

**THE KENYA POWER AND LIGHTING COMPANY LIMITED**  
**UNAUDITED TRADING RESULTS FOR SIX MONTHS ENDING**  
**31 DECEMBER 2007**

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

**UNAUDITED TRADING RESULTS FOR SIX MONTHS ENDING 31 DECEMBER 2007.**

|   | 31.12.2007        | 31.12.2006        |
|---|-------------------|-------------------|
|   | Shs. Million      | Shs. Million      |
| <b>Revenue:</b>                               |                   |                   |
| Electricity Sales                             | 12,436            | 12,242            |
| Fuel Cost Recoveries                          | 7,311             | 7,834             |
| Other Revenue                                 | 947               | 475               |
| <b>Total Revenue</b>                          | <u>20,694</u>     | <u>20,551</u>     |
| <b>Operating Expenditure:</b>                 |                   |                   |
| Power Purchase Costs (Non- Fuel)              | 6,356             | 6,102             |
| Fuel Costs                                    | 7,347             | 8,289             |
| Transmission & Distribution Costs             | 5,213             | 4,790             |
| <b>Total Operating Costs</b>                  | <u>18,916</u>     | <u>19,181</u>     |
| <b>Operating Profit</b>                       | 1,778             | 1,370             |
| Net Financing (Costs)/Income                  | (304)             | 50                |
| <b>Profit before Tax</b>                      | 1,474             | 1,420             |
| Deferred Tax                                  | (519)             | (504)             |
| <b>Profit after Tax</b>                       | <u>955</u>        | <u>916</u>        |
| <b>Earnings per Share – Basic and Diluted</b> | <u>Shs. 12.08</u> | <u>Shs. 11.56</u> |
| <b>Dividend per Share</b>                     | <u>Shs. 1.00</u>  | <u>Shs. 0.60</u>  |

**BALANCE SHEET AS AT 31 DECEMBER 2007.**

|                               | 31.12.2007    | 31.12.2006    |
|-------------------------------|---------------|---------------|
|                               | Shs. Million  | Shs. Million  |
| <b>Non-current assets</b>     |               |               |
| Land, property and equipment  | 32,515        | 23,782        |
| Non-current intangible assets | 4             | 4             |
|                               | <u>32,519</u> | <u>23,786</u> |
| <b>Working capital</b>        |               |               |
| Current assets                | 22,055        | 17,909        |
| Current liabilities           | (21,495)      | (13,879)      |
| <b>Net working capital</b>    | <u>560</u>    | <u>4,030</u>  |
| <b>Total Net Assets</b>       | <u>33,079</u> | <u>27,816</u> |

|  |                      |                      |
|--|----------------------|----------------------|
| Shareholders' equity                     | 23,084               | 21,426               |
| Non-current liabilities                  | <u>9,995</u>         | <u>6,390</u>         |
| Total equity and non-current liabilities | <u><u>33,079</u></u> | <u><u>27,816</u></u> |

**CASH FLOW STATEMENT FOR THE SIX MONTHS ENDING  
31 DECEMBER 2007.**

|  | 31.12.2007<br>Shs. Million | 31.12.2006<br>Shs. Million |
|--|----------------------------|----------------------------|
| Cash generated from operating activities           | 966                        | 139                        |
| Net cash used in investing activities              | (970)                      | (1,964)                    |
| Net cash used in financing activities              | <u>(147)</u>               | <u>(242)</u>               |
| (Decrease)/increase in cash and cash equivalents   | (151)                      | (2,067)                    |
| Cash and cash equivalents at 1 <sup>st</sup> July  | <u>3,592</u>               | <u>6,211</u>               |
| Cash and cash equivalents at 31 <sup>st</sup> Dec. | <u><u>3,441</u></u>        | <u><u>4,144</u></u>        |

**TRADING RESULTS**

The Company recorded a pre-tax profit of Shs.1,474 million during the period under review, compared to Shs. 1,420 million realized the same period the previous year, an increase of 4%.

Electricity revenue during the six month period increased to Shs.12,436 million from Shs. 12,242 million recorded in the same period the previous year.. Fuel cost recoveries decreased by 7% from Shs. 7,834 million to Shs.7,311 million due decreased generation from fuel based plants.

The non-fuel power purchase costs rose by Shs.253 million to Shs.6,356 million from Shs. 6,102 million the previous period as a result of increase in units purchased. Fuel cost, which is a pass-through component, decreased by Shs.942 million to Shs.7,347 million from Shs.8,289 million, due to decreased generation from thermal based plants.

Transmission and distribution costs increased by Shs.423 million to Shs.5,213 million from Shs.4,790 million incurred the previous period. The increase during the period was mainly attributable to enhanced maintenance of transmission and distribution system and implementation of recommendations of a job evaluation study to address salary inequalities.

Net financing cost increased by Shs. 354 million to Shs. 304 million from net financing income of Shs. 50 million the previous period. The increase is attributable to increased short term borrowing to finance operational activities.

**Taxation**

The Company recorded a net profit after tax of Shs.955 million for the period compared to Shs.916 million realized the previous period after taking into account a deferred tax charge of Shs.519 million.

**Dividend**

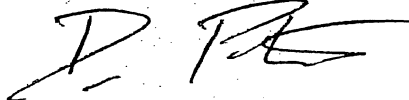
The Directors are pleased to announce an interim dividend of Shs.1.00 per ordinary share. The interim dividend will be paid on or about 30<sup>th</sup> April, 2008 to ordinary shareholders on the register at close of business on 28<sup>th</sup> March, 2008.

The register of members will be closed for one day only on 29<sup>th</sup> March, 2008.

**FUTURE PROSPECTS**

The Company's performance has continued to improve over the last few years and if the post election disturbances experienced in the country at the beginning of 2008 cease, we expect that the performance achieved in first half of the year will be sustained during the remaining period.

**BY ORDER OF THE BOARD**



**DON PRIESTMAN**  
**GENERAL MANAGER AND CHIEF EXECUTIVE OFFICER.**

26<sup>th</sup> February 2008