u>	<u>4,799</u>
Cash and cash equivalents at 31 st Dec.	<u><u>10,626</u></u>	<u><u>1,794</u></u>

REVIEW OF TRADING RESULTS

The Company recorded a pre-tax profit of Shs.3,077 million during the period under review, compared to Shs.2,863 million realized the same period the previous year, an increase of 7.5% due to increase in unit sales. Consequently, electricity revenue increased by Shs.1,535 million to Shs.20,627 million from Shs.19,092 million recorded in the same period the previous year.

There was a net decrease in non-fuel power purchase costs by Shs.54 million from Shs.10,661 million in the previous period, to Shs.10,607 million. This was mainly due to the partial withdrawal of Emergency Power Plants. Fuel cost, which is a pass-through component, declined by Shs.7,874 (or 45%) from Shs.17,453 million incurred the previous period, to Shs.9,579 million. This was attributable to reduced purchase of fuel-based thermal power.

Transmission and distribution expenditure increased by Shs.1,437 million (or 23%) to Shs.7,661 million compared to Shs.6,224 million incurred the previous period. The increase is attributable to higher maintenance costs of the Company's installations and facilities, depreciation due to increased investment, and staff expenses in line with the general growth of the business.

Net financing costs reduced by Shs.43 million from Shs.266 million the previous period to Shs.223 million. The decrease is as a result of reduced loan balances and lower interest rates.

Taxation

After taking into account a deferred tax charge of Shs.856 million, the Company recorded a net profit after tax of Shs.2,221 million for the period, compared to Shs.1,873 million realized the previous period.

Dividend

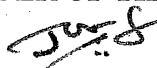
The Directors are pleased to announce an interim dividend of Shs.0.35 per ordinary share, to be paid on or about 31 May 2011 to Ordinary Shareholders on the Register at close of business on 31 March 2011. The Register of Members will be closed for one day only on 1 April 2011 to facilitate processing of the dividend.

FUTURE PROSPECTS

The Company will continue to implement programmes aimed at improving business performance and customer service. The capital realised from the recently concluded Rights Issue and from concessionary loans from development partners, together with internally generated revenue, is being utilised to finance expansion and refurbishment of the electricity supply system, and to grow the customer base. Further, there are firm plans to ensure adequate capacity to meet the growing demand for electricity.

Implementation of these and other corporate business strategies has had a positive impact on the Company's performance, and this will be sustained in the long term.

BY ORDER OF THE BOARD



ENG. JOSEPH K NJOROGE, MBS
MANAGING DIRECTOR & CEO

February 24, 2011