

RESULTS FOR YEAR ENDED 30TH JUNE 2007

The Directors are pleased to announce the audited financial results for the year ended 30 June 2007.

FINANCIAL HIGHLIGHTS

Turnover	↑ up 2%	Profit before Tax	↑ up 27%
Units Sold	↑ up 1%	Dividends per Share	↑ up by 45%
Operating Profit	↑ up 12%	Net Assets	↑ up by 59%

INCOME STATEMENT

	Year ended 30 June 2007	Year ended 30 June 2006
UNITS SOLD		
(kWh Million)	<u>4,599</u>	<u>4,538</u>
	Shs' 000	Shs' 000
Non-Fuel Revenue	11,141,219	8,222,708
Fuel Revenue (pass through)	<u>3,410,548</u>	<u>6,077,352</u>
Total Revenue	<u>14,551,767</u>	<u>14,300,060</u>
Operating Costs	6,913,195	4,446,264
Fuel Cost (pass through)	<u>3,410,548</u>	<u>6,077,352</u>
Operating Profit	<u>4,228,024</u>	<u>3,776,444</u>
Net Finance Income (costs)	866,268	(55,906)
Impairment on Fixed Assets		
Revaluation	(375,013)	-
Profit before Taxation	4,719,279	3,720,538
Taxation- Corporate Tax	(1,465,943)	-
- Deferred Tax	<u>(807,670)</u>	<u>48,395</u>
Net Profit for the year	<u>2,445,666</u>	<u>3,768,933</u>
Dividend per Share		
- Interim Paid	0.40	-
- Final Proposed.	<u>0.40</u>	<u>0.55</u>
- Total Dividend	<u>0.80</u>	<u>0.55</u>

BALANCE SHEET AS AT 30 JUNE 2007

	30 June 2007 Shs' 000	30 June 2006 Shs' 000
Assets		
Non current Assets		
Property, Plant and Equipment	87,357,082	50,662,367
Prepaid Lease on Land	1,504	1,533
Intangible Assets	215,664	-
Investment in Treasury Bonds	<u>3,941,294</u>	<u>2,447,488</u>
	<u>91,515,544</u>	<u>53,111,388</u>
Working Capital		
Current Assets	10,451,317	11,674,854
Current Liabilities	<u>(7,234,189)</u>	<u>(5,053,579)</u>
Net Working Capital	<u>3,217,128</u>	<u>6,621,275</u>
Total Net Assets	<u>94,732,672</u>	<u>59,732,663</u>
Capital and reserves		
Share Capital	5,495,904	5,495,904
Reserves	57,262,942	29,793,660
Proposed Dividends	<u>879,343</u>	<u>1,209,099</u>
	<u>63,638,189</u>	<u>36,498,663</u>
Non-Current Liabilities	<u>31,094,483</u>	<u>23,234,000</u>
Total Equity and Liabilities	<u>94,732,672</u>	<u>59,732,663</u>

PERFORMANCE

I am pleased to report a year of continued progress for KenGen and present to you the results of another successful trading year, in which our financial performance showed tremendous improvement with the pre-tax profit rising by 27% to Kshs 4,719 million in 2007.

These results represent a solid performance of the Company. Earnings in 2007 were favourably impacted on by an increase in the bulk tariff rate from Shs.1.76/kWh to Shs.2.36/kWh, an increase in units sold as well as improvement in operational efficiency. Sales increased from 4,538 Million Kilowatt hours in 2006 to 4,599 Million Kilowatt hours in 2007.

The units sent out from the Company's operations increased by 12% to 5,167 million units with 568 million units from the complimentary emergency power brought in by the Government of Kenya (GoK) in order to mitigate against the effect of anticipated dry hydrology in the first quarter of the financial year. KenGen is managing the emergency power project on behalf of the Government. This increase in total electricity sales is attributable to improved general economic performance, which saw the Gross Domestic Product grow from 5.8% in 2006 to 6.1% in 2007.

DIVIDEND

The Board of Directors of KenGen is recommending for approval by the shareholders of a final dividend of Kshs.0.40 per ordinary share.

This translates to a total dividend of Kshs.0.80 inclusive of the interim dividend per ordinary share for the year ended 30th June, 2007, as compared to Kshs.0.55 in the year 2006.

FUTURE OUTLOOK

In tandem with the increased economic growth, consumption of electricity is expected to rise at an average of about 8% annually. This will require an additional generation

capacity of about 500MW over the next five years at an estimated cost of over Kshs. 70 billion. At KenGen, we are proactively committing our resources to meet this growth in power demand. With our continued capacity expansion program, rehabilitation and upgrading of the existing system, diversification of power generation sources and technological innovation we are sure of providing sufficient, reliable and safe electric power to the Kenyan people as well as creating value for our shareholders.

To align ourselves in delivering our vision, we have engaged an international management consulting firm – McKinsey & Company to assist us transform in four key areas;

- (i) redefining our overall strategic direction, (ii) developing our capital planning and execution strategy, (iii) designing cost optimisation and operational excellence processes and (iv) developing a robust organisation to deliver on the strategy.

The Transformation Plan is due mid November 2007.

CLOSURE OF REGISTER AND DATE OF PAYMENT

The register of shareholders will be closed from 19th to 21st November, 2007 both days inclusive.

If approved, the final dividend will be paid less withholding tax where applicable on or about 1st February 2008 to those shareholders registered in the books of the Company at the close of business on 16th November, 2007.

ANNUAL GENERAL MEETING

The Fifty Fifth Annual General Meeting of the Company is scheduled to be held on 22nd November, 2007 at 11:00 a.m. at the Kasarani Gymnasium, Thika Road, Nairobi.

BY ORDER OF THE BOARD

EDWARD NJOROGE
MANAGING DIRECTOR

18th September, 2007