

ANNUAL REPORT AND FINANCIAL STATEMENTS



ENABLING PROGRESS

FINANCIAL YEAR ENDED 30 JUNE 2016





OUR VISION

**Providing world-class power
that delights our customers**

By striving to provide world-class products and services, we bring a sense of optimism and delight to our customers - working together towards a brighter future for Kenya

OUR MISSION

Powering people for better lives

By becoming the preferred energy solution for businesses and individuals, we empower our customers to achieve more and reach their full potential

CORE VALUES

We put our customers first
as they matter most

We work together
as one team to achieve our goals

We are passionate
about powering the nation

We believe in integrity
and delivering on our promises

We strive for excellence
in all that we do

ENABLING PROGRESS



Accelerated electricity connections expected to spur socio-economic development across country

ENABLING PROGRESS

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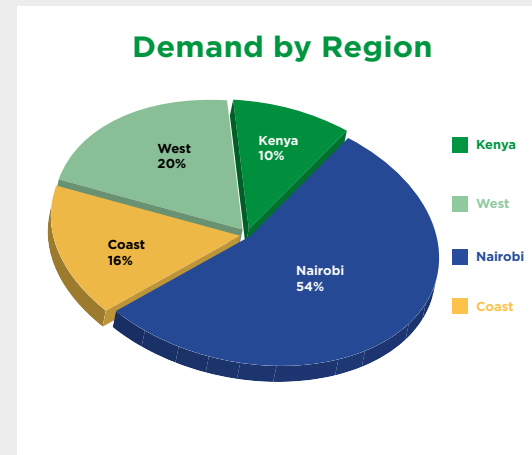
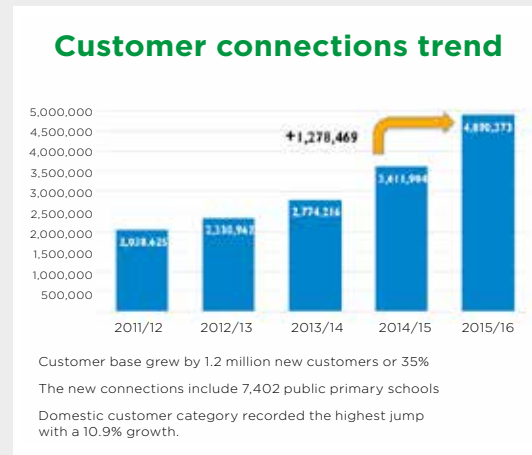
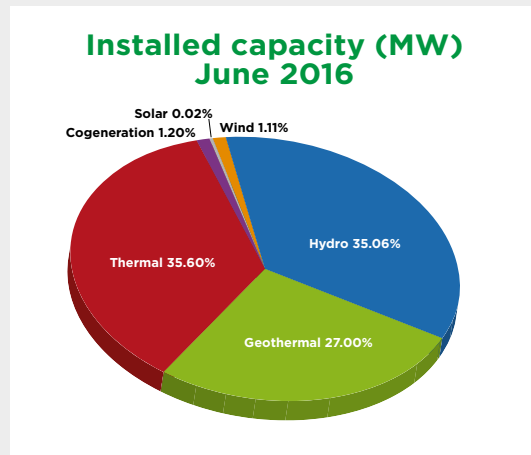
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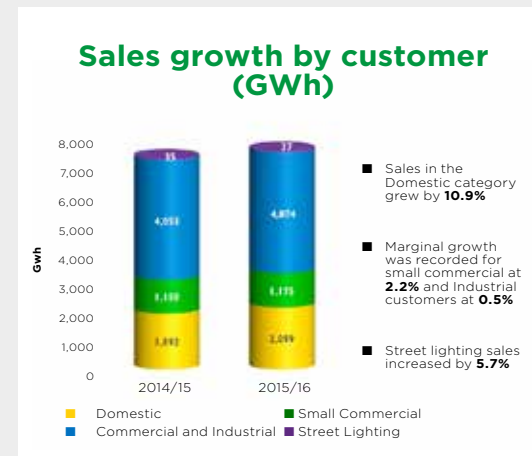
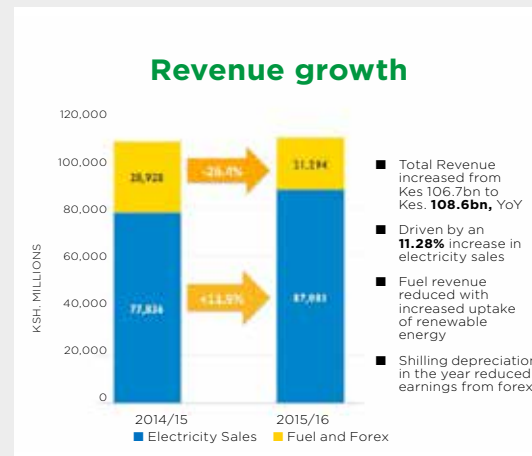
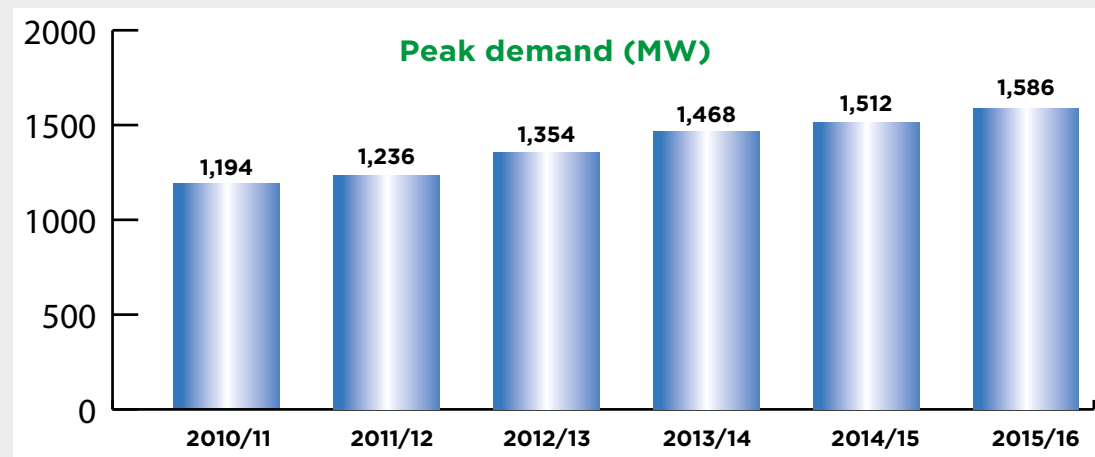
BUSINESS HIGHLIGHTS



Trading performance

(Figures in Ksh. Million)

	2013/14	2014/15	2015/16	% Change
Total Revenues	105,395	106,763	108,375	1.8%
Electricity Sales	62,597	77,835	87,081	11.8%
Power purchase costs	72,440	73,155	70,265	4.0%
Profit before tax	11,015	12,254	12,083	1.9%
Capital Expenditure	37,208	41,568	50,430	18.7%
Customers - No.	2,767,983	3,611,904	4,890,373	18.4%



Capital investments in network expansion is crucial in supporting our rapidly growing customer base and improving quality of power supply

ENABLING PROGRESS

CORPORATE INFORMATION

DIRECTORS

Hon. Kenneth Marende	-	Chairman
Dr. Ben Chumo	-	Managing Director & CEO
Mr. Henry Rotich	-	Cabinet Secretary, The National Treasury
Dr. Eng. Joseph Njoroge	-	Principal Secretary, Ministry of Energy and Petroleum
Mr. Macharia Kariuki	-	Director
Mrs. Jane Nashida	-	Director
Mr. Wilson Mugung'ei	-	Director
Mr. Adil Khawaja	-	Director
Mrs. Susan Chesiyana	-	Director
Mr. Joseph Kariuki	-	Alternate to Cabinet Secretary, The National Treasury
Eng. Isaac Kiva	-	Alternate to Principal Secretary, Ministry of Energy and Petroleum

COMPANY SECRETARY

Beatrice Meso, CPS (Kenya)

REGISTERED OFFICE

Stima Plaza
Kolobot Road, Parklands
P O Box 30099 - 00100, Nairobi

BANKERS

Standard Chartered Bank Kenya Limited
Harambee Avenue, P O Box 20063 - 00200, Nairobi

Kenya Commercial Bank Limited, Moi Avenue
P O Box 30081 - 00100, Nairobi

The Co-operative Bank of Kenya Limited, Stima Plaza
P O Box 48231 - 00100, Nairobi

CFC Stanbic Bank Limited, Kenyatta Avenue
P O Box 30550 - 00100, Nairobi

PRINCIPAL AUDITOR

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

DELEGATED AUDITORS

Deloitte & Touche
Certified Public Accountants (Kenya)
Deloitte Place, Waiyaki Way, Muthangari
P O Box 40092 - 00100, Nairobi

Citi Bank NA
Upper Hill Road, P O Box 30711 - 00100, Nairobi

Equity Bank
Hospital Road, P O Box 75104 - 00200, Nairobi

Commercial Bank of Africa
Ragatti Road, P O Box 30437 - 00100, Nairobi

Barclays Bank of Kenya Limited
Barclays Plaza, P O Box 30120 - 00100, Nairobi

LEGAL ADVISERS

Hamilton Harrison & Mathews Advocates
Delta Office Suites, Waiyaki Way
P O Box 30333 - 00100, Nairobi

OUR COUNTY BUSINESS CONTACTS

COUNTY	BUSINESS MANAGER	E-MAIL ADDRESS	MOBILE NO.	COUNTY TEL NO.	OFFICE LOCATION	POSTAL ADDRESS
Baringo	Stephen Usagi	susagi@kplc.co.ke	0721 852753	053 22159	KCB Building, Kabarnet Town	P O Box 120 - 30400 Kabarnet
Bomet	Mang'era Moronge	mmorongee@kplc.co.ke	0733 685526	0771 897517	Bomet Town, Opp Cereal Board	P O Box 578 - 20400 Bomet
Bungoma	Eric Langat	elanagat@kplc.co.ke	0722 719738	020 2674284	Moi Avenue, Opposite Huduma Centre	P O Box 467 - 50200 Bungoma
Busia	Fredrick Obara	fobara@kplc.co.ke	0705 497146	020 2442792	Ingonyera Plaza, opp. National Bank - Busia	P O Box 526 - 50400 Busia (K)
Elgeyo Marakwet	Anthony Mwangi	amwangi@kplc.co.ke	0714 814380	0714 814380	Mosop Plaza, Iten	P O Box 495 - 30700 Iten
Embu	Richard Muindi	rmuindi@kplc.co.ke	0722 454140	068 2230442	Embu Town	P O Box 197 - 60100 Embu
Garissa	Ahmed Shalleh	ashalleh@kplc.co.ke	0723 295469	020 2368776	Maendeleo Plaza	P O Box 9 - 70100 Garissa
Homabay	Daniel Tindongoluk	dtindongoluk@kplc.co.ke	0724 663471	020 2674283	Sonyaco Plaza - Homabay	P O Box 117 - 40300 Homabay
Isiolo	Wario Roba	wroba@kplc.co.ke	0715 344759	064 5352345	Isiolo Town	P O Box 116 - 60300 Isiolo
Kajiado	Luke Ntaiya	lntaiya@kplc.co.ke	0729 525468	0729 525468	Family Bank Building, Kajiado Plaza, Kajiado	P O Box 330 - 00204 Athi River
Kakamega	Eunice Masese	eunicewafula@kplc.co.ke	0710 923721	056 2030023	Electricity House - Maziwa Rd	P O Box 440 - 50100 Kakamega
Kericho	Daniel Kipkoech	dkipkoech@kplc.co.ke	0725 863045	02442798	Opp. Sansora Building, KCB Bank	P O Box 296 - 20200 Kericho
Kiambu	Kipkemoi Kibias	kkibias@kplc.co.ke	0729 406504	020 2687760	Kiambu Town	P O Box 202 - 01000 Thika
Kilifi	Robert Mahaga	rmahaga@kplc.co.ke	0722 415545	064 80108	Pwani Medical Centre	P O Box 80108 - 1318 Kilifi
Kirinyaga	Daniel Waturu	dwaturu@kplc.co.ke	0722 826123	060 2021359	Kerugoya, Professional Plaza	P O Box 1079 - 10300 Kerugoya
Kisii	Christopher Omwenga	comwenga@kplc.co.ke	0722 826120	020 2442794	Kisii	P O Box 5 - 40200 Kisii
Kisumu	Eric Ohaga	eohaga@kplc.co.ke	0721 897978	057 2020536/7/8	E-House Kisumu	P O Box 151 - 40100 Kisumu
Kitui	Hellen Mogire	hmogire@kplc.co.ke	0722 380662	0716 645859	Kitui Teachers Sacco Building	P O Box 202 - 01000 Kitui
Kwale	George Mwabusa	gmwabusa@kplc.co.ke	0721 707811	020 2328 572	Farna Buliding near Beach Rd	P O Box 598 - 80400 Diani
Laikipia	Harrison Kamau	hkamau@kplc.co.ke	0720 326218	062 2032558	Nanyuki Town - Marshals Building	P O Box 80 - 10400 Nanyuki
Lamu	Benard Kataka	bkataka@kplc.co.ke	0724 580070	020 2393704	Casuarina Rest House, Lamu Island	P O Box 72 - 08500 Lamu
Machakos	Moses Kinuthia	mkinuthia@kplc.co.ke	0722 781441	020 25855537	Red Cross Building - Machakos Town	P O Box 155 - 90100 Machakos
Makueni	Joshua Orodio	jorodo@kplc.co.ke	0711 388289	020 2426501	Wote	P O Box 290 - 90121 Emali
Mandera	Ali Golicha	agolicha@kplc.co.ke	0721 751785	0770 256498	Mandera Power Station - (Mandera Town)	P O Box 76 - 30700 Mandera
Marsabit	Basselle Dukan	dbassele@kplc.co.ke	0723 372491	064 32588	KPLC Compound	P O Box 68 - 60500 Marsabit
Meru	Timothy Waswa	twaswa@kplc.co.ke	0723 995095	0727372807	Yusuf Plaza, Meru - Maua Rd	P O Box 221 - 60200 Meru
Migori	Wesley Kerich	wkerich@kplc.co.ke	0723 664794	020 2442797	Migori Town Opp. Migori Teachers College	P O Box 530 - 40400 Suna - Migori
Mombasa	Kennedy Owino	kowino@kplc.co.ke	0720 384776	041 2225564/5/7	Mbaraki Mombasa	P O Box 90104 - 80100 Mombasa
Murang'a	Julius Mutahi	jmutahi@kplc.co.ke	0722 890180	060 2031481	AFC Building, Murang'a Town	P O Box 45 - 10200 Murang'a
Nakuru	David Syengo	dsyengo@kplc.co.ke	0720 423662	051 2216113	Electricity Hse - Moi Road, Nakuru	P O Box 104 - 20100 Nakuru
Nandi	Evans Agesa	ekesenwa@kplc.co.ke	0711 193093	0717 009594	KCB Building, Kapsabet Town	P O Box 762 - 30300 Kapsabet
Narok	George Njoroge	jkiage@kplc.co.ke	0725 762257	0708 384997	Ember's House Narok-Njoro Road	P O Box 469 - 20500 Narok
Nyamira	Duncan Machuka	dmachuka@kplc.co.ke	0727 638943	020 8064672	Nyamira	P O Box 1242 - 40500 Nyamira
Nyandarua	Joseph Kariuki	kariukij@kplc.co.ke	0726 322004	0775 586164	Olkalou	P O Box 244 - 20300 Nyahururu
Nyeri	Barnabas Munyao	bmunyao@kplc.co.ke	0734 555288	061 2030245	Diana Centre	P O Box 106 - 10100 Nyeri
Samburu	Richard Okoth	rokoth@kplc.co.ke	0737 623223	020 8010413	Lekos Plaza Maralal	P O Box 196 - 20600 Maralal
Siaya	Calvin Jagongo	cjagongo@kplc.co.ke	0721 803159	020 2442793	Siaya Town, Bishop Plaza	P O Box 541 - 40600 Siaya
Taita Taveta	Lucas Huko	lhuko@kplc.co.ke	0721 338008	020 2397702	Wundanyi	P O Box 1250 - 80304 Wundanyi
Tana River	Joseph Ndegwa	jndegwa@kplc.co.ke	0722 867011	020 2178235	Hola	P O Box 192 - 70101 Hola
Tharaka Nithi	Eric Momanyi	emachini@kplc.co.ke	0713 047080	064 5630418	Nthiga Plaza, Chuka	P O Box 16 - 60400 Chuka
Trans Nzoia	Alex Amboko	aamboko@kplc.co.ke	0723 373466	0700 522100	Ambwere Plaza	P O Box 185 - 30200 Kitale
Turkana	Gideon Kogo	gkogo@kplc.co.ke	0729 289190	-	Lodwar Town at Kailong'koi House	P O Box 21 - 30500 Lodwar
Uasin Gishu	Evans Anangwe	euhuruanangwe@kplc.co.ke	0723 056998	053 2062208	KVDA Plaza, 3 rd Floor	P O Box 74 - 30100 Eldoret
Vihiga	Evans Kowuor	ekowuor@kplc.co.ke	0722 805966	020 2322755	Mbale	P O Box 518 - 50300 Vihiga
Wajir	Amin Bishar	abdille@kplc.co.ke	0722 705378	0770 256491	Afgoye Road - off Halane Road, Wajir	P O Box 127 - 70200 Wajir
West Pokot	Milimoh Amusavi	mamusavi@kplc.co.ke	0725 149500	0700 522101	Makutano	P O Box 185 - 30200 Kitale

BOARD OF DIRECTORS

Hon. Kenneth Marende, EGH, ACI Arb., Certified Mediator, LLB (Hons), Dip. (Law) – Chairman



Hon. Kenneth Marende (60 years) joined the Board of Directors of the Company on 19th December 2014 and was appointed the Chairman of the Board on 5th January 2015. Hon. Marende is an Advocate of the High Court of Kenya with over 35 years standing. He is a former President of the Commonwealth Parliamentary Association (CPA) and a former Speaker of the Kenya National Assembly as well as Chairman of the Parliamentary Service Commission. Hon. Marende holds a Bachelor's Degree in Law from the University of Nairobi and a Post Graduate Diploma in Law from the Kenya School of Law. He was awarded a Doctor of Letters Degree by Maseno University in 2011 and an Honorary Doctor of Philosophy of Humanities Degree by United Graduate College, USA, in July 2010. Hon. Marende is also a director of Kenmar Limited.

Dr. Ben Chumo, OGW, BA, MBA, PhD – Managing Director & CEO



Dr. Ben Chumo (60 years) is the Company's Managing Director & CEO. Dr. Chumo holds a Doctor of Philosophy Degree (PhD) in Human Resources Management from Jomo Kenyatta University of Agriculture and Technology. He joined the Company in July 1986 and was the Chief Manager in charge of Human Resources & Administration since 2003. He was appointed Managing Director & CEO of the Company in July 2013. Dr. Chumo has wide hands-on experience in the sector, having risen through the ranks in the Company to his current position. He undertook consultancy services in Afghanistan where he was involved in developing strategies to enhance business efficiency for Kabul Electricity Directorate in a partnership arrangement between Kenya Power and Manitoba Hydro International of Canada. Dr Chumo is a recipient of honorary degree of Doctor of Philosophy from Laikipia University.

Mr. Henry Rotich, B.A. (Econ.), MA (Econ.), MPA - Cabinet Secretary, The National Treasury



Mr. Henry Rotich (47 years) is the Cabinet Secretary for the National Treasury. He holds a Master's Degree in Economics and a Bachelor's Degree in Economics (First Class Honours), both from University of Nairobi. He also holds a Master's Degree in Public Administration (MPA) from Harvard University. Prior to this appointment, Mr. Rotich was the head of Macroeconomics at the Treasury, Ministry of Finance, since March 2006. Under this capacity, he was involved in formulation of macroeconomic policies that ensured an affordable and sustainable path of public spending aimed at achieving the Government's development priorities. Prior to joining the Ministry of Finance, Mr. Rotich worked at the Research Department of the Central Bank of Kenya since 1994. Between 2001 and 2004, he was attached to the International Monetary Fund (IMF) local office in Nairobi to work as an economist.

Mr. Macharia Kariuki, BA (Econ.)



Mr. Macharia Kariuki (60 years) joined the Board of Directors of the Company on 18th December 2009. Mr. Macharia holds a Bachelor of Arts degree and has wide experience in private sector management and is currently in horticulture business. Prior to this, he worked as a sales manager with the United Distributing Company Limited and with the Nation Media Group.

Mrs. Jane Nashida, BA (Dev. Studies), MA (Public Admin. & Dev.), Postgrad. Dip. (PR & Diplomacy)



Mrs. Jane Nashida (44 years) holds Master of Arts, Bachelor of Arts Degrees in Development Studies and a post graduate diploma in Public Relations and Diplomacy. She joined the Board on 19th December 2012 and has experience in project management and community development. She has worked with Finnish Free Foreign Mission and Parliamentary Service Commission and Constituency Development Fund. Mrs Nashida is a Director of Jangod Ventures Ltd, Chairperson of Kapedo Secondary School and a board member of Uhuru High School both in Turkana County. She is a Member of Institute of Directors of Kenya and Women on Board Network.

Mr. Wilson Mugung'ei, BA (Math.), MBA (Finance)



Mr. Wilson Mugung'ei (50 years) has over 20 years experience in investment banking and fund management. Mr. Mugung'ei has progressive experience in investment environments and in various capacities notably in operations management and dealership in stockbrokerage. He holds a Bachelor of Arts degree in Mathematics from Kenyatta University and Global Executive Master of Business Administration from United States International University. He is also a director of Quadrix Capital Management Limited and Seriani Asset Managers Limited. He joined the Board on 19th December 2014.



Dr. Eng. Joseph Njoroge, CBS, PhD, MBA, BSc (Eng.), R. Cons. Eng., C. Eng., MIET, FIEK – Principal Secretary, Ministry of Energy & Petroleum

Dr. Eng. Joseph Njoroge (58 years) is the Principal Secretary, Ministry of Energy & Petroleum. He was the Managing Director of the Company since June 2007 until he was appointed to his current position in May 2013. He holds a Doctor of Philosophy Degree, MBA in Strategic Management and First Class Honours Degree in Electrical Engineering all from University of Nairobi. He is a Registered Consulting Engineer, a Chartered Engineer, a Member of the Institution of Engineering & Technology (UK) and a Fellow of the Institution of Engineers of Kenya. He is also a member of the Institute of Directors of Kenya and a trainer in Corporate Governance. He has wide experience in power engineering and management of the power sector, having joined the Company in 1980 and serving in various senior positions prior to his appointment as Principal Secretary, Ministry of Energy & Petroleum.



Mr. Adil Khawaja, LLB (Hons), Dip. (Law)

Mr. Adil Khawaja (45 years) joined the Board on 19th December 2014. He specializes in commercial law, corporate law, real estate law, energy, oil and gas, commercial litigation and arbitration. He has over 23 years of dispute resolution experience and vast experience in real estate and finance work. He has undertaken many complex company restructurings, mergers and acquisitions, bank security work and bank regulatory work, schemes of arrangement for banks and other companies. Mr. Khawaja holds a Bachelor of Law Degree from University of Sheffield and is an advocate of High Court of Kenya. Mr. Khawaja is also the chairman of KCB Bank Kenya Limited and serves as a director on several other private companies.

BOARD OF DIRECTORS

Mrs. Susan Chesiyna, BA (Edu. Psych.), Dip. (Edu.)



Mrs. Susan Chesiyna (49 years) holds a Bachelor of Arts degree in Education Psychology, from European Business School Cambridge Institution and the Diploma in Education from Moi Teachers Training College. She has vast experience in project management and communication having worked for over fifteen years in teaching profession. She is also director of the Nasha Estate Limited, Tulwet Gardens, Triza Childrens Home, Business Professionals Women Club and Board Member of Barwesa Secondary School. Mrs. Chesiyna joined the Board of Directors on 22nd December 2015.

Mr. Joseph Kariuki, BA (Econ.), MA (Econ.) - Alternate Director, The National Treasury



Mr. Joseph Kariuki (53 years) holds Bachelor's and Master's degrees in Economics. Mr. Kariuki has a wide experience in public sector management, having worked for more than 30 years in various senior positions in the Government of Kenya. He joined the Board of Directors of the Company on 1st June 2009 as an Alternate Director of the then Ministry of Finance, now The National Treasury.

Eng. Isaac Kiva, OGW, BSc (Eng.), R. Eng., MIEK - Alternate Director, Ministry of Energy & Petroleum



Eng. Isaac Kiva (48 years) is currently the Director of Renewable Energy at the Ministry of Energy and Petroleum. Eng. Kiva has wide experience in public sector management, having worked in energy and senior Government positions for over 20 years. He is a registered Professional Engineer with the Engineers Board of Kenya and a member of the Institution of Engineers of Kenya. Eng. Kiva joined the Board on 16th December 2009 as an Alternate Director to the Permanent Secretary Ministry of Energy and Petroleum.



Beatrice Meso, LL.B, LL.M, Dip (Law), MBA, CPS(K), MCI Arb - General Manager, Corporate Affairs & Company Secretary

Beatrice Meso is the Secretary to the Board of Directors. She holds a Master of Laws (LL.M), Bachelor of Laws (LL.B Hons) and Master of Business Administration (MBA) degrees from the University of Nairobi. She also holds Post Graduate Diploma in Law from the Kenya School of Law and is an advocate of the High Court of Kenya, a Certified Public Secretary, an Arbitrator, a Commissioner for Oaths and a Notary Public. She is extensively trained in Corporate Governance and Leadership.

Beatrice has wide hands-on experience in the Company having been the Legal Services Manager prior to her appointment as Company Secretary in 2013. She has proficiency in Public and Private Sector Administration, governance, policy formulation and implementation, Company Secretarial practice, legal and regulatory matters and in electricity trade.



Live-Line maintenance programme enables the Company's technical teams to work on energised electrical equipment without interrupting power supply to customers

ENABLING PROGRESS

EXECUTIVE MANAGEMENT

Managing Director & CEO
Dr. Ben Chumo (OGW), BA, MBA, PhD



General Manager, Business Strategy
Eng. Peter Mungai Kinuthia, BTech (Elec. Eng.), MBA, R.Eng., MIEK, MIET



General Manager, Corporate Affairs & Company Secretary
Beatrice Meso, LL.B, LL.M, Dip (Law), MBA, CPS(K), MCI Arb



General Manager, Infrastructure Development
Eng. Stanley Mutwiri, BSc (Eng.), MBA, P.Cons, Eng., FIEK, MIET, MIEEE, MCIPS



Head, Electricity Connectivity
Eng. John Ombui, BSc (Eng.), MBA, P.Cons, Eng., FIEK, MIET, MIEEE, MCIPS



EXECUTIVE MANAGEMENT

Ag. General Manager, Network Management
Eng. Daniel Tare, BTec (Eng.), MBA, Intl. Dip. (Project Mgt.), R.Eng., MIEK



EXECUTIVE MANAGEMENT

General Manager, Customer Service
Joshua Mutua, Bsc (Eng.)



General Manager, Regional Coordination
Eng. Peter Mwichigi, BTech (Eng.), EMBA, PM Diploma, MKIM



General Manager, Information Communication & Technology
Eng. Samuel Ndirangu, BSc (Eng.), MBA, Reg. Cons. Eng., R.Eng., MIEK, MIEE



General Manager, Street Lighting
Eng. Benson Muriithi, BSc (Eng.), MBA, R. Eng., MIEK

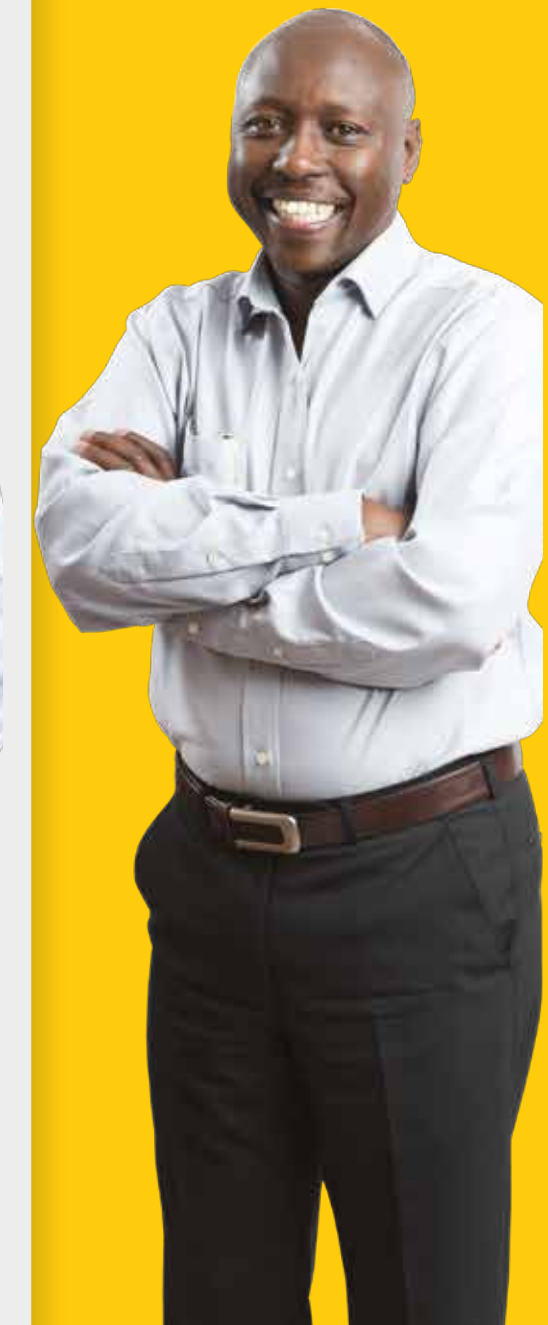


General Manager, Human Resource & Administration
Abubakar Swaleh Shariff, BEd, MBA, MIHRM



EXECUTIVE MANAGEMENT

General Manager, Finance
Dr. Kenneth Tarus, Bcom., MBA, PhD, CPA(K)



EXECUTIVE MANAGEMENT

General Manager, Supply Chain
**Bernard Ngugi, MCIPS, MKISM,
CPA(K), CPS(K), MBA(Finance),
BCom(Acct)**



Director, Kenya Power International Ltd
**Dr. Jeremiah Kiplagat, PhD
(Engineering), M.Sc, B.Sc**



General Manager, Internal Audit
**Charles Cheruiyot, CIA, CPA(K), MBA,
BCom(Accounting)**



SCADA automation system has been expanded to support over 160 critical transmission and distribution substations across the country to improve technical and operational efficiency

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE NINETY-FIFTH ANNUAL GENERAL MEETING of Shareholders of the Company will be held at Safari Park Hotel, Thika Road, Nairobi, on Friday 23rd December 2016 at 11.00 a.m. to transact the following business:

- To read the Notice convening the Meeting and note the presence of a quorum.
- To receive and consider the Company's Audited Financial Statements for the year ended 30th June 2016, together with the Chairman's, Directors' and Auditors' reports thereon.
- To approve payment of a final dividend of Shs.0.30 per ordinary share, subject to withholding tax where applicable, in respect of the year ended 30th June 2016 and to ratify the interim dividend of Shs.0.20 per ordinary share already paid for the period.
- To elect Directors:
 - Mrs. Jane Nashida retires by rotation in accordance with Article 120 of the Memorandum and Articles of Association of the Company and, being eligible, offers herself for re-election.
 - Mr. Macharia Kariuki retires by rotation in accordance with Article 120 of the Memorandum and Articles of Association of the Company and, being eligible, offers himself for re-election.
 - Mr. Wilson Mugung'ei retires by rotation in accordance with Article 120 of the Memorandum and Articles of Association of the Company and, being eligible, offers himself for re-election.
- In accordance with the provisions of Section 769 of the Companies Act 2015, the following directors being members of the Board Audit Committee will be required to be elected to continue to serve as members of the said Committee:
 - Mr. Wilson Mugung'ei
 - Mr. Macharia Kariuki
 - Mrs. Susan Chesinya
 - Mrs. Jane Nashida
- To approve payment of fees to non-executive Directors for the year ended 30th June 2016.
- 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 him in accordance with Section 23 of the Public Audit Act 2015.
- To authorise the Directors to fix the Auditors' remuneration.
- To consider any other business for which due notice has been given.

By Order of the Board



Beatrice Meso
Company Secretary

28th October 2016

NOTE:

A member entitled to attend and vote at the above meeting may appoint one or more proxies to attend and, on a poll, to vote instead of her/him. A proxy need not be a member of the Company. A Form of Proxy is enclosed with this report. To be valid, the Form of Proxy must be duly completed and lodged at the office of the Company Secretary, Stima Plaza, or posted in time to be received not less than forty-eight hours before the time appointed for holding the meeting. A scanned copy of the Proxy Form can also be emailed to shares@kplc.co.ke within the stipulated time.

ILANI YA MKUTANO MKUU WA KILA MWAKA

ILANI INATOLEWA KWAMBA MKUTANO MKUU WA KILA MWAKA WA TISINI NA TANO wa Wenyehisa wa Kampuni utaandaliwa katika Safari Park Hotel, Thika Road, Nairobi mnamo Ijumaa, Desemba 23, 2016 saa 5.00 asubuhi kuendesha shughuli zifuatazo:

- Kusoma Ilani ya kuandaa mkutano na kutambua kuwepo kwa idadi ya kutosha ya wanachama kuendesha shughuli.
- Kupokea na kuidhinisha taarifa za Kifedha za Kampuni zilizokaguliwa kwa mwaka uliomalizika Juni 30, 2016 pamoja na ripoti za Mwenyekiti, Wakurugenzi na Wahasibu baadaye.
- Kuidhinisha malipo ya mgao wa mwisho wa faida ya Sh0.30 kwa kila hisa ya kawaida, baada ya kuondoa ushuru wa kushikilia inavyohitajika, kuhusiana na mwaka uliomalizika Juni 30, 2016 na kuidhinisha mgao wa muda wa Sh0.20 kwa kila hisa ya kawaida ambao tayari umelipwa kwa kipindi hicho.
- Kuchagua Wakurugenzi:
 - Bi. Jane Nashida anastaafu kwa mujibu wa Kipengee cha 120 cha Katiba ya Kampuni na kwa kuwa bado anahitimu, anajitokeza tena kwa uchaguzi.
 - Bw. Macharia Kariuki anastaafu kwa mujibu wa Kipengee cha 120 cha Katiba ya Kampuni na kwa kuwa bado anahitimu, anajitokeza tena kwa uchaguzi.
 - Bw. Wilson Mugung'ei anastaafu kwa mujibu wa Kipengee cha 120 cha Katiba ya Kampuni na kwa kuwa bado anahitimu, anajitokeza tena kwa uchaguzi.
- Kwa mujibu wa Sehemu ya 769 ya Sheria za Kampuni 2015, Wakurugenzi wafuatao ambao ni wanachama wa Kamati ya Bodi ya Uhasibu watahitajika kuchaguliwa ili kuendelea kuhudumu kama wanachama wa Kamati hiyo:
 - Bw. Wilson Mugung'ei
 - Bw. Macharia Kariuki
 - Bi. Susan Chesinya
 - Bi. Jane Nashida
- Kuidhinisha malipo ya Wakurugenzi wasio na mamlaka kwa mwaka uliomalizika Juni 30, 2016.
- Wahasibu:

Kutambua kuwa ukaguzi wa vitabu vya hesabu utaendelea kutekelezwa na Mhasibu Mkuu au Kampuni atakayoteua kwa mujibu wa Sehemu ya 23 ya Sheria ya Uhasibu wa Umma 2015.
- Kuidhinisha Wakurugenzi kuamua malipo ya Wahasibu.
- Kuidhinisha shughuli zozote zile ambazo ilani yake tayari imepeanwa.

Kwa Amri ya Bodi



Beatrice Meso
Katibu wa Kampuni
Oktoba 28, 2016

MUHIMU:

Mwanachama aliye na haki ya kuhudhuria na kupiga kura katika mkutano uliotajwa hapo juu anaweza kuteua mwakilishi mmoja au zaidi kuhudhuria na, endapo kutakuwa na upigaji kura, kupiga kwa niaba yake. Mwakilishi si lazima awe mwanachama wa Kampuni. Fomu ya Uwakilishi imeambatanishwa kwenye ripoti hii. Ili kuwa halali, Fomu ya Uwakilishi inapaswa kujazwa na kupelekwa kwa afisi ya Katibu wa Kampuni, Stima Plaza, au kutumwa kwa njia ya posta kwa wakati ufaao ili kupokelewa saa arobaini na nane kabla mkutano kufanyika. Mwanachama anaweza kutuma Fomu ya Uwakilishi kupitia barua pepe shares@kplc.co.ke katika muda unaotarajiwa.



Our drive and determination to continuously improve performance, prudent management of resources and strategic investments will create long-term value to our shareholders, as we enable socio-economic progress of our people

ENABLING PROGRESS

**Hon. Kenneth Marende, EGH
Chairman, Board of Directors**

Powering people for better lives is our guiding mantra in pursuing business growth and sustainability as well as enabling socio economic progress. As a customer centric Company, our policies, strategies and operations are focused on delighting our customers as expressed in our vision statement.

We acknowledge that our business operates in an increasingly dynamic environment and therefore adoption of efficient technologies aimed at reducing operational costs and improving customer experience are of paramount importance. Towards this goal, during the year under review, we carried out major network strengthening and expansion programmes to enhance operational and technical efficiency for improved service delivery.

The Board of Directors, supported by our committed management and staff, demonstrated exemplary performance during the year in delivering key corporate targets towards improving shareholder value. We attained a record connectivity growth of 35% from previous year thereby bringing our total number of customers to 4.8 million as at end of June 2016. This continued growth in customer base secures future revenues for improved profitability and sustainability of our business.

Trading performance

As an economic indicator, increase in electricity consumption has a positive correlation with economic growth as it acts as a catalyst for development. In 2015, the economy grew by 5.6% compared to 5.3% the previous year supported by a stable political and favourable macroeconomic environment. Electricity sales during

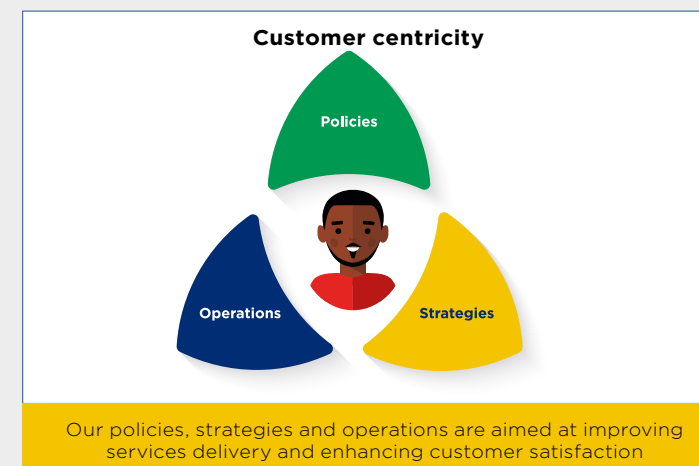
the year under review grew from 7,130 GWh the previous year to 7,385 GWh. This growth reflects an increase of 255 GWh or 3.6%, supported mainly by growth in domestic consumption from the expanded customer base.

As a result of the growth, electricity revenue (excluding foreign exchange surcharge and fuel recovery) for the year amounted to Shs.87,081 million compared to Shs.77,836 million realised the previous year, an increase of Shs.9,245 million or 11.9%.

Power purchase costs (excluding fuel cost and foreign exchange) increased by Shs.6,940 million from Shs.44,460 million the previous year, to Shs.51,400 million. The rise is attributed to additional capacity charges from new power plants commissioned during the year and increase in energy charges due to rise in unit purchases from 9,280 GWh the previous year to 9,816 GWh, a 5.8% increase.

Fuel costs decreased by Shs.13,145 million or (50.8%) from Shs.25,835 million the previous year to Shs.12,690 million owing to increased usage of geothermal and hydro energy sources in the period. The units generated from thermal plants decreased by 27.6%, from 1,792GWh the previous year to 1,297GWh.

Our transmission and distribution expenditure increased by 18.3% from Shs.24,217 million incurred in 2015 to Shs.28,651 million in 2016 due to investments on the electricity network aimed at improving services to customers and operational expenses in



line with growth of the business in general. Depreciation and amortisation increased by Shs.1,491 million due to growth in capital investment. In addition, the wheeling charges rose by Shs.1,276 million due to expansion of the transmission network by the Kenya Electricity Transmission Company (KETRACO).

Finance costs increased by Shs.846 million from Shs.4,965 million the previous year to Shs.5,811 million. The rise was attributable to increased borrowings to finance business operations and capital projects.

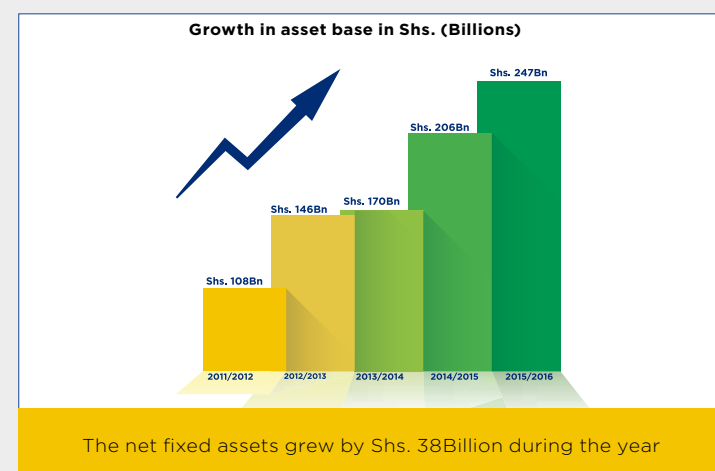
The net fixed asset value of the Company grew by Shs.41 billion from Shs.206 billion the previous year to Shs.247 billion. This was the main contributing factor for increase in the net worth of the Company. The growth in assets is supported by long term borrowings from Commercial banks and donor funded institutions.

Net Profit

The Company recorded a profit before tax of Shs.12,083 million during the year compared to Shs.12,254 million in the previous year.

Dividend

The Directors recommend to shareholders that, in addition to the interim dividend of Shs.0.20 paid earlier, a final dividend of Shs.0.30 per ordinary share be paid for the year ended 30 June 2016, subject to withholding tax where applicable, to shareholders registered in the books of the Company at the close of business on 30 November 2016. This amounts to a total dividend of Shs.0.50

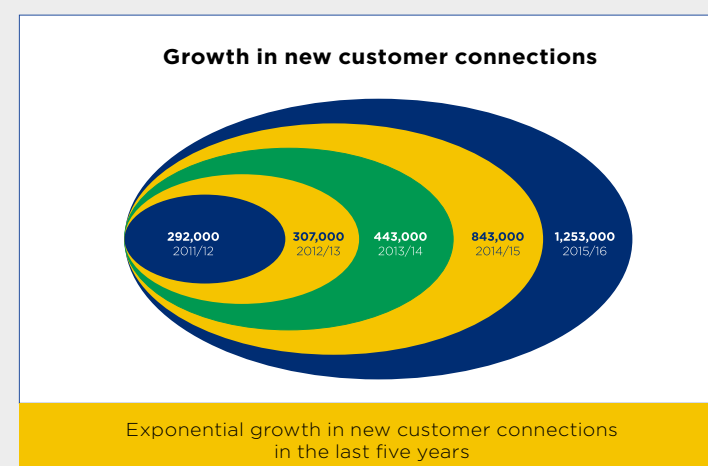


per share (previous year - Shs.0.50 per share). If approved, the dividend will be paid on or about 31 January 2017.

Medium term strategic priorities

The country's economic growth rate is on an upward trend and is projected to surpass 6% in the medium term up from 5.6% in 2015, mainly driven by a stable macroeconomic environment, sustained investments in infrastructural projects by the Government and favourable regulatory policies. The economy may experience deferred investments in the short term due to perceived domestic risks that could influence growth prospects over the 2017 election period. However, we will continue to review measures aimed at mitigating inherent business risks and, at the same time, take advantage of emerging opportunities for sustainability of the business and growth in shareholders' value.

The Company will sustain the rapid increase in customer connections mainly through the Last Mile Connectivity Project in line with our business strategy and the country's goal to achieve universal connectivity in the medium term. In addition, the sustained Government support in electricity infrastructure development projects provide opportunities to further expand and strengthen the network for improved service delivery. Riding on the country's 'Buy Kenyan Build Kenya' initiative, we will prioritise usage of locally manufactured goods to implement network expansion and connectivity projects as part of our strategy to grow electricity demand, increase sales and improve business performance.



We believe that our drive and determination to continuously improve performance, prudent management of resources and strategic investments highlighted in this report, will create long-term value for our shareholders as we enable socio economic progress of our people.

In closing, I would like to sincerely thank all those who supported the Company in the year including our customers, esteemed shareholders, the Government, development partners, our dedicated employees and other stakeholders. I also wish to thank my fellow Board members for their tremendous support and contribution during the year.



Hon. Kenneth Marende, EGH
Chairman

28th October 2016



We are prioritising use of locally manufactured goods to implement projects as a strategy to grow electricity demand and improve business performance

ENABLING PROGRESS

Kuwapa watu umeme kwa maisha bora ndio kauli mbiu yetu tunapokuza biashara na kuifanya ya kutegemewa pamoja na kuwezesha maendeleo ya kiuchumi na kijamii.

Kama Kampuni inayothamini wateja, sera, mikakati na operesheni zetu zinalenga kuwafurahisha wateja wetu kama ilivyoielezwa kwenye maono yetu. Tunatambua kwamba biashara yetu inahudumu katika mazingira yanayozidi kubadilika na hivyo basi, uzingatiaji wa teknolojia za kisasa zenye lengo la kupunguza gharama za kuhudumu na kutosheleza mahitaji ya wateja ni muhimu kwetu. Kufuatia hali hiyo, katika mwaka uliomalizika, tulitekeleza mabadiliko makubwa ya upanuzi wa mtandao na kuimarisha mipango ili kuboresha operesheni na utendakazi wa mitambo yetu kwa lengo la kutoa huduma bora.

Bodi ya Wakurugenzi, wakisaidiwa na wasimamizi na wafanyikazi wa Kampuni waliojitolea, ilipata matokeo bora katika mwaka uliomalizika na kuafikia malengo muhimu ya kampuni kwa lengo la kutoa thamani kwa wenyehisa. Tulifanikiwa kuunganisha asilimia 35 ya wateja wapya ikilinganishwa na mwaka uliotangulia na hivyo kufikisha jumla ya wateja 4.8 milioni kufikia mwisho wa Juni 2016. Nyongeza hii ya wateja inatuhakikishia mapato bora katika siku za baadaye na kwa ukuaji wa biashara yetu.

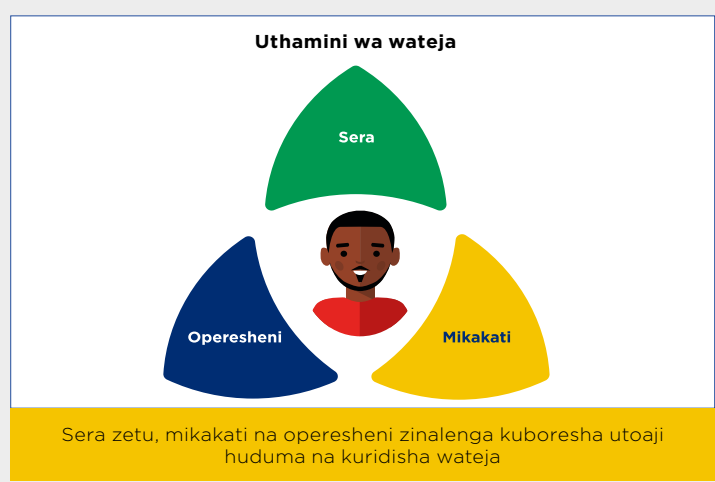
Matokeo ya kibiashara

Nyongeza ya matumizi ya umeme ina uhusiano wa moja kwa moja na ustawi wa kiuchumi kwa kuwa inachochea maendeleo. Katika 2015, uchumi ulikua kwa asilimia 5.6 ikilinganishwa na asilimia 5.3

mwaka uliotangulia kutokana na mazingira mazuri ya kiuchumi na kisiasa. Mauzo ya umeme katika mwaka huo yaliongezeka kutoka 7,130 GWh mwaka uliopita hadi 7,385 GWh na hivyo kuashiria nyongeza ya 255 GWh au asilimia 3.6. Hali hii hasa ilitokana na matumizi ya nyumbani kutokana na wateja wapya. Kufuatia hali hiyo, mapato ya umeme (bila kujumuisha gharama ya ubadilishanaji wa fedha za kigeni na mapato ya ada ya mafuta) kwa mwaka uliomalizika, yalikuwa Sh.87.081 milioni ikilinganishwa na Sh.77,836 milioni zilizopatikana mwaka uliotangulia, nyongeza ya Sh.9,245 milioni au asilimia 11.9.

Gharama za ununuzi wa umeme (bila kujumuisha gharama ya ubadilishanaji wa fedha za kigeni na mapato ya ada ya mafuta) iliongezeka kwa Sh.6,940 milioni kutoka Sh.44,460 milioni mwaka uliopita, hadi Sh.51,400 milioni. Nyongeza hii inatokana na gharama kutoka kwa viwanda vipya vya kusambaza umeme vilivyoanzishwa katika mwaka uliomalizika na nyongeza ya ada za umeme kutokana na kupanda kwa vipimo vilivyonunuliwa kutoka 9,280 GWh mwaka uliotangulia hadi 9,816 GWh, nyongeza ya asilimia 5.8.

Gharama za kawi zilipungua kwa Sh.13,145 milioni au asilimia 50.8 kutoka Sh.25,835 milioni mwaka uliopita, hadi Sh.12,690 milioni kutokana na matumizi zaidi ya vyanzo vya umememvuke na kutokana na maji katika kipindi hicho. Umemejoto uliozalishwa katika kipindi hicho ulipungua kwa asilimia 27.6 kutoka 1,792GWh mwaka uliopita hadi 1,297GWh.



TAARIFA YA MWENYEKITI

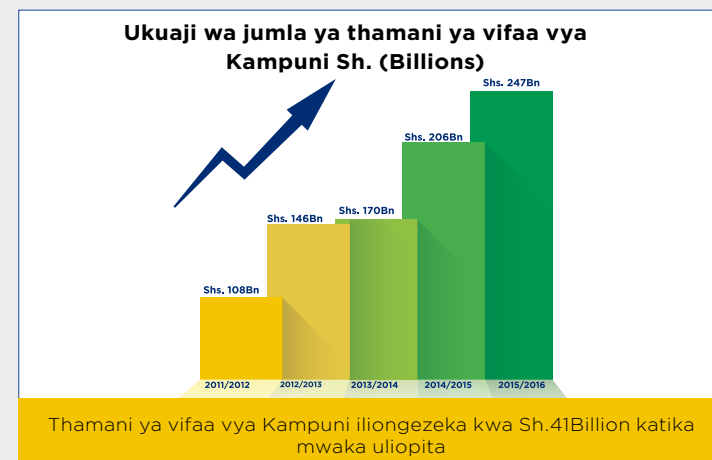
Matumizi ya usafirishaji na usambazaji umeme yaliongezeka kwa asilimia 18.3 kutoka Sh.24,217 milioni mnamo 2015 hadi Sh.28,651 milioni mnamo 2016 kutokana na upanuzi wa mtandao wa umeme wa Kampuni unaolenga kuboresha huduma kwa wateja na gharama za utendakazi sambamba na ukuaji wa biashara kwa jumla. Kudidimia kwa thamani ya vifaa vyetu kuliongezeka kwa Sh.1,491 milioni kutokana na ukuaji wa uwekezaji wa mtaji. Isitoshe, gharama za uagizaji umeme zilipanda kwa Sh.1,276 milioni kutokana na upanuzi wa mtandao wa usafirishaji umeme na shirika la Kenya Electricity Transmission Company (KETRACO).

Gharama za kifedha ziliongezeka kwa Sh.846 milioni kutoka Sh.4,965 milioni mwaka uliopita hadi Sh.5,811 milioni. Nyongeza hiyo ilitokana na ukopaji zaidi wa kufadhili operesheni zetu pamoja na miradi ya mtaji mkubwa.

Thamani ya vifaa vya Kampuni ilipanda kwa Sh.41 bilioni kutoka Sh.206 bilioni mwaka uliopita hadi Sh.247 bilioni. Hii ndio ilichangia pakubwa kuimarika kwa thamani ya Kampuni. Upanuzi wa vifaa unafadhiliwa na mikopo ya Benki na Mashirika Wafadhili.

Faida baada ya Ushuru

Kampuni ilipata faida kabla ya ushuru ya Sh.12,083 milioni katika mwaka huo ikilinganishwa na Sh.12,254 milioni mwaka uliopita.

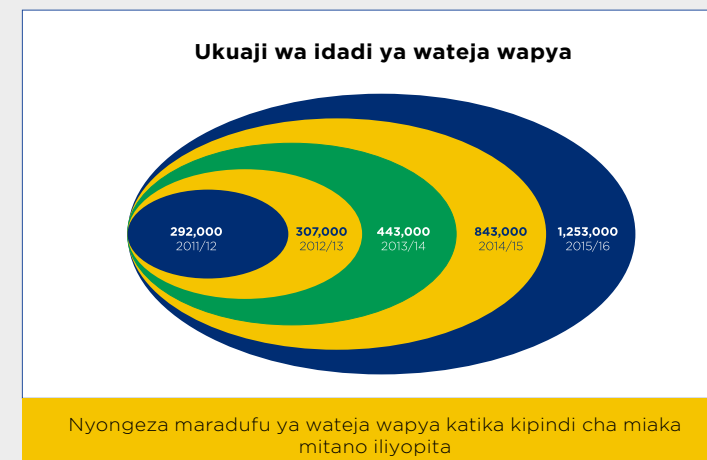


Mgao wa faida

Wakurugenzi wanapendekeza kwa wenye-hisa kwamba, mbali na mgao wa faida wa muda wa Sh0.20 ulioli-pwa awali, mgao wa mwisho wa Sh0.30 kwa kila hisa ya kawaida ulipwe kwa mwaka uliomalizika Juni 30, 2016 baada ya kuondoa ushuru wa kushikilia inavyohitajika, kwa wenye-hisa waliosajiliwa kwenye vitabu vya Kampuni kufikia mwisho wa shughuli za siku mnamo Novemba 30, 2016. Hii inafikisha jumla ya mgao huo kuwa Sh0.50 kwa kila hisa (mwaka uliotangulia-Sh0.50 kwa kila hisa). Ikiwa utaidhinishwa, mgao huo utalipwa mnamo au kufikia Januari 31, 2017.

Mikakati muhimu kwa miaka mitano ijayo

Ukuaji wa uchumi unaendelea kuimarika na unakadiriwa kupita asilimia 6 katika kipindi kifupi kijacho kutoka asilimia 5.6 mnamo 2015, kutokana na mazingira bora ya kiuchumi, uwekezaji mkubwa wa Serikali kwenye miundomsingi na sera mwafaka za usimamizi. Huenda uchumi ukashuhudia kudidimia kwa miradi ya uwekezaji ambayo itaweza kuathiri ukuaji wa uchumi katika kipindi cha uchaguzi cha 2017. Hata hivyo, tutaendelea kutathmini hatua zinazolenga kupunguza athari za kibiashara, na wakati huo huo, kutumia fursa za kibiashara zinazochipuka ili kuimarisha biashara yetu na kwa manufaa ya wenye-hisa.



TAARIFA YA MWENYEKITI

Kampuni itadumisha usambazaji umeme kwa haraka kwa wateja ikitumia mpango wa Last Mile Connectivity Project sambamba na mkakati wetu wa kibiashara na lengo la nchi yetu la kusambazia raia wote umeme katika kipindi kifupi kijacho. Isitoshe, hatua ya Serikali kusaidia miradi mikubwa ya usambazaji umeme inatoa fursa nzuri kupanua na kuimarisha mtandao kwa utoaji huduma bora. Ili kuunga mkono mpango wa 'Nunua Kenya, Jenga Kenya', tutavipa kipaumbele vifaa vilivyotengenezewa nchini katika upanuzi wa mtandao wetu pamoja na miradi ya usambazaji umeme ili kupanua mauzo ya umeme na kuboresha matokeo ya kibiashara.

Tunaamini kwamba kujitolea kwetu kuimarisha utendakazi, matumizi bora ya rasilimali na uwekezaji ufaao ulioangaziwa kwenye ripoti hii, kutaunda thamani kubwa kwa wenye-hisa, tunapofanikisha ustawi wa kijamii na kiuchumi wa watu wetu.

Nikimalizia, ningependa kuwashukuru kwa dhati wote waliosaidia Kampuni katika mwaka uliomalizika, wakiwemo wateja wetu wapendwa, serikali, wafanyikazi wetu wanaojitolea kazini, washirika wetu wa maendeleo na washikadau wote. Ningependa pia kuwashukuru wanachama wenzangu wa Bodi kwa mchango wao mkubwa katika mwaka uliomalizika.

Mhe. Kenneth Marende, EGH
Mwenyekiti

Oktoba 28, 2016



We have started to realise gains from our heavy investments over the years to grow and sustain our business as shown by expanded footprint across the country, improved customer experience and growth in business

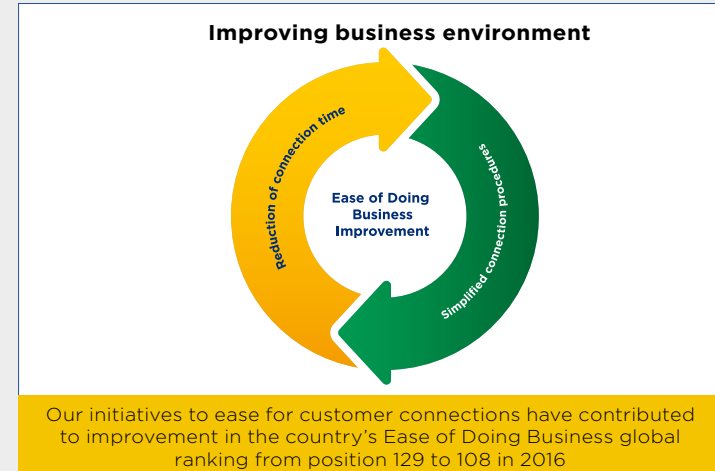
ENABLING PROGRESS

**Dr. Ben Chumo, oGW
Managing Director & CEO**

1. ENABLING GROWTH FOR PROGRESS

As Kenya consolidates efforts to entrench itself as a middle income economy, the Company's enabling role in improving the country's business environment, growing the manufacturing sector and transforming lives through provision of quality and reliable electricity is of critical importance. In the year under review, we sustained efforts to grow our customer base, sales and revenue while expanding and strengthening the network to enhance electricity access and improve supply reliability. These initiatives are part of our medium term corporate strategy geared towards positioning the Company at the centre of socio-economic development of the country for enhanced business viability.

Our contribution towards creating a favourable economic environment include making it easy for businesses to get electricity. This was achieved through adoption of simplified connection procedures for new customers and reduction in average connection time. These initiatives helped improve the Country's global ranking in the World Bank's Ease of Doing Business Report from position 129 in 2015 to the current 108. Investor confidence has also improved with general reduction in power interruption incidences during the year as corroborated by a recent Moody's Investors Service Report 2016, a reputable international credit rating firm. The report rated Kenya's electricity supply as among the most stable in East Africa and better than the Sub-Saharan Africa average.

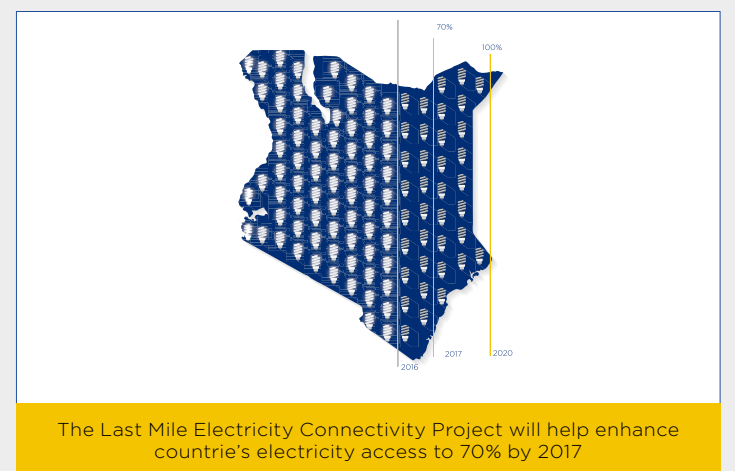


2. TOWARDS UNIVERSAL CONNECTIVITY

In line with the Government's target of attaining universal access in the medium term, the Company, with support from the Government and development partners stepped up its customer connectivity and network expansion programmes. Riding on our past achievements, we set an ambitious target at the beginning of the year to connect over one million new customers. Consequently, we connected a record 1,278,469 new customers up from 843,899 growing our customer base by 35% to 4,890,373 up from 3,611,904 in the last financial year. The new connections include 7,402 public primary schools metered by the Company under the national public schools electrification programme implemented in conjunction with the Rural Electrification Authority (REA).

Rollout of the Last Mile Connectivity Project

Implementation of the Last Mile Connectivity Project which aims at accelerating electricity access to Kenyans gathered momentum during the year under review. The project is implemented by the Company with support from the Government to enhance national electricity access to 70% by the year 2017. The Last Mile Connectivity Project is carried out in phases and targets rural and peri-urban customers within a radius of 600 metres from existing transformers. Beneficiaries of the project are required to contribute a subsidised rate of Shs.15,000 per connection.



The first phase of the project funded by the African Development Bank (AfDB) to the tune of USD139.5 million progressed during the year. The project will enable connection of estimated 314,200 households by maximising 5,320 existing distribution transformers spread across the country. Contracts were awarded to ten firms procured through an international competitive bidding process paving way for construction works countywide. In addition, design work and delivery of construction materials and energy meters were ongoing during the period. As part of the Government contribution for the initial phase of the project, we connected 22,957 customers at a cost of Shs.1.15 billion.

We commenced preparation for the implementation of the second phase of the Last Mile Connectivity Project in the year. The project, financed at USD150 million by the World Bank-IDA (International Development Association), will involve installation of additional 1,000 new transformers and maximising supply connections on 3,200 existing transformers. This will enable us connect 312,500 households mainly in peri-urban and other densely populated areas in all counties.

Negotiations are at an advanced with the French Development Agency (AFD) and European Investment Bank (EIB) for a total of Euro180 million to finance the third phase of the project to connect 296,647 households by maximising 4,491 existing distribution transformers and installation of 353 new transformers.

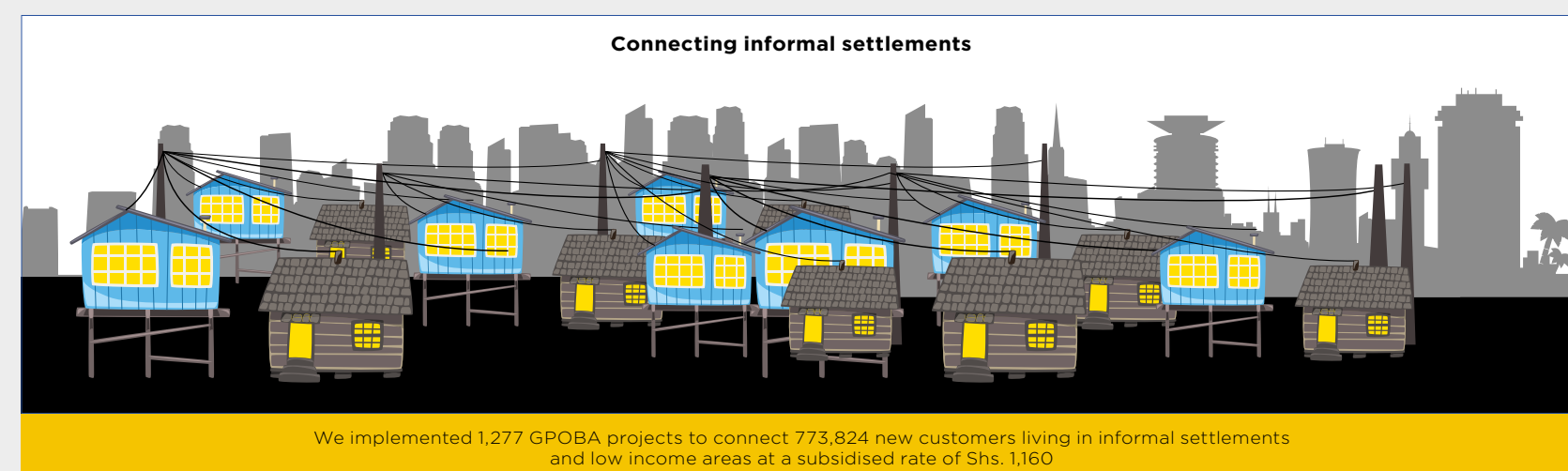
Connecting informal settlements

Since its inception four years ago, the informal settlements electrification project primarily supported by the World Bank through its Global Partnership on Output-Based Aid (GPOBA) programme has enabled us realise tremendous increase in connection of customers. The GPOBA electrification project provides safe, legal and affordable power connections to households in urban, peri-urban and rural areas as part of initiatives to increase electricity access across the country.

In the year under review, we implemented 1,277 schemes to connect 773,824 new customers at subsidised rates under the GPOBA programme. The project has enabled the Company to reduce commercial losses resulting from illegal electricity connections while enhancing access and improving safety for slum dwellers.

3. ADEQUATE POWER AND DIVERSIFIED MIX

There has been significant gains in power generation expansion initiatives in the last three years with 657.5 MW of additional installed capacity. These successes have enabled us to achieve adequacy in supply capacity to meet demand and a diversified energy mix for reduced dependency on hydropower and displacement of the more expensive thermal energy.



Renewable energy, mainly from hydro and geothermal sources, now accounts for 87% of total annual energy generated with geothermal contributing 47% of the energy. Thermal plants, however, continue to provide backup and peaking capacity as well as improve voltage levels in areas distant from generating plants.

A total of 42.37 MW of new generation capacity was added into the grid during the year. This capacity comprised 34MW of geothermal, 2MW of biogas and 6.37 MW of thermal power. An additional capacity of 0.37 MW was injected to off-grid systems thereby growing total installed capacity to 2,341MW up from 2,299MW the previous year with electricity demand rising from 1,512MW in the previous year to 1,586MW.

As a result of reduced thermal generation, the average monthly fuel cost charge to customers decreased from 3.92 per kWh the previous year to Shs.2.49 per kWh in the period under review.

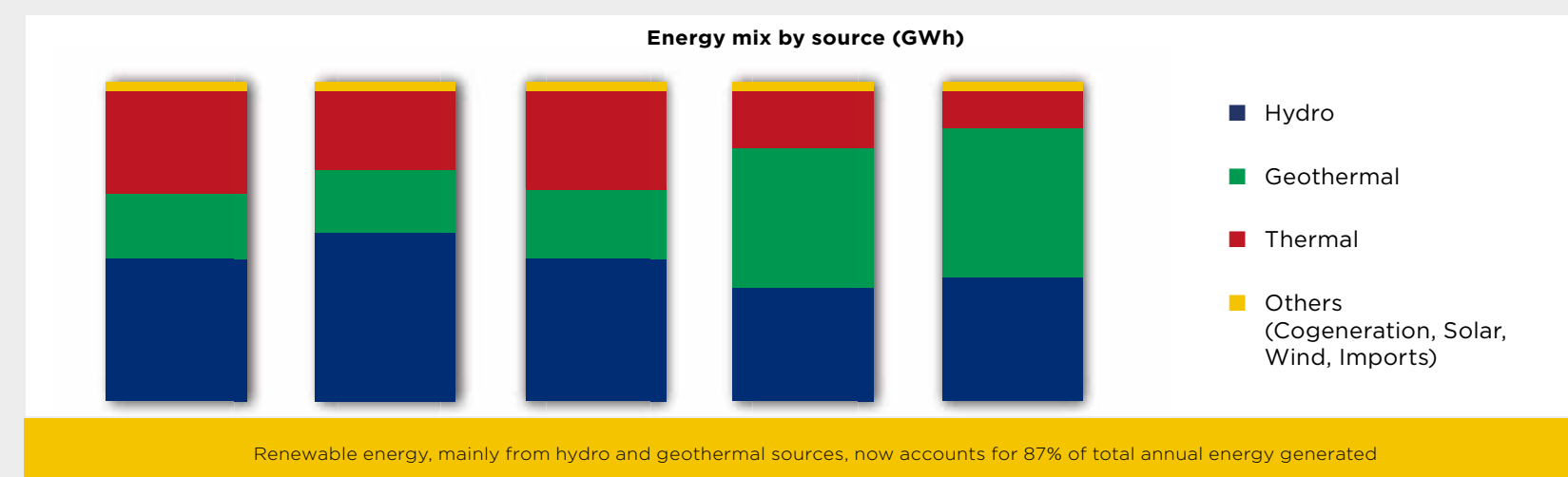
The Company together with other sector players will continue to pursue timely measures for the development of additional power capacity to meet the country's electricity demand and

security of power supply in the medium and long term. Such measures will ensure procurement of diverse cost-effective sources of power and coordination of regional interconnection and electricity trading with neighbouring countries.

4. EXPANDING AND STRENGTHENING THE NETWORK

A modern and efficient infrastructure is fundamental in the delivery of world class power to our customers and underpins our business growth strategy. Increased focus and capital investment in network expansion both in power line extensions and, establishment and refurbishment of substations is crucial in serving our rapidly growing customer base and in improving power supply quality.

In the year under review, we completed new transmission and distribution infrastructure projects valued at USD326 million. The funds were obtained through favourable financing arrangements with the World Bank (IDA), International Finance Corporation (IFC) supplemented by the Government and the Company's internal funds. The completed projects include 51 new and upgraded substations and a total of 9,034 kilometres of new high and medium voltage power lines across the country.



REPORT OF THE MANAGING DIRECTOR AND CEO

The projects, as highlighted below, were aimed at increasing capacity for the anticipated growth in demand, improve reliability of power supply, enhance system efficiency and provide network flexibility.

Enhancing reliability and expanding the network

The following 29 new substations were completed and commissioned during the year.

	Substation	Location	Type of Work	Capacity (MVA)
1.	Kainuk	Turkana	220/66kV Substation	45
2.	Sagana-Kutus	Kirinyaga	132/33kV Substation	46
3.	Maungu	Taita Taveta	132/33 Substation	15
4.	Jomvu	Mombasa	132/33kV Substation	46
5.	Kitale	Kitale	132/33kV Substation	46
6.	Kindaruma	Mbeere	132/33kV Substation	0.0
7.	Mwingi	Mwingi	132/33kV Substation	7.5
8.	Garissa	Garissa	132/33kV Substation	7.5
9.	JKUAT	Juja	66/11kV Substation	23
10.	Villa Franca	Nairobi	66/11kV Substation	46
11.	Lower Kabete	Nairobi	66/11kV Substation	46
12.	Rironi	Kiambu	66/11kV Substation	46
13.	Thika North (Kahaini)	Thika	66/11kV Substation	23
14.	Ruaraka Complex	Nairobi	66/11kV Substation	46
15.	Lukenya	Machakos	66/11kV Substation	46
16.	Karuri/kirigiti	Kiambu	66/11kV Substation	46
17.	Kabarak	Nakuru	33/11kV Substation	7.5
18.	Elgon View	Eldoret	33/11kV Substation	7.5
19.	Maseno	Maseno	33/11kV Substation	7.5
20.	Mishomoroni/New Bamburi	Mombasa	33/11kV Substation	7.5
21.	Bahati	Nakuru	33/11kV Substation	7.5
22.	Chepseon	Kericho	33/11kV Substation	7.5
23.	Kibos	Kisumu	33/11kV Substation	7.5
24.	Majengo	Kisumu	33/11kV Substation	7.5
25.	Mwea	Kirinyaga	33/11kV Substation	7.5
26.	Magumu	Kinangop	33/11kV Substation	7.5
27.	Ahero	Kisumu	33/11kV Substation	7.5
28.	Kipsaraman	Baringo	33/11kV Substation	7.5
29.	Lamu	Lamu	33/11kV Substation	7.5

REPORT OF THE MANAGING DIRECTOR AND CEO

In addition, six new substations and associated lines were undergoing pre-commissioning tests as at the end of the year. The substations are Tala in Nairobi South region; Dagoreti in Nairobi West; and Gatundu, Uplands, Kangema and Githunguri in North Eastern region.

We also undertook extensive upgrade and refurbishment works on 22 existing substations shown below to improve supply quality and provide capacity for increased demand.

Substations upgrade and refurbishment during the year

	Substation Name	Location	Scope of Work	Capacity
Capacitors/Reactors				MVA
1.	Lanet	Nakuru	Installation of capacitors	21
2.	Kisumu	Kisumu	Installation of capacitors	21
3.	Chemosit	Kericho	Installation of capacitors	21
4.	Eldoret	Eldoret	Installation of capacitors	21
5.	Kisii	Kisii	Installation of capacitors	21
6.	Voi	Voi	Installation of reactors	10
7.	Kiboko	Makueni	Installation of reactors	10
Upgraded Substations				MVA
8.	Nairobi North	Nairobi	220/66kV Substation	90
9.	Suswa- DCK	Narok	132/33kV Substation	0.0
10.	Nakuru west	Nakuru	132/33kV Substation	23
11.	Athi River	Athi River	66/33/11kV Substation	69
12.	EPZ	Athi River	66/33/11kV Substation	46
13.	Limuru	Limuru	66/11kV Substation	23
14.	Nairobi West	Nairobi	66/11kV Substation	0.0
15.	Steel Billets	Nairobi	66/11kV Substation	0.0
16.	Cathedral	Nairobi	66/11kV Substation	0.0
17.	Kitisuru	Nairobi	66/11kV Substation	0.0
18.	Kianjai	Meru	33/11kV Substation	2.5
19.	Machakos	Machakos	33/11kV Substation	7.5
20.	Mbaraki	Mombasa	33/11kV Substation	0.0
21.	Marigat	Baringo	33/11kV Substation	2.5
22.	Dara switching substation	Nairobi CBD	11kV Substation	0.0

Enabling growth in new frontiers

Extending the power grid provides an impetus for business growth in existing and untapped markets. In the period under review, a total of 346.6 kilometres of new high voltage 132kV transmission lines were completed. The extended lines are: Sagana to Kutus; Meru to Isiolo; Kindaruma-Mwingi-Garissa; and Eldoret to Kitale.

In the transmission and distribution network, we constructed 8,687 kilometres of new medium voltage and 4,771 kilometres low voltage lines. The grid expansion enabled displacement of the expensive diesel off-grid stations at Garissa and Lamu.

Ongoing infrastructure projects for Nairobi

As a regional business hub, Nairobi is a major power market for the Company consuming over 50% of the country's electricity supply. The city and its environs contribute about 70% of our total revenue. As such, provision of reliable and quality electricity supply to our customers in these areas is paramount to secure and grow our business.

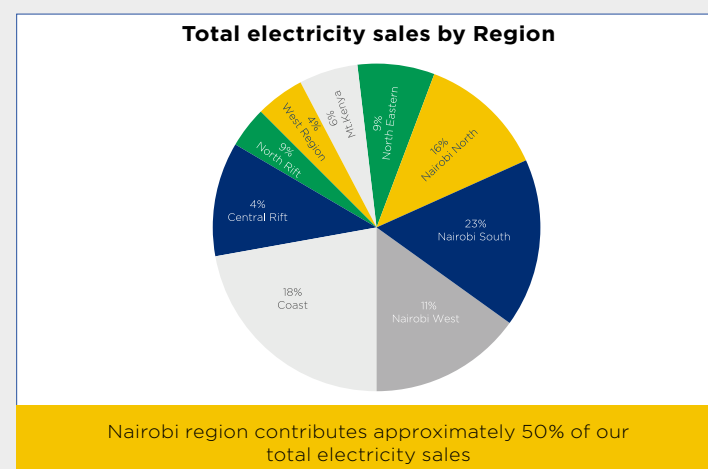
In the period under review, the Company progressed with the implementation of three major substation projects namely: Nairobi Central Business District Gas Insulated Substation (GIS), Juja Road substation and Thika Road substation. These projects implemented at a cumulative cost of USD180.5 million are aimed at enhancing stability of power and providing uninterrupted supply to customers in Nairobi. GIS substations are cost effective due to low maintenance costs and their compact design requiring less space compared to conventional substations.

The Nairobi Central Business District 400MVA, 220/66kV GIS will offer alternative power supply to Likoni Road, Muthurwa, City Square, Cathedral, Nairobi West and Parklands substations. The project entails installation of 16.5 kilometres of 220kV incomer underground cable from Embakasi substation to the new substation and 31 kilometres of 66kV underground cabling network to link the six substations above. Undergrounded networks minimise challenges of wayleave acquisition associated with overhead power lines. They are ideal for developed urban centres and provide minimal exposure to human activities and vagaries of weather which can potentially disrupt electricity supply.

The CBD GIS project and the ongoing 66/11 kV substations construction projects at Likoni Road in Nairobi's Industrial Area and Kiu River in Kiambu are financed by the Export-Import Bank of China (China EXIM Bank) at a total cost of USD132 million.

Juja Road 132/66kV substation has been the main bulk supply point for Nairobi and the central hub for the national grid since its commissioning in 1954. The substation's aging equipment and outdated technology make it susceptible to breakdowns resulting to widespread supply interruptions. During the year under review, major overhaul and upgrade works at the substation continued. The USD26.1 million project funded by Nordea Bank-Finland, entails conversion of the existing substation to a gas insulated type and uprating its capacity from 255MVA to 360MVA.

The ongoing construction of Thika Road 400MVA, 220/66 kV Gas Insulated Substation is financed using internally generated funds



at a cost of USD22.4 million. The substation is strategically positioned to serve the growing electricity demand along the Thika super highway. The project is part of the 220kV Nairobi Ring power project designed to reinforce electricity supply to the city and its metropolis. Separately, work progressed at Mamlaka 66/11kV GIS substation in Nairobi West financed by the International Finance Corporation at a cost of USD7.5 million.

Grid expansion and modernisation projects in progress

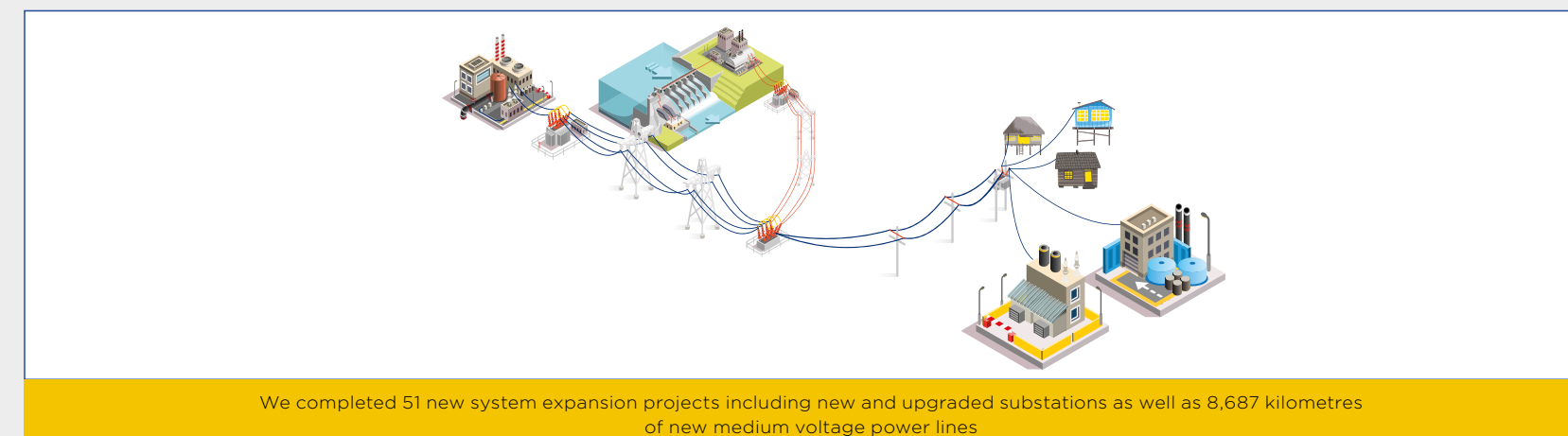
In the year under review, we continued with the construction of 36 additional substations spread across the country as recommended under the 2013-2018 Power Distribution Master Plan at a total investment of USD119.3 million. The projects are financed by the Company as part of the Kenya Electricity Modernisation Project (KEMP) aimed at improving efficiency of the distribution network, reducing technical losses and enhancing capacity for uptake of additional power generation. In addition, we obtained financing of Euro56 million from the French Development Agency (AFD) to implement 15 other distribution projects proposed in the Master Plan.

The Company has secured additional credit facility of USD243.5 million from World Bank (IDA) to implement additional projects under KEMP. The projects include expansion of the Supervisory Control and Data Acquisition (SCADA) system which is key in electricity grid operations and management, expansion of the distribution system automation, roll out of Live-Line maintenance, revenue protection programmes and electrification of peri-urban areas.

We are also undertaking major substation upgrades at Steel Billets and Syokimau in Nairobi South; Gigiri in Nairobi North; Kabete and Matasia in Nairobi West; Cianda and Mangu in North Eastern; Kamburu in Mount Kenya; Naivasha and Makutano in Central Rift; Diani and Miritini in Coast; and feedouts from Kabarnet substation in North Rift at a budget of USD 21.9 million. A further USD8.7 million has been invested to rehabilitate Kipevu substation to a Gas Insulated Substation.

To improve quality of supply through voltage stabilisation, the Company continued to implement reactive power compensation projects at a cost of USD10 million in Nanyuki, Kiganjo, New Bamburi, Meru, Musaga, Mtito Andei, Rabai, and Kiambere.

The Kenya Electricity Expansion Project (KEEP) which commenced in 2010 to upgrade the distribution system and accelerate electricity access is at its final phase of implementation. In the year under review, the Company progressed with construction of 274 kilometres of distribution lines including feed-outs from Kakuyuni, Kilifi, Watamu, Rabai, Galu, Voi, Garsen, Konza, Kutus, Namanga, Kitale and Awendo transmission substations under KEEP at a cost of USD123.40 million.



Extending the high voltage transmission network

The country's transmission network is the backbone of our electricity distribution system providing linkage to power generation plants. During the year, a number of transmission projects continued to be implemented by the Kenya Electricity Transmission Company (KETRACO) as follows:

Project	Description
1. Mombasa - Nairobi Line	Construction of 220/400kV 482km line with sub-stations extension works at Rabai and Embakasi substations
2. Loiyangalani - Suswa Line	Construction of 430km 400kV transmission line and substation at Loiyangalani
3. Nairobi Ring 220kV substations at Koma Rock, Athi River, Isinya and Ngong	Construction of three 2x 200 MVA 220/66 kV substation at Athi River, Isinya, Koma Rock and Ngong
4. Suswa-Isinya line	Construction of 100km 400kV double circuit line
5. Suswa Substation	Construction of 220 kV substation at Suswa
6. Eastern Electricity Highway (Ethiopia-Kenya)	Construction of 612km 500kV HDVC bipole, convertor substation and 400/220kV sub-station at Suswa
7. Olkaria I-Suswa & Olkaria IV- Suswa	Construction of 20 km and 25 km 220kV double circuit lines and substation at Suswa
8. KEEP: Kisii-Awendo	Construction of 44km 132kV line, one 23 MVA sub-station
9. Olkaria-Lessos-Kisumu	286 km, 220kV/400kV double circuit line, one 90MVA sub-station
10. Nanyuki-Nyahururu	Construction of 79km 132kV single circuit line 132/33kV 1x23 MVA substation at Nyahururu (Rumuruti)
11. Lessos-Kabarnet	Construction of 65km 132kV single circuit line 132/33kV 23MVA substation at Kabarnet
12. Olkaria-Narok	68km 132kV single circuit line. 132/33kV 23MVA substation at Narok
13. Bomet-Sotik	Construction of 33km 132kV line and 132kV bus switching station to a 23MVA transformer at Bomet
14. Mwingi-Kitui-Wote-Sultan Hamud	Construction of 153km 132kV single circuit line one 23 MVA 132/33kV substations at Kitui, Wote, & Sultan Hamud
15. Ishiara-Kieni-Embu	Construction of 33km 132 kV line and 132/33kV, 23MVA substation at Kieni
16. Lessos-Tororo	Construction of 127km 400kV double circuit line, 2 by 75 MVA sub-stations at Lessos
17. Turkwel-Ortum-Kitale	Construction of 138km 220kV single circuit Line and 220/33 1X23 MVA Sub-station at Ortum, 33kV outgoing bays and extension of outgoing bay at Kitale with 220/132kV 110 MVA
18. Machakos-Konza and Kajiado-Namanga	153 km 132kV line; establish 132/33, 1x23 MVA substations at Machakos, Konza, Kajiado and Namanga
19. Sondu-Homa Bay-Ndhiwa-Awendo	100km 132kV single circuit Line, one 23MVA substation at Homa Bay/Ndhiwa
20. Kenya System reinforcement	Construction of 400/220kV substation at Isinya and 90MVA 220/66kV Transformer at Nairobi North
21. Kenya-Tanzania Interconnector	100km 400kV double circuit line section between Isinya and Namanga
22. Menengai-Soilo	15km 220kV double circuit overhead line
23. Mariakani substation	400/220kV, 4X200MVA substation

5. KEEPING THE LIGHTS ON

For the Company to remain competitive and sustainable, the need for an efficient and robust system cannot be understated. We continued to sustain efforts that will ensure uninterrupted power supply to customers by intensifying proactive maintenance programmes, implementing system reinforcement projects and adopting modern technologies.

Reduced power interruptions

In the period under review, customer interruption incidences decreased by 32 % from a high of 7.49 per 1,000 customers at the beginning of the year to a low of 5.13 per 1,000 customers at the end of the year as shown below.

The improved performance is attributed to intensive maintenance on distribution lines targeting feeders and substations that recorded frequent outages. The maintenance works undertaken include replacing rotten poles; re-conductoring identified feeders; trace clearance; and creation of new substations and feeders. Further, we extended medium voltage lines and installed new transformers in areas experiencing low voltage problems. The amount utilised for these works during the year totalled Shs.3 billion. As a strategic measure we have outsourced transformer repairs to minimise losses occasioned by downtime and challenges associated with transformer replacements.

Live-Line maintenance programme

The recently initiated Live-Line maintenance programme enables the Company's technical teams to work on energised electrical equipment without interrupting power supply to customers. This approach is a departure from the traditional

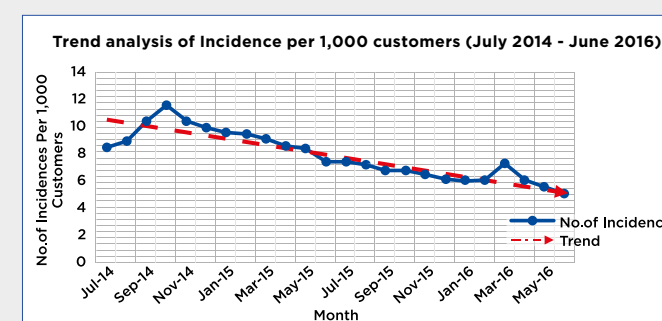
maintenance programmes that require network shutdowns leading to inconveniencing supply interruptions to customers and inherent revenue losses to the Company.

In the year under review, we procured specialised vehicles, equipment and tools to carry out the Live-Line maintenance programme including eight trucks and three digger derricks. Further, we trained a total of 72 employees to undertake live works on our 11kV and 33kV medium voltage lines with additional training covering 66 kV high voltage lines scheduled to commence in the current financial year. In total, we have invested Shs.720million in support of the Live-Line maintenance programme.

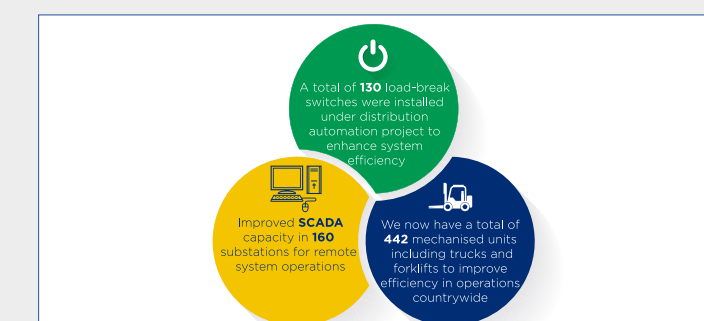
System automation and mechanisation

The Company is scaling up adoption of modern technologies in network operations to ensure continuous supply of power by shortening response time in resolving technical faults thus minimising network down times. Towards this end, we continue to automate the power system and mechanise labour intensive technical operations to increase efficiency.

We continued to implement the second phase of the distribution automation project covering Mombasa city and its environs. By end of the period under review, we had installed a total of 130 load-break switches and upgraded four radio repeater stations as well as improved the capacity of the Supervisory Control and Data Acquisition (SCADA). The automation system will enhance remote control and switching of distribution network in the region thereby improving energy sales and supply restoration time.



Number of power outage incidences reduced during the year.



Improving technical and operational efficiency

The wider SCADA system has been expanded to support over 160 critical transmission and distribution substations across the country with plans to scale it to a total of 220 substations.

To complement the automation process, we increased our fleet of mechanised units by 12% by procuring 47 new lift trucks and forklifts to enhance efficiency in construction and maintenance works. The newly acquired equipment brings the total fleet to 442 units to improve operations in all our depots countrywide.

6. REVENUE PROTECTION AND CUSTOMER SATISFACTION

The Company attaches great importance to raising customer satisfaction as well as securing revenue and shareholder value. These have great bearing to our business growth and sustainability. In this regard, we are continually improving our service delivery in the quest to delight customers, secure our market share, grow revenue and enhance our corporate reputation. Some of the key initiatives are highlighted below.

Metering to secure revenues

During the year, the Company rolled out the smart metering project mainly targeting large power, small commercial and domestic customers with monthly consumption of over 500 units. Adoption of smart metering technology is among initiatives mooted by the Company to boost revenue collection and enhance operational efficiency. Smart meters enable real time remote monitoring of energy consumption, and connection and disconnection operations.

The project involved relocation of large power customer metering units to outdoor accessible areas for easy monitoring as well as installation of 5,203 smart meters. In addition, we installed a total of 6,464 smart meters to small commercial and domestic customers mainly in Nairobi and its environs. As a result, we have registered gains attributed from the smart metering project with initial analysis of large power installations showing improved sales.

To further enhance our revenue protection measures, we stepped up installation of prepaid meters to new domestic and small commercial customers during the period. Besides their

convenience and flexibility, prepaid meters are popular because they enable customers to manage their energy consumption. As at the end of the year under review, we installed 985,487 prepaid meters bringing the total prepaid accounts to 2,317,228.

Energy loss management

System losses are inherent in any electricity grid and are bound to increase with our implementation of network expansion programmes to support growth in number of customers and demand. They comprise technical losses occasioned by transmission of electrical energy along the network as well as non-technical losses mainly caused by pilferages. Reduction of system losses is important to the Company and society in general owing to their financial, economic and social impact.

As a strategy to enhance system efficiency, the Company during the year set up a department dedicated to manage technical losses. The department is responsible for developing and overseeing implementation of initiatives geared towards reducing and managing system losses which stood at 19.4 % in the period. Towards this, we are undertaking power system upgrades, extension and maintenance works to reduce technical losses. In addition, the Company is implementing modern and efficient technologies such as outdoor metering for large power customers, distribution feeder metering, prepaid metering and installation of smart meters to reduce non-technical losses. These measures are expected to improve the energy balance, reduce energy purchase costs and increase revenue.

Customer satisfaction initiatives

Customer satisfaction surveys continue to be an important tool for monitoring and evaluating the quality of our service delivery. The surveys assist us in determining the measures to apply in order to meet our customers' expectations. During the financial year we attained a Customer Satisfaction Index of 68.4 %, an improvement from 64.8 % the previous year. The survey gauged customer perceptions on the Company's service delivery parameters such as power restoration, reconnection timeliness, customer experience in our service points and effectiveness of communication.

In the same period, our Corporate Reputation Index which measures stakeholder perceptions of the Company improved from 78% the previous year to 80%. Additionally, we received international recognition for innovative customer and stakeholder engagement strategies by SocialBakers of the Czech Republic, a reputable global social media measurement company. The Company was also ranked ninth most influential local brand out of 100 Companies by IPSOS Limited, a global research firm.

The above achievements were as a result of several key initiatives implemented by the Company including expanding customer experience centres, roll out of e-billing, enhancement of public awareness campaigns and stakeholder engagements.

During the year, the Company launched two new banking halls at Mlolongo in Machakos and Iten in Elgeyo Marakwet counties bringing the total number of customer service centres to 56 countrywide. Plans are also underway to enhance the state of existing banking halls and to further increase our presence in line with our devolved county business units for improved customer experience. To further extend customer access to our services, we scaled up our presence to 39 operational Huduma Centres countrywide while preparations are underway to introduce service in additional 14 Huduma Centres. Separately,

we have widened prepaid vending access points by increasing the number of super vendors to thirteen in our efforts to take services closer to customers and decongest our banking halls.

To improve customer convenience, enhance revenue collection and contain postage costs, we successfully rolled out e-billing service to reach over 80 % of our 2.7million post-paid customers in the year. E-billing allows customers to receive their bills electronically mainly through Short Messaging Service (SMS) and email. Data obtained during e-billing customer registration exercise has helped the Company to proactively relay information to customers on planned outages through SMS and social media.

Communication campaigns help create awareness about our products and services, as well as promote pertinent issues such as safety, vandalism and meter inspections among others. Major campaigns carried out during the year include: (i) Jua for Sure to educate customers on how to identify Company field staff; (ii) Easy Pay, providing alternatives for bill payment and tokens purchase to reduce congestion in our banking halls; (iii) E-bill to sensitise customers on how to register for e-billing on 95551 platform; (iv) project campaigns such as Last Mile Connectivity, Mwangaza Mtaani public lighting, Digital Mapping and GPOBA informal settlements electrification;



(v) OKOA Stima service offered in partnership with Safaricom to allow customers access credit through their mobile phones; and (vi) public safety awareness campaigns targeting schools, communities, employees and contractors.

Maintaining a close relationship with our customers and other stakeholders is important to our business. In this regard, we held several stakeholder engagement forums with the Kenya Association of Manufacturers, Kenya Private Sector Alliance and the Kenya National Chamber of Commerce and Industry to share information on Company initiatives, receive feedback to improve service delivery, discuss energy policy issues and formulate mutually beneficial strategies. Other strategic engagements involved the Government, Development Partners, contractors, suppliers and key sector players.

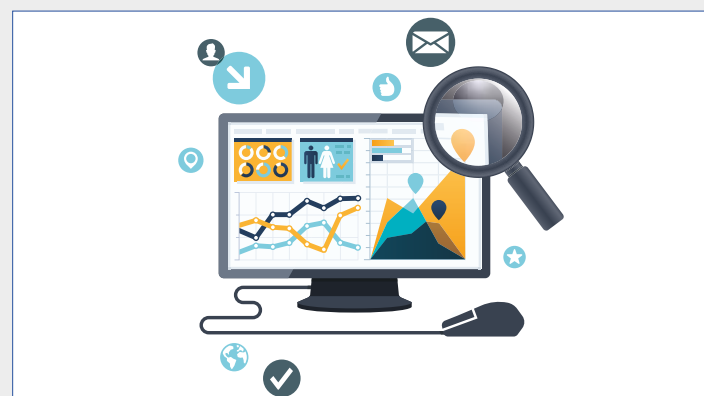
Consolidation and upgrade of ICT Systems

The Company commenced a major review of its critical business applications with the aim of consolidating and optimising our Information and Communications Technology (ICT) systems for improved efficiency and reduced licensing and operational costs. During the period under review, we began the process of upgrading the Integrated Customer Service (ICS) system, which has been the backbone of our billing and revenue collection operations in the last 20 years. The upgrade is expected to merge customer services applications for billing, new meter applications, incidences management, and geographical information into an Integrated Customer Management System

(INCMS). This will enhance system security, provide remote access and operations, enable business analysis using the system repository, record customer outage incidences and provide a platform for social media engagement.

Digital mapping project

The ongoing Geographical Information System/Facilities Database (GIS/FDB) project aims to revolutionise our business operations thus enhancing efficiency, increasing productivity, reducing costs, improving customer satisfaction and system reliability. Implementation of the GIS/FDB system has assisted to fast track designs for new distribution lines from the convenience of our offices thus reducing connection periods. The system has also enabled us identify customers affected by outages on specific power lines or transformers and communicate the same through Short Messaging Service (SMS) alerts. In addition, it allows the Company to monitor electricity supplied through power lines and billed consumption to minimise system losses as well as locate customer premises for expedited field operations. During the year we completed data gathering and mapping of 981 medium voltage feeders, 55,059 distribution transformers and 108,966km of low voltage distribution lines linking 3.3 million customer meters. Work is in progress to map out the remaining 1.7million existing customer meters. All new customer connections and facilities are now captured in the system at the design stage to enhance coverage.



We completed data gathering and digital mapping of 981 medium voltage feeders, 55,059 distribution transformers and 108,966 kilometers of low voltage distribution lines linking 3.3 million customers

Securing our network assets

The Company continued to register a general downward trend in vandalism incidences mainly targeting transformers, conductors and other power accessories. The number of transformers vandalised during the year reduced to 222 down from 268 the previous year and high of 813 three years ago representing a cumulative 73 % decline. The reduction is attributed to sustained anti-vandalism operations carried out across the country which involved heightened surveillance of the network in liaison with other security stakeholders, in-depth investigations of vandalism cases, speedy prosecution of vandals and fraudsters, imposition of high penalties as well as community awareness for involvement in the fight against vandalism.

7. NATIONAL PUBLIC LIGHTING PROGRAMME

The National Public Lighting programme is a government funded project implemented by the Company to enhance security by providing adequate lighting to industrial, commercial and residential areas in order to create an enabling environment for extended business activities beyond normal working hours.

The programme started in 2014 with an initial budget of Shs.953 million to cover parts of Nairobi county and a further Shs.881.5 million to cover parts of Mombasa, Kilifi, Kwale, Nyeri and Kisumu counties. This scope was extended during the year to cover 65 towns and urban centres including 13 county headquarters with a funding allocation of Shs.8.1 billion. We

completed installation of public lights in 13 towns including Garrissa, Isiolo, Ruiru, Mtwapa, Thika, Naivasha, Chuka, Embu, Bomet, Lodwar, Kiambu, Gilgil/Kikopey, and Muranga during the year at a combined cost of Shs.545 million while work is progressing in the remaining towns.

As a result of the programme, we have enhanced usage of the existing generation capacity during off-peak hours owing to increased demand from public lighting. Consequently, electricity sales from street lighting grew by 17.5% from 35.7GWh the previous year to 42GWh contributing to increased revenue.

8. DRIVING GROWTH THROUGH PERFORMANCE

Human capital is a critical ingredient towards ensuring realisation of our key business targets. As our business and customers base expands, it is imperative to ensure adequate human resource capacity is available to provide services while maintaining an optimal staff to customer ratio for increased efficiency.

During the year, we improved our staff to customer ratio to 1:439 compared to 1:333 in the previous year with a total workforce of 11,133 serving 4,890,373 customers. Through concerted team efforts by management and members of staff, we attained an overall performance rating of "Very Good" as at the end of the financial year.



The National Public Lighting Programme was extended to cover 65 towns and urban centers. 13 towns completed during the year at a combined cost of Shs.545 million

In the period, the Company expanded its administrative presence to cover all counties and continued to improve general work environment and provide impetus for employee initiative and resourcefulness.

We implemented a talent management approach and piloted and Executive Coaching Programme to develop and nurture a pool of future business leaders across all sectors of the business and ensure effective succession management in the organisation. These approaches are embedded in our business processes and functions focusing on supporting and nurturing top talent for growth and development.

As a step towards operationalising Kenya Power International Limited, a subsidiary of the Company, we recruited a team of Deputy Directors to spearhead the transition process and ultimately create additional revenue streams.

9. OPPORTUNITIES FOR GROWTH

The Company has started to realise gains from heavy investments made over the years to grow and sustain our business as evidenced by expanded footprint across the country, improved customer experience and growth in asset base. We anticipate continued growth in electricity demand catalysed by increased economic activities and improved business environment as our power supply network expands.

Building on the high customer growth rate averaging 30% annually over the last three years, we will endeavour to sustain

the rapid connectivity pace to secure our future revenue streams through increased sales and to retain a lead position in the power market. Other immediate priority areas to grow shareholder value include improving system efficiency, managing operational costs and maximising asset usage for increased profitability.

We will also leverage on the goodwill extended by the Government, development partners and other stakeholders to catapult our business and remain well positioned for the substantial growth opportunity ahead, to the benefit of our customers and shareholders, and enable progress of our nation.

Appreciation

On behalf of the Management, I wish to extend our gratitude to the Board of Directors for the guidance and support throughout the year and to the members of staff for their commitment in serving our customers.



Dr. Ben Chumo, OGW
Managing Director & CEO

28th October 2016

1. KUWEZESHA UKUAJI KWA MAENDELEO

Huku Kenya inapoendelea na jitihada za kujiimarisha kuwa nchi yenye mapato ya kadiri, jukumu la Kampuni la kuimarisha mazingira ya kibiashara ya nchi, kukuza sekta ya utengenezaji bidhaa na kubadilisha hali ya maisha ya wakazi kupitia utoaji wa umeme wa hali ya juu na kwa njia ya kutegemewa ni lenye umuhimu mkubwa. Katika mwaka uliomalizika, tulidumisha jitihada zetu za kuongeza idadi ya wateja, mauzo na mapato huku tukipanua na kuimarisha mtandao ili kuongeza idadi ya wale wanaonufaika na umeme na kuhakikisha ni wa kutegemewa. Mipango hii ni sehemu ya mkakati wetu wa muda mfupi unaolenga kuweka Kampuni katikati mwa ustawi wa kijamii na kiuchumi kwa nchi ili kudumisha biashara katika siku zijazo.

Mchango wetu katika kuweka mazingira bora ya kiuchumi ni pamoja na kurahisisha biashara kusambaziwa umeme. Hii ilifanikishwa kupitia ukumbatiaji wa taratibu rahisi za kusambazia umeme wateja wapya na kupunguzwa kwa muda wa kusubiri kusambaziwa umeme. Mipango hii ilisaidia kuinua hadhi ya nchi kimataifa katika Orodha ya Benki ya Dunia kuhusu mazingira bora ya kufanya Biashara kutoka nambari 129 mnamo 2015, hadi nambari ya sasa ya 108. Imani ya wawekezaji pia iliimarika kutokana na kupungua kwa visa vya umeme kupotea katika mwaka uliomalizika kama ilivyoonyeshwa kwenye ripoti ya hivi majuzi ya Moody's Investors Service Report 2016, shirika la kimataifa linalosifika la kuorodhesha taasisi. Ripoti hiyo iliorodhesha usambazaji umeme nchini kama bora zaidi Afrika Mashariki na miongoni mwa bora chini ya jangwa la Sahara.

2. KUSAMBAZIA WOTE UMEME

Sambamba na shabaha ya Serikali ya kusambazia umeme raia wote hivi karibuni, Kampuni, kwa ushirikiano na Serikali na washirika wa maendeleo iliongeza juhudi zake za kusambazia wateja wapya umeme na kupanua mtandao wake wa umeme. Kutokana na ufanisi wetu wa awali, tuliazimia kuanzia mwanzoni mwa mwaka kuunganisha kwa umeme wateja wapya milioni moja. Hivyo basi, tulisambazia umeme wateja wapya 1,278,469 kutoka idadi ya awali ya 843,899 na hivyo kuongeza idadi ya wateja wetu kwa asilimia 35 hadi 4,890,373 kutoka 3,611,904 katika kipindi kilichopita cha matumizi ya fedha. Usambazaji huo mpya unajumuisha shule za umma 7,402 zilizowekewa mita

na Kampuni chini ya mpango wa kitaifa wa usambazaji umeme kwa shule za umma unaotekelezwa kwa ushirikiano na Rural Electrification Authority (REA).

Uzinduzi wa Mradi wa Last Mile Connectivity

Utekelezaji wa mradi wa Last Mile Connectivity Project unaolenga kuharakisha usambazaji umeme kwa Wakenya ulishika kasi katika mwaka uliomalizika. Mradi huo unatekelezwa na Kampuni kwa usaidizi wa Serikali ili kuwezesha asilimia 70 ya Wakenya kupata umeme kufikia 2017. Mradi wa Last Mile Connectivity unatekelezwa kwa awamu, na unalenga wateja kwenye maeneo ya mashambani na vitongoji vya miji walio katika umbali wa mita 600 mraba kutoka mahali iliko transfoma. Wanaonufaika na mradi wanahitajika kutoa kiwango cha chini cha Sh.15,000 kusambaziwa umeme.

Awamu ya kwanza ya mradi inayofadhiliwa na African Development Bank (AfDB) kwa kima cha Dola 139.5 milioni iliendelea katika mwaka uliomalizika. Mradi huo utawezesha makazi 314,200 kunufaika na transfoma 5,320 zilizoko kote nchini. Kandarasi zilitolewa kwa mashirika kumi ambayo yaliteuliwa kupitia tenda ya kimataifa na hivyo kuwezesha shughuli za ujenzi nchini kote. Isitoshe, shughuli ya uchoraji wa mradi huo na uagizaji wa vifaa vya ujenzi na mita za umeme iliendelea katika kipindi hicho.

Kama sehemu ya mchango wa Serikali kwa awamu ya kwanza ya mradi huo, tulisambazia umeme wateja 22,957 kwa gharama ya Sh1.15 bilioni.

Tulianza maandalizi ya utekelezaji wa awamu ya pili ya mradi wa Last Mile Connectivity mwaka uliomalizika. Mradi huo uliofadhiliwa kwa kima cha Dola 150 milioni na Benki ya Dunia-IDA, utahusisha ununuzi wa transfoma mpya 1,000 na kusambazia wateja zaidi kupitia transfoma zilizopo 3,200. Hii itatuwezesha kusambazia makazi 312,500 katika vitongoji vya miji na maeneo yenye idadi kubwa ya watu.

Mazungumzo yanaelekea kukamilika na French Development Agency (AFD) na European Investment Bank (EIB) kupewa jumla ya Euro 180 milioni kufadhili awamu ya tatu ya mradi huo kusambazia umeme hadi makazi 296,647 na kutumia kikamilifu transfoma zilizopo 4,491 na uagizaji wa transfoma mpya 353.

Kusambaza umeme mitaa ya mabanda

Tangu kuanzishwa kwake miaka mine iliyopita, mradi wa usambazaji umeme katika mitaa ya mabanda unaofadhiliwa hasa na Benki ya Dunia, kupitia mpango wake wa Global Partnership on Output-Based Aid (GPOBA), umetuwezesha kuongeza idadi ya wateja waliosambaziwa umeme. Mradi huo wa GPOBA unatoa umeme salama, kwa kufuata sheria kwa gharama ya chini kwa makazi yaliyomo sehemu za miji, vitongoji vya miji na maeneo ya mashambani ili kuongeza idadi ya walio na umeme kote nchini.

Katika mwaka uliomalizika, tulitekeleza miradi 1,277 ya kusambazia umeme wateja wapya 773,824 kwa bei nafuu chini ya mpango wa GPOBA. Mradi huo umewezesha Kampuni kupunguza hasara za kibiashara zinazotokana na wizi wa stima huku ikiimarisha usalama kwa wakazi wa mitaa ya mabanda.

3. UZALISHAJI UMEME WA KUTOSHA KUTOKA VYANZO TOFAUTI

Kumekuwa na ufanisi mkubwa katika mikakati ya uzalishaji umeme katika miaka mitatu iliyopita huku MW657.5 mpya zikizalishwa. Ufanisi huu umetuwezesha kutosheleza mahitaji ya wateja na pia kupunguza utegemeaji wa umeme unaotokana na maji na kusitisha matumizi ya umemejoto.

Umeme kutokana na vyanzo visivyomalizika, hasa maji na mvuke sasa huchangia asilimia 87 ya jumla ya umeme unaozalishwa kwa mwaka huku umememvuke ukichangia asilimia 47 ya kawi. Viwanda vya umemejoto, hata hivyo vinaendelea kutumika nyakati za dharura pamoja na kuongeza viwango vya umeme katika sehemu zilizo mbali na viwanda vya kuzalisha umeme.

Jumla ya MW 42.37 mpya ziliongezwa kwa mtandao wa umeme katika mwaka uliomalizika.

Uwezo huo ulijumuisha MW 34 za umememvuke, MW 2 za gesi na 6.37 za umemejoto. MW 37 zaidi zilizalishwa nje ya mtandao wa umeme na hivyo kuongeza jumla ya umeme hadi MW 2,341 ikilinganishwa na MW 2,299 mwaka uliopita huku mahitaji ya umeme yakipanda kutoka MW 1,512 mwaka uliopita hadi MW 1,586.

Kutokana na uzalishaji mdogo wa umemejoto, ada za mafuta za kila mwezi kwa wateja zikipungua kutoka Sh3.92 kWh mwaka uliopita hadi Sh2.49 kWh katika mwaka unaongaziwa.

Kampuni na washirika wengine katika sekta hii itaendelea kutafuta mbinu za kuzalisha umeme zaidi ili kutosheleza mahitaji ya umeme nchini na kuhakikisha huduma za umeme za kutegemewa katika siku za baadaye. Hatua kama hizo zitahakikisha ustawi wa vyanzo nafuu vya umeme na kushirikisha usambazaji wa umeme katika eneo hili na biashara ya umeme baina ya mataifa jirani.

4. KUPANUA NA KUDHIBITI MTANDAO

Mtandao wa kisasa na wa kutegemewa ni muhimu katika utoaji wa huduma za kiwango cha juu cha usambazaji umeme kwa wateja wetu na ni nguzo ya mkakati wetu wa kukuza biashara.

Kuangazia uwekezaji mkubwa katika upanuzi wa mtandao katika ujenzi wa laini mpya za umeme, ujenzi wa vituo vipya vidogo vya umeme ni muhimu katika kuhudumia idadi kubwa ya wateja wetu inayozidi kuongezeka na kuboresha viwango vya usambazaji umeme.

Katika mwaka uliomalizika, tulikamilisha miradi mipya ya usafirishaji na usambazaji umeme ya thamani ya Dola 326 milioni.

Fedha hizo zilipatikana kwa masharti nafuu kutoka kwa kitengo cha Benki ya Dunia (IDA), na International Finance Corporation (IFC) kwa usaidizi wa fedha za Serikali na mapato ya Kampuni. Miradi iliyokamilika ni pamoja na ujenzi wa vituo vipya 51 na vingine vya kukarabatiwa na jumla ya ujenzi wa kilomita 9,034 za laini mpya za kusafirisha volti nyingi za umeme kote nchini.

Miradi hiyo, kama ilivyoonyeshwa hapa chini inalenga kuongeza uwezo wetu wa kutosheleza mahitaji ya umeme yanayokadiriwa kuongezeka, kuboresha usambazaji na kuimarisha utendakazi wa mitambo yetu na kuwezesha mtandao wetu kuhudumu bila shinikizo zozote.

Kuimarisha utegemeaji na upanuzi wa mtandao

Vituo vifuatavyo 29 vipya vilikamilika na kuzinduliwa katika mwaka uliomalizika.

Vituo vidogo vipya vilivyomalizika katika mwaka uliopita

	Kituo kidogo	Mahali	Aina ya kazi	Uzalishaji (MVA)
1.	Kainuk	Turkana	220/66kV kituo kidogo	45
2.	Sagana-Kutus	Kirinyaga	132/33kV kituo kidogo	46
3.	Maungu	Taita Taveta	132/33 kituo kidogo	15
4.	Jomvu	Mombasa	132/33kV kituo kidogo	46
5.	Kitale	Kitale	132/33kV kituo kidogo	46
6.	Kindaruma	Mbeere	132/33kV kituo kidogo	0
7.	Mwingi	Mwingi	132/33kV kituo kidogo	7.5
8.	Garissa	Garissa	132/33kV kituo kidogo	7.5
9.	JKUAT	Juja	66/11kV kituo kidogo	23
10.	Villa Franca	Nairobi	66/11kV kituo kidogo	46
11.	Lower Kabete	Nairobi	66/11kV kituo kidogo	46
12.	Rironi	Kiambu	66/11kV kituo kidogo	46
13.	Thika North (Kahaini)	Thika	66/11kV kituo kidogo	23
14.	Ruaraka Complex	Nairobi	66/11kV kituo kidogo	46
15.	Lukenya	Machakos	66/11kV kituo kidogo	46
16.	Karuri/kirigiti	Kiambu	66/11kV kituo kidogo	46
17.	Kabarak	Nakuru	33/11kV kituo kidogo	7.5
18.	Elgon View	Eldoret	33/11kV kituo kidogo	7.5
19.	Maseno	Maseno	33/11kV kituo kidogo	7.5
20.	Mishomoroni/New Bamburi	Mombasa	33/11kV kituo kidogo	7.5
21.	Bahati	Nakuru	33/11kV kituo kidogo	7.5
22.	Chepseon	Kericho	33/11kV kituo kidogo	7.5
23.	Kibos	Kisumu	33/11kV kituo kidogo	7.5
24.	Majengo	Kisumu	33/11kV kituo kidogo	7.5
25.	Mwea	Kirinyaga	33/11kV kituo kidogo	7.5
26.	Magumu	Kinangop	33/11kV kituo kidogo	7.5
27.	Ahero	Kisumu	33/11kV kituo kidogo	7.5
28.	Kipsaraman	Baringo	33/11kV kituo kidogo	7.5
29.	Lamu	Lamu	33/11kV kituo kidogo	7.5

Pamoja na hayo, vituo sita vipya na laini zake vilikuwa vinafanyiwa majaribio kufikia mwishoni mwa mwaka. Vituo hivyo vidogo ni Tala eneo la Nairobi Kusini, Dagoretti katika Nairobi Magharibi; Gatundu, Uplands, Kangema na Githunguri katika eneo la Kaskazini Mashariki.

Pia tulitekeleza shughuli kubwa ya ukarabati na ujenzi wa vituo vidogo vilivyopo 22 kama inavyoonyeshwa hapa chini ili kuimarisha viwango vya usambazaji na kutosheleza mahitaji ya umeme yanayozidi kuongezeka.

Vituo vidogo vilivyomarishwa na kukarabatiwa katika mwaka uliopita

	Kituo kidogo	Mahali	Aina ya kazi	Uzalishaji
Capacitors/Reactors				MVA
1.	Lanet	Nakuru	Capacitors	21
2.	Kisumu	Kisumu	Capacitors	21
3.	Chemosit	Kericho	Capacitors	21
4.	Eldoret	Eldoret	Capacitors	21
5.	Kisii	Kisii	Capacitors	21
6.	Voi	Voi	Reactors	10
7.	Kiboko	Makueni	Reactors	10
Vituo vilivyokarabatiwa				MVA
8.	Nairobi North	Nairobi	220/66kV Kituo kidogo	90
9.	Suswa- DCK	Narok	132/33kV Kituo kidogo	0
10.	Nakuru west	Nakuru	132/33kV Kituo kidogo	23
11.	Athi River	Athi River	66/33/11kV Kituo kidogo	69
12.	EPZ	Athi River	66/33/11kV Kituo kidogo	46
13.	Limuru	Limuru	66/11kV Kituo kidogo	23
14.	Nairobi West	Nairobi	66/11kV Kituo kidogo	0
15.	Steel Billets	Nairobi	66/11kV Kituo vidogo	0
16.	Cathedral	Nairobi	66/11kV Kituo vidogo	0
17.	Kitisuru	Nairobi	66/11kV Kituo vidogo	0
18.	Kianjai	Meru	33/11kV Kituo vidogo	2.5
19.	Machakos	Machakos	33/11kV Kituo vidogo	7.5
20.	Mbaraki	Mombasa	33/11kV Kituo vidogo	0
21.	Marigat	Baringo	33/11kV Kituo vidogo	2.5
22.	Kituo kidogo cha Dara	Nairobi CBD	11kV Kituo vidogo	0

Kufanikisha ustawi katika maeneo yasiyo na umeme

Kupanua mtandao wa umeme kunatoa fursa ya kukuza biashara na kusambaa hadi maeneo ambayo hayana umeme. Katika kipindi tunachoangazia, ujenzi wa jumla ya kilomita 346.6 za laini za 132kV kusambaza za umeme ulikamilika. Laini zilizoongezwa ni: Sagana hadi Kutus; Meru hadi Isiolo; Kindaruma-Mwingi-Garissa; na Eldoret hadi Kitale. Katika mtandao huo wa usambazaji, tulijenga kilomita 8,687 za umeme wa wastani na kilomita 4,771 za laini za kusafirisha umeme wa kiwango kidogo. Upanuzi wa mtandao wetu ulituwezesha kusitisha matumizi ya vituo ghali vya dizeli katika maeneo ya Garissa na Lamu.

Miradi inayoendelea ya miundomsingi Nairobi

Kama kitovu cha biashara katika eneo hili, Nairobi ndio soko kuu la Kampuni ambako zaidi ya asilimia 50 ya umeme wote unaozalishwa nchini hutumika. Jiji hilo na viunga vyake huchangia takribani asilimia 70 ya jumla ya mapato yetu. Kutokana na hilo, usambazaji wa umeme wa hali ya juu na kwa njia ya kutegemewa ni muhimu ili kudumisha na kuimarisha biashara yetu.

Katika kipindi kinachoangaziwa, Kampuni iliendelea na utekelezaji wa miradi ya ujenzi wa vituo vidogo vitatu: Nairobi Central Business District Gas Insulated Substation (GIS, kituo kidogo cha Juja Road

na kituo kidogo cha Thika Road. Miradi hii ambayo itagharimu jumla ya Dola 180.5 milioni inalenga kuhakikisha kuna umeme nyakati zote kwa wakazi wa Nairobi. Vituo vya GIS ni vya gharama ya chini kutokana na gharama za chini za utunzaji na muundo wao mdogo unaohitaji nafasi ndogo ikilinganishwa na vituo vidogo vya kawaida.

Mradi wa Nairobi Central Business District 400MVA, 220/66kV GIS utatoa njia mbadala ya kusambaza umeme hadi vituo vidogo vya Likoni Road, Muthurwa, City Square, Cathedral, Nairobi West na Parklands. Mradi huo unahusisha ujenzi wa kilomita 16.5 za kebo ya kusafirisha kV220 za umeme kupitia chini ya ardhi kutoka kituo kidogo cha Embakasi hadi kituo hicho kipyaa na kilomita 31 za mtandao wa kebo ardhini kuunganisha vituo vidogo sita. Mitandao ya ardhini inapunguza changamoto za kutafuta maeneo ya kujenga milingoti inayohitajika kwenye laini za kupitia juu. Ni nzuri kwa sehemu za miji zilizostawi na hazivurugi shughuli za kawaida wala kuathiriwa na mabadiliko ya hali ya anga ambayo yanaweza kukatiza usambazaji wa umeme.

Mradi wa CBD GIS na ule unaoendelea wa ujenzi wa vituo vidogo vya 66/11 kV katika Likoni Road, eneo la Viwandani, Nairobi na Kiu River, Kiambu inafadhiliwa na Export-Import Bank of China (China EXIM Bank) kwa gharama ya Dola 132 milioni.

Kituo kidogo cha Juja Road cha 132/66kV ndicho kimekuwa kikitegemewa kwa usambazaji wa kiwango kikubwa cha umeme Nairobi na maeneo mengi tangu uzinduzi wake mnamo 1954. Mitambo ya kituo hicho inayozeeka na teknolojia iliyopitwa na wakati inaifanya iharibike mara kwa mara na hivyo kusababisha kupotea kwa umeme mara kwa mara. Katika mwaka uliomalizika, shughuli za ukarabati na uimarishaji wa kituo hicho kidogo ziliendelea. Mradi huo wa Dola 26.1 milioni uliofadhiliwa na Nordea Bank-Finland, unahusisha kugeuza kituo hicho kuwa cha gesi na kuimarisha uwezo wake wa kusambaza umeme kutoka 255MVA hadi 360MVA.

Ujenzi unaoendelea wa kituo cha Thika Road cha 400MVA, 220/66 kV Gas Insulated unafadhiliwa na mapato ya Kampuni kwa gharama ya Dola 22.4 milioni. Kituo hicho kidogo kimo katika nafasi nzuri ya

kutosheleza mahitaji ya umeme yanayozidi kuongezeka kwenye barabara hiyo kuu. Mradi huo ni sehemu ya mradi wa umeme wa 220kV maarufu kama Nairobi Ring unaolenga kuhakikishia usambazaji wa umeme wa kutosha jijini na vyunga vyake.

Kwingineko, shughuli ya ujenzi iliendelea katika kituo kidogo cha Mamlaka 66/11kV GIS, Nairobi West chini ya ufadhili wa International Finance Corporation kwa gharama ya Dola 7.5 milioni.

Miradi ya kupanua mtandao na kuufanya wa kisasa

Katika mwaka uliomalizika, tuliendelea na ujenzi wa vituo vidogo 36 zaidi kote nchini kama inavyopendekezwa chini ya Mpango Mkuu wa Usambazaji Umeme wa 2013-2018 kwa gharama ya Dola 119.3 milioni unaofadhiliwa na Kampuni. Miradi hiyo ni sehemu ya Mradi Kenya Electricity Modernisation Project (KEMP) unaolenga kuboresha mtandao wa usambazaji, kupunguza hasara kwenye mitambo na kuimarisha uwezo wa kusambaza umeme zaidi utakaozalishwa. Vile vile, tumepata ufadhili wa Euro 56 milioni kutoka kwa French Development Agency (AFD) kutekeleza miradi mingine 15 ya usambazaji inayopendekezwa kwenye Mpango huo Mkuu.

Kampuni imepata mkopo zaidi wa Dola 243.5 milioni kutoka kwa shirika la Benki ya Dunia, International Development Association (IDA) kwa utekelezaji wa miradi hii ya ziada chini ya KEMP. Miradi hiyo ni pamoja na upanuzi wa mitambo ya usimamizi na upatikanaji wa data (SCADA) ambayo ni muhimu katika usimamizi na operesheni za mtandao wa umeme, upanuzi wa mradi wa kufanya mitambo kuwa ya kujiendesha, uzinduzi wa mpango wa kurekebisha hitilafu bila kuzima stima, mipango ya kutunza mapato na usambazaji umeme katika maeneo yaliyoko pembeni mwa miji.

Pia tunaendelea na upanuzi mkubwa wa vituo vidogo katika Steel Billets na Syokimau, Nairobi South; Gigiri, Nairobi North; Kabete na Matasia, Nairobi West; Cianda na Mangu, North Eastern; Kamburu, Mlima Kenya; Naivasha na Makutano, Central Rift; na Diani na Miritini, Pwani; na usafirishaji wa umeme kutoka kituo kidogo cha Kabarnet kwa gharama ya Dola 21.9 milioni. Dola 8.7milioni zaidi zimetumika kukarabati kituo kidogo cha Kipevu ili kitumie gesi yaani Gas Insulated Substation.

RIPOTI YA MKURUGENZI MKUU NA AFISA MKUU MTENDAJI

Ili kuimarisha viwango vya usambazaji kwa kuzuia umeme kuongezeka na kupungua ghafla, Kampuni iliendelea kutekeleza miradi ya kuongeza umeme kwa gharama ya Dola 10milioni katika Nanyuki, Kiganjo, New Bamburi, Meru, Musaga, Mtito Andei, Rabai, na Kiambere.

Mradi wa Kenya Electricity Expansion Project (KEEP) ambao ulianza 2010 kupanua mtandao wa usambazaji umeme na kuharakisha uunganishaji wa umeme kwa wateja umo kwenye awamu ya mwisho ya utekelezaji. Katika mwaka uliomalizika,

Katika mwaka uliomalizika, miradi kadha ya usambazaji iliendelea kutekelezwa na Kenya Electricity Transmission Company (KETRACO) kama ifuatavyo:

Mradi	Maelezo
1. Laini ya Mombasa - Nairobi	Ujenzi wa kilomita 482 za laini na vituo vidogo 220/400kV katika Rabai na Embakasi.
2. Laini ya Loiyangalani - Suswa	Ujenzi wa kilomita 430 za laini na vituo vididogo vya kusafirisha 400kV katika Loiyangalani
3. Vituo vidogo vya Nairobi Ring 220kV katika Koma Rock, Athi River, Isinya na Ngong	Ujenzi wa kituo kidogo 3No.2x 200 MVA 220/66 kV katika Athi River, Isinya, Koma Rock na Ngong
4. Laini ya Suswa-Isinya	Ujenzi wa kilomita 100 za laini za laini mbili za 400kV
5. Kituo kidogo cha Suswa	Ujenzi wa kituo kidogo cha 220 kV cha Suswa
6. Eastern Electricity Highway (Ethiopia - Kenya)	Ujenzi wa kilomita 612 za 500kV HDVC, na kituo kidogo cha 400/220kV katika Suswa
7. Olkaria I- Suswa na Olkaria IV- Suswa	Ujenzi wa kilomita 20 na kilomita 25 za laini za kubeba 220kV na kituo kidogo cha umeme cha Suswa
8. KEEP: Kisii - Awendo	Ujenzi wa kilomita 44 za laini ya kusafirisha 132kV, Kituo kidogo cha MVA 23
9. Olkaria - Lessos - Kisumu	Kilomita 286, laini mbili za kubeba 220kV/400kV, na kituo kidogo cha 90MVA
10. Nanyuki - Nyahururu	Ujenzi wa kilomita 79 za laini kusafirisha 132kV, kituo kidogo cha 132/33kV, 1x23 MVA cha Nyahururu (Rumuruti)
11. Lessos - Kabarnet	Ujenzi wa kilomita 65 za laini moja ya 132kV kituo kidogo cha 132/33kV 23 MVA cha Kabarnet
12. Olkaria - Narok	Laini ya kilomita 68 kusafirisha 132kV, kituo kidogo cha 132/33kV 23 MVA cha Narok
13. Bomet - Sotik	Ujenzi wa kilomita 33 za laini ya 132kV line na kituo cha kubadilisha transfoma ya 23MVA cha Bomet
14. Mwingi- Kitui- Wote- Sultan Hamud	Ujenzi wa kilomita 153 za laini ya kubeba 132kV, vituo vidogo cha 23 MVA 132/33kV cha Kitui, Wote na Sultan Hamud
15. Ishiara -Kieni-Embu	Ujenzi wa kilomita 33 za kusafirisha 132 kV na 132/33kV, na kituo kidogo cha 23 MVA cha Kieni
16. Lessos-Tororo	Ujenzi wa kilomita 127 za laini ya kusafirisha 400kV, vituo vidogo vya 75 MVA katika Lessos
17. Turkwel - Ortum - Kitale	Ujenzi wa kilomita 138 za laini ya kubeba 220kV na kituo kidogo cha 220/33 1X23 MVA cha Ortum, kuunganishwa kwa kituo cha 33kV Kitale na 220/132kV 110 MVA
18. Machakos- Konza na Kajiado- Namanga	Laini ya kilomita 153 ya kusafirisha 32kV, ujenzi wa vituo vidogo vya 132/33, 1x23 MVA cha Machakos, Konza, Kajiado na Namanga

Kampuni iliendelea na ujenzi wa kilomita 274 za laini za usambazaji vikiwemo vituo vidogo vya usambazaji kutoka Kakuyuni, Kilifi, Watamu, Rabai, Galu, Voi, Garsen, Konza, Kutus, Namanga, Kitale na Awendo chini ya KEEP kwa gharama ya Dola 123.40 milioni.

Kupanua mradi wa usambazaji wa umeme mwingi

Mtandao wa usambazaji umeme nchini ndio nguzo ya mfumo wetu wa usambazaji umeme unaotunganisha na viwanda vya kuzalisha umeme.

RIPOTI YA MKURUGENZI MKUU NA AFISA MKUU MTENDAJI

Mradi	Maelezo
19. Sondu - Homa Bay -Ndhiwa- Awendo	Laini ya kilomita 100 kusafirisha 32kV, kituo kidogo cha 23 MVA cha Homa Bay/ Ndhiwa
20. Kenya System reinforcement	Ujenzi wa kituo kidogo cha 400/220kV katika Isinya na 90MVA 220/66kV Transformer at Nairobi Kaskazini
21. Kenya - Tanzania Interconnector	Kilomita 100 za laini ya kusafirisha 400kV kati ya eneo la Isinya na Namanga
22. Menengai - Soilo	Laini ya kupitia juu ya kilomita 15 kusafirisha 220kV
23. Kituo kidogo cha Mariakani	Kituo kidogo cha 400/220kV, 4X200MVA

5. KUSAMBAZA UMEME NYAKATI ZOTE

Ili Kampuni kuwa na ushindani na kuhakikisha inadumu, kuna haja ya kuwa na mfumo unaofaa na wa kutegemewa. Katika jitihada zetu za kuhakikisha kuna umeme wa kutosha kila wakati kwa wateja wetu, Kampuni imeanzisha mipango ya kutunza mitambo kuzuia kupotea kwa umeme, utekelezaji wa miradi ya kuimarisha mtandao na uzingatiji wa teknolojia za kisasa

Kupunguza visa vya umeme kukatika

Katika kipindi tunachoangazia, visa vya umeme kukatika kwa wateja vilipungua kwa asilimia 31.5 kutoka kiwango cha juu cha 7.49 kwa kila wateja 1,000 mwanzoni mwa mwaka hadi kiwango cha chini cha 5.13 kwa kila wateja 1,000 kufikia mwisho wa mwaka kama inavyoonyeshwa hapa chini.

Kuimarika huko kwa utendakazi kulitokana na utunzaji wa kina wa laini za usambazaji umeme uliolenga vituo vidogo vinavyokumbwa na kupotea kwa umeme mara kwa mara. Shughuli za ukarabati zilikusishia kuondoa milingoti iliyooza na ujenzi wa vituo vidogo vipya.

Isitoshe, tulipanua laini za kusafirisha umeme wa kiwango cha kadiri na kuweka transfoma katika maeneo yanayoathirika na kiwango cha chini cha umeme. Kiasi kilichotumika kwa shughuli hizo katika mwaka uliomalizika ni Sh3 bilioni. Kama sehemu ya mikakati kabambe, transfoma zetu zitakuwa zitarekebisha kwengineko ili kupunguza hasara zinazotokana na wateja kukosa umeme na changamoto nyingine zinazohusiana na ubadilishaji wa transfoma.

Mpango wa kurekebisha laini yenye umeme

Mpango uliozinduliwa hivi majuzi wa kurekebisha laini za umeme bila kuzima mitambo unawezesha maafisa wa kiufundi wa Kampuni kuendesha marekebisho yoyote bila kuvuruga

usambazaji umeme kwa wateja. Hali hii ni kinyume na ilivyokuwa mbeleni ambapo mtandao mzima ungezimwa na hivyo kuhangaisha wateja na kusababisha Kampuni hasara ya mapato.

Katika mwaka uliomalizika, tulinunua magari maalumu, mitambo na vifaa vya kuendesha marekebisho hayo bila kuzima mitambo yakiwemo magari makubwa manane na matatu ya kubeba milingoti. Isitoshe, tulitoa mafunzo maalumu kwa wafanyikazi 72 ambao wataendesha ukarabati kwenye laini za 11kV na 33kV huku mafunzo zaidi ya kushughulikia laini za 66 kV yakipangiwa kuanza katika kipindi cha sasa cha matumizi ya fedha. Kwa jumla, tumetenga Sh720 milioni kufanikisha mpango huu.

Kufanya mitambo iwe ya kujiendesha

Kampuni inazidisha matumizi ya teknolojia ya kisasa katika operesheni za mtandao wetu kuhakikisha kuna usambazaji wa kila mara wa umeme kwa kupunguza muda wa mafundi wetu kurekebisha hitilafu za kimitambo na hivyo kupunguza visa vya umeme kukatika. Kutokana na hilo, tunaendelea kuigeuza mitambo yetu kuwa ya kujiendesha na kutumia mashini katika operesheni zinazohitaji wahudumu wengi ili kuboresha utendakazi.

Tuliendelea kutekeleza awamu ya pili ya mradi wa kutumia mashini katika usambazaji umeme unaojumuisha jiji la Mombasa na viunga vyake. Kufikia mwisho wa kipindi kinachoangaziwa, tulikuwa tumeweka swichi 130 za kukatiza umeme kupita kiasi na kuimarisha vituo vituo vinne vya redio vya kurusha masafa pamoja na kuboresha mfumo wa Supervisory Control and Data Acquisition (SCADA). Mfumo huo wa kujiendesha utaimarisha usimamizi wa mitambo kutoka mbali na hivyo kuimarisha mauzo ya kawi na muda unaotumika kurejesha umeme.

Mitambo ya SCADA imepanuliwa kushughulikia zaidi ya vituo vidogo muhimu vya usafirishaji na usambazaji 160 kote nchini huku kukiwa na mipango ya kuviongeza hadi 220.

Ili kusaidia utaratibu wetu wa kutumia mitambo, tuliongeza idadi ya magari ya kubeba mashini na milingoti kwa asilimia 12 kwa kununua magari 47 ya kubeba milingoti na magari madogo ya kuinua mizigo ili kurahisisha shughuli za ujenzi na utunzaji wa mtandao wetu. Magari yaliyonunuliwa yanafikisha 442 jumla ya magari na hivyo kuimarisha operesheni katika depo zetu kote nchini.

6. KULINDA MAPATO NA KUTOSHELEZA WATEJA

Kampuni inathamini kutosheleza mteja pamoja na kulinda mapato na kutoa thamani kwa wenyehisa. Hii ni muhimu kwa ukuaji na ustawi wetu. Hivyo basi, tunaendelea kuboresha utoaji huduma zetu kwa lengo la kuwaridhisha wateja wetu, kudhibiti soko letu, kuongeza mapato yetu na kuinua hadhi ya shirika hili. Baadhi ya miradi muhimu imeangaziwa hapa chini.

Kuweka mita ili kulinda mapato yetu

Katika mwaka uliomalizika, Kampuni ilianzisha mradi wa kuweka mita za kisasa hasa unaolenga watumiaji wa umeme mwingine, biashara ndogo na wateja wa nyumbani ambao hutumia kwa wastani vipimo 500. Mita hizo za kisasa ni miongoni mwa mipango iliyowekwa na Kampuni kuinua ukusanyaji wa mapato na kuinua utendakazi wetu. Mita hizo hutuwezeshwa kufuatilia kwa karibu matumizi ya umeme, usambazaji na operesheni za kukatiza umeme.

Mradi huo ulihusisha kuhamishwa kwa mita za wateja wanaotumia kiasi kikubwa cha umeme hadi nje ya makazi yao ili kurahisha usomaji wa mita pamoja na kuweka kwa mita 5,203 za kisasa. Isitoshe, tuliweka mita 6, 464 za kisasa kwa majumba madogo ya kibiashara na wateja wa nyumbani hasa jijini Nairobi na viunga vyake. Kutokana na hayo, tumepata ufanisi mkubwa kutoka kwa mita hizo za kisasa huku uchanganuzi wa karibu wa watumiaji umeme mwingi ukionyesha kuimarika kwa mauzo.

Ili kulinda mapato yetu hata zaidi, tulizidisha mipango ya kuweka mita za kulipia umeme kabla ya matumizi kwa wateja wapya wa nyumbani na majumba ya kibiashara katika kipindi

hicho. Mbali na kuwa mwafaka na rahisi kutumia, mita za kulipia kabla ya kutumia zinapendwa kwa uwezo wa kuwasaidia wateja kudhibiti matumizi yao ya umeme. Kufikia mwisho wa mwaka tunaoangazia, tuliweka mita 985,487 na hivyo kufikisha mita za kulipia kabla ya kutumia kuwa 2,317,228.

Kudhibiti Hasara ya Umeme

Hasara ya umeme ni kawaida kwenye mtandao wowote wa umeme na inaweza kuongezeka hata zaidi kadiri mtandao unavyoimarishwa kutosheleza mahitaji ya umeme yanayozidi kuongezeka pamoja na wateja. Hii ni pamoja na hasara inayotokea wakati wa usafirishaji wa umeme kwenye mtandao pamoja na hasara inayotokana na sababu zisizo za kiufundi hasa wizi wa umeme. Kupunguza hasara hizo hivyo basi, ni muhimu kwa Kampuni na jamii kwa jumla kutokana na athari za kifedha, kiuchumi na kijamii.

Kama mkakati wa kukabiliana na hasara hizo kwenye mitambo, Kampuni ilianzisha idara maalumu ya kukabiliana na hasara hiyo ya umeme kwenye mitambo katika mwaka uliomalizika. Idara hiyo inahusika na kuanzisha na kutekeleza mipango ya kupunguza na kudhibiti hasara hiyo ambayo katika kipindi hicho ilikuwa asilimia 19.4. Kuhusiana na hilo, tunatekeleza mipango ya kuboresha mitambo yetu, na kuipanua ili kupunguza hasara kama hizo. Vile vile, Kampuni inakumbatia teknolojia mpya na za kisasa kama vile kuweka mita nje ya makazi kwa watumiaji wakubwa wa umeme, kuweka mita za kulipia kabla ya kutumia na mita za kisasa ili kupunguza hasara isiyotokana na sababu za kiufundi. Hatua hizi zinatarajiwa kuongeza umeme, kupunguza ada za kununua umeme na kuongeza mapato.

Mipango ya kutosheleza wateja

Uchunguzi wa kubaini kuridhika kwa wateja unaendelea kuwa kiungo muhimu kwa kufuatilia na kutathmini ubora wa viwango vya huduma zetu na hutusaidia kuamua hatua za kuchukua ili kuafikia matarajio ya wateja wetu. Katika mwaka wa kifedha uliomalizika, tulifikia alama ya asilimia 68.4 mwaka uliopita. Uchunguzi huo ulitathmini ufahamu wa wateja kuhusu vigezo vya utoaji huduma vya Kampuni kama vile kurejeshwa kwa umeme na kuunganishwa kwa umeme uliokatwa, tajiriba ya wateja katika vituo vyetu vya huduma na mawasiliano yafaayo.

Katika kipindi hicho, kipimo cha sifa ya Kampuni ambayo inaweka mtazamo wa washikadau kuhusu Kampuni kwenye mizani, yaani Corporate Reputation Index, iliimarika kutoka asilimia 78 mwaka uliotangulia hadi asilimia 80.

Isitoshe, tulitambuliwa kimataifa kwa ubunifu wa mbinu za kutangamana na wateja wetu na washikadau wengine na shirika la SocialBakers la Czech Republic, shirika linalosifika kimataifa kwa kupima hadhi ya kampuni kwenye mitandao ya kijamii. Kampuni pia iliorodheshwa ya tisa kati ya mashirika yenye ushawishi mkubwa nchini kati ya Kampuni 100 zilizo rodheshwa na IPSOS Limited, shirika la kimataifa la utafiti.

Mafanikio ya hapo juu yalitokana na mipango mbalimbali muhimu iliyotekelezwa na Kampuni ikiwemo upanuzi wa vituo vya kuhudumia wateja, kuanzishwa kwa mfumo wa kutuma bili kwa njia ya kidijitali, uhamasisho wa umma na kutangamana na washikadau.

Katika mwaka uliomalizika, Kampuni ilianzisha vituo viwili vya kulipia umeme huko Mlolongo, kaunti ya Machakos na Iten, Elgeyo Marakwet na hivyo kufikisha jumla ya vituo hivyo 56 kote nchini. Kuna mipango ya kuboresha vituo vyetu vya kulipia umeme na kusambaza hata zaidi, sambamba na vituo vyetu vya kibiashara kwenye kaunti ili kuimarisha huduma zetu kwa wateja. Ili kusambaza huduma zetu kwa wateja, tulianza kutoa huduma katika vituo 39 vya Huduma Centre kote nchini na mipango imo njiani ya kuanza kutoa huduma hizo katika vituo 14 zaidi. Kwingineko, tumeongeza vituo vya kununua kadi za umeme hadi 13 katika jitihada zetu za kupeleka huduma karibu na wateja na kupunguza msongamano kwenye vituo vya kulipia ada.

Ili kuimarisha huduma kwa wateja, kuimarisha ukusanyaji wa mapato na kupunguza gharama za kutuma bili kwa njia ya posta, tulizindua mpango wa kutuma bili kwa njia ya simu. Na kufikia asilimia 80 ya wateja wetu 2.7 milioni wanalipia baada ya kutumia umeme katika mwaka uliomalizika. Mpango huo unawezeshwa wateja kupokea bili zao kupitia SMS na baruapepe. Maelezo yanayopatikana wakati wa shughuli ya kusajili wateja yamesaidia Kampuni kuwasilisha taarifa kwa wakati ufaao kuhusu mpango wa kukatiza kwa muda usambazaji wa umeme kupitia SMS na mitandao ya kijamii.

Kampeni za mawasiliano zinasaidia kuhamasisha kuhusu huduma

na bidhaa zetu, pamoja na kuangazia masuala muhimu kama vile usalama, uharibifu wa vifaa vyetu na usomaji wa mita miongoni mwa masuala mengine. Kampeni kubwa zilizofanywa katika kipindi hicho ni pamoja na: (i) Jua for Sure ambayo inalenga kuelimisha wateja kuhusu namna ya kutambua maafisa wa Kampuni nyanjani. (ii) Easy Pay, kutoa mbinu mbadala za kulipia stima na kununua kadi za umeme ili kupunguza msongamano kwenye vituo vya kulipia umeme; (iii) E-bill kuhamasisha wateja namna ya kujisajili kupokea bili kwa njia ya kidijitali kupitia 95551; (iv) Kampeni za miradi kama vile Last Mile Connectivity, Mwangaza Mtaani kusambaza umeme maeneo ya umma, Usambazaji umeme katika mitaa ya mabanda kupitia GPOBA; (v) Huduma ya OKOA Stima inayotolewa kwa ushirikiano na Safaricom inayowezeshwa wateja kupata umeme kwa mkopo kupitia simu zao za mkono; na kampeni za kuhamasisha umma kuhusu usalama wao zinazolenga shule, jamii, wafanyikazi na wanakandarasi.

Kudumisha uhusiano wa karibu na wateja wetu na washikadau ni muhimu kwa biashara yetu. Kutokana na hilo, tuliandaa vikao vya majadiliano na wahusika kadha kama vile Kenya Association of Manufacturers, Kenya Private Sector Alliance, Kenya National Chamber of Commerce and Industry ili kuelezea kuhusu mipango ya Kampuni na kupokea maelezo kuhusu huduma zetu ili kuziboresha hata zaidi, kujadili kuhusu masuala ya sera ya kawi na kuunda mikakati inayotufaa sote. Mazungumzo mengine muhimu yalikusika Serikali, washirika wa maendeleo, wanakandarasi, wauzaji na wahusika wakuu kwenye sekta hiyo.

Kupanua na kuimarisha mitambo ya Teknolojia ya Mawasiliano (ICT)

Kampuni ilianzisha mpango mkubwa wa kutathmini mifumo yake ya ICT kwa lengo la kuimarisha utendakazi wake na kupunguza gharama za kutafuta leseni na zile za kuiendesha. Katika kipindi kilichomalizika, tulianzisha mchakato wa kupanua mitambo ya kutoa huduma kwa wateja, Integrated Customer Service (ICS), ambayo imekuwa tegemeo kuu katika operesheni zetu za kutoa bili na kukusanya mapato katika kipindi cha miaka 20 iliyopita. Uboreshaji wa mitambo hiyo unatarajiwa kuunganisha huduma za wateja wanaotuma maombi, maombi mapya ya mita, kushughulikia visa vyovyote na maelezo kuhusu maeneo hadi Mitambo ya Pamoja ya Huduma kwa Wateja (INCMS). Hii itaimarisha usalama wa mitambo, kuwezesha usomaji wa mita kutoka mbali, kuwezesha

tathmini ya biashara kwa kutumia maelezo kwenye mtandao, kutambua mapema visa vya umeme kukatika kwa wateja na kutoa jukwaa la kutangamana na wateja kupitia mitandao ya kijamii.

Mradi wa kutambua maeneo ya kusambaza umeme kidigitali

Mradi unaoendelea wa Geographical Information System/ Facilities Database (GIS/FDB) unanuia kubadilisha kabisa namna ya kuendesha operesheni zetu; na hivyo kuboresha utendakazi, kuongeza uzalishaji, kupunguza gharama; kutosheleza mahitaji ya wateja na kuwa na mitambo ya kutegemewa. Utekelezaji wa mfumo wa GIS/FDB umesaidia kuharakisha uchoraji wa njia za laini mpya bila kuzuru maeneo husika na hivyo kupunguza kipindi cha kusubiri kabla ya kusambaziwa umeme. Mitambo hiyo pia imetuwezesha kutambua wateja wanaoathiriwa na kupotea kwa umeme kwenye laini fulani za umeme au transfoma na kuwasiliana kwa njia ya SMS. Isitoshe, inawezesha Kampuni kufuatilia umeme unaosambazwa kupitia laini za umeme na umeme unaolipiwa ili kupunguza hasara pamoja na kutambua makazi ya mteja ili kuharakisha huduma za nyanjani.

Katika mwaka uliomalizika, tulimaliza kukusanya data na kutambua vituo vya umeme wa wastani 981, transfoma 55,059 na kilomita 108,966 za laini za kusafirisha umeme wa kiwango kidogo kuunganisha mita za wateja 3.3 milioni. Shughuli zinaendelea za kutambua mita 1.7 milioni za wateja zilizosalia. Wateja wote wapya wanaunganishwa pamoja na vifaa wanashirikishwa kwenye mitambo hiyo katika awamu ya uchoraji.

Kulinda vifaa vya mtandao wetu

Kampuni iliendelea kushuhudia kupungua kwa visa vya uharibifu wa vifaa vyake hasa transfoma na vifaa vinginevyo vya umeme. Idadi ya transfoma zilizoharibiwa katika mwaka uliomalizika ilipungua hadi 222 kutoka 268 mwaka uliotangulia na hivyo kushuka kwa asilimia 73. Kushuka huko kunatokana na operesheni kali za kukabiliana na uharibifu huo kote nchini zilizohusisha ulinzi mkali kwenye mtandao wetu kwa ushiriano na maafisa wa usalama, uchunguzi wa kina kuhusu kesi za uharibifu, kushtakiwa kwa haraka kwa wanaozua uharibifu huo na walaghai wengine, faini kubwa pamoja na kuhamasisha jamii kushiriki kupambana na uharibifu huo.

7. MPANGO WA KITAIFA WA KUSAMBAZA UMEME MAKAZI YA UMMA

Mpango wa kitaifa wa kusambaza umeme ni mradi unaofadhiliwa na Serikali kutoa mwanga wa kutosha katika maeneo ya viwandani, kibiashara na sehemu za makazi, na hivyo kutoa mandhari ya kuendesha shughuli zaidi ya masaa ya kawaida ya kazi.

Mpango huo ulianzishwa 2014 na bajeti ya awali ya Sh.953 milioni ili kuhudumia baadhi ya sehemu za kaunti ya Nairobi na Sh881.5 milioni zaidi kuhudumia baadhi ya sehemu za kaunti za Mombasa, Kilifi, Kwale, Nyeri na Kisumu. Mpango huu ulipanuliwa katika mwaka uliopita kujumuisha miji 65 na vituo vya kibiashara pamoja na makao makuu ya kaunti 13 kutokana na ufadhili wa Sh.8.1 bilioni. Tulimaliza kuweka taa barabarani katika miji 13 ikiwemo Garrissa, Isiolo, Ruiru, Mtwapa, Thika, Naivasha, Chuka, Embu, Bomet, Lodwar, Kiambu, Gilgil/ Kikopey, na Muranga katika mwaka huo kwa gharama ya Sh.545 milioni ilhali kazi inaendelea katika miji iliyosalia.

Kutokana na mpango huu, tumezidisha matumizi ya umeme uliopo katika kipindi ambapo matumizi ya umeme ni ya chini. Kufuatia hali hiyo, mauzo kutokana na taa za barabarani yaliongezeka kwa asilimia 17.5 kutoka 35.7GWh mwaka uliopita hadi 42GWh na kuchangia katika nyongeza ya mapato.

8. KUSTAWISHA BIASHARA KUPITIA UTENDAKAZI

Wafanyikazi ni kiungo muhimu katika kufanikisha malengo yetu makuu ya kibiashara. Kupitia ushirikiano wa wasimamizi na wafanyikazi, tulipata alama ya jumla katika utendakazi ya “Vyema Zaidi” kufikia mwisho wa kipindi cha matumizi ya fedha.

Huku biashara yetu ikipanuka na wateja kuongezeka, ni muhimu kuhakikisha kuna wafanyikazi wa kutosha kutoa huduma huku tukizingatia vipimo vya wateja kwa wafanyikazi kwa utendakazi bora. Katika mwaka uliopita, tuliimarisha viwango hivyo hadi 1:439 ikilinganishwa na 1:333 mwaka uliopita huku jumla ya wafanyikazi 11,133 wakihudumia wateja 4,890,373.

Katika kipindi hicho, Kampuni ilisambaza huduma zake katika kaunti zote na kuendelea kuboresha mazingira ya kazi na kutoka nafasi kwao kuhudumu.

Tulitekeleza mpango wa kutafuta wafanyikazi wenye vipawa na mpango wa majaribio wa kutoa mafunzo ya usimamizi ili kukuza viongozi wa kusimamia biashara siku za usoni katika sekta zote za biashara. Mbinu hizo zimejikita katika taratibu zetu za kibiashara ambazo hulenga kusaidia na kupalilia wafanyikazi wenye vipaji kwa ustawi na maendeleo.

Ili kugeuza Taasisi ya Mafunzo ya Kawi na Utafiti kuwa kitengo cha Kenya Power International Limited (KPI), Kampuni iliteua kundi la Manaibu Wakurugenzi kuongoza mabadiliko hayo na hatimaye kuiletea Kampuni fedha. Mchakato wa kuanzisha kitengo kamili unaendelea.

9. NAFASI ZA UKUAJI

Kampuni imeanza kuvuna kutokana na uwekezaji mkubwa iliofanya kwa muda sasa kupanua na kukuza biashara kama inavyoonyeshwa na uwepo wetu katika sehemu mbalimbali za nchi, huduma bora kwa wateja na kuongezeka kwa vifaa vya Kampuni. Tunatazamia ukuaji wa mahitaji ya umeme unaochochewa na ustawi wa kiuchumi na kuimarika kwa mazingira ya kibiashara mtandao wetu wa usambazaji umeme unapopanuka.

Tukiendeleza kiwango cha juu cha kuongezeka kwa wateja ambacho kwa wastani kimekuwa kwa asilimia 30 kila mwaka katika miaka mitatu iliyopita, tutajikakamua kudumisha kiwango hicho cha ukuaji ili kuongeza mapato yetu kupitia kuongezeka kwa mauzo na kudumisha nafasi yetu ya kwanza katika sekta ya kawi. Nyanja zingine tutakazozipa kipaumbele kwa lengo la kuongeza thamani kwa wenyehisa ni kuboresha utendakazi, kupunguza gharama na kutumia kwa njia ifaayo vifaa vyetu kwa lengo la kuongeza faida.

Tunatumia kikamilifu uungwaji mkono kutoka kwa Serikali, washirika wa kibiashara na wahusika wengine ili kuinua biashara yetu na kujiandaa kwa nafasi nyingi za ustawi zilizoko mbele, kwa manufaa ya wateja wetu na wenyehisa na kuchangia katika ustawi wa taifa letu.

Shukrani

Kwa niaba ya Wasimamizi, ningependa kutoa shukrani zangu kwa Bodi ya Wakurugenzi kwa mwongozo wao na kutuunga mkono katika mwaka uliopita na wafanyikazi wetu wote kwa kujitolea kwao kuhudumia wateja wetu.



Dkt Ben Chumo, OGW
Mkurugenzi Mkuu na Afisa Mkuu Mtendaji

Oktoba 28, 2016



The National Public Lighting Programme is implemented by the Company to enhance security by providing adequate lighting to industrial, commercial and residential areas

ENABLING PROGRESS

CORPORATE GOVERNANCE REPORT

The practice of good corporate governance ensures the delivery of sustainable value for our shareholders as well as meeting the needs of our stakeholders. Good Corporate Governance practices involve the adoption of ethically driven business policies, procedures and processes. The Company is committed to ensuring that the needs of our customers and the expectations of our stakeholders are met while safeguarding the investments of our shareholders.

We believe that our business affairs should be carried out in a fair, transparent and accountable manner. It is our integral responsibility to disclose timely and accurate information on our financials and performance as well as provide the leadership and effective governance for the Company.

This report highlights the main corporate governance structures and practices that guide the Board.

Governance Principles and Guidelines

The Board of Directors is at the core of the Company's governance practice for protection of long-term interests of all stakeholders. Guided by the principles of best practices in governance, the Board performs its duties in the interest of the Company to improve shareholders' value and for continued sustainability of the business.

The Board is vested with powers and authority by relevant laws of Kenya, and the Company's Memorandum and Articles of Association. In discharging its mandate, the Board is guided by the Board Charter, Code of Conduct and Board Manual to effectively fulfil its corporate governance responsibility towards stakeholders. In addition, it has adopted Guidelines on Corporate Governance developed by the Capital Markets Authority and the Mwongozo Code for State Corporations.

The Board Charter defines the roles, responsibilities, scope and functions of the Directors in the governance of the Company and provides for free exercise of independent judgment.

The Board provides oversight to Management and ensures the staff operate within the Code of Conduct and Ethics; Public Officers and Ethics Act; and the Mwongozo Code for State Corporations.

Responsibilities of the Board

The primary responsibility of the Board is to provide leadership and strategic direction to the Company to enhance shareholders' value. Board members are expected to exercise the highest degree of care, skill and diligence in discharging their duties.



The responsibilities of the Board include: (i) establishing short and long-term goals of the Company, develop strategies to achieve these goals and monitor the Company's performance against these set goals; (ii) spearheading preparation of financial statements and reports; (iii) approving and reviewing annual budgets; (iv) overseeing business affairs of the Company in light of emerging risks and opportunities; and (v) ensuring that the Company has adequate systems of internal controls together with appropriate monitoring of compliance activities to ensure business continuity.

The Board provides oversight to the Company's top management and has unrestricted access to timely and relevant information as well as advice and services of the Company Secretary to discharge its duties effectively. Directors are also empowered to seek independent professional advice on Company business at its expense where necessary.

Capacity Building for the Board

Regular training and development programmes are developed to equip the Board with necessary skills for effective discharge of their mandate. Newly appointed Directors undergo a detailed induction training to enhance their understanding of the nature of our business, operations, Company's performance and strategy. Each year the Board prepares a training calendar where specific training needs are identified and scheduled. During the year, Directors attended various capacity building programmes focusing on leadership, governance, finance and other relevant areas.

Board Evaluation

Board evaluation as provided for in our Board Manual is key in assessing the performance, efficiency and effectiveness of an organisation. Regular performance evaluations also enable us to review our strategies to ensure continuous growth and sustainability.

During the year, a Board evaluation exercise was conducted by the State Corporations Advisory Committee (SCAC) where the board performed remarkably well. An action plan was developed focusing on areas that require improvement.

Board work plan and meetings

The Board prepares a work plan showing a schedule of meetings each year with a minimum of twelve meetings per year. Directors receive accurate, timely and clear information on the agenda prior to every meeting for adequate preparation.

During the year the Board held a total fourteen meetings to deliberate on key aspects of our business including connectivity strategies, corporate strategic plan, infrastructure development, power purchase agreements, network maintenance, budget requirements, procurement plan and financial performance of the Company.

Composition of the Board

The current Board headed by the Chairman is composed of nine members inclusive of the Managing Director and Chief Executive Officer who is the only executive member. The constitution of the Board takes into consideration requirements of the sector, diversity of skills, academic qualifications, gender, age and experience necessary to add value to the business. The Directors are appointed to various Board Committees mandated to carry out specified functions.

The principal role of the Chairman is to provide leadership to the Board as well as ensure that the Board is supplied with timely and sufficient information to enable it to discharge its duties effectively. The Managing Director on the other hand, is the Chief Executive Officer and is responsible for the day to day management of the Company.

The Directors' biographies are shown on pages 8 and 10.

During the Annual General Meeting, at least one third of the Board members retire by rotation but are eligible for re-election. Any Director appointed by the Board during the year to fill a casual vacancy is required to retire at the next Annual General Meeting and is eligible for election.

Composition of the Board and attendance

Name of the Director	Board Position	Board Attendance	Board Committees	
			Chairmanship	Number of Committees
Hon. Kenneth Marende	Chairman	14	-	-
Mr. Henry Rotich	CS, The National Treasury	-	-	Three
Dr. Eng. Joseph Njoroge	PS, Ministry of Energy and Petroleum	-	-	Three
Dr. Ben Chumo	Managing Director & CEO	14	-	Four
Mr. Macharia Kariuki	Member	13	One	Three
Mrs. Jane Nashida	Member	13	One	Three
Mr. Wilson Mugung'ei	Member	14	One	Three
Mr. Adil Khawaja	Member	10	One	Two
Mrs Susan Chesinya	Member	8	One	Three
Mr. Joseph Kariuki	Alternate to the CS, The National Treasury	14	-	Three
Eng. Isaac Kiva	Alternate to the PS, Ministry of Energy and Petroleum	13	-	Three
Dr. Theodorah Malla-Kilukumi	Left in December 2015	6	-	-

Notes:

- Mrs Susan Chesinya was elected as Director during the Annual General Meeting held on 22nd December 2015.
- Dr. Theodorah Malla-Kilukumi retired as Director during the Annual General Meeting held on 22nd December 2015.
- There are no inter-se relationships between our Board Members.

Board Committees

The Board has established five standing committees with clearly defined terms of reference to assist in effective discharge of various

business functions and responsibilities. The Board can constitute an ad hoc committee to consider specific issues which are not under the mandate of existing committees. The Managing Director and CEO is the secretary to the Staff and Remuneration Committee while the Company Secretary is the secretary to the Strategy and Customer Service Committee, Procurement Oversight Committee, and the ICT and Power Purchase Agreement (PPA) Committee. The secretary to the Audit committee is the General Manager, Internal Audit.



Activities of the existing committees during the year are detailed below:

Audit Committee

The Audit Committee assists the Board with the oversight of the financial reporting process, audit process, internal control systems, risk management and compliance with laws and regulations. The Committee comprises four non-executive Directors and regularly invites the Managing Director and CEO, and General Manager Finance to its meetings. External auditors are also invited to attend the meetings when necessary.

The Audit Committee is tasked with the following responsibilities:

Reviewing quarterly, half-year and annual financial statements before submission to the Board,

- (i) Assessing the qualifications and recommending engagement of external auditors and their audit fees,
- (ii) Reviewing the performance, objectivity, and independence of external auditors,
- (iii) Consideration of audit findings by the external auditors,
- (iv) Monitor and review the effectiveness of the Company’s internal audit function,

(v) Reviewing the Company’s internal control and risk management systems and

(vi) Ensuring adherence to the code of ethics and integrity in financial transactions of the Company.

The Audit Committee held six meetings as tabulated below:

Name	Attendance
Mr. W. Mugung’ei – Chairman	6
Dr. B. Chumo (by invitation)	6
Mr. M. Kariuki	6
Mrs S. Chesiyana	4
Mrs J. Nashida	4
Dr. T. Malla-Kilukumi(left in December 2015)	2

Strategy and Customer Service Committee

The Committee which comprised five members is charged with the responsibility of advising the Board on strategies to enhance performance of the Company. It reviews the Five Year Corporate Strategic Plan, corporate budget and oversees the annual implementation of the Company’s strategy. The Committee is also responsible for monitoring major projects under implementation, directing strategies for improving customer service and overseeing the Company’s financial management. General Managers in charge of Finance, Business Strategy and Customer Service are invited to their meetings.

The Committee held five meetings during the year under review as shown in the table below:

Name	Attendance
Mr. A. Khawaja – Chairman	4
Dr. B. Chumo	5
Mr. M. Kariuki	5
Mr. J. Kariuki	5
Eng. I. Kiva	2

Staff and Remuneration Committee

This Committee is responsible for considering and making recommendations to the Board on the following: (i) appointment of and terms and conditions of service for the Managing Director, (ii) human resource policies and corporate organisational structure; (iii) appointment, promotion and disciplinary issues of senior staff; (iv) remuneration structure for the staff; (v) succession plan for senior staff and (vi) reviewing performance of the staff pension scheme. The General Manager in charge of Human Resource and Administration is invited to the Committee’s meetings.

The Committee held six meetings during the year under review as shown in the table below:

Name	Attendance
Mrs. S. Chesiyana – Chairperson (joined in January 2016)	4
Dr. B. Chumo –Secretary	6
Eng. I. Kiva	5
Mr. J. Kariuki	6
Mrs. J. Nashida	5
Dr. T. Malla-Kilukumi (left in December 2015)	2

Procurement Oversight Committee

This Committee is responsible for overseeing the Company’s procurement processes on behalf of the Board to ensure compliance with the law and the Company’s annual procurement plan. The Committee also reviews and recommends the annual procurement plan to the Board. Procurement of goods and services with a value of Shs.50 million and above requires approval of the Committee. The General Manager, Supply Chain is regularly invited to the Committee meetings.

During the year the Committee held a total of fourteen meetings as shown in the table below:

Name	Attendance
Mr. M. Kariuki – Chairman	14
Dr. B. Chumo	14
Mrs. J. Nashida	14
Mr. W. Mugung’ei	13
Mrs. S. Chesiyana (joined in January 2016)	7
Dr. T. Malla-Kilukumi (left in December 2015)	6

ICT and Power Purchase Agreement (PPA) Committee

This Committee was constituted upon the merger of two committees, the PPA Committee and the ICT Committee. The Committee is responsible for:

- (i) Providing oversight in the negotiation of power purchase agreements between the Company and bulk power producers,
- (ii) Ensuring PPAs safeguard the interest of shareholders and customers and achieve cost-effective power purchase costs,
- (iii) Reviewing the Company’s Information Communication and Technology (ICT) policy,
- (iv) Evaluating ICT security issues and internal controls,
- (v) Ensuring adoption of ICT systems that support Company business, minimise risks and achieve maximum benefits from the investments.

Management are invited to Committee meetings to provide information and make clarifications.

During the year, the Committee held seven meetings as shown in the table below:

Name	Attendance
Mrs J. Nashida – Chairperson	7
Dr. B. Chumo	7
Mr. A. Khawaja	4
Mr. J. Kariuki	6
Eng. I. Kiva	5

Accountability and audit

In line with the Companies Act 2015, Directors are required to prepare annual financial statements for the Company in each trading year. The statements should reflect a true and fair view of the financial position of the Company as at the end of each financial year and should include: annual financial statements; the directors’ remuneration report; the directors’ report; and the auditor’s report on the financial statement, the auditable part of the directors’ remuneration report, and the directors’ report.

CORPORATE GOVERNANCE REPORT

Directors ensure that the Company's financial statements are audited each financial year. They are responsible for ensuring that suitable accounting policies are consistently applied supported by reasonable and prudent judgments, and estimates. They also ensure that applicable accounting standards are followed as well as the duty to exercise care, skill and diligence.

In addition, the Board is responsible for ensuring that the Company keeps reasonable and accurate accounting records showing and explaining the transactions and financial position of the Company in compliance with the Companies Act and the prescribed accounting standards. Further, the Board has a general responsibility to ensure adequate internal controls are in place to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Internal Controls

Internal control systems are designed to meet particular needs of the Company and mitigate the risks, with attendant procedures intended to provide effective internal financial control. The Board is obligated to maintain a sound system of internal controls to safeguard shareholders' investments. These include taking reasonable steps to ensure that the control and regulatory systems are continuously maintained and monitored. While the systems in place are intended to provide reasonable controls, absolute assurance cannot be guaranteed.

Directors' Remuneration

During every Board meeting, present Directors are entitled to a sitting allowance, lunch allowance (in lieu of lunch being provided), accommodation allowance and mileage reimbursement where applicable within government set limits for state corporations. The Chairman receives a monthly honorarium. Directors' fees are paid annually in accordance and within the approved limits set in the guidelines by the Government to all state corporations and upon approval by shareholders during the Annual General Meeting. It is proposed that in the financial year ended 30th June 2016, each non-executive Director be paid a total of Shs.600,000 or on pro rata basis for period served. During the year, there were no Directors' loans.

Details of Directors' emoluments during the year are shown on page 122 in the financial statements.

Directors' Shareholding

During the year, none of the Directors owned more than 1% of the shareholding. The current Directors' shareholding is shown in the table below.

Director	Shares
Dr. Eng. J. Njoroge	68,333
Mr. M. Kariuki	22,387
Mr. W. Mugung'ei	1,537
Total	92,257

Enterprise Risk Management

The Company has adopted an Enterprise Risk Management (ERM) frame work in both strategy setting and in its operations. The framework is under implementation across the Company with the management and the Board laying out their mandate within the policy. The operationalisation of the ERM framework is done through the ERM secretariat within the Corporate Affairs and Company Secretary division.

The Board exercises its oversight mandate on ERM through the Board Audit Committee. An ERM reporting structure has been established to ensure that the Audit Committee receives the ERM Quarterly report. This report gives a status update of the Corporate risks based on the business environment operating at that point in time. The report further provides the risk mitigation measures that have been implemented by the Management.

During the year under review, the Company engaged a consultant to review the ERM framework and the Business Continuity and Crisis Management (BCCM) framework. The aim of this assignment was to update both ERM and BCCM frameworks and align the same to the Mwongozo Code of Governance for State Corporations.

Under Section 2.7 of the Mwongozo code, the Company's key risks in the foregoing period are:

- a) Compliance (Legal and Regulatory) risk
- b) Demand growth risk

- c) Unbundling of the power sector risk
- d) Quality of power supply risk
- e) Financial and market risk
- f) Political risks
- g) Succession planning and talent management risks
- h) Reputational risk
- i) Technology risk
- j) Fraud and cybercrime risk

These risks are considered the top key risks to the strategic objectives of the Company and both Management and the Board have ensured appropriate mitigation measures are in place.

The Board of Directors express their commitment to continued management of all existing and emerging risks to ensure they remain within the acceptable tolerance and appetite levels.

Ethical Standards

The Company has an integrity and ethics programme to entrench a strong ethical culture in both operations and decision making in order to realise its strategic objectives. During the period under review, we continued to undertake activities in accordance with the Company's Code of Ethics aimed at maintaining high organisational integrity, combating and eradicating all forms of corruption and unethical conduct. In this regard, Conflict of Interest Policy and a Whistle Blowing Policy were developed and adopted.

The purpose of the Conflict of Interest Policy is to ensure that all employees perform their duties honestly, transparently and in the best interest of the Company at all times. Employees are expected to avoid situations, activities, investments, relationships and influences that might compromise their objectivity, effectiveness and faithfulness in performance of their duties. On the other hand, the Whistle Blowing Policy and procedures are aimed at protecting staff who act in good faith to disclose or report any acts of malpractice, alleged dishonesty, corruption, illegality, wrong-doing or omissions by employees.

Relations with Shareholders

The Company attaches great importance to sustained good relationship and communication with our shareholders. There

CORPORATE GOVERNANCE REPORT

are channels in place to ensure open shareholder engagement. The Company ensures timely communication of half-year and full year trading results, annual reports and financial statements. Shareholders engage the Company's Directors and management face to face during the Annual General Meeting (AGM). In this forum, shareholders are given opportunity to put questions to the Board on matters relating to the Company's operations, performance and strategies. Prior to the AGM shareholders are given a 21 day notice to review the proposed agenda and prepare to attend. A shareholder who is unable to attend the AGM may appoint a proxy to attend and vote on behalf. An investor relations online tab is available on the Company's website at www.kplc.co.ke to provide business information to shareholders.

Management and Organisation

The Company is organised into 13 functional divisions each headed by a General Manager. These divisions are Business Strategy, Infrastructure Development, Network Management, Customer Service, Regional Coordination, Information Communication and Technology, Street Lighting, Electricity Connectivity, Corporate Affairs and Company Secretary, Human Resource and Administration, Finance, Supply Chain and Internal Audit. In addition, each division has departments headed by Managers who coordinate various Company business functions. The business is further structured into 10 administrative regions under Regional Managers. The regions are: Nairobi North, Nairobi South, Nairobi West, Coast, Mt. Kenya, North Eastern, North Rift, Central Rift, Western and South Nyanza. To take services closer to our customers and seize business opportunities, the Company has devolved its crucial functions to 46 county business units each headed by a County Business Manager. This organisational structure ensures optimal business operations for effective delivery of service to our customers.

Executive Management Committee

This Committee is chaired by the Managing Director and CEO and comprises all divisional heads. The Committee is responsible for executing strategies adopted by the Board. It considers policies and strategic measures for optimal business performance, monitors performance and makes recommendations to the Board. The Managing Director and CEO provides the pivotal link between the Executive Management and the Board.

Shareholding Profiles

The Company is committed to adherence of the rules and regulations of the Capital Market Authority and has complied with principles of disclosure and transparency provided under Capital

Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, Nairobi Securities Exchange Listing Rules and the Companies Act 2015.

The top 20 shareholders of the company as well the breakdown of shareholding structure are provided in the tables below.

The top 20 major shareholders as at 31st August 2016 were as follows:

No.	Name of Shareholder	Ordinary (Shs. 2.50 each)	4% Pref. (Shs. 20 each)	7% Pref. (Shs. 20 each)	Total	Percentage
1.	Permanent Secretary to the Treasury	977,641,695	656,808	193,531	978,492,034	50.086
2.	Standard Chartered Nominees Ltd	383,057,838	-	-	383,057,838	19.608
3.	Kenya Commercial Bank Nominees Ltd	116,466,666	66,784	800	116,534,250	5.965
4.	CFC Stanbic Nominees Ltd	56,247,913	-	-	56,247,913	2.879
5.	NIC Custodial Services Ltd	48,319,194	-	-	48,319,194	2.473
6.	Equity Nominees Ltd	25,602,959	-	-	25,602,959	1.311
7.	The Jubilee Insurance Company Ltd	20,255,753	59,828	17,160	20,332,741	1.041
8.	Co-op Bank Custody	15,749,231	-	-	15,749,231	0.806
9.	ICEA Lion Life Assurance Ltd	10,970,552	221,386	19,272	11,211,210	0.574
10.	CSNL A/C UAP Life Ass Fund	10,646,968	-	-	10,646,968	0.545
11.	Old Mutual Life Assurance Co. Ltd	10,261,291	-	-	10,261,291	0.525
12.	Kenindia Assurance Company Ltd	7,278,349	-	-	7,278,349	0.373
13.	Alimohamed Adam	4,762,521	277,264	57,617	5,097,402	0.261
14.	John Njuguna Ngugi	5,000,000	-	-	5,000,000	0.256
15.	Aunali Fidahusseini Rajabali and Sajjad Fidahusseini Rajabali	5,000,000	-	-	5,000,000	0.256
16.	Kenya Reinsurance Corporation Ltd	4,957,385	16,156	-	4,973,541	0.255
17.	African Reinsurance Corporation	2,889,800	-	-	2,889,800	0.148
18.	Natbank Trustee & Investment Services Ltd	2,589,773	-	-	2,589,773	0.133
19.	Kyalo Mwangulu Kilele	2,490,000	2,000	-	2,492,000	0.128
20.	Savitaben Velji Raichand Shah	2,292,589	73,736	6,500	2,372,825	0.121
Sub - Totals		1,712,480,477	1,373,962	294,880	1,714,149,319	87.742
Other Shareholders		238,986,568	426,038	55,120	239,467,726	12.258
Total Issued Shares		1,951,467,045	1,800,000	350,000	1,953,617,045	100

Shares distribution of Ordinary Shareholders as at 31st August 2016

Range	No. of Shareholders	Shares
<1,000	12,489	3,977,915
1001-10,000	10,623	33,247,484
10,001-50,000	2,386	49,931,706
50,001-100,000	445	31,458,046
Over 100,000	796	1,832,851,894
Totals	26,739	1,951,467,045

Shares distribution of 4% Preference Shareholders as at 31st August 2016

Range	No. of Shareholders	Shares
<1,000	363	65,575
1001-10,000	55	152,792
10,001-50,000	14	325,818
50,001-100,000	2	133,564
Over 100,000	3	1,122,251
Totals	437	1,800,000

Shares distribution of 7% Preference Shareholders as at 31st August 2016

Range	No. of Shareholders	Shares
<1,000	82	22,019
1001-10,000	15	43,984
10,001-50,000	3	86,432
50,001-100,000	1	57,617
Over 100,000	1	139,948
Totals	102	350,000



Hon. Kenneth Marende, EGH
Chairman

28th October 2016

RIPOTI KUHUSU UONGOZI WA KAMPUNI

Ripoti ya Maongozi Bora ya Kampuni

Uzingatiaji wa Maongozi Bora ya Kampuni huhakikisha uthabiti wa thamani kwa wenyehisa pamoja na kutosheleza mahitaji ya washikadau wetu. Hii inaafikiwa kwa kukumbatia miundo, taratibu na michakato inayoongozwa na maadili. Kampuni inajitolea kuhakikisha kuwa mahitaji ya wateja wetu na matarajio ya washikadau wetu yanatoshelezwa huku tukitunza uwekezaji wa wenyehisa wetu.

Tunaamini kuwa shughuli zetu za kibiashara zinapasa kuendeshwa kwa njia ya haki, wazi na uwajibikaji. Ni jukumu letu kuu kufichua kwa wakati ufaao taarifa za kweli kuhusu hali yetu ya kifedha na matokeo pamoja na usimamizi na uongozi wa Kampuni.

Ripoti hii inaangazia miundo muhimu ya maongozi ya Kampuni na kanuni zinazoongoza Bodi.

Kanuni na Masharti ya Maongozi ya Kampuni

Halmashauri ya Wakurugenzi ndio nguzo ya uzingatiaji wa maongozi ya Kampuni kwa lengo la kulinda maslahi ya muda mrefu ya washikadau wote. Tukiongozwa na maadili bora katika uongozi, Bodi hutekeleza majukumu yake kwa manufaa ya Kampuni ili kuongeza thamani ya wenyehisa ili kuendelea kudumisha biashara.

Bodi imepewa nguvu na mamlaka na sheria husika za Kenya, na Katiba ya Kampuni. Katika kutekeleza majukumu yake, Bodi inaelekezwa na Mwongozo wa Bodi ili kutimiza wajibu wake wa usimamizi kwa wenyehisa. Isitoshe, imekumbatia Kanuni kuhusu Maongozi ya Kampuni zilizotayarishwa na Mamlaka ya Masoko ya Mtaji (CMA) na Mwongozo Code wa Mashirika ya Serikali.

Mwongozo wa Bodi hufafanua wajibu, majukumu na kazi ya Wakurugenzi katika usimamizi wa Kampuni na hutoa nafasi ya kufanya maamuzi huru.

Vipengele kuhusu uongozi vilivyoangaziwa kwenye Mwongozo wa Bodi ni pamoja na:

- Uteuzi, ujuzi unaohitajika na mafunzo ya Wakurugenzi;
- Kazi na wajibu wa Bodi, Mwenyekiti, Mkurugenzi Mkuu na Afisa Mkuu Mtendaji na Katibu wa Kampuni,
- Uandalizi wa Mikutano ya Bodi na Kamati zake;

- Mwongozo kuhusu utendakazi wa Wakurugenzi; na

- Majukumu ya kamati zote za Bodi.

Bodi inatoa mwelekeo kwa Wasimamizi na uhakikisha wafanyikazi wanahudumu chini ya Mwongozo wa Utendakazi na Maadili; Sheria ya Maafisa wa Umma na Maadili; na Mwongozo Code kwa Mashirika ya Serikali.

Majukumu ya Bodi

Wajibu muhimu wa Bodi ni kutoa mwongozo na mwelekeo kwa Kampuni ili kuongeza thamani kwa wenyehisa. Wanachama wa Bodi wanatarajiwa kuzingatia hali ya juu ya uangalifu, ujuzi na uadilifu katika kutekeleza majukumu yao. Majukumu ya Bodi ni pamoja na: (i) Kuweka malengo ya muda mfupi na muda mrefu ya Kampuni, kuunda mikakati ya kufanikisha malengo hayo na kufuatilia utendakazi wa Kampuni dhidi ya malengo hayo. (ii) Kuongoza utayarishaji wa ripoti na taarifa za kifedha; (iii) kuidhinisha na kutathmini bajeti za kila mwaka; (iv) kusimamia masuala ya kibiashara ya Kampuni kutokana na hatari ibuka na nafasi za kibiashara; na (v) kuhakikisha Kampuni ina mifumo ya kutosha ya vidhibiti vya ndani pamoja na kufuatilia uzingatiaji wa mwongozo huo ili kuendeleza biashara.

Bodi hutoa mwelekeo kwa wasimamizi wakuu wa Kampuni na ina haki ya kupata kwa wakati ufaao taarifa pamoja na ushauri na huduma ya Katibu wa Kampuni kutekeleza majukumu yake ipasavyo. Wakurugenzi pia wana mamlaka ya kutafuta ushauri huru kuhusu biashara ya Kampuni kwa gharama yake inapohitajika.

Mafunzo kwa Bodi

Mipango ya kutoa mafunzo ya mara kwa mara imewekwa ili kuipa Bodi ujuzi unaohitajika kutekeleza majukumu yake ipasavyo. Wakurugenzi wapya hupewa mafunzo ya kina kuimarisha ufahamu wao wa biashara zetu, operesheni, utendakazi na mkakati. Kila mwaka, Bodi hutayarisha ratiba ya mafunzo ambapo wale wanaohitaji mafunzo wanatambuliwa na kupokea mafunzo hayo. Katika mwaka uliomalizika, Wakurugenzi walihudhuria mipango mbalimbali ya mafunzo kuhusu usimamizi, maongozi, fedha na nyanja zingine muhimu.

RIPOTI KUHUSU UONGOZI WA KAMPUNI

Wanachama wa Bodi

Bodi ya sasa inayoongozwa na Mwenyekiti, ina wanachama tisa akiwemo Mkurugenzi Mkuu na Afisa Mkuu Mtendaji ambaye ndiye mwanachama pekee mwenye mamlaka ya utendaji. Uanachama wa Bodi unazingatia mahitaji ya sekta, ujuzi mbalimbali, elimu, jinsia, umri, tajiriba inayohitajika kuongeza thamani kwa biashara. Wakurugenzi wanateuliwa kwa kamati za Bodi zilizopewa wajibu wa kutekeleza majukumu maalumu.

Wajibu mkuu wa Mwenyekiti ni kutoa mwongozo kwa Bodi pamoja na kuhakikisha kuwa Bodi inapokea taarifa za kutosha kwa wakati ufaao kuiwezesha kutekeleza majukumu yake ipasavyo. Mkurugenzi Mkuu kwa upande mwingine, ndiye Afisa Mkuu Mtendaji na anaongoza usimamizi wa kila siku wa Kampuni.

Wasifu wa Wakurugenzi umo kwenye kurasa 8-10.

Wakati wa Mkutano Mkuu wa Kila Mwaka, angalau theluthi moja ya Wakurugenzi hustaafu kwa mzunguko lakini wanaweza kujitokeza kuchaguliwa tena.

Mkurugenzi yeyote aliyeteuliwa na Bodi katikati ya mwaka kujaza nafasi ya muda anahitajika kustaafu katika Mkutano Mkuu wa kila Mwaka unaofuata na anaweza kuchaguliwa.

Tathmini ya Bodi

Tathmini ya Bodi kama inavyoelezwa kwenye Mwongozo wa Bodi ni muhimu katika kuchunguza utendakazi na ufanisi wa kampuni. Tathmini za mara kwa mara kuhusu utendakazi pia zinatwezesha kuchunguza upya mikakati yetu ili kudumisha ukuaji wa biashara yetu.

Katika mwaka uliomalizika, shughuli ya kutathmini Bodi ilitekelezwa na shirika linalosimamia mashirika ya kiserikali State Corporations Advisory Committee (SCAC) ambapo bodi ilifanya vyema. Mpango wa utekezaji ulitayarishwa ukiangazia nyanja zilizohitaji kuimarishwa.

Mpangilio wa kazi wa Bodi na mikutano

Bodi hutayarisha mpangilio wa kazi unaonyesha ratiba ya mikutano kila mwaka huku idadi ya chini zaidi ya vikao ikiwa 12 kwa mwaka. Wakurugenzi hupokea taarifa sahihi, wazi na kwa wakati ufaao kuhusu ajenda ya mkutano ili kujiandaa ipasavyo.

Katika mwaka uliomalizika, Bodi iliandaa jumla ya mikutano 14 kuangazia masuala muhimu kuhusu biashara yetu ikiwemo mikakati ya kusambazia wateja umeme, mkakati wa ustawi wa Kampuni, ustawi wa miundomsingi, Mikataba ya Ununuzi wa Umeme, utunzaji wa mtandao, mahitaji ya bajeti, mpangilio wa ununuzi na matokeo ya kifedha ya Kampuni.

Wanachama wa Bodi na mahudhurio

Jina la Mkurugenzi	Cheo katika Bodi	Mahudhurio ya Mikutano	Kamati za Bodi	
			Uenyekiti	Idadi ya Kamati
Mhe. Kenneth Marende	Mwenyekiti	14	-	-
Bw. Henry Rotich	Katibu, Wizara ya Fedha	-	-	Tatu
Dkt. Mha. Joseph Njoroge	Katibu, Wizara ya Kawi na Mafuta	-	-	Tatu
Dkt. Ben Chumo	Mkurugenzi Mkuu na Afisa Mkuu Mtendaji	14	-	Nne
Bw. Macharia Kariuki	Mwanachama	13	Moja	Tatu
Bi. Jane Nashida	Mwanachama	13	Moja	Tatu
Bw. Wilson Mugung'ei	Mwanachama	14	Moja	Tatu
Bw. Adil Khawaja	Mwanachama	10	Moja	Mbili
Bi Susan Chesinya	Mwanachama	8	Moja	Tatu
Bw. Joseph Kariuki	Anayebadilishana na Waziri wa Fedha	14	-	Tatu
Mha. Isaac Kiva	Anayebadilishana na Katibu wa Wizara ya Kawi na Mafuta	13	-	Tatu
Dkt. Theodorah Malla-Kilukumi	Aliondoka Desemba 2015	6	-	-

Maelezo:

1. Bi Susan Chesinya alichaguliwa kama Mkurugenzi wakati wa Mkutano Mkuu wa Kila Mwaka ulioandaliwa Desemba 22, 2015.
2. Dkt. Theodorah Malla-Kilukumi alistaafu kama Mkurugenzi wakati wa Mkutano Mkuu wa Kila Mwaka ulioandaliwa Desemba 22, 2015.
3. Wanachama wetu wa Bodi hawana uhusiano wowote baina yao.

RIPOTI KUHUSU UONGOZI WA KAMPUNI

Kamati za Bodi

Bodi imeunda kamati tano za kudumu ambazo majukumu yake yamefafanuliwa kikamilifu kusaidia katika utekelezaji wa kazi na wajibu wa kibiashara. Bodi inaweza kuunda kamati ya muda kushughulikia masuala maalumu ambayo hayamo chini ya himaya ya kamati zilizopo. Mkurugenzi Mkuu na Afisa Mkuu Mtendaji ni Katibu wa Kamati ya Wafanyikazi na Misharaha ilhali Katibu wa Kampuni ni Katibu wa Kamati ya Mkakati na Huduma za Wateja, Kamati ya Usimamizi wa Ununuzi, pamoja na kamati ya ICT na Mikataba ya Ununuzi wa Umeme (PPA). Katibu wa Kamati ya Uhasibu ni Meneja Mkuu, Uhasibu wa Ndani

Shughuli za kamati za sasa katika mwaka uliomalizika zimefafanuliwa hapa chini:

Kamati ya Uhasibu

Kamati ya Uhasibu husaidia Bodi kusimamia mchakato wa kuandaa ripoti za kifedha, uhasibu, mifumo ya udhibiti wa ndani, udhibiti wa hasara na uzingatiji wa sheria na masharti.

Bodi hiyo ina Wakurugenzi wanne wasio na mamlaka na mara kwa mara hualika Mkurugenzi Mkuu na Afisa Mkuu Mtendaji, na Meneja Mkuu wa Fedha kwa vikao vyake. Wahasibu kutoka nje pia hualikwa kuhudhuria mikutano inakohitajika.

Kamati ya Uhasibu inatarajiwa kutekeleza majukumu yafuatayo:

Kutathmini taarifa za kifedha baada ya miezi mitatu, nusu mwaka na zile za kila mwaka kabla ya kuwasilishwa kwa Bodi,

- Kutathmini ujuzi na kupendekeza uteuzi wa wahasibu kutoka nje na ujira wa wahasibu,
- Kutathmini utendakazi, usawa na uhuru wa wahasibu kutoka nje,
- Kushughulikia matokeo ya uchunguzi wa wahasibu kutoka nje,
- Kufuatilia na kutathmini ufanisi wa utendakazi wa wahasibu wa ndani,
- Kutathmini mifumo ya vidhibiti vya ndani na usimamizi wa hatari na
- Kuhakikisha uzingatiji wa mwongozo wa uadilifu katika shughuli za kifedha za Kampuni.

Kamati ya Uhasibu ilikuwa na vikao sita kama inavyoonyeshwa hapa chini:

Jina	Mahudhurio
Bw. W. Mugung'ei - Mwenyekiti	6
Dkt. B. Chumo (kwa mwaliko)	6
Bw. M. Kariuki	6
Bi S. Chesiyana (alijiunga Januari 2016)	4
Bi J. Nashida	4
Dkt T. Malla-Kilukumi (aliondoka Desemba 2015)	2

Kamati ya Mkakati na Huduma kwa Wateja

Kamati iliyojumuisha wanachama watano ilitwikwa jukumu la kuishauri Bodi kuhusu mikakati ya kuimarisha utendakazi wa Kampuni. Huwa inapiga msasa Mkakati wa Kampuni wa Miaka Mitano, bajeti ya kampuni na hufuatilia utekelezaji wa mkakati wa Kampuni. Kamati pia inawajibika kufuatia miradi mikubwa inayotekelezwa, kutoa mwongozo kuhusu uboreshaji wa huduma kwa wateja na kuangalia matumizi ya fedha za Kampuni. Mameneja wakuu wanaosimamia Fedha, Mkakati wa Biashara na Huduma kwa Wateja hualikwa kwa mikutano yao.

Kamati iliandaa mikutano mitano katika mwaka uliomalizika kama inavyoonyeshwa kwenye jedwali ifuatayo:

Jina	Mahudhurio
Bw. A. Khawaja - Mwenyekiti	4
Dkt. B. Chumo	5
Bw. M. Kariuki	5
Bw. J. Kariuki	5
Mha. I. Kiva	2

Kamati ya Wafanyikazi na Mishahara

Kamati hii inahusika na kuchunguza na kufanya mapendekezo kwa Bodi kuhusu masuala yafuatayo: (i) uteuzi, malipo na masharti ya utendakazi wa Mkurugenzi Mkuu, (ii) sera kuhusu wafanyikazi na muundo wa Kampuni; (iii) uteuzi, kupandishwa vyeo na masuala ya nidhamu ya wafanyikazi wa ngazi za juu, (iv) mshahara wa wafanyikazi (v) mpango wa urithi kwa wafanyikazi wa ngazi za juu na kutathmini hali ya mpango wa malipo ya uzeeni ya wafanyikazi. Meneja Mkuu anayesimamia Wafanyikazi na Usimamizi hualikwa kwenye mikutano ya Kamati hiyo.

Kamati iliandaa mikutano sita katika mwaka uliomalizika kama inavyoonyeshwa hapa chini:

Jina	Mahudhurio
Bi. S. Chesiyana - Mwenyekiti (alijiunga Januari 2016)	4
Dkt. B. Chumo -Katibu	6
Mha. I. Kiva	5
Bw. J. Kariuki	6
Bi. J. Nashida	5
Dkt. T. Malla-Kilukumi (aliondoka Desemba, 2015)	2

Kamati inayosimamia Ununuzi wa Bidhaa

Kamati hii inahusika na taratibu za ununuzi unaofanywa na Kampuni kwa niaba ya Bodi kuhakikisha uzingatiji wa sheria na mpango wa kila mwaka wa Kampuni kuhusu ununuzi. Kamati pia inachunguza na kupendekeza mpango wa ununuzi wa kila mwaka kwa Bodi. Ununuzi wa bidhaa na huduma za thamani ya zaidi ya Sh50 milioni huhitaji idhini ya Kamati hiyo. Meneja Mkuu, anayesimamia ununuzi hualikwa kwa mikutano ya Kamati hiyo.

Katika mwaka uliomalizika, Kamati iliandaa jumla ya mikutano kumi na nne kama inavyoonyeshwa hapa chini:

Jina	Mahudhurio
Bw. M. Kariuki - Mwenyekiti	14
Dkt. B. Chumo	14
Bi. J. Nashida	14
Bw. W. Mugung'ei	13
Bi S. Chesiyana (alijiunga Januari 2016)	7
Dkt. T. Malla-Kilukumi (aliondoka Desemba 2015)	6

Kamati ya ICT na Mikataba ya Ununuzi wa Umeme (PPA)

Kamati hii iliundwa baada ya kuunganishwa kwa kamati mbili, kamati ya PPA na ICT. Kamati hiyo inahusika na:

- Kusimamia mazungumzo kuhusu mikataba ya ununuzi wa umeme kati ya Kampuni na wazalishaji wakubwa wa umeme, (ii) Kuhakikisha Mikataba hiyo inalinda maslahi ya wenyehisa na wateja na kununua umeme kwa gharama inayofaa, (iii) Kutathmini sera ya Kampuni kuhusu Teknolojia ya Mawasiliano (ICT), (iv) Kutathmini masuala ya usalama wa ICT na vidhibiti vya ndani, (v) Kuhakikisha matumizi ya mitambo ya ICT ambayo inakuza biashara ya Kampuni, kupunguza hatari na kupata manufaa makubwa kutokana na uwekezaji. (vi) Wasimamizi hualikwa kuhudhuria mikutano ya Kamati kutoa taarifa na ufafanuzi.

RIPOTI KUHUSU UONGOZI WA KAMPUNI

Katika mwaka uliopita, Kamati iliandaa mikutano saba kama inavyoonyeshwa hapa chini:

Jina	Mahudhurio
Bi J. Nashida - Mwenyekiti	7
Dkt. B. Chumo	7
Bw. A. Khawaja	4
Bw. J. Kariuki	6
Mha. I. Kiva	5

Uwajibikaji na Uhasibu

Sambamba na Sheria ya Kampuni 2015, Wakurugenzi wanahitajika kuandaa taarifa za kifedha za Kampuni katika kila mwaka. Taarifa hizo ni lazima zionyeshe kwa ukamilifu hali halisi ya kifedha ya Kampuni kufikia mwisho wa kipindi cha matumizi ya fedha na inapasa kujumuisha: taarifa za kifedha za kila mwaka; ripoti kuhusu malipo ya wakurugenzi; ripoti ya wakurugenzi na ripoti ya wahasibu kuhusu taarifa za kifedha.

Wakurugenzi huhakikisha kuwa taarifa za kifedha za Kampuni zinakaguliwa kila mwaka. Wanawajibika kuhakikisha kuwa sera zifaazo za uhasibu zinatumiwa na kuambatana na maamuzi yafaayo na makadirio. Pia huhakikisha kwamba viwango vinavyohitajika vya uhasibu vinafuatwa pamoja na jukumu la kuwa waangalifu, kutumia ujuzi na uadilifu.

Isitoshe, Bodi inawajibika kuhakikisha kuwa Kampuni inaweka rekodi za kweli zinazoonyesha na kufafanua shughuli na hali ya kifedha ya Kampuni sambamba na Sheria ya Kampuni ya 2015 na viwango vya uhasibu vilivyowekwa. Vile vile, Bodi, ina wajibu mkubwa wa kuhakikisha kuna vidhibiti vya ndani kulinda vifaa vya Kampuni na kuzuia na kutambua udanganyifu na ulaghai mwingine.

Vidhibiti vya Ndani

Mifumo ya udhibiti wa ndani inalenga kutosheleza mahitaji maalumu ya Kampuni na hatari zinazoikumba, pamoja na taratibu zinazoweza kutoa udhibiti ufaao wa ndani wa kifedha. Bodi inawajibika kudumisha mfumo ufaao wa vidhibiti vya ndani kulinda mali ya wenyehisa. Hii ni pamoja na kuchukua hatua mwafaka kuhakikisha mifumo ya sheria na udhibiti inadumishwa nyakati zote na kuzingatwa. Ingawa mifumo iliyowekwa inanuiwa kutoa vidhibiti vya kutosha, hakuna hakikisho kabisa la ufanisi wake.

RIPOTI KUHUSU UONGOZI WA KAMPUNI

Malipo ya wakurugenzi

Katika kila Mkutano wa Bodi, Wakurugenzi wanaohudhuria wanastahili kupewa marupurupu na posho ya chakula ya mchana (badala ya kupewa chakula), marupurupu ya malazi na kurejeshewa pesa za usafiri inavyohitajika kwa viwango vilivyowekwa na Serikali kwa mashirika ya umma. Mwenyekiti hupokea honoraria kila mwezi. Ujira wa wakurugenzi hulipwa kila mwaka sambamba na viwango vilivyowekwa na Serikali kwa mashirika ya umma baada ya kuidhinishwa na wenyehisa kwenye Mkutano Mkuu wa Kila Mwaka. Inapendekezwa kwamba katika mwaka uliomalizika Juni 30, 2016, kila mkurugenzi asiye na mamlaka alipwe Sh600,000 au kulingana na muda waliohudumu.

Katika mwaka uliomalizika, Wakurugenzi hawakuwa na mikopo yoyote.

Maelezo kamili kuhusu malipo ya Wakurugenzi katika mwaka uliomalizika yanaonyeshwa kwenye ukurasa 122 kwenye taarifa za kifedha.

Hisa za Wakurugenzi

Katika mwaka uliomalizika, hakuna Mkurugenzi aliyemiliki zaidi ya asilimia 1 ya hisa kama inavyoonyeshwa hapa chini:

Mkurugenzi	Hisa
Dkt. Mha. J. Njoroge	68,333
Bw. M. Kariuki	22,387
Bw. W. Mugung'ei	1,537
Jumla	92,257

Kudhibiti Hatari za Kibiashara

Kampuni imekumbatia mpango wa kudhibiti hatari za kibiashara (ERM) inapotayarisha mkakati na kwenye operesheni zake. Mpangilio huu unaendelea kutekelezwa kote katika Kampuni na wasimamizi na Bodi wanatekeleza mamlaka yao chini ya sera hiyo na Utekelezaji wa mpangilio wa ERM unafanywa kupitia afisi ya ERM iliyoko chini ya kitengo cha Maswala ya Kampuni na Katibu wa Kampuni.

Bodi inatekeleza wajibu wake katika ERM kupitia kamati yake ya Uhasibu. Mpangilio wa kuripoti chini ya ERM umeanzishwa kuhakikisha kuwa Kamati ya Uhasibu inapokea ripoti ya ERM kila

baada ya miezi mitatu. Ripoti hii huelezea hatari za kibiashara katika kipindi hicho. Ripoti hiyo pia hufafanua kuhusu hatua zilizochukuliwa na Wasimamizi kupunguza hatari hizo.

Katika mwaka uliomalizika, Kampuni ilimteua mshauri kutathmini mpangilio wa ERM na ule wa Kuendeleza Biashara na Kudhibiti Majanga (BCCM). Lengo la shughuli hii ni kupiga msasa mipangilio ya ERM na BCCM na kuiambanisha na Mwongozo Code kuhusu usimamizi wa Mashirika ya Serikali.

Chini ya Sehemu ya 2.7 ya Mwongozo Code, hatari kuu dhidi ya Kampuni katika kipindi kilichomalizika ni:

- Hatari ya uzingataji (Sheria na Usimamizi)
- Hatari ya nyongeza ya mahitaji
- Hatari ya kupanuliwa kwa sekta ya umeme
- Hatari ya ubora wa usambazaji umeme
- Hatari ya Kifedha na soko
- Hatari za kisiasa
- Hatari za urithi na kuhifadhi wafanyikazi wenye ujuzi
- Hatari kuhusu sifa
- Hatari ya Teknolojia
- Hatari ya udanganyifu na uhalifu kwenye mtandao

Hatari hizo ndizo kuu kwa malengo muhimu ya Kampuni na Wasimamizi na Bodi wamehakikisha hatua za kupunguza hatari hizo zimechukuliwa.

Bodi ya Wakurugenzi inaelezea kujitolea kwake kukabiliana na hatari zinazoibuka kuhakikisha zinasalia katika viwango vinavyokubalika.

Viwango vya Maadili

Kampuni ina mpango wa uadilifu na maadili kukuza desturi ya kuongozwa na maadili katika operesheni na kufanya maamuzi ili kuafikia malengo muhimu ya Kampuni. Katika kipindi kilichopita, tuliendesha shughuli zetu sambamba na Mwongozo wa Maadili ya Kampuni unaolenga kudumisha viwango vya juu vya uadilifu, kukabiliana na kuondoa aina zote za ufiada na ukiukaji wa maadili. Kutokana na hili, sera kuhusu Mgongano wa Maslahi na Ufichuzi wa Maovu ziliundwa na kuzingatiwa.

Lengo la Sera kuhusu Mgongano wa Maadili ni kuhakikisha kwamba wafanyikazi wote wanatekeleza majukumu yao kwa uaminifu, uwazi na kwa manufaa ya Kampuni nyakati zote. Wafanyikazi wanatarajiwa kujiepusha na hali, shughuli, uwekezaji na vishawishi ambavyo vinaweza kuathiri usawa, ufanisi na uaminifu wao katika kutekeleza majukumu yao. Kwa upande mwingine, sera kuhusu Ufichuzi wa Maovu na taratibu zingine zinalenga kuwakinga wafanyikazi ambao kwa nia njema hufichua au kuripoti visa vya udanganyifu, ukosefu wa uaminifu, ufiada, uhalifu, na upungufu wa wafanyikazi.

Uhusiano na Wenyehisa

Kampuni inathamini uhusiano mwema na mawasiliano na wenyehisa wetu. Kuna njia za kutangamana na wenyehisa. Kampuni huhakikisha inatoa kwa wakati ufaao taarifa ya matokeo ya kifedha ya nusu mwaka na mwaka mzima, ripoti ya kila mwaka na taarifa za kifedha. Wenyehisa wanatangamana na Wakurugenzi wa Kampuni ana kwa ana wakati wa Mkutano Mkuu wa Kila Mwaka (AGM). Kwenye jukwaa hili, wenyehisa wanapewa fursa ya kuuliza Bodi maswali kuhusiana na masuala ya operesheni, matokeo na mikakati ya Kampuni. Kabla ya Mkutano Mkuu wa Kila Mwaka, wenyehisa hupewa ilani ya siku 21 kuchunguza ajenda inayopendekezwa na kujiandaa kuhudhuria. Wenyehisa ambaye hataweza kuhudhuria Mkutano Mkuu wa Kila Mwaka anaweza kuteua mwakilishi kuhudhuria na kupiga kura kwa niaba yake. Kuna jukwaa la kutangamana na wawekezaji kwenye mtandao wa Kampuni www.kplc.co.ke kutoa taarifa kuhusu biashara kwa wenyehisa.

Usimamizi na mpangilio

Kampuni imepangwa katika vitengo 13 kila kimoja chini ya Meneja Mkuu. Vitengo hivyo ni Mkakati wa Biashara, Ustawi wa Miundomsingi, Usimamizi wa Mtandao, Huduma kwa Wateja, Ushirikishi wa Maeneo, Teknolojia ya Mawasiliano, Taa za

RIPOTI KUHUSU UONGOZI WA KAMPUNI

Barabarani, Usambazaji Umeme, Masuala ya Kampuni na Katibu wa Kampuni, Masuala ya Wafanyikazi na Usimamizi, Fedha, Ununuzi na Uhasibu wa Ndani. Isitoshe, kila kitengo kina idara zinazosimamiwa na meneja ambaye anashirikisha shughuli za biashara za Kampuni. Biashara pia imepangwa katika maeneo 10 ya usimamizi chini ya mameneja wa kimaeneo. Maeneo hayo ni Nairobi Kaskazini, Nairobi Kusini, Nairobi Magharibi, Pwani, Mt. Kenya, Kaskazini Mashariki, North Rift, Central Rift, Magharibi na Nyanza Kusini. Ili kupeleka huduma karibu na wateja na kutumia fursa za kibiashara zilizopo, Kampuni imesambaza huduma zake muhimu hadi vitengo vya kibiashara katika kaunti 46 na kila kitengo kinasimamiwa na Meneja wa Biashara wa Kaunti. Muundo huo unahakikisha operesheni mahususi za kibiashara kwa huduma bora kwa wateja wetu.

Kamati Kuu ya Wasimamizi

Kamati hii inasimamiwa na Mkurugenzi Mkuu na Afisa Mkuu Mtendaji na hujumuisha wakuu wa vitengo vyote. Kamati hiyo inahusika na utekelezaji wa mikakati iliyowekwa na Bodi. Inachunguza sera na hatua muhimu kwa lengo la kukuza biashara, hufuatilia utendakazi na kutoa mapendekezo kwa Bodi. Mkurugenzi Mkuu na Afisa Mkuu Mtendaji huwa kiunganishi muhimu kwa Wasimamizi na Bodi.

Maelezo kuhusu umiliki wa Hisa

Kampuni inajitolea kuzingatia kanuni na sheria za Mamlaka ya Soko la Mtaji (CMA) na imetimiza kanuni za ufichuzi na uwazi kama inavyohitajika chini ya Sheria za Masoko ya Mtaji, Toleo la Hisa, Kanuni na Sheria za Soko la Hisa la Nairobi kuhusu uorodheshaji na Sheria za Kampuni.

Wenyehisa 20 wakuu kufikia Agosti 31, 2016 ni kama ifuatavyo:

No	Jina la Mwenyehisa	Ya kawaida (kila moja Sh.2.50)	4% Upendeleo (kila moja Sh. 20)	7% Upendeleo (Sh. 20 kila moja)	Jumla	Asilimia
1.	Katibu, Hazina Kuu	977,641,695	656,808	193,531	978,492,034	50.086
2.	Standard Chartered Nominees Ltd	383,057,838	-	-	383,057,838	19.608
3.	Kenya Commercial Bank Nominees Ltd	116,466,666	66,784	800	116,534,250	5.965
4.	CFC Stanbic Nominees Ltd	56,247,913	-	-	56,247,913	2.879
5.	NIC Custodial Services Ltd	48,319,194	-	-	48,319,194	2.473
6.	Equity Nominees Ltd	25,602,959	-	-	25,602,959	1.311
7.	The Jubilee Insurance Company Ltd	20,255,753	59,828	17,160	20,332,741	1.041
8.	Co-op Bank Custody	15,749,231	-	-	15,749,231	0.806
9.	ICEA Lion Life Assurance Ltd	10,970,552	221,386	19,272	11,211,210	0.574
10.	CSNL A/C UAP Life Ass Fund	10,646,968	-	-	10,646,968	0.545
11.	Old Mutual Life Assurance Co. Ltd	10,261,291	-	-	10,261,291	0.525
12.	Kenindia Assurance Company Ltd	7,278,349	-	-	7,278,349	0.373
13.	Alimohamed Adam	4,762,521	277,264	57,617	5,097,402	0.261
14.	John Njuguna Ngugi	5,000,000	-	-	5,000,000	0.256
15.	Aunali Fidahusein Rajabali and Sajjad Fidahusein Rajabali	5,000,000	-	-	5,000,000	0.256
16.	Kenya Reinsurance Corporation Ltd	4,957,385	16,156	-	4,973,541	0.255
17.	African Reinsurance Corporation	2,889,800	-	-	2,889,800	0.148
18.	Natbank Trustee & Investment Services Ltd	2,589,773	-	-	2,589,773	0.133
19.	Kyalo Mwangulu Kilele	2,490,000	2,000	-	2,492,000	0.128
20.	Savitaben Velji Raichand Shah	2,292,589	73,736	6,500	2,372,825	0.121
Jumla ndogo		1,712,480,477	1,373,962	294,880	1,714,149,319	87.742
Wenyehisa wengine		238,986,568	426,038	55,120	239,467,726	12.258
Jumla ya hisa zilizotolewa		1,951,467,045	1,800,000	350,000	1,953,617,045	100

Mgawanyo wa Wenyehisa wa Kawaida kufikia Agosti 31, 2016

Kati ya	Idadi ya Wenyehisa Shareholders	Hisa
<1,000	12,489	3,977,915
1001-10,000	10,623	33,247,484
10,001-50,000	2,386	49,931,706
50,001-100,000	445	31,458,046
Over 100,000	796	1,832,851,894
Jumla	26,739	1,951,467,045

Mgawanyo wa Wenyehisa za Upendeleo asilimia 4 kufikia Agosti 31, 2016

Kati ya	Idadi ya Wenyehisa	Hisa
<1,000	363	65,575
1001-10,000	55	152,792
10,001-50,000	14	325,818
50,001-100,000	2	133,564
Over 100,000	3	1,122,251
Jumla	437	1,800,000

Mgawanyo wa Wenyehisa za Upendeleo asilimia 7 kufikia Agosti 31, 2016

Kati ya	Idadi ya Wenyehisa	Hisa
<1,000	82	22,019
1001-10,000	15	43,984
10,001-50,000	3	86,432
50,001-100,000	1	57,617
Zaidi ya 100,000	1	139,948
Jumla	102	350,000



Mhe. Kenneth Marende, EGH
Mwenyekiti
Oktoba 28, 2016



We dedicate 1% of our after tax profit in support of programmes and activities that promote the wellbeing of the communities that we operate in

ENABLING PROGRESS

Introduction

Our corporate responsibility and the mission of powering people for better lives goes beyond providing people with high quality supply of electricity. The Company dedicates 1% of its after tax profits to support programmes and activities that promote the wellbeing of the communities that we operate in as we safeguard sustainability of our business. Additionally, we place great emphasis on contributing positively to improve the environment from which we draw our resources. Highlighted below are some of the activities that the Company carried out in the year under review as part of our Corporate Social Investment Programme.

Education

The Company appreciates and recognises the key role that education plays as an enabler of progress. As such, the Company being a great beneficiary of high quality of education contributes significantly to promote efforts to further improve education for purposes of transforming society. During the year under review, in addition to the continued support that the Company has provided by sponsoring students from disadvantaged communities to get quality education through Starehe Boys and Starehe Girls High Schools, through endowment funds, the Company spent Shs.14,844,648 to support new educational programmes.

Some of the specific programmes included support to renovate Muvyana Primary School in Mwala Machakos County. The Shs.5,543,408 project involved electrification and wiring of the whole school, construction of two new classrooms, toilet block, Kitchen and a dining area to accommodate more children. Similarly, the Company is also constructing a new Primary School in Lessos, North Rift, at a cost of Shs.9,301,240 with an aim of decongesting nearby schools in the populated area to improve the quality of education and life of the children in that area.

We participated in the First Lady's Marathon in support of the Beyond Zero Campaign



Ground-breaking of Olessos Stima School, Nandi County

Health

As a way of involving more people in the process of its support towards societal welfare, the Company participates in programmes that promote general health of specifically disadvantaged members of the community. For the third year in a row, the Company sponsored the annual First Lady's Marathon in support of the Beyond Zero Campaign at a cost of Shs.2,000,000. The initiative raises awareness on prenatal and postnatal healthcare for women and children in the country.



CORPORATE SOCIAL INVESTMENT REPORT

In addition, the Company spent Shs.1,607,284 to pay for medical expenses for University of Nairobi's Kikuyu Campus students who were injured following a stampede that was caused by an explosion of an underground power cable in the campus. The Company also assisted the Autism Society of Kenya to establish Autism Units in all Counties at a cost of Shs.200,000. The Company also contributed Shs.160,000 to the Burns Awareness Initiative. The initiative is aimed at creating awareness about causes of fires and the measures necessary to prevent fire occurrences. Another contribution in the area of health was a donation of Shs.200,000 in support to Oasis of Life, an organisation that spreads awareness regarding cervical cancer across the country and encourages early treatment.

Promoting sports activities

Sports activities provide a social interaction platform that plays a key role in the development of people. During the year under review, the Company supported various sports programmes throughout the Country. Shs.1,600,000 was spent to sponsor various athletic events that included the Ndalagat Gaa Kids Cross Country, the Kass Marathon and Rediscover Nandi Road Race. Similarly, the Company spent Shs. 4,800,000 to sponsor various golf tournaments that also created opportunities for strategic interactions with customers and stakeholders. These included the 2015 Africa Amateur Golf Team Championship and tournaments at the Royal Golf Club, Karen Golf Club and Annual Parklands Golf Tournament.

Environment conservation

Environmental degradation is a phenomenal that has colossal consequences to our communal home, mother earth. The effects of environmental degradation impact on all aspects of life, from the health of the people to the wellbeing of fauna and flora. As deforestation spreads, rivers dry up, affecting not just soil but also marine life. The Company supports projects whose proceeds and objectives go towards protecting the environment. Some of these initiatives include afforestation and reforestation programmes among others. During the year, the Company donated Shs. 1,000,000 to support the Rhino Charge, an activity whose proceeds go towards efforts to conserve the ecosystem around the Aberdares. Additionally, the Company joined efforts by the Laikipia University to conserve the Shamanei Forest by sponsoring their 2015 Marathon. The Company also sponsored the Chemususu Dam Half Marathon for Shs.500,000. The marathon proceeds were aimed at conserving and preserving water towers around the area.



Employees participating in a tree planting exercise

Other areas of support

During the year under review, Shs.9,594,320 was used to support various worthy causes and programmes across the country. The programmes included support to the Engineers Association of Kenya Conference as a cost of Shs.3,000,000. The association of engineers seeks to promote, encourage and improve the application of engineering to solve technical and other related problems in the society. The Company also sponsored at Shs.500,000, the University of Nairobi's Conference on Entrepreneurship Resource Management and Sustainable Development in Africa. The Company also spent Shs.4,500,000 to partner with different counties in sponsorship of various customer education programmes. Some of these programmes were carried out in counties such as Baringo, Turkana, Narok and Kitui. At the same time, Shs.344, 220 was spent to support different resident association in activities that benefit communities in the Company's areas of operations.



Renovated classrooms at Muvwana Primary School in Mwala, Machakos County



**ENABLING
PROGRESS**

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2016

The Directors present their report together with the audited financial statements of The Kenya Power and Lighting Company Limited (the "Company") for the year ended 30 June 2016 which show the state of the Company's affairs.

Principal activities

The core business of the Company continues to be the transmission, distribution and retail of electricity purchased in bulk from Kenya Electricity Generating Company Limited (KenGen), Independent Power Producers (IPPs), Uganda Electricity Transmission Company Limited (UETCL) and Tanzania Electric Supply Company Limited (TANESCO).

Results for the year

	30 June 2016 KShs'000	30 June 2015 KShs'000
Profit before taxation	12,082,397	12,253,574
Taxation charge	(4,526,234)	(4,821,617)
Profit for the year transferred to retained earnings	7,556,163	7,431,957

Dividends

A dividend of KShs 1.93 million (2015 - KShs 1.93 million) is payable on the cumulative preference shares and has been recognised in the statement of profit or loss and other comprehensive income under finance costs.

Subject to the approval of the shareholders, the directors recommend to members that in addition to the interim dividend of KShs 0.20 (2015 - KShs 0.20) per ordinary share, a final dividend of KShs 0.30 (2015 - KShs 0.30) per ordinary share be paid for the year ended 30 June 2016.

Capital expenditure

During the year, a total of KShs 48,815 million (2015 - KShs 41,568 million) was spent on property and equipment. The capital work-in-progress as at 30 June 2016 amounted to KShs 66,087 million (2015- KShs 54,345 million).

Directors

The current Board of Directors are as shown on page 6. Mrs. Susan Chesinya was elected as a director of the Company effective 22nd December 2015. Dr. Theodorah Malla-Kilukumi ceased to be a director with effect from 22nd December 2015.

Auditors

The Auditor-General is responsible for the statutory audit of the Company's books of account 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 30 June 2016 and report to the Auditor- General.

By order of the Board



Beatrice Meso
Company Secretary
28 October 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Kenyan Companies Act requires the directors to prepare financial statements for each financial year which give a true and fair view of the Company's state of affairs as at the end of the financial year and of its operating results for that year. It also requires the directors to ensure that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, and for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its operating results. The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the Company will not remain a going concern for at least the next twelve months from the date of this statement.



Chairman

28 October 2016



Director



Managing Director and CEO

REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS OF THE KENYA POWER AND LIGHTING COMPANY LIMITED

Report on the Financial Statements

The accompanying financial statements of The Kenya Power and Lighting Company Limited set out on pages 79 to 147, which comprise the statement of financial position as at 30th June 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and a statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, have been audited on my behalf by Deloitte, 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.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control, as directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are also responsible for the submission of financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report 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. The audit was conducted in accordance with the International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal

control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

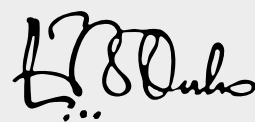
Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of The Kenya Power and Lighting Company Limited as at 30 June 2016 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 Kenyan Companies Act.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Kenyan Companies Act, I report based on the audit, that;

- I, have obtained all the information and explanations, which, to the best of my knowledge and belief, were necessary for the purpose of my audit;
- in my opinion, proper books of account have been kept by the company, so far as appears from my examination of those books; and
- the Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.



FCPA Edward R. O. Ouko, CBS

AUDITOR-GENERAL

28 October 2016

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 KShs'000	2015 (Restated) KShs'000
REVENUE			
Electricity sales	7(a)	87,080,812	77,835,634
Foreign exchange adjustment - power purchase	7(b)	6,175,191	2,819,891
- company operations	7(b)	2,606,882	523,724
Fuel cost charge	8(b)	12,511,727	25,584,276
		108,374,612	106,763,525
POWER PURCHASE COSTS			
Non-fuel costs	8(a)	51,399,414	44,460,483
Foreign exchange cost	7(b)	6,175,191	2,819,891
Fuel costs	8(b)	12,690,427	25,834,986
		70,265,032	73,115,360
		38,109,580	33,648,165
GROSS PROFIT			
OPERATING EXPENSES			
Network management	9(a)	9,496,734	8,563,679
Commercial services	9(b)	4,324,176	3,802,418
Administration	9(c)	14,829,842	11,850,511
	9(d)	28,650,752	24,216,608
Operating income		9,458,828	9,431,557
OTHER OPERATING INCOME	7(c)	7,469,887	6,405,991
OPERATING PROFIT		16,928,715	15,837,548
Interest income	11(a)	964,957	1,380,968
Finance costs	11(b)	(5,811,275)	(4,964,942)
PROFIT BEFORE TAX	12	12,082,397	12,253,574
Income tax expense	13(a)	(4,526,234)	(4,821,617)
PROFIT FOR THE YEAR		7,556,163	7,431,957

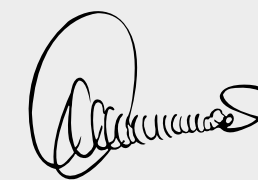
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016 (Continued)

	Notes	2016	2015
		KShs'000	(Restated) KShs'000
PROFIT FOR THE YEAR		7,556,163	7,431,957
OTHER COMPREHENSIVE INCOME:			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Remeasurement of defined benefit asset	31	(240,962)	(2,851,380)
Deferred tax relating to remeasurement of net defined benefit asset	27	72,289	855,414
OTHER COMPREHENSIVE LOSS		(168,673)	(1,995,966)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		7,387,490	5,435,991
Basic earnings per share (KShs)	14	3.87	3.81
Diluted earnings per share (KShs)	14	3.87	3.81

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Notes	2016	2015
		KShs'000	(Restated) KShs'000
ASSETS			
NON - CURRENT ASSETS			
Property and equipment	16	235,467,263	196,301,330
Prepaid leases on land	17	131,494	131,543
Intangible assets	18	2,602,033	1,418,599
Recoverable foreign exchange adjustment	19(b)	6,068,423	5,165,067
Retirement benefit asset	31	3,263,150	3,207,068
		247,532,363	206,223,607
CURRENT ASSETS			
Inventories	20	11,895,271	11,660,097
Trade and other receivables	21(a)	32,566,951	25,823,284
Recoverable foreign exchange adjustment	19(b)	23,123	348,432
Tax recoverable	13(c)	21,419	-
Short term deposits	22(a)	3,842,355	4,272,357
Bank and cash balances	22(b)	1,660,698	23,958,305
		50,009,817	66,062,475
TOTAL ASSETS		297,542,180	272,286,082
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Ordinary share capital	23	4,878,667	4,878,667
Share premium	24	22,021,219	22,021,219
Reserves	25	38,715,951	32,304,194
TOTAL EQUITY		65,615,837	59,204,080
NON - CURRENT LIABILITIES			
Deferred tax liabilities	27	27,623,006	23,465,365
Deferred income	26	18,154,796	16,612,332
Trade and other payables	28(a)	30,314,297	28,072,720
Borrowings	29(a)	105,017,783	99,289,403
Preference shares	30	43,000	43,000
		181,152,882	167,482,820
CURRENT LIABILITIES			
Trade and other payables	28(b)	35,156,729	26,328,349
Tax payable	13(c)	-	180,432
Deferred income	26	5,953,273	5,401,248
Leave pay provision	32	544,369	1,098,003
Borrowings due within one year	29(a)	8,850,929	12,310,981
Dividends payable	33	268,161	280,169
		50,773,461	45,599,182
TOTAL EQUITY AND LIABILITIES		297,542,180	272,286,082

The financial statements on pages 79 to 147 were approved and authorised for issue by the Board of Directors on 28 October 2016 and were signed on its behalf by:



Chairman



Director



Managing Director and CEO

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

	Ordinary share capital KShs'000 (Note 23(a))	Share premium KShs'000 (Note 24)	Retained earnings KShs'000 (Note 25)	Total KShs'000 KShs'000
As at 1 July 2015 - as previously reported	4,878,667	22,021,219	27,843,936	54,743,822
<i>Prior year adjustments:</i>				
Profit for the year	-	-	7,431,957	7,431,957
Other comprehensive income for the year-as previously stated	-	-	248,982	248,982
Effect of changes in asset ceiling (note 40)*	-	-	(3,207,068)	(3,207,068)
Tax effect of changes in asset ceiling	-	-	962,120	962,120
Total comprehensive income for the year- restated	-	-	5,435,991	5,435,991
Dividends paid - 2014	-	-	(585,440)	(585,440)
Interim dividends paid - 2015	-	-	(390,293)	(390,293)
At 30 June 2015- as restated	4,878,667	22,021,219	32,304,194	59,204,080
As at 1 July 2015- as restated	4,878,667	22,021,219	32,304,194	59,204,080
Profit for the year	-	-	7,556,163	7,556,163
Other comprehensive income for the year	-	-	(168,673)	(168,673)
Total comprehensive income for the year	-	-	7,387,490	7,387,490
Dividends paid - 2015	-	-	(585,440)	(585,440)
Interim dividends paid - 2016	-	-	(390,293)	(390,293)
At 30 June 2016	4,878,667	22,021,219	38,715,951	65,615,837

*Prior year restatement relates to the effect on the net retirement benefit asset of an amendment to the Retirement Benefits Act that came into effect in June 2015 under Legal Notice No.111. The amendment requires that during winding up for a defined benefits scheme, there shall be 50-50 sharing of surplus between members and the sponsor.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 KShs'000	2015 KShs'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	34(a)	32,208,462	31,844,310
Interest income	34(g)	965,491	1,270,906
Finance costs	34(d)	(6,998,756)	(5,347,392)
Income tax paid	13(d)	(498,155)	(157,747)
Cash generated from operating activities		25,677,042	27,610,077
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	34(h)	(47,363,482)	(39,760,863)
Purchase of intangible assets	18	(1,614,474)	(346,322)
Proceeds from disposal of property and equipment	34(e)	135,087	17,627
Net cash utilised in investing activities		(48,842,869)	(40,089,558)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	34(f)	(989,671)	(1,271,035)
Proceeds from borrowings	34(b)	54,995,870	47,243,906
Repayment of borrowings	34(b)	(53,567,980)	(11,871,916)
Net cash generated from financing activities		438,219	34,100,955
(Decrease)/increase in cash and cash equivalents		(22,727,608)	21,621,474
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		28,230,662	6,609,188
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	34(c)	5,503,054	28,230,662

1. Reporting entity

The Kenya Power and Lighting Company Limited, a public company domiciled in the Republic of Kenya, was incorporated on 6 January 1922, as East Africa Power & Lighting Limited. The Company changed its name on 11 October 1983. The core business of the Company continues to be the transmission, distribution and retail of electricity purchased in bulk from Kenya Electricity Generating Company Limited (KenGen), Independent Power Producers (IPPs), Uganda Electricity Transmission Company Limited (UETCL) and Tanzania Electric Supply Company Limited (TANESCO). The shares of the Company are listed on the Nairobi Securities Exchange. The Government of Kenya is the principal shareholder in the Company holding a 50.1% equity interest.

The address of the Company's registered office is as follows:

Stima Plaza
Kolobot Road, Parklands
P O Box 30099 - 00100, Nairobi

2. Application of new and amended International Financial Reporting Standards (IFRS)

i) New standards and amendments to published standards effective for the year ended 30 June 2016

The following new and revised IFRSs were effective in the current year and had no material impact on the amounts reported in these financial statements.

<p>Amendments to IAS 19 Defined Benefit Plans: Employee Contributions</p>	<p>The amendments to IAS 19 clarify the accounting treatment for contributions from employees or third parties to a defined benefit plan. According to the amendments, discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan. When the formal terms of the plan specify contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:</p> <p>i. If the contributions are not linked to services (e.g. contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they affect the remeasurement of the net defined benefit liability (asset).</p> <p>ii. If contributions are linked to services, they reduce service costs. If the amount of contribution is dependent on the number of years of service, the entity should reduce service cost by attributing it to the contributions to periods of service using the attribution method required by IAS 19 paragraph 70 (for the gross benefits). If the amount of contribution is independent of the number of years of service, the entity is permitted to either reduce service cost in the period in which the related service is rendered, or reduce service cost by attributing the contributions to the employees' periods of service in accordance with IAS 19 paragraph 70.</p> <p>The amendment requires retrospective application. The amendments to the standard has had no impact on the Company's financial statements, as the Company's retirement benefit scheme is closed and receives no contributions.</p>
<p>Annual Improvements to 2010-2012</p>	<p>The annual improvements to IFRSs 2010-2012 cycle include a number of amendments to various IFRSs, which are summarised below:</p> <p>The amendments to IFRS 2 amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'.</p>

2. Application of new and amended International Financial Reporting Standards (IFRSs) (Continued)

i) New standards and amendments to published standards effective for the year ended 30 June 2016 (Continued)

<p>Annual Improvements to 2010-2012 (Continued)</p>	<p>The amendments to IFRS 3 require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date.</p> <p>The amendments to IFRS 8 requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly.</p> <p>The amendments to IFRS 13 clarify that issuing IFRS 13 and amending The amendments to IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only).</p> <p>The amendments to IAS 16 and IAS 38 clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount.</p> <p>The application of these amendments has had no material impact on the disclosures or on the amounts recognised in the Company's financial statements.</p>
<p>Annual Improvements to 2011-2013</p>	<p>The annual improvements to IFRSs 2011-2013 cycle include a number of amendments to various IFRSs, which are summarised below:</p> <p>The amendments to IFRS 8 requires entities to disclose judgements made by management in applying the aggregation criteria set out in paragraph 12 of IFRS 8 Operating Segments. The Company has aggregated several operating segments into a single operating segment and made the required disclosures in Note 5 in accordance with the amendments.</p> <p>The amendments to IFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.</p> <p>The amendments to IFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.</p> <p>The amendments to IAS 40 clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:</p>

2. Application of new and amended International Financial Reporting Standards (IFRSs) (Continued)

i) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2016 (Continued)

Annual Improvements to 2011-2013 (Continued)	<p>a) the property meets the definition of investment property in terms of IAS 40;</p> <p>b) the transaction meets the definition of a business combination under IFRS 3.</p> <p>The application of these amendments has had no material impact on the disclosures or on the amounts recognised in the Company's financial statements.</p>
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New standards and Amendments to standards	Effective for annual periods beginning on or after
IFRS 16 Leases	1 January 2019
IFRS 9 Financial Instruments	1 January 2018
IFRS 15 Revenue from contracts with customers	1 January 2018
Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
IFRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to IAS 1: Disclosure Initiative	1 January 2016
Amendments to IAS 27 Equity Method in Separate Financial Statements	1 January 2016
Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants	1 January 2016
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception	1 January 2016
Annual Improvements to 2012-2014	1 January 2016

ii) New and revised IFRSs in issue but not yet effective for the year ended 30 June 2016

IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or

less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

2. Application of new and amended International Financial Reporting Standards (IFRSs) (Continued)

ii) New and revised IFRSs in issue but not yet effective for the year ended 30 June 2016

IFRS 16 Leases (Continued)

The directors of the Company are assessing the impact of the application of IFRS 16 in the future. It is not practical to provide a reasonable estimate of this effect until a detailed review has been completed.

IFRS 9 Financial Instruments

IFRS 9, issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the

effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

The directors of the Company are assessing the impact of the application of IFRS 9 in the future. It is not practical to provide a reasonable estimate of this effect until a detailed review has been completed.

IFRS 15 Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

2. Application of new and amended International Financial Reporting Standards (IFRSs) (Continued)

ii) *New and revised IFRSs in issue but not yet effective for the year ended 30 June 2016 (Continued)*

IFRS 15 Revenue from Contracts with Customers (Continued)

The directors of the Company are assessing the impact of the application of IFRS 9 in the future. It is not practical to provide a reasonable estimate of this effect until a detailed review has been completed.

Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments to IAS 12 Income Taxes clarify the following aspects:

- Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.

An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

The directors of the Company are assessing the impact of the application of IAS 12 in the future. It is not practical to provide a reasonable estimate of this effect until a detailed review has been completed.

IFRS 14 Regulatory Deferral Accounts

IFRS 14 specifies the accounting for regulatory deferral account balances that arise from rate-regulated activities. The Standard is available only to first-time adopters of IFRSs who recognised regulatory deferral account balances under their previous GAAP. IFRS 14 permits eligible first-time adopters

of IFRSs to continue their previous GAAP rate-regulated accounting policies, with limited changes, and requires separate presentation of regulatory deferral account balances in the statement of financial position and statement of profit or loss and other comprehensive income. Disclosures are also required to identify the nature of, and risks associated with, the form of rate regulation that has given rise to the recognition of regulatory deferral account balances.

IFRS 14 is effective for an entity's first annual IFRS financial statements for annual periods beginning on or after 1 January 2016, with earlier application permitted. IFRS 14 on Regulatory Deferral Accounts is for first time adopters of IFRS. The Company has been preparing its financial statements in accordance with IFRS in the prior years and therefore, the recent IFRS 14 on Regulatory Deferral Accounts is not specifically applicable to the Company.

Amendments to IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

- a) when the intangible asset is expressed as a measure of revenue; or
- b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

Currently, the Company uses the straight-line method for depreciation and amortisation for its property and equipment, and intangible assets respectively. The application of the amendments to the standard has had no significant impact on the Company's financial statements.

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 Presentation of Financial Statements address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes:

2. Application of new and amended International Financial Reporting Standards (IFRSs) (Continued)

ii) *New and revised IFRSs in issue but not yet effective for the year ended 30 June 2016 (Continued)*

Amendments to IAS 1 Disclosure Initiative (Continued)

- a) clarification that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply;
- b) clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements;
- c) clarification that an entity's share of Other Comprehensive Income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss; and
- d) additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1.

The directors of the Company believe that the application of the amendments to the standard has had no significant impact on the Company's financial statements.

Amendments to IAS 27 Equity Method in Separate Financial Statements

The amendments focus on separate financial statements and allow the use of the equity method in such statements. Specifically, the amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements:

- at cost;
- in accordance with IFRS 9 (or IAS 39 for entities that have not yet adopted IFRS 9); or

- using the equity method as described in IAS 28 Investments in Associates and Joint Ventures.

The same accounting must be applied to each category of investments. The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it should account for the change from the date when the change in status occurs.

The Company does not prepare any Separate financial statements and consequently, the amendments to this standard have had no significant impact on the Company's financial statements.

Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations

The amendments to IFRS 11 provide guidance on how to account for the acquisition of an interest in a joint operation in which the activities constitute a business as defined in IFRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (such as IAS 12 Income Taxes regarding recognition of deferred taxes at the time of acquisition and IAS 36 Impairment of Assets regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

The Company does not hold any interest in joint operations and consequently, the amendments to this standard have had no significant impact on the Company's financial statements.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

The amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. In terms of the

2. Application of new and amended International Financial Reporting Standards (IFRSs) (Continued)

ii) *New and revised IFRSs in issue but not yet effective for the year ended 30 June 2016 (Continued)*

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants (Continued)

amendments, bearer plants can be measured using either the cost model or the revaluation model set out in IAS 16. The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016 with earlier application permitted. As a transitional provision, entities need not disclose the quantitative information required by paragraph 28(f) of IAS 8 for the current period. However, quantitative information for each prior period presented is still required.

Also, on the initial application of the amendments, entities are permitted to use the fair value of items of bearer plant as their deemed cost as at the beginning of the earliest period presented. Any difference between the previous carrying amount and fair value should be recognised in opening retained earnings at the beginning of the earliest period presented.

The amendments to this standard have had no significant impact on the Company's financial statements as the Company has no bearer plants in its statement of financial position.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. IAS 28 and IFRS 10 are amended, as follows:

IAS 28 has been amended to reflect the following: Gains and losses resulting from transactions involving assets that do not constitute a business between an investor and its associate or joint venture are recognised to the

extent of unrelated investors' interests in the associate or joint venture.

Gains or losses from downstream transactions involving assets that constitute a business between an investor and its associate or joint venture should be recognised in full in the investor's financial statements.

IFRS 10 has been amended to reflect the following: 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 amendments to this standard have had no significant impact on the Company's financial statements as the Company did not have a sale or contribution of assets between an investor and its associate or joint venture in the current year.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The amendments clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. Consequential amendments have also been made to IAS 28 to clarify that the exemption from applying the equity method is also applicable to an investor in an associate or joint venture if that investor is a subsidiary of an investment entity that measures all its subsidiaries at fair value.

2. Application of new and amended International Financial Reporting Standards (IFRSs) (Continued)

ii) *New and revised IFRSs in issue but not yet effective for the year ended 30 June 2016 (Continued)*

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception (Continued)

The amendments further clarify that the requirement for an investment entity to consolidate a subsidiary providing services related to the former's investment activities applies only to subsidiaries that are not investment entities themselves.

Moreover, the amendments clarify that in applying the equity method of accounting to an associate or a joint venture that is an investment entity, an investor may retain the fair value measurements that the associate or joint venture used for its subsidiaries.

Lastly, clarification is also made that an investment entity that measures all its subsidiaries at fair value should provide the disclosures required by IFRS 12 Disclosures of Interests in Other Entities.

The amendments to this standard have had no significant impact on the Company's financial statements as the Company is not part of a group and does not prepare consolidated financial statements.

Annual Improvements to 2012-2014 Cycle

The amendments to IFRS 5 add specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

The amendments to IFRS 7 add additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures required. Clarifies the applicability of the amendments to IFRS 7 on offsetting disclosures to condensed interim financial statements.

The amendments to IAS 19 clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds should be assessed at currency level).

The amendment to IAS 34 clarifies the meaning of 'elsewhere in the interim report' and requires a cross-reference.

The application of these amendments has had no material impact on the disclosures or on the amounts recognised in the Company's financial statements.

3 Accounting policies

(i) Early adoption of standards

The Company did not early-adopt any new or amended standards in the year 2016.

3.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

For the Kenyan Companies Act reporting purposes, in these financial statements, the balance sheet is represented by/ is equivalent to the statement of financial position and the profit and loss account is presented within the statement of profit or loss and other comprehensive income.

3.2 Basis of preparation

The financial statements have been prepared on a historical cost basis, except for the measurement at revaluation amounts of financial instruments at fair value, impaired assets at their recoverable amounts and any actuarially determined assets/liabilities at their present value. The principal accounting policies are set out below:

3.3 Summary of significant accounting policies

(a) Revenue

(i) Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably

3. Accounting policies (Continued)

3.3 Summary of significant accounting policies (Continued)

(a) Revenue (Continued)

measured. Revenue is recognised at the fair value of consideration received or receivable taking into account contractually defined terms of payment and excluding taxes or duty. The following specific recognition criteria must be met before revenue is recognised:

(i) Electricity sales

Electricity revenue is recognised when electricity is consumed by the user and is stated net of Value Added Tax and other Government levies.

(ii) Fuel cost charge

Fuel costs are recognised at the actual amounts charged to the Company by the suppliers of power. Correspondingly, fuel costs recoveries are recognised as the actual amounts consumed by the customers and billable to recover the fuel cost.

(iii) Foreign exchange adjustment

Foreign exchange payments, arising from exchange rate differences not factored in the retail tariffs, are recognised and charged to the consumers of power to recover the fluctuations in the foreign exchange rates.

(b) Other income

(i) Finance revenue

Finance revenue comprises interest receivable from bank deposits and other deposits. Finance revenue is recognised as it accrues in profit or loss, using the effective yield method.

(ii) Dividends

Dividend income is recognised when the Company's right to receive dividend as a shareholder is established.

(iii) Rental income

Rental income is recognised on the straight line basis over the lease term.

(iv) Deferred income

This represents capital contributions received from customers. Contributions paid by electricity customers relating to the construction of regular distribution assets and funding for electrification are credited to profit or loss as part of other income on a straight-line basis over the expected useful lives of the related assets.

(v) Fibre optic income

This represents income from the lease of Company fibre optic cable lines to third parties. The revenue from leasing the transmission lines is recognised on a straight line basis over the lease term.

(vi) Other operating income

Other income is recognised when significant risks and rewards of ownership are transferred to the recipient and the amounts of revenue can be measured reliably.

(c) Inventories

Inventories are stated at the lower of cost and net realisable value after due regard for obsolete and slow moving stocks. The cost of inventories comprises purchase price, import duties, transport and handling charges and is determined on a weighted average price. Net realisable value is the price at which the inventory can be realised in the normal course of business after allowing for the costs of realisation.

(d) Tangible assets

(i) Property and equipment

All property and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the property and equipment when that cost is incurred, if the recognition

3. Accounting policies (Continued)

3.3 Summary of significant accounting policies (Continued)

d) Tangible assets (Continued)

criteria are met. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

No depreciation is charged on freehold land. Depreciation on other assets is calculated to write down their cost to their residual values, on a straight-line basis, over their expected useful lives. The depreciation rates used are as follows:

Buildings	The greater of 2% and the unexpired period of the lease
Transmission and distribution lines	2.5 - 20%
Machinery	2.85 - 6.66%
Motor vehicles	25%
Furniture, equipment and fittings	6.66 - 20%
Computers and photocopiers	30%

The asset's residual values, estimated useful lives and methods of depreciation are reviewed at the end of each reporting period with the effect of any changes in estimate accounted for prospectively.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the recognition of an item of property and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset at the disposal date) is included in profit or loss for the year. This does not apply to assets acquired by the Company on sale and leaseback transactions.

Properties in the course of construction for production, supply or administrative purposes are carried at cost less any recognised impairment loss. Cost includes professional fees and for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

(ii) Capital work in progress

Capital work-in-progress is included under property and equipment and comprises costs incurred on ongoing capital works relating to both customer and internal works. These costs include material, transport and labour cost incurred.

(e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for the Company's intangible assets are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

3. Accounting policies (Continued)

3.3 Summary of significant accounting policies (Continued)

(e) Intangible assets (Continued)

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from unforeseeable changes of such intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Currently, intangible assets comprise software and have an estimated useful life of eight years.

f) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable

profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets 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 and liabilities.

(iii) Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. Accounting policies (Continued)

3.3 Summary of significant accounting policies (Continued)

(g) Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date on whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of IFRIC 4.

Company as a lessee

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

Company as a lessor

Leases where the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial

direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(h) Foreign currencies

The financial statements are presented in Kenya shillings, which is the Company's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. Transactions during the year are translated at the rates ruling at the dates of the transactions. Gains and losses on exchange are dealt with in the profit or loss.

Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

(I) Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

3. Accounting policies (Continued)

3.3 Summary of significant accounting policies (Continued)

(i) Financial Instruments (Continued)

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

(a) Financial assets at fair value through profit or loss (FVTPL)

This category has two sub-categories: Financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Gains and losses arising from changes in fair value are recognised in profit or loss.

(b) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the company has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

(c) Available-for-sale financial assets

Available-for-sale (AFS) financial assets are non-derivatives that are either designated as available-

for-sale financial assets or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Investments in debt securities that are traded in an active market are stated at fair value at the end of each reporting period. The fair value of available-for-sale debt securities is determined by reference to published price quotations in an active market. Interest income calculated using the effective interest method is recognised in profit or loss except for interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets which is deducted from the borrowing costs eligible for capitalisation.

Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established

The fair value of AFS monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

AFS equity investments that do not have a quoted

3. Accounting policies (Continued)

3.3 Summary of significant accounting policies (Continued)

(i) Financial Instruments (Continued) Financial assets (Continued)

(c) Available-for-sale financial assets (Continued)

market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

(d) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest

basis for debt instruments other than those financial assets classified as at FVTPL.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For available-for-sale debt securities, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be

3. Accounting policies (Continued)

3.3 Summary of significant accounting policies (Continued)

(i) Financial Instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset

3. Accounting policies (Continued)

3.3 Summary of significant accounting policies (Continued)

(i) Financial Instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the company retains control), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or 'other financial liabilities'.

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments

is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Other financial liabilities

Other financial liabilities (including borrowings) are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(j) 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.

3. Accounting policies (Continued)

3.3 Summary of significant accounting policies (Continued)

(j) Borrowing costs (Continued)

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Capitalised costs include interest charges and foreign currency exchange differences on borrowings for projects under construction to the extent that they are regarded as adjustments to interest rates.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(k) Leave provision

Employees' entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave at the reporting date.

(l) Impairment of tangible assets

The Company reviews the carrying amounts of its tangible assets, to determine whether there is any indication that those assets have suffered an impairment loss at reporting date, or when there are indications of impairment. If any such indication exists, the recoverable amount of the asset is estimated and an impairment loss is recognised in profit or loss whenever the carrying amount of the asset exceeds its recoverable amount. An asset's recoverable amount is the higher of the asset's or cash-generating unit's (CGU) fair value less costs to sell and its 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. In determining fair value less costs to sell, an appropriate valuation model is used. Where it is not possible to estimate the recoverable

amount of an individual asset, the directors estimate the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment of transmission and distribution lines

A decline in the value of the transmission and distribution lines could have a significant effect on the amounts recognised in the financial statements. Management assesses the impairment of the lines whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors that are considered important which could make an impairment review necessary include the following:

- (i) Significant decline in the market value beyond that which would be expected from the passage of time and normal use.
- (ii) Evidence from internal reporting which indicates that the performance of the asset is, or will be, worse than expected.
- (iii) Significant changes with adverse effect on the Company have taken place during the period, or will take place in the near future, in the technology or market environment in which the Company operates, or in the market to which an asset is dedicated.
- (iv) The carrying amount of the net assets of the Company is more than its market capitalisation.
- (v) Evidence is available of the obsolescence or physical damage of an asset.
- (vi) Significant changes with an adverse effect on the Company have taken place during the period, or are expected to take place in the near future, which impact the manner or the extent to which an asset is used. These changes include plans to discontinue or restructure the operation to which an asset belongs or to dispose of an asset before the previously expected date.

3. Accounting policies (Continued)

3.3 Summary of significant accounting policies (Continued)

(l) Impairment of tangible assets (Continued)

In management's judgment, the impaired carrying values of the lines and substations are reinforced, replaced or upgraded under the Energy Sector Recovery Project, after considering the above key indicators of impairment.

(m) Retirement benefits obligations

(i) Company's defined contribution retirement benefit scheme

The Company employees are eligible for retirement benefits under a defined contribution scheme from 1 July 2006. Payments to the defined contribution scheme are charged to profit or loss as incurred.

Pensioners and deferred pensioners (those who have left the employment of the Company but have not attained retirement age to qualify as pensioners) existing at 30 June 2006 are eligible for retirement benefits under a defined benefit scheme.

For defined retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not

be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as service costs (including current service cost, past service cost, as well as gains and losses on curtailments and settlements), net interest expense or income and remeasurement.

The Company presents the first two components of defined benefit costs in profit or loss in the line item of pension cost-defined benefit scheme (included in staff costs). Curtailment gains and losses are accounted for as past service costs.

The retirement benefit asset recognised in the Company's statement of financial position represents the actual surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

(ii) Statutory defined contribution pension scheme

The employees and the Company also contribute to the National Social Security Fund, a national defined contributions retirement benefits scheme. Contributions are determined by the country's statutes and the Company's contributions are charged to profit or loss as incurred.

3. Accounting policies (Continued)

3.3 Summary of significant accounting policies (Continued)

(n) Operating segments

The Company's business is organised by regions (reporting segments), comprising Nairobi, Mount Kenya, Coast and West Kenya. Business administration is by geographic region as the Company deals in only supply of electricity. There are no inter-region sales.

Regions derive their revenues from the distribution and retail of electricity purchased in bulk by the head office. Region assets and liabilities comprise those operating assets and liabilities that are directly attributable to the region or can be allocated to the region on a reasonable basis.

Capital expenditure represents the total cost incurred during the year to acquire assets for the regions that are expected to be used during more than one period (property and equipment).

(o) Earnings per share

Basic and diluted earnings per share (EPS) data for ordinary shares are presented in the financial statements. Basic EPS is calculated by dividing the profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all potentially dilutive ordinary shares, if any.

(p) Dividends

Dividends on ordinary shares are charged to reserves in the period in which they are declared. Proposed dividends are not accrued for until ratified in an Annual General Meeting.

(q) Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market rates.

(r) Recharge of costs to Rural Electrification Scheme

Recharge of costs to the Rural Electrification Scheme (RES) is based on a formula determined by the Government of Kenya following an agreement between it and East African Power & Lighting Company Limited, the predecessor to The Kenya Power & Lighting Company Limited in 1973.

The power purchase costs recharge is calculated as a proportion of RES electricity unit sales (excluding off-grid sales) to gross electricity unit sales.

3. Accounting policies (Continued)

3.3 Summary of significant accounting policies (Continued)

(r) Recharge of costs to Rural Electrification Scheme (Continued)

The distribution costs recharge is calculated based on 2% and 4% of the total high voltage and low voltage assets respectively in the books of RES at the close of the financial year.

Customer service costs recharge is calculated as a proportion of RES metered customers to total number of metered customers.

Administration costs recharge are calculated based on the proportion of RES electricity unit sales to gross electricity unit sales.

(s) Cash and cash equivalents

Cash and cash equivalents comprises bank and cash balances and short term deposits maturing within 3 months from the date of issue.

(t) Comparatives

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year, specifically reclassification of deferred income balances into current and non-current classifications for better presentation.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3 above, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if

the revision affects only that period or in the periods of the revision and future periods if the revision affects both current and future periods.

4.1 Critical judgements in applying accounting policies

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

The Company has entered into commercial property leases on some of its properties. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the contracts as operating leases.

Lease commitments - Classification of leases of land as finance or operating leases

At the inception of each lease of land or building, the Company considers the substance rather than the form of the lease contract. Examples of situations that individually or in combination would normally lead to a lease being classified as a finance lease are:

- The lease transfers ownership of the asset to the lessee by the end of the lease term; The lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised;
- The lease term is for the major part of the economic life of the asset even if title is not transferred;
- At the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset; and

4. Critical accounting judgements and key sources of estimation uncertainty (Continued)

4.1 Critical judgements in applying accounting policies (continued)

Classification of leases of land as finance or operating leases (Continued)

- The leased assets are of such a specialised nature that only the lessee can use them without major modifications.
- The Company also considers indicators of situations that individually or in combination could also lead to a lease being classified as a finance lease. Examples of such indicators include:
 - If the lessee can cancel the lease, the lessor's losses associated with the cancellation are borne by the lessee;
 - gains or losses from the fluctuation in the fair value of the residual accrue to the lessee (for example, in the form of a rent rebate equalling most of the sales proceeds at the end of the lease); and
 - the lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than market rent.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Details of the carrying value of recognised tax losses at 30 June 2016 are provided in Note 27.

Pension and other post-employment benefits

The cost of defined benefit pension plans and other post-employment medical benefits is determined using

actuarial valuations. 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. Details of the defined benefit asset at 30 June 2016 are provided in Note 31.

Electricity deposits

Money received from electricity customers as deposit is split between current and non-current liabilities based on the expected pattern of refund to customers. A significant portion of the deposit is considered to be non-current as the Company will continue to offer services to the customers for the foreseeable future and the customers are not expected to discontinue their use of electricity in the short run. The current portion of the customer deposits liability has been arrived at based on the historical average of refunds made in the past 3 years. In addition, the customer deposits also serve as security for the electric meters supplied to the customer for long term electricity supply.

Revenue recognition

Electricity revenue includes an assessment of electricity supplied to customers between the date of the last meter reading and the year end. Electricity sales revenue attributable to units consumed but not billed to customers at the end of the reporting period is estimated using historical consumption patterns taking into account the total electricity usage by the customers.

4.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

4. Critical accounting judgements and key sources of estimation uncertainty (Continued)

4.2 Key sources of estimation uncertainty (Continued)

Property and equipment

Property and equipment is depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed at the reporting date and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Impairment of assets

Property and equipment are assessed for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself.

Future cash flows expected to be generated by the assets are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value.

Pensions

Actuarial assumptions are made in valuing future defined benefit obligation and are updated periodically. The principal assumption relates to the discount rate, the expected rates of return on assets, future salary increases, mortality rates and future pension increase. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. See note 31 for further details.

Provision for doubtful debts

The estimated provision for doubtful debts is based on the period for which the debt was outstanding

combined with some knowledge of the financial position of the debtor and/or the circumstances surrounding the underlying transaction.

This policy is to ensure that the Company regularly evaluates customer debts and their recoverability, maintains timely and appropriate provisions in order to accurately reflect the condition of the statement of financial position. It is also intended to promote well-reasoned, effective work plans for non-performing accounts and effective internal controls to manage the level of such debts. Provisions for impairment are maintained at an amount adequate to cover anticipated credit related losses.

Specific provisions are established where full recovery of the principal is considered doubtful. Specific provisions are made against finalised customer accounts net of deposits. Provisions are determined primarily by reference to historical ratios of write offs to balances in default.

General (portfolio) provisions for bad and doubtful debts are maintained to cover non identified probable losses and latent risks inherent in the overall debt portfolio. The provisions are determined having regard to the general risk profile of the credit portfolio, historical loss experience, economic conditions and a range of other criteria including status of the pending court cases.

5. (a) OPERATING SEGMENTS

For management purposes, the Company is currently organised into four administrative regions (reporting segments). These regions are the basis on which the Company reports its primary information. The four regions comprise Nairobi, Coast, West Kenya and Mount Kenya.

The table below shows the Company's revenue, expenses, assets and liabilities per region. The table also shows capital expenditure and depreciation by region for the year. There are no inter-segment sales and all revenue is from external customers. Energy purchase and head office expenses are apportioned to various regions based on percentage unit sales.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. (a) OPERATING SEGMENTS (Continued)

	Nairobi Region KShs'000	West Kenya Region KShs'000	Coast Region KShs'000	Mount Kenya Region KShs'000	Total KShs'000
2016					
Revenue	55,014,835	18,626,527	18,801,373	15,931,877	108,374,612
Other operating income	3,389,599	2,008,653	700,949	1,370,686	7,469,887
Energy purchases	(37,079,351)	(12,881,460)	(12,637,797)	(7,666,424)	(70,265,032)
Operating expenses	(13,225,028)	(6,381,262)	(3,919,166)	(5,125,296)	(28,650,752)
Operating profit	8,100,055	1,372,458	2,945,359	4,510,843	16,928,715
Interest income					964,957
Finance costs					(5,811,275)
Income tax expense					(4,526,234)
Profit for the year					7,556,163
Other information					
Assets	108,458,594	93,768,407	39,981,862	55,333,317	297,542,180
Liabilities	127,742,909	45,331,852	36,457,840	22,393,742	231,926,343
Capital expenditure (including intangible assets)	19,645,288	16,184,354	5,842,929	8,757,187	50,429,758
Depreciation/amortisation	4,365,955	2,602,789	1,080,216	1,385,600	9,434,560

There were no revenues deriving from transactions with a single external customer that amounted to 10% or more of the Company's revenue. The finance revenue, finance costs and

tax expenses are not segment specific and are largely head office items and therefore have not been apportioned to the operating segments.

	Nairobi Region KShs'000	West Kenya Region KShs'000	Coast Region KShs'000	Mount Kenya Region KShs'000	Total KShs'000
2015					
Revenue	58,019,028	18,938,139	18,647,171	11,159,187	106,763,525
Other income	3,044,895	1,570,492	649,796	1,140,808	6,405,991
Energy purchases	(40,213,447)	(13,160,765)	(13,160,765)	(6,580,383)	(73,115,360)
Operating expenses	(11,269,700)	(5,841,235)	(3,464,461)	(3,641,212)	(24,216,608)
Operating profit	9,580,776	1,506,631	2,671,741	2,078,400	15,837,548
Interest income					1,380,968
Finance costs					(4,964,942)
Income tax expense					(4,821,617)
Profit for the year					7,431,957
Other information					
Assets	115,998,787	77,879,969	35,055,520	43,351,806	272,286,082
Liabilities	112,565,990	41,669,529	35,700,576	23,145,907	213,082,002
Capital expenditure (including intangible assets)	12,224,798	14,780,681	4,925,159	9,983,524	41,914,162
Depreciation/amortisation	3,684,353	2,197,639	926,784	1,134,645	7,943,421

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. (a) OPERATING SEGMENTS (Continued)

There were no revenues deriving from transactions with a single external customer that amounted to 10% or more of the Company's revenue. The finance revenue, finance costs and tax expenses are not segment specific and are largely head office items and therefore have not been apportioned to the operating segments.

The Company's core business in the four regions (reporting segments) continues to be the transmission, distribution and retail of electricity. There is no distinguishable component of the Company that is engaged in providing an individual service that is subject to risks and returns that are different from those of other business segments.

The information on property and equipment details at net book values is shown below:

	Land and buildings* KShs'000	Lines KShs'000	Machinery KShs'000	Motor vehicles KShs'000	Furniture equipment and other KShs'000	Intangible assets KShs'000	Total KShs'000
2016							
Transmission	615,302	9,767,946	41,365	-	727,470	-	11,152,083
Distribution	3,254,020	141,779,112	453,388	1,547,559	11,325,934	2,602,033	160,962,046
Total	3,869,322	151,547,058	494,753	1,547,559	12,053,404	2,602,033	172,114,129
2015							
Transmission	480,162	5,845,646	28,564	-	119,340	-	6,473,712
Distribution	2,294,750	123,333,190	463,427	1,817,396	7,705,162	1,418,599	137,032,524
Total	2,774,912	129,178,836	491,991	1,817,396	7,824,502	1,418,599	143,506,236

* Includes freehold land and buildings and prepaid leases on leasehold land

6. FINANCIAL RISK & CAPITAL MANAGEMENT

Information about the Company's exposure to risks, its objectives, policies and processes for measuring and managing such risks, as well as quantitative disclosure, is discussed in this note. The management of capital is also discussed.

The Company has an integrated risk management framework. The Company's approach to risk management is based on risk governance structures, risk management policies, risk identification, measurement and reporting. Three types of risks are reported as part of the risk profile, namely operational, strategic and business continuity risks.

For the Kenya Power and Lighting Company, a strategic risk is a significant unexpected or unpredictable change or outcome beyond what was factored into the organisation's strategy and business model which could have an impact on the Company's performance.

Business continuity risks are those events, hazards, variances and opportunities which could influence the continuity of the Company.

6. FINANCIAL RISK & CAPITAL MANAGEMENT (Continued)

One of the key risks for the Kenya Power and Lighting Company, identified both under the operational and strategic risk categories, is financial sustainability of the Company. The financial risks, as defined by IFRS 7, and the management thereof, form part of this key risk area.

The Board of Directors has delegated the management of the Companywide risk to the Audit Committee. One of the committee's responsibilities is to review risk management strategies in order to ensure business continuity and survival. Most of the financial risks arising from financial instruments are managed in the centralised finance function of the Company.

The Company's exposure to risk, its objectives, policies and processes for managing the risk and the methods used to measure it have been consistently applied in the years presented, unless otherwise stated.

The Company has exposure to the following risks as a result of its financial instruments:

- (a) Credit risk
- (b) Liquidity risk
- (c) Market risk

	Neither past due nor impaired KShs '000	Past due but not Impaired Over 90 days KShs '000	Impaired Over 365 days KShs '000	Total KShs '000
At 30 June 2016				
Trade and other receivables	15,162,522	13,349,069	4,246,455	32,758,046
Less: impairment allowance	-	-	(4,246,455)	(4,246,455)
Short term deposits	3,842,355	-	-	3,842,355
Bank balances	1,640,245	-	-	1,640,245
	20,645,122	13,349,069	-	33,994,191

(a) Credit risk

The Company has exposure to credit risk, which is the risk that a counter party will be unable to pay amounts in full when due. Credit risk mainly arises from electricity receivables, short term deposits and bank balances.

Counterparty risk is the risk that a counterparty is unable to meet its financial and/or contractual obligations during the period of a transaction. Delivery or settlement risk is the risk that counterparty does not deliver on its contractual commitment on maturity date (including the settlement of money and delivery of securities).

Credit risk arising from short term deposits and bank balances are low because the counter parties are financial institutions with high credit ratings.

The carrying amount of financial assets recorded in the financial statements representing the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

6. FINANCIAL RISK & CAPITAL MANAGEMENT (Continued)

(a) Credit risk (Continued)

	Neither past due nor impaired KShs '000	Past due but not Impaired Over 90 days KShs '000	Impaired Over 365 days KShs '000	Total KShs '000
At 30 June 2015				
Trade and other receivables	18,355,537	5,829,413	4,205,967	28,390,917
Less: impairment allowance	-	-	(4,205,967)	(4,205,967)
Short term deposits	4,272,357	-	-	4,272,357
Bank balances	23,937,191	-	-	23,937,191
	46,565,085	5,829,413	-	52,394,498

The customers under the fully performing category are paying their debts as they fall due.

Past due amounts are those beyond the maximum established credit period and represents slow but paying customers. The receivable balance continues to be serviced even though this is not done on the contractual dates. Treasury and finance departments are actively following up on these receivables. In addition, the Company holds deposits or a bank guarantee, depending on the electricity load supplied which acts as collateral.

The fair value of the collateral held by the Company as security and other credit enhancements amounted to KShs 7,494 million (2015 - KShs 7,601 million) note 28(a).

Management of credit risk

Financial instruments are managed by the finance and commercial services functions.

Management of electricity receivables

The Company supplies electricity to customers in its licensed areas of supply. A large proportion comprises small commercial and domestic customers who settle their accounts within twenty one days after receipt of the bill. The Company's exposure to credit risk is influenced by the individual characteristics of each customer.

In monitoring credit risk, customers are grouped according to their credit characteristics, including whether they are large, small or domestic electricity users, profile, security (deposits and guarantees) held and payment history.

The main classes of electricity receivables are industrial, government ministries, local authorities, parastatals, commercial and domestic customers. Electricity supply agreements are entered into with all customers. All customers are required to deposit an amount equivalent to two times their monthly consumption being security in the form of a cash deposit depending on the load supplied, subject to a minimum of two thousand five hundred shillings. Industrial and large commercial customers have the option of providing a bank guarantee in lieu of a cash deposit. Payment is enforced by way of disconnection of the supply if bills are not paid within twenty one days after billing. No interest is charged on balances in arrears.

The Company has well-established credit control procedures that monitor activity on customer accounts and allow for remedial action should the customer not comply with payment terms. These procedures include the issue of a notice for disconnection of supply, an internal collection process; follow up of the customer by telephone or in person, negotiations of mutually acceptable payment arrangements and letters of demand. Non-payment will result in disconnection of supply and the account's closure if the disconnection is done and there is no payment within three months. The legal collection process is pursued thereafter. The decision to impair overdue amounts is assessed on the probability of recovery based on the customer's credit risk profile.

6. FINANCIAL RISK & CAPITAL MANAGEMENT (Continued)

(a) Credit risk (Continued)

Management of electricity receivables (Continued)

Progress on the collection process is reviewed on a regular basis and if it is evident that the amount will not be recovered, it is recommended for write-off in terms of the Company's policy. The process of recovery continues unless it is confirmed that there is no prospect of recovery or the costs of such action will exceed the benefits to be derived. Amounts written off are determined after taking into account the value of the security held.

The Company evaluates the concentration of risk with respect to electricity receivables as low, as its customers are located in all regions in Kenya and electricity is supplied to different classes of customers including individual households, private industries, companies and Government institutions.

The total cumulative provision for impairment of electricity receivables at 30 June 2016 was KShs 4,246 million (2015: KShs 4,206 million). Refer to note 21(c).

The Company continues to install prepaid and automatic meters as strategies to minimise the risk of non-collection. In addition, the following strategies are currently in operation and are largely successful in other high risk areas of non-paying customers. These include:

- disconnections
- increased internal debt management capacity
- use of debt collectors.
- focus on early identification and letters of demand.
- Higher security deposits

The following table represents an analysis of the maximum exposure to credit risk for electricity receivables by customer category:

	2016 KShs'000	2015 KShs'000
Electricity receivables		
Large power users	7,686,125	7,692,897
Ministries	86,314	260,192
Local authorities	27,541	146,082
Parastatals	1,243,834	1,271,456
Ordinary customers	3,181,427	2,772,982
Exports	179,843	174,540
Total electricity receivables	12,405,084	12,318,149

Management of Stima Loan receivables KShs 552,707 (2015: KShs 775,731)

The Kenya Power Stima Loan Revolving Fund was established in the year 2010. The objective of the Fund, is to facilitate credit access to the low income segments of the market for the purpose of electricity connection. It is funded by Agence Francaise de Development (AFD) through credit and grant to the Government of Kenya (GOK) which is then on lent and on grant to KPLC. Electricity supply agreements are entered into with all customers and a Stima Loan contracts signed. All customers are required to deposit 20% of the loaned amount and administration fee of 5% and are advanced a loan valid for 24 months with no interest charges. Repayment of the loan commences one month after connection.

Monthly follow ups are done to monitor these customers. These procedures include the issue of a notice for disconnection of supply, an internal collection process; follow up of the customer by telephone or in person, negotiations of mutually acceptable payment arrangements and letters of demand. A short text message is sent reminding them of their monthly bill with a loan balance on the same.

Stima Loan customers are grouped into delinquency levels, according to their credit profiles to help in monitoring customer repayment performance. Delinquency level one have balances that are one month in arrears, delinquency level two are two months in arrears, delinquency level three being customers in three months arrears and subsequently delinquency level four and five are customers that are in arrears from four months on to twenty four months respectively.

6. FINANCIAL RISK & CAPITAL MANAGEMENT (Continued)

(a) Credit risk (Continued)

Management of Stima Loan receivables (Continued)

Non-performing loans are assessed on the probability of recovery based on the customers' delinquency level. A provision of KShs 79 million has been recognised for loans which have been outstanding for more than 24 months as at 30th June 2016. Refer to note 21(c).

(b) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient financial resources to meet its obligations when they fall due, or will have to do so at excessive cost. This risk can arise from mismatches in the timing of cash flows from revenue and capital and operational outflows.

The objective of the Company's liquidity management is to ensure that all foreseeable operational, capital expansion and loan commitment expenditure can be met under both normal and stressed conditions.

The Company has adopted an overall balance sheet approach, which consolidates all sources and uses of liquidity, while aiming to maintain a balance between liquidity, profitability and interest rate considerations. The Company's liquidity management process includes:

- projecting cash flows and considering the cash required by the Company and optimising the short-term requirements as well as the long-term funding;
- monitoring statement of financial position liquidity ratios;
- maintaining a diverse range of funding sources with adequate back-up facilities;
- managing the concentration and profile of debt maturities;
- maintaining liquidity contingency plans.

The table below summarises the maturity profile of the Company's financial liabilities based on the remaining period using 30 June 2016 as a base period to the contractual maturity date:

	On demand KShs' 000	Less than 3 months KShs' 000	3 to 12 months KShs' 000	1 to 5 years KShs' 000	> 5 years KShs' 000	Total KShs' 000
At 30 June 2016						
Interest bearing loans and borrowings		1,061,433	14,251,480	76,209,981	55,434,560	146,957,454
Trade and other payables	1,237,392	28,381,967	7,131,571	1,291,954	27,379,241	65,422,125
	1,237,392	29,443,400	21,383,051	77,501,935	82,813,801	212,379,579
At 30 June 2015						
Interest bearing loans and borrowings	-	1,930,135	12,465,514	79,139,892	35,529,611	129,065,152
Trade and other payables	533,980	23,866,077	5,063,325	1,684,733	20,572,500	51,720,615
	533,980	25,796,212	17,528,839	80,824,625	56,102,111	180,785,767

The Company has an established corporate governance structure and process for managing the risks regarding guarantees and contingent liabilities. All significant guarantees issued by the Company are approved by the board of directors and are administratively managed by the treasury department. Updated guarantee schedules are compiled every month.

in foreign exchange rates, commodity prices and interest rates. The objective of market risk management policy is to protect and enhance the statement of financial position and statement of comprehensive income by managing and controlling market risk exposures within acceptable parameters and to optimise the funding of business operations and facilitate capital expansion.

(c) Market risk

Market risk is the risk that the fair value or future cash flow of financial instruments will fluctuate because of changes

6. FINANCIAL RISK & CAPITAL MANAGEMENT (Continued)

(c) Market risk (Continued)

The Company is exposed to the following risks:

(i) Currency risk

Currency risk arises primarily from purchasing imported goods and services directly from overseas or indirectly via local suppliers and foreign borrowings. The Company is exposed to foreign exchange risk arising from future commercial transactions and recognised assets and liabilities that are denominated in a currency other than the functional currency of the Company:

The following table demonstrates the sensitivity to a reasonably possible change in the respective foreign currency/KShs exchange rate, with all other variables held constant, on the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities).

Currency type	Appreciation/ (depreciation) of Exchange rate	Effect on profit before tax and equity KShs million
Year 2016		
US\$	5 %/(5%)	+/-4,999
Euro	5 %/(5%)	+/- 379
JPY	5 %/(5%)	+/- 59
Chinese ¥	5 %/(5%)	+/-122
Year 2015		
US\$	5 %/(5%)	+/-3,946
Euro	5 %/(5%)	+/- 372
JPY	5 %/(5%)	+/- 50
Chinese ¥	5 %/(5%)	+/-128

Management of currency risk

Exposure due to foreign currency risk is managed by recovering from customers the realised fluctuations in the exchange rates not factored in the retail tariffs.

(ii) Commodity or price risk

The Company is exposed to price risk on the fuel that is used for the generation of electricity to the extent that the customers are not able to pay for the additional costs passed on to them or if efficiency declines below the rate factored in the tariff.

Management of commodity risk

Exposure due to commodity risk is managed by passing the cost of fuel used in generation to customers. In addition the Company has well-established credit control procedures that monitor activity on customer accounts and allow for remedial action should the customer not comply with payment terms. These procedures include the issue of a notice of disconnection of supply, an internal collection process; follow up of the customer telephonically or in person, negotiations of mutually acceptable payment arrangements and letters of demand. Non-payment will result in disconnection of supply and the customer's account being closed. The legal collection process is pursued thereafter.

The decision to impair overdue amounts is assessed on the probability of recovery based on the customer's credit risk profile.

(iii) Interest rate risk

Interest rate risk is the risk that the Company's financial condition may be adversely affected as a result of changes in interest rate levels. The Company's interest rate risk arises from short-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Long-term borrowings issued at fixed rates expose the Company to fair value interest rate risk.

The interest rate risk exposure arises mainly from interest rate movements on the Company's borrowings.

6. FINANCIAL RISK & CAPITAL MANAGEMENT (Continued)

(c) Market risk (Continued)

(iii) Interest rate risk (Continued)

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to only sign and obtain borrowings from institutions that offer contracts with fixed interest rates. Based on the various scenarios, the Company also manages its fair value interest rate risk by using floating -to- fixed interest rate swaps, where applicable.

Sensitivity analysis

The Company analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The calculation excludes borrowing costs capitalised in terms of the Company's accounting policy. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of profit or loss and other comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs 1,112 million (2015: KShs 873 million). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs 5,560 million (2015 - KShs 4,368 million):

	Change in currency rate	Effect on Profit before tax and equity
2016		KShs' 000
	1%	1,112,000
	5%	5,560,000
2015		
	1%	873,000
	5%	4,368,000

(d) Capital Management

Capital managed by the Company is the equity attributable to the equity holders. The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

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 or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2016 and 30 June 2015.

The Company monitors capital using a gearing ratio. This ratio is calculated as net debt divided by capital. Net debt is calculated as total of interest bearing loans and borrowings, less cash and cash equivalents.

	2016 KShs' million'	2015 KShs' million'
Interest-bearing loans and borrowings (Note 29)	113,869	111,600
Less cash and cash equivalents (Note 34(c))	(5,503)	(28,231)
Net debt	108,366	83,369
Equity	65,616	59,204
Gearing ratio	165%	140%

The major factors that impact on the equity of the Company include the following:

- revenue received from electricity sales (which is a function of price and sales volume)
- power purchase cost
- cost of funding the business
- cost of operating the electricity business
- cost of expanding the business to ensure that capacity growth is in line with electricity sales demand (funding and additional depreciation)
- taxation
- dividends

6. FINANCIAL RISK MANAGEMENT (Continued)

(d) Capital Management (Continued)

The Company uses Power System Development Planning process, which forecasts long-term growth in electricity demand; evaluates the alternative means to meet and manage that demand and comes up with a Least Cost Power Development Plan. The planning process determines a forward electricity cost curve (the Long Run Marginal Cost), which will give an indication of the size of the price increases that the Company requires in order to be sustainable over the medium and long term. Adjustment of the tariffs for the electricity business is regulated and is subject to the process laid down by the Energy Regulatory Commission (ERC).

The electricity business is currently in a major expansion phase driven by a rise in demand and Government policy. The funding of additional transmission and other distribution capacity is to be obtained from cash generated by the business, Government support and funds borrowed from local and international lending institutions. The adequacy of electricity tariffs allowed by ERC and the level of Government support are key factors in the sustainability of the Company. The debt to equity ratio plays an important role in the credit ratings given to the Company which in turn influence the cost of funding. The Company's policy is to fund capital expansion programme jointly through its own resources and long-term borrowings.

(e) Fair values of financial assets and liabilities

(i) Comparison by class of the carrying amounts and fair values of the financial instruments is as set out below.

	Carrying amount		Fair value	
	2016 KShs'000	2015 KShs'000	2016 KShs'000	2015 KShs'000
Financial assets				
Trade and other receivables	25,149,004	20,115,710	25,149,004	20,115,710
Short term deposits	3,842,355	4,272,357	3,842,355	4,272,357
Bank and cash balances	1,660,698	23,958,305	1,660,698	23,958,305
Financial liabilities				
Borrowings	113,868,712	111,600,384	113,868,712	111,600,384
Trade and other payables	65,471,026	54,401,069	65,471,026	54,401,069

Trade and other receivables are evaluated regularly to assess the likelihood of impairment. Based on this evaluation, allowances are taken to account for the expected losses on these receivables. As at 30 June 2016, the carrying amounts of such receivables, net of allowances, approximates their fair value.

The fair values of term deposits, bank and cash balances and trade and other payables approximates their carrying amounts largely due to the short term maturities of these instruments.

(ii) Fair value hierarchy
The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

7. (a) ELECTRICITY SALES

	2016 KShs'000	2015 KShs'000
Large commercial and industrial customers	46,069,593	40,522,275
Small commercial customers	15,892,772	16,308,627
Domestic customers	24,382,041	20,198,517
Export and others	736,406	806,215
	87,080,812	77,835,634

(b) FOREIGN EXCHANGE COSTS ADJUSTMENTS

Total foreign exchange costs on-charged to customers	8,782,073	3,343,615
Less: amounts attributed to power purchases	(6,175,191)	(2,819,891)
Amounts attributable to Company's operations	2,606,882	523,724

Company operations here refer to payments to suppliers for purchase of materials, loan repayments and other activities requiring payment in foreign currencies.

(c) OTHER OPERATING INCOME

Other income is recognised when significant risks and rewards of ownership are transferred to the buyer and the amount of revenue can be measured reliably.

	2016 KShs'000	2015 KShs'000
Reconnection charges	177,666	229,181
Stock excess adjustment	-	28,203
Fibre optic leases	276,122	259,388
Deferred income amortised to profit or loss for the year (note 26)	5,401,248	4,105,805
Miscellaneous sales	1,614,851	1,783,414
	7,469,887	6,405,991

8. POWER PURCHASE COSTS
(a) Basic power purchase costs

The basic power purchase costs according to source were as follows:

	2016 KShs'000	2015 KShs'000
KenGen	35,726,121	30,767,368
OrPower 4 Inc.	9,976,615	8,067,419
Iberafrica Power (E.A.) Company Limited	3,136,432	2,817,490
Rabai Power Limited	2,816,491	2,607,258
Tsavo Power Company Limited	2,131,186	1,966,457
Triumph Power Generating Co. Ltd	2,084,368	4,655
Thika Power Limited	2,023,828	2,096,793
Gulf Power Limited	1,866,852	1,037,065
Aggreko	542,596	326,269
Uganda Electricity Transmission Company Limited	681,460	852,222
Power Technology Solutions Limited	19,171	18,129
Ethiopia Electricity Power Company	18,897	6,240
Imenti Tea Factory	4,879	2,565
Biojoule Kenya Limited	3,144	-
Tanzania Electric Supply Company Limited	58	7,360
Mumias Sugar Company Limited	-	71,022
	61,032,098	50,648,312
Less foreign exchange surcharge (Note 7(b))	(6,175,191)	(2,819,891)
Less recharged to Rural Electrification Scheme	(3,457,493)	(3,367,938)
	51,399,414	44,460,483
(b) Fuel costs		
Rabai Power Limited	4,045,895	6,933,482
KenGen	3,486,836	8,219,330
Iberafrica Power (E.A.) Company Limited	1,466,620	3,794,626
Thika Power Limited	1,280,080	4,151,160
Triumph Power Generating Co. Ltd	1,142,318	-
Off grid power stations	909,455	1,174,661
Aggreko	894,846	1,333,387
Tsavo Power Company Limited	608,331	1,463,630
Uganda Electricity Transmission Company Limited	436,789	917,811
Gulf Power Limited	182,361	978,593
	14,453,531	28,966,680
Less: recharged to Rural Electrification Scheme	(1,763,104)	(3,131,694)
	12,690,427	25,834,986

*Loss on disposal of fixed assets mainly relates to vandalised transformers sold as scrap.

8. POWER PURCHASE COSTS (Continued)
(b) Fuel costs (Continued)

The Company incurred KShs 12,690,427 as fuel cost during the year (2015: KShs 25,834,986), which was passed to the customers and a recovery of KShs 15,511,727 (2015: KShs 25,584,276) was made.

(c) Units purchased

Analysis of interconnected power purchases by utility source in gigawatt-hours (GWh) is as follows:

	2016 GWh	2015 GWh
KenGen	7,724	6,942
Aggreko	50	63
Uganda Electricity Transmission Company Limited	65	76
Tsavo Power Company Limited	39	83
Iberafrica Power (E.A.) Company Limited	128	198
OrPower 4 Inc	1,067	955
Mumias Sugar Company Limited*	-	14
Tanzania Electric Supply Company Limited**	-	1
Imenti Tea Factory***	1	-
Rabai Power Limited	536	609
Thika Power	70	233
Power Technology Solutions Limited	2	2
Gulf Power Limited	8	60
Ethiopian Electric Power	3	3
Triumph Power Generating Co. Ltd	82	5
Biojoule Biogas Power Plant****	-	-
Off grid power stations	41	36
	9,816	9,280
Less recharged to Rural Electrification Scheme	(657)	(651)
	9,159	8,629

* Mumias Sugar Company Limited did not supply any units during the year (2015: KWh 14,451,000).

**Tanzania Electric Supply Company Limited supplied KWh 2,029 during the year (2015: KWh 585,353).

*** Imenti Tea Factory Co. Ltd supplied KWh 744,063 during the year (2015: 454,287).

****Biojoule biogas power plant supplied KWh 310,718 during the year (2015: KWh nil).

8. POWER PURCHASE COSTS (Continued)

(d) Type of interconnected power sources

Analysis of interconnected power purchases by utility source in gigawatt-hours (GWh) is as follows:

	2016 GWh	2015 GWh
Hydro	3,787	3,310
Geothermal	4,608	4,060
Thermal	1,297	1,792
Imports	67	80
Others	57	38
	9,816	9,280
Less recharged to Rural Electrification Scheme	(657)	(651)
	9,159	8,629

The Company transmits excess units generated by Aggreko Limited to Uganda Electricity Transmission Company Limited (UETCL) and Tanzania Electricity Supply Company Limited (TANESCO), whereas UETCL and TANESCO transmit back their excess power to the Company at the same charge rate as that billed to them. The two transactions have been effected in the accounts to give net quantity.

9. OTHER OPERATING COSTS
(a) Network management

	2016 KShs'000	2015 KShs'000
Salaries and wages	2,010,141	1,845,640
Staff welfare	63,597	56,212
Other consumable goods	762,283	771,859
Depreciation	4,788,842	4,899,548
Transport and travelling	207,070	1,134,999
Office expenses	5,245	11,549
Advertising and public relations	76,626	69,985
Loss on disposal of fixed assets*	510,794	357,253
Wheeling charges-Ketraco (net)	2,011,000	735,000
Street lighting	223,327	254,383
Other costs	786,921	94,313
Net recharge of distribution and transmission costs to Rural Electrification Scheme	(1,949,112)	(1,667,062)
	9,496,734	8,563,679

*Loss on disposal of fixed assets mainly relates to vandalised transformers sold at scrap.

9. OTHER OPERATING COSTS (Continued)
(b) Commercial services

	2016 KShs'000	2015 KShs'000
Salaries and wages	4,123,416	2,744,155
Staff welfare	41,441	15,093
Electrical materials	3,892	29,990
Other consumable goods	37,873	41,577
Depreciation	1,637,063	1,056,099
Provision for electricity debtors	-	480,206
Provision for Stima loan debtors	-	79,071
Transport and travelling	476,738	399,644
Office expenses	168,513	426,764
Advertising and public relations	33,921	243,451
Repairs and maintenance	125,891	28,612
Other costs	(78,608)	47,161
Net recharge of customer service costs to Rural Electrification Scheme	(2,245,964)	(1,789,405)
	4,324,176	3,802,418

(c) Administration

	2016 KShs'000	2015 KShs'000
Salaries and wages	4,949,440	5,072,512
Staff welfare	1,290,290	1,212,030
Insurance	343,919	355,662
Other consumable goods	197,077	290,603
Training expenses and consumer services	175,260	258,603
Depreciation	2,577,566	1,649,952
Electricity expenses	169,175	168,686
Office expenses	512,110	501,838
Licenses	186,540	31,018
Security and surveillance	545,982	525,839
Repairs and maintenance	1,039,566	1,114,218
Consultancy fees	7,006	93,912
Auditors' remuneration	17,660	16,600
Public relations	358,981	127,429
Directors' emoluments	51,370	54,816
Amortisation	431,089	337,822
Leave pay (write back)/obligation provision	(553,634)	7,048
Imperial Bank deposits provision	322,438	-
Stock provision	107,504	-
Ex-staff balances provision	40,488	-
Bank charges	389,705	292,273
Street lighting expenses	660,954	-
Realised foreign exchange differences	842,691	277,419
Retirement benefit credits	(297,044)	(616,565)
Other costs	1,592,249	1,227,644
Recharge of administration costs to Rural Electrification Scheme	(1,128,540)	(1,148,848)
	14,829,842	11,850,511

9. OTHER OPERATING COSTS (Continued)

(d) Total operating expenses

	2016 KShs'000	2015 KShs'000
Salaries and wages (note 10)	10,785,953	9,045,742
Staff welfare	1,395,328	1,283,335
Insurance	343,919	355,662
Other consumable goods	997,233	1,104,039
Training expenses and consumer services	175,260	258,603
Depreciation	9,003,471	7,605,598
Electricity expenses	169,175	168,686
Office expenses	685,868	940,151
Repairs and maintenance	1,165,457	1,142,830
Licenses	186,540	31,019
Consultancy fees	7,006	93,912
Security and surveillance	545,982	525,839
Auditors' remuneration	17,660	16,600
Directors' emoluments	51,370	54,816
Amortisation	431,089	337,822
Provision for electricity debtors	-	480,206
Provision for stima loan debtors	-	79,071
Leave pay (write back)/obligation provision	(553,634)	7,048
Imperial bank deposits provision***	322,438	-
Stock provision	107,504	-
Ex-staff balances provision	40,488	-
Bank charges	389,705	292,273
Transport and travelling	683,808	1,534,643
Advertising and public relations	469,528	440,865
Electrical materials	3,892	29,990
Wheeling charges-Ketraco (net)	2,011,000	735,000
Street lighting expenses	884,281	254,383
Loss on disposal of property and equipment	510,794	357,253
Realised foreign exchange differences(note 19(b)) *	842,691	277,419
Other costs	2,300,562	1,369,118
Recharges to Rural Electrification Scheme **	(5,323,616)	(4,605,315)
	28,650,752	24,216,608

* Realised foreign exchange differences are amounts recovered from electricity customers as a result of foreign exchange fluctuations.

**Recharges to Rural Electrification Scheme (RES) relate to operating costs apportioned to RES based on the predetermined formula developed by the Government of Kenya.

*** Imperial Bank deposits provision relates to a provision recognised against the full amount of cash that Kenya Power and Lighting Company Limited had invested in Imperial Bank of Kenya, which was placed under statutory management on October 13th 2015.

10. STAFF COSTS

	2016 KShs'000	2015 KShs'000
Salaries and wages excluding retirement benefit costs	12,754,068	11,972,053
Recharge of recurrent expenditure to capital jobs*	(2,440,566)	(3,009,627)
NSSF employer contributions	26,648	25,775
Pension costs - Defined contributions	742,847	674,106
Pension cost- defined benefit scheme (note 31)	(297,044)	(616,565)
Salaries and wages (Note 9(d))	10,785,953	9,045,742
Provision for leave pay (write back)/expense (note 32)	(553,634)	7,048
	10,232,319	9,052,790

* Recharge of recurrent expenditure to capital jobs relates to the labour and transport costs incurred by staff on capital jobs.

11. FINANCE (COSTS)/INCOME

	2016 KShs'000	2015 KShs'000
(a) Interest income		
Interest income on bank and other deposits	964,957	1,380,968
(b) Finance costs		
Interest incurred on:		
Loans	(5,746,607)	(4,601,897)
Bank overdrafts	(62,738)	(361,115)
Dividends on cumulative preference shares	(1,930)	(1,930)
Total finance costs	(5,811,275)	(4,964,942)
(c) Unrealised foreign exchange losses		
Exchange losses on loans	(2,318,642)	(7,480,979)
Exchange losses on loans for on-going projects capitalised	242,202	925,703
Exchange losses on loans for completed projects	(2,076,440)	(6,555,276)
Exchange gains on deposits	655,702	1,581,781
Net unrealised foreign exchange losses (note19)	(1,420,738)	(4,973,495)

12. PROFIT BEFORE TAX

	2016 KShs'000	2015 KShs'000
The profit before tax is arrived at after charging/(crediting): -		
Staff costs (note 10)	10,232,319	9,052,790
Depreciation	9,003,471	7,605,598
Amortisation of intangible assets	431,040	337,767
Amortisation of prepaid leases on land	49	55
Directors' emoluments:		
- Fees	5,504	6,151
- Other	51,370	54,816
Auditors' remuneration	17,660	16,600
Loss on disposal of property and equipment	510,794	357,253
Rent payable	351,106	353,916
Provision for electricity debtors	-	480,206
Provision for Stima loan debtors	-	79,071
Provision for cash deposits held in imperial Bank	322,438	-
Provision for ex-staff balances	40,488	-
Retirement benefit credit	(297,044)	(616,565)
Interest payable	5,811,275	4,964,942
Interest receivable	(964,957)	(1,380,968)
Rent receivable	(47,877)	(47,603)

13. TAXATION

(a) Statement of profit or loss – income tax expense		
Current taxation based on the adjusted profit for the year at 30%	-	-
Deferred tax charge current year (note 27)	4,229,930	4,472,543
Prior year under - provision	33,020	-
Corporation tax on separate sources of income – current year	263,284	349,074
	4,526,234	4,821,617
(b) Reconciliation of taxation expense to the expected taxation based on profit before tax:		
Profit before tax	12,082,397	12,253,574
Tax at the applicable tax rate of 30%	3,624,719	3,676,072
Tax effect of expenses not deductible for tax purposes:	605,211	796,471
Prior year under-provision	33,020	-
Corporation tax on separate sources of income – current year	263,284	349,074
Taxation charge	4,526,234	4,821,617

13. TAXATION (Continued)

(c) Statement of Financial Position – Tax recoverable/(payable)

	2016 KShs'000	2015 KShs'000
At the beginning of the year	(180,432)	10,895
Paid during the year	498,155	157,747
Corporation tax on separate sources of income – prior year	(33,020)	-
Corporation tax on separate sources of income– current year	(263,284)	(349,074)
	21,419	(180,432)
(d) Analysis of tax paid		
Paid during the year	498,155	157,747

14. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

	2016 KShs'000	2015 KShs'000
Profit for the year attributable to owners of the Company	7,556,163	7,431,957

The calculation of basic and diluted earnings per share is based on continuing operations attributable to the ordinary equity holders of the Company. There were no discontinued operations during the year.

The total number of shares and the weighted average number of shares for the purpose of calculating the basic and diluted earnings are as follows

	2016	2015
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	1,951,467,045	1,951,467,045

Earnings per share is calculated by dividing the profit attributable to owners of the Company by the number of ordinary shares.

	2016	2015
Basic earnings per share (KShs)	3.87	3.81
Diluted earnings per share (KShs)	3.87	3.81

There were no potentially dilutive ordinary shares as at 30 June 2016. Diluted earnings per share is therefore the same as basic earnings per share.

15. DIVIDEND PER SHARE

Proposed dividends are accrued after they have been ratified at an Annual General Meeting. At the Annual General Meeting to be held before the end of 2016, a final

dividend in respect of the year ended 30 June 2016 of KShs 0.30 (2015 – KShs 0.30) for every ordinary share of KShs 2.50 par value is to be proposed. An interim dividends of KShs 0.20 (2015– KShs 0.20) for every ordinary share of KShs 2.50 was declared and paid during the year. This will bring the total dividend for the year to KShs 0.50 (2015-KShs. 0.50).

16. PROPERTY AND EQUIPMENT

2016	Freehold land and buildings	Transmission lines	Distribution lines	Machinery	Motor vehicles	Furniture equipment and other	Work in Progress	Total
COST	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
At 1 July 2015	3,537,874	16,609,859	138,662,056	588,007	6,111,228	21,544,771	54,345,236	241,399,031
Work in progress additions	-	-	-	-	-	-	48,815,284	48,815,284
Transfers to fixed assets	1,171,066	1,577,675	27,148,746	32,038	374,255	6,770,079	(37,073,859)	-
Disposals	-	-	(870,351)	-	(372,523)	-	-	(1,242,874)
At 30 June 2016	4,708,940	18,187,534	164,940,451	620,045	6,112,960	28,314,850	66,086,661	288,971,441
DEPRECIATION								
At 1 July 2015	894,505	7,891,945	18,201,134	96,016	4,293,832	13,720,269	-	45,097,701
Charge for the year	76,607	527,643	5,221,928	29,276	606,840	2,541,177	-	9,003,471
Disposals	-	-	(261,723)	-	(335,271)	-	-	(596,994)
At 30 June 2016	971,112	8,419,588	23,161,339	125,292	4,565,401	16,261,446	-	53,504,178
NET BOOK VALUE								
At 30 June 2016	3,737,828	9,767,946	141,779,112	494,753	1,547,559	12,053,404	66,086,661	235,467,263

Capital work-in-progress relates mainly to construction works of electricity distribution lines and installations all over the country.

2015	Freehold and buildings	Transmission lines	Distribution lines	Machinery	Motor vehicles	Furniture equipment and other	Work in Progress	Total
COST	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
At 1 July 2014	2,880,919	15,822,759	114,158,592	541,294	5,704,080	17,633,093	43,685,761	200,426,498
Work in progress additions	-	-	-	-	-	-	41,567,840	41,567,840
Transfers to fixed assets	656,955	787,100	25,098,771	46,713	407,148	3,911,678	(30,908,365)	-
Disposals	-	-	(595,307)	-	-	-	-	(595,307)
At 30 June 2015	3,537,874	16,609,859	138,662,056	588,007	6,111,228	21,544,771	54,345,236	241,399,031
DEPRECIATION								
At 1 July 2014	835,950	7,404,507	14,046,711	68,387	3,764,824	11,592,151	-	37,712,530
Charge for the year	58,555	487,438	4,374,850	27,629	529,008	2,128,118	-	7,605,598
Disposals	-	-	(220,427)	-	-	-	-	(220,427)
At 30 June 2015	894,505	7,891,945	18,201,134	96,016	4,293,832	13,720,269	-	45,097,701
NET BOOK VALUE								
At 30 June 2015	2,643,369	8,717,914	120,460,922	491,991	1,817,396	7,824,502	54,345,236	196,301,330

Capital work-in-progress relates mainly to construction works of electricity distribution lines and installations all over the country.

17. PREPAID LEASES ON LAND

	2016 KShs'000	2015 KShs'000
		COST
At 1 July and 30 June	133,693	133,693
AMORTISATION		
At 1 July	2,150	2,095
Amortisation for the year	49	55
At 30 June	2,199	2,150
NET BOOK VALUE		
At 30 June	131,494	131,543

This relates to leases on land that is under use by the Company countrywide mainly hosting substations. The leases carry different lease periods and lease amounts, depending on when the land was leased.

There were 160 leases during the year (2015 - 160). All the land is leased from the Government of Kenya under

renewable leases. The lease periods range from between 50 years to 99 years in the counties and up to 999 years for some plots in the Coastal City of Mombasa. 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.

18. INTANGIBLE ASSETS - COMPUTER SOFTWARE

	2016 KShs'000	2015 KShs'000
COST		
At 1 July	1,986,398	1,640,076
Additions	1,614,474	346,322
At 30 June	3,600,872	1,986,398
AMORTISATION		
At 1 July	(567,799)	(230,032)
Charge for the year	(431,040)	(337,767)
At 30 June	(998,839)	(567,799)
At 30 June	2,602,033	1,418,599

19. RECOVERABLE FOREIGN EXCHANGE ADJUSTMENT

(a) Recoverable foreign currency exchange adjustment relates to unrealised currency exchange differences on foreign denominated borrowings recoverable from electricity customers when realised. The electricity tariff allows the Company to bill and recover all

realised foreign exchange fluctuations relative to the base rates approved by the Energy Regulatory Commission. The amount in the statement of financial position relates to unrealised exchange differences arising on retranslation of foreign currency borrowings at the reporting date which are recoverable from electricity customers.

19. RECOVERABLE FOREIGN EXCHANGE ADJUSTMENT (Continued)

(b) The movement in recoverable foreign exchange adjustment is as follows

	2016 KShs'000	2015 KShs'000
At the beginning of the year	5,513,499	817,423
Unrealised exchange loss in the year (note 11)	1,420,738	4,973,495
Realised exchange gain on loans repayment (note 9(d))	(842,691)	(277,419)
At the end of the year	6,091,546	5,513,499
Recoverable foreign exchange adjustment is further analysed as follows:		
Current- recoverable within 12 months	23,123	348,432
Non-current- recoverable after 12 months	6,068,423	5,165,067
At the end of the year	6,091,546	5,513,499

20. INVENTORIES

General stores	5,446,878	6,422,148
Conductors and cables	2,061,142	2,100,639
Transformers	2,837,888	1,662,856
Poles	884,359	844,720
Meters and accessories	243,905	215,978
Engineering spares	13,357	14,320
Fuel and oil	278,641	248,489
Motor vehicle spares	129,101	150,947
	11,895,271	11,660,097

General stores, engineering spares, fuel and oil, transformers and motor vehicle spares are stated at weighted average cost and adjusted with the provision for obsolete and slow moving stocks of KShs 602,893,000 (2015- KShs 439,507,000) while goods in transit are at cost.

A total of KShs 55,881,000 (2015 - KShs 51,862,000) has been expensed as an increase in the provision for obsolete and slow moving stocks. The amount of inventories recognised as an expense during the period was nil (2015: nil)

21. (a) TRADE AND OTHER RECEIVABLES

	2016 KShs'000	2015 KShs'000
Electricity receivables (note 21(c))	16,159,084	16,072,149
Prepayments	2,153,709	208,543
Recoverable fuel costs*	802,762	1,509,083
VAT recoverable	1,901,651	1,429,792
Rural Electrification Scheme's current account	759,429	139,108
Rural Electrification Authority current account	60,294	-
Staff receivables (note 21(d) (i))	672,496	606,670
Stima loan deferred payment customers (note 21(d) (ii)) **	552,707	775,731
Due from Ketraco***	5,204,858	3,987,571
GPOBA prepaid debtors****	1,114,756	-
Receivable from Government of Kenya*****	3,362,587	4,069,239
Rural electrification schemes	238,115	-
Nuclear Electricity Project	18	-
Other receivables (note 21(d) (iii))	3,830,940	1,231,365
Gross trade and other receivables	36,813,406	30,029,251
Provision for credit losses (Note 21(b))	(4,246,455)	(4,205,967)
Net trade and other receivables	32,566,951	25,823,284

Trade and other receivables are non - interest bearing and are generally due within 30 days.

* Recoverable fuel costs relate to fuel costs for the month of June passed on to customers to be recovered in July.

** Deferred payment customers balances represent debts outstanding under the Stima Loan Revolving Fund Programme which was established in 2010 to facilitate credit access to the low income segments of the market for the purpose of electricity connection. It is funded by Agence Francaise de Development (AFD) through credit and grant to Government of Kenya which is then on lent and further on grant to KPLC.

*** This represents amounts due from Ketraco relating to the 0.75% Japan Bank for International Cooperation debt for the construction of Sondu Miriu transmission

and distribution line which is to be transferred to Ketraco after the agreement to transfer the loan to Ketraco is executed between the relevant parties and the construction 132 KV transmission lines and substations.

**** GPOBA prepaid debtors relate to the Global Partnership on Output Based Assistance (GPOBA) project for customers on prepaid meters. This project aims to provide safe, legal and affordable electricity to informal settlements. In the year 2015, the Company entered into an arrangement with the World Bank's International Development Association (IDA), which acts as an administrator of GPOBA. Under the agreement, the Company pre-invests its own resources to provide electricity to

21. (a) TRADE AND OTHER RECEIVABLES (Continued)

informal settlements after which IDA reimburses the Company for every connection done under this project. The facility comprised a USD 10 million IDA loan and USD 5.15 million grant to be used as a subsidy for eligible electricity connections, allowing low income households to pay KShs 1,160 per connection. The receivable amount of KShs 1,114,756 is due from customers who received electricity connection under this project. The Company automatically recovers KShs 100 from these customers every month to recover the KShs 1,160 awarded to each customer.

***** Receivable from Government of Kenya (GoK) relates to subsidies due to the Company to enhance universal access to electricity through

	2016 KShs'000	2015 KShs'000
At 1 July	(4,205,967)	(3,994,687)
Bad debts write off	-	347,997
Additional provision	(40,488)	(559,277)
At 30 June (Note 21(a))	(4,246,455)	(4,205,967)
Provisions for credit losses comprise:		
Electricity receivables	3,754,000	3,754,000
Stima loans deferred payment customers	79,071	79,071
Staff receivables	127,165	86,677
Other receivables	286,219	286,219
	4,246,455	4,205,967

(c) ELECTRICITY RECEIVABLES

As at 30 June the ageing analysis of electricity receivables was as follows:

2016	Total KShs'000	<30 days KShs'000	30-60 days KShs'000	60-90 days KShs'000	90-120 days KShs'000	>120 days KShs'000
Gross	16,159,084	10,728,793	973,425	702,866	539,975	3,214,025
Impairment	(3,754,000)	-	-	-	(539,975)	(3,214,025)
Net electricity receivable	12,405,084	10,728,793	973,425	702,866	-	-

connectivity to the national grid. The KShs 3.3 billion (2015: KShs 4.0 billion) receivable from the GoK is part of a larger commitment by the GoK, to be financed partly through support from the World Bank and the African Development Bank to enhance universal access to electricity. During the year Company received Ksh. 1,138,002,000 as disbursements and utilized Ksh. Ksh. 431,000,000 to connect new customers.

(b) PROVISIONS FOR CREDIT LOSSES

As at 30 June 2016, trade and other receivables amounting to KShs 4,246,455,000 (2015-KShs 4,205,967,000) were fully impaired and provided for. Movements in the provisions for credit losses were as follows:

(c) ELECTRICITY RECEIVABLES (Continued)

2015	Total KShs'000	<30 days KShs'000	30-60 days KShs'000	60-90 days KShs'000	90-120 days KShs'000	>120 days KShs'000
Gross	16,072,149	10,625,737	1,179,073	513,339	382,515	3,371,485
Impairment	(3,754,000)	-	-	-	(382,515)	(3,371,485)
Net electricity receivable	12,318,149	10,625,737	1,179,073	513,339	-	-

(d) OTHER RECEIVABLES ANALYSIS

Other receivables comprise debtors' balances that have been impaired as follows.

	2016 KShs'000	2015 KShs'000
(i) Staff receivables (note 21(a))	672,496	606,670
Impairment	(127,165)	(86,677)
Net staff receivables	545,331	519,993
(ii) Stima Loans deferred payment customers (note 21(a))	552,707	775,731
Impairment	(79,071)	(79,071)
Net stima loans(Stima loan) receivables	473,636	696,660
(iii) Other receivables (note 21(a))	3,830,940	1,231,365
Impairment	(286,219)	(286,219)
Net other receivables	3,544,721	945,146

All provisions for credit losses are specific.

22. SHORT TERM DEPOSITS, BANK AND CASH BALANCES

(a) Short term deposits - maturing within 3 months		
Housing Finance Company of Kenya Limited	14,388	359,544
Diamond Trust Bank Limited	-	3,494,129
The Co-operative Bank of Kenya Limited	1,801,300	418,684
Kenya Commercial Bank Limited	2,026,667	-
	3,842,355	4,272,357

The average effective interest rate on the short-term deposits as at 30 June 2016 was 6.16% (2015 - 6.56%).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. SHORT TERM DEPOSITS, BANK AND CASH BALANCES (Continued)

(b) Bank and cash balances

	2016 KShs'000	2015 KShs'000
Cash at bank	1,640,245	23,937,191
Cash on hand	20,453	21,114
	1,660,698	23,958,305

23. SHARE CAPITAL

Ordinary share capital

Authorised:

2,592,812,000 ordinary shares of KShs 2.50 each

Issued and fully paid:

1,951,467,045 ordinary shares of KShs 2.50 each

	2016 KShs'000	2015 KShs'000
	6,482,030	6,482,030
	4,878,667	4,878,667

24. SHARE PREMIUM

The share premium arose from the redemption of the 7.85% redeemable non-cumulative preference shares and a rights issue in the year 2011.

25. RESERVES

Retained earnings

The retained earnings balance represents the amount available for distribution to the shareholders of the Company.

	2016 KShs'000	2015 KShs'000
	38,715,951	32,304,194

26. DEFERRED INCOME

Balance at beginning of the year

Additions: - Contributions from customers

- Grant from Government of Kenya

Recognised as income (note 7(c))

Balance at end of the year

Maturity analysis

Non-current

Current

Balance at end of the year

	2016 KShs'000	2015 KShs'000
Balance at beginning of the year	22,013,580	18,680,714
Additions: - Contributions from customers	4,647,897	5,605,854
- Grant from Government of Kenya	2,847,840	1,832,817
Recognised as income (note 7(c))	(5,401,248)	(4,105,805)
Balance at end of the year	24,108,069	22,013,580
Maturity analysis		
Non-current	18,154,796	16,612,332
Current	5,953,273	5,401,248
Balance at end of the year	24,108,069	22,013,580

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. DEFERRED INCOME (Continued)

*Deferred income relates to capital contributions received from electricity customers for the construction of electricity assets. The amounts are amortised through profit or loss on a straight line basis over the useful life of the related asset used to provide the on-going service.

Included in the additions for the current year is an amount of KShs 2.8 billion (2015: KShs 1.8 billion) disbursed by the Government of Kenya as a grant to the Company to enhance universal access to electricity through connectivity to the national grid.

27. DEFERRED TAX LIABILITIES

Deferred tax is calculated on all temporary differences under the liability method using the enacted rate, currently at 30%. The net deferred tax liability at year-end is attributable to the following items:

	2016 KShs'000	2015 (Restated)* KShs'000
Deferred tax liabilities:		
Accelerated capital allowance	42,763,308	35,845,167
Unrealised exchange gains	321,533	321,533
Defined benefit asset	1,957,890	1,924,241
	45,042,731	38,090,941
Deferred tax assets:		
Tax losses	(14,658,139)	(11,961,730)
Provisions	(2,761,586)	(2,663,846)
	(17,419,725)	(14,625,576)
Net deferred tax liability	27,623,006	23,465,365
Movement on the deferred tax account is as follows:		
At 1 July	23,465,365	19,848,236
Tax effect on retirement benefit asset - dealt with through other comprehensive income	(72,289)	(855,414)
Charge to profit or loss (note 13 (a))	4,229,930	4,472,543
At 30 June	27,623,006	23,465,365

As at 30 June 2016 the Company had accumulated tax losses amounting to KShs 45,318 million (2015-KShs 36,033 million) available for future relief. Based on the estimates and projections made by the directors, the tax losses are recoverable within the tax relief period.

28. TRADE AND OTHER PAYABLES

(a) Non-current liabilities

	2016 KShs'000	2015 KShs'000
Customer deposits*	7,493,862	7,600,854
Capital contributions	2,149,329	1,086,490
Capital contribution - on-going projects	13,001,040	12,164,523
Rural Electrification Scheme current account- Last Mile Project	817,598	-
Deferred creditor (Fibre Optic)	635,672	700,310
Donor Funded Revolving Fund	3,917,412	3,243,726
Rural Electrification Schemes	-	643,602
Ministry of Finance	656,281	984,421
Other payables	1,643,103	1,648,794
	30,314,297	28,072,720

*Customers deposit are held as a non-current liability because the Company will continue to offer services to the customers for the foreseeable future and the customers are not expected to discontinue their use of electricity in the short run. In addition, the customer deposits are a security for the electric meters supplied to the customer for long term electricity supply.

(b) Current liabilities

	2016 KShs'000	2015 KShs'000
KenGen	8,303,647	8,028,863
Aggreko	490,544	488,138
Other electricity suppliers	6,876,601	6,691,252
Customer refunds (capacity for uncommissioned) plants)	703,412	253,811
Other suppliers' accounts	9,218,396	5,629,067
Rural Electrification Scheme Levy*	755,114	755,241
Energy Regulatory Commission Levy	82,544	78,044
Nuclear Electricity Project	-	10,456
Ketraco wheeling charge	388,793	429,173
World Bank Grant(GPOBA)**	-	400,325
Prepaid revenue***	265,819	-
Street lighting project	4,250,939	535,220
Ministry of Finance	328,140	-
Other payables	3,492,780	3,028,759
	35,156,729	26,328,349

*The Rural Electrification Scheme Levy under current liabilities relates to levy charge for May and June 2016 to be remitted to Rural Electrification Authority on collection. Capital contributions for on-going jobs relate to customer contributions for capital works not completed. Trade payables under current liabilities are non-interest bearing and are normally settled within 60 days.

28. TRADE AND OTHER PAYABLES (continued)
Current liabilities (continued)

** World Bank grant for Global Partnership Output Based Aid (GPOBA) is a subcomponent of the distribution component of the IDA-financed Kenya electricity expansion project (KEEP) for connecting electricity to the poor households living in informal areas in Kenya who have limited ability to pay the full connection fee upfront.

***Prepaid revenue represents unearned income on prepaid meters. Based on historical trends, management derives an estimate of the value of prepaid power units not consumed as at 30 June 2016.

29. BORROWINGS

(a) Balances

	2016 KShs'000	2015 KShs'000
4% Kenya Government/European Investment Bank - Olkaria Loan (Euro 6,592,484) 2005 - 2020	740,340	935,716
7.7% Kenya Government/IDA 2966 KE loan 1997-2017	188,349	188,349
4.5% GOK/IDA 3958& 4572 KE ESRP (USD 108,767,656) 2004-2024	10,996,649	11,103,688
4.5 % GOK/ Nordic Development Fund 435 ESRP (Euro 6,562,500) 2006 - 2024	736,973	793,466
4.5% GOK/Agence Francaise de Development 3008 ESRP (Euro 16,333,619) 2006 - 2024	1,834,265	2,015,453
3.97% GOK/EIB 23324 KE ESRP (Euro 31,283,981) 2006 - 2025	3,513,210	3,690,723
3.0% GOK/IDA Kenya Electricity Expansion Project (USD 96,554,834)	9,761,720	7,576,716
6.25%+libor Standard Chartered Medium Term Loan (USD 190,000,000) 2015-2021	-	18,741,486
4.5%+libor Equity Bank USD Medium Term Loan (USD 79,536,182) 2014-2015	8,041,283	14,795,910
16% Equity Bank Short Term Loan 2013-2015	-	4,000,000
5.25%+libor First Rand Bank Medium Term Loan (USD 43,636,363)2013-2019	-	4,304,265
4.5%+libor International Finance Corporation Loan (USD 24,300,000)2013-2019	-	2,396,937
182TB +2.75% Co-operative Bank Short Term Loan 2014-2018	-	3,937,500
91TB +5% Barclays Bank Loan2014-2022	-	6,000,000
5.75%+Libor First Rand Bank Long Term Loan (USD 128,333,333) 2014-2020	12,974,782	13,809,516
0.75% Japan Bank for International Cooperation (JPY 1,210,012,163)	1,190,665	1,000,326
2.5% GOK/EXIMBANK Loan (¥161,028,810)	2,449,747	2,559,505
182TB+3% CBA Medium Term Loan2014-2018	-	2,332,187
5.25%+libor CFC Stanbic Medium Term Loan (USD 28,673,565) 2015-2018	2,898,960	5,918,364
3% GOK/CHINA EXIM BANK (USD 42,560,031) 2014-2034	4,302,913	2,606,409
3% GOK/NORDEA (Euro 6,751,325) 2015-2026	758,178	245,765
KPLC/AFD Revolving Fund Loan	448,800	448,800
GOK/ IDA 5587 Grant (USD 1,219,900) 2015-2052	123,271	-
2% GOK/IDA 5587 KE LOAN (USD 1,219,000) 2015-2052	123,345	-
Standard Chartered Bank Loan (USD 350,000,000)	35,385,770	-
Standard Chartered Bank Loan	15,180,000	-
Accrued interest	2,219,492	2,199,303
	113,868,712	111,600,384
Less: amounts repayable within 12 months (note 29(c))	(8,850,929)	(12,310,981)
Non-current	105,017,783	99,289,403

Standard Chartered Bank, Equity Bank, First Rand Bank and CFC Stanbic loans are secured by letters of negative pledge. All other loans are guaranteed by the Government of Kenya.

29. BORROWINGS (Continued)

(b) Analysis of borrowings by currency

	Borrowings in KShs KShs' 000	Borrowings in US\$ KShs' 000	Borrowings in Chinese Yuan KShs' 000	Borrowings in JPY KShs' 000	Borrowings in Euros KShs' 000	Borrowings borrowings KShs' 000
2016						
Loans	17,848,292	84,797,042	2,449,747	1,190,665	7,582,966	113,868,712
2015						
Loans	18,917,790	81,441,639	2,559,505	1,000,326	7,681,124	111,600,384

(c) Maturity of borrowings

	2016 KShs'000	2015 KShs'000
Due within 1 year	8,850,929	12,310,981
Due between 1 and 2 years	6,631,438	14,548,058
Due between 2 and 5 years	47,495,755	54,860,274
Due after 5 years	50,890,590	29,881,071
	113,868,712	111,600,384

30. PREFERENCE SHARES

Authorised, issued and fully paid:

350,000 - 7% cumulative preference shares of KShs 20 each	7,000	7,000
1,800,000 - 4% cumulative preference shares of KShs 20 each	36,000	36,000
	43,000	43,000

The preference shares are treated as financial liabilities because the Company has a contractual obligation to pay preference dividends on the shares.

31. RETIREMENT BENEFITS OBLIGATION

The Company operates a defined benefit scheme for pensioners and deferred pensioners (those who have left the employment of the Company or are still serving but have not attained retirement age to qualify as pensioners), who existed as at 30 June 2006. The defined benefit plan is managed by a Board of Trustees. The Board of Trustees is responsible for the overall operations and investment policy with regard to the assets of the fund.

Effective 1 July 2006, the fund was closed to new entrants and to future accrual of benefits and a new defined contribution plan was established in respect of the new entrants and existing in-service members who opted to join the new defined contribution plan. The benefits provided by defined benefit scheme are based on a formula taking into account years and complete months of service with the employer since joining the scheme to the closing date. Under the defined benefit scheme, the employees are entitled to retirement benefits varying between 3 and 5 percent of final pensionable emoluments on attainment of the retirement age.

31. RETIREMENT BENEFITS OBLIGATION (Continued)

The scheme is governed by the Retirement Benefits Act, 1997. This requires that an actuarial valuation be carried out at least every three years for the defined benefit scheme.

The most recent actuarial valuation of the defined benefit scheme was carried out as at 31 December 2013, using the Projected Credit Method, by an independent qualified actuary, Alexander Forbes Financial Services (East Africa) Limited. The actuary carried out a high level actuarial estimate of the scheme financial position as at 31 December 2013. Management has updated the results of the 31 December 2013 valuation to reflect the changes as at 30 June 2016.

The defined benefit plan is closed to contributions from members. The Company is however exposed to the following actuarial risks:

(i) Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on

plan assets is below this rate, it will create a plan deficit. Currently, the plan has a relatively balanced investment in investment properties, government securities, equity investments, corporate bonds and short term deposits. Due to the long-term nature of the plan liabilities, management considers it appropriate that a reasonable portion of the plan assets should be invested in equity securities and in real estate to leverage the return generated by the fund.

(ii) Interest risk

A decrease in bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

(iv) Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the future salaries of plan participants will increase the plan's liability.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2016	2015
- discount rate of interest	14.25%	13.25%
- expected rate of return on assets	14.25%	13.25%
- future salary increases	5.00%	5.00%
Retirement age 60 years	<u>60 years</u>	<u>60 years</u>

The updated position arising from the Company's obligation in respect of its defined benefits plan is as follows:

The current service costs and the net interest expense for the year are included in the administration expenses in the statement of profit or loss.

The measurement of the defined benefit liability is included in other comprehensive income.

The amounts recognised in the profit or loss and other comprehensive income in respect of the defined benefit plan are as follows:

	2016 Shs'000	2015 Shs'000
Current service cost	119,946	85,334
Interest cost on defined benefit obligation	1,433,038	1,349,762
Interest income on plan assets	(2,274,965)	(2,051,661)
Interest on the effect of the asset ceiling	424,937	-
Recognised in profit or loss in respect of the plan (note 10)	(297,044)	(616,565)

31. RETIREMENT BENEFITS OBLIGATION (Continued)

	2016 Shs'000	2015 (Restated)* Shs'000
Actuarial gain	(437,962)	(83,359)
Return on plan assets (excluding amount in interest cost)	1,047,778	(272,329)
Changes in effect of asset ceiling(excluding amounts in interest cost)	(368,854)	3,207,068
Recognised in other comprehensive income	240,962	2,851,380
Total	(56,082)	2,234,815

The amount included in the statement of financial position arising from the Company's obligation in respect of its defined benefit retirement plan is as follows:

	2016 Shs'000	2015 (Restated)* Shs'000
Present value of funded defined benefit obligation	11,399,492	11,226,348
Fair value of plan assets	(17,925,793)	(17,640,484)
Effect of the asset ceiling (note 40)	3,263,151	3,207,068
Present value of funded defined benefit asset	(3,263,150)	(3,207,068)

The reconciliation of the amount included in the statement of financial position is as follows:

	2016 Shs'000	2015 Shs'000
Net asset at the start of the year	(3,207,068)	(5,441,883)
Net income recognised in profit or loss (note 10)	(297,044)	(616,565)
Amount recognised in other comprehensive income	240,962	2,851,380
Present value of funded defined benefit asset	(3,263,150)	(3,207,068)

Movement in the present value of defined benefit funded obligations in the current year was as follows:

	2016 Shs'000	2015 Shs'000
Defined benefit obligations – 1 July	11,226,348	10,805,631
Current service cost	119,946	85,334
Interest cost on obligation	1,433,038	1,349,762
Actuarial gain	(437,962)	(83,359)
Benefits paid	(941,878)	(931,020)
Defined benefit obligations – 30 June	11,399,492	11,226,348

31. RETIREMENT BENEFITS OBLIGATION (Continued)

Movement in the fair value of defined benefit scheme assets:

	2016 Shs'000	2015 Shs'000
Fair value of scheme assets – 1 July	(17,640,484)	(16,247,514)
Interest income on plan assets	(2,274,965)	(2,051,661)
Return on plan assets	1,047,778	(272,329)
Benefits paid	941,878	931,020
Fair value of scheme assets – 30 June	(17,925,793)	(17,640,484)

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

	2016 Shs'000	2015 Shs'000
Equity instruments	3,465,870	3,415,870
Debt instruments	6,104,949	6,054,640
Property	8,620,300	8,470,300
others	(265,326)	(300,326)
Total scheme (assets)	17,925,793	17,640,484

The fair values of the above equity and debt instruments are determined based on quoted market prices in active markets whereas the fair values of properties are not based on quoted market prices in active markets. This treatment has been implemented during the current and prior years.

Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Company's obligations under the scheme are limited to specific contributions legislated from time to time and are currently at KShs 200 per employee per month.

The Company also contributes to the statutory National

32. PROVISION FOR LEAVE PAY

	2016 KShs'000	2015 KShs'000
At 1 July	1,098,003	1,090,955
(Write back)/Additional provisions (note 10)	(553,634)	7,048
At 30 June	544,369	1,098,003

Provision for annual leave is based on services rendered by employees up to the end of the year.

33. DIVIDENDS PAYABLE

	2016 KShs'000	2015 KShs'000
Dividends payable on ordinary shares	268,161	280,169
These relate to unclaimed dividends payable to different ordinary shareholders.		
The movement in the dividend payable account is as follows:-		
At 1 July	280,169	573,541
Declared during the year	977,663	977,663
Paid during the year	(989,671)	(1,271,035)
At 30 June	268,161	280,169

34. DIVIDENDS PAYABLE
(a) RECONCILIATION OF OPERATING PROFIT TO CASH GENERATED FROM OPERATIONS

	2016 KShs'000	2015 KShs'000
Operating profit	16,928,715	15,837,548
Depreciation	9,003,471	7,605,598
Amortisation of intangible assets	431,040	337,767
Amortisation of prepaid leases on land	49	55
Loss on disposal of property and equipment	510,794	357,253
Increase in deferred income	2,094,489	3,332,866
(Decrease)/increase in provision for leave pay obligation	(553,634)	7,048
Retirement plan income	(297,044)	(616,565)
Working capital adjustments		
(Increase)/decrease in inventories	(235,174)	3,308,113
Increase in trade and other receivables	(6,744,201)	(456,661)
Increase in trade and other payables	11,069,957	2,131,288
Cash generated from operations	32,208,462	31,844,310

(b) ANALYSIS OF CHANGES IN LOANS

At the beginning of the year	111,600,384	70,109,721
Receipts	54,995,870	47,243,906
Repayments	(53,567,980)	(11,871,916)
Repayment of previous year's accrued interest	(2,199,303)	(1,702,409)
Realised foreign exchange losses on repayment (Note 19)	(842,691)	(277,419)
Unrealised foreign exchange loss	1,662,940	5,899,198
Accrued interest	2,219,492	2,199,303
At the end of the year	113,868,712	111,600,384

34. NOTES TO THE STATEMENT OF CASH FLOWS (Continued)
(c) ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 KShs'000	2015 KShs'000
Short term deposits	3,842,356	4,272,357
Bank and cash balances	1,660,698	23,958,305
	5,503,054	28,230,662

For the purpose of the cash flow statement, cash and cash equivalents include short term liquid investments which are readily convertible to known amounts of cash and which were within three months to maturity when acquired; less advances from banks repayable within three months from date of disbursement or date of confirmation of the advance.

(d) ANALYSIS OF INTEREST PAID

	Notes	2016 KShs'000	2015 KShs'000
Interest on loans	11(b)	5,746,607	4,601,897
Overdraft interest	11(b)	62,738	361,115
		5,809,345	4,963,012
Interest on loans capitalised		1,209,600	881,274
Accrued interest brought forward	29(a)	2,199,303	1,702,409
Accrued interest carried forward	29(a)	(2,219,492)	(2,199,303)
Interest paid		6,998,756	5,347,392

(e) PROCEEDS OF DISPOSAL OF PROPERTY AND EQUIPMENT

Disposed assets at net book value	645,881	374,880
Less: loss on disposal of property and equipment	510,794	357,253
Proceeds from disposal of property and equipment	135,087	17,627

(f) ANALYSIS OF DIVIDENDS PAID

Dividends payable - 1 July	280,169	573,541
Preference dividends - 4% and 7% cumulative preference shares	1,930	1,930
2015 dividends declared	585,440	585,440
2016 interim dividends declared	390,293	390,293
Dividends payable - 30 June 33	(268,161)	(280,169)
Dividends paid	989,671	1,271,035

34. NOTES TO THE STATEMENT OF CASH FLOWS (CONTINUED)
(g) ANALYSIS OF INTEREST RECEIVED

		2016 Shs'000	2015 Shs'000
Interest received on bank and other deposits	11	964,957	1,380,968
Accrued interest brought forward		112,676	2,614
Accrued interest carried forward		112,142	112,676
Interest received		965,491	1,270,906

(h) PURCHASE OF PROPERTY AND EQUIPMENT

Additions to property and equipment	16	37,073,859	30,908,365
Additions to work in progress	16	11,741,425	10,659,475
		48,815,284	41,567,840
Exchange losses on loans for on-going projects capitalised	11(c)	(242,202)	(925,703)
Interest expense on loans capitalised	34(d)	(1,209,600)	(881,274)
Property and equipment purchased		47,363,482	39,760,863

35. RELATED PARTY DISCLOSURES

The Government of Kenya is the principal shareholder in The Kenya Power & Lighting Company Limited (KPLC) holding a 50.1% equity interest. The Government also holds 70% of the equity interest in Kenya Electricity Generating Company Limited (KenGen). The Company is related to KenGen through common control. During the year, the following transactions were carried out with related parties:

(a) The Company had no individually significant transactions carried out on non-market terms.

(b) Other transactions that are collectively significant are detailed as follows:

		2016 KShs'000	2015 KShs'000
Government of Kenya			
(i) Ministries:			
Electricity sales to Government Ministries		3,421,738	3,420,920
Electricity sales to strategic parastatals		3,068,981	3,625,255

35. RELATED PARTY DISCLOSURES (Continued)
(b) Other transactions that are collectively significant are detailed as follows (Continued):

(ii) Outstanding balances at the year end included in trade and other receivables:

	2016 KShs'000	2015 KShs'000
Ministries	97,485	331,962
Strategic parastatals	171,248	433,036
VAT recoverable	1,901,651	1,429,792
Receivable from Government of Kenya	3,362,587	4,069,239
Rural Electrification Scheme's current account	759,429	139,108
Rural Electrification Authority current account	60,294	-
Rural electrification scheme- intercompany	238,115	-
	6,590,809	6,403,137

(iii) Outstanding balances at the year end included in trade and other payables:

	2016 KShs'000	2015 KShs'000
Rural Electrification Scheme levy	755,114	755,241
Electricity Regulatory Commission levy	82,544	78,044
Ministry of Finance	984,421	984,421
Government of Kenya- street lighting project	4,250,939	535,220
Rural Electrification Schemes	-	643,602
Rural Electrification Scheme current account- Last mile	817,598	-
	6,890,616	2,996,528
Net amount owed to Government of Kenya	(299,807)	3,406,609

The tariffs applicable to Government institutions are the same as those charged to other ordinary customers.

	2015 KShs'000	2016 KShs'000
(c) Staff		
(i) Sales		
Electricity sales to staff	91,151	144,249
Outstanding balances included in electricity receivables	2,456	2,682

The tariff applicable to staff is the same as that charged to other ordinary customers.

35. RELATED PARTY DISCLOSURES (Continued)

(c) Staff (Continued)

	2016 KShs'000	2015 KShs'000
(ii) Advances to staff included in trade and other receivables	545,331	519,993
(iii) Key management compensation		
Short-term employee benefits	6,230	17,414
Termination benefits	26,165	18,767

Short-term employee benefits include those relating to the Managing Director and Chief Executive who is also a director which are disclosed in note 12 and also below:

	2016 KShs'000	2015 KShs'000
(iv) Fees for services as director		
Non-executive directors	5,504	6,151
Other emoluments		
Salaries and other short term employment benefits:		
	32,395	36,181
	51,370	54,816
Total other emoluments	83,765	90,997
Total	89,269	97,148

(d) Rural Electrification Schemes

The Company continued to manage the Rural Electrification Scheme (RES) under the Rural Electrification Programme (REP), on behalf of the Government of Kenya.

The Rural Electrification Programme (REP) was established in 1973 by the Government of Kenya following an agreement between the Government and East African Power & Lighting Company Limited, the predecessor to The Kenya Power & Lighting Company Limited. The programme was established with the specific objective to extend electricity to the sub-economic rural areas. In order to intensify the expansion of these sub-economic regions, the Government has established the Rural Electrification Authority (REA). However, KPLC continues to operate and maintain the whole network, in addition to

implementing projects for the Authority on contract basis.

The Company has entered into a Mutual Co-operation and Provision of Services Agreement with REA to operate and maintain lines owned by REA. In return the Company will retain revenues generated from RES customers to cover maintenance costs incurred by the Company. However, the Company continues to invoice the Government for the expenditure incurred to complete on-going projects.

The REP is funded by the Government of Kenya. Any property acquired by REP remains the property of the Government of Kenya. KPLC only acts as a management agent on behalf of the Government. The balances due to RES are disclosed in note 35(b) (iii).

35. RELATED PARTY DISCLOSURES (Continued)

(e) KenGen

	2016 KShs'000	2015 KShs'000
Electricity purchases	39,212,957	38,986,698
Amounts due to KenGen on account of electricity purchases	8,303,647	8,028,863
Electricity sales	267,286	345,155
Loan due to KenGen - 0.75% JICA Loan	1,190,665	1,000,326
Amounts due from KenGen on account of electricity sales	45,459	4,879

The Company is related to KenGen through common control.

(f) Kenya Electricity Transmission Company Limited (Ketraco)

Funding for assets		
KEEP/KETRACO 132KV Transmission lines	2,015,236	1,829,406
KEEP/KETRACO 132/33KV substations	2,095,916	1,190,260
Amount due from Ketraco on account of local costs*	567,642	762,382
Amounts due from Ketraco for 0.75% JICA loan (inclusive of interest)	1,323,523	1,069,918

*These are local costs incurred by KPLC in the construction of Kisii Chemosit and Kamburu- Meru lines

The Company is related to Ketraco through common control.

(g) KPLC Staff Retirement Benefits Scheme

The Company rents property owned by the staff retirement benefits scheme for office accommodation. Rent paid to the scheme in the year amounted to KShs 103,911,221 (2015 - KShs 94,130). The company had no outstanding balance to the retirement benefit scheme as at 30 June 2016 (2015: none).

The year end outstanding balances with related parties are interest free and settlement occurs in cash.

36. GOVERNMENT GRANT

The Company received grants from the Government of Kenya to subsidize electricity connectivity and to finance street lighting projects. The grants amounted to KShs 5,638,001,935.

36. GOVERNMENT GRANT (Continued)

The movement in the grant accounts in the current year was as follows:

	2016 KShs'000	2015 KShs'000
Connectivity:		
At 1 July	-	-
Disbursements received during the year	1,138,002	1,832,817
Utilised during the year	(2,000,165)	(1,832,817)
At 30 June	(862,163)	-
Street lighting:		
At 1 July	535,220	-
Disbursements received during the year	4,500,000	1,073,000
Utilised during the year	(784,281)	(537,780)
At 30 June	4,250,939	535,220

The amount of KShs 862 million receivable for connectivity projects has been disclosed under trade and other receivables, while the amount of KShs. 4,250 million is accounted for under trade and other payables. The Company also received an amount of KShs 633,005,901 on behalf of Rural Electrification Scheme (RES) for System losses. This grant for system losses has been accounted for in the RES financial statements.

37. CAPITAL COMMITMENTS

	2016 KShs'000	2015 KShs'000
Authorised and contracted for	149,264,096	111,864,810
Less: amount incurred and included in work-in-progress	(59,966,511)	(56,460,389)
	89,297,585	55,404,421

38. CONTINGENT LIABILITIES

Bank guarantees	1,762,972	1,782,629
Claims on the Company	6,127,811	5,361,355
	7,890,783	7,143,984

Included in the claims on the Company are:

- Christopher Lebo & 331 Others vs KPLC (2003). This case relates to termination of services by KPLC amounting to KShs 500 million.
- David Mirara Gathii & Other KPLC. This is a claim by the plaintiff for way leave amounting to KShs 175 million, the case is yet to be scheduled for hearing.
- Other claims on the Company relate to civil suits lodged against the Company by various parties in the normal course of business with an estimated amount of KShs 5,453million. Included in these claims are cases by Nucon

Switchgears PVT Ltd and Muwa Ltd for the termination of contracts for supply of transformers.

The likely outcome of these suits could not be determined at the date of signing these financial statements.

Based on the information currently available, legal advice from KPLC's in-house legal team and legal advice by the Company's contracted lawyers, the Directors believe that the ultimate resolution of these legal proceedings is not expected to result into a material effect on the results of the Company's operations, financial position or liquidity.

39. FUTURE RENTAL COMMITMENTS UNDER OPERATING LEASES AS LESSEE:

The total future minimum lease payments due to third parties under non-cancellable operating leases are as follows:

	2016 KShs'000	2015 KShs'000
Not later than 1 year	356,912	357,682
Later than 1 year and not later than 5 years	769,654	770,103
More than 5 years	395,841	395,841
	1,522,407	1,523,626

AS LESSOR:

The future minimum lease payments receivable under non-cancellable operating leases are as follows:

	2016 KShs'000	2015 KShs'000
Not later than 1 year	68,401	66,360
Later than 1 year but not later than 5 years	100,263	125,770
	168,664	192,130

Operating leases relate to premises with lease terms of up to 10 years and are subject to rent escalations. The Company does not have an option to purchase the leased asset at the expiry of the lease period. Similarly, as a lessor,

the Company has entered into commercial property leases on its property and it retains all the significant risks and rewards of ownership of these properties and therefore accounts for the contracts as operating leases.

40. PRIOR YEAR ADJUSTMENTS/ RECLASSIFICATION

Net retirement benefit asset

In compiling the financial information included herein, the Company adopted the requirements of IAS 19 (as revised in 2011) and Legal Notice No. 11 which became effective in June

2015. The Company has applied the relevant transitional provisions and restated the comparative amounts on a retrospective basis. The impact of the changes on the total comprehensive income for the year, assets and liabilities and equity is shown:

Impact on assets, liabilities and equity as at 1 July 2015 on the application of an amendment to the Retirement Benefits Act that came into effect in June 2015 under Legal Notice No.111.

	As at 1 July 2015 (as previously stated) KShs'000	Legal Notice No.111 KShs'000	As at 1 July 2015 (as restated) KShs'000
Decrease in net retirement benefit asset	6,414,136	(3,207,068)	3,207,068
Increase in deferred tax	106,706	(962,120)	(855,414)
Decrease in net assets	6,520,842	(4,169,188)	2,351,654
Decrease in retained earnings	34,549,142	(2,244,948)	32,304,194

As per IAS, an entity shall present a third statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements if the retrospective application, retrospective restatement or the reclassification has a material effect on the statement of financial position at the beginning of the

preceding period. There is no third statement of financial position presented because the retirement benefit asset was first recognised in the financial statements for the period ended 30 June 2014 and the application of the legal notice issued in June 2015 had no material effect on the balances at the beginning of the prior period.

41. WORLD BANK FINANCING

(a) World Bank Credits No. 3958 and 4752-KE

i) The Company received financial support from the World Bank through Credit No. 3958 and 4572 – KE dated 4 August 2004 to support implementation of the Energy Sector Recovery Project. Summary information on transactions during the year are as follows:

	2016 KShs'000	2015 KShs'000
Balance at the beginning of the year	438	388
Net interest income	18	50
Balance at the end of the year	456	438

ii) The closing balances shown above are included in cash and cash equivalents and represent balances on the World Bank funded Special Account No. 024/00/800521/01 held at CFC Stanbic Bank of Kenya Limited. Included in the long term borrowings is also an amount of KShs

10,996,649,293 (US\$ 108,767,656) in respect of the amounts disbursed under the loan to date.

iii) The proceeds of the World Bank loan have been expended in accordance with the intended purpose as specified in the loan agreement.

(b) KEEP LOAN (IDA Credit No. 4743-KE)

The Company received funding from the World Bank through Credit No.4743-KE to support electricity expansion projects. Summary information on transactions under KEEP Loan during the two years ended 30 June 2016 and 2015 were as follows:

	2016 KShs'000	2015 KShs'000
Balance at the beginning of the year	181,093	3,320
Amounts received during the year	646,508	903,405
Net interest income	8,972	-
Expenditure during the year	(819,261)	(725,632)
Balance at the end of the year	17,312	181,093

i) The closing balances shown above are included in cash and cash equivalents and represent balances on the balances in the World Bank funded Special Account No. 0550297294000 held at Equity Bank Limited. Included in the long term borrowings is an amount of KShs 9,761,720,145 (US\$ 96,554,834) in respect of the amounts disbursed under the loan to date.

ii) The proceeds of the World Bank through Credit No.4743-KE have been expended in accordance with the intended purpose as specified in the loan agreement.

42. EUROPEAN INVESTMENT BANK (EIB) FINANCING

The Company received financial support from EIB for Grid development. The Company has set aside KShs 72,945,894 Revolving Credit Fund (RCF) as per clause 6.14 of the finance contract. The proceeds of this fund will be used to facilitate new connections to the electricity network for low income customers.

Summary information on special account transactions during the year are as follows:

	2016 KShs'000	2015 KShs'000
Balance at the beginning of the year	221,441	245,568
Amounts received during the year	-	11,753
Net interest income	6,126	5,863
Expenditure during the year	-	(41,743)
Balance at the end of the year	227,567	221,441

i) The closing balances shown above are included in cash and cash equivalents and represent balances on the European Investment Bank funded Special Account No.0100000443683 held at CFCStanbic Bank of Kenya Limited. Included in the long term borrowings is an amount of KShs 3,513,209,956 (Euro 31,283,981) in respect of the amounts disbursed under the loan to date.

ii) The proceeds of the European Investment Bank loan have been expended in accordance with the intended purpose as specified in the loan agreement.

43. INCORPORATION

The Company is incorporated in Kenya under the Kenyan Companies Act and is domiciled in Kenya.

44. FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Kenya Shillings thousands (KShs'000), the Company's functional currency.

45. EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the reporting period which have been reported in these financial statements.

46. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorised for issue on 28 October 2016.

TEN YEAR FINANCIAL AND STATISTICAL RECORDS

For year ended	30th June 2007	30th June 2008	30th June 2009	30th June 2010	30th June 2011	30th June 2012	30th June 2013	30th June 2014	30th June 2015 (Restated)	30th June 2016
UNITS SOLD (GWh)	4,818	5,082	5,182	5,345	5,816	6,001	6,175	6,790	7,130	7,385
Average yield of units sold (cents)	787.55	802.85	1,258.37	1,368.88	1,257.81	1,596.77	1,437.74	1552.45	1497.38	1467.50
	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
Revenue from sale of electricity	37,944,286	40,801,040	65,208,529	73,166,794	73,154,021	95,662,427	88,909,626	105,395,714	106,763,525	108,374,612
Operating Profit	2,384,264	3,523,970	5,676,542	5,951,392	7,084,377	7,810,450	8,941,540	14,922,404	15,839,478	16,930,645
TAXATION (CHARGE)/ CREDIT	(930,214)	(973,439)	(1,557,339)	(1,916,587)	(2,035,185)	(3,889,577)	(3,124,780)	(4,021,363)	(4,821,617)	(4,526,234)
NET PROFIT AFTER TAXATION BEFORE FINANCE INCOME/COSTS	1,454,050	2,550,531	4,119,203	4,034,805	5,049,192	3,920,873	5,816,760	10,901,041	11,017,861	12,404,411
Finance Income	390,291	88,929	153,343	177,380	171,477	489,182	111,546	104,208	1,380,968	964,957
Finance Costs	(123,934)	(872,660)	(1,045,522)	(493,885)	(999,173)	208,991	(2,480,659)	(4,008,832)	(4,964,942)	(5,811,275)
Preference dividends (gross)	(1,930)	(1,930)	(1,930)	(1,930)	(1,930)	(1,930)	(1,930)	(1,930)	(1,930)	(1,930)
NET PROFIT ATTRIBUTABLE TO										
ORDINARY SHAREHOLDERS	1,718,477	1,764,870	3,225,094	3,716,370	4,219,566	4,617,116	3,445,717	6,994,487	7,431,957	7,556,163
ORDINARY DIVIDENDS (gross)	(237,384)	(316,512)	(633,024)	(633,024)	(1,002,763)	(563,757)	-	(390,293)	(975,733)	(975,733)
OTHER COMPREHENSIVE INCOME	-	-	-	-	-	(127,397)	1,266,758	989,821	(1,995,966)	(168,673)
RETAINED PROFIT FOR THE YEAR	1,481,093	1,448,358	2,592,070	3,083,346	3,216,803	3,925,962	4,712,475	7,594,015	4,460,258	6,411,757
FUNDS GENERATED FROM OPERATIONS										
Profit/(Loss) for the year after dividends	1,481,093	1,448,358	2,592,070	3,083,346	3,216,803	3,925,962	4,712,475	7,594,015	4,460,258	6,411,757
Depreciation	1,513,506	1,749,764	2,154,357	2,807,111	3,847,007	4,563,658	5,632,642	6,797,745	7,943,421	9,434,560
	2,994,599	3,198,122	4,746,427	5,890,457	7,063,810	8,489,620	10,345,117	14,391,760	12,403,679	15,846,317
CAPITAL EMPLOYED										
Fixed Assets less depreciation	28,147,019	38,925,317	49,974,859	64,310,486	84,590,569	107,548,274	146,094,184	168,155,851	196,301,330	235,467,263
Intangible assets	-	-	-	-	-	169,520	258,716	1,410,044	1,418,599	2,602,033
Prepaid leases on land	131,981	131,926	131,874	131,819	131,764	131,709	131,653	131,598	131,543	131,494
Investment	4,300	-	200,000	-	1,298,506	1,171,109	-	-	-	-
Other non current assets	-	-	-	-	-	-	-	817,423	8,372,135	9,331,573
Net current assets/(Liabilities)	1,192,560	2,237,136	2,702,009	1,736,355	7,020,165	(3,223,754)	(1,147,158)	1,563,870	20,463,293	(763,644)
	29,475,860	41,294,379	53,008,742	66,178,660	93,041,004	105,796,858	145,337,395	172,078,786	226,686,900	246,768,719
FINANCED BY:										
Ordinary shareholders' equity	6,350,150	7,982,672	9,700,722	11,593,536	39,606,376	43,022,772	47,149,807	54,743,822	59,204,080	65,615,837
Non cumulative preference shares	15,899,250	15,899,250	17,147,341	17,147,341	-	-	-	-	-	-
Cumulative preference shares	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000
Deferred Income	-	-	-	-	7,472,912	12,362,327	16,087,747	18,680,714	16,612,332	18,154,796
Loan capital	2,683,117	11,368,208	11,545,014	13,113,434	19,757,132	21,512,025	42,886,311	53,141,442	99,289,403	105,017,783
Deferred taxation	559,085	1,395,837	2,701,965	4,481,865	6,500,449	11,862,140	15,442,569	19,848,236	23,465,365	27,623,006
Non current liability	3,941,258	4,605,412	11,870,700	19,799,484	19,661,135	15,823,485	23,727,961	25,621,572	28,072,720	30,314,297
	29,475,860	41,294,379	53,008,742	66,178,660	93,041,004	104,625,749	145,337,395	172,078,786	226,686,900	246,768,719
CAPITAL EXPENDITURE	7,463,425	12,642,311	12,734,937	17,526,909	24,713,898	25,949,832	40,578,337	27,208,068	41,567,840	48,815,284
Average cost of units sold (cents)	748.50	754.88	1,171.13	1,287.63	1,160.33	1,496.28	1,347.16	1,450.92	1,365.10	1,339.41
Profit for the year before taxation as a										
percentage of average capital employed	8.09%	8.53%	10.71%	8.99%	7.61%	7.38%	6.40%	8.67%	6.99%	6.86%
ORDINARY DIVIDENDS RATES	10%	20%	40%	40%	18%	20%	0%	20%	20%	20%
Earnings per share	21.72	22.30	40.76	3.00	2.16	2.36	1.76	3.58	3.81	3.87
Customers/employees ratio	144.00	159.03	180.64	201.08	205.24	198.85	223.00	260.00	333.05	439.27
Sales (KWh) per employee	752,930	762,148	738,703	734,300	680,774	584,374	590,922	641,076	657,446	663,343

TABLE 1: POWER SYSTEM OPERATION STATISTICS FOR 6 YEARS

COMPANY	Capacity (MW) as at 30.06.2016		2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	Installed	Effective						
KenGen Hydro:								
Tana	20.0	20.0	50	86	108	69	108	109
Kamburu	94.2	90.0	408	410	520	421	358	434
Gitaru	225.0	216.0	802	793	1,036	830	710	862
Kindaruma	72.0	70.5	191	185	252	201	165	208
Masinga	40.0	40.0	201	137	148	206	138	127
Kiambere	168.0	164.0	899	886	1,129	979	718	996
Turkwel	106.0	105.0	455	473	545	719	551	426
Sondu Miriu	60.0	60.0	364	409	393	351	376	419
Sangóro	21.0	20.0	0	7	110	109	125	140
Small Hydros	13.7	13.2	57	66	57	59	60	63
Hydro Total	820	799	3,427	3,450	4,298	3,944	3,308	3,784
Thermal:								
Kipevu I Diesel	73.5	52.3	223	256	185	220	157	129
Kipevu III Diesel	120.0	115.0	268	525	321	524	299	181
Embakasi Gas Turbines	60.0	54.0	1	33	27	41	4	1
Garissa & Lamu	5.7	5.1	23	25	27	28	12	12
Garissa Temporary Plant (Aggreko)	3.4	3.4	-	-	-	-	21	19
Thermal Total	263	230	514	839	560	813	492	342
Geothermal:								
Olkaria I	45.0	44.0	235	279	369	352	333	331
Olkaria II	105.0	101.0	846	819	696	712	756	814
Eburru Hill	2.5	2.2	-	5	9	7	11	10
OW37 Olkaria Mobile Wellheads	5.0	2.2	-	3	23	17	9	9
OW 37 kwg 12 Moblie Wellheads	5.0	5.0	-	-	-	-	-	7
OW43 Olkaria Mobile Wellheads	12.8	12.8	-	-	0	29	78	75
OW914 and OW915 Olkaria Wellheads	37.8	37.8	-	-	0	7	109	266
Olkaria IV	140.0	140.0	-	-	0	32	1,064	976
Olkaria I 4 & 5	140.0	140.0	-	-	-	-	744	1,055
Geothermal Total	493	485	1,081	1,106	1,096	1,156	3,104	3,542
Wind								
Ngong	25.5	25.5	17.7	14.6	13.9	17.6	37.7	56.7
KenGen Total	1,601	1,539	5,040	5,409	5,968	5,931	6,943	7,724
GoK (Rural Electrification Programme)								
Thermal	18.0	14.5	21	23.0	26.0	29.8	35.1	39.9
Solar	0.569	0.569	-	0.3	0.6	0.8	0.9	0.8
Wind	0.550	0.200	-	0.1	0.7	0.4	0.0	0.0
Total Offgrid	19	15	21	23	27	31	36	41

COMPANY	Capacity (MW) as at 30.06.2016 Installed Effective ¹							
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16		
Independent Power Producers (IPP) - Thermal & Geothermal								
Iberafrica I&II	108.5	108.5	722	705	592	550	198	128
Tsavo	74.0	74.0	368	283	178	152	83	39
Thika Power	87.0	87.0	-	-	-	454	233	70
Biojule Kenya Limited	2.0	2.0	-	-	-	-	-	0.3
Mumias - Cogeneration	26.0	21.5	87	100	71	57	14	0
OrPower 4 -Geothermal I,II&III	110.0	110.0	372	392	503	851	955	937
OrPower 4 -Geothermal (the 4th plant)	29.0	29.0	-	-	-	-	-	129
Rabai Power	90.0	90.0	394	338	443	633	609	536
Imenti Tea Factory (Feed-in Plant)	0.3	0.3	0.4	0.8	0.7	0.1	0.5	0.7
Gikira small hydro	0.514	0.514	-	-	-	0.4	1.6	1.9
Triumph Diesel	83.0	83.0	-	-	-	-	4.8	82
Gulf Power	80.32	80.32	-	-	-	-	60	8
IPP Total	691	686	1,945	1,820	1,788	2,698	2,160	1,934
Emergency Power Producers(EPP)								
Aggreko Power	30	30.0	267	381	261	94	63	50
EPP Total	30	30	267	381	261	94	63	50
Imports								
UETCL	-	-	30	36	41	83	76	65
TANESCO	-	-	1	1.1	1.2	1.3	0.6	0.0
EEPCO	-	-	-	-	-	2.1	2.8	2.6
Total Imports	-	-	31	37	42	87	79	67
SYSTEM TOTAL	2,341	2,270	7,303	7,670	8,087	8,840	9,280	9,816
SUMMARY OF KEY STATISTICS								
SALES - KPLC System (GWh)	-	-	5,785	5,991	6,144	6,751	7,090	7,330
- REP System (GWh)	-	-	307	308	406	454	525	537
- Export to Uganda (GWh)	-	-	30	41	30	37	38	43
- Export to Tanesco (GWh)	-	-	1	1	1	2	2	2
TOTAL SALES (GWh)	-	-	6,123	6,341	6,581	7,244	7,655	7,912
System Losses (GWh) ²	-	-	1,180	1,329	1,507	1,596	1,625	1,904
System Peak Demand (MW) ³	-	-	1,194	1,236	1,354	1,468	1,512	1,586
System Load Factor	-	-	69.8%	70.8%	68.2%	68.7%	70.1%	70.6%
Sales % of Energy Purchased	-	-	83.8%	82.7%	81.4%	81.9%	82.5%	80.6%
Losses as % of Energy Purchased	-	-	16.2%	17.3%	18.6%	18.1%	17.5%	19.4%
Annual Growth: - Energy Purchased	-	-	9.1%	5.0%	5.4%	9.3%	5.0%	5.8%
-KPLC Sales	-	-	8.8%	3.6%	4.1%	9.9%	5.0%	3.4%
-REP Sales	-	-	10.1%	0.3%	1.6%	11.8%	15.6%	2.3%

Notes:

- 1) Contracted output from the station under normal operating conditions.
- 2) System losses comprise of technical and non-technical losses.
- 3) The peak demand shown includes export to Uganda.

TABLE 2: REGIONAL MAXIMUM DEMAND(MW)

REGION	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Nairobi	623	662	716	768	811	842
Coast	220	271	261	267	249	315
West	233	259	273	298	309	364
Mt. Kenya	114	120	125	159	148	177
TOTAL SYSTEM (SIMULTANEOUS)	1,194	1,236	1,354	1,468	1,512	1,586
% INCREASE P.A.	7.9%	3.5%	9.5%	8.4%	3.0%	4.9%

TABLE 3: KPLC SALES IN GWh BY CUSTOMER CATEGORY**

TARIFF	TYPES OF CUSTOMERS COVERED BY THIS TARIFF	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
DC	Domestic	1,424	1,520	1,670	1,803	1,866	2,007
SC	Small Commercial	904	993	998	1,109	1,143	1,153
CI	Commercial and Industrial	3,401	3,419	3,440	3,818	4,030	4,104
IT	Off-peak (Interruptible)	38	43	18	1	15	26
SL	Street lighting	18	16	18	20	35	40
	TOTAL	5,785	5,991	6,144	6,751	7,090	7,330
	% INCREASE P.A.	8.8%	3.6%	2.6%	9.9%	5.0%	3.4%

TABLE 4: TOTAL UNIT SALES BY REGION IN GWh

REGION	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Nairobi North	-	-	-	-	1,032	1,187
Nairobi South	-	-	-	-	1,667	1,696
Nairobi West	-	-	-	-	1,059	808
Nairobi	3,268	3,347	3,507	3,776	-	-
Coast	1,118	1,147	1,134	1,256	1,312	1,338
Central Rift	-	-	-	-	456	569
North Rift	-	-	-	-	269	280
South Nyanza	-	-	-	-	0	48
West Kenya	-	-	-	-	525	320
West	932	1,003	1,056	1,121	-	-
Mt Kenya	-	-	-	-	309	413
North Eastern	-	-	-	-	461	671
Mt Kenya	467	494	539	598	-	-
KPLC Sales	5,785	5,991	6,236	6,751	7,090	7,330
R.E.P. Schemes	307	308	313	454	525	537
Export Sales	31	42	32	39	40	45
TOTAL	6,123	6,341	6,581	7,244	7,655	7,912
% INCREASE P.A.	8.9%	3.6%	3.8%	10.1%	5.7%	3.4%

TABLE 5: REGIONAL SALE OF ELECTRICITY IN GWh FOR CATEGORY “DC” DOMESTIC LOAD

REGION	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Nairobi North	-	-	-	-	413	395
Nairobi South	-	-	-	-	290	289
Nairobi West	-	-	-	-	404	380
Nairobi	888	841	1,010	1,177	-	-
Coast	246	261	272	301	306	328
Central Rift	-	-	-	-	139	168
West Kenya	-	-	-	-	169	163
North Rift	-	-	-	-	101	105
South Nyanza	-	-	-	-	0	31
West	184	266	239	359	409	467
Mt Kenya	-	-	-	-	141	178
North Eastern	-	-	-	-	212	315
Mt Kenya	105	153	146	220	354	493
TOTAL	1,424	1,520	1,667	2,057	2,176	2,352
% INCREASE P.A.	10.4%	6.8%	9.7%	23.4%	5.8%	8.1%

TABLE 6: REGIONAL SALE OF ELECTRICITY IN GWh FOR CATEGORY “SC” SMALL COMMERCIAL LOAD

REGION	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Nairobi North	-	-	-	-	159	214
Nairobi South	-	-	-	-	164	153
Nairobi West	-	-	-	-	225	146
Nairobi	435	426	501	567	-	513
Coast	139	140	145	164	167	171
Central Rift	-	-	-	-	153	163
West Kenya	-	-	-	-	163	114
North Rift	-	-	-	-	85	77
South Nyanza	-	-	-	-	0	19
West	209	277	270	373	-	-
Mt Kenya	-	-	-	-	123	151
North Eastern	-	-	-	-	107	131
Mt Kenya	122	150	142	191	-	-
TOTAL	904	993	1,059	1,295	1,346	1,339
% INCREASE P.A.	9.9%	9.8%	6.6%	22.3%	4.0%	-0.6%

TABLE 7: REGIONAL SALE OF ELECTRICITY IN GWh FOR CATEGORY “CI1” LARGE COMMERCIAL AND INDUSTRIAL LOAD (415V)

REGION	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Nairobi North	-	-	-	-	175	236
Nairobi South	-	-	-	-	328	331
Nairobi West	-	-	-	-	301	200
Nairobi	752	760	727	790	-	-
Coast	218	223	211	214	208	216
Central Rift	-	-	-	-	154	203
West Kenya	-	-	-	-	149	82
North Rift	-	-	-	-	80	88
South Nyanza	-	-	-	-	0	21
West	333	334	367	393	-	-
Mt Kenya	-	-	-	-	116	161
North Eastern	-	-	-	-	94	122
Mt Kenya	166	174	188	202	-	-
TOTAL	1,469	1,492	1,492	1,599	1,606	1,660
% INCREASE P.A.	1.8%	1.6%	0.0%	7.1%	0.5%	3.3%

TABLE 8: REGIONAL SALE OF ELECTRICITY IN GWh CATEGORY “CI2” LARGE COMMERCIAL AND INDUSTRIAL LOAD(11kV)

REGION	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Nairobi North	-	-	-	-	196	238
Nairobi South	-	-	-	-	515	514
Nairobi West	-	-	-	-	113	65
Nairobi	736	727	764	819	-	-
Coast	197	195	209	212	228	230
Central Rift	-	-	-	-	40	46
West Kenya	-	-	-	-	45	45
North Rift	-	-	-	-	20	19
South Nyanza	-	-	-	-	0	2
West	108	107	103	107	-	-
Mt Kenya	-	-	-	-	8	17
North Eastern	-	-	-	-	85	131
Mt Kenya	63	63	66	78	-	-
TOTAL	1,104	1,092	1,142	1,216	1,251	1,307
% INCREASE P.A.	10.0%	-1.1%	4.5%	6.5%	2.9%	4.5%

**TABLE 9: REGIONAL SALE OF ELECTRICITY IN GWh CATEGORY "C13"
LARGE COMMERCIAL AND INDUSTRIAL LOAD (33kV)**

REGION	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Nairobi North	-	-	-	-	10.9	0.0
Nairobi South	-	-	-	-	2.0	0.0
Nairobi West	-	-	-	-	5.0	4.0
Nairobi	4	3	5	5	-	-
Coast	170	171	176	168	152	140.0
Central Rift	-	-	-	-	37	65
West Kenya	-	-	-	-	34	11
North Rift	-	-	-	-	43	40
South Nyanza	-	-	-	-	0	0
West	84	93	85	93	-	-
Mt Kenya	-	-	-	-	0	0
North Eastern	-	-	-	-	0	0
Mt Kenya	0	0	0	0	-	-
TOTAL	258	267	266	266	284	260
% INCREASE P.A.	19.9%	3.5%	-0.3%	-0.1%	6.9%	-8.6%

**TABLE 10: REGIONAL SALE OF ELECTRICITY IN GWh CATEGORY "C14"
LARGE COMMERCIAL AND INDUSTRIAL LOAD (66kV)**

REGION	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Nairobi North	-	-	-	-	78	83
Nairobi South	-	-	-	-	341	379
Nairobi West	-	-	-	-	34	32
Nairobi	368	384	408	453	-	-
Coast	0	0	0	0	0	0
Central Rift	-	-	-	-	3	3
West Kenya	-	-	-	-	0	0
North Rift	-	-	-	-	0	0
South Nyanza	-	-	-	-	0	0
West	0	0	0	2	-	-
Mt Kenya	-	-	-	-	0	0
North Eastern	-	-	-	-	2	29
Mt Kenya	0	0	0	5	-	-
TOTAL	368	384	408	460	458	526
% INCREASE P.A.	12.9%	4.5%	6.2%	12.7%	-0.4%	14.8%

**TABLE 11: REGIONAL SALE OF ELECTRICITY IN GWh CATEGORY "C15"
LARGE COMMERCIAL AND INDUSTRIAL LOAD (132kV)**

REGION	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Nairobi North	-	-	-	-	0	0
Nairobi South	-	-	-	-	69	72
Nairobi West	-	-	-	-	0	0
Nairobi Total	30	34	43	60	-	-
Coast	139	121	134	217	274	278
Central Rift	-	-	-	-	2	2
West Kenya	-	-	-	-	84	0
North Rift	-	-	-	-	0	0
South Nyanza	-	-	-	-	0	0
West Total	10	9	1	9	-	2
Mt Kenya	-	-	-	-	0	0
North Eastern	-	-	-	-	12	3
Mt Kenya Total	0	0	0	5	-	-
TOTAL	179	164	178	291	441	355
% INCREASE P.A.	28.1%	-8.5%	8.4%	63.7%	51.5%	-19.5%

TABLE 12: REGIONAL SALE OF ELECTRICITY IN GWh FOR CATEGORY "IT" OFF-PEAK LOAD

REGION	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Nairobi North	-	-	-	-	0.2	10.7
Nairobi South	-	-	-	-	0.4	0.5
Nairobi West	-	-	-	-	12.8	11.8
Nairobi	36.2	41.0	16.0	1.0	-	-
Coast	0.5	0.6	0.4	0.0	0.4	0.4
Central Rift	-	-	-	-	0.1	0.3
West Kenya	-	-	-	-	0.3	0.5
North Rift	-	-	-	-	0.0	0.2
South Nyanza	-	-	-	-	0.0	0.1
West	0.7	0.7	1.1	0.0	-	-
Mt Kenya	-	-	-	-	0.3	0.4
North Eastern	-	-	-	-	0.9	1.5
Mt Kenya	0.8	0.8	0.5	-	-	-
TOTAL	38.1	43.0	18.0	1.0	15.4	26.4
% INCREASE P.A.	6.2%	12.9%	-58.2%	-94.2%	1,388.4%	71.0%

TABLE 13: REGIONAL SALE OF ELECTRICITY IN GWh FOR CATEGORY “SL” STREET LIGHTING

REGION	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Nairobi North	-	-	-	-	6.7	9.2
Nairobi South	-	-	-	-	10.0	6.7
Nairobi West	-	-	-	-	7.5	8.3
Nairobi	12.2	10.9	15	13	-	-
Coast	3.1	2.8	5	4	3.8	4.0
Central Rift	-	-	-	-	1.6	2.4
West Kenya	-	-	-	-	0.2	0.9
North Rift	-	-	-	-	1.1	1.2
South Nyanza	-	-	-	-	0.0	0.1
West	1.3	1.0	1	1	-	-
Mt Kenya	-	-	-	-	2.2	4.3
North Eastern	-	-	-	-	2.7	2.8
Mt Kenya	1.2	1.4	2	2	-	-
TOTAL	17.7	16.0	23.9	20.0	35.7	40.0
% Increase P.A.	6.6%	-9.6%	49.6%	-16.5%	78.7%	11.6%

TABLE 14: REGIONAL SALES OF ELECTRICITY IN GWh FOR R.E.P. SCHEMES

REGION	2010/11	2011/12	2012/13	2013/14	2014/ 15	2015/ 16
Nairobi North	-	-	-	-	7.3	0.0
Nairobi South	-	-	-	-	53.2	49.0
Nairobi West	-	-	-	-	43.4	39.8
Nairobi	62.6	63.0	66	109	-	-
Coast	20.9	21.2	22	24	27.3	29.4
Central Rift	-	-	-	-	74.9	82.4
West Kenya	-	-	-	-	118.9	96.1
North Rift	-	-	-	-	62.1	50.1
South Nyanza	-	-	-	-	0.0	25.1
West	153.1	151.9	152	216	-	-
Mt Kenya	-	-	-	-	82.3	100.4
North Eastern	-	-	-	-	55.7	64.2
Mt Kenya	70.4	71.9	73	105	-	-
TOTAL	307	308	313	454	525	537
% Increase P.A.	10.1%	0.3%	1.5%	45.2%	15.6%	2.3%

TABLE 15: NUMBER OF CUSTOMERS BY REGION

REGION	AS AT 30th JUNE 2016					
	2010/11	2011/12	2012/13	2013/14	2014/ 15	2015/ 16
Nairobi North	-	-	-	-	514,003	626,662
Nairobi South	-	-	-	-	462,108	590,731
Nairobi West	-	-	-	-	358,279	482,759
Nairobi	814,251	921,548	1,042,216	1,258,555	-	-
	-	-	-	-	-	-
Coast	178,095	201,425	221,410	248,058	297,985	400,679
Central Rift	-	-	-	-	235,729	340,165
West Kenya	-	-	-	-	215,237	265,700
North Rift	-	-	-	-	156,858	242,328
South Nyanza	-	-	-	-	0	104,161
West	275,033	322,885	368,800	438,998	-	-
Mt Kenya	-	-	-	-	244,936	320,137
North Eastern	-	-	-	-	423,579	545,033
Mt. Kenya	176,682	210,136	244,992	293,820	-	-
KPLC Customers	1,444,061	1,655,994	1,877,418	2,239,431	2,908,714	3,918,355
R.E.P. Customers	309,287	382,631	453,544	528,552	703,190	972,018
TOTAL	1,753,348	2,038,625	2,330,962	2,767,983	3,611,904	4,890,373
% Increase P.A.	19.8%	16.3%	14.3%	18.7%	30.5%	35.4%

TABLE 16: NUMBER OF CUSTOMERS BY TARIFF CATEGORY

TARIFF	MAIN TYPE OF CUSTOMERS COVERED BY THIS TARIFF	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
DC only	Domestic						
	KPLC	1,239,873	1,428,363	1,633,773	1,987,330	2,646,965	3,665,216
	REP	237,602	304,298	367,017	435,749	600,244	861,110
DC & IT	Domestic and Interruptible						
	KPLC	46,437	43,482	57,709	57,958	57,827	38,816
	REP	872	830	841	819	898	765
SC only	Small Commercial						
	KPLC	150,687	163,117	177,664	185,529	193,327	202,477
	REP	70,552	77,242	85,399	91,647	101,608	109,588
SC & IT	Small Commercial and Interruptible						
	KPLC	1,266	1,280	1,431	1,542	1,548	1,470
	REP	171	178	197	211	252	229
C11	Large Commercial and Industrial						
	KPLC	2,457	2,478	2,550	2,695	2,930	3,068
	REP	41	28	22	33	10	19
C12	Large Commercial and Industrial						
	KPLC	277	290	320	333	348	378
C13	Large Commercial and Industrial						
	KPLC	29	31	33	36	43	43
C14	Large Commercial and Industrial						
	KPLC	19	22	23	24	31	35
C15	Large Commercial and Industrial						
	KPLC	21	21	22	27	32	32
IT only	Off-peak (Interruptible)						
	KPLC	566	13,984	826	785	794	796
	REP	8	7	7	4	8	13
SL	Street lighting						
	KPLC	2,429	2,926	3,067	3,172	4,869	6,024
	REP	41	48	61	89	170	294
	TOTAL (KPLC)	1,444,061	1,655,994	1,877,418	2,239,431	2,908,714	3,918,355
	TOTAL (R.E.P.)	309,287	382,631	453,544	528,552	703,190	972,018
	GROSS TOTAL	1,753,348	2,038,625	2,330,962	2,767,983	3,611,904	4,890,373
	% INCREASE P.A.	19.8%	16.3%	14.3%	18.7%	30.5%	35.4%

TABLE 17: REVENUE (Kshs 'Million) BY CUSTOMER CATEGORY

TARIFF	MAIN TYPE OF CUSTOMERS COVERED BY	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
DC	Domestic	22,423	25,821	26,595	31,029	30,897	34,259
SC	Small commercial	15,228	22,007	21,582	23,864	23,490	23,639
CI	Commercial and Industrial	34,573	46,717	39,627	49,269	51,097	50,862
IT	Off-peak (Interruptible)	9	15	6	23	26	70
SL	Street Lighting	331	155	412	392	447	342
	TOTAL	72,564	94,715	88,222	104,577	105,957	109,171
	Export	590	947	687	819	806	736
	TOTAL KPLC	73,154	95,662	88,909	105,396	106,763	109,907
	R.E.P.	4,324	5,841	6,012	7,229	8,051	8,279
	TOTAL REVENUE	77,478	101,503	94,921	112,625	114,814	118,186
	%INCREASE P.A.	0.0%	31.0%	-6.5%	18.7%	1.9%	2.9%

TABLE 18: STAFF ANALYSIS

Number of Staff in Each Region	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Central Office	1,203	1,453	1,495	1,563	1,863	2,049
Nairobi North	2,742	3,307	3,355	3,396	930	851
Nairobi West	-	-	-	-	1,075	922
Nairobi South	-	-	-	-	951	845
Coast	996	1,098	1,114	1,088	1,067	1,139
West Kenya	2,303	2,834	2,914	2,927	1,103	949
South Nyanza	-	-	-	-	-	364
Central Rift	-	-	-	-	1,079	1,051
North Rift	-	-	-	-	801	790
Mt Kenya	1,299	1,560	1,587	1,616	1,120	1,216
North Eastern					856	957
Total Number of Staff	8,543	10,252	10,465	10,590	10,845	11,133
% INCREASE P.A.	17.4%	20.0%	2.1%	1.2%	2.4%	2.7%
Gender:						
Male	6,856	8,303	8,410	8,532	8,691	8,913
Female	1,687	1,949	2,055	2,058	2,154	2,220
Ratio- Male/Female	4.1	4.3	4.1	4.1	4.0	4.0

TABLE 19: TRANSMISSION AND DISTRIBUTION LINES, CIRCUIT LENGTH IN KILOMETERS

VOLTAGE	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
220 kV	1,331	1,331	1,331	1,434	1,527	1,527
132 kV	2,343	2,343	2,436	2,513	2,527	2,874
66 kV	655	758	1,097	1,212	1,212	1,212
33 kV	15,271	15,384	16,136	20,778	21,370	27,497
11 kV	26,250	27,219	28,818	30,860	32,823	35,383
TOTAL HV and MV	45,850	47,035	49,818	56,797	59,459	68,493
415/240V or 433/250V ¹	-	-	-	-	-	110,778
TOTAL	45,850	47,035	49,818	56,797	59,459	179,271
% INCREASE P.A.²	5.4%	2.6%	5.9%	14.0%	4.7%	15.1%

1 Cumulative length of LV lines in the system

2 Excludes LV lines

TABLE 20: TRANSFORMERS IN SERVICE, TOTAL INSTALLED CAPACITY IN MVA

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Generation Substations						
11/220kV	544	544	544	844	844	844
11/132kV	889	889	889	889	1,067	1,067
11/66kV	171	171	171	171	171	171
11/33kV	238	238	238	238	238	238
11/40kV	0	0	0	0	0	0
3.3/11/40kV	0	0	0	0	0	0
3.3/40kV	0	0	0	0	0	0
3.3/33kV	4	4	4	4	4	4
TOTAL	1,846	1,846	1,846	2,146	2,324	2,324
Transmission Substations						
132/220kV	620	620	620	620	620	620
220/132kV	730	730	730	835	1,266	1,266
220/66kV	450	450	450	450	450	585
132/66kV	375	375	360	360	360	360
132/33kV	779	801	916	916	916	1,039
TOTAL	2,954	2,976	3,076	3,181	3,612	3,870
Distribution Substations						
66/11kV	1,206	1,288	1,608	1,332	1,446	1,745
66/33kV	90	90	113	138	138	138
40/11kV	11	11	11	0	0	0
33/11kV	937	1,053	1,068	1,841	1,841	2,042
TOTAL	2,244	2,442	2,800	3,311	3,425	3,925
Distribution Transformers						
11/0.415kV and 33/0.415kV	5,069	5,784	6,195	6,317	6,384	7,088

THE KENYA POWER AND LIGHTING COMPANY LIMITED P.O. BOX 30099 - 00100, NAIROBI
FORM OF PROXY FOR ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD ON FRIDAY 23RD DECEMBER 2016
(USE BLOCK LETTERS PLEASE)

I/We _____ CDSC/Mem. No. _____ of

P.O. Box _____

being (a) Member(s) of the above-named Company, HEREBY APPOINT _____ as my/our proxy to vote for me/us and on my/our behalf at the ANNUAL GENERAL MEETING of the Company to be held on Friday, 23rd December 2016 and at any adjournment thereof.

My/our proxy is to vote in favour of/against the resolutions as indicated here below:

Item	Business	For	Against
1	Adoption of audited financial statements for the year ended 30 th June 2016		
2	Approve payment of dividend		
3	Election of Directors:		
	(i) Mrs. Jane Nashida		
	(ii) Mr. Macharia Kariuki		
	(iii) Mr. Wilson Mugung'ei		
4	Election of Board Audit Committee Members:		
	(i) Mr. Wilson Mugung'ei		
	(ii) Mr. Macharia Kariuki		
	(iii) Mrs. Susan Chesiyana		
	(iv) Mrs. Jane Nashida		
5	Approve payment of fees to non-executive Directors		
6	Remuneration of Auditors		

Signature _____

Dated this _____ day of _____ 2016

NOTE:

1. A member entitled to attend and vote at the above meeting may appoint one or more proxies to attend and, on a poll, to vote instead of him/her. A proxy need not be a member of the Company. To be valid, the Form of Proxy must be duly completed and lodged at the office of the Company Secretary, Stima Plaza, or posted in time to be received not less than forty-eight hours before the time appointed for holding the meeting. A scanned copy of the Proxy Form can also be emailed to **shares@kplc.co.ke** within the stipulated time.
2. If the appointer is a corporation or a Government office, the Proxy must be executed under its common seal or under the hand of an Officer or Attorney duly authorised in writing. Unless otherwise indicated the proxy will vote as he/she deems fit.

FOR OFFICIAL USE ONLY	
7%	
4%	
ORDINARY	
TOTAL	

FOMU YA UWAKILISHI

THE KENYA POWER AND LIGHTING COMPANY LIMITED S.L.P 30099- 00100, NAIROBI
FOMU YA UWAKILISHI KWENYE MKUTANO MKUU WA KILA MWAKA WA KAMPUNI UTAKAONDALIWA
IJUMAA, DESEMBA 23, 2016 (TUMIA HERUFI KUBWA TAFADHALI)

Mimi/Sisi _____ CDSC/Nambari _____

Wa S.L.P. _____

Nikiwa mwanachama wa Kampuni iliyotajwa juu, HII HAPA NAMTEUA _____
kama mwakilishi wangu kunipigia kura na kupiga kura kwa niaba yangu kwenye MKUTANO MKUU WA KILA MWAKA wa Kampuni
utakao fanyika Ijumaa Desemba 23, 2016 na katika tarehe yoyote endapo mkutano huo utaahirishwa.

Mwakilishi wangu atapiga kura kuunga au kupinga maazimio kama inavyoorodheshwa hapa chini:

Kifungu	Shughuli	Kuunga	Kupinga
1	Kuidhinisha taarifa za Kifedha zilizokaguliwa kwa mwaka uliomalizika Juni 30, 2016		
2	Kuidhinisha malipo ya mgao wa faida		
3	Uchaguzi wa Wakurugenzi:		
	(i) Mrs. Jane Nashida		
	(ii) Mr. Macharia Kariuki		
	(iii) Mr. Wilson Mugung'ei		
4	Kuchagua wanachama wa Kamati ya Bodi ya Uhasibu:		
	(i) Mr. Wilson Mugung'ei		
	(ii) Mr. Macharia Kariuki		
	(iii) Mrs. Susan Chesinya		
	(iv) Mrs. Jane Nashida		
5	Idhinisha mshahara wa Wakurugenzi wasio na Mamlaka		
6	Malipo ya Wahasibu		

Saini _____

Tarehe _____ yasiku _____ 2016

MAELEZO:

- Mwanachama anayestahili kuhudhuria na kupiga kura kwenye mkutano uliotajwa hapo juu anaweza kuteua mwakilishi mmoja au zaidi kuhudhuria, na wakati wa kupiga kura, kupiga kura kwa niaba yake. Si lazima mwakilishi awe mwanachama wa Kampuni. Fomu ya Uwakilishi imeambatanishwa kwenye ripoti hii. Ili kuwa halali, Fomu ya Uwakilishi inapaswa kujazwa kikamilifu na kupelekwa kwa afisi ya Katibu wa Kampuni, Stima Plaza, au kutumwa mapema ili kupokelewa saa arobaini na nane kabla ya mkutano mkuu kuanza. Nakala ya Fomu ya Uwakilishi inaweza kutumwa kwa barua pepe shares@kplc.co.ke kwa wakati uliowekwa.
- Iwapo anayewakilishwa ni Shirika au Taasisi ya Serikali, Fomu ya Uwakilishi inapaswa kuwekwa Muhuri chini ya uangalizi wa Wakili au afisa aliyeidhinishwa kwa maandishi. Na isipokuwa aelekezwe, mwakilishi anaweza kupiga kura namna atakavyo amua.

KWA MATUMIZI RASMI PEKEE

7%	
4%	
KAWAIDA	
JUMLA	



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Kenya Power



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