



KENYA ELECTRICITY GENERATING COMPANY LIMITED
UNAUDITED INCOME STATEMENT
SIX MONTHS ENDED 31st DECEMBER 2006

The Directors are pleased to announce the unaudited trading results of the Company for six months ending 31st December, 2006 as follows:

	Six Months to 31 st December 2006	Six Months to 31 st December 2005
UNITS SENT OUT (kWh '000)	2,236,740	2,285,122
	=====	=====
	Shs. '000	Shs. '000
NON-FUEL REVENUE	5,278,704	4,068,846
FUEL REVENUE (<i>pass through</i>)	1,957,432	3,090,966
OTHER REVENUE	187,781	138,280
TOTAL REVENUE	7,423,917	7,251,061
	=====	=====
OPERATING COST	(2,548,761)	(2,519,686)
FUEL COST (<i>pass through</i>)	(1,957,432)	(3,090,966)
OPERATING PROFIT	2,917,724	1,640,409
PROFIT BEFORE TAXATION	2,815,608	2,042,060
TAXATION CHARGE	(703,902)	(612,618)
NET PROFIT FOR THE PERIOD	2,111,706	1,429,442
	=====	=====
Earnings per Share	Shs.0.96	Shs. 0.65
	=====	=====
Interim Dividend per Share	Shs.0.40	-
	=====	=====

The units sent out from the Company's own operations decreased marginally by 2% as a result of complementary emergency power brought in by the Government of Kenya (GOK) in order to mitigate the effects of anticipated dry hydrology in the first quarter of the financial year.

The increase in non-fuel revenue was due to increase in tariff from Ksh.1.76 to 2.36 per kWh, effective 1st July 2006 and the decline of fuel revenue/cost (pass through) is due to decreased generation from our thermal plants. Other revenue includes compensation for the administrative costs of the Emergency power project.

The operating costs remained relatively at the same level for the same period last year despite inflationary pressures while the operating profit went up mainly due to tariff adjustment.

Further, in line with the accounting prudence principle, unrealized exchange gains amounting to Ksh.875,512,350 arising from revaluation of foreign currency denominated loans as at 31st December 2006 have not been taken into account.

Dividend

The Board of Directors has resolved to declare an interim dividend for the year of Ksh.0.40 per share or 16% on the issued share capital of 2,198,361,456 ordinary shares of Kshs.2.50 each, reflecting your Board's continued confidence in the future of the Company.

The dividend will be paid, less withholding tax where applicable on or about 30th May 2007 to shareholders registered at the close of business on 22nd March 2007. The register of members will be closed for one day only on 23rd March 2007.

Further GOK divestiture

In view of great interest shown by the public in the recent Initial Public Offering (IPO), the GOK has decided to divest a further 19% shareholding in the Company, within the current financial year thereby reducing its shareholding to 51%.

Future prospects

With the increasing power demand and improved hydrology in the months of November and December 2006, better prospects on hydro generation are envisaged in the next six months. The Company will continue to implement capacity expansion projects within its investment plan on timely basis.

To improve on the operational efficiency and align its strategic goals, the Company will commence a post-IPO transformation programme in the current financial year.

BY ORDER OF THE BOARD

EDWARD NJOROGE
MANAGING DIRECTOR

28TH FEBRUARY 2007