GREEN ENERGY
FOR A SUSTAINABLE FUTURE

KenGen
Energy for the nation.

Integrated Annual Report & Financial Statements
for the Year ended 30 June
2020

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

Professionalism

Safety Culture

Corporate Theme

Build, Bring out the Best,
Be Present.... with Excellence.

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This report is also available online.
For greater insight into the Company,
visit our corporate website:
www.kengen.co.ke

OUR BUSINESS

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 2019 to 30 June 2020 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 (IIRF). 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 No.17 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 Board Audit Risk & Compliance Committee approved the 2020 Integrated Annual Report and Financial Statements and additional information on 23rd March 2021.

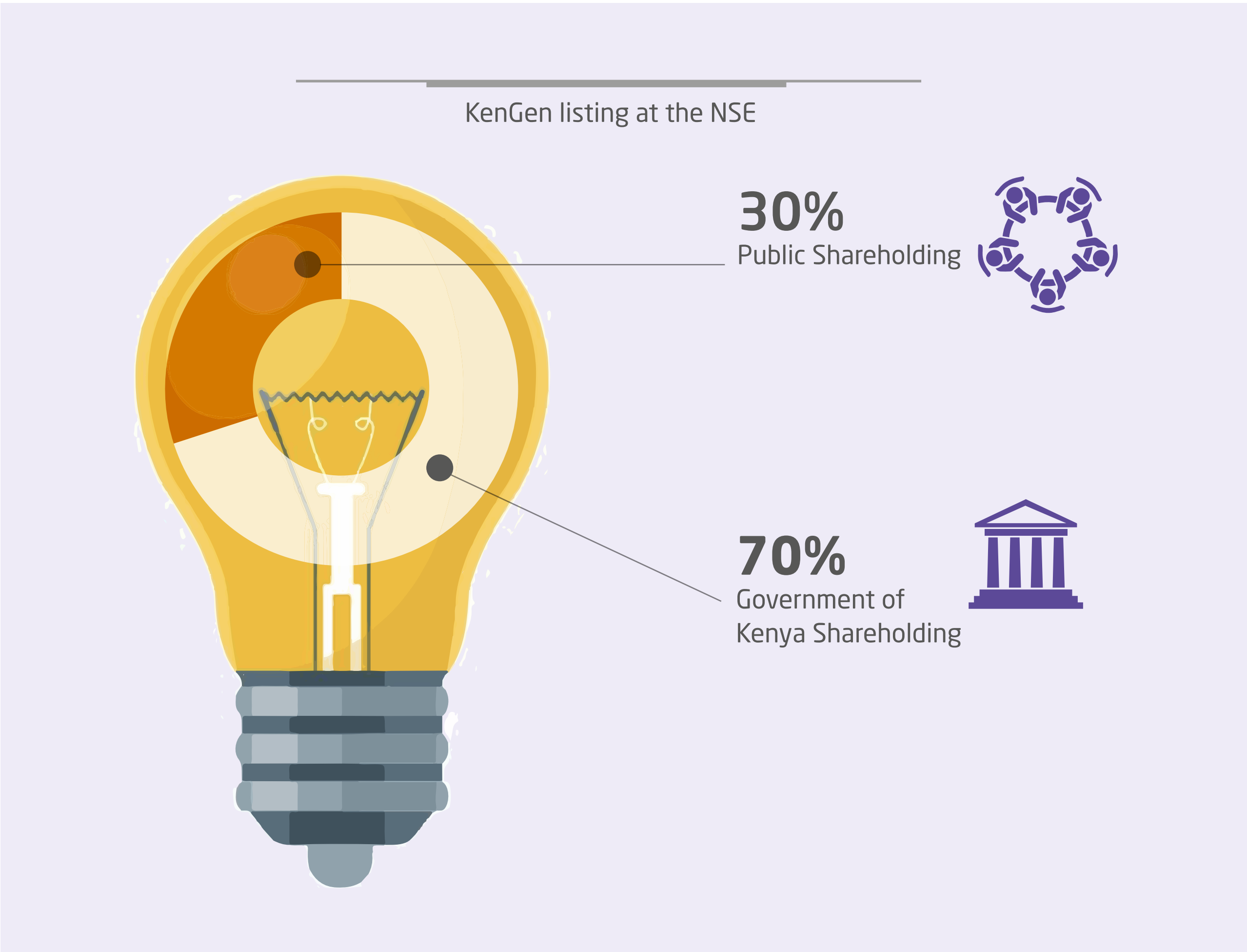
ABOUT KenGen

Kenya Electricity Generating Company PLC (KenGen) is the leading electric power producer in East Africa and generates over 70% of energy consumed in Kenya. We remain the market leader in the provision of reliable, quality, safe and competitively priced electricity. Backed by a wealth of cutting edge expertise, KenGen has distinguished itself as Africa's leading geothermal power producer and propelled Kenya into the league of top ten geothermal power producers in the world. This is in addition to our unrivalled track record of over 66 years of expertise in running hydro power plants. We have also broken ground in wind generation with the first wind farm in East Africa.

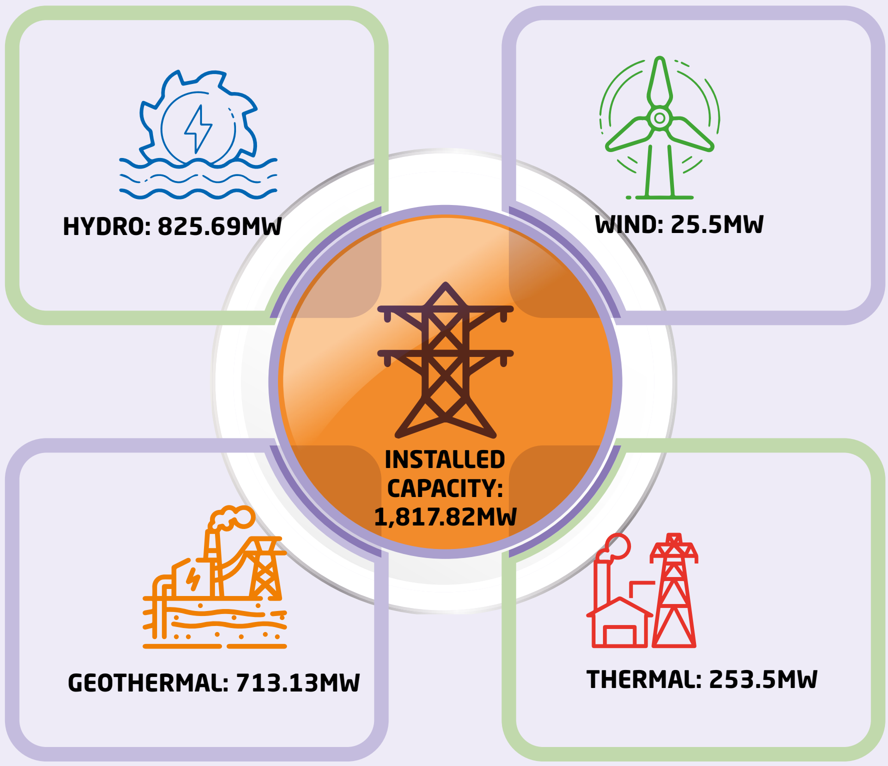
We are listed on the Nairobi Securities Exchange with the Government of Kenya owning 70% shareholding and the public 30%.

As part of the ongoing business diversification strategy, KenGen is also implementing multi-million shillings contracts to drill geothermal energy in Ethiopia and recently signed a geothermal drilling contract in Djibouti.

With 1,817.82MW of installed capacity, representing 65% of Kenya's installed capacity, we operate across four generation modes namely, Geothermal (713.13MW), Hydro (825.69MW), Thermal (253.5MW) and Wind (25.5MW).



ABOUT KenGen



Western Region:
Hydro stations capacity **190.26MW** & Muhoroni thermal plant capacity **60MW**

Eastern Region
Hydro power plants capacity **600.4MW** & Upper Tana capacity **35.03MW**

KenGen's footprint is in six operational regions: The Western Region consists of four hydro stations: Turkwel, Sondu Miriu, Sang'oro and Gogo with an installed capacity of 190.26MW and a thermal plant, Muhoroni, with a total installed capacity of 60MW. The Geothermal Region, found in the Rift Valley, has a total installed capacity of 713.13MW with the addition of Olkaria V within the current financial year. Kipevu Region has two thermal plants located in Mombasa County with an installed capacity of 193.5MW.

The Eastern Region has five power plants along the Tana River comprising of Masinga, Kamburu, Gitaru, Kindaruma and Kiambere power stations, with a total installed capacity of 600.4MW. The Upper Tana area comprises of four power plants: Mesco, Wanjii, Sagana and Tana. The area has been developed with an installed capacity of 35.03MW. Ngong Wind plants are in the Central Office Region with an installed capacity of 25.5MW.

AWARDS

Winner of State Corporations and Semi-Autonomous Government Agencies(SAGAs) under IFRS

Winner of Environmental and Social Reporting

No 1 Parastatal in Kenya as voted by Brighter Monday

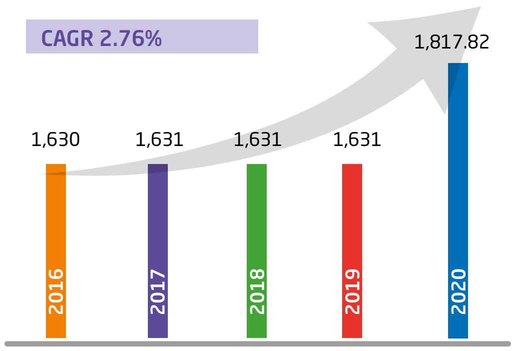
1st Runners Up 2019 Award,
Annual Wellness Champion Open Challenge, by Nope International Institute

Mr. Wellness Winner Award (2019),
Annual Wellness Champion Open Challenge, by Nope International Institute

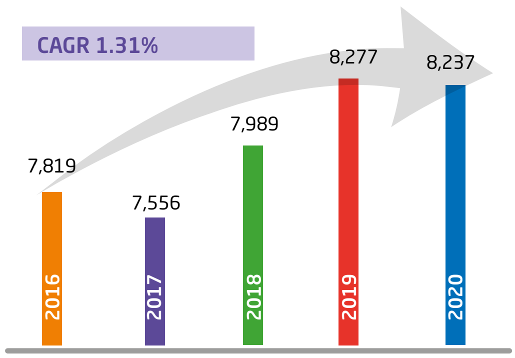
FINANCIAL HIGHLIGHTS

PERFORMANCE HIGHLIGHTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

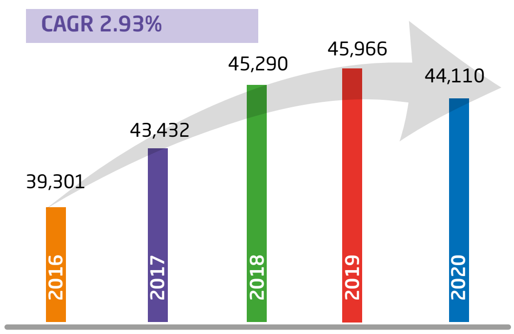
INSTALLED CAPACITY [MW]



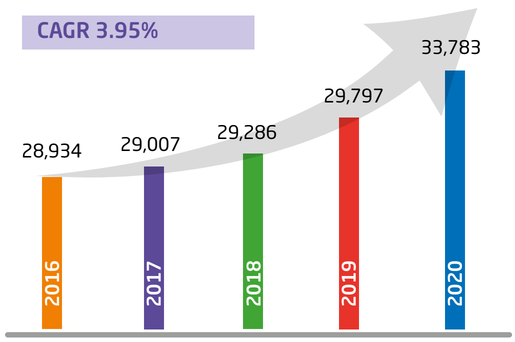
UNITS SOLD [GWH]



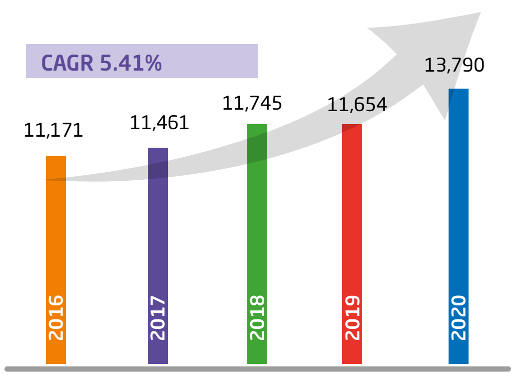
TOTAL REVENUE [Kshs Millions]



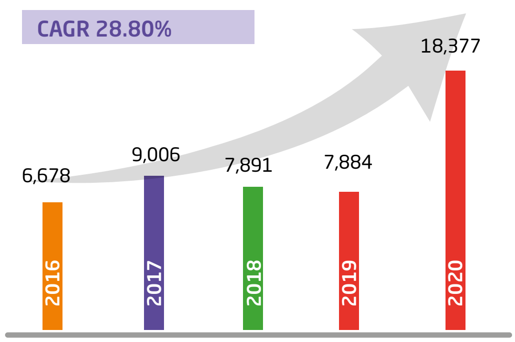
ELECTRICITY REVENUE [Kshs Millions]



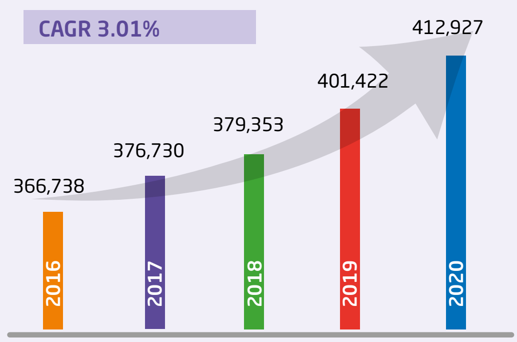
PROFIT BEFORE TAX [Kshs Millions]



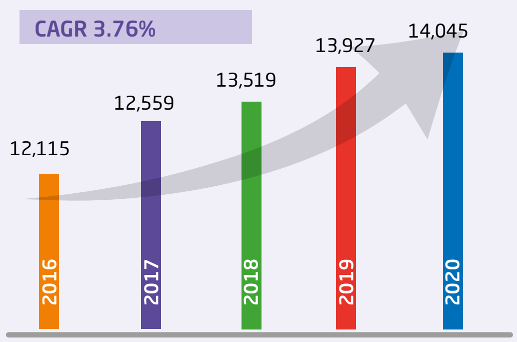
PROFIT AFTER TAX [Kshs Millions]



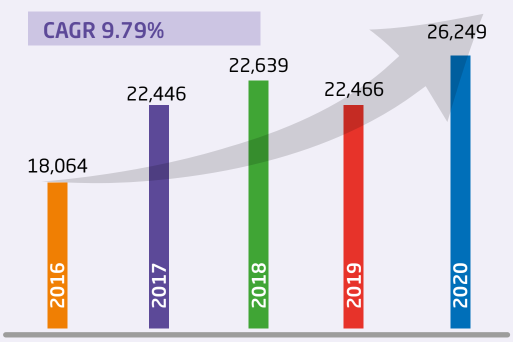
ASSETS [Kshs Millions]



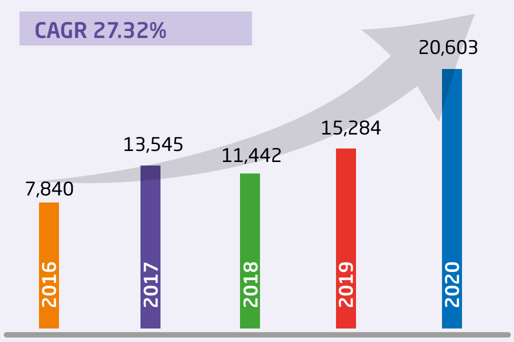
OPERATING EXPENSES [Kshs Millions]



EBITDA [Kshs Millions]



OPERATING PROFIT [Kshs Millions]



***CAGR - Compound Annual Growth Rate**

CORPORATE INFORMATION

Board of Directors	**Samson Mwathethe**	- Chairman Retired at 2019 AGM on 3rd November 2020
	Joshua Choge	- Managing Director & CEO
	Rebecca Miano	- Cabinet Secretary, The National Treasury
	Ukur Yatani	- Principal Secretary, State Department for Energy
	Joseph Njoroge	
	Musa Arusei	
	Kairu Bachia	
	Phyllis Wakiaga	
	Joseph Sitati	
	Maurice Nduranu	
	Reginalda Wanyonyi	
	Peris Mwangi	- Joined at 2019 AGM on 3rd November 2020
	Ziporah Ndegwa	- Retired on 3rd November 2020
	Humphrey Muhu	- Alternate to Mr. Ukur Yatani
	William Mbaka	- Alternate to Joseph Njoroge
Secretary	**David K. Mwangi**	- Appointed on 27th January 2021
	Paul Ndungi	- Served until 15th January 2021
	Certified Public Secretary (Kenya)	
Registered Office	KenGen Pension Plaza 2, Kolobot Road, Parklands P. O. Box 47936 - 00100 GPO Nairobi	
Registrars	**Image Registrars Limited** 5th Floor, Absa Towers, Loita Street, P. O. Box 9287 - 00100 GPO Nairobi	
Principal Auditor	**The Auditor General** Anniversary Towers P. O. Box 30084 - 00100 GPO Nairobi	
Delegated Auditor	**Deloitte & Touche** Certified Public Accountants (Kenya) Delta Towers, Waiyaki Way/Chiromo Road, Westlands P. O. Box 40092 - 00100 GPO Nairobi	

Principal Bankers

The Co-operative Bank of Kenya Limited
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 Kenya Limited
Westlands Supreme Centre,
P.O. Box 14253-00800
Nairobi

KCB Bank Kenya Limited
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 Limited
Chiromo
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

Management Team:	**Rebecca Miano**	Managing Director & CEO
Divisional Directors:	**Abel Rotich**	Geothermal Development Director
	Abraham Serem	Human Resource & Administration Director
	David Muthike	Strategy & Innovation Director
	Elizabeth Njenga	Acting Business Development Director (appointed on 25th September 2019)
	John Mudany	Finance & ICT Director
	David K. Mwangi	Acting Company Secretary & Legal Affairs Director (Appointed on 27th January 2021)
	Paul Ndungi	Company Secretary & Legal Affairs Director (Served until 15th January 2021)
	Philip Yego	Supply Chain Director
	Mary Maalu	Corporate & Regulatory Services Director
	Solomon Kariuki	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

For the year ended 30 June 2020

Statement of Directors

The Directors submit their report together with the audited financial statements of Kenya Electricity Generating Company Plc (the “Company” or “KenGen”) for the year ended 30 June 2020.

Principal Activities

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

Business Review

The advent of COVID-19 in March 2020 and its impacts on global as well as the Kenyan economy as seen in the performance of the financial markets, disruption of global supply chains and volatility of the Kenyan currency is a significant concern for the industry in general.

In response to the pandemic and corresponding directives issued by the Ministry of Health, the Company continues to implement its business continuity measures to minimize the impact of the pandemic on the business operations and liquidity, while striving to maintain the generation of electricity to the Country. We prioritise the safety of our staff, electricity supply to our customer and optimisation of business operations in the period. We appreciate the support provided by the Government during these unprecedented times, to enable us to continue providing electricity as an essential service. Though we had some COVID-19 related positive cases during the period, there was no fatality case.

Despite the pandemic, the Company remained steadfast in its operations and performance. The hydrological conditions were favourable during the period with main Dams recording their full reservoirs capacity and overflowing. However, Production declined by 2% owing to constrained demand associated with the effects of the pandemic on electricity consumption.

The Company completed the Olkaria V 172.33MW geothermal project in October 2019 which boosted production by 14% thereby displacing production from the thermal plants leading to a reduction of 63%. The wind plant experience breakdown in some of the wind turbines resulting in a drop of 37%. Overall, there was slight drop of 0.5% in energy unit sales which declined from 8,277 GWh in 2019 to 8,237 GWh in 2020.

The power plant output performance in terms of generation mix is summarized below:

Electricity Unit Sales (GWh)

Source	2020	2019	Change
Hydro	3,636.06	3,707	(2%)
Geothermal	4,276.01	3,748	12%
Thermal	278.58	755	(171%)
Wind	46.64	67	(44%)
Total	**8,237.28**	**8,277**	**(0.5%)**

REPORT OF THE DIRECTORS

For the year ended 30 June 2020

Revenue

Revenue which includes revenues for capacity, electricity sales, steam revenue, fuel revenue, water revenue and revenue from contracts such as drilling declined by 4% from Shs 45,966 million in the previous period to Shs 44,110 million in same the period in 2020, mainly driven by reduction in fuel revenue from thermal plants which registered a drop of 59% owing to displacement by Geothermal generation. The completion of Olkaria V in November 2019 and improved availability led to a growth of 13% in electricity sales from Shs 29,797 million to Shs 33,783 million. The Company enhanced its revenue diversification venture through drilling services in Tulu Moye, Ethiopia. The new venture has injected additional revenue of Shs 440 million in the year.

Other Income and Gains

Other income declined from Shs 619 million to Shs 473 million compared to previous year, attributable to a refund of tax of Shs 391 million recognised in 2019. Income from clubs, and consultancy recorded growth. Other gains relate to foreign exchange valuations and fair value measurements of financial assets. The amount increased by 101% from Shs 3,179 million to Shs 6,383 million during the period, mainly attributable to fair value gain on a financial asset through profit or loss as a result of weakening of the Shilling against other major currencies.

Expenses

Reimbursable expenses decreased by 58% from Shs 10,192 million to Shs 4,288 million attributable to reduced dispatch from the thermal power plants because of displacement by Olkaria V.

The Company capitalized Olkaria V, and Kamburu rehabilitation costs among other assets amounting to Shs 41,180 million. It also recognised right of use assets amounting to Shs 1,031 million. These assets generated additional depreciation expense leading to an increase of 16% from Shs 10,360 million to Shs 12,030 million.

Employee expenses increased by 4% from Shs 6,801 million to Shs 7,082 million due to implementation of Collective Bargaining agreement (CBA), cost of living adjustment, 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 3,357 million to Shs 3,161 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 slightly from Shs 1,512 million to Shs 1,503 million because of slow down in operations of thermal plants.

Other expenses increased from Shs 2,258 million to Shs 2,299 million, attributable to insurance of Olkaria V, travelling implementation the drilling contract in Ethiopia, CSR activities including contribution of Seed money to KenGen Foundation and COVID- 19 mitigation measures both within the company and contribution of Shs 20 million to National COVID-19 Fund. However, these was offset by declines in other expenditure lines owing to scaling down of operations during the pandemic.

The costs associated with drilling of wells in Tulu Moye, Ethiopia amounting to Shs 477 million have been included under employee and operating costs.

Finance Income / Expense

Finance income increased from Shs 1,423 million in 2019 to Shs 1,431 million in 2020 because interest on delayed payments owing to factor associated with COVID-19.

In the current year, the shilling weakened against other major currencies especially the Yen, USD and EURO due to the COVID-19 pandemic resulting in a foreign exchange loss of Shs 5,965 million compared with a loss of Shs 2,507 million in the previous year on borrowings. Further impact of Shs 102 million was recognised on adoption of IFRS 16: leases. Overall, finance expenses increased by 63% from Shs 5,054 million to Shs 8,244 million.

REPORT OF THE DIRECTORS

For the year ended 30 June 2020

Results

Profit before tax grew by 18% from Shs 11,654 million to Shs 13,790 million while profit after tax improved by 133% from Shs 7,884 million to Shs 18,377 million attributable to growth in revenue. Reduction in corporate tax rate from 30% to 25% resulted in a tax credit of Shs 8,145 million leading to overall tax credit for the year of Shs 4,587 million.

Financial Position

Total assets grew by 3% from Shs 401,422 million to Shs 412,927 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 decreased from Shs 9,324 million to Shs 5,374 million majorly due to reduction of cash generated from operations attributable to working capital movements because of payment of contractors, fuel suppliers, dividends and compensating tax.

Recommended Dividend

Subject to the approval of the shareholders, the Directors propose payment of a first and final dividend of Shs 1,978 million (2019: Shs 1,649 million) for the year representing Shs 0.30 (2019: Shs 0.25) per issued ordinary share.

Future Outlook

The current global trends point to an uncertain future and highlights the need to be flexible and adaptable to emerging challenges and opportunities. We remain optimistic in the measures that have been put in place and being undertaken by the Government to spur economic growth which will in turn increase power demand in the Country. We will continue implementing measures that will ensure our employees are well protected as we embrace the new normal.

We will continue implementing our Good to Great strategy to ensure sustainable power growth in the country, while leveraging on innovations and partnerships for continued business diversification. In the year ahead, we aim to deliver Olkaria I Unit 6 geothermal power plant, which will add 83.3MW to the national grid, and to continue with our diversification strategy for non-energy generation revenue sources from consultancies, operations and maintenance services and trainings, drilling detergent manufacturing and operationalization of materials testing laboratory and electronic instruments calibration center.

Directors

The Directors who held office during the year and to the date of this report are disclosed on **page 8**

REPORT OF THE DIRECTORS

For the year ended 30 June 2020

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; and

(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, Deloitte & Touche were appointed to carry out the audit for the year ended 30th June, 2020.

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

30th March, 2021

CHAIRMAN'S STATEMENT

"KenGen remains focused on the noble mandate to generate reliable, safe and competitively priced electric energy and diversify the business to expand the revenue streams."

Gen (Rtd) Samson Mwathethe, EGH, MBS, DCO
Chairman of the Board

Dear Shareholders,

I am pleased to present our 2020 Annual Report, which shows how we have significantly advanced the execution of our Horizon II strategy. Despite the adverse effects brought about by the COVID-19 pandemic, we remained resilient in our operations and delivered a stable performance with a 13.4% growth in electricity revenue for the year ended 30th, June 2020.

Our country's GDP growth averaged 5.4% in 2019 and had been projected to grow at about 5.7% in 2020 supported by robust private consumption, higher credit growth, and rising public and private investment. However, following COVID-19 disruption, the National Treasury projects a growth of no more than 1.5%.

The economy is expected to rebound strongly in 2021, given the country's vibrant private sector, stronger agricultural output on account of favourable weather patterns, and the recent CBK's targeted policy response measures. We remain cognisant of the financial and economic implications brought about by the novel coronavirus and our greater responsibility as an operator of critical energy infrastructure in the country. We therefore have established a crisis management team which is monitoring current developments so that the Company can, if necessary, expand the measures it has already taken to guarantee electricity supply for the country.

We remain cognisant of the financial and economic implications brought about by the novel coronavirus and our greater responsibility as an operator of critical energy infrastructure in the country.

The Board proposes a final dividend of **KShs. 0.30** per ordinary share.

Our Commitment

KenGen remains focused on the noble mandate to generate reliable, safe and competitively priced electric energy and diversify the business to expand the revenue streams. We are alive to the fact that any business that does not adapt to the emerging trends will not weather the storm. The Board developed policies and strategies to firmly place the Company on the sustainability path. We are committed to strengthening our innovation capacity to build a responsive and dynamic business which embraces emerging technological advancements and socio-economic trends.

Stakeholders Relations

KenGen relies on strong stakeholder relations in all our business operations. We owe our success to the support and commitment of our stakeholders who have not only helped to shape our strategic direction but also enabled us to implement our power expansion projects and enjoy a favourable operating environment. We will therefore continue to actively engage them and seek their feedback to sustain the existing relations.

As part of the efforts to effectively engage our stakeholders, KenGen launched its Community Engagement Strategy in 2019 as a means to building mutually beneficial relationships with neighbouring communities. In addition, the Company has embedded stakeholder management in its overall strategy. This means stakeholder engagement is now an integral part of our operations and by extension our business performance.

Corporate Governance

KenGen continues to build trust and promote business viability by maintaining the highest standards of corporate governance. During the period under review, the Directors participated in various corporate governance and business programs to enhance Board effectiveness as it entrenches sustainable business practices. The strength and agility of any board comes to test in times of crisis. I am pleased to report that the KenGen Board provided the much-needed direction and support to management which helped steer the Company through the most turbulent period occasioned by the COVID-19 pandemic. As the Chairman, I am proud to be associated with this unwavering and indomitable team!

Dividends

Given our steady performance in 2020, and expectation of resilience and continued growth in the year ahead, the Board proposes a first and final dividend for the year of KShs. 0.30 per ordinary share. This compares to a total dividend of KShs. 0.25 per ordinary share paid in 2019. If approved at this Annual General Meeting by shareholders, the dividend will be paid less withholding tax where applicable on or about Thursday, 22nd July 2021.

Our Outlook

Looking into the future, we see opportunities as well as new challenges that our Company must deal with. We face many uncertainties as the COVID-19 pandemic continues to unfold. It is in times like this that we must focus on our purpose, running safe and reliable operations for continued and guaranteed electricity supply for the country.

The current global trends portend an uncertain future and highlight the need to be flexible and adaptable to emerging challenges and opportunities. We remain optimistic in the measures that have been put in place and being undertaken by the Government to spur economic growth which will in turn increase power demand in the Country.

The Company will continue to implement the power expansion projects and invest in other revenue streams to create more value for our stakeholders.

Appreciation

On behalf of the Board of Directors, I hereby extend my deepest appreciation to the Government of Kenya, our esteemed shareholders, the management and staff for your continued support and significant contribution towards driving our strategy and business success.

Gen (Rtd) Samson Mwathethe
Chairman of the Board

TAARIFA YA MWENYEKITI

"KenGen inaendelea kuangazia wajibu wa kipekee wa kuzalisha kawi ya kutegemewa, salama na ya bei nafuu pamoja na kupanua biashara ili kuongeza mikondo ya mapato."

Generali (Rtd) Samson Mwathethe
Mwenyekiti wa Bodi

Wapendwa Wenye hisa,

Ninafuraha kuwasilisha Ripoti yetu ya kila mwaka ya 2020, inayoonyesha jinsi tulivyopiga hatua kubwa katika utekelezaji wa mkakati wetu wa upeo, almaarufu, Horizon II. Licha ya athari mbaya zilizoletwa na janga tandavu la COVID-19, tulisalia kuwa na ustahimilivu katika oparesheni zetu na kuwasilisha utendaji thabiti kwa uakuaji wa 13.4% katika mapato kutokana na umeme kwa mwaka uliokamilikia tarehe 30 Juni 2020.

Utendaji huu ulitanguliwa na uchumi thabiti mwaka wa 2019 ingawa utendaji ulikuwa wa polepole ikilinganishwa na 2018. Ukuaji wa GDP wa nchi yetu ulifikia wastani wa 5.4% mwaka wa 2019 na ulitarajiwa kukua kwa takriban 5.7% mwaka wa 2020 kwa kupiga jeki na matumizi makubwa katika sekta ya kibinafsi, ukuaji mkubwa wa mikopo na ongezeko la uwekezaji wa umma na wa kibinafsi. Hata hivyo, kufuatia uharibifu uliosababishwa na COVID-19, Wizara ya Fedha inatabiri ukuaji usiozidi 1.5%.

Uchumi unatarajiwa kurejelea kwa hali thabiti 2021 kutokana na sekta ya kibinafsi inayofanya vyema nchini, matokeo mazuri ya kilimo kutokana na mitindo bora ya hali ya hewa na hatua za hivi majuzi za sera zinazolenga mwitikio wa CBK. Tunatambua athari za kifedha na kiuchumi zilizoletwa na virusi hivi vipya vya korona na wajibu wetu mkuu zaidi kama wahusika katika miundomsingi muhimu ya kawi nchini. Kwa hivyo tumeunda timu ya udhibiti wa janga, ambayo inafuatilia mambo yanayoendelea sasa ili Kampuni iweze, ikihitajika, kupanua hatua ambazo tayari zimemechukuliwa ili kutoa uhakikisho wa usambazaji wa umeme nchini.

Tunatambua athari za kifedha na kiuchumi zilizoletwa na virusi vipya vya korona na wajibu wetu mkuu zaidi kama wahusika katika miundomsingi muhimu ya kawi nchini.

Bodi inapendekeza mgao wa mwisho wa mapato ya hisa wa **KShs. 0.30** kwa kila hisa ya kawaida.

Kujitolea Kwetu

KenGen inaendelea kuangazia wajibu wa kipekee wa kuzalisha kawi ya kutegemewa, salama na ya bei nafuu na kupanua biashara ili kuongeza mikondo ya mapato. Tunafahamu fika ukweli kwamba biashara yoyote ambayo haikumbatii mambo yanayoibuka ya kisasa haitastahimili magumu. Bodi iliunda sera na mikakati ili kuweka Kampuni katika nafasi thabiti kwa njia ya uendelevu. Tumejitolea kuimarisha uwezo wetu wa ubunifu ili kujenga biashara nyumbufu na inayoweza kubadilika inayokumbatia maendeleo ibuka ya kiteknolojia na masuala ya sasa ya kijamii na kiuchumi.

Uhusika wa Washikadau

KenGen inategemea uhusiano thabiti na washikadau katika utendakazi wetu wote wa biashara. Ufanisi wetu ni kwa hisani ya usaidizi na azimio la washikadau wetu ambao kando na kusaidia kuweka mwelekeo wetu wa kimkakati, pia wametuwezesha kutekeleza miradi yetu ya upanuzi wa kawi na kufurahia mazingira yanayofaa ya utendakazi. Kwa hivyo tutaendelea kuwahusisha kila mara na kutafuta maoni yao ili kudumisha mahusiano yaliyopo.

Kama sehemu ya jitihada zetu za kuwahusisha washikadau wetu kwa ufanisi, KenGen ilizindua Mkakati wa Kuihusisha Jamii mwaka wa 2019 kama njia ya kukuza mahusiano ya manufaa ya pamoja na jamii za karibu. Kando na hayo, Kampuni imeambatanisha usimamizi wa washikadau katika mkakati wake wa jumla. Hii inamaanisha kwamba uhusishwaji wa washikadau sasa ni sehemu muhimu ya utendakazi wetu na pia utendaji wetu wa biashara.

Usimamizi wa Shirika

KenGen inaendelea kujenga imani na kuhimiza uwezo wa biashara kwa kudumisha viwango vya juu zaidi vya utawala wa shirika. Katika kipindi kinachotathminiwa, Wakurugenzi walishiriki katika mipango mbalimbali ya usimamizi wa shirika na biashara ili kuimarisha ufanisi wa Bodi huku ikiweka msingi wa matendo endelevu ya biashara. Nguvu na uwezo wa bodi yoyote hujaribiwa nyakati za janga. Ninafurahi kuripoti kwamba Bodi ya KenGen ilitoa mwelekeo uliohitajika zaidi na usaidizi kwa usimamizi ambao ulisaidia kuelekeza Kampuni katika kipindi kigumu zaidi kilichosababishwa na tandavu ya COVID-19. Kama Mwenyekiti, ninajivunia kuhusishwa na timu hii thabiti isiyotetereka!

Migao ya Mapato

Kutokana na utendaji thabiti mwaka wa 2020, na matarajio ya ustahimilivu na kuendelea kukua mwaka ujao, Bodi inapendekeza mgao wa kwanza na wa mwisho wa mwaka wa mapato ya hisa wa Kshs. 0.30 kwa kila hisa ya kawaida. Hii inalinganishwa na jumla ya mgao wa mapato ya hisa wa KShs. 0.25 kwa kila hisa ya kawaida uliolipwa mwaka wa 2019. Washikadau wakiidhinisha katika Mkutano Mkuu wa Kila Mwaka, mgao wa mapato ya hisa yatalipwa baada ya kuondoa kodi ya kushikiliwa panapohitajika mnamo au karibu Alhamisi tarehe 22 Julai 2021.

Matarajio Yetu

Kwa kutazama siku zijazo, tunaona fursa pamoja na changamoto mpya ambazo lazima Kampuni yetu ipambane nazo. Tunakumbana na hali nyingi tete huku tandavu ya COVID-19 ikiendelea kujidhihirisha. Ni katika nyakati kama hizi ambapo lazima tuangazie madhumuni, kuendesha kazi kwa usalama na utendakazi wa kutegemewa kwa ajili ya uendelevu na hakikisho la kusambaza umeme nchini.

Mambo yanayofanyika sasa ulimwenguni yanaweka hali tete ya siku zijazo na kuangazia hitaji la kuwa nyumbufu na kukumbatia changamoto na fursa zinazoibuka. Tunasalia na imani katika hatua ambazo zimewekwa na zinazotekelezwa na Serikali kupiga jeki ukuaji wa kiuchumi na ambazo kwa upande mwingine zitaongeza hitaji la kawi Nchini.

Kampuni itaendelea kushughulikia mpango wa upanuzi wa miradi ya kawi na kuwekeza katika mikondo mingine ya mapato ili kuweka thamani zaidi kwa washikadau wetu.

Shukrani

Kwa niaba ya Bodi ya Wakurugenzi, ninachukua fursa hii kutoa shukrani za dhati kwa wenye hisa wetu wapendwa, usimamizi na wafanyakazi kwa kuendelea kutoa usaidizi na mchango wao muhimu katika kuendesha mkakati wetu na ufanisi wa biashara.

Generali (Rtd) Samson Mwathethe
Mwenyekiti wa Bodi

MANAGING DIRECTOR & CEO'S STATEMENT

"KenGen remains instrumental in the economic growth of the nation thereby underscoring the need to continuously devise strategies for effective responses to disruptions within the ever-changing business environment"

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

Dear Shareholders,

It is my pleasure to present to you the Annual Report for the financial year ended June 30, 2020 at a time when our country and the world is facing extra-ordinarily difficult times due to the COVID-19 outbreak in the last quarter of the financial year. The global economy is reeling from the disruptive effects of COVID-19 and our sector is not spared by the virus-related shock to power demand in the country. Despite the odds, the Company registered impressive results buoyed by the commissioning of Olkaria V, strong stakeholder relations and continued pursuit of operational excellence. At KenGen, we are taking bold and deliberate actions for the well-being of our staff and the sustainability of our business.

Business Continuity

KenGen remains instrumental in the economic growth of the nation thereby underscoring the need to continuously devise strategies for effective responses to disruptions within the ever-changing business environment. Our sound Business Continuity Plan and Disaster & Risk Management Framework positioned us well to respond to the emerging COVID-19 situation. The company activated the Crisis Management Team which rapidly rolled out mechanisms to ensure employee safety, seamless operations and uninterrupted power supply for the nation. The agility and resilience of the KenGen workforce was evident during these uncertain times, a perfect testament of our corporate strength.

KenGen sold
8,237GWh Energy
of which over **97%**
was from **clean energy**

KenGen's Profit after tax
KShs 18,377 million
which was **KShs 10,493 million** above the prior-year.

Strategic Direction

For close to 10 years now, we have implemented our Good-2-Great Strategy which anchors our capacity growth heavily on geothermal development. During the year, we completed and commissioned Olkaria V geothermal power plant, with an installed capacity of 172.33MW. Despite the COVID-19 pandemic, we made considerable progress in the construction of the 83.3MW Olkaria I Unit 6 geothermal plant, while adhering to the strict site safety protocols. Projects with a total capacity of 284.2MW are also at different stages of development.

Going forward, we will continue to pursue our diversification strategy to ensure that we grow our revenue base. KenGen currently has active operations in Ethiopia where we are offering commercial consultancy and drilling services. Our work ethic, commitment and expertise continues to broaden the Company's footprint in the Eastern Africa region and beyond.

Operating Environment

During the reporting period, the Company operated in a very uncertain environment that was occasioned by the coronavirus pandemic that affected the global economy. The Government implemented a raft of measures to curb the spread of the disease including a dusk to dawn curfew and containment in some of the counties which slowed down economic activities. The outbreak of this pandemic exerted pressure on the Kenyan shilling and disrupted the supply chain for critical inputs such as spares and consumables hence increasing the cost of doing business. The COVID-19 induced economic slowdown led to a drop in electricity demand of up to 8%, with a system peak demand of 1,926.47MW in February 2020 dropping to 1,465MW in April 2020. However, I am happy to note that the demand is steadily growing, and we are optimistic that the growth trajectory will continue.

A Green Energy Portfolio

Our installed capacity currently stands at 1,817.82MW comprising 825.69MW hydro, 713.13MW geothermal and 25.50MW wind, which are green energy sources. Our thermal capacity, at 253.50MW, is critical to the stabilisation of the national power grid. Our aspiration of increasing capacity is on track with several projects in the pipeline at various stages of completion which include; 83.3MW Olkaria I Unit 6, 50.7MW Olkaria I Rehabilitation, 42.5MW Seven Forks Solar Photovoltaic Power Plant, 40MW Olkaria I AU and IV Turbine Uprating, 11MW Ngong I Phase III, and 140MW Olkaria PPP.

Business Performance

During the year, electricity-unit sales totaled 8,237GWh of which 97% was from clean renewable sources. Electricity revenue for the year increased by KShs 3,986 million (a 13.4% growth) to KShs 33,783 million, mainly because of full operationalization of the 172.33MW Olkaria V geothermal power plant in November 2019, which boosted geothermal production by 14%. Net Revenue - which is Total Revenue less reimbursable expenses therefore increased by 11.3% from KShs 35,774 million in 2019 to KShs 39,822 million for the period under review, primarily because of reduction in fuel revenue associated with thermal plants, which registered a drop of 58.9% owing to displacement of thermal by geothermal power generation. We also progressed our revenue diversification ventures, earning a total revenue of KShs 440 million from the ongoing geothermal drilling project in Ethiopia.

The improvement in Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) by KShs 3,783 million (a growth of 16.8%) from KShs 22,466 million to KShs 26,249 million was propelled by the growth in electricity revenue following completion of Olkaria V power plant and the additional revenue from our business diversification. Finance Costs increased by 63.1% from KShs 5,054 million to KShs 8,244 million, largely due to a foreign exchange loss of KShs 5,965 million on the Company's foreign exchange dominated borrowings, compared with a loss of KShs 2,507 million in the previous year, as well as the KShs 102 million lease payments following adoption of International Financial Reporting Standards (IFRS) 16 for leases.

The profit before tax for 2020 grew by 18.3% from KShs 11,654 million to KShs 13,790 million, mainly attributable to additional revenue contribution by 172.33MW Olkaria V and Ethiopia operations. Profit for the year improved further by 133.1% from KShs 7,884 million to KShs 18,377 million with a tax credit of KShs 4,587 million. The tax credit was largely due to the impact of temporary reduction of the corporate tax rate from 30% to 25% introduced as one of the COVID-19 tax relief measures.

Our People and Recognition

We recognize that our employees are the most valuable resource in the company and continue to be part of a well-oiled machine delivering admirable results and a force for good. Our employees have continued to demonstrate culture of innovation, ethics, and integrity which has created unparalleled value for our stakeholders.

MANAGING DIRECTOR & CEO'S STATEMENT

The collective energy, character, determination, and unity of purpose ensured that we continued posting positive results despite the impact of the COVID-19 pandemic. I could not be more proud of our employees' efforts during these unprecedented times. During the year, we continued to add talent to strengthen our Company with a focus on our core business areas of operations and geothermal development.

Stakeholder Engagement

The Company recognizes the role stakeholders play in the attainment of its strategy and has put in place mechanisms for their active engagement. This helps the Company to leverage on stakeholder perspectives and insights to create a win-win situation. We proactively map out our various stakeholders with the aim of understanding and effectively managing their expectations. During the year under review, KenGen worked with other energy sector agencies to shape the regulatory environment and formulate regulations to operationalise the Energy Act 2019. In addition, the Company launched its Community Engagement Strategy as a means to strengthen its relations with communities living near our power installations. This is in recognition of the fact that harmonious relationships lead to business success and sustainability. The Company also implemented several social projects aimed at improving living standards among the communities.

Revenue Diversification

The Company is pursuing diversified revenue streams to secure our future and create more value for our stakeholders. Our goal is to realize 50% of our revenues from non-generation sources. The steady stream of cutting-edge ideas generated by our workforce during the vibrant Annual G2G Innovation Seminars and other internal ideation forums will power our diversification agenda. The Company will take advantage of its expertise and experience to offer commercial services and consultancy to other external parties. In addition, our partnerships and collaborations will contribute to our diversification agenda. Our subsidiary company, KenGen Energy Services Limited (KESEL) is being operationalised to upscale and commercialise our diversification programme.

Future Outlook

The adverse impacts of the reduced national electricity demand during this challenging COVID times has reinforced the need for regular review and realignment of the strategy to course-correct if necessary, improve corporate agility and resilience of business processes and systems to enhance responsiveness to the constantly evolving market dynamics. This situation has clearly brought to the fore the urgent need for diversification to mitigate over-reliance on the traditional regulated power generation business driven by the electricity power demand.

The rollout of the Company's established Business Continuity Plan (BCP) guided the response to the health-related risks posed by the COVID pandemic facilitating a professional structured management of the crisis. This served to protect our staff and ensure continued operation of the generation fleet in service prior to COVID resulting to minimal business disruption, distinguishing KenGen as a sound and professional public entity. COVID has demonstrated the over-arching importance of these BCP programs. As best practice, we shall therefore regularly audit and review these plans to confirm adequacy, continued suitability, and readiness in the light of fast-changing technology and fluid operating environment.

Operational Excellence remains a key pillar in our strategy. The organizational structural reviews will continue to be implemented to address, and plug identified business inefficiencies. We are targeting improving the structure to enhance focus on business processes and systems to streamline information flow, smoothen functional interactions and make the interfaces between different divisions more transparent to reduce and optimize business cycle times. In addition, the COVID-enforced new normal of remote working and social distancing has solidified our resolve to enhance investment in automation and upscale ICT systems. The company will review the level of automation required in our Power Plants and system wide ICT technological requirements to optimize operations, reduce operating costs, and minimize the degree of manual human intervention necessary to sustain the business. This will enable the company optimize operating and maintenance costs, promote remote working in addition to easing operational challenges during future emergencies and crisis situations.

Automation will be complemented by digitization of the business across the board to eliminate costly manual operations and enhance the visibility of routine and major operations to promote transparency, ease accountability and ensure seamless management of the functional interfaces. The ongoing establishment of the new ICT strategy is expected to reflect the current realities.

We also commit to improve our human capital readiness through additional capacity building, job rotation among other initiatives to prepare them for the new normal of remote working including remote monitoring and remote resolution of plant-related challenges. In addition, we will continue to take deliberate steps to promote institutionalization of talent management and succession planning to ensure business continuity. The successful management of our business requires a strong and diverse pool of professional human capital which reinforces the need for the company to proactively maintain focus on the upskilling of its workforce.

"At KenGen, we are cognizant of the fact that our corporate performance and success is dependent on the quality of leadership across the whole organization and not just at the top."

At KenGen, we are cognizant of the fact that our corporate performance and success is dependent on the quality of leadership across the whole organization and not just at the top. During the next financial year, we intend to launch leadership development forums within which staff will be encouraged to learn from one another, bounce ideas off each other and grow together. These small forums will be ideal platforms to allow staff raise their leadership lids, safe environment to enable staff to discover their unique strengths, talents, and areas of improvement. We are excited and convinced that this initiative will be a game-changer for the business. It will not only turn our managers into leaders and bring out the best but also stretch the participants to higher leadership levels which will translate to improved corporate performance. KenGen will be the beneficiary of the expected collective leadership growth of our staff. Ultimately, the expected army of leadership that will emerge from this initiative will be a blessing and a force of good for KenGen, the energy sector and hopefully the whole nation.

We remain committed to the implementation of the renewable programs in our project pipeline to increase capacity, contribute to the lowering of tariffs and enhance value to shareholders and all our stakeholders, in spite of fluid business environment and current depressed national power demand. We believe this situation is temporary and the economy is expected to bounce back and the demand to grow necessitating additional capacity. We intend to continue to collaborate with policy makers, sister energy entities and other stakeholders to proactively participate in initiatives targeting growth of the economy and the associated national demand.

As a best practice company, we are constantly on the lookout for new business opportunities. Once the drafting of the regulations to facilitate the operationalization of the new Energy Act is finalized, the Company will explore opportunities presented by the Act.

Acknowledgement

I am honoured to lead a great company that is changing lives of many Kenyans, our businesses, our Nation and the Africa at large.

I take this opportunity to express my sincere appreciation to the Government of the Republic of Kenya, the KenGen 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

TAARIFA YA MKURUGENZI MKUU NA AFISA MTENDAJI MKUU

"KenGen inasalia kuwa nguzo muhimu katika ukuaji wa kiuchumi wa taifa hivyo kuweka hitaji la kuendelea kubuni mikakati ya miitikio faafu kwa uharibifu ndani ya mazingira yanayobadilika kila mara ya biashara"

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

Wapendwa Wenye hisa,
Ni furaha yangu kuwasilisha kwenu Ripoti ya Kila mwaka ya mwaka wa kifedha uliokamilika tarehe 30 Juni 2020 wakati ambapo nchi yetu na ulimwengu mzima ulikuwa ukikabiliwa na nyakati ngumu zisizo za kawaida kutokana na mlipuko wa COVID-19 nchini katika robo ya mwisho ya mwaka wa kifedha. Uchumi wa ulimwengu umetetereka kutokana na madhara ya uharibifu ya COVID-19 na sekta yetu hajasazwa na mshutuko unaohusiana na virusi hadi kushughulikia hitaji la kawi nchini. Licha ya magumu hayo, Kampuni ilisajili matokeo ya kuridhisha yaliyotokana na uzinduzi wa Olkaria V, mahusiano thabiti na washikadau na kuendelea kupigania ufanisi wa kiutendakazi. Katika KenGen, tunachukua hatua za ujasiri na za kudhamiriwa za kuhakikisha ustawi wa wafanyakazi wetu na uendelevu wa biashara yetu.

Uendelevu wa Biashara

KenGen inasalia kuwa nguzo muhimu katika ukuaji wa kiuchumi wa taifa hivyo kuweka hitaji la kuendelea kubuni mikakati ya miitikio faafu kwa uharibifu ndani ya mazingira yanayobadilika kila mara ya biashara. Mpango Wetu Thabiti Wa Uendelevu wa Biashara na Kiunzi cha Udhibiti wa Majanga na Hatari zilituweka katika nafasi nzuri ya kuitikia hali ibuka ya COVID-19. Kampuni ilianza kutumia huduma za Timu ya Udhibiti wa Majanga ambayo ilizindua kwa haraka taratibu za kuhakikisha usalama wa wafanyakazi, utendakazi rahisi na kutokatika kwa usambazaji wa kawi nchini. Nguvu na ustahimilivu wa wafanyakazi wa KenGen ulidhihirika nyakati hizi za hali tete, hii ikiwa ni ushahidi kamili wa nguvu ya shirika letu.

KenGen iliuza **GWh 8,237 ya Kawi** ambapo zaidi ya **97%** ilitokana na **kawi safi**

Faida ya KenGen baada ya kodi **Milioni KShs 18,377** hii ikiwa ni **milioni KShs 10,493** zaidi yaMWaka uliotangulia.

Mwelekeo wa Kimkakati

Kwa karibu miaka 10 sasa, tumetekeleza Mkakati wetu wa Good-2Great ambao unajikita pakubwa katika ukuaji wa uwezo wetu kwa uzalishaji wa kawi ya mvuke. Katika mwaka huo, tulikamilisha na kuzindua kituo chetu cha kawi ya mvuke cha Olkaria V, ambacho kilisakinisha uwezo wa MW 172.33. Licha ya tandavu ya COVID-19, tulipiga hatua katika ujenzi wa kituo cha kawi ya mvuke cha Kitengo 6 cha Olkaria I chenye MW 83.3, huku tukizingatia taratibu madhubuti ya usalama katika kituo. Miradi yenye jumla ya uwezo wa MW 284.2 pia iko katika hatua tofauti ya uundaji.

Kuendelea mbele, tutaendelea kufuata mkakati wetu wa upanuzi ili kuhakikisha kwamba tumekuza msingi wetu wa mapato. KenGen kwa sasa ina utendakazi unaoendelea nchini Ethiopia ambapo tunatoa ushauri wa kibiashara na huduma za uchimbaji. Maadili yetu ya kazi, kujitolea na utaalamu unaendelea kupanua uwepo wa Kampuni katika eneo la Afrika ya Mashariki na mbali.

Mazingira ya Kuendesha Biashara

Katika kipindi kinachoripotiwa. Kampuni ilifanya kazi katika mazingira tete sana ambayo yalisababishwa na tandavu ya virusi vya Korona iliyoathiri uchumi wa ulimwengu. Serikali ilitekeleza hatua kadhaa za kukabiliana na maenezi ya ugonjwa huo ikiwa ni pamoja na kafyu ya jioni hadi alfajiri na udhibiti katika baadhi ya kaunti, hatua ambazo zilipunguza shughuli za kiuchumi. Mlipuko wa tandavu hii iliweka shinikizo kwenye shilingi ya Kenya na kuharibu msururu wa usambazaji wa bidhaa muhimu kama vile viziada na bidhaa za kukula hivyo kuongeza gharama ya kufanya biashara.
Kujikokota kwa uchumi kulikosababishwa na COVID-19 kulisababisha kupungua kwa hitaji la umeme kwa hadi 8%, kwa upeo wa hitaji wa kimfumo wa MW 1,926.47mwezi Februari 2020 kushuka hadi MW 1,465MWezi Aprili 2020. Licha ya hayo, ninafurahi kudokeza kwamba hitaji linaendelea kua, na tunamatumaini kwamba mtindo huo wa ukuaji utaendelea.

Wasifu wa Kawi Asilia

Uwezo wetu uliosakinishwa kwa sasa ni MW 1,817.82 ukijumuisha MW 825.69 ya kawi ya maji, MW 713.13 ya kawi ya mvuke na MW 25.50 ya kawi ya upepo hivi vyote vikiwa ni vyanzo asilia vya kawi.
Uwezo wetu wa joto, katika MW 253.50, ni muhimu katika kuweka gridi ya kitaifa ya kawi kuwa thabiti. Azimio letu la kuongeza uwezo linaendelea huku miradi kadhaa ambayo imepangiwa ikiwa hatua mbalimbali za ukamilisho ambayo ni pamoja na; Mradi wa MW 83.3 wa Olkaria I Kitengo cha 6, Ukarabati wa Olkaria I wa MW 50.7, Kituo cha Kawi cha MW 42.5 cha Seven Forks Solar Photovoltaic, Mradi wa Olkaria I wa MW 40 wa AU na IV Turbine Uprating, MW 11 Ngong I Awamu ya III, na Olkaria PPP wa MW 140.

Utendaji wa Biashara

Katika mwaka huo, mauzo ya kila kitengo cha umeme kilifika jumla ya Gwh 8,237, 97% ya umeme huu ukitokana na vyanzo mbadala vya kawi safi. Mapato kutokana na umeme ya mwaka yaliongezeka kwa milioni KShs 3,986 (ukuaji wa 13.4%) hadi milioni KShs 33,783 hasa kwa sababu ya kutumika kikamilifu kwa kituo cha kawi ya mvuke cha MW 172.33 cha Olkaria V mnamo mwezi Novemba 2019, mradi ambao ulipiga jeki uzalishaji wa kawi ya mvuke kwa 14%. Jumla ya Mapato – ikiwa ni Jumla ya Mapato kwa kuondoa gharama zinazoweza kurejeshwa hivyo yaliongezeka kwa 11.3% kutoka milioni KShs 35,774 mwaka wa 2019 hadi milioni KShs 39,822 kwa kipindi kinachokaguliwa, kimsingi kutokana na kupungua kwa mapato ya mafuta yanayohusishwa na vituo vya kawi ya mvuke, ambayo yalishuka kwa 58.9% kutokana na nafasi ya kawi ya joto kuchukuliwa na uzalishaji wa kawi ya mvuke. Pia tuliendeleza miradi yetu ya upanuzi wa mapato, na kupata jumla ya mapato ya milioni Kshs 440 kutoka mradi unaondelea wa uchimbaji wa kawi ya mvuke nchini Ethiopia.

Kuboreka kwa Mapato Kabla ya Riba, Kodi, Upungufu, na Usambazaji wa Mapato kwa kipindi cha wakati (EBITDA) kwa milioni KShs 3,783 (ukuaji wa 16.8%) kutoka milioni KShs 22,466 hadi milioni KShs 26,249 ulipigwa jeki na ukuaji wa mapato ya umeme kufuatia kukamilishwa kwa kituo cha kawi cha Olkaria V na mapato ya ziada kutokana na upanuzi wa biashara yetu. Gharama za Fedha zilizongezeka kwa 63.1% kutoka milioni KShs 5,054 hadi milioni KShs 8,244, hii ikichangiwa pakubwa na hasara kutokana na ubadilishanaji wa kigeni wa milioni KShs 5,965 kwenye mikopo iliyotawaliwa na ubadilishanaji wa kigeni wa Kampuni, ikilinganishwa na hasara ya milioni KShs 2,507 katika mwaka uliopita, pamoja na malipo ya kukodisha mali ya milioni KShs 102 kufuatia kuanza kutumia Viwango vya Kimataifa vya Utoaji wa Ripoti za Kifedha (IFRS) 16 kwa ajili ya ukodishaji.

Faida kabla ya kodi kwa 2020 ilikua kwa 18.3% kutoka milioni KShs 11,654 hadi milioni KShs 13,790, hii ikichangiwa pakubwa na mapato ya ziada kutokana na ujenzi wa mradi wa MW 172.33 wa Olkaria V na utendakazi nchini Ethiopia. Faida ya mwaka iliimarika zaidi kwa 133.1% kutoka milioni KShs 7,884 hadi milioni KShs 18,377 kukiwa na nafuu ya kodi ya milioni KShs 4,587. Nafuu hii ya kodi kwa kiasi kikubwa kilitokana na upunguzaji wa muda wa kiwango cha kodi ya biashara kutoka 30% hadi 25% hii ikizingatiwa kama mojawapo ya hatua za nafuu ya kodi kutokana na COVID-19.

TAARIFA YA MKURUGENZI MKUU NA AFISA MTENDAJI MKUU

Watu Wetu na Utambulisho

Tunatambua kwamba wafanyakazi wetu ndio rasilimali yenye thamani zaidi katika kampuni yetu na wanaendelea kuwa sehemu ya mtambo wetu laini wa kutoa matokeo ya kujivunia na kani ya kufanya mema. Wafanyakazi wetu wameendelea kuonyesha utamaduni wa ubunifu, maadili na uadilifu na kuweka thamani isiyo na mfano kwa washikadau wetu.

Nguvu ya pamoja, sifa, matamanio na umoja ulihakikisha kwamba tuliendelea kutoa matokeo chanya licha ya athari ya tandavu ya COVID-19. Ninajivunia zaidi jitihada za wafanyakazi wetu katika nyakati hizi zisizotabirika. Mwaka huo, tuliendelea kuongeza talanta ili kuimarisha Kampuni yetu huku tukiangazia nyanja kuu za utendakazi wa biashara yetu na uundaji wa kawi ya mvuke.

Uhusishwaji wa Washikadau

Kampuni hii inatambua nafasi ya washikadau katika kufikia mikakati yake na imeweka taratibu za kuendelea kuwahusisha. Hii inasaidia Kampuni kuvuna kutokana na mitazamo na maarifa ya washikadau ili kuweka hali ambapo sote tunanufaika. Tunaendelea kuramanisha washikadau wetu mbalimbali kwa lengo la kuelewa na kudhibiti matarajio yao kwa ufanisi. Katika mwaka unaokaguliwa, KenGen ilifanya kazi na mashirika mengine katika sekta ya kawi kuweka mazingira yanayofaa ya kiudhibiti na kuunda kanuni za kuweka Sheria ya Kawi ya 2019 ifanye kazi. Vilevile, Kampuni ilizundua Mkakati wake wa Uhusishwaji wa Jamii kama njia ya kuimarisha mahusiano yake na jamii zinazoishi karibu na vituo vyetu vya kawi. Hii ni kwa utambuzi wa ukweli kwamba mahusiano ya amani yanasababisha ufanisi na uendelevu wa biashara. Kampuni pia inatekeleza miradi kadhaa ya kijamii inayolenga kuimarisha viwango vya maisha miongoni mwa jamii.

Upanuzi wa Mapato

Kampuni inafuata mikondo anuai ya mapato ili kulinda mustakabali wetu na kuweka thamani zaidi kwa ajili ya washikadau wetu. Lengo letu ni kufikia 50% ya mapato kutoka kwa vyanzo visivyo vya uzalishaji. Mkondo thabiti wa mawazo ya kipekee yaliyozalishwa na wafanyakazi wetu wakati wa Warsha wa Kila mwaka wa Ubunifu wa G2G na majukwaa mengine ya kindani ya kutoa mawazo yatatia nguvu ajenda yetu ya upanuzi. Kampuni itavuna nafuu kutokana na utaalamu na uzoefu wake wa kutoa huduma za kibiashara na ushauri kwa wahusika wengine wa nje. Vilevile, ushirika wetu na ushirikiano wetu utachangia ajenda yetu ya upanuzi. Kampuni yetu tanzu, KenGen Energy Services Limited (KESEL) inawekwa kufanya kazi ili kupandisha hadhi na kuweka mipango yetu ya upanuzi kuwa ya kibiashara.

Matarajio ya Siku Zijazo

Athari mbaya za kupungua kwa hitaji la kitaifa la umeme nyakati hizi za changamoto za COVID zimeimarisha hitaji la ukaguzi na uoanisho wa mara kwa mara wa mkakati ili iwe sahihi ikihitajika, kuboresha nguvu ya shirika na ustahimilivu wa michakato ya kibiashara na mifumo ili kuboresha uwezo wa kuitikia mabadiliko ya mara kwa mara ya masuala ibuka ya soko. Hali hii imeleta hali ya hitaji la dharura la upanuzi ili kusuluhisha hali ya kutegemea kupita kiasa biashara za kijadi za uzalishaji unaodhibitiwa wa kawi kutokana na hitaji la kawi.

Uzinduzi wa Mpango wa Uendelevu wa Biashara uliokuzwa na Kampuni uliongoza mwitikio wa hatari zinazohusiana na afya zinazowekwa na tandavu ya COVID ukiwezesha udhibiti wa kimuundo wa janga kitaalamu. Hii ilitumika kulinda wafanyakazi wetu ili kuhakikisha kuendelea kwa utendakazi wa uzalishaji wa msururu wa huduma kabla ya COVID na kusababisha uharibifu kidogo wa biashara, hii ikibainisha KenGen kama shirika sawa na la kitaalamu la umma. COVID imeonyesha umuhimu wa aina yake wa mipango hii ya BCP. Kama matendo mema, tutakagua na kudurusu mipango hii mara kwa mara ili kuthibitisha utoshelevu, uendelevu unaoendelea na utayari kwa msingi wa teknolojia inayobadilika haraka na mazingira yanayobadilika ya kuendesha biashara.

Ufanisi wa utendakazi unasalia kuwa nguzo muhimu katika mkakati wetu. Ukaguzi wa miundo ya kishirika utaendelea kutekelezwa ili kushughulikia na kuchomeka ugumu uliotambuliwa wa biashara. Tunalenga kuboresha muundo ili kuzidi kuangazia michakato ya kibiashara na mifumo ya kuoanisha mtiririko wa taarifa, kulainisha miingiliano ya kikazi na kufanya mitagusano kati ya vitengo mbalimbali kuwa ya wazi zaidi ili kupunguza na kuboresha nyakati za mzunguko wa biashara. Zaidi ya hayo, hali mpya ya kufanyia kazi nyumbani na kukaa mbali na watu wengine iliyosababishwa na COVID imekuwa nguzo katika uamuzi wetu wa kuboresha uwekezaji katika uendeshaji wa kazi kiotomatiki na kuboresha mifumo ya TEHAMA. Kampuni itakagua kiwango cha uendeshaji wa kazi kiotomatiki kinachohitaji katika Vituo vyetu vya Kawi na mahitaji ya kiteknolojia yanayohitajika katika idara pana ya TEHAMA ili kuboresha utendaji kazi, kupunguza gharama za kuendesha kazi na kupunguza viwango vya kutegemea mikakati ya kufanywa na binadamu mwenyewe ili kufanya biashara kuwa endelevu. Hii itawezesha kampuni kuboresha utendaji kazi na gharama za udumishaji, kuhimiza watu kufanya kazi wakiwa mbali pamoja na kurahisisha changamoto za uendeshaji kazi wakati wa dharura za siku zijazo na hali za janga.

Uendeshaji kazi kiotomatiki utajaziliwa kwa kufanya biashara kuwa ya kidijitali katika kila eneo ili kuondoa utendakazi unaohitaji binadamu mwenyewe ambao gharama yake ni ya juu na kuimarisha uonekanaji wa utendakazi kuu na wa kawaida ili kuhimiza uwazi, kurahisisha uwajibikaji na kuhakikisha usimamizi rahisi wa

> **"Katika KenGen, tunatambua ukweli kwamba utendaji wa na ufanisi wa shirika letu unategemea ubora wa uongozi kote katika shirika nzima na sio tu katika uongozi wa juu pekee."**

violesura vya utendaji. Uundaji unaoendelea wa mkakati mpya wa TEHAMA unatarajiwa kuakisi ukweli uliopo sasa.

Pia tumejitolea kuboresha hali ya utayari wa mtaji wetu wa kibinadamu kupitia ujenzi wa ziada wa uwezo, uzungushaji wa wafanyakazi katika nyadhifa kazini miongoni mwa mipango mingine ili kuwatayarisha kwa hali mpya ya kufanyia kazi wakiwa mbali ikiwa ni pamoja na ufuatiliaji na utatuzi wa changamoto zinazohusiana na kituo wakiwa mbali. Isitoshe, tutaendelea kuchukua hatua za kuhimiza kurasimisha usimamizi wa ujuzi na mipango ya urathi ili kuhakikisha uendelevu wa biashara. Usimamizi wa biashara yetu kwa ufanisi unahitaji mtaji thabiti na anuai wa kundi la wataalamu binadamu ambao wanatilia mkazo hitaji la kampuni kuendelea kudumisha umakinifu wake katika kuwapa wafanyakazi wake ujuzi zaidi.

Katika KenGen, tunatambua ukweli kwamba utendaji na ufanisi wa shirika letu unategemea ubora wa uongozi kote katika shirika nzima na sio tu katika uongozi wa juu pekee. Katika mwaka unaofuata wa kifedha, tunanuia kuzindua majukwaa ya ukuzaji wa uongozi ambapo wafanyakazi watahimizwa kujifunza kutoka kwa wenzao, kujadili mawazo yao na wengine na kukua kwa pamoja. Majukwaa haya madogo ya majadiliano yatafaa ili kuruhusu wafanyakazi kuinua upeo wao wa uongozi, mazingira salama ya kuwawezesha wafanyakazi kutambua nguvu, talanta zao za kipekee na maeneo ya kuboresha. Tunasisimka na tumeshawishika kwamba mpango huu utakuwa wakimageuzi kwa ajili ya biashara. Kando na kugeuza wakurugenzi wetu kuwa viongozi na kuwafanya kuwa bora zaidi, pia utaimarisha viwango vya uongozi vya washirika kuwa vya juu zaidi na hii hatimaye itasababisha kuimarika kwa utendaji wa shirika. KenGen itanufaika kutokana na ukuaji huu wa pamoja unaotarajiwa wa uongozi miongoni mwa wafanyakazi wetu. Hatimaye, kikosi kinachotarajiwa cha uongozi kitakachoibuka kutokana na mpango huu kitakuwa baraka na kani ya wema kwa KenGen, sekta ya kawi na tunatumai kwa taifa nzima.

Tunaendelea kujitolea kutekeleza mipango ya kawi ya vyanzo mbadala katika miradi yetu ijayo ili kuongeza uwezo, kuchangia kupunguza ada na kuboresha thamani kwa wenye hisa na washikadau wetu wote, licha ya mazingira yasiyo thabiti ya biashara na kupungua kwa hitaji la kawi kitaifa kwa sasa. Tunaamini kwamba hali hii ni ya muda na uchumi unatarajiwa kurejea na hitaji kukua na kusababisha umuhimu wa uwezo wa ziada. Tunanuia kuendelea kushirikiana na waundaji sera, mashirika sawa ya kawi na washikadau wengine kuendelea kushiriki katika mipango inayolenga ukuaji wa uchumi na hitaji linalohusiana la kitaifa.

Kama kampuni inayozingatia matendo mema, tunaendelea kuchunguza mara kwa mara uwepo wa fursa za kibiashara. Pindi tu mchakato wa kuandaa rasimu ya kanuni za kuwezesha Sheria mpya ya Kawi kufanya kazi ukikamilishwa, Kampuni itachunguza fursa zitakazotolewa na Sheria hiyo.

Ikisiri

Ni fursa ya kipekee kwangu kuongoza shirika kubwa ambalo linabadilisha maisha ya Wakenya wengi, biashara, Taifa letu na Afrika nzima.

Ninachukua fursa hii kutoa shukrani zangu za dhati kwa Serikali ya Jamhuri ya Kenya, Bodi ya Watendaji ya KenGen, 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 Mtendaji na Afisa Mtendaji Mkuu

Ngong Wind Farm

CORPORATE GOVERNANCE

WHO GOVERNS US

General (Rtd) Samson Mwathethe

EGH, MBS, DCO

Chairman of the Board, Independent & Non-Executive Director

General (Rtd) Samson Mwathethe, the Chairman of the Board of Directors, is the immediate former Chief of Defence Forces of the Republic of Kenya. He retired from the Kenya Defence Forces in May 2020 after serving as the Chief of the Kenya Defence Forces for years. He currently heads the Oceans and Blue Economy Office. He has held various command appointments, including Vice Chief of the Defence Forces, Commander, Kenya Navy, Deputy Commander Kenya Navy, Kenya Navy Logistics Commander, Base Commander Mtongwe and Fleet Commander. His other appointments included Chief of Systems & Procurement, Department of Defence, Command of individual Kenya Navy Ships, Staff Officer Operations at Navy Headquarters, 86 Squadron Commander and Staff Officer I Coordination at the Department of Defence. His other professional and military training includes International Sub-Lieutenants Course (UK), International Principal Warfare (IPWO) Course (UK), Missiles Course (Italy) and the Royal Naval Staff College, Greenwich, (UK) in 1989. He also attended the Defence Resource Management Course in Monterey, USA in 1998, and the National Defence College in Nairobi, Kenya in 2000.

He also served with the United Nations as a Military Observer in Kuwait/Iraq and Yugoslavia in 1991/92. His decorations include Elder of the Golden Heart of Kenya (EGH), Distinguished Conduct Order (DCO), Moran of the Burning Spear (MBS), among others.

General (Rtd) Samson Mwathethe born in 1958 and went to Sacred Heart High School in Mombasa, before joining the Kenya Navy in April 1978. He was commissioned in 1980 as a Seaman Officer after attending Britannia Royal Naval College, Dartmouth.

General (Rtd) Mwathethe brings to the KenGen Board immense wealth of experience in strategy and leadership which will steer KenGen on our noble mandate to generate reliable, safe and competitively priced electric energy for the nation and diversify the business to expand the revenue streams. Under General Mwathethe's leadership, KenGen is committed to strengthening its stakeholder relations as we continue to build a responsive and dynamic business that takes into account the emerging technological advancements and social trends.

Mrs. Rebecca Miano, MBS

Managing Director & CEO, Executive Director

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

Mrs. Miano has had a 30 year multi-faceted career in the energy sector and is a recognised continental business leader focused on running KenGen as a sustainable entity. She is an energy expert specialising in renewal energy, structuring international and regional multi-million business deals, international regulatory framework in sustainability development and climate change, policy development, corporate governance and business law. She founded the noble Pink Energy forum to address female and gender parity issues within KenGen. She has since advanced the Pink Energy agenda to a sectoral platform to enjoin the other state agencies within the Ministry of Energy. Mrs. Miano is focused on growing KenGen's footprint in geothermal development across the African continent and she has successfully implemented several large geothermal projects in the continent.

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 joined the World Bank Group's Advisory Council on Gender and Development in July 2020. Mrs. Miano was named as one of the top 25 movers and shakers in Africa in 2021 by the African Energy Chamber.
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.Mrs. Miano has been a member of St. Paul's University Council since 2010 where she chaired the Finance and General Purposes Committee from 2013 to 2016. She has also served in the Finance Committee of the National Council of Churches of Kenya (NCCK).

Mrs. Miano holds a Bachelor of Laws (LLB) Degree, a Diploma in Law and Post-graduate studies in ComparativeLaw. In 2010, she completed the Advanced Management Program 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). She attended various leadership and business programs over her career. She was born in 1966.

Hon. Amb. Ukur Yatani, EGH
Cabinet Secretary, The National Treasury, Non-Executive Director

Hon. Amb. Ukur Yatani Kanacho born in 1967, has over 27-year experience in public administration, politics, diplomacy and governance in public sector. Before his appointment as Cabinet Secretary for the National Treasury he served as the Cabinet Secretary for Labour and Social Protection since January 2018.

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.

Between June 2009 and October 2012, he 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.

Between 1992 - 2015, he served in different positions in Kenya's Public Administration including a District Commissioner, where sharpened his management and administrative skills. 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
Principal Secretary, State Department for Energy, Non-Executive Director

Dr. Eng. Joseph Njoroge, the Principal Secretary, State Department for Energy 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 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 Principal Secretary in the State Department for Energy following reorganisation of the government structure. He is a distinguished electrical engineer with a career spanning over three decades in power engineering and management.

WHO GOVERNS US

Dr. Musa Arusei

Independent & Non-Executive Director

Dr. Musa 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 PhD. (Geochemistry) from Moi University.

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 is formerly a senior lecturer, Department of Chemistry and Biochemistry at the University of Eldoret. 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 KenGen and the Ministry of Energy. He is a member of the Institute of Directors (Kenya). He is also a Board member of NCPD from 2019 and a chairs the Board of Fimab High School.

Mrs. Phyllis Wakiaga

Independent & Non-Executive Director

Mrs. Phyllis Wakiaga born in 1981, she 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 Master's in Business Management. She is an alumni of the Swedish Institute Management Program on Sustainable Business Leadership and Corporate Social Responsibility. She is currently pursuing a PHD in Leadership and Governance.

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-Illicit 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, Global100 under 40. She is a member of the Law Society of Kenya, Institute of Human Resource Management, Institute of Directors and the institute of Economic Affairs.

Mr. Kairu Bachia

Independent & Non-Executive Director

Mr. Kairu Bachia born in 1959, holds a Bachelor of Arts degree in Building Economics (BA Bldg. Econ) Hons. 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 University Business School, several modules at the The Institute for Public Private Partnership (IP3), and several Corporate Governance Training courses. He is a Registered Quantity Surveyor (RQS) with the Board of Registration of Architects and Quantity Surveyors (BORAQS), a Fellow of the Architectural Association of Kenya (FAAK-QS), a Corporate Member of the Institute of Quantity Surveyors of Kenya (IQSK), a Member of the Chartered Institute of Arbitrators (MCIArb) and a Certified Professional Mediator (CPM-MTII). He has authored several articles/papers for presentation at the construction industry professional and contractors 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, Mediator and Dispute Resolution Consultant.

Mr. Bachia is the current chairman of the Joint Building & Construction Council (JBCC) of Kenya, a past Chairman of the Architectural Association of Kenya, past Captain and Chairman of Muthaiga Golf Club (MGC), a past Chairman of the alumni of Starehe Boys' Center, Old Starehian Society (OSS), and a past Secretary of the Kenya Professional Boxing Commission (KPBC). He has also served as a Board Member of Chinga Boys and Chinga Girls High Schools, 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 a member of the Institute of Directors (Kenya).

Dr. Reginalda Wanyonyi

Independent & Non-Executive Director

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 Integrity Service Committee.

Dr. Wanyonyi, is the first woman member of parliament for Bungoma County (2013-2017). She was intergral to the initiation and passing of key legislation including The Water Act 2015 and The Forest Act 2015. 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

Mr. Joseph Sitati

Independent & Non-Executive Director

Mr. Joseph 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 a platinum member of the Information System Audit and Control Association. He has attended various professional development training programs.

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).

Mr. Maurice Nduranu

Independent & Non-Executive Director

Mr. Maurice Nduranu born in 1974, 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, DPFG, 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.

He 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 a member of the Institute of Directors (Kenya), Chairman of CPF financial Services in addition to serving on several other boards.

Ms. Peris Mwangi

Independent & Non-Executive Director

Ms. Peris Mwangi, born in 1990, holds a Bachelor of Laws degree (LLB) from Kabarak University and a Postgraduate Diploma from the Kenya School of Law. She is currently pursuing a post graduate degree (LLM Intellectual Property Law) at the University of Leeds.

Ms. Mwangi has worked in several law firms and institutions.

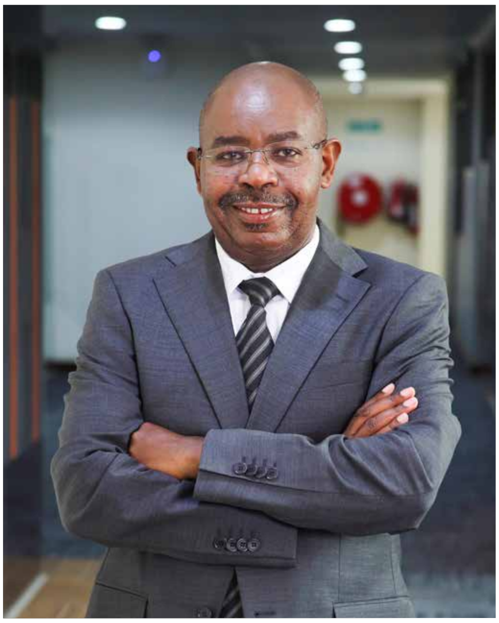
She is currently a Partner at H. Kago & Co. Advocates.

Mr. William Mbaka

Non-Executive Director

Mr. William Mbaka 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). Mr. Mbaka is also the Chairman of the Energy Taskforce on the Implementation of the Energy Act 2019 and is currently the Senior Chief Finance Officer at the MoE. Mr. Mbaka has over 30 years' experience in financial management in the Government of Kenya.



Mr. Humphrey Muhu

Non-Executive Director

Mr. Humphrey 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 over 27 years' experience in various government ministries and departments.

Ngong Wind Farm

Kengen Rig on site at Olkaria

WHO LEADS US

WHO LEADS US

EXECUTIVE COMMITTEE (ExCO)

The team is headed by the Managing Director & CEO and comprises of all the Divisional Directors. This Committee serves as a link between the Board and Management. ExCO has a mandate and responsibility to ensure compliance with the statutory and regulatory frameworks, guidelines and adherence to Company policies and procedures. It convenes its meetings on a weekly basis or as the business may dictate to discuss strategy formulation and implementation, policy matters and financial performance.

Managing Director & CEO

Mrs. Rebecca Miano, MBS

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

Mrs. Miano has had a 30 year multi-faceted career in the energy sector and is a recognised continental business leader focused on running KenGen as a sustainable entity. She is an energy expert specialising in renewal energy, structuring international and regional multi-million business deals, international regulatory framework in sustainability development and climate change, policy development, corporate governance and business law. She founded the noble Pink Energy forum to address female and gender parity issues within KenGen. She has since advanced the Pink Energy agenda to a sectoral platform to enjoin the other state agencies within the Ministry of Energy. Mrs. Miano is focused on growing KenGen's footprint in geothermal development across the African continent and she has successfully implemented several large geothermal projects in the continent.

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WHO LEADS US

Operations Director

Eng. Solomon Kariuki

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 31 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 31 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 of power plants and availability at optimized costs, rehabilitation and upgrade of plants to facilitate uptake of latest technology to improve operation and extend effective plant life, continuous improvement and automation of systems to align with best practice.

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

Ag. Company Secretary & Legal Affairs Director

CS. David K. Mwangi, CPS (K)

CS David K. Mwangi, holds a Bachelor of Laws (LLB) Hons. Degree from Moi University, a Post Graduate Diploma in Law from the Kenya School of Law and an Executive Master of Business Administration Degree. He is currently pursuing a Masters in Law - Construction Law & Arbitration, at Robert Gordon University UK.

Mr. Mwangi is an Advocate of the High Court of Kenya, Commissioner for Oaths, Notary Public as well as a registered Certified Public Secretary with the Institute of Certified Public Secretaries of Kenya. Further, he is a Member of the Chartered Institute of Arbitrators London & Kenya.

Mr. Mwangi has had an outstanding career spanning over fifteen in legal, company secretarial & corporate governance and alternative dispute resolution with an exceptional range of skills acquired over his career in both the private and public sectors.

He joined KenGen in 2012 as the Legal Manager and was appointed as the Acting Company Secretary & Legal Affairs Director on 27th January 2021.

Mr. Mwangi is responsible for driving the Company's corporate governance agenda, providing legal guidance and support to the Board & Management and is the Secretary to the Board and all its Committees.

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

Human Resource & Administration Director

Mr. Abraham Serem

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: a 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, Kenya.

Prior work 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 senior managerial positions. Mr. Serem joined KenGen management team on 1st March,2016 as the Human Resource and Administration Director.

He is responsible for execution of Human Resource strategy to optimize human capital contribution and provide work environment that continuously adds value to stakeholders in provision of electric energy and business sustainability.

Departments: Administration, Human Resource Services and Human Resource Development.

Finance & ICT Director

Dr. FCPA John Mudany

Dr. FCPA John Mudany is a zealous financial management expert with over 30 years' experience across Manufacturing, Aviation and Energy Sectors. He holds a doctor of Philosophy in Management and Leadership from the Management University of Africa, a Master of Business Administration in Marketing and Master of International Business Administration (MIBA) from USIU, and a Bachelor of Commerce degree in Accounting from the University of Nairobi. He is a member of the Kenya Institute of Management (KIM) and a fellow of 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. Dr. Mudany joined KenGen in November 2008 as the Finance and ICT 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

WHO LEADS US

Ag. Business Development Director

Ms. Elizabeth Njenga

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 in 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.

Geothermal Development Director

Eng. Abel Rotich

Eng. Abel Rotich serves as the Geothermal Development Director since September 2014. Abel is a seasoned power sector professional with a wealth of experience based on strong performance across majority of the 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. Coupled to this, he holds numerous project management certifications and is a graduate of Advanced Management Program from the prestigious Strathmore University.

He joined the Company over thirty years ago and rose through the ranks and refinements to the position of Geothermal Development Director 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 in both 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. He 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. Geothermal power is the baseload source of power to the national grid and thus demands critical management to ensure the high availabilities and best returns for the organization.

Strategy & Innovation Director

Mr. David Muthike

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), a member of Engineers Board of Kenya (EBK), Kenya Institute of Management (KIM), and Geothermal Association of Kenya (GAK).

He joined KenGen in 1998. He was appointed to the Company's Strategy and Business Performance Division in September 2014. His major role 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 and Innovation

Supply Chain Director

Mr. Philip Yego

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 Supplys (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.

Mr. Yego 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.

Departments: Tenders, Contracts, Inventory and Logistics

WHO LEADS US

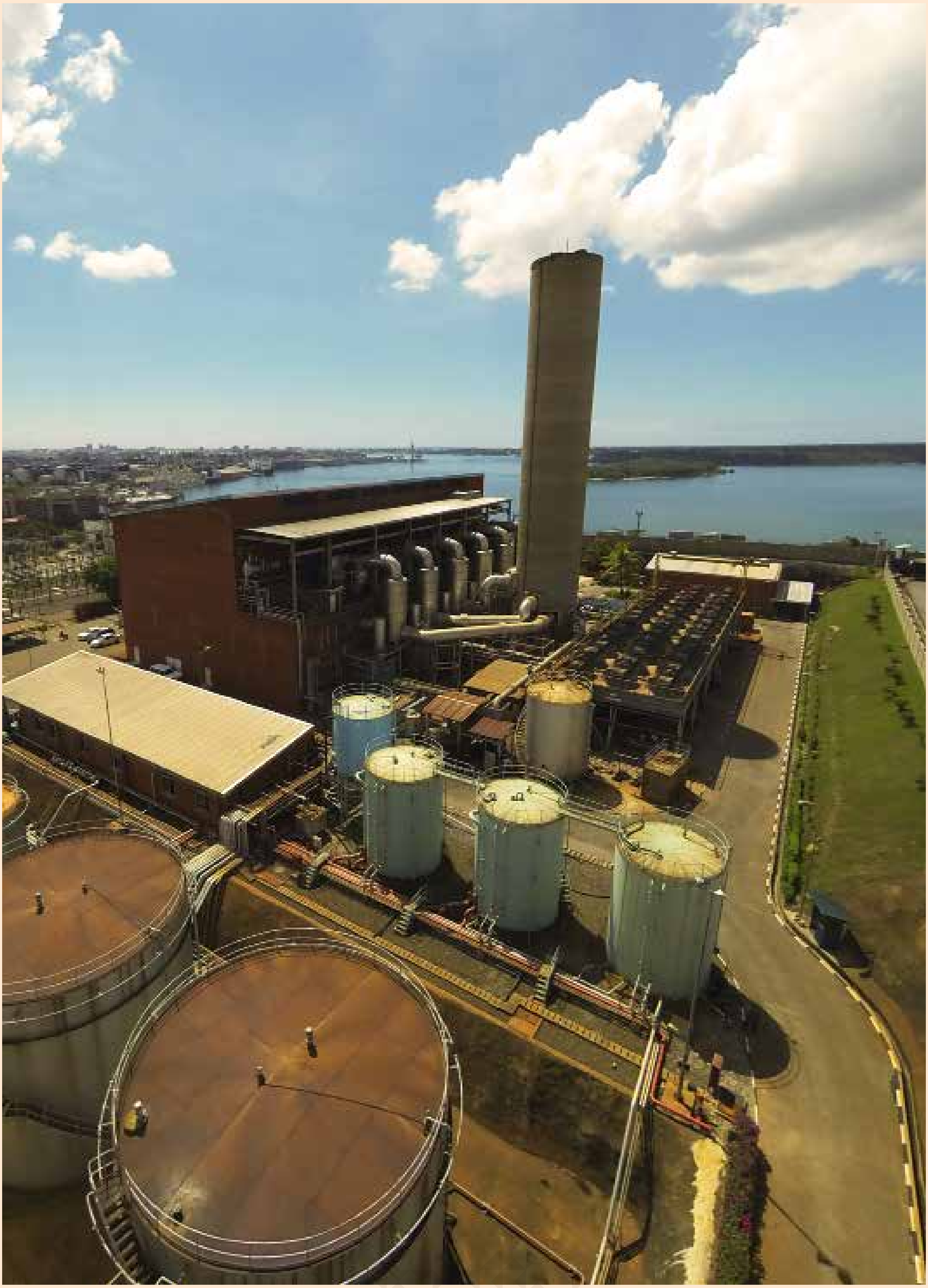
Regulatory & Corporate Services Director
Mrs. Mary Maalu

Mrs. Mary Maalu is a Finance Expert with extensive experience in Audit, Financial Management and Corporate Finance. She holds Master of Business Administration (MBA) and Bachelor of Commerce (B.Com) Degrees from the University of Nairobi. She is a Certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya (ICPAK). She also holds a Certificate in Senior Leadership Management Programme (SLMP) from Strathmore University and a Certificate in Utility Regulation and Strategy from University of Florida.

Prior experience includes: Ernst & Young where she held the position of Assistant Manager Audit, Kenya Airways where she held several Management positions including: Manager Credit Control, Manager Outstations and Manager Treasury. She joined KenGen in January 2011 as the Corporate Finance Manager.

Her key responsibilities included raising capital for power generation projects, securing working capital facilities, Project Finance and Accounting, Treasury Management-financial modelling, cash flow forecasting, funds management, investments and foreign currency dealing, Tax planning and compliance, Revenue Billing and Collection, Power Purchase Agreements (PPAs) development and Investor Relations management. She was appointed as the Corporate & Regulatory Services Director on 1st August, 2020 where she is responsible for Regulatory Management, Stakeholder Management, Development and Negotiation of Power Purchase Agreements (PPAs), Quality & Safety Management programs, Communication, Community Engagement, Environment & Sustainable Development and Business Process Improvement.

Departments: Regulatory Affairs, Quality & Safety, Communication, Community Affairs, Environment & CDM and Business Process Improvement



Kipevu Power Station

Olkaria IV Geothermal Power Station

CORPORATE GOVERNANCE STATEMENT

CORPORATE GOVERNANCE STATEMENT

Corporate Governance is a set of rules, controls, policies, and resolutions which guide corporate behavior. Good corporate governance helps companies build trust with stakeholders and promotes financial viability by creating a long-term investment opportunity for market participants. KenGen board of directors is at the apex of good corporate governance and is charged with the responsibility of entrenching the same in the company. Our corporate governance framework provides guidance to the board, management and employees, defining their roles and responsibilities.

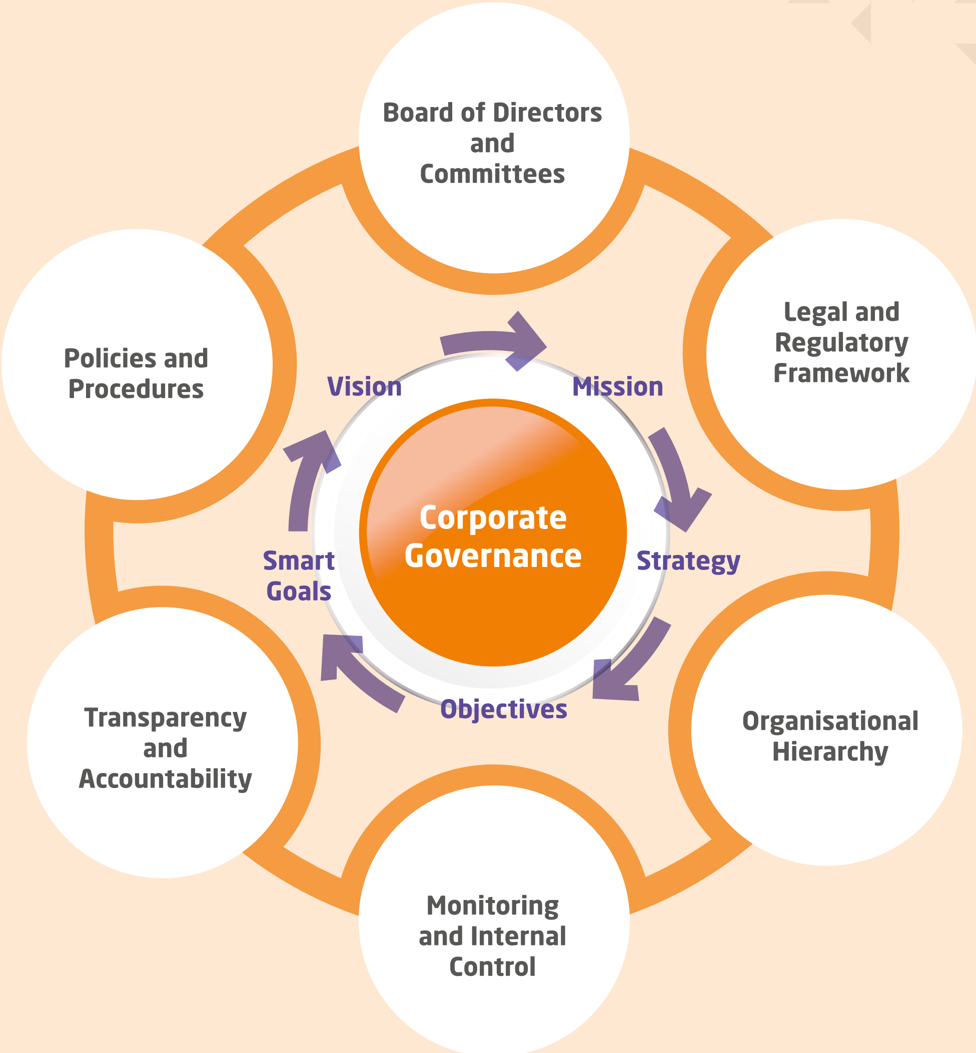
Statement of Compliance

KenGen fully ascribes to continuing obligations as a listed company in compliance with the Capital Markets Authority's (CMA) Code of Governance for Issuers of Public Listed Securities, 2015 and the ethical standards prescribed in the Company's Code of Conduct. The Board also adheres to the principles of good governance as stipulated in Mwongozo: The Code of Governance for State Corporations.

KenGen has attained ISO 9001:2015 certification in Quality Management System and ISO 14001:2015 Environmental Management System. This shows a determination for pursuit of excellence in the organisation.

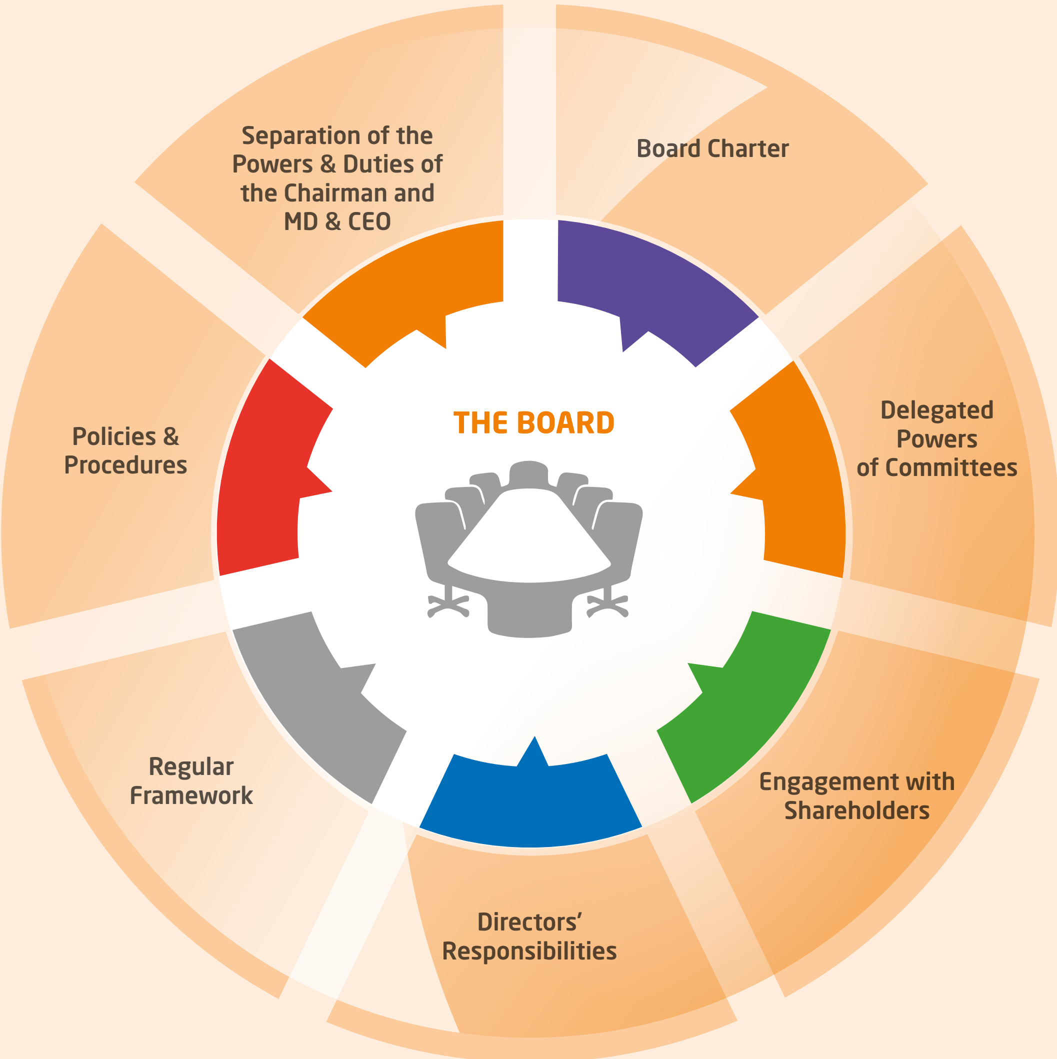
KenGen complies with the Acts and Regulations which include:

Our Corporate Governance Framework



The Corporate Governance framework continues to encompass KenGen's strategic and operational objectives with a focus to accelerate growth and increase stakeholder value.

How the Board Operates



The Board Charter

The KenGen Board has put in place a charter that defines the governance parameters which set out specific responsibilities to be discharged by the Directors collectively and individually. Each director subscribes to the charter, acknowledges the company's values and commits to uphold them. The members of the Board have pledged to dedicate themselves to the service of company and uphold the tenets of good corporate governance: be accountable, efficient, effective, responsible, transparent, have integrity and exercise fairness in all their dealings.

Independent Director

An independent director does not have a material or pecuniary relationship with the company or related persons, has not been employed by the Company in an executive capacity within the last three years, owns not more than five percent of the shares of the company and has not been in service 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 above requirements.

Board Composition

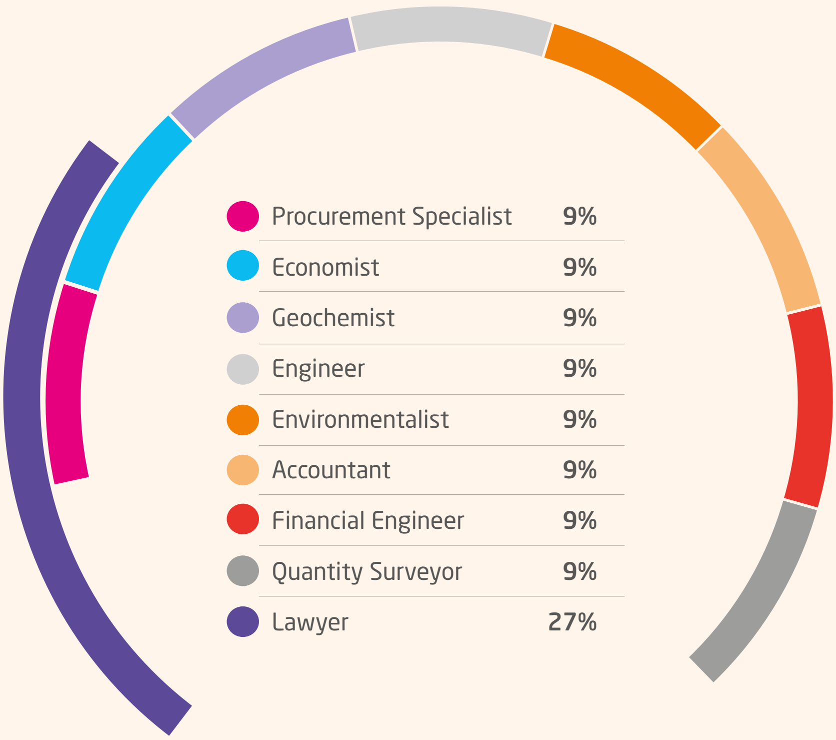
The KenGen Board comprises of eleven (11) members; an independent and non-executive Chairman, one executive Managing Director & CEO, the Cabinet Secretary-The National Treasury, Principal Secretary-Ministry of Energy, plus seven independent and non-executive directors.

During the last Annual General Meeting and as per the Company's Articles of Association on Rotation of Directors; four Board members retired, two of whom were re-elected.

CORPORATE GOVERNANCE STATEMENT

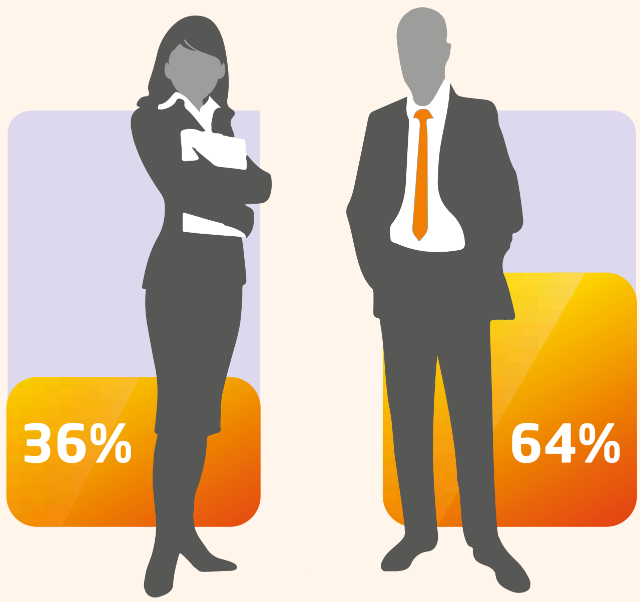
Board Diversity

The Board has the following skills set:



KenGen continues to comply with the 2/3 gender rule as outlined in the Constitution of Kenya 2010:

Board Gender Balance



The biographies of the Directors are published on **pages 28-34**

Role of the Board

The Board defines the company's purpose, strategic intent, objectives and values by:

i) retaining full and effective control over the Company and monitoring implementation of the plans and strategies by Management;
ii) ensuring ethical behaviour and compliance with relevant laws and regulations, audit and accounting principles, corporate policies, corporate procedures and the code of ethics;
iii) operating above and beyond the minimum requirements and benchmarking performance against international best practice;
iv) defining levels of materiality, reserving specific powers to the Board, delegating and instituting effective mechanisms that monitor the performance of the management team;
v) controlling, exercising oversight and administering the assets of KenGen in a manner that best promotes the purpose for which the Company was established;
vi) determining capital and recurrent budget provisions;
vii) entering into partnership with other organisations;
viii) authorising the opening of bank accounts for the Company's funds;
ix) safeguarding stakeholder interests; and
x) committing to the principles of good governance as stipulated in the "Guidelines for Corporate Governance in State-Owned Corporations".

From left, Energy PS Dr. Eng. Joseph Njoroge, MD & CEO Mrs. Rebecca Miano and retired Board Chairman Joshua Choge during the virtual AGM held on 3rd November, 2020.

Directors' Responsibilities

All Directors are bound by their fiduciary duty and the duty of care. The fiduciary duties of directors require that a Director acts in good faith and in the best interest of the company.
The Board Charter and Articles of Association of the Company specify the responsibilities of each Director.

The Directors commit to:

a) promote the success of the company by acting in its best interest;
b) exercise their powers in good faith in the execution of their duties;
c) act with care, skill, diligence and prudence;
d) be fully aware that they are individually and collectively responsible for deciding the Company's vision, mission and values and its strategic objectives;
e) act within powers as set out in the Companies Act;
f) exercise independent judgement in all decisions;
g) avoid conflict of interest; and
h) not accept benefits from third parties that would influence their independent decision-making.

The Company Secretary

The Kenyan laws require that every company must establish the position of a Company Secretary to address compliance matters. The Company Secretary is appointed by the Board and is responsible for advising the Board and providing support to the Directors. He/she ensures compliance with Board procedures and implements the governance framework. The Company Secretary facilitates the flow of information within the Board and its Committees and management. The Company Secretary is a member of the Institute of Certified Secretaries (ICS).

Board Effectiveness

Separation of Powers & Duties of the Chairman and the Managing Director

Our Board operates within a clearly defined governance framework which provides for delegated authority and clear lines of responsibility. The Chairman is a Non-Executive Director whose primary role is to direct the business of the Board and ensure its effectiveness. The Managing Director is responsible for the day-to-day running of the business and execution of strategy as set out by the Board.

Induction

All Board members, upon appointment, undergo an extensive induction to deepen their understanding of the company, its business and industry developments. The programme entails intense management briefings, review of corporate documents and familiarisation visits to KenGen installations.

Board Development

For enhanced Board effectiveness, KenGen has a comprehensive development programme designed to build their knowledge in the energy industry and global best practice. This includes the statutory threshold of 12 hours of Corporate Governance training as stipulated by the CMA and leadership programmes.

Board Evaluation

Board evaluation is critical to gauging its performance and putting in place measures to optimise effectiveness. This is done annually through a rigorous performance evaluation by the State Corporations Advisory Committee (SCAC). The process entails a 360-degree evaluation of the Chairman by the individual Directors, each Director by the Chairman, MD & CEO by all Directors and peer evaluation of each Director. The feedback received is used to design appropriate training and development programmes for the Board.

Board Meetings

The Board, as per the Annual workplan, meets quarterly or additionally when necessary to consider matters relating to the overall control of the business. The Board workplan and calendar are prepared at the beginning of the year and adequate notice, agenda and Board papers are circulated within the stipulated timelines.

The main Board held eight (8) meetings attended as follows:

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

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 30th June, 2020 is as follows:

	Name	Number of Shares	% Holding
1	**Joshua Choge**	14,700	0.000223
2	**Rebecca Miano**	111,048	0.001684
3	**Ukur Yatani**	-	-
4	**Joseph Njoroge**	100,386	0.001522
5	**Kairu Bachia**	213,300	0.003235
6	**Maurice Nduranu**	-	-
7	**Joseph Sitati**	10,000	0.000152
8	**Phyllis Wakiaga**	336	0.000005
9	**Ziporah Ndegwa**	1,400	0.000021
10	**Musa Arusei**	-	-
11	**Reginalda Wanyonyi**	-	-
12	**Humphrey Muhu**	7,436	0.000011
13	**William Mbaka**	-	-

Board Remuneration

Non-Executive Directors provide services to the Company for which they are entitled to a remuneration. They are paid a standard level of fees and allowances for attending Board Meetings, Board Committee Meetings and other Company Business that they may be called upon to undertake.

Mwongozo, the Code of Governance for State Corporations on Board remuneration, provides that the relevant Authority should establish a formal and transparent Remuneration Policy and remunerate Board Members fairly, ethically and responsibly. The Directors' fees are paid upon shareholder approval at the Annual General Meeting. It is proposed that each Director receive a taxable fee of six hundred thousand Kenya Shillings (Kshs 600,000.00) per annum for the financial year ended 30th June, 2020.

Directors' Remuneration Report is on **page 123**

Conflict of Interest and Declaration of Interest

The Board is under a statutory obligation to avoid a situation in which the Director has or can have a direct or indirect interest that conflicts or may conflict with the interest of the Company. All business transactions with all Directors or their related parties are carried out at arms' length.

At all meetings of the Board, the Directors are required to make a declaration of any interest they may have in the business under discussion. The Director is obligated to declare the same and exclude himself/herself from any discussion or decision over the subject matter.

Business transactions with the Directors or their related parties are disclosed on **page 203**

Board Committees

To effectively carry out governance responsibilities, the Board has established five (5) standing committees with specific delegated mandates. They operate under clearly articulated terms of reference with clarity to their scope of authority.

The membership is summarised as follows:

Audit, Risk & Compliance Committee	Strategy Committee	HR & Nomination Committee	Governance Advisory Committee	Finance Committee
Mr. Joseph Sitati-(Chair)	**Mr. Kairu Bachia**-(Chair)	**Dr. Musa Arusei**-(Chair)	**Mrs. Ziporah 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. Ziporah 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**

Audit, Risk & Compliance Committee

Report from the Chairperson of the Audit, Risk & Compliance Committee

Mr. Joseph Sitati
Chair

Mandate

To assist the Board in areas of financial reporting and compliance with the applicable financial reporting standards, oversight of the internal & external audit function and the operating controls.
During the year, the Committee executed its functions which were:

- reviewed financial reports and compliance with applicable financial reporting standards;
- provided oversight of the Company's internal audit function;
- reviewed financial and operational controls;
- liaised with the External Auditors' in receiving and reviewing their reports and letters;
- monitored compliance with legal and regulatory requirements and;
- reviewed risk management issues within the Company.

Membership

This Committee consists of four (4) Independent and one (1) Non-Executive Director. Appointment to this Committee is for a period of three years which may be renewable for another term of three-year in line with our current practices provided the Director remains independent. Currently the Company's Act, 2015 require that members of this Committee are approved by shareholders every year, during the Annual General Meeting.

The KenGen Internal Audit Manager is the Secretary to this Committee.

Attendance

he Committee held six (6) meetings which were attended as follows:

	Name	Attendance
1	Joseph Sitati	6
2	Humphrey Muhu (Alternate to Mr. Ukur Yatani)	5
3	Ziporah Ndegwa	5
4	Phyllis Wakiaga	3
5	Kairu Bachia	6

Strategy Committee

Report from the Chairperson of the Strategy Committee

Mr. Kairu Bachia
Chair

Mandate

The Committee reviews and recommends to the Board matters pertaining to business strategic plan, investment decisions, annual business and financial plans and budgets.
The functions include:

- develop and review the Company's strategy and investment policies and make appropriate recommendations;
- develop and review the progress of the Company's strategy execution plans and;
- evaluate and recommend for approval by the Board, business cases for all categories of investment projects and new ventures including strategic partnerships within its delegated authority.

Membership

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

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

	Name	Attendance
1	Kairu Bachia	8
2	Humphrey Muhu (Alternate to Mr. Ukur Yatani)	6
3	Joseph Sitati	7
4	William Mbaka	8
5	Rebecca Miano	8

Human Resource Remuneration & Nomination Committee

Report from the Chairperson of the Human Resource Remuneration & Nomination Committee

Mr. Musa Arusei
Chair

Mandate

The Committee is responsible for appointment and reappointment to the Board and its committees, recruitment and performance review of senior management. It also reviews human resources policies and company staff welfare and reward system.
It's functions include:

- continually examine the Company's structure;
- engagement of senior management staff;
- nomination and remuneration of Directors;
- review employee establishment;
- examine policy and procedures on employment and staff promotion;
- review the Collective Bargaining Agreement proposals and make recommendations; and
- propose innovative ideas for transforming the Company into a world-class enterprise and employer

Human Resources function

The Committee continually reviews the organization structure, core functions and optimum establishment; policies and procedures on staff recruitment and selection, staff training and development policy for operational efficiency, of performance and reward system and capacity enhancement & reviews the terms and conditions of service in line with the organisation's strategy. Further it 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 that will enable it to discharge its responsibilities, transparent procedure for selecting new directors for appointment and re-selection to the Board; 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 & the criteria for payment of bonuses to all staff and monitor its operation, consider 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.

Attendance

The Committee held six (6) meetings which were attended as follows:

	Name	Attendance
1.	Musa Arusei	6
2.	Kairu Bachia	6
3.	Phyllis Wakiaga	2
4.	Reginalda Wanyonyi	6
5.	Rebecca Miano	6

Governance Advisory Committee

Report from the Chairperson of the Governance Advisory Committee

Zipporah Ndegwa
Chair (Retired at 2019 AGM on 3rd November 2020)

Mandate

The Committee reviews major procurements being undertaken by the Company.
The functions include:

- 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.

Attendance

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

	Name	Attendance
1	Ziporah Ndegwa	9
2	Musa Arusei	9
3	Maurice Nduranu	8
4	Reginalda Wanyonyi	9
5	Rebecca Miano	9

Finance Committee

Report from the Chairperson of the Finance Committee

Mr. Maurice Nduranu
Chair

Mandate

The Committee oversees capital raising activities of the Company and monitors expenses and investments of the Company.
The functions include:

- receive the Financial Due Diligence Report and the Balance Sheet Restructuring, Debt Affordability and Sustainability Reports;
- oversee the implementation of the overall investment plan for the PIBO funds to ensure adequate and competitive returns;
- review at least semi-annually the repayment of the PIBO funds to ensure fulfilment of repayment obligation; and
- monitoring on a quarterly basis the Company's key financial ratios.

Membership

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

Attendance

The Committee held four (4) meetings which were attended as follows:

	Name	Attendance
1	Maurice Nduranu	4
2	Humphrey Muhu (Alternate to Mr. Ukur Yatani)	3
3	Musa Arusei	3
4	William Mbaka	3
5	Rebecca Miano	4

CORPORATE GOVERNANCE STATEMENT

Internal Controls & Risk Management

The Board is committed to managing risk and to control the company's business and financial activities to maximise profitable business opportunities, manage and ensure compliance with applicable laws and regulations and enhance resilience to external forces.

The Company carries out bi-annual legal compliance audit to ensure compliance with all applicable laws and identify any gaps and advices the company on the impact.

KenGen has a policy that helps Management identify, measure and manage threats to the achievement of Company objectives and assess the appropriateness of management's response to these risks.

The Audit, Risk & Compliance Committee of the Board through its delegated mandate from the Board regularly reviews the effectiveness of the internal control system. The Head of the Internal Audit, Risk & Compliance Department reports directly to the Board's Audit, Risk & Compliance Committee.

Code of Conduct and Ethics

KenGen has a code of conduct relating to lawful and ethical conduct of business which is supported by the Company's core values of integrity, professionalism, team spirit and emphasis on safety culture. The code of conduct provides fundamental principles and guidelines that govern the ethical and legal obligations of all employees at all levels. All employees are bound by the provisions of the Public Officers Ethics Act 2003, the Company Code of Conduct and any other statutory regulations issued from time to time. In this regard, all employees signed the code of conduct within the first quarter of this year.

The Board, Management and employees are required to observe the code and high standards of integrity. These standards are applied in all dealings with customers, suppliers, and other stakeholders.

Going Concern

The Board confirms that it is satisfied that the Company has 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.

Insider Trading

The Company has adopted an insider trading policy with an objective of promoting transparency and accountability by Directors and Employees. The policy prohibits insiders from trading in the securities of the company at any time they are in possession of critical information. The CMA Act has prescribed regulations that expressly prohibit the use of unpublished insider information.

Any information that relates to the Company and its securities which has not been made public and if it was made public is likely to have material effect on the price of the securities is deemed to be insider information.

Whistle Blowing Policy

The Company has a whistle blowing policy that provides for ethics hotline managed by an independent external institution. Through the hotline anonymous reports on unethical behaviour can be made without fear of retaliation of the suspected individuals.

Engagement with Shareholders

The Board is committed to provision of regular and timely information to the shareholders. All shareholders are entitled to receive the Annual Report and Financial Statements and any distribution from the company as may be lawfully declared. Annual results are always published in the local daily newspapers and uploaded on the Company's website at least 21 days before the Annual General Meeting (AGM) to ensure that all the shareholders are well informed at the AGM.

All shareholders are entitled to attend, speak and vote at the general meetings including appointment of proxies. On a poll shareholders are entitled to vote for each share held.

Shareholders Tour

KenGen organises Annual Shareholders Tours to expose shareholders to operations of the Company with a view to empowering them to make meaningful contributions during the AGM. Due to COVID-19 and the Government restrictions on movements, the Company was not able to hold a Shareholders Tour.

Shareholding

In line with the Continuing Obligations for listed companies as prescribed by the Capital Markets Authority and Nairobi Securities Exchange, KenGen files Investors Returns on a monthly basis.

Top 10 Shareholders as at 30th June 2020

	Names	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 A/C KE002339	100,000,000	1.52
5	Standard Chartered Nominees RESD A/C Ke11450	64,702,437	0.98
6	Kenya Commercial Bank Nominees Limited A/C 915A	60,000,000	0.91
7	Standard chartered Nominees RESD A/C Ke11443	40,163,194	0.61
8	Standard Chartered Nominees RESD A/C Ke 11401	37,773,580	0.57
9	Standard Chartered Nominees A/C KE Ke19335	22,031,966	0.33
10	Kerai Harji Mavji & Ramila Harji Mavji	18,101,000	0.27
	Sub-Total	5,651,195,454	85.70
	190,137 Other Shareholders	943,326,885	14.30
	Grand Totals	**6,594,522,339**	**100.00**

Distribution of Shareholders

	Range	No. of Shareholders	No. of Shares	% Shareholding
1	1 to 500	81,902	19,624,885	0.30
2	501 to 1,000	34,418	27,419,521	0.42
3	1,001 to 5000	49,088	109,462,116	1.66
4	5,001 to 10,000	16,690	112,367,893	1.70
5	10,001 to 50,000	6,634	133,239,542	2.02
6	50,001 to 100,000	722	50,980,219	0.77
7	100,001 to 500,000	508	104,554,587	1.59
8	500,001 to 1,000,000	76	54,133,975	0.82
9	Above 1,000,000	109	5,982,739,601	90.72
	Total	**190,147**	**6,594,522,339**	**100.00**

Investor Pools

Investor Pools	No. of Shareholders	Shares	% Shareholding
Local Institutions	7,949	5,073,356,707	76.93
Local Individuals	181,250	632,273,555	9.59
Foreign Investors	948	888,892,077	13.48
Total	**190,147**	**6,594,522,339**	**100.00**

Kamburu Power Station

SUSTAINABILITY

SUSTAINABILITY

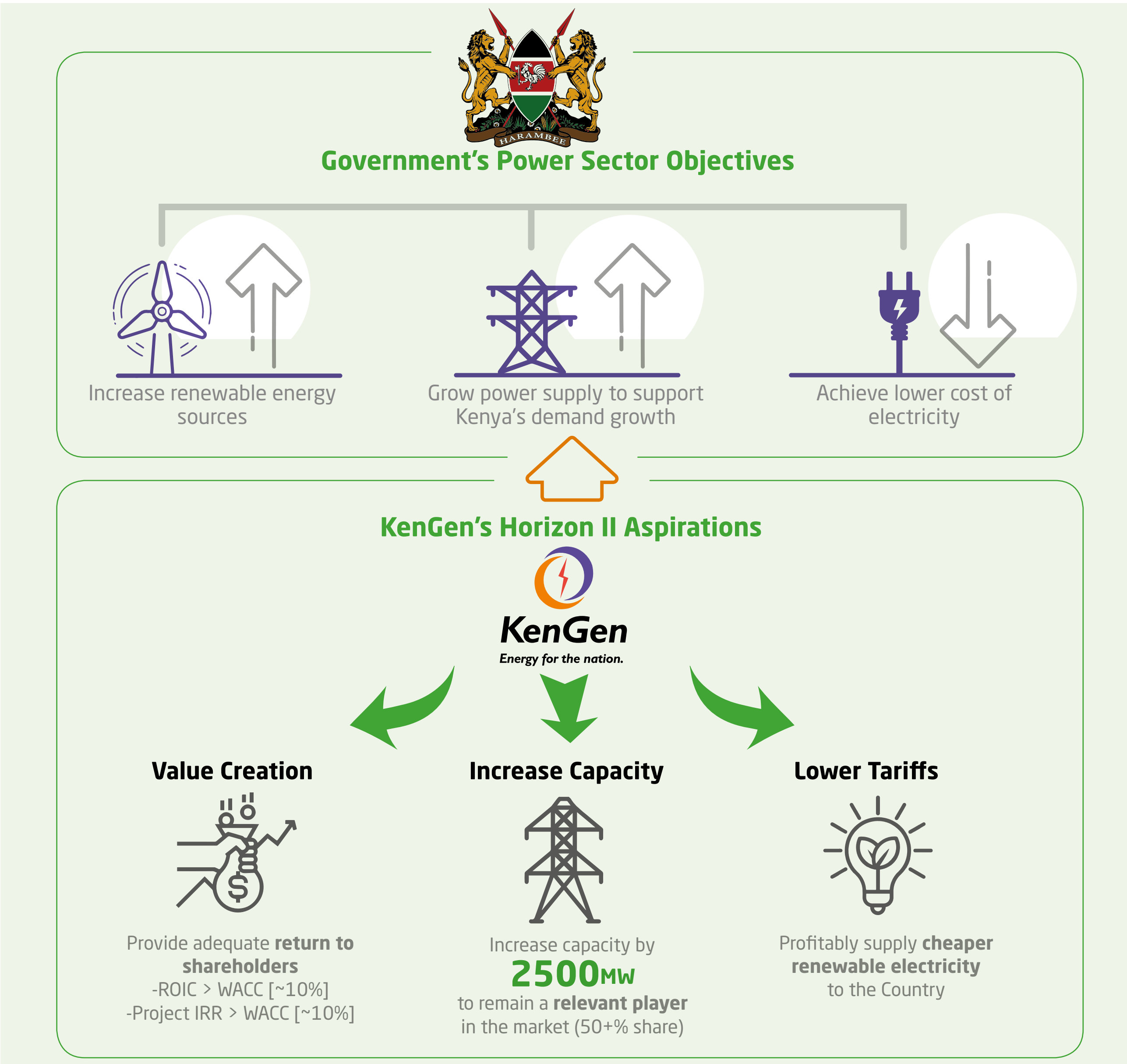
Sustainabilty is entrenched in in our Good to Great strategy strategy. To ensure sustainable business development and growth, KenGen is committed to uphold Environmental, Social and Governance Standards, as well as good industry practises, that exceed the applicable legal and regulatory requirements. To this end, KenGen has adopted all reasonable and practical measures to establish Environmental, Social and Governance objectives and targets, measure progress and report our performance in a bid to accelerate the achievement of the United Nations Sustainable Development Goals and the principles of the United Nations Global Compact.

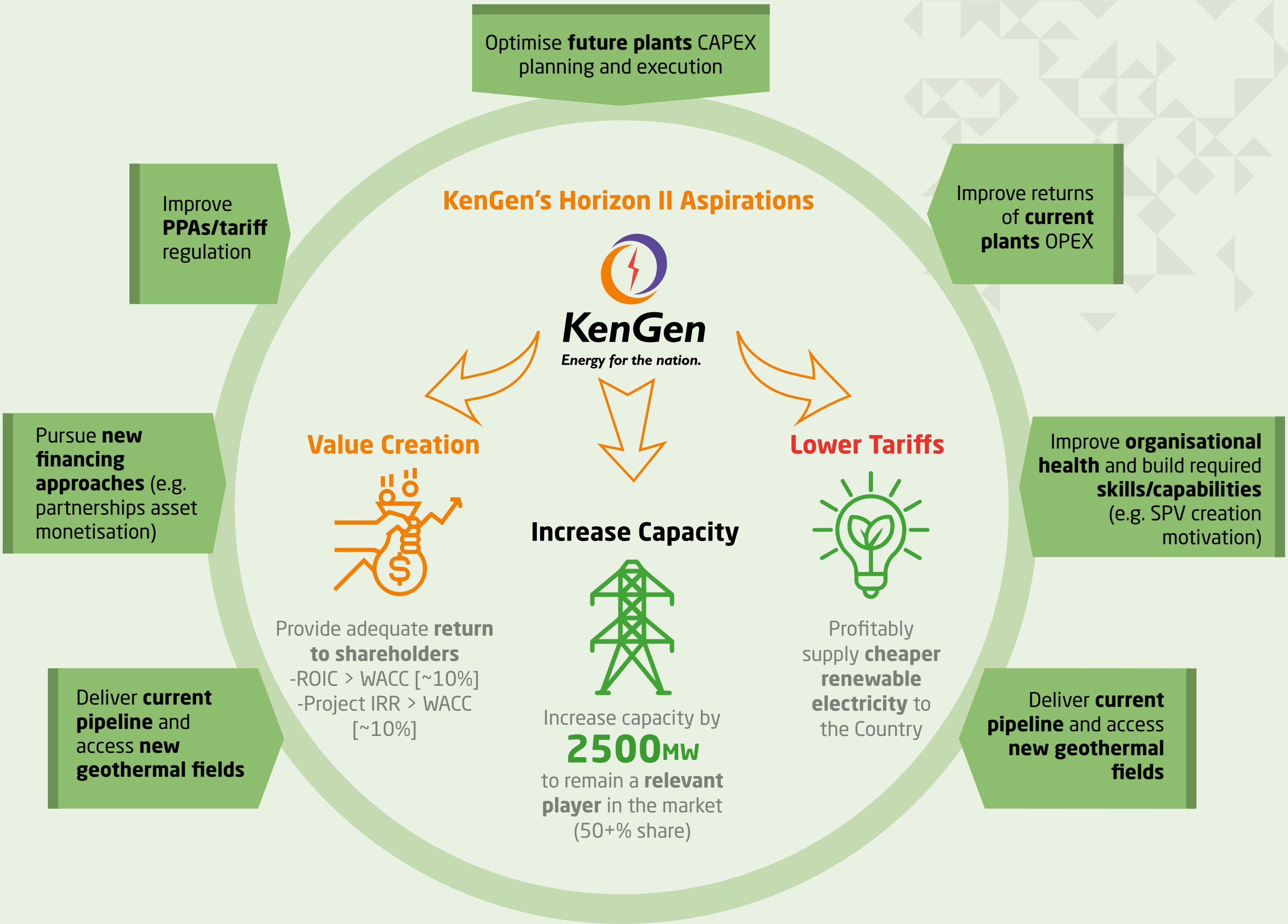
OUR STRATEGY

7 AFFORDABLE AND CLEAN ENERGY

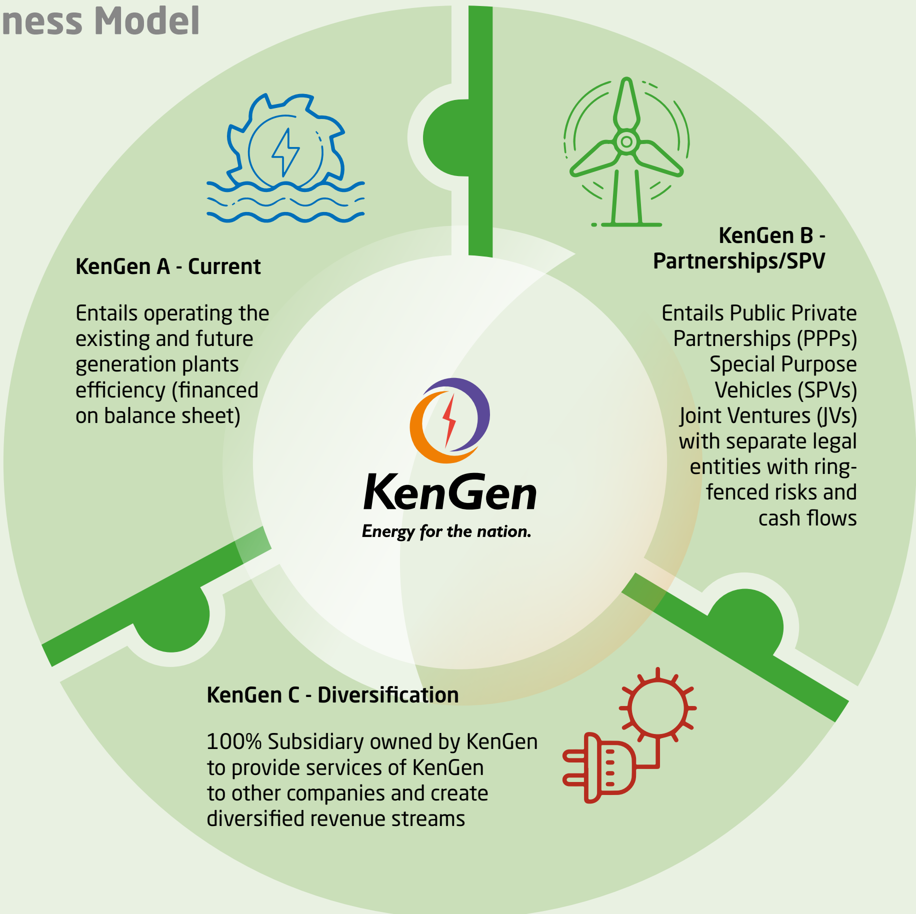
KenGen's robust strategy propels it to respond to market demands in meeting stakeholder needs through the provision of reliable, safe, quality and competitively priced electric energy in East African region. To achieve this vision and transform KenGen into a high performing organisation, the Good-2-Great Transformation Strategy was developed in 2007 for implementation across three horizons:

- Horizon I (2008 - 2012) sought to stabilize the power situation in Kenya.
- Horizon II - launched in 2013 and revamped in 2015 in response to the changes in the external operating environment, with the aim of creating sustainable power growth in Kenya by 2025.
- Horizon III (past 2025), will explore expansion opportunities to drive growth beyond Kenya, establish a strong African footprint, and become a regional leader in technology and innovation.





Our Business Model

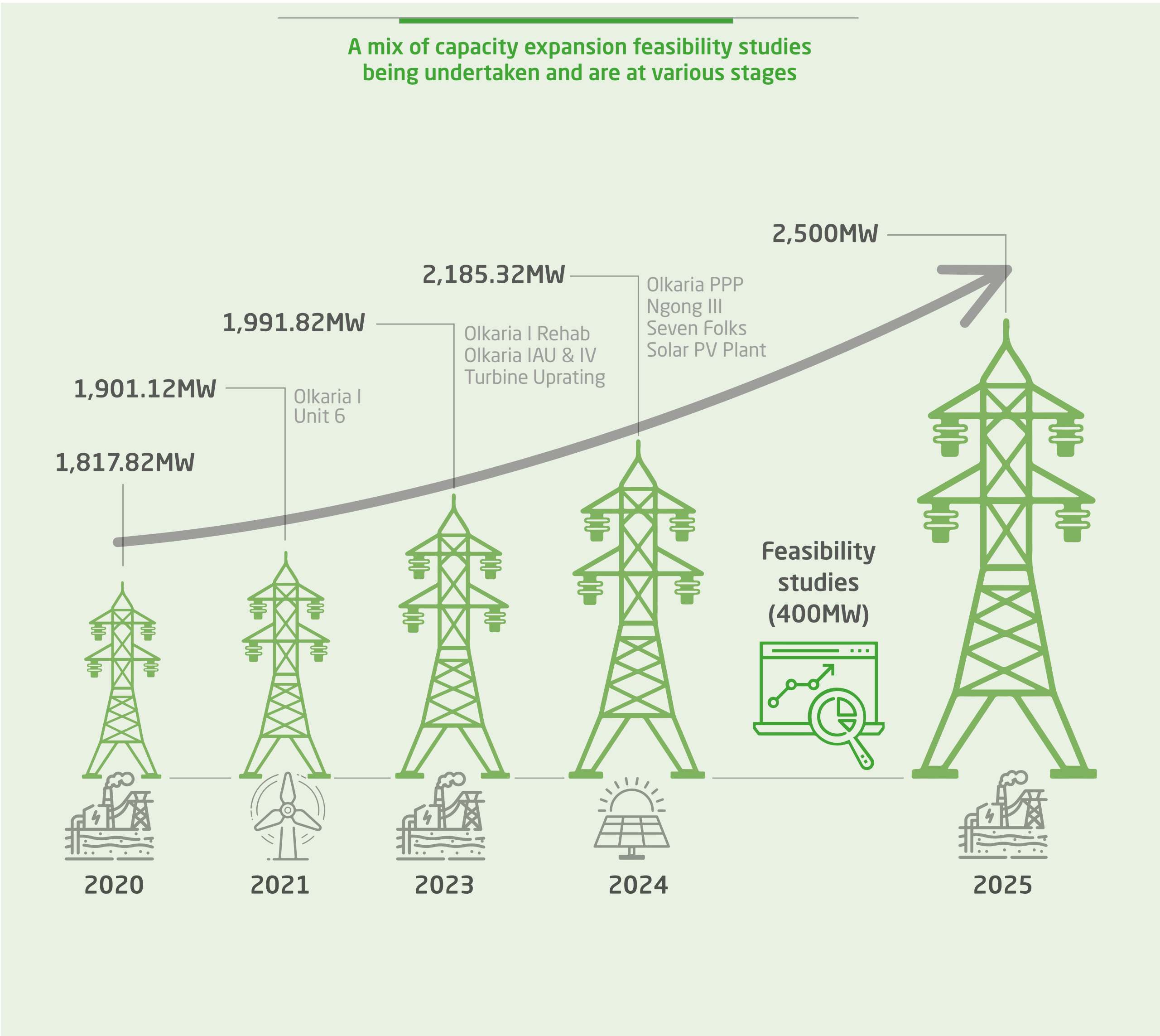


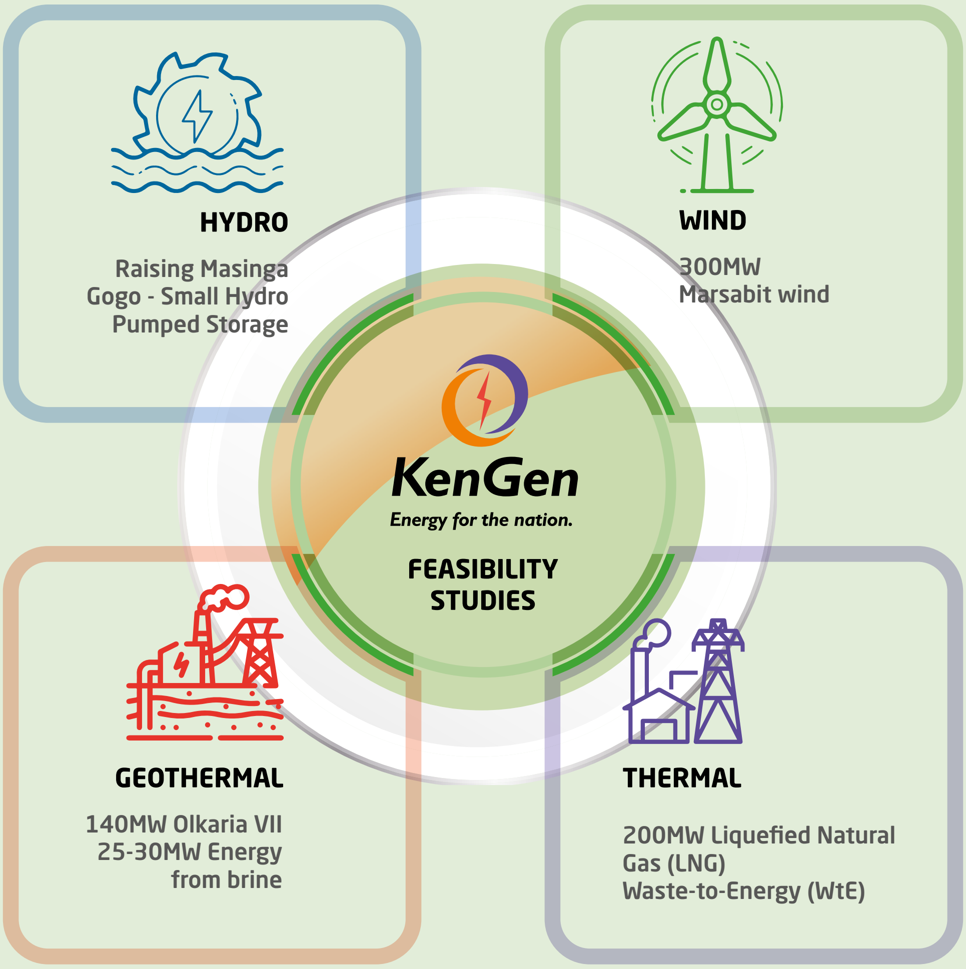
OUR GROWTH AGENDA

KenGen identifies opportunities for business growth and profitability. Towards this end, we have continued to initiate projects for capacity expansion, increase power demand and create new revenue streams. These projects have competitive returns on capital employed, are environmentally friendly and take into account our stakeholders' social circumstances.

Effective business planning ensures that company resources are allocated to projects that are technically and financially feasible as well as environmentally and socially sustainable. This ensures that selected projects have the capacity to generate sufficient revenues to cover our investment, operations and maintenance. Risks associated with the project during development and operation stages are mitigated against.

To support our G2G strategy, we have developed a robust project pipeline totalling 373.5MW with an additional 400MW undergoing feasibility studies and approval processes. The projects' portfolio is outlined below:




HYDRO
Raising Masinga
Gogo - Small Hydro
Pumped Storage
WIND
300MW
Marsabit wind
KenGen
Energy for the nation.
FEASIBILITY
STUDIES
GEOTHERMAL
140MW Olkaria VII
25-30MW Energy
from brine
THERMAL
200MW Liquefied Natural
Gas (LNG)
Waste-to-Energy (WtE)

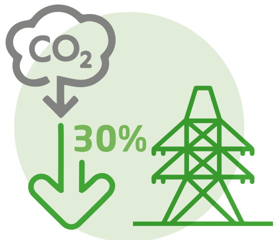
Olkaria V Plant Under Construction

Kindaruma reservoir spillway

OUR GEOTHERMAL FOCUS

Geothermal source of energy is renewable, sustainable, reliable and not weather dependent. KenGen has thus adopted a geothermal led strategy to increase generation capacity and create sustainable energy growth. To responsibly exploit and secure our geothermal resource, we engage in geothermal project planning, resource assessment, drilling activities, power generation, reservoir & steamfield management and health, safety & environmental protocols.

Geothermal generation will help the country achieve its commitment of **reducing greenhouse gas emission by 30%** by the year 2030 while providing the much-needed electric energy for the attainment of the vision 2030 goals.



Olkaria Geothermal Spa

4,276 GWh
KenGen's geothermal energy sales increase during **2019/2020**

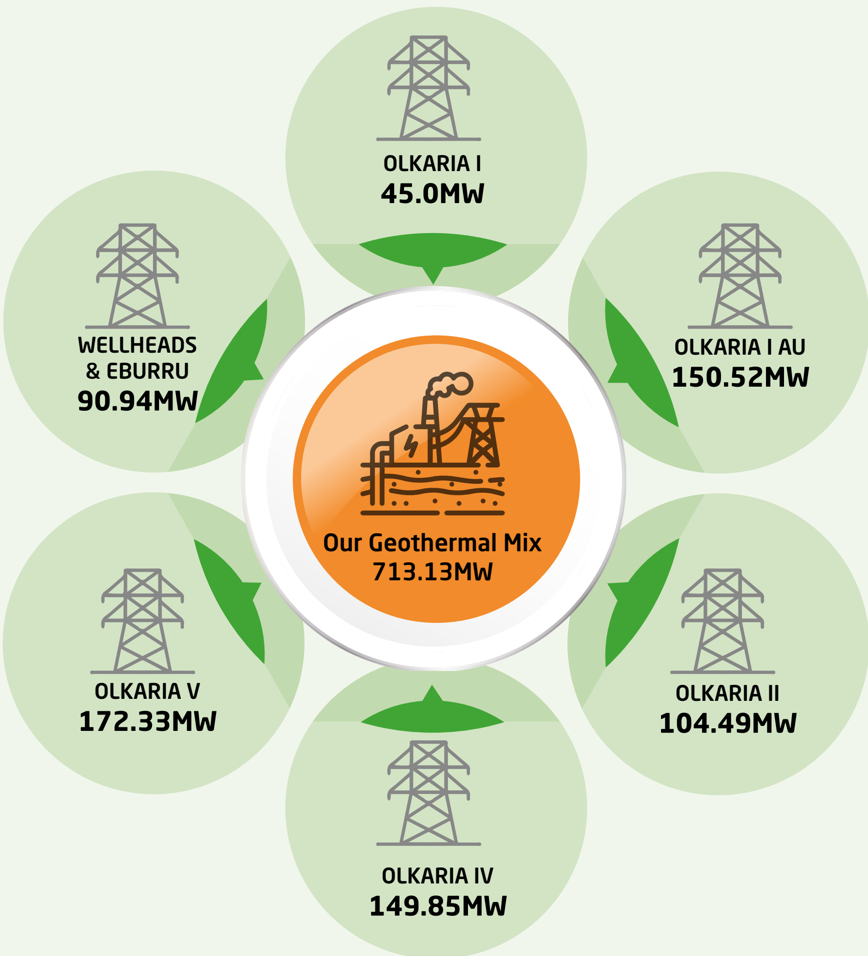
Milestones

In the financial year 2019/2020, our geothermal energy sales increased to 4,276GWh in comparison to 3,748GWh achieved in the last financial year 2018/2019. This is an increase of 14.09% which is attributed to the commissioning of Olkaria V power station which started commercial operation in November 2019.

Geothermal Performance

The thirty-three Olkaria generators including Olkaria V attained an availability factor of 89.95% with load factor of 74.44% and utilisation factor of 83.23% as compared to 92.89%, 84.74% and 90.41% respectively realised in the previous financial year.

Our current installed geothermal capacity is 713.13MW



Olkaria V Power Station

Our latest addition to the geothermal portfolio, Olkaria V Power Station started interim commercial operation on 25th October, 2019 for Unit 1 after successful capacity test. Unit 2 followed on 17th November, 2019.

Wellheads

KenGen fostered an innovative approach to early generation by converting readily available steam into electric energy using advanced technology as we await construction of the conventional power plants which take between 5 to 7 years to develop. This facilitates early generation of power using the available steam and provides an early revenue stream that is used to drill more wells and contribute to the financing of the main power plant. In the financial year in review, Eburru and the wellhead plants realised actual availability of 89.41% compared to 90.11% attained in the previous year against a target of 85%.

Commercial Geothermal Exploration Studies and Drilling Services

With our geothermal capacity of 713.13MW, KenGen has placed Kenya on the global geothermal map, propelling it to the eighth position of top geothermal power producing countries worldwide. For business sustainability and in line with our diversification agenda, KenGen is using its in-house expertise and experience to enable other African countries to exploit their geothermal resource, thereby creating more value for our stakeholders.

17 PARTNERSHIPS FOR THE GOALS

Currently, the company is implementing a geothermal well drilling contract in Tulu-Moye Ethiopia, with plans to start drilling services for the Aluto-Langano project also in Ethiopia.

During the year in review, KenGen carried out additional Geoscientific studies in Eburru, South of the existing Eburru Well-01 power plant.

KenGen uses internal capacity to grow our steam availability to sustain our geothermal operations.

Olkaria Rig

Capacity Expansion

The ongoing construction of Olkaria I Additional Unit 6 expected to yield an additional 83.3MW to the National Grid was also envisaged over the financial year, having so far achieved more than 30% of the entire plant construction task as at June, 2020. The plant is expected to be commissioned by the year 2021. Similarly, contract tendering processes for the 140MW Public Private Partnership (PPP) Power Plant Project and Olkaria I Rehabilitation (from 45MW to 51MW) are at advanced stages.

Revenue Diversification & Future Project Status

In order to secure 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, of which one is currently at its implementation phase.

KenGen has well laid future plans for the installation of an additional 855MW to the National Grid by the year 2025 as tabulated below and overleaf;

KenGen PROJECTS PIPELINE

Projects under implementation			
	Project	**MW**	**Expected Completion Date**
1	Olkaria 1 Unit 6	83.3	2021
2	Olkaria 1 Rehabilitation	50.7	2024
3	Olkaria PPP	140	2024
4	Olkaria I & IV Turbine Uprating	40	2024
5	7 Forks Solar PV Plant	42.5	2024
6	Olkaria Modular	61.75	2027
7	Ngong 1 - Phase III	11	2023
8	Wellhead leasing	50	2025
	Total	**479.25**	

KenGen PROJECTS PIPELINE (continued)

Projects under Feasibility Study			
	Project	**MW**	**Expected Completion Date**
1 a)	Marsabit Wind Phase I	100	2025
1 b)	Marsabit Wind Phase II	200	2028
2	Brine Power Production	15	2027
3	Pumped Hydro power	300	2027
4	GOGO Upgrade	12	2024
6	Raising Masinga	81GWh	2023
7	Karura Hydro Power Plant	90	2026
8	LNG Plant	200	2024
9	Waste to Energy	30	2022
10	Olkaria VII	140	2027
11	Eburru 2	25	2024
	Total	**1,112**	

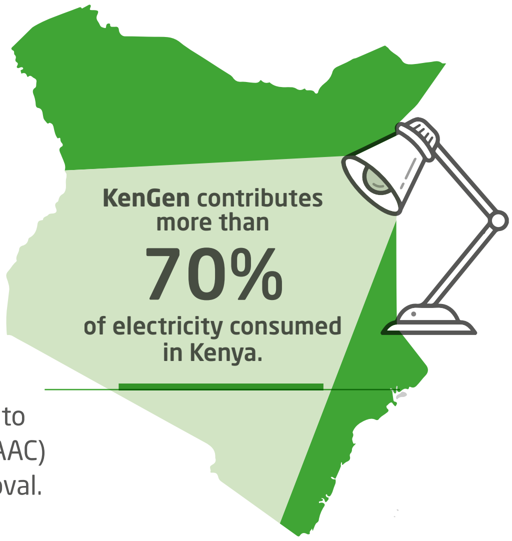
Projects under Concept Phase			
	Project	**MW**	**Expected Completion Date**
1	Olkaria VIII	140	2033
2	Olkaria IX	140	2035
3	Floating Solar	TBD	TBD
4	Battery Storage	50	TBD
	Total	**330**	

	Grand Total	**2,031.25**	

OPERATIONAL EXCELLENCE

Centre of Excellence

KenGen's Geothermal Centre of Excellence, located at Olkaria, has so far earned GoK accreditation as a technical & vocational education center (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 expand the Centre. To date, a draft curriculum report was submitted to the Curriculum Development Assessment and Certification Council (CDAAC) and a panel committee set up to review the document prior to its approval.



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

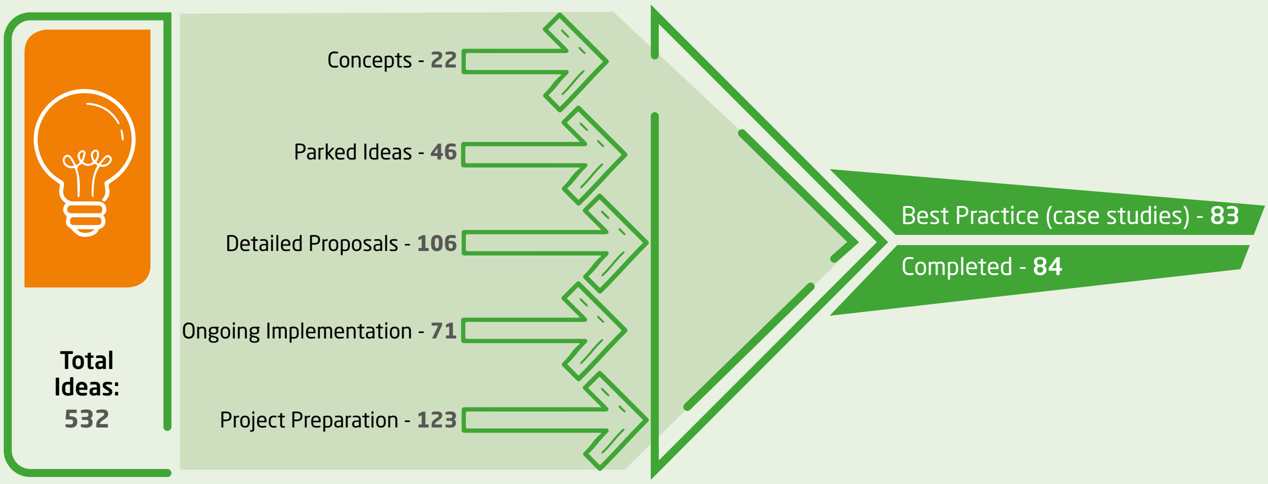
KenGen contributes more than 70% of electricity consumed in Kenya. Its ability to meet the country's electricity demand is largely dependent on the health of its generating machines, ability to harness technological advancement and expertise.

KenGen builds its internal capacity by imparting technical knowledge in various aspects of power plant operations and maintenance through employee participation in key refurbishment projects and undertaking requisite technical trainings. This has enabled the maintenance teams to perfect their operations and maintenance practices, ensuring safe and reliable upkeep of the various power plants.

Our Innovation Journey

Innovation is well enshrined in our strategy. The implementation of our innovative ideas remains one of the key drivers of our strategy, which not only entrenches the innovation culture among staff but also boosts the Company's confidence in making well informed decisions in research and development. Through Ignite, our digital innovation platform, 532 innovative ideas, 16% of which are best practices for process improvement, have successfully been rolled out while the rest are at various stages of implementation.

KenGen Innovation Funnel as at 30th June 2020



Since 2012, a total of 22 innovative ideas have been implemented and have yielded various benefits including of monetary value in excess of KShs. 1,300 million.

Research & Development (R&D)

The Company is developing an R&D facility at Tana Power Station that will enable research and development of energy solutions for the business. Once completed, it will offer an in-house platform to prototype, pilot and test innovative R&D opportunities. Pilot R&D initiatives ear-marked include:

i. Mineral Extraction from Brine.
ii. Solar Panel Assembly Plant – A dedicated project team has developed a solar panel prototype and now working towards solar-cell manufacturing.
iii. Lagoon Spa Water to Make Skin Care Products.
iv. Turbine Manufacture.
v. Electric Vehicle Charging Station Set Up – Preparation of specifications ongoing.
vi. Battery Storage Prototype – Consultations for possible partnerships ongoing.

Tana Power Station has been identified as the innovation hub for KenGen. Through our diversification agenda, we are on course to provide locally sourced technological solutions for power generation with the setting up of an Energy Research & Development Centre at the Power Station.

SUSTAINABILITY

OPERATIONAL EXCELLENCE (Continued)

Dam Level and Cascade Management

Hydro reservoirs have minimum and maximum operating water levels for safe operation of the power plants and dams. There exists spillways and low level outlets which ensure the effective and efficient management of the reservoir. KenGen optimises prudent water management by monitoring weather patterns and power load balancing.

Cascade control covers both reservoir level control and load allocation functions for each power plant which entails:

i. level monitoring and control in the cascade
ii. water storage estimation in the reservoirs
iii. active power load scheduling or response to our off-taker's request
iv. calculations of flow to determine the optimum operating level

During the year, our reservoirs received favourable inflows leading to the optimisation of hydro generation. Masinga dam has a minimum operating level (MOL) of 1,035.00 metres above sea level (masl) and a full supply level (FSL) of 1,056.50masl. It attained a historical highest level of 1,058.13masl on 7th May, 2020. Turkwel dam has an MOL of 1,105.00masl and an FSL of 1,150.00masl. Turkwel dam level has been on an upward trend, surpassing the previous historical highest level of 1,139.24masl that was attained in November, 2012 reaching 1,140.75masl as at 30th June, 2020.

Turkwel Dam

KenGen staff inspect Mathioya tunnel at Wanjii Hydro Power Station

Water ways are courses within which the water used in the generation of hydro power flows and includes dams, canals/channels, tunnels, head races, penstocks, spiral casings, draft tubes and tail races. These are periodically inspected to check for defects or obstructions which when rectified ensure the utmost safety of the generating hydro power plants. When manual inspection of tunnels is carried out, the water way is drained first and the staff carrying out the inspections given toolbox talks and the requisite personal protective equipment for navigation purposes within the tunnel terrain.

With advancement in technology, robotic underwater inspection is used to navigate confined spaces and places with low visibility without draining the water ways. This involves the use of a tethered remote operated vehicle with captured data transmitted through the umbilical cable to the control unit for real time viewing and analysis. This technology leads to the realization of cost savings by ensuring minimal disruption to power generation activities in addition to boosting the safety of people carrying out inspections in large tunnels.

Olkaria IV during its launch

Rehabilitation Projects and Plant Improvements

Refurbishment of Kamburu Unit 1 started in July 2019 and the unit was commissioned in December 2019. The works involved the replacement of major plant components with modern state-of-the-art equipment resulting into a revitalised power plant which has more focus on planned and predictive maintenance than unplanned maintenance occurrences.

KenGen has embarked on giving a new lease of life to Wanjii Hydro Power Station, commissioned in 1952 and also step up its installed capacity by about 10%. Upon completion, the plant output will be 8.16MW, up from 7.4MW.

OPERATIONAL EXCELLENCE (Continued)

Rehabilitation Projects and Plant Improvements

Rehabilitation works at Wanjii hydro power station by KenGen staff and Voith consultant

Masinga runner correlation works of Unit 1 begun in February, 2020 and internal capacity was utilised greatly which brought out the innovative ideas domiciled in KenGen employees who have vast experience and expertise. The overhaul is aimed at addressing a correlation challenge at the runner in addition to the installation of modern generator and transformer protection panels. The works are planned to be completed within the first quarter of the next financial year.

Masinga Unit 1 runner correlation works 22nd February 2020 by KenGen staff

Garissa Solar Power Plant

KenGen has played an active role in the commissioning, operations and maintenance of the 50MW Garissa solar photo voltaic (PV) power plant, the first grid-tied solar PV in Kenya & Eastern Africa. KenGen is running the solar PV power plant on behalf of Rural Electrification and Renewable Energy Corporation (REREC) and also undertaking active transfer of skills to the REREC team for eventual handover of the power plant.

FINANCIAL SUSTAINABILITY

Focus on our Financial Objectives

In 2020, KenGen fast-tracked the execution of its strategy by deploying its priorities focused on increased generation capacity and diversified revenue. Through demonstrating the ability to implement our strategic priorities and achieve financial objectives, we are well positioned to achieve Horizon II Strategic ambitions for the period 2020-2025. 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: 0.25 minimum contribution by KenGen to project costs

8 DECENT WORK AND ECONOMIC GROWTH

Financial Covenant	Threshold	Current	Compliance
Current ratio	>1.2	2.00	Yes
Leverage ratio	<2.3	0.90	Yes
DSCR	>1.3	2.41	Yes
Self-Financing Ratio	>0.25	0.66	Yes

Value Creation

KenGen engages in open and continuous dialogue with its stakeholders at every level throughout the company. Our constant interactions with the stakeholders ensures that we create and share value in a balanced manner, linking profitability and accountability.

VALUE ADDED	2020 KShs '000'	2019 KShs '000'
Electricity revenue	33,783,190	29,796,983
Steam revenue	5,549,684	5,871,921
Revenue from branch	440,344	-
Other income and net gains	6,904,479	3,903,187
Net Financing costs	(6,813,063)	(3,630,862)
Wealth Created	**39,864,634**	**35,941,229**

Distribution of Wealth	2020		2019	
Employees -Salaries, Wages and other benefits	7,082,496	17.8%	6,800,376	18.9%
Government-Taxes	(4,587,306)	-11.5%	3,769,382	10.5%
Shareholders' Dividends	1,978,357	5.0%	1,648,631	4.6%
Retention to support future Business Growth:				
Retained Earnings	16,398,736	41.1%	6,235,704	17.3%
Depreciation and Amortization	12,029,561	30.2%	10,360,330	28.8%
Suppliers and other expenses	6,755,539	16.9%	7,029,299	19.6%
Corporate Social Responsibility	207,251	0.5%	97,507	0.3%
Wealth Created	**39,864,634**	**100%**	**35,941,229**	**100%**

Over the last 5 years, we have grown our business through investing over **KShs 41,878M** of internally generated cash flow.

In 2020, **97%** of our electricity sold was from **green sources**.

Maintaining an Effective Financial Structure

Through effective and prudent management of our financial structure, we have set the foundations for our track record of sound financial performance. Over the last five years, we have grown our business through investing over KShs 41,878 million of internally generated cash flow. At Corporate level we run a conservative balance sheet with a leverage ratio of 0.90 in 2020 and have access to short-term lines of credit of KShs 14,200 million in liquidity.

We manage our business activities in a manner to achieve strong cash flows to fund investment for profitable growth. Our purpose is that, across the trade cycle, "cash in" (including cash from operations and divestments) at least equals "cash out" (including capital expenditure, interest, and dividends), while maintaining a strong balance sheet.

We satisfy our funding and working capital requirements through the cash generated from our operations, the issuance of debt and divestments. In 2020, access to concessionary debt remained strong, with our debt principally financed from our development partners.

Capitalization status (KShs Millions)	30 June 2020	30 June 2019
Equity attributable to KenGen shareholders	211,318	194,965
Current debt	8,481	12,463
Non-current debt	137,350	128,772
Total debt	145,831	141,235
Total capitalization	**357,149**	**336,199**

Our total debt increased by KShs 4,596 million, of which KShs 4,861 million was due to the impact of foreign exchange fluctuation, to KShs 145,831 million as at 30th June 2020. The total debt, excluding leases will, mature as follows: 5.8% in 2021; 11.3% in 2022; 6.7% in 2023; 6.5% in 2024; and 6.5% in 2025.
The portion of debt maturing in 2021 is expected to be repaid from a combination of cash balances and cash generated from operations.

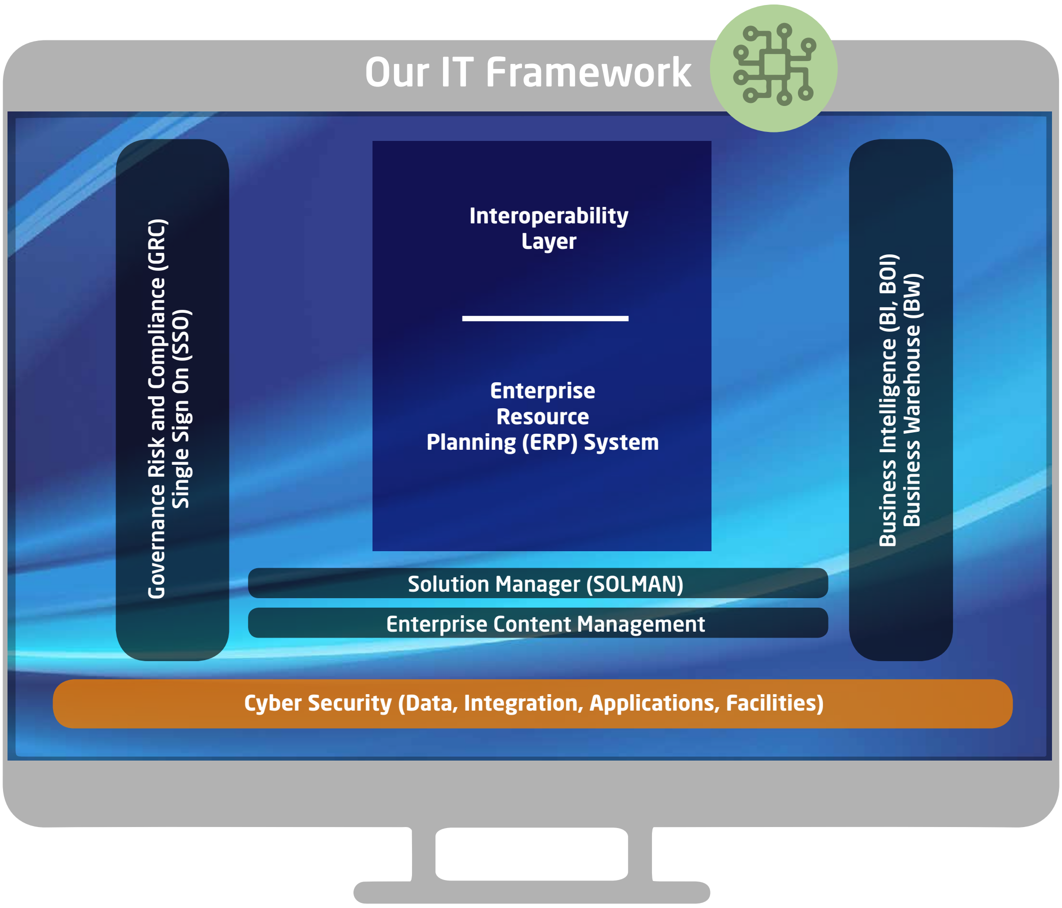
KenGen is committed to the expansion of renewable energy by acting in line with the principles of sustainability in respect of current and future generations. Our response is to minimise our carbon footprint by prioritising sale of electricity from renewable sources. In 2020, 97% of our electricity sold was from green sources.

Mr. David Muthike, Strategy & Innovation Director, Dr. John Mudany, Finance & ICT Director and Ms. Elizabeth Njenga, Ag. Business Development Director during the Earnings Call

ICT AS A BUSINESS ENABLER

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Information Communication Technology (ICT) is at the heart of KenGen's Organisational health, driving operational excellence through efficiency and cost savings. Over the years, our investments in a robust ICT infrastructure and deployment of appropriate solutions in a secure environment has positioned the business to weather the unprecedented disruptions brought about by the COVID-19 pandemic. We have greatly leveraged on our ICT framework for enhanced service delivery, thereby ensuring business continuity while keeping employees safe.



Our progressive rapid digital adoption will continue into the recovery phase to support our business strategy. Going into the future, our ICT will increasingly focus on strong collaborations and capacity building for optimised systems, value for money and happy users.

SECURING OUR VALUE

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

KenGen actively participates in shaping the regulatory environment to deliver value for all stakeholders as we efficiently generate competitively priced electric energy.

Status of Implementation of the Energy Act, 2019

The company has been actively involved in the implementation of the Energy Act. KenGen, in collaboration with other entities, is developing regulations to operationalise the Energy Act 2019.

Some of the regulations that are critical to the company's business include the Energy (Geothermal Resources) Regulations 2019, and the Energy (Consolidated Energy Fund) Regulations.

KenGen is a member of the Renewable Energy Resource Advisory Committee that develops criteria for the allocation of renewable energy resource; licensing of renewable energy resource areas; and management and development of renewable energy resources. We are also actively involved in the implementation of the open access and electricity market.

Energy Security through KenGen Pipeline Project Least Cost Development Plan

The Energy Act requires the development and publication of the Integrated Energy Plan for the energy sector in Kenya. KenGen has been in the forefront to ensure that we develop a project pipeline that will deliver power to the country at a least cost. The company's project pipeline secure energy supply for the country as we seek to deliver these projects within budget to guarantee affordable power.

The COVID-19 disease outbreak has affected many sectors of the economy around the World. The World Health Organization declared COVID-19 a pandemic (11th March 2020) and its effects are real within the Kenyan economy.

In order to contain the spread of the disease, the Government of Kenya took a myriad of measures. These measures have resulted in slow economic activities, leading to a decline in electricity demand in the country. The Company has been in discussions with various stakeholders to ensure that the adverse effects of COVID-19 are alleviated.

Power Purchase Agreements

We have secured long-term revenue streams through Sustainable Power Purchase Agreements developed within the framework of the Energy Act to provide competitive tariffs. This ensures that our financial stability and ability to meet our obligations are maintained while being able to attract capital for future projects.

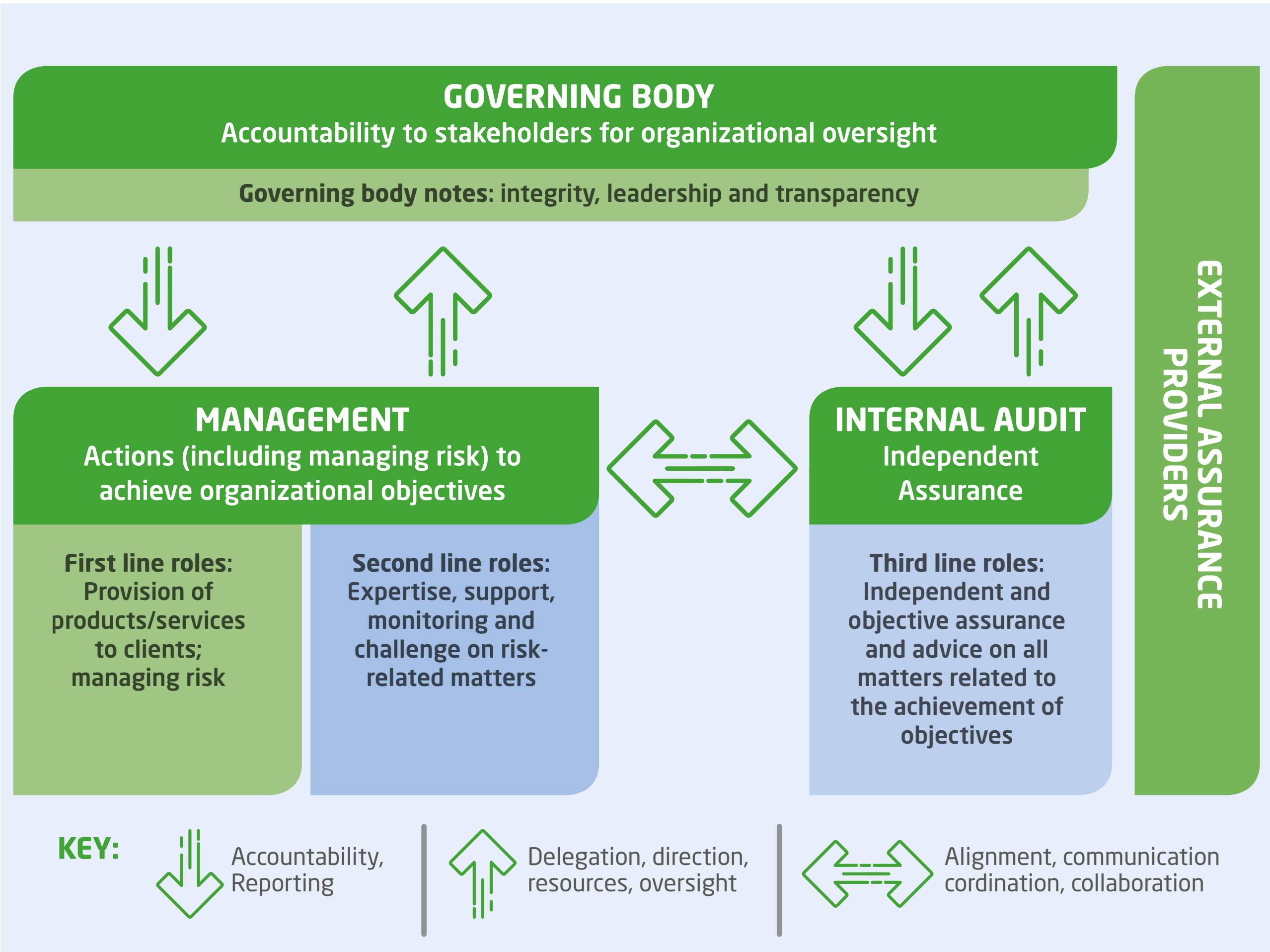
These long-term arrangements allow us access to concessional funding for our projects.

RISK

Enterprise Risk Management

KenGen's risk management framework is aligned to ISO 31000 International Risk Management Standard which ensures our strategic and operational risks are identified, managed and reported in a consistent way. 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 response to risk remains current and dynamic. During the year, key corporate and emerging risks were assessed, evaluated, monitored and mitigation measures put in place.

We have adopted the Three Lines Model which supports effective implementation of our ERM framework. The model helps to identify structures, processes, roles and responsibilities that facilitates the achievement of corporate objectives while strengthening governance and risk management.



Our Key Risks and Mitigation Strategies

	Risk	Risk Rating	Mitigation Strategies
1.	**Adverse impact on our business operations due to Covid-19 Pandemic** The last half of the financial year has been impacted by the COVID-19 pandemic resulting in: · Reduced electricity demand and consumption · Delay in the delivery of key capital projects · Increased operational costs · Supply chain disruptions	**High**	i. Robust measures have been implemented as per our Business Continuity Management (BCM) Framework to ensure that our employees are safe and our business operations continue uninterrupted ii. We supported our stakeholders including communities through various COVID-19 prevention initiatives iii. KenGen ensures that both its internal and external stakeholders are continuously informed
2.	**Single Buyer Model** KenGen currently sells all its generated electricity to a single off-taker.	**High**	i. Business Diversification to include non-generation revenue streams ii. Creation of power demand iii. Enhance our stakeholder engagement on the operationalisation of the Energy Act 2019 which allows for bulk sale of electricity and open access.
3.	**Single Commodity Portfolio** Overreliance on electricity generation business. This may lead to reduced revenues in the event of unavailability of the commodity and the tariff capping.	**High**	i. Diversification of our commodity and service portfolio such as drilling and consultancy services. ii. Push for an absolute tariff which involves Energy & Petroleum Regulatory Authority (EPRA) and the Ministry of Energy (MOE) where a price is agreed upon and then unbundled. iii. Implement the CAPEX strategies as provided for in the Energy Act 2019.
4.	**Resource Sustainability** Changes in geological formation underneath the earth's surface and unfavourable hydrological conditions could adversely affect the generating capacity of the company.	**High**	i. Implement advanced technologies to ensure the geothermal reservoirs are not over-exploited thus maximising the fluid recovery. ii. The Energy Act 2019 has a provision for an Energy Fund which provides for the mitigation of hydro and other energy resources. iii. The Raising of Masinga dam by 1.5M to increase dam capacity. iv. enhanced collaboration with stakeholders to sustain water catchment areas through afforestation and other conservation measures.
5.	**Competition** Increased competition which could lead to reduced market share and up-take of electricity generated by KenGen.	**High**	i. Implementation of the revamped Good to Great strategy to add 2500MW by 2025 to ensure we increase our market share. ii. We are strengthening our business model through diversification and partnerships such as joint ventures, private public partnerships and joint developments.
6.	**Power Evacuation** Delayed development or unavailability of transmission lines may lead to low evacuation thereby disrupting national supply and affecting revenue	**Medium**	KenGen is collaborating with stakeholders to ensure the development of power plants is aligned to the construction of transmission lines. We also ensure that the integration of the plant and transmission lines is included in the power purchase agreements.

Our Key Risks and Mitigation Strategies

	Risk	Risk Rating	Mitigation Strategies
7.	**Changes in the Legal, Regulatory and Political Environment** Changes in policies, regulations and laws could expose the company to risks that could result into increased losses due to stranded assets, bottlenecks and increased operational costs.	**Medium**	i. Active participation in shaping regulation and legislation to create a conducive business environment. ii. Preparedness to adapt to emerging changes in the legal and regulatory environment
8.	**Business Continuity Management (BCM) & Disaster Mitigation** Increased threats of disaster calls for a sound business continuity and disaster recovery management to cushion KenGen from negative impacts.	**Medium**	i. The implementation of the company's BCM framework and disaster management system. ii. KenGen ensures that both its internal and external stakeholders are continuously informed
9.	**Stakeholder Relationship Management Risks** KenGen has diverse internal and external stakeholders who have diverse needs and expectations. The management of these stakeholders is critical in ensuring business viability and timely delivery of projects. As a listed company, any negative publicity from corporate governance, ethics and integrity may erode stakeholder confidence and business performance.	**Medium**	i. Implementation of the corporate communication and stakeholder management strategy. ii. Implementation of the company's customer care plan as well as complaints resolution and management system. iii. Implementation of the company's community engagement strategy and the Corporate Social Investment programme.

SUSTAINABLE SOCIAL INVESTMENTS

The Company's social investments are aligned towards climate change mitigation, poverty alleviation, social entrepreneurship, and the provision of education opportunities. Established to serve as the philanthropic arm of the Company, the KenGen Foundation is mandated to turn 'short-term one-off' Corporate Social Responsibility (CSR) projects into – Corporate Social Investment (CSI) projects to achieve long term sustainability by up-scaling as well as increasing and diversifying resources for greater impact.

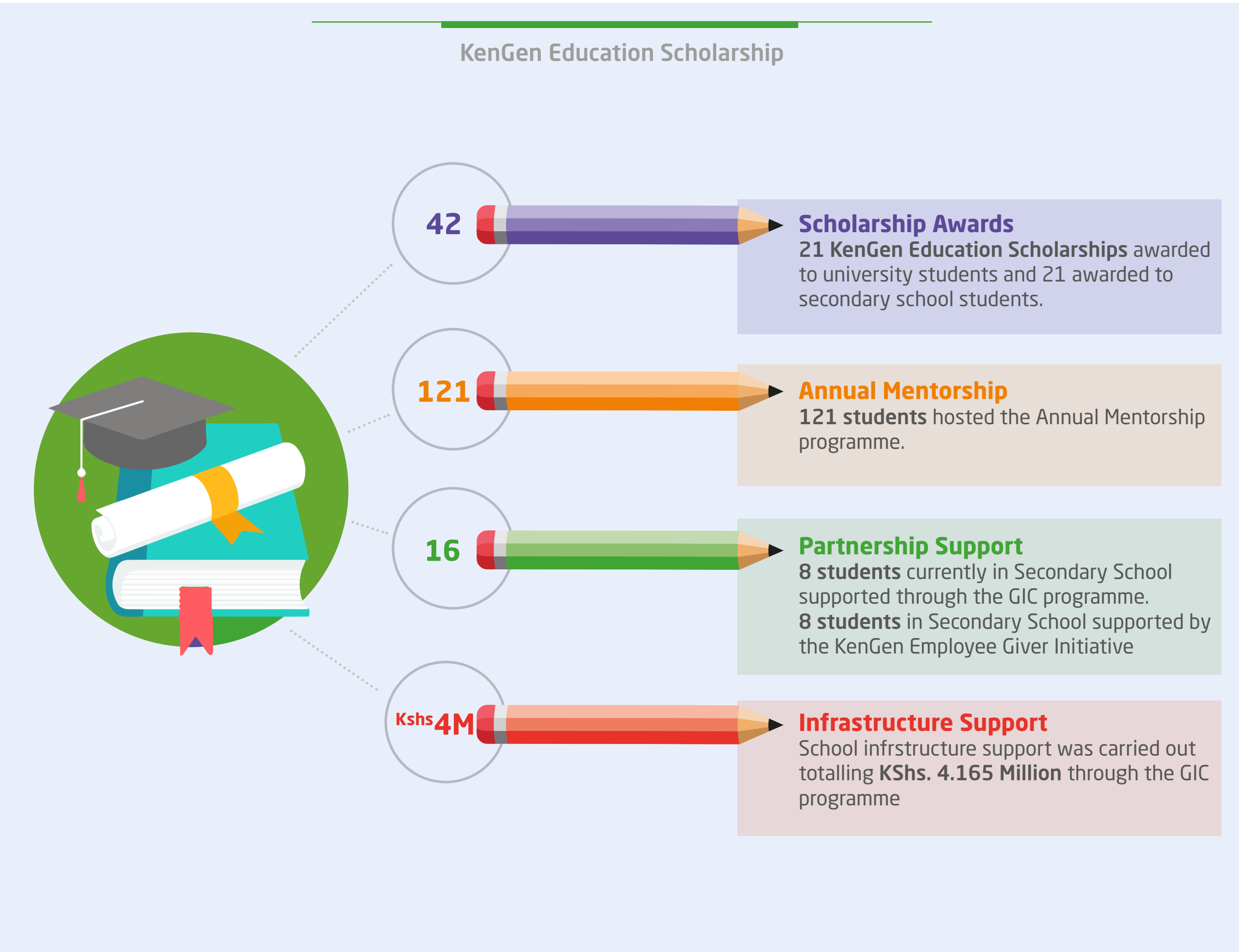
The Foundation implements sustainable programs focusing on three key pillars:

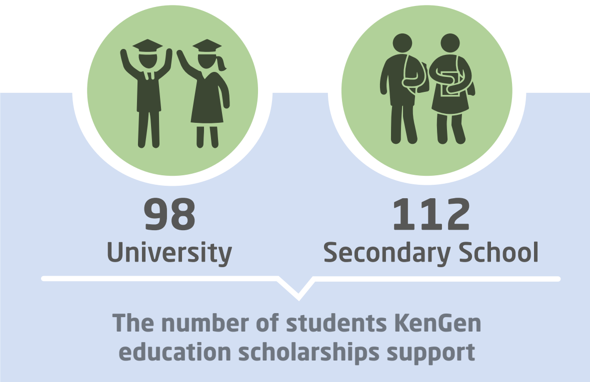
- Education
- Environment
- Water & Sanitation

KenGen Education Scholarships

Education transforms livelihoods directly translates to better livelihoods and thus forms the foundation of sustainable development. KenGen continues with its custom of offering annual scholarships to 42 students across the country in areas where the company has operations.

KenGen offers education scholarships for aspiring students in its area of operations, with the Secondary School scholarships targeting top KCPE performing pupils, and the University slots awarded to top KCSE performers.





Through the KenGen Education Scholarship Programme, the beneficiaries realise their dreams and life goals through the achievement of a holistic education, while at the same time enabling them become exemplary citizens and major players in the realisation of the country's social and economic goals.

KenGen supports the education sector in two ways:

- Offering annual scholarships to bright and deserving students from disadvantaged communities neighbouring our power plants
- Supporting school infrastructure development with construction of classrooms, dining halls and laboratories; provision of furniture and educational materials.

Currently, the programme supports 210 students; 98 in University and 112 in Secondary School. Since its inception in 2005, the program has helped dreams come true for more than 800 outstanding and needy students.

In addition, sponsored University students who attain First Class Honours degrees, upon graduation receive employment into KenGen in line with the company's Human Resource Policy.

The Company is in the process of on boarding the 2019 graduates who qualified, as stipulated in the Human Resource Policy.

Annual Mentorship

To enable the scholarship beneficiaries to attain their potential and make a positive contribution to the society, the Foundation organises an annual mentorship programme to equip them with life skills and develop their leadership skills. In 2020, the programme benefitted 161 students.

GIC Education Scholarships

Through the GIC, KenGen Foundation and partners have been able to expand the KenGen Education Scholarships programme to include 8 beneficiaries from winning schools currently at Secondary School, thanks to support from project partner Bamburi Cement Ltd.

Schools Infrastructure

Included within the GIC framework is the element of schools' infrastructure development. The KenGen Foundation, together with project partners, supports infrastructural development and improvement to schools, including the construction of classrooms and sanitation facilities. School infrastructure was carried out of a total of KShs 4.165 Million through the GIC in environmental conservation.

Two Schools; Vondeni Primary School and Mwea Primary School had new classrooms constructed and old classrooms rehabilitated to provide a better learning environment for their pupils.

Kiambaa Primary School benefitted through the renovation of nine classrooms, the Head master's office and Staff Room. Also, the school was fitted with water harvesting gutters, desks, and is in the process of preparing a woodlot for fruit, wood-fuel and commercial trees.

Currently, four more schools in the three counties are set to benefit from infrastructure support to the tune of Kshs. 6 Million through construction of new classrooms, fencing and renovations.

Water & Sanitation

6 CLEAN WATER AND SANITATION

Every year, preventable waterborne illnesses claim the lives of millions of Kenyans. Provision of clean accessible water for communities neighbouring its power plants has been one of KenGen's key Corporate Social Investment (CSI)programs since 2005.

Addressing water and sanitation challenges faced by communities neighboring the power stations through the sustainable provision of clean accessible water as a major Corporate eg Kaewa Water Project Hydro's.
Our social afforestation catchments conservation initiatives contribute to the conservation of the critical water sheds, we have implemented projects aimed at enhancing ecosystem integrity of critical water towers ie in Ngong Hills, Mau, Mt. Kenya and aberdares and conservation of key riparian areas

Through partnerships with corporates, civil society, non-governmental organizations and County Governments, KenGen has contributed towards addressing Kenya's water challenges.
The KenGen Foundation runs several notable water projects, including the installation of water tanks in schools and the construction of ablution blocks.

So far, 12 GIC 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.

The Foundation is also mandated in ensuring the sustainable management and up scaling of KenGen's community water projects in all areas of the Company's operations.

The Foundation joined KenGen Eastern Region in contributing to the Mbeere Water Project in Embu whose completion will benefit over 1,250 households and a population of 8,000.

Humanitarian

11 SUSTAINABLE CITIES AND COMMUNITIES

The Foundation participates in local and national humanitarian activities that have supported Kenyans from vulnerable communities.

We support the Gertrude's Annual Charity Golf Tournament, whose proceeds go towards supporting children with disabilities, heart conditions and specialized surgeries.

In 2020, the Foundation made a contribution of Kshs. 20 Million to the National COVID-19 Fund to assist in the country's efforts in the fight against the corona virus pandemic.

Other efforts included a free eye check-up for all students attending the annual mentorship with 140 beneficiaries.

Corporate and Stakeholder Partnerships

17 PARTNERSHIPS FOR THE GOALS

The Foundation works with strategic and like-minded partners to complement resources for bigger and far-reaching programmes. These partnerships draw on the complementary strengths of different organisations in addressing pressing community and development issues through pooled resources.

The Foundation has so far partnered with Bamburi Cement Ltd., Better Globe Forestry Ltd., Hands Up Africa, Tullow Oil and East Africa Breweries Ltd. in the implementation of the programmes.

KenGen Employees' CSI Support: The KenGen Employee Giver Initiative

The Foundation established the KenGen Employee Giver in early 2015 to enable Staff contribute to the company's CSI activities. Employees can contribute money, time, skills and expertise to support the programme.

The Initiative currently has 1,082 members whose contribution has been used to sponsor 8 students in Secondary School.

The Foundation has also engaged 56 Givers to act as mentors to the students under the KenGen Education Scholarships programme.

Resource Mobilization through Social Enterprises:

The Megawatt Café

Since opening its doors in 2017, Megawatt café has made great strides in offering the best in-house and outside catering services for the Company and its staff.

The Café plays a critical role is addressing the nutritional needs of KenGen staff while at the same time contributing to the Foundation's CSI kitty. Proceeds from the investment are utilized to scale up the Company's CSI programmes.

Ndula Museum

In partnership with the National Museums of Kenya, KenGen is in the process of transforming the decommissioned Ndula Hydro Power Station into a Museum.
The Ndula Community is expected to benefit from employment opportunities and sale of goods and services. The museum will offer a learning platform for those seeking to know the history of Kenya's power generation.

Decommissioned Ndula Hydro Power Plant now Ndula Museum

BUILDING SUSTAINABLE COMMUNITIES

KenGen continues to make a positive impact on communities in areas it operates while fulfilling its mandate of generating safe, reliable, and competitively priced electric energy for national development. Guided by the adage "doing good is good business" KenGen implemented various projects in different parts of the country aimed at improving living standards and building sustainable communities. Focus areas included economic empowerment, provision of water, health, education, environmental conservation, disaster response and capacity building.

Environment

The company supported various initiatives with a view to minimizing carbon footprint and maintaining environmental integrity. During the year, KenGen sponsored the African Renewable Energy Conference and EXPO in Nairobi.

The objective of the event was to push for:

- Sustainable energy for all Africa
- Cheap and clean electricity for the manufacturing sector
- Zero carbon emission, hence, fight climate change
- Dialogue on renewable energy solutions in Africa
- Women in Energy
- International business on renewable energy among various organizations
- Universal access to electricity in Africa

The company also sponsored Masai Mara Marathon, whose proceeds are used for conservation initiatives and community-based projects within the Masai Mara National Park, which is home to a variety of plant and animal species.

The annual Eldama Ravine Half Marathon, an event that promotes the conservation and protection of Chemususu Dam catchment, also benefitted from KenGen support during the year.

Capacity Building

KenGen strongly believes in diversity and inclusion in the attainment of corporate and global development goals. In addition to implementing policies that promote diversity as a vehicle for business growth and sustainability, the company supports initiatives that help mainstream marginalized groups. During the period, the company sponsored capacity building for persons with disability supported by JOPECTRA, a local NGO. The purpose of the training was to impart business and leadership skills to special groups while enhancing their capacity to deal with issues that directly affect them.

Similarly, KenGen sponsored the 26th International Engineers Board of Kenya's Conference to create a platform for engineers and academia to discuss the role of engineering in solving the country's social and economic challenges.

At the same time, the Company supported the Annual Mamba Cup League which uses sport to fight social ills and impart life skills on the youth in Mbeere in Eastern Kenya.

KenGen also sponsored the Eastern Africa Women in Energy Conference and Awards. The event, dubbed "A gender perspective in financing renewable energy solutions to achieve universal energy access and sustainable Big 4 Agenda" focused on financial inclusion models that increase access, usage and quality of renewable energy solutions to achieve sustainable development goal number 7 on affordable and clean energy.

Peace Building

KenGen recognizes the role of social stability in achieving development goals and supports programmes that enhance cohesion.

The Mentorthon programme has mentored **25,300 students**, and worked with **275 schools** since 2016.

The Company sponsored Amani Peace Festival in Kisumu during the International Peace Day celebrations with the objective of promoting cohesion through music and entrepreneurship. The event served as a platform for networking and showcasing what can be achieved through peace. The Company also supported the Kalya Peace Show in West Pokot, a County that has suffered frequent conflicts due to cattle rustling and a scramble for scarce resources. The purpose of the show was to promote unity and peace among various communities in the County.

Water Provision

6 CLEAN WATER AND SANITATION

Access to water continues to be an issue of concern in many Kenyan communities. The problem has been compounded by climate change which has resulted in the depletion of water resources in various parts of the country. During the year, KenGen supported KIRDAM Road Race in Baringo in Kenya's Rift Valley, an area that experiences frequent water shortages which lead to poor health and hamper socio-economic development. The purpose of the event was to raise money for the provision of clean piped water for needy residents.

Education

4 QUALITY EDUCATION

Access to education remains a key arsenal in fighting poverty and other social challenges. As a company that believes strongly in empowering communities to take charge of their destinies, especially in disadvantaged areas, KenGen continues to focus on developing school infrastructure to create a good learning environment and enable children from poor families to access quality education. During the year, Kriich Girls' Secondary School in West Pokot, a region with one of the lowest poverty and literacy levels in the country, benefited from the provision of learning equipment.

The company also supported Mentorthon, a programme that inspires and promotes academic excellence among High School students in disadvantaged communities mainly in Elgeyo Marakwet, Samburu, Laikipia West, Turkana and West Pokot. Since 2016, the programme has mentored 25,300 students, worked with 275 schools and 290 mentors.

Similarly, KenGen contributed to the construction of a modern laboratory at Kipao Secondary School in Garsen, Tana River County, a region with one of the lowest literacy levels in the country and suffers regular and severe weather conditions, characterized by perennial flooding which displaces thousands of people.

KenGen Chairman, Gen. (Rtd.) Samsom Mwathethe plants a tree during a visit to the KenGen Eastern Region Office

KenGen staff mentor with the KenGen Education Scholarships beneficiaries during the 6th Annual Mentorship August 2019

KenGen Protocol & Event Manager, Janet Muhoro presents a scholarship award on August 2019.

Health

3 GOOD HEALTH AND WELL-BEING

KenGen believes in creating healthy communities as a means to achieving national development and improving the quality of life in the country. As a result, the company supports various programmes that promote a healthy lifestyle and enable individuals to take charge of their well-being. During the period, KenGen supported the annual Diabetes Walk which helps to raise funds to support community-focused programmes that raise awareness on lifestyle diseases.

At the same time, the company sponsored the annual Nyeri Hospice Charity Golf tournament, an event that raises funds to provide palliative care to people with terminal illnesses, mainly cancer and HIV, in Mount Kenya region.

Economic Empowerment

1 NO POVERTY

According to UNDP Kenya 2018 Annual Report, poverty remains high in the country despite a decline in the poverty rate from 46.6% in 2005/06 to 36.1% in 2015/16. The result is a high rate of deprivation and destitution. As part of its contribution, KenGen supports poverty alleviation programmes in various parts of the country. During the year, KenGen supported Kianda Foundation's "Kenyan to Kenyan" KE@KEIN, a programme that addresses poverty and inequality by connecting one Kenyan living above the poverty line with another living below the poverty line with the aim of lifting the disadvantaged one and his/her family out of poverty. The programme trains mentors for programme beneficiaries, mainly women and help them to navigate complex business environments. The programme has helped more than 50% of beneficiaries to double their income within the first six months, while 35% are said to have increased their income by 50%.

Sports Development

Sports play a critical role in social development and KenGen has continued to support events and programs that help the youth achieve their potential. During the year, the company sponsored the Endebess Road Race, which has produced some of the top athletes in the country since 2018, in addition to enabling athletes to access sports equipment.

SUSTAINABILITY

Disaster Response

2 ZERO HUNGER

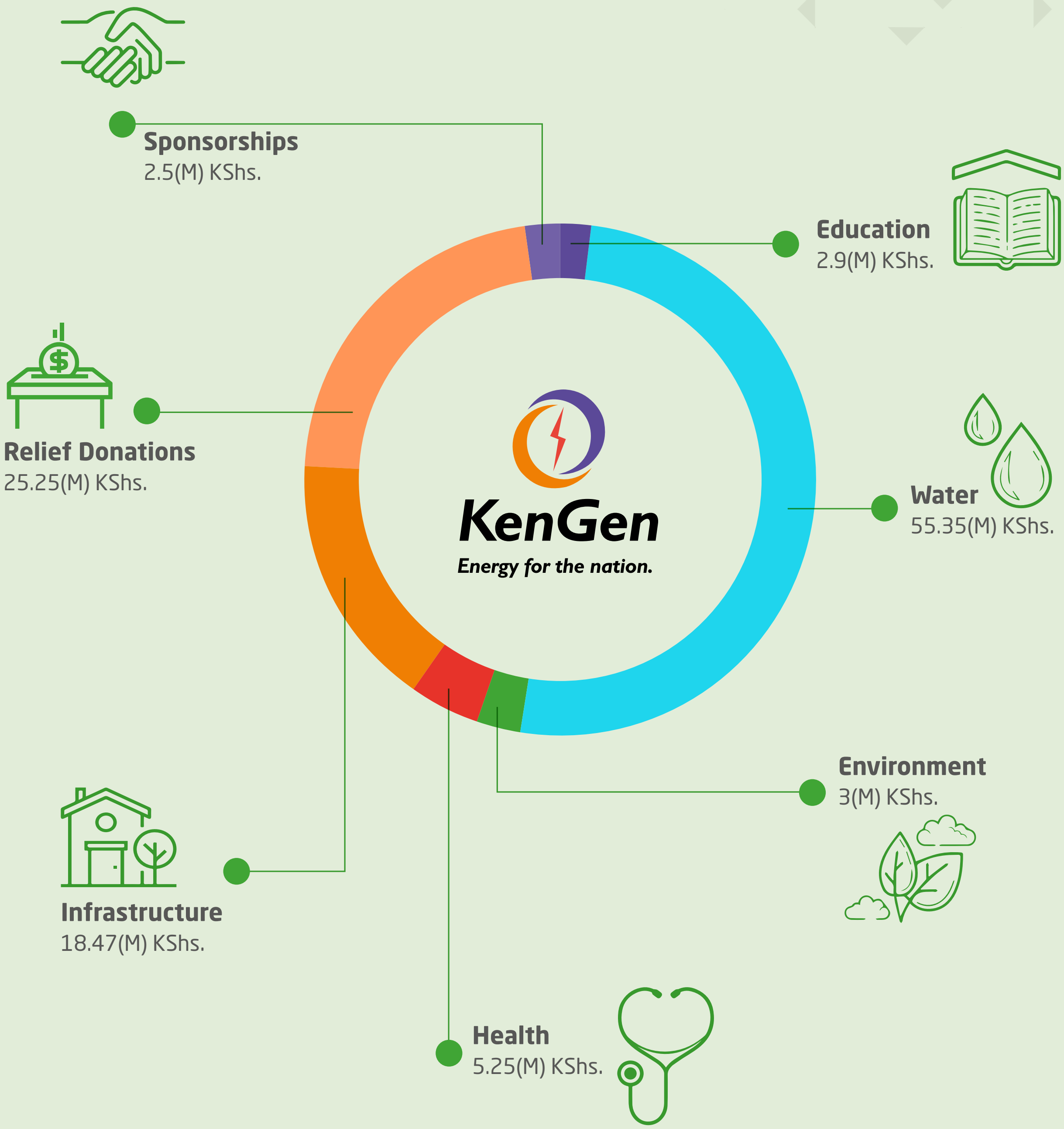
The country has in recent years witnessed an increase in weather-induced disasters. During the period under review, various parts of the country experienced severe flooding, landslides and drought, which affected livelihoods and increased vulnerability among affected communities.

To alleviate the suffering, KenGen helped to raise awareness and provided relief assistance to affected communities in Tana River, Garissa, West Pokot, Turkana, Kisumu, Migori and Homa Bay counties. At the same time, the company provided more than KShs. 40 million to enable communities cope with the COVID-19 pandemic and augment the national disease prevention effort.

KenGen MD & CEO presenting a cheque to the COVID TaskForce on 28th April, 2020

CS Energy; Hon Charles Keter and retired Board Chairman, Joshua Choge, hand over a cheque and donations to West Pokot Governor John Lonyangapuo

KenGen Corporate Social Investment



ORGANIZATIONAL HEALTH

Organizational health is vital in execution of KenGen's strategy and enhancement of shareholder value. Organizational effectiveness is therefore a foundation for the strategy and effective service delivery.

Our Human Capital

KenGen is an equal opportunity employer and committed to attracting, recruiting, and retaining skilled employees to drive and implement 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.

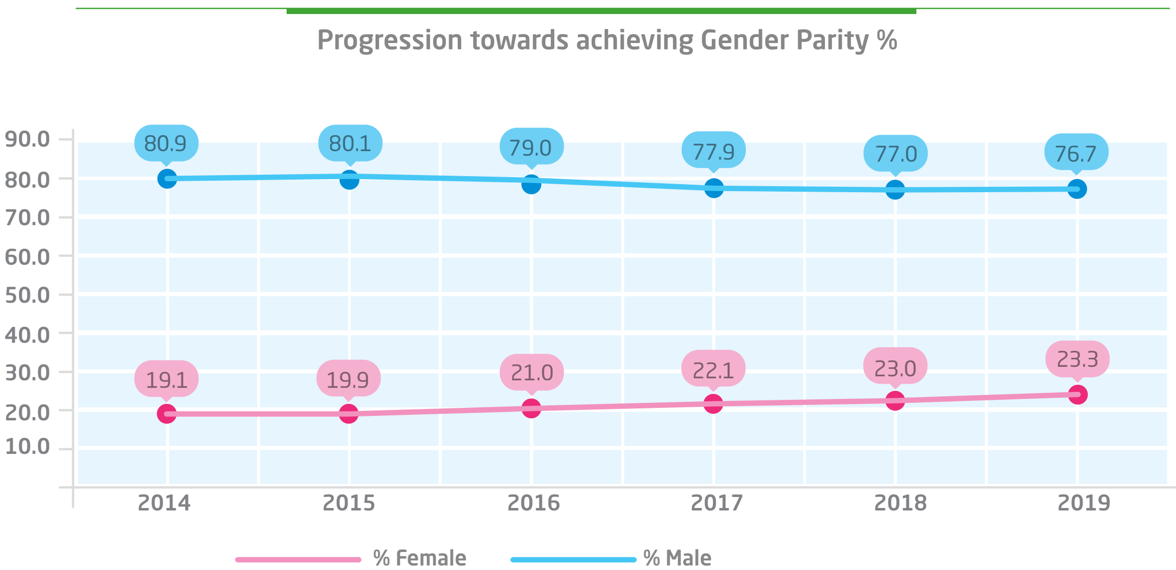
Staff Statistics

In the Financial year ended 30th June, 2020, the number of employees were 2,519. This number has supported the business to sustain current operations and is ready for upcoming projects. Staff Turn Over was at 4.7% due to various retention strategies that the company has put in place.

Diversity

KenGen believes in diversity and inclusivity to ensure access to opportunities for all irrespective of gender, physical ability, ethnicity, or age. Currently, 1.2% of all our employees are persons with disabilities.

KenGen is on a clear path to ensure compliance to the constitutional requirement of not less than **30% gender rule**.



Addressing Gender Issues through the Pink Energy Forum

To promote gender aggregation across all job cadres, the Company started a forum dubbed Pink Energy. This platform offers KenGen female employees an opportunity to address issues that affect their career progression and socio-economic wellbeing.

KenGen is proud to have this platform, which is a trend- setter in the Kenyan job market and keeps alive the gender 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 2019/2020, the 1st Pink Energy Conference, bringing together lady role models in the country as speakers, was held and attended by over 350 ladies from KenGen and other stakeholders in the Energy sector.

5 GENDER EQUALITY

Opportunity that Changes Lives of the Youth in Kenya

Through internship and industrial attachment, KenGen supports youth development in Kenya by offering opportunities to learn on the job. During the financial year, 150 new graduates were placed on a six-month internship programme, while 1,500 students benefited from our three-month industrial attachment.

Learning and Development

Employee development enhances productivity, motivation, and career growth. Skills development programmes, therefore, are based on a need analysis and gap assessment.

As skills development has a direct correlation to performance, individual development plans and feedback from annual performance assessment, forms the basis of our skills development programs.

To progress employee development, a clearly defined learning and development calendar is developed and implemented.

The learning and development programmes implemented during the year cut across various disciplines such as leadership, upgrade of technical skills, financial management, job safety, personal development, pre-retirement programs, and employee wellness.

Our Safe Work Places

8 DECENT WORK AND ECONOMIC GROWTH

Safety being one of our core values, is promoted in all our operational and work environments.
To improve safety culture, KenGen has put in place an all-inclusive Occupational Health and Safety Committees (OSH) at our areas of operation. These Committees have undergone relevant safety training.

KenGen Chairman, Gen. Samson Mwathethe, during a visit to Ngong Wind Farm

Work Environment Management

To ensure adequate office space for all employees, KenGen has continued to expand its infrastructure in all areas of operation. The most recent addition is the ultra-modern Hydro Plaza in Eastern Region which has been completed and occupied.

To comply with COVID-19 protocols, the company installed hand sanitizer dispensers at all entry points, signage and demarcations for social distancing, consistent fumigation/deep cleaning of offices and provision of face masks.

KenGen Chairman, Gen. Samson Mwathethe officially launching the KenGen Hydro Plaza Office

Talent Management through Career Framework

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

To guide the company in acquisition and management of talent, career progression guidelines were published and disseminated. Further, skills gap analysis of all employees was done and career conversations to help employees manage their careers initiated.

Succession Planning

Succession planning is vital for business continuity, sustainability, and career growth. Our Succession Planning Strategy and Programs have saved on onboarding and integrated costs associated with external recruitment, where inhouse talent already exists.

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.

KenGen Team working on Olkaria V project

Industrial Relations

KenGen's Industrial Relations are 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 recognises Kenya Electrical Trade & Allied Workers Union (KETAWU).

This has provided an environment to articulate workers issues within the union through a mutually acceptable recognition agreement which legitimises joint negotiation and consultation as a mechanism for fostering cooperation and mutual understanding between the parties.

As a result, the Company and KETAWU have amicably negotiated and implemented 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.

Employee Welfare and Wellness

Various support programs focusing on physical wellbeing, terminal ailment and mental health are in place with trained peer educators to provide requisite support.

Supply Chain Divisional Retreat

The company values employees' health and wellness of mind and body for optimum performance and wellbeing. Work life balance is advocated through various forums. In house counselling has been established for early employee support and intervention. Ambulances have been provided in operational areas for emergency evacuation of staff and neighbouring communities.

Company Secretary & Legal Division Retreat

Motor Vehicle Tracking System

The company has enhanced the security of its motor vehicles by installing a Tracking System. This has improved the security and management of vehicles through geofencing and speed limit controls.

Enhancing Customer Service

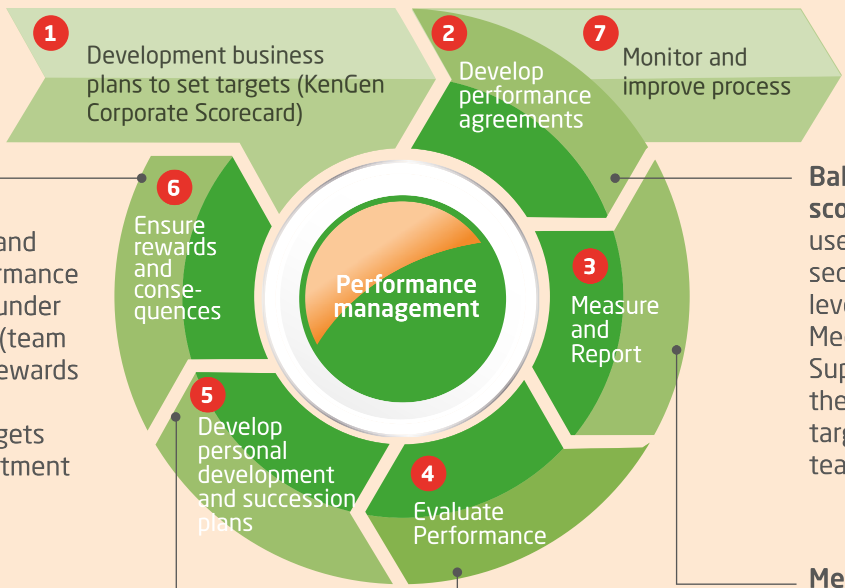
Karibu Centre was established in recognition of the need to enhance customer experience. The centre has been set up to support customers and stakeholders get valuable information within the shortest time possible on a 'one stop shop model'.

Performance Management

3 GOOD HEALTH AND WELL-BEING

Building a robust Performance Management System (PMS) embeds a culture of performance where talent is well managed and rewarded. A seven-step process is executed in the overall human capital management

Perfomance Evaluation



Incentive framework to recognise and reward performance and manage under performance (team + individual rewards for achieving stretched targets at plan/department level)

Personal development and succession plans to create ownership for development towards enabling performance improvement and

Balanced scorecards used up to section head level (eg. Mechanical Supervisors) and then supervisor targets become team targets

Measurements and reporting processes to allow for objective and accurate measurement of key metrics (use performance board)

Perfomance evaluation and dialogue to compare actual performance to targets and then use dialogue to communicate

Organization Health Assessment (OHA) Survey

As we work towards charting a path for continual improvement of our company's overall health and strengthening it, we strive to get solutions to key elements that create an environment of enhanced performance. It is with this in mind that the company undertook an Organization Health Assessment (OHA) Survey in March 2020 to enable it improve productivity and performance by bridging existing gaps and harnessing its potential and strengths.

The key objective of the OHA Survey was to ascertain KenGen's progress with respect to key improvement areas highlighted in previous surveys undertaken in 2007 and 2015 as well as its readiness for the Good-to-Great (G2G) Transformation Strategy. This progress was assessed against key dimensions that are critical to organisational performance.

Management is keen to ensure it abides by its commitment to address the issues and gaps identified through this survey by implementing the survey recommendations. As part of this commitment, it undertook companywide online dissemination of the results. Thereafter, it shall roll out the OHA Result Implementation and Monitoring Plan on all the identified priority gap areas.

SUPPLY CHAIN MANAGEMENT AS A CRITICAL BUSINESS ENABLER

As a leading power producer in the region, KenGen relies heavily on a reliable Supply Chain framework to support all its business operations. The strategic importance of the Supply Chain function in the company is further underscored by the fact that KenGen, as a State Corporation, is bound by the Public Procurement Laws and as such, there must be a perfect balance between compliance to the procurement legal framework and achieving efficiency in the support processes within the business value chain.

The Supply Chain function is therefore a key enabler and driver of the entire KenGen business. This is evidenced by the fact that over 80% of the company's annual budget is allocated to procurement of goods, services and works.

All procurement in the company is anchored on the need to ensure that KenGen obtains best value for money and absolute legal compliance in the various contracts.

Sustainable Procurement

As a responsible corporate citizen, KenGen is alive to the Government's initiatives for economic empowerment and equitable distribution of opportunities among various social segments. This is focused on Access to Government Procurement Opportunities (AGPO) to Special Groups categorised as Youth, Women and Persons With Disability(PWD). The company also implemented the local content requirement that provides for exclusive allocation of a threshold of construction projects to Citizen and Local contractors, and a mandatory requirement for foreign contractors to source for or subcontract at least 40% of the value of contract work to local firms in order to ensure promotion of local industry, and transfer of technical skills to Kenyans.

KenGen further implemented the 20% margin of preference for local contractors, preference for manufactured materials and supplies partially mined, procured or assembled in Kenya, and preference for firms whose 50%+1 shareholding is by Kenyans to promote local industry under the "Buy Kenya-Build Kenya" Government program for sustainable development.

In supporting the company's business diversification agenda, effective supply chain management has been instrumental in the commercial geothermal drilling project in Tulu Moye, Ethiopia, which has been achieved through robust, agile and effective strategies on all procurements relating to the project to eliminate all unnecessary bottlenecks.

KenGen ...implemented the 20% margin of preference for local contractors, preference for manufactured materials and supplies partially mined, procured or assembled in Kenya, and preference for firms whose 50%+1 shareholding is by Kenyans to promote local industry under the "Buy Kenya-Build Kenya"

Delivering Value Creation Initiatives such as cost-effective stock holding initiatives, Engagement of Authorized Economic Operator Clearing Agents (to enhance speedy clearing of imported cargo and reduce clearing expenses); consignment stocking for generation fuels, among others.

Proactive and constant market research & survey actvities to ensure that the company obtains both value for money and profitability by procuring goods, works and services at prices that are fair, competitive, within the prevailing market rates/ indices.

Timely, smart, efficient and legally compliant procurement in response to emergency situations.

Provision of prcurement, Supply Chain Management and logistics support to critical company donor funded projects such as Olkaria V 172MW project, and supporting effective delivery of current projects in line with the company's strategic pillars (including successful application of tax exemptions) Olkaria I Unit 6 70MW project, East Africa skills for Transformation and Regional Integration Project (EASTRIP) for upgrading of Geothermal Training Centre to a regional center of excellence, among others.

Implementation of Executive Order No.2 of 2018 that requires Public Procuring Entities to maintain, continuously update and publicize complete information on all tenders & procurement contracts awarded, in order to deepen accountability and transparency in the procurement processes, thereby reinforcing compliance to organizational and statutory requirements.

SUSTAINABLE PROCUREMENT

Procurement tenders awarded to special groups:

Category	2020 (Awards in KShs. 000)	2019 (Awards in KShs. 000)	2018 (Awards in KShs. 000)
Youth	1,196,347	459,994	389,881
Women	1,046,479	571,243	756,892
PWD	438,208	60,598	118,216
Total	**2,681,034**	**1,091,835**	**1,264,989**

SUSTAINABILITY

15.6ha covered with **9,353 seedlings** planted in MMF Block in the Mau Forest Restoration.

ENVIRONMENT SUSTAINABILITY

Our operations affect and are affected by the environment. Maintaining environmental integrity is critical to the company's business success and sustainability. Our strategy focuses on doing more with less and minimising our carbon footprint, avoid depletion of natural resource, mitigating climate change and allowing for long term ecological balance. KenGen addresses environmental sustainability through various programs.

Investing In Renewable Sources

KenGen has adopted a green energy strategy in expanding its generation with an emphasis on renewable sources such as geothermal, hydro, wind and solar. Currently, 97% of KenGen's energy portfolio is renewable and this creates a critical role in moving Kenya towards a green economy. This is in line with our transformation philosophy of focusing on achieving sustainability in value creation from "One Generation" of Kenyans to the "Next Generation".

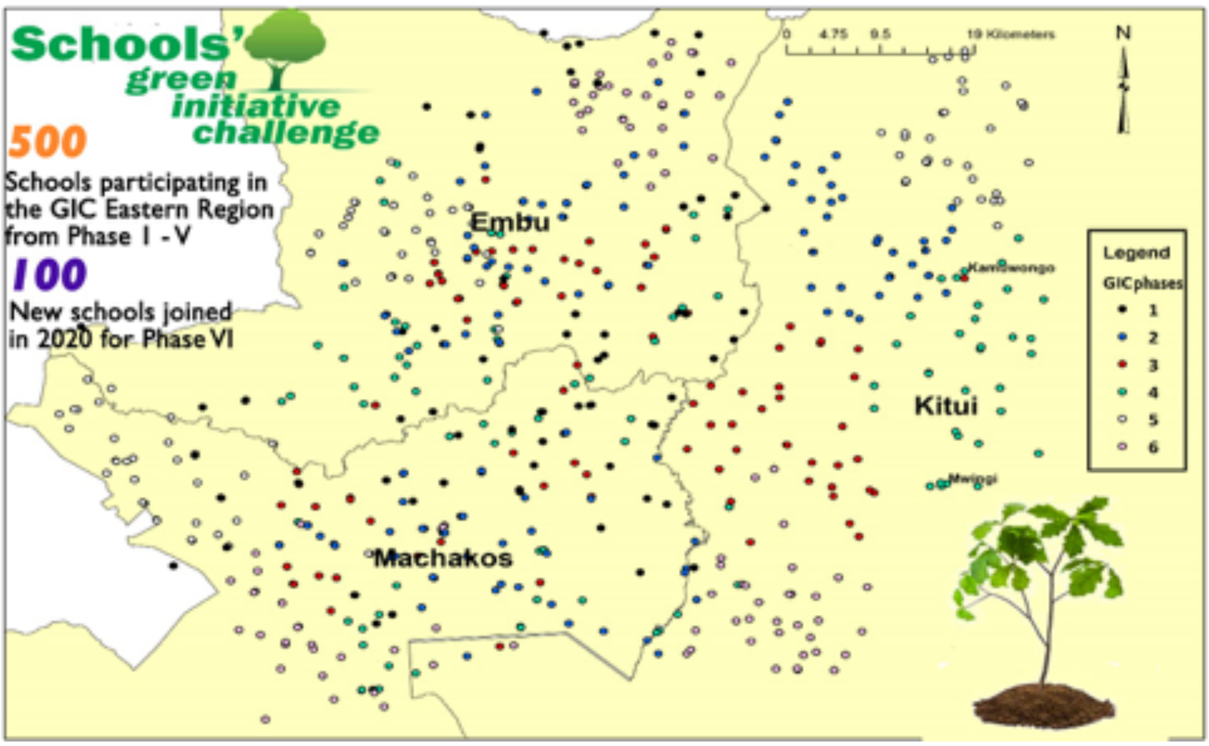
In the current financial year, KenGen has completed the 172.33MW Olkaria V Geothermal Power Station and progressed on 274MW to be completed by 2025. Our expansion strategy entails upgrading our current plants to improve efficiency and increase power output using the same amount of resources.

Environmental Conservation and Catchment Restoration

During the year, the company scaled up its conservation efforts to increase the forest cover by 15.6 Hectares for the restoration of catchment areas and ecological balance. The objective is to preserve biodiversity, restore the ecosystem and embed a conservation culture among Kenyan communities.

Environmental Conservation and Social Sustainability

Environmental sustainability is a key aspect in KenGen's operations. The Company supports conservation initiatives to mitigate the effects of climate change and maintain ecological balance. One of the ways in which we do this is through reforestation, a rapidly growing programme under the KenGen Foundation's environmental pillar and community sensitisation.



Over 150,000
seedlings the GIC programme has distributed since 2015

Approx. 4Km of KenGen boundary to be covered with **35,000 sisal bulbils**.

The flagship environmental conservation programme is the Green Initiative Challenge (GIC) launched in November 2013. Structured as a competition, the programme aims to instil a conservation culture among Primary and Secondary School students.

The students are encouraged to grow small woodlots and forests around their school compound as part of the conservation effort, as well as for their own commercial and domestic use.

The objective of the challenge is to provide a tree cover in more than 500 acres within 10 years in the semi-arid Counties, especially around the 7-Forks Power Stations.

Since inception in 2015, the GIC programme has distributed over 150,000 seedlings, with schools attaining the highest survival rate being rewarded with scholarships, schools trips, water tanks, and infrastructure support. In 2020, 100 additional schools from Embu, Machakos and Kitui joined the programme.

To strengthen the programme, the Foundation in partnership with Hands Up Africa, used puppetry to sensitise 300 primary school students on environmental conservation in eastern Kenya. During the year, the programme was expanded to include the semi-arid counties of Turkana and West Pokot in the Rift Valley.

I. Tree Growing

Environmental degradation poses a great danger to resource sustainability and livelihoods. To counter growing deforestation, KenGen issued to communities a total of 227,243 seedlings from our tree nurseries at Gitaru, Olkaria and Sondu power stations.

II. Partnerships

KenGen recognises that environmental degradation is bigger than any single organization can handle and has joined hands with various agencies for greater reach and impact. During the year, the company was involved in the following key initiatives:

a. **Kenya Energy Sector Environment and Social Responsibility Program (KEEP)**
An environmental initiative by the Ministry of energy since June 2008 whose pillars are energy conservation and hydro power water catchment management. It brings together all government agencies within the Ministry of Energy. In 2019/2020, KenGen took part in the identification of the 20Km riparian restoration sites in South Mathioya River, 250Ha in the Aberdares and 100Ha in Londiani forest.

b. **Mt Kenya Restoration Partnership nitiative;** KenGen is a participant in the Mt. Kenya Ecosystem Restoration partnership hosted by Nature Kenya. The initiative is to restore the Mt. Kenya Ecosystem.

Established trees buffer in Upper Tana Buffer Zone

Planting of **8,000 mango seedlings** in Kindaruma for soil conservation

ENVIRONMENT SUSTAINABILITY (continued)

c. **United Nations Global Compact (UNGC)**
KenGen joined UNGC in May 2019 as a participant (Tier II) with the aim of accelerating its sustainability efforts and scaling up its impact across the globe. This requires that the company uphold high standards in human rights, labour and integrity

d. **Forest Restoration**
KenGen donated about 20,000 tree seedlings to the Maasai Mau and Koguta forest restoration initiative in 2019.

III. Conservation Activities

KenGen planted trees in its operational areas with a view to increasing forest cover and minimizing erosion

a. **Tana Buffer (IV)**; The project entailed growing 2,500 seedlings that included Mangifera indica, Neem, T. brownie and Cassia siamea species.

b. **Kamburu Buffer (IV)** –The Project entailed growing 25,600 sisal bulbils for soil stabilization.

c. **Kindaruma Buffer Phase**; The projects entails planting 3,500 Mangoes buffer in Kindaruma for environmental conservation and buffer protection. The project was terminated 70% survival rate and payment for remaining work done is underway.

d. **Kindaruma Buffer Phase (II) Project**; The project entailed planting and maintaining 6,000 mangoes at Kindaruma Buffer. DLP completed and paid.

Loading of tree seedlings at
Sondu tree nursery for delivery to Mau catchment

3 Year project aims to plant **7,000 indigenous trees** to conserve **6 acres** of significant catchment.

For entire year a total of **227,243 seedlings** issued out for planting from our tree nurseries.

e. **Kindaruma Buffer Phase IV**- Entailed planting and maintaining of 8,000 mangoes in Kindaruma for soil conservation and act as a protection buffer. Pitting of 8,000 holes was successfully done in the FY but further progress was affected by COVID-19. Planting to be done in 2020/2021 FY.

f. **Kindaruma V Boundary Buffer Project;** entails growing of 35,000 sisal bulbils which will cover and secure approximately 4km of KenGen boundary against encroachment as well as for soil conservation and stabilization. Project progress had been slowed down by COVID-19 with work to resume in 2020/2021 FY.

Ecosystems restoration in Olkaria Geothermal Project area and Ngong Wind Farm areas and other key catchments for Business Sustainability.

a. **Ngong Forest Restoration** – This project is aimed at restoring of forest within KenGen's Wind Farm within Ngong Forest. This is a 3 year project whose aim is to conserve about 6 acres of significant catchment by rehabilitating the degraded area by planting and maintaining 7,000 indigenous trees for three years. With 2 years gone, the project is at 70% completion and so far the survival rate is above 100%.

b. **Eburru Forest Restoration Project** – This project is within KenGen Geothermal field in Eburru forest. The project targets to rehabilitate Eburru catchment by planting 5,000 indigenous trees. The project has been awarded to the contractor and it will commence the 1st quarter of FY 2020/2021

c. **Mau Catchment Rehabilitation** - KenGen's Participation in the Maasai Mau Forest Restoration – 9th to 11th June, 2020 KenGen participated and contributed to the Maasai Mau restoration activities on 1st November 2019 by collaborating with GOK institutions Kenya Water Towers Agency and Kenya Forest Service. More partnership is targeted in the year 2020/2021. Total area planted 9 ha with 9,353 seedlings planted in MMF Block No. 77.

d. **Raising of Tree Seedlings** – KenGen operates and raises tree seedlings within the three business areas. Western Sondu, Eastern – Gitaru and at Olkaria. These nurseries have supported conservation activities across the country notably GIC in Eastern, Mau Conservation and community and staff environmental conservation activities. For the entire year a total of 227,243 seedlings were issued out for planting from our tree nurseries.

ENVIRONMENT SUSTAINABILITY (continued)

Partnership In Climate Action

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

KenGen subscribes to the highest environmental management standards and ensures that its operations and activities have minimal impact on the planet.

In the current financial year, ESIA study for 10MW Ngong Phase III-A Wind project was undertaken and the Environmental Impact Assessment (EIA) license obtained. A variation of the EIA license validity period was obtained for the Olkaria I Rehabilitation and Olkaria I Unit 6 geothermal projects. At the same time, the company

(i) Undertaking statutory environmental audits for KenGen installations and facilities on annual basis and submitted the relevant reports to NEMA. In the year 2019, a total of 28 KenGen facilities and installations were audited using in-house capacity and the respective reports submitted to NEMA.

Environmental and Social Impact Assessments (ESIAs) KenGen continues to carry out ESIAs for all its projects to assess and predict potential adverse social and environmental impacts so as to develop suitable mitigation measures.

(i)Monitor performance of **Environmental Management Plan (EMP) implementation** company-wide and follow up on closure of recommended corrective actions.

Facilitate **Implementation of corrective action plan**

(i)Documentation and implementation of **Environmental Management System (EMS)** based on the ISO 14001:2015

Stakeholder Involvement

17 PARTNERSHIPS FOR THE GOALS

KenGen recognises the critical role played by stakeholders in ensuring business success and sustainability and has put in place a mechanism for continuous dialogue and involvement. In our operational areas, KenGen has set up Stakeholders Coordination Committees (SCCs) to discuss and address issues of future concern. Our continued engagement with the stakeholders has enabled the company to implement relevant social projects while obtaining and maintaining the social license to operate.

To pave way for Olkaria **280MW** project construction, a total of **155 households** were resettled on **1,700 acres of land**.

Olkaria Resettlement Action Plan (RAP)

11 SUSTAINABLE CITIES AND COMMUNITIES

In 2014, KenGen undertook resettlement of several villages in Olkaria to pave way for the construction of Olkaria 280MW project. A Resettlement Action Plan (RAP) was formulated and implemented to resettle the Project Affected Persons (PAPs). A total of 155 households were resettled on 1,700 acres of land. In addition, the company provided other social amenities including a modern Primary School, a Dispensary and a social hall, cattle dip, water infrastructure, and three churches. Title deeds for the social amenities have been transferred to the Rapland community.

KenGen staff relocate community to their new houses under the Resettlement Action Plan

Implementation of Clean Development Mechanism (CDM)

13 CLIMATE ACTION

KenGen's investments in green energy sources is paying off with the company earning additional revenue from the sale of carbon credits. To date, the company has registered six CDM projects under the United Nations Framework Convention on Climate Change (UNFCCC).

In the last few years, KenGen have:

- The formulation of the climate change policy which was approved in July of 2019 gives policy direction of activities and programs the company will undertake in dealing with climate change.
- A dedicated section to handle climate change issues in accordance with the Climate Change Act (No. 11 of 2016)
- Over USD. 3million received from KenGen's green energy projects including USD 329,429.50 received at the beginning of this financial year
- KenGen's partnerships in the climate action e.g with World Bank that helped yield the climate finance revenues

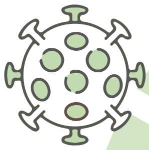
Project	MW	Estimated tCO_2 equiv/year
Olkaria II (Unit 3)	35	149,632.00
Tana	19.6	25,680.00
Kiambere	20+	41,204.00
Ngong	5.1	9,941.00
Olkaria I, AU 4&5	140	635,049.00
Olkaria IV	140	651,349.00
Total	**359.7**	**1,512,855.00**

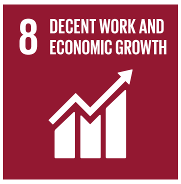
The annual estimated carbon emission reductions from KenGen's registered projects.

SUSTAINABILITY

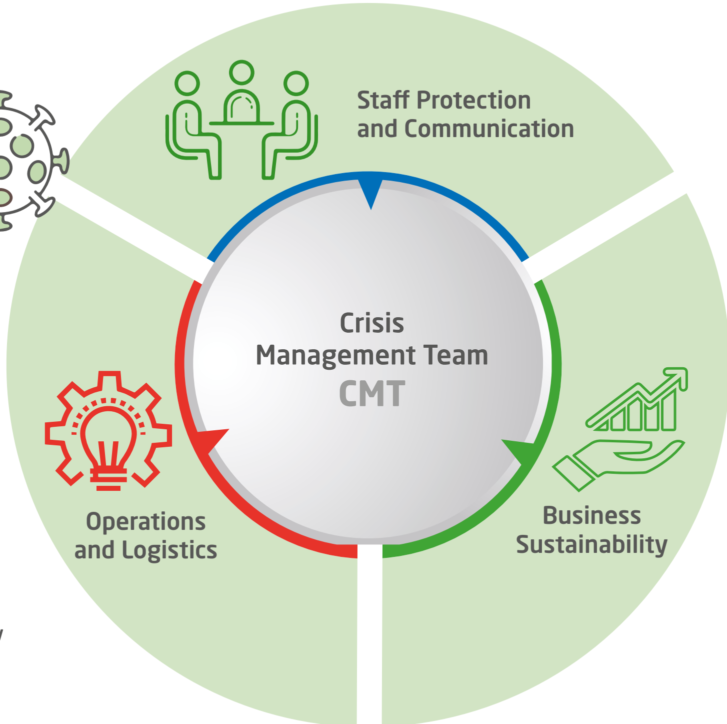
BUSINESS CONTINUITY

KenGen's Preparedness and Response to the COVID-19 Pandemic



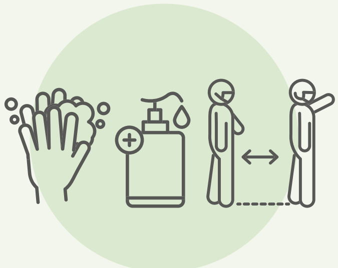


Upon the announcement of the first COVID-19 case in Kenya on 13th March, 2020, KenGen activated its Corporate Crisis Management Team (CMT) in line with the Company's Disaster Risk Management & Business Continuity Program. The CMT is mandated with guiding the Company's response to the pandemic to ensure the safety and wellbeing of staff while maintaining business continuity.



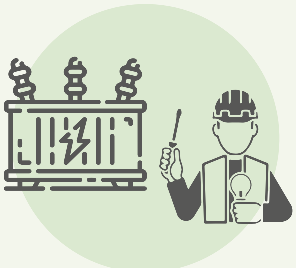
Staff Protection and Communication

Entailed providing the right Personal Protective Equipment (PPE), disinfection and decongestion of work places, application of the Shift Rota System to minimise exposure, employees sensitisation on COVID-19 prevention measures, Psycho-social and medical support to the affected staff and implemented all MoH and WHO COVID-19 prevention guidelines.



Operations and Logistics

KenGen being an essential service provider ensured uninterrupted power supply through the procurement of critical goods and services, enhanced use of online communication infrastructure and creation of alternative power plant control room operations.



Business Sustainability

Safeguard the KenGen business from negative impact of COVID-19 and ensure it remains sustainable.

This entailed rationalising all our contractual obligations and expenditure, preserve cash flows and liquidity, and continuous engagement with stakeholders.

KenGen Board Member Dr. Reginalda Wanyonyi, Eastern Region Manager, Eng. Julius Odumbe (left), hand over a water tank and hand washing soap to local leaders in Eastern Hydros Region

Gitaru Dam

GoK PERFORMANCE CONTRACT 2020

GoK PERFORMANCE CONTRACT 2020

Government Performance Contract is a tool used by the government to measure the progress of the promises made to the citizens in the pursuit of attaining social-economic development goals. At the beginning of each financial year, the Ministry of Public Service through the Public Service Performance Management and Monitoring Unit leads the process of target setting, negotiations, vetting and signing after which performance reports are submitted quarterly, mid-year and annually for review and performance evaluation.

For the financial year ended 30th June 2020, our Board of Directors on behalf of KenGen signed a Performance Contract with the Government of Kenya, through the Ministry of Energy, to implement the following broad areas;

1. Finance Stewardship and Fiscal Discipline

Financing for our projects is a careful balance between utilization of external funding through borrowings and internally generated funds. During the period, the absorption of internally mobilized development funds was KShs. 10,383 million representing 76.51% against a target of KShs. 13,570 million while absorption of externally mobilized development funds over the twelve months was KShs. 7,146 million representing 22.06% against a target of KShs. 32,389 million. The low absorption for mobilized funds was mainly due to under absorption in Olkaria I Additional Unit 6, Wanjii Rehabilitation and Gitaru Solar projects due to the effects of corona virus pandemic.

The Company realised revenues amounting to KShs. 248.05 million from Appropriation in Aids (A-in-A) against a target of KShs. 313.42 million. The A-in-A targeted revenues from disposal of assets, carbon credits, Geothermal Spa and grants. All revenues from disposal of assets and Geothermal Spa were not realized because the corona pandemic affected bidder site visits and closure of the Spa as part of COVID-19 containment measures, respectively.

2. Service Delivery

The Company continued to render services to stakeholders as per the commitments in the corporate service charter. To promote service delivery to our stakeholders, KenGen established another Karibu Centre in Olkaria besides the first one that is at Head Office. Through the Karibu Centre at Head Office, the Company was able to attend to many queries touching on employment, industrial attachment, tender clarifications and other general inquiries. The Company also continued to resolve public complaints that were directed to us or raised indirectly through the Commission on Administrative Justice.

3. Core Mandate

The Company continued with the implementation of Vision 2030 flagship power generation projects aimed at ensuring sustainable stable power growth in the Country to promote the Big Four Agenda. The Company ensured that project milestones as contracted were achieved for Olkaria V, Olkaria PPP, Olkaria I Rehabilitation and Olkaria I Additional Unit 6.

Our Company continued to execute its mandate of power generation to power the economy. The Company made a Profit Before Tax of KShs. 13,790 million against a target of KShs. 12,515 million.

The Company ensured that the availability of our generating modes was achieved as per the PPA operational threshold targets. The National Treasury gave approval for the implementation of 40MW Olkaria Turbine Uprating and 42.5MW Gitaru Solar Power Plant. The Company, in its efforts to promote sustainable environmental management and utilization of natural resources to generate socio-economic benefits, issued 227,243 tree seedlings to catchment area communities of Tana, Sondu Miriu and Eburru for planting and reforestation of catchment areas.

4. Implementation of Presidential Directives

During the reporting period, KenGen in liaison with Nakuru County Government, signed a Project Cooperation Agreement to implement the Presidential Directive on "Expansion and Equipping of Naivasha Hospital". KenGen signed a contract with the contractor for the construction work where at the end of the period under review the foundation work had been completed despite the challenge posed by Covid-19 pandemic. Once completed the outpatient facility is projected to serve more than 2,000 patients per day from the current 600 patients due to its location and the existing and planned infrastructural projects in the area.

5. Access to Government Procurement Opportunities and Promotion of Local Content in Procurement

KenGen, in its endeavour to promote inclusivity and protection of the marginalized, awarded Youth, Women and Persons With Disability, procurement opportunities worth KShs. 2,681 million against a target of KShs. 2,935 million. The Company sensitized the Special Groups on procurement opportunities within KenGen specially reserved for them the requirements that were needed to participate in doing business with the Company. Our Company also promoted local content in procurement through embracing the Buy Kenya Build Kenya initiative. The total procurement opportunities awarded to local contractors were worth KShs. 12,910 million against a target of KShs. 6,142 million.

6. Cross Cutting Initiatives

During the period, several cross-cutting initiatives were implemented to promote effectiveness, efficiency and maximize value for the stakeholders.

The Company maintained an updated company asset register, identified, and disposed idle assets in conformity to existing legal requirements. To promote social justice and equity, KenGen offered attachment and internship opportunities to 1,458 youth which included 8 Persons With Disabilities (PWDs).

For competency development, KenGen offered staff training opportunities, developed Career Framework Guidelines, and conducted Staff Performance Appraisals. Knowledge Management Initiatives through the G2G Annual Innovation Seminar and periodic Communities of Practice and Innovation forums. Accessibility Audit for Head Office was conducted to ensure that our workplace is all inclusive and responsive to the needs of Persons With Disabilities (PWDs).

The Company undertook various HIV/AIDS prevention measures which included peer education, sensitisation on stress management and mental health.

The enhancement of security of our generation assets continued with deployment of armed officers from the Critical Installation Policing Unit in collaboration with the National Police Service. The Integrated Security Management System was also implemented at Head Office and Olkaria to beef up security.

To promote a value driven corporate culture, KenGen inculcated the national values and principles of governance as enshrined in Articles 10 and 232 of the Constitution of Kenya and undertook the values of Public Service Survey conducted by the Public Service Commission.

Corruption risk mitigation plans were implemented in line with KenGen's commitment to combat and prevent corruption, unethical practices and promote best practices in governance as per the Ethics and Anti-Corruption Act No. 22 of 2011 and the Leadership and Integrity Act of 2012.

Guest Speaker, PLO Lumumba with KenGen Executive Committee Members during the Intergrity Day celebrations at the KenGen Head Office, Nairobi

FINANCIALS

STATEMENT OF DIRECTORS' RESPONSIBILITIES

For the year ended 30 June 2020

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

Disclosures for significant developments during the year associated with the global COVID-19 pandemic are made in note 44.

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

Approved by the Board of Directors on 30th June, 2021 and signed on its behalf by:

General (Rtd) Samson Mwathethe	**Kairu Bachia**	**Rebecca Miano**
Chairman	Director	Managing Director & CEO

DIRECTORS' REMUNERATION REPORT

For the year ended 30 June 2020

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 Directors' 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 30th June, 2020 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(e)).

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. Her contract was renewed for a further three (3) years on 31st August, 2020.

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 3rd November, 2020, the shareholders approved the payments of Directors fees for the year ended 30th June, 2019 through virtual voting.

Approval will be sought at the upcoming Annual Generating Meeting from shareholders to pay Directors fees for the financial year ended 30th June, 2020.

DIRECTORS' REMUNERATION REPORT

For the year ended 30 June 2020

INFORMATION SUBJECT TO AUDIT

The following tables shows a single figure remuneration for the Managing Director and CEO and the Non-Executive Directors in respect of qualifying services for the year ended 30 June 2020 together with the comparative figures for 2019. The aggregate Directors' emoluments are shown in note 37(e).

For the year ended 30 June 2020

Name	Category	Salary	Directors Fees	Allowances	Honorarium	Telephone	Total
		Shs'000	Shs'000	Shs'000	Shs '000	Shs '000	Shs '000
Joshua Choge	Chairman, Independent & Non-Executive	-	600	1,140	960	84	2,784
Rebecca Miano	Managing Director & CEO	19,801	-	-	-	-	19,801
Ukur Yatani (CS, The National Treasury and Planning)	Non-Executive	-	600	-	-	-	600
Joseph Njoroge (PS, Ministry of Energy)	Non-Executive	-	600	-	-		600
Zipporah Ndegwa	Independent & Non-Executive	-	600	1,160	-		1,760
Musa Arusei	Independent & Non-Executive	-	600	1,260	-		1,860
Kairu Bachia	Independent & Non-Executive	-	600	1,180	-		1,780
Joseph Sitati	Independent & Non-Executive	-	600	440	-		1,040
Maurice Nduranu	Independent & Non-Executive	-	600	1,140	-		1,740
Phyllis Wakiaga	Independent & Non-Executive	-	600	500	-		1,100
Reginalda Wanyonyi	Independent & Non-Executive	-	600	1,180	-		1,780
Humphrey Muhu (Al-ternate to Ukur Yatani)	Non-Executive	-	-	840	-		840
William Mbaka (Alter-nate to Joseph Njoroge)	Non-Executive	-	-	620	-		620
Total		**19,801**	**6,000**	**9,460**	**960**	**84**	**36,305**

DIRECTORS' REMUNERATION REPORT

For the year ended 30 June 2020

INFORMATION SUBJECT TO AUDIT (continued)

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, Independent & Non-Executive	-	600	2,000	960	3,560
Rebecca Miano	Managing Director & CEO	19,380	-	-	-	19,380
Ukur Yatani (CS, The National Treasury and Planning)	Non-Executive	-	600	-	-	600
Joseph Njoroge (PS, Ministry of Energy)	Non-Executive	-	600	-	-	600
Ziporah Ndegwa	Independent & Non-Executive	-	600	1,420	-	2,020
Musa Arusei	Independent & Non-Executive	-	600	1,660	-	2,260
Kairu Bachia	Independent & Non-Executive	-	600	1,640	-	2,240
Joseph Sitati	Independent & Non-Executive	-	600	1,380	-	1,980
Maurice Nduranu	Independent & Non-Executive	-	600	1,660	-	2,260
Phyllis Wakiaga	Independent & Non-Executive	-	600	480	-	1,080
Reginalda Wanyonyi	Independent & 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**

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR GENERAL

Enhancing Accountability

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Anniversary Towers
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P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA ELECTRICITY GENERATING COMPANY PLC FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Opinion

The accompanying financial statements of Kenya Electricity Generating Company PLC set out on pages 133 to 220, which comprise of the statement of financial position as at 30 June, 2020, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and the statement of comparative budget and actual amount for the year then ended, and a summary of significant accounting policies and other explanatory information, have been audited on my behalf by Deloitte & Touché, 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 the Kenya Electricity Generating Company PLC as at 30 June, 2020, 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 Public Finance Management Act, 2012 and 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 the Kenya Electricity Generating Company PLC Management 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 audit 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.

Emphasis of Matter

Amounts Due From Kenya Power and Lighting Company PLC

The financial statements reflect gross amounts due from the Company's main customer, Kenya Power and Lighting Company PLC (KPLC) amounting to Kshs.23,984,394,000 (2019: Kshs.19,356,993,000) as disclosed in Note 20 to the financial statements. This outstanding balance is billed as per respective Power Purchase Agreements (PPAs) between the two companies. However, KPLC confirmed Kshs.24,029,164,019 as the amount owing indicating a difference on Kshs.44,770,019. Further, the Company recorded Aggreko project receivables of Kshs.224,386,541 which also differed by Kshs.26,719,873 with the amount confirmed by KPLC of Kshs.197,666,668. According to Management, the unconfirmed amount of total trade receivables of Kshs.71,489,892 relates to interest on delayed payments, which KPLC has disputed.

In addition, the amounts due from KPLC were on average outstanding for periods of 195 days, which was way above the 90-day credit cycle provided for in the agreement between the two companies.

My opinion is not qualified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. These matters were addressed in the context of the audit of the 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.

Key Audit Matter	How the Key Audit Matter was Addressed
Capitalisation of Costs The Management undertook different capital projects during the year under audit, mainly Olkaria V power plant project, Olkaria 1 Unit 6, and drilling of wells. The Management capitalised part of the costs it incurred during the year which it considers to be directly related to the construction of these projects. Capitalisation of costs (payroll costs, borrowing costs and depreciation) was identified as representing a Key Audit Matter due to the significance of the amount capitalized as well as the significant judgements and assumptions in determining the amounts to be capitalised.	**Capitalised Payroll Costs** • The accuracy of the total payroll amount was tested and assessed for the reasonableness of Management's assessment of the payroll costs directly attributable to the ongoing projects. • The capitalised payroll costs were tested and assessed against the classification, measurement and disclosure requirements of IAS 16. **Capitalised Borrowing Costs** • The accuracy of the interest charges and assessed was tested against the reasonableness of the amount capitalised. This included a detailed assessment in line with the requirements of IAS 23.

Report of the Auditor-General on Kenya Electricity Generating Company PLC for the year ended 30 June, 2020

2

As disclosed under Note 13, a total amount of Kshs.4,398,420,000 was capitalised during the year. Significant judgment is required by the Management in determining the following: • Assets that qualify for depreciation, capitalization, and the quantum of depreciation to capitalise. Significant judgement is also required in determining capitalisation rates to be applied on shared service centres. • Elements of staff costs directly attributable to the ongoing projects. Additionally, the key assumption applied in capitalising the staff costs is the time spent by qualifying staff members on the capital projects. • Borrowing costs to capitalise in line with the requirements of IAS 23.	**Capitalised Depreciation** • The underlying assets were tested and assessed against the valuation and accuracy of the cost of the assets; the reasonableness of the assets' useful lives and depreciation rates used were assessed and verified that they are being used in the manner intended by Management. The conclusion reached was that the assumptions and judgements made by the Management in capitalisation of costs were appropriate.

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 audit report, and the rest of the other information in the annual report which is expected to be availed 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, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else 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

Long Outstanding Payables

The statement of financial position reflects trade and other payables amounting to Kshs.7,642,929,000 as disclosed under Note 32 to the financial statements. Included in this balance is Kshs.4,841,270, which relates to financial assets held by the Company in the form of long outstanding cheques, which had remained unclaimed for a period of more than two (2) years. Similarly, included in the payables is Kshs.14,300,000, which relates to the Energy Power Project payables, which have been outstanding since 2009 with no movement in this balance over the years. Management has not explained why it has taken a significantly long period to clear the outstanding payments despite acknowledging to have information about the prevailing circumstances and the whereabouts of the payees.

Alternatively, the Company may not have remitted some qualifying assets to the Unclaimed Financial Assets Authority (UFAA), contrary to the Unclaimed Financial Assets Authority Act, 2011, which requires such assets be surrendered to UFAA. The Management therefore, risks being charged interest and penalties for non-compliance with the Act.

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 about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that 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 overall governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall 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, except for the matters described in the Emphasis of matter and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, I report based on the audit that:

(i) In my opinion, the information given in the report of the directors on pages 10 to 13 is consistent with the financial statements.

(ii) In my opinion, the auditable part of the directors' remuneration report on pages 124 to 125 has been properly prepared in accordance with the Companies Act, 2015 and are in agreement with the accounting records.

Responsibilities of Management and Board of Directors

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 that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of 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.

The Board of Directors is responsible for overseeing the financial reporting process, reviewing the effectiveness of how the Company monitors 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 overall 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 that 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 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 audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that 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 that 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 that 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 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 that 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 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 that 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 that 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

27 January, 2021

FINANCIAL STATEMENTS
For the year ended 30 June 2020

Statement of Profit or Loss and other Comprehensive Income

	Note	2020 Shs'000	2019 Shs'000
Revenues from contracts with customers			
Electricity revenue	4 (a)	33,783,190	29,796,983
Steam revenue	4 (a)	5,549,684	5,871,921
Fuel charge	4 (a)	4,155,499	10,111,516
Water charge	4 (a)	181,774	185,226
Revenue from Branch	4 (a)	440,344	-
Total revenue		44,110,491	45,965,646
Reimbursable expenses			
Fuel costs	5	(4,106,504)	(10,006,336)
Water costs	5	(181,786)	(185,226)
Total reimbursable expenses		(4,288,290)	(10,191,562)
Revenue less reimbursable expenses		39,822,201	35,774,084
Other income	6	472,526	618,822
Other gains - net	7	6,382,970	3,179,185
Operating income		46,677,697	39,572,091
Expenses			
Depreciation and Amortization	8 (a)	(12,029,561)	(10,360,330)
Employee expenses	8 (b)	(7,082,496)	(6,800,376)
Steam costs	8 (c)	(3,160,582)	(3,357,126)
Plant operation and maintenance expenses	8 (d)	(1,503,237)	(1,512,278)
Other expenses	8 (e)	(2,298,971)	(2,257,402)
Operating profit		20,602,850	15,284,579
Finance income	9	1,431,118	1,423,062
Finance costs	10	(8,244,181)	(5,053,924)
Profit before income tax		13,789,787	11,653,717
Income tax credit/(expense)	11(a)	4,587,306	(3,769,382)
Profit for the year		18,377,093	7,884,335
Earnings per share:			
Basic and diluted (Shs per share)	12	2.79	1.20
Dividends per share - (Shs)	34	0.30	0.25

Statement of Profit or Loss and other Comprehensive Income (Continued)

	Note	2020 Shs'000	2019 Shs'000
Profit for the year		18,377,093	7,884,335
Other comprehensive income, net of income tax:			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of retirement benefit asset	28(a(ii))	(496,824)	(106,804)
Deferred income tax thereon	25	124,206	32,041
		(372,618)	(74,763)
Items that may be reclassified subsequently to profit or loss when specific conditions are met:			
Net (loss)/gains on revaluation on investments in financial instruments measured at FVOCI	22	(2,656)	18,147
Deferred income tax thereon	25	664	(5,444)
		(1,992)	12,703
Other comprehensive loss for the year, net of tax		(374,610)	(62,060)
Total comprehensive income for the year		18,002,483	7,822,275

FINANCIAL STATEMENTS
For the year ended 30 June 2020

Statement of Financial Position

	Note	2020 Shs'000	2019 Shs'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	352,429,914	346,737,310
Leasehold land	14	-	4,110,583
Intangible assets	15	1,528,948	1,524,693
Right of Use assets	16	4,936,545	-
Financial asset at amortized cost	17	3,317,298	3,319,106
Financial asset at fair value through profit or loss	18	16,676,152	11,958,359
Retirement benefit asset	28b)	-	143,025
		378,888,857	367,793,076
Current assets			
Inventories	19	1,371,280	1,324,294
Trade receivables	20	23,402,447	18,855,494
Corporate tax recoverable	11(c)	305,068	150,942
Financial asset at amortized cost	17	42,911	41,061
Financial asset at fair value through profit or loss	18	1,136,184	1,116,274
Other receivables and prepayments	21	2,099,012	2,597,941
Financial asset at fair value through other comprehensive income	22	365,180	367,837
Cash and bank balances	23	5,315,991	9,175,330
		34,038,073	33,629,173
TOTAL ASSETS		**412,926,930**	**401,422,249**
EQUITY AND LIABILITIES			
Equity attributable to owners			
Share capital	24	16,487,710	16,487,710
Share premium	24	22,151,131	22,151,131
Other reserves	25	67,235,860	69,696,451
Retained earnings	26	105,443,687	86,629,244
		211,318,388	194,964,536
Non- current liabilities			
Borrowings	27	137,349,668	128,771,882
Deferred income tax	29	43,974,146	48,868,799
Lease liability	30	744,568	-
Grants	31	200,000	-
Trade and other payables	32	2,284,107	3,219,566
		184,552,489	180,860,247
Current liabilities			
Borrowings	27	8,481,495	12,463,018
Trade and other payables	32	5,358,822	9,127,256
Provision for compensating tax	33	1,361,022	2,161,022
Lease liability due within one year	30	206,083	-
Dividends payable	34	1,648,631	1,846,170
		17,056,053	25,597,466
TOTAL EQUITY AND LIABILITIES		**412,926,930**	**401,422,249**

The financial statements on pages 133 to 220 were approved and authorised for issue by the Board of Directors on 30th June, 2020 and were signed on its behalf by:

General (Rtd) Samson Mwathethe	**Kairu Bachia**	**Rebecca Miano**
Chairman	Director	Managing Director & CEO

FINANCIAL STATEMENTS
For the year ended 30 June 2020

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 1 July 2019	16,487,710	22,151,131	69,696,451	86,629,244	194,964,536
Profit for the year	-	-	-	18,377,093	18,377,093
- Net gains on revaluation on investments in financial instruments measured at FVOCI	-	-	(2,656)	-	(2,656)
- Deferred income tax thereon	-	-	664	-	664
- Remeasurement of retirement benefit asset	-	-	(496,824)	-	(496,824)
- Deferred income tax relating to remeasurement of defined benefit asset	-	-	124,206	-	124,206
Total comprehensive income for the year	-	-	(374,610)	18,377,093	18,002,483
Transfer of excess depreciation	-	-	(2,781,308)	2,781,308	-
Deferred tax on excess depreciation	-	-	695,327	(695,327)	-
Dividends declared to equity holders (Note 34)	-	-	-	(1,648,631)	(1,648,631)
As at 30 June 2020	16,487,710	22,151,131	67,235,860	105,443,687	211,318,388
Note	24	24	25	26	

Statement of Changes in Equity (continued)

	Share capital Shs'000	Share premium Shs'000	Other reserves Shs'000	Retained earnings Shs'000	Total Shs'000
As at 1 July 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
	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
- 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 income 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)	-
Dividends declared to equity holders (Note 34)	-	-	-	(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	24	24	25	26	

Statement of of Cash Flows

	Note	2020 Shs'000	2019 Shs'000
Cash flows from operating activities			
Cash generated from operations	36(a)	18,365,388	30,305,160
Income tax paid	11(c)	(336,603)	(255,310)
Finance income received	36(b)	628,550	704,921
Payment of compensating tax	33	(800,000)	(170,000)
Net cash generated from operating activities		**17,857,335**	**30,584,771**
Cash flows from investing activities			
Purchase of property, plant and equipment	13	(13,662,408)	(24,502,879)
Staff cost capitalized	13	(2,599,713)	(2,906,505)
Interest cost capitalized	13	(1,169,930)	(1,463,181)
Purchase of intangible assets	15	(96,350)	(135,554)
Proceeds from non-current asset held for sale	35	-	200,000
Net cash used in investing activities		**(17,528,401)**	**(28,808,119)**
Cash flows from financing activities			
Repayment of borrowings	27(d)	(7,634,806)	(8,780,842)
Proceeds from borrowings	27(d)	6,945,856	16,424,322
Grants	31	200,000	-
Finance costs paid	36(c)	(1,854,322)	(2,757,969)
Dividends paid	34	(1,846,170)	(791,639)
Payment of lease liability	30	(183,564)	-
Net cash (used in)/generated from financing activities		**(4,373,006)**	**4,093,872**
Net (decrease)/ increase in cash and cash equivalents		(4,044,072)	5,870,524
Cash and cash equivalents at the beginning of the year		9,324,190	3,383,402
Effects of exchange rate changes on cash held	36(d)	94,179	70,264
Cash and cash equivalents at the end of the year	**23**	**5,374,297**	**9,324,190**

NOTES TO THE FINANCIAL STATEMENTS

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 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 and the requirements of the Kenyan Companies Act,2015. 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 the 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 recognized in profit or loss. Other comprehensive income is recognized in the statement of comprehensive income and comprises items of income and expense (including reclassification adjustments) that are not recognized 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 recognized in other comprehensive income in the current or previous periods. Transactions with the owners of the Company in their capacity as owners are recognized in the statement of changes in equity.
For the Kenyan Companies Act reporting purposes, in these financial statements, the balance sheet is equivalent to the statement of financial position and the profit and loss account is presented as the statement of profit or loss and other comprehensive income.

(i) Basis of Measurement

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments that are measured at revalued amounts or fair valued at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services

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 Categorized 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 recognized 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 International Financial Reporting Standards

Impact of initial application of IFRS 16 Leases

In the current year, the Company has applied IFRS 16 (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1st January 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of IFRS 16 on the Company's financial statements is described below.

The date of initial application of IFRS 16 for the Company was 1st July 2019.

The Company has applied IFRS 16 using the modified retrospective approach, without restating the comparative information.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Significant accounting policies (continued)

(b) Changes in accounting policies (continued)

(i) Adoption of new and revised International Financial Reporting Standards (continued)

Impact of initial application of IFRS 16 Leases (continued)

(a) Impact of the new definition of a lease

The Company has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those contracts entered or modified before 1st January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

The Company applies the definition of a lease and related guidance set out in IFRS 16 to all contracts entered into or changed on or after 1st January 2019. In preparation for the first-time application of IFRS 16, the Company has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Company.

(b) Impact on Lessee Accounting

(i) Former operating and prepaid operating leases

The Company has prepaid operating leases for its 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.

On adoption of IFRS 16, the Company reclassified its prepaid operating lease to right of use asset. This did not give rise to a lease liability, as the lease rentals are prepaid. There was no impact on profit or loss on adoption of IFRS 16

Further, IFRS 16 changes how the Company accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet.
Applying IFRS 16, for all leases (except as noted below), the Company:

a) Recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments;
b) Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss;
c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the statement of cash flows.

2. Significant accounting policies (continued)

(b) Changes in accounting policies (continued)

(i) Adoption of new and revised International Financial Reporting Standards (continued)

Impact of initial application of IFRS 16 Leases (continued)

(b) Impact on Lessee Accounting (Continued)

(i) Former operating and prepaid operating leases (Continued)

Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses generally on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

For short-term leases (lease term of 12 months or less), the Company has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within 'depreciation" in profit or loss.

(ii) Former finance leases

The main differences between IFRS 16 and IAS 17 with respect to contracts formerly classified as finance leases is the measurement of the residual value guarantees provided by the lessee to the lessor. IFRS 16 requires that the Company recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. This change did not have a material effect on the Company's financial statements.

(c) Impact on Lessor Accounting

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, IFRS 16 has changed and expanded the disclosures required, in particular with regard to how a lessor manages the risks arising from its residual interest in leased assets.

Under IFRS 16, an intermediate lessor accounts for the head lease and the sub-lease as two separate contracts. The intermediate lessor is required to classify the sub-lease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under IAS 17).

This change did not have an impact in balances reported or disclosures.

2. Significant accounting policies (continued)

(b) Changes in accounting policies (continued)

(i) Adoption of new and revised International Financial Reporting Standards (continued)

Impact of initial application of IFRS 16 Leases (continued)

(d) Financial impact of the initial application of IFRS 16

Impact on assets, liabilities and equity as at 1st July, 2019

	As previously Reported Sh'000	IFRS 16 adjustments Sh'000	After IFRS 16 Adjustments Sh'000
Right-of- Use assets (Note 16)	-	1,031,339	1,031,339
Lease Liabilities (Note 30)	-	1,031,339	1,031,339
Retained earnings	-	-	-

The Company has recognised Shs. 1,031,339,000 of right of use assets and Shs. 1,031,339,000 of lease liabilities upon transition to IFRS 16

Impact on profit or loss for year ended 30 June 2020	2020 Sh'000
Increase in depreciation of right-of-use asset	145,777
Increase in finance cost	102,876
Decrease in rent expense	(183,564)
Decrease in profit for the year	**65,089**

For tax purposes, the depreciation expense and finance cost in respect of the right-of-use assets and lease liabilities respectively have not been treated as tax allowable deductions. The application of IFRS 16 has an impact on the statement of cash flows of the Company. Under IFRS 16, lessees must present cash payments for the principal portion for a lease liability, as part of financing activities. Under IAS 17, all lease payments on operating leases were presented as part of cash flows from operating activities.

In the current year, the Company has applied a number of amendments to IFRS Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 1st January, 2019. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

2. Significant accounting policies (continued)

(b) Changes in accounting policies (continued)

(i) Adoption of new and revised International Financial Reporting Standards (continued)

Amendments to IFRS 9 Prepayment Features with Negative Compensation

The Company has adopted the amendments to IFRS 9 for the first time in the current year. The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the 'solely payments of principal and interest' (SPPI) condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, financial assets with prepayment features with negative compensation do not automatically fail SPPI. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures

The Company has adopted the amendments to IAS 28 for the first time in the current year. The amendment clarifies that IFRS 9, including its impairment requirements, applies to other financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture. The Company applies IFRS 9 to such long-term interests before it applies IAS 28. In applying IFRS 9, the Company does not take account of any adjustments to the carrying amount of long term interests required by IAS 28 (i.e., adjustments to the carrying amount of long term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28). Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Annual Improvements to IFRS Standards 2015-2017 Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs

The Company has adopted the amendments included in the Annual Improvements to IFRS Standards 2015-2017 Cycle for the first time in the current year. The Annual Improvements include amendments to four Standards:

IAS 12 Income Taxes
The amendments clarify that the Company should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the Company originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits. Adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

IAS 23 Borrowing Costs
The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. Adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

IFRS 11 Joint Arrangements
The amendments clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the Company does not remeasure its PHI in the joint operation. Adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

2. Significant accounting policies (continued)

(b) Changes in accounting policies (continued)

(i) Adoption of new and revised International Financial Reporting Standards (continued)

Amendments to IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement

The Company has adopted the amendments of IAS 19 for the first time in the current year. The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position). IAS 19 is now clear that the change in the effect of the asset ceiling that may result from the plan amendment (or curtailment or settlement) is determined in a second step and is recognised in the normal manner in other comprehensive income.

The paragraphs that relate to measuring the current service cost and the net interest on the net defined benefit liability (asset) have also been amended.

The Company will now be required to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. In the case of the net interest, the amendments make it clear that for the period post plan amendment, the net interest is calculated by multiplying the net defined benefit liability (asset) as remeasured under IAS 19:99 with the discount rate used in the remeasurement (also taking into account the effect of contributions and benefit payments on the net defined benefit liability (asset)).

The adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

IFRIC 23 Uncertainty over Income Tax Treatments

The Company has adopted IFRIC 23 for the first time in the current year. IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires the Company to:

- determine whether uncertain tax positions are assessed separately or as a Company; and
- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
  - If yes, the Company should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
  - If no, the Company should reflect the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method.

Adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

(ii) New and revised standards that have been issued but are not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

New and Amendments to standards	Effective for annual periods beginning on or after
Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an investor and its Associate or Joint Venture	Yet to be set, however earlier application permitted
Amendments to IFRS 3 Definition of a business	1st January, 2020, with earlier application permitted

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)

New and Amendments to standards	Effective for annual periods beginning on or after
Amendments to IAS 1 and IAS 8-Definition of material	1st January, 2020, with earlier application permitted
Conceptual Framework: Amendments to References to the Conceptual Framework in IFRS standards	1st January, 2020, with earlier application permitted
Amendments to IFRS 9,IAS 39 and IFRS 7-Interest rate benchmark reform	1st January, 2020, with earlier application permitted
Amendment to IFRS 16- Covid-19 related rent concessions	1st June, 2020, with earlier application permitted
Amendments to IAS 1-Classification of liabilities as current or non-current	1st January, 2023, with earlier application permitted
Amendments to IAS 16- Property, plant and equipment-Proceeds before intended use	1st January, 2022, with earlier application permitted
Annual improvements to IFRS standards 2018-2020	1st January, 2022, with earlier application permitted

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods, except as noted below:

IFRS 17 Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

The Standard is effective for annual reporting periods beginning on or after 1 January 2021, with early application permitted. It is applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied. An exposure draft Amendments to IFRS 17 addresses concerns and implementation challenges that were identified after IFRS 17 was published. One of the main changes proposed is the deferral of the date of initial application of IFRS 17 by one year to annual periods beginning on or after 1st January, 2022.

For the purpose of the transition requirements, the date of initial application is the start if the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application. The directors do not expect that the adoption of the Standard will have a material impact on the financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS (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)

IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Company's financial statements in future periods should such transactions arise.

Amendments to IFRS 3 Definition of a business

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

Additional guidance is provided that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.
The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted. The directors do not expect that the adoption of the Standard will have a material impact on the financial statements of the Company.

Amendments to IAS 1 and IAS 8 Definition of material

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.
The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency.

The amendments are applied prospectively for annual periods beginning on or after 1st January, 2020, with earlier application permitted. The directors do not expect that the adoption of the Standard will have a material impact on the financial statements of the Company.

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

Together with the revised Conceptual Framework, which became effective upon publication on 29 March 2018, the IASB has 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 amendments, where they actually are updates, are effective for annual periods beginning on or after 1st January, 2020, with early application permitted.

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.

Amendments to IFRS 9, IAS 39 and IFRS 7-Interest Rate Benchmark Reform

The amendments deal with issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative interest rate and address the implications for specific hedge accounting requirements in IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement, which require forward-looking analysis. (IAS 39 is amended as well as IFRS 9 because entities have an accounting policy choice when first applying IFRS 9, which allows them to continue to apply the hedge accounting requirements of IAS 39.)

There are also amendments to IFRS 7 Financial Instruments: Disclosures regarding additional disclosures around uncertainty arising from the interest rate benchmark reform.

The amendments are be effective for annual periods beginning on or after 1 January 2020 and must be applied retrospectively. Early application is permitted.

The directors do not expect that the adoption of the standard will have a material impact on the financial statements of the Company.

Amendment to IFRS 16- Covid-19 Related Rent Concessions

The amendment to the standard was made to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

The changes in Covid-19-Related Rent Concessions (Amendment to IFRS 16) amend IFRS 16 to;

a) provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification;
b) require lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications;

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)

Amendment to IFRS 16- Covid-19 Related Rent Concessions (Continued)

c) require lessees that apply the exemption to disclose that fact; and require lessees to apply the exemption retrospectively in accordance with IAS 8, but not require them to restate prior period figures.

The amendment is effective for annual reporting periods beginning on or after 1st June, 2020. Earlier application is permitted, including in financial statements not yet authorized for issue at 28th May, 2020. The amendment is also available for interim reports.

The directors do not expect that the adoption of the amendment will have a material impact on the financial statements of the Company.

Amendments to IAS 1-Classification of Liabilities as Current or Non-current

The amendments aim at providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date.

The amendments in Classification of Liabilities as Current or Non-current (Amendments to IAS 1) affect only the presentation of liabilities in the statement of financial position- not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items.

They clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability; clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are effective for annual reporting periods beginning on or after 1st January, 2022 and are to be applied retrospectively. Earlier application is permitted.

The directors do not expect that the adoption of the amendment will have a material impact on the financial statements of the Company.

Amendments to IAS 16- Property, Plant and Equipment-Proceeds Before intended use

These are amendments regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management.

This amends the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.
The amendments are effective for annual reporting periods beginning on or after 1st January, 2022. Early application is permitted.

An entity applies the amendments retrospectively only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The directors do not expect that the adoption of the amendment will have a material impact on the financial statements of the Company.

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)

Annual improvements to IFRS Standards 2018-2020

Annual Improvements to IFRS Standards 2018–2020 makes amendments to the following standards:

- **IFRS 1-Subsidiary as a first-time adopter;** The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.
- **IFRS 9- Fees in the '10 per cent' test for derecognition of financial liabilities;** The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
- **IFRS 16- Lease incentives;** The amendment removes the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise.
- **IAS 41- Taxation in fair value measurements;** The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13.

The directors are in the process of assessing the impact that these improvements will have on these 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.

Transactions 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 recognized 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 recognized 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.

2. Significant accounting policies (continued)

(d) Revenue Recognition

The Company recognizes revenue from the sale of electricity. The Company recognizes 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 recognized 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 recognize 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 recognized 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 recognized 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 recognized 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;

- 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 recognized 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.

2. Significant accounting policies (continued)

(d) Revenue Recognition (continued)

Fuel charge

Fuel charge is recognized 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 the Company for the fuel used in the power generation is recognized as a cost, under reimbursable expenses.

Water charge

Water charge is recognized based on amounts billed to Kenya Power for water used in the generation of electricity. The corresponding cost incurred by the Company for the water used in the power generation is recognized as a cost, under reimbursable expenses.

(e) Other income

Rental income from operating leases is recognized on a straight-line basis over the period of the lease.

(f) Interest income

Interest income is recognized 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 recognized in the profit and loss account except when it relates to items recognized in other comprehensive income, in which case it is also recognized in other comprehensive income, or to items recognized directly in equity, in which case it is also recognized 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.

(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 recognized 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.

2. Significant accounting policies (continued)

(g) Income tax (continued)

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Recognized and unrecognized deferred tax assets are reassessed at the end of each reporting period and, if appropriate, the recognized 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.

Defined benefit

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 28.

The liability/asset recognized 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.

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 recognized 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.

2. Significant accounting policies (continued)

(i) Short term employee benefits

The estimated monetary liability for employees' accrued annual leave entitlement at the balance sheet date is recognized as an employment cost accrual.

(j) Property, plant and equipment

All categories of property, plant and equipment are initially recognized 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 capitalized 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 recognized 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 recognized in other comprehensive income and accumulated in equity under the heading 'property revaluation reserve'. Decreases that offset previous increases of the same asset are recognized 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.

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.

2. Significant accounting policies (continued)

(j) Property, plant and equipment (continued)

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 capitalized 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 capitalized. Capitalisation rates are based on estimated time and effort spent on the related project activities.

Capitalisation of depreciation and Amortization

The depreciation and Amortization costs directly attributable to projects associated with development of power generating resources are capitalized. Capitalisation rates are based on estimated depreciation rates and time of use by the project.

(k) Intangible assets

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 Amortization and any accumulated impairment losses. The useful life of the assets depends on the duration of the licences. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The Amortization period and the Amortization 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 Amortization period or method, as appropriate, and are treated as changes in accounting estimates.

The Amortization expense on intangible assets with finite lives is recognized in the profit or loss in the expense category consistent with the function of the intangible asset. An intangible asset is derecognized 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 recognized in profit or loss when the asset is derecognized.

(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.

2. Significant accounting policies (continued)

(l) Impairment (Continued)

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 recognized 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 recognized for the asset (or cash-generating unit) in prior years adjusted for subsequent depreciation. A reversal of an impairment loss is recognized 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.

(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. Capitalized costs include interest charges on borrowings for projects under construction. All other borrowing costs are recognized 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 realized 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 Categorized as plant and equipment. All other spares used on normal operations are Categorized 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 de-recognition 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 r elationships 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, the Company 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.

2. Significant accounting policies (continued)

(o) Financial instruments (Continued)

Financial assets (continued)

a) Classification and measurement

The Company recognizes 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:

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; Amortized 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 amortized 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.

Amortized 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 amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized 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 recognized in profit and loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized 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 amortized cost or FVOCI are measured at fair value through profit or loss. A business model where KenGen manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in an FVPL business model.

2. Significant accounting policies (continued)

(o) Financial instruments (Continued)

Financial assets (continued)

a) Classification and measurement (Continued)

Impairment

The Company assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its debt instrument assets carried at amortized cost and FVOCI. The Company recognizes 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.

De-recognition

Financial assets, or a portion thereof, are derecognized 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 amortized cost, except for financial liabilities at fair value through profit or loss.

De-recognition

Financial liabilities are derecognized when they are extinguished (i.e. when the obligation specified in the c contract is discharged, cancelled or expires).

(p) Accounting for leases

The Company assesses whether a contract is or contains a lease at inception of the contract. The Company recognises a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which the economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprises of fixed lease payments (including the substance fixed payments), less any lease incentives.

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method and by reducing the carrying amount to reflect the lease payments made.

2. Significant accounting policies (continued)

(p) Accounting for leases (Continued)

The Company re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment loses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, plant and equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other expenses' in the statement of the profit or loss.

(q) Dividends on ordinary shares

Dividends on ordinary shares are recognized 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 recognized 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 recognized in profit or loss on a systematic basis over the periods in which the Company recognizes 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 recognized 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 recognized in profit or loss in the period in which they become receivable.

2. Significant accounting policies (continued)

(s) Provisions

Provisions are recognized 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.

(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 recognized for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell.

A gain is recognized 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 recognized. A gain or loss not previously recognized by the date of the sale of the non-current asset (or disposal group) is recognized at the date of de-recognition.

2. Significant accounting policies (continued)

(w) Non - current assets held for sale (Continued)

Non-current assets are not depreciated or amortized 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 recognized.

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 recognized 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.

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 recognized 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 recognized only when a loss event occurred, the Company is now required to recognize 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. The Company has elected to use the general approach for bank balances and treasury bonds and the simplified approach to the trade and other receivables.

3. Critical accounting estimates and judgements (continued)

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, the Company 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.

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.

3. Critical accounting estimates and judgements (continued)

Measurement of the expected credit Loss allowance (ECL) (continued)

Impairment of financial assets (measurements of expectations) (continued)

Treasury bonds

The modelling approach for Treasury Bonds (from the Government of Kenya) applies the probability of default from Kenya's sovereign rating.

Trade and other receivables

The Company 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 Categorized 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.

Impairment of inventory

Critical estimates are made by the directors in determining the recoverable amount of impaired inventory. The carrying amount of impaired inventory is set out in Note 19.

Compensating tax provisions

The Company has made provisions against compensating tax on dividends. The estimated provisions were made by the Directors following the payments of dividends in 2016.

Financial assets at fair value through profit or loss

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.

Key sources of estimation uncertainty in the application of IFRS 16 include the following:

- Determination of the appropriate rate to discount the lease payments; and
- Assessment of whether a right-of-use asset is impaired.

3. Critical accounting estimates and judgements (continued)

Calculation of tax allowances

Management has carries 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 tax allowances is reasonable and in line with the Income Tax Act.

Capitalisation of staff and other costs

Project related costs including employee costs are capitalized. 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 on shared service centres.

Revaluation of property plant and equipment

Certain categories of property plant and equipment are stated at fair value. Revaluations are performed by professional valuers at sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the reporting date. At the reporting date, the Directors assess the carrying amount of revalued property, plant and equipment and apply judgement to determine that these do not differ materially from that which would be determined using independent valuers at 30th June, 2020.

Useful lives and residual value

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the assets
- Changes in the market in relation to the asset

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 28.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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 2020					
Electricity revenue					
• Capacity	13,818,875	7,690,607	3,648,389	-	25,157,871
• Energy	6,664,535	1,387,746	192,027	381,011	8,625,319
	20,483,410	9,078,353	3,840,416	381,011	33,783,190
Steam revenue (note 4(c))	5,549,684	-	-	-	5,549,684
Fuel charge	-	-	4,155,499	-	4,155,499
Water charge	-	181,774	-	-	181,774
Revenue from Branch	440,344				440,344
Total revenue	**26,473,438**	**9,260,127**	**7,995,915**	**381,011**	**44,110,491**
Timing of revenue recognition:					
-Over time	26,473,438	9,260,127	7,995,915	381,011	44,110,491
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

b) 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 deferred income from contracts of Shs 317,389,000 (2019- Shs. 87,959,000) as part of trade and other payables disclosed under Note 32.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Revenue (Continued)

c) Steam revenue

	2020 Shs'000	2019 Shs'000
Third party revenue	4,502,889	4,803,594
KenGen steam revenue	1,046,795	1,068,327
	5,549,684	**5,871,921**

5. Reimbursable expenses

	2020 Shs'000	2019 Shs'000
Fuel costs[1]	4,106,504	10,006,336
Water costs[2]	181,786	185,226
	4,288,290	**10,191,562**

[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.

[2]The 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 (Now Energy and Petroleum Regulatory Authority), the company is reimbursed by Kenya Power for the cost of water charges.

6. Other income

	2020 Shs'000	2019 Shs'000
Railway Development Levy (RDL) refund*	-	391,013
Club income	178,961	79,813
Consultancy fees	116,340	78,695
Insurance compensation	69,782	100,913
Rent receivable	53,245	57,401
Geothermal SPA	12,813	17,864
Miscellaneous income	41,385	37,176
Loss on disposal of non- current assets held for sale	-	(144,053)
	472,526	**618,822**

*The amount related to a claim for Railway Development Levy paid in respect to Olkaria 280MW Project.

7. Other gains - net

	2020 Shs'000	2019 Shs'000
Fair value gain on revaluation of the financial asset at fair value through profit or loss (Note 18)	5,430,747	2,479,165
Realized foreign exchange loss billed- others (Note 37(a) (i))	418,801	465,096
Foreign exchange gains from other monetary items	541,945	242,692
Bond premium expensed (Note 17(b))	(8,523)	(7,768)
	6,382,970	**3,179,185**

8. Expenses

(a) Depreciation and Amortization

	2020 Shs'000	2019 Shs'000
Depreciation (Note 13)	12,368,224	10,911,932
Less: WIP amount capitalized**(Note 13)	(628,777)	(694,217)
	11,739,447	**10,217,715**
Amortization - Prepaid leases on leasehold land (Note 14)	59,600	59,600
Less: amount capitalized to PPE	(7,047)	(5,537)
	52,553	54,063
- Intangible assets- software (Note 15)	92,095	88,552
- Adjustment	(311)	-
	91,784	88,552
- Right of Use Asset (Note 16)	145,777	-
	-	
	145,777	-
Total depreciation and amortization charge for the year	**12,029,561**	**10,360,330**

8. Expenses (continued)

(b) Employee expenses

	2020 Shs'000	2019 Shs'000
Salaries, wages and other staff costs	8,348,877	8,379,914
Welfare and benefits	438,578	484,030
Training expenses	108,465	106,950
Retirement benefit cost:		
- Defined contribution scheme	724,220	614,526
- Defined benefit scheme	56,040	115,373
- National Social Security Fund	6,029	6,088
	9,682,209	9,706,881
Less: Capitalized costs**	(2,599,713)	(2,906,505)
	7,082,496	6,800,376

**The employee expenses incurred and attributable to implementation of capital projects are capitalized in line with the Company accounting policy disclosed under Note 2.

	2020 Numbers	2019 Numbers
The number of persons employed by the Company at the year-end was		
- Operational staff	1,817	1,810
- Geothermal resource assessment and other projects staff	702	716
	2,519	2,526
Management staff	1,565	1,512
Union Staff	954	1,014
Total	**2,519**	**2,526**
Permanent employees – management	1,499	1,377
Permanent employees – unionizable	863	823
Contract employees-management and Union	157	326
Total	**2,519**	**2,526**

8. Expenses (continued)

c) Steam costs

	2020 Shs'000	2019 Shs'000
Steam expenses	3,160,582	3,357,126

On 3rd 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.

(d) Plant operation and maintenance

	2020 Shs'000	2019 Shs'000
Operation and maintenance costs	883,342	1,145,791
Machinery spares and consumables (Note 19)	415,606	366,487
Drilling Rig Move costs	204,289	-
	1,503,237	1,512,278

(e) Other expenses

	2020 Shs'000	2019 Shs'000
Insurance	866,492	776,897
Office expenses	81,075	294,733
Transport and travelling costs	563,034	544,401
Catchment preservation and dam maintenance	107,000	107,000
Consultants fees	59,808	63,833
Legal and statutory expenses	87,863	121,523
Corporate Social Responsibility	207,251	97,507
Director's Expenses	56,453	67,480
Advertising	46,353	78,071
Audit fees	10,750	8,000
Club expenses	94,572	910
Provision for bad debts	96,585	9,476
Other costs	21,735	87,571
	2,298,971	2,257,402

9. Finance income

	2020 Shs'000	2019 Shs'000
Interest income from Kenya Power (Note 36(a)(i))	800,250	722,305
Interest income from treasury bonds	282,795	282,795
Interest income from banks and other financial institutions	344,003	414,595
Interest income from staff advances	4,070	3,367
	1,431,118	1,423,062

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.

10. Finance costs

	2020 Shs'000	2019 Shs'000
Interest on borrowings	3,345,760	4,010,470
Interest on leases as per IFRS 16 (Note 30)	102,876	-
Less: capitalized interest*(Note 13)	(1,169,930)	(1,463,181)
Interest expensed	2,278,706	2,547,289
Foreign exchange losses on borrowings (Note 27)	5,965,475	2,506,635
	8,244,181	**5,053,924**

*The interest relating to implementation of projects are capitalized as part of the cost of the projects in accordance with the Company accounting policy disclosed under Note 2.

11. Income tax expense

(a) Taxation charge

	2020 Shs'000	2019 Shs'000
Current income tax	182,477	231,356
Deferred tax charge (Note 29)	3,500,955	3,583,930
Reduction in tax rate-deferred tax (Note 29)	(8,144,800)	-
Prior year over provision – deferred tax (Note 29)	(125,938)	(45,904)
	(4,587,306)	**3,769,382**

Current income tax relates to other income lines which are taxed as a separate source of income.

(b) Reconciliation of expected tax based on profit before taxation to taxation charge

	2020 Shs'000	2019 Shs'000
Profit before taxation	13,789,787	11,653,717
Tax applicable rate of 25% (2019:30%)	3,447,447	3,496,115
Tax effect of expenses not deductible for tax purposes	235,985	319,171
Deferred tax prior year over-provision	(125,938)	(45,904)
Reduction in tax rate-deferred tax	(8,144,800)	-
Total income tax expense	**(4,587,306)**	**3,769,382**

(c) Corporate tax recoverable

	2020 Shs'000	2019 Shs'000
Balance brought forward	(150,942)	(126,988)
Current income tax payable (Note 11(a))	182,477	231,356
Paid during the year	(336,603)	(255,310)
At end of year	**(305,068)**	**(150,942)**

12. Earnings per share

*The interest relating to implementation of projects are capitalized as part of the cost of the projects in accordance with the Company accounting policy disclosed under Note 2.

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 30th June, 2020.

	2020	2019
Profit attributable to ordinary shareholders (in Shs'000)	18,377,093	7,884,335
Number of ordinary shares in issue at end of year (Note 24)	**6,594,522,339**	**6,594,522,339**
Basic and diluted earnings per share (Shs)	**2.79**	**1.20**

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Property, plant and equipment

Year ended 30 June 2020	Freehold land Shs'000	Buildings Shs'000	Transmission lines Shs'000	Plant and machinery Shs'000	Motor vehicles Shs'000	Furniture, equipment and fittings Shs'000	Work-in-progress Shs'000	Total Shs'000
Cost or Valuation								
At 1 July 2019	2,017,133	45,515,326	4,361,664	222,025,109	2,319,130	5,443,330	110,803,422	392,485,114
Additions	-		-	-	-	-	13,662,408	13,662,408
Staff cost capitalized (Note 8(b))	-		-	-	-	-	2,599,713	2,599,713
Interest cost capitalized (Note 10)	-				-		-	
-	-						1,169,930	1,169,930
Depreciation capitalized	-				-		-	
-		-					628,777	628,777
Transfers from WIP	-	6,155,593	440,769	34,244,300	57,663	282,137	(41,180,462)	-
At 30 June 2020	**2,017,133**	**51,670,919**	**4,802,433**	**256,269,409**	**2,376,793**	**5,725,467**	**87,683,788**	**410,545,942**
Depreciation								
At 1 July 2019	-	6,241,765	810,914	33,021,113	1,649,690	4,024,322	-	45,747,804
Charge for year	-	1,477,629	205,281	10,072,161	212,577	400,576	-	12,368,224
At 30 June 2020	-	**7,719,394**	**1,016,195**	**43,093,274**	**1,862,267**	**4,424,898**	-	**58,116,028**
Net book value at 30 June 2020	**2,017,133**	**43,951,525**	**3,786,238**	**213,176,135**	**514,526**	**1,300,569**	**87,683,788**	**352,429,914**
Net book value at 30 June 2020 (cost basis)	**653,242**	**34,222,513**	**1,320,198**	**143,624,014**	**514,526**	**1,300,569**	**87,683,788**	**269,318,850**

***The work in progress relates to ongoing projects, with the main project being the Olkaria V power plant project, Olkaria 1 Unit 6 and drilling of wells.
Property, plant and equipment with a net book value of Kshs. 10,400 million have been charged to secure borrowings as disclosed in Note 27(c).

13. Property, plant and equipment (continued)

Year ended 30 June 2019	Freehold land Shs'000	Buildings Shs'000	Transmission lines Shs'000	Plant and machinery Shs'000	Motor vehicles Shs'000	Furniture, equipment and fittings Shs'000	Work-in-progress Shs'000	Total Shs'000
Cost or Valuation								
At 1 July 2018	2,017,133	44,905,845	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	1,286,284	207,380	867,473	(3,065,481)	-
Disposals	-	-		(86,695)	-	-	-	(86,695)
At 30 June 2019	**2,017,133**	**45,515,326**	**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
Disposals	-		-	(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	2,017,133	39,273,561	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)	**600,101**	**29,599,839**	**1,084,709**	**122,221,719**	**669,439**	**1,419,008**	**110,803,422**	**266,398,237**

13. Property plant and equipment (continued)

Plant and machinery and transmission lines were last revalued by independent valuer Aon Global Risk, as at 30th 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 31st December, 2013 and report adopted on 30th June, 2015 based on prevailing market values.

The Company's freehold and leasehold land is located in the following locations:

- Olkaria
- Gitaru
- Kiambere
- Kamburu
- Kindaruma
- Masinga
- Sangoro
- Turkwel
- Sosiani
- Gogo
- Wanjii
- Tana
- Sagana
- Ndula
- Mesco
- Garissa
- Lamu
- Kipevu
- Sondu Miriu

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 2020	**Freehold land Shs'000**	**Buildings Shs'000**	**Transmission lines Shs'000**	**Plant and machinery Shs'000**	**Total Shs'000**
At cost	600,101	49,648,160	3,569,412	203,925,726	257,743,399
Accumulated depreciation	-	(15,425,647)	(2,249,214)	(60,301,712)	(77,976,573)
	600,101	**34,222,513**	**1,320,198**	**143,624,014**	**179,766,826**
At 30 June 2019					
At cost	600,101	43,492,567	3,128,643	169,681,426	216,902,737
Accumulated depreciation	-	(13,892,728)	(2,043,934)	(47,459,707)	(63,396,369)
	600,101	**29,599,839**	**1,084,709**	**122,221,719**	**153,506,368**

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 30th June, 2020 there has been no plants with impairment indicators and hence no impairment has been recognized in the period.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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.

	2020 Shs'000	2019 Shs'000
Cost		
At start of year	4,338,677	4,338,677
Reclassified to Right of use asset (note 16)	(4,338,677)	-
	-	4,338,677
Amortization		
At start of year	228,094	168,494
Amortization for the year (Note 8(a))	59,600	59,600
At end of year	287,694	228,094
Reclassified to Right of use asset (note 16)	(287,694)	-
Net book value		
At end of year	-	4,110,583

The Company's leasehold land was revalued on 30th June, 2015 by Gimco Limited, a firm of independent valuers, on the existing market value basis.

15. Intangible assets

Year ended 30 June 2020	Intangible assets Shs'000	Work-in-progress Shs'000	Total Amount Shs'000
Cost or Valuation			
At 1 July 2019	**1,708,511**	**263,099**	**1,971,610**
Additions	-	96,350	96,350
Transfer from WIP	12,471	(12,471)	-
At 30 June 2020	**1,720,982**	**346,978**	**2,067,960**
Amortisation			
At 1 July 2019	446,917	-	446,917
Charge for the year	92,095	-	92,095
At 30 June 2020	**539,012**	**-**	**539,012**
Net book value			
At 30 June 2020	**1,181,970**	**346,978**	**1,528,948**
Net book value			
At 30 June 2019	**1,261,594**	**263,099**	**1,524,693**
Year ended 30 June 2019			
Cost or Valuation			
At 1 July 2018	1,614,882	221,192	1,836,074
Additions	-	135,554	135,554
Transfer from WIP	93,647	(93,647)	-
Disposal	(18)	-	(18)
At 30 June 2019	**1,708,511**	**263,099**	**1,971,610**
Amortisation			
At 1 July 2018	358,383	-	358,383
Charge for the year	88,552	-	88,552
Disposal	(18)	-	(18)
At 30 June 2019	**446,917**	**-**	**446,917**
Net book value			
At 30 June 2019	**1,261,594**	**263,099**	**1,524,693**
Net book value			
At 30 June 2018	**1,614,882**	**221,192**	**1,836,074**

15. Intangible assets (continued)

The intangible assets were last revalued by Gimco Limited as at 31st December, 2013 and report adopted on 30th June, 2015. If the intangible assets were stated on the historical cost basis. The amounts would be as follows:

	2020 Shs'000	2019 Shs'000
Cost	1,637,810	1,541,460
Accumulated depreciation	(591,500)	(499,405)
Net book amount	1,046,310	1,042,055

16. Right of Use assets

	Leasehold Land	Land	Buildings	2020 Shs'000
COST				
At start of year as previously reported	-	-	-	-
Reclassified from leasehold land (note 14)	4,338,677	-	-	4,338,677
Adjustment on adoption of IFRS 16 (note 30)	-	310,757	720,582	1,031,339
At 30 June	4,338,677	310,757	720,582	5,370,016
DEPRECIATION				
At start of year	-	-	-	-
Reclassified from leasehold land (note 14)	287,694	-	-	287,694
Charge for the year (Note 8(a))	-	134,177	11,600	145,777
At end of year	287,694	134,177	11,600	433,471
Net Carrying value				
At 30 June	**4,050,983**	**176,580**	**708,982**	**4,936,545**

17. Financial assets at amortized costs

	2020 Shs'000	2019 Shs'000
Current portion	42,911	41,061
Non-Current portion	3,317,298	3,319,106
	3,360,209	3,360,167
Broken down as follows:		
Deferred debt - Note (17(a))		
- Current portion	42,911	41,061
- Non-Current portion	965,511	964,931
	1,008,422	1,005,992
Treasury bond at amortized costs - Note (17(b)) (non-current)	2,351,787	2,354,175
	3,360,209	3,360,167

a) Deferred debt due from Kenya Power

Deferred debt relates to the amounts recoverable from The Kenya Power and Lighting Company Plc 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 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 15th August, 2014.

The effective interest rate in Japanese Yen on the deferred debt during the year was 0.75% (2019: 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 1,034,010,414 (2019: JPY 1,078,010,836).

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 amortized costs category.

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. Financial assets at amortized costs (Continued)

a) Deferred debt due from Kenya Power (Continued)

	2020 Shs'000	2019 Shs'000
At start of year	1,022,661	1,028,196
Repayment during the year	(41,039)	(41,741)
Foreign exchange gain	43,509	36,206
	1,025,131	1,022,661
Less: Allowance for impairment	(16,709)	(16,669)
At end of year	1,008,422	1,005,992
The movement in the allowance for impairment in the year is as follows		
At start of year	16,669	-
Initial application of IFRS 9	-	16,759
Write back to profit or loss	40	(90)
Allowance for impairment	16,709	16,669
Maturity analysis of deferred debt is as follows:		
Within one year	42,911	41,061
After one year	965,511	964,931
Net book amount	1,008,422	1,005,992

b) Treasury Bonds

The company invested in long term treasury bonds which continues to earn interest on a semi-annual basis. They are recognized as financial assets at amortized cost.

As disclosed under Note 2((b)(i)) the long-term bonds were previously classified as held to maturity after the implementation of IFRS 9 the amounts have been classified and measured under the financial assets at amortized costs category.

17. Financial assets at amortized costs (continued)

b) Treasury bonds (Continued)

	2020 Shs'000	2019 Shs'000
At start of year	2,399,279	2,407,047
Bond premium expensed	(8,523)	(7,768)
	2,390,756	2,399,279
Less: allowance for impairment	(38,969)	(45,104)
At end of year	2,351,787	2,354,175

The movement in the provision of expected credit losses in the year is as follows

	2020 Shs'000	2019 Shs'000
At start of year	45,104	-
Initial application of IFRS 9	-	44,934
Write back to profit or loss	(6,135)	170
Allowance for impairment	38,969	45,104

18. Financial asset at fair value through profit or loss

The financial asset through profit or loss relates to unrealized 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 realized 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.

18. Financial asset at fair value through profit or loss (continued)

The movement in the financial asset during the year is as follows:

	2020 Shs'000	2019 Shs'000
At start of the year	13,074,633	11,306,096
Amounts recovered	(693,044)	(710,628)
Fair value gain on revaluation of the financial asset at fair value through profit or loss	5,430,747	2,479,165
At end of the year	17,812,336	13,074,633
Less: current portion recoverable within one year	(1,136,184)	(1,116,274)
At end of the year (long term portion)	16,676,152	11,958,359

19. Inventories

	2020 Shs'000	2019 Shs'000
Machinery consumable spares	1,206,669	1,088,680
Fuel and lubricants	557,995	597,554
General stores	191,194	167,577
	1,955,858	1,853,811
Allowance for impairment	(584,578)	(529,517)
	1,371,280	1,324,294

The cost of inventories recognized as an expense and included in operating costs are machinery consumable spares amounting to Shs 415,606,000 (2019: Shs 366,487,000) and fuel consumed amounting to Shs 4,106,504,000 (2019: Shs 10,006,336,000). Impairment allowance for inventory is recognized on items that are slow moving and/or obsolete.

20. Trade receivables

The following amounts due from The Kenya Power and Lighting Company Plc relate to outstanding balances at year end billed as per the respective PPA's.

	2020 Shs'000	2019 Shs'000
Due from The Kenya Power and Lighting Company Plc	23,984,394	19,356,993
Less: Allowance for impairment	(581,947)	(501,499)
Balance at end of the year	23,402,447	18,855,494

20. Trade receivables (continued)

The Amounts include Shs 4,092,320,000 (2019: Shs 3,842,149,000) in foreign currency.

The movement in the allowance for expected credit losses in the year is as follows:

	2020 Shs'000	2019 Shs'000
At start of year	(501,499)	(164,676)
Transition adjustment on initial application of IFRS 9	-	(356,041)
Net charge to profit or loss	(80,448)	19,218
Allowance for impairment	**(581,947)**	**(501,499)**

21. Other receivables and prepayments

	2020 Shs'000	2019 Shs'000
Prepayments*	1,338,694	2,163,831
Sundry debtors and accruals	45,425	91,651
Staff receivables	110,875	67,045
Other receivables	1,073,356	884,886
	2,568,350	3,207,413
Less: Allowance for impairment	(469,338)	(609,472)
	2,099,012	**2,597,941**

*Included in prepayments is an amount of Shs 555,629,000 (2019: Shs 1,327,253,000) relating to advances to Contractors for Olkaria I Unit 6 project and other ongoing projects.

The movement in the allowance for impairment in the year is as follows:

	2020 Shs'000	2019 Shs'000
At start of year	(609,472)	(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
Adjustment of credit note-Akiira	193,057	-
Net charge to profit or loss	(52,923)	(11,698)
Allowance for impairment	**(469,338)**	**(609,472)**

22. Financial asset at fair value through other comprehensive income

	2020 Shs'000	2019 Shs'000
At start of year	367,837	349,690
Fair value (loss)/gain through OCI	(2,656)	18,147
At end of year	**365,181**	**367,837**

The FVOCI asset relates to the treasury bonds held by the Company.

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. Cash and bank balances

	2020 Shs'000	2019 Shs'000
Cash at Bank	5,370,300	9,320,890
Less: Allowance for impairment	(58,306)	(148,860)
	5,311,994	9,172,030
Cash at hand	3,997	3,300
	5,315,991	**9,175,330**

The movement in the allowance for impairment in the year is as follows

	2020 Shs'000	2019 Shs'000
At start of year	(148,860)	-
Transition adjustment on initial application of IFRS 9	-	(31,373)
Net credit/(charge) to profit or loss	90,554	(117,487)
Allowance for impairment	**(58,306)**	**(148,860)**

For purposes of the statement of cashflows, the cash and cash equivalents are presented as;

	2020 Shs'000	2019 Shs'000
Cash at Bank*	5,370,300	9,320,890
Cash at hand	3,997	3,300
	5,374,297	**9,324,190**

*Included in the cash at bank is local currency of Shs 4,697,645,000 and foreign currency of Shs 679,748,000. The average effective interest rate on the current accounts as at 30th June, 2020 was 10.75% (2019: 10.75 %).

24. Ordinary share capital and share premium

	Number of shares (Thousands)	Ordinary shares Shs'000	premium Shs'000
Authorised			
30 June 2019 and 30 June 2020	10,000,000	25,000,000	-
Issued and fully paid			
At 30 June 2019 and 30 June 2020	**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.

25. 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 2019	8,579,722	(60,898)	61,167,525	10,102	69,696,451
Other comprehensive income for the year;					
-Net gains on revaluation on investments in financial instruments measured at FVOCI	-	(2,656)	-	-	(2,656)
-re-measurement of defined benefit				(496,824)	(496,824)
-deferred tax relating to components of other comprehensive income (Note 29)		664	-	124,206	124,870
Total comprehensive income for the year	-	(1,992)	-	(372,618)	(374,610)
Transfer of excess depreciation	-	-	(2,781,308)	-	(2,781,308)
Deferred tax on excess depreciation	-	-	695,327	-	695,327
At 30 June 2020	**8,579,722**	**(62,890)**	**59,081,544**	**(362,516)**	**67,235,860**

25. 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 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 relating to components of other comprehensive income (Note 29)	-	(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**

(a) 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.

(b) The investments revaluation reserve represents the cumulative gains and losses arising on the revaluation of financial assets that have been recognized 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.

(c) The property 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.

(d) Actuarial reserves represent the accumulated remeasurements arising from the retirement benefit scheme recognized through other comprehensive income as disclosed under Note 28. The reserve is not distributable to shareholders.

26. 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.

27. Borrowings

The movement in borrowings is as follows:

	2020 Shs'000	2019 Shs'000
At start of year	140,278,170	130,740,958
External borrowings received in the year	6,945,856	16,424,322
Domestic borrowings received in the year	-	-
External borrowings repayments in the year	(4,565,004)	(3,732,991)
Domestic borrowings repayments in the year	(4,174,449)	(5,660,754)
Exchange rate loss/ (gains) on revaluation of borrowings	5,965,475	2,506,635
Balance at the end of the year	144,450,048	140,278,170
Add: Accrued interest	1,381,115	956,730
Balance at the end of the year	145,831,163	141,234,900
Less: Amounts due within one year (Current portion)	(8,481,495)	(12,463,018)
Amounts due after one year (Non-current portion)	**137,349,668**	**128,771,882**

(a) Analysis of interest-bearing borrowings:

Government of Kenya Guaranteed loans	Maturity Year	2020 Shs'000	2019 Shs'000
2.6% Japan Bank for International Cooperation KE P20-Kipevu 1 (JPY 2,126,580,000)	2025	2,108,319	2,420,871
2.3% Japan Bank for International Cooperation KE P21 -Sondu Miriu (JPY 2,367,358,000)	2027	2,347,029	2,566,638
0.75% Japan Bank for International Cooperation KE P23-Sondu Miriu (JPY 8,304,720,001)	2044	8,233,407	8,206,586
0.75% Japan Bank for International Cooperation KE P24-Sangoro (JPY 3,822,444,000)	2047	3,789,621	3,760,488
0.20% Japan International Cooperation Agency KE P26-Olkaria I & IV JPY 20,986,307,888)	2040	20,806,098	19,414,855
2.09% Kreditanstalt Fur Wiederaufbau (KfW)-Kindaruma (Euro 15,639,999.9)	2024	1,878,990	2,273,775
2.2% Kreditanstalt Fur Wiederaufbau (KfW)-Olkaria I & IV (Euro 31,308,000)	2026	3,761,343	3,651,220
		42,924,807	**42,294,433**

27. Borrowings (continued)

(a) Analysis of interest-bearing borrowings: (Continued)

	Maturity Year	2020 Shs'000	2019 Shs'000
Government of Kenya on Lent Loans			
3.5% International Development Association IDA 4743 KE-Olkaria I & IV (USD 27,870,848.16)	2035	2,968,870	3,041,216
2.003% Agence Francaise de Development (AFD) - Olkaria I & IV (EURO 66,679,556.89)	2031	8,010,882	8,429,572
2.645% European Investment Bank-Olkaria I & IV (Euro 4,793,748.49)	2037	575,921	591,330
2.50% Export-Import Bank of China (EXIM) – 89 wells (USD 382,499,999.98)	2033	40,744,818	39,129,101
1.50% Spanish loan-Ngong Phase II - 13.6MW (Euro 17,494,414.87)	2030	2,101,779	2,228,479
3.20% KBC Ngong I Phase 11 - 6.8MW (Euro)	2020	-	23,936
0.50% National Bank of Belgium (NBB) Ngong 1 Phase 11 - 6.8MW (Euro 6,078,000)	2043	730,211	706,905
3.5% International Development Association IDA 5844-KE Olkaria I& IV (USD 52,703,852.24)	2041	5,614,141	5,391,515
0.20% Japan International Cooperation Agency Loan (KE-P31) Olkaria V (JPY 27,392,594,007)	2046	27,157,374	20,545,009
		87,903,996	**80,087,063**
Direct Borrowings			
12.5% Public Infrastructure Bond -Various projects (Shs)	2019	-	1,562,500
Cooperative Bank Term Loan (Shs)	2022	2,333,333	3,500,000
2.68% Agence Francaise de Developpement (AFD)-Olkaria II Unit 3 (Euro 6,666,666.56)	2024	800,933	969,213
5.1% HSBC Bank Loan-Rigs (USD 13,516,346.48)	2024	1,439,794	1,728,374
Standard Chartered Bank loan-Olkaria II Unit 3 (USD 6,486,481.85)	2021	690,956	1,327,112
CBA Term loan - Wellheads 75MW (USD 78,445,742.9)	2027	8,356,229	8,809,475
		13,621,245	17,896,674
		144,450,048	140,278,170
Accrued interest		1,381,115	956,730
		145,831,163	**141,234,900**

NOTES TO THE FINANCIAL STATEMENTS (continued)

27. Borrowings (continued)

	2020 Shs'000	2019 Shs'000
(b) Borrowings maturity analysis:		
Due within 1 year	8,481,495	12,463,018
Due between 1 and 2 years	16,504,161	10,393,346
Due between 2 and 5 years	28,644,540	27,340,732
Due after 5 years	92,200,967	91,037,804
	145,831,163	**141,234,900**
(c) Analysis of loans by currency:		
Borrowings in US$	59,814,807	59,426,792
Borrowings in JPY	64,441,849	56,914,447
Borrowings in EUR	17,860,059	18,874,430
Borrowings in Shs	3,714,448	6,019,231
Total	**145,831,163**	**141,234,900**

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 was unsecured. Other direct borrowings are secured by a letter of negative pledge from the Company.

27. Borrowings (continued)

(d) The movement in borrowings is as follows:

	2020 Shs'000	2019 Shs'000
At start of year	140,278,170	130,740,958
Received in the year	6,945,856	16,424,322
Repayments in the year	(7,634,806)	(8,780,842)
Realized exchange loss on repayment of borrowings	(1,104,647)	(612,903)
Unrealized exchange loss/(gains) on revaluation of borrowings	5,965,475	2,506,635
Balance at the end of the year	144,450,048	140,278,170
Add: Accrued interest	1,381,115	956,730
Balance at the end of the year	145,831,163	141,234,900
Less: Amounts due within one year (Current portion)	(8,481,495)	(12,463,018)
Amounts due after one year (Non-current portion)	**137,349,668**	**128,771,882**

28. 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 31st 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 1st 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.

28. Retirement benefits asset (Continued)

An actuarial valuation to fulfill the financial reporting and disclosure requirements of IAS19 was carried out as at 30 June 2020 by Zamara Actuaries,Administrators and Consultants Limited. 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:

	2020	2019
Discount rate(s)[1]	13.15%	12.90%
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

[1]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 postemployment 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 recognized 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 recognized in the statement of profit or loss and other comprehensive Income

The amount recognized in the statement of profit or loss and other comprehensive income in respect of the defined benefit plan are as follows:

(ii) Other comprehensive income (OCI)	**2020 Shs'000**	**2019 Shs'000**
Service cost:		
Current service cost (employer)	(89,393)	(99,946)
Past service costs	-	(53,230)
	(89,393)	(153,176)
Interest income/(cost):		
Interest cost on defined benefit obligation	(897,309)	(857,169)
Interest income on plan assets	949,112	938,233
Interest income on the effect of the asset ceiling	(18,450)	(43,261)
	33,353	37,803
Net expense included in profit or loss in respect of scheme (Note 8(b))	(56,040)	(115,373)

NOTES TO THE FINANCIAL STATEMENTS (continued)

28. Retirement benefits asset (Continued)

(a) Amount recognized in the statement of profit or loss and other comprehensive Income (continued)

(ii) Other comprehensive income (OCI)	2020 Shs'000	2019 Shs'000
Actuarial loss due to change in financial assumptions	117,416	(151,092)
Return on plan assets	(414,789)	(181,217)
Change in effect of asset ceiling (excluding amount in interest cost)	(199,451)	225,505
Amount recognized in OCI	**(496,824)**	**(106,804)**

(iii) Movement in retirement benefit asset	2020 Shs'000	2019 Shs'000
Net asset at start of the period	143,025	325,268
Net expense recognized in the income statement	(56,040)	(115,373)
Employer contributions	409,839	39,934
Amount recognized in OCI	(496,824)	(106,804)
Net asset at end of the period	-	**143,025**

(b) Amount recognized 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:

	2020 Shs'000	2019 Shs'000
Present value of funded defined benefit obligation	(7,364,213)	(7,238,053)
Fair value of plan assets	7,725,137	7,524,101
	360,924	286,048
Effect of asset ceiling	(360,924)	(143,023)
	-	**143,025**
Reconciliation of the effect of asset ceiling is as follows:		
Effect of asset ceiling	(143,023)	(325,267)
Interest effect of the asset ceiling	(18,450)	(43,261)
Change in the effect of the asset ceiling excluding interest	(199,451)	225,505
Effect of asset ceiling at end of the period	**(360,924)**	**(143,023)**

NOTES TO THE FINANCIAL STATEMENTS (continued)

28. Retirement benefits asset (continued)

Recognition (continued)

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:

	2020 Shs'000	2019 Shs'000
Opening benefit obligation	(7,238,053)	(6,691,147)
Current service cost	(89,393)	(99,946)
Interest cost	(897,309)	(857,169)
Employee contributions	(18,469)	(19,967)
Actuarial loss due to change in financial assumptions	100,245	(151,092)
Actuarial loss on Experience	17,171	-
Past service costs	-	(53,230)
Benefits paid	761,595	634,498
Closing defined benefit obligation	**(7,364,213)**	**(7,238,053)**

Movements in the present value of the plan assets in the current year were as follows:

	2020 Shs'000	2019 Shs'000
Opening market value of assets	7,524,101	7,341,682
Interest income on plan assets	949,112	938,233
Employer contributions	409,839	39,934
Employee contributions	18,469	19,967
Return on plan assets	(414,789)	(181,217)
Benefits paid	(761,595)	(634,498)
Closing fair value of plan assets	**7,725,137**	**7,524,101**

The fair values of the plan assets at the end of the reporting period for each category are as follows:

	2020 Shs'000	2019 Shs'000
Property investments	5,020,501	4,934,666
Quoted equity instruments	591,073	539,398
Government securities	1,832,552	1,736,874
Commercial paper and corporate bonds	43,078	112,492
Cash & short-term deposits	237,933	200,671
Total scheme assets	**7,725,137**	**7,524,101**

28. Retirement benefits asset (Continued)

(c) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the principal assumptions is:

	Sensitivity	2020	Change in assumption	Impact on defined benefit obligation
Discount rate	12.15%	13.15%	Decrease 1%	Increase in the present value of obligation by Shs 544,900,000
Salary	7%	8%	Decrease 1%	Decrease in the present value of obligation by Shs 110,800,000
Retirement age	55	60	Decrease by 5yrs	Increase in the present value of obligation by Shs 1,034,500,000

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 recognized in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

29. 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:

	2020 Shs'000	2019 Shs'000
Movement on the deferred tax account is as follows:		
At start of the year	48,868,799	45,496,036
Tax impact through reduction of corporate tax rate	(8,144,800)	-
Transition adjustment on initial application of IFRS 9	-	(138,666)
	40,723,999	45,357,370
Charge to profit or loss (Note 11)	3,500,955	3,583,930
Credit to other comprehensive income (Note 25)	(124,870)	(26,597)
Over provision of deferred income tax in prior years	(125,938)	(45,904)
At the end of the year	**43,974,146**	**48,868,799**

The decrease in deferred tax liability arises from change in the corporate income tax rate from the previous 30% to 25% with effect from 2020. The change was effected on 25th April, 2020 through amended paragraph 2(a) head B of the Third Schedule of the Income Tax Act.

NOTES TO THE FINANCIAL STATEMENTS (continued)

29. 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 2020					
Deferred tax assets:					
Tax losses	(11,248,414)	-	2,712,599	-	(8,535,815)
Provisions and other temporary differences	(735,625)	-	88,514	(124,870)	(771,981)
	(11,984,039)	-	2,801,113	(124,870)	(9,307,796)
Deferred tax liabilities:					
Unrealized exchange gains	754,476	-	736,524	-	1,491,000
Defined benefits and financial assets at FVOCI	47,801	-	(47,801)	-	-
Revaluation surplus	26,214,653	-	(5,064,896)	-	21,149,757
Accelerated capital allowances	33,835,908	-	(3,194,723)	-	30,641,185
	60,852,838	-	(7,570,896)	-	53,281,942
Net deferred tax liability	48,868,799	-	(4,769,783)	(124,870)	43,974,146

29. Deferred income tax (continued)

	At start of year	Transition adjustment on initial application of IFRS 9	Charged / (Credited) to P/L	Charged / (Credited) to OCI	At end of year
	Shs'000	Shs'000	Shs'000	Shs'000	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)	-	(735,625)
	(16,145,741)	(138,666)	4,300,368	-	(11,984,039)
Deferred tax liabilities:					
Unrealized exchange gains	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)	60,852,838
Net deferred tax liability	**45,496,036**	**(138,666)**	**3,538,026**	**(26,597)**	**48,868,799**

30. Lease Liability

	2020 Shs'000	2019 Shs'000
Undiscounted future minimum lease payment under operating lease at start of year	952,351	-
Impact of discounting	78,988	-
Leases not yet commenced at start of year	-	-
As at start of year (note 16)	1,031,339	-
Discount Interest on lease liability	102,876	
Paid during the year	**(183,564)**	**-**
At end of year	950,651	-
Comprising:		
Current Portion	206,083	-
Non- current portion	744,568	-
	950,651	**-**
Maturity Analysis of undiscounted cash flows		
Year 1	184,062	-
Year 2	206,083	-
Year 3	195,103	-
Year 4	160,612	-
Year 5 and beyond	1,506,849	-
	2,252,709	**-**

The Company has adopted IFRS 16 Leases from 1st July, 2019 but has not restated comparatives for the 2018 reporting period, as permitted by the modified retrospective approach to transition. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1st July, 2019. On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1st July, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1st July, 2019 was 11%.

31. Grants

	2020 Shs'000	2019 Shs'000
As at start of year	-	-
Paid during the year	200,000	-
At end of year	**200,000**	-

This relates to funds received from the World Bank as a grant towards the construction of Geothermal Centre of Excellence.

32. Trade and other payables

	2020 Shs'000	2019 Shs'000
Contractors and Retention money	2,284,107	5,454,128
Trade payables	3,264,956	3,818,235
Due to Kenya Power (note 37(a)(ii))	51,048	2,698
Sundry Creditors accruals	1,725,429	2,983,802
Deferred income from contracts	317,389	87,959
Total trade and other payables	7,642,929	12,346,822
Non-current trade and other payables	(2,284,107)	(3,219,566)
Current trade and other payables	**5,358,822**	**9,127,256**

* 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.

33. Provision for compensating tax

	2020 Shs'000	2019 Shs'000
As at start of the year	2,161,022	2,331,022
Paid during the year	(800,000)	(170,000)
At end of year	**1,361,022**	**2,161,022**

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.

34. 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, a final dividend in respect of the year ended 30 June 2020 of Shs. 0.30 (2019: Shs. 0.25) 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:

	2020 Shs'000	2019 Shs'000
As at start of the year	1,846,170	-
Approved Dividends -2018	-	2,637,809
Approved Dividends -2019	1,648,631	
Amount paid during the year	(1,846,170)	(791,639)
At end of the year	**1,648,631**	**1,846,170**

35. Non - current assets held for sale

	2020 Shs'000	2019 Shs'000
At beginning of the year	-	344,053
Disposal	-	(344,053)
Non - current assets held for sale held for sale	-	-

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 TO THE FINANCIAL STATEMENTS (continued)

36. Notes to the statement of cash flows

(a) Reconciliation of profit before taxation to cash generated from operations

	2020 Shs'000	2019 Shs'000
Profit before taxation	13,789,787	11,653,717
Adjustments for:		
Depreciation (Note 8(a))	11,739,447	10,217,715
Prepaid lease expense (Note 8(a))	52,553	54,063
Amortization of intangible assets (Note 8(a))	91,784	88,552
Depreciation of Right of use assets (Note 8(a))	145,777	-
Finance income (Note 9)	(1,431,118)	(1,423,062)
Finance cost (Note 10)	8,244,181	5,053,924
Net exchange differences on borrowings and cash (Note 36(d))	(5,871,296)	(2,436,371)
Loss on disposal of non-current assets held for sale (Note 6)	-	144,053
Net gain/(loss) on deferred debt (Note17)	(29,232)	22,432
Net gain on Amortization of treasury bonds (Note 22)	(2,657)	18,147
Amortization of held-to-maturity treasury bonds (Note 17(b))	8,523	7,768
Changes in the retirement benefit asset (Note 28)	(353,799)	75,439
Operating profit before working capital changes	**26,383,950**	**23,476,377**
Changes in working capital:		
Increase in inventories (Note 19)	(46,986)	(175,114)
Decrease/(Increase) in trade receivables net accrued interest (Note 20 and 36(b))	(3,746,702)	3,709,768
Increase in financial asset through profit or loss (Note 18)	(19,910)	(300,592)
Decrease in other receivables (Note 21)	498,929	761,852
Decrease/(Increase) in trade and other payables (Note 32)	(4,703,893)	2,832,869
Cash generated from operations	**18,365,388**	**30,305,160**

(b) Movement in finance income

	2020 Shs'000	2019 Shs'000
At start of year	10,045	14,209
Interest income (Note 9)	1,431,118	1,423,062
Finance income received	(628,550)	(704,921)
Accrued interest from Kenya Power	(800,250)	(722,305)
At end of year	**12,363**	**10,045**

(c) Movement in interest payable

	2020 Shs'000	2019 Shs'000
At start of year	956,731	1,167,411
Interest expense (Note 10)	2,278,706	2,547,289
Interest paid	(1,854,322)	(2,757,969)
At end of year (Note 27)	**1,381,115**	**956,731**

36. 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.

	2020 Shs'000	2019 Shs'000
Cash and bank balances	5,315,991	9,175,330
Borrowings repayable within one year	(8,481,495)	(12,463,018)
Borrowings repayable after one year	(137,349,668)	(128,771,882)
Net Debt	**(140,515,172)**	**(132,059,570)**

	Cash and bank balances Shs'000	Borrowings Shs'000	Net Debt Shs'000
Net debt as 1 July 2019	9,324,190	(140,278,170)	(130,953,980)
Cashflows	(4,044,072)	-	(4,044,072)
Received in the year	-	(6,945,856)	(6,945,856)
Repaid in the year (including realised forex)	-	8,739,453	8,739,453
Unrealised exchange loss in the year	94,179	(5,965,475)	(5,871,296)
Accrued interest	-	(1,381,115)	(1,381,115)
Expected credit loss on cash and bank balances	(58,306)	-	(58,306)
Net debt as at 30 June 2020	**5,315,991**	**(145,831,163)**	**(140,515,172)**
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)**

37. Related party transactions

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 government is the major shareholder of the company, 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 27).

The company's main related parties include Government of Kenya - Ministry of Energy, The National Treasury, The Kenya Power and Lighting Company Plc (Kenya Power), Geothermal Development Company Limited (GDC). Rural Electrification & Renewable Energy Corporation, Water Resource Management Authority (WARMA), Board of Directors and Key Management.

(a) The 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

	2020 Shs'000	2019 Shs'000
Electricity sales (note 4(a))	33,783,190	29,796,983
Steam revenue (note 4 (a))	5,549,684	5,871,921
Fuel charges billed (note 4(a))	4,155,499	10,111,516
Water charges billed note 4(a))	181,774	185,226
Interest income on amounts due (note 9)	800,250	722,305
Realized foreign exchange loss billed to Kenya Power-borrowings (Note18)	693,044	710,628
Realized foreign exchange loss billed to Kenya Power-other transactions (Note 7)	418,801	465,096
	45,582,242	47,863,675
Electricity purchases from Kenya Power	**380,393**	**281,920**

(ii) The following amounts are due to Kenya Power relate to outstanding balances at year end for purchase of electricity.

	2020 Shs'000	2019 Shs'000
Trade payables	**51,048**	**2,698**

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

37. Related party transactions (continued)

(a) The Kenya Power and Lighting Company (continued)

(iii) Deferred debt due from Kenya Power (Note 17(a))

	2020 Shs'000	2019 Shs'000
Current portion	42,911	41,061
Non-current portion	965,511	964,931
	1,008,422	**1,005,992**

Through an agreement entered between Kenya Power and KETRACO, KETRACO is servicing the debt.

(iv) Amounts due from Kenya Power

	2020 Shs'000	2019 Shs'000
Amount due for electricity sales (Note 20)	23,984,394	19,356,993
Amount due for sale of assets	200,000	200,000
	24,184,394	**19,556,993**
(v) Recoverable foreign adjustment (Note 18)	17,812,336	13,074,633

(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.

	2020 Shs'000	2019 Shs'000
(i) Amount due to GDC (included in trade payables)	1,846,663	1,275,149
(ii) Steam purchases	3,160,582	3,357,126

37. Related party transactions (continued)

(c) Rural Electrification & Renewable Energy Corporation

	2020 Shs'000	2019 Shs'000
As at start of the year	34,832	32,321
Changes during the year	68,885	34,832
Payments during the year	(41,393)	(32,321)
Amounts due from REREC at end of the year	**62,324**	**34,832**

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

	2020 Shs'000	2019 Shs'000
Amount due to WARMA (included in trade payables)	97,997	44,080

(e) Directors Remuneration and key management compensation

	2020 Shs'000	2019 Shs'000
Director's remuneration		
Fees for services as a Director	6,000	6,000
Other allowances	10,304	14,520
	16,304	20,520
Key Management Compensation		
Salaries and other short-term employment benefits		
Key Management (Divisional Directors)	121,642	107,567
Managing Director & CEO	19,801	19,380
Leave accrual - Managing Director & CEO	2,806	1,965
	144,249	128,912
Total fees, salaries and other emoluments	**160,553**	**149,432**

Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including director (whether executive or otherwise) of the entity.

(f) Loans to directors of the Company

There were no loans from shareholders outstanding at 30th June, 2020 (2019: Nil).

37. Related party transactions (continued)

(g) Loans from Shareholders

There were no loans from shareholders outstanding at 30th June 2020 (2019: Nil)

(h) Donations to KenGen Foundation

Donations made during the year amounted to Shs 143 million (2019: Shs 120 million)

(i) Kerio Valley Development Authority (KVDA)

Payments made during the year amounted to Shs 45 million (2019: Shs 45 million) for Dam and environmental management.

(j) Tana and Athi River Development Authority (TARDA)

Payments made during the year amounted to Shs 62 million (2019: Shs 62 million) for Dam and environmental management.

(k) Subsidiaries

The following relationships exists within KenGen PLC:

Related parties	Held by	Percentage of interest held as at 30 June	
		2020	2019
KenGen Ethiopia Branch[1]	KenGen	100%	-
KenGen Energy Services Limited (KeSel)[2]	KenGen	100%	100%
KenGen Foundation[3]	KenGen	-	-

[1]KenGen Ethiopia Branch was established by KenGen PLC as a branch to facilitate the execution of a drilling contract which was signed with TM Geothermal Operations PLC (TMGO) of Ethiopia in 2019 and is domiciled in Ethiopian.

[2]KeGen Energy Services Limited (KeSel) was was formally incorporated on 13th October 2016 and is domiciled in Kenya. The objective of the Company is to pursue diversified business opportunities by leveraging on the resources and capacity of KenGen The Company is in the process of commencing business operations.

[3]KenGen Foundation was established by KenGen PLC as a public charitable trust by Declaration of trust deed dated 2009 and is domiciled in Kenya. The Foundation serves as the philanthropic arm of KenGen and is mandated to: Turn short term one-off CSR Projects into CSI-Corporate Social Investments; Upscale CSI activities for greater impact and increase and diversify resources available for CSI projects.

38. 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 Summarized below;

38. Emergency Power Project (Continued)

	2020 Shs'000	2019 Shs'000
At start of year	427,605	514,738
Interest income	6,828	4,885
Expenditure during the year*	16,655	(92,018)
At end of year	**451,088**	**427,605**

*The expenditure relates to refund of taxes paid by the Company and foreign exchange fluctuations.

39. 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 2020 amounted to Shs 562,059,000 (30th June, 2019 Shs: 1,348,449,000).

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 appealed for the abandonment of collection of the withholding tax from The National Treasury and Planning. The Company expects to get favourable outcome 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.

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 1,089,290,348 as at 30 June 2020 (30 June 2019: Shs 969,000,000).

The Company applied for abandonment of principal, penalty and interest from the National Treasury and Planning. The application for abandonment of collection of tax was declined by the National Treasury & Planning who directed Kenya Revenue Authority and KenGen to enter into a payment plan to settle the principal tax with the waiver of penalty and interest to be considered after full settlement of principal tax. The Directors are confident of a favorable outcome and therefore are of the opinion no provision is required with regards to interest and penalty.

IV. Bank guarantee

A bank guarantee was given to a third-party and amount outstanding as at 30th June, 2020 was Shs 2,000,000 (30th June, 2019: Shs: Nil).

40. 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 172.33MW 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:

	2020 Shs'000	2019 Shs'000
Authorised but not contracted for	66,921,266	64,277,549
Authorised and contracted for	108,899,875	135,497,876
Less: Amounts included in Work in progress	(87,701,597)	(110,803,422)
	88,119,544	**88,972,003**

41. 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

42. 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.

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.

42. Financial risk management (continued)

(a) Market risks (continued)

Foreign currency risk (continued)

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;

	2020 Shs'000	2019 Shs'000
Financial assets		
Amount due from Kenya Power - Deferred debt (Note 17(a)(iii))	1,025,131	1,022,661
Trade receivables (Note 20)	4,092,320	3,842,149
Cash and cash equivalents (Note 23)	679,748	3,033,882
	5,797,199	7,898,692
Liabilities		
Trade and other payables (Note 32)	(2,284,107)	(5,454,128)
Borrowings (Note 27(c))	(142,116,714)	(135,215,668)
	(144,400,821)	(140,669,796)
Net currency liability	(138,603,622)	(132,771,104)

NOTES TO THE FINANCIAL STATEMENTS (continued)

42. 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	Effect on Profit before tax Shs' 000
2020		
US$	4.03%	712,094
Yen	4.39%	846,917
Euro	3.19%	169,702
Total		**1,728,713**
2019		
US$	1.24%	227,781
Yen	3.52%	561,962
Euro	-0.47%	(20,583)
Total		**769,160**

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.

42. 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 c onsiders 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 recognized on a collective basis. For such purposes, the Company group's 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.

42. Financial risk management (continued)

(b) Credit risk (continued)

Basis for measurement of loss allowance	Gross carrying value	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Net Amount
	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
30 June 2020					
Trade receivables-Kenya Power	23,984,394	(345,275)	(71,996)	(164,676)	23,402,447
Treasury bonds at amortized cost	2,390,756	(38,969)	-	-	2,351,787
Treasury bonds at FVOCI	365,181	-	-	-	365,181
Deferred debt receivable	1,025,131	(16,709)	-	-	1,008,422
Other receivables (excluding prepayments)	1,229,656	(60,562)	-	(408,777)	760,317
Cash and cash equivalents held at bank	5,370,300	(58,306)	-	-	5,311,994
Exposure to credit risk	**34,365,418**	**(519,821)**	**(71,996)**	**(573,453)**	**33,200,148**

Basis for measurement of loss allowance	Gross carrying value	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Net Amount
30 June 2019					
Trade receivables-Kenya Power	19,356,993	(283,982)	(52,841)	(164,676)	18,855,494
Treasury bonds at amortized cost	2,399,279	(39,108)	-	-	2,360,171
Treasury bonds at FVOCI	367,837	(5,996)	-	-	361,841
Deferred debt receivable	1,022,661	(16,669)	-	-	1,005,992
Other receivables (excluding prepayments)	1,018,976	(24,812)	-	(584,660)	409,504
Cash and cash equivalents	9,320,890	(148,860)	-	-	9,172,030
Exposure to credit risk	**33,486,636**	**(519,427)**	**(52,841)**	**(749,336)**	**32,165,032**

NOTES TO THE FINANCIAL STATEMENTS (continued)

42. 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.

		Past due but not impaired			
	Neither past Due nor impaired Shs '000	Over 60 days Shs '000	Over 365 Days Shs '000	Expected Credit loss Shs '000	Total Shs '000
At 30 June 2020					
Trade receivables-Kenya Power	15,107,066	6,863,935	1,431,446	581,947	23,984,394
Financial asset at amortized cost-Treasury bonds	2,351,787	-	-	38,969	2,390,756
Financial asset at FVOCI-Treasury bonds	365,181	-	-	-	365,181
Financial asset at amortized cost-Deferred debt	1,008,422	-	-	16,709	1,025,131
Other receivables (excluding prepayments)	499,642	-	323,929	469,339	1,292,910
Cash and cash equivalents	5,311,994	-	-	58,306	5,370,300
Exposure to credit risk	**24,644,092**	**6,863,935**	**1,755,375**	**1,165,270**	**34,428,672**
30 June 2019					
Trade receivables-Kenya Power	14,191,495	3,451,388	1,212,611	501,499	19,356,993
Financial asset at amortized cost-Treasury bonds	2,354,175	-	-	45,104	2,399,279
Financial asset at FVOCI-Treasury bonds	367,837	-	-	-	367,837
Financial asset at amortized cost-Deferred debt	1,005,992	-	-	16,669	1,022,661
Other receivables (excluding prepayments)	69,402	334,295	5,807	609,472	1,018,976
Cash and cash equivalents	9,172,030	-	-	148,860	9,320,890
	27,160,931	**3,785,683**	**1,218,418**	**1,321,604**	**33,486,636**

42. 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
Year ended 30 June 2020	**Shs '000**	**Shs '000**	**Shs '000**
At start of year	(519,727)	(801,877)	(1,321,604)
Changes relating to assets	156,334	-	156,334
At end of year	**(363,393)**	**(801,877)**	**(1,165,270)**
Year ended 30 June 2019			
At start of year	-	(850,658)	(850,658)
Changes relating to assets	(519,727)	48,781	(470,946)
At end of year	**(519,727)**	**(801,877)**	**(1,321,604)**

(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.

42. 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 30th June, 2020 as a base period to the contractual maturity date:

At 30 June 2020	Less than 3 months Shs '000	3 to 12 months Shs '000	1 to 5 years Shs '000	> 5 years Shs '000	Total Shs '000
Trade and other payables	3,264,956	-	2,284,107	-	5,549,063
Amount due to Kenya Power	51,048	-	-	-	51,048
Lease liabilities	-	206,083	744,568	-	950,651
Borrowings	-	8,481,495	45,148,701	92,200,967	145,831,163
Off balance sheet items					
Letters of credit	-	-	562,059	-	562,059
Capital commitments	-	-	88,972,003	-	88,972,003
	3,316,004	**8,687,578**	**137,711,438**	**92,200,967**	**241,915,987**
At 30 June 2019					
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
Off balance sheet items					
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**

(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.

42. Financial risk management (continued)

(d) Fair value measurement (continued)

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 2020				
Financial asset at amortized cost through OCI (Note 18)	-	365,180	-	365,180
Financial asset at fair value through p&l (Note17)	-	17,812,336	-	17,812,336
Total assets	-	**18,177,516**	-	**18,177,516**
Assets				
Year ended 30 June 2019				
Financial asset at amortized cost through OCI (Note18)	-	367,83	-	367,836
Financial asset at fair value through p&l (Note17)	-	13,074,633	-	13,074,633
		13,442,469		**13,442,469**

There are no financial liabilities measured at fair value for the year ended 30 June 2020 (2019: 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
(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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

42. Financial risk management (continued)

(d) Fair value measurement (continued)

Financial instruments (continued)

Fair Value hierarchy (continued)

Sensitivity of fair value of level 2 financial instruments (Continued)

The fair value hierarchy for financial assets not measured at fair value is as shown in the table below:

	Level 1 KShs'000	Level 2 KShs'000	Level 3 KShs'000	Fair value KShs'000	Carrying value KShs'000
At 30 June 2020					
Assets					
Cash and balances with banks	5,315,991	-	-	5,315,991	5,315,991
Financial assets at amortized cost	-	-	1,008,422	1,008,422	1,008,422
Trade receivables	-	-	23,402,447	23,402,447	23,402,447
Financial assets at amortized cost-Treasury bond	-	2,351,787	-	2,351,787	2,351,787
Other receivables	-	-	714,893	714,893	714,893
Total	**5,315,991**	**2,351,787**	**25,125,762**	**32,793,540**	**32,793,540**
Liabilities					
Trade and other payables	-	-	7,642,929	7,642,929	7,642,929
Borrowings	-	-	145,831,163	145,831,163	145,831,163
Total	**-**	**-**	**153,474,092**	**153,474,092**	**153,474,092**
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**

NOTES TO THE FINANCIAL STATEMENTS (continued)

42. Financial risk management (continued)

(d) Fair value measurement (continued)

Financial instruments not measured at fair value (continued)

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:

2020	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

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 recognized 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 2020				
Property plant and equipment	-	-	264,746,126	264,746,126
Total assets	-	-	**264,746,126**	**264,746,126**
Assets				
Year ended 30 June 2019				
Property plant and equipment	-	-	235,933,888	235,933,888
	-	-	**235,933,888**	**235,933,888**

There were no transfers between levels 1, 2 and 3 in the period (2019: 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.

42. Financial risk management (continued)

(d) Fair value measurement (continued)

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 31st June, 2019 and 31st June 2020 for recurring fair value measurements

The following table summarizes the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements. See above for the valuation techniques adopted.

Description	Fair value as at 30 June 2020 Shs'000	Fair value as at 30 June 2019 Shs'000	Unobservable inputs	Relationship of unobservable inputs to fair value
Property plant and equipment	264,746,126	235,933,888	Estimated useful life	The higher the estimated useful life, the higher the fair value

43. 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%.

	2020 Shs'000	2019 Shs'000
Ordinary shares and distributable reserves	144,083,274	125,268,085
Borrowings	145,831,163	141,234,900
Less: cash and bank balances (Note 24)	(5,315,991)	(9,175,330)
Net debt	140,515,172	132,059,570
Gearing ratio	**49%**	**51%**

44. Significant events during the reporting period

On 30th January, 2020, the World Health Organisation announced the outbreak of COVID-19 as a world health emergency of international concern and on 11st March, 2020 the outbreak was classified as a global pandemic. In Kenya, the first case was noted on 13th March, 2020 and on 15th March, the Government restricted movement into and out of the country and later issued a dusk to dawn curfew effective 25th March 2020. Thereafter, on 6th April ,2020, the President announced a cessation of movement into and out of Nairobi and Mombasa regions. These directives largely remained in force up to October 2020 with relaxation of the cessation of movement being relaxed in August 2020.

The pandemic has had a minor impact on the operations of the Company. The energy industry was included as part of the essential services by the Government. Hence, there were no major disruptions noted in the supply chain, generation of power due to COVID-19 and the operations have not been affected by the directive on cessation of movement.

The directors have assessed the evolving scenario as a result of COVID-19 and noted that the operations of the company are unlikely to be materially affected by the pandemic. Below are some of the areas that have been assessed by the directors.

Revenue

During the year, hydrological conditions were favourable with our main Dams recording full reservoir capacity. Hydro production however declined by 2% owing to constrained demand associated with the effects of Covid-19 on electricity consumption. Geothermal production grew by 14% owing to the additional generation capacity of 172.33MW Olkaria V geothermal power plant which boosted revenue during the period. The increase in geothermal generation displaced the need for thermal generation which declined by 63% and compensated for the reduction in our wind generation thereby increasing our renewable energy footprint. During the year, 92% of national electricity generated was from renewable energy sources, 3.6% higher than the previous year and mainly due to Olkaria V geothermal power plant that contributed to the displacement of thermal generation by 32.1%. The last quarter of the year experienced growth in revenue despite a drop in demand due to global and local lockdowns and restriction in movements. The Company is committed to the expansion of renewable energy by acting in line with the principles of sustainability in respect of current and future revenue growth.

Impairment of property, plant and equipment

Despite lockdowns and restrictions in movements, there was growth in Units generated and revenue in the last quarter of the year. The management accounts in the subsequent period reveal that since the lift of lockdown and restrictions of movements the Company has continued trading. Consequently, no impairment risk has been realized due to the pandemic.

Liquidity

Management considers that there will be no exposures resulting from contractual penalties as none of the existing contracts have been reneged or become onerous due to COVID-19. All of the company's contracts are protected by the force majeure clause. All financial obligations to suppliers and other creditors are being met as and when they fall due and the company has not yet had to seek expansion of credit terms form suppliers and credit facilities from the bankers due to COVID-19. A twelve-month rolling cash flow to June 2021 does not indicate any financial strain for the Company.

Going Concern

Seven months into the COVID-19 pandemic in Kenya, the Company has continued to operate. With many global economies gradually emerging from lockdowns and restrictions of movement, the directors expect that the core business will continue, and only be affected by factors of demand and supply and not the effects of the pandemic.

NOTES TO THE FINANCIAL STATEMENTS (continued)

45. Events after the reporting date

The Tax Laws (Amendment) (No.2) Bill, 2020 proposed change in corporate tax rate to 30% from 25% effectively 1st January, 2021. The Company's tax charge (current and deferred tax expense) for financial year 2019/20 was arrived at using the current corporate tax rate of 25%. In the event the proposed tax rate of 30% is enacted, the deferred opening tax balance will be adjusted accordingly for the FY 2020/21.

The Directors are not aware of any other matters or circumstances arising since the end of the financial period which significantly affect the financial position of the Company or the results of its operations.

STATISTICS

STATISTICS

Historical Performance

Company's Ten Years Financial Review

Plant Performance

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Units Sold(GWh)	8,237	8,277	7,989	7,556	7,819	7,027	6,084	6,022	5,404	4,933
Average weighted tariff (Shs/KWh)	4.10	3.60	3.67	3.84	3.70	3.60	2.78	2.73	2.76	2.73

Statement of Profit or Loss & Other Comprehensive Income

	2020 Shs'000	2019 Shs'000	2018 Shs'000	2017 Shs'000	2016 Shs'000	2015 Shs'000	2014 Shs'000	2013 Shs'000	2012 Shs'000	2011 Shs'000
Electricity revenue	33,783,190	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
Steam revenue	5,549,684	5,871,921	6,222,056	5,189,072	6,856,018	3,689,361	192,693	58,365	-	-
Fuel charges	4,155,499	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
Water charges	181,774	185,226	159,172	166,822	329,079	375,341	459,722	215,141	91,470	-
Ethiopia Branch	440,344	-	-	-	-	-	-	-	-	-
	44,110,491	**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**
Reimbursable expenses										
Fuel costs	(4,106,504)	(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)
Water costs	(181,786)	(185,226)	(159,172)	(166,822)	(329,079)	(375,341)	(459,722)	(215,141)	(91,470)	-
Revenue less reimbursable expenses	**39,822,201**	**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**
Other income	472,526	618,822	274,771	553,148	1,945,524	515,418	378,914	308,723	124,784	94,691
Other(losses)/gains	6,382,970	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
Operating Income	**46,677,697**	**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**

Expenses										
Depreciation	(12,029,561)	(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)
Employee expenses	(7,082,496)	(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)
Steam costs	(3,160,582)	(3,357,126)	(3,549,428)	(2,795,798)	(3,167,173)	(3,689,361)	(192,707)	(58,365)	-	-
Plant operation and maintenance expenses	(1,503,237)	(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)
Other expenses	(2,298,972)	(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)
Operating Profit	**20,602,850**	**15,284,580**	**11,441,638**	**13,545,304**	**7,840,430**	**10,672,867**	**7,754,561**	**2,090,153**	**3,339,965**	**11,902,154**
Compensating tax	-	-	-	-	(2,431,022)	-	-	-	-	-
Finance income	1,431,118	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)
Finance costs	(8,244,181)	(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)
Profit Before Tax	**13,789,787**	**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**
Taxation (charge)/credit	4,587,306	(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)
Profit After Tax	**18,377,093**	**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**
Other Comprehensive Income/ (Loss)	(374,610)	(62,060)	(622,921)	(528,500)	(351,569)	54,246,436	1,243,851	(16,722)	(962,452)	(633,498)
Total Comprehensive Income	**18,002,483**	**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**
Number of Shares Issued	6,594,522,339	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
Earnings per share -										
Basic and diluted (Shs)	**2.79**	**1.20**	**1.20**	**1.37**	**1.07**	**5.24**	**1.29**	**2.38**	**1.28**	**0.95**
Dividends per share(Shs)	**0.30**	**0.25**	**0.40**	**-**	**-**	**0.65**	**0.40**	**0.60**	**0.60**	**0.50**
Number of Employees	**2,519**	**2,526**	**2,508**	**2,476**	**2,406**	**2,407**	**2,209**	**2,063**	**1,829**	**1,663**

STATISTICS

Historical Performance

Company's Ten Years Financial Review (continued)

Statement of Financial Position

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
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	352,429,914	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
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
Intangible assets	1,528,948	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
Right of Use Asset	4,936,545									
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
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
Financial asset at amorised costs	3,317,298	3,319,106								
Fair value asset through profit & loss	16,676,152	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
Retirement benefit asset	-	143,025	325,268	1,136,503	1,098,771	1,792,214	1,407,411	-	-	-
	378,888,857	**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**
Current assets										
Inventories	1,371,280	1,324,294	1,149,180	1,082,044	866,698	899,076	788,333	836,259	1,955,564	1,168,240
Trade receivables	23,402,447	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
Financial asset at amortised cost	42,911	41,061	40,321	-	-	-	-	-	-	
Fair value through profit & loss	1,136,184	1,116,274	815,682	888,457	698,229	633,872	357,395	338,286	405,477	523,554
Other receivables and prepayments	2,099,012	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	-	-	-	-	-	-	-
Coporate tax recievable	305,068	150,942	126,988	-	-	-	-	-	231,154	385,857
Treasury bonds	365,180	367,837	349,690	344,603	322,031	341,803	594,769	2,550,345	643,203	391,127
Cash and cash balances	5,315,991	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
	34,038,073	**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**
TOTAL ASSETS	**412,926,930**	**401,422,249**	**379,353,006**	**376,729,582**	**366,738,366**	**342,519,995**	**250,205,524**	**188,673,282**	**163,144,873**	**160,993,290**

EQUITY AND LIABILITIES

Capital and reserves										
Share capital	16,487,710	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
Share premium	22,151,131	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
Other reserves	67,235,860	69,696,451	71,805,994	74,588,305	77,248,388	79,912,755	26,289,211	25,694,067	26,324,186	28,369,692
Retained earnings	105,443,687	86,629,244	79,658,790	69,608,767	58,470,964	51,145,614	39,884,740	37,728,726	33,209,643	30,513,173
	211,318,388	**194,964,536**	**190,103,625**	**182,835,914**	**172,385,376**	**141,594,091**	**76,709,673**	**73,958,516**	**70,069,551**	**69,418,587**
Non-current liabilities										
Borrowings	137,349,668	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
Non-current liabilities	-	-	-	-	-	-	1,000	293,876	255,647	1,119,400
Deferred income tax	43,974,146	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
Lease Liability	744,568	-	-	-	-	-	-	-	-	-
Grants	200,000	-	-	-	-	-	-	-	-	-
Long term Contract payables	2,284,107	3,219,566	1,586,258	3,859,604	9,940,189	5,329,722	10,369,854	8,591,032	-	-
	184,552,489	**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**
Current liabilities										
Borrowings due within one year	8,481,495	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
Trade and other payables	5,358,822	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
Compensating Tax	1,361,022	2,161,022	2,331,022	2,431,022	2,431,022	-	-	-	-	-
Tax Payable	-	-	-	60,458	58,663	140,843	668,859	278,453	-	-
Lease liability due within ne year	206,083	-	-	-	-	-	-	-	-	-
Dividends payable	1,648,631	1,846,170	-	-	-	4,735,174	4,119,633	3,196,321	3,196,321	2,923,821
	17,056,052	**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**
TOTAL EQUITY AND LIABILITIES	**412,926,930**	**401,422,249**	**379,353,005**	**376,729,583**	**366,738,362**	**342,519,995**	**250,205,524**	**188,673,282**	**163,144,873**	**160,993,290**
Capex	**18,060,828**	**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**

Financial Ratios	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Net Profit Margin	46.15%	22.04%	21.99%	26.14%	18.70%	39.57%
Return on total assets	4.47%	4.40%	4.28%	4.38%	4.41%	3.45%
Current Ratio	2.00	1.31	1.50	1.48	1.20	0.95
Debt Service Coverage Ratio	2.15	1.96	2.08	2.57	2.59	1.16
Self Financing Ratio	128%	81%	125%	70%	61%	41%
Debt/(Debt+Equity)	40%	40%	40%	42%	43%	47%
Return on Equity	9%	4%	4%	5%	4%	8%

Installed vs Effective Capacity (MW)

Installed Capacity inMW as at 30th June ....

	2020		2019		2018		2017		2016	
Power Plant	**Installed**	**Effective**	**Installed**	**Effective**	**Installed**	**Effective**	**Installed**	**Effective**	**Installed**	**Effective**
HYDRO										
Tana	25.70	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00
Masinga	41.20	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	60.66	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	21.20	20.00
Small Hydros	11.73	11.22	11.75	11.33	11.75	11.30	11.75	11.30	13.70	11.30
Hydro Total	**825.69**	**796.72**	**818.15**	**796.83**	**818.15**	**796.80**	**818.15**	**796.80**	**820.10**	**796.80**
GEOTHERMAL										
Olkaria I	45.00	44.00	45.00	44.00	45.00	44.00	45.00	30.00	45.00	44.00
Olkaria I AU	150.52	140.00	150.50	140.00	150.50	140.00	150.50	140.00	150.50	140.00
Olkaria II	104.49	101.00	105.00	101.00	105.00	101.00	105.00	101.00	105.00	101.00
Olkaria IV	149.85	140.00	149.80	140.00	149.80	140.00	149.80	140.00	149.80	140.00
Olkaria V	172.33	158.00								
Eburru	2.44	2.10	2.50	2.10	2.50	2.10	2.50	-	2.50	2.30
Wellhead 37	16.50	15.00	15.50	15.00	15.50	15.00	15.50	15.00	10.50	9.40
Wellhead 43	14.00	10.00	12.80	11.40	12.80	11.40	12.80	11.45	12.80	12.40
Wellhead 914	30.50	25.00	27.80	25.00	27.80	25.00	27.80	25.80	27.80	25.78

Wellhead 915	11.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	20.00	18.90
Wellhead 919	5.50	5.00	5.00	5.00	5.00	5.00	5.00	4.00		
Wellhead 905	5.50	2.50	5.00	5.00	5.00	5.00	5.00	3.60		
Wellhead 39	5.50	2.50	5.00	5.00	5.00	5.00	5.00	2.00		
Geothermal Total	**713.13**	**655.10**	**533.90**	**503.50**	**533.90**	**503.50**	**533.90**	**482.85**	**523.90**	**493.78**
THERMAL										
Kipevu I	73.50	60.00	73.50	60.00	73.50	52.83	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	28.00	30.00	27.00
Muhoroni GT2*	30.00	28.00	30.00	28.00	30.00	-	30.00	28.00	30.00	28.00
Garissa & Lamu	-	-	-	-	-	-	-	-	8.98	8.20
Thermal Total	**253.50**	**231.00**	**253.50**	**231.00**	**253.50**	**195.83**	**253.50**	**231.00**	**262.48**	**238.20**
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	**1,817.82**	**1,708.32**	**1,631.05**	**1,556.83**	**1,631.05**	**1,521.63**	**1,631.05**	**1,536.15**	**1,631.98**	**1,554.28**

Notes:

1) *Active/Reactive power
2) Installed capacity corrected to reflect the actual machine rating

Units Sent Out (GWh)

Units Generated and Sold as at 30th June ....

Power Plant	2020		2019		2018		2017		2016	
	Generated	Sales	Generated	Sales	Generated	Sales	Generated	Sales	Generated	Sales
HYDRO										
Tana	135.66	132.76	97.84	95.61	97.81	95.56	72.81	70.97	112.02	109.27
Masinga	47.96	47.65	199.34	198.97	107.52	107.49	169.63	169.44	126.70	126.69
Kamburu	351.31	349.66	399.42	398.59	322.03	321.31	384.54	383.79	434.78	434.03
Gitaru	879.77	878.66	870.33	869.08	725.24	724.12	776.80	775.27	863.43	862.02
Kindaruma	203.20	202.75	193.91	193.17	179.95	179.23	184.05	183.20	209.47	208.27
Kiambere	906.57	905.34	1,027.49	1,025.54	752.46	750.98	939.38	938.47	997.93	996.29
Turkwel	428.00	425.70	547.15	544.83	461.56	457.90	404.29	402.10	428.37	426.23
Sondu Miriu	510.70	509.15	258.28	257.52	388.99	388.03	282.08	281.55	419.52	418.59
Sang'oro	166.10	165.80	82.35	82.18	129.32	128.98	90.46	90.31	140.59	140.31
Sagana	9.91	9.91	6.63	6.63	5.69	5.69	4.18	4.18	7.62	7.62
Mesco	2.04	2.03	2.51	2.51	2.26	2.26	1.98	1.96	2.79	2.78
Wanjii	-	-	24.84	24.62	17.11	16.96	32.10	31.97	45.23	44.92
Gogo	6.70	6.65	7.91	7.78	7.29	7.20	5.27	5.21	6.12	6.05
Sosiani	-	-	0.14	0.14	0.72	0.71	0.63	0.63	1.17	1.15
Total Hydro	**3,647.92**	**3,636.06**	**3,718.14**	**3,707.16**	**3,197.95**	**3,186.40**	**3,348.20**	**3,339.03**	**3,795.75**	**3,784.24**
GEOTHERMAL										
Olkaria I	303.40	291.09	298.17	285.14	256.00	247.35	200.59	194.69	345.52	331.06
Olkaria I AU	1,028.72	984.78	1,115.66	1,068.86	1,138.40	1,133.13	1,008.65	968.35	1,088.21	1,054.56
Olkaria II	615.13	583.33	838.05	796.39	852.70	831.50	833.92	790.69	857.18	814.38
Olkaria IV	1,053.37	1,005.88	1,143.22	1,095.00	1,131.70	1,131.71	895.61	852.33	1,021.03	975.51
Olkaria V	977.37	945.34								

Eburru	8.09	7.25	11.29	10.22	6.77	6.17	-	-	10.65	9.85
Wellhead 37 & 39	125.82	118.12	138.67	129.04	136.21	127.12	99.49	91.09	17.08	15.51
Wellhead 43	59.74	55.61	70.24	65.68	68.52	66.14	78.93	74.39	79.02	74.91
Wellhead 914, 919, 905 & 915	304.20	284.62	316.57	297.17	344.70	324.84	331.12	311.81	272.85	266.38
Wellheads Total	489.76	458.34	525.48	491.90	549.43	518.10	509.54	477.28	368.95	356.81
Total Geothermal	**4,475.84**	**4,276.01**	**3,931.87**	**3,747.50**	**3,935.00**	**3,867.96**	**3,448.30**	**3,283.35**	**3,691.54**	**3,542.18**
THERMAL										
Kipevu I	81.49	79.74	202.40	196.81	243.81	238.26	217.96	211.28	132.86	128.56
Kipevu III	164.70	162.07	498.06	489.66	593.71	583.81	521.04	512.13	186.01	181.39
Embakasi/Muhoroni Gas Turbine (Active)	36.90	36.76	67.76	67.44		65.50	111.17	108.21	0.62	0.62
Embakasi/Muhoroni Gas Turbine (Re - Active)	1.24	1.24	0.68	0.68		-	37.86	39.91	97.36	97.36
Total Thermal	**283.08**	**278.58**	**768.90**	**754.58**	**837.52**	**887.56**	**888.03**	**871.53**	**416.85**	**407.93**
WIND										
Ngong I Phase I & II	24.06	23.44	31.12	30.40	22.23	21.57	28.92	28.50	25.47	25.04
Ngong II	23.28	23.20	37.11	37.04	25.89	25.89	34.75	34.68	31.88	31.62
Total Wind	**47.34**	**46.64**	**68.23**	**67.44**	**48.12**	**47.46**	**63.67**	**63.18**	**57.35**	**56.66**
TOTAL KenGen	**8,454.18**	**8,237.28**	**8,487.14**	**8,276.69**	**8,018.59**	**7,989.39**	**7,748.20**	**7,557.09**	**7,993.46**	**7,822.09**

Notes:

1) The difference between the units generated and sold out is due to system losses and auxiliary consumption
2) System losses comprise of technical and non-technical losses

Weighted Factors (%)

Weighted Factors in % as at 30th June ....

Power Plant	2020 Effective Capacity	2020 Availability	2020 Load factor	2019 Availability	2019 Load factor	2018 Availability	2018 Load factor	2017 Availability	2017 Load factor	2016 Availability	2016 Load factor
HYDRO											
Sagana	1.50	97.05	75.43	99.50	50.46	59.44	43.30	58.20	31.82	85.26	52.79
Mesco	0.36	69.89	64.53	94.74	66.61	98.02	60.00	97.68	52.04	96.06	66.03
Wanjii	7.40	-	-	57.68	38.32	81.51	26.39	79.24	49.32	85.21	69.59
Tana	20.00	94.64	77.43	96.58	55.84	96.74	55.83	97.53	40.51	97.15	63.76
Masinga	40.00	68.38	13.69	79.47	56.89	77.62	30.68	83.14	48.36	99.83	36.06
Kamburu	90.00	77.65	44.56	81.05	50.66	86.90	40.85	93.91	48.68	98.31	52.54
Gitaru	216.00	95.40	46.50	94.63	46.00	96.84	38.33	94.84	40.97	95.85	42.68
Kindaruma	70.50	97.33	32.90	97.09	31.40	87.09	29.14	90.29	29.66	99.58	35.07
Kiambere	164.00	95.22	63.10	94.53	71.52	96.97	52.38	97.29	65.32	99.26	67.62
Turkwel	105.00	95.96	46.53	94.52	59.49	98.09	50.18	96.29	43.72	98.90	46.01
Sondu Miriu	60.00	99.61	97.17	97.38	49.14	98.34	74.01	97.05	53.57	99.59	79.60
Sang'oro	20.00	96.14	94.81	96.01	47.00	96.87	73.81	81.72	51.54	99.72	75.50
Gogo	1.60	65.68	47.80	73.40	53.12	75.96	48.93	68.08	34.96	95.86	38.70
Sosiani	0.36	-	-	6.08	5.33	41.66	27.40	49.97	23.81	48.86	33.25
Total Effective Capacity	**796.72**										
Weighted Factors - Hydro		**91.56**	**52.27**	**92.40**	**53.27**	**93.92**	**45.81**	**94.06**	**47.84**	**98.04**	**52.76**
GEOTHERMAL											
Olkaria I	44.00	88.97	78.72	70.69	77.36	70.71	64.94	55.75	74.08	93.21	87.65
Olkaria I AU	140.00	95.10	83.88	93.03	90.97	96.27	92.82	93.37	78.96	88.37	88.49
Olkaria II	101.00	69.75	69.53	90.50	94.72	94.44	96.38	94.33	89.37	96.93	93.19
Olkaria IV	140.00	95.97	85.89	94.51	93.22	98.03	91.29	95.38	68.75	94.78	83.04
Olkaria V	158.00	98.43	94.15								
Eburru	2.10	66.33	43.98	92.43	61.37	58.34	-	-	-	73.89	50.63
Wellhead KWG12, KWG13, 37 & 39	17.50	83.88	82.07	87.95	79.15	95.33	48.45	84.62	48.45	13.46	23.23
Wellhead 43	10.00	87.67	68.20	89.69	70.34	85.76	70.39	90.63	70.39	91.75	70.47

Wellhead 914, 919, 905 & 915	42.50	93.49	81.71	89.61	80.31	94.85	77.63	84.16	77.63	90.53	78.12
Total Effective Capacity	**655.10**										
Weighted Factors - Geothermal		**91.16**	**83.67**	**90.01**	**89.14**	**91.46**	**92.92**	**87.18**	**81.29**	**80.66**	**87.36**
THERMAL											
Kipevu I Diesel	60.00	69.67	15.50	68.51	38.51	61.28	46.39	69.43	40.20	75.39	24.21
Kipevu III Diesel	115.00	97.12	16.35	86.86	49.44	89.60	58.93	93.05	50.84	97.84	17.66
Total Effective Capacity	**175.00**										
Weighted Factors - Thermal		**87.71**	**16.06**	**80.57**	**45.69**	**79.89**	**54.63**	**84.95**	**47.19**	**89.09**	**20.21**
GAS TURBINES											
Gas Turbines	56.00	72.63	7.52	69.72	13.81	86.04	22.66	87.04	22.66	80.51	20.66
Total Effective Capacity	**56.00**										
Weighted Factors - GT		**72.63**	**7.52**	**69.72**	**13.81**	**86.04**	**22.66**	**87.04**	**22.66**	**80.51**	**20.66**
ISOLATED THERMALS											
Garissa (KenGen)	-	-	-	-	-	-	-	-	-	92.69	45.45
Garissa (Aggreko)	-	-	-	-	-	-	-	-	-	93.73	65.37
Lamu	-	-	-	-	-	-	-	-	-	86.40	47.58
Total Effective Capacity	-	-	-								
Weighted Factors - Isolated Thermals		-	-	-	-	-	-	-	-	**92.15**	**51.83**
WIND											
Ngong I phase I	5.10	90.08	28.45	78.12	32.84	55.19	29.01	71.83	29.01	82.03	29.70
Ngong I phase II	6.80	84.42	18.01	88.00	26.41	95.16	26.80	89.16	26.80	84.58	19.64
Ngong II	13.60	78.95	19.54	80.58	31.15	73.82	21.73	76.11	29.11	81.23	26.47
Total Effective Capacity	**25.50**										
Weighted Factors - Wind		**82.63**	**20.92**	**82.07**	**30.22**	**74.72**	**24.54**	**79.03**	**28.47**	**82.28**	**25.29**

Notes:

1) Availability and Load Factor is a Percentage (%)

2) Effective Capacity is in Megawatts (MW)

Turkwel Hydro Station

SHAREHOLDERS' CALENDAR

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN to Shareholders that, in accordance with Articles 54A of KenGen's Articles of Association, the Sixty-Eighth Annual General Meeting of Kenya Electricity Generating Company Plc will be held via electronic communication on Thursday 22nd April 2021 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 2020, together with the Chairman's, Directors' and Auditors' Reports thereon.

4. To approve the payment of a final dividend of Kshs 0.30 per ordinary share of Kshs2.50, subject to withholding tax where applicable, in respect of the financial year ended 30 June 2020.

5. To approve payment of Directors' fees for the year ended 30th June, 2020.

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. Phylis Wakiaga

   (iv) Ms. Peris Mwangi

9. To Elect Directors:

   (i) Dr. Reginalda Wanyonyi, who retires on rotation in accordance with Article 104 of the Articles of Association of the Company and being eligible, offers herself for re-election as a Director of the Company.

   (ii) Mr. Kairu Bachia, who retires on rotation in accordance with Article 104 of the Articles of Association of the Company does not offer himself for re-election as a Director of the Company.

   (iii) Dr. Musa Arusei who retires on rotation in accordance with Article 104 of the Articles of Association of the Company does not offer himself for re-election as a Director of the Company.

10. To consider any other business for which due notice has been given.

By Order of the Board

DAVID K. MWANGI
COMPANY SECRETARY

30th March, 2021

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. Article 54A of the Articles of Association of the Company provides that "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) Shareholders wishing to participate in the meeting should register for the AGM by dialling *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 Thursday, 1st April, 2021 at 9.00 a.m. and will close on Monday, 19th April 2021 at 5.00 p.m. Shareholders will not be able to register after this time.

(v) 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 2020 and

(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 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 19th April 2021.

(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 19th April 2021 at 2:30 pm 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 47938 - 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**

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

TAARIFA INATOLEWA HAPA kwa Wenye hisa kwamba, kwa mujibu wa Ibara za 54A za Makala ya Ushirika ya KenGen, Mkutano wa Sitini na Nane wa Kila Mwaka wa Kampuni ya Kenya Electricity Generating Company Plc utafanywa kupitia kwa njia ya mawasiliano ya Kielektroniki mnamo siku ya Alhamisi tarehe 22 Aprili 2021 saa 5.00 asubuhi. kwa madhumuni ya kuzingatia na, ikiwa itakuwa vyema, kupitisha maamuzi yaliyobainishwa hapo chini.

SHUGHULI YA KAWAIDA

1. Kuweka mezani majina ya washirika na kutambua uwepo wa idadi ya kutosha ya wanachama kuendesha mkutano.
2. Kusoma Taarifa inayoitisha mkutano.
3. Kuzingatia na ikiidhinishwa, kukubali Taarifa za Kifedha za Kampuni zilizofanyiwa ukaguzi kwa mwaka uliokamilikia tarehe 30 Juni 2020, pamoja na Ripoti za mwenyekiti, Wakurugenzi Watendaji na Wakaguzi zilizo humo.
4. Kuidhinisha malipo ya mgao wa mwisho wa mapato ya hisa wa Kshs.0.30 kwa kila hisa ya kawaida ya Kshs.2.50, kutegemea ushuru unaoshikiliwa panapotumika, kuhusiana na mwaka wa kifedha uliokamilika tarehe 30 Juni 2020.
5. Kuidhinisha malipo ya ada za Wakurugenzi Watendaji kwa mwaka uliokamilika tarehe 30 Juni 2020.
6. Wakaguzi:
   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.
7. Kuidhinisha Wakaguzi Watendaji ili kusuluhisha malipo kwa Wakaguzi.
8. Kwa mujibu wa kanuni za Sehemu ya 769 ya Sheria ya Kampuni ya 2015, wakurugenzi watendaji wafuatao kwa kuwa wanachama wa Kamati ya Bodi ya Ukaguzi, Hatari na Utiifu wachaguliwe ili kuendelea kuhudumu kama wanachama wa Kamati zilizotajwa:
   (i) Bw. Joseph Sitati
   (ii) Bw. Humphrey Muhu, Mwakilishi m'bdala wa Ukur Yatani (Waziri – Wizara ya Fedha)
   (iii) Bi. Phylis Wakiaga
   (iv) Bi. Peris Mwangi
9. Kuchagua Wakurugenzi watendaji:
   (i) Dkt. Reginalda Wanyonyi, ambaye anastaafu kwa mzunguko kwa mujibu wa Kifungu cha 104 cha Makala ya Ushirika ya Kampuni na kwa kuwa anastahiki, anajitolea kuchaguliwa tena kama Mkurugenzi Mtendaji wa Kampuni.
   (ii) Bw. Kairu Bachia 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.
   (iii) Bw. Musa Arusei 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. Kuzingatia shughuli nyingine yoyote ambayo taarifa yake imetolewa.

Kwa Agizo la Bodi

DAVID K. MWANGI
KATIBU WA KAMPUNI

30 Machi 2021

ILANI KUHUSU MKUTANO MKUU WA KILA MWAKA

VIDOKEZO:

Wenye hisa 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 na Serikali ya Kenya kuzuia mikutano ya hadhara, haiwezekani, kwa KenGen kufanya Mkutano Wake Mkuu wa Kila Mwaka wa ana kwa ana. Ibara ya 54A ya Makala ya Ushirika ya Kampuni inasema kwamba "Wanachama wanaweza, ikiwa wataonelea kuwa ni sawa, kuendesha au kufanya mkutano kupitia redio, simu, televisheni, mkutano wa video au kifaa chochote cha kielektroniki, au njia nyingine za mawasiliano ya sauti/picha, au mchanganyiko wa zote ("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. Masharti ya Ibara hizi zinazohusiana na vikao vya Wanachama yanatumika kadri zinavyoweza kutekeleza hitaji la kubadilisha masuala yanayohitajika kubadilika katika Mkutano kama huo.

(ii) Wenye hisa ambao wangependa kushirika katika mkutano huu wanapaswa kujisajili kwa ajili ya mkutano wa AGM kwa kubonyeza *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, Wenye hisa wanapaswa kupiga nambari ifuatayo ya usaidizi: +254 709170 000/709170 016 kuanzia saa 3.00 asubuhi hadi saa 9.00 jioni kuanzia Jumatatu hadi Ijumaa. Wenye hisa walio nje ya Kenya wanapaswa kupiga nambari ya usaidizi ili kupata usaidizi wakati wa usajili.

(iv) Usajili kwa ajili ya AGM unafunguliwa siku ya Alhamisi, tarehe 1 Aprili 2021 saa 3.00 a.s. na utafungwa Jumatatu, tarehe 19 Aprili 2021 saa 11.00 jioni. Wenye hisa hawataweza kujisajili baada ya wakati huu.

(v) Hati zifuatazo zinaweza kutazamwa kwenye wavuti wa Kampuni www.kengen.co.ke

(a) nakala ya Taarifa hii na Fomu ya Mshirika;
(b) Ripoti ya KilaMWaka na Taarifa za Kifedha Zilizokaguliwa za Kampuni za mwaka uliokamilikia tarehe 30 Juni 2020 na

(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. Sio lazima mshirika kama huyo aweMWanachama wa Kampuni.

(vii) Fomu ya Mshirika imetolewa pamoja na Ripoti ya Kila Mwaka na Akaunti. Fomu ya Mshirika pia inaweza kupatikana kwenye wavuti wa 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 5:00 asubuhi tarehe 19 Aprili 2021.

(viii) Fomu za mshirika zilizotiwa sahihi ifaavyo pia zinaweza kutumwa kwa kengenagm@image.co.ke katika umbizo la PDF. Fomu ya mshirika lazima itiwe 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 AGM wanaweza kufanya hivyo tarehe au kabla ya Aprili 19 2021 saa 8:30 jioni kwa:

(a) kutuma maswali yaliyoandikwa kupitia barua pepe kwa **agmquestions@kengen.co.ke**; au
(b) kadri iwezekanavyo, kuleta maswali waliyoyaandika wao wenyewe mahali halisi au kuchapisha maswali yao yaliyoandikwa kwa anwani ya posta au ya barua pepe kwenye ofisi iliyosajiliwa ya Kampuni au S.L.P 47938 - 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 Paspoti/Nambari ya Akaunti ya CDSC) wanapotuma 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 mwenye hisa sio baada ya saa 12 kabla ya kuanza kwa AGM. Orodha kamili ya maswali yaliyopokewa na majibu yaliyofuata baadaye yatachapishwa kwenye wavuti wa Kampuni sio baada ya saa 12 kabla ya kuanza kwa mkutano wa AGM.

(x) Mkutano wa AGM utatiririshwa moja kwa moja kupitia kiungo ambacho kitatolewa kwa wenye hisa wote ambao wamejisajili kushiriki katika AGM. Wenye hisa waliosajiliwa halali na washirika watapokea ujumbe mfupi (SMS)/USSD) kwenye nambari zao za simu zilizosajiliwa, saa 24 kabla ya mkutano wa AGM kuanza hii ikiwa ni kikumbusho kuhusu AGM. Ujumbe wa pili wa SMS/USSD utatumwa saa moja kabla ya AGM, ukiwakumbusha wenye hisa na washirika waliosajiliwa halali kwamba AGM itaanza baada ya saa moja na kutoa kiungo cha kutiririsha moja kwa moja.

(xi) Wenye hisa na washirika wao ambao wamejisajili kushiriki katika AGM 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**

Wenye hisa wanahimizwa kuendelea kufuatilia wavuti wa Kampuni kwa taarifa zozote zinazohusiana na mkutano wa AGM kwa sababu ya hali inayobadilika kutokana na tandavu ya COVID-19. Tunathamini uelewa wa wenye hisa 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 appoint the .... of .... or 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 Thursday 22nd April, 2021at 11.00am and at any adjournment thereof.

Signed this...day of... 2021

Signature(s) ....

Notes:

1. If a member is unable to attend personally, this Proxy Form should be completed and returned to the Company Secretary P.O. Box 47936 GPO 00100 Nairobi or physically to the registered office of the Company at Stima Plaza, Kolobot Road, Parklands, Nairobi, or to Image Registrars on P. O. Box 9287 - 00100, Nairobi, Kenya or through their email address info@image.co.ke to arrive not later than 11:00 a.m. on 19th April 2021 i.e. 48 hours before the meeting or any adjournment thereof.

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 or more proxies 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@imagae.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, Kenya so at to arrive not later than 11.00 a.m. on 19th April 2021.
   A proxy form is attached to this Notice and is available on the Company's website www.kengen.co.ke.

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 Company 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 22 Aprili 2021 saa tano asubuhi na uhairisho wowote utakaofuata.

Imetiwa saini siku ya... ya...2021.

Saini ....

VIDOKEZO:

1. Ikiwa mwanachama hawezi kuhudhuria yeye mwenyewe, Fomu hii ya Mshirika inapaswa kukamilishwa na kurejeshwa sio baada ya Jumatatu, Aprili 19 2021 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 saini 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 Jumatatu, tarehe 19 Aprili 2021 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.

Shareholder Additional Information

Closure of Register and Date of Payment

The Register of Members will be closed from Friday, 23rd April, 2021 to Monday, 26th April, 2021, both dates inclusive. If approved, the dividend will be paid, less withholding tax where applicable on or about Thursday, 22nd July, 2021 to the shareholders whose names appear in the Register of Members at the close of business on **Thursday, 22nd April, 2021**.

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.

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.

Frequently Asked Questions to 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 and 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 dematerialized 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.cdsckenya.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.

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-active 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

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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

EASTERN REGION

P.O. Box 205 - 60100, Embu
Tel: 020 - 2310323
Fax: 020 - 2310324
Mobile: 0722 509500 | 0735 826344

OLKARIA GEOTHERMAL POWER STATIONS

P.O. Box 785 - 20117, Naivasha
Tel: 050 - 20233/4 | 050 - 2021223
Fax: 050 - 2021223
Mobile: 0722 202894 | 0722 202895

THERMAL REGION

P.O. Box 80801 - 80100, Mombasa
Tel: 041 - 3435000/1 041 - 3434876
Fax: 041 - 3435431
Mobile: 0722 265390 | 0734 600377

WESTERN 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

KenGen Pension Plaza II

Kolobot Road, Parklands

P. O. BOX 47936, 00100, Nairobi, Kenya

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