



KENYA ELECTRICITY GENERATING COMPANY LIMITED
UNAUDITED INCOME STATEMENT
SIX MONTHS ENDED 31st DECEMBER 2007

The Directors are pleased to announce the unaudited trading results of the Company for six months ending 31st December 2007 as follows:

	Six Months to 31st December 2007	Six Months to 31st December 2006
UNITS SENT OUT (KWH'000)	<u>2,439,427</u>	<u>2,236,740</u>
	Shs.'000	Shs.'000
NON-FUEL REVENUE	5,827,008	5,387,078
FUEL REVENUE (<i>pass through</i>)	1,677,921	1,957,432
OTHER REVENUE	329,449	494,211
TOTAL REVENUE	<u>7,834,378</u>	<u>7,838,721</u>
OPERATING COST	(3,947,910)	(2,727,367)
FUEL COST (<i>pass through</i>)	(1,677,921)	(1,957,432)
OPERATING PROFIT	2,208,547	3,153,922
PROFIT BEFORE TAXATION	2,330,982	3,695,781
TAXATION CHARGE	<u>(582,746)</u>	<u>(872,719)</u>
NET PROFIT FOR THE PERIOD	<u>1,748,236</u>	<u>2,823,062</u>
Earnings Per Share	Shs.0.8	Shs. 1.28
Interim Dividend per share	<u>---</u>	<u>0.40</u>

RESULTS

The net profit for the period was KShs. 1,748,236, down from KShs. 2,823,062. This was mainly due to high depreciation after the Company revalued its assets. The comparative depreciation figures being KShs. 904 million for the half year ended December 2006, and KShs. 1,719 million for the half year ended December 2007. Normal and recurrent costs were at the same level as last year.

The Board does not recommend the payment of an interim dividend.

Peak demand for electricity continued to rise, hitting an all time high of 1,031MW in November 2007. Hydrology continued to be good with Masinga, our main reservoir, maintaining an average level of over 99% over the six months.

The units sent out from the Company's own operations increased by 9% as a result of the increased demand and the favourable hydrology during the six months under review.

To meet the demand, the contract for the 100MW Emergency Power Project, which is funded by the Government and managed by ourselves, was extended for a period of two years, and an additional 50MW is being procured. Commissioning of 60MW Sondu Miriu was slightly delayed but will be done early in the new year.

FUTURE OUTLOOK - TRANSFORMATION

In order to meet the increasing challenge of a growing power demand, the Company embarked on a transformation plan and engaged an external consultant who guided us through the formulation of a transformation strategy. The plan was approved by the Board in November 2007 and is anchored on four pillars of capital planning and execution, regulatory management, operational excellence and organizational effectiveness. The start of the implementation will entail launching the process of staffing key positions with appropriate talent, skills and capabilities within the next six months. This will ensure that the Company is more effective at executing the new strategy by focusing on the key strategic issues facing the company today.

BY ORDER OF THE BOARD

EDWARD NJOROGE, EBS
MANAGING DIRECTOR & CEO

28th FEBRUARY 2008