

NOTICE IS HEREBY GIVEN that the 35th Annual General Meeting of the Company will be held at Bomas of Kenya, off Langata Road, Nairobi on Friday 14 October 2011 at 11.00 am 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 Balance Sheet and Accounts for the year ended 31 March 2011 together with the Directors' and Auditors' Reports thereon.
- 4 To declare a final dividend of KShs 1.50 per share for the financial year ended 31 March 2011 payable to shareholders on the Register of Members at close of business on Friday 14 October 2011 and approve the closure of the Register of Members on Monday 17 October 2011 for one day only to determine entitlement to the dividend.
- 5 To elect Directors:
 - a) Mr Ayisi Makatiani retires by rotation in accordance with Article 84 of the Company's Articles of Association and, being eligible, offers himself for re-election.
 - b) Mr Denis Afande retires by rotation in accordance with Article 84 of the Company's Articles of Association and does not offer himself for re-election.
- 6 To approve the Directors remuneration.
- 7 To authorise the Directors to fix the remuneration of the auditors, PriceWaterhouseCoopers.

SPECIAL BUSINESS

8 Increase In Share Capital of the Company

To consider and, if approved, pass the following Ordinary Resolution:-

"That the authorized share capital of the Company be and is hereby increased from Kenya Shillings five thousand million (K.Shs 5,000,000,000/=) divided into one thousand million (1,000,000,000) ordinary shares of Kenya Shillings five (K.Shs. 5/=) each; to Kenya Shillings ten thousand million (K.Shs 10,000,000,000/=) divided into two thousand million (2,000,000,000) ordinary shares of Kenya Shillings five (K.Shs. 5/=) each, by the creation of one thousand million (1,000,000,000) new ordinary shares of Kenya Shillings five (K.Shs. 5/=) each to rank pari passu in all respects with the existing ordinary shares of the Company."

9 Rights Issue

To consider and, if approved, pass the following Ordinary Resolution:-

"That subject to the Company receiving all regulatory approvals, including, but not limited to the approval of the Capital Markets Authority and the Nairobi Stock Exchange, and the approvals of any other regulatory authority, that:

- (i) the Directors be and are hereby authorised and directed such number of ordinary shares of Kenya Shillings five (K.Shs 5/=) each in the capital of the Company as the Directors may decide on, be offered by way of rights to the holders of ordinary shares in the Company registered at the close of business on such date as shall be determined by the Directors, in such proportion (subject to the articles of association of the Company) to existing ordinary shares held by the shareholders of the Company as the Directors shall determine, and at such price that the Directors shall determine; and
- (ii) the Directors be empowered to dispose of the shares not taken up by any shareholders or the shares not issued by reason of fractions of a share being disregarded, as they may consider expedient; and
- (iii) the Directors be and are hereby authorised to issue such shares and pursue the listing of such shares upon issue on the Nairobi Stock Exchange, the Dar-es-Salaam Stock Exchange and the Uganda Securities Exchange and to do and effect all acts and things required to give effect to the above Resolutions".

10 Change in Share Capital Structure

To consider and, if approved, pass the following Special Resolution:-

"That after the above increase of share capital, the Articles of Association of the Company be and hereby altered by substituting the following new Article for Article 8:

The share capital of the Company is Kenya Shillings ten thousand million (K.Shs 10,000,000,000/=) divided into two thousand million (2,000,000,000) ordinary shares of Kenya Shillings five (K.Shs. 5/=) each."

11 Alteration to the Objects Clause of the Memorandum of Association.

To consider and, if approved, pass the following Special Resolution:-

"That the Memorandum of Association be altered by the addition of a new Object 3 (h) and the existing Objects (h) to (gg) be renumbered sequentially as (i) to (hh) :

- (h) To advance learning and knowledge in all their aspects and provide education and training in relation to the aviation industry and in this context to offer such courses of education both full time and part time for students at any level of and in any branch of higher education and to promote, establish, run, manage and maintain training colleges and centres and

such other educational institutions as may be considered appropriate for the promotion and advancement of education in the aviation industry and to acquire equipment, facilities and the services of lecturers, teachers, and other professionals with appropriate aviation expertise and management skills from within Kenya and abroad as would be needed to run and promote any such educational institution set up by the Company subject however, to the permission of competent authority."

BY ORDER OF THE BOARD

Fiona C Fox
Secretary

Date: 13 September 2011

NOTES:

1. Any member may by notice duly signed by him or her and delivered to the Secretary, Office of Head of Legal Services, Kenya Airways Limited, Headquarters, Airport North Road, Embakasi, PO Box 19002, 00501, Nairobi, not less than 7 and not more than 21 days before the date appointed for the Annual General Meeting, give notice of his intention to propose any other person for election to the Board, such notice is to be accompanied by a notice signed by the person proposed of his or her willingness to be elected. The proposed person need not be a member of the company.
2. 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 form of proxy may be obtained from the Company's web site or from the company's share registrars, Custody & Registrar Services Limited, 6th Floor, Bruce House, Standard Street, PO Box 8484, GPO 00100, Nairobi. A proxy need not be a member of the Company. To be valid, a form of proxy must be duly completed and signed by the member and must either be lodged at the offices of the company's share registrars, or be posted, so as to reach Custody & Registrar Services Limited not later than Thursday 13 October 2011 at 11.00 am.
3. A copy of this notice, proxy form and the entire Annual Report and Accounts may be viewed on the Company's web site at www.kenya-airways.com or a printed copy may be obtained from the Company's share registrars, Custody & Registrar Services Limited upon request.

TO ENSURE EFFICIENT COMMUNICATIONS AND DIVIDEND PAYMENTS, ALL KENYA AIRWAYS SHAREHOLDERS ARE REQUESTED TO ENSURE THAT THEIR DETAILS ARE UP-TO-DATE AND CURRENT.

SHAREHOLDERS CAN CONFIRM REGISTER DETAILS WITH THE REGISTRAR. SHAREHOLDERS ARE REQUESTED TO NOTE THAT ALL DETAILS FOR CDSC ACCOUNT HOLDERS CAN ONLY BE UPDATED THROUGH THEIR STOCK BROKERS.

Chairman's and Chief Executive's Abridged Commentary



Mr. Evanson Mwaniki
Non Executive Chairman

Kenya Airways profit after tax for the year 2010/11 compares favorably against prior year. The Board is optimistic that the company's performance will continue improving in the following years.

- IATA reported that full-year 2010 demand statistics for international scheduled air traffic showed an 8.2% increase in passenger business and a 20.6% increase in freight.
- For the first time in its history, Kenya Airways surpassed the 3 million passenger mark during March 2011.
- The airline turnover exceeded the one billion US dollar mark.
- Profit after tax increased to KShs.3,538 billion compared to the prior year profit of KShs.2,035 billion, which represents a net profit margin of 4.1%, up from 2.9% achieved in 2009/10.
- Fuel cost, excluding hedge costs, increased by 31.7% compared to prior year.
- The main drivers of improved performance are passenger numbers, better yields and more stringent cost management.
- The airline will continue opening new routes on a selective basis, investing in its fleet development, training staff and improving its systems.



Dr. Titus Naikuni
Group Managing Director & CEO

Kenya Airways' team however acknowledges that despite our impressive results, we must look forward to deal with the challenges that remain and those that will emerge in the future. We are aware that simply responding to challenges is not enough - we have to anticipate them.

- During the financial year 2010/11, Kenya Airways carried a total of 3.1 million passengers compared to 2.9 million passengers in the previous year, representing a growth of 8.5%.
- Passenger Revenue rose by 20% compared with the previous year.
- Cargo Revenue rose by 19.6% from prior year.
- E Commerce revenue rose by 108% above the previous year and revenue from web sales continues to grow.
- Kenya Airways established a 24/7 call centre in Embakasi for its customers.
- Notable company sponsorships during the period under review were the Golf Safaris and the Kenya Rugby Team.
- Boeing 737-800 Full Flight Simulator was installed at the KQ Pride Center Training facility.
- Kenya Airways launched a new voluntary Carbon Offsetting Program aimed at providing a channel for its customers to contribute towards reducing the effect of carbon emissions, by supporting environmental sustainability initiatives.

CONSOLIDATED INCOME STATEMENT 31 MARCH 2011

	2011 KShs M	2010 KShs M
Turnover		
Passenger	75,355	62,838
Cargo and mail	6,522	5,434
Handling	1,492	1,312
Other	2,467	1,159
Total Revenue	85,836	70,743
Direct costs	(53,419)	(44,376)
Fleet ownership costs	(9,622)	(9,102)
Overheads	(16,980)	(15,426)
Total Expenses	(80,211)	(68,904)
Operating Profit	5,625	1,839
Operating Margin (%)	6.8%	2.6%
Finance costs	(1,379)	(1,485)
Finance income	172	372
Realised gains/(losses) on fuel derivatives	298	(3,771)
Fair value gains on fuel derivatives	30	6,140
Other gains/(losses)	254	(501)
Share of result of associated company	(188)	77
Profit before tax	5,002	2,671
Taxation	(1,464)	(636)
Profit after tax	3,538	2,035
Net Profit Margin (%)	4.1%	2.9%
Earnings per share after tax (KShs)	7.65	4.40

CONSOLIDATED STATEMENT OF CASH FLOWS 31 MARCH 2011

	2011 KShs M	2010 KShs M
Profit before tax	5,002	2,671
Depreciation & amortisation	5,143	4,632
Interest expense	1,379	1,485
Movement in MTM	(30)	(6,140)
Other items	384	(653)
Movement in working capital	(1,341)	5,806
Income taxes paid	(116)	(209)
Net Cash from Operations	10,421	7,592
Capex Expenditure	(3,557)	(3,929)
Deposit refunds received	-	55
Deposits for aircraft purchases	(287)	(72)
Disposal proceeds	47	209
Net Interest paid	(1,207)	(1,113)
Repayment of finance lease obligations	(137)	-
Repayment of long term loans	(3,687)	(3,676)
Dividends paid	(462)	(393)
Total Cash Outflows	(9,290)	(8,919)
Net Cash Outflows	1,131	(1,327)
Cash & Cash Equivalent At Beginning	6,123	7,450
Cash & Cash Equivalent At End	7,254	6,123

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 31 MARCH 2011

	2011 KShs M	2010 KShs M
Profit for the year	3,538	2,035
OTHER COMPREHENSIVE INCOME:		
(Loss)/Gain on hedged exchange differences on borrowings	(2,021)	1,280
Gain on hedged fuel contracts	2,155	398
Deferred taxation on cash flow hedges	(40)	(503)
Total other comprehensive income	94	1,175
Total comprehensive income for the year	3,632	3,210
Total comprehensive income attributable to:		
Equity holders of the company	3,629	3,209
Non-controlling interest	3	1

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 31 MARCH 2011

	Share capital KShs M	Revenue KShs M	Proposed dividends	Non controlling interest KShs M	Total KShs M
At 1 April 2009	2,308	14,406	462	-	17,176
Profit for the year	-	2,034	-	1	2,035
Other comprehensive income	-	1,175	-	-	1,175
Dividends paid for financial year 2009	-	-	(462)	-	(462)
Dividend proposed for financial year 2010	-	(462)	462	-	-
Shares issued to non controlling interest	-	-	-	49	49
At 31 March 2010	2,308	17,153	462	50	19,973
At 1 April 2010	2,308	17,153	462	50	19,973
Profit for the year	-	3,535	-	3	3,538
Other comprehensive income	-	94	-	-	94
Dividends paid for financial year 2010	-	-	(462)	-	(462)
Dividends proposed for financial year 2011	-	(693)	693	-	-
At 31 March 2011	2,308	20,089	693	53	23,143

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 31 MARCH 2011

	2011 KShs M	2010 KShs M
ASSETS		
Aircraft	44,096	44,864
Properties, plant & equipment	6,698	6,625
Intangible assets	1,029	899
Leasehold land	5	6
Investment in associated company	338	526
Aircraft deposits	2,797	2,351
Deferred tax asset	26	32
Fuel derivatives	132	100
Total Non-Current Assets	55,121	55,403
Inventories	1,907	1,543
Trade and other receivables	11,159	9,053
Corporate tax recoverable	840	832
Fuel derivatives	2,462	309
Bank and cash balances	7,254	6,123
Total Current Assets	23,622	17,860
Total Assets	78,743	73,263
EQUITY AND LIABILITIES		
Capital	2,308	2,308
Reserves	20,089	17,153
Proposed dividend	693	462
	23,090	19,923
Non-controlling interests	53	50
Total Equity	23,143	19,973
Aircraft loans - long term	21,750	23,386
Deferred tax liability	8,303	6,918
Deferred Income	2,232	2,406
Finance lease obligations	1,101	-
Total Non-Current Liabilities	33,386	32,710
Current Liabilities		
Sales in advance of carriage	9,010	8,700
Trade & other payables	9,217	8,063
Deferred income	174	174
Unclaimed dividends	109	109
Corporate tax payable	5	-
Aircraft loans - short term	3,699	3,534
Total Current Liabilities	22,214	20,580
Total Equity and Liabilities	78,743	73,263

INDEPENDENT AUDITOR'S REPORT

The accompanying summary Group financial statements, which comprise the summary consolidated statement of financial position at 31 March 2011, the summary consolidated income statement, summary consolidated statement of comprehensive income, summary consolidated statement of changes in equity and the summary consolidated statement of cash flows for the year then ended are derived from the audited financial statements of Kenya Airways Limited for the year ended 31 March 2011. We expressed an unmodified audit opinion on those financial statements in our report dated 2 June 2011. Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those Group financial statements.

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards and in the manner required by the Kenyan Companies Act applied in preparation of the audited financial statements of Kenya Airways Limited. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Kenya Airways Limited.

Directors' responsibility for the Summary Financial Statements

The directors are responsible for the preparation and fair presentation of the summary of the audited Group financial statements.

Auditor's responsibility

Our responsibility is to express an opinion on the summary Group financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements".

Opinion

In our opinion, the summary Group financial statements derived from the audited Group financial statements of Kenya Airways Limited for the year ended 31 March 2011 are consistent, in all material respects, with those Group financial statements.