

RESULTS FOR YEAR ENDED 30TH JUNE 2008

The Directors are pleased to announce the audited financial results for the year ended 30 June 2008.

INCOME STATEMENT

	Year ended 30 June 2008	Year ended 30 June 2007
Units sold (GWH)	4,818	4,599
	Shs' 000	Shs' 000
Non-Fuel Revenue	11,548,176	11,141,219
Fuel Revenue (pass-through)	<u>4,543,387</u>	<u>3,410,548</u>
Total Revenue	<u>16,091,563</u>	<u>14,551,767</u>
Operating expenses	<u>(12,557,479)</u>	<u>(11,409,594)</u>
Gross profit	3,534,084	3,142,173
Interest income	275,773	593,091
Other income	<u>58,218</u>	<u>117,747</u>
Operating profit	3,868,075	3,853,011
Finance costs - Foreign exchange adjustments	(1,441,148)	1,419,974
- Other	<u>(798,073)</u>	<u>(553,706)</u>
Profit before Taxation	1,628,854	4,719,279
Taxation - Corporation	-	(1,465,943)
- Deferred	<u>3,180,591</u>	<u>(807,670)</u>
Net profit for the year	<u>4,809,445</u>	<u>2,445,666</u>
Earnings per share-Basic and diluted (Shs.)	<u>2.19</u>	<u>1.11</u>
Dividend per share		
- Interim	-	0.40
- Final proposed	<u>0.90</u>	<u>0.40</u>
Total	<u>0.90</u>	<u>0.80</u>

BALANCE SHEET AS AT 30 JUNE 2008

Assets	30 June 2008 Shs' 000	30 June 2007 Shs' 000
Non current Assets		
Property, plant and Equipment	91,822,390	87,357,082
Prepaid lease on land	1,475	1,504
Intangible assets	303,721	215,664
KPLC-deferred debt	701,704	627,072
Investment in Treasury Bonds	<u>3,509,123</u>	<u>3,941,294</u>
	<u>96,338,413</u>	<u>92,142,616</u>
Working capital		
Current assets	10,655,138	9,824,245
Current liabilities	<u>(7,924,944)</u>	<u>(7,234,189)</u>
Net working capital	<u>2,730,194</u>	<u>2,590,056</u>
Total Net Assets	<u>99,068,607</u>	<u>94,732,672</u>
Capital and reserves		
Share capital	5,495,904	5,495,904
Reserves	60,650,745	57,262,942
Proposed Dividends	<u>1,978,525</u>	<u>879,343</u>
	<u>68,125,174</u>	<u>63,638,189</u>
Non-Current liabilities	30,943,433	31,094,483
Total Equity and Liabilities	<u>99,068,607</u>	<u>94,732,672</u>

FINANCIAL HIGHLIGHTS

Units sold	up by 4.8%	Profit before tax	down by 65%
Turnover	up by 10.6%	Profit after tax	up by 97%
Net Assets	up by 5.4%	Dividends per share	up by 12.5%

PERFORMANCE

I am pleased to report a year of continued success for KenGen and present to you the Company's trading results and the balance sheet for the year ended 30th June 2008. In spite of major challenges in the industry, the sector and the economy, the company's performance continued to show tremendous improvement.

In spite of poor hydrology this year, we were still able to have a moderate growth of 4.8% in units sold from 4,599 Gwh in 2007 to 4,818 Gwh in 2008. This was achieved by an increase in the hydro sales from 3,277Gwh (2007) to 3,488Gwh (2008) and an increase in thermal sales from 326Gwh (2007) to 407Gwh (2008).

Although the operating profit went up slightly, the profit before tax went down significantly as a result of foreign exchange adjustment of Kshs. 1.44 billion occasioned mainly by the strengthening of the Japanese Yen against the Kenya shilling. As a result of a deferred tax amount of Kshs. 3 billion, the profit after tax rose from Kshs. 2,446 million in 2007 to Kshs. 4,809 million in 2008.

DIVIDEND

The Board of Directors is recommending for approval by the shareholders of a final dividend at the rate of Kshs. 0.90 per ordinary share as compared to Kshs. 0.80 per ordinary share in the year 2006/2007.

FUTURE OUTLOOK

In tandem with the increased economic activities, demand of electricity is expected to continue growing and generation capacity is expected to rise by about 500MW over the coming five years at an estimated cost of Kshs. 70 billion. We at KenGen are proactively putting all the necessary resources in place to meet this growth in demand. With our continued capacity expansion program, rehabilitation of the existing system, diversification of the generation modes, technological innovation and strategic leadership, we are assured of providing sufficient, safe and reliable and least cost electric power to the Kenyan people as well as creating value for our shareholders.

CLOSURE OF REGISTER AND DATE OF PAYMENT

The Register of members will be closed from 24th to 25th November, 2008 both days inclusive.

If approved, the final dividend will be paid less withholding tax where applicable on or about 2nd February 2009 to those shareholders registered in the books of the Company at the close of business on 21st November, 2008.

ANNUAL GENERAL MEETING

The Fifty Sixth Annual General Meeting of the Company is scheduled to be held on Thursday 18th December, 2008 at 11:00 a.m. at the Kasarani Gymnasium, Thika Road, Nairobi.

BY ORDER OF THE BOARD

EDWARD NJOROGE
MANAGING DIRECTOR & CEO

Date: 14th October, 2008