



KenGen

Energy for the nation.



Impacting Lives
through **Innovation**

INTEGRATED ANNUAL REPORT &
FINANCIAL STATEMENTS
FOR THE YEAR ENDED **30 JUNE 2019**

Our Vision



To be the market leader in the provision of reliable, safe, quality and competitively priced electric energy in the Eastern Africa region.

Our Mission



To efficiently generate competitively priced electric energy using state of the art technology as well as skilled and motivated human resources to ensure financial success. We shall achieve market leadership by undertaking least cost and environmentally friendly capacity expansion. Consistent with our corporate culture, our core values will be adhered to in all our operations.

Our Core Values

Team Spirit



Integrity



Safety Culture



Professionalism



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This Integrated Annual Report & Financial Statements is also available online. For greater insight into the Company, visit our corporate website: www.kengen.co.ke



Our Corporate Theme

Build. Bring out the Best. Be Present

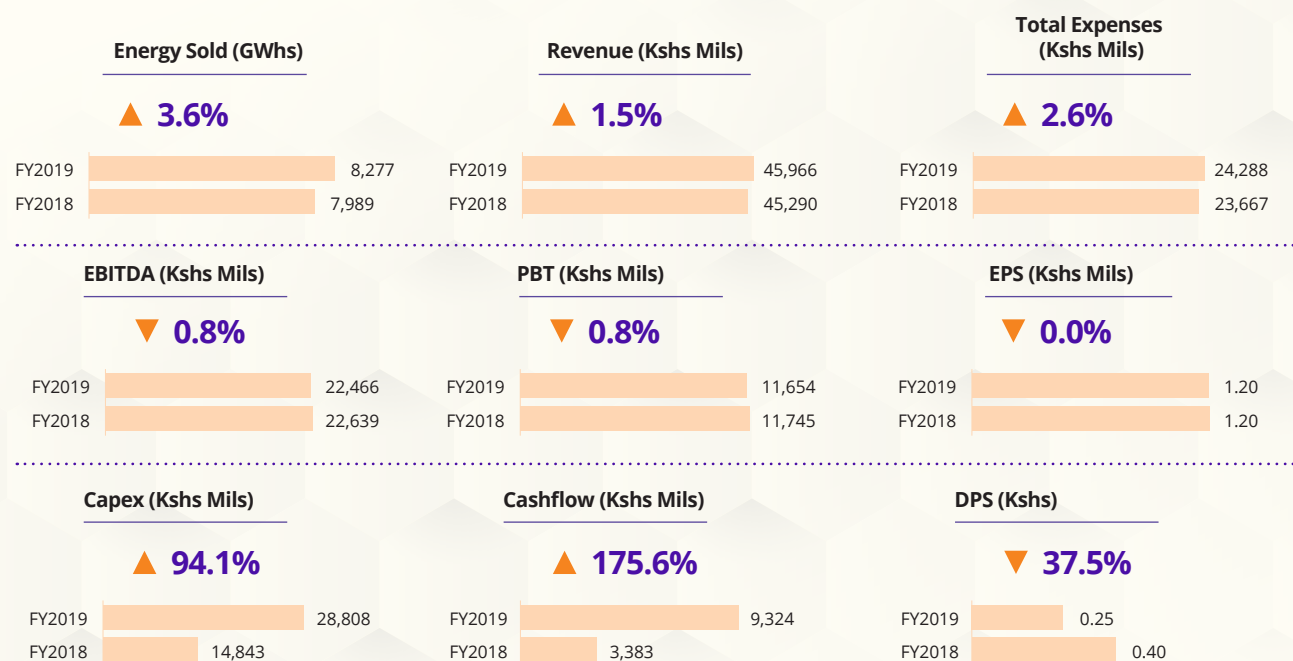
Execute with Speed and Precision Together

[@kengenkenya](#) [KenGen Kenya](#) [@kengenkenya](#) [KenGen Kenya](#) [www.kengen.co.ke](#)



KenGen
Energy for the nation.

2019 Performance Highlights



FY = Financial Years

Socio-Economic Sustainability



Infrastructure

Roads (Masinga – Kiambere, sondu, Turkwel, Gogo)

Social amenities (dispensaries, schools)



Education

Scholarships

School infrastructure development

Mentorship

School visits to stations



Social

Special groups procurement

Youth empowerment (attachees)

Employee environment- Staff compliment-female vs male

Water & sanitation
KenGen safety week and HIV caravans

National values sensitization

Stakeholder engagement

Gender & Diversity (Pink Energy)

Environmental Sustainability



Afforestation, GIC

ESIAs

Environmental audits



Climate change



Social

Special groups procurements

Our Interactions



H.E. President Uhuru Kenyatta in Olkaria for the ground-breaking ceremony of the Olkaria V Geothermal Power Plant which was completed in November 2019.



A delegation of newly appointed Ambassadors, High Commissioners and Deputy Heads of Missions with KenGen Managing Director & CEO at Olkaria IV Power Station during a familiarization tour of geothermal projects on June 16, 2019. This was an opportunity for the designate envoys to understand the state of energy generation in Kenya.

ABOUT THIS REPORT

This integrated report is KenGen's primary communication to shareholders and stakeholders on our performance and prospects. The report provides a review of the material matters we face; our key operational, financial, economic, social and environmental aspects; our governance; our engagements; as well as our risks and opportunities. This is our value creation story.

Scope and Boundary

Our strategy as well as material matters form the anchor of the report and determine its content. The report covers the period 1 July 2018 to 30 June 2019 and gives commentary, performance measures and prospects for the important operations. The structure and layout of this report draws on the International Integrated Reporting Framework. Material events up to the date of approval have been included. Unless otherwise indicated, the information presented is comparable to that of prior years, with no significant restatements. For a comprehensive overview of our financial performance, the integrated report should be read in conjunction with our annual financial statements.

Assurance and Audit Approach

The Company has put in place a robust governance oversight and risk management framework. Our combined assurance model takes a three-pronged approach comprising a review by management, supplemented by internal and external auditors. The Audit, Risk & Compliance Committee as delegated by the Board relies on the combined assurance in forming their view of the adequacy of our risk management and internal controls. The annual financial statements are audited by the Auditor General who has issued an unqualified opinion.

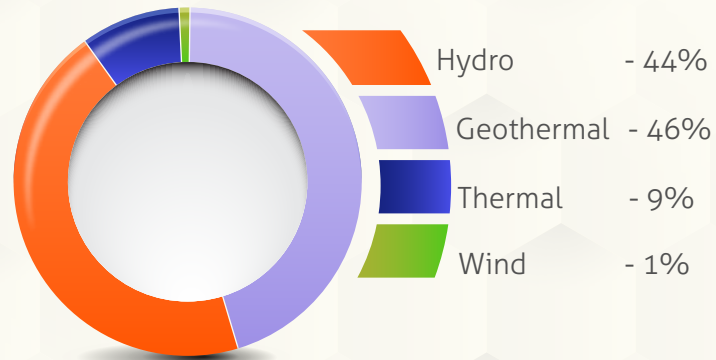
Financial and Non-Financial Information

We apply International Financial Reporting Standards (IFRS) and comply with the listing requirements of the Capital Markets Authority (CMA) and Nairobi Securities Exchange (NSE), the Companies Act of 2015 and the Code of Corporate Governance Practices for Issuers of Securities to the Public 2015.

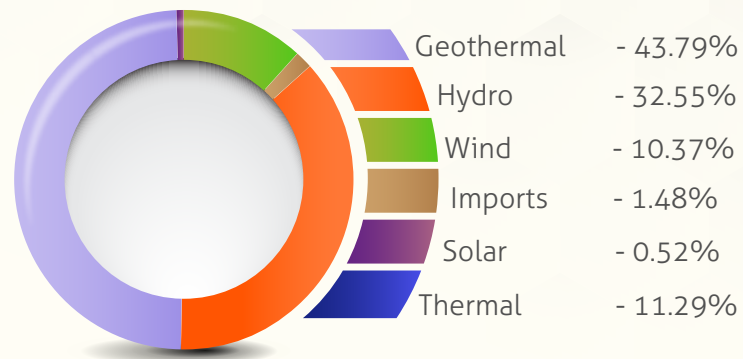
Board Responsibility and Approval

The Board is accountable for the integrity and completeness of the integrated report and any additional Information. The Audit Risk & Compliance Committee ensures the integrity of the report and has applied its collective mind to its preparation and presentation. In considering the completeness of the material items dealt with and the reliability of information presented, based on the combined assurance process followed, the Committee approved the 2019 integrated report, annual financial statements and additional information on 24 September 2020.

Our Business (cont'd)

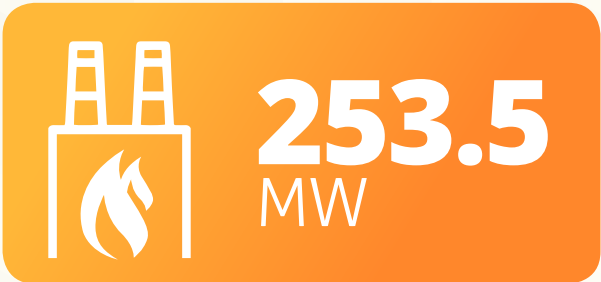
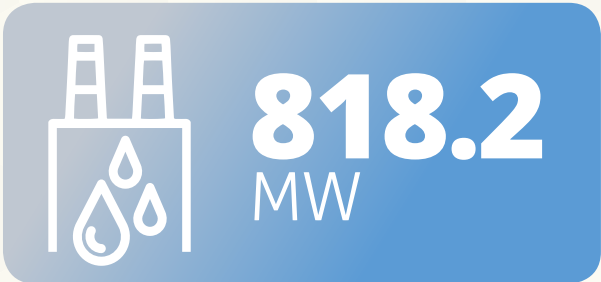
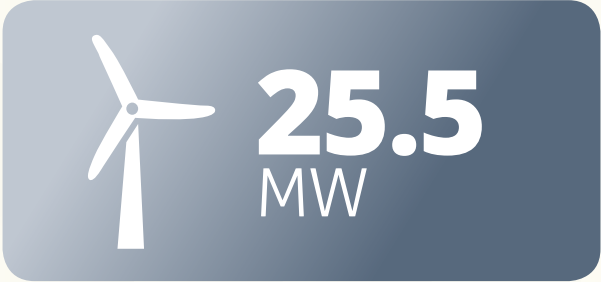
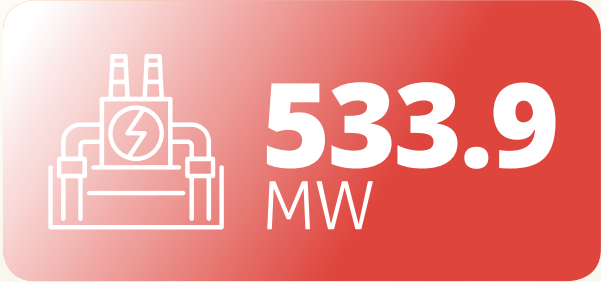


KenGen's Energy Generation Mix 2018/2019



Kenya's Generation Mix 2018/2019

Our Business (cont'd)



OUR FOOTPRINT



Our Business (cont'd)

KenGen's footprint is in six operational areas: The Western Region consisting of four hydro stations in Turkwel, Sondu Miriu, Sang'oro, Gogo and the Muhoroni thermal plant with a total installed capacity of 249.4MW. The Geothermal Area, found in the Rift Valley, consists of several power plants & wellheads in Olkaria and Eburru areas with a total installed capacity of 533.9MW. Kipevu Area has two thermal plants located in Mombasa with an installed capacity of 193.5MW.

The Seven Forks has five power plants along the Tana River cascade comprising of Masinga, Kamburu, Gitaru, Kindaruma and Kiambere power stations. The lower Tana River cascade has a total installed capacity of 599.2MW. The Upper Tana cascade comprises of four power plants namely: Mesco, Wanjii, Sagana and Tana. The Area has been developed to produce 29.6MW.

The Ngong Wind farm has an installed capacity of 25.5MW. Hydro is the leading source of energy with an installed capacity of 818.2MW, which is 50% of the Company's installed capacity. Geothermal is second with 533.9MW out of which 83.6MW comes from the innovative wellhead technology. This places geothermal capacity at 32% of KenGen's installed capacity.



Our Milestones

Kenya Power Company (KPC) incorporated as a private company and converted to a public Company in 1954



Completed the First post-independence Power Plant along the Tana River: Kindaruma 40MW Hydro Plant which was upgraded to 72MW Nairobi South 13.5MW Thermal Plant commissioned



Completed the first three geothermal exploration wells in Africa within Olkaria Geothermal Field Gogo 2MW Hydro Power Plant commissioned

First 15MW Geothermal Unit in Olkaria I installed and a total of 45MW completed in 1985 144MW Gitaru Units 2 & 3 installed; 80MW Unit 1 installed in 1999 making the plant the Largest Hydro Plant in Kenya at 225MW



First Ngong' Wind Farm 0.35MW commissioned Turkwel 106MW Hydro Power Plant commissioned



Kenya Power Company rebranded as KenGen following a restructuring in the Power Sub-sector becomes the First Kenyan Parastatal to be ISO: 9001 Standard certified



KenGen Energy Services Limited (KESEL), formed to handle diversified business streams

Ground breaking ceremony of the largest Single Geothermal Power Project in the World: Olkaria 280MW
Largest Wind Farm in Kenya Completed: Ngong 25.5MW

Ambitious Resettlement Action Plan (RAP) for 150 households in Olkaria completed

Innovative Wellhead Technology Project of 75MW

Rolled Out Quickest Thermal Power Plant in East Africa commissioned in record 14 months: Kipevu III 120MW

Largest Public Infrastructure Bond in Kenya; successfully raised over Kshs. 26 billion

Deepened Kenyan Capital Markets through successful public listing with 336% subscription rate on the Nairobi Stock Exchange

60MW Sondu Miriu Hydro Power a run-off the river plant with a 17km penstock tunnel commissioned



Largest Rights Issue in East Africa raised over 28 bn at the Nairobi Securities Exchange.

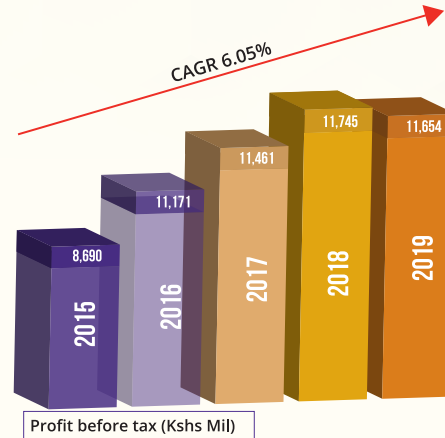
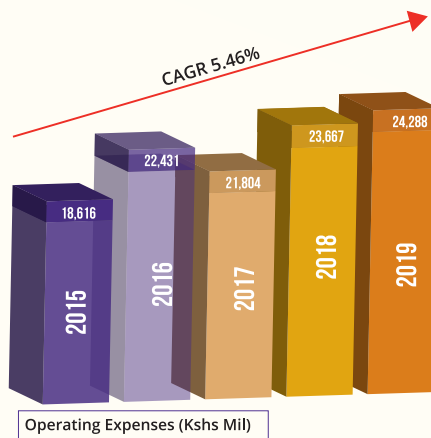
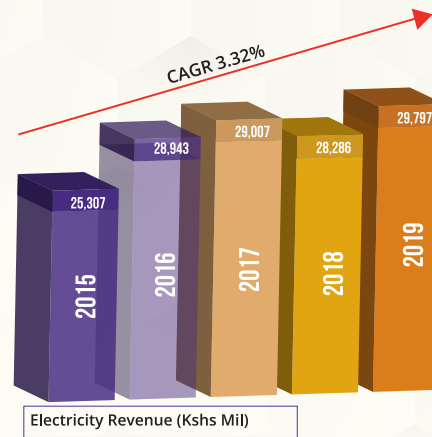
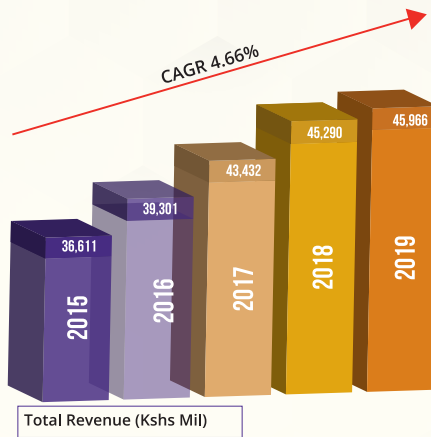
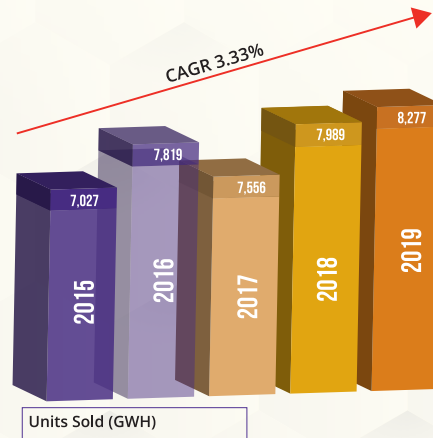
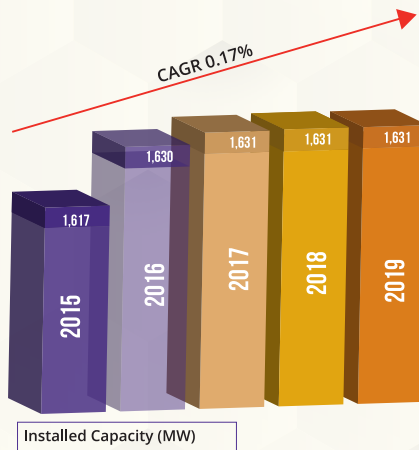
Ground breaking of Olkaria V 140 MW.

Largest contributor to the +5000MW in 40 months GOK initiative; with 375MW already installed out of the allocated 844MW to KenGen

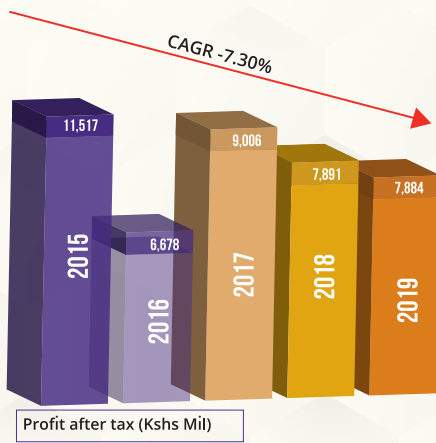
ISO QMS 9001:2008 and EMS 14001:2004 recertified

Olkaria V - 140 MW

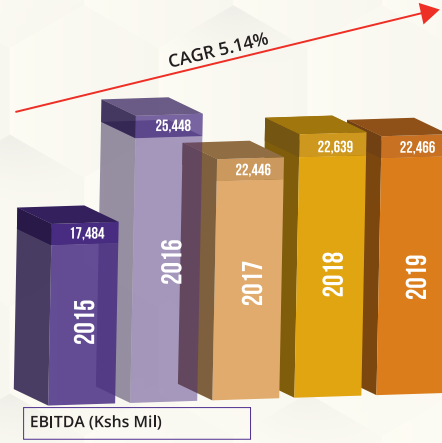
Financial Highlights



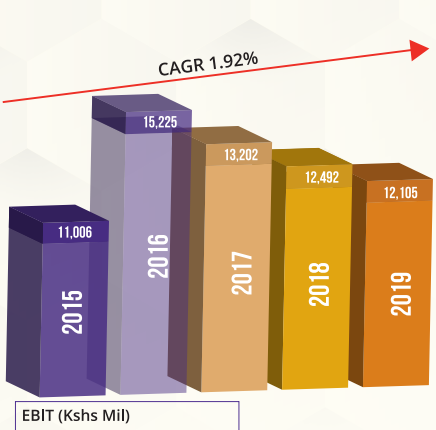
Financial Highlights



Profit after tax (Kshs Mil)



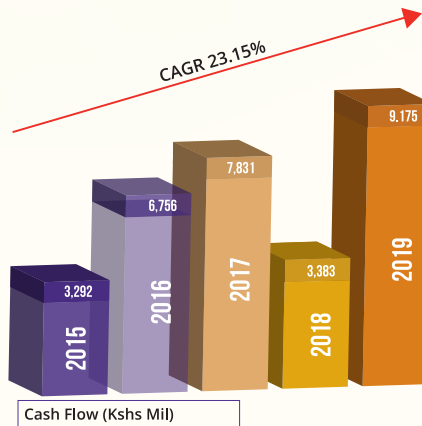
EBITDA (Kshs Mil)



EBIT (Kshs Mil)



Assets (Kshs Mil)



Cash Flow (Kshs Mil)

Awards



Corporate Information

Board of Directors:

Joshua Choge	- Chairman
Rebecca Miano	- Managing Director & CEO
Henry Rotich	- Cabinet Secretary, The National Treasury
Ukur Yatani	- Cabinet Secretary, The National Treasury (Appointed on 14th January 2020) (Appointed Acting Cabinet Secretary on 24th July 2019)
Joseph Njoroge	- Principal Secretary, Ministry of Energy
Ziporah Ndegwa	
Musa Arusei	
Kairu Bachia	
Joseph Sitati	
Maurice Nduranu	
Phyllis Wakiaga	
Reginalda Wanyonyi	
Humphrey Muhu	- Alternate to Ukur Yatani
William Mbaka	- Alternate to Joseph Njoroge

Secretary

Paul Ndungi
Certified Public Secretary (Kenya)
KenGen Pension Plaza 2
Kolobot Road
P. O. Box 47936 - 00100 GPO
Nairobi

Registered Office

Head Office
KenGen Pension Plaza 2
Kolobot Road
P.O Box 47936-00100 GPO
Nairobi, Kenya

Registrars

Image Registrars Limited
ABSA Towers, 5th Floor
Loita Street
P.O. Box 9287-00100 GPO
Nairobi

Auditor

The Auditor General
Anniversary Towers
P. O. Box 30084 - 00100 GPO
Nairobi

Corporate Information (cont'd)

Delegated Auditor

PricewaterhouseCoopers
Certified Public Accountants (Kenya)
PwC Tower, Waiyaki Way/Chiromo
Road, Westlands
P.O. Box 43963-00100 GPO
Nairobi

Principal Bankers

Co-operative Bank of Kenya Plc
Stima Plaza
P.O. Box 38764 - 00600
Nairobi

Citibank NA
Upper Hill
P.O. Box 30711 - 00100 GPO
Nairobi

Stanbic Bank Kenya Limited
Kenyatta Avenue Branch
P.O. Box 30552-00100 GPO
Nairobi

Equity Bank Limited
Westlands Supreme Centre,
P.O. Box 14253-00800
Nairobi

KCB Bank Kenya Ltd
Moi Avenue Branch
P. O. Box 24030 - 00100 GPO
Nairobi

NCBA Bank Kenya Plc
NIC House
Masaba Road, Upper Hill
P.O. Box 44500-00100 GPO
Nairobi

Standard Chartered Bank Kenya Plc
P.O. Box 30003-00100 GPO
Nairobi

ABSA Bank Kenya Plc
Off Waiyaki Way
Corporate Banker Center
P.O. Box 30120-00100
Nairobi

Bank of Africa Kenya Limited
Sameer Business Park
Unit C 1st Floor
P.O. Box 69562-00400
Nairobi

Corporate Information (cont'd)

Management Team:

Rebecca Miano

Divisional Directors:

Abel Rotich
Abraham Serem
David Muthike
Elizabeth Njenga

John Mudany
Moses Wekesa
Paul Ndungi
Philip Yego
Simon Ngure
Solomon Kariuki

Managing Director & CEO

Geothermal Development Director
Human Resource & Administration Director
Strategy & Innovation Director
Acting Business Development Director
(appointed on 25th September 2019)
Finance & ICT Director
Business Development Director
Company Secretary & Legal Affairs Director
Supply Chain Director
Corporate & Regulatory Services Director
Operations Director

Board Committees:

Audit, Risk & Compliance Committee

Joseph Sitati (Chair)
Humphrey Muhu
Phyllis Wakiaga
Ziporah Ndegwa
Kairu Bachia

Strategy Committee

Kairu Bachia (Chair)
Humphrey Muhu
Joseph Sitati
William Mbaka
Rebecca Miano

Human Resource & Nomination Committee

Musa Arusei (Chair)
Phyllis Wakiaga
Kairu Bachia
Reginalda Wanyonyi
Rebecca Miano

Governance Advisory Committee

Ziporah Ndegwa (Chair)
Maurice Nduranu
Reginalda Wanyonyi
Musa Arusei
Rebecca Miano

Finance Committee

Maurice Nduranu (Chair)
William Mbaka
Musa Arusei
Humphrey Muhu
Rebecca Miano

Report of the Directors

STATEMENT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements of Kenya Electricity Generating Company Plc (the “Company”) for the year ended 30 June 2019.

Principal Activities

The principal activity of the Company is to generate and sell electricity to the authorised distributor, Kenya Power and Lighting Company (Kenya Power).

Business Review

We report another year of stable performance which demonstrates our continued resilience to be a profitable business despite a challenging operating environment. Some of our power plants performed at optimum levels while others underwent major overhauls to ensure reliability and efficiency. This resulted in an overall improvement in energy unit sales which rose from 7,989GWh in 2018 to 8,277GWh in 2019, attributable to improved load factors and availabilities. Below is a summary of the performance of our generation mix.

Electricity Unit Sales (GWh)

	2019	2018	Change
Source			
Hydro	3,707	3,187	16%
Geothermal	3,748	3,867	(3%)
Thermal	755	888	(15%)
Wind	67	47	43%
Total	8,277	7,989	4%

Revenue

Total revenue grew from Shs 45,290 million in the previous period to Shs 45,966 million for the period, driven by a growth in revenue from hydro, thermal and wind power plants which registered a growth owing to improved availabilities and load factors during the year.

However, geothermal revenue dropped by 2% due to technical downtime in Olkaria I AU, Olkaria II and some Wellheads. Our strategy continues to focus on Geothermal generation.

Other Income

Other income increased from Shs 275 million to Shs 619 million compared to previous year, driven by refund of tax, consultancy services and insurance compensation. The Company recognised a refund of Shs 391 million relating to Railway Development Levy which had been paid for Olkaria 280MW power plant.

Other gains/(losses) relates to foreign exchange valuations and fair value measurements of financial assets. The amount increased from a loss of Shs 1,050 million to a gain of Shs 3,179 million during the period, mainly attributable to fair value gain on a financial asset through profit or loss due to weakening of the Shilling against other major currencies.

Report of the Directors (cont'd)

Expenses

Reimbursable expenses increased from Shs 9,406 million to Shs 10,192 million due to higher fuel for Muhoroni power plant following completion of relocation of GT2 from Embakasi in April 2019.

During the year, the Company capitalized new assets amounting to Shs 3,065 million which generated additional depreciation expense resulting in an increase from Shs 10,147 million to Shs 10,360 million net of capitalisation.

Employee expenses increased by 11% from Shs 6,132 million to Shs 6,801 million due to implementation of Collective Bargaining agreement (CBA), cost of living adjustment and gratuity for personnel on contract terms.

Steam costs are incurred in respect to supply of steam used in generation of power from third party owned wells. The costs declined from Shs 3,549 million to Shs 3,357 million due to lower dispatch from the wells connected to Olkaria I AU, Olkaria IV and Wellheads that experienced breakdowns during the period.

The plant operation and maintenance expenses decreased from Shs 1,669 million to Shs 1,512 million because of optimization of costs associated with operation of the power plants mainly Kipevu III where statutory maintenance of overhaul after 12,000hrs of operation was carried out. Other expenses increased from Shs 2,168 million to Shs 2,258 million, attributable to rising cost of doing business due to prevailing economic conditions in the business environment we operate in and provisions arising from adoption of IFRS 9.

Finance Income/ Expense

Finance income declined from Shs 3,341 million in 2018 to Shs 1,423 million in 2019 because the previous year figures were boosted by foreign exchange gain of Shs 1,848 million. In the current year, the shilling weakened against other major currencies especially the Yen resulting in a foreign exchange loss of Shs 2,507 million. This impacted finance expenses which increased from Shs 3,038 million to Shs, 5,054 million.

Results

The Company's revenue growth and profitability is mainly driven by the completion of new power plants and during the year, the completion of Olkaria V was expected to impact the current year's bottom-line. However, this did not happen and thereby the performance remained flat against the previous year. Profit before tax declined from Shs 11,745 million to Shs 11,654 million while profit after tax dropped marginally from Shs 7,891 million to Shs 7,884 million.

Financial Position

Total assets grew by 6% from Shs 379,353 million to Shs 401,422 million mainly attributable to investments in Olkaria V, Olkaria I Unit 6, rehabilitation of Kamburu power plant and drilling of additional wells to secure steam for the upcoming power plants.

Cash Flows

The cash and bank balances increased from Shs 3,383 million to Shs 9,324 million majorly due to improved cash from generated from operations and working capital movements as a result of increased collection efforts on amounts due from Kenya Power.

Report of the Directors (cont'd)

Recommended Dividend

Subject to the approval of the shareholders, the Directors propose payment of a first and final dividend of shs 1,649 million (2018: Shs 2,638 million) for the year representing Shs 0.25 (2018: Shs 0.40) per issued ordinary share.

Directors

The Directors who held office during the year up to date of this report are disclosed on page 15;

Auditor

Disclosures to the Auditor

The Directors confirm that with respect to each Director at the time of approval of this report:

- (a) There was, as far as each Director is aware, no relevant audit information of which the Company's auditor is unaware;
- (b) Each Director had taken all steps that ought to have been taken as a Director so as to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Terms of Appointment of Auditors

The Auditor General is responsible for the statutory audit of the Company's financial statements in accordance with Section 35 of the Public Audit Act, 2015. Section 23(1) of the Act empowers the Auditor General to appoint other auditors to carry out the audit on his behalf. Accordingly, PricewaterhouseCoopers LLP were appointed to carry out the audit for the year ended 30 June 2019.

The Directors monitor the effectiveness, objectivity and independence of the auditor. This responsibility includes the approval of the audit engagement contract and the associated fees on behalf of the shareholders.

By order of the Board



Company Secretary

31 August 2020



Masinga Dam

Chairman's Statement

Dear Shareholder,

It gives me great pleasure to report another year of stable performance for the period ended 30th June 2019. In the period under review, our performance was in line with the country's GDP growth, which was at 6.3 % in 2018, up from 4.9% in 2017. The GDP growth in 2018 was the fastest growth experienced in Kenya since the growth of 8.4% recorded in 2010 and above the 5-year average GDP growth at 5.6%

The key economic drivers to the GDP growth included the rebound in the agriculture and manufacturing sectors, which paints a great long term future for KenGen to continue taking up opportunities in the provision of renewable energy as an enabler for economic growth.



Joshua Choge, MBS
Chairman of the Board



Chairman's Statement

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Business Performance

Total revenue was relatively level at Kshs.45,966 million, up by 1.5% from Kshs. 45,290 million in 2018, while Profit After Tax was in tandem at Kshs. 7,884 million, down by Kshs. 7 million from Kshs.7,891 million in 2018. The performance was largely on the backdrop of enhanced geothermal

Our performance continues to mirror our economy which expanded by 6.3% in 2018 from 4.9% recorded in 2017.

energy sales that significantly offset depressed hydro generation, especially in the first half of the year when the country experienced persistent drought, as well as a Kshs.2,017 million

increase in finance costs to Kshs.5,054 million.

The Company continued to prioritize implementation of the operational excellence initiatives as evidenced by the stability in operational costs.

Total Assets stood at Kshs.401,422 million, up 6% from Kshs. 379,353 million in 2018.

Operating Environment

During the period under review, the Energy Act, 2019 came into operation, signifying a landmark milestone in the Energy Sector. The Company, together with energy sector players and stakeholders, are working on operationalization of the said Act, including formulation of regulations towards realization of envisaged benefits.

The first half of the period under review witnessed significantly lower than normal rainfall and this resultantly affected the performance of the Company's hydro-electric power generation plants. This setback was however offset by generation from the Company's geothermal power generation plants. The rains in the second half of the period were satisfactory, with the improved hydrology resulting in commendable performance of the hydro-electric power generation plants.

The period also witnessed the entry of new players into the electric power generation business, mainly in respect of renewable and intermittent sources of wind energy. As a result, there was a slight decline in the Company's market share of installed capacity as at the close of the period. This was however more than offset by the contribution of the Company to the national electric power generation grid, which stood at 72%, stamping the Company's position as the market leader in energy generation in the Country. The on-going capacity expansion projects will ensure that the Company continues to competitively retain its market leadership position.

The entry of new electric power generation players is welcome, as it presents an opportunities for the Company to continue operating competitively while diversifying its value proposition in the energy sector in areas such as provision of auxiliary services and grid stabilization.

KenGen has a strong track record in delivering energy generation projects in a timely manner, using the highly professional and competent in-house human capital. This has earned us a strong brand name that we have

Chairman's Statement (cont'd)

leveraged on to market our expertise to change lives in the energy markets in Africa. To this end, KenGen was recently contracted in Ethiopia to develop the Aluto geothermal fields as well as drill geothermal wells at Tulu Moye. We continue to actively pursue other opportunities within the Region to fast-track the Company's diversification agenda. Later in this report, the Managing Director & CEO, Mrs. Rebecca Miano, will set out our areas of focus to develop the Company going forward and further improve the returns.

We have made great strides in sustainable development and remain committed to supporting the Government in realization of the UN Sustainable Development Goals.

Coexistence with Communities

KenGen has set up Stakeholder Coordination Committees (SCC) in Olkaria, Western and Eastern Regions as a platform to grow together with local communities and address issues of mutual concern. Through these committees, KenGen has provided an inclusive participation in matters such as social benefits and environmental sustainability. The Company has also been able to continuously engage communities, through the SCCs, in identifying and addressing pertinent issues affecting them.

Being an organization that operates in areas surrounded by several communities, KenGen values partnerships with its stakeholders. That is why we look forward to every opportunity to deepen our engagement with our host communities. Mainly leveraging on our expansion plan, which focuses on building strategic partnerships that create win-win situations, we are happy with our achievements so far.

Corporate Governance

The Directors, together with senior management, attended several training sessions on Corporate Governance, Board Effectiveness, Sustainable Business Practices, and Risk Management. A Board Evaluation exercise was also duly conducted, including the evaluation of the Board,

Board Committees, and the Managing Director & CEO to ensure that the Board continuously strives for the highest standards of excellence.

Future Outlook

The GDP, in Kenya and regional markets is expected to decelerate substantially in 2020 due to the negative impact of the COVID-19 Pandemic. Growth projections remain highly uncertain, and the outcome will largely depend on how the Pandemic plays out locally and internationally along with policy actions taken to mitigate the situation. The latest World Bank Kenya Economic Update predicts a GDP growth rate of 1.5% for Kenya in 2020, with a potential for economic contraction if COVID-19 related disruptions persist.

We have and continue to carefully consider the long-term regulatory, political, economic, technological, and societal drivers of change impacting our business, to ensure we can address all opportunities and challenges with agility and resilience.

As a Board, we have also been paying particular attention to how management develops attractive value propositions both in the core business of electricity generation and in diversification. This is particularly important as competition continues to grow with new entrants in the power generation business and liberalization of the energy sector.

Looking ahead, we will continue living our brand promise and steadfast commitment to Kenya and the Eastern Africa Region at large. As a leading energy generator with

KenGen also implemented the largest rights issue at NSE valued at Kshs. 28.6 billion.

longstanding and unrivaled experience in development of diverse power projects and generation of electricity in Kenya, our unique understanding and our extensive networks allows us to capitalize on opportunities with the requisite knowledge, expertise,

Chairman's Statement (cont'd)

experience of our staff to grow the primary business and the diversification agenda.

I am confident that as we execute our strategic priorities with discipline and energy and increase our efforts in optimizing the utilization of our assets, we will continue to create long-term value for all our shareholders and all our stakeholders.

Dividend

The Board is recommending the payment of a first and final dividend for the year of Kshs. 0.25 for every ordinary share of Kshs. 2.50. This compares to a total dividend of Kshs 0.40 per ordinary share paid in 2018. If approved at this Annual General Meeting by shareholders, the dividend will be paid, less withholding tax where applicable, on or about Thursday, 17th December 2020. The Board recognizes the importance of dividends to shareholders and believes in balancing returns with investment to support future growth, whilst at the same time preserving strong capital ratios.

The Growth and Transformation Journey and Milestones

During the last Annual General Meeting (AGM) held in December 2018, our shareholders re-elected three non-executive directors, namely the Cabinet Secretary - the National Treasury, Mr. Joseph Sitati and Mr. Maurice Nduranu. This has provided continuity in the Board oversight role in conducting of the Company's business.

We have continued to be the pacesetter in harnessing renewable green energy in Africa. We delivered the largest single geothermal project in the world, the Olkaria 280MW, the revolutionary 83MW Wellheads, Kindaruma 24MW Additional Unit 3 and we are on course to commission the 165.4MW Olkaria V project.

In October 2019, after the close of the financial year under review, the Company paid the last principal and interest instalments in respect of the ten (10) year, Kshs. 25 billion Public Infrastructure Bond. On behalf of the Company, I extend our gratitude to all Bondholders for investing in the KenGen Public Infrastructure Bond, which resulted in a significant value uplift for both investors and the Company. The Company is equally grateful to the Capital Markets Authority and the Nairobi Securities Exchange for their valuable support.

We are proud of having established a track record of successfully raising capital from the market as well as retiring the debt in full and on time upon maturity.

Lastly, on behalf of the Board of Directors, I would like to thank the management and staff for successfully executing the strategy and long-term goals of the Company, while also protecting and enhancing our brand. It is because of these efforts, and with the full support of the Board, that we are well-positioned to face the future with confidence.

I am very proud to have been a part of the ongoing success.

Thank You.



Joshua Choge (Mr.), MBS
Chairman of the Board

Ujumbe kutoka kwa Mwenyekiti

Mpendwa Mwenyehisa,

Ninafuraha kubwa kuripoti mwaka mwingine wa utendakazi thabiti kwa kipindi kilichokamilikia tarehe 30 Juni 2019. Katika kipindi kinachokaguliwa, utendakazi wetu uliambatana na ukuaji wa GDP wa nchi, ambao ulikua kwa 6.3 % mwaka wa 2018, ikiwa ni ongezeko la kutoka 4.9% mwaka wa 2017. Ukuaji wa GDP mwaka wa 2018 ndio uliokuwa ukuaji wa kasi zaidi kushuhudiwa nchini Kenya tangu ukuaji wa 8.4% uliorekodiwa mwaka wa 2010 na zaidi ya kiwango cha wastani cha miaka 5 cha ukuaji wa GDP kwa 5.6%.



Joshua Choge (Bw.), MBS

Mwenyekiti wa Bodi

Ujumbe kutoka kwa Mwenyekiti

Mpendwa Mwenyehisa,

Ninafuraha kubwa kuripoti mwaka mwingine wa utendakazi thabiti kwa kipindi kilichokamilikia tarehe 30 Juni 2019. Katika kipindi kinachokaguliwa, utendakazi wetu uliambatana na ukuaji wa GDP wa nchi, ambao ulikua kwa 6.3 % mwaka wa 2018, ikiwa ni ongezeko la kutoka 4.9% mwaka wa 2017. Ukuaji wa GDP mwaka wa 2018 ndio uliokuwa ukuaji wa kasi zaidi kushuhudiwa nchini Kenya tangu ukuaji wa 8.4% uliorekodiwa mwaka wa 2010 na zaidi ya kiwango cha wastani cha miaka 5 cha ukuaji wa GDP kwa 5.6%.

Vigezo vikuu vya kiuchumi vilivyosababisha ukuaji huu wa GDP ni pamoja na kustawi kwa sekta za kilimo na uzalishaji, jambo linalochora picha nzuri ya mustakabali wa muda mrefu kwa ajili ya KenGen kuendelea kuvuna kutokana na nafasi zilizopo katika utoaji wa kawi ya vyanzo mbadala kama nyenzo ya kuwezesha ukuaji wa kiuchumi.

Utendaji wa Biashara

Mapato ya jumla yalisalia katika kiwango linganishi cha milioni Kshs.45, 966, hii ikiwa ni ongezeko la 1.5% kutoka Kshs. milioni 45, 290 mwaka wa 2018, huku Faida Baada ya Ushuru ikiwa inaambatana kwa milioni Kshs. 7,884, hii ikiwa ni chini kwa Kshs. milioni 7 kutoka milioni Kshs. 7, 891 mwaka wa 2018. Utendakazi huu ulisababishwa pakubwa na kuboreshwa kwa mauzo ya kawi ya mvuke ambayo yalisawazisha pakubwa uzalishaji wa kawi kutoka majini, hasa katika awamu ya kwanza ya mwaka ambapo nchi ilipitia hali ya ukame uliodumu kwa muda, pamoja na ongezeko la milioni Kshs.2,017 katika gharama za kifedha hadi milioni Kshs.5,054.

Kampuni iliendelea kuupa kipaumbele utekelezaji wa mipango ya ufanisi wa utendaji kama ilivyotolewa ushahidi

kupitia uthabiti wa gharama za kuendesha biashara. Jumla ya Mali ilikuwa milioni Kshs.401,422, hii ikiwa ni ongezeko la 6% kutoka milioni Kshs. 379,353 mwaka wa 2018.

Mazingira ya Kuendesha Biashara

Katika kipindi kinachokaguliwa, Sheria ya Kawi, 2019 ilianza kutekelezwa, hii ikiashiria hatua kubwa katika Sekta ya Kawi. Kampuni, pamoja na wahusika na washikadau wengine wa sekta ya kawi, wanafanyikazi ili kutekeleza Sheria iliyotajwa, ikiwa ni pamoja na kuunda kanuni za kusaidia kufikia manufaa yaliyo katika maono.

Awamu ya kwanza ya kipindi kinachokaguliwa ilipitia viwango vya chini kuliko vya kawaida vya mvua na hii iliathiri pakubwa utendakazi wa vituo vya Kampuni vya uzalishaji wa kawi ya maji. Hata hivyo, changamoto hii ilisawazishwa na uzalishaji wa kawi ya mvuke kwenye vituo vya Kampuni. Mvua katika awamu ya pili ya kipindi ilikuwa ya kuridhisha, viwango vya maji vikiimarika na kusababisha utendakazi wa kuridhisha wa vituo vya uzalishaji wa kawi ya maji.

Kipindi hiki pia kilishuhudia kuingia kwa wahusika wengine katika biashara ya uzalishaji wa kawi, hasa wa kawi ya vyanzo mbadala na vya kati vya kawi ya upepo. Kwa sababu hii, Kampuni ilishuhudia hali ya kupungua kwa mgao wa soko wa uwezo uliosakinishwa kufikia wakati wa kufungwa kwa kipindi. Hata hivyo, hii ilisawazishwa na mchango wa Kampuni katika gridi ya kitaifa ya kawi, ambao ulikuwa 72%, hii ikiweka Kampuni katika nafasi yake kama kiongozi sokoni katika uzalishaji wa kawi nchini. Miradi inayoendelea ya upanuzi wa uwezo itahakikisha kwamba Kampuni inaendelea kudumisha nafasi yake kuongoza kwa njia shindani.

Kuingia sokoni kwa wahusika wapya wa nishati ya umeme ni jambo jema, kwa vile kunatoa fursa kwa Kampuni kuendelea kutenda kwa njia shindani huku ikipanua mgao wake wa thamani katika sekta ya kawi katika nyanja kama vile utoaji wa huduma za ziada na kufanya gridi kuwa thabiti.

Ujumbe kutoka kwa Mwenyekiti

KenGen ina rekodi thabiti katika kuwasilisha miradi ya uzalishaji wa kawi kwa muda ufaao, kwa kutumia wafanyakazi wa ndani ambao ni wataalamu wenye ujuzi wa juu na umilisi. Hii imetupa jina thabiti la chapa ambalo tumelitumia vyema ili kutangaza ujuzi wetu kubadilisha maisha katika masoko ya kawi barani Afrika. Kutokana na hayo, Hivi majuzi, KenGen ilipewa kandarasi nchini Ethiopia kuunda nyanja za kuzalisha kawi ya mvuke za Aluto pamoja na chimbo za kawi ya mvuke eneo la Tulu Moyo. Tunaendelea kufuatilia fursa nyingine ndani ya Ukanda huu ili kuharakisha ajenda ya upanuzi ya Kampuni. Baadaye katika ripoti hii, Mkurugenzi Mtendaji, Bi. Rebecca Miano, atabainisha maeneo ya kuangaziwa ili kukuza Kampuni kuendelea mbele na kuboresha mapato hata zaidi.

Tumepiga hatua kubwa katiika maendeleo endelevu na tunaendelea kujitolea ili kusaidia Serikali kuyafikia Malengo ya Maendeleo Endelevu ya Umoja wa Kimataifa.

Mtagusano na Jamii

KenGen imeunda Kamati za Uratibu za Washikadau (SCC) kule Olkaria, Kanda za Magharibi na Mashariki kama jukwaa la kukua pamoja na jamii ya ndani na kushughulikia masuala yanayowahusu wote kwa pamoja. Kupitia kamati hizi, KenGen imetoa ushiriki jumuishi katika masuala kama vile manufaa ya kijamii na uendelevu wa kimazingira. Kampuni pia umeweza kuendelea kuhusisha jamii, kupitia kwa kamati za SCC, katika kutambua na kushughulikia masuala makuu yanayoaathiri.

Kwa kuwa sisi ni shirika linaloendesha biashara zake katika maeneo ambayo yamezingirwa na jamii kadhaa, KenGen inathamini ushirika na washikadau wake. Hii ndiyo sababu tunatazamia kila fursa ili kukita zaidi kujihusisha kwetu na jamii ambazo ni wenyeji wetu. Kwa kutumia fursa za mpango wetu wa upanuzi, ambao unaangazia kujenga ushirika wa kimkakati ambao huzalisha hali za usawa, tunafurahia mafanikio yetu kufikia sasa.

Utawala wa Shirika

Wakurugenzi, pamoja na usimamizi mkuu, walihudhuria vikao kadhaa vya mafunzo kuhusu Utawala wa Shirika, Ufanisi wa Bodi, Matendo Endelevu ya Biashara na Udhibiti wa Hatari. Zoezi la Kutathmini Bodi pia lilifanywa, ikiwa ni pamoja na kutathmini Bodi, Kamati za Bodi na Mkurugenzi Mkuu Mtendaji ili kuhakikisha kwamba Bodi inajituma kufikia viwango vya juu zaidi vya ufanisi.

Matarajio ya Siku Zijazo

GDP, nchini Kenya na masoko ya kikanda inatarajiwa kupungua pakubwa mwaka wa 2020 kutokana na athari hasi za janga la COVID-19. Makadirio ya ukuaji yanasalia kutotabirika na matokeo yake yatategemea pakubwa athari za janga hili nchini na kimataifa pamoja na hatua za sera zilizochukuliwa kukabiliana na hali hii. Taarifa ya hivi punde ya Uchumi wa Kenya kutoka Benki ya Dunia inatabiri ukuaji wa GDP kwa kiwango cha 1.5% nchini Kenya mwaka wa 2020, kukiwa na uwezekano wa uchumi kushuka huku ikiwa changamoto zinazohusiana na janga tandavu la COVID-19 zitaendelea.

Ni lazima na tunaendelea kuzingatia kwa makini vigezo vya muda mrefu vya kikanuni, kisiasa, kiuchumi, teknolojia na kijamii vya mabadiliko vinavyoathiri biashara yetu, ili kuhakikisha kwamba tunaweza kushughulikia fursa na changamoto zote kwa umahiri na stahamala.

Kadhalika kama Bodi, tumekuwa tukiweka makini mahususi

KenGen ilitekeleza katika soko la hisa mradi mkubwa zaidi wa utoaji hisa kwa wenye hisa wa kampuni ya thamani ya shilingi 28.6 billioni.

kuhusu jinsi usimamizi unavyokuza migao ya kuvutia ya thamani katika biashara kuu ya uzalishaji wa umeme pamoja na upanuzi. Hii ni muhimu hasa kwa vile ushindani unaendelea kukua kukiwa na wahusika

wapya katika biashara ya uzalishaji wa kawi na kuweka huru sekta ya kawi.

Ujumbe kutoka kwa Mwenyekiti

Kuangalia mbele, tunaendelea kuzingatia ahadi ya chapa yetu na kujitolea kwetu nchini Kenya na Ukanda mpana wa Afrika ya Mashariki. Kama mzalishaji wa kawi anayeongoza na mwenye uzoefu wa muda mrefu usio na mfano katika kuuza miradi anuai ya kawi na uzalishaji wa umeme nchini Kenya, uelewa wetu wa kipekee na mitandao yetu pana huturuhusu kuvuna kutokana na fursa kwa ujuzi hitajika, utaalamu, uzoefu wa wafanyakazi wetu kukuza biashara msingi na ajenda ya upanuzi.

Ninaimani kwamba tukiendelea kutekeleza mambo yetu ya kimkakati tunayoyapa kipaumbele kwa nidhamu na nguvu na kuongeza faida zetu katika kuboresha matumizi ya mali yetu, tutaendelea kuunda thamani ya muda mrefu kwa wenye hisa wetu wote na washikadau wetu wote.

Mgao wa mapato ya hisa

Bodi inapendekeza kulipwa kwa mgao wa kwanza na wa mwisho wa mwaka wa mapato ya hisa wa Kshs. 0.25 kwa kila hisa ya kawaida ya Kshs 2.50. Hii inalinganishwa na jumla ya mgao wa Kshs. 0.40 kwa kila hisa ya kawaida uliolipwa 2018. Hii ikiidhinishwa na washikadau katika Mkutano huu Mkuu wa Kila Mwaka, mgao huu wa mapato ya hisa utalipwa, kwa kuondoa ushuru unaoshikiliwa panapohitajika, tarehe au karibu Alhamisi tarehe 17 Disemba 2020. Bodi inatambua umuhimu wa migao ya mapato ya hisa kwa wenye hisa na inaamini katika kusawazisha mapato na uwekezaji ili kupiga jeki ukuaji siku za usoni, huku ikitunza uwiano thabiti wa mtaji wakati huo huo.

Safari ya Ukuaji na Mabadiliko pamoja na Ufanisi

Katika Mkutano uliopita wa Kila Mwaka (AGM) uliofanyika Disemba 2018, wenye hisa wetu waliwachagua tena wakurugenzi watatu wasio watendaji, ambao ni Waziri - Wizara ya Fedha, Bw. Joseph Sitati na Bw. Maurice Nduranu. Hii imetoa hali ya kuendelea kuwepo kwa wajibu wa uangalizi wa Bodi katika kuendesha biashara ya Kampuni.

Ni lazima tunendeleo kuwa kileleni katika kuvuna kawi ya vyanzo mbadala barani Afrika. Tulikamilisha mradi mkubwa zaidi wa kawi ya mvuke ulimwenguni, Olkaria MW 280, mradi wa kimageuzi wa Wellheads wa MW 83, Kindaruma MW 24 Unit 3 za ziada na tunaendelea kusimamia mradi wa Olkaria V wa MW 165.4.

Mnamo mwezi Oktoba 2019, baada ya kufungwa kwa mwaka wa kifedha unaokaguliwa, Kampuni ililipa sehemu kuu ya mwisho ya deni na awamu za riba kuhusiana na Bondi ya miaka kumi (10), ya Kshs. bilioni 25, Bondi za Miundombinu ya Umma. Kwa niaba ya Kampuni, ningependa kushukuru Wanabiashara wenye bondi kwa kuwekeza katika Bondi ya Miundombinu ya Umma ya KenGen, uwekezaji ambao ulisababisha ongezeko kubwa la thamani kwa wawekezaji pamoja na Kampuni. Kampuni hii pia inashukuru sana Mamlaka ya Masoko ya Mtaji na Soko la Hisa la Nairobi kwa usaidizi wao wenye thamani.

Tunajivunia kuweka rekodi nzuri ya kufanikiwa kupata mtaji kutoka katika soko hili na kulipia deni hilo kikamilifu na kwa muda ufaao baada ya kukomaa.

Hatimaye, kwa niaba ya Bodi ya Wakurugenzi, ningependa kushukuru usimamizi pamoja na wafanyikazi kwa kufanikiwa kutekeleza mkakati na malengo ya muda mrefu ya Kampuni, huku pia wakilinda na kuboresha chapa yetu. Ni kwa sababu ya juhudi hizi na kwa msaada kamili wa Bodi, tumekuwa katika fursa nzuri ya kukabili mustakabali kwa ujasiri.

Ninajivunia kuwa sehemu ya ufanisi huu unaoendelea.

Asanteni.



Joshua Choge (Bw.), MBS

Mwenyekiti wa Bodi

Managing Director & CEO's Statement

Dear Shareholder,

Energy sales grew from 7,989 GWh in 2018 to 8,277 GWh for the year under review despite the dilution of our installed capacity market share due to new market entrants. This translated into relatively level total revenue at Kshs.45,966 million, up by 1.5% from Kshs. 45,290 million in 2018, while Profit After Tax was in tandem at Kshs. 7,884 million, down by Kshs. 7 million from Kshs.7,891 million in 2018.



Rebecca Miano (Mrs.), MBS
Managing Director & CEO



Managing Director & CEO's Statement

Dear Shareholder,

It is my pleasure to present to you the Annual Report of Kenya Electricity Generating Company Plc (the Company) for the year ending June 30, 2019.

Statutory Changes

The period under review saw the enactment of the Energy Act, 2019 and the Petroleum Act, 2019. The Energy Act, 2019 came into effect on March 28, 2019, effectively consolidating the laws relating to energy in Kenya and repealing the Energy Act, 2006, the Kenya Nuclear Electricity Board Order No. 131 of 2012 and the Geothermal Resources Act, 1982.

Key provisions of the Act which are bound to have an implication on the Company include payment of royalties to County Governments and Communities in respect of extraction of geothermal resources from future power plants, provision on liberalization of power distribution/localized distribution, net metering and setting up of the Energy Tribunal.

The Company, in liaison with other energy sector players and stakeholders are working on operationalization of the said Act, including formulation of regulations towards realization of envisaged benefits.

Operational Environment

During the period, the business remained resilient, posting impressive results despite the challenging economic conditions witnessed in the Country and indeed the wider global economy.

Energy sales grew from 7,989 GWh in 2018 to 8,277 GWh for the year under review despite the dilution of our installed capacity market share due to new market entrants. This translated into relatively level total revenue at Kshs.45,966 million, up by 1.5% from Kshs. 45,290 million in 2018, while Profit After Tax was in tandem at Kshs. 7,884 million, down by Kshs. 7 million from Kshs.7,891 million in 2018. The performance was largely on the backdrop

of enhanced geothermal energy sales that significantly offset depressed hydro generation, especially in the first half of the year when the country experienced persistent drought, as well as a Kshs.2,017 million increase in finance costs to Kshs.5,054 million.

During the period under review, there were no plants commissioned and we therefore did not benefit from tax credits that would normally be realized from commissioning of new plants.

The long and short rains during the period under review were favourable and resulted in favourable hydrological position and performance of our hydro-electric power generation plants.

The performance of our generation fleet in the year was commendable, as evidenced by an average plant availability of 89% across the board. The Company supplied 72% of the electricity consumed in the country during the period under review, ensuring we retained our position as the market leader.

Capacity Expansion

The Company progressed the identified capacity addition projects totaling 439MW, all of which we are proud are sourced from sustainable geothermal sources. The 165.4 MW Olkaria V geothermal plant was completed and connected to the national grid in November 2019, post the closure of the financial year under review.

His Excellency President Uhuru Kenyatta also broke ground for the Olkaria I Unit 6 Geothermal Power plant in December 2018, with the plant scheduled to bring on board 83.3MW in 2021. Contract processes for the 140MW Olkaria VI plant and Olkaria I Rehabilitation (from 45MW to 51MW) are at advanced stages. The implementation of these projects will ensure the Company's continued growth, in line with the demand for competitively priced, safe, reliable, and quality electric energy in the Eastern Africa Region.

Managing Director & CEO's Statement (cont'd)

Our People & Recognitions

The Company was recognized by the Federation of Kenya Employers one of the top employers of choice in the country. This is a testament to the commitment, dedication and brilliance of our staff. We will maintain our able, safe, and delighted workforce through various retention and motivational initiatives.

We continue to develop business leaders at all levels who can drive the company to greater heights of success. In this regard, to maintain our position as one of the top companies, we continue to improve our performance management system to ensure good performance while encouraging values and behaviours that support the attainment of our corporate goals.

I appreciate our employees, many of whom are shareholders, for the never-ending flow of ideas that are propelling our innovation agenda. They have churned out many feasible ideas over the years.

We shall continue to leverage on our specialization in generation to seek growth opportunities for our footprint as well as the bottom line.

We participated in the 18th Edition of the program on excellence in Financial Reporting (FiRe) East Africa Awards 2019, scooping 1st Runner Up in International Financial Reporting Standards (IFRS) Public Sector Category and 2nd Runner Up in the Environmental and Social Reporting category. We will continue to pursue excellence in Financial Reporting and ensure that our Integrated Annual Report is of value to all our shareholders and stakeholders at large.

Stakeholder Engagement and Environment

We recognize the place and importance of effective stakeholder management. We continue to be committed to the creation of an enabling operational environment through stakeholder engagements. This is an area that has the potential of catalyzing positive business performance.

This realization therefore propels us to enhance investment in building of mutually beneficial relationships with our stakeholders.

We leverage on this strength and played a leading role during the process of developing regulations that will guide the implementation of the new Energy Act. We expect the process to result in enhanced focus on community engagement issues to promote mutually beneficial co-existence with the communities living around our power plant installations. The review will also be expected to bring to the fore how operational efficiency across the business can be improved. The new structured handling of community concerns will manifest itself in improved social relations with the company.

Our provision of over 200,000 tree seedlings to the catchment area communities and around our operational areas for tree planting and reforestation is testament to the commitment we have shown towards changing lives through resource sustainability.

The Company continues to invest in partnerships with geothermal concessional license holders of new fields to assist the harnessing of this magical green resource in pursuit of our capacity expansion agenda and for greater national good. This also serves to mitigate climate change while furthering our care for the environment and promoting our position as a good corporate citizen.

KenGen was admitted into the UN Global Compact (UNGC), an excellent platform to advance our corporate sustainability strategy. This is a strategic initiative that supports global companies that are committed to responsible business practices in the areas of human rights, labour, environment, and corruption. It will be achieved through mainstreaming the ten principles of UNGC in KenGen business activities and by catalyzing actions in support of the UN Sustainable Development Goals (SDGs). This will ensure that KenGen has an excellent national and global platform to advance its corporate sustainability strategy.

Managing Director & CEO's Statement (cont'd)

During the period under review, we successfully launched the novel Community Engagement Strategy and are focused on its implementation by ensuring that community engagement issues are handled in a structured manner as guided by this strategy. We are committed to setting the bar even higher by extending this structured approach to the management and engagement of all our stakeholders. Necessary resources will therefore be made available to ensure continued implementation of our strategy. During the launch of the Community Engagement Strategy, we were challenged by our parent ministry, the Ministry of Energy to share best practices with peers in the industry and beyond. We have embraced this challenge and intend to leverage by offering consultancy services and technical support in successful management of community issues.

Future Outlook

The Company will continue to implement the Revamped Horizon III Good-to-Great (G2G) Strategy.

Our mandate as the electricity generator of choice to drive the national development agenda is clear and we are fully committed to play our part in the implementation of Kenya's Big Four Agenda and Vision 2030. These roadmaps are in line with the Company's strategy, as we aim to make a greater direct impact in energy generation to spur manufacturing, enhancing food security and nutrition, universal health coverage and affordable housing.

Going forward, we are also committed to operational excellence, capacity expansion, accelerated execution of projects, diversification, and stakeholder engagement.

In line with operational excellence, the company will focus on cost optimization as well as scale up modern operations and maintenance strategies, such as reliability-centered maintenance, for purposes of enhanced availability and performance of the generation fleet.

Capacity expansion and accelerated execution of projects will ensure that we deliver projects within time and budget

in a bid to retain our market leader position in installed and utilized electric energy generation capacity. We also remain committed to developing geothermal resource in line with our strategy to increase the country's sustainable footprint. In this regard, we acquired a geothermal exploration license over the Eburru Geothermal Field, an area in which we already have a 2.5 MW wellhead power plant. The Company is also exploring opportunities for partnerships, particularly in joint development of Geothermal Resources as well as provision of Geothermal Scientific Studies and Drilling.

On the diversification front, the Company has made progress in developing new business lines. These include the consultancy services business line, where we have progressed various bids and contracts in Kenya and Ethiopia in respect of geoscientific studies and drilling of geothermal wells. We are also progressing manufacture of drilling detergent, development of an industrial park and operationalization of a materials testing laboratory and a calibration centre among other business lines.

To further support the diversification agenda, the Company will continue to invest in Research and Development while also implementing various initiatives to institutionalize innovation as part of our culture. These innovations will not only change the operations of KenGen but also the lives of Kenyans at large.

We shall continue to enhance our focus on human capital development to audit our continued readiness and capacity in realization that the business environment is continually evolving at a fast pace.

Our corporate theme of "Build; Bring out our Best; and Be Present" was enhanced with the need to "Execute with Speed and Precision Together". This is in recognition of the value of enhancing our business agility and pace of execution as a company in furthering our strategic initiatives.

Managing Director & CEO's Statement (cont'd)

POST BALANCE SHEET EVENTS

COVID-19 Pandemic

The advent of CoVID-19 in March 2020, its impacts on the local as well as global economy and its potential to disrupt local and international supply chains, is a significant concern for the industry in general. The Company continues to evaluate risks associated with the Pandemic and, in this regard, continues to develop a robust business continuity plan and mitigation measures to ensure the safety and well-being of our staff, all other stakeholders and the general public.

We expect the Company's future performance in the last Quarter of 2019/20 and the first two Quarters of 2020/21 to be impacted as the Pandemic is affecting demand and payments for electricity, progress of capacity expansion projects and business lines under our diversification agenda. We are closely and continuously monitoring developments in relation to the Pandemic and taking measures to conserve capital and manage costs while keeping a keen eye on liquidity.

The Company has made deliberate efforts towards supporting the contiguous communities. As of June 2020, KenGen had spent about Ksh.40 million on COVID-19 related donations. This was done both through the COVID-19 National Response Fund, in liaison with County Governments, and directly to the Communities through purchase of emergency relief provisions like food, hand sanitizers, soap and water supply in the fight against COVID-19.

The KenGen family further raised an additional Kshs. 9.76 Million, which was channeled to COVID-19 related donations and initiatives.

Finance Act, 2020

The Finance Act, 2020 was assented to and came into effect in June 30, 2020. The said Act has several implications on the Company, key among them being introduction of a minimum tax of 1% of turnover payable on a monthly basis, stringent requirements on treatment and recognition of input VAT, withdrawal of VAT exemption (which was previously applicable on some of the Company's inputs for wind and solar projects) and withdrawal of the exemptions on Import Declaration Feed and Railway Development Levy (which were previously applicable to goods imported for geothermal projects). The uncertainties and evolving developments in the current business environment notwithstanding, I believe that we are well positioned to deliver sustainable value for our shareholders and all stakeholders over the long term.

Acknowledgement

I am proud to lead a corporate giant that is changing lives in our homes, our businesses, our Nation and the Eastern Africa Region.

I take this opportunity to express my sincere appreciation and gratitude to the Government of Kenya, the Board of Directors, the KenGen family and all stakeholders for the support provided in growing the business and look forward to our collective effort to create a lasting impact.



Rebecca Miano (Mrs.), MBS
Managing Director & CEO



Turkwel Dam

Ujumbe kutoka kwa Mkurugenzi Mkuu na Afisa Mtendaji

Mauzo ya kawi yalikuwa kutoka 7,989 GWh mwaka wa 2018 hadi 8,277 GWh kwa mwaka unaokaguliwa licha ya kusawazishwa kwa mgao wetu wa soko wa uwezo wa uliosakinishwa kutokana na wahusika wapya walioingia katika soko. Hii ilisababisha kiwango linganishi cha jumla ya mapato kwa milioni Kshs.45,966, hii ikiwa ni ongezeko la 1.5% kutoka milioni Kshs. milioni 45, 290 mwaka wa 2018, huku Faida baada ya Ushuru ikiwa inaambatana kwa milioni Kshs. 7,884, hii ikiwa ni chini kwa Kshs. milioni 7 kutoka milioni Kshs. 7, 891 mwaka wa 2018.



Rebecca Miano (Bi.), MBS
Mkurugenzi MKuu na
Mkurugenzi Mkuu Mtendaji



Ujumbe kutoka kwa Mkurugenzi Mkuu na Afisa Mtendaji

Mpendwa Mwenyehisa,

Ni furaha yangu kubwa kuwasilisha kwenu Ripoti ya Kila Mwaka ya Kampuni ya Kenya Electricity Generating Company Plc (Kampuni) ya mwaka uliokamilikia tarehe 30 Juni 2019.

Mabadiliko ya Kisheria

Katika kipindi hicho, biashara ilisalia kuwa na stahamala, ikipata matokeo mazuri licha ya changamoto za hali ya kiuchumi zilizoshuhudiwa Nchini na hata katika uchumi wa kimataifa.

Mauzo ya kawi yalikuwa kutoka 7,989 GWh mwaka wa 2018 hadi 8,277 GWh kwa mwaka unaokaguliwa licha ya kusawazishwa kwa mgao wetu wa soko wa uwezo wa uliosakinishwa kutokana na wahusika wapya walioingia katika soko. Hii ilisababisha kiwango linganishi cha jumla ya mapato kwa milioni Kshs.45,966, hii ikiwa ni ongezeko la 1.5% kutoka milioni Kshs. milioni 45, 290 mwaka wa 2018, huku Faida baada ya Ushuru ikiwa inaambatana kwa milioni Kshs. 7,884, hii ikiwa ni chini kwa Kshs. milioni 7 kutoka milioni Kshs. 7, 891 mwaka wa 2018. Utendaji huu ulisababishwa pakubwa na kuboreshwa kwa mauzo ya kawi ya mvuke ambayo ilisawazisha pakubwa uzalishaji wa kawi kutoka majini, hasa katika awamu ya kwanza ya mwaka ambapo nchi ilipitia hali ya ukame uliodumu kwa muda, pamoja na ongezeko la milioni Kshs.2,017 katika gharama za kifedha hadi milioni Kshs.5,054.

Katika kipindi kinachokaguliwa, hakuna vituo vilivyozinduliwa na hivyo hatukunufaika kutokana na mikopo ya ushuru ambayo kwa kawaida ingepatikana kutokana na kuzinduliwa kwa vituo vipya.

Mazingira ya Uendeshaji wa Biashara

Katika kipindi kinachokaguliwa, Sheria ya Kawi ya 2019 na Sheria ya Mafuta ya 2019 zilipitishwa. Sheria ya Kawi 2019 ilianza kutekelezwa mnamo tarehe 28 Machi 2019, na ikaanza kuweka pamoja sheria zote zinazohusiana na kawi nchini Kenya na kuondoa Sheria ya Kawi ya 2006, Agizo Nambari 131 la Bodi ya Kawi ya Nyuklia ya Kenya ya 2012 na Sheria ya Rasilimali za Kawi ya Mvuke ya 1982.

Kanuni kuu za Sheria hii ambazo zinaweza kuwa na athari kwa Kampuni ni pamoja na malipo ya mrahaba kwa Serikali za Kaunti na Jamii kuhusiana na matumizi ya rasilimali za mvuke kutoka vituo vijavyo vya kawi, kanuni kuhusu kuweka huru usambazaji wa kazi/usambazaji wa ndani, kuruhusu watumiaji wanaozalisha kawi yao kuitumia wakati wowote na kuweka Mahakama ya Kawi.

Kampuni hii, kwa ushirikiano na wahusika na washikadau wengine katika sekta ya kawi wanafanyakazi kuhusu kutekeleza Sheria iliyotajwa, ikiwa ni pamoja na kuunda kanuni za kufikia manufaa yaliyo kwenye maono.

Majira ya mvua nyingi na mvua mfupi katika kipindi kinachokaguliwa yalikuwa ya kuridhisha na kusababisha nafasi nzuri ya viwango vya maji na utendaji wa vituo vyetu vya uzalishaji wa kawi ya maji.

Utendakazi wa msururu wetu wa uzalishaji katika mwaka huo ulikuwa mwema, kama ilivyotolewa ushahidi na upatikanaji wa wastani kituo wa 89% kote. Kampuni ilitoa 72% ya kawi iliyotumika nchini katika kipindi kinachokaguliwa, hii ikihakikisha kwamba tulidumisha nafasi yetu kama kiongozi sokoni.

Upanuzi wa Uwezo

Kampuni iliendeleza miradi iliyotambuliwa ya uwezo wa ziada kwa jumla ya MW 439, yote haya tukijivunia kuwa yalitokana na vyanzo endelevu vya kawi ya mvuke. MW 165.4 kutoka kituo cha uzalishaji kawi ya mvuke cha Olkaria V kilikamilishwa na kuunganishwa kwenye gridi ya kitaifa mnamo Novemba 2019, baada ya kufungwa kwa mwaka wa kifedha unaokaguliwa.

Mheshimiwa Rais Uhuru Kenyatta pia alizindua kituo cha Kawi ya Mvuke cha Olkaria I Unit 6 mnamo mwezi Disemba 2018, huku kituo kikiratibiwa kuleta MW 83.3 mwaka wa 2021. Michakato ya kikandarasi kwa ajili ya kituo cha Olkaria VI cha MW 140 na Ukarabati wa Olkaria I (kutoka MW 45 hadi 51) iko katika viwango vilivyoboreshwa.

Ujumbe kutoka kwa Mkurugenzi Mkuu na Afisa Mtendaji

Utekelezaji wa miradi hii utahakikisha kuendelea kwa ukuaji wa Kampuni, kulingana na hitaji la kawi ya bei nafuu, salama, ya kutegemewa na ya ubora wa juu katika Ukanda wa Afrika Mashariki.

Watu Wetu na Utambuzi

Kampuni hii ilitambuliwa na Shirikisho la Waajiri nchini Kenya kama mojawapo ya waajiri wakuu ambao ni chaguo bora nchini. Hii ni ithubati ya ahadi, kujitolea na umahiri wa wafanyakazi wetu. Tutadumisha wafanyakazi wenye uwezo, salama na wenye furaha kupitia mipango mbalimbali ya ubakizaji na motisha.

Tunaendelea kukuza viongozi wa biashara katika viwango vyote wanaoweza kuendesha kampuni kufikia upeo wa juu zaidi wa ufanisi. Kutokana na hili, tunadumisha nafasi yetu kama mojawapo ya kampuni kuu, tunaendelea kuboresha mfumo wetu wa kudhibiti utendaji ili kuhakikisha utendaji mwema huku tukihimiza thamani na mienendo inayopiga jeki kufikia malengo yetu ya shirika.

Tutaendelea kutekeleza ujuzi wetu wa uzalishaji wa umeme kwa kuanzisha miradi mipya ya kuongeza faida ya kampuni.

Ninashukuru wafanyakazi wetu, wengi wao wakiwa wenye hisa, kwa kutokoma kutoa mawazo yanayofadhili ajenda yetu ya ubunifu. Wameweza kutoa mawazo mengi ya thamani katika kipindi cha miaka mingi.

Tulishiriki katika Awamu ya 18 ya mpango wa ufanisi katika Kutoa Ripoti za Kifedha (FiRe) Tuzo za Afrika Mashariki 2019, na kuibuka wa pili katika Viwango vya Kimataifa vya Kutoa Ripoti za Kifedha (IFRS) Kategoria ya Sekta ya Umma na wa Tatu katika kategoria ya Kutoa Ripoti ya Kimazingira na Kijamii. Tutaendelea kufuata ufanisi katika Kutoa Ripoti ya Kifedha na kuhakikisha kwamba Ripoti yetu Jumuishi ya Kila Mwaka ni ya thamani kwa wenye hisa wetu wote na washikadau kwa jumla.

Kuhusisha Washikadau na Mazingira

Tunatambua nafasi na umuhimu wa usimamizi wa washikadau kwa ufanisi. Tunaendelea kujitolea kuweka mazingira ya kuwezesha uendeshaji wa biashara kupitia kuhusisha washikadau. Hili ni eneo ambalo lina uwezekano wa kuchochea utendakazi chanya wa kibiashara. Kwa hivyo ukweli huu unatupatia msukumo wa kuboresha uwekezaji katika kukuza mahusiano yenye manufaa ya pamoja na washikadau wetu.

Tunatumia fursa kutokana na nguvu hii na kuchukua nafasi ya mbele katika mchakato wa kuunda kanuni zitakazoongoza utekelezaji wa Sheria mpya ya Kawi. Tunatarajia mchakato huu kusababisha angazisho zaidi katika kuhusisha jamii kuhimiza mtagusano wenye manufaa ya pamoja na jamii zinazoishi karibu na vituo vyetu vya uzalishaji wa kawi. Ukaguzi huu pia utatarajiwa kuibua jinsi ufanisi wa utendakazi katika biashara unaweza kuboreshwa. Njia mpya ya kushughulikia wasiwasi za jamii zitajidhihirisha katika mahusiano yaliyoboresha ya jamii na kampuni.

Kutoa kwetu zaidi ya miche 200,000 ya miti kwa jamii zilizoko katika eneo la chemchemi na karibu na maeneo tunapoendesha kazi kwa upanzi wa miti na upanzi wa miti tena katika misitu ni ithubati ya kujitolea kwetu katika kubadilisha maisha kupitia uendeleu wa rasilimali.

Kampuni inaendelea kuwekeza katika ushirikiano na wenye leseni hitajika za kawi ya mvuke katika nyanja mpya kusaidia kuvuna rasilimali hii mbichi katika kufuata ajenda yetu ya upanuzi wa uwezo na kwa manufaa ya taifa nzima. Hii pia inasaidia kukabiliana na mabadiliko ya hali ya hewa na kuendeleza utunzi wetu wa mazingira na kuhimiza nafasi yetu kama wananchi wa shirika njema.

KenGen ilijumuishwa katika baraza la Global Compact la Umoja wa Maitaifa (UNGC), jukwaa faafu la kuendeleza mkakati wetu wa uendeleu wa shirika. Huu ni mpango wa kimkakati unaosaidia kampuni za kimataifa ambazo zimejitolea kushughulikia biashara yenye uwajibikaji katika nyanja za haki za binadamu, ajira, mazingira na ufisadi.

Ujumbe kutoka kwa Mkurugenzi Mkuu na Afisa Mtendaji

Mpango huu utafikiwa kupitia kuoainisha kanuni kumi za UNGC katika shughuli za biashara za KenGen na kwa kuchochea vitendo katika kusaidia Malengo ya Maendeleo Endelevu ya Umoja wa Kimataifa (SDG). Hii itahakikisha kwamba KenGen ina jukwaa faafu la kitaifa na la kimataifa la kuendeleza mkakati wake wa uendelevu wa shirika.

Katika kipindi kinachokaguliwa, tulifaulu kuzindua Mkakati maridhawa wa Kuhusisha Jamii na tunaangazia utekelezaji wake kwa kuhakikisha kwamba masuala ya kuhusisha jamii yanashughulikiwa kwa njia yenye utaratibu kama iivyotolewa mwongozo kwenye mkakati huu. Tumejitolea kuweka kigezo chetu cha ufanisi kiwe cha juu zaidi kwa kutekeleza mwelekeo huu wenye utaratibu katika usimamizi na kuhusisha washikadau wetu wote. Kwa hivyo rasilimali muhimu zitawekwa ili kuhakikisha kwamba mkakati wetu unaendelea kutekelezwa. Wakati wa kuzinduliwa kwa Mkakati wetu wa Kuhusisha Jamii, tulipewa changamoto na wizara yetu mzazi, Wizara ya Kawi kushiriki matendo bora na wenzetu katika sekta na wengineo. Tumekumbatia changamoto hii na tunanua kutumia fursa hii kutoa huduma za ushauri wa kitalaamu na usaidizi wa kiufundi katika ufanisi wa kusimamia masuala ya jamii.

Matarajio ya Siku Zijazo

Kampuni itaendelea kutekeleza Mkakati wake Ulioboreshwa wa Upeo wa III Good-to-Great (G2G).

Jukumu letu kama kampuni ya kuzalisha kawi inayopendwa ili kuendesha ajenda ya maendeleo ya taifa ni wazi na tumejitolea kikamilifu kuchukua nafasi yetu katika kutekeleza Ajenda Nne Kuu za Kenya na Maono ya 2030. Mipango hii inaambatana na mkakati wa Kampuni, huku tukilenga kuleta athari ya moja kwa moja katika uzalishaji wa kawi kupiga jeki utangenezaji, kuendeleza utoshelevu wa chakula na lishe, bima ya afya kwa wote na nyumba za bei nafuu.

Kadhalika tunaposonga mbele, tumejitolea kufikia ufanisi wa kuendesha biashara, upanuzi wa uwezo, kufadhili utekelezaji wa miradi, upanuzi wa miradi anuai na kuhusisha washikadau.

Kuambatana na ufanisi wa kuendesha biashara, kampuni itaangazia gharama ya kuendesha biashara pamoja na kuboresha mikakati ya utendakazi wa kisasa na udumishaji, kama vile udumishaji unaokitwa kwa utegemezi, kwa madhumuni ya kuendelea kupatikana na utendaji wa msururu wa uzalishaji.

Upanuzi wa uwezo na kufadhili utekelezaji wa miradi utahakikisha kwamba tumewasilisha miradi ndani ya muda na bajeti ifaayo kwa lengo la kudumisha nafasi yetu ya kuongoza katika soko na kutumia vyema uwezo wa uzalishaji wa kawi. Pia tumejitolea kuweka rasilimali za kawi ya mvuke kulingana na mkakati wetu ili kuongeza juhudi za kitaifa za kufikia uendelevu. Kutokana na hilo, tulinunua leseni ya kutumia rasilimali ya kawi ya mvuke katika Uwanja wa Kawi ya Mvuke wa Eburru, eneo ambalo tayari tuma kituo cha nishati cha Wellhead cha MW 2.5. Kampuni pia inachunguza fursa za ushirikiano, hasa katika ukuzaji wa pamoja wa Rasilimali za Kawi ya Mvuke pamoja na utoaji wa Masomo ya Kisayansi ya Kawi ya Mvuke na Uchimbaji.

Upande wa upanuzi wa miradi anuai, Kampuni imepiga hatua katika kuunda mikondo mipya ya biashara. Hii ni pamoja na mikondo ya biashara ya huduma za ushauri wa kitaaluma, ambapo tumechangia zabuni na kandarasi mbalimbali nchini Kenya na Ethiopia kuhusiana na masomo ya sayansi ya ardhi na uchimbaji wa chimbo za kawi ya mvuke. Pia tunaendelea kutengeneza sabuni yetu ya uchimbaji, kutenga eneo la maendeleo na matumizi ya nyenzo za kufanyia majaribio ya mahabara na kituo cha ukadiriaji miongoni mwa mikondo mingine ya biashara.

Kuendelea kuunga mkono ajenda ya upanuzi, Kampuni itaendelea kuwekeza katika Utafiti na Maendeleo huku pia ikitekeleza mipango mbalimbali ya kurasimisha ubunifu kama sehemu ya utamaduni wetu. Ubunifu huu utabadilisha sio tu utendakazi wa KenGen bali pia maisha ya Wakenya wote.

Tutaendelea kuendeleza angazio letu la kuunda mtaji wa binadamu ili kuhakiki hali yetu inayoendelea ya kuwa tayari na uwezo katika kuona kwamba mazingira ya biashara

Ujumbe kutoka kwa Mkurugenzi Mkuu na Afisa Mtendaji

yanaendelea kubadilika kwa mwendo wa kasi.

Kauli mbiu yetu ya “Jenga, Dhihirisha Ubora na Uwepo” iliendelezwa na uhitaji wa “Kutekeleza kwa Kasi na Usahihi kwa Pamoja”. Hii ni kwa utambuzi wa thamani ya kuendeleza umahiri wa biashara yetu na kasi ya utekelezaji kama kampuni katika kuendeleza mipango yetu ya kimkakati.

MATUKIO YA BAADA YA TAARIFA YA KIFEDHA

Janga la Corona kumi na tisa

Tukio la janga la Corona kumi na tisa mwezi Machi 2020, athari zake kwa uchumi wa nchi na wa ulimwengu na uwezekano wake kuvuruga mikondo ya kitaifa na kimataifa ya usambazaji wa bidhaa, ni suala la wasiwasi mkubwa kwa sekta kwa jumla. Kampuni inaendelea kutathmini hatari inayohusishwa na Janga hili pamoja na, kwa kuhusiana na hili, inaendelea kuunda mipango maridhawa ya kuendelea kwa biashara na hatua za kukabiliana ili kuhakikisha usalama na ustawi wa wafanyakazi wetu, washikadau wengine wote na umma kwa jumla.

Tunatarajia utendakazi wa Kampuni siku zijazo katika Robo ya mwisho ya 2019/20 na Robo mbili za kwanza za 2020/21 kuathirika kwa vile Janga hili linaathiri uhitaji pamoja na malipo ya umeme, maendeleo ya miradi ya upanuzi wa uwezo na mikondo ya biashara chini ya ajenda yetu ya upanuzi wa miradi anuai. Tunafuatilia kwa karibu na tunaendelea kufuatilia maendeleo kuhusiana na Janga na kuchukua hatua za kutunza mtaji na kudhibiti gharama huku tukiangazia kwa makini mali.

Kampuni imefanya juhudi za hiari za kusaidia jamii zinazopakana. Kufikia Juni 2020, KenGen ilikuwa imetumia takriban milioni Ksh.40 katika michango inayohusiana na janga tandavu la Corona kumi na tisa. Hii ilifanywa kupitia Hazina ya Kitaifa ya Mwitikio wa janga tandavu la Corona kumi na tisa kupitia Serikali za Kaunti, na moja kwa moja kwa Jamii kupitia ununuzi wa bidhaa za msaada wa dharura kama vile chakula, vieuzi vya mkono, sabuni na maji katika vita dhidi ya janga tandavu la Corona kumi na tisa.

Familia ya KenGen pia imepata pesa zingine milioni Kshs. 9.76, ambazo zilielekezwa kwa michango na mipango inayohusiana na janga tandavu la Corona kumi na tisa.

Sheria ya Fedha 2020

Sheria ya Fedha 2020 ilipitishwa na kuanza kutekelezwa mnamo tarehe 30, Juni 2020. Sheria iliyotajwa ina athari kadhaa kwa Kampuni, miongoni mwao ikiwa ni matumizi ya kiwango cha chini cha ushuru cha 1% ya mauzo unaolipwa kila mwaka, mahitaji madhubuti kwa kushughulikia na kutambua kipengee cha VAT, kuondolewa kwa masazo ya VAT (ambayo awali ilikuwa inatumika kwa baadhi ya vipengee vya Kampuni kwa ajili ya miradi ya upepo na sola) na kuondolewa kwa masazo ya Mlisho wa Utangazaji wa Bidhaa na Kodi ya Maendeleo ya Reli (ambao awali ulitumika kwa bidaa zilizoletwa kwa miradi ya kawi ya mvuke).

Licha ya hali zisizotabirika na maendeleo yanayobadilika, Ninaamini kwamba tuko katika nafasi nzuri ya kuwasilisha thamani endelevu kwa wenye hisa na washikadau wetu wote kwa muda mrefu.

Kukubali

Ninajivunia kuongoza shirika kubwa ambalo linabadilisha maisha katika maboma, biashara, Taifa letu na Ukanda wa Afrika Mashariki.

Ninachukua fursa hii kutoa shukrani zangu za dhati kwa Serikali ya Kenya, Bodi ya Wakurugenzi, familia ya KenGen na washikadau wote kwa msaada waliotoa katika kukuza biashara na ninatazamia kuona jitihada za pamoja za kuleta athari ya kudumu.



Rebecca Miano (Bi.), MBS
Mkurugenzi MKuu na
Mkurugenzi Mkuu Mtendaji



Kamburu Dam





2. CORPORATE GOVERNANCE

◀ *Kipevu I Power Station*

Board of Directors



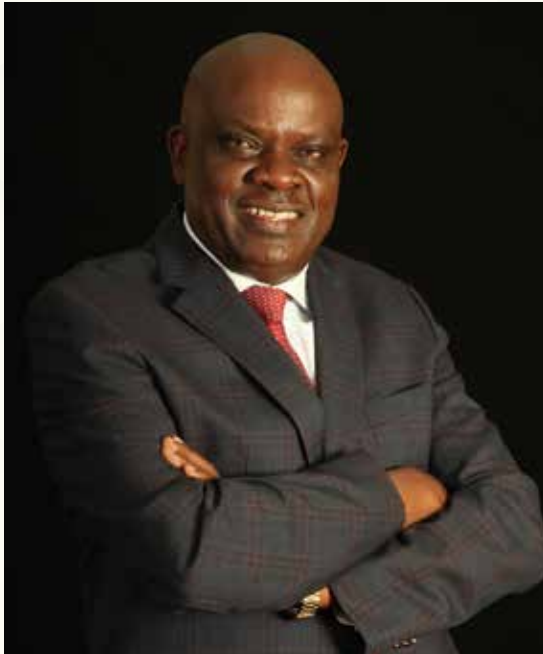
Bodi ya Wakurugenzi Wakuu



Standing from Left;
Dr. Reginalda Wanyonyi, Mr. William Mbaka, Mrs. Ziporah Ndegwa, Dr. Musa Arusei, CS Paul Ndungi,
Mr. Joseph Sitati, Mr. Humphrey Muhu, Mr. Kairu Bachia, Mr. Maurice Nduranu

Seated from Left;
Mrs. Rebecca Miano, Mr. Joshua Choge, Mrs. Phyllis Wakiaga

Who Governs Us



Joshua Choge, MBS

Mr. Choge, Chairman of the KenGen Board of Directors, born in 1958, holds a Bachelor of Science degree in Mathematics and Statistics. Mr. Choge has a Master's degree in Management and Leadership from the Management University of Africa and is currently pursuing a PhD in Leadership and Management. He is a trained accountant from Strathmore College and has been trained by the Chartered Institute of Purchasing and Supply, UK, on Procurement Management. Mr. Choge has over sixteen years' experience in the public sector in various positions including as Purchasing Manager and the Deputy Chief Internal Auditor at East African Portland Cement.

He is fully conversant with corporate governance matters, having attended the critically acclaimed Corporate Governance Training for Directors, organised by the Centre for Corporate Governance. He has served as a Director at the Agricultural Finance Corporation where he was the Deputy Chairman of the Board and the Chairman of the Finance and Business Committee of the Board.

He is an experienced businessman and a board member of several schools. He is also the Chairman of the Board of the African Inland Church, Kapsabet Bible College in Nandi County.



Rebecca Miano, MBS

Mrs. Rebecca Miano is the Managing Director & CEO of Kenya Electricity Generating Company PLC (KenGen), a position she has held since October 2017.

Mrs. Miano has close to 30 years consolidated experience in the energy sector, having started off her career at the Kenya Power and Lighting Company (KPLC) in 1991. Over the years, she has carved for herself a niche in Business Law and Corporate Governance. In 2010, she won the Company Secretary of the Year award in the Champions of Governance Awards series. The same year, she was awarded the Order of the Grand Warrior of Kenya (OGW) and in 2019, the Moran of the Order of the Burning Spear (MBS) in recognition of her outstanding service to the nation.

In November 2019, she was appointed to the Board of Global Compact Network, Kenya and she was named among the Top 100 Women CEOs in Africa by Reset Global People in partnership with Pulse and Avance Media. Mrs. Miano has recently joined the World Bank Group's Advisory Council on Gender and Development.

Mrs. Miano holds a Bachelor of Laws (LLB) Degree, a Diploma in Law and Post-graduate studies in Comparative Law. In 2010, she completed the Advanced Management Programme from Strathmore University. She is a registered Certified Public Secretary of Kenya and is a member of the Institute of Certified Public Secretaries of Kenya (ICPSK) and the Law Society of Kenya (LSK).

Who Governs Us (cont'd)



Hon. Amb. Ukur Yatani, EGH

Hon. Amb. Yatani born on 12th March 1967, has over 27 years of experience in Public Administration, Politics, Diplomacy and Governance in public sector since 1992. Between the years 2006-2007 while Member of Parliament for North Horr constituency, he also served as an Assistant Minister for Science and Technology. At the height of his career (March 2013-August 2017), he served as a pioneer Governor of Marsabit County, the largest County in the Republic of Kenya, (May 2013-June 2015) as the Chair of Foreign Affairs Committee, Council of Governors, (May 2015-June 2017) as Chief Whip, Council of Governors Kenya, and Between June 2009 and October 2012, he also served as Kenya's Ambassador to Austria with Accreditation to Hungary and Slovakia and Permanent Representative to the United Nations in Vienna. In this position, he aggressively pursued and advanced Kenya's foreign interests.

He held senior leadership positions at various diplomatic and international agencies such as International Atomic Energy Agency (IAEA), United Nations Organization on Drugs and Crimes (UNODC), United Nations Industrial Development Organization (UNIDO), Vice Chairperson of United Nations Convention Against Transnational Organized Crime (UNTOC), Vice President of Convention on Crime Prevention and Criminal Justice (CCPJ), and Chair of African Group of Ambassadors among others. He also served as the Cabinet Secretary Ministry of Labour and Social Protection between the years 2017 – 2019.

He has Master of Arts in Public Administration and Public Policy, University of York, United Kingdom, 2005; and Bachelor of Arts in Economics, Egerton University, Kenya, 1991.



Dr. Eng. Joseph Njoroge, CBS

Dr. Eng. Joseph Njoroge, the Principal Secretary, State Department for Energy, was born in 1958. He holds a First Class Honours degree in Electrical Engineering, Master of Business Administration with a major in strategic management and a doctor of philosophy (PhD). He is a Chartered Electrical Engineer, a member of the Institution of Engineering and Technology UK, a registered consulting engineer, and is also a fellow of the Institution of Engineers of Kenya.

Dr. Eng. Joseph Njoroge joined Kenya Power in 1980 and rose through the ranks to become the Managing Director from June 2007 until his current appointment to the position of Principal Secretary in the Ministry of Energy and Petroleum in May 2013 and became the Principal Secretary in the State Department for Energy following reorganisation of the government structure. He is a distinguished electrical engineer with a career spanning three decades and has wide experience in power engineering and management.



Ziporah Ndegwa

Mrs. Ndegwa, born in 1962, holds a Bachelor of Laws (LLB) degree and a Diploma in Legal Practice from the Kenya School of Law. She is a member of the Law Society of Kenya and Christian Lawyers Fellowship. She has been a practising lawyer since 1988 when she was admitted to the bar.

Mrs. Ndegwa previously served as a State Counsel in the Law Reform Commission before entering private practice. She has been a principal partner in Maira & Ndegwa Advocates since 1996 during which she has engaged in civil, commercial and criminal litigation. She is a member of the Institute of Directors (Kenya).

Who Governs Us (cont'd)



Musa Arusei

Dr. Arusei, born in 1957, holds a Bachelor of Science degree (Geochemistry) from the University of Nairobi, Master of Science (Geochemistry) from the University of Leeds, UK and a Doctor of Philosophy (Geochemistry) from Moi University.

He is formerly a senior lecturer, Department of Chemistry and Biochemistry at the University of Eldoret. Dr. Arusei supervises and marks thesis for doctorate and master's students. He has attended various local and international conferences on research and geochemistry. He has also published several research publications and reports on geochemistry and geothermal studies.

Dr Arusei has previously worked as a lecturer and assistant lecturer at the Department of Chemistry and Biochemistry at the University of Eldoret. He has also worked as a geochemist in KenGen and the Ministry of Energy. He is a member of the Institute of Directors (Kenya).



Kairu Bachia

Mr. Bachia, born in 1959, holds a Bachelor of Arts degree in Building Economics from the University of Nairobi and a Global Executive MBA (GEMBA) from United States International University-Africa. As part of continuous professional education and personal development, he has attended, amongst many other courses, the Owner Manager Program (OMP) at Strathmore Business School. He is a Registered Quantity Surveyor with the Board of Registration of Architects and Quantity Surveyors (BORAQS), a corporate member of the Architectural Association of Kenya (AAK), Institute of Quantity Surveyors of Kenya (IQSK) and a Member of the Chartered Institute of Arbitrators (CI Arb). He is an author of several articles presented at construction industry professional forums.

Mr. Bachia who has previously worked as a quantity surveyor in both the public and private sectors, is currently the Team Leader and Quality Control Director of Masterbill Integrated Projects and MIP Project Management Ltd. He is also a director in a number of real estate development companies. He is an active Arbitrator and Dispute Resolution Consultant.

He is a past Chairman of the Architectural Association of Kenya, Muthaiga Golf Club (MGC), and a past Secretary of the Kenya Professional Boxing Commission (KPBC). He has also served as a Council Member of the management of Professional Centre for the Association of Professional Societies of East Africa and in the Ethics and Practice Committee of BORAQS. He is also a member of the Institute of Directors.



Joseph Sitati

Mr. Sitati, born in 1973, holds a Bachelor of Science (Mechanical Engineering) from the University of Nairobi. He is a Fellow of the Association of Chartered Certified Accountants and is a platinum member of the Information System Audit and Control Association. He has attended various professional development training programs.

Mr. Sitati is the Group Chief Financial Officer at Abacus Pharma (A) Ltd. He has previously been Chief Finance and Administration Officer at Deacons East Africa PLC, Commercial Finance Manager – Central East & West Africa Business Unit at the Coca-Cola Company, Nairobi, Group Finance Director at Old Mutual Group, Nairobi, and Finance Manager at Shell BP Kenya Limited amongst other positions. He is a member of the Institute of Directors (Kenya).

Who Governs Us (cont'd)



Maurice Nduranu

Mr. Nduranu was born in 1974 and has twenty plus years of work experience, over ten of which have been at senior management / leadership level in several world-class organizations. He has worked for one of the top public infrastructure consulting firms in the U.S. west, DPGF, one of the largest African investment bank / asset management firms, African Alliance, and the pioneer impact investment fund, Acumen. He has led experienced multi-disciplinary, multi-cultural teams in various sectors & geographies from structuring public infrastructure financing to managing public pension & deposit protection assets. He has also overseen and managed investments into businesses in the region ranging from agri-business to financial services and from manufacturing to retail.

Maurice graduated magna cum laude from the California State Polytechnic University at Pomona with a BSc in Business Administration - Finance, Real Estate, & Law. He also holds a Master of Financial Engineering degree from the Haas School of Business at the University of California, Berkeley. He is the Chairman of CPS Financial Services Limited. He is a member of the Institute of Directors, Kenya.



Phyllis Wakiaga

Mrs. Phyllis Kemunto Wakiaga, born in 1981, is a dynamic, results oriented legal professional with a strong track record of over 15 years in Organizational Strategy Development and Implementation, Corporate Governance, Public Policy Advocacy and Formulation, Legislative Reform, Stakeholder Relations, Human Capital Management, Trade Negotiations and Sustainability. She is a transformational leader who is keen to contribute to the sustainable development and economic growth of society.

Mrs. Wakiaga is the Chief Executive of the Kenya Association of Manufacturers (KAM) and is an Advocate of the High Court of Kenya who holds a Masters in International Trade and Investment Law and a Masters in Business Management. She is an alumni of the Swedish Institute Management Program on Sustainable Business Leadership and Corporate Social Responsibility.

Mrs. Wakiaga is the UN Global Compact Network, Kenya Chapter Board Chair, Kenya Industrial Water Alliance Chair and a member of the Kenya COVID-19 Fund Board. She represents KAM in a number of institutions including COMESA Business Council, EAC Manufacturers Network, Anti-Counterfeit Agency, and Anti-Illlicit Trade Multi-Agency Forum amongst others.

She was recognized as a Top Africa Economic Leader for Tomorrow by Choiseul 100 Africa list 2018 and one of the 2019 Most Influential People of African Descent, Global 100 under 40.



Reginalda Wanyonyi

Dr. Reginalda Wanyonyi born in 1960 holds, a Bachelor's degree in education (economics and Business Studies), from Kenyatta University, She holds a doctor of Philosophy degree and a master's degree in Environmental Studies from Moi University. She has served at Moi University as the Head of department, lecturer, senior administrator and a member of the University of Integrity Service Committee.

Dr. Wanyonyi, is the first woman member of parliament for Bungoma County (2013-2017). She was integral to the initiation and passing of key legislation including The Water Act and The Forest Act. Dr. Wanyonyi is a lead expert at the National Environmental Management Agency (NEMA). She is a member of the Kenya Institute of Environment and the Kenya Institute of Directors.

She has held directorship positions at the Jomo Kenyatta Foundation (JKF) and New Partnership for Africa's Development (NEPAD). She has been on the forefront in the drive to promote education that has seen her heavily engaged in the distribution of books and school equipment to many schools in Kenya. She has been a Board member at Lugulu Girls High School and many other schools.

She is the recipient of the African Women Inspirational Leadership award 2018 by the Mandela Legacy Center for Leadership and Development in recognition of her efforts and inspiration towards improving social, economic and political status of women in her community.

Dr. Wanyonyi is a family woman and a Christian who is a recognized Jerusalem Pilgrim. She has been a trustee at leading NGOs such as Sacred Africa and Inter-Christian Fellowship Mission (ICFEM).

Who Governs Us (cont'd)



Humphrey Muhu

Mr. Muhu was born in 1964 and holds a BSc (Mathematics & Statistics) from Kenyatta University B.Phil (Economics) and an MA in Economics from the University of Nairobi. He also holds a Diploma in Financial Management from KCA University.

He is the alternate director to the Cabinet Secretary, National Treasury. Mr. Muhu is an Economist with 27 years' experience in various government ministries and departments.



William Mbaka

Mr. Mbaka who was born in 1962 holds a Bachelor of Education (Business Studies) from Kenyatta University and Master of Business Administration from Birmingham University, UK. He is a member of the Association of Chartered Certified Accountant (ACCA). He has attended several courses on leadership, public policy management, financial management and leadership at various institutions both locally and abroad.

He is the alternate director to the Principal Secretary, Ministry of Energy (MoE) and is currently the Chief Finance Officer at the MoE. Mr. Mbaka has over 20 years' experience in financial management in the Government of Kenya.



Olkaria IV Geothermal Power Plant

Management Team



Standing from Left;

Eng. Simon Ngure, Mr. David Muthike, Mr. Abel Rotich, Mrs. Elizabeth Njenga, Mr. Abraham Serem, Mr. Solomon Kariuki, Mr. Paul Ndungi

Seated from Left;

Mr. John Mudany, Mrs. Rebecca Miano, Mr. Philip Yego

Who Leads Us



Who Leads Us



Rebecca Miano, MBS
Managing Director & CEO

Mrs. Rebecca Miano holds a Bachelor of Laws (LLB) degree with Honours, a diploma in Law and a Post-graduate studies in Comparative Law. In 2010, she completed the Advanced Management Programme from Strathmore University. She is a registered Certified Secretary of Kenya and is a member of the Institute of Certified Secretaries of Kenya (ICSK) and the Law Society of Kenya (LSK).

Mrs. Rebecca Miano was appointed the Managing Director & Chief Executive Officer of KenGen with effect from 30th October 2017. She had previously served as the Company Secretary and Legal Affairs Director of the Company since 2008. She is a respectable lawyer with a wide spanning career in law and corporate governance.

Mrs. Miano is responsible for the operational running of the Company to ensure that the mission is achieved, and efficacy of the business is optimized. The CEO is accountable for the company's actions, security of resources as well as ensuring execution of the identified corporate strategy for long term competitiveness. In addition to representing the management position on the Board, the MD & CEO chairs and supervises the Executive Committee (ExCo) comprising nine (9) divisional directors.

Departments (additional direct reports): Internal Audit and Security & Integrity.



Solomon Kariuki
Operations Director

Eng. Solomon Kariuki, holds a Bachelor of Science Degree in Electrical and Electronics Engineering and a Master's degree in Business Administration (Operations) both from the University of Nairobi. He boasts an illustrious career in the energy sector spanning over 30 years.

Prior to the appointment as Operations Director on 1st August 2016, he was the Technical Services Manager. He joined Kenya Power and Lighting Company as a Trainee Engineer over 30 years ago and served KenGen in various capacities, ultimately growing through the ranks to the current position of Operations Director.

Key responsibilities comprise overseeing Operations and Maintenance (O&M) of power plants and availability at optimized costs, rehabilitation and upgrade of plants through uptake of latest technology to improve operation and extend effective plant life as well as continuous improvement and automation of systems to align with best practice.

Eng. Kariuki believes in transformation leadership, building capacity and unity of purpose.

Departments: Western Region, Upper Tana, Thermal, Technical Services, Eastern Region, Central Office Operations and Dispatch.



Paul Ndungi, CPS (K)
Company Secretary & Legal Affairs Director

With a career spanning over 17 years, Paul has worked with various institutions such as I&M Bank Limited and Ecobank Kenya Limited. He joined KenGen from Barclays Bank of Kenya Limited (now Absa Bank Kenya Plc) where he was the Company Secretary and Senior Legal Counsel since July 2015. Mr. Ndungi's accomplishments have been recognized through his selection in 2015 and 2017 by The Legal 500, an international in-house lawyer resource organization, to their General Counsel Powerlist: Africa.

He holds a Bachelor of Law (LLB) from the University of Nairobi, a Diploma in Law from the Kenya School of Law and is an Advocate of the High Court of Kenya, Commissioner for Oaths, Notary Public as well as a registered Certified Public Secretary. He is currently pursuing a Dual LL.M. program in International Corporate Law and U.S. Law offered by the Washington University in St. Louis School of Law.

Departments: Insurance, Legal, Shares & Board Services and Property.

Who Leads Us (cont'd)



Abraham Serem

Human Resource & Administration Director

Mr. Abraham Serem is a seasoned human resource practitioner with vast experience both in Kenya and East Africa. He holds a Bachelor of Arts degree from the University of Nairobi. His professional qualifications include: Higher National Diploma in Human Resource Management and a Diploma in Intermediate Executive Coaching from the Academy of Executive Coaching. He is a member of the Institute of Human Resource Management.

Prior experience includes: Heineken East Africa Ltd where he held the position of HR Director, East Africa Breweries Ltd, Nampak East Africa and Reckitt Benckiser East Africa, where he held various increasingly senior managerial positions.

Mr. Serem joined KenGen management team on March 1st, 2016 as the Human Resource and Administration Director. He is responsible for formulation and execution of Human Resource strategy that supports the attainment of KenGen's audacious goals that include business sustainability. He is also creation of acceptable human resource experience through facilitation and provision of excellent work environment and relevant tools.

Departments: Administration, Human Resources and Performance & Change



John Mudany, FCPA(K)

Finance & ICT Director

Mr John Mudany is a zealous financial management expert with extensive experience. He holds a Bachelor of Commerce degree in Accounting, Master of Business Administration in Marketing and Master of International Business Administration (MIBA). He is a member of the Kenya Institute of Management (KIM) and the Institute of Certified Public Accountants of Kenya (ICPAK).

Prior experience includes: Coca Cola (Finance and Performance Manager), Orbit Distributors (MD & CEO), Kenya Airways, World Vision International and PriceWaterhouseCoopers.

Mr. Mudany joined KenGen in November 2008 as the Finance and commercial director. His key responsibilities include: Capital raising, management of finances and banking relations, financial reporting, budgets process management and control, balance sheet restructuring and cost saving mechanisms. He is also responsible for development of Cutting-Edge Information Technology infrastructure.

Departments: Corporate Finance, Finance and Information Communication & Technology.



Simon Ngure

Corporate & Regulatory Services Director

Eng. Simon Ngure is a versatile engineer with vast experience in the energy sector management and stakeholder relations. He holds a Bachelor of Science degree in Mechanical Engineering, diploma in Geothermal Technology, a diploma in Project Management and a diploma in Executive Coaching from the Academy of Executive Coaching. He is a Certified Energy Manager and a Registered Engineer. He is a member of the Institute of Engineers of Kenya, the Association of Energy Engineers of Atlanta, USA, and the Vice President of the Association of Energy Professionals of Eastern Africa.

He has 34 years' experience in the power sector. He joined Kenya Power in September 1986 and served in KenGen up to his appointment as Regulatory and Corporate Affairs Director in 2008. He is responsible for drafting, negotiating and managing power purchase agreements (PPAs). He is also in charge of environmental and social licensing and management processes as well as maintenance of ISO Quality and Environmental System, Safety, Clean Development Mechanism and carbon credit sales and maximizing brand value through effective corporate affairs management.

Departments: Regulatory Affairs, Quality & Safety, Environment & CDM & Corporate Affairs.

Who Leads Us (cont'd)



Abel Rotich

Geothermal Development Director

Eng. Abel Rotich serves as the Geothermal Development Director of Kenya Electricity Generating Company Limited since September 2014. Abel is a seasoned power sector engineer and manager with a wealth of experience with strong underlying performance across most power generation modes ranging from Thermal, Gas, Wind, Hydro to Geothermal. He holds a Bachelor of Science degree in Mechanical Engineering, and a Master's in Business Administration – Human Resource Management from the Kenyatta University. He holds several project management certifications and is a graduate of Advanced Management Program from the prestigious Strathmore University.

He joined the Company more than thirty years ago and rose through the ranks and refinements to the position of Geothermal Development Director in KenGen in September 2014, having served as a manager in, Thermal, Gas, Wind and Hydro power plants.

He is the current Chairman of the Geothermal Association of Kenya, a former Branch Chairman of The Institution of Engineers of Kenya and a member of the Geological Society of Kenya. He is a registered engineer and a member of the Institution of Engineers of Kenya (IEK) and the Engineers Board of Kenya (EBK). He is responsible for geothermal resource development and geothermal plant operations and maintenance. He therefore oversees geothermal projects planning, scientific works, environmental and social impact management, infrastructure development, geothermal deep drilling, steam establishment for power generation and operation of electricity power plants with an installed capacity of 705.5MW within the geothermal area.

Departments: Geothermal Resource Development, Drilling and Logistics, Geothermal Operations and Reservoir and Steamfield Management.



David Muthike

Strategy & Innovation Director

Mr. David Muthike is a distinguished business strategist with tested experience in power sector strategy-formulation and implementation. He holds a Bachelor of Science degree in Electrical and Electronic Engineering, Master of Business Administration in Strategy, Post-Graduate diploma in Project Appraisal and Management and a certificate in Advanced Management and Leadership Programme. He is a graduate Engineer with Institution of Engineers of Kenya (IEK) and a member of Kenya Institute of Management (KIM).

He joined KenGen in 1998. He was appointed to the Company's Strategy and Business Performance Division in September 2014. A major role of this function is to support the Company in maintaining "thought leadership" in power generation and related services. His responsibilities include: development and management of the Company's strategy by identifying and driving execution of strategic initiatives and growth opportunities; driving the innovation process that develops new ways of meeting the Company's goals; leading and managing the Company's result-based performance and accountability system and driving knowledge harvesting and transfer across the business. He previously worked in various divisions and departments within the Company, including: Managing Director's Office, Corporate Planning, Technical Audit and Institutional Strengthening.

Departments: Strategy, Business Performance and Innovation & Knowledge Transfer.

Who Leads Us (cont'd)



Elizabeth Njenga

Acting Business Development Director

Elizabeth is building on over 15 years in strategic and project planning in the Energy Sector while working with KenGen in various positions. Elizabeth is a well skilled Energy strategy and power projects planning, appraisal and financing expert with a keen interest in Public Policy.

She holds a Master's Degree in Business Administration from the University of Nairobi; a Bachelor of Arts (Accounting & Economics) from Moi University and a Post graduate Diploma in Financial Management. She is also a Certified Public Accountant of Kenya (CPA) K and currently pursuing a Master's degree in Public Policy with Strathmore University.

Currently serving as the acting Business Development Director, she has been working as the Capital Planning and PPP Manager since 2014, and previously as Capital Planning and Strategy Manager between 2009 and 2014.

Her current responsibilities include implementing KenGen's power generation capacity expansion strategy from ideation of suitable power projects and appraisal of the same through feasibility studies, procurement of power plant consultants and contractors, managing construction of power projects as well as driving the implementation of KenGen's first Public Private Partnership (PPP) project while also looking at new non-power generation business opportunities.

Departments: Capital Planning & PPP; Projects Execution and New Business.



Philip Yego

Supply Chain Director

Mr. Philip Yego is a Supply Chain Management expert with a wealth of experience in the Supply Chain industry. He holds a Bachelor of Arts degree in Economics, Master of Business Administration in Finance, diploma in Purchasing and Supplies from the Chartered Institute of Purchasing and Supply (UK) and a diploma in Purchasing and Supplies Management from Kenya Institute of Management. He is a member of the Kenya Institute of Supplies Management (KISM), Kenya Institute of Management (KIM) and the Chartered Institute of Purchasing and Supplies (MCIPS).

He joined KenGen in October 2014 and is responsible for providing oversight in the efficient and effective operations of the supply chain function of the Company which includes the management of Tenders & Contract, Inventory and Logistic and Supplier Relationship. He is responsible for tenders, contracts, compliance, fuel & general purchases, spares and commodities, planning and inventory. Prior to joining KenGen, he worked in senior management positions in various institutions which include the Kenya Agricultural Research Institute (KARI), University of Nairobi Enterprises and Services (UNES), Uchumi, Postbank and Kenya Commercial Bank (KCB). Beyond the practitioner world, Mr. Yego has added the unique technical skills in the academic sector. He also worked at Kenyatta University as a Lecturer in the same field.

Departments: Tenders and Contracts, Inventory and Logistics.

Our Corporate Governance Statement

Corporate Governance is the framework of rules and practices by which a Board of Directors ensures accountability, fairness, and transparency in a company's relationship with all shareholders, community, financiers, customers, suppliers, employees and the Government. This framework is necessary to mitigate any possible conflict of interests. Corporate Governance involves balancing the interests of all stakeholders of the company. KenGen is committed to good corporate governance practices to achieve effective and responsible leadership characterised by ethical values of responsibility, accountability, fairness and transparency.

As a Company incorporated in Kenya, we comply with the Capital Markets Authority (CMA) Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015 (The Code). Adherence to this code helps us to manage our business responsibly and take the best possible decisions for both the Company and its stakeholders. The Board is also committed to the principles of good governance as stipulated in The Code of Governance of State Corporations which is aligned to the CMA code of corporate governance. Our corporate values and ethics are entrenched in our strategic and business objectives, which focus on accelerating value creation for our shareholders.

Our Governance system involves:

The Annual General Meeting (AGM) of shareholders approves the Company's audited financial accounts, Directors fees, appointment and remuneration of the Auditors and election of Board Members.

The Board of Directors, which provides oversight for the Company, is committed to ensuring that the business and operations are conducted with integrity and in compliance with the law, internationally accepted principles and best practice in corporate governance.

The Executive Committee, which reports to the Board, is responsible for driving the strategic agenda, management and control of the company.

KenGen implements ISO 9001:2015 in Quality Management System and ISO 14001:2015 Environmental Management System. This demonstrates our unending pursuit for excellence in the organization's operations.

CMA has put in place a Capital Markets Master Plan (CMMP) which sets out the strategic direction for the Kenyan capital markets for the next ten years. KenGen has been an active player in the deepening of Kenya's local capital markets and in recognition of this vital role, the Company was appointed a member of the Working Group One Committee of the Capital Markets Master Plan (CMMP). The Committee has the mandate of developing the Capital Markets avenues that will bridge the national funding gap.

HOW OUR BOARD GOVERNS

Board Charter

Our Board Charter is a policy document that clearly defines the composition of the Board, respective roles, responsibilities and authorities of the Board of Directors (both individually and collectively) in setting the strategic direction and control of the organisation. This ensures effectiveness of each Director's contribution in the governance of the Company by facilitating independent judgement, decision making and professional competencies. It also articulates its commitment and respect to the rights of Shareholders.

The provisions of the Board Charter include:

- The Board's primary responsibility of determining the Company's purpose and value, providing governance, and adopting strategic plans;
- Defining the delegated power to all the committees of the Board;

Our Corporate Governance Statement (cont'd)

- One third of the directors shall be non-executive and independent, and the Chairman of the Board shall always be a non-executive director;
 - The Board shall appoint the Managing Director & CEO;
 - The roles of the Chairman and Chief Executive Officer are separate and distinct;
 - The Board shall ensure that the company complies with all relevant laws, regulations and codes of business practice, and that it communicates with its shareholders and relevant stakeholders (internal and external) openly and promptly;
 - The Directors declare any conflicts of interest at the beginning of each meeting of the Board and its committees;
 - Meetings of the Board will be held as frequently as the Board considers appropriate, but not less than four times a year;
 - Board committees will assist the Board and its Directors in discharging their duties and responsibilities, however the Board remains accountable;
 - The Board may take independent professional advice in furtherance of its duties.
- Is compensated through sitting fees or allowances;
 - Hasn't been employed by the company in an executive capacity within the last three years;
 - Owns no more than five percentage of the shares of the Company; and
 - Has not been in service on the Board for nine continuous years.

A continuing independent director ceases to be one and assumes the position of non-executive director if he/she fails to meet the requirements.

The Board's independence is assessed every year after elections are done during the Annual General Meeting (AGM). This ensures that the Chairpersons of the Human Resource and Nominations Committee as well as the Audit Risk & Compliance Committee are independent and non executive.

Board Composition

The KenGen Board Comprises of eleven (11) members; an independent and non-executive Chairman, one executive Managing Director & CEO, the Cabinet Secretary-The National Treasury, Principal Secretary-Ministry of Energy, plus seven independent and non-executive directors. The Board composition is outlined in the Articles of Association of the Company.

During the last Annual General Meeting and as per the Company's Articles of Association on Rotation of Directors; three Board Members retired, all of whom were re-elected. The Directors who retired and were re-elected were the Cabinet Secretary-The National Treasury, Mr. Maurice Nduranu and Mr. Joseph Sitati.

Board Diversity

KenGen's Board comprises of members with a diverse mix of skills to ensure competent oversight and informed decision making.

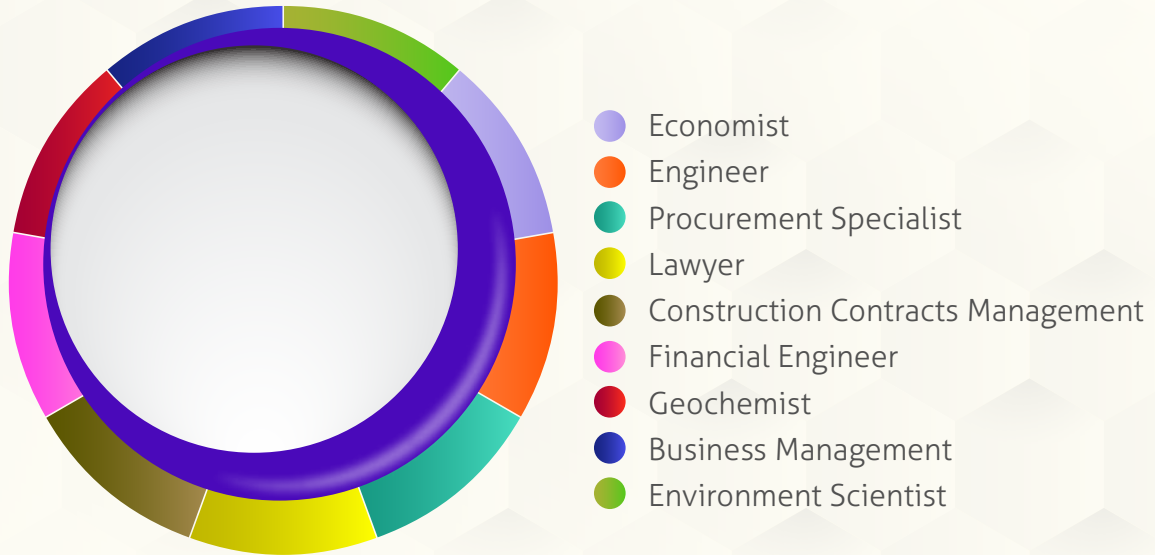
The Charter does not replace or supersede any statutory laws and regulations that govern the company.

An Independent Director

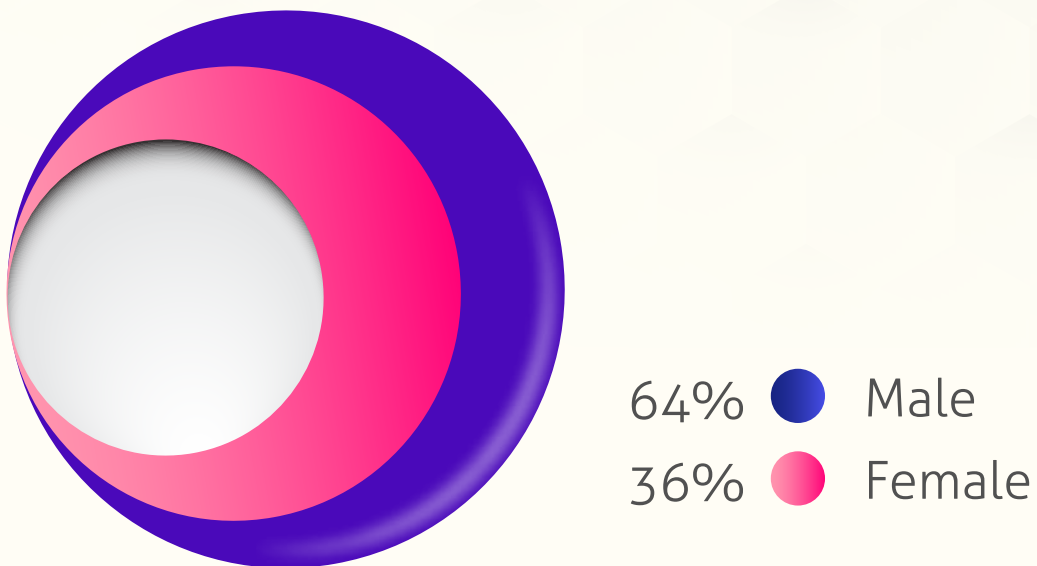
The Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015, issued by the Capital Markets Authority defines an independent director as a member of the Board who:

- Does not have a material or pecuniary relationship with the company or related persons;

Our Corporate Governance Statement (cont'd)



KenGen complies with the one-third (2/3) gender parity requirement in line with the Constitution of Kenya and corporate governance best practices



Our Corporate Governance Statement (cont'd)

Board Effectiveness

The KenGen Board has put in place several mechanisms to empower its members to effectively discharge their duties and responsibilities.

The Board annually holds a Strategy retreat to deliberate on the strategic direction of the Company. This year the retreat was held in the month of May 2019 and the main agenda of discussion was diversification of KenGen revenues.

Induction

Each director receives an appointment letter and undergoes a comprehensive induction programme covering the Company's business, operations and regulatory framework. The New Board Members conduct physical visits to all areas of KenGen installations to familiarize themselves with different modes of Power production.

Continuous Development Programmes

Each Director annually undertakes a minimum of 12 hours continuous development programme to enhance their knowledge in business, corporate and industry related matters. This include but is not limited to corporate governance as well as energy related forums and conferences to familiarise them with industry practices and emerging trends.

The Board members ensure that they are also members of good standing in their respective professional bodies. This enhances their credibility and professionalism as they discharge their duties.

Board Evaluation

To assess the performance of the Board, its committees and individual Directors, the Board undergoes a rigorous performance evaluation each year by the State Corporation Advisory Committee (SCAC). This year's evaluation was conducted in March 2019 covering a self-evaluation, evaluation of the Chairman and the overall Board.

Separation of Powers and Duties of the Chairman and the Chief Executive Officer

The Board's oversight role is enhanced by separating functions of the Chairman and the Managing Director & CEO, with each having distinct and clearly defined duties and responsibilities. The Chairman is responsible for effective leadership of the Board and ensuring the interests of the Company Shareholders, including minority shareholders, are safeguarded. For transparency and good corporate governance, the Chairman does not sit in any of the Committees of the Board.

The Managing Director & CEO has the overall responsibility of leadership to achieve high business performance and implementation of the strategy as directed by the Board.

Role of the Board

The Board has ultimate accountability and responsibility for the performance and affairs of the Company by providing leadership and strategic guidance to sustainably safeguard stakeholders' value. The Directors also have fiduciary duties, giving them powers to act on behalf of the Company. They have a duty of care and loyalty, acting in the best interest of the Company. The Board is responsible for;

- Approving the Company's strategy and continually monitoring management's implementation of the strategy and performance
- Ensuring that adequate financial and capital resources are in place for the Company to meet its strategic objectives
- Ensuring that the Company has appropriate risk management systems and policies to effectively control and report on all key risk areas and key performance indicators of the business
- Ensuring ethical behaviour and compliance with relevant statutory requirements, audit and accounting principles, corporate policies & procedures and the code of ethics
- Evaluating management performance against targets and practices

Our Corporate Governance Statement (cont'd)

- Considering and approving the company's overall budget and specific proposals for capital expenditure & acquisitions
- Reviewing succession plans for the management team and approving senior executive appointments, organizational changes and remuneration
- Constituting and reviewing composition of Board committees and approving reports and performance of each board committee
- Approving the quarterly, interim and preliminary financial statements, annual report & accounts, quarterly management accounts, the operational report from the Managing Director & CEO and public announcements of a material nature
- Have access to independent professional advice to enable them to discharge their duties.

Directors Responsibilities

The Articles of Association of the Company and the Board Charter enumerate the responsibilities of the Directors. Execution of the mandate of the Board requires each Director to observe a code of conduct aligned to their duties and responsibilities to the Company and shareholders, and act within limitations as defined in the Charter while in observance to principles of good corporate governance. The Directors undertake to:

- Act in good faith and subscribe to uphold and promote effective and responsible use of Company resources with care and prudence in the best interest of the Company
- Familiarize themselves with the relevant regulations and statutes, the Memorandum and Articles of Association of the Company, the Board's operating norms and procedures, and any other issues necessary for the discharge of their duties
- While considering the financial impact of their decisions, consider the consequences for sustainable development as well as the effect on relations with

stakeholders and society in general

- Be fully aware that they are individually and collectively responsible for deciding the Company's vision, mission and values, its strategic objectives, ensuring establishment of the organizational structure, as well as ensuring effective control over the Company and accounting to shareholders
- The Board is responsible for ICT governance and ensuring that the ICT strategy is integrated with the Company's strategic and business processes.

Conflict of Interest

All Directors are required to disclose on appointment, annually and at the beginning of each Board and Board Committee meeting, any circumstance which may give rise to any actual or potential conflict of interest with their roles as Directors. Any business transacted with the Company must be at arm's length and any conflict of interest fully disclosed to the Board, which must consider and approve it.

A Director must refrain from discussion or voting on matters of potential conflict of interest. Directors are guided by a Board Conflict of Interest Policy.

Business transactions with the Directors or their related parties are disclosed in pages 234.

Insider Trading

The Company and its directors, officers and employees must act in a manner that does not misuse material financial or other information that has not been publicly disclosed. Failure to do so breaches our integrity and values. Additionally, insider trading violates laws that impose strict penalties upon both companies and individuals, including financial sanctions and possible imprisonment.

Maintaining the confidence of investors and the capital markets is important. The principle underlying this Policy is fairness in dealings with other persons, which requires

Our Corporate Governance Statement (cont'd)

that the KenGen fraternity not take personal advantage of undisclosed information to the detriment of others who do not have the information.

It is important to understand the breadth of activities that constitute illegal insider trading and the consequences, which can be severe. Both the Capital Markets Authority (CMA) and the Nairobi Securities Exchange (NSE) investigate and are very effective at detecting insider trading. In addition to damage to reputation, violation of Company policy could result in termination of employment.

The Company Secretary

The Company Secretary who is the secretary of the Board is responsible for the efficient administration of the Company, with regard to compliance with statutory and regulatory requirements and for ensuring that decisions of the Board are implemented.

The Company Secretary is a member of the Institute of Certified Secretaries (ICS). As the Secretary to the Board and all its Committees, the Company Secretary guides the Board on governance and statutory matters, and is the custodian of the corporate governance agenda in the Company.

The duties of the Company Secretary include dealing with conflicts of interest, managing the interests of the shareholders and other stakeholders and dealing with applicable codes and investor guidelines. The Company Secretary also has Statutory Duties such as a Duty of disclosure; Duty to exercise due care, skill and diligence as well as Administrative duties.

Meetings of the Board

The Board meets at least once every quarter or more often as need arises in accordance with the requirements of the business. The Board work plan and calendar are prepared at the beginning of the year and all Board Members are given appropriate and timely notice for each meeting or key activity requiring their presence and participation.

The Board Almanac consolidated all activities of the Board.

During the year, the Board held 12 meetings as follows:

	Name	Attendance
1.	Mr. Joshua Choge	12
2.	Mrs. Rebecca Miano	12
3.	Mrs. Ziporah N. Ndegwa	11
4.	Dr. Musa K. Arusei	11
5.	Mr. Kairu Bachia	9
6.	Mr. Joseph Sitati	11
7.	Mr. Maurice Nduranu	11
8.	Mrs. Phyllis Wakiaga	9
9.	Mr. Humphrey Muhu	9
10.	Mr. William Mbaka	9
11.	Dr. Reginalda Wanyonyi	12

Individual Directors Shareholding

No Board member holds in his or her personal capacity more than 1% of the Company's total shareholding. The breakdown of the Directors personal shareholding in the Company as at 30 June 2019 is as follows:

Name	Number of Shares	% Holding
Mr. Joshua Choge	14,700	0.000223
Mrs. Rebecca Miano	111,048	0.001684
Mr. Henry Rotich	-	-
Eng. Joseph Njoroge	100,386	0.001522
Mr. Kairu Bachia	213,300	0.003235
Mr. Maurice Nduranu	-	-
Mr. Joseph Sitati	10,000	0.000152
Mrs. Phyllis Wakiaga	336	0.000005
Mrs. Ziporah Ndegwa	1,400	0.000021
Mr. Musa Arusei	-	-
Dr. Reginalda Wanyonyi	-	-
Mr. Humphrey Muhu	7,436	0.000113
Mr. William Mbaka	-	-

Our Corporate Governance Statement (cont'd)

Board Remuneration

The Board establishes and approves formal and transparent remuneration policies to attract and retain both executive and non-executive Board members. These policies clearly stipulate remuneration elements such as directors' fees, taxable sitting allowances for meetings attended, travel and accommodation allowance while on Company duty as well as the monthly honorarium for the Chairman.

The Directors' remuneration rates are as outlined in the State Corporations Act, the Salaries and Remuneration Commission and periodic Government circulars. The Directors' fees are paid upon shareholders' approval at the Annual General Meeting. The fees are mapped to both Company's and individual Board Member's performance

and the Company is always in frequent consultation with the Public Service Commission. It is proposed that each Director receives a taxable fee of Kshs 600,000 per annum for the financial year ended 30th June 2019.

KenGen does not grant personal loans or guarantees to its Directors.

Directors' Remuneration Report is on page 158 - 161.

Board Committees

The Board Committees are established with written terms of reference detailing their respective mandate.

Following is the list of all Board Committee members.

Audit, Risk & Compliance Committee	Strategy Committee	Human Resource Remuneration & Nomination Committee	Governance Advisory Committee	Finance Committee
Mr. Joseph Sitati (Chair)	Mr. Kairu Bachia (Chair)	Dr. Musa Arusei (Chair)	Mrs. Ziyorah Ndegwa (Chair)	Mr. Maurice Nduranu (Chair)
Mr. Humphrey Muhu	Mr. Humphrey Muhu	Mrs. Phyllis Wakiaga	Mr. Maurice Nduranu	Mr. William Mbaka
Mrs. Phyllis Wakiaga	Mr. Joseph Sitati	Mr. Kairu Bachia	Dr. Reginalda Wanyonyi	Dr. Musa Arusei
Mrs. Ziyorah Ndegwa	Mr. William Mbaka	Dr. Reginalda Wanyonyi	Dr. Musa Arusei	Mr. Humphrey Muhu
Mr. Kairu Bachia	Mrs. Rebecca Miano	Mrs. Rebecca Miano	Mrs. Rebecca Miano	Mrs. Rebecca Miano

Our Corporate Governance Statement (cont'd)

Audit, Risk & Compliance Committee

The Committee's mandate include:

- monitor and review the integrity of the Company's financial statements, internal financial control and risk management;
- monitor and review the effectiveness of the Company's internal audit function;
- monitor and review the External Auditors' (appointed by the Controller and Auditor-General in accordance with Section 2 of the State Corporations Act);
- review audit issues raised by both the internal and external Auditors and
- receive, review and evaluate technical, compliance, performance and Financial audit reports.

Membership

Currently the Companies Act, 2015 requires that members of this Committee are approved by shareholders every year during the Annual General Meeting. This Committee consist of up to five (5) non-executive Directors and the Chairman is an independent and non-executive Director. Appointment to this Committee is for a period of three years, which may be extended for two further three-year periods provided the Director remains independent.

Attendance

The Committee held nine (9) meetings which were attended as follows:

	Name	Attendance
1.	Mr. Joseph Sitati - Chairman	9
2.	Mr. Humphrey Muhu (Alternate Director to CS, National Treasury)	7
3.	Mrs. Phyllis Wakiaga	5
4.	Mrs. Ziporah Ndegwa	8
5.	Mr. Kairu Bachia	8

The Strategy Committee

The Strategy Committee is constituted by the Board with the objective of assisting the Board in discharging its oversight duties with respect to the overall strategic direction of the Company, operational performance and organizational health. The Committee's mandates include:

- Developing or reviewing the Company's Strategy and investment policies and making appropriate recommendations to the Board on issues of strategy adjustment.
- Developing or reviewing the progress of the Company's Strategy execution plans through, among others, identification of priority areas.
- Evaluating and approving business cases for all categories of investment projects and new ventures, including strategic partnerships within its delegated authority.
- Approving the capital and expenditure budget plans of the Company and any other subsequent budget reviews.
- Overseeing the government performance contracting regime of the Company.

Membership

The Committee comprises of five (5) members of the Board

Attendance

The Committee held eight (8) meetings which were attended as follows:

Our Corporate Governance Statement (cont'd)

	Name	Attendance
1.	Mr. Kairu Bachia - Chairman	7
2.	Mr. Humphrey Muhu (Alternate Director to CS, National Treasury)	6
3.	Mr. Joseph Sitati	8
4.	Mr. William Mbaka	7
5.	Mrs. Rebecca Miano	8

The Human Resource & Nomination Committee

The Committee monitors and advises Management on matters that affect the Human Resource Strategy and employees

The Committee's mandate includes:

- Continually examine the company's structure and establishments;
- Engagement of senior management staff
- Examine policy and procedures affecting employee life cycle, employment and staff promotion
- Review the Collective Bargaining Agreement proposals and make recommendations; and
- Propose innovative ideas for transformation of the Company into a world-class enterprise and employer.

The Committee monitors the policies and practices of KenGen in relation to human resources, offers advice and recommendations on the Company's human resource strategies, initiative and policies; and the Nomination and Remuneration of Directors and Senior Management respectively.

The Committee's duties are based on three broad functions namely the Human Resources, Nominating and Remuneration functions.

Human Resources function

The Committee continually reviews the organizational structure, core functions & optimum establishment, policies and procedures on staff recruitment and selection, staff training and development, the performance and reward system as well as the terms and conditions of service in line with the organization's strategy. Further, the Committee reviews the Company's Human Resource Policies and recommends any amendments to the Board for approval.

Nominating function

The Committee supports and advises the Board on the appropriate size and composition of the Board that will enable it to discharge its responsibilities and ensures transparent procedures for selecting new directors for appointment and re-selection to the Board. This includes the evaluation of the performance of the Board, the various committees and individual Directors.

Remuneration function

The Committee reviews the Company's remuneration, recruitment, retention, incentive and termination policies and procedures for Executive Directors and Senior Managers, their basic salary & criteria for payment of bonuses to all staff. The Committee also considers any recommendations of the Chairman or Managing Director/ CEO of the Company regarding payment of bonuses or performance related remuneration.

Membership

The committee comprises of five (5) members of the Board with the Chairman being an independent and non-executive Director.

Attendance

The Committee held seven (7) meetings which were attended as follows:

Our Corporate Governance Statement (cont'd)

	Name	Attendance
1.	Dr. Musa Arusei - Chairman	7
2.	Mrs. Phyllis Wakiaga	4
3.	Mr. Kairu Bachia	7
4.	Dr. Reginalda Wanyonyi	7
5.	Mrs. Rebecca Miano	7

Governance Advisory Committee

The mandate includes:

- develop corporate governance principles in support of effective organizational roles and responsibilities;
- review the adherence to and amendments of the Articles of Association of the Company;
- review the procurement systems, procurement procedures, budget alignments and procurement structures to ensure compliance with all laws and regulations.
- approve and oversee the operationalisation of a procurement plan and institutionalisation of the procurement cycle.

Membership

The Governance Advisory Committee comprises of five (5) members of the Board.

Its membership consists of four (4) non-executive directors.

Attendance

The Committee held eight (8) meetings which were attended as follows:

	Name	Attendance
1.	Mrs. Ziporah Ndegwa - Chairman	8
2.	Mr. Maurice Nduranu	8
3.	Dr. Reginalda Wanyonyi	8
4.	Dr. Musa Arusei	8
5.	Mrs. Rebecca Miano	8

Finance Committee

This Committee oversees the corporate finance matters of the Company, in particular. The Committee's mandate includes:

- Overseeing the implementation of the overall investment plan for the PIBO funds, as per the Information Memorandum, Ministerial approvals and asset allocations for cash and cash equivalents with respect to fixed -income securities, and equities.
- Monitoring on a quarterly basis the Company's key financial ratios;
- Overseeing the balance sheet restructuring activities of the Company;
- Overseeing the activities of any Financial Arranger and Advisor;
- Reviewing strategic finance matters; and
- Reviewing policies to do with finance such treasury policies and forex policies.

Membership

The Finance Committee comprises of five (5) members of the Board.

Attendance

The Committee held five (5) meetings which were attended as follows:

	Name	Attendance
1.	Mr. Maurice Nduranu - Chairman	5
2.	Mr. William Mbaka	3
3.	Dr. Musa Arusei	5
4.	Mr. Humphrey Muhu (Alternate Director to CS, National Treasury)	3
5.	Mrs. Rebecca Miano	5

Our Corporate Governance Statement (cont'd)

Internal Controls & Risk Management

The ultimate responsibility of the Company's risk management rests with the Board of Directors. The Audit, Risk & Compliance Committee of the Board, through its delegated mandate from the Board, reviews the adequacy of the risk management systems and reports independently to the Board. The Board ensures the integrity and reliability of financial statements and non-financial reporting as well as compliance with laws and internal standards and policies.

The purpose of the Internal Controls & Risk Management is to provide independent and objective assurance to the Board that the governance processes and systems of internal control are adequate and effective. The Head of the Internal Audit & Risk Department reports directly to the Audit, Risk & Compliance Committee of the Board. The audit function operates under an annual risk-based audit plan, taking into considerations specific regulatory requirements.

The Board takes responsibility for the Company's system of internal financial control, including taking reasonable steps to ensure that adequate systems are being maintained. Effective internal control systems have been operationalized to assess and mitigate any risks the Company may be exposed to.

The Company has an anonymous reporting platform that offers employees and the general public an opportunity to lodge any complaint.

Whistle Blowing Policy

KenGen has a Whistle Blowing Policy which provides for multiple reporting lines, including through an independent and credible external party. All stakeholders and the public at large are encouraged to make reports on unethical and fraudulent behaviours without fear of retaliation from the suspected individuals. This Policy is intended to provide various channels for reporting actual or suspected wrong-

doings committed by any employees, supplier, service provider, contractor or other stakeholders dealing with the Company for investigation and appropriate action as well as assurance that the staff making the report ("Whistle-blower") will be protected from reprisals, retaliation or any adverse treatment.

Code of Conduct and Ethics

Ethical behaviour is derived from the values, beliefs, attitudes and knowledge that guide each Board Member, Management & employees in various circumstances. KenGen's core values of professionalism, Integrity, teamwork and safety culture are embodied within this ethical standard which are guided by Chapter Six of the Constitution, the Leadership and Integrity Act, 2012, Anti-Corruption and Economic Crimes Act 2003 and the Public Officers Ethics Act, 2003, among other legislations. We are therefore mandated to exhibit high standards of leadership and integrity envisaged in our constitution, not only for the sake of compliance, but also as part of our mandate as responsible citizens.

Core values provide guiding principles that forms our culture, business processes and each action taken. These values are:



Our Corporate Governance Statement (cont'd)

In line with these values, the Company has put in place two (2) appropriate Codes of Conduct for the Board as well as for the employees.

Going Concern

The Board confirms that we have good and valuable business, core financial strength, the right team of people and adequate resources to continue in business for the foreseeable future. For this reason, it continues to adopt the going concern basis when preparing the financial statements.

Engagement with Shareholders

The Board recognizes the importance of good communications with all shareholders and is committed to provision of regular and timely information. In accordance with Article 137 of the Articles of Association of the Company as well as the Companies Act 2015, the Annual Report & Accounts is posted onto our website at www.kengen.co.ke at least 21 days before the Annual General Meeting (AGM) to ensure that all the shareholders are well informed at the AGM. In upholding and protecting shareholders' rights, the Board recognizes that every shareholder has a right to participate and vote at the AGM.

Ordinary shareholders are granted six rights: voting power, ownership, the right to transfer ownership, dividends, the right to inspect corporate documents, and the right to sue for wrongful acts.

The interim and annual financial results are always published in the local daily newspapers. Further, the Company's website offers a platform for shareholders to quickly access corporate information.

The Board has engaged the services of a professional Registrar to allow for quick resolutions for all shareholder queries and smooth transfer of shares.

SHAREHOLDERS TOUR

To promote awareness to shareholders on company operations, KenGen in 2011 launched Shareholders Tours. These tours enable shareholders to appreciate the value of their investments, create awareness on various modes of generation and empower them to make meaningful contributions during the AGM. The previous Shareholder Tours were held as follows:

Year	Area Visited
2011	Seven Forks (Hydro)
2012	Olkaria (Geothermal)
2016	Ngong (Wind)
2017	Kipevu (Thermal)
2018	Olkaria (Geothermal)

Shareholding

In line with continuing obligations for listed companies as prescribed by the Capital Markets Authority (CMA) and Nairobi Securities Exchange (NSE), KenGen files investor returns on monthly basis.

Our Corporate Governance Statement (cont'd)

TOP TEN SHAREHOLDERS AS AT 30TH JUNE 2019

		Number of Shares	%
1.	Cabinet Secretary-The National Treasury	4,615,424,088	69.99
2.	Stanbic Nominees Limited	495,348,189	7.51
3.	Stanbic Nominees Limited	197,651,000	3.00
4.	Standard Chartered Nominees Ltd Resd Ac. Ke11443	65,634,994	1.00
5.	Standard Chartered Nominees Ltd Ac. Ke002339	64,864,800	0.98
6.	Standard Chartered Nominees Ltd Resd Ac.Ke11450	64,702,437	0.98
7.	Standard Chartered Nominees Ltd Resd A/C Ke11401	59,767,480	0.91
8.	Kenya Commercial Bank Nominees Ltd A/C 915A	55,252,921	0.84
9.	Standard Chartered Nominees Ltd Ac. Ke19335	33,708,273	0.51
10.	Equity Nominees Limited A/C 00099	25,596,799	0.39
	190,254 Other Shareholders	916,571,358	13.90
	Total	6,594,522,339	100.00

DISTRIBUTION OF SHAREHOLDERS

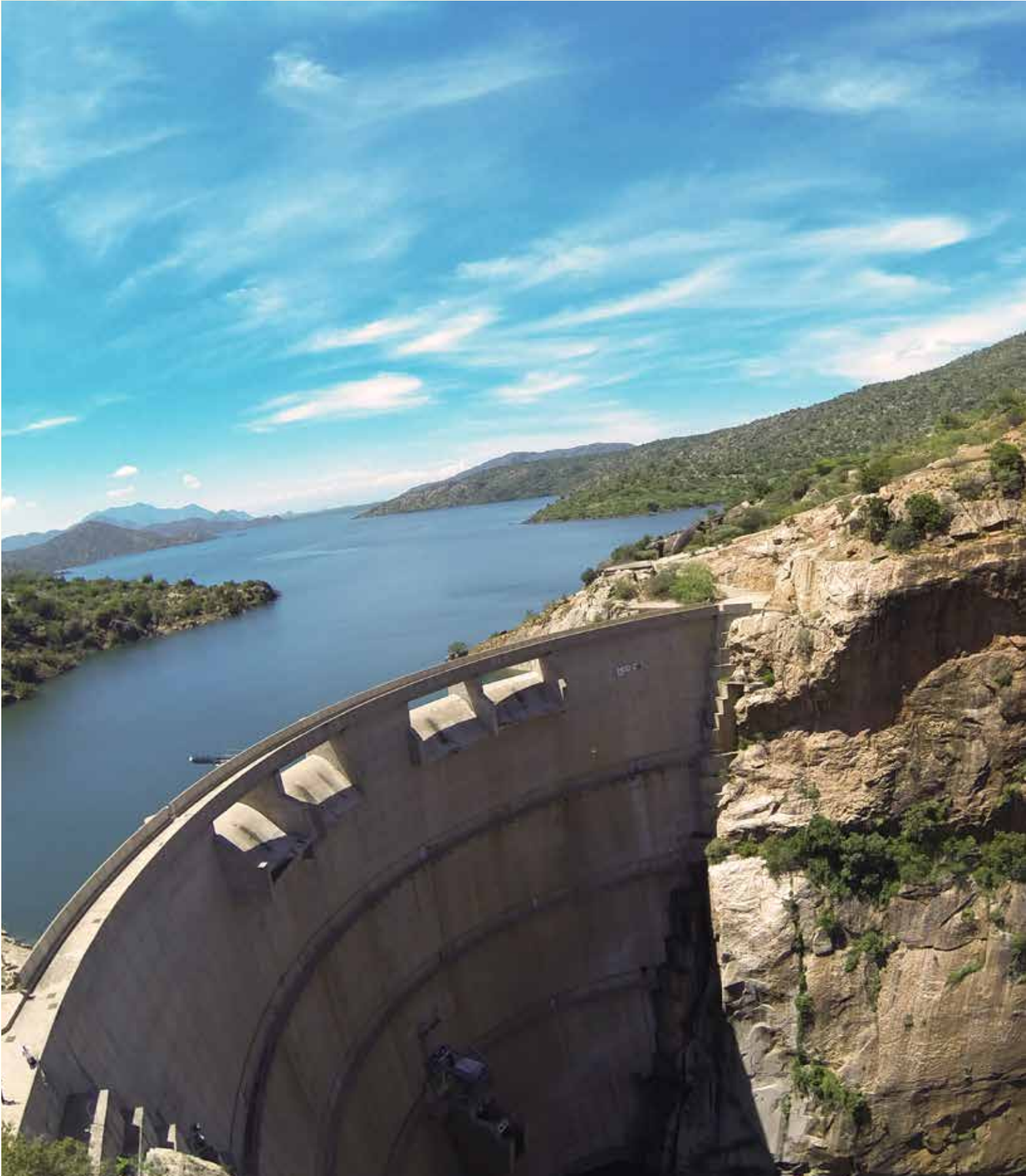
Range	Number of Shareholders	Number of Shares	% Shareholding
1 - 500	81,534	19,620,337	0.30
501 - 1,000	34,549	27,512,373	0.42
1,001 - 5,000	49,421	110,142,314	1.67
5,001 - 10,000	16,827	113,179,033	1.72
10,001 - 50,000	6,622	132,241,683	2.01
50,001 - 100,000	685	48,003,622	0.73
100,001 - 500,000	447	89,321,929	1.35
500,001 - 1,000,000	76	53,276,889	0.81
Above 1,000,000	103	6,001,224,159	91.00
Total	190,264	6,594,522,339	100.00

Our Corporate Governance Statement (cont'd)

INVESTOR POOLS

Investor Pool	Number of Shareholders	Number of shares	% Shareholding
Local Institutions	7,996	5,155,925,356	78.18
Foreign Investors	962	856,305,245	12.99
Local Individuals	181,306	582,291,738	8.83
Total	190,264	6,594,522,339	100.00







3. SUSTAINABILITY - OUR JOURNEY IN IMPACTING LIVES



Turkwel Hydro dam

Sustainability - Our Journey in Impacting Lives

SUSTAINABILITY STATEMENT

Sustainability is how to manage and operate a business to improve lives, environment, benefits and long-term prosperity. This ensures corporate efficiency and responsibility in a manner that secures the future for employees, communities, shareholders, the environment and the nation as a whole.

KenGen has embraced corporate sustainability. We are committed to the journey as a business partner, an employer, a community member, an environmental steward and a value creator for shareholders. By thinking and acting sustainably, we deliver high-quality customer service and strong financial results to position the company for a sustainable future.

In our operations, we align business performance with a commitment to economic, social and environmental stewardship. We are dedicated to making principles of sustainability a part of our strategy, culture and routine operations to advance the United Nations Sustainable Development Goals (SDGs).

OUR SUSTAINABILITY MAPPING



Sustainability - Our Journey in Impacting Lives (cont'd)



Sustainability - Our Journey in Impacting Lives (cont'd)

2019 HIGHLIGHTS

- No. of new ESIA Licenses -3
- No. of ESIA Licenses under review -3
- No. of ESIA Licenses Variation - 3
- No. of Environment Audits done - 30
- No. of Commercial Water Abstraction Permits renewed-15
- No. of Effluent Discharge Permit -2

Catchment and Ecosystem Conservation

- No. of tree seedlings issued for the last 5 years; 1,414,664 equivalent to 2,357.77 acres
- No. of school woodlots established - 500
- Acreage of phase I-V of GIC-250

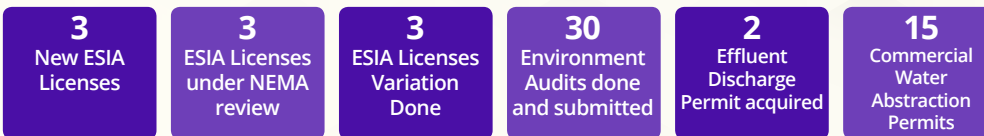
Climate change

- No. of CDM projects registered - 6

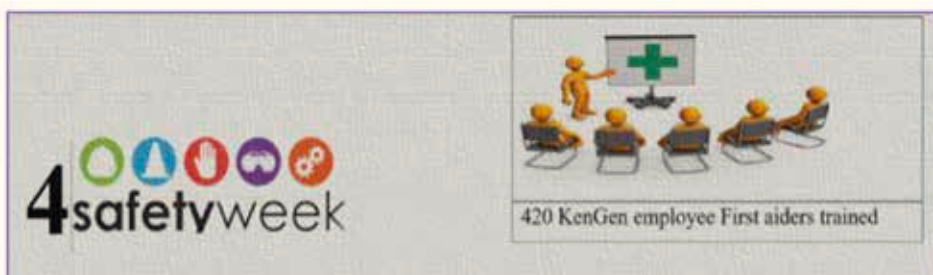
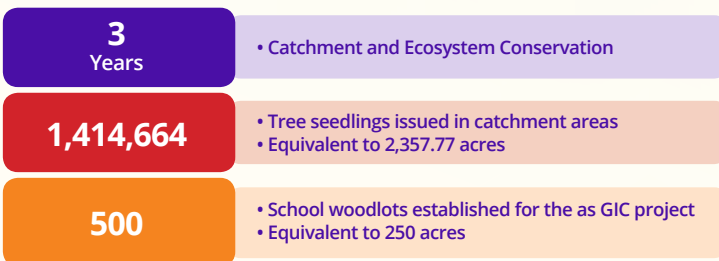
- No. of climate change mitigating projects whose portfolio is being enhanced -3
- CER's from KenGen's registered projects are 1,512,855 tCO₂. equiv/year
- Revenue generated by CDM project - 2.7million US dollars
- Staff members Trained Certified Carbon Reduction Managers -7

Infrastructure

- No. of Km road constructed to reach Kenyans (Kivaa-Kiambere 21km, Kaewa-Masinga 12km, to include Turkwel project) - 42km



ENVIRONMENT MANAGEMENT



Sustainability - Our Journey in Impacting Lives (cont'd)



ECONOMIC SUSTAINABILITY

Financial Sustainability

KenGen's core purpose of generating electricity, is an essential service that impacts on peoples' lives and businesses. The energy we generate forms the basic input of all economic activities and is one of the most important factors of production. This implies that we must respect the special status of our position and be financially sustainable to continue providing services over time to all Kenyans. Financial sustainability is our ability to sustain enough cash flows to maintain our core operational capacity, implement strategic plans, and invest sufficiently in diversifying our business as we continue to create value for our shareholders.

We present our financial condition using, among other financial measures, diversified revenue streams, financial ratios and operating cash flow.

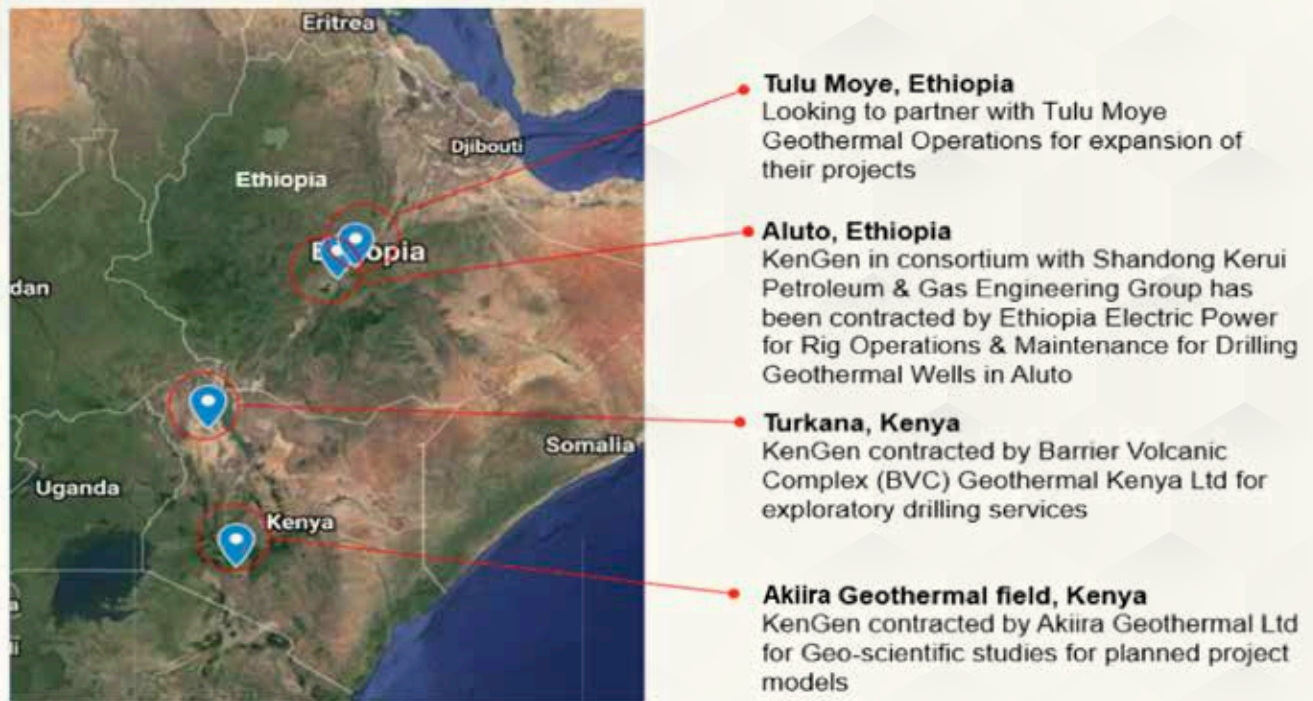
Revenue

Our regulated business largely consists of operations in which revenues are largely set by law and based on investments and running costs. The earnings on these revenues are therefore extremely stable and predictable. The primary revenues for the business come from power generation. The breakdown of contribution to 2019 revenue is as follows:

Capacity Revenue	Energy Revenue	Steam Revenue	Fuel & Water
Kshs 21,823 Million US\$ 218.02 Million	Kshs 7,974 Million US\$ 79.66 Million	Kshs 5,872 Million US\$ 58.66 Million	Kshs 10,297 Million US\$ 102.87 Million

Sustainability - Our Journey in Impacting Lives (cont'd)

To sustain our company's future, we continue to identify opportunities for revenue diversification. During the review period, we signed four contracts for provision of expert services in geothermal exploration and drilling.

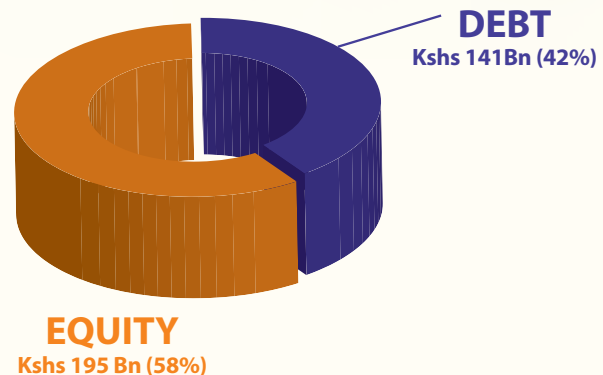


Capital Structure

Our finance strategy focuses on KenGen's capital structure, ensuring that the Company has unrestricted access to capital. With our target capital structure of 70% to 30% Debt to Equity ratio, we aim to sustainably secure affordable funding for our project pipeline.

The key objective of our funding policy is always for KenGen to have access to a variety of financing sources. We achieve this objective through active interaction with capital markets participants. In 2009, we issued the first ever Corporate Infrastructure bond of Kshs 25 billion amortizing over a period of ten years and whose final redemption was on 31st October 2019. We also carried out the largest ever successful equity rights issue on the Nairobi Securities

Exchange (NSE), which created a significant headroom for additional debt funding. We have a prudent debt management policy and each debt is linked to a project and therefore is self-financing over its tenor that matches the respective PPA.



Sustainability - Our Journey in Impacting Lives (cont'd)

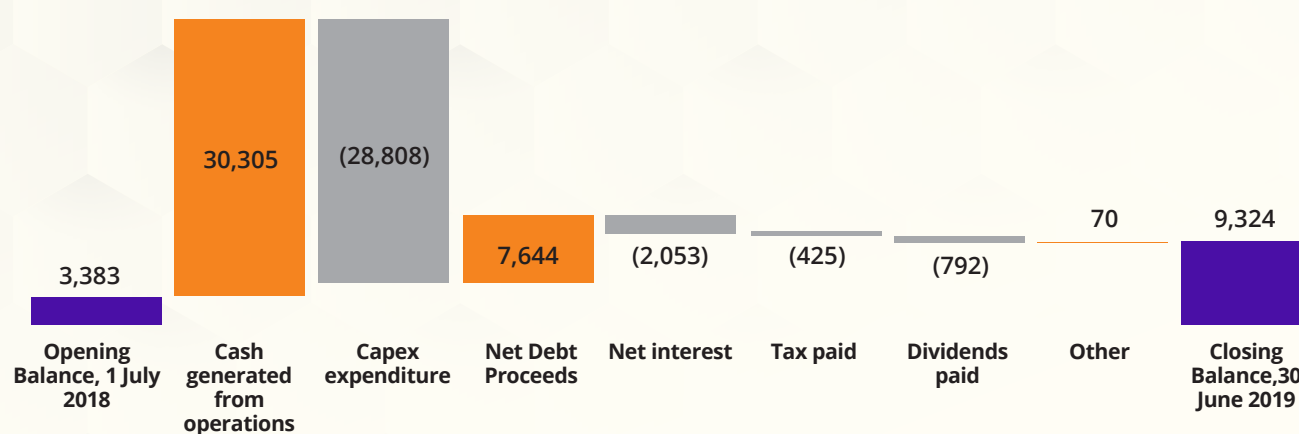
Affordable Debt

The affordability of energy is greatly impacted by the investment costs in the generation capacity as reflected in the price of energy per unit. KenGen is doing what it can to keep energy affordable through the use of low priced concessionary financing from various financiers that include Development Financial Institutions (DFIs) and other bilateral funding through the Government of Kenya. Furthermore, up to 85% of our debt is de-risked through Government guarantees. As at 30th June 2019, our weighted average cost of debt stood at 2.8%, while weighted average maturity was 16 years.

Cash Flow

Cash provided by operating activities of Kshs 30.6 billion was Kshs 13.1 billion above the prior-year level. The main reason for the increase is that in 2018 we generated about Kshs 17.5 billion.

Net Cash & Usage (Kshs Millions)



Financial Ratios

For KenGen, our financial sustainability is a process, not an end. Consequently, we continuously monitor our financial ratios in line with lender thresholds. The financial covenant thresholds of the long-term debt portfolio vary by lender but converge around:

- Keeping total leverage below a ratio of 2.3 (i.e. 30% equity, 70% debt)
- Maintaining a Debt Service Coverage Ratio above 1.3x
- Maintaining a Current Ratio of 1.2x
- Self-Financing Ratio – 25% minimum contribution by KenGen to project costs

Sustainability - Our Journey in Impacting Lives (cont'd)

Financial Covenant	Threshold	Current	Compliance
Current ratio	>1.2	1.31	Yes
Leverage ratio	<2.3	0.66	Yes
DSCR	>1.3	1.96	Yes
Self-Financing Ratio	>25%	81%	Yes

Value Added Statement

KenGen relies on society to allow it to operate and be commercially successful. During the year under review, the company continued to make a significant contribution to the economy and society by carrying out its business responsibly and implementing corporate social investment programs. While KenGen contributes positively to society by providing reliable and sustainable energy, it must also share the value it creates and earn the right to make a profit to pay dividends to shareholders.



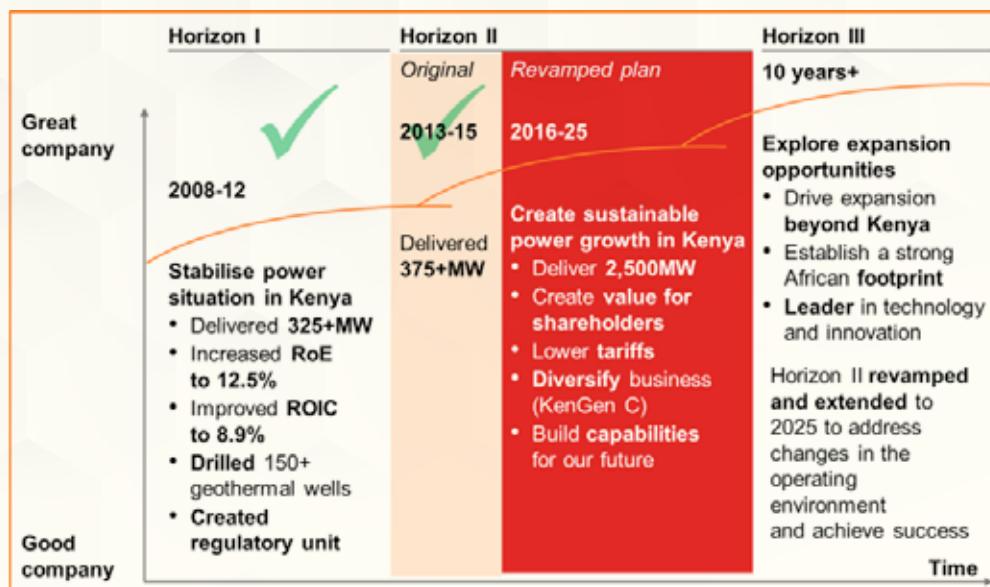
Sustainability - Our Journey in Impacting Lives (cont'd)

Strategy to Change Generations

Review of G2G Horizon II Strategy

Our Good-to-Great (G2G) strategy is driven by the need to grow from a “Good” to a “Great” company that positively changes the lives of all stakeholders. KenGen adopted the “G2G” philosophy to support the desire of creating value for the stakeholders (Good to Great) while focusing on sustainability (Generation to Generation) for Kenyans. The G2G strategy is being implemented in three phases: Horizon I, II and III. KenGen is currently implementing the revamped Horizon II phase of the strategy.

Through our contribution in green energy, the economy has benefitted from reduced tariffs and about 88% of our national consumption is from green sources. Our capacity addition programme continue to be aligned to the Government’s big 4 agenda, the country’s Vision 2030, industrialization goals and medium-term development plans.



The strategic focus is to add 721MW by 2025, defining the path for initiatives in Horizon II of the Good-to-Great (G2G) Strategy. Focus remains on the three aspirations of lowering tariffs, increasing generation capacity and creating value for stakeholders.

KenGen’s five year Strategic Plan, the roadmap to implement the G2G Strategy, was reviewed for alignment to MTP III and Big Four Agenda and approved by the Board within the year.

The strategic plan is in line with the Government’s Big Four Agenda of: enhancing manufacturing, food security and nutrition, universal health coverage and affordable housing and is guided by the four strategic pillars as identified in the G2G Horizon II Revamped strategy.

Sustainability - Our Journey in Impacting Lives (cont'd)

- Capital planning and Execution (effective delivery of current projects, geothermal expansion and capital planning and execution processes)
- Regulatory framework (improve single buyer model, steer deregulation process, and build a regulatory structure in KenGen's organisation)
- Operational Excellence (optimise maintenance practices, reduce operational and overhead costs, and improve operational processes and structure)
- Organisational Health (performance management, promotion and succession planning, structure and governance, annual planning and budget, innovation and continuous improvement in IT Support/enablers).

In addition to existing initiatives and activities, KenGen seeks to address seven areas as Horizon II priority initiatives to successfully implement its strategy:

- Improving returns of current plants by optimising and reducing operational and maintenance costs;
- Optimising capital expenditure (CAPEX) for future projects through lowering costs and improving delivery of new projects;
- Improving PPAs/tariff regulation to increase profitability of future projects;
- Pursuing new financing approaches like equity partnerships in new projects, asset monetisation of existing plants, or asset backed securities;
- Establishing new legal structures to execute and finance partnership projects and diversification business streams;
- Delivering current project pipeline and acquiring new geothermal fields; and
- Improving organisational health factors such as leadership and motivation and building the required skills/capabilities.

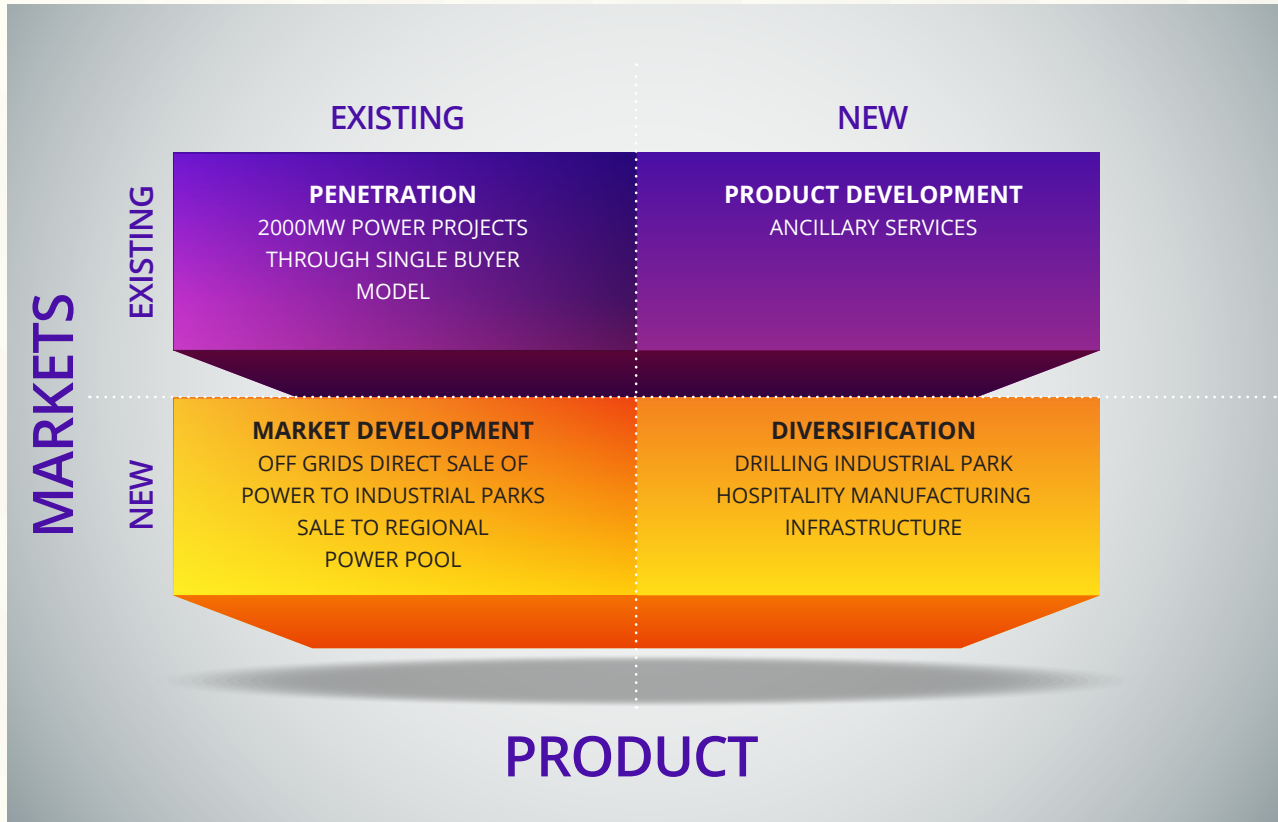
Protecting and growing our revenues

The company is aggressively pursuing a deliberate diversification of our modes of generation to improve power security and affordability by venturing into the installation and commissioning of renewable intermittent wind and solar power plants. Our 25.5MW Ngong Wind power plant was the first grid-connected wind plant in the country and plans are underway to increase the capacity at Ngong by 50MW in the next 5 years. Implementation of the Seven Forks 42.5MW Solar PV project is on-track with the feasibility study conducted during the year.

Revenue Diversification: KenGen intends to create more value to key stakeholders by sweating its assets to grow non-electricity revenue through diversification, by spinning off a subsidiary to professionally manage all non-electricity business. These include consultancy services, geothermal well drilling services, infrastructure business, manufacturing and hospitality business streams. These streams shall support in the provision of long-term financing of our electricity business.

Sustainability - Our Journey in Impacting Lives (cont'd)

KenGen GROWTH STRATEGY



KenGen Growth Strategies

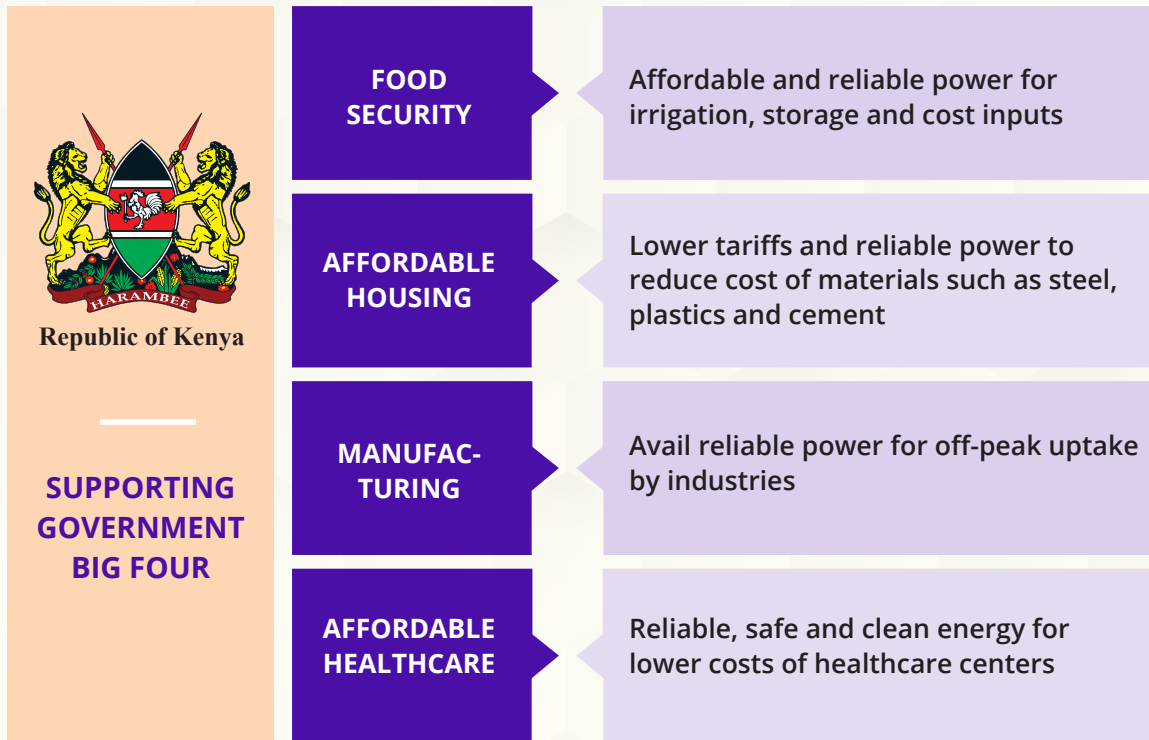
Securing Kenya's Future

Energy is a crucial ingredient for economic development of any country or society. As population grows and the need for better lives increases, agricultural and industrial activities also increase. These increases the demand for energy and exerts pressure on the society to find better ways of generating clean sustainable energy so as to secure the future by sustaining the available resources. In terms of energy quality, electricity ranks as the highest quality energy source followed by natural gas, oil, coal, and wood and biofuels. Improving access to electricity has been identified

by Kenya as a means to growing its economy and improving the lives, especially those of the poor. As a result Kenya is making progress to provide electricity to all Kenyans, motivated by the need to improve living standards.

In Kenya, electric energy is an enabler for the Government's Big Four Agenda. KenGen has positioned itself as a key player in supplying electric energy to the country focusing on sustainability, security of supply and affordability.

Sustainability - Our Journey in Impacting Lives (cont'd)

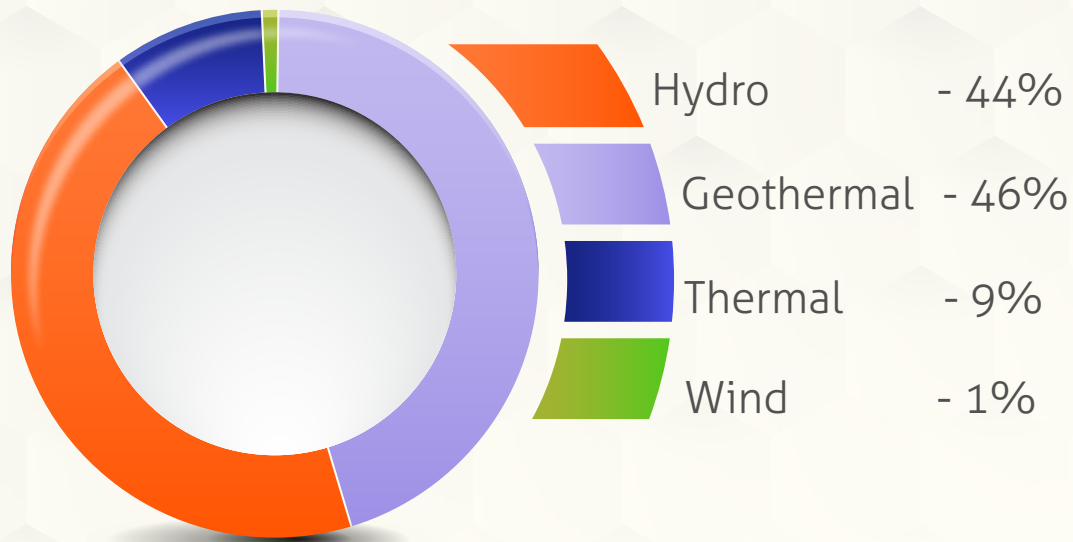


The generation capacity in 2019 was 11,493 GWh, compared to 10,702 GWh in 2018. This represents a growth of 7.4% in the annual generation. KenGen generated 8,277 GWh in 2019 from 7,989 GWh over the same period in 2018, representing a 3.6% increase in the annual generated energy. The peak power demand for the country is currently at 1,882 MW, an increase from 1,802 MW in 2018 and is projected to grow by 8% annually.

In view of these projections and the need to secure the country's future, KenGen is committed to investing in sustainable projects to meet the growing demand for power by investing in geothermal, hydro, wind and solar energy. This will help the country achieve its development objectives, secure its future, and change lives for its citizens.

Sustainability - Our Journey in Impacting Lives (cont'd)

KenGen's Energy Generation Mix



Current Generation Mix

During the year under review, KenGen generated 72% of all energy in the country. Renewable energy contributed 91% of KenGen's annual generation and 89% of the country's annual energy output.

Sustainability - Our Journey in Impacting Lives (cont'd)

Capacity Expansion

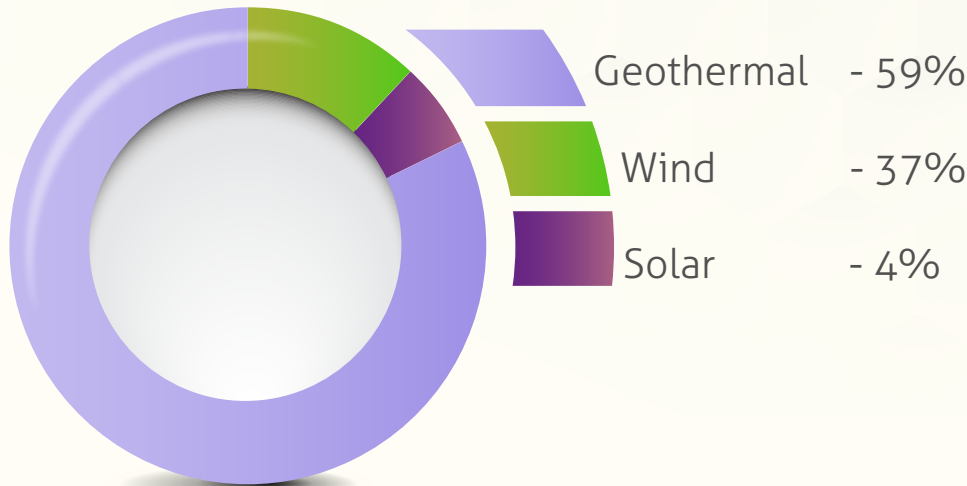
As part of our endeavors to change lives through securing the country's future, KenGen has put in place development plans for capacity expansion. The additional capacity will spur economic growth and help improve the lives of the Kenyan's while providing the assurance and confidence of sustainable energy that is clean, reliable and affordable.

KenGen's growth and investment strategy is leveraged on geothermal energy and other forms of sustainable sources like hydro, wind and solar. The additional installed capacity by 2025 will focus on geothermal energy accounting for 59% of the additional installed capacity, wind at 37% and solar at 4%, representing an installed capacity of 42.5 MW.

Status of Projects

The company is engaged in many projects at different implementation stages. During the year of review, KenGen achieved key milestones in a number of projects, including 90% completion of Olkaria V as at 30th June 2019.

KenGen's Proposed Additional Capacity Mix



Olkaria I Unit 6 – Ground breaking



H. E. President Uhuru Kenyatta, C.S. Ministry of Energy, KenGen Board Chairman, KenGen M.D. and C.E.O. and other dignitaries during the ground breaking at Olkaria I Unit 6, Naivasha on 4th December, 2018

Sustainability - Our Journey in Impacting Lives (cont'd)

KenGen plans to install an additional effective capacity of 721 MW by the year 2025, some of which are as follows:

Project	Capacity (MW)	Status
Olkaria V	165	Project development
Olkaria VI	140	Feasibility
Ngong I Phase 3	11	Project development
Olkaria I AU Uprating	20	Project development
Olkaria IV Uprating	20	Project development
Olkaria I Unit 6	86	Project Structuring
Seven-Forks Solar	42.5	Project financing
Olkaria I Rehab	6.7	Project development
Olkaria PPP	140	Project structuring
Eburru	27	Feasibility
Marsabit	80	Project structuring



Botswana's President H.E. Eric Masi at KenGen Olkaria IV Geothermal control rooms in 2019

Sustainability - Our Journey in Impacting Lives (cont'd)

New Financial Approaches – Public Private Partnerships

KenGen is exploring sustainable financial models for the development of power plants and Public Private Partnership (PPP) is one option which KenGen is pursuing, with the National Treasury granting KenGen approval for the implementation of the Olkaria 140MW geothermal power plant project under the PPP framework. A transaction advisor was selected to assist in the project preparation and advise KenGen on the best PPP model that would offer both value and quality to the company. The feasibility study report for the project was submitted to the PPP Committee and approval granted paving the way for the company to procure a private partner for the project.

New Business

KenGen is keen to diversify its revenue streams leveraging on new non-generation based-business. There are several project concepts that have been proposed to take advantage of the company's enormous resources and skills.

KenGen Green Energy Park

KenGen plans to develop a Green Energy Park in its Olkaria Geothermal field in Naivasha, Nakuru County.

The Green Energy Park will not only enable the optimization of KenGen's business operations, but also support the Government's industrialization strategy as a pillar for economic growth and job creation. It is expected that this development will serve as one of the drivers for regional development and create significant employment opportunities.

KenGen engaged the services of a Consultant who conducted a feasibility study and master planning of the energy park. The master plan shows details of the location

of industries and utility services within the park. Currently, KenGen is seeking investors for the Green Energy Park and engagement of manufacturing/processing firms is ongoing.

Civil Engineering Lab

KenGen completed and commissioned a civil engineering materials testing laboratory at its geothermal power generation hub at Olkaria in Naivasha. While ensuring quality control for all ongoing projects, the laboratory is equipped to offer services to various contractors and agencies undertaking construction projects that require testing of materials; at a fee commensurate with the scope and frequency of such tests. Internal approvals are being sought on the optimum operational strategy that will ensure value for money is realized.

Treasure under our Feet

“We do not inherit the Earth from our ancestors, we borrow it from our Children.”

To return a better borrowed world, KenGen embarked on a paradigm shift to harness renewable energy to provide the most competitively priced electricity.

Our findings revealed that the key to changing lives was geothermal energy – the treasure under our feet.

Geothermal is energy trapped within the earth's mantle, that once unleashed comes to the surface as a gaseous fluid to turn a turbine which is coupled to a generator. This converts the mechanical energy to electric energy which is then distributed to the grid. The condensed fluid is then reinjected back to the earth to make the process renewable: A great solution to the world's energy trilemma of sustainability, security of supply and affordability.

Sustainability - Our Journey in Impacting Lives (cont'd)



So rare is Geothermal that only 83 countries worldwide are currently utilizing the precious gift

*Geothermal hotspots in the world:
(coloured in red)*

KenGen/ Kenya is the 8th largest geothermal producer in the world

Sustainability - Our Journey in Impacting Lives (cont'd)

KenGen, through its bold bet in Geothermal energy, has put Kenya in the prestigious global list of countries with installed geothermal capacity.

Global geothermal power generation capacity currently stands at 14,900 MW, with Kenya contributing 673MW. Of this, KenGen contributes 534MW, translating to 79% of the national geothermal capacity. Plans are underway to commission an additional 165.4MW from the new Olkaria V geothermal plant within the next financial year. This will propel Kenya upwards in the ranking of geothermal countries from the current 9th position. The new plant will increase our national installed capacity to 838MW.

This has indeed earned us a strong brand name that we have leveraged on to market our expertise to change lives in the energy markets within Africa. To this effect, KenGen recently competitively bid and won two geothermal drilling contracts in the Aluto and Tulu Moyo geothermal fields in Ethiopia. KenGen has been nominated as a geothermal centre of excellence in the region to enhance competence and build capacity. This is KenGen's first foray into international drilling. Previously, the Company had been involved in geoscientific studies in a few African countries and continues to do so.

Centre of Excellence

KenGen geothermal Centre of Excellence, located at Olkaria, has earned government accreditation as a technical and vocational centre (TVET) concentrating on capacity development for geothermal competencies, both locally and regionally. The Centre of Excellence (CoE) has received an infrastructure grant from World Bank of USD 15M to revamp the centre.

Operational Excellence

Operational excellence is entrenched in our culture of efficiency in the operation and maintenance of our plants to improve on the return on investment. KenGen has set out various strategic initiatives that will culminate in operations

and expenditure optimization. This is accomplished through continuous human capital development and application of operations and maintenance best practices available in the global market.

KenGen experienced a 3.6% increase in the amount of dispatched energy in this financial year. This is a demonstration of the actualization of the operational excellence strategy that ensures the nation is proudly provided with reliable and competitively priced electric energy. By leveraging on state of the art technology in the operation and maintenance of all power plants, overall plant availability has been enhanced and overhead costs greatly optimized thereby ensuring increased revenues for the Company.

Employing global best practice gained through initiatives such as partnerships not only ensures quick turnaround time in case of plant outages but also ensures plant longevity is enhanced by the employment of utmost duty and care in the day-to-day operations. Quick response and onsite technical expertise from original equipment manufacturers (OEMs) is received through the enhancement of mutually beneficial collaboration.

Availability Improvement

The country has an attractive business environment that provides a reliable energy supply. The plant availability factor for the hydro and geothermal power plants indicated good performance and the wind power plant availability increased from 74.72% to 82.07%.

The main foundations that support good operational results that ultimately drive financial performance include:

- Annual operation and maintenance programs
- Preventive maintenance planning (Annual maintenance plans/calendar)
- Dam level and cascade management
- Plant operations and dispatch planning
- Accurate and prompt plant capacity declarations

Sustainability - Our Journey in Impacting Lives (cont'd)

- Performance measurement and evaluations (Performance boards, performance dialogues)
- Review of key performance metrics and Indicators
- Corrective Maintenance Strategies for timely plant restoration
- Reliability centred maintenance
- Single-Minute Exchange of Die (SMED)
- Process flow diagrams
- Root Cause Analysis
- Spares management, contract frameworks & Agreements
- Staff professional and personal development
- Internal training programs for knowledge transfer among staff

Reliability Centred Maintenance (RCM)

Reliability centred maintenance is a concept in maintenance planning that ensures systems continuously deliver as per the expectations of a maintenance program. It combines maintenance practices such as planned maintenance, predictive maintenance, root cause analysis, application of single minute exchange of die (SMED) and 5S Kaizen principles. The implementation of these concepts within KenGen has led to increased uptime of generating units, plant reliability and cost in operations.

The review of planned maintenance which aims at managing plant outages by enhancing equipment and plant reliability is a continuous process throughout the company. Analysis of breakdowns to identify which maintenance methods work best for each equipment is constantly carried out. Annual maintenance plans are prepared in consultation with various process owners within the Company, thus ensuring seamless execution of maintenance programs while also ensuring electricity demand for the nation is met.

In predictive maintenance, various digital monitoring tools are used to measure and monitor various parameters to

give a general outlook of the plant condition. The technical teams monitor and analyze the data which enables them foresee potential plant failures well in advance and take appropriate action.

Analysis of outages in plants, both planned and forced, is essential in identifying challenges and this helps to initiate strategies that assist in the reduction of unplanned plant downtime as well as avoiding recurrence of equipment failures. Ensuring optimum plant reliability leads to the lowering of overhead costs, thereby increasing revenue.

Root cause analysis encompasses scrutiny of the various failure modes, the possible reasons for the failures and their effects in a bid to better understand them. This ensures the proper formulation of technical solutions which thus increase equipment availability and reduce maintenance & resource costs. Continuous improvement of these processes and programs to reduce breakdowns, defects or rework in the power plants is in practice.

The application of single minute exchange of die (SMED) ensures plant spares, tools and maintenance teams are readily available and there is quick exchange of faulty machine components. This reduces the downtime of critical plant equipment.

5S Kaizen is a workplace organization system that uses a list of five Japanese words that have been translated to Sort, Straighten, Shine, Standardize and Sustain. Implementation of these principles results into an organized, clutter-free and a clean work place which reduces the time used to search for a spare part or a tool and thus improve productivity. 5S has already been implemented in Kipevu workshop and Ngong and the establishment of a standard 5S framework is ongoing. Wrench time is the actual time used to execute a task excluding the time taken to search for tools or spare parts. The set-out 5S Kaizen measures have greatly improved wrench time, leading to a reduction in the time taken to put back the generating unit on.

Sustainability - Our Journey in Impacting Lives (cont'd)

Remote Control of Plants

Real time digital monitoring data has enabled the online monitoring and trending of plant parameters that long ago required a dedicated workforce. This has led to the setup of centralized control rooms whose operators work hand-in-hand with the maintenance personnel in ensuring optimal plant performance and reliability. The use of the latest technology has aided in gaining a one-stop shop advantage of all plant performance data which is gathered and analyzed by the Supervisory Control and Data Acquisition (SCADA) system.

The SCADA system has led to the automation of most of the plant operations within KenGen. It has served for a number of years and upgrade is in progress in a bid to staying abreast of new generational technologies to improve operational processes and avoid risk of obsolescence.

Rehabilitation Projects and Plant Improvements

Rehabilitation projects aim at bringing new life to power plants that have reached the tail-end of their useful life by refurbishing generating units and its supporting auxiliaries, based on the units' performance over the years. KenGen employees are deeply involved in the execution of rehabilitation projects which ensures they get new technical skill, mentoring and coaching of young technical staff is encouraged and a return on investment for the training is achieved by the company. Consultancy services for the rehabilitation projects are currently being done in-house by the project implementation teams and this ensures that the projects are accomplished in a cost-effective manner and guarantees that the next generation of technical staff are able to maintain KenGen's current and future power plants.

Kamburu power plant has three units rated at 31.4MW each which were installed in 1974. The rehabilitation of Kamburu units 2 and 3 was completed during the current financial year while the rehabilitation of Kamburu unit 1 is planned to be completed during the next financial year. Both of the rehabilitated units are so far running well with improved performance.



Kamburu Hydro Power Station's Unit 2 undergoing rehabilitation

Sustainability - Our Journey in Impacting Lives (cont'd)

Wanjii power plant has four units with a total rated capacity of 7.4MW that were installed in 1953. Wanjii rehabilitation has started in earnest and after completion, the installed capacity will increase to 8.2MW. On completion of the works, the plant performance and reliability will be greatly enhanced.



Wanjii Hydro Power Station

The second gas turbine with an installed capacity of 30MW was relocated and successfully commissioned in Muhoroni from Embakasi during this financial year to enhance grid stability in the western Kenya.

Calibration Centre

All measuring equipment, after a predetermined period of operation as specified by the manufacturers' specifications, require to be calibrated to ensure accurate reporting of the measured parameters. These equipment include, but are not limited to, steam consumption meters, energy meters and a variety of electric instruments.

KenGen currently incurs a lot of expenses in calibrating various equipment as per the statutory requirements through outsourcing to local and overseas laboratories. The setting up of an in-house calibration centre at Tana power station is ongoing and the capacity building of employees mandated with the calibration of KenGen's equipment is being enhanced. Furthermore, the calibration centre is an opportunity for KenGen to have a new income generating stream by offering services to other companies that requires them.

Sustainability - Our Journey in Impacting Lives (cont'd)



Planned temperature laboratory setup at the Calibration Centre

Stabilization of the National Electric Grid

To ensure that the national grid is stable, the global reserve standard is to have at least 20% of the total installed capacity of the largest generating unit. In line with this requirement, power plants are normally dispatched with a margin to allow for either upward or downward regulation caused by load variations in the power system. This ensures power system stability is attained as well as sustain intermittent power from wind and solar power plants.

The Status of the Power System Committee (SPSC) was set up by the Ministry of Energy to ensure stabilization of the national grid by the various stakeholders in the electric energy sector. In a bid to ensure national blackout mitigation measures are implemented, technical representatives from KenGen fully participate in the joint industry technical committees. As a result of the measures effected by the joint stakeholders committee, Kenya has not experienced a national blackout within the current financial year.



Sustainability - Our Journey in Impacting Lives (cont'd)

How ICT systems support the business

KenGen's ongoing journey to digital transformation has involved integration of digital technology into all areas of our business. This has led to fundamental changes on how KenGen Business operates and how ICT delivers value to all employees and stakeholders. Our adoption of cloud computing has allowed us freedom in managing and hosting applications, platforms, and infrastructure towards enhancing our operational excellence and agility of our business processes.

- **Cloud based applications** – Use of Microsoft Office 365 and publishing of key Corporate applications, such as e-mail, Workflow and Extranet have enhanced staff mobility and staff can now work anywhere, anytime and access all Corporate resources leading to increased productivity and efficiency.



- **SAP** – KenGen has been running SAP as its Enterprise Resource Planning tool. SAP has optimised business processes, enabled effective data management,

improved employee productivity resulting in an informed decision-making process across the organisation. Thirteen SAP modules have been implemented and are currently being used across all departments in the organisation. The current game changer has been the setup of an e-Procurement platform that has streamlined supply chain processes, enabling the company to interact with suppliers online and eliminating the need for paper-based tendering process.

- **Infrastructure Upgrades** – System availability and employee satisfaction have been key focus areas within ICT. Some initiatives employed to achieve higher system availability and enhance employee satisfaction include the integration of Wi-Fi across all regions, implementation of various backup WAN and Internet links, VPN Technology enabling off-show consultants to remotely access the system, upgrade of Data Centres and decentralisation of Internet in business areas to enhance efficiency.
- **Information Security Systems** – Implementation of two-factor authentication, email and web-filtering security systems has protected the technology and information assets of our business. These systems avert, detect and respond to both internal and external information security threats.
- **Virtualisation** - Server virtualization has brought about positive transformations, such as reduced hardware costs, improved server provisioning and deployment, better disaster recovery solutions, efficient and economic use of energy.
- **Automation of workflows** – Using WorkflowGen system, over twenty major business processes have been automated, ranging from local and overseas travel allowances, staff loans to leave applications, thereby drastically reducing paperwork and associated costs.

Sustainability - Our Journey in Impacting Lives (cont'd)

- **Revamped corporate website** – users of various information can now access content from our revamped website that is more attractive and highly informative. Our website is now interactive with various portals for staff, job seekers and suppliers.
- **SCADA/ DCS** – The industrial control systems used in all power plants allow for real-time monitoring and control, maintaining efficiency, processing data for smarter decisions, and communicating system issues to help mitigate downtime.

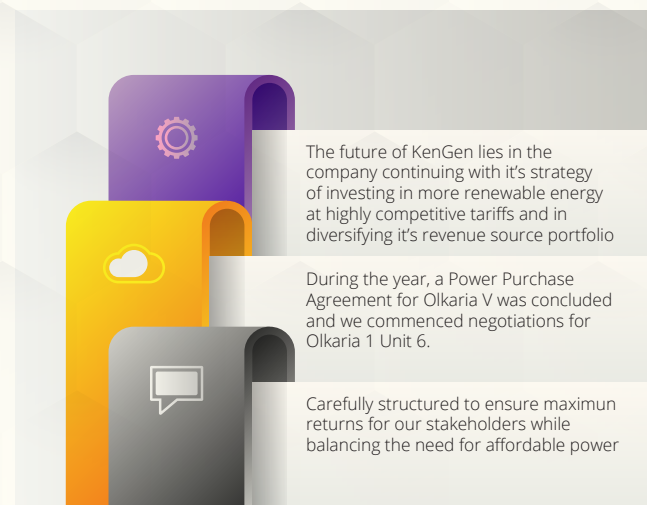
Our ICT continues to drive operational excellence through the implementation and enhancement of ICT Solutions, in turn improving employee efficiency and enabling productivity across all business functions.

Securing Our Revenues



KenGen continues to deliver its mandate in full realization that the Kenyan energy market is evolving influenced by local and global dynamics. Increased competition from Independent Power Producers (IPPs), more intermittent

power (spikes and dips from wind and solar) in the national grid, changes in the regulatory regime and new financing approaches are just but a few challenges that KenGen faces. But KenGen has put in place a solid strategy that ensures that it remains sustainable.



Regulated Environment

Legal reforms in the energy sector resulted in the enactment of the Energy Act, 2019. The Ministry of Energy has formed a Task Force to coordinate the implementation of the Act. The Taskforce membership comprises of representatives from the energy sector institutions and KenGen is ably represented. Internally, KenGen has formed a team to guide the implementation and compliance with the Act.

Sustainability - Our Journey in Impacting Lives (cont'd)

The Salient features of the Energy Act 2019



01

1. Open Access provision which obligates a person licensed to operate a common user facility to provide non-discriminatory open access to its facility for use by any licensee or person on payment of fair and reasonable charges as shall be prescribed.

- Energy Regulatory Commission (ERC) changed its name to Energy and Petroleum Regulatory Authority (**EPRA**).
- The Energy Tribunal changed its name to Energy & Petroleum Tribunal. This tribunal, through this new Act, has the jurisdiction to handle all matters referred to it relating to the energy and petroleum sector under the Energy Act.
- Rural Electrification Authority was renamed Rural Electrification and Renewable Energy Corporation
- Renewable Energy Resource Advisory Committee, which is an interministerial committee, was constituted to advise the Cabinet Secretary on renewable energy resource
- The Consolidated Energy Fund was constituted to mitigate many risks, key among them being the hydro risk faced by our hydro sources of electricity



02



03

2. Local Content requirements which ensure that first consideration is given to locally available services, manufactured goods and employment of qualified and skilled Kenyans.



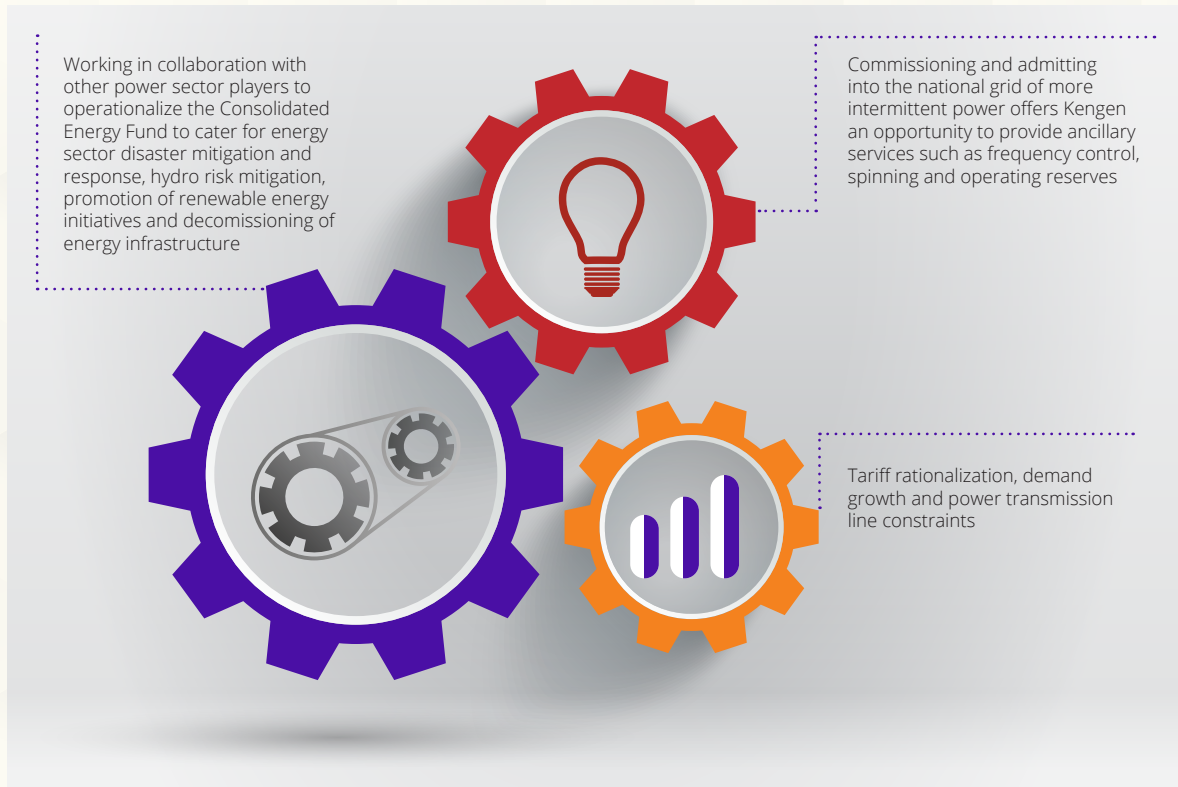
04

3. Net-Metering which enables a consumer who owns an electric power generator of a capacity not exceeding one megawatt to apply to enter into a net metering system with a distribution licensee or retailer, if that consumer has a generation facility that is located in the area of supply of the distribution licensee or retailer.

KenGen is committed to the engagement of energy stakeholders to come up with ways to mitigate risks due to the change in law or regulation. We regularly review the regulatory environment and swiftly adapt to the prevailing circumstances.

Sustainability - Our Journey in Impacting Lives (cont'd)

Evolving Regulatory Issues



Ongoing power sector engagements and representation

- KenGen plays a key role in the development and review of national energy plans in respect to coal, renewable energy and electricity so as to ensure delivery of reliable energy at least cost. KenGen is already playing a critical role in the development of the least cost power development (LCPD).
- The Act has introduced an inter-ministerial committee known as the Renewable Energy Resource Advisory Committee comprising, among other members, the KenGen Managing Director.
- In the course of the project development cycle, KenGen ensures stakeholders inclusivity to streamline the project path, addressing the concerns and needs at every stage of the project cycle. This ensures project delivery on time and on budget.

Sustainability - Our Journey in Impacting Lives (cont'd)

Innovation and Diversification

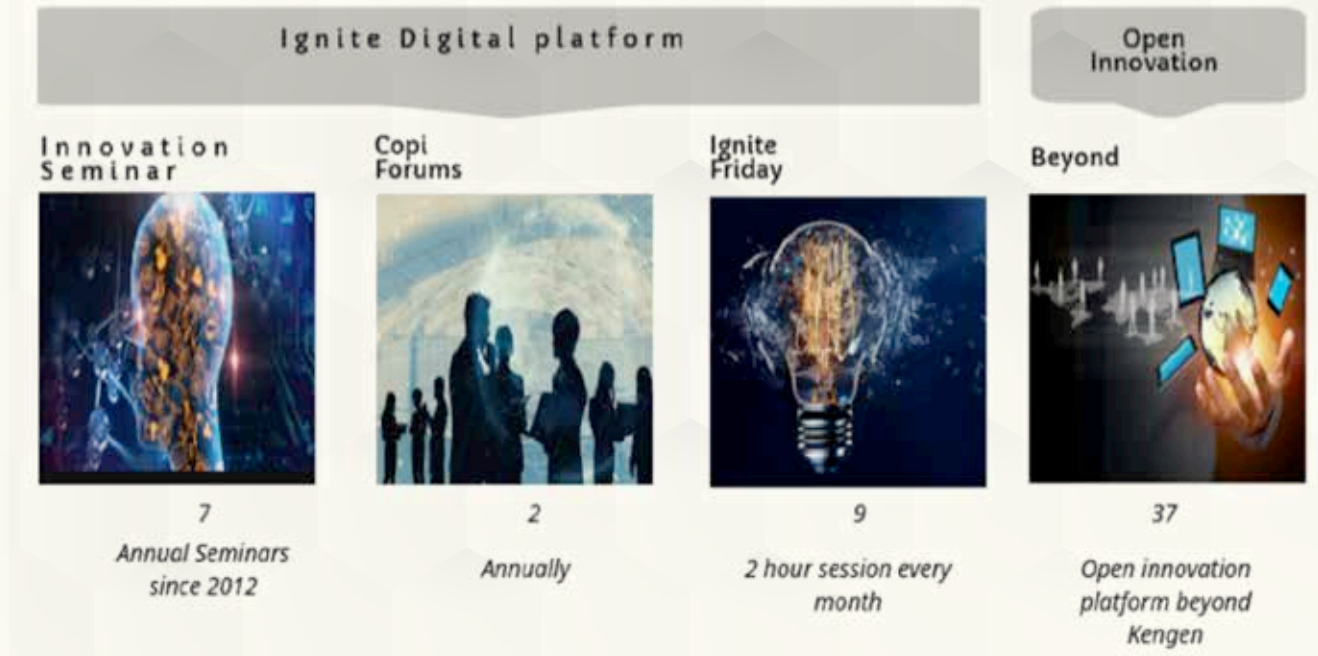
CHANGING LIVES THROUGH INNOVATION

Innovation is a process of translating ideas into goods or services that create value. It also entails improving current processes to derive additional value. To institutionalize the innovation culture, the Company leverages on different platforms to give employees a chance to share their ideas on how the overall organizational performance can be improved. The innovation process has been decentralized.

- **Innovation Seminar:** this is an annual conference in which employees are given an opportunity to present their innovative ideas. The 7th G2G Global Annual Seminar was successfully held during the year, attracting both international and local energy players with over 500 delegates in attendance and 34 innovation ideas presented. This seminar was graced by key sector players, including the Cabinet Secretary Ministry of Energy.
- **Communities of Practice and Innovation (COPI):** every region hosts 2 COPI forums per year, enabling staff to showcase their innovative ideas and receive feedback from their peers. The ideas from the COPI forums are then evaluated and the best presented during the annual innovation seminar.
- **IGNITE digital platform:** The platform was launched in June 2018 to assist in the management of innovation ideas across the company. The uptake of the system has been good and over 2500 employees have interacted with it. Tracking of the implementation of innovation initiatives has become easy with the adoption of this platform. To date, over 800 ideas have been uploaded to the system.
- **IGNITE Friday:** To deepen the Innovation culture, the Company has rolled out a 2-hour breakout session every last Friday of the month for staff to brainstorm on innovations that can be implemented within their own sections with existing resources. Nine successful Ignite Fridays have been held and ideas generated are under review.
- **Open Innovation Platform "Beyond":** Launched in November 2018 at Dedan Kimathi University, the platform aims to tap into innovations from external stakeholders. Exhibitions have been held at the Kenya National Electrification Strategy (11 ideas submitted), Jomo Kenyatta University of Science & Technology (Career week themed "Bridging the Gap between Education and the Industry") and University of Nairobi Engineering Students Association. This platform will provide an early warning for disruptions in the energy space and ensure the Company remains vigilant and responsive.

Sustainability - Our Journey in Impacting Lives (cont'd)

INNOVATION PROMOTION



RESEARCH & DEVELOPMENT

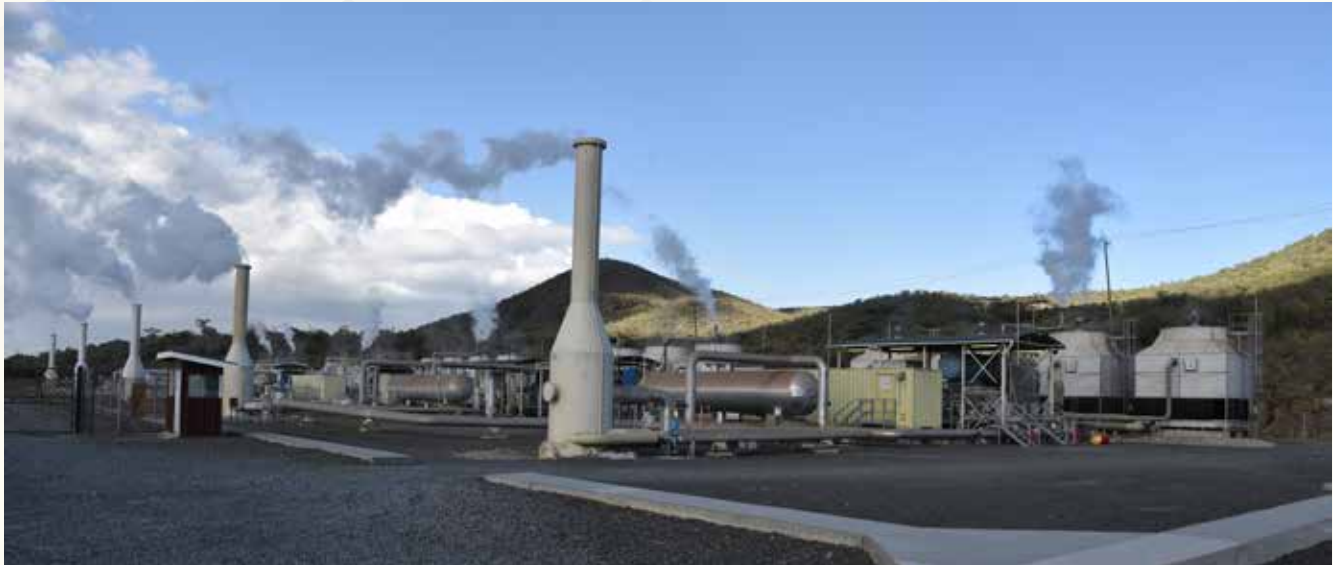
Energy Research & Development (R&D) Lab

KenGen has made significant strides in the development and operation of an energy research & development laboratory dedicated to the advancement of scientific and technological solutions in power generation, energy efficiency, energy related systems and resources. The design of a modern Energy R&D lab in Tana commenced in March 2019 and will offer staff an opportunity to prototype, pilot and test technical innovations before commercial roll out. The construction of the lab is expected to commence before the end of the fiscal year.

Solar

KenGen has developed its capacity in solar power with two ongoing projects at Kipevu and Hydro Plaza offices. The Company is targeting the growing demand for solar related products within the country. To actualize this, KenGen has commissioned a team of seven engineers to commence solar photovoltaic panel manufacturing. A sample solar panel was assembled and the manufacturing concept approved. Research is ongoing on various options for the manufacture of the solar photovoltaic cells.

Sustainability - Our Journey in Impacting Lives (cont'd)



Olkaria Geothermal wellhead

Mineral Extraction from Geothermal Brine

Olkaria geothermal field produces an estimated 2700 tonnes of brine per hour. The abundant minerals in the brine are silica and lithium, with other elements present in traceable amounts as evidenced by feasibility study findings. KenGen will pilot a plant before design and construction of the mineral extraction plant. The pilot will:

- Determine the commercial viability of minerals present in geothermal brine
- Develop mineral extraction technology and
- Apply the developed technology in the design of a pilot mineral extraction plant

Transformer Manufacture

Generation of electricity is the core business that KenGen relies on for most of its revenue. KenGen has invested in other sources of income, with transformer manufacturing being one of them. The project entails:

- Relocation of the KenGen Central Workshop from Mombasa Road area, Nairobi to the old Tana Power Station powerhouse
- Designing of the transformer mandrels, awaiting mounting in Tana Central Workshop
- Identification of hands-on-staff for transformer manufacturing

Intellectual Property Rights Protection

Provisional patents were given for 27 ideas from the 2018 G2G Innovation Seminar, with 12 being pursued with authors for application of full patents. Kenya Industrial Property Institute (KIPI) issued 1 full patent to KenGen while 2 inventions are in the final stages of examination.

Sustainability - Our Journey in Impacting Lives (cont'd)

KenGen submitted 16 trademarks to Kenya Industrial Property Institute (KIPI) for search and approval for registration. Of these 13 were approved and official logos will be submitted for trademark registration in July 2019.

KNOWLEDGE HARVESTING AND TRANSFER

KenGen has had a long experience with consultants, contractors and suppliers who have over the years developed critical knowledge to KenGen. KenGen has made tremendous strides in capturing and harnessing this knowledge to generate value and is in the process of documenting and publishing a History Book that will constitute a one-stop shop on the company's journey.

Digitization

KenGen has over the years experienced exponential growth of its records. These include reports, technical drawings, maps, correspondences, payment documents, deeds, leases, employees' files, contracts and technical manuals that are purely physical. The Company has commenced the identification of critical records to be imaged, indexed and exported into an archiving software. Plans are also underway to secure a new server and an archiving solution to provide a complementary role in actualizing the digitization process.

Corporate Archives

Knowledge and record centers are a critical component of Knowledge harvesting and transfer processes. In the just ended financial year, tremendous steps have been made to refurbish and operationalize KenGen Knowledge centers.



Visiting delegates grace on exhibition stand at the KenGen G2G Innovation seminar on July, 2018

Sustainability - Our Journey in Impacting Lives (cont'd)



SOCIAL SUSTAINABILITY

Corporate Social Investment (CSI) Statement

KenGen is a responsible corporate citizen and continues to upscale its Social programs countrywide, mainly focusing on communities living near its power stations.

The company's CSI efforts have expanded significantly since the establishment of the KenGen Foundation in 2013, purposely set up to serve as the vehicle for implementing the Company's long term social programs. The Foundation focuses the Company's efforts through three key pillars of sustainability namely Education, Environment and Water & Sanitation which complement the Sustainable Development Goals, (SDGs).

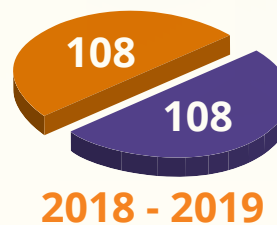
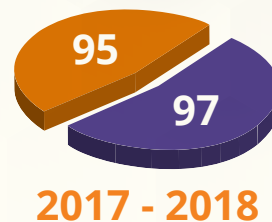
The KenGen Foundation thus positions the company as a leader in sustainable development through community-based programs.

Education scholarship

The core objective of the KenGen Scholarship Programme is to enable beneficiaries to realise their dreams and life goals through education, while at the same time enable them to become major contributors to the realization of the country's social and economic goals.

From sponsoring the initial group of 14, the KenGen Education Scholarship program to date has benefited over 700 secondary and university students.

Currently, KenGen is supporting 108 university students and 108 secondary students, with 8 beneficiaries being sponsored by contributions from the KenGen Employee Giver Initiative, and 8 from project partner, Bamburi Cement Ltd.



Secondary Students

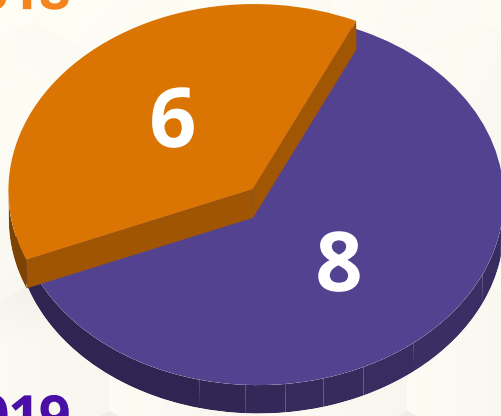


University Students

The secondary school scholarships target top KCPE performing pupils, while the university scholarships target top KCSE performers, all from needy backgrounds. The university students are offered internship and employment opportunities at KenGen upon graduation with honours in the relevant disciplines. The Company is in the process of absorbing four beneficiaries who graduated with honours in 2018 in the relevant subjects as stipulated in the policy.

Sustainability - Our Journey in Impacting Lives (cont'd)

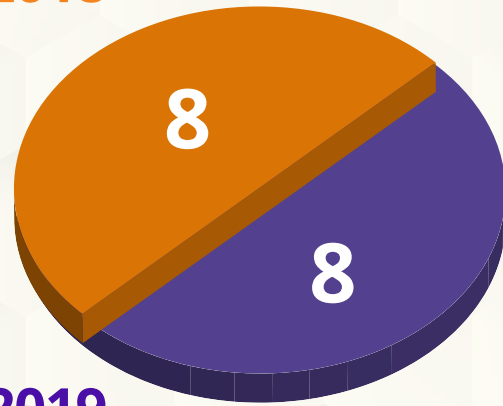
2018



2019

Sponsored students by Partners

2018



2019

Sponsored students by Employee Giver initiative



Managing Trustee, KenGen Foundation with students from Thua Primary School, Kitui County, the 2018 winners of the Schools Green Initiative Challenge Phase at Haller Park, Bamburi. The tree planting programme is the Foundation's flagship environment; conservation project implemented in partnership with Bamburi Cement Ltd., and Better Globe Forestry on 13th June 2018

Sustainability - Our Journey in Impacting Lives (cont'd)

Schools Infrastructure Support

The company has continued to invest in the school infrastructure support across our business areas. In the year under review, KenGen Foundation, in conjunction with partners, carried out the following activities;

- Partnered with Bamburi Cement to construct new classrooms and infrastructure rehabilitations on Voondeni Primary School in Machakos County and Mwea Primary School in Embu
- Partnered with Tullow Oil to distribute 46 beds and beddings in West Pokot and Turkana
- Infrastructural support towards Turkwel Gorge Mixed Secondary school
- Participated in the launching of the girls in Science, Technology, Engineering and Mathematics (STEM) pilot project in Makueni County
- Funding of Kamaroko Primary school around Turkwel and donating revision books



The KenGen Board Chairman, Mr. Joshua Choge receives the KenGen Board Institute of Directors Corporate Membership plaque from the Chairman of the Institute of Directors Kenya, Mr. Duncan Watta on April, 2018

Sustainability - Our Journey in Impacting Lives (cont'd)



Transformation done by KenGen Foundation at Kiruri Primary School in Mumoni Sub County, Kitui County

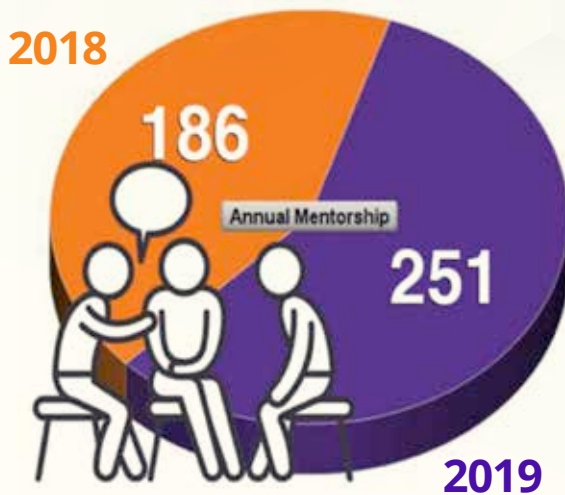
Sustainability - Our Journey in Impacting Lives (cont'd)

Mentorship Program

The KenGen Foundation organizes the annual mentorship program for all scholarship beneficiaries in order to enhance their academic performance, character, social and leadership development.

The program guides the mentees into becoming academic giants and encourages the discovery of talents and nurturing of life skills to allow a balanced approach in achieving transformational leadership.

The mentorship program engages leading professional trainers in delivering a series of lectures and workshop on a platform that allows the students to become leaders by interacting and learning from today's great leaders.



Water & Sanitation

KenGen has been addressing water and sanitation challenges faced by communities neighboring its power station through the sustainable provision of clean accessible water as a major Corporate Social Investment activity for more than twenty years.

The Foundation is also mandated in ensuring sustainable

management and upscaling of KenGen's community water projects in all areas of the Company's operations.



Hand wash for Health and sanitation in Kiambaa primary school in Murang'a County

Water fetching in power dams may be dangerous, for instance in the Eastern Hydros where cases of crocodile attacks have been reported. Unsafe drinking water may cause water-borne diseases and other health-related problems besides affecting the socio-economic well-being of communities. To contribute towards the alleviation of water-related problems, the company has continued to partner with host communities to make clean water accessible.

In-Line with that, the Company has undertaken the following activities;

- Under the Green Initiative Challenge (GIC), 7 schools have received water tanks and rainwater harvesting systems, with the latest being Thua Primary School, Machakos County; Mashamba Primary School, Embu County and Tulimyumbu Primary School Kitui County

Sustainability - Our Journey in Impacting Lives (cont'd)

- Delivered two 5000 litres water tanks to St. Mary's Primary school in Bangladesh estate in Mombasa County.
- Ongoing construction of a water project in Nunguni in Seven forks.
- Support in the observance of the World Water Day that highlights the importance of freshwater by donating towards the cause in Kitui County in 2019.

Healthcare

Healthcare has remained a crucial part of the community, more so with the rise of chronic illnesses such as Cancer and Diabetes that require specialized care. KenGen, as part of its yearly role, has partnered with Nyeri Hospice to help in alleviating the suffering of people with terminal diseases by sponsoring the Nyeri Hospice charity golf day tournament. The company also supports select medical camps and awareness drives. These include Operation Smile, Mater Heart Run, Diabetes Management Services Walk, Hospices and rehabilitation centers.



Medical Camp, Ngong, organized by KenGen Foundation

Economic Empowerment



Peace Initiatives

The company collaborates with the administration and NGOs to enhance social cohesion and harmony among communities. The company seeks to also support and compliment such other initiatives to develop social dialogue and harmony between communities in areas of operation such measures include resolving issues involving the resettlement of people affected during the construction of any of KenGen's projects.

Sustainability - Our Journey in Impacting Lives (cont'd)



KenGen hosts leaders from Pokot and Turkana counties at Turkwel Power Station on 17th September, 2018

Disaster and Emergency Situations

During the year the country experienced a long drought period that resulted in severe food shortages in various parts of the country. Communities living near KenGen's areas of operation such as, Embu, Machakos, Tana River, Garissa, West Pokot, Turkana Turkwel and Kitui were affected by this dry spell. The company aided in the provision of relief food to the communities that were affected during the season.

Infrastructure

Infrastructure plays a vital role in developing the nation as it allows accessibility. In Kenya, there have been continuous constructions of roads, especially in remote areas. This has allowed more participation which contributes to the growth of the national economy.

During the year, the Company participated in the donation of fuel for graders, constructing the road to Kamburu water point. This will enable easy mobility to and from the area.

Sustainability - Our Journey in Impacting Lives (cont'd)



Before



After

Recarpeting of Kivaa Kiambere road

Arts and culture

Arts and Culture participation is a great opportunity for a company to gain a positive association with the entertainment industry.

KenGen made a sponsorship toward a film, "On Your Marks" as an opportunity to be part of the first athletics feature film in Kenya. In doing so, the Company was able to promote young talents in the market and encourage creativity.



Before



After

Construction of Mirira foot bridge which changed the life of residents of six villages (Kamingi, Kairo, Gakindu, Matithi, Kayuyu and Kiangogo) and connected villagers to Makutano Market in Makutano town in Murang'a and Kirinyaga counties

Sustainability - Our Journey in Impacting Lives (cont'd)

KenGen Givers initiatives

In line with the company's inclusion policy, KenGen seeks to support various initiatives that harmonize various groups in different societies. During the year, the company sponsored initiatives that provide opportunities to the less fortunate in the society through education, economic opportunities and providing infrastructure.

- Helped to raise funds for Kenya Society for the Blind (KSB) to assist in facilitating its programs in education, eye care, and rehabilitation.
- Partnered with the Rotary club of Karengata to assist school girls of marginalized communities in Kenya.
- Sponsored initiatives that target women with a view of the global conversation that seeks to empower the woman. Such initiatives include the AMREF Health Africa & Women in Energy Secretariat and the third women in energy conference and awards.
- Sponsorship of the Energy Journalism Excellence Awards, the Kenya Electrification strategy, the conference exhibition, the International Engineering Conference and the Institute of Directors conference. KenGen also helped in sponsoring the Clean energy awards 2018 and partnered with the Kenya Association of Manufacturers for the clean Energy Conference and Exhibition 2018.
- KenGen also sponsored as well as participated in the 2nd Employer of the year (EYA) awards gala dinner.



KenGen receives the 2nd Runners-up Employer of the Year Award from the Federation of Kenya Employers (FKE) August, 2018

Sustainability - Our Journey in Impacting Lives (cont'd)

OUR QUALITY MANAGEMENT



Quality management is the act of overseeing all activities and tasks needed to maintain a desired level of excellence. In line with our strategic direction, we implement environment and quality systems that focus on process improvement and enhancement of customer satisfaction. In the year under review, the following activities were carried out.



We managed to successfully go through Re-Certification in the upgraded ISO 9001:2015 & 14001:2015 standards for Quality and Environment respectively in the current financial year.



Monitoring of the efficiency and performance of our Integrated Management System (IMS) (ISO 9001:2015 & 14001:2015 standards) was done through two (2) internal audits and two (2) external surveillance audits



We conducted capacity enhancement through training and workshop for eleven (11) Lead Auditors and one hundred twenty-one (121) Internal Auditorshh

Sustainability - Our Journey in Impacting Lives (cont'd)



KEEPING OUR WORKPLACE SAFE

Occupational Safety and Health

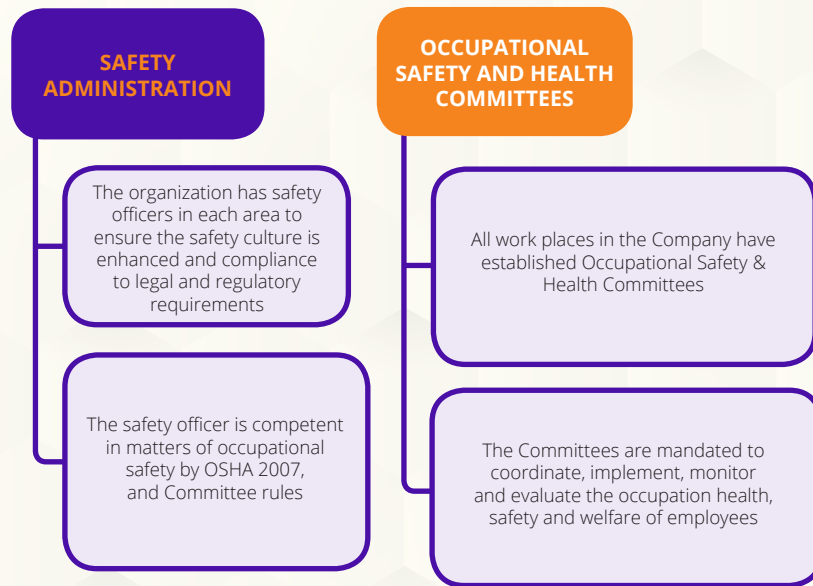
KenGen's commitment to safety culture is anchored in its core values and governed the following policies and rules.



In protecting our people and our investments, we have embarked on an integrated program which places the primary responsibility of safety on the individual. Our approach is to strengthen our internal controls to mitigate hazards that cause harm.

To enhance safe working environment, KenGen has put in place a robust organizational structure in all work places which promotes safety culture and the general safety culture.

Sustainability - Our Journey in Impacting Lives (cont'd)



Sustainability - Our Journey in Impacting Lives (cont'd)



KenGen issuing safety reflector jackets to the motorcycle riders at Makutano shopping cent in Upper Tana



Safety team interaction with small business traders in Ngara Market during a safety campaign

Sustainability - Our Journey in Impacting Lives (cont'd)

ENERGY EFFICIENCY



Energy efficiency refers to using less energy to provide the same level of service. To achieve this, KenGen has put in place measures which comprise energy-saving devices, rational saving methods including switching off devices when not in use and using alternative energy sources like solar.

Our energy management program has been previously recognized as one of the best Institutional Energy Management programs in Sub Saharan Africa by the Association of Energy Professionals.



Sustainability - Our Journey in Impacting Lives (cont'd)



Our Human Capital

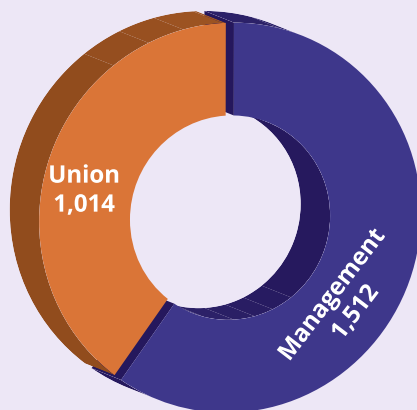
The Company is an equal opportunity employer and is committed to attracting, recruiting and retaining skilled employees to drive and fulfil the corporate strategy.

A recruitment policy is in place to promote equal opportunity in employment at all levels and the company is committed to eliminating discrimination in respect of race, colour, sex, religion, political or other opinion, nationality, ethnic or social origin, disability, pregnancy or health status. Casual (Day) workers, as a matter of policy, are sourced from the local community around the company installations.

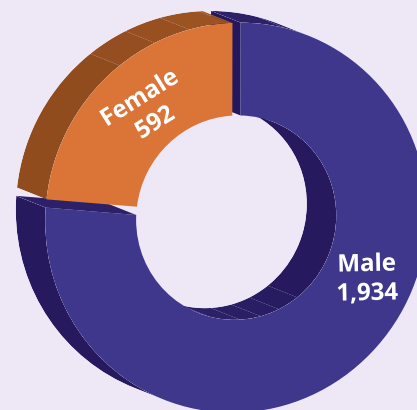
Staff Statistics

Within the Financial year ended June 2019, staff statistics were 2,526 staff. This number has supported the business to sustain current operations and is ready for upcoming projects. Staff Turn Over was at 4.2% due to various retention strategies that the company has put in place. The aggregated staff statistics reflect the number of male employees at 1,934 and female employees at 592 which is 24% of total Employees. KenGen is on a clear path to ensure compliance to the constitutional requirement of female employees being 30% of the staff establishment. A total of 21 out of 2,526 employees are persons living with disability.

TOTAL STAFF STATISTICS BY CATEGORY



STAFF STATISTICS BY GENDER DISTRIBUTION



Sustainability - Our Journey in Impacting Lives (cont'd)

Addressing Gender Issues Through The Pink Energy Forum

KenGen leadership is committed to building a stronger business by creating an inclusive culture, where diversity of all forms is highly valued. The company, in its endeavour to promote gender aggregation across all job cadres in the company, started an initiative called Pink Energy. Pink Energy is a platform that offers KenGen female employees a platform to advance career and societal issues that affect their career progression.

This platform is anchored on three pillars; personal development and empowerment, creating a Conducive Work Environment and Gender Awareness. KenGen is proud to have this Platform, which is a trend setter in the Kenyan job market and keeps a live “She for He Campaign” as promoted by the Government of Kenya and United Nations SDGs. The platform also offers a mentorship and coaching support for the ladies. During this financial year 2018/2019, the 1st Pink Energy Conference, with female role models in the country as speakers, was held and attended by about 350 from the organization and other women in the Energy sector.



A full house at the 1st KenGen Pink Energy Conference 23rd May, 2019

Sustainability - Our Journey in Impacting Lives (cont'd)

Opportunity that Changes lives of the Youth

Through Internship / Industrial Attachment, the company supports youth development by giving the opportunity to learn on the job while still in college and to polish the skills for those who have already graduated by exposing them to a real work environment. During the period 2018/2019, the company provided opportunity to 148 students on a six-month Internship and 1,679 students on a three months Industrial attachment.



Mechanical Engineering Students on attachment at KenGen Kipevu Mechanical Workshop undergoing instructional training

Sustainability - Our Journey in Impacting Lives (cont'd)



“KenGen has and always will be my ‘heaven-sent’ life changer. Coming at a time when my hopes of joining the university, let alone pursuing my dream course were clouded with uncertainty, KenGen not only ensured i got into a lecture room but also had the smoothest campus life any student would hope for...”

Mwidani Hussein Hassan - 1st class Honors degree in Mechanical Engineering

Message from Graduates who were sponsored by KenGen under KenGen Foundation

Learning and Development

Developing our skills enhances productivity and is a motivational aspect in terms of career growth. Skills development programmes are aimed at targeted groups as well as individual employees. These are based on a needs analysis and a gap assessment. As skills development has a direct correlation to performance, individual development plans and feedback from annual performance assessments forms the basis of our skills development programs. To progress employee development, a clearly defined learning and development calendar is applied.

Our Safe Work Places

Safety being one of our values, a safety culture is promoted in all our employees work environments. To improve safety culture, management has put in place an all-inclusive Occupational Health and Safety Committees (OSH) at each workplace. These Committees have undergone relevant safety trainings and also employed full time safety officers.

Sustainability - Our Journey in Impacting Lives (cont'd)



The Company has invested in state-of-the-art ambulances to ensure safety at the workplace 7th June, 2018

Performance Management and Reward

KenGen has a Performance Management policy that guides performance of its employees, their productivity and output. The process entails a bi-annual performance assessment which creates and communicates clear direction of the organization to teams and employees by defining the performance requirements, standards and expectations that are aligned to the strategic goals.

The policy supports fairness, openness and ownership of assessment, process and results by management and employees. It also promotes continuous improvement and learning through the process of self-assessment and

reflection. To demonstrate the company's appreciation of employees or teams with exceptional contribution to the business, the company implements reward and recognition programs that are fair, equitable, competitive and performance driven.

Career Framework

The company has developed a robust career framework that addresses skills gap, skills growth and employee career development. This framework defines, attracts, motivates and facilitates retention of critical and support skills required for business succession.

Sustainability - Our Journey in Impacting Lives (cont'd)



KenGen Olkaria Team undertaking the 1st ever in-house steam pipe design, set up and successful commissioning



KenGen MD & CEO visits the team that successfully set up steam gathering pipeline at their workplace in the field on March, 2019

Sustainability - Our Journey in Impacting Lives (cont'd)

Succession Planning

The company has structures for succession planning in place aimed at increasing employee motivation for equal opportunity whenever vacancies arise. Our Succession planning strategy and programs has also saved costs associated with recruiting and hiring a corporate outsider. In addition, the learning curve necessary to get new employees up-to-speed on corporate procedures and culture is shorter, resulting in a quick transition. Comprehensive Human Resource Policies and procedures on Learning, Development and Talent Management are in place to guide the process and ensure that there are requisite skills for our operations from Generation to Generation.



Long serving Kiambere Power Station Chief Engineer (third from left) receiving retirement gift from Regional Manager – Seven Forks & Team on 2nd April, 2019

Sustainability - Our Journey in Impacting Lives (cont'd)

Employee Relations

Employee Relations at KenGen is founded on the principles of freedom of association, workplace democracy and collective bargaining. The company is committed to upholding these fundamental principles and rights at work including, but not limited to, freedom of association, the right to organise and collectively bargain for terms and conditions of service.

In living the spirit of one of our themes of “building relationships”, the company has been granted recognition to Kenya Electrical Trade & Allied Workers Union (KETAWU), enabling an environment to articulate workers issues within union cadres through a recognition agreement which legitimises joint negotiation and consultation as a mechanism for fostering cooperation and mutual understanding between the parties.

As a result of this arrangement, the Company and the Union have been able to negotiate and implement various collective labour agreements pertaining to terms and conditions of employment, health, safety and environment at the workplace and other matters of mutual interest to the Company and the workforce. The current Collective Bargaining agreement is in effect for a period Four (4) years from 2017 to 2020.



KenGen Management Team and Kenya Electrical Trade and Allied Workers Union (KETAWU) representatives after consultative meeting

Sustainability - Our Journey in Impacting Lives (cont'd)

Employee Welfare, Wellness and Health

The Company acknowledges that it cannot only focus on job related skills but also has to look at the employee as a whole person. When an employee is functioning optimally, the Company can expect them to live our theme of “being present” to achieve full productivity. The company has put in place various support programs covering physical health, terminal ailment and mental health. The company has also trained peer educators to provide support to colleagues.

Physical Health

KenGen values employees health and mental wellness of mind to enable them bring out the best in their duties and responsibilities while fully engaged and present through effective and affordable in-house medical scheme which covers staff and dependants. Other wellness interventions like sports and recreation are also undertaken.



KenGen trained First Aiders (Employees) displaying their skills during Kenya National First Aid Challenge organized by St. John's Ambulance. The team was position 1 during the challenge

1



2



3



1. KenGen Employees taking part in team building activities that build cohesion and team work.
2. KenGen supports zero fatality for the maternal health care. KenGen has already established mothers' dens for KenGen nursing mothers within workplaces.
3. KenGen staff Conquer the 12KM Lewa Marathon sponsored by Safaricom.
4. KenGen employees participating in a health run as a way of keeping in good physical health.



4

Sustainability - Our Journey in Impacting Lives (cont'd)

Mental Health

The company has adopted a wellness and Medicare scheme that focuses on both physical and mental interventions. In house Counselling is part of the service that supports staff who require early intervention. Employees' health being key, the Company has also invested in a state of the art Ambulance.

Enhancing Customer Service

KenGen Opens "Karibu Centre" to Enhance Customer Service. Karibu Centre has been set up to help customers and stakeholders get valuable information at a one stop shop in the shortest time possible. The name 'Karibu', which is used to mean 'Welcome', is meant to draw us closer to our customer's by handling enquiries on a convenient and friendly face-to-face interaction as well as on telephone. We are committed to understanding customer problems and resolving their complaints. Currently, Supply Chain, Finance and Human Resource related matters are being handled alongside general enquiries.



KenGen "Karibu Centre" at Head Office. The company is rolling out Karibu Centers in all business areas

Motor Vehicle Tracking System

The company has enhanced the security of its motor vehicle assets by installing a Tracking System. This has improved the security of our vehicles through Geofencing and speed limit controls.

Sustainability - Our Journey in Impacting Lives (cont'd)



KenGen Managing Director & CEO demonstrating servant leadership by serving tea and snacks to employees at the Central Workshop – Nairobi during a breakfast meeting on 13th September, 2018

Sustainability - Our Journey in Impacting Lives (cont'd)



TOP 10 COMPANIES TO WORK FOR IN 2018



1 SAFARICOM



2 UN



KenGen
Energy for the nation

3 KenGen



4 GOOGLE



5 KRA



6 CENTUM



Kenya Power

7 KENYA POWER



pwc

8 PWC



Unilever

9 UNILEVER



10 COCA COLA

Sustainability - Our Journey in Impacting Lives (cont'd)



Product Responsibility - The Supply Value Chain

Life Impacts - Procurement Way

Sustainable Procurement

Our Procurement for goods, works and services for the business is anchored on the legal framework and best practice. Our assets and procurements needs are compliant to all regulatory requirements necessary for a sustainable growth.

Citizen Contractors

KenGen recognizes procurement opportunities emerging from its business, activities, as great economic empowerment avenues for Citizen, Contractors. KenGen ensures local content (which refers to locally obtained products and services) requirements are embedded in contracts through structured partnerships with local firms (as sub-contractors). During the year, a deliberate endeavor was made foreign firms participating in procurement contracts. Out of the Kshs. 11,799,320,600 spent on procurement, Citizen Contractors were awarded Kshs. 11,171,930,000 (95%). These contracts resulted in transfer of knowledge to local firms and wealth creation. We will continue to create an enabling environment for citizen owned enterprises to play an active role in KenGen's supply chain to strengthen the local supply base. The multiplier effect of this initiative, anchored in our laws, will continue to be felt and transform lives.

Awards to Citizen Contractors

Description	Total Contracts Awarded (Kshs' 000)	Contracts Awarded to Citizen Contractors (Kshs' 000)
Amount awarded in the year 2019.	11,799,321	11,171,930

Changing Lives through Economic Empowerment of Special groups

Youth, women and persons living with disabilities are accorded a special portion of the procurement spend. These vulnerable groups, as defined by the constitution of Kenya and covered in the procurement law, are entitled to procurement related business opportunities. Our business realizes that the cogs of the economy are kept in motion by the participation of every citizen. Effort is made to minimize the chances of giving many orders/contracts to one service provider at the same time to ensure that more companies remain active and jobs are created and saved. These special groups were awarded Kshs. 1,093,979,085 worth of business in the year 2019. KenGen maintains a system for creating awareness on available opportunities to these groups.

Sustainability - Our Journey in Impacting Lives (cont'd)

PROCUREMENT TENDERS AWARDED TO SPECIAL GROUPS

CATEGORY	2019 (Awards in Kshs' 000)	2018 (Awards in Kshs' 000)	2017 (Awards in Kshs' 000)
Women	571,243	756,892	379,907
Youth	459,994	389,881	328,765
PWD	60,598	118,215	21,918
Total	1,093,979	1,264,988	730,590

The improved uptake was achieved after implementing the following initiatives: -

- Sensitization and awareness programs to these groups to take advantage of the scheme
- Roll out of a Supplier Relationship Management System (SRM)
- Effective planning and monitoring of the implementing teams



Participants during a procurement special group sensitization and awareness session in Nairobi

Sustainability - Our Journey in Impacting Lives (cont'd)

Framework Contracts

Framework contracts relating to procurement of services were embraced and contracts for hire for labour related works covered. Contracts for provision of labour services for small and routine works were also entered into with small and medium enterprises (SMEs) for provision of these services as and when need arises on agreed fixed rates. The firms have benefited through revenues generated and this also ensures wealth creation for the youth. We will continue to create an enabling environment for citizen owned small, medium to micro enterprises (SMEs) to play an active key role in KenGen's supply chain to strengthen its local supply base.

Process Improvement

Our supply chain processes require continuous improvement to address emerging challenges and comply with legal requirements. During the period, we established a desk at the KenGen Karibu Centre with a supply chain expert to handle matters concerning supply chain from the public. The desk has been of great service to our suppliers, who are enjoying improved turnaround time on their issues. We have delivered on the following strategic results;

- 1) Our suppliers can get personalized attention at the Centre
- 2) There is enhanced access to the procurement information leading to more suppliers being enlightened on issues such as online bidding through SRM. This has led to an improved response rate on online quotations.

Compliance to Statutory Requirement

The supply chain function is guided by the Public Procurement and Asset Disposal Act 2015 and relevant

regulations as established. We continue to process all our procurements in compliance to all these statutory requirements and company policy.

During the year, we submitted all statutory reports as required and this demonstrates our commitment to compliance requirements that enhances transparency, fairness and value for money for sustainable growth.

Enterprise Risk Management

KenGen operates a risk management framework aligned to the ISO 31000 International Risk Management Standard that ensures our strategic and operational risks are identified, managed and reported in a consistent way. We remain committed to robust risk management practices as an integral part of good management. This is evident by the top-down approach taken by the Board through its Audit, Risk & Compliance Committee, which exercises an oversight role on the Enterprise Risk Management (ERM) processes implemented by Management.

Sound assessment of risk enables us to anticipate and respond to changes in our business environment, as well as make informed decisions under conditions of uncertainty. We are continuously embedding risk management in our business systems and processes, so that our responses to risk remain current and dynamic. During the year, key corporate and emerging risks related to specific business objectives were assessed, evaluated and are closely monitored by the Board and Management.

We have continued to adopt the three lines of defense model (illustrated below) in order to continue our support of the effective implementation of our ERM framework.

Sustainability - Our Journey in Impacting Lives (cont'd)

THREE LINES OF DEFENSE MODEL		
First line of defence	Second line of defence	Third line of defence
<p>Primary Risk Owners: Report to management.</p> <ul style="list-style-type: none"> • Each Division is responsible for the risks that face their operations • We have put in place management and financial controls to mitigate the risks 	<p>Oversight function: Report to CEO & Board Audit, Risk & Compliance Committee.</p> <ul style="list-style-type: none"> • Risk Management • Legal and Compliance • Safety and Quality Assurance 	<p>Independent Assurance Providers: Report to Board Audit, Risk & Compliance Committee.</p> <ul style="list-style-type: none"> • Internal & External Auditors

Our Key Risks and Mitigation Strategies

Our risk identification, analysis and mitigation processes are designed to be responsive to the dynamic environment that we operate in.

KenGen's key risks and mitigation measures are shown in the table below:

	Key risk Indicator Tolerance
A	We don't believe KenGen can or should do more
B	We believe KenGen can or should do more
C	We are not sufficiently prepared and immediate action is required

Sustainability - Our Journey in Impacting Lives (cont'd)

Risk	Risk Rating	Mitigation Strategies
<p>1. Single Buyer Model The regulatory framework in Kenya is a single buyer model where KenGen currently sells all its generated electricity to a single off-taker. This may lead to reduced growth due to capped market options.</p>	High	As we continue to divest into other revenue generation modes, we also participate in Power demand creation to strengthen the single buyer by expanding the power market as well as enhancing our stakeholders' engagement on operationalization of the Energy Act 2018.
<p>2. Resource Sustainability Unfavourable hydrological conditions and changes in geological formation underneath the earth's surface could adversely affect the generating capacity of the company.</p>	High	KenGen has enhanced collaboration with stakeholders to sustain water catchment areas through afforestation. There is also a proposed fund which we are now seeking to progress the hydro risk mitigation fund with other sector players to manage the hydro risk. We are also implementing Reservoir Management Systems, including steam re-injection, and optimising the use of geothermal resources based on advanced geothermal modelling.
<p>3. Competition The Energy Act of 1997 introduced competition in electricity generation in Kenya. In addition, the feed in tariff policy of 2012 which seeks to increase renewable energy in Kenya through participation of the private sector has brought about competition which may lead to reduced market share and reduced uptake of KenGen generated electricity.</p>	High	As we continue to divest into other revenue generation modes, we also participate in Power demand creation to strengthen the single buyer by expanding the power market as well as enhancing our stakeholders' engagement on operationalization of the Energy Act 2018.
<p>4. Power evacuation from Generation sites Timely completion of transmission line projects is critical to ensure evacuation of the generation capacity to meet Kenya's electricity needs. Agencies concerned with the mandate of constructing transmission lines may face challenges leading to delays in construction of transmission lines or maintenance of the same. This may lead to low evacuation on a timely basis, thus affecting revenue and disrupting national supply.</p>	Medium	The Good to Great revamped strategy to add 2500MW by 2025 is geothermal-led and will ensure that KenGen maintains its market share as the leading electricity generator in Kenya. We are also progressing our model B business model through partnerships such as joint ventures, Private Public Partnerships and joint developments and playing a bigger role in the power chain through our diversification model e.g. focus to play in the mini grids, microgrids, solar manufacturing etc.
<p>5. Changes in the Legal, Regulatory and Political Environment KenGen operates in a regulated business environment and is subject to numerous laws and regulations regarding operations, including conditions relating to tariffs, expansion activities, environmental compliance as well as regulatory and license conditions. Changes in policies, regulations and laws could expose the company to risks that could result to increased losses due to stranded assets.</p>	Medium	In addition to KenGen's enhanced collaboration with the relevant national and County government arms, we are active participants in discussions on emerging legislation and regulations and ensuring a change in law clause is included in the Power Purchase Agreements.
<p>6. Reputational Risk KenGen is a listed company and negative publicity that may arise from corporate governance, ethics and integrity may lead to decline in the market share price and failure to attract investors to finance our projects.</p>	Medium	We continue to proactively manage our brand with a focus on social media and other brand initiatives such as establishing a brand ambassadors' concept. We have also put up a Karibu centre for quick resolution of public complaints that may be directly channelled through the Commission on Administrative Justice.
<p>7. Social and community risk KenGen's plants and stations are located close to communities who have varied expectations which KenGen may not meet satisfactorily. As a result, projects may be stopped or delayed, and plants rendered inoperable due to community agitation.</p>	Medium	Through the Community Liaison Department, we have recently launched a sound Community Engagement Strategy to enhance engagement with community leaders, staff and members of the public. This is in addition to the continued involvement in Corporate Social Investment (CSI) activities through the KenGen CSI program and KenGen foundation.
<p>8. Stakeholder Relationship Management Risks KenGen has diverse internal and external stakeholders who have diverse needs and expectations whose management is critical in ensuring projects are delivered time.</p>	Medium	We are committed to a robust stakeholder management framework that ensures there is continuous monitoring and reporting of key issues emanating from various engagements with the identified stakeholders through our Key Stakeholders Management Strategy.

Sustainability - Our Journey in Impacting Lives (cont'd)



CARING FOR OUR ENVIRONMENT

Climate change Services

In a bid to save the planet, the United Nations through the United Nations Framework Convention on Climate Change (UNFCCC) signed the Kyoto Protocol in 1997 to encourage countries and business entities to engage in the climate change agenda in their processes. This agenda was referred to as the Clean Development Mechanism (CDM) and the carbon credit earned through this mechanism gave a cash value to the carbon credits thereby earning business entities as they adopted clean energy.



1,512,855
tCO₂. equiv/year
CER's



6 CDM
projects
registered

Participation in National Climate Change Activities

KenGen participated in the activities listed below to follow up on the market trends as well as ensure that the Company benefits from new market initiatives.

- Participated in the African Climate Week held in Ghana from 18th to 22nd of March 2019 to enable us to follow up on the market trends.
- Participated in pre- Subsidiary Body for Scientific and Technological Advice (SBSTA)-50 workshop on article 6 of the Paris Agreement held in Naivasha from 4th to 6th of June 2019.

Piloting of Implementation of Article 6 of Paris Agreement

The current market for provisions for the development of CDM projects that earn Certified Emission Reductions (CERs) under the Kyoto Protocol which have contributed to the mitigation of the impacts of climate change is expected to come to an end on 31st December 2020 - the end of the second commitment period of the Kyoto Protocol Mechanisms.

KenGen intends to enhance its portfolio of climate change mitigating projects by registering three (3) other projects with the UNFCCC as CDM and/or other voluntary mechanisms in the next financial year 2019/2020. These projects are;

Sustainability - Our Journey in Impacting Lives (cont'd)



Environmental Management – How We Protect the Environment As We Operate

Our commitment to safety, the environment and communities plays an important role in how we plan, design and operate our projects and facilities. We conduct detailed environmental, social, safety and health impact assessments for every major project and audits for the existing facilities as provided in the Environmental Management and Coordination Act (EMCA) Cap 387 and the related regulations. KenGen has established environmental management programs in all operation areas with a view of protecting the environment and preventing pollution.

Sustainability - Our Journey in Impacting Lives (cont'd)

1.	PRELIMINARY ENVIRONMENT & SOCIAL IMPACT ASSESSMENT	Preliminary ESIA conducted during the feasibility study for 140 MW Olkaria VI PPP Project, air quality dispersion modelling and noise assessment have been undertaken.
2.	PROJECTS APPRAISALS AND MONITORING	Birds and Biodiversity Monitoring Framework at the Ngong III Wind Project area is in process. Prefeasibility studies for the upgrading of Gogo Power Station is in progress. EHS monitoring and reporting for 165.4MW Olkaria V and 83.3MW Olkaria I AU 6 also in progress.
3.	ENVIRONMENT AUDIT	A total of 30 KenGen facilities and installations were audited using in-house capacity and the respective reports submitted to NEMA.
4.	SUSTAINABLE USE OF WATER	Water abstracted is metered and within the limits of the water permit provided by Water Resources Authority (WRA).
5.	WASTE MANAGEMENT	<ul style="list-style-type: none"> - KenGen embraces the 4Rs of waste management practices (Refuse to generate, reduce generation, Reuse & Recycle). - Removal, handling, transportation and disposal of asbestos sheets from Kipevu old steam plant turbine was undertaken within the year under review and replaced with galvanized iron sheets. <p>Acquired emission licenses for its thermal facilities as provided in the Air Quality Regulations, 2014, while emission monitoring is undertaken on annual basis.</p>
6.	EFFLUENTS MANAGEMENT	<p>KenGen acquired an effluent discharge license for its operation activities at Kipevu I and III Thermal Stations as provided in Water Quality Regulations, 2006.</p> <p>Chemical analysis is undertaken on a regular basis for effluent discharged into the environment.</p>

Sustainability - Our Journey in Impacting Lives (cont'd)

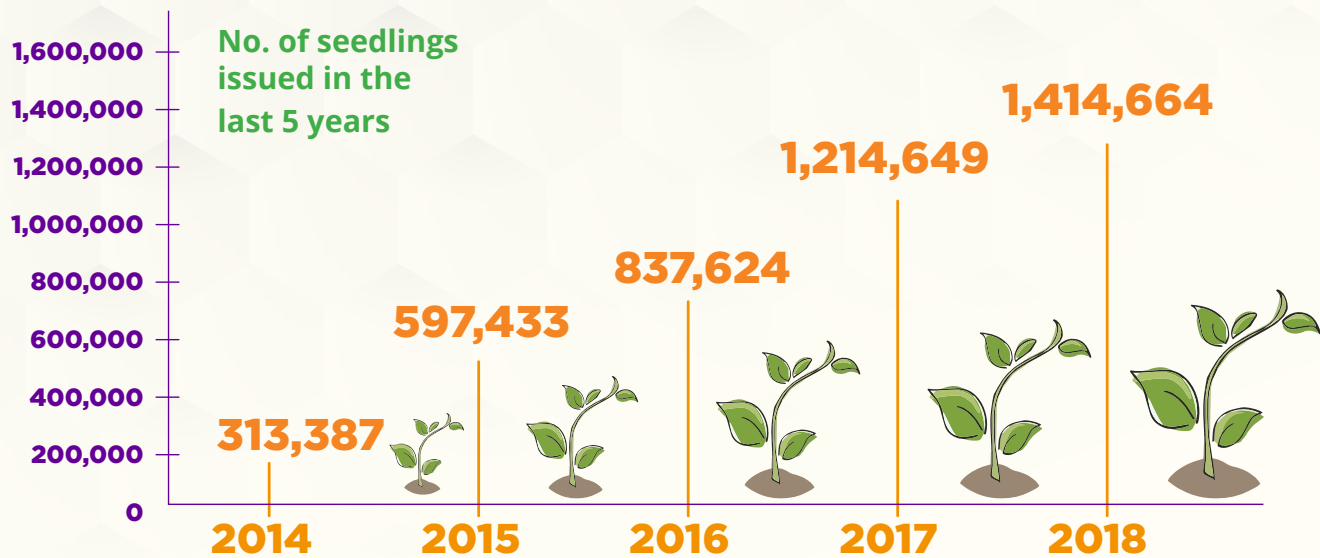
Environment conservation and awareness

The company recognizes the need to enhance and protect the environment to build a sustainable business in power generation, with Kenya seeking to attain an average of 10% forest cover by 2030 from its current 7% cover.

KenGen recognizes that environmental degradation is the leading threat to sustained electricity generation and sustainable development and is therefore committed to the protection, improvement and restoration of the environment through the promotion of sustainable use of natural resources.

Managing our natural environment to provide ecosystem services is fundamental. This recognition has prompted KenGen to develop an environment sustainability policy, which is in line with our corporate vision, mission and values.

To enhance the sustainability of the ecosystems where we draw our power generation resources from, KenGen has distributed to the communities a total of 1,414,664 tree seedlings which is equivalent to 2,357.77 acres for the last 5 years.



18,000 trees seedling and 25,000 sisal bulbils have been planted within the buffer zones of Seven Forks and Tana Hydro Power stations to reduce siltation and encroachment.

As part of ecosystem restoration, more than 10,000 indigenous trees e.g. acacia, mangrove, *Terminalia brownie*

and *Polyscias kikuyuensis* (parasol tree). *Olea capensis* (ironwood), *Prunus Africana* (stinkwood), *Albizia gummifera* (peacock flower) and *Podocarpus latifolius* (podo tree) were planted in Olkaria, Kipevu, Ngong Wind Farm, Eburru and Koguta forests.

Sustainability - Our Journey in Impacting Lives (cont'd)



KenGen YGen planting trees in Eburru forest



Restoration of degraded riparian land at Sagana Power station

Sustainability - Our Journey in Impacting Lives (cont'd)

Green Initiative Challenge - Future Generations and Conservation

The Green Initiative Challenge (GIC) for primary and secondary schools is a flagship environment project that is now running its fifth phase and is being implemented by the KenGen Foundation in partnership with Better Globe Forestry and Bamburi Cement Ltd. Leveraging on the presence of schools around the company's power stations, the GIC is structured as an afforestation competition, with the institution recording the highest number of tree survivals and being awarded several prizes, including educational trips, infrastructure development and scholarships.



KenGen Chairman Mr. Joshua Choge plants a tree during the launch of Green Initiative Challenge V in Kitui County on 6th March, 2019

Sustainability - Our Journey in Impacting Lives (cont'd)

GIC Phase I - V have covered over 500 schools from Embu, Machakos and Kitui counties, participating in the greening of more than 460 acres with wood fuel and fruit trees and with additional institutions set to join in subsequent years.

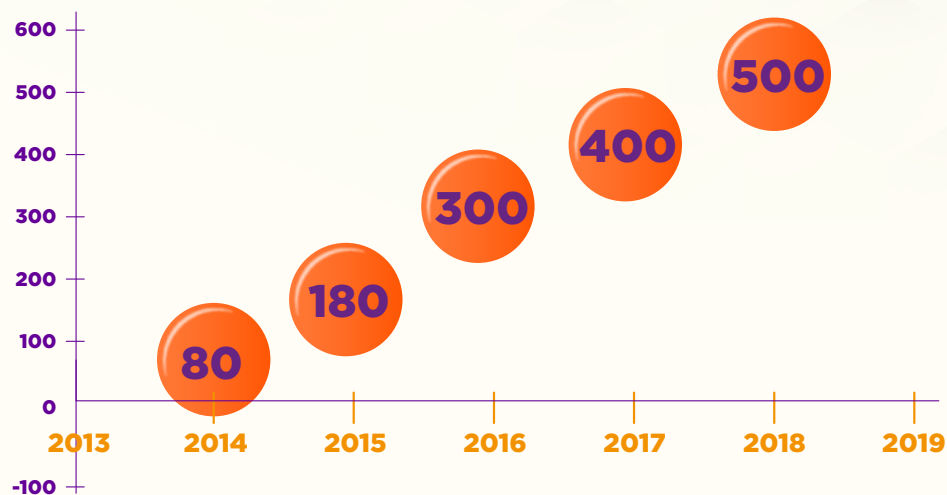
The GIC involves the planting and nurturing of the multi-purpose *Senna siamea* (Muveshi) and *Melia volkensii* (Mukau) tree seedlings for their 0.5-acre school plots. Each school receives an initial 300 tree seedlings of these indigenous trees. Each pupil is also given an additional tree seedling to plant in their homestead in a bid to sustaining the environmental awareness.



KenGen investing in trees planting skills in young generation to embrace conservation sustainability

Since inception in 2013 through a two-year pilot project, the GIC has so far distributed over 150,000 seedlings through phase II, III, IV and V of the tree-planting competition.

Number of schools under GIC Program



Sustainability - Our Journey in Impacting Lives (cont'd)

For the next phases of GIC, the KenGen Foundation is implementing a pilot GIC project in the three counties of Kwale, Kilifi, and Mombasa in partnership with Bamburi Cement. Each County has 30 schools participating in the 2-year tree planting competition. The trees of choice are Casuarina (*Casuarina equisetifolia*), Neem (*Azadirachta indica*) and grafted mango seedlings.

The Green initiative challenge (GIC) project has also onboarded an additional partner, namely the Kenya Institute of Puppetry and Theatre, in the project implementation and to conduct environmental awareness. The use of puppetry leaves a long-lasting impression when passing this conservation information to the target audience in the GIC project schools.

The KenGen Foundation also signed a Memorandum of Understanding (MoU) with Tullow Oil to initiate another GIC pilot project in West Pokot and Turkana counties. The project will involve 14 schools from West Pokot and 14 schools from Turkana County and is scheduled to kick off in 2019.



Use of puppetry for environment awareness during the launch of GIC Phase V project in Kitui County

STEP
01

The World Environment Day on 5th June 2019 in Nairobi, Kisumu and Nakuru Counties.



STEP
02

World Day to Combat Desertification at Makuani County on 17th June 2019.



STEP
03

Participated in preparation of Kenya Energy sector Environment and Social Responsibility program (KEEP), 2019-2029 a 10-year program.



STEP
04

Collaborating with the Nature Conservancy (TNC) and IDH (The Sustainable Trade Initiative), key stakeholders in catchment conservation in South West Mau and Upper Tana River ecosystems respectively.



STEP
05

KenGen joined the UN Global Compact (UNGC) to advance our corporate sustainability strategy through mainstreaming the ten principles of UN global compact in KenGen business activities and by catalyzing actions in support of the UN Sustainable Development Goals (SDGs).



Sustainability - Our Journey in Impacting Lives (cont'd)

KenGen engaged Kenya wild life service (KWS) in Olkaria and Mount Longonot national parks in the following activities;



Community Engagement Strategy

KenGen has established a comprehensive corporate community engagement strategy to achieve sustainable value creation, social license to operate as well as move the Company from good to great from generation to generation. For KenGen to be truly effective and efficient in its community engagement initiatives, it will be embedded within all levels of KenGen's corporate structure, permeating down through all departments of the organization and relevant contractors. The strategy is being rolled out to KenGen top management, staff, the communities and stakeholders to help them understand and operate within KenGen's values and principles of changing lives.

Sustainability - Our Journey in Impacting Lives (cont'd)

COMMUNITY ENGAGEMENT

STAKEHOLDERS MANAGEMENT

- A total of 155 households were resettled on 1700 acres piece of land adjacent to Olkaria IV project.
- Education sponsorship of a total of nine (9) students
 - Perimeter fencing of 1700 acres at RAPland.
 - Perimeter fencing of 14 acres at Cultural Centre.
 - Rehabilitation of gullies at RAPland, construction of water tanks and waterline.

OLKARIA IV RESETTLEMENT ACTION PLAN (RAP) IMPLEMENTATION

- i) Establishment and operationalization of Stakeholders Coordination Committee (SCC) for Olkaria V and Olkaria I AU 6
 - ii) Operational Stakeholders Coordination Committee in Seven forks
- Establishment and operationalization of stakeholders 'coordination committee (SCC) for Western Region





4. GOK PERFORMANCE REPORT

 *Olkaria Wellhead*

GOK Performance Report

BUSINESS PERFORMANCE REPORT 2019

KenGen has signed a performance agreement with the Government of Kenya as a demonstration of its commitment to;

- Ensuring that public services are delivered in accordance with the constitution
- Ensuring modernization of the public service by introduction of modern technologies and innovative service delivery
- Ensuring that public officers demonstrate professionalism, transparency and accountability in performing their duties and that they show courtesy, integrity and neutrality in provision of service.

A. FINANCE STEWARDSHIP AND DISCIPLINE

Absorption of Allocated Funds

KenGen does not receive any Exchequer allocations but receives National Treasury and Planning allocations on account of on-lent loans by GoK for development projects. In the reporting period, the Company absorbed and utilized Kshs. 16.4 billion of externally released funds, an absorption rate of 77%, toward implementation of Olkaria V, Olkaria IU6, Olkaria VI and Olkaria I Rehab.

Appropriations - in - Aid (A-in-A)

In the financial year, KenGen raised Kshs. 88 million (75.11%) against a target of Kshs. 117 million from Olkaria Spa and disposal of assets despite low uptake of carbon credits.

Pending Bills

KenGen pending bills as at 30th June 2019 were 1.83% of total allocation for the financial year 2018/19.

B. SERVICE DELIVERY

Implementation of Citizens' Service Delivery Charter

The Company ensured effective service delivery to stakeholders through:

- a) Displaying the charter prominently at all points of entry / service delivery points in both English and Kiswahili in the prescribed size
- b) Sensitizing employees on the service charter and cascading to all business areas
- c) Conforming with the charter's commitments by establishing tracking mechanisms
- d) Customizing the charter by converting it to braille to meet unique needs

Application of Service Delivery Innovations

The Company implemented the following service delivery innovations:

- a) A Mini-service centre (KenGen Karibu Centre), comprising finance, supply chain and human resource desks, was set up to improve on service delivery;
- b) Service level automation and tracking options are being explored

Resolution of Public Complaints

KenGen ensured prompt resolution of public complaints referred directly or channelled through the Commission on Administrative Justice (CAJ). In addition, the Company:

- a) Reviewed complaints management ISO procedures / policy and established the public complaints and access to information committee
- b) Undertook capacity development for effective complaints management and access to information conducted by the Ombudsman
- c) Created awareness of KenGen complaints handling mechanisms through the online weekly magazine and cascaded the reviewed citizen service delivery charter;
- d) Timely resolved all complaints received; and
- e) Promptly processed email requests for access to information received

GOK Performance Report (cont'd)

C. CORE MANDATE

Priority Projects / Vision 2030 Flagship Projects

KenGen undertook four (4) Vision 2030 flagship projects with a total additional capacity of 439.4MW, to be implemented by the year 2021. Once completed, the power plants will provide sustainable power, which is an enabler to industries and connections to health and housing facilities. It will also aid mechanized irrigation farming, thus supporting the "Big Four" Agenda. The following milestones were achieved within the reporting period:

Pre-Tax Profit

The profit before tax target was met.

Dividend to The National Treasury & Planning

The Board will declare any dividends approved at the end of the financial period following the Company's annual general meeting.

Return on Investment (ROI)

Return on investment was 4.37%, slightly below target due to increase in net assets from capitalization of projects from WIP to Fixed Assets.

Capacity Utilization / Plant Availability

KenGen plant availabilities are based on threshold targets. Plant availabilities for the reporting period were:

- 93.82% for hydro power plants against the 82% threshold
- 91.43% for geothermal against the 85% threshold
- 70.0% for gas turbines against the 80% threshold
- 81.0% for diesel power plant against the 80% threshold

Access to New Geothermal Fields

KenGen acquired the Eburru field concession licence in line with the geothermal resource development strategy to increase the country's sustainable footprint.

Resource Sustainability

KenGen continued to support and participate in resource management through: -

- Catchment area conservation at Tana (Maragwa, Mathioya and Sagana tributaries) and Sondu Miriu (Mau West along Sondu Miriu tributary) areas through re-forestation
- Reservoir Sustainability through well testing and continuous steam re-injection

Review of Strategic Plan

The Board approved the KenGen Good to Great Strategy, aligned to Medium Term Plan III, Big Four Agenda, Sustainable Development Goals and other national priorities.

Project Completion Rate

The Board ensured timely implementation of expansion projects to meet power demand.

D. IMPLEMENTATION OF PRESIDENTIAL DIRECTIVES

KenGen undertook to implement Presidential Directives, Circulars and Executive Orders issued specific to its mandate that arose in the period. The Company is supporting in the upgrading of Naivasha District Hospital and implementing the tree planting directive.

E. ACCESS TO GOVERNMENT PROCUREMENT OPPORTUNITIES

KenGen procurement opportunities allocated to the special groups was Kshs. 1,094 million. The improved absorption is attributed to sensitizing on government procurement procedures and quick processing of AGPO payments after delivery.

F. PROMOTION OF LOCAL CONTENT IN PROCUREMENT

Local Content in procurement uptake was Kshs. 11,172 million, 87% above the target.

GOK Performance Report (cont'd)

G. CROSS-CUTTING

Asset Management

The Company maintains a catalogue of assets and properties, at a total asset book value of Kshs. 236 billion, while unserviceable, obsolete and surplus assets were disposed.

Youth Internship / Industrial Attachment / Apprenticeship

In the reporting period, the Company engaged 1,827 youth in internship / industrial attachments for skills transfer, comprising of 148 interns and 1,679 attaches.

Competence Development (100%)

Various activities were implemented for systematic enhancement of skills and proficiencies to address career progression of employees and improve institutional performance. Skills Gap Analysis and Staff Training Needs Assessment were undertaken to identify training needs for employees. The Company is identifying critical knowledge areas where experienced staff engage new staff for purposes of harvesting and transfer.

Disability Mainstreaming

KenGen maintained disaggregated data of 21 persons with disabilities in the Company by age, gender and forms of disability and recruited 3 new employees with disability in the period.

Prevention of HIV Infections

The Company implemented activities to mitigate against HIV and AIDS and support the Kenya AIDS Strategic Framework objectives in line with the Public Sector HIV Plans.

Safety and Security Measures

In the reporting period, KenGen put in place a safety and disaster preparedness mechanism to mitigate against technological hazards / cyber security, terrorism, fire and natural disasters. Implementation of Disaster Risk Management & Business Continuity Planning (DRM/BCP) is also ongoing.

National Cohesion and Values

During the performance reporting period, KenGen continued with implementation of its commitments aimed at promoting a cohesive nation and submitted the Annual Report on measures taken and progress achieved in the realization of National Values and Principles of Governance.

Corruption Prevention

The Company is committed to combat and prevent corruption, unethical practices and promote standards and best practices in governance in line with the Ethics and Anti-Corruption Commission Act No. 22 of 2011 and Leadership and Integrity Act of 2012. In the financial year, the Company carried out a corruption perception survey to establish the corruption perception index and disseminated the findings to employees.



Gitaru Hydro Power Station





5. FINANCIALS

- 5.1 Statement of Directors' Responsibility
- 5.2 Directors' Remuneration Report
- 5.3 Report of the Auditor General
- 5.4 Statement of Profit or Loss and Other Comprehensive Income
- 5.5 Statement of Financial Position
- 5.6 Statement of Change in Equity
- 5.7 Statement of Cash Flows
- 5.8 Notes to the Financial Statements

◀ Gitaru Dam



Kipevu Thermal Power Plant, Mombasa

Statement of Directors' Responsibility

The Kenyan Companies Act, 2015, requires the directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the Company as at the end of the financial year and of its profit or loss and other comprehensive income for that year. The Directors are responsible for ensuring that the Company keeps proper accounting records that are sufficient to show and explain the transactions of the Company; disclose with reasonable accuracy at any time the financial position of the Company; and that enables them to prepare financial statements of the Company that comply with prescribed financial reporting standards and the requirements of the Kenyan Companies Act, 2015. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors accept responsibility for the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Kenyan Companies Act 2015. They also accept responsibility for:

- i. Designing, implementing and maintaining internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error;
- ii. Selecting suitable accounting policies and then apply them consistently; and
- iii. Making judgements and accounting estimates that are reasonable in the circumstances.

Having made assessment of the Company's ability to continue as a going concern, the Directors are not aware of any material uncertainty related to events or conditions that may cast doubt upon Company's ability to continue as a going concern.

The Directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibility.

Approved by the Board of Directors on 31 August 2020 and signed on its behalf by:



Joshua Choge
Chairman



Kairu Bachia
Director



Rebecca Miano
Managing Director & CEO

Directors' Remuneration Report

INFORMATION NOT SUBJECT TO AUDIT

The Company's Directors Remuneration Policy and Strategy

The Board establishes and approves formal and transparent remuneration policies to attract and retain both executive and non-executive Board members. These policies clearly stipulate remuneration elements such as Directors' fees, honorarium and attendance allowances that are competitive and in line with those of other agencies in the industry and with the State Corporations Act.

In accordance with the guidelines provided in the State Corporations Act and issued by the Salaries & Remuneration Commission as well as shareholder approval granted at the Annual General Meeting; the Directors are paid a taxable sitting allowance of Shs 20,000 for every meeting attended. The Chairman is paid a monthly honorarium of Shs 80,000. The Board members are paid an annual fee of Shs 600,000 subject to approval by the shareholders. It is proposed that each non-executive Director receives a fee of Shs 600,000 excluding sitting allowances and honorarium for the financial year ended 30 June 2019 subject to approval by shareholders during the Annual General Meeting.

The total expenses incurred in the course of enabling the directors discharge their mandate are charged to the statement of profit or loss (Note 8(c)).

Kenya Electricity Generating Company Plc does not grant personal loans, guarantees, share options or incentives to its Directors.

Contract of service

In accordance with the Capital Markets Authority (CMA) regulations on non-executive Directors, a third of the Board is elected at every Annual General Meeting by the shareholders for a term of 3 years on rotation basis.

The Managing Director and CEO has a three (3) year renewable contract of service with Kenya Electricity Generating Company Plc starting from 30th October 2017.

Changes to Directors Remuneration

During the period, there were no changes in Directors Remuneration which is set as per the guidelines provided in the State Corporations Act and the Salaries & Remuneration Commission.

Statement of Voting on the Directors Remuneration Report at the Previous Annual General Meeting

During the Annual General Meeting held on 11 December 2018, the shareholders approved the payments of Directors fees for the year ended 30 June 2018 by show of hands.

At the Annual General Meeting to be held on 22 October 2020, approval will be sought from shareholders to pay Directors fees for the financial year ended 30 June 2019.

Directors' Remuneration Report (cont'd)

INFORMATION SUBJECT TO AUDIT

The following tables shows a single figure remuneration for the Managing Director and CEO and Non-Executive Directors in respect of qualifying services for the year ended 30 June 2019 together with the comparative figures for 2018. The aggregate Directors' emoluments are shown in note 34(e).

For the year ended 30 June 2019

Name	Category	Salary	Directors Fees	Allowances	Honorarium	Total
		Shs'000	Shs'000	Shs'000	Shs '000	Shs '000
Joshua Choge	Chairman, Non-Executive	-	600	2,000	960	3,560
Rebecca Miano	Managing Director and CEO	19,380	-	-	-	19,380
Henry Rotich (CS, The National Treasury and Planning)	Non-Executive	-	600	-	-	600
Joseph Njoroge (PS, Ministry of Energy)	Non-Executive	-	600	-	-	600
Ziporah Ndegwa	Non-Executive	-	600	1,420	-	2,020
Musa Arusei	Non-Executive	-	600	1,660	-	2,260
Kairu Bachia	Non-Executive	-	600	1,640	-	2,240
Joseph Sitati	Non-Executive	-	600	1,380	-	1,980
Maurice Nduranu	Non-Executive	-	600	1,660	-	2,260
Phyllis Wakiaga	Non-Executive	-	600	480	-	1,080
Reginalda Wanyonyi	Non-Executive	-	600	1,500	-	2,100
Humphrey Muhu (Alternate to Henry Rotich)	Non-Executive	-	-	860	-	860
William Mbaka - Alternate to Joseph Njoroge	Non-Executive	-	-	960	-	960
Total		19,380	6,000	13,560	960	39,900

Directors' Remuneration Report (cont'd)

INFORMATION SUBJECT TO AUDIT

The following tables shows a single figure remuneration for the Managing Director and CEO and Non-Executive Directors in respect of qualifying services for the year ended 30 June 2019 together with the comparative figures for 2018. The aggregate Directors' emoluments are shown in note 34(e).

For the year ended 30 June 2018

Name	Category	Salary	Directors Fees	Allowances	Honorarium	Total
		Shs'000	Shs'000	Shs'000	Shs '000	Shs '000
Joshua Choge	Chairman, Non-Executive	-	600	1,540	960	3,100
Albert Mugo (Retired on 25 August 2017)	Managing Director and CEO	3,479	-	-	-	3,479
Rebecca Miano (Appointed on 30 October 2017)	Managing Director and CEO	11,267	-	-	-	11,267
Henry Rotich (CS, The National Treasury and Planning)	Non-Executive	-	600	-	-	600
Joseph Njoroge (PS, Ministry of Energy)	Non-Executive	-	600	-	-	600
Dorcas Kombo (Retired on 22 November 2017)	Non-Executive	-	238	940	-	1,178
Ziporah Ndegwa	Non-Executive	-	600	1,360	-	1,960
Musa Arusei	Non-Executive	-	600	1,960	-	2,560
Kairu Bachia	Non-Executive	-	600	1,800	-	2,400
Joseph Sitati	Non-Executive	-	600	1,580	-	2,180
Maurice Nduranu	Non-Executive	-	600	920	-	1,520
Phyllis Wakiaga	Non-Executive	-	600	700	-	1,300

Directors' Remuneration Report (cont'd)

Name	Category	Salary	Directors Fees	Allowances	Honorarium	Total
		Shs'000	Shs'000	Shs'000	Shs '000	Shs '000
Reginalda Wanyonyi (Appointed on 22 November 2017)	Non-Executive	-	362	1,120	-	1,482
Humphrey Muhu (Alternate to Henry Rotich)	Non-Executive	-	-	1,420	-	1,420
William Mbaka - Alternate to Joseph Njoroge	Non-Executive	-	-	1,340	-	1,340
Total		14,746	6,000	14,680	960	36,386

On behalf of the Board



Secretary
31 August 2020

REPUBLIC OF KENYA

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REPORT OF THE AUDITOR-GENERAL ON KENYA ELECTRICITY GENERATING COMPANY PLC FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Opinion

The accompanying financial statements of Kenya Electricity Generating Company PLC set out on pages 169 to 250, which comprise the statement of financial position as at 30 June, 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, have been audited on my behalf by PricewaterhouseCoopers, auditors appointed under Section 23 of the Public Audit Act, 2015. The auditors have duly reported to me the results of their audit and on the basis of their report, I am satisfied that all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit were obtained.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Electricity Generating Company PLC as at 30 June, 2019 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Companies Act, 2015.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Kenya Electricity Generating Company PLC in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key Audit Matters are those matters which, in my professional judgment, were of most significance in the audit of the Company's financial statements of the current year. These matters were addressed in the context of the audit of the Company's financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on them. For the matter below, a description of how the audit addressed the matter is provided in that context.

Report of the Auditor-General on Kenya Electricity Generating Company PLC for the year ended 30 June, 2019

Key Audit Matter	How the Audit Addressed the Key Audit Matter
<p>Capitalisation of Costs</p> <p>The Company is undertaking different capital projects in the current year.</p> <p>As explained in Note 13, the company has capitalised a portion of its costs which it considers to be directly related to the construction of its ongoing projects, primarily Olkaria V.</p> <p>The capitalised costs are material to the statement of financial position and there is significant judgement in determining the:</p> <ul style="list-style-type: none"> • Assets which qualify for depreciation capitalisation and the quantum and depreciation to capitalise • Element of staff costs directly attributable to the ongoing projects • Borrowing costs to capitalise in line with the requirements of IAS 23. 	<p>Capitalised Depreciation</p> <p>The existence of the underlying assets, the valuation and accuracy of the cost of the assets was assessed in addition to the reasonableness of the assets' useful lives and depreciation rates used, as well as verifying that the assets are being used in the manner intended by management.</p> <p>Capitalised Payroll Costs</p> <p>The accuracy of the total payroll amounts was tested and the reasonableness of management's assessment of the payroll costs directly attributable to the ongoing projects was assessed.</p> <p>Capitalised Borrowing Costs</p> <p>The accuracy of the interest charges was tested as well as assessment of reasonableness of the amount capitalized. This included a detailed assessment in line with the requirements of the relevant accounting standards.</p>

Other Information

The other information comprises the corporate information, shareholding, report of the directors, statement of directors' responsibilities and the directors' remuneration report, which I obtained prior to the date of this auditor's report, and the rest of the other information in the annual report which is expected to be made available to me after that date, but does not include the financial statements and my auditor's report thereon. The directors are responsible for the other information. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in so doing, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be misstated. If, based on the work I have performed on

the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

When I read the rest of the other information in the annual report and I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance on whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities which govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance, were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and 2330. The standards require that I plan and perform the audit to obtain assurance on whether effective processes and systems of internal control, risk management and governance, were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Companies Act, 2015, I report based on the audit that:

- (i) In my opinion, adequate accounting records have been kept by the Company.

Report of the Auditor-General on Kenya Electricity Generating Company PLC for the year ended 30 June, 2019

- (ii) In my opinion, the information given in the report of the Directors on pages 18 to 20 is consistent with the financial statements.
- (iii) In my opinion, the auditable part of the Directors' remuneration report on pages 159 to 161 has been properly prepared in accordance with the Companies Act, 2015 and are in agreement with the accounting records.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements which are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of the internal control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to liquidate the Company or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Company's financial reporting process, reviewing the effectiveness of management's system for monitoring compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report which includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the

Report of the Auditor-General on Kenya Electricity Generating Company PLC for the year ended 30 June, 2019

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance review is planned and performed to express a conclusion on whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution, and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control which might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level, the risk that misstatements caused by error or fraud in amounts which would be material in relation to the financial statements being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Company's policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence which is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify

Report of the Auditor-General on Kenya Electricity Generating Company PLC for the year ended 30 June, 2019

my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner which achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Company to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control which are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters which may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with Management, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. These matters are described in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

31 August, 2020

Report of the Auditor-General on Kenya Electricity Generating Company PLC for the year ended 30 June, 2019



Gitaru Dam

Statement of Profit or Loss and other Comprehensive Income

	Note	2019 Shs'000	2018 Shs'000
Revenues from contracts with customers			
Electricity revenue	4 (a)	29,796,983	29,285,691
Steam revenue	4 (a)	5,871,921	6,222,057
Fuel charge	4 (a)	10,111,516	9,622,740
Water charge	4 (a)	185,226	159,172
Total revenue		45,965,646	45,289,660
Reimbursable expenses			
Fuel costs	5	(10,006,336)	(9,246,855)
Water costs	5	(185,226)	(159,172)
		(10,191,562)	(9,406,027)
Revenue less reimbursable expenses		35,774,084	35,883,633
Other income	6	618,822	274,771
Other gains/(losses) – net	7	3,179,185	(1,049,948)
		39,572,091	35,108,456
Expenses			
Depreciation and amortisation	8 (a)	(10,360,330)	(10,147,886)
Employee expenses	8 (b)	(6,800,376)	(6,132,305)
Steam costs	8 (c)	(3,357,126)	(3,549,428)
Plant operation and maintenance expenses	8 (d)	(1,512,278)	(1,669,068)
Other expenses	8 (e)	(2,257,402)	(2,168,131)
Operating profit		15,284,579	11,441,638
Finance income	9	1,423,062	3,341,383
Finance costs	10	(5,053,924)	(3,037,554)
Profit before income tax		11,653,717	11,745,467
Income tax expense	11(a)	(3,769,382)	(3,854,834)
Profit for the year		7,884,335	7,890,633
Earnings per share:			
Basic and diluted (Shs per share)	12	1.20	1.20
Dividends per share - (Shs)	31	0.25	0.40

Statement of Profit or Loss and other Comprehensive Income (Cont'd)

	Note	2019 Shs'000	2018 Shs'000
Profit for the year		7,884,335	7,890,633
Other comprehensive income, net of income tax:			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of retirement benefit asset	27(a(ii))	(106,804)	(897,155)
Deferred income tax thereon	24	32,041	269,147
		(74,763)	(628,008)
Items that may be reclassified subsequently to profit or loss when specific conditions are met:			
Net gains on revaluation on investments in financial instruments measured at FVOCI	18	18,147	-
Deferred income tax thereon	24	(5,444)	-
Fair value changes in available for sale assets	18	-	5,087
		12,703	5,087
Other comprehensive income for the year, net of income tax		(62,060)	(622,921)
Total comprehensive income for the year		7,822,275	7,267,712

Statement of financial position

ASSETS	Note	2019 Shs'000	2018 Shs'000
Non-current assets			
Property, plant and equipment	13	346,737,310	328,082,460
Leasehold land	14	4,110,583	4,170,183
Intangible assets	15	1,524,693	1,477,691
Non-current receivable	16	-	987,875
Held to maturity investments	16	-	2,407,047
Financial asset at amortised cost	16	3,319,106	-
Financial asset at fair value through profit or loss	17	11,958,359	10,490,414
Retirement benefit asset	27(b)	143,025	325,268
		367,793,076	347,940,938
Current assets			
Inventories	19	1,324,294	1,149,180
Trade receivables	20	18,855,494	21,842,958
Financial asset at amortised cost	16	41,061	40,321
Financial asset at fair value through profit or loss	17	1,116,274	815,682
Other receivables and prepayments	21	2,597,941	3,359,793
Non-current assets held for sale	32	-	344,053
Current income tax recoverable	11(c)	150,942	126,988
Available for sale investments	18	-	349,690
Financial asset at fair value through other comprehensive income (FVOCI)	18	367,837	-
Cash and bank balances	22	9,175,330	3,383,402
		33,629,173	31,412,067
TOTAL ASSETS		401,422,249	379,353,005
EQUITY AND LIABILITIES			
Equity attributable to owners			
Share capital	23	16,487,710	16,487,710
Share premium	23	22,151,131	22,151,131
Other reserves	24	69,696,451	71,805,994
Retained earnings	25	86,629,244	79,658,790
		194,964,536	190,103,625
Non-current liabilities			
Borrowings	26	128,771,882	121,287,608
Deferred income tax	28	48,868,799	45,496,036
Trade and other payables	29	3,219,566	1,586,258
		180,860,247	168,369,902
Current liabilities			
Borrowings	26	12,463,018	10,620,761
Trade and other payables	29	9,127,256	7,927,695
Provision for compensating tax	30	2,161,022	2,331,022
Dividends payable	31	1,846,170	-
		25,597,466	20,879,478
TOTAL EQUITY AND LIABILITIES		401,422,249	379,353,005

The financial statements on pages 169 to 250 were approved and authorised for issue by the Board of Directors on 31 August 2020 and were signed on its behalf by:



Joshua Choge
Chairman



Kairu Bachia
Director



Rebecca Miano
Managing Director & CEO

Statement of changes in equity

	Share capital Shs'000	Share premium Shs'000	Other reserves Shs'000	Retained earnings Shs'000	Total Shs'000
As at 30 June 2018	16,487,710	22,151,131	71,805,994	79,658,790	190,103,625
Transition adjustment initial application of IFRS 9 (Note 2(b))	-	-	-	(462,221)	(462,221)
Deferred tax thereon	-	-	-	138,666	138,666
As at 30 June 2018	16,487,710	22,151,131	71,805,994	79,335,235	189,780,070
Profit for the year	-	-	-	7,884,335	7,884,335
Other comprehensive income;	-	-	-	-	-
-Net gains on revaluation on investments in financial instruments measured at FVOCI	-	-	-	18,147	18,147
-Deferred income tax thereon	-	-	(5,444)	-	(5,444)
-Remeasurement of retirement benefit asset	-	-	(106,804)	-	(106,804)
-Deferred income tax relating to remeasurement of defined benefit asset	-	-	32,041	-	32,041
Total comprehensive for the year	-	-	(62,060)	7,884,335	7,822,275
Transfer of excess depreciation	-	-	(2,924,976)	2,924,976	-
Deferred tax on excess depreciation	-	-	877,493	(877,493)	-
Transactions with owners:	-	-	-	-	-
Dividends declared to equity holders (Note 31)	-	-	-	(2,637,809)	(2,637,809)
As at 30 June 2019	16,487,710	22,151,131	69,696,451	86,629,244	194,964,536
Note	23	23	24	25	-
As at 1 July 2017	16,487,710	22,151,131	74,588,305	69,608,767	182,835,913
Profit for the year	-	-	-	7,890,633	7,890,633
Other comprehensive income;	-	-	-	-	-
-Net gains on revaluation on investments in financial instruments measured at FVOCI	-	-	-	-	-
-remeasurement of defined benefit	-	-	5,087	-	5,087
-Deferred income tax relating to remeasurement of defined benefit asset	-	-	(897,155)	-	(897,155)
Total comprehensive for the year	-	-	269,147	-	269,147
Transfer of excess depreciation	-	-	(622,921)	7,890,633	7,267,712
Deferred tax on excess depreciation	-	-	(3,084,843)	3,084,843	-
Deferred tax on excess depreciation	-	-	925,453	(925,453)	-
As at 30 June 2018	16,487,710	22,151,131	71,805,944	79,658,790	190,103,625
Note	23	23	24	25	-

Statement of cash flows

	Note	2019 Shs'000	2018 Shs'000
Cash flows from operating activities			
Cash generated from operations	33(a)	30,305,160	17,452,461
Income tax paid	11(c)	(255,310)	(333,679)
Finance income received	33(b)	704,921	491,039
Payment of compensating tax	30	(170,000)	(100,000)
Net cash generated from operating activities		30,584,771	17,509,821
Cash flows from investing activities			
Purchase of property, plant and equipment	13	(24,502,879)	(9,950,462)
Staff cost capitalised	13	(2,906,505)	(3,054,368)
Interest cost capitalised	13	(1,463,181)	(1,616,582)
Purchase of intangible assets	15	(135,554)	(240,500)
Proceeds from non-current asset held for sale	32	200,000	-
Proceeds from disposal of assets		-	19,364
Net cash used in investing activities		(28,808,119)	(14,842,548)
Cash flows from financing activities			
Repayment of borrowings	26(d)	(8,780,842)	(8,953,636)
Proceeds from borrowings	26(d)	16,424,322	4,948,566
Finance costs paid	33(c)	(2,757,969)	(3,138,467)
Dividends paid	31	(791,639)	-
Net cash generated from/ (used in) financing activities		4,093,872	(7,143,537)
Net increase/(decrease) in cash and cash equivalents		5,870,524	(4,476,264)
Cash and cash equivalents at the beginning of the year	22	3,383,402	7,831,103
Effects of exchange rate changes on cash held	33	70,264	28,563
Cash and cash equivalents at the end of the year	22	9,324,190	3,383,402

Notes

1. General information

The Company is incorporated and domiciled in Kenya under the Kenyan Companies Act, 2015. The Company was incorporated in 1954 as Kenya Power Company Limited (KPC) and was under management of Kenya Power and Lighting Company (Kenya Power). In 1997, the management was separated from Kenya Power and Lighting Company and the Company was renamed to Kenya Electricity Generating Company Plc (KenGen) following the implementation of the reforms in the energy sector. Its core business is to develop, manage and operate power generation plants to supply electric power to the Kenyan market. The shares of the Company are listed on the Nairobi Securities Exchange.

2. Significant accounting policies

(a) Basis of preparation

The financial statements are prepared on a going concern basis and in compliance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board. They are presented in Kenya Shillings, which is also the functional currency (see (c) below), rounded to the nearest thousand (Shs'000).

The financial statements comprise of statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, and notes to the financial statements. Income and expenses, excluding the components of other comprehensive income, are recognised in profit or loss. Other comprehensive income is recognised in the statement of comprehensive income and comprises items of income and expense (including reclassification adjustments) that are not recognised in profit or loss as required or permitted by IFRS. Reclassification adjustments are amounts reclassified to profit or loss in the current period that were recognised in other comprehensive income in the current or previous periods. Transactions with the owners of the Company in their capacity as owners are recognised in the statement of changes in equity.

(i) Basis of Measurement

The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies summarised below.

Under the historical cost basis, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or, in some cases, at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

For those assets and liabilities measured at fair value, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Company using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items or discounted cash flow analysis). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

2. Significant accounting policies (continued)

(a) Basis of preparation and compliance (continued)

(i) Basis of Measurement (continued)

Fair values are categorised into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the Company at the end of the reporting period during which the change occurred.

(ii) Use of Estimates

The preparation of financial statements in conformity with IFRS allows the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

(b) Changes in accounting policies

(i) Adoption of new and revised standards international financial reporting

Certain new accounting standards and interpretations were effective for the accounting period beginning on or after 1 July 2018. The Company assessment of the impact of these new standards and interpretations is set out below:

IFRS 9 Financial Instruments

The Company has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 July 2018, which has resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. The Company did not early adopt any part of IFRS 9 in previous periods.

As permitted by the transitional provisions of IFRS 9, the Company elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained earnings and other reserves of the current period.

Notes (Continued)

2. Significant accounting policies (continued)

(b) Changes in accounting policies (continued)

(i) Adoption of new and revised standards international financial reporting (continued)

IFRS 9 Financial Instruments (continued)

Consequently, for notes disclosures, the consequential amendments to IFRS 7 disclosures have also been applied only to the current period. The comparative period notes disclosures repeat those disclosures made in the prior year.

The adoption of IFRS 9 has resulted in changes in the accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7, "Financial Instruments: Disclosures".

Set out below are disclosures relating to the impacts of adoption of IFRS 9 on the Company. Further details of the specific IFRS 9 accounting policies in the current period are described in more detail under note 2(o).

Classification and measurement of financial instruments

The measurement category and the carrying amount of financial assets and liabilities in accordance with IAS 39 and IFRS 9 at 1 July 2018 are compared as follows:

	Measurement category		Carrying amount		
	Original (IAS 39)	New (IFRS 9)	Original (IAS 39) Shs'000	New (IFRS 9) Shs'000	Difference Shs'000
Financial assets					
Deferred debt due from Kenya Power	Loans and receivables	Amortised cost	1,028,196	1,011,437	16,759
Financial asset at fair value	Fair value through profit or loss (FVPL)	Fair Value through profit or loss (FVPL)	11,306,096	11,306,096	-
Treasury bonds	Held to maturity	Amortised cost	2,407,047	2,362,113	44,934
Cash and cash equivalents	Loans and receivables	Amortised cost	3,379,102	3,347,729	31,373
Trade receivables	Loans and receivables	Amortised cost	21,842,958	21,486,917	356,041
Other receivables	Loans and receivables	Amortised cost	819,519	806,405	13,114
Treasury bonds	Available for sale	Fair Value through other comprehensive income.	349,690	349,690	-
			41,132,608	40,670,387	462,221

2. Significant accounting policies (continued)

(b) Changes in accounting policies (continued)

(i) Adoption of new and revised standards international financial reporting (continued)

IFRS 9 Financial Instruments (continued)

Classification and measurement of financial instruments (continued)

	Measurement category		Carrying amount		
	Original (IAS 39)	New (IFRS 9)	Original (IAS 39) Shs'000	New (IFRS 9) Shs'000	Difference Shs'000
Financial liabilities					
Borrowings	Amortised cost	Amortised cost	131,908,369	131,908,369	-
Trade and other payables	Amortised cost	Amortised cost	9,513,953	9,513,953	-
Provision for compensating tax	Amortised cost	Amortised cost	2,331,022	2,331,022	-

Reconciliation of IAS 39 classification to new IFRS 9 classification per category.

The Company performed a detailed analysis of its business models for managing financial assets and analysis of their cash flows characteristics. The following table reconciles the carrying amount of financial assets from their previous measurement category in accordance with IAS 39 to their new measurement categories upon transition to IFRS 9 on 1 July 2018.

	IAS 39 carrying amount 30 June 2018 Shs '000	IFRS 9 transition adjustment Shs '000	IFRS 9 carrying amount 1 July 2018 Shs '000
Amortised cost			
Deferred debt due from Kenya Power	1,028,196	16,759	1,011,437
Treasury bonds	2,407,047	44,934	2,362,113
Cash and cash equivalents	3,379,102	31,373	3,347,729
Trade receivables	21,842,958	356,041	21,486,917
Other receivables	831,184	13,114	818,070
Fair value through profit or loss			
Financial asset at fair value	11,306,096	-	11,306,096
Fair value through other comprehensive income			
Treasury bonds	349,690	-	349,690
Total financial assets measured at amortised cost	41,144,273	462,221	40,682,052

The total remeasurement loss of Shs 323,555,000 (net of deferred income tax) was recognised in opening retained earnings at 1 July 2018.

Notes (Continued)

2. Significant accounting policies (continued)

(b) Changes in accounting policies (continued)

(i) Adoption of new and revised standards international financial reporting (continued)

IFRS 9 Financial Instruments (continued)

Reconciliation of impairment allowance balance from IAS 39 to IFRS 9

The following table reconciles the prior year's closing impairment allowance measured in accordance with IAS 39 incurred loss model to the new impairment allowance measured in accordance with the IFRS 9 expected loss model at 1 July 2018.

	IAS 39 Credit loss allowance under IAS 39 Shs'000	IFRS 9 Remeasurement Shs'000	credit loss allowance under IAS 9 Shs'000
Deferred debt due from Kenya Power	-	16,759	16,759
Treasury bonds	-	44,934	44,934
Cash and cash equivalents	-	31,373	31,373
Trade receivables	164,676	356,041	520,717
Other receivables	685,982	13,114	699,096
Treasury bonds	-	-	-
Total	850,658	462,221	1,312,879

IFRS 15 Revenue from Contracts with Customers

Under IFRS 15, revenue from sale of goods is recognised when the customer obtains control of the goods. Revenue from sales of services is recognised over time provided the consumption of the service by the customer is simultaneous with the performance of the service by the Company. The application of the standard in the current year has not had a material impact on the financial position or financial performance of the Company. However, minor changes in presentation have been necessary, including the separate presentation of contract assets and contract liabilities.

2. Significant accounting policies (continued)

(b) Changes in accounting policies (continued)

(ii) *New and revised standards that have been issued but are not yet effective*

The Company has not applied any new or revised standards and interpretations that have been published but are not yet effective for the year beginning 1 July 2018, and the Directors do not plan to apply any of them until they become effective. The Company sets out below all such new or revised standards and interpretations, with their effective dates, and provides reasonably estimable information relevant to assessing the possible impact their will have on the Company's financial statements in the period of initial application.

IFRS 16 Leases

Nature

IFRS 16 was issued in January 2016 and is effective for periods beginning on or after 1 January 2019. It will result in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term (less than 12 months) and low-value leases.

The Company has reviewed the company's leasing arrangements over the last year in light of the new lease accounting rules in IFRS 16. The standard will affect primarily the accounting for the company's operating leases.

As at the reporting date, the company has non-cancellable operating lease commitments of Shs 952,351,000 (see note 35). The company expects to recognise right-of-use assets of approximately Shs 1,043,092,000 on 1 July 2019, lease liabilities of Shs 1,039,891,000 (after adjustments for prepayments as at 30 June 2019). Management continues to monitor the Company's leasing arrangements on an ongoing basis to ensure compliance with the new requirements. Net current assets are estimated to be Shs 323,485,000 lower due to the presentation of a portion of the liability as a current liability. Operating cash flows will increase, and financing cash flows decrease by approximately Shs 179,998,000 as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

Impact of IFRS 16 on 1 July 2019	Shs '000
Assets	
Right of use assets	1,039,891
Liabilities	
Lease liabilities	1,039,891
Net impact on equity	-

The Company continues to assess the potential impact on tax reporting on adoption of IFRS 16.

Notes (Continued)

2. Significant accounting policies (continued)

(b) Changes in accounting policies (continued)

(ii) *New and revised standards that have been issued but are not yet effective (continued)*

IFRIC 23 Uncertainty over Income Tax Treatments (issued in June 2017)

The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- Whether tax treatments should be considered collectively
- Assumptions for taxation authorities' examinations
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- The effect of changes in facts and circumstances

Amendments to IFRS 9 titled Prepayment Features with Negative Compensation (issued in October 2017).

The amendments, applicable to annual periods beginning on or after 1 July 2019, allow entities to measure pre-payable financial assets with negative compensation at amortised cost or fair value through other comprehensive income if a specified condition is met.

Amendments to IAS 12 - Annual Improvements to IFRSs 2015–2017 Cycle, (issued in December 2017)

The amendments, applicable to annual periods beginning on or after 1 July 2019, clarify that all income tax consequences of dividends should be recognised when a liability to pay a dividend is recognised, and that these income tax consequences should be recognised in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions to which they are linked.

Amendments to IAS 23 - Annual Improvements to IFRSs 2015–2017 Cycle, (issued in December 2017)

The amendments, applicable to annual periods beginning on or after 1 July 2019, clarify that the costs of borrowings made specifically for the purpose of obtaining a qualifying asset that is substantially completed can be included in the determination of the weighted average of borrowing costs for other qualifying assets.

Amendments to IAS 19 titled Plan Amendment, Curtailment or Settlement (issued in February 2018)

The amendments, applicable to plan amendments, curtailments or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 July 2019, requires an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset) in the manner specified in the amended standard.

Amendments to IAS 1 and IAS 8 titled Definition of Material (issued in October 2018)

The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS.

2. Significant accounting policies (continued)

(b) Changes in accounting policies (continued)

(ii) *New and revised standards that have been issued but are not yet effective (continued)*

Amendments to References to the Conceptual Framework in IFRS Standards (Issued 29 March 2018-Applicable for annual periods beginning 1 July 2020)

Together with the revised Conceptual Framework published in March 2018, the IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the framework they are referencing to (the IASC framework adopted by the IASB in 2001, the IASB framework of 2010, or the new revised framework of 2018) or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The Directors do not plan to apply any of the above until they become effective. Based on their assessment of the potential impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements.

(c) Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Kenya Shillings in thousands (Shs '000) which is the Company's functional currency.

and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except for differences arising on translation of non-monetary financial assets carried at fair value through other comprehensive income, which are recognised in other comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within 'gains/ losses-net'.

Notes (Continued)

2. Significant accounting policies (continued)

(d) Revenue Recognition

The Company recognises revenue from the sale of electricity. The Company recognises revenue as and when it satisfies a performance obligation by transferring control of a goods or service to its sole customer, Kenya Power. The amount of revenue recognised is the amount the Company expects to receive in accordance with the terms of the contract, and excludes amounts collected on behalf of third parties such as Value Added Tax and withholding taxes.

Revenue recognition is in accordance with the new revenue standard. IFRS 15 provides a single control-based revenue recognition model and clarifies the principles for recognising revenue from contracts with customers. The core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it can direct the use of and obtain the benefits from the good or service.

The principal activity of the Company is to generate and sell electricity to the authorised distributor, Kenya Power and Lighting Company. The performance obligation is the supply of electricity and the terms of the contracts can be regarded as electricity service contracts.

The Company measures its progress towards complete satisfaction of a performance obligation satisfied over time using the output method based on the availability of the power plants and units of electricity delivered to the customer. The output method is suitable for the Company because at the end of the reporting period, Company's performance has not produced work in progress controlled by the customer that is not included in the measurement of the output. Transfer of control of the output (electricity) occurs simultaneously with consumption of the benefits by the customer. The formula for computing the transaction price is agreed in the power purchase agreements and no further allocation is done, as there is a single performance obligation. Detailed company policies for revenue recognition are as below:

Electricity revenue

Electricity revenue is recognised based on available capacity and energy sold to the authorised distributor's transmission systems. The Power Purchase Agreements (PPAs) between the Kenya Power and Lighting Company (Kenya Power) provide for the following categories of revenue:

- Capacity revenue - This relates to the amounts earned from Kenya Power in respect of the contracted capacity as provided for in the PPAs. The charge rates comprise of the investment component and a fixed charge. Contracted capacity is expressed in megawatts (MW).
- Energy revenue - This relates to the amounts earned from Kenya Power in respect of the Net Electrical Output (NEO) as provided for in the PPAs. NEO refers to the electrical energy delivered to Kenya Power from the plant measured in Kilowatt hours (kWh).

Steam Revenue

Steam revenue is recognised based on the geothermal power sold to the authorised distributor's transmission system as provided for in the PPAs. Steam revenue is divided into the following categories;

2. Significant accounting policies (continued)

(d) Revenue Recognition (continued)

Steam Revenue (continued)

- Third party steam revenue – This relates to steam revenue earned from Kenya Power relating to steam purchased from a third party, Geothermal Development Company ('GDC'). The GDC wells from which this steam is obtained are managed by KenGen. Of the total revenue generated, 69.5% is billed by GDC and is recognised as a cost, under steam costs.
- KenGen steam revenue- This relates to steam revenue earned from Kenya Power for the use of steam obtained from KenGen's own wells.

Fuel charge

Fuel charge is recognised based on amounts billed to Kenya Power for fuel used in the generation of electricity. The fuel revenue is billed based on a predetermined formula embedded in the PPAs. The corresponding cost incurred by KenGen for the fuel used in the power generation is recognised as a cost, under reimbursable expenses.

Water charge

Water charge is recognised based on amounts billed to Kenya Power for water used in the generation of electricity. The corresponding cost incurred by KenGen for the water used in the power generation is recognised as a cost, under reimbursable expenses.

(e) Other income

Rental income from operating leases is recognised on a straight-line basis over the period of the lease.

(f) Interest income

Interest income is recognised on a time proportion basis using the effective interest method. Once a financial asset is identified as credit impaired.

(g) Income tax

Income tax expense is the aggregate amount charged/(credited) in respect of current tax and deferred tax in determining the profit or loss for the year. Tax is recognised in the profit and loss account except when it relates to items recognised in other comprehensive income, in which case it is also recognised in other comprehensive income, or to items recognised directly in equity, in which case it is also recognised directly in equity.

(i) Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. The Directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Notes (Continued)

2. Significant accounting policies (continued)

(g) Income tax (continued)

(ii) Deferred tax

Deferred tax is determined for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, using tax rates and laws enacted or substantively enacted at the balance sheet date and expected to apply when the asset is recovered or the liability is settled.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities. However, for investment property that is measured using the fair value model, there is a rebuttable presumption that the carrying amount of the investment property will be recovered through sale. Deferred tax liabilities are recognised for all taxable temporary differences except those arising on the initial recognition of an asset or liability, other than through a business combination, that at the time of the transaction affects neither the accounting nor taxable profit or loss.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Recognised and unrecognised deferred tax assets are reassessed at the end of each reporting period and, if appropriate, the recognised amount is adjusted to reflect the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are offset where there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same entity or different taxable entities when there is an intention to settle balances on a net basis.

(h) Post-employment benefit obligations

Defined contribution

The Company operates a defined contribution retirement benefits plan for its employees, the assets of which are held in a separate trustee administered scheme managed by an insurance Company. A defined contribution plan is a plan under which the Company pays fixed contributions into a separate fund, and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current or prior periods. The Company's contributions are charged to the profit and loss account in the year to which they relate.

The Company and its employees also contribute to the National Social Security Fund (NSSF), a national defined contribution scheme. Contributions are determined by local statute and the Company's contributions are charged to the profit and loss account in the year to which they relate.

The Company also operated a defined benefit scheme until 2011 when the scheme was closed to new entrants. Further details on the scheme are provided in note 27.

The liability/asset recognised in the balance sheet in respect of the defined benefit scheme is the present value of the defined benefit obligations at the balance sheet date less the fair value of the plan assets. The defined obligation is calculated annually by independent actuaries using the projected unit credit method.

2. Significant accounting policies (continued)

(h) Post-employment benefit obligations (continued)

Defined benefit (continued)

The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates of high-quality corporate bonds that are denominated in the functional currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

The following components of defined benefit cost are included in profit or loss:

- The service cost of the defined benefit plan (comprising current service costs, past service costs and any gain or loss on settlement)
- The net interest on the net defined benefit liability/asset.

Remeasurements of the net defined benefit liability/asset are recognised in other comprehensive income, with no reclassification to profit or loss in a subsequent period. Remeasurements comprise actuarial gains/losses and the return on plan assets, excluding amounts included in net interest on the net defined benefit liability/asset.

(i) Short term employee benefits

The estimated monetary liability for employees' accrued annual leave entitlement at the balance sheet date is recognised as an employment cost accrual.

(j) Property, plant and equipment

All categories of property, plant and equipment are initially recognised at cost. Cost includes expenditure directly attributable to the acquisition of the assets. Land and buildings, transmission lines and plant and equipment are subsequently carried at a revalued amount, based on valuations by external independent valuers, less accumulated depreciation and accumulated impairment losses. Computer software, including the operating system, that is an integral part of the related hardware is capitalised as part of the computer equipment under intangible assets. All other items of property, plant and equipment are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that it will increase the future economic benefits associated with the item that will flow to the Company over those originally assessed and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the profit or loss in the year in which they are incurred.

Increases in the carrying amount arising on revaluation are recognised in other comprehensive income and accumulated in equity under the heading 'property revaluation reserve'. Decreases that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases are charged to profit or loss. Annually, the difference between the depreciation charge based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost (excess depreciation) is transferred from the revaluation surplus reserve to retained earnings.

Notes (Continued)

2. Significant accounting policies (continued)

(j) Property, plant and equipment (continued)

Depreciation is calculated using the straight-line method to write down the cost or the revalued amount of each asset to its residual value over its estimated useful life.

Asset class	Depreciation rates
Buildings	2.85%
Transmission lines	2.5%
Plant and machinery:	
Intake and tunnels	1%
Hydro plants	2%
Geothermal wells	4%
Geothermal plants	4%
Thermal plants and wind plants	5%
Rigs	6.67%
Motor vehicles	25%
Computers	20%
Furniture, equipment and fittings	12.5%

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item, is depreciated separately. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial reporting date.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. On disposal of revalued assets, amounts in the revaluation surplus reserve relating to that asset are transferred to retained earnings.

All productive wells are capitalised in property, plant and equipment when connected and are depreciated over their useful lives. The useful life is currently estimated to be twenty-five years from the date of commencement of commercial operation. The unproductive wells are utilized for reinjection in the steam fields for reservoir sustainability.

Capitalisation of employee costs

The employee costs directly and indirectly attributable to projects associated with development of power generating resources are capitalised. Capitalisation rates are based on estimated time and effort spent on the related project activities.

Capitalisation of depreciation and amortisation

The depreciation and amortisation costs directly attributable to projects associated with development of power generating resources are capitalised. Capitalisation rates are based on estimated depreciation rates and time of use by the project.

2. Significant accounting policies (continued)

(k) Intangible assets

Defined benefit (continued)

Intangible assets comprise of computer software acquired for business process and operations. Intangible assets acquired separately are measured on initial recognition at cost and are subsequently carried at fair value less subsequent amortisation and any accumulated impairment losses. The useful life of the assets depends on the duration of the licences. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in the profit or loss in the expense category consistent with the function of the intangible asset. An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

l) Impairment

At each reporting date the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years adjusted for subsequent depreciation. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Notes (Continued)

2. Significant accounting policies (continued)

(m) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Capitalised costs include interest charges on borrowings for projects under construction. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(n) Inventories

Inventories are valued at the lower of cost or net realisable value. Cost is determined on a weighted average basis and comprises expenditure incurred in the normal course of business, including direct material costs. Net realisable value is the price at which the inventory can be realised in the normal course of business after allowing for the costs of realisation. Obsolete and defective inventories are fully written off. Engineering spares which are used for more than one period are categorised as plant and equipment. All other spares used on normal operations are categorised as consumables and classified under inventory.

(o) Financial instruments

Effective 1 July 2018, the Company applies IFRS 9 which replaces the old standard, IAS 39. IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Company does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, KenGen measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

a) Classification and measurement

The Company recognises financial assets when it first becomes a party to the contractual rights and obligations in the contract. The company's financial assets comprise of trade and other receivables, treasury bonds, cash and cash equivalents and financial assets at fair value through profit or loss.

The classification requirements for debt instruments are described below:

2. Significant accounting policies (continued)

(o) Financial instruments (continued)

Financial assets (continued)

b) Classification and measurement (continued)

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the entity considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Debt instruments held by the Company are now classified under these categories; Amortised Cost, Fair Value Through Other Comprehensive Income (FVOCI) or Fair Value Through Profit or Loss (FVPL).

Subsequent measurement

Based on the business model and the cash flow characteristics, the Company classifies its debt instruments into amortised cost or fair value categories for financial instruments. Movements in fair value are presented in either profit or loss or other comprehensive income (OCI), subject to certain criteria being met.

Amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through profit or loss (FVPL)

Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A business model where KenGen manages financial assets with the objective of realising cash flows through solely the sale of the assets would result in an FVPL business model.

Notes (Continued)

2. Significant accounting policies (continued)

(o) Financial instruments (continued)

Financial assets (continued)

Impairment

The Company assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI. The Company recognises a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in Note 3.

Derecognition

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either the Company transfers substantially all the risks and rewards of ownership, or neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

Financial liabilities

Financial liabilities are classified as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss.

Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

Accounting for leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Company as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2. Significant accounting policies (continued)

(q) Dividends on ordinary shares

Dividends on ordinary shares are recognised as a liability and deducted from retained earnings when approved by the Company's shareholders. Interim dividends are deducted from retained earnings when they are declared and no longer at the discretion of the Company.

(r) Grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

(s) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(t) Cash and cash equivalents

In the statement of cash flows, cash and cash equivalent includes cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less, net of bank overdrafts.

(u) Earnings per share

i) *Basic earnings per share*

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year .

ii) *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Notes (Continued)

2. Significant accounting policies (continued)

(v) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Company's Key Management, which consists of the Managing Director & Chief Executive Officer and Divisional Directors is the Company's key decision maker.

(w) Non – current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell. An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell.

A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

3. Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. The Directors also need to exercise judgment in applying the Company's accounting policies.

All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events.

This note provides an overview of the areas that involve a higher degree of judgment or complexity, and major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year. Detailed information about each of these estimates and judgements is included in the related notes together with information about the basis of calculation for each affected line item in the financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. Critical accounting estimates and judgements (continued)

The following are the critical judgements, apart from those involving estimations, that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements

Measurement of the expected credit loss allowance (ECL)

IFRS 9 introduced an Expected Credit Loss (ECL) approach that requires entities to use historical, current and forward-looking information to estimate the credit losses on financial instruments. Unlike the Incurred Loss Model where losses were recognised only when a loss event occurred, KenGen is now required to recognise losses earlier. The level of provision held for any financial instrument will mostly rely on the instrument's credit quality.

IFRS 9 outlines a "three stage" model (general model) for impairment based on changes in credit quality since initial recognition and provides operational simplifications for trade receivables, contract assets and lease receivables. The simplification eliminates the need to calculate 12-month ECL and to assess when a significant increase in credit risk has occurred. The loss allowance for trade receivables or contract assets that do not contain a significant financing component is measured at initial recognition and throughout its life at an amount equal to lifetime ECL. Entities have a policy choice for trade receivables or contract assets that do not contain a significant financing component to either apply the general model or the simplified approach. KenGen has elected to use the general approach for bank balances and treasury bonds and the simplified approach to the trade and other receivables.

Impairment of financial assets (measurements of expectations)

ECLs are measured as the probability-weighted present value of expected cash shortfalls over the remaining expected life of the financial instrument. The measurement of ECLs is based primarily on the product of the financial asset's probability of default (PD), loss given default (LGD), and exposure at default (EAD).

The exposure at default (EAD) is a measure of the total value an entity is exposed to in the event of a default. EAD is set as the amortized cost value of the respective financial asset.

The Loss Given Default (LGD) is a measure of the loss in the event of a default. It is assumed to be 100% for all the financial assets because they do not have collateral and if a default was to happen, KenGen would most likely lose the entire balance.

IFRS 9 outlines contains a three-stage approach that is based on the change in the credit quality of assets since initial recognition.

Stage 1 - If, at the reporting date, the credit risk of non-impaired financial instruments has not increased significantly since initial recognition, these financial instruments are classified in Stage 1, and a loss allowance that is measured, at each reporting date, at an amount equal to 12-month expected credit losses is recorded.

Stage 2 - When there is a significant increase in credit risk since initial recognition, these non-impaired financial instruments are migrated to Stage 2, and a loss allowance that is measured, at each reporting date, at an amount equal to lifetime expected credit losses is recorded.

Notes (Continued)

3 Critical accounting estimates and judgements (continued)

Measurement of the expected credit Loss allowance (ECL) (continued)

Impairment of financial assets (measurements of expectations) (continued)

Assessment of significant increase in credit risk

The determination of a significant increase in credit risk takes into account many different factors including a comparison of a financial instruments credit risk or PD at the reporting date and the credit or PD at the date of initial recognition.

Stage 3 - Financial instruments are classified as stage 3 when there is objective evidence of impairment because of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a financial asset. The ECL model requires that lifetime ECL be recognized for impaired financial instruments, which is like the current requirements under IAS 39 for impaired financial instruments.

Financial assets in the scope of the expected credit loss model are allocated to stage 1 on origination date, except if the financial asset is credit impaired at initial recognition or origination. In such instances, the financial assets are allocated to stage 3 and will remain in stage 3 irrespective of the credit risk associated with that asset. When a significant increase in the credit risk of a financial asset since origination has been identified, the financial asset is allocated to stage 2. When the financial asset is in default, the financial asset is moved to stage 3. On transition date, cash and treasury bonds were Stage 1 assets hence 12-month ECL was applied.

Cash held in financial institutions

For cash balances with financial institutions, the following steps were taken in determining the 12 month probability of default:

- a) The counterparty's global rating was used if available and the mapping table below was used to look up the S&P Global equivalent. External credit ratings from reputable global credit rating agencies for the financial institutions were obtained. These agencies include Moody's, Standard and Poors (S&P), Global Credit Rating (GCR), Fitch and the respective bank's websites where applicable.
- b) If no credible external rating existed as at reporting date, then the rating for a bank of a similar tier was used.

Treasury bonds

The modelling approach for Treasury Bonds (from the Government of Kenya) applies the probability of default from Kenya's sovereign rating.

3. Critical accounting estimates and judgements (continued)

Measurement of the expected credit Loss allowance (ECL) (continued)

Assessment of significant increase in credit risk (continued)

Trade and other receivables

KenGen has applied the simplified approach to impairment for trade and other receivables. Management has grouped financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis. Trade receivables and other commercial receivables have been categorised into two segments;

- a) Kenya Power and other government related entities
- b) Other commercial customers outside government/ retail category

KenGen and Kenya Power are majority owned and heavily regulated by the Government of Kenya through the Ministry of Energy and Petroleum and the National Treasury. In assessing Kenya Power's credit quality, management has used the Government of Kenya's sovereign rating probability of default as a proxy to Kenya Power's and other government entities' credit rating. The Standard and Poors (S&P) cumulative average default curves have been used to obtain the probability of default and has been applied to all debts whose counterparty is a government agency.

Such counterparties include Geothermal Development Company (GDC), Energy Regulatory Commission (ERC) and the Ministry of Energy. There are no publicly available credit ratings for external customers and management has elected to use the retail credit rating from S&P to estimate their probability of default.

Financial assets at fair value

The Directors have determined the value of the financial asset at fair value using valuation techniques which incorporate assumptions that are directly supported by observable market data. We have included under Note 40(d) further details the valuation techniques applied. Changes in assumptions used in the valuation do not significantly impact the reported fair value of the financial assets.

Actuarial valuation of defined benefits plan

The asset or liability due under the defined benefit pension plan is determined using actuarial valuation techniques. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. We have disclosed the assumptions and sensitivity thereof under Note 26.

Notes (Continued)

3 Critical accounting estimates and judgements (continued)

Calculation of tax allowances

Management has carried out a detailed assessment and concluded that they qualify for the capital allowances which they have claimed. In making this assessment, management makes a number of judgements, the most significant of which are:

1. The nature of the arrangements (PPAs) entered into by KenGen and KPLC are purely sale of electricity arrangements and not concession arrangements. Therefore, the investment deduction is claimed on commissioning of a power plant.
2. The determination of which investment allowance (e.g. investment deduction, extraction allowance, etc) is applicable to its capital investments.

Calculation of its loss allowances is reasonable and in line with the Income Tax Act.

Capitalisation of costs

The company has capitalised a portion of its costs which it considers to be directly related to the construction of its ongoing projects, primarily Olkaria V. These costs are

- Depreciation on items of property, plant and equipment directly involved in the construction of the assets. There is judgment involved in the determination of the assets that qualify for depreciation capitalisation and the quantum of the depreciation to capitalise. A change in the key assumptions by 5% would result in a change in pre-tax profit of Shs 35m (2018: Shs 34m).
- Staff costs for staff directly involved in the construction of the assets. The key assumption applied in capitalising the employee costs is the time spent by qualifying employees on the capital projects. Significant judgement is required in determining capitalisation rates to be applied. Reduction in assumptions on the capitalisation rates by 5% results to a reduction of profit by Shs 26m (2018: Shs 24m).
- Borrowing costs. The key assumption is the determination of the borrowing costs which qualify for capitalisation in line with IAS 23.

4. Revenue

a) Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services in the following revenue types.

	Geothermal Shs'000	Hydro Shs'000	Thermal Shs'000	Wind Shs'000	Total Shs'000
30 June 2019					
Electricity revenue					
- Capacity	11,101,874	7,601,146	3,120,035	-	21,823,055
- Energy	5,873,760	1,009,167	532,593	558,408	7,973,928
	16,975,634	8,610,313	3,652,628	558,408	29,796,983
Steam revenue (note 4(c))	5,871,921	-	-	-	5,871,921
Fuel charge	-	-	10,111,516	-	10,111,516
Water charge	-	185,226	-	-	185,226
Total revenue	22,847,555	8,795,539	13,764,144	558,408	45,965,646
Timing of revenue recognition:					
- Over time	22,847,555	8,795,539	13,764,144	558,408	45,965,646
30 June 2018					
Electricity revenue					
- Capacity	11,176,933	7,119,786	2,842,692	-	21,139,411
- Energy	5,934,919	1,212,377	603,721	395,263	8,146,280
	17,111,852	8,332,163	3,446,413	395,263	29,285,691
Steam revenue (note 4(c))	6,222,057	-	-	-	6,222,057
Fuel charge	-	-	9,622,740	-	9,622,740
Water charge	-	159,172	-	-	159,172
Total revenue	23,333,909	8,491,335	13,069,153	395,263	45,289,660
Timing of revenue recognition					
- Over time	23,333,909	8,491,335	13,069,153	395,263	45,289,660

a) Contract assets and liabilities

The Company has been contracted for consultancy services by Akira Geothermal Development Company and has received advance payment. This has resulted in unearned revenue of Shs 87,959,000 as a contract liability as disclosed under Note 29.

Notes (Continued)

4. Revenue (continued)

	2019 Shs'000	2018 Shs'000
(c) Steam revenue		
Third party revenue	4,803,594	5,085,918
KenGen Steam revenue	1,068,327	1,136,139
	5,871,921	6,222,057

5. Reimbursable expenses

Fuel costs ¹	10,006,336	9,246,855
Water costs ²	185,226	159,172
	-	-
	10,191,562	9,406,027

¹ In line with the provisions of the Power Purchase Agreements, the company is reimbursed by Kenya Power for fuel costs incurred in the production of thermal electricity based on pre-agreed plant fuel usage.

²The Water Resource Management Rules 2007 (Water Regulations) was Gazetted by the Government through legal notice No. 171 of September 2007. The regulation provided for water use charge at the rate of 0.05 Shs/kWh for power plants with capacity of over 1MW. With approval from the Energy Regulatory Commission, the company is reimbursed by Kenya Power for the cost of water charges.

6. Other income

	2019 Shs'000	2018 Shs'000
Railway Development Levy (RDL) refund*	391,013	-
Miscellaneous income	192,253	183,060
Loss on disposal of non-current assets held for sale	(144,053)	-
Gain on disposal of property, plant and equipment	-	951
Insurance compensation	100,913	90,760
Consultancy fees	78,696	-
	618,822	274,771

*The amount relates to a claim for Railway development levy paid in respect to Olkaria 280MW Project

Notes (Continued)

7. Other gains /(losses) -net

	2019 Shs'000	2018 Shs'000
Fair value gain/(loss) on revaluation of the financial asset at fair value through profit or loss (Note 17)	2,479,165	(1,751,161)
Realised foreign exchange loss billed- others (Note 34(a) (i))	465,096	667,772
Foreign exchange gains from other monetary items.	242,692	40,502
Bond premium expensed (Note 18(b))	(7,768)	(7,061)
	3,179,185	(1,049,948)

8. Expenses

(a) Depreciation and amortisation

Depreciation (Note 13)	10,911,932	10,704,411
Less: amount capitalised**(Note 13)	(694,217)	(690,463)
	10,217,715	10,013,948
Amortisation - Prepaid leases on leasehold land (Note 14)	59,600	59,600
Less: amount capitalized to PPE	(5,537)	(5,537)
	54,063	54,063
- Intangible assets- software (Note 15)	88,552	79,875
Total depreciation and amortisation charge for the year	10,360,330	10,147,886

Notes (Continued)

8. Expenses (continued)

	2019 Shs'000	2018 Shs'000
(b) Employee expenses		
Salaries, wages and other staff costs	8,379,914	8,052,062
Welfare and benefits	484,030	472,778
Training expenses	106,950	153,462
Retirement benefit cost:		
- Defined contribution scheme	614,526	550,167
- Defined benefit scheme	115,373	(47,854)
- National Social Security Fund	6,088	6,058
	9,706,881	9,186,673
Less: Capitalised costs**	(2,906,505)	3,054,368)
	6,800,376	6,132,305

**The employee expenses incurred and attributable to implementation of capital projects are capitalised in line with the Company accounting policy disclosed under Note 2.

	2019 Numbers	2018 Numbers
The number of persons employed by the Company at the year-end was		
- Operational staff	1,810	1,750
- Geothermal resource assessment and other projects staff	717	758
	2,526	2,508
Management staff	1,512	1,485
Union Staff	1,014	1,023
Total	2,526	2,508
Permanent employees – management	1,377	1,248
Permanent employees – unionisable	823	680
Contract employees-management and Union	326	580
Total	2,526	2,508

8. Expenses (continued)

	2019 Shs'000	2018 Shs'000
(c) Steam costs		
Steam expenses	3,357,126	3,549,428

On 3 September 2015, the Company entered into a contract with Geothermal Development Company (GDC) for operation and maintenance of geothermal wells owned by GDC. Steam costs represent amounts payable for steam from their wells utilized in generation of power from Olkaria I AU 4& 5, Olkaria IV and some Wellhead plants.

	2019 Shs'000	2018 Shs'000
(d) Plant operation and maintenance		
Operation and maintenance costs	1,145,791	1,313,421
Machinery spares and consumables (Note 19)	366,487	355,647
	1,512,278	1,669,068

(e) Other expenses

Insurance expenses	776,897	767,969
Consultants fees	63,833	25,097
Corporate social responsibility	97,507	172,532
Office expenses	294,733	273,884
Catchment preservation and dam maintenance	107,000	107,000
Transport and travelling costs	544,401	496,896
Legal and statutory expenses	121,523	116,285
Director's fees and expenses	67,480	52,259
Advertising	78,071	45,419
Auditor's remuneration	8,000	8,000
Expected credit loss allowance on adoption of IFRS 9	9,476	-
Other costs	88,481	102,790
	2,257,402	2,168,131

9. Finance income

Interest income from Kenya Power (Note 34(a)(i))	722,305	1,015,183
Interest income from treasury bonds	282,795	246,804
Interest income from banks and other financial institutions	414,595	227,180
Interest income from staff advances	3,367	4,175
Foreign exchange gains on borrowings (Note 26)	-	1,848,041
	1,423,062	3,341,383

Interest income from Kenya Power relates to interest penalties charged to Kenya Power due to late payments of invoices. Interest on late payments accrues after 40 days.

Notes (Continued)

10. Finance costs

	2019 Shs'000	2018 Shs'000
Interest on borrowings	4,010,470	4,654,136
Less: capitalised interest*	(1,463,181)	(1,616,582)
Foreign exchange losses on borrowings (Note 26)	2,506,635	-
	5,053,924	3,037,554

*The interest relating to implementation of projects are capitalised as part of the cost of the projects in accordance with the Company accounting policy disclosed under Note 2.

11. Income tax expense

	2019 Shs'000	2018 Shs'000
(a) Taxation charge		
Current income tax	231,356	146,233
Deferred tax charge (Note 28)	3,583,930	3,708,601
Prior year over provision – deferred tax	(45,904)	-
	3,769,382	3,854,834

Current income tax relates to other income lines which are taxed as a separate source of income.
Reconciliation of expected tax based on profit before taxation to taxation charge

	2019 Shs'000	2018 Shs'000
Profit before taxation	11,653,717	11,745,467
Tax applicable rate of 30%	3,496,115	3,523,640
Tax effect of expenses not deductible for tax purposes	319,171	331,479
Tax effect of income not taxable	-	(285)
Deferred tax prior year over-provision	(45,904)	-
Total income tax expense	3,769,382	3,854,834

11. Income tax expense (continued)

	2019 Shs'000	2018 Shs'000
(c) Current income tax recoverable		
Balance brought forward	(126,988)	60,458
Current income tax payable (Note 11(a))	231,356	146,233
Paid during the year	(255,310)	(333,679)
At end of year	(150,942)	(126,988)

12. Earnings per share

Basic earnings per share have been calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the year. There were no potentially dilutive shares as at 30 June 2019.

	2019 Shs'000	2018 Shs'000
Profit attributable to ordinary shareholders (in Shs'000)	7,884,335	7,890,633
Number of ordinary shares in issue at end of year	6,594,522,339	6,594,522,339
Basic and diluted earnings per share (Shs)	1.20	1.20

13. Property plant and equipment

Year ended 30 June 2019	Freehold land and buildings Shs'000	Transmission lines Shs'000	Plant and machinery Shs'000	Motor vehicles Shs'000	Furniture, and fittings Shs'000	Work-in-progress Shs'000	Total Shs'000
Cost or Valuation							
At 1 July 2018	46,922,978	4,266,801	220,825,520	2,111,750	4,575,857	84,302,121	363,005,027
Additions						24,502,879	24,502,879
Staff cost capitalised (Note 8(b))						2,906,505	2,906,505
Interest cost capitalised (Note 10)						1,463,181	1,463,181
Depreciation capitalised						694,217	694,217
Transfers from WIP	609,481	94,863	1,286,283	207,380	867,473	(3,065,481)	-
Reclassifications	-	-	(86,695)	-	-	-	(86,695)
At 30 June 2019	47,532,459	4,361,664	222,025,109	2,319,130	5,443,330	110,803,422	392,485,114
Depreciation							
At 1 July 2018	4,897,996	621,078	24,318,093	1,463,813	3,621,587	-	34,922,567
Charge for year	1,343,769	189,836	8,789,715	185,877	402,735	-	10,911,932
Reclassification	-	-	(86,695)	-	-	-	(86,695)
At 30 June 2019	6,241,765	810,914	33,021,113	1,649,690	4,024,322	-	45,747,804
Net book value as at 30 June 2019	41,290,694	3,550,750	189,003,996	669,439	1,419,008	110,803,422	346,737,310
Net book value as at 30 June 2019 (cost basis)	30,199,940	1,084,709	122,221,719	669,439	1,419,008	110,803,422	266,398,232

***The work in progress relates to ongoing projects, the main project being the Olkaria V power plant project.

13. Property plant and equipment

Year ended 30 June 2018	Freehold land and buildings Shs'000	Transmission lines Shs'000	Plant and machinery Shs'000	Motor vehicles Shs'000	Furniture, and fittings Shs'000	Work-in-progress Shs'000	Total Shs'000
Cost or Valuation							
At 1 July 2017	45,630,426	4,235,855	220,397,954	1,896,429	4,317,960	71,607,788	348,086,412
Additions	-	-	-	-	-	9,950,462	9,950,462
Staff cost capitalised (Note 8(b))	-	-	-	-	-	3,054,368	3,054,368
Interest cost capitalised (Note 10)	-	-	-	-	-	1,616,582	1,616,582
Depreciation capitalised (Note 8(a))	-	-	-	-	-	690,463	690,463
Transfers from WIP	1,292,552	30,946	797,707	238,440	257,897	(2,617,542)	-
Transfers to asset held for sale (Note 32)	-	-	(344,053)	-	-	-	(344,053)
Disposals	-	-	(26,088)	(23,119)	-	-	(49,207)
At 30 June 2018	46,922,978	4,266,801	220,825,520	2,111,750	4,575,857	84,302,121	363,005,027
Depreciation							
At 1 July 2017	3,562,424	433,848	15,709,699	1,279,037	3,258,041	-	24,243,049
Charge for year	1,335,572	187,230	8,612,378	205,685	363,546	-	10,704,411
Disposals	-	-	(3,978)	(20,909)	-	-	(24,893)
At 30 June 2018	4,897,996	621,078	24,318,093	1,463,813	3,621,587	-	34,922,567
Net book value as at 30 June 2018	42,024,982	3,645,723	196,507,427	647,937	954,270	84,302,121	328,082,640
Net book value as at 30 June 2018 (cost basis)	30,934,245	1,179,682	129,898,527	647,937	954,271	84,302,121	248,916,783

***The work in progress relates to ongoing projects, the main project being the Olkaria V power plant project.

Notes (Continued)

13. Property plant and equipment (continued)

Plant and machinery were last revalued by independent valuer Aon Global Risk, as at 30 June 2015, on a depreciated replacement cost basis which represents the plant and machinery's highest and best use. The land and buildings were last valued by Gimco Limited as at 31 December 2013 and report adopted on 30 June 2015 based on prevailing market values.

The Company's freehold and leasehold land is located in the following locations:

- Olkaria	- Turkwel	- Mesco
- Gitaru	- Sosiani	- Garissa
- Kiambere	- Gogo	- Lamu
- Kamburu	- Wanjii	- Kipevu
- Kindaruma	- Tana	- Sondu Miriu
- Masinga	- Sagana	
- Sangoro	- Ndula	

If the freehold land, buildings and plant and machinery were stated on the historical cost basis, the amounts would be as follows:

At 30 June 2019	Freehold land and buildings Shs'000	Transmission lines Shs'000	Plant and machinery Shs'000	Total Shs'000
At cost	44,092,668	3,128,643	169,681,426	216,902,737
Accumulated depreciation	(13,892,728)	(2,043,934)	(47,459,707)	(63,396,369)
	30,199,940	1,084,709	122,221,719	153,506,368
At 30 June 2018				
At cost	43,483,187	3,033,780	168,481,838	214,998,805
Accumulated depreciation	(12,548,942)	(1,854,098)	(38,583,311)	(52,986,351)
	30,934,245	1,179,682	129,898,527	162,012,454

Impairment

At each reporting date, the Directors review the carrying amount of property, plant and equipment to determine whether there are any indicators of impairment. If any such indication exists, an impairment assessment is performed. Cash generating units (CGUs) are determined as per the power plants based on the power purchase agreements. The recoverable amount of the (CGU) is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management and power purchase agreements.

For the year ended 30 June 2019 there has been no plants with impairment indicators and hence no impairment has been recognised in the period.

14. Leasehold land

This relates to leases on land that is under use by the Company countrywide mainly hosting power plants. The leases carry different lease periods and lease amounts, depending on when the land was leased.

The land is leased from the Government of Kenya and other Government Agencies under renewable leases. The lease periods range from between 50 years to 99 years. Leases are renewed as they expire. Where leases have expired in the past, all have been renewed without any complications and no renewal complications are expected in the foreseeable future.

Cost	2019 Shs'000	2018 Shs'000
At start of year	4,338,677	4,338,677
Amortisation		
At start of year	168,494	108,894
Amortisation for the year (Note 8)	59,600	59,600
At end of year	228,094	168,494
Net book value		
At end of year	4,110,583	4,170,183

The Company's leasehold land was revalued on 30 June 2015 by Gimco Limited, a firm of independent valuers, on the existing market value basis.

If the long term leasehold land was stated on the historical cost basis, the amounts would be as follows:

	2019 Shs'000	2018 Shs'000
Cost	1,833,475	1,833,475
Accumulated amortisation	(160,513)	(100,913)
Net book value	1,672,962	1,732,562

Notes (Continued)

15. Intangible assets

Plant and machinery were last revalued by independent valuer Aon Global Risk, as at 30 June 2015, on a depreciated replacement cost basis which represents the plant and machinery's highest and best use. The land and buildings were last valued by Gimco Limited as at 31 December 2013 and report adopted on 30 June 2015 based on prevailing

Cost	2019 Shs'000	2018 Shs'000
At start of year	1,836,074	1,595,574
Additions	135,554	240,500
Reclassification	(18)	-
At end of year	1,971,610	1,836,074
Amortisation		
At start of year	358,383	278,508
Charge for the year (Note 8(a))	88,552	79,875
Reclassification	(18)	-
	446,917	358,383
At end of year	1,524,693	1,477,691

The intangible assets were last revalued by Gimco Limited as at 31 December 2013 and report adopted on 30 June 2015. If the intangible assets were stated on the historical cost basis. The amounts would be as follows:

	2019 Shs'000	2018 Shs'000
Cost	1,541,460	1,405,923
Accumulated depreciation	(499,405)	(410,853)
Net book amount	1,042,055	995,070

16. Financial assets at amortised costs

Current portion	41,061	40,321
Non-Current portion	3,319,106	3,394,922
	3,360,167	3,435,243
Broken down as follows;		
Deferred debt – Note (16(a))		
- Current portion	41,061	40,321
- Non-Current portion	964,931	987,875
Treasury bond at amortised costs – Note (16(b)) (non-current)	2,354,175	2,407,047
	3,360,167	3,435,243

16. Financial assets at amortised costs (continued)

Deferred debt relates to the amounts recoverable from Kenya Power in respect of a loan taken out by the Company for the construction of the Sondu Miriu transmission and substation project implemented by the Company on behalf of Kenya Power and Lighting Company under a management agreement. Japan Bank for International Corporation funded the foreign component of the Sondu Miriu project under the loan agreement between the Japan Bank for International Corporation and the Company. The debt is payable over a period of 30 years commencing 15 August 2014. The effective interest rate in Japanese Yen on the deferred debt during the year was 0.75% (2018: 0.75%). Through an agreement entered between Kenya Power and Kenya Electricity Transmission Company Limited (KETRACO), KETRACO are servicing the debt.

The deferred debt and corresponding loan from Japan Bank for International Corporation are both denominated in Japanese Yen (JPY). The amount outstanding as at year end was JPY 1,078,010,836 (2018: JPY 1,122,011,280).

As disclosed under Note 2((b)(i)) the deferred debt was previously classified as loans and receivables, after the implementation of IFRS 9 the amounts have been classified and measured under the financial assets at amortised costs category.

	2019 Shs'000	2018 Shs'000
At start of year	1,028,196	1,072,494
Repayment during the year	(41,741)	(41,007)
Foreign exchange gain/(loss)	36,206	(3,290)
Less: provision on expected credit losses	(16,669)	-
At end of year	1,005,992	1,028,196

The movement in the provision of expected credit losses in the year is as follows

	2019 Shs'000	2018 Shs'000
At start of year	-	-
Initial application of IFRS 9	16,759	-
Write back to profit or loss	(90)	-
Provision of expected credit losses	16,669	-
Maturity analysis of deferred debt is as follows:		
Within one year	41,061	40,321
After one year	964,931	987,875
Net book amount	1,005,992	1,028,196

Notes (Continued)

16. Financial assets at amortised costs (continued)

b) Treasury Bonds

The company invested in long term treasury bonds which continues to earn interest on a semi-annual basis. They are recognised as financial assets at amortised cost.

As disclosed under Note 2((b)(i)) the long-term bonds was previously classified as held to maturity after the implementation of IFRS 9 the amounts have been classified and measured under the financial assets at amortised costs category.

	2019 Shs'000	2018 Shs'000
At start of year	2,407,047	2,414,108
Bond premium expensed	(7,768)	(7,061)
Less: provision on expected credit losses	(45,104)	-
At end of year	2,354,175	2,407,047

The movement in the provision of expected credit losses in the year is as follows

	2019 Shs'000	2018 Shs'000
At start of year	-	-
Initial application of IFRS 9	44,934	-
Write back to profit or loss	170	-
Provision for expected credit losses	45,104	-

17. Financial asset at fair value through profit or loss

The financial asset through profit or loss relates to unrealised exchange differences on foreign denominated borrowings recoverable from Kenya Power under the respective Power Purchase Agreements ("PPAs") with Kenya Power. The derivative financial instrument is entered into to manage foreign exchange borrowings exposures. The PPA provide that the amounts should be billed to Kenya Power as the related borrowings are repaid. This allows the Company to bill and recover all realised foreign currency fluctuations relative to the base rates allowed by the PPA. The amount in the statement of financial position relates to fair value of this financial asset.

17. Financial asset at fair value through profit or loss (continued)

The movement in the financial asset during the year is as follows:

	2019 Shs'000	2018 Shs'000
At start of the year	11,306,096	14,005,833
Amounts recovered	(710,628)	(948,576)
Fair value gain/(loss) on revaluation of the financial asset at fair value through profit or loss	2,479,165	(1,751,161)
At end of the year	13,074,633	11,306,096
Less: current portion recoverable within one year	(1,116,274)	(815,682)
At end of the year (long term portion)	11,958,359	10,490,414

18. Financial asset at fair value through other comprehensive income

	2019 Shs'000	2018 Shs'000
At start of year	349,690	344,603
Fair value gain through OCI	18,147	5,087
At end of year	367,837	349,690

As described in note 2((b)(i)), with the adoption of IFRS 9, the classification of this asset changed from available for sale to Financial asset at fair value through other comprehensive income.

Notes (Continued)

19. Inventory

	2019 Shs'000	2018 Shs'000
Machinery consumable spares	1,088,680	1,030,742
Fuel and lubricants	597,554	486,430
General stores	167,577	161,525
	1,853,811	1,678,697
Provision for impairment	(529,517)	(529,517)
	1,324,294	1,149,180

The cost of inventories recognised as an expense and included in operating costs are machinery consumable spares amounting to Shs 366,487,000 (2018: Shs 335,647,000) and fuel consumed amounting to Shs 10,006,336,000 (2018: Shs 9,246,855,000). Provision for inventory is recognised on items that are slow moving and obsolete.

20. Trade receivables

The following amounts due from Kenya Power relate to outstanding balances at year end billed as per the respective PPA's.

	2019 Shs'000	2018 Shs'000
Due from Kenya Power	19,356,993	22,007,634
Less: Provision for impairment losses on Kenya Power	(501,499)	(164,676)
Balance at end of the year	18,855,494	21,842,958

The movement in the provision of expected credit losses in the year is as follows

	2019 Shs'000	2018 Shs'000
At start of year	(164,676)	(164,676)
Transition adjustment on initial application of IFRS 9	(356,041)	-
Net charge to profit or loss	19,218	-
Provision for expected credit losses	(501,499)	(164,676)

21. Other receivables and prepayments

	2019 Shs'000	2018 Shs'000
Prepayments*	2,163,831	3,147,131
Sundry debtors and accruals	91,651	67,460
Staff receivables	67,045	77,640
Other receivables	884,886	753,544
	3,207,413	4,045,775
Less: Provision for expected credit losses	(609,472)	(685,982)
	2,597,941	3,359,793

*Included in prepayments is an amount of Shs 1,327,000,000 (2018: Shs 2,141,000,000 relating to advances to Contractors for Olkaria V project and other ongoing projects.

The movement in the provision of expected credit losses in the year is as follows

	2019 Shs'000	2018 Shs'000
At start of year	(685,982)	(685,982)
Transition adjustment on initial application of IFRS 9	(13,114)	-
Write back to profit or loss due to collections of debt	101,322	-
Net charge to profit or loss	(11,698)	-
Provision for expected credit losses	(609,472)	(685,982)

22. Cash and bank balances

	2019 Shs'000	2018 Shs'000
Cash at Bank	9,320,890	3,379,102
Less: provision for expected credit losses	(148,860)	-
	9,172,030	3,379,102
Cash at hand	3,300	4,300
	-	-
	9,175,330	3,383,402

Notes (Continued)

22. Cash and bank balances (continued)

The movement in the provision of expected credit losses in the year is as follows

	2019 Shs'000	2018 Shs'000
At start of year	-	-
Transition adjustment on initial application of IFRS 9	(31,373)	-
Net charge to profit or loss	(117,487)	-
Provision for expected credit losses	(148,860)	-

For purposes of the statement of cashflow, the cash and cash equivalents are presented as;

	2019 Shs'000	2018 Shs'000
Cash at Bank*	9,320,890	3,379,102
Cash at hand	3,300	4,300
	9,324,190	3,383,402

*Included in the cash at bank is local currency Shs 6,290,308,000 and foreign currency Shs 3,033,882,000. The average effective interest rate on the current accounts as at 30 June, 2019 was 10.75% (2018: 10.75 %).

23. Ordinary share capital and share premium

Ordinary share capital and share premium	Number of shares Shs'000	Ordinary shares Shs'000	Share premium Shs'000
Authorised			
30 June 2018 and 30 June 2019	10,000,000	25,000,000	-
Issued and fully paid			
At 30 June 2018 and 30 June 2019	6,594,522	16,487,710	22,151,131

The total authorised number of ordinary shares is 10,000,000,000 with a par value of Shs 2.50 per share. All issued shares are fully paid.

24. Other reserves

	Capital reserve Shs'000	Investments revaluation reserve Shs'000	Property revaluation reserve Shs'000	Actuarial gains/ (Losses) Shs'000	Total Shs'000
At 1 July 2018	8,579,722	(73,601)	63,215,008	84,865	71,805,994
Other comprehensive income for the year;					
-Net gains on revaluation on investments in financial instruments measured at FVOCI	-	18,147	-	-	18,147
-re-measurement of defined benefit	-	-	-	(106,804)	(106,804)
-deferred tax income relating to components of other comprehensive income	-	(5,444)	-	32,041	26,597
Total comprehensive income for the year	-	12,703	-	(74,763)	(62,060)
Transfer of excess depreciation	-	-	(2,924,976)	-	(2,924,976)
Deferred tax on excess depreciation	-	-	877,493	-	877,493
At 30 June 2019	8,579,722	(60,898)	61,167,525	10,102	69,696,451

Notes (Continued)

24. Other reserves (continued)

	Capital reserve Shs'000	Investments revaluation reserve Shs'000	Property revaluation reserve Shs'000	Actuarial gains/ (Losses) Shs'000	Total Shs'000
At 1 July 2017	8,579,722	(78,688)	65,374,398	712,873	74,588,305
Other comprehensive income for the year;					
- revaluation of available for sale bonds	-	5,087	-	-	5,087
-re-measurement of defined benefit	-	-	-	(897,155)	(897,155)
-deferred tax on re-measurement	-	-	-	269,147	269,147
Total comprehensive income for the year	-	5,087	-	(628,008)	(622,921)
Transfer of excess depreciation	-	-	(3,084,843)	-	(3,084,843)
Deferred tax on excess depreciation	-	-	925,453	-	925,453
At 30 June 2018	8,579,722	(73,601)	63,215,008	84,865	71,805,994

- The capital reserve relates to development surcharge received from Kenya Power for financing the development of certain power projects for the period on or before 1997. The reserve is not distributable to shareholders.
- The investments revaluation reserve represents the cumulative gains and losses arising on the revaluation of financial assets that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of. The reserve is not distributable to shareholders.
- The property, plant and equipment revaluation reserve arise on the revaluation of plant and machinery. When revalued property, plant and equipment are disposed, the portion of the plant and machinery revaluation reserve that relates to that asset is transferred directly to retained earnings. The reserve is not distributable to shareholders.
- Actuarial reserves represent the accumulated remeasurements arising from the retirement benefit scheme recognised through other comprehensive income as disclosed under Note 26. The reserve is not distributable to shareholders.

25. Retained earnings

The retained earnings represent amounts available for distribution to the company's shareholders. Undistributed retained earnings are utilised to finance the company's business activities.

26. Borrowings

The movement in borrowings is as follows:

	2019 Shs'000	2018 Shs'000
At start of year	130,740,958	137,445,764
External borrowings received in the year	16,424,322	4,948,566
Domestic borrowings received in the year	-	-
External borrowings repayments in the year	(3,732,991)	(4,179,021)
Domestic borrowings repayments in the year	(5,660,754)	(5,626,310)
Exchange rate loss/ (gains) on revaluation of borrowings	2,506,635	(1,848,041)
Balance at the end of the year	140,278,170	130,740,958
Add: Accrued interest	956,730	1,167,411
Balance at the end of the year	141,234,900	131,908,369
Less: Amounts due within one year (Current portion)	(12,463,018)	(10,620,761)
Amounts due after one year (Non-current portion)	128,771,882	121,287,608

(a) Analysis of interest bearing borrowings:

	Maturity Year	2019 Shs'000	2018 Shs'000
Government of Kenya Guaranteed loans			
2.6% Japan Bank for International Cooperation KE P20-Kipevu 1 (JPY 2,551,896,000)	2025	2,420,871	2,728,278
2.3% Japan Bank for International Cooperation KE P21 -Sondur Miriu (JPY 2,705,552,000)	2027	2,566,638	2,789,249
0.75% Japan Bank for International Cooperation KE P23-Sondur Miriu (JPY 8,650,750,001)	2044	8,206,586	8,244,532
0.75% Japan Bank for International Cooperation KE P24-Sangoro (JPY 3,964,016,000)	2047	3,760,488	3,762,307
0.20% Japan International Cooperation Agency KE P26-Olkaria I & IV (JPY 20,465,643,394)	2040	19,414,855	17,871,410
2.09% Kreditanstalt Fur Wiederaufbau (KfW)-Kindaruma (Euro 19,549,999.90)	2024	2,273,775	2,741,470
2.2% Kreditanstalt Fur Wiederaufbau (KfW)-Olkaria I & IV (Euro 31,393,329.19)	2026	3,651,220	4,247,561
		42,294,433	42,384,807

Notes (Continued)

26. Borrowings (continued)

	Maturity Year	2019 Shs'000	2018 Shs'000
Government of Kenya on lent loans			
3.5% International Development Association IDA 4743 KE-Olkaria I & IV (USD 29,728,904.74)	2035	3,041,216	3,191,862
2.003% Agence Francaise de Developpement (AFD) - Olkaria I & IV (EURO 72,477,779.25)	2031	8,429,572	9,147,114
3.884% European Investment Bank-Olkaria I & IV (Euro 5,084,278.71)	2037	591,330	628,085
2.50% Export-Import Bank of China (EXIM) – 89 wells (USD 382,499,999.98)	2033	39,129,101	38,651,626
1.50% Spanish loan-Ngong Phase II - 13.6MW (Euro 19,160,549.63)	2030	2,228,479	2,336,398
3.20% KBC Ngong I Phase 11 - 6.8 MW (Euro 205,804.21)	2020	23,936	48,099
0.50% National Bank of Belgium (NBB) Ngong 1 Phase 11 - 6.8 MW (Euro 6,078,000)	2043	706,905	710,258
3.5% International Development Association IDA 5844-KE Olkaria I& IV (USD 52,703,852.24)	2041	5,391,515	5,325,724
0.20% Japan International Cooperation Agency Loan (KE-P31) Olkaria V (JPY 21,656,963,849)	2046	20,545,009	4,360,420
		80,087,063	64,399,586
Direct borrowings			
12.5% Public Infrastructure Bond –Various projects (Shs)	2019	1,562,500	4,687,500
Cooperative Bank Term Loan (Shs)	2022	3,500,000	4,666,667
2.68% Agence Francaise de Developpement (AFD) - Olkaria II Unit 3 (Euro 8,333,333,24)	2024	969,213	1,168,572
5.1% HSBC Bank Loan-Rigs (USD 16,895,433.10)	2024	1,728,374	2,048,740
Standard Chartered Bank loan-Olkaria II Unit 3 (USD 12,972,963.65)	2021	1,327,112	1,966,377
CBA Term loan - Wellheads 75MW (USD 86,115,551.59)	2027	8,809,475	9,418,709
		17,896,674	23,956,565
		140,278,170	130,740,958
Accrued interest		956,730	1,167,411
		141,234,900	131,908,369

26. Borrowings (continued)

	2019 Shs'000	2018 Shs'000
(b) Borrowings maturity analysis:		
Due within 1 year	12,463,018	10,620,761
Due between 1 and 2 years	10,393,346	11,094,032
Due between 2 and 5 years	27,340,732	23,947,980
Due after 5 years	91,037,804	86,245,596
	141,234,900	131,908,369
(c) Analysis of loans by currency:		
Borrowings in US\$	59,426,792	60,603,038
Borrowings in JPY	56,914,447	39,756,196
Borrowings in EUR	18,874,430	21,027,558
Borrowings in Shs	6,019,231	10,521,577
Total	141,234,900	131,908,369

On lent loan facilities are entered into by the Government of Kenya with Development Finance Institutions (DFIs) and subsequently cascaded down to the Company through subsidiary loan agreements.

Securities:

The Government of Kenya has issued guarantees to the lenders in relation to the guaranteed and the on-lent borrowings.

The securities held for the Agence Francaise de Developpement borrowings are a fixed charge over all rights, title and interest of the Company in and to (a) all the land, (b) all the real property including power plant buildings and structure at the Olkaria II geothermal power plant, a fixed charge over the plant, machinery and other infrastructure at the Olkaria II geothermal power plant and an assignment of the benefits of proceeds of insurance in connection with the project.

The Public Infrastructure Bond is unsecured. Other direct borrowings are secured by a letter of negative pledge from the Company.

Notes (Continued)

26. Borrowings (continued)

(d) The movement in borrowings is as follows:

	2019 Shs'000	2018 Shs'000
At start of year	130,740,958	137,445,764
Received in the year	16,424,322	4,948,566
Repayments in the year	(8,780,842)	(8,953,636)
Realized exchange loss on repayment of borrowings	(612,903)	(851,695)
Unrealized exchange loss/(gains) on revaluation of borrowings	2,506,635	(1,848,041)
Balance at the end of the year	140,278,170	130,740,958
Add: Accrued interest	956,730	1,167,411
Balance at the end of the year	141,234,900	131,908,369
Less: Amounts due within one (Current portion)	(12,463,018)	(10,620,761)
Amounts due after one year (Non-current portion)	128,771,882	121,287,608

27. Retirement benefits asset

The Company operated a joint defined benefit scheme with Kenya Power, which was funded by contributions from both the Company and employees up to 31 December 1999.

The Company registered its own defined benefits scheme in 2000 and commenced making contributions to the scheme, alongside employees' contributions, with effect from 1 January 2000. The scheme is administered by Zamara Actuaries, Administrators & Consultants Limited while British-American Asset Managers and Coop trust Investment Services act as investment managers for the scheme. NIC bank Kenya plc are the custodians of the Scheme.

Under the plan, the employees are entitled to retirement benefits of 3% of final pensionable emoluments for pensionable service up to 1 January 2000 and 2% of final pensionable emoluments for pensionable service after 1 January 2000 on attainment of a retirement age of 60 years. No other post-retirement benefits are provided to these employees.

The KenGen Staff Retirement Benefits Scheme (DB Scheme) is established under trust and was closed to new entrants and to future accrual of benefits with effect from 31 December 2011 in respect of members aged below 45 years. A new Defined Contribution Scheme, the KenGen Defined Contribution (DC Scheme) 2012 was established effective 1 January 2012, for all new eligible employees. All active in-service members aged 45 years and over as at 31 December 2011 had an option to either remain in the DB scheme for future benefit accrual or join the new DC scheme. Some members opted to join the new DC scheme for future benefit accrual while others opted to remain in the DB scheme. The DC scheme is administered by Zamara Actuaries, Administrators & Consultants Limited while African Alliance Investment Bank Kenya Limited and Old Mutual Investment Group Limited act as Investment Managers for the Scheme. The Company therefore only makes contributions to the DB scheme in respect of those members who opted to remain in the DB scheme. DB scheme member contributions are a fixed percentage of their basic pay with the Company responsible for the balance of the contributions.

27. Retirement benefits asset (continued)

An actuarial valuation to fulfill the financial reporting and disclosure requirements of IAS19 was carried out as at 30 June 2019. On this basis, the present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2019	2018
Discount rate(s) 1	12.90%	13.30%
Future salary increases	8%	8%
Future pension increases	0%	0%
Mortality (pre-retirement)	A(55) males/Female Ultimate	A(55) males/Female Ultimate
Mortality (post-retirement)	N/A	N/A
Withdrawals	At rates consistent with similar arrangements	At rates consistent with similar arrangements
Ill health	At rates consistent with similar arrangements	At rates consistent with similar arrangements
Retirement age	60 years	60 years

IAS19 requires the discount rate to be determined by reference to market yields on the balance sheet date on high quality corporate bonds, or in countries where there is no deep market in such bonds, the market yields on Government bonds. The currency and term of the corporate or Government bonds should be consistent with the currency and estimated term of the post employment benefit obligation. In the absence of a deep corporate bond market in Kenya, we have determined our discount rate assumption with reference to Government of Kenya long bond yields as published by the Central Bank of Kenya.

Recognition

The amount recognised in the statement of profit or loss and other comprehensive income and statement of financial position in respect of these defined benefit plan are as shown below:

(a) Amount recognised in the statement of profit or loss and other comprehensive Income

The amount recognised in the statement of profit or loss and other comprehensive income in respect of the defined benefit plan are as follows:

i) Statement of profit or loss	2019 Shs'000	2018 Shs'000
Service cost:		
Current service cost (employer)	(99,946)	(105,437)
Past service costs	(53,230)	-
	(153,176)	(105,437)
Interest income/(cost):		
Interest cost on defined benefit obligation	(857,169)	(811,011)
Interest income on plan assets	938,233	1,029,210
Interest income on the effect of the asset ceiling	43,261)	(64,908)
	37,803	153,291
Net expense included in profit or loss in respect of scheme	(115,373)	47,854

Notes (Continued)

27. Retirement benefits asset (continued) Recognition (continued)

(a) Amount recognised in the statement of profit or loss and other comprehensive Income (continued)

(ii) Other comprehensive income (OCI)

	2019 Shs'000	2018 Shs'000
Actuarial loss due to change in financial assumptions	(151,092)	(227,633)
Return on plan assets	(181,217)	(876,124)
Change in effect of asset ceiling (excluding amount in interest cost)	225,505	206,602
Amount recognized in OCI	(106,804)	(897,155)
(iii) Movement in retirement benefit asset		
Net asset at start of the period	325,268	1,136,503
Net expense recognised in the income statement	(115,373)	47,854
Employer contributions	39,934	38,066
Amount recognised in OCI	(106,804)	(897,155)
Net asset at end of the period	143,025	325,268

27. Retirement benefits asset (continued)**(b) Amount recognised in the statement of financial position**

The amount included in the statement of financial position arising from the entity's obligation in respect of its defined benefit plans is as follows:

	2019 Shs'000	2018 Shs'000
Present value of funded defined benefit obligation	(7,238,053)	(6,691,147)
Fair value of plan assets	7,524,101	7,341,682
	286,048	650,535
Effect of asset ceiling	(143,023)	(325,267)
	143,025	325,268
Reconciliation of the effect of asset ceiling is as follows:		
Effect of asset ceiling	(325,267)	(466,961)
Interest effect of the asset ceiling	(43,261)	(64,908)
Change in the effect of the asset ceiling excluding interest	225,505	206,602
Effect of asset ceiling at end of the period	(143,023)	(325,267)

The reconciliation of the amount included in the statement of financial position is as follows:

Movements in the present value of the defined benefit obligation in the current year were as follows:

	2019 Shs'000	2018 Shs'000
Opening benefit obligation	(6,691,147)	(6,016,713)
Current service cost	(99,946)	(105,437)
Interest cost	(857,169)	(811,011)
Employee contributions	(19,967)	(19,033)
Actuarial loss due to change in financial assumptions	(151,092)	(227,633)
Actuarial loss on Experience	-	-
Past service costs	(53,230)	-
Benefits paid	634,498	488,680
Closing defined benefit obligation	(7,238,053)	(6,691,147)

Notes (Continued)

27. Retirement benefits asset (continued)

(b) Amount recognised in the statement of financial position

	2019 Shs'000	2018 Shs'000
Opening market value of assets	7,341,682	7,620,177
Interest income on plan assets	938,233	1,029,210
Employer contributions	39,934	38,066
Employee contributions	19,967	19,033
Return on plan assets	(181,217)	(876,124)
Benefits paid	(634,498)	(488,680)
Closing fair value of plan assets	7,524,101	7,341,682

The fair values of the plan assets at the end of the reporting period for each category are as follows:

	2019 Shs'000	2018 Shs'000
Property investments	4,934,666	4,813,470
Quoted equity instruments	539,398	795,452
Government securities	1,736,874	1,339,620
Commercial paper and corporate bonds	112,492	176,724
Cash & short-term deposits	200,671	216,416
Total scheme assets	7,524,101	7,341,682

27. Retirement benefits asset (continued)**(c) Sensitivity analysis**

The sensitivity of the defined benefit obligation to changes in the principal assumptions is:

	Sensitivity	2019	Change in assumption	Impact on defined benefit obligation
Discount rate	11.9%	12.9%	Decrease 1%	Increase in the present value of obligation by Shs 592,200,000
Salary	7%	8%	Decrease 1%	Decrease in the present value of obligation by Shs 199,800,000
Retirement age	55	60	Decrease by 5yrs	Increase in the present value of obligation by Shs 1,145,200,000

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit asset recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

28. Deferred income tax

Deferred income taxes are calculated on all temporary differences under the liability method using the applicable rate, currently at 30%. The makeup of the deferred tax liabilities in the year and the movement on the deferred tax account during the year are presented below:

	2019 Shs'000	2018 Shs'000
Movement on the deferred tax account is as follows:		
At start of the year	45,496,036	42,056,582
Transition adjustment on initial application of IFRS 9	(138,666)	-
	45,357,370	42,056,582
Charge to profit or loss (Note 11)	3,583,930	3,708,601
Credit to other comprehensive income (Note 24)	(26,597)	(269,147)
Over provision of deferred income tax in prior years	(45,904)	-
At the end of the year	48,868,799	45,496,036

Notes (Continued)

28. Deferred income tax (continued)

	At start of year Shs'000	Transition adjustment on initial application of IFRS 9 Shs'000	Charged / (Credited) to P/L Shs'000	Charged / (Credited) to OCI Shs'000	At end of year Shs'000
Year ended 30 June 2019					
Deferred tax assets:					
Tax losses	(15,638,691)	-	4,390,277	-	(11,248,414)
Provisions and other temporary differences	(507,050)	(138,666)	(89,909)	-	(736,625)
	(16,145,741)	(138,666)	4,300,368	-	(11,984,039)
Deferred tax liabilities:					
Unrealized exchange gain	57,852	-	696,624	-	754,476
Defined benefits and financial assets at FVOCI	97,580	-	(23,182)	(26,597)	47,801
Revaluation surplus	27,092,146	-	(877,493)	-	26,214,653
Accelerated capital allowances	34,394,199	-	(558,291)	-	33,835,908
	61,641,777	-	(762,342)	(26,597)	60,852,977
Net deferred tax liability	45,496,036	(138,666)	3,538,026	(26,597)	48,868,799

28. Deferred income tax (continued)

	2017 Shs'000	Charged / (Credited) to P/L Shs'000	Charged / (Credited) to OCI Shs'000	2018 Shs'000
Year ended 30 June 2018				
Deferred tax assets:				
Tax losses	(20,686,723)	5,048,032	-	(15,638,691)
Provisions and other temporary differences	(238,968)	(268,082)	-	(507,050)
	(20,925,691)	4,779,950	-	(16,145,741)
Deferred tax liabilities:				
Unrealized exchange gain	(28,011)	85,863	-	57,852
Defined benefit	340,950	25,777	(269,147)	97,580
Revaluation surplus	28,017,599	(925,453)	-	27,092,146
Accelerated capital allowances	34,651,735	(257,536)	-	34,394,199
	62,982,273	(1,071,349)	(269,147)	61,641,777
Net deferred tax liability	42,056,582	3,708,601	(269,147)	45,496,036

Notes (Continued)

29. Trade and other payables

	2019 Shs'000	2018 Shs'000
Contractors and Retention money	5,454,128	2,104,244
Trade payables	3,818,235	3,815,172
Due to Kenya Power (note 34(a)(ii))	2,698	5,292
Sundry Creditors accruals	2,983,802	3,545,249
Other accrued expenses	-	43,996
Deferred income from contracts	87,959	-
Total trade and other payables	12,346,822	9,513,953
Non-current trade and other payables	(3,219,566)	(1,586,258)
Current trade and other payables	9,127,256	7,927,695

*Contractors and retention money relate to payments due to contractors for the ongoing construction of long-term assets which are financed by the Development Finance Institutions (DFIs). The invoices that were under verification at the reporting dates have been reclassified to non-current portion.

30. Compensating tax

	2019 Shs'000	2018 Shs'000
As at 1 July	2,331,022	2,431,022
Paid during the year	(170,000)	(100,000)
At end of year	2,161,022	2,331,022

The amount relates to Compensating tax arising on dividends paid in 2016. The Company has significant tax losses arising from investment deductions granted on its projects and therefore insufficient current tax credits to cover for the dividend tax account. The law has since changed to exempt power generation companies from paying compensating tax on dividends.

31. Dividends payable

Proposed dividends are accounted for as part of equity until they have been ratified and declared at the relevant Annual General Meeting (AGM). At the AGM to be held before the end of 2019, a final dividend in respect of the year ended 30 June 2019 of shs. 0.25 (2018: shs. 0.40) for every ordinary share of par value of shs.2.50 is to be proposed. No interim dividend was declared during the year. The dividend account is as follows;

	2019 Shs'000	2018 Shs'000
As at start of the year	-	-
Approved Dividends -2018	2,637,809	-
Amount paid during the year	(791,639)	-
At end of the year	1,846,170	-

32. Non – current assets held for sale

	2019 Shs'000	2018 Shs'000
At 1 July	344,053	-
Additions	-	344,053
Disposal	(344,053)	-
Non – current assets held for sale held for sale	-	344,053

The Company, in 2016, decommissioned the Garissa power station after the region was connected to the National Electricity Grid. The asset has carried as held for sale in the previous year pending disposal process. During the year, the sale of the assets was concluded and were sold to Kenya Power for Shs 200,000,000 given the state of the assets at the time of disposal.

Notes (Continued)

33. Notes to the statement of cash flows

	2019 Shs'000	2018 Shs'000
Profit before taxation	11,653,717	11,745,467
Adjustments for:		
Depreciation (Note 8(a))	10,217,715	10,013,948
Prepaid lease expense (Note 8(a))	54,063	54,063
Amortisation of intangible assets (Note 8(a))	88,552	79,875
Finance income (Note 9)	(1,423,062)	(3,341,383)
Finance cost (Note 10)	5,053,924	3,037,554
Net exchange differences on borrowings and cash (Note 33(d))	(2,436,371)	1,819,476
Loss/(gain) on disposal of non-current assets held for sale (Note 6)	144,053	-
Loss/(gain) on disposal of Property, plant and equipment	-	(951)
Net gain/(loss) on deferred debt	22,432	(35,162)
Net gain on amortisation of treasury bonds (Note 18)	18,147	5,087
Amortisation of held-to-maturity treasury bonds (Note 16(b))	7,768	7,061
Changes in the retirement benefit asset (Note 27)	75,439	(85,920)
Operating profit before working capital changes	23,476,377	23,299,115
Changes in working capital:		
Increase in inventories (Note 19)	(175,114)	(67,136)
Decrease/(increase) in trade receivables net accrued interest (Note 20 and 33(b))	3,709,768	(5,116,159)
Increase/decrease in financial asset through profit or loss (Note 17)	(300,592)	72,775
Decrease in other receivables (Note 21)	761,852	381,432
Increase/(decrease) in trade and other payables (Note 29)	2,832,869	(1,117,566)
Cash generated from operations	30,305,160	17,452,461
(b) Movement in finance income		
At start of year	14,209	27,089
Interest income	1,423,062	1,493,342
Finance income received	(704,921)	(491,039)
Accrued interest from Kenya Power	(722,305)	(1,015,183)
At end of year	10,045	14,209
(c) Movement in interest payable		
At start of year	1,167,411	1,268,324
Interest expense	2,547,289	3,037,554
Interest paid	(2,757,969)	(3,138,467)
At end of year (Note 26)	956,731	1,167,411

33. Notes to the statement of cash flows (continued)**(d) Net debt reconciliation**

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented

	2019 Shs'000	2018 Shs'000
Cash and bank balances	9,175,330	3,383,402
Borrowings repayable within one year	(12,463,018)	(10,620,761)
Borrowings repayable after one year	(128,771,882)	(121,287,608)
Net Debt	(132,059,570)	(128,524,967)

	Cash and bank balances Shs'000	Borrowings Shs'000	Net Debt Shs'000
Net debt as 1 July 2018	3,383,402	(130,740,958)	(127,357,556)
Cashflows	5,870,524	-	5,870,524
Received in the year	-	(16,424,322)	(16,424,322)
Repaid in the year (including realised forex)	-	9,393,745	9,393,745
Unrealised exchange loss in the year	70,264	(2,506,635)	(2,436,371)
Accrued interest	-	(956,730)	(956,730)
Expected credit loss on cash and bank balances	(148,860)	-	(148,860)
Net debt as at 30 June 2019	9,175,330	(141,234,900)	(132,059,570)
Net debt as 1 July 2017	7,831,103	(137,445,764)	(129,614,661)
Cashflows	(4,476,264)	-	(4,476,264)
Received in the year	-	(4,948,566)	(4,948,566)
Repaid in the year	-	9,805,331	9,805,331
Unrealised exchange loss in the year	28,563	1,848,041	1,876,604
Accrued interest	-	(1,167,411)	(1,167,411)
Net debt as at 30 June 2018	3,383,402	(131,908,369)	(128,524,967)

Notes (Continued)

34. Related parties

The Company is 70% owned by the Government of Kenya. The remaining 30% of the shares are widely held by the public. In line with the exemptions by IAS 24, and by virtue that the Company is majority owned by the government, we do not consider as related parties: providers of finance, trade unions, public utilities and any agencies, departments of the government of Kenya, any state corporations or other state or county entities that do not control, jointly control or significantly influence the reporting entity. The Government of Kenya has provided some guarantees to long-term external lenders of the entity and on-lent loans to the Company (Note 26).

The company's main related parties include Government of Kenya - Ministry of Energy, The National Treasury, Kenya Power and Lighting Company (Kenya Power), Geothermal Development Company Limited (GDC), Rural Electrification & Renewable Energy Corporation, Water Resource Management Authority (WARMA), Board of Directors and Key Management.

Transactions with related parties

(a) Kenya Power and Lighting Company

Kenya Power is the authorised electricity distributor in Kenya with its majority shareholder being the Government of Kenya.

(i) During the year the following transactions were carried out with Kenya Power

	2019 Shs'000	2018 Shs'000
Electricity sales (note 4(a))	29,796,983	29,285,691
Steam revenue (note 4 (a))	5,871,921	6,222,057
Fuel charges billed (note 4(a))	10,111,516	9,622,740
Water charges billed note 4(a))	185,226	159,172
Interest income on amounts due (note 9)	722,305	1,015,183
Realised foreign exchange loss billed to Kenya Power-borrowings	710,628	948,576
Realised foreign exchange loss billed to Kenya Power-other transactions	465,096	667,772
	47,863,675	47,921,191
Electricity purchases from Kenya Power	281,920	253,225

(ii) The following amounts are due to Kenya Power relate to outstanding balances at year end for purchase of electricity.

	2019 Shs'000	2018 Shs'000
Trade payables	2,698	5,292

34. Related parties(continued)**(a) Kenya Power and Lighting Company (continued)**

The sales to Kenya Power are made in accordance with the signed Power Purchase Agreements whereas the purchases from Kenya Power are made at normal market prices. Outstanding balances at end of year are unsecured and have credit period of 40 days.

(iii) Deferred debt due from Kenya Power (Note 16)

	2019 Shs'000	2018 Shs'000
Current portion	41,061	40,321
Non-current portion	964,931	987,875
	1,005,992	1,028,196

Through an agreement entered between Kenya Power and KETRACO, KETRACO is servicing the debt.

(iv) Amounts due from Kenya Power

Amount due for electricity sales (Note 20)	19,356,993	22,007,634
Amount due for sale of assets	200,000	-
	19,556,993	22,007,634

(v) Recoverable foreign adjustment (Note 17)

	13,074,633	11,306,096
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(b) Geothermal Development Company Limited (GDC)

Geothermal Development Company Limited is wholly owned by the Government of Kenya and its principal activities are the development of geothermal resources in Kenya through surface exploration and drilling for steam and to avail steam power to developers for electricity generation.

	2019 Shs'000	2018 Shs'000
(i) Amount due to GDC (included in trade payables)	1,275,149	1,845,834
(ii) Steam purchases	3,357,126	3,549,428

Notes (Continued)

34. Related parties(continued)

(c) Rural Electrification & Renewable Energy Corporation

	2019 Shs'000	2018 Shs'000
As at start of the year	32,321	-
Changes during the year	34,832	72,599
Payments during the year	(32,321)	(40,278)
Amounts due from REREC at end of the year	34,832	32,321

The amount due relates to operation and maintenance fee for the 50MW Garissa solar plant.

(d) Water Resource Management Authority (WARMA)

WARMA charges for water use at the rate of 0.05 Shs/kWh for power plants with capacity of over 1MW. With approval from the Energy Regulatory and Petroleum Regulation

	2019 Shs'000	2018 Shs'000
Amount due to WARMA (included in trade payables)	44,080	76,418

(e) Directors and key management compensation

Fees for services as a Director		
Non-Executive Directors	6,000	6,000
Other emoluments:		
Salaries and other short-term employment benefits:		
Key Management (Divisional Directors)	107,567	105,394
Managing Director & CEO	19,380	14,746
Other allowances:		
Non-Executive Directors	14,520	15,640
Leave accrual – Managing Director & CEO	1,965	757
Total other emoluments	143,432	136,537
Total fees and other emoluments	149,432	142,537

35. Lease commitments

The future rental payments under operating leases are as shown below:

	2019 Shs'000	2018 Shs'000
Within 1 year	320,324	116,393
After 1 year but not later than 5 years	632,027	320,324
	952,351	436,717

The Company has entered into commercial leases on premises. These leases have an average life of between three and five years.

36. Emergency Power Project

The Company managed an Emergency Power Supply project known as Aggreko International Projects as an implementing commissioning agent on behalf of the Ministry of Energy. These funds are held in an escrow bank account at the Commercial Bank of Africa. Movements in the escrow account which is not included in the Company's cash and cash equivalents, are summarised below;

	2019 Shs'000	2018 Shs'000
At start of year	514,738	525,600
Interest income	4,885	2,544
Expenditure during the year*	(92,018)	(13,406)
At end of year	427,605	514,738

*The expenditure relates to refund of taxes paid by the Company and foreign exchange fluctuations.

37. Contingent liabilities**I. Letters of credit**

Letters of credit signify commitment by the Company to make payments to third parties for contracts entered into, generally relating to foreign payments. Outstanding letters of credit as at 30 June 2019 amounted to Shs 1,348,449,000 (30 June 2018 Shs: 1,447,775,000).

II. Disputed withholding tax

In 2014, Kenya Revenue Authority (KRA) performed a tax audit for the financial years 2009-2013. Subsequently, KRA issued an assessment of Shs 975,848,686. The Company objected to the assessment and KRA issued a stand over notice pending resolution of matter in dispute. The Company applied for the abandonment of collection of the withholding tax from The National Treasury and Planning. The Company expects to get the waiver from The National Treasury and Planning and in the opinion of the directors, no provision is required in the financial statements as the liability is not expected to crystallize.

Notes (Continued)

37. Contingent liabilities (continued)

III. Compensating tax

In 2016, the Company paid dividends of Shs 5,735,428,884 to the major shareholder, The National Treasury and Planning, giving rise to a compensating tax obligation of Shs 2,431,000,000. No provision has been made with regards to penalty and interest estimated to be Shs 993,305,000 at 30 June 2019 (30 June 2018: Shs 969,000,000).

The Company has applied for abandonment of principal, penalty and interest from the National Treasury and Planning. The Directors are confident of a favorable outcome and therefore are of the opinion no provision is required with regards to interest and penalty.

38. Capital commitments

The capital commitments relate to the ongoing capital projects and new projects which have been approved and are at various stages of implementation. They are financed by Development Financial Institutions (DFIs) and internal resources. The projects include 165.4MW Olkaria V, 83MW Olkaria I Unit 6, Rehabilitation of Olkaria I, Ngong Wind phase III and 140MW Olkaria VI to be implemented under Public Private Partnership arrangement.

Capital commitments at the year-end for which no provision has been made in these financial statements are:

	2019 Shs'000	2018 Shs'000
Authorised but not contracted for	64,277,549	88,563,984
Authorised and contracted for	135,497,876	116,914,261
Less: Amounts included in Work in progress	(110,803,422)	(84,302,121)
	88,972,003	121,176,124

39. Operating segments

The Company's Key Management, which consists of the Managing Director & Chief Executive Officer and Divisional Directors is the Company's Chief Operating Decision Maker (CODM).

In accordance with IFRS 8 - Operating segments, information reported to the CODM for the purposes of resource allocation and assessment of segment performance is focused on the principal activities and the products offered by the company.

The company has one reportable segment, which is the electricity generation. In making this consideration, the CODM considers the following:

a) Reported revenue/ Products and Services

All the primary activities of the company resulted in the generation of revenue from electricity which is the sole product and revenue stream.

b) Geographical areas

All the plants are based in Kenya and operate effectively within one geographical location (Kenya).

c) Major customers

The company operates in a regulated industry. All its revenue as outlined is derived from one single external customer, Kenya Power.

40. Financial risk management

Introduction and overview

The Company's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the Company's business and the operational risks are an inevitable consequence of being in business. The Company's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on its financial performance. The key types of risks include:

- Market risk – includes currency, interest rate and other price risk
- Credit risk
- Liquidity risk

The Company's overall risk management programme focuses on the unpredictability of changes in the business environment and seeks to minimise potential adverse effects of such risks on its financial performance within the options available by setting acceptable levels of risks.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's Finance & ICT Division identifies, evaluates and hedges financial risks in close cooperation with operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas such as credit risk, liquidity risk, foreign exchange risk, interest rate risk and price risk.

The Company does not enter into or trade in financial instruments, including derivative financial instruments, for speculative purposes.

(a) Market risks

The Board has assigned the Internal Audit, Risk & Compliance function to assist in monitoring the risks faced by the Company on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Overall responsibility for managing market risk rests with the Audit, Risk & Compliance Committee.

The Company's Internal Audit, Risk and Compliance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit, Risk & Compliance Management Committee) and for the day to day implementation of those policies.

There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk.

Notes (Continued)

40. Financial risk management(continued)

(a) Market risks (continued)

Foreign currency risk

Foreign currency exposures on borrowings and also through purchases of goods and services that are done in currencies other than the local currency. The Company has loans from multilateral donors, which are denominated in currencies other than the functional local currency. Loan payments are made by using the prevailing exchange rate as there is no forward currency contracts to eliminate the currency exposures. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

Exposure to foreign currency risk is mitigated by the terms of the Power Purchase Agreement that allow the Company to recover certain foreign currency losses/gains from Kenya Power.

The carrying amount of the Company's foreign currency denominated monetary assets and monetary liabilities is;

	2019 Shs'000	2018 Shs'000
Financial assets		
Amount due from Kenya Power – Deferred debt (Note 34(a)(iii))	1,022,661	1,028,196
Trade receivables (Note 20)	3,842,149	4,289,032
Cash and cash equivalents (Note 22)	3,033,882	2,052,089
	7,898,692	7,369,317
Liabilities		
Trade and other payables (Note 29)	(5,454,128)	(2,104,244)
Borrowings (Note 26(c))	(135,215,668)	(121,386,792)
	(140,669,796)	(123,491,036)
Net currency liability	(132,771,105)	(116,121,719)

40. Financial risk management (continued)**(a) Market risks (continued)***Foreign currency risk (continued)**Foreign currency sensitivity analysis*

The following table demonstrates the effect on the Company's profit or loss on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse is also true.

	Change in currency rate Shs'000	Effect on Profit before tax Shs'000
2019		
US\$	1.24%	227,781
Yen	3.52%	581,732
Euro	-0.47%	(20,583)
Total		769,160
2018		
US\$	-2.6%	(445,141)
Yen	-0.4%	(46,684)
Euro	-1.2%	(77,079)
Total		(568,904)

Interest rate risk

The Company exposure to interest rate risk is with regards to fluctuation in banks' interest rates in the market which affects the borrowings by the Company. The Company's non-current borrowings are at fixed rates thus minimising the exposure to the interest rate risk. The effect of fluctuation of overdraft floating interest rate would not be significant. The interest earning financial assets that the Company holds include investments in government securities and short-term deposits whose rates of return are predetermined.

Other price risk

This is the risk that the rate of the tariff will decline in the future. It is the risk of losing energy revenues due to a fall in the tariff. The Company's exposure to this kind of risk is highly regulated by the Power Purchase Agreement, which is a product of discussion by Kenya Power and the Company, with Energy Regulatory Commission as a moderator. The Company's main input for thermal energy generation is fuel which is a significant cost component. The Company is in an arrangement to pass this cost to the customer, Kenya Power.

Notes (Continued)

40. Financial risk management(continued)

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk mainly arises from financial assets and is managed on a company-wide basis. The Company has adopted a policy of only dealing with credit worthy counterparties.

The Company only sells generated electricity to Kenya Power and this minimizes the credit risk exposure on amount due from Kenya Power. Both companies have a contract that stipulates a 40-day credit period. Receivable balances from Company staff are recovered on payment of salaries.

Credit risk from balances with banks and financial institutions is managed by Company's treasury department in accordance with the Company's policies. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Directors on an annual basis and may be updated throughout the year subject to approval of the Company's audit and risk management committee. The Company has one main customer Kenya Power; however, limits are set to minimise the concentration of risk around Kenya Power and therefore mitigate financial loss through potential counterparty failure.

Credit risk from other receivables are managed by the Company's credit management policy.

In assessing whether the credit risk on a financial asset has increased significantly, the Company compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the Group and Company considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort. There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

For this purpose, default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor is unlikely to be able to meet its obligations.

If the Company does not have reasonable and supportable information to identify significant increases in credit risk and/or to measure lifetime credit losses when there has been a significant increase in credit risk on an individual instrument basis, lifetime expected credit losses are recognised on a collective basis. For such purposes, the Company groups financial assets on the basis of shared credit risk characteristics, such as:

- type of instrument
- industry in which the debtor operates
- nature of collateral

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired include observable data about the following events:

- significant financial difficulty of the debtor
- a breach of contract
- it is probable that the debtor will enter bankruptcy
- the disappearance of an active market for the financial asset because of financial difficulties

40. Financial risk management (continued)

(b) Credit risk (continued)

The gross carrying amount of financial assets with exposure to credit risk at the balance sheet date was as follows:

	Gross carrying value Shs'000	Stage 1 12 month -ECL Shs'000	Stage 2 Lifetime ECL Shs'000	Stage 3 Lifetime ECL Shs'000	Net amount Shs'000
30 June 2019					
Trade receivables-Kenya Power	19,356,993	(283,982)	(52,841)	(164,676)	18,855,494
Treasury bonds at amortised cost	2,399,279	(45,104)	-	-	2,354,175
Treasury bonds at FVOCI	367,837	-	-	-	367,837
Deferred debt receivable	1,022,661	(16,669)	-	-	1,005,992
Other receivables (excluding prepayments)	1,043,582	(24,812)	-	(584,660)	434,110
Cash and cash equivalents held at bank	9,320,890	-	-	9,172,030	
Exposure to credit risk	33,511,242	(519,427)	(52,841)	(749,336)	32,189,638

Basis for measurement of loss allowance	Gross carrying value Shs '000	Stage 1 12 month -ECL Shs '000	Stage 2 Lifetime ECL Shs '000	Stage 3 Lifetime ECL Shs '000	Net amount Shs '000
30 June 2018					
Trade receivables-Kenya Power	22,007,634	-	-	(164,676)	21,842,958
Treasury bonds at amortised cost	2,407,047	-	-	-	2,407,047
Treasury bonds at FVOCI	349,690	-	-	-	349,690
Deferred debt receivable	1,028,196	-	-	-	1,028,196
Other receivables (excluding prepayments)	898,644	-	-	685,982)	212,662
Cash and cash equivalents held at bank	3,379,102	-	-	-	3,379,102
Exposure to credit risk	30,070,313	-	-	(850,658)	29,219,655

Notes (Continued)

40. Financial risk management(continued)

(b) Credit risk (continued)

Financial assets for which the loss allowances have been measured at an amount equal to lifetime expected credit losses have been analysed based on their credit risk as follows:

- (a) Financial assets for which credit risk has increased significantly since initial recognition but that are not credit impaired
- (b) Financial assets that are credit impaired at the balance sheet date
- (c) Trade receivables for which loss allowance is always measured at an equal amount to lifetime expected credit losses.

	Neither past Due nor impaired Shs '000	Past due but not impaired over 60 days Shs '000	Past due but not impaired over 365 days Shs '000	Expected credit loss	Expected Total Shs '000
At 30 June 2019					
Trade receivables-Kenya Power	14,191,495	3,451,388	1,212,611	501,499	19,356,993
Financial asset at amortised cost- Treasury bonds	2,354,175	-	-	45,104	2,399,279
Financial asset at FVOCI-Treasury bonds	367,837	-	-	-	367,837
Financial asset at amortised cost- Deferred debt	1,005,992	-	-	16,669	1,022,661
Other receivables (excluding prepayments)	94,008	334,295	5,807	609,472	1,043,582
Cash and cash equivalents	9,172,030	-	-	148,860	9,320,890
	27,185,537	3,785,683	1,218,418	1,321,604	33,511,242
At 30 June 2018					
Trade receivables-Kenya Power	7,440,948	13,707,380	694,630	164,676	22,007,634
Financial asset at amortised cost- Treasury bonds	2,407,047	-	-	-	2,407,047
Financial asset at FVOCI-Treasury bonds	349,690	-	-	-	349,690
Financial asset at amortised cost- Deferred debt	1,028,196	-	-	-	1,028,196
Other receivables (excluding prepayments)	212,662	-	-	685,982	898,644
Cash and cash equivalents	3,379,102	-	-	-	3,379,102
	14,817,645	13,707,380	694,630	850,658	30,070,313

40. Financial risk management (continued)**(b) Credit risk (continued)**

The changes in the loss allowance during the year were as follows

Basis for measurement of loss allowance	12-month expected credit losses	Lifetime expected credit losses	Total Shs '000
Year ended 30 June 2019	Shs '000	Shs '000	Shs '000
At start of year	-	(850,658)	(850,658)
Changes relating to assets	(519,727)	48,871	(470,946)
At end of year	(519,727)	(801,877)	(1,321,604)
Year ended 30 June 2018			
At start of year	-	(850,658)	(850,658)
Changes relating to assets	-	-	-
At end of year	-	(850,658)	(850,658)

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 30 days, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters and political violence.

The Company monitors its risk to shortage of funds using a recurring liquidity planning tool. This tool considers the account receivables from Kenya Power and maturity of financial instruments, together with projected cash flows from operations. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and other borrowings.

Notes (Continued)

40. Financial risk management(continued)

(c) Liquidity risk (continued)

The table below analyses maturity profiles of the financial liabilities of the Company based on the remaining period using 30 June 2019 as a base period to the contractual maturity date:

At 30 June 2019	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
Trade and other payables	6,053,568	-	3,219,566	-	9,273,134
Amount due to Kenya Power	2,698	-	-	-	2,698
Borrowings	-	12,463,018	39,054,771	94,224,126	145,741,915
<i>Off balance sheet items</i>					
Letters of credit	-	-	1,348,449	-	1,348,449
Lease commitments	-	320,324	632,027	-	952,351
Capital commitments	-	-	88,972,003	-	88,972,003
	6,056,266	12,783,342	133,226,816	94,224,126	246,290,550

At 30 June 2018	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
Trade and other payables	4,178,524	-	1,586,258	-	5,764,782
Amount due to Kenya Power	5,292	-	-	-	5,292
Borrowings	-	11,204,903	48,198,065	79,760,361	139,163,329
<i>Off balance sheet items</i>					
Letters of credit	-	-	1,447,775	-	1,447,775
Lease commitments	-	116,393	320,324	-	436,717
Capital commitments	-	-	121,176,124	-	121,176,124
	4,183,816	11,321,296	172,728,546	79,760,361	267,994,019

40. Financial risk management (continued)**d) Fair value measurement****Financial instruments****Fair Value hierarchy**

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

IFRS 7 specifies a hierarchy of valuation techniques based on whether inputs used in the valuation techniques of financial instruments are observable or unobservable. Financial instruments are grouped into 3 levels based on the degree to which fair value data / input is observable.

- i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active trading markets for identical assets or liabilities. This level includes corporate bonds traded on the Nairobi Securities Exchange ("NSE").
- ii) Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as a price) or indirectly (i.e. derived from prices).
- iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data (unobservable inputs).

Assets	Level 1 Shs '000	Level 2 Shs '000	Level 3 Shs '000	Total Shs '000
Year ended 30 June 2019				
Financial asset at amortised cost through OCI (Note 18)	-	367,837	-	367,837
Financial asset at fair value through p&l (Note17)	-	13,074,633	-	13,074,633
Total assets	-	13,442,470	-	13,442,470
Assets				
Year ended 30 June 2018				
Financial asset at amortised cost through OCI (Note18)	-	349,690	-	349,690
Financial asset at fair value through p&l (Note17)	-	11,306,096	-	11,306,096
	-	11,655,786	-	11,655,786

There are no financial liabilities measured at fair value for the year ended 30 June 2019 (2018: Nil)

There were no transfers between levels 1, 2 and 3 in the period (2018: Nil).

Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- (i) the use of quoted market prices – This was used to value the treasury bonds

Notes (Continued)

40. Financial risk management(continued)

d) Fair value measurement (continued)

Financial instruments (continued)

Fair Value hierarchy (continued)

Valuation techniques used to determine fair values (continued)

(ii) the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date- This was used to value the financial asset at fair value.

Sensitivity of fair value of level 2 financial instruments

The fair value of level 2 financial instruments is determined using valuation techniques which incorporate assumptions that are indirectly supported by prices from observable current market transactions in the same instruments and are based on available observable market data. Such assumptions include risk premiums, liquidity discount rates, credit risk, volatilities and correlations. Changes in these assumptions could affect the reported fair values of these financial instruments.

Financial instruments not measured at fair value

The fair value hierarchy for financial assets not measured at fair value is as shown in the table below:

	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	Shs '000				
At 30 June 2019					
Assets					
Cash and balances with banks	9,175,330	-	-	9,175,330	9,175,330
Financial assets at amortised cost			1,005,992	1,005,992	1,005,992
Trade receivables	-	-	18,855,494	18,855,494	18,855,494
Financial assets at amortised cost-Treasury bond	-	2,354,175	-	2,354,175	2,354,175
Other receivables	-	-	342,459	342,459	342,459
Total	9,175,330	2,354,175	20,203,945	31,733,450	31,733,450
Liabilities					
Trade and other payables	-	-	12,346,822	12,346,822	12,346,822
Borrowings	-	-	141,234,900	141,234,900	141,234,900
Total	-	-	153,581,722	153,581,722	153,581,722

40. Financial risk management (continued)

d) Fair value measurement (continued)

Financial instruments not measured at fair value (continued)

	Level 1 Shs '000	Level 2 Shs '000	Level 3 Shs '000	Fair value Shs '000	Total Shs '000
At 30 June 2018					
Assets					
Cash and balances with CBK	3,383,402	-	-	3,383,402	3,383,402
Deferred Debt – Kenya Power	-	-	1,028,196	1,028,196	1,028,196
Trade receivables	-	-	21,842,958	21,842,958	21,842,958
Financial assets – held-to-maturity	-	2,407,047	-	2,407,047	2,407,047
Other receivables	-	-	1,016,063	1,016,063	1,016,063
Total	3,383,402	2,407,047	23,887,217	29,677,666	29,677,666
Liabilities					
Trade and other payables	-	-	9,513,953	9,513,953	9,513,953
Borrowings	-	-	131,908,369	131,908,369	131,908,369
Total	-	-	141,422,322	141,422,322	141,422,322

The valuation techniques used in determining the fair value of financial assets and liabilities classified within level 2 and level 3.

The table below indicates the valuation techniques and main assumptions used in the determination of the fair value of the level 2 and level 3 assets and liabilities not measured at fair value but for which fair value is disclosed:

2019	Valuation basis/technique	Main assumptions
Deferred Debt – Kenya Power	Discounted cash flow model	Discount rate
Trade receivables	Discounted cash flow model	Discount rate
Financial assets – held-to-maturity	Discounted cash flow model	Market yield of the bond
Other receivables	Discounted cash flow model	Discount rate
Trade and other payables	Discounted cash flow model	Discount rate
Borrowings	Discounted cash flow model	Discount rate

Notes (Continued)

40. Financial risk management(continued)

d) Fair value measurement (continued)

Non-financial assets held at fair value

This note explains the judgements and estimates made in determining the fair values of the non-financial assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the three levels prescribed under the accounting standards.

Assets	Level 1 Shs '000	Level 2 Shs '000	Level 3 Shs '000	Total Shs '000
Year ended 30 June 2019				
Property plant and equipment	-	-	235,933,888	235,933,888
Total assets	-	-	235,933,888	235,933,888
Assets				
Year ended 30 June 2018				
Non-current assets held for sale	-	-	344,053	344,053
Property plant and equipment	-	-	242,178,132	242,178,132
			242,522,185	242,522,185

There were no transfers between levels 1, 2 and 3 in the period (2018: Nil).

Valuation techniques used to determine level 3 fair values

The Company obtains independent valuations for its property plant and equipment at least every five years. The valuation method used is the depreciated replacement cost approach. The property plant and equipment classes subject to fair valuation are land and buildings, transmission lines and plant and equipment.

Fair value measurements using significant unobservable inputs (level 3)

We have disclosed under Note 13, the changes in level 3 items for the periods ended 31 June 2018 and 31 June 2019 for recurring fair value measurements

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements. See above for the valuation techniques adopted.

40. Financial risk management (continued)**d) Fair value measurement (continued)**

Description	Fair value as at 30 June 2019 Shs '000	Fair value as at 30 June 2018 Shs '000	Unobservable inputs	Relationship of unobservable inputs to fair value
Property	235,933,888	242,178,132	Estimated useful life	The higher the the higher the fair value held for sale
plant and Non-current assets	-	344,053	Estimated useful life	

41. Capital risk management

The primary objective of the Company's capital management is to ensure that it maintains some strong and healthy capital ratios in order to support its business and maximize shareholder value.

The Capital Management policy as approved by the Board of Directors (the Board) is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Company defines as net operating income divided by total shareholders' equity. The Board also monitors the level of dividends to ordinary shareholders.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares as circumstances would dictate. There were no changes in the Company's approach to capital management as regards the objectives, policies or processes during the year.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's target is to keep the gearing ratios below 70%.

	2019 Shs'000	2018 Shs'000
Ordinary shares and distributable reserves	125,268,085	118,297,630
Borrowings	141,234,900	131,908,369
Less: cash and bank balances (Note 22)	(9,175,330)	(3,383,402)
Net debt	132,059,570	128,524,967
Gearing ratio	51%	52%

Notes (Continued)

42. Subsequent events - Impact of Covid - 19

In 2020, the global COVID-19 outbreak has developed rapidly with significant number of infections spread across the globe. The Government of Kenya has taken various measures to prevent transmission of the virus including travel restrictions, limiting movement of people and closing schools and places of worship. These measures have impacted the level of economic activity across various sectors including the energy sector which has experienced a downward trend.

The financial statements of the entity have been prepared based on continuing activity. The activities started to be affected by COVID-19 in the third quarter of FY 2019/2020 and the entity expects an impact on its financial statements for the year ended 30 June 2020. This constitutes a post-closing event, with no impact on the value of the Company's assets and liabilities in the accounts at 30 June 2019.

However, given the recent nature of the pandemic and the measures announced by the government, the Company expects an impact on its financial position and performance going forward. At the date the Board of Directors approved the entity's 30 June 2019 financial statements, the entity's management are not aware of any material uncertainties that call into question the entity's ability to continue as a going concern.



Kiambere Hydro Power Station





6. STATISTICS

← *Masinga Dam*

COMPANY 10 YEAR FINANCIAL REVIEW

Plant Performance

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Units Sold(GWh)	8,277	7,989	7,556	7,819	7,027	6,084	6,022	5,404	4,933	3,596
Average weighted tariff (Shs/KWh)	3.60	3.67	3.84	3.70	3.60	2.78	2.73	2.76	2.73	2.79

Statement of Comprehensive Income

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
Electricity revenue	29,796,983	29,285,691	29,006,622	28,933,568	25,307,784	16,896,771	16,451,195	14,900,488	13,491,620	10,030,234
Steam revenue	5,871,921	6,222,057	5,189,072	6,856,018	3,689,361	192,693	58,365	-	-	-
Fuel charges	10,111,516	9,622,740	9,069,403	3,182,623	7,238,204	13,142,391	8,689,767	12,592,346	6,148,072	5,835,258
Water charges	185,226	159,172	166,822	329,079	375,341	459,722	215,141	91,470	-	-
45,965,646	45,289,660	43,431,919	39,301,288	36,610,690	30,691,577	25,414,468	27,584,304	19,639,692	15,865,492	
Reimbursable expenses	(10,006,336)	(9,246,855)	(8,812,614)	(3,261,460)	(7,129,037)	(12,870,395)	(8,403,602)	(12,232,498)	(5,958,669)	(5,824,143)
Fuel costs	(185,226)	(159,172)	(166,822)	(329,079)	(375,341)	(459,722)	(215,141)	(91,470)	-	-
Revenue less reimbursable expenses	35,774,084	35,883,633	34,452,483	35,710,749	29,106,312	17,361,460	16,795,725	15,260,336	13,681,023	10,041,349
Other income	618,822	274,771	553,148	1,945,524	515,418	378,914	308,723	124,784	94,691	102,568
Other (losses)/gains	3,179,185	(1,049,948)	343,268	(7,384,454)	(333,151)	2,019,367	(4,314,571)	(1,779,133)	8,139,947	4,001,118
Operating income	39,572,091	35,108,456	35,348,899	30,271,819	29,288,579	19,759,741	12,789,877	13,605,987	21,915,661	14,145,035
Expenses	(10,360,329)	(10,147,886)	(9,244,422)	(10,223,370)	(6,478,945)	(4,727,937)	(4,578,728)	(4,883,237)	(4,581,339)	(3,829,198)
Depreciation	(6,800,376)	(6,132,305)	(5,754,748)	(4,951,535)	(4,508,522)	(4,040,489)	(3,657,079)	(2,505,678)	(3,355,713)	(3,015,129)
Employee expenses	(3,357,126)	(3,549,428)	(2,795,798)	(3,167,173)	(3,689,361)	(192,707)	(58,365)	-	-	-
Plant operation and maintenance expenses	(1,512,278)	(1,669,068)	(1,554,480)	(1,624,005)	(1,386,081)	(1,393,792)	(1,129,466)	(1,570,693)	(919,863)	(830,407)
Other expenses	(2,257,402)	(2,168,131)	(2,454,146)	(2,465,306)	(2,552,803)	(1,650,255)	(1,276,086)	(1,306,414)	(1,156,592)	(883,714)
Operating Profit	15,284,580	11,441,638	13,545,305	7,840,430	10,672,867	7,754,561	2,090,153	3,339,965	11,902,154	5,586,587
Compensating tax	-	-	-	(2,431,022)	-	-	-	-	-	-
Finance income	1,423,062	3,341,383	1,333,325	8,893,845	1,027,804	(1,009,094)	4,937,573	3,677,533	(6,253,896)	(2,360,143)
Finance costs	(5,053,924)	(3,037,554)	(3,417,442)	(3,132,187)	(3,010,659)	(2,587,519)	(3,000,802)	(2,972,308)	(1,996,951)	(741,491)
Profit Before Tax	11,653,717	11,745,467	11,461,188	11,171,066	8,690,012	4,157,948	4,026,924	4,045,190	3,651,307	2,484,953
Taxation (charge)/credit	(3,769,382)	(3,854,834)	(2,454,972)	(4,492,659)	2,827,315	(1,331,625)	1,197,780	(1,222,590)	(1,571,186)	801,534
Profit After Tax	7,884,335	7,890,633	9,006,216	6,678,407	11,517,327	2,826,323	5,224,704	2,822,600	2,080,121	3,286,487
Other Comprehensive Income/(Loss)	(62,060)	(622,921)	(528,500)	(351,569)	54,246,436	1,243,851	(16,722)	(962,452)	(633,498)	1,363,450
Total Comprehensive Income	7,822,275	7,267,712	8,477,716	6,326,839	65,763,763	4,070,174	5,207,982	1,860,148	1,446,623	4,649,937

Historical Financial Performance

COMPANY 10 YEAR FINANCIAL REVIEW

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Plant Performance										
Number of Shares Issued	6,594,522,339	6,594,522,339	6,594,522,339	6,243,098,469	2,198,361,456	2,198,361,456	2,198,361,456	2,198,361,456	2,198,361,456	2,198,361,456
Earnings per share - Basic and diluted (Shs)	1.20	1.20	1.37	1.07	5.24	1.29	2.38	1.28	0.95	1.49
Dividends per share(Shs)	0.25	0.40	-	-	0.65	0.40	0.60	0.60	0.50	0.50
Number of Employees	2,526	2,508	2,476	2,406	2,407	2,209	2,063	1,829	1,663	1,658

Statement of financial position

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
ASSETS	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
Non-current assets										
Property, plant and equipment	346,737,310	328,082,460	323,843,363	320,932,980	305,378,764	209,235,821	153,201,471	120,664,699	116,786,429	102,230,784
Prepaid leases on land	4,110,583	4,170,183	4,229,783	4,150,673	3,223,658	1,048,372	439,957	35,426	1,373	1,417
Intangible assets	1,524,693	1,477,691	1,317,066	1,181,241	1,122,452	1,066,049	1,079,686	896,335	663,553	695,284
Non-current receivables	-	987,875	1,032,014	1,147,368	965,266	1,084,900	1,148,965	1,401,133	1,472,503	1,220,570
Treasury bonds	-	2,407,047	2,414,108	2,420,560	2,426,440	2,431,799	2,436,683	8,050,919	9,610,661	6,864,340
Financial asset at amortised costs	3,319,106	-	-	-	-	-	-	-	-	-
Fair value asset through profit & loss	11,958,359	10,490,414	13,117,376	13,890,353	6,242,228	6,300,529	5,238,710	9,808,295	12,919,737	6,705,077
Retirement benefit asset	143,025	325,268	1,136,503	1,098,771	1,792,214	1,407,411	-	-	-	-
	367,793,076	347,940,938	347,090,213	344,821,946	321,151,022	222,574,881	163,545,472	140,856,807	141,454,256	117,717,472
Current assets										
Inventories	1,324,294	1,149,180	1,082,044	866,698	899,076	788,333	836,259	1,955,564	1,168,240	1,443,374
Trade receivables	18,855,494	21,842,957	15,751,937	9,347,411	8,082,805	7,913,895	6,186,749	7,221,777	7,786,396	3,840,903
Financial asset at amortised cost	41,061	40,321	-	-	-	-	-	-	-	-
Fair value through profit & loss	1,116,274	815,682	888,457	698,229	633,872	357,395	338,286	405,477	523,554	5,714,490
Other receivables and prepayments	2,597,941	3,359,793	3,741,225	3,925,727	8,119,110	8,546,893	11,219,743	11,395,172	6,168,262	-
Asset held for sale	-	344,053	-	-	-	-	-	-	-	-
Corporate tax receivable	150,942	126,988	-	-	-	-	-	231,154	385,857	519,201
Treasury bonds	367,837	349,690	344,603	322,031	341,803	594,769	2,550,345	643,203	391,127	21,331,446
Cash and cash balances	9,175,330	3,383,402	7,831,103	6,756,324	3,292,307	9,429,358	3,996,427	435,719	3,115,598	-
	33,629,173	31,412,067	29,639,369	21,916,420	21,368,973	27,630,643	25,127,810	22,288,066	19,539,034	32,849,414
TOTAL ASSETS	401,422,249	379,353,005	376,729,582	366,738,366	342,519,995	250,205,524	188,673,282	163,144,873	160,99,290	150,566,886

Historical Financial Performance

COMPANY 10 YEAR FINANCIAL REVIEW

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
EQUITY AND LIABILITIES										
Capital and reserves										
Share capital	16,487,710	16,487,710	16,487,710	15,609,684	5,495,904	5,495,904	5,495,904	5,495,904	5,495,904	5,495,904
Share premium	22,151,131	22,151,131	22,151,131	21,056,341	5,039,818	5,039,818	5,039,819	5,039,818	5,039,818	5,039,818
Other reserves	69,696,451	71,805,994	74,588,305	77,248,387	79,912,755	26,289,211	25,694,067	26,324,186	28,369,692	31,565,692
Retained earnings	86,629,244	79,658,790	69,608,767	58,470,969	51,145,614	39,884,740	37,728,726	33,209,643	30,513,173	28,429,454
	194,964,536	190,103,625	182,835,913	172,385,381	141,594,091	76,709,673	73,958,516	70,069,551	69,418,587	70,530,868
Non-current liabilities										
Borrowings	128,771,882	121,287,608	127,884,286	126,149,009	137,191,309	122,324,111	73,934,313	61,850,220	64,166,527	59,636,829
Non-current liabilities	-	-	-	-	-	1,000	293,876	255,647	1,119,400	1,428,100
Deferred income tax	48,868,799	45,496,036	42,056,582	40,073,728	35,924,900	15,604,657	14,222,916	15,968,498	15,032,183	12,001,274
Long term Contract payables	3,219,566	1,586,258	3,859,604	9,940,189	5,329,722	10,369,854	8,591,032	-	-	-
	180,860,247	168,369,902	173,800,472	176,162,926	178,445,931	148,299,622	97,042,137	78,074,365	80,318,110	73,066,203
Current liabilities										
Borrowings due within one year	12,463,018	10,620,761	10,829,802	10,757,003	9,427,225	13,790,779	7,000,387	7,265,504	4,480,481	1,876,081
Trade and other payables	9,127,257	7,927,695	6,771,915	4,943,371	8,176,731	6,616,958	7,197,467	4,539,132	3,852,291	2,939,340
Compensating Tax	2,161,022	2,331,022	2,431,022	2,431,022	-	-	-	-	-	-
Tax Payable	-	-	60,458	58,663	140,843	668,859	278,453	-	-	-
Dividends payable	1,846,170	-	-	-	4,735,174	4,119,633	3,196,321	3,196,321	2,923,821	2,154,394
	25,597,466	20,879,478	20,093,197	18,190,059	22,479,973	25,196,229	17,672,629	15,000,957	11,256,593	6,969,815
TOTAL EQUITY AND LIABILITIES	401,422,249	379,353,005	376,729,582	366,738,366	342,519,995	250,205,524	188,673,282	163,144,873	160,993,290	150,566,886
Capex	29,566,784	15,311,876	13,509,704	27,545,275	27,686,471	61,084,354	37,396,364	9,020,497	19,169,926	13,360,515

Historical Financial Performance

Financial ratios

	2019	2018	2017	2016	2015
Net Profit Margin	22.04%	21.99%	26.14%	18.70%	39.57%
Return on total assets	4.40%	4.28%	4.38%	4.41%	3.45%
Current Ratio	1.31	1.50	1.48	1.20	0.95
Debt Service Coverage Ratio	1.96	2.08	2.57	2.59	1.16
Self Financing Ratio	81%	125%	70%	61%	41%
Debt/(Debt+Equity)	40%	40%	42%	43%	47%
Return on Equity	4%	4%	5%	4%	8%

Kiambere Dam



Historical Financial Performance

EBITDA AND EBIT REVIEW FOR THE LAST TEN YEARS

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
Revenue	45,965,646	45,289,660	43,431,920	39,301,288	36,610,690	30,691,577	25,414,468	27,584,304	19,639,692	15,865,492
Reimbursable expenses	(10,191,562)	(9,406,027)	(8,979,437)	(3,590,539)	(7,504,378)	(13,330,117)	(8,618,743)	(12,323,968)	(5,958,669)	(5,824,143)
Revenue less reimbursable expenses	35,774,084	35,883,633	34,452,483	35,710,749	29,106,312	17,361,460	16,795,725	15,260,336	13,681,023	10,041,349
Other income	618,822	274,771	553,148	1,945,524	515,418	378,914	308,723	124,784	94,691	102,568
Operating expenses	(13,927,182)	(13,518,931)	(12,559,172)	(12,208,019)	(12,136,767)	(7,277,243)	(6,120,996)	(5,382,785)	(5,432,168)	(4,729,250)
EBITDA	22,465,724	22,639,473	22,446,459	25,448,254	17,484,963	10,463,131	10,983,452	10,002,335	8,343,546	5,414,667
Depreciation & Amortisation	(10,360,330)	(10,147,886)	(9,244,422)	(10,223,370)	(6,478,945)	(4,727,937)	(4,578,728)	(4,883,237)	(4,581,339)	(3,829,198)
EBIT	12,105,394	12,491,587	13,202,037	15,224,884	11,006,018	5,735,194	6,404,724	5,119,098	3,762,207	1,585,469
Compensating tax	-	-	-	(2,431,022)	-	-	-	-	-	-
Other (losses)/gains	3,179,185	(1,049,948)	343,268	(7,384,454)	(333,151)	2,019,367	(4,314,571)	(1,779,133)	8,139,947	4,001,118
Finance income	1,423,062	3,341,383	1,333,325	8,893,845	1,027,804	-1,009,094	4,937,573	3,677,533	(6,253,896)	(2,360,143)
Finance costs	(5,053,924)	(3,037,554)	(3,417,442)	(3,132,187)	(3,010,659)	(2,587,519)	(3,000,802)	(2,972,308)	(1,996,951)	(741,491)
Profit Before Tax	11,653,717	11,745,467	11,461,187	11,171,066	8,690,012	4,157,948	4,026,924	4,045,190	3,651,307	2,484,953
Taxation (charge)/credit	(3,769,382)	(3,854,834)	(2,454,972)	(4,492,659)	2,827,315	(1,331,625)	1,197,780	(1,222,590)	(1,571,186)	801,534
Profit After Tax	7,884,335	7,890,633	9,006,216	6,678,407	11,517,327	2,826,323	5,224,704	2,822,600	2,080,121	3,286,487



Kiambere Hydro Power Station

Statistics (cont'd)

Installed vs Effective Capacity (MW)

Installed Capacity in MW as at 30th June...

Power plant	2019		2018		2017		2016		2015	
	Installed	Effective	Installed	Effective	Installed	Effective	Installed	Effective	Installed	Effective
HYDRO										
Tana	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00
Masinga	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00
Kamburu	94.20	90.00	94.20	90.00	94.20	90.00	94.20	90.00	94.20	90.00
Gitaru	225.00	216.00	225.00	216.00	225.00	216.00	225.00	216.00	225.00	216.00
Kindaruma	72.00	70.50	72.00	70.50	72.00	70.50	72.00	70.50	72.00	70.50
Kiambere	168.00	164.00	168.00	164.00	168.00	164.00	168.00	164.00	168.00	164.00
Turkwel	106.00	105.00	106.00	105.00	106.00	105.00	106.00	105.00	106.00	105.00
Sondu Miriu	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00
Sang'oro	21.20	20.00	21.20	20.00	21.20	20.00	21.20	20.00	21.00	20.00
Small Hydros	11.75	11.33	11.75	11.30	11.75	11.30	13.70	11.30	13.70	11.29
Hydro Total	818.15	796.83	818.15	796.80	818.15	796.80	820.10	796.80	819.90	796.79
THERMAL										
Kipevu I	73.50	60.00	73.50	52.83	73.50	60.00	73.50	60.00	73.50	60.00
Kipevu III	120.00	115.00	120.00	115.00	120.00	115.00	120.00	115.00	120.00	115.00
Muhoroni GT1*	30.00	28.00	30.00	28.00	30.00	28.00	30.00	27.00	30.00	27.00
Muhoroni GT2*	30.00	28.00	30.00	-	30.00	28.00	30.00	28.00	30.00	27.00
Garissa & Lamu	-	-	-	-	-	-	8.98	8.20	8.98	8.20
Thermal Total	253.50	231.00	253.50	195.83	253.50	231.00	262.48	238.20	262.48	237.20

Statistics (cont'd)

Power plant	2019		2018		2017		2016		2015	
	Installed	Effective	Installed	Effective	Installed	Effective	Installed	Effective	Installed	Effective
GEOTHERMAL										
Olkaria I	45.00	44.00	45.00	44.00	45.00	30.00	45.00	44.00	45.00	44.00
Olkaria I AU	150.50	140.00	150.50	140.00	150.50	140.00	150.50	140.00	150.52	140.00
Olkaria II	105.00	101.00	105.00	101.00	105.00	101.00	105.00	101.00	105.00	99.25
Olkaria IV	149.80	140.00	149.80	140.00	149.80	140.00	149.80	140.00	149.84	140.00
Eburru	2.50	2.10	2.40	2.10	2.50	-	2.50	2.30	2.50	2.30
Wellhead 37	15.50	15.00	15.50	15.00	15.50	15.00	10.50	9.40	5.50	4.40
Wellhead 43	12.80	11.40	12.80	11.40	12.80	11.45	12.80	12.40	12.80	12.80
Wellhead 914	27.80	25.00	27.80	25.00	27.80	25.80	27.80	25.78	27.80	27.80
Wellhead 915	10.00	10.00	10.00	10.00	10.00	10.00	20.00	18.90	10.00	10.00
Wellhead 919	5.00	5.00	5.00	5.00	5.00	4.00				
Wellhead 905	5.00	5.00	5.00	5.00	5.00	3.60				
Wellhead 39	5.00	5.00	5.00	5.00	5.00	2.00				
Geothermal Total	533.90	503.50	533.80	503.50	533.90	482.85	523.90	493.78	508.96	480.55
WIND										
Ngong I Phase I & II	11.90	11.90	11.90	11.90	11.90	11.90	11.90	11.90	11.90	11.90
Ngong II	13.60	13.60	13.60	13.60	13.60	13.60	13.60	13.60	13.60	13.60
Wind Total	25.50	25.50	25.50	25.50	25.50	25.50	25.50	25.50	25.50	25.50
KenGen TOTAL	1,631.05	1,556.83	1,630.95	1,521.63	1,631.05	1,536.15	1,631.98	1,554.28	1,616.84	1,540.04

Notes:

- 1) * Active/Reactive power
- 2) Installed capacity corrected to reflect the actual Machine rating

Statistics (cont'd)

Units Sent Out (GWh)

Units Generated and Sold as at 30th June...

Power plant	2019		2018		2017		2016		2015	
	Gener-ated	Sales	Gener-ated	Sales	Gener-ated	Sales	Gener-ated	Sales	Gener-ated	Sales
HYDRO										
Tana	97.84	95.61	97.81	95.56	72.81	70.97	112.02	109.27	111.08	108.23
Masinga	199.34	198.97	107.52	107.49	169.63	169.44	126.70	126.69	137.86	137.72
Kamburu	399.42	398.59	322.03	321.31	384.54	383.79	434.78	434.03	358.62	357.98
Gitaru	870.33	869.08	725.24	724.12	776.80	775.27	863.43	862.02	711.41	709.88
Kindaruma	193.91	193.17	179.95	179.23	184.05	183.20	209.47	208.27	165.97	165.30
Kiambere	1,027.49	1,025.54	752.46	750.98	939.38	938.47	997.93	996.29	718.40	717.64
Turkwel	547.15	544.83	461.56	457.90	404.29	402.10	428.37	426.23	554.10	551.22
Sondu Miriu	258.28	257.52	388.99	388.03	282.08	281.55	419.52	418.59	376.45	375.54
Sang'oro	82.35	82.18	129.32	128.98	90.46	90.31	140.59	140.31	124.89	124.54
Sagana	6.63	6.63	5.69	5.69	4.18	4.18	7.62	7.62	8.20	7.55
Mesco	2.51	2.51	2.26	2.26	1.98	1.96	2.79	2.78	2.48	2.47
Wanjii	24.84	24.62	17.11	16.96	32.10	31.97	45.23	44.92	44.07	43.73
Gogo	7.91	7.78	7.29	7.20	5.27	5.21	6.12	6.05	5.63	5.56
Sosiani	0.14	0.14	0.72	0.71	0.63	0.63	1.17	1.15	0.87	0.86
Total Hydro	3,718.14	3,707.16	3,197.95	3,186.40	3,348.20	3,339.03	3,795.75	3,784.24	3,320.03	3,308.22
THERMAL										
Kipevu I	202.40	196.81	243.81	238.26	217.96	211.28	132.86	128.56	161.17	156.51
Kipevu III	498.06	489.66	593.71	583.81	521.04	512.13	186.01	181.39	304.47	299.03
Embakasi/ Muhoroni Gas Turbine (Active)	67.76	67.44	-	65.50	111.17	108.21	0.62	0.62	4.20	4.10

Statistics (cont'd)

Power plant	2019		2018		2017		2016		2015	
	Gener-ated	Sales	Gener-ated	Sales	Gener-ated	Sales	Gener-ated	Sales	Gener-ated	Sales
THERMAL										
Embakasi/Muhoroni Gas Turbine (Re - Active)	0.68	0.68	-	-	37.86	39.91	97.36	97.36	84.97	84.97
Total Thermal	768.90	754.58	837.52	887.56	888.03	871.53	416.85	407.93	554.81	544.61
GEOTHERMAL										
Olkaria I	298.17	285.14	256.00	247.35	200.59	194.69	345.52	331.06	348.68	332.69
Olkaria I AU	1,115.66	1,068.86	1,138.40	1,133.13	1,008.65	968.35	1,088.21	1,054.56	774.36	743.63
Olkaria II	838.05	796.39	852.70	831.50	833.92	790.69	857.18	814.38	798.29	756.40
Olkaria IV	1,143.22	1,095.00	1,131.70	1,131.71	895.61	852.33	1,021.03	975.51	1,107.69	1,064.09
Eburru	11.29	10.22	6.77	6.17	-	-	10.65	9.85	12.48	10.99
Wellhead 37 & 39	138.67	129.04	136.21	127.12	99.49	91.09	17.08	15.51	10.49	9.50
Wellhead 43	70.24	65.68	68.52	66.14	78.93	74.39	79.02	74.91	82.69	78.42
Wellhead 914, 919, 905 & 915	316.57	297.17	344.70	324.84	331.12	311.81	272.85	266.38	114.98	108.49
WellHeads Total	525.48	491.90	549.43	518.10	509.54	477.28	368.95	356.81	208.16	196.41
Total Geothermal	3,931.87	3,747.50	3,935.00	3,867.96	3,448.30	3,283.35	3,691.54	3,542.18	3,249.66	3,104.21
ISOLATED THERMAL										
Garissa	-	-	-	-	-	-	25.51	24.75	25.82	25.77
Lamu	-	-	-	-	-	-	6.46	6.33	7.07	6.95
Total Isolated Thermals	-	-	-	-	-	-	31.97	31.09	32.89	32.72

Statistics (cont'd)

GENERATION STATISTICS (cont'd)

Units Sent Out (GWh)

Units Generated and Sold as at 30th June

Power plant	2019		2018		2017		2016		2015	
	Gener-ated	Sales	Gener-ated	Sales	Gener-ated	Sales	Gener-ated	Sales	Gener-ated	Sales
WIND										
Ngong I Phase I & II	31.12	30.40	22.23	21.57	28.92	28.50	25.47	25.04	16.68	16.66
Ngong II	37.11	37.04	25.89	25.89	34.75	34.68	31.88	31.62	20.48	20.45
Total Wind	68.23	67.44	48.12	47.46	63.67	63.18	57.35	56.66	37.16	37.11
TOTAL KenGen	8,487.14	8,276.69	8,018.59	7,989.39	7,748.20	7,557.09	7,993.46	7,822.09	7,194.55	7,026.87

Notes:

- 1) The difference between the units generated and sold out is due to system losses and auxilliary consumption
- 2) System losses comprise of technical and non-technical losses

Weighted Factor %

	2019	2019		2018		2017		2016		2015	
Power plant	Effective Capacity	Avail-ability	Load factor	Avail-ability	Load factor	Avail-ability	Load factor	Avail-ability	Load factor	Avail-ability	Load factor
HYDRO											
Sagana	1.50	99.50	50.46	59.44	43.30	58.20	31.82	85.26	52.79	87.70	57.45
Mesco	0.43	94.74	66.61	98.02	60.00	97.68	52.04	96.06	66.03	96.25	67.08
Wanjii	7.40	57.68	38.32	81.51	26.39	79.24	49.32	85.21	69.59	75.60	67.47
Tana	20.00	96.58	55.84	96.74	55.83	97.53	40.51	97.15	63.76	89.83	61.78
Masinga	40.00	79.47	56.89	77.62	30.68	83.14	48.36	99.83	36.06	96.42	39.25
Kamburu	90.00	81.05	50.66	86.90	40.85	93.91	48.68	98.31	52.54	91.06	45.41
Gitaru	216.00	94.63	46.00	96.84	38.33	94.84	40.97	95.85	42.68	97.94	37.52
Kindaruma	70.50	97.09	31.40	87.09	29.14	90.29	29.66	99.58	35.07	96.15	26.77
Kiambere	164.00	94.53	71.52	96.97	52.38	97.29	65.32	99.26	67.62	96.74	49.95
Turkwel	105.00	94.52	59.49	98.09	50.18	96.29	43.72	98.90	46.01	82.62	59.36
Sondu Miriu	60.00	97.38	49.14	98.34	74.01	97.05	53.57	99.59	79.60	97.58	71.45
Sang'oro	20.00	96.01	47.00	96.87	73.81	81.72	51.54	99.72	75.50	95.49	67.70
Gogo	1.70	73.40	53.12	75.96	48.93	68.08	34.96	95.86	38.70	63.71	39.66
Sosiani	0.30	6.08	5.33	41.66	27.40	49.97	23.81	48.86	33.25	45.65	57.82
Total Effective Capacity	796.83										
Weighted Factors - Hydros	92.40	53.27	93.92	45.81	94.06	47.84	98.04	52.76	85.75	45.00	47.84

Statistics (cont'd)

Weighted Factor %

	2019	2019		2018		2017		2016		2015	
Power plant	Effective Capacity	Avail-ability	Load factor	Avail-ability	Load factor	Avail-ability	Load factor	Avail-ability	Load factor	Avail-ability	Load factor
THERMAL											
Kipevu I	60.00	68.51	38.51	61.28	46.39	69.43	40.20	75.39	24.21	70.56	34.36
Kipevu III	115.00	86.86	49.44	89.60	58.93	93.05	50.84	97.84	17.66	95.57	29.68
Total Effective Capacity	175.00										
Weighted Factors - Thermal		80.57	45.69	79.89	54.63	84.95	47.19	89.09	20.21	87.00	31.28
GEOTHERMAL											
Olkaria I	44.00	70.69	77.36	70.71	64.94	55.75	74.08	93.21	87.65	91.05	86.32
Olkaria I AU	140.00	93.03	90.97	96.27	92.82	93.37	78.96	88.37	88.49	89.52	73.77
Olkaria II	101.00	90.50	94.72	94.44	96.38	94.33	89.37	96.93	93.19	90.71	85.49
Olkaria IV	140.00	94.51	93.22	98.03	91.29	95.38	68.75	94.78	83.04	91.05	86.77
Eburru	2.10	92.43	61.37	58.34	-	-	-	73.89	50.63	78.64	54.54
Wellhead KWG12, KWG13, 37 & 39	20.00	87.95	79.15	95.33	48.45	84.62	48.45	13.46	23.23	29.74	31.89
Wellhead 43	11.40	89.69	70.34	85.76	70.39	90.63	70.39	91.75	70.47	85.77	75.23
Wellhead 914, 919, 905 & 915	45.00	89.61	80.31	94.85	77.63	84.16	77.63	90.53	78.12	91.86	67.47
Total Effective Capacity	503.50										
Weighted Factors - Geothermal		90.40	89.14	91.46	92.92	87.18	81.29	80.66	87.36	86.36	82.88

Weighted Factor %

	2019	2019		2018		2017		2016		2015	
Power plant	Effective Capacity	Avail-ability	Load factor	Avail-ability	Load factor	Avail-ability	Load factor	Avail-ability	Load factor	Avail-ability	Load factor
GAS TURBINES											
Gas Turbine	56.00	69.72	13.81	86.04	22.66	87.04	22.66	80.51	20.66	73.09	0.87
Total Effective Capacity	56.00										
Weighted Factors - GT		69.72	13.81	86.04	22.66	87.04	22.66	80.51	20.66	73.09	0.87
ISOLATED THERMALS											
Garissa (KenGen)	-	-	-	-	-	-	-	92.69	45.45	94.31	19.29
Garissa (Aggreko)	-	-	-	-	-	-	-	93.73	65.37	99.10	70.63
Lamu	-	-	-	-	-	-	-	86.40	47.58	87.30	44.04
Total Effective Capacity	-										
Weighted Factors - Isolated Thermals		-	-	-	-	-	-	92.15	51.83	94.47	45.36
WIND											
Ngong I Phase I	5.10	78.12	32.84	55.19	29.01	71.83	29.01	82.03	29.70	74.90	19.36
Ngong I Phase II	6.80	88.00	26.41	95.16	26.80	89.16	26.80	84.58	19.64	84.34	27.74
Ngong II	13.60	80.58	31.15	73.82	21.73	76.11	29.11	81.23	26.47	89.50	32.97
Total Effective Capacity	25.50										
Weighted Factors - Wind		82.07	30.22	74.72	24.54	79.03	28.47	82.28	25.29	85.20	28.85

Notes:

1) Availability and Load Factor is a Percentage (%)





7. SHAREHOLDERS CALENDAR

The Chairman of the Board, Mr. Joshua Choge and members of the board flag off shareholders to Hydros Tour

Shareholders receiving briefing at the Hydros Shareholders' Tour

Notice of the Annual General Meeting

NOTICE IS HEREBY GIVEN to Shareholders that, in accordance with the provisions of section 280 of the Companies, Act, 2015 and pursuant to a Court Order issued by the High Court of Kenya in Miscellaneous Application No. E680 of 2020 on Wednesday, 29 April 2020, the Sixty Seventh Annual General Meeting of Kenya Electricity Generating Company Plc will be held via electronic communication on Tuesday, 3 November 2020 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the resolutions set out below:

ORDINARY BUSINESS

1. To table the proxies and note the presence of a quorum.
2. To read the Notice convening the meeting.
3. To consider and if approved, adopt the Company's audited financial statements for the year ended 30th June 2019, together with the Chairman's, Directors' and Auditors' Reports thereon.
4. To approve the payment of a final dividend of 10% or Kshs.0.25 per ordinary share of Kshs.2.50, subject to withholding tax where applicable, in respect of the financial year ended 30th June 2019.
5. To approve payment of Directors' fees for the year ended 30th June 2019.
6. **Auditors:**
To note that the audit of the Company's books of accounts will continue to be undertaken by the Auditor-General or an audit firm appointed by her in accordance with Section 23 of the Public Audit Act 2015.
7. To authorise the Directors to fix the remuneration of the Auditors.
8. In accordance with the provisions of Section 769 of the Companies Act 2015, the following directors, being members of the Audit, Risk & Compliance Committee of the Board be elected to continue to serve as members of the said Committee:
 - (i) Mr. Joseph Sitati
 - (ii) Mr. Humphrey Muhu, Alternate to Ukur Yatani (Cabinet Secretary – The National Treasury)
 - (iii) Mrs. Phyllis Wakiaga (Subject to her re-election to the

Board as per Agenda item 9 (ii)

- (iv) Mr. Kairu Bachia

9. To elect Directors:

- (i) Dr. Eng. Joseph Njoroge, Principal Secretary, State Department of Energy, who retires on rotation in accordance with Article 104 of the Articles of Association of the Company and offers himself for re-election as a Director of the Company.
- (ii) Mrs. Phyllis Wakiaga, who retires on rotation in accordance with Article 104 of the Articles of Association of the Company and offers herself for re-election as a Director of the Company.
- (iii) Mr. Joshua Choge, who retires on rotation in accordance with Article 104 of the Articles of Association of the Company and does not offer himself for re-election.
- (iv) Mrs. Ziporah Ndegwa, who retires on rotation in accordance with Article 104 of the Articles of Association of the Company and does not offer herself for re-election.

10. SPECIAL BUSINESS:

To consider and if approved pass the following Special Resolutions:

- (i) "That the Articles of Association of the Company be amended by inserting the following Article immediately after the present Article 54 and numbering the new Article as Article 54A as follows:

Article 54A

The Members may, if they think fit, confer or hold a meeting by radio, telephone, closed circuit television, video conferencing or other electronic, or other, means of audio or audio/visual communication, or a combination thereof ("Conference"). Notwithstanding that the Members are not present together in one place at the time of the Conference, a resolution passed by the Members constituting a quorum at such a Conference shall be deemed to have been passed at a General Meeting held on the day on which and at the time at which the Conference was held. The provisions of these Articles relating to proceedings of Members apply insofar as they are capable of application mutatis mutandis to such Conference."

- (ii) "That the Articles of Association of the Company be amended by inserting the following Article immediately

Notice of the Annual General Meeting (cont'd)

after the present Article 108 and numbering the new Article as Article 108A as follows:

Article 108A

The Directors may, if they think fit, confer or hold a meeting by radio, telephone, closed circuit television, video conferencing or other electronic, or other, means of audio or audio/visual communication, or a combination thereof ("Conference"). Notwithstanding that the Directors are not present together in one place at the time of the Conference, a resolution passed by the Directors constituting a quorum at such a Conference shall be deemed to have been passed at a meeting of the Board held on the day on which and at the time at which the Conference was held. The provisions of these Articles relating to proceedings of Directors apply insofar as they are capable of application mutatis mutandis to such Conference."

11. To consider any other business for which due notice has been given.

By Order of the Board



Paul K. Ndungi
Company Secretary

8 October 2020

NOTES:

Shareholders will be able to register to follow the meeting, vote electronically or by proxy and may ask questions in advance before the date of the Annual General meeting in the manner detailed as follows:

- (i) Owing to the ongoing Coronavirus 2019 (COVID-19) pandemic and the related Public Health Regulations and directives passed by the Government restricting public gatherings, it is impossible, for KenGen to hold a physical Annual General Meeting in the manner envisaged under the Articles of Association of the Company and section 280 of the Companies Act 2015. On 29 April 2020, the High Court of Kenya in Miscellaneous Application No. E680 of 2020, issued an order permitting any company listed on the Nairobi Securities Exchange to convene and conduct a virtual general meeting subject to receipt of a 'No Objection'

from the Capital Markets Authority ('CMA'). Relying on this court order, KenGen has convened and will conduct its virtual annual general meeting following receipt of a No Objection from the CMA.

- (ii) Shareholders wishing to participate in the meeting should register for the AGM by dialing *483*820# on their mobile telephone and follow the various prompts on the registration process.
- (iii) To complete the registration process, shareholders will need to provide their National ID/Passport Numbers which they used to purchase their shares and/or their CDSC Account Number. For assistance shareholders should dial the following helpline number: +254 709170 000/709170 016 from 9.00 a.m. to 3.00 p.m. from Monday to Friday. Shareholders outside Kenya should dial the helpline number for assistance during registration.
- (iv) Registration for the AGM opens on Friday, 9 October 2020 at 9.00 a.m. and will close on Saturday, 31 October 2020 at 5.00 p.m. Shareholders will not be able to register after this time.
- (v) In accordance with Article 137 of the Company's Articles of Association, the following documents may be viewed on the Company's website www.kengen.co.ke.
- (a) a copy of this Notice and the Proxy Form;
- (b) the Company's Annual Report & Audited Financial Statements for the year ended 30th June 2019;
- (c) a copy of the High Court Order in Miscellaneous Application No. E680 of 2020; and
- (d) a copy of the No Objection issued by the CMA.
- (vi) Any shareholder who is entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his/her stead. Such proxy need not be a member of the Company.
- (vii) A Proxy Form is provided with the Annual Report & Accounts. The Proxy Form can also be obtained from the Company's website www.kengen.co.ke or from Image Registrars Limited, Absa Towers (formerly Barclays Plaza), 5th Floor, Loita Street, P. O. Box 9287 – 00100, Nairobi, Kenya. Shareholders who do not wish

Notice of the Annual General Meeting (cont'd)

to attend the Annual General Meeting have an option to complete and return the Proxy Form to Image Registrars Limited, or alternatively to the Registered Office of the Company so as to arrive not later than 11.00 a.m. on 1 November 2020.

- (viii) Duly signed proxy forms may also be emailed to kengenagm@image.co.ke in PDF format. A proxy form must be signed by the appointor or his attorney duly authorized in writing. If the appointer is a body corporate, the instrument appointing the proxy shall be given under the Company's common seal or under the hand of an officer or duly authorized attorney of such body corporate.
- (ix) Shareholders wishing to raise any questions or clarifications regarding the AGM may do so on or before 1 November 2020 at 11.00.a.m. by:
 - (a) sending their written questions by email to agmquestions@kengen.co.ke; or
 - (b) to the extent possible, physically delivering or posting their written questions with a return physical, postal or email address to the registered office of the Company or P.O. Box 47936 – 00100, Nairobi, or to Image Registrars offices at P. O. Box 9287 – 00100, Nairobi, Kenya.

Shareholders must provide their full details (full names, National ID/Passport Number/CDSC Account Number) when submitting their questions or clarifications.

The Company's Directors will provide written responses to the questions received to the return

physical, postal or email address provided by the Shareholder no later than 12 hours before the start of the AGM. A full list of all questions received, and the answers thereto will be published on the Company's website not later than 12 hours before the start of the AGM.

- (x) The AGM will be streamed live via a link which shall be provided to all shareholders who will have registered to participate in the AGM. Duly registered shareholders and proxies will receive a short message service (SMS/ USSD) prompt on their registered mobile numbers, 24 hours prior to the AGM acting as a reminder of the AGM. A second SMS/USSD prompt shall be sent one hour ahead of the AGM, as a reminder that the AGM will begin in one hour and providing a link to the live stream.
- (xi) Shareholders and proxies who have registered to attend the AGM may follow the proceedings using the live stream platform, access the agenda and vote when prompted by the Chairman via the USSD prompts.
- (xii) Results of the resolutions voted on will be published on the Company's website that is, www.kengen.co.ke within 24 hours following conclusion of the AGM.

Shareholders are encouraged to continuously monitor the Company's website for any updates relating to the AGM owing to the changing situation arising from the COVID-19 pandemic. We appreciate the understanding of our shareholders as we navigate the evolving business conditions posed by COVID-19.

Ilani kuhusu Mkutano Mkuu wa Kila Mwaka

ILANI IMETOLEWA HAPA kwa Wenyehisa kwamba, kwa mujibu wa kanuni za sehemu ya 280 ya Sheria ya Kampuni ya 2015 na kwa mujibu wa Agizo la Mahakama lililotolewa na Mahakama ya Kuu ya Kenya katika Ombi la Ziada Nambari. E680 la 2020 siku ya Jumatano, tarehe 29 Aprili, Mkutano Mkuu wa Sitini na Saba wa Kampuni ya Kenya Electricity Generating Company Plc utafanywa kupitia mawasiliano ya kielektroniki siku ya Jumanne tarehe 3 Novemba 2020, saa tano asubuhi. kwa madhumuni ya kuzingatia na, ikiwa itakuwa vyema, kupitisha maamuzi yaliyobainishwa hapa chini:

SHUGHULI YA KAWAIDA

1. Kuweka bayana majina ya washirika na kutambua uwepo wa idadi ya kutosha ya wanachama ili kuendesha mkutano.
2. Kusoma Taarifa inayoitisha mkutano.
3. Kuzingatia na ikiidhinishwa, kutekeleza Taarifa za Kifedha za Kampuni zilizofanyiwa ukaguzi kwa mwaka uliokamilika tarehe 30 Juni 2019, pamoja na Ripoti za Mwenyekiti, Wakurugenzi Wakuu na Wakaguzi zilizoko.
4. Kuidhinisha malipo ya mgao wa mwisho wa mapato ya hisa ya 10% au Kshs.0.25 kwa kila hisa ya kawaida ya Kshs.2.50, kutegemea ushuru unaoshikiliwa panapotumika, kuhusiana na mwaka wa kifedha uliokamilika tarehe 30 Juni 2019.
5. Kuidhinisha malipo ya ada za Wakurugenzi Wakuu kwa mwaka uliokamilika tarehe 30 Juni 2019.

6. Wakaguzi wa Kifedha:

Kubaini kuwa ukaguzi wa vitabu vya akaunti za Kampuni utaendelea kufanywa na Mkaguzi Mkuu au na shirika la ukaguzi atakaloliteua kwa mujibu wa Sehemu ya 23 ya Sheria ya Ukaguzi wa Umma ya 2015.

7. Kuidhinisha Wakaguzi Wakuu kusuluhisha malipo kwa Wakaguzi wa Kifedha.
8. Kwa mujibu wa kanuni za Sehemu ya 769 ya Sheria ya Kampuni ya 2015, wakurugenzi wakuu wafuatao kwa kuwa wanachama wa kamati ya Bodi ya Ukaguzi, Hatari na Utifufu wanachaguliwa kuendelea kuhudumu kama wanachama wa kamati zilizotajwa:

- (i) Bw. Joseph Sitati
- (ii) Bw. Humphrey Muhu, Mwakilishi wa Ukur Yatani (Waziri – Wizara ya Fedha)
- (iii) Bi. Phyllis Wakiaga (Kutegemea iwapo atachaguliwa tena katika Bodi kulingana na Ajenda ya kipengee cha 9 (iii))
- (iv) Bw. Kairu Bachia

9. Kuchagua Wakurugenzi Wakuu:

- (i) Dkt. Mhandisi. Joseph Njoroge, Katibu wa Kudumu, Idara ya Kawi, ambaye anastaafu kwa mzunguko kwa mujibu wa Kifungu cha 104 cha Makala ya Ushirika ya Kampuni na kwa kuwa anastahili, anajitolea kuchaguliwa tena kama Mkurugenzi Mtendaji wa Kampuni.
- (ii) Bi. Phyllis Wakiaga, ambaye anastaafu kwa mzunguko kwa mujibu wa Kifungu cha 104 cha Makala ya Ushirika ya Kampuni na kwa kuwa anastahili, anajitolea kuchaguliwa tena kama Mkurugenzi Mtendaji wa Kampuni.
- (iii) Bw. Joshua Choge ambaye anastaafu kwa mzunguko kwa mujibu wa Kifungu cha 104 cha Makala ya Ushirika wa Kampuni na hajajitolea kuchaguliwa tena kama Mkurugenzi Mtendaji wa Kampuni.
- (iv) Bi. Ziporah Ndegwa, ambaye anastaafu kwa mzunguko kwa mujibu wa kifungu cha 104 cha Makala ya Ushirika ya Kampuni na hajajitolea kuchaguliwa tena kama Mkurugenzi Mtendaji wa Kampuni.

10. SHUGHULI MAALUM:

Kuzingatia na, ikiidhinishwa, kupitisha Uamuzi Maalum:

- (i) “Kwamba Kanuni ya Ushirika wa Kampuni ifanyiwe marekebisho kwa kuweka Kifungu kifuatacho baada tu ya Kifungu cha sasa cha 54 na kuita Kifungu hicho Kipya kuwa Kifungu cha 54A kama ifuatavyo:

Kifungu cha 54A

Wanachama wanaweza, ikiwa watafikiri ni sawa, kuendesha au kufanya mkutano kupitia redio, simu, televisheni, mkutano wa video au kifaa chochote cha

Ilani kuhusu Mkutano Mkuu wa Kila Mwaka

kielektroniki, au njia nyingine za mawasiliano ya sauti/picha, au mchanganyiko wazo ("Mkutano"). Licha ya kwamba Wanachama hawako pamoja wakati wa Mkutano, uamuzi utakaopitishwa na Wanachama ambao wamefikisha idadi inayohitajika katika Mkutano kama huo basi utachukuliwa kuwa umepitishwa katika Mkutano Mkuu uliofanyika siku na wakati ambapo Mkutano ulifanywa. Kanuni hizi zinazohusiana na Kifungu na vikao vya Wanachama zinatumika kadri zinavyoweza kutekeleza hitaji la kubadilisha masuala yanayohitajika kubadilika katika Mkutano kama huo.

- (ii) "Kwamba Kanuni ya Ushirika wa Kampuni ifanyiwe marekebisho kwa kuingiza Kifungu kifuatacha mara tu baada ya Kifungu cha sasa cha 108 na kuita Kifungu kipya kama Kifungu cha 108A kama ifuatavyo:

Kifungu cha 108A

Wakurugenzi Wakuu wanaweza, ikiwa watafikiri kuwa ni sawa, kuendesha au kufanya mkutano kupitia redio, simu, televisheni, mkutano wa video au njia nyingine za kielektroniki, njia za mawasiliano za sauti/picha, au mchanganyiko wazo ("Mkutano"). Licha ya kwamba Wakurugenzi hawapo pamoja wakati ambapo Mkutano unaendeshwa, uamuzi utakaopitishwa na Wakurugenzi waliotimiza idadi hitajika katika Mkutano kama huo utachukuliwa kuwa umepitishwa katika mkutano wa Bodi utakaofanywa siku na wakati ambapo Mkutano huu utafanywa. Kanuni hizi zinazohusiana na Kifungu na vikao vya Wakurugenzi zinatumika kadri zinavyoweza kutekeleza hitaji la kubadilisha masuala yanayohitajika kubadilika katika Mkutano kama huo.

11. Kuzingatia shughuli nyingine yoyote ambayo taarifa yake imetolewa.

Kwa Agizo la Bodi



Paul K. Ndungi
Katibu wa Kampuni

Tarehe 8 Oktoba 2020

VIDOKEZO:

Wenyehisa wataweza kujisajili ili kufuatilia mkutano,

kupiga kura kwa njia ya kielektroniki au kupitia washirika na wanaweza kuuliza maswali mapema kabla ya tarehe ya Mkutano Mkuu wa Kila Mwaka kwa namna iliyobainishwa ifuatavyo:

- (i) Kutokana na janga tandavu linaloendelea la Virusi vya korona 2019 (COVID-19) na Kanuni Zinazohusiana na Afya ya Umma na maagizo yaliyopitishwa Serikali ya Kenya kuzuia mikutano ya hadhara, si rahisi, kwa KenGen kufanya Mkutano Wake Mkuu wa Kila Mwaka wa ana kwa ana kwa njia iliyobainishwa katika Kanuni ya Ushirika wa Kampuni na sehemu ya 280 ya Sheria ya Kampuni ya 2015. Mnamo tarehe 29 Aprili 2020, Mahakama Kuu ya Kenya katika Ombi la Ziada Nambari. E680 ya 2020, lililotolewa linaloruhusu kampuni yoyote iliyoorodheshwa katika Soko la Hisa la Nairobi kufanya mkutano na kuendesha mkutano mkuu mtandaoni baada ya kupokea 'Hakuna Pingamizi' kutoka Mamlaka ya Masoko ya Mtaji ('CMA'). Kwa kutegemea agizo hili la mahakama, KenGen imefanya na itaendesha mkutano wake mkuu wa kila mwaka mtandaoni baada ya kupokea 'Hakuna Pingamizi' kutoka CMA.
- (ii) Wenyehisa ambao wangependa kushirika katika mkutano huu wanapaswa kujisajili kwa ajili ya mkutano wa mkutano mkuu wa kila mwaka kwa kupiga *483*820# kwenye simu zao za mkononi na kufuata maagizo mbalimbali yanayoibuka katika mchakato wa usajili.
- (iii) Ili kukamilisha mchakato wa kujisajili, wenye hisa watahitaji kutoa Nambari za Kitambulisho cha Kitaifa/Pasipoti ambayo walitumia kununua hisa zao na/ au Nambari Yao ya Akaunti ya CDSC. Kwa usaidizi, Wenyehisa wanapaswa kupiga nambari ifuatayo ya usaidizi: +254 709170 000/709170 016 kuanzia saa tatu asubuhi hadi saa tisa jioni kuanzia Jumatatu hadi Ijumaa. Wenyehisa walio nje ya Kenya wanapaswa kupiga nambari ya usaidizi ili kupata usaidizi wakati wa usajili.
- (iv) Usajili kwa ajili ya mkutano mkuu wa kila mwaka unafunguliwa siku ya Ijumaa, tarehe 9 Oktoba 2020 saa tatu asubuhi na utafungwa Jumamosi, tarehe 31 Oktoba 2020 saa kumi na moja jioni. Wenyehisa hawataweza kujisajili baada ya wakati huu.
- (v) Kwa mujibu wa Kifungu cha 137 cha Kanuni ya Ushirika wa Kampuni, hati zifuatazo zinaweza kutazamwa kwenye wavuti ya Kampuni www.kengen.co.ke
(a) nakala ya Taarifa hii na Fomu ya Mshirika;
(b) Ripoti ya Kila Mwaka na Taarifa za Kifedha

Ilani kuhusu mkutano mkuu wa Kila mwaka

- Zilizokaguliwa za Kampuni za mwaka uliokamilika tarehe 30 Juni 2019;
- (c) nakala ya Agizo la Mahakama Kuu katika Ombi la Ziada Nambari E680 la 2020; na
- (d) nakala ya 'Hakuna Pingamizi' iliyotolewa na CMA.
- (vi) Mwenye hisa yeyote ambaye ana haki ya kuhudhuria na kupiga kura katika Mkutano Mkuu wa Kila Mwaka ana haki ya kuteua mshirika kuhudhuria na kupiga kuwa kwa niaba yake. Si lazima mshirika kama huyo awe mwachama wa Kampuni.
- (vii) Fomu ya Mshirika imetolewa pamoja na Ripoti ya Kila mwaka na Akaunti. Fomu ya Mshirika pia inaweza kupatikana kutoka kwenye tovuti ya Kampuni www.kengen.co.ke au kutoka Image Registrars Limited, Jumba la Absa (lililokuwa Jumba la Barclays), Orofa ya 5, Barabara ya Loita, S.L.P 9287 – 00100, Nairobi, Kenya. Wenye hisa ambao hawangependa kuhudhuria Mkutano mkuu wa Kila Mwaka wana chaguo la kukamilisha na kurejesha Fomu ya Mshirika kwa Image Registrars Limited, au vinginevyo kwa Ofisi iliyosajiliwa ya Kampuni ili ifike sio baada ya saa tano asubuhi tarehe 1 Novemba 2020.
- (viii) Fomu za mshirika zilizotiwa sahihi ifaavyo pia inaweza kutumwa kwa KenGen Mkutano Mkuu wa Kila Mwaka@ image.co.ke katika umbizo la PDF. Fomu ya mshirika lazima itiwie sahihi na mteuzi au wakili wake ambaye amehalalishwa kupitia maandishi. Ikiwa mteuzi ni shirika, chombo kinachoteua mshirika kitatolewa chini ya muhuri ya kawaida ya Kampuni au chini ya mkono wa afisa au wakili aliyehalalishwa wa shirika kama hilo.
- (ix) Wenye hisa ambao wangependa kuuliza maswali yoyote au ufafanuzi kuhusiana na mkutano mkuu wa kila mwaka wanaweza kufanya hivyo mnamo au kabla ya tarehe 1 Novemba 2020 saa tano asubuhi:
- (a) kutuma maswali yaliyoandikwa kupitia barua pepe kwa agmquestions@kengen.co.ke; au
- (b) kadri iwezekanavyo, kuleta maswali yao yaliyoandikwa wao wenyewe mahali halisi, anwani ya posta au ya barua pepe kwenye ofisi iliyosajiliwa ya Kampuni au S.L.P 47936 – 00100, Nairobi, au katika ofisi za Image Registrars kwa S. L.P 9287 – 00100, Nairobi, Kenya.
- Ni lazima wenye hisa watoe maelezo yao kamili (majina kamili, Kitambulisho cha Kitaifa/Nambari ya Pasipoti/ Nambari ya Akaunti ya CDSC) wanapowasilisha maswali au ufafanuzi wao.
- Wakurugenzi wa Kampuni watatoa majibu yaliyoandikwa ya maswali yaliyopokewa kwenye anwani ya mahali halisi, anwani ya posta au ya barua pepe iliyotolewa na Wenye hisa sio baada ya saa 12 kabla ya kuanza kwa mkutano mkuu wa kila mwaka. Orodha kamili ya maswali yaliyopokewa na majibu yaliyofuata baadaye yatachapishwa kwenye wavuti wa Kampuni sio baada ya saa 12 kabla ya kuanza kwa Mkutano Mkuu wa Kila Mwaka.
- (x) Mkutano Mkuu wa Kila Mwaka utaonyeshwa mubashara au moja kwa moja kupitia kiungo ambacho kitatolewa kwa wenyehisa wote ambao wamejisajili kushiriki katika Mkutano huo Mkuu wa Kila Mwaka. Wenyehisa waliosajiliwa halali na washirika watapokea ujumbe mfupi (SMS)/USSD kwenye nambari zao za simu zilizosajiliwa, saa 24 kabla ya mkutano mkuu wa kila mwaka kuanza hii ikiwa ni kikumbusho kuhusu mkutano mkuu wa kila mwaka. Ujumbe wa pili wa SMS/USSD utatumwa saa moja kabla ya mkutano mkuu wa kila mwaka, ukiwakumbusha wenye hisa na washirika waliosajiliwa halali kwamba mkutano mkuu wa kila mwaka utaanza baada ya saa moja na kutoa kiungo cha kutiririsha moja kwa moja.
- (xi) Wenye hisa na washirika wao ambao wamejisajili kushiriki katika mkutano mkuu wa kila mwaka wanaweza kufuatilia vikao kwa kutumia jukwaa la kutiririsha moja kwa moja, kufikia agenda na kupiga kura Mwenyekiti akiwaomba kufanya hivyo kupitia USSD.
- (xii) Matokeo ya maamuzi yaliyopigiwa kura yatachapishwa kwenye wavuti wa Kampuni ambao ni, www.kengen.co.ke ndani ya saa 24 baada ya kuhitimishwa kwa mkutano mkuu wa kila mwaka.
- Wenye hisa wanahimizwa kuendelea kufuatilia wavuti wa Kampuni kwa taarifa zozote zinazohusiana na mkutano mkuu wa kila mwaka kwa sababu ya hali inayobadilika kutokana na janga la COVID-19. Tunathamini uelewa wa washikadau wetu huku tukipitia hali zinazobadilika za biashara zilizosababishwa na COVID-19.

Proxy Form

**THE COMPANY SECRETARY,
Kenya Electricity Generating Company Plc
P. O. BOX 47936-00100
NAIROBI, KENYA**

I/WE..... of.....

Being a shareholder of the above Company hereby appointofor failing him/her the Chairman of the Meeting or in respect of my (Number of shares) as my/our proxy to attend, represent and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held electronically on Tuesday, 3rd November, 2020 at 11.00am and at any adjournment thereof.

Signed this day of2020.

Signature(s)

.....

Notes:

1. If a member is unable to attend personally, this Proxy Form should be completed and returned not later than Sunday, 1st November 2020 at 11.00 a.m, to the Company Secretary P.O. Box 47936 -00100 GPO Nairobi or physically to the registered office of the Company at Stima Plaza, Kolobot Road, Parklands, Nairobi , or to the Company's shares registrar firm, Image Registrars on P. O. Box 9287 - 00100, Nairobi, Kenya. Alternatively, duly signed proxies can be scanned and emailed to info@image.co.ke in PDF format
2. In case of a member being a corporate body, the Proxy Form must be under its common seal or under the hand of an officer or duly authorized attorney of such corporate body.
3. As a shareholder you are entitled to appoint one proxy to exercise all or any of your shareholder rights to attend and to speak and vote on your behalf at the meeting. The appointment of the Chairman of the meeting as proxy has been included for convenience. To appoint as a proxy any other person, delete the words "the Chairman of the Meeting or" and insert the full name of your proxy in the space provided. A proxy need not to be a shareholder of the Company.
4. Completion and submission of the form of proxy will not prevent you from attending the meeting and voting at the meeting in person, in which case any votes cast by your proxy will be excluded.
5. To be valid, a proxy form, which is available from the Company's head office or the Share Registrar's offices, must be completed and signed by the shareholder or the duly authorised attorney of the shareholder and must be either emailed to info@image.co.ke or lodged at the offices of the Company's Share Registrar's Image Registrars, 5th Floor, Absa Towers (formerly Barclays Plaza), Loita Street, Nairobi, so as to arrive not later than Sunday, 1st November 2020 at 11.00 a.m.
6. A "vote withheld" option has been included on the form of proxy. The legal effect of choosing this option on any resolution is that you will be treated as not having voted on the relevant resolution. The number of votes in respect of which votes are withheld will, however, be counted and recorded, but disregarded in calculating the number of votes for or against each resolution.

Fomu ya Uwakilishi

**KATIBU WA KAMPUNI,
Kampuni ya Kenya Electricity Generating Plc
S.L.P 47936-00100
NAIROBI, KENYA**

MIMI/SISI/..... wa.....
.....

Kwa kuwa wenye hisa katika Kampuni iliyotajwa hapo juu, ninamteua.....wa.....au kumwondoa kama Mwenyekiti wa Mkutano au kuhusiana na..... (Idadi ya hisa zangu) kuwa mshirika wangu/wetu kuhudhuria, kuwakilisha na kupiga kura kwa ajili yangu/yetu kwa niaba yangu katika Mkutano Mkuu wa Kila Mwaka wa Kampuni utakaofanyika kwa njia ya kielektroniki siku ya Jumanne, tarehe 3 Novemba 2020 saa tano asubuhi na uhairisho wowote utakaofuata.

Imetiwa saina siku ya..... ya.....2020.

Saini

.....

Vidokezo:

1. Ikiwa mwanachama hawezi kuhudhuria yeye mwenyewe, Fomu hii ya Mshirika inapaswa kukamilishwa na kurejeshwa sio baada ya Jumapili, 1 Novemba 2020 saa tano asubuhi kwa Katibu wa Kampuni S.L.P 47936 -00100 GPO Nairobi au mwenyewe katika ofisi zilizosajiliwa za Kampuni katika Jumba la Stima, Barabara ya Kolobot, Parklands, Nairobi , au kwa shirika la rejistra wa hisa wa Kampuni, Image Registrars katika S.L.P 9287 - 00100, Nairobi, Kenya. Vinginevyo, fomu za mshirika zilizotiwa sahihi ifaavyo pia zinaweza kutumwa kwa info@image.co.ke katika umbizo la PDF.
2. Ikiwa mwanachama ni shirika, Fomu ya Mshirika lazima ipigwe muhuri ya kawaida ya shirika hilo au kutiwa sahihi na afisa au wakili aliyeidhinishwa halali wa shirika kama hilo.
3. Kama mwenye hisa, una haki ya kuteua shirika moja au zaidi kutekeleza haki zako zote au haki yoyote ile ya kuhudhuria na kuzungumza na kupiga kura kwa niaba yako katika mkutano. Uteuzi wa Mwenyekiti wa mkutano kama mshirika umejumuishwa kwa ajili ya kurahisisha mambo. Ili kuteua mtu yeyote kuwa mshirika, futa maneno “Mwenyekiti wa Mkutano au” na uweke jina kamili la mshirika wako katika nafasi iliyoachwa wazi. Si lazima mshirika awe mwenye hisa katika Kampuni.
4. Kukamilisha na kuwasilisha fomu ya mshirika hakutakuzuia kuhudhuria mkutano na kupiga kura mwenyewe katika mkutano, hii ikitokea kura zozote zilizopigwa na mshirika wako hazitajumuishwa.
5. Ili iwe halali, fomu ya mwakilishi, ambayo inapatikana katika ofisi kuu ya Kampuni au katika ofisi za Rejistra wa Hisa, lazima ijazwe na kutiwa saina na mwenye hisa na lazima ama itumwe kupitia barua pepe kwa info@image.co.ke au kuwasilishwa katika ofisi Rejistra wa Hisa wa Kampuni, Image Registrars, orofa ya 5, Jumba la Absa (lililokuwa Jumba la Barclays), Barabara ya Loita, Nairobi, ili ifike sio baada ya Jumatano, tarehe 1 Novemba 2020 saa tano asubuhi.
6. Chaguo la “kura iliyoondolewa” limejumuishwa kwenye fomu ya mshirika. Athari ya kisheria ya kuchagua chaguo hili kwa uamuzi wowote ni kwamba utazingtiwa kuwa hujapigia kura uamuzi muhimu. Idadi ya kura kuhusiana na ni kura zipi zimeondolewa, hata hivyo, zitahesabiwa na kurekodiwa lakini hazitazingatiwa katika kupiga hesabu ya kura za kuunga mkono au kupinga uamuzi.

Voting Form

Please clearly mark the box below to instruct your proxy how to vote

RESOLUTION	FOR	AGAINST	ABSTAIN
Adopt the Company's Audited Financial Statements for the year ended 30 June 2019, together with the Chairman's, Directors' and Auditors' Reports			
Approval of the final dividend of 10% or Kshs. 0.25per ordinary share.			
Approval of payment of Directors fees for the year ended 30th June 2019			
"To note that the audit of the Company's books of accounts will continue to be undertaken by the Auditor-General or an audit firm appointed by her in accordance with Section 23 of the Public Audit Act 2015."			
<p>Audit, Risk & Compliance Committee: In accordance with the provisions of Section 769 of the Companies Act, 2015, the following directors, being members of the Board Audit, Risk & Compliance Committee be elected to continue to serve as members of the said Committee:</p> <ol style="list-style-type: none"> 1. Mr. Joseph Sitati 2. Mr. Humphrey Muhu- Alternate to Ukur Yattani, Cabinet Secretary -The National Treasury 3. Mrs. Phyllis Wakiaga (subject to her re-election to the Board as per agenda item no.9 (ii)) 4. Mr. Kairu Bachia 			
<p>ELECTIONS:</p> <ol style="list-style-type: none"> 1. Election of Dr. Eng. Joseph Njoroge-State Department of Energy who retires on rotation in accordance with Article 104 of Articles of Association of the Company and being eligible offers himself for re-election 			
<ol style="list-style-type: none"> 2. Election of Mrs. Phyllis Wakiaga who retires on rotation in accordance with Article 104 of Articles of Association of the Company and being eligible offers herself for re-election 			

Voting Form (cont'd)

RESOLUTION	FOR	AGAINST	ABSTAIN
<p>SPECIAL BUSINESS: To consider and, if thought fit, pass the following resolution as a special resolution:</p> <p>Changes to the Articles of Association of the Company</p> <p>“That the Articles of Association of the Company be amended by inserting the following Article immediately after the present Article 54 and numbering the new Article as Article 54A as follows:</p> <p>Article 54A The Members may, if they think fit, confer by radio, telephone, closed circuit television, video conferencing or other electronic means of audio or audio/visual communication (“Conference”). Notwithstanding that the Members are not present together in one place at the time of the Conference, a resolution passed by the Members constituting a quorum at such a Conference shall be deemed to have been passed at a General Meeting held on the day on which and at the time at which the Conference was held. The provisions of these Articles relating to proceedings of Members apply insofar as they are capable of application mutatis mutandis to such Conference.”</p>			
<p>Changes to the Articles of Association of the Company</p> <p>“That the Articles of Association of the Company be amended by inserting the following Article immediately after the present Article 108 and numbering the new Article as Article 108A as follows:</p> <p>Article 108A The Directors may, if they think fit, confer by radio, telephone, closed circuit television, video conferencing or other electronic means of audio or audio/visual communication (“Conference”). Notwithstanding that the Directors are not present together in one place at the time of the Conference, a resolution passed by the Directors constituting a quorum at such a Conference shall be deemed to have been passed at a meeting of the Board held on the day on which and at the time at which the Conference was held. The provisions of these Articles relating to proceedings of Directors apply insofar as they are capable of application mutatis mutandis to such Conference.”</p>			

Voting Form (cont'd)

ELECTRONIC COMMUNICATIONS PREFERENCE FORM

Please complete in BLOCK CAPITALS

Full name of member(s):

Address:

CDSC No (if known) (This can be found on your CDSC Statement)

Mobile Number.....

Date:

Signature:

Please tick ONE of the boxes below and return to Image Registrars at P.O. Box 9287-00100 Nairobi, 5th floor, Absa Towers (formerly Barclays Plaza), Loita Street:

Approval of Registration

I/WE approve to register to participate in the virtual Annual General Meeting to be held on Tuesday, 3rd November 2020.

Consent for use of the Mobile Number provided

I/WE would give my/our consent for the use of the mobile number provided for purposes of voting at the AGM

FOMU YA MAPENDELEO YA MAWASILIANO YA KIELEKTRONIKI

Tafadhali kamilisha kwa HERUFI KUBWA

Jina kamili la mwanachama (wa):

Anwani:

Nambari ya CDSC (ikiwa inajulikana)

(Hii inaweza kupatikana kwenye taarifa yako ya CDSC) Nambari ya Simu ya)

Rununu:

Tarehe:

Saini:

Tafadhali teua kisanduku KIMOJA hapa chini na urejeshe kwa Rejistra wa Taswira katika S.L.P 9287-00100 Nairobi, orofa ya 5, Jumba la Absa (lililokuwa Jumba la Barclays), Barabara ya Loita:

Uhalalishaji wa Usajili

MIMI/SISI tunahalalisha kujisajili ili kushiriki katika Mkutano wa Kila Mwaka mtandaoni unaoratibiwa kufanyika Jumanne tarehe 3 Novemba 2020.

Idhini ya kutumia Nambari ya Simu ya Mkononi iliyotolewa

MIMI/SISI tungependa kutoa idhini yangu/yetu kwa matumizi ya nambari ya simu iliyotolewa kwa madhumuni ya kupiga kura katika mkutano wa Kampuni.

Fomu ya Upigaji Kura

Tafadhali tia alama kwenye kisanduku kilicho hapa chini ili kuelekeza mshirika wako jinsi ya kupiga kura

MAAMUZI	KUUNGA MKONO	KUPINGA	KUACHA
Kubali Taarifa za Kifedha Zilizokaguliwa za Kampuni za mwaka uliokamilikia 30 Juni 2019, pamoja na Ripoti za Mwenyekiti, Wakurugenzi Wakuu na Wakaguzi			
Kuidhinisha mgao wa mwisho wa mapato ya hisa ya 10% au Kshs. 0.25 kwa kila hisa ya kawaida			
Kuidhinisha malipo ya ada ya Wakurugenzi Wakuu kwa mwaka uliokamilikia tarehe 30 Juni 2019			
Kubaini kuwa ukaguzi wa vitabu vya akaunti za Kampuni utaendelea kufanywa ka Mkaguzi Mkuu au shirika la ukaguzi atakaloliteua kwa mujibu wa Sehemu ya 23 ya Sheria ya Ukaguzi wa Umma ya 2015.			
<p>Kamati ya Ukaguzi: Kwa mujibu wa kanuni za Sehemu ya 769 za Sheria ya Kampuni ya 2015, wakurugenzi wakuu wafuatao, kwa kuwa wanachama wa Kamati ya Bodi ya Ukaguzi wachaguliwe ili waendeleo kuhudumu kama wanachama wa Kamati hiyo:</p> <ol style="list-style-type: none"> 1. Bw. Joseph Sitati 2. Bw. Humphrey Muhu - Mwakilishi wa Ukur Yattani, Waziri -Wizara ya Fedha 3. Bi. Phyllis Wakiaga (kutegemea kuchaguliwa kwake tena katika Bodi kulingana na ajenda kipengee cha 9 (ii)) 4. Bw. Kairu Bachia 			
<p>UCHAGUZI:</p> <ol style="list-style-type: none"> 1. Uchaguzi wa Dkt. Mhandisi Joseph Njoroge - Idara ya Kawi ambaye anastaafu kwa mzunguko kwa mujibu wa Kifungu cha 104 cha Makala ya Ushirika ya Kampuni na kwa kuwa anastahili anajitolea kuchaguliwa tena 			
<ol style="list-style-type: none"> 2. Uchaguzi wa Mrs. Phyllis Wakiaga ambaye anastaafu kwa mzunguko kwa mujibu wa Kifungu cha 104 cha Makala ya Ushirika ya Kampuni na kwa kuwa amestahili anajitolea kuchaguliwa tena 			

MAAMUZI	KUUNGA MKONO	KUPINGA	KUACHA
<p>SHUGHULI MAALUM:</p> <p>Kuzingatia na, ikiidhinishwa, kupitisha uamuzi ufuatao kama uamuzi maalum:</p> <p>Mabadiliko kwenye Makala ya Ushirika ya Kampuni</p> <p>“Kwamba Kanuni ya Ushirika wa Kampuni ifanyiwe marekebisho kwa kuweka Kifungu kifuatacho baada tu ya Kifungu cha sasa cha 54 na kuita Kifungu hicho Kipya kuwa Kifungu cha 54A ifuatavyo:</p> <p>Kifungu cha 54A</p> <p>Wanachama wanaweza, ikiwa watafikiri ni sawa, kuendesha au kufanya mkutano kupitia redio, simu, televisheni, mkutano wa video au njia nyingine ya kielektroniki ya mawasiliano ya sauti/picha, au mchanganyiko wazo (“Mkutano”). Licha ya kwamba Wanachama hawako pamoja wakati wa Mkutano, uamuzi utakaopitishwa na Wanachama ambao wamefikisha idadi hitajika katika Mkutano kama huo utachukuliwa kuwa umepitishwa katika Mkutano Mkuu uliofanyika siku na wakati ambapo Mkutano ulifanywa. Kanuni hizi zinazohusiana na Kifungu na vikao vya Wanachama zinatumika kadri zinavyoweza kutekeleza hitaji la kubadilisha masuala yanayohitajika kubadilika katika Mkutano kama huo.”</p>			
<p>Mabadiliko kwenye Makala ya Ushirika ya Kampuni</p> <p>“Kwamba Kanuni ya Ushirika wa Kampuni ifanyiwe marekebisho kwa kuingiza Kifungu kifuatacha mara tu baada ya Kifungu cha sasa cha 108 na kuita Kifungu kipya kama Kifungu cha 108A ifuatavyo:</p> <p>Kifungu cha 108A</p> <p>Wakurugenzi wanaweza, ikiwa watafikiri ni sawa, kuendesha au kufanya mkutano kupitia redio, simu, televisheni, mkutano wa video au njia nyingine ya kielektroniki ya mawasiliano ya sauti/picha, au mchanganyiko wazo (“Mkutano”). Licha ya kwamba Wakurugenzi hawapo pamoja wakati ambapo Mkutano unaendeshwa, uamuzi utakaopitishwa na Wakurugenzi waliohimiza idadi hitajika katika Mkutano kama huo utachukuliwa kuwa umepitishwa katika mkutano wa Bodi utakaofanywa siku na wakati ambapo Mkutano huu utafanywa. Kanuni hizi zinazohusiana na Kifungu na vikao vya Wakurugenzi zinatumika kadri zinavyoweza kutekeleza hitaji la kubadilisha masuala yanayohitajika kubadilika katika Mkutano kama huo.”</p>			

Shareholders Calendar (cont'd)

Shareholders Notifications

Final Dividend for the financial year ended 30th June 2019

Closure of Register and Date of Payment

The Register of Members will be closed from 4th to 5th of November 2020 both dates inclusive.

If approved, the dividend will be paid, less withholding tax where applicable on or about 17th December 2020 to the shareholders whose names appear in the Register of Members at the close of business on 3rd November 2020.

Update of Particulars

- For all CDS account holders, please update your postal address, email address and bank account details at the CDSC through your Stockbroker or Custodian Bank.
- For all Share Certificate holders, please update your postal address, email address and bank account details at the offices of Image Registrars Ltd, ABSA Plaza 5th Floor, Loita Street, P.O. BOX 9287-00100 GPO Nairobi.

Taarifa ya Mwenyehisa

Mgao wa Mwisho kwa Kipindi cha Matumizi ya Fedha kilichomalizika Juni 30, 2019

Kufungwa kwa Rejista na Tarehe ya Malipo

Rejista ya wanachama itafungwa kuanzia tarehe 4 hadi 5 Novemba 2020 siku zote zikiwemo.

Ikiwa itaidhinishwa, mgao wa faida utalipwa baada ya kuondoa ushuru wa kushikilia mnamo au karibu na tarehe 17 Desemba, kwa wenyehisa ambao majina yao yamo kwa rejista tarehe 3 Novemba 2020.

Kuteng'eneza Upya/Kurekebisha Maelezo

- Kwa wote walio na akaunti za CDS, tafadhali toa maelezo mapya kuhusu anwani yako, barua pepe na akaunti ya benki katika CDSC kupitia wakala wako wa hisa au Benki Angalizi.
- Kwa wote walio na vyeti vya kumili hisa, tafadhali toa malezo upya kuhusu anwani yako ya posta, barua pepe na maelezo kuhusu akaunti yako ya benki katika afisi za Image Registrars, ABSA Plaza ghorofa ya tano, Mama Ngina Street, SLP 9287-00100 GPO Nairobi.

Dematerialisation of Shares

The Central Depository and Settlement Corporation (CDSC) commenced operations in 2004 with the intention of facilitating the holding of shares in electronic accounts instead of paper/physical share certificates to enable electronic trading & settlement of shares. This migration would shorten the settlement period, and enhance the safety & security of dealing with shares listed on the securities. The first step towards achieving electronic trading of shares was immobilization of share certificates which commenced in 2004. The number of Central Depository System (CDS) accounts has grown significantly and CDSC is now targeting to have all the shares owned by Kenyans to be transferred into electronic accounts by 1st November 2013 through a process called Dematerialization.

We trust that the following FAQ's will explain the dematerialization process:

1) What is Dematerialization?

Dematerialization is the next step after immobilization. On the dematerialization date, the underlying physical certificates will cease to be evidence of ownership under the Company listed at the Nairobi Securities Exchange (NSE). Evidence of ownership will be in the electronic holdings maintained in the Central Depository System (CDS) operated by CDSC.

2) What is a Dematerialized Security?

It is a book entry security which has been prescribed by CDSC under section 24 of the Central Depositories Act, whereby the underlying physical certificate is no longer recognized as evidence of ownership under the Companies Act Cap 486 on or after the dematerialization date.

3) What is the impact of dematerialization?

Currently, shares can be withdrawn from a CDS account and held in a certificated form. With effect from the dematerialization date, shares will not be withdrawn from the CDS account because the law does not permit the issuing of share certificates with respect to a dematerialized security. Share Certificates will no longer be recognized as prima facie evidence of ownership and will be replaced with an electronic record at CDSC.

4) What do I need to do as a shareholder if I have already deposited all my shares in the CDS account?

You shall not be required to take any further action as a result of dematerialization.

5) What happens if I do not immobilize my share certificates by the dematerialization date?

After the Dematerialization date, all shares that have not been immobilized will be reflected as a record in the CDS in the shareholder's name.

6) What if I want to access my shares which are held in CDS?

If you wish to access your shares for purposes of trading, you will be required to open a CDS account and follow a verification process through KenGen's shares registrar firm, Image Registrars Limited, after which your shares will be transferred to your personal CDS account.

7) When is the dematerialization date?

CDSC will dematerialize securities of listed companies in three groups/tranches on 1st September 2013, 1st October 2013 and 1st November 2013 respectively.

KenGen's dematerialization date is 1st November 2013. Additionally, KenGen will place a notice in the newspapers informing the public about the dematerialization date for KenGen shares.

In the meantime, we urge shareholders who still hold physical certificates to immediately contact any Stockbroker for assistance to immobilize their shares.

8) How do I keep track of my shares?

CDSC shall send you monthly statements if your account is active otherwise; you will receive your statement only once a year. However, if you would like to view/download/print your statements, you can visit the CDSC website at www.cdsckeny.com. You can also subscribe to the CDSC mobile services where you will receive an alert every time there is an activity in your accounts such as sale or purchase of shares for a minimum fee of Kshs.10.00 per alert. To subscribe, send the word 'register' to 22372 and follow the instructions.

Kubadilishwa kwa Mfumo wa Kuhifadhi Hisa

Shirika la Central Depository and Settlement Corporation (CDSC) lilianza kutoa huduma zake 2004 kwa lengo la kufanikisha utoaji wa akaunti za elektroniki badala ya hati kamili za umiliki wa hisa kuwezesha uuzaji wa hisa kwa njia ya kielektroniki. Mpango huu utapunguza muda wa kununua na kuuza hisa zilizoorodheshwa kwenye soko la hisa la Nairobi. Hatua ya kwanza kufanikisha uuzaji wa hisa kwa njia ya kielektroniki ilikuwa kusalimisha hati zenyewe za hisa, hatua ambayo ilianza 2004. Idadi ya akaunti za Central Depository System (CDS) imepanda maradufu na CDSC sasa inalenga kuhakikisha hisa zote zinazomilikiwa na Wakenya zinahamishwa kwa akaunti za kielektroniki kufikia Novemba 1, 2013 kupitia utaratibu unaohusisha kusalimisha vyeti zenyewe vya hisa.

Tunaamini kuwa maswali na majibu yafuatayo yatafafanua ipasavyo utaratibu huo.

1) Kuhamisha hisa kutoka karatasi hadi mfumo wa kielektroniki ni nini?

Hii ndio hatua inayofuata baada ya kusitisha kutumia hati za umiliki wa hisa. Katika siku ya kuanza kutumia mfumo wa elektroniki, hati halisi zitakoma kuwa ithibati ya umiliki wa kampuni iliyoorodheshwa chini ya Soko la Hisa la Nairobi. Ithibati ya umiliki itakuwa kupitia kwa akaunti ya kielektroniki (CDS) ambayo inasimamiwa na CDSC.

2) Thibitisho la usalimishaji wa hati za umiliki wa hisa ni lipi?

Ni kujazwa kwa maelezo yaliyo kwenye hati ya umiliki ambayo yamependekesha na CDSC chini ya sehemu 24 ya Sheria ya Central Depositories, ambapo cheti chenye cha karatasi hakitatambuliwa tena kama ushahidi wa umiliki chini ya Sheria ya Kampuni Sura 486 katika siku zenyewe ya mwisho au baada ya kuhamia mfumo wa kielektroniki.

3) Athari ya kuhamisha hisa kutoka karatasi hadi mfumo wa kielektroniki ni ipi?

Kwa sasa, hisa zinaweza kuondolewa kutoka kwa akaunti ya CDS na kuhifadhiwa kwa njia ya cheti. Lakini kwanzia tarehe ya kuhamishwa kwa hisa kutoka karatasi hadi mfumo wa kielektroniki, hisa haziwezi kuondolewa kwenye akaunti ya CDS kwa kuwa sheria hairuhusu kutolewa kwa vyeti vya hisa kama ushahidi. Vyeti vya hisa havitatambuliwa tena kama ushahidi wa umiliki na badala yake kutakuwa na rekodi katika akaunti ya kielektroniki katika CDSC.

4) Ninahitajika kufanya nini kama mwenyehisa ikiwa tayari nimeweka hisa zangu zote kwenye akaunti ya CDS?

Hautahitajika kufanya chochote zaidi kutokana na utaratibu huu mpya wa kusitisha matumizi ya vyeti kama ushahidi wa umiliki.

5) Nini itafanyika iwapo sitasalimisha hati zangu za umiliki kufikia tarehe ya kuhamishwa kwa hisa kutoka karatasi hadi mfumo wa kielektroniki?

Baada ya tarehe hiyo, hisa zote ambazo hati zake za umiliki hazitakuwa zimesalimishwa zitaonekana kama rekodi katika akaunti ya CDS katika jina la mwenyehisa.

6) Na iwapo ningependa kuchukua hisa zangu zilizo katika akaunti ya CDS?

Ikiwa utahitaji kufikia hisa zako kwa lengo la kuziua, utahitajika kufungua akaunti ya CDS na kufuata utaratibu wa uthibitishaji kupitia kwa kampuni ya hisa za KenGen, Image Registrars Limited, na baada ya hapo hisa zako zitahamishwa hadi akaunti yako ya CDS.

7) Ni lini hisa zitahamishwa kutoka karatasi hadi mfumo wa kielektroniki?

CDSC itahamisha hisa za kampuni zilizoorodheshwa kwenye soko la hisa katika makundi/awamu tatu mnamo Septemba 1, 2013, Oktoba 1, 2013 na Novemba 1, 2013 zikifuatana.

Tarehe ya kuhamishwa kwa hisa za KenGen ni Novemba 1, 2013. Isitoshe, KenGen itaweka tangazo kwenye magazeti kufahamisha umma kuhusu tarehe ya kuhamishwa kwa hisa za KenGen.

Lakini kwa sasa, tunahimiza wenyehisa ambao bado wana vyeti vya umiliki kuwasiliana mara moja na mawakala wa hisa kwa usaidizi kuhamisha hisa zao.

8) Nitafuatiliaje hisa zangu?

CDSC itakuwa inakutumia taarifa za kila mwezi ikiwa akaunti yako ina shughuli nyingi; la sivyo utakuwa unapokea taarifa yako mara moja kwa mwaka. Hata hivyo, ikiwa ungependa kuchapisha taarifa zako, unaweza kutembelea tovuti ya CDSC katika www.cdsckenya.com. Pia unaweza kujiandikisha kupokea huduma za CDSC mobile ambapo utakuwa unapokea ujumbe kila kunapokuwa na shughuli kwenye akaunti zako kama vile uuzaji na ununuzi wa hisa kwa ada ndogo ya Sh10.00 kwa kila ujumbe. Ili kujiandikisha, tuma neon "Register" kwa 22372 na kufuata maagizo.

Shareholders Calendar (cont'd)

Bank Details

We encourage all shareholders who hold certificates and whose dividends are paid via cheques to provide their bank details to our Company's shares registrar firm, Image Registrars Limited, ABSA Plaza 5th Floor, Loita Street, Nairobi P.O. Box 9287, 00100 GPO, Nairobi Tel: 020-2212065/2230330, 0770052116, 0735565666, 0724699667, email: info@image.co.ke to enable us post the future dividends directly to their bank accounts.

Also, we encourage all shareholders who hold CDSC accounts and whose dividends are paid via cheques to provide their bank details through their stockbrokers to enable us pay future dividends directly to their bank accounts.

Unclaimed Dividends

Further to the Unclaimed Financial Assets Act 2011, we are appealing to Shareholders who have unclaimed dividends to do so with immediate effect to avoid the dividends being surrendered to the Unclaimed Assets Authority.

Dividend enquiries can be made at the Shares & Securities Office, KenGen Pension Plaza 2, Kolobot Road, Parklands, Nairobi P.O. Box 47936-00100 Nairobi, Tel: 020-3666961/5, 0711036961/5, email: shares@kengen.co.ke or offices of the Company's shares registrar firm, Image Registrars Limited, ABSA Plaza 5th Floor, Loita Street, Nairobi P.O. Box 9287, 00100 GPO, Nairobi Tel: 020-2212065/2230330, 0770052116, 0735565666, 0724699667, email: info@image.co.ke

Declaration of Dormancy on Inactive CDS Accounts

The Central Depository and Settlement Corporation Limited (CDSC) has formulated, and the Capital Markets Authority has approved the CDS Accounts Dormancy Rules and Procedures. The declaration of dormancy is intended to safeguard investors' holding in CDS accounts. An investor will not be able to carry out any transactions in a CDS Account that has been declared dormant.

CDSC has granted a grace period of seven (7) months beginning June 1st 2020 before the declaration of dormancy is effected. Pursuant to the Dormancy Rules, CDS Accounts (Individual or Corporate, Local or Foreign) with no activity for a continuous period of twenty four (24) months will be declared dormant.

CDS account holders are advised that one may re-activate a dormant account by submitting a duly completed re-activation request and identification documents to their CDA or stockbroker. Account holders are further advised to visit their CDAs or stockbrokers to update their account details and ensure the names, ID or passport number, postal address, email address mobile phone number(s) and other information is accurately recorded.

Notes

A series of horizontal dotted lines for taking notes, set against a background of a repeating hexagonal pattern.

ADDRESSES OF STATIONS

HEAD OFFICE

KenGen Pension Plaza 2

Kolobot Road, Parklands
P. O. Box 47936, 00100 GPO
Nairobi, Kenya
Tel: +254-20-3666000
Mobile: +254-711-036000 | +254-732-116000
Fax: +254-20-2248848
E-mail: pr@kengen.co.ke

Olkaria Geothermal Power Stations

P.O. Box 785 - 20117, Naivasha
Tel: 050 - 20233/4 | 050 - 2021223
Fax: 050 - 2021223
Mobile: 0722 202894
0722 202895

Western Region

P.O. Box 874 - 40100, Kisumu
Tel: 057 - 2023800
Fax: 057 - 2023855
Mobile: 0728 608203
0738 600078

Eastern Region

P.O. Box 205 - 60100, Embu
Tel: 020 - 2310323
Fax: 020 - 2310324
Mobile: 0722 509500
0735 826344

Thermal Region

P.O. Box 80801 - 80100, Mombasa
Tel: 041 - 3435000/1
041 - 3434876
Fax: 041 - 3435431
Mobile: 0722 265390
0734 600377





KenGen

Energy for the nation.

HEAD OFFICE

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Nairobi, Kenya



www.kengen.co.ke



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