REPUBLIC OF KENYA

REPUBLIC OF KENYA

OAG

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

CONSOLIDATED KENYA PIPELINE COMPANY LIMITED

FOR THE YEAR ENDED 30 JUNE, 2025

KENYA PIPELINE COMPANY LIMITED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2025

Prepared in accordance with the International Financial Reporting Standards (IFRS)

CONTENTS **PAGE**

Acronyms and Glossary of Terms

ADA	Alcohol and Drug Addiction
ADR	Alternative Dispute Resolution
AERC	Africa Economic Research Consortium
AGO	Automotive Gasoline Oil
BCM	Business Continuity Management
BCP	Business Continuity Plan
CA	Communication Authority of Kenya
CEO	Chief Executive Officer
CIFA (K)	Certified Investment and Financial Analyst
CO	Crude Oil
COFEK	Consumers Federation of Kenya
CPA (K)	Certified Public Accountants of Kenya
CPS	Certified Public Secretary
CRA	Corruption Risk Assessment
CSI	Corporate Social Investment/ Customer Satisfaction Index
CSP	Corporate Strategic Plan
CSW	Customer Service Week
CX	Customer Experience
DAV	Debit Adjustment Voucher
DRC	Democratic Republic of Congo
DTB	Diamond Trust Bank
EACC	Ethics and Anti-Corruption Commission
EAPTA	East Africa Petroleum Transporters Association
EHS	Environment Health and Safety
EIA	Environmental Impact Assessment
EOPS	Early Oil Pilot Scheme
EPRA	Energy and Petroleum Regulatory Authority
ERM	Enterprise Risk Management
ERMP	Enterprise Risk Management Policy
ESG	Environmental Social Governance
ESIA	Environment, Social Impact Assessment
FOC	Fibre Optic Cable
FY	Financial Year
GAA	Government Advertising Agency

GHG	Greenhouse Gases
GoK	Government of Kenya
HAZOP	Hazard and Operability
HCV	Hydro-Carbon Value
HDip	Higher Diploma
HFO	Heavy Fuel Oil
HSC	Head of State Commendation
HSE	Health, Safety and Environment
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IASC	International Accounting Standards Committee
ICPAK	Institute of Certified Public Accountants of Kenya
IFRIC	International Financial Reporting Interpretation Committee
IFRS	International Financial Reporting Standards
ILI	In-Line Inspection
ISACA	International Systems Audit and Control Association
JKIA	Jomo Kenyatta International Airport
KAA	Kenya Airports Authority
KeNHA	Kenya National Highway Authority
KMTC	Kenya Medical Training College
KNCCI	Kenya National Chamber of Commerce and Industry
KOJ	Kisumu Oil Jetty
KOSF	Kipevu Oil Storage Facility
KOT	Kipevu Oil Terminal
KPA	Kenya Ports Authority
KPC	Kenya Pipeline Company
KPRL	Kenya Petroleum Refinery Limited
KRA	Kenya Revenue Authority
Kshs	Kenya Shillings
LLB	Bachelor of Law
LPG	Liquefied Petroleum Gas
MCIPS	Member of Chartered Institute of Procurement and Supply
MDA	Ministries, Departments and Agencies
MIA	Moi International Airport
MIEK	Member Institute of Engineers of Kenya

MIOC	Management Integrity Oversight Committee
MIOG	Morendat Institute of Oil and Gas
MKISM	Member of Kenya Institute of Supplies and Management
MTCC	Morendat Training and Conference Centre
MTN	Mobile Telephone Network
NCD	Non-Communicable Diseases
NCTTCA	Northern Corridor Transit Transport Coordination Authority
NCTTR	Northern Corridor Transit Transport Route
NDC	Nationally Determined Contributions
NEMA	National Environmental Management Authority
NOCK	National Oil Corporation of Kenya
NSSF	National Social Security Fund
NT	National Treasury
NTSA	National Transport Safety Authority
OAG	Office of The Auditor General
OGW	Order of Grand Warrior
OMC	Oil Marketing Company
OSH	Occupation Safety and Health
PC	Performance Contracting
PFM	Public Finance Management
PIC	Public Investment Committee
PMS	Premium Motor Spirit
PSASB	Public Sector Accounting Standards Board
PwD	Persons with Disability
REng	Registered Engineer
RMC	Risk Management Committee
ROW	Right of Way
RPO	Real Point Objectives
RTO	Real Time Objectives
RUL	Remaining Useful Life
SAGA	Semi-Autonomous Government Agencies
SCAC	State Corporations Advisory Committee
SCADA	Supervisory Control and Data Acquisition
SCM	Supply Coordination Meeting
SDG	Sustainable Development Goals

SIC	Standards Implementation Committee
SLDP	Strategic Leadership Development Program
SMC	Strategic Management Course
SOCA	Safety Observations and Corrective Actions
TCP	Tariff Control Period
TNT	The National Treasury
UNCDF	United Nations Capital Development Fund
URA	Uganda Revenue Authority
USD	United States Dollar
VAT	Value-Added Tax
VFD	Variable Frequency Drive
VSM	Vessel Scheduling Meeting
WHO	World Health Organization
WIP	Work in Progress

CORPORATE INFORMATION

BACKGROUND INFORMATION

Kenya Pipeline Company Limited (KPC) is a State Corporation wholly owned by the Government of Kenya (GoK) with 99.9% shareholding by The National Treasury and less than 0.1% by the Ministry of Petroleum and Mining. KPC was incorporated in 1973 under the Companies Act, Cap 486 of the Laws of Kenya, and commenced commercial operations in February 1978. At cabinet level, KPC is represented by the Cabinet Secretary for Ministry of Petroleum and Mining who is responsible for the company's general policy and strategic direction.

On 27th October 2023, GoK through The National Treasury (TNT) transferred its 100% shareholding in KPRL to KPC. Consequently, KPRL became a wholly owned subsidiary of KPC.

The main objective of the Group is to provide efficient, reliable, safe and cost-effective means of transporting petroleum products from Mombasa to the hinterland. In pursuit of this objective, the Company has constructed a pipeline network, storage and loading facilities for transportation, storage, and distribution of petroleum products. The current installed system consists of 1,342 kilometres of pipeline with current capacity to handle about 14 billion litres of petroleum products.

The pipeline infrastructure plays a key role in spurring economic growth and development in the East African region. To this end KPC, has developed a Corporate Strategic Plan (CSP) dubbed *KPC Vision 2025* with the aim of transforming the Group into *Africa's Premier Oil and Gas* hub. The mission of the Group is to transform lives through safe and efficient delivery of quality oil and gas from source to customer. A mid-term strategy refocusing was done in August 2022 intended to **Review, Refocus** and **Re-plan** the strategy based on the current realities. The CSP is anchored on four key pillars: -

i) Business leadership – Winning and leading the market in Kenya.
ii) People - Amazing performance by all KPC employees.
iii) Systems and processes - Reliable and best in the world technology and systems.
iv) Image and reputation - Amazing relationships with all our stakeholders.

DIRECTORS

The Directors of the entity are as follows:

Name	Particulars
Faith Bett Boinett	Chairperson – Appointed 23 December 2022
Joe K Sang, EBS	Managing Director – Appointed 3 May 2023
Mr. Liban Mohamed	Principal Secretary, State Department for Petroleum
Dr. Chris Kiptoo, CBS	Principal Secretary, National Treasury
Hon. Dorcas Oduor	The Attorney-General
Hon. Christopher Odhiambo Karani	Appointed on 23 May 2025
Irene Wachira	Appointed on 18 August 2023
Mutungwa Wambua	Appointed on 18 August 2023
Martha Miano	Appointed on 07 March 2025
Joyce Emanikor	Appointed on 18 August 2023
Sharon Irungu - Asiyo	Alternate Director, State Law Office
Abraham Koech	Alternate Director to Principal Secretary National Treasury
Mohamed Birik Mohamed	Alternate Director to PS State Department for Petroleum

Jane Njeri Mwangi	Ceased to be a Director on 07 March 2025
Eng. Edward Musebe	Ceased to be a Director on 23 May 2025

COMPANY SECRETARY
Flora Okoth
P.O. Box 73442 - 00200
Nairobi, Kenya

REGISTERED OFFICE & HEADQUARTERS
Kenpipe Plaza
Sekondi Road Off Nanyuki Road,
Industrial Area
P. O. Box 73442 – 00200
Nairobi, Kenya

Kenya Petroleum Refineries Ltd
Changamwe, off Refineries Road
P.O. Box 90401- 80100 GPO
Mombasa, Kenya

CORPORATE CONTACTS
Telephone: (254) 020 2606500-4, 0709 723000
Email: info@kpc.co.ke
Website: www.kpc.co.ke

Telephone :(254) 0724257102
E-mail: refinery@kprl.co.ke
Website: www.kprl.co.ke

CORPORATE BANKERS
Co-operative Bank of Kenya
Co-operative House Branch
Nanyuki Road
P.O. Box 67881 - 00200
Nairobi, Kenya

Stanbic Bank Limited
Stanbic Centre-Chiromo road
P. O Box 72833 - 00200
Nairobi, Kenya

Equity Bank
Kenpipe Plaza, Sekondi Road
Off Lunga Lunga Road
P. O. Box 78569 – 00507
Nairobi, Kenya

Citibank, N.A.
Citibank House
Upper Hill Road
P. O. Box 30711 - 00100
Nairobi, Kenya

Standard Chartered Bank
Stanchart Chiromo
P.O. Box 30003-00100
Nairobi, Kenya

NCBA
Wabera Street Branch
P. O. Box 30437 – 00100
Nairobi, Kenya

ABSA Bank Kenya
ABSA Towers
P.O. Box 30120 – 00100
Nairobi

KCB Bank Kenya
Kencom House
P.O. Box 48400 - 00100
Nairobi.

Sidian Bank
Sameer Business Park
P.O. Box 25363-00603
Nairobi

National Bank of Kenya
JKIA Branch
P.O. Box 72866-00200
Nairobi

INDEPENDENT AUDITORS
Auditor General,
The Office of the Auditor General,
Anniversary Towers, University Way
P. O. Box 30084 - 00100
Nairobi, Kenya

PRINCIPAL ADVOCATES	Attorney General Office of the Attorney General, Department of Justice Harambee Avenue P. O. Box 40112 – 0200 Nairobi, Kenya
	Mohammed Muigai Advocates MM Chambers 4th Floor, K-Rep Centre P.O. Box 613323 - 00200 Nairobi, Kenya

BOARD OF DIRECTORS

FAITH J. BOINETT (MRS)
BOARD CHAIRMAN

Date of Birth: 1979
Appointed Chairperson: December 23, 2022
Duration: 3 Years
End of Term: December 22, 2025
Academic Qualification: Bachelor of Law (LLB)
Profession: Advocate of the High Court of Kenya

Faith is a lawyer by profession with expertise in Legal Risk & Compliance, Governance, Public Financial Management, Human Resources, Public Sector Strategic Partnership & Alliances and is an Educator.

She has over 20 years working experience in the public and private sectors. She is currently the Chairperson of the Board of Directors of Kenya Pipeline Company Ltd, where she is keen to see the company improve its performance through transformational change. She is the Managing Partner at Boinett & Bett Co. Advocates. She also serves as Chairperson of the Board Finance and General Purposes Committee of Nyayo Tea Zone Development Corporation, Privatization Commission as well as sits on the Board of Management at Moi Girls High School, Eldoret.

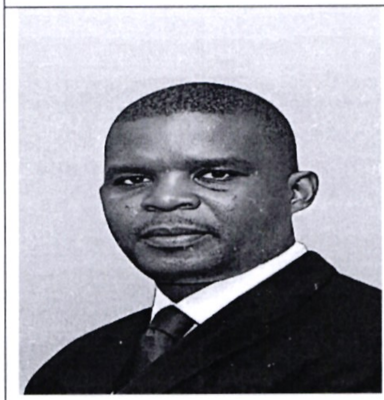
In her 20 years of experience, she had direct involvement in management of several Semi-Autonomous Government Agencies (SAGAs) and Higher Education institutions as Director on the Board of Management for state corporations. In these roles, she has provided strategy formulation and implementation oversight on statutory obligations, policies, practices and processes that direct and control Public and private sector organizations.

She has good understanding and interpretation of the Kenya's constitution and various Acts including good abilities in Litigation, Conveyance, Pleadings, Statutory Drawings and Alternative Dispute Resolution (ADR), Company Laws, Employment Act 2007, Occupational Safety and Health Act 2007, Labour Institutions Act, Labour Relations Act 2007 and WIBA 2007 amongst others.

Faith is a member of FIDA and a champion of women's rights and those who are disadvantaged. The firm where she serves as Managing Partner was ranked among the best-performing law firms in fighting for children's and women's rights.

 **JOE SANG, EBS MANAGING DIRECTOR**	**Date of Birth:** 1974 **Appointment Date**: May 3, 2023 **Academic Qualification:** Master's Degree in Business Administration (Strategy), BA Economics **Profession:** Accountant **Work Experience:** Joe has over 15 years hands-on experience gained in a variety of senior positions in private and public sector organizations including being General Manager Finance & Strategy at KPC, Group Head of Business Performance & Planning at East African Breweries Limited and Finance Director at East African Maltings Limited. He also worked for Unga Group and National Oil Corporation of Kenya (NOCK). Equipped with a strategic mindset, he believes that his philosophy of developing other to deliver great business performance is critical as KPC transforms to become Africa's Premier Oil & Gas Company. He is a certified public accountant with CPA(K), he is a member of ICPAK and holds a Bachelor of Arts in Economics and a Master of Business Administration in Strategy from University of Nairobi.
 **DR. CHRIS KIPTOO, CBS PRINCIPAL SECRETARY, THE NATIONAL TREASURY**	**Date of Birth:** 1967 **Appointment Date:** December 01, 2022 **Academic Qualification:** PhD International Macroeconomist, MA, BA Economics **Profession:** Economist Dr. Chris Kiptoo is the Principal Secretary, The National Treasury. He was appointed Principal Secretary by President William Samoei Ruto on 1st December 2022. Since his appointment, Dr Kiptoo has been at the forefront in implementing Fiscal consolidation, debt management including the Eurobond, expenditure rationalization, revenue mobilization as well as reform of State-Owned Enterprises (SOEs). Dr. Kiptoo is the immediate former Principal Secretary, Ministry of Environment and Forestry. Before that, he also served as a Principal Secretary at the State Department of Trade, Ministry of Industry, Trade & Co-operatives. In his working career, Dr. Kiptoo has acquired a rich wealth of experience in economic policy analysis, mainly gained at the Central Bank of Kenya, Capital Market Authority and the International Monetary Fund, where he has served in various capacities. His expertise especially relates to the design and implementation of monetary policy; balance of payments and exchange rates; fiscal operations and policy; financial sector matters including capital markets; national

	accounts/real sector and macroeconomic accounting, and modelling and forecasting. Additionally, Dr. Kiptoo has proven experience in environment and climate change policies, trade policy and regional integration, private sector development and advocacy, infrastructure development, institutional development of Government institutions and organisational management, all mainly gained at the Ministry of Environment and Forestry, State Department of Trade as well as Trademark East Africa. Noteworthy, he also has four years of experience in economic policy coordination gained while working at the then Office of the Prime Minister.
 **MOHAMED LIBANI ANNA PRINCIPAL SECRETARY, STATE DEPARTMENT FOR PETROLEUM**	**Date of Birth:** 1961 **Appointment Date:** December 2, 2022 **Academic Qualification**: Master's Degree **Profession:** Public Health Mr. Mohamed Liban is the Principal Secretary for the State Department for Petroleum having been appointed to the position in December 2022. Prior to the appointment, he was the Chairman of the Ewaso Ng'iro North Development Authority, a position he held from 2019. Mr. Liban has a wealth of leadership capabilities having served as Regional Elections Coordinator under the Independent Electoral and Boundaries Commission from 2009 - 2017. Other positions held include Regional Health Manager with the Kenya Red Cross Society and Deputy Chief Clinical Officer at the Ministry of Health Among other qualifications, Mr. Liban holds a Master of Public Health and Epidemiology from Kenyatta University, Higher National Diploma in Cataract Surgery from the Kenya Medical Training College (KMTC), International Diploma in Community Eye Health from London University and, Higher National Diploma in Ophthalmology from KMTC. He has also attended several Human Resource Management courses. The PS is a Life Member of the Kenya Society for the Blind and Kenya Red Cross Society.
 **HON. DORCAS ODUOR**	**Date of Birth:** 1966 **Appointment Date:** August 2, 2024 **Academic Qualification**: MA International Conflict Management, Bachelor of Law (LLB) **Profession:** Lawyer Dorcas Oduor, SC, EBS, OGW, is a seasoned legal expert and passionate environmental advocate. With over 32 years of experience, she currently serves as the Attorney General of the Republic of Kenya. Her career reflects a commitment to justice, community welfare, and environmental conservation:

THE ATTORNEY GENERAL OF THE REPUBLIC OF KENYA	Dorcas Oduor, SC, EBS, OGW, is a highly accomplished professional with a strong academic background and over three decades of experience in law. Her educational journey has been instrumental in shaping her esteemed career. She holds a Master of Arts in International Conflict Management, University of Nairobi. An Advocate of the High Court of Kenya with a Post Graduate Diploma in Law from the Kenya School of Law and an LLB (Hons) degree from the University of Nairobi. Her illustrious career is complemented by numerous accolades that reflect her contributions to Kenya's legal landscape.
 **HON. CHRISTOPHER ODHIAMBO KARANI**	**Date of Birth:** 1974 **Appointment Date:** 23rd May, 2025 **Academic Qualification:** Bachelor of Business Management (Human Resource) **Profession:** Former Member of Parliament | Business & Logistic Executive Hon. Christopher Odhiambo Karani is an accomplished business leader and former Member of Parliament with over two decades of experience spanning corporate leadership, public service, and logistics management. Currently serving as the Managing Director of MNET Stars Limited, he leads strategic planning, policy implementation, and operational oversight to drive profitability and sustainable growth within the organization. Previously, Hon. Karani represented Ugenya Constituency in the National Assembly (2017–2019), where he was instrumental in legislative processes, oversight of government functions, and championing the interests of his constituents. His contributions were marked by a strong commitment to transparency, public accountability, and community development. He also held the position of Managing Director at Awanad Container Freight Station, where he directed port logistics operations, financial planning, and stakeholder engagement with agencies such as the Kenya Ports Authority and the Kenya Revenue Authority. Hon. Karani holds a Bachelor of Business Management (Human Resource Option) from Mount Kenya University, along with diplomas in Shipping Management & Logistics and Clearing & Forwarding. Known for his strategic acumen, leadership integrity, and results-driven mindset, Hon. Karani continues to contribute to Kenya's economic and social development through both private sector leadership and public service.

MUTUNGWA WAMBUA

Date of Birth: 1982
Appointment Date: 18th August 2023
Academic Qualification: BA (Human Resource Management) Dip. in Information Technology, Dip. Human Resource Management
Profession: Human Resource/ IT

Work experience: Mr. Mutungwa has over 14 years' experience gained in a variety of senior positions in private and public sector organizations. He is a devoted Human Resource professional and businessman. He is currently pursuing a master's degree in strategic management. He has a diploma in Information Technology and a Diploma in Human Resource Management. Mr. Mutungwa has strong technical skills acquired from many years of experience working in the IT field and has a comprehensive knowledge on the latest IT software and systems, having worked Capital Software Company as HR assistant and ultimately as Branch Manager in charge of HR and technical Support

Mr. Mutungwa is a Director of Techno Sphere Solutions where he is in charge of administration, marketing and Management. He is a Director and CEO of Wavenet Systems Ltd, a startup company and also has business acumen in logistics.

MARTHA MIANO

Date of Birth: 1990
Appointment Date: 07th March 2025
Academic Qualification: Bachelor of Arts, Mass Media & Communication
Profession: Public Communications Specialist

Martha Miano is an accomplished Public Communications Specialist with over 15 years of progressive experience in media relations, strategic communication, digital advocacy, and stakeholder engagement across government, private, and civil society sectors. She most recently served as Deputy Director of Public Communications in the Office of the President of Kenya, where she led digital media strategy, campaign development, social media analytics, and influencer engagement, particularly advancing the Deputy President's communication agenda.

Martha holds a Bachelor of Arts in Mass Media and Communication from Mt. Kenya University. Her professional journey reflects a dynamic blend of grassroots engagement, media outreach, and strategic communication roles beginning as a volunteer trainer with Village Care International.

	She previously served as Executive Communications Officer at the Nyeri Town CDF Office and as Media Liaison/Communications Officer at Mathira CDF, where she played a key role in implementing communication strategies, organizing media events, managing crisis communications, and creating content for public dissemination. In the private sector, Martha worked with Madison Insurance as a Unit Manager, where she successfully led high-performing sales teams and managed performance targets. Her background also includes hospitality and administrative experience at Leadway Hotel and Destiny Park Hostels, providing her with a solid foundation in operations management and customer service. A respected youth mobilizer and civic advocate, Martha has held several leadership positions. Martha is known for her self-driven leadership, collaborative mindset, and deep commitment to community development. She believes strongly in continuous personal growth, team synergy, and the power of digital platforms to drive public transformation.
 **JOYCE EMANIKOR**	**Date of Birth:** 1960 **Appointment Date:** 18th August 2023 **Academic Qualification:** Masters in development studies, BA in Community Development & Peace studies **Profession:** Community Development Mrs. Hon. Joyce Emanikor is a development specialist with bias in Education and Environment. She is the holder of an MA in Development Studies, a BA in Community Development & Peace studies and is currently undertaking a PhD in Environmental Governance and Management at the University of Nairobi. She has been a legislator in the Kenya National Assembly for two consecutive terms, 2013-2022, where she played a role in oversight, legislation, representation, budgeting, and Parliament Leadership. She sponsored a bill and several legislative amendments in Parliament as well as participated in various Parliamentary Committees. Hon. Joyce previously worked in the fields of Education as an Emergency Education Consultant for UNICEF, Kenya Country Office, Emergency response Programmes and development for the UN, the Government of Kenya, International NGOs, Faith-based organizations, and community-based organizations.

	She is a recipient of the Head of State commendation (HSC) in December 2010 for outstanding contribution to development in Turkana.
 **IRENE WACHIRA**	**Date of Birth:** 1976 **Appointment Date:** 18th August 2023 **Academic Qualification:** B.A. (Psychology & Economics), PMP, GSRE **Profession:** Operations Management Irene W. Wachira is a seasoned corporate strategist and leader with two decades of experience in corporate strategy, finance, business development, and compliance. Her career highlights include her role as CEO of The Croft (K) Ltd., a Nairobi-based real estate development company, as Operations Manager with BP North America, and as a Financial Intelligence/Compensations Executive with Citi Group in New York, among other functions. Irene's competencies span across board governance, corporate strategy, financial analysis, budgeting, project management, risk management, and regulatory compliance. She is known for her ability to drive change, build strong teams, and maintain stakeholder relations. Irene holds a B.A. in Psychology with a Minor in Economics and is a certified Project Management Professional (PMP), GSRE, and AML Compliance specialist.
 **SHARON IRUNGU-ASIYO, HSC REPRESENTATIVE OF THE ATTORNEY GENERAL**	**Date of Birth:** 1981 **Appointment Date:** January 19,2023 **Academic Qualification:** Bachelor of Law (LLB) **Profession:** Advocate **Occupation:** State Counsel **Work Experience:** Ms. Sharon Irungu-Asiyo, HSC is an Advocate of the High Court of Kenya and is currently a Principal State Counsel at the Office of the Attorney General. She has over fifteen years post-admission experience to the roll of advocates in both private and public sector experience majoring in commercial and corporate law, international business and international financial transactions. As a public sector legal practitioner, Ms. Irungu-Asiyo is currently based at the Government Transactions Division at the Office of the Attorney General where her primary duties entail drafting, vetting and reviewing Government Contracts, negotiating commercial and financial agreements on behalf of the Government and issuing advisory opinions on emerging issues and areas of law that have an impact on Government Contracts. As an alternate member representing the Hon. Attorney General in the Board of Kenya Pipeline Corporation, Ms. Irungu-Asiyo provides strategic leadership on emerging issues of law

	affecting the management and operational aspects of KPC.
 **MOHAMED BIRIK MOHAMED, OGW, EBS** **ALTERNATE DIRECTOR TO PS ENERGY & PETROLEUM**	**Date of Birth:** 1967 **Appointment Date:** February 22, 2023 **Academic Qualification:** Bachelor's Degree **Profession:** Administrator Mr. Mohamed Birik was appointed Secretary Administration in the State Department for Petroleum in 2021. Prior to this deployment, he was the Regional Commissioner, North Eastern, where he served from 2018 to 2020. A career administrator, Mr. Birik joined the Civil Service as a District Officer in 1994. Since then, he has served in various parts of the country as a District Officer, District Commissioner, County Commissioner and Regional Commissioner. Mr. Birik is a decorated officer having been awarded Order of the Golden Warrior (OGW) in 2008 following successful restoration of peace and security in Mt. Elgon District where he was the DC. Mr. Birik holds Bachelor of Arts in Education degree from the University of Nairobi and is currently pursuing a Masters in Peace and Conflict Resolution at Kenyatta University. He has attended various courses at Kenya Institute of Administration (KIA) including Advanced Public Administration, Strategic Leadership Development Program (SLDP) and Senior Management Course (SMC). Other notable courses attended include Certificate Course in Management at the Center of Excellence for Stability of Police Units in Italy and, Kenya – Uganda Border Conference.
 **ABRAHAM KOECH** **ALTERNATE DIRECTOR TO PS NATIONAL TREASURY**	**Date of Birth:** 1969 **Appointment Date:** 22nd July 2024 **Academic Qualification:** MBA **Profession:** Director of Investments Abraham Kipkorir Koech is an experienced professional specializing in strategic management, financial analysis, corporate governance, and project management. He currently serves as the Assistant Director of Investments at Kenya's National Treasury and Economic Planning, where he advises on government investment policies and oversees financial oversight and reforms for state corporations. He also represents the National Treasury as an Alternate Director on the boards of several state corporations, contributing to governance and strategic

<table>
<tr><td></td><td>decision-making.

Koech holds an MBA in Strategic Management from Jomo Kenyatta University of Agriculture and Technology (JKUAT) and a Bachelor of Arts from the University of Nairobi. He has also completed extensive training in leadership, corporate governance, and quality management systems.

Previously, he held key roles at the Kenya Post Office Savings Bank (KPOSB), rising to Deputy Head of Strategy and Change. In this capacity, he played a critical role in policy formulation, strategic planning, and organizational transformation. Koech's key skills include leadership, negotiation, communication, and proficiency in Microsoft Office. His professional journey reflects a commitment to advancing Kenya's financial sector through strategic oversight, policy development, and governance reforms, making him a valuable contributor to the country's economic growth.</td></tr>
<tr><td>
FLORA OKOTH
GENERAL MANAGER
(COMPANY SECRETARY & LEGAL SERVICES)</td><td>Date of Birth: 1967
Academic Qualification: Master's Degree
Profession: Lawyer

Mrs. Flora Fiona Okoth is a competent and highly qualified lawyer with over twenty-eight years' legal, business management and administrative experience gained in Public and private sectors. She has worked in Insurance sector and practiced law in partnership and as a sole practitioner in various stages of her career. She has acquired extensive board experience having served two large organizations as Company Secretary. Flora has also chaired the board of a community development NGO, the Community Aid International for five years from 2012 – 2017.

Mrs. Flora Fiona Okoth has Master of Laws (LLM) in International Economic Law, from University of Warwick in the United Kingdom, an Executive MBA degree from the United States International University (USIU – Kenya), Bachelor of Laws degree (LLB) from University of Nairobi and Diploma in Law from the Kenya School of law. Flora is also a member of the Law Society of Kenya (LSK) and a certified Public Secretary (CPS) since 2005.</td></tr>
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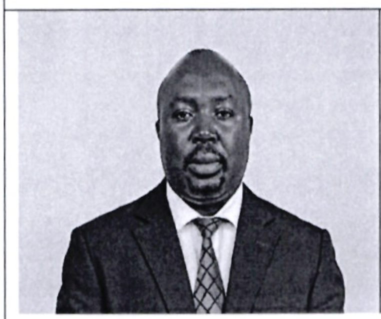
THE EXECUTIVE MANAGEMENT TEAM

JOE K. SANG
MANAGING DIRECTOR
MBA (Strategy), BA Economics, CPA(K).

PIUS MWENDWA
GENERAL MANAGER (FINANCE)
Mcom (Finance option), B. Com (Finance), CPA(K).

ZILPER MICHELLE ABONG'O
GENERAL MANAGER (STRATEGY)
Msc. Economics & Policy of Energy & Environment, Bachelor of Arts

DINAH J. KIRWA
GENERAL MANAGER (HUMAN RESOURCE & ADMINISTRATION)
MPhil (Human Resource Development, BA, HDip (HR Management), CHRP



ENG. DEREK OKOVA
GENERAL MANAGER (PIPELINE OPERATIONS & MAINTENANCE)
MSc. Civil Engineering
BSc. Civil Engineering

MAUREEN MWENJE
GENERAL MANAGER (SUPPLY CHAIN)
LLM (Law in Development), Bachelor of Laws, Diploma (Law), MCIPS, MKISM

<table>
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<td>


CATHERINE KALOKI
GENERAL MANAGER (AUDIT)
MBA, B.Com (Finance), CPA(K), ISACA.
</td>
<td>


DR. NANCY KOSGEI
DIRECTOR MORENDAT INSTITUTE OF OIL & GAS
PhD (Developmental Studies), MA (Project planning & management) BA (Community development).
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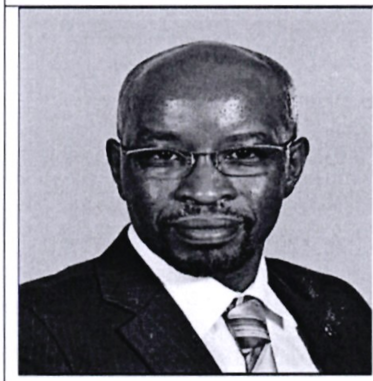

ENG. DAVID MURIUKI
GENERAL MANAGER (INFRASTRUCTURE)
MBA (Strategic Management), BSC (Mechanical Engineering), REng, MIEK
</td>
<td>


FLORA OKOTH
GENERAL MANAGER (COMPANY SECRETARY & LEGAL SERVICES)
LLM (International Economic Law), LLB, Diploma (Law), CPS, Executive MBA
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Fiduciary Management

The key management personnel who held office during the quarter ended 30 June 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Managing Director	Joe Sang, EBS
2.	General Manager Strategy	Zilper Abong'o
3.	General Manager Finance	Pius Mwendwa
4.	General Manager Supply Chain	Maureen Mwenje
5.	General Manager Infrastructure	Eng. David Muriuki
6.	General Manager Pipeline Operations & Maintenance	Eng. Derek Okova
7.	General Manager, Human Resource & Administration	Dinah Kirwa

No.	Designation	Name
8.	General Manager, Internal Audit	Catherine Kaloki
9.	Director MIOG	Dr. Nancy Kosgei
10	General Manager Company Secretary & Legal Services	Flora Okoth

Fiduciary Oversight Arrangements

The following bodies/ committees oversight the fiduciary responsibility of the Company

1. Audit and Risk Committee of the Board of Directors
2. Finance Committee of the Board of Directors
3. Public Investment Committee (PIC) of the National Assembly
4. Energy Committee of the Senate
5. Office of the Auditor General (OAG)

CHAIRMAN'S STATEMENT: CONSOLIDATING GAINS, SHAPING THE FUTURE

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the report and financial statements for the Financial Year 2024/25, a period that marks a successful close to a transformative year for Kenya Pipeline Company Limited (KPC).

During the year under review, the Group achieved remarkable operational and financial performance despite persistent macroeconomic headwinds, regional geopolitical shifts, and dynamic global petroleum transitions. We remained resilient and agile, guided by our vision and soon to be rolled out, Five-Year Corporate Strategic Plan (2025/26 – 2029/30), which prioritizes sustainability, innovation, infrastructure modernization, and regional integration.

The Board continued to exercise rigorous oversight over strategy execution, governance, enterprise risk, and performance delivery. I am proud to report that KPC met and exceeded most of its targets for the year. Key among these was the continued enhancement of system availability and integrity across our pipeline network, as well as improved financial prudence which contributed to stronger cash flow, profitability, and value return to our shareholder, the Government of Kenya.

We also made deliberate progress in strengthening ESG (Environmental, Social, and Governance) performance. Our investments in renewable energy initiatives at our pump stations, social inclusion programmes in host communities, and governance reforms are positioning KPC as a forward-looking entity aligned to national aspirations and international best practice.

As part of our regional leadership, we enhanced cross-border policy engagements through the Northern Corridor Integration Projects and the East African Community (EAC) framework, laying a stronger foundation for our future expansion into the regional logistics value chain.

Looking forward to FY 2025/26, the Board remains focused on supporting management to unlock new revenue streams including pipeline system leasing, oil & gas testing services, fibre optic monetization, and a stronger play in capacity development through Morendat Institute of Oil & Gas (MIOG).

Finally, I wish to commend the staff, management team, and my fellow Board members for their exceptional commitment to delivery. I thank the Government of Kenya, the Ministry of Energy and Petroleum, and our stakeholders for their unwavering support. Together, we are strengthening KPC's position as a resilient and globally competitive infrastructure utility.

FBoinett

FAITH BETT BOINETT (MRS)
CHAIRMAN

MANAGING DIRECTOR'S STATEMENT

Dear Shareholders,

The close of FY 2024/25 marks a significant milestone in KPC's journey towards becoming a world-class oil and gas infrastructure Company. Our performance illustrates continued stability, strong financial discipline, and operational excellence as we prepare to transition into a new strategic phase.

During the financial year, KPC maintained 99.7% pipeline availability across the network and recorded an 8% increase in product throughput compared to last year, driven by sustained demand from our inland depots and regional markets. These gains were underpinned by proactive asset maintenance, process optimization, and enhanced coordination with oil marketing companies.

KPC closed the year with strong revenue performance, improved operating margins, and better liquidity management. Our Earnings Before Interest, Taxes, Depreciation, and Amortization margin (EBITDA margin) strengthened by 41%, and we remained within budget across our key cost centres. This enabled us to meet our fiscal obligations, fund critical projects, and pay dividends to our shareholder. Compared to last same period last year, our PBT stood at **Kshs. 16.0 billion** a 36% increase while our throughput grew by 8% for the same period last year.

Our focus remains firmly on operational safety, stakeholder value, and expansion into non-transport revenue streams including training (through Morendat), testing, and fibre optic leasing. In FY2024/25, we also finalized strategic plans for the new FY 2025/26 – 2029/30 strategy cycle, which introduces a balanced scorecard performance model and emphasizes ESG, innovation, and resilience.

As we enter the new fiscal year, our priorities include completing the Eldoret–Kampala feasibility review, automating our control room systems, and improving our customer interface through real-time product visibility platforms.

Last but not least, I want to express my gratitude to the Board for their guidance, our employees for their tireless efforts, and our partners across government and industry for their continued collaboration. We move forward with renewed confidence, firmly focused on delivering inclusive value and long-term energy security for Kenya and the region.

JOE SANG, EBS
MANAGING DIRECTOR

STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2024/25

KPC effectively delivered on its core mandate which is to transport and deliver petroleum products to the hinterland and progress its strategic growth agenda. KPC's strategic objectives is guided by the 10-year plan for the period 2015/16 - FY 2024/25 focused on transforming KPC to a diversified Oil and Gas business. The Plan was reviewed and recalibrated to align the strategic objectives and targets to current realities through an Addendum dubbed ***Refocused Corporate Strategic Plan*** approved by the Board of Directors on 5th August 2022.

KPC transformational plan as outlined in the Refocused Plan is anchored on the following four pillars.

a. Business Leadership Pillar - Winning the market in Kenya.

b. People Pillar - Amazing performance by All our People

c. Image and Reputation Pillar - Amazing relationships with all stakeholders

d. Systems and Processes - Best in the world

KPC's annual work plans were aligned to the above four strategy pillars and the revised strategic objectives and action plans. The Company's achievement against its set performance targets for the FY 2024/25 period are, as indicated in the diagram below:

Strategic Objective	Action Plans	KPI for 2024/25	Achievements
1. Business Leadership			
Grow existing business	Rehabilitate Port Reitz Tanks	Project implementation as per work plan	100% complete.
	Truck loading in KPRL	Complete project by December 2022	99.6% complete.
	LPG truck loading (skid)	Complete project by June 2025	100% complete and operationalized.
	Construct truck-loading facilities in Nairobi	Project Implementation as per work plan	Progress at 66% targeted to be completed by December 2025.
	Expand the FOC business.	Implementation of the approved FOC	Budgetary proposals and Project Concept Notes approved by KPC

Strategic Objective	Action Plans	KPI for 2024/25	Achievements
		business expansion plan	Board and sent to Treasury for approval.
Diversification of business and revenue base	Develop LPG Import Handling and Storage facility in Mombasa	i. Secure budget ii. Procure Contractor	Front End Engineering Designs and Environmental and Social Impact Assessment undertaken by February 2023 and project implementation restructured by Government to allow private sector participation.
Embed ESG in business decisions	Structure a sustainable ESG strategy and Metrics for KPC.	Develop metrics for energy efficiency and carbon offset scheme	Consultant being engaged to carry out a study on KPC's Green House Emission (GHG) and determine the baseline as well as guide on carbon offset program.
2. People Pillar			
An organization structure that is aligned to the achievement of the strategy	Review of Company Structure	Revised organization structure	The revised structure was approved by the Board and SCAC for implementation.
Improve performance of the organization through effective Talent Management	Enhance staff learning and growth	i. Minimum of 3-man days training per staff ii. Growth plans for top talent developed and implemented	91% of staff trained. The Succession Plan Policy was developed and approved by the Board for implementation.
	Develop an organization competency framework	Talent map of defined skills & competencies required for career progression	100% complete. The Career Guidelines have been reviewed awaiting SCAC approval.
Create an organization culture that supports change and high employee engagement	Develop and implement wellbeing programs	Roll out of bespoke wellness programs	100% complete. All planned wellness programs for the year under review were implemented
Strengthen leadership	Strengthen the leadership pipeline.	i. Leadership competency framework.	Awaiting SCAC approval

Strategic Objective	Action Plans	KPI for 2024/25	Achievements
quality and build integrity		ii. Develop career plans for key leaders	
3. Image and Reputation Pillar			
Improve Stakeholder relationship	Continuous realignment of media relationship strategy to emerging issues	i. Progressive increase in positive publicity ii. Establish an image rating system for continuous improvement	i. 36% of all media stories in FY2024/25 were positive, compared to 33% in FY2023/24, (+3% publicity). ii. The inaugural Brand Health and Leadership survey was conducted, establishing two baseline image rating indices - Brand Health Index (BHI) and Corporate Reputation Index (CRI).
Strengthen internal and external communicatio n	Develop and roll out a cohesive communicatio n strategy	i. Roll out communication strategy. ii. 90% staff awareness on KPC issues	i.Communication Strategy developed and rolled out. ii.Continuous via E-newsletter and 1000 words publications.
4. System and Processes Pillar			
Enhance and Integrate systems and processes.	Integrate core KPC system: SCADA & SAP ERP	SAP ERP system integrated with SCADA	Project dependent on upgrade of the SCADA. The SCADA upgrade project stalled at 60% due to non-performance of the contractor.
	Implement Internet of Things (IOT) solution using the new SCADA and smart meters	Data integration through Internet of Things (IOT)	Pending. Dependent on new SCADA.
	Implement a Biometric Access point and integrate to SAP time management for payroll accounting	An Integrated IS i.e. no stand-alone system	Biometric devices deployment in progress.

Strategic Objective	Action Plans	KPI for 2024/25	Achievements
	Implement Integrated Security Management System based on ISO 27001	Certification	Tender Awarded
	Adopt energy efficient technologies	Alternative power supply plan for depots and stations (solarization)	Completed HQ Pilot Project. Studies being undertaken to on viability of roll out to other stations.

CORPORATE GOVERNANCE STATEMENT

Corporate Governance helps to enhance corporate performance through systems, processes and operations to safeguard the interests of all stakeholders. This ensures Board and Management accountability and helps build public trust in the Company.

The Board of Kenya Pipeline Company Limited is responsible for the governance of KPC and is accountable to all its stakeholders by overseeing the effective management and control of the Company. Transparency, accountability, and disclosure are the key focus areas of KPC's Board oversight. This is well demonstrated in KPC's audited Financial Statements over the years. Management has also implemented an enterprise risk assessment framework under which risks are identified, monitored, and controlled.

In implementing the Corporate Governance tenets, the Board seeks to add value through constructive dialogue and engagement with stakeholders as well as Management, with a strong focus on the Company's strategic agenda.

The Board embraces and recognizes the benefits of diversity in skills and experience in its composition and this engenders the effective discharge of the Boards strategic oversight function.

Board Composition
As at 30th June 2025, KPC's Board of Directors constituted of (10) Members comprising of a non-executive Chairman, the Cabinet Secretary, The National Treasury & Economic Planning, the Permanent Secretary, State Department of Petroleum, Ministry of Energy and Petroleum, the Attorney General, the Managing Director and five (5) independent non-executive directors with a mix of skills and competencies. The non-executive directors are independent of Management.

The Board composition is as follows:

1. Faith Bett Boinett - Chairman
2. Abraham Koech - Alternate to CS, National Treasury &
3. Economic Planning
4. Mohamed Birik Mohamed, EBS - Alternate to PS, State Department of
5. Petroleum, Ministry of Energy & Petroleum

6. Sharon Irungu Asiyo, HSC	-	Alternate to the Attorney General
7. Hon. Joyce Emanikor, HSC	-	Member
8. Irene Wachira	-	Member
9. Martha Wanjiru Miano	-	Member
10. Hon. Christopher Odhiambo	-	Member
11. Mutungwa Wambua	-	Member
12. Joe Sang, EBS	-	Managing Director

The Board is compliant with the prevailing requirements of membership. One (1) member has a Finance and Accounting background and is a member of the Institute of Certified Public Accountants of Kenya (ICPAK). The Board composition also complies with the Constitutional requirement of gender balance. Currently, the gender balance comprises of five (5) members of either gender (50:50).

Board Committees

The Board has established four (4) standing Committees with specific terms of reference to exercise the Board's delegated responsibilities. The Committees are the Audit, Human Resources, Technical, and Finance Committees.

The Board Committees are constituted as follows:

Board Committees	Terms of Reference
Board Audit Committee (BAC)	
Members 1. Irene Wachira 2. Sharon Irungu - Asiyo, HSC 3. Abraham Koech 4. Martha Miano	1. To provide structured company systems, processes, and procedures together with effective internal controls. 2. Overseeing the Company's audit function in a process that is independent of management 3. Assists the board and management by providing assurance 4. Provide advice, guidance, and potential improvements on the adequacy and effectiveness of KPC's initiatives for: • Values and ethics. • Governance structure. • Risk management. • Internal control framework. • Oversight of the internal audit function,

Board Committees	Terms of Reference
	• Liaising with the external auditors by reviewing their reports and letters, and other providers of assurance (e.g. Public Investments Committee, Public Accounts Committee). • Review Financial statements for compliance with reporting standards and public accountability reporting.
BOARD FINANCE COMMITTEE (BFC)	
Members 1. Hon. Joyce Emanikor 2. Abraham Koech 3. Mutungwa Wambua 4. Joe Sang, EBS	1. Oversight Enterprise Risk Management 2. Monitoring and oversight of the Company's financial resources 3. Advice on financial strategies e.g. capital management, borrowing and asset/liability management 4. Oversight of the organization's budget planning and implementation process 5. Review of financial performance and analysis 6. Analysis of debt service 7. Analysis of cashflow management
BOARD HUMAN RESOURCES COMMITTEE (BHRC)	
Members 1. Mutungwa Wambua 2. Mohamed Birik Mohamed, OGW, EBS 3. Martha Miano 4. Joe Sang, EBS	1. Oversight of the management of Human Resources 2. Reviews and provides recommendations to the Board on the organization structure, the staff establishment, procedures on staff recruitment and selection, performance and reward system 3. Reviews and advises Management on terms and conditions of service in line with the company's human resources management strategies, initiatives and policies 4. Any other matter that the Board may from time-to-time delegate to the Board Human Resource Committee
BOARD TECHNICAL COMMITTEE (BTC)	

Board Committees	Terms of Reference
Members 1. Hon. Christopher Odhiambo 2. Sharon Irungu - Asiyo, HSC 3. Mohamed Birik, EBS 4. Joe Sang, EBS	1. Assist the Board in fulfilling its oversight responsibilities on specific technical matters 2. Oversees and advises the Board about the development and advancement of the Company's petroleum transportation and storage capacity, the Company's expansion opportunities, project development, project economic analysis, appraisal of technical risk factors, 3. Any other matters as may be requested by the Board

The Board Audit Committee complies with the prevailing Guidelines on Audit Committees as provided under the Mwongozo Code.

The Board also established one (1) Ad-hoc Board Committee to discuss and oversee sensitive and urgent matters, which include KPRL takeover, closure of legacy issues that have the potential of significant adverse impact on the zero-fault audit government directive and increasing threats to KPC infrastructure on easement areas.

Membership of the Ad-Hoc Committee is as follows:

a) Hon. Joyce Emanikor, HSC – Chairperson, BFC
b) Hon. Christopher Odhiambo Karani – Chairperson, BTC
c) Ms. Irene Wachira – Chairperson, BAC
d) Mr. Mutungwa Wambua – Chairperson, BHRC
e) Mr. Joe Sang, EBS – Managing Director

Board Meetings

Full Board and Committee Meetings are held in accordance with the Annual calendar as well as the respective Charters, save in exceptional instances where critical business matters arise.

Thirty-six (36) meetings were held in the year ending 30th June 2025. The attendance was as shown in the table below:

MEETING	NO. OF MEETINGS	ATTENDANCE
Annual General Meeting (AGM)	2	100%
Full Board (BOD)	5	98%
Special Full Board (SBOD)	2	98%
Introductory meeting of the CS MOEP	1	98%
Board Retreat	1	100%
Board Finance Committee (BFC)	4	100%
Special Board Finance Committee (SBFC)	2	100%
Board Human Resource Committee (BHRC)	5	98%
Special Board Human Resource Committee (SBHRC)	1	98%
Board Technical Committee (BTC)	4	100%
Board Audit Committee (BAC)	5	100%
Special Board Audit Committee (SBAC)	2	100%
Board Ad-Hoc Committee	1	100%
Joint BTC-BFC Meeting	1	98%
TOTAL	**36**	-

Appointment and Removal of Board Members

Pursuant to the tenets of Mwongozo: Code of Governance for State Corporations, the Chairman of KPC was appointed by the H.E. the President of the Republic of Kenya vide gazette notice number 15797 dated 22nd December 2022. Further, five (5) independent Members were appointed by the Cabinet Secretary, Ministry of Energy & Petroleum vide gazette notice number 10861 dated 18th August 2023.

Two Directors' appointments were revoked in the year, and two Directors were appointed as their replacements as follows:

- The appointment of Ms. Jane Njeri Mwangi was revoked vide gazette notice number 2672 dated 7th March 2025 and Ms. Martha Wanjiru Miano was appointed as her replacement.

- The appointment of Dr. Eng. Edward Musebe was revoked vide gazette notice number 6483 dated 23rd May 2025 and Hon. Christopher Odhiambo Karani was appointed as his replacement.

Board Charter

The roles and responsibilities of the Board, together with the mechanisms that assist members in fulfilling their strategic oversight role, are outlined in the KPC Board Charter. It requires the Board to carry out its responsibilities by evaluating the operational and strategic plans in light of corporate governance. KPC's adherence to the Charter has made it possible for the company to grow sustainably, economically and have a beneficial social impact.

Role of the Board

As the Company's stewards, the Board of Directors sets the Company's current course as well as its future course by offering direction and guidance through strategic leadership and oversight. The role of the Board includes:

a) Assuming ultimate accountability and responsibility for the performance and affairs of the Company and promoting the legitimate interests of the Company and its shareholders.
b) Maintaining effective control over the Company, directing and supervising its business and affairs.
c) Responsibility to the broader stakeholders which include, inter alia, the present and potential beneficiaries of the Company's services, clients, suppliers, lenders, employees and the wider community to achieve continuing prosperity for the Company.
d) Carrying full fiduciary responsibility and owing a duty of care and skill to the Company in terms of Law and the code of ethics.
e) Exercising leadership, enterprise, integrity and judgement in directing the Company's affairs to achieve continuing prosperity within the context of transparency and accountability.
f) Overseeing, approving, monitoring and reviewing corporate strategy, major plans of action, Company policies, appropriate systems, annual budgets and business plans.
g) Establishing performance objectives to enable it to measure Management's performance and the progress of the Company in attaining set goals, objectives and targets.

h) Managing and protecting the Company's financial position with the aid of its Audit Committee.
i) Ensuring that the Company complies with all relevant laws, regulations and codes of ethical business practice.
j) Responsibility for risk management of the Company through oversight, monitoring and reviewing efficacy of the internal control systems in place.

Conflict of Interest

The Board has ensured that there is a policy on the Management of Conflict of Interest in place.

KPC also maintains a conflict-of-interest register which is present at every Board meeting to ensure that any member in attendance with a conflict of interest declares it for recording it in the register before substantive discussions of agenda or the meeting. Such Member is forbidden from taking part in any discussions and decision-making processes regarding any subject where the conflict of interest arises.

No conflict was declared and registered in the conflict-of-interest register in the quarter.

The Office of the Inspectorate of State Corporations

In accordance with Section 18(2) of the State Corporation Act, the Inspector General (Corporations) has the power to attend meetings of any state corporation including the meetings of the Board and its Committees.

Notices and Board packs for all Board and Committee meetings were shared with the appointed representative who attends Board meetings at their discretion,

Board Induction

Within a month of appointment of new Directors to the Board, an induction programme is prepared, and Management gives the new Members detailed presentations of the company including but not limited to the Company's strategy, the financial performance, vision, mission, values and regulations that govern the organization. The new Members also visit the company's installations to understand the business from a broader perspective. Key corporate documents and the Board Charter are availed to new directors and/or placed on e-board for their use and reference.

Board Development Programme

Every year, a Board Training calendar is prepared based on the Board's training needs which calendar is reviewed and approved by the Board. Members attend the various trainings, workshops and conferences in the Calendar and any such trainings, workshops and conferences that may not be in the calendar that are necessary for the development and knowledge enhancement of the Board.

The Board development programmes are both local and international, the latter depends on budget availability and GOK circulars issued from time to time.

Board Evaluation

The Board conducts an annual Board evaluation supported by the State Corporations Advisory Committee (SCAC) to determine its performance. The evaluation is conducted in a 360-degree module where the Members evaluate the entire Board's performance, the Chairperson, each Member, the CEO, the Company Secretary and the Internal Auditor.

The State Corporations Advisory Committee issues the evaluation results to the Board highlighting areas of good performance and aspects that require improvements.

The Board Evaluation for FY 2023/2024 was conducted on 24th September 2024. The evaluation results for the year were submitted to the Board by SCAC in November 2024.

Board Remuneration

Pursuant *to Mwongozo: The Code of Governance for State Corporations*, Board Members are entitled to remuneration. The Directors' letters of appointment as well as various circulars from the Government give guidelines on when and how much fees and allowances the Directors are entitled to for conducting the Company's business.

The Directors' annual fees are paid upon approval by the shareholders at the Annual General Meeting and after approval by the Cabinet Secretary of the National Treasury.

Governance Audit

A governance audit for the year is under procurement and will be conducted by an accredited governance auditor in compliance with the *Mwongozo: The Code of Governance for State Corporations* and the Board Charter.

The audit shall at a minimum assess KPC's governance practices based on the following parameters:

a. Ethical leadership and strategic Management
b. Transparency and Disclosure
c. Compliance with Laws and Regulations
d. Communication with Stakeholders
e. Board Independence and governance
f. Board Systems and procedures
g. Consistent shareholder and shareholders' value enhancement
h. Corporate social responsibility

The Company also continually monitors and implements the findings and recommendations from previous legal and governance audits.

Code of Ethics and Conduct

KPC ensures that all its Board Members have read, understood and signed a code of ethics policy that is aligned with code of ethics set out in the Constitution of Kenya, 2010 and the KPC's core values.

Wealth Declarations are also completed and submitted by the Directors as required.

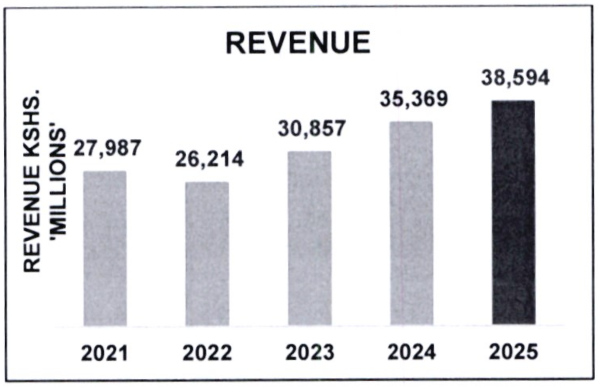
FLORA OKOTH (MRS)
COMPANY SECRETARY

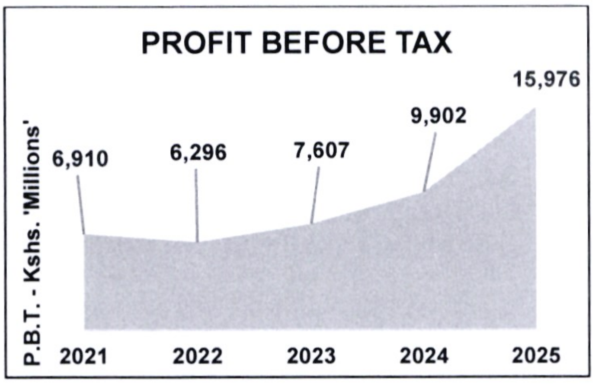
MANAGEMENT DISCUSSION AND ANALYSIS

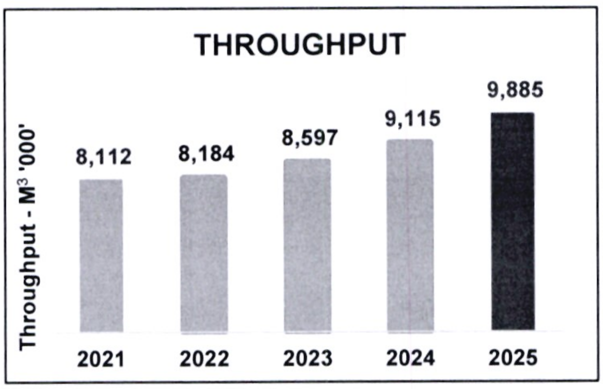
Kenya Pipeline Company has posted impressive financial performance for the last five years. The Group continues to show resilience despite the difficult operating environment given the macro-economic pressures, volatile financial markets and persistent inflationary pressures. Throughput revenues continued the growth trajectory buoyed by the favourable foreign exchange rates from export sales. This has impacted the Profit before Tax positively which is on an upward trajectory. Despite the marginal decrease in asset base, the company continues to invest in capital projects like the handling and storage facilities, Leak and intrusion detection and the Supervisory Control and Data Acquisition (SCADA) system, Line IV (Nairobi- Eldoret) capacity enhancement and Nairobi Terminal (PS10) bottom loading facility.

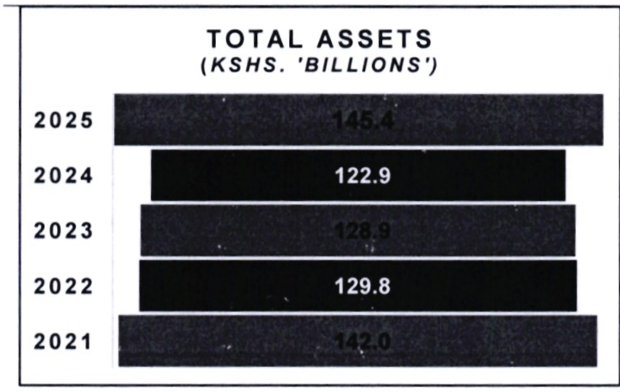
KPC has maintained healthy cash balances over the five years and has been able to meet all its financial and statutory obligations. It is noteworthy that in FY2024/2025, KPC paid in full the syndicated loan facility.

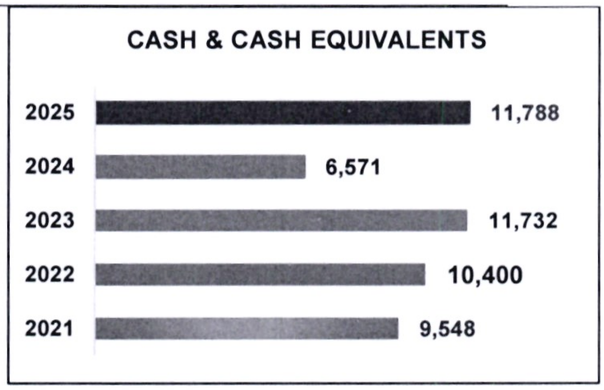
Below is graphical presentation of the Group financial performance for the last five years.











The Group continues to leverage on additional storage capacity at Kenya Petroleum Refineries to complete KOSF and reduce demurrage charges. KPRL has large tracks of land which Kenya Pipeline Company will use for future business expansion.

The upgrade of the flowrate in the Nairobi to Eldoret line (Line 4) was concluded which providing additional flow rates to cater for the surging demand in that area for both local and export customers.

INTEGRATED RISK MANAGEMENT REPORT

The company operates in a highly dynamic and competitive environment and is committed to maximizing shareholder value through a proactive approach to managing its risks and exploiting opportunities. In this regard, the Company has embedded the integrated risk management approach through the adoption of the Enterprise Risk Management (ERM) framework that is aligned with best practices. The ERM policy under implementation is approved by the KPC Board of Directors (BoD) and is consistent with the principals set out in ISO 31000:2018 risk management standards and it guides on risk identification, evaluation, monitoring and reporting in the company. The ERM framework is designed to eliminate operational silos and covers all risks inherent in our processes and activities taking cognizance of their interdependences. The framework also provides a mechanism to create awareness across the organization and integrates views of Management and the Board on risk management. Through the embedding of ERM, the company aims to contribute to business sustainability and enhance shareholder value.

During the year under review, KPC Board and Management continued to support the implementation of key activities aimed at driving the company ERM maturity to the next level. These activities are embedded in the ERM annual programme that was approved by the Managing Director on 20th July 2024 for effective execution. The approved annual ERM program guides the implementation of risk management activities and ensures that companywide risk assessment exercise is carried out, periodic monitoring of identified risks and update of implementation status of mitigation strategies are undertaken by all functional business units to inform decision making.

1.0 ERM DESIGN

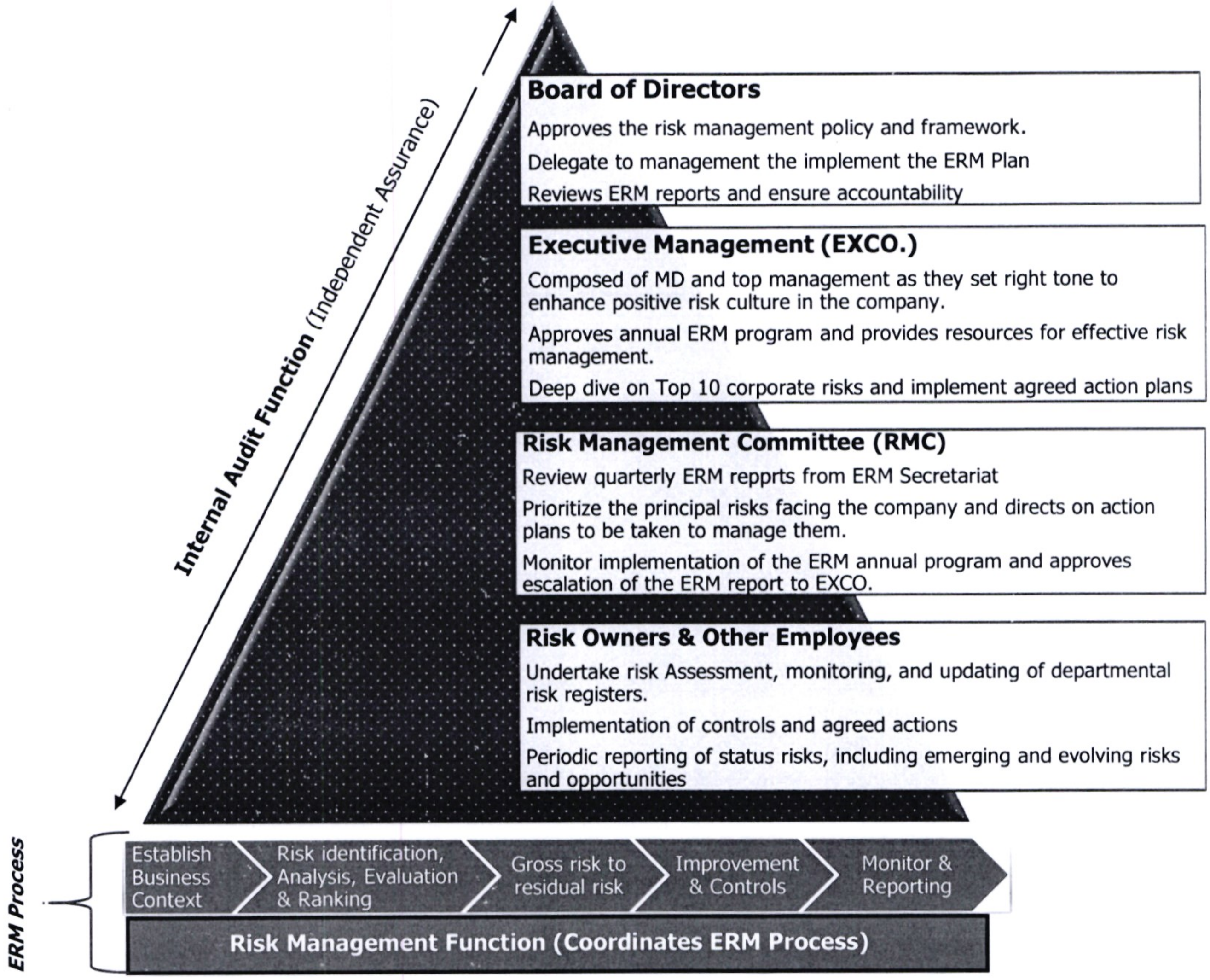
The risk philosophy of the company principally is embedding of an integrated ERM approach across all company activities and operations while managing any potential risks to be within the approved risk appetite and providing reasonable assurance regarding the achievement of the company's strategic objectives. The governance structure for Enterprise Risk Management (ERM) within the company is designed to establish clear roles and responsibilities for risk ownership, oversight, and assurance, in alignment with the Three Lines of Defence model as outlined below:

i. **First Line**: Comprises of business process owners who in KPC structure are departmental managers (Risk Owners). They control budget, implement business strategies, and manage risks within the risk appetite in their respective units.

ii. **Second Line**: Comprises of the risk management function and top management through the Risk Management Committee (RMC). Ensures coordination and implementation of ERM program as per the approved policies and procedures.

iii. **Third Line**: This is an oversight role provided by Internal Audit department. It provides an independent opinion and assurance on effectiveness of risk management processes to the Board of Directors.

KPC has implemented a robust and structured Enterprise Risk Management (ERM) framework, which encompasses the establishment of the business context, systematic identification and assessment of risks, progression from gross to residual risk evaluation, continuous enhancement of risk management strategies and internal controls, and the ongoing monitoring and reporting of critical risk exposures. The overall KPC ERM design and governance structure is as depicted below:



2.0 PRINCIPAL RISKS AND KEY MITIGATIONS IMPLEMENTED

During the financial year, the company carried out quarterly monitoring exercises of the identified top 10 corporate risks to re-evaluate their risk profiles and assess the status of implementation of mitigation measures aimed at effectively managing the risks. The report on the status of implementation of actions to mitigate the corporate risks as at end of FY 2024/2025 is as outlined below:

1.1 Principal Corporate Risks

KPC Risk Categories & Risk Appetite		No.	Risk	Key Mitigations
Strategic	**Medium Risk Appetite** (take calculated risks, and take advantages of opportunities to achieve strategic objectives)	1.	**Market share** Increased competition and escalation of geopolitical tensions in the regional markets may negatively affect/hamper the growth of market share.	– The company undertook several forums of CEO engagements in Rwanda and Uganda during the financial year under review. These engagements aimed to enhance achievement of export throughput targets and foster good customer relationships. – The establishment of the regional liaison office in Kampala has progressed well with a cost-benefit analysis having been completed and initiated preparation of the staff expatriate policy. – Commenced efforts to promote the commercial case for the KPRL trading hub. – Completed and operationalized the petroleum products and LPG truck loading facilities at KPRL. – Enhanced collaboration with HODs on close-out of customer complaint target. This resulted to 90% resolution of customer complaints. – KPC Management undertook several initiatives on inter-agency collaborations key among them being KRA/KPC system integration, Ministry of Transport on axle load, engagement with KRA, SSRA and URA to reduce trade barriers in the transportation of petroleum products via the Northern Corridor Transit Route (NCTR).

KPC Risk Categories & Risk Appetite		No.	Risk	Key Mitigations
		2.	**KPRL/KPC Integration** The source of uncertainty is the possible delay in the conclusion of the dissolution of KPRL which may have a negative impact on the realization of KPC business objective.	– Approval for the dissolution and merger of KPRL and KPC was granted by the National Treasury and the Ministry of Energy and Petroleum (MOEP) with the final process awaiting Cabinet approval. – The Finance committee of the post-acquisition committee commenced the process of consolidation of accounts and financial statement for KPC and KPRL.
Operational	**Low Risk Appetite** (risks that may cause disruptions are not tolerated to ensure continuity of operations in safe and secure manner)	3.	**Pipeline systems Integrity** Delays in the implementation of pipeline inspection report recommendations for line 5, line 2&3, line 4&6, key pipeline projects and other maintenance programs that may compromise integrity of the pipeline system is the source of uncertainty.	– The company continued to implement the recommendations from the Inline Inspection reports for Lines 2, 3, 4, 5, and 6. – Implementation of works on coating repairs along line-5 that were identified by the direct current voltage gradient survey (DCVG) were progressed as planned. – The planned Inline inspection (ILI) of Line-5 was rescheduled to be undertaken in FY2025/26 in line with the recommendations from the previous ILI report. – The following projects were initiated to strengthen pipeline integrity: i) Pipeline Integrity Management System (PIMS), ii) Pipeline Intrusion Detection System (IDS) and iii) Leak Detection System (LDS) – API 653 inspections of product tanks were undertaken with 6 tanks having been completed in FY 2024/25 despite the budget austerity measures.
		4.	**Project Execution**	– Developed the requisite procedures in line with requirements of the project management framework (PMF).

KPC Risk Categories & Risk Appetite	No.	Risk	Key Mitigations
		Concerns are that the company's projects under implementation during the financial year may not be delivered on time, cost, and quality, thus impacting negatively on the project objectives and corporate strategic goals.	– A technical committee on project designs was appointed to oversee detailed designs development and approvals to enhance overall project management. – Progress has been made in formulating a framework that provides a clear foundation for estimating the costs of specialized works, incorporating standardized methods for accounting for costs increases due to factors such as Consumer Price Index (CPI). – Undertook sensitization of project implementation and project preparation teams on mainstreaming of risk management in company projects.
	5.	**Cyber Security** Increased integration with our customers, increased use of remote access, personal and mobile devices on Company network and the rampant cyber-attacks nationally & globally are of major concern for the Company.	– To integrate cybersecurity management system, a concept paper with technical specifications for outsourcing the Security Operation Centre (SOC) was developed and budget approval sought. – Sustained active monitoring, reporting, and timely close-out of identified system vulnerabilities. – Carried out Penetration testing on ICT infrastructure during FY2024/25 and the outcome presented to KPC Management by MOINA (Ministry of Interior and National Administration) in February 2025. – Successfully deployed the Zero Trust access management solution, aimed at enhancing the security posture, increasing visibility and control, and reducing the overall cyberattack surface.

KPC Risk Categories & Risk Appetite		No.	Risk	Key Mitigations
Environmental, Health and Safety	**Low Risk Appetite** (Zero tolerance to environmental, health and safety risks)	6.	**Dynamic Regulatory Environment** The source of uncertainty is the frequent change in regulations (taxation, budgets, dividend policy). Subsequent austerity measures led to budget cuts resulting in limiting available resources for operational activities and capital expenditures thus impacting negatively on implementation of strategic projects, company operations and realization of company objectives.	– Through numerous engagements with The National Treasury, KPC Management successfully secured approval for supplementary budget to support critical operational activities and projects. – Executive Management (EXCO) held periodic sessions to review the company's business performance and potential impact of policy changes for timely and appropriate action.

KPC Risk Categories & Risk Appetite		No.	Risk	Key Mitigations
		7.	**Terrorism** The pipelines and its auxiliary facilities constitute strategic infrastructure to the country that need to be highly safeguarded from any disruption of a catastrophic nature to ensure security of supply of petroleum products.	– Sustained collaboration and information-sharing with other government security agencies as part of the company's strategy to intelligence-gathering efforts. – Initiatives aimed at capacity building on best practices in counterterrorism were undertaken with a security survey having been conducted in liaison with Ministry of interior and national Administration (MOINA). – To strengthen physical security across all KPC facilities, a Visitor Management System (VMS) was deployed during the reporting period. – Conducted a companywide security audit that intended to identify any emerging gaps and vulnerabilities. Implementation of recommended corrective measures were tracked for close-out and reports submitted to management during the FY2024/25.

		8.	**Environmental** a) **Related to company Operations & activities** Hydrocarbon release due to product spillages and leakages could lead to environmental pollution and impact negatively on social, economic, and environmental aspects of our business.	– Continued engagement and collaboration with key stakeholders, such as OSMAG, KPA, KRC and the Lake Basin Development Commission, while maintaining OSMAG support for KOJ and lake transport teams. – Process safety audit for FY 2024/25 was carried out during the year to verify the integrity of pipeline system equipment along Line 4 and the corrective actions monitored for close-out. – The company consistently leverages on third-party support from tier 2 and higher service response providers, including OSMAG and UK based Oil Spill Response Limited (OSRL), with OSMAG training conducted on a quarterly basis. – Procured fast tanks, that serve as emergency storage units to enhance operational efficiency and support petroleum spill containment. – Implementation of phase 1 of the oil spill containment dams completed at PS01, PS02, PS03 and PS12 with exception of KOSF depot which is in progress. Contract for Phase 2 has been awarded. – Undertook maintenance of oil-water separators (OWS) and spill containment dams that aims to ensure reliable and enhance operations of secondary spill containment (dump tanks). – The Emergency Response procedure was updated incorporating defined maximum allowable response times for incidents occurring along the company wayleave.
			b) **Related to climate change** The risk relates to the potential negative impact of climate change inherent in commercial, regulatory, physical and brand/reputation risks on the realization of the company	– Initiated the tendering process to engage a consultant to conduct a baseline emission assessment, formulate the ESG implementation strategies and prepare a sustainability report that reflect the company's ESG performance. – The company planted 1,309,791 trees, with Narasha Forest accounting for 551,805 trees. – The pipeline wayleave carried out prompt and coordinated reinstatement of pipeline sections exposed due to washout caused by heavy rains.

KPC Risk Categories & Risk Appetite	No.	Risk	Key Mitigations
		objectives with global energy transitions initiatives.	– Transition to paperless environment was rescheduled for implementation to FY 2025/26. – The Company's energy transition strategies have been incorporated in the revised Corporate Strategic Plan (CSP).
	9.	**Fire** The Company handles highly inflammable petroleum products and fire may break out from any ignition source that may lead to catastrophic consequences.	– Commenced implementation of the automated fire detection systems across all KPC facilities. – The relocation process of fire emergency stores from the tank farms to safer locations at the Nairobi Terminal and JKIA depots begun and currently in progress. – Emergency Response Teams (ERT) were appointed and posted in all KPC stations and depots. – Fire equipment inspections and the statutory fire safety audits scheduled for FY2024/25 were undertaken by contracted 3rd parties in the 4th quarter. – The company made great efforts to address and close out at least 80% of all non-conformance reports (NCRs) identified during process and electrical safety audits within FY2024/25.

KPC Risk Categories & Risk Appetite		No.	Risk	Key Mitigations
Legal & Regulatory	**Low Risk Appetite** (zero tolerance to non-compliance to legal and regulatory requirements to minimize on litigations).	10.	**Litigation** Due to the nature of its operations, the company can sue and can be sued, leading to increased litigation costs. The company has high legacy cases that are yet to be determined.	– User departments were sensitized as scheduled on the lessons learned from litigation outcomes during the FY2024/25. – The company continued to provide legal guidance and advisories throughout contract implementation process, including release of retention funds to contractors, to ensure effective contract management. – Sustained the application of amicable resolution of contractual disputes through Alternative Dispute Resolution (ADR). – To mitigate against project delays caused by conflicts among joint venture contractors, the company initiated a review of contract clauses specific to joint ventures.

1.2 Commentary on Key Changes on the Principal Risks

In comparison with the previous FY 2023/2024, the dynamic regulatory environment risk was elevated to the list of principal risks for the FY 2024/2025 following assessment of its overall risk profile and its possible impact to the company operations and projects. The Source of uncertainty was driven by the frequent change in regulations (taxation, budgets, dividend policy). The other risk factors that impacted on the severity of the dynamic regulatory environment risk were the government austerity measures that led to budget cuts thus limiting available resources for operational activities and capital expenditures and thus impacting negatively on implementation of strategic projects, company operations and realization of company objectives.

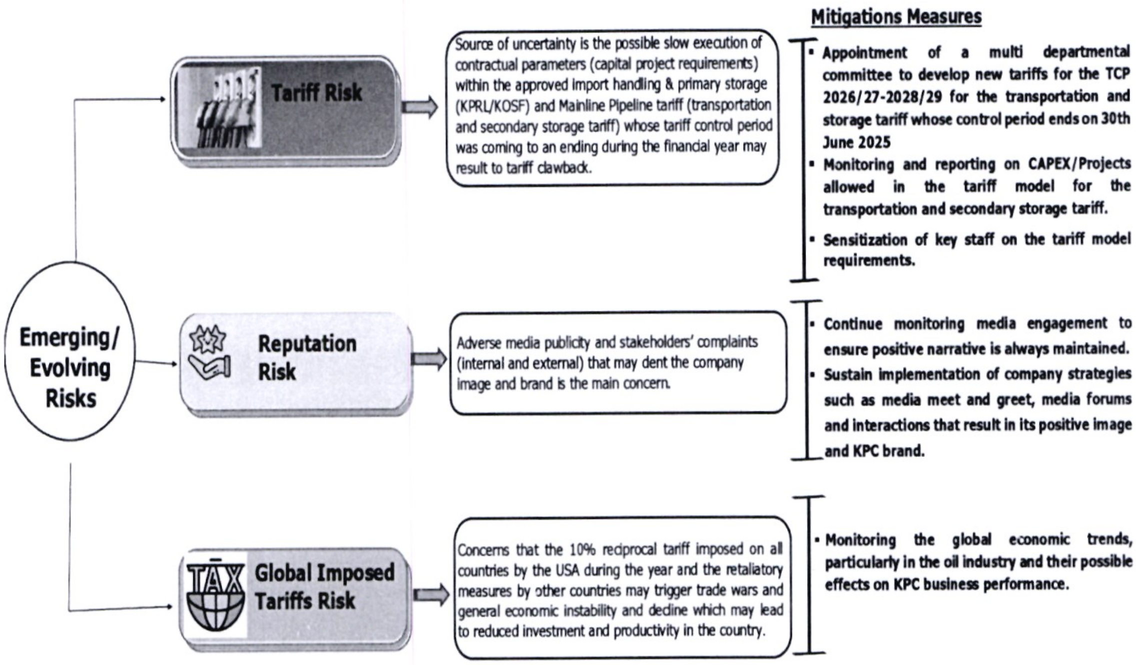
The tariff risk was dropped from the list of principal risks for FY 2024/2025. However, both Reputation risk and Tariff risk continue to be reported as evolving risks due to their volatility and possible high impact to the company business in the event of their occurrence.

During the financial year, the environmental risk was re-characterized to include aspects related to climate change to create visibility, accelerate implementation of action for energy transition strategies. Detailed improvement action plans were designed to mitigate against the potential negative impact of climate change inherent in the following aspects:

i. **Commercial Impact**: Transition to a low carbon economy may lower petroleum throughput for KPC& impact on sustainability of core business. Level of energy transition of business may also influence investment decisions by investors and financiers thus reducing access to and increasing the cost of capital.
ii. **Regulatory Impact**: Need to ensure adherence to national, regional and global regulations related to net-zero.
iii. **Physical Impact**: climate change may negatively impact on KPC assets, operations, supply chain disruptions through flooding, landslides and other extreme weather conditions.
iv. **Brand/Reputation Impact**: Increased accountability & failure to comply with climate change requirements may negatively impact on our brand and reputation in the long run.

3.0 EMERGING/EVOLVING RISKS

During the period under review, the company assessed the business environment and micro-economic factors to identify any significant emerging/evolving risks. Some of the key evolving risks reported during the period were:



4.0 BUSINESS CONTINUITY MANAGEMENT

KPC maintains a robust business continuity management framework designed to ensure that critical business functions can continue in the event of a disruption. The overall goal of business continuity management is to ensure business resilience in the event of a major disruption through timely resumption and delivery of essential business activities as provided for in the Company's Business Continuity Management (BCM) Policy. This includes developing and testing business continuity plans to ensure that mission critical processes can remain resilience to offer essential services during and after the disruption.

During the financial year under review the following key actions were prioritized and implemented:

i. **Business Impact Analysis (BIA)**

The company undertook a comprehensive Business Impact Analysis (BIA) to revalidate the mission critical functions and process. Business Impact Analysis (BIA) is a foundational process that identifies and evaluates the potential effects of disruptions on critical business functions and processes. It provides the basis for prioritizing recovery strategies and resource allocation to ensure timely restoration of essential services.

ii. Business continuity testing (BCP) and exercising

BCP Testing and Exercising is conducted annually in line with the approved ERM annual programme by sampling at both corporate, departmental and depot levels. Specific objectives of BCP testing & exercising were to:

(i) Evaluate validity, relevance and effectiveness of Business Continuity Plans (BCPs) at both depot and departmental level,

(ii) Enhance awareness and embedding of business continuity management with a view to building operational resilience in the company.

Arising from the exercise, areas of opportunities for improvement were identified and prioritized. The exercise simulated a disruption scenario involving "power outages" that could affect KPC operations. Power outages continue to have significant operational and financial impacts on KPC given its energy requirement to transport petroleum products along the pipeline. Areas of improvements were identified and incorporated in the Business Continuity Plans to enhance the organization's resilience and response capabilities in the event of similar future incidents.

iii. Revision of Business Continuity Management framework

As part of our continual improvement efforts, a review of the existing BCM framework was carried out during FY 2024/25. The review process was undertaken through a structured consultative process involving BCM champions, heads of various business units, Executive Management and the Board of Directors. Subsequently, a revised BCM Policy aligned to best practices including the guiding principles of ISO 22301:2019 on business continuity management was approved by the Board of Directors for implementation in the fourth quarter of FY 2024/25. The Policy outlines key principles which will be consistently applied to the KPC business continuity management system to build on organizational capabilities to effectively respond to disruptive events.

ENVIRONMENTAL AND SUSTAINABILITY REPORTING

In FY 2024/2025, Kenya Pipeline Company (KPC) reinforced its commitment to environmental sustainability, operational safety, and social responsibility. The company advanced its sustainability strategy through targeted interventions across climate action, resource use management in terms of energy efficiency, water conservation, biodiversity restoration, and safety management.

Summary of Key 2024/25 Achievements is summarized below

Theme	Highlight
GHG Management	Baseline GHG inventory initiated (Scope 2 and 3) 1,386.00 tonnes of CO_2 emitted in FY 24/25 Net savings of 311.86 tonnes of CO_2 compared to the previous FY.
Energy Efficiency	15.36 kWh/m³ energy intensity achieved compared to 15.6kWh/m³
Water Management	5% reduction in annual water use; 100% effluent compliance
Waste Management	100% compliance with NEMA-certified disposal both for domestic and hazardous waste.
Tree Planting	Planted 1,803,932 million trees from 2017 to June 2025. Planted over 1,046,996 million trees this year, contributing to an estimated carbon offset of 952,209 tCO_2e in 10 years.
Safety Performance	Total Recordable Injury Frequency Rate reduced from 3.39 to 2.54
Training	1,078 participants trained in the key safety area
Compliance	100% compliance in all audit areas

KPC's proactive initiatives, including expanded reforestation efforts, investment in clean energy, underscore its leadership in building a clean, resilient, and sustainable energy transport system for Kenya and the region.

1. STRATEGIC FRAMEWORK FOR SUSTAINABILITY

1.1 Vision and Statement

KPC envisions a resilient, low-carbon energy transport system that safeguards Kenya's ecosystems, empowers communities, and delivers sustainable value across generations. Sustainability is central to the KPC refocused Strategic Plan which integrates climate resilience, circular economy principles, nature-based solutions into KPC's infrastructure, investment, and operation.

1.2 Governance and ESG Oversight

KPC is in the process of rolling out robust governance structures to drive environmental, social, and governance (ESG) accountability though:

- ESG-linked Key Performance Indicators (KPIs).
- Annual policy reviews and stakeholder consultations to reassess material topics as per adopted relevant standards i.e. GRI.
- ESG compliance monitoring through an integrated Internal Audit, Risk, and Compliance Framework anchored on KPC core values.

1.3 Assessment and Stakeholder Engagement

In FY 2024/25, KPC assessed the company's effect on the environment and society. The process was informed by:

- Reviews from KPC internal departments.
- Alignment with international sustainability reporting frameworks.
- External stakeholders' engagement in grievance management.

1.3.1 Top Focus Topics (FY 2024–2025)

The following priority topics emerged, guiding the company's sustainability focus and disclosures:

Topic	Scope and Focus Area
Greenhouse Gas Emissions	Scope 1 GHG emissions reduction.
Water Resource Management	Water use efficiency and wastewater treatment.
Energy Use and Efficiency	Energy intensity metrics, renewable integration, and modernized pumping systems.
Safety and Emergency Preparedness	Leak detection systems, emergency response, stakeholder engagement awareness.
Biodiversity Protection	Restoration of **Mangroves**, Pump Station reforestation, reforestation partnerships with KFS and CFAs.

2. ENVIRONMENTAL PERFORMANCE

2.1 Environmental Policy

KPC's Environmental Policy is anchored on the principles of pollution prevention, legal compliance, resource efficiency, and biodiversity protection. It aligns with Kenya's Environmental Management and Coordination Act (EMCA), ISO 14001:2015, and the global ESG disclosure requirements under IFRS S2.

Key policy commitments include:

- Preventing environmental degradation and promoting sustainable resource use
- Monitoring and reducing greenhouse gas (GHG) emissions and other pollutants
- Ensuring sustainable land use and forest conservation within pipeline wayleaves
- Promoting waste reduction, recycling, and responsible disposal.

2.2 Greenhouse Gas Emissions

KPC monitors and discloses its greenhouse gas (GHG) emissions across all relevant scopes to assess its climate impact and inform reduction strategies. Emissions are reported in metric tonnes of CO_2 equivalent (tCO_2e) in alignment with international standards.

KPC has engaged a consultant to carry out baseline emissions for scopes 1, 2 and 3 in operations.

2.2.1 Quantitative Disclosure (tCO_2e)

KPC consumed approximately 517,175.35 liters of fuel across operations during the reporting period, resulting in an estimated 1,386.00 tonnes of CO_2 emissions, based on an emission factor of 2.68 kg CO_2 per litre (IPCC Tier 1 default).

Metric	FY 2023/24	FY 2024/25	Change	% Change
Fuel Consumed (Litres)	633,530.88	517,175.35	-116,355.53	-18.37%
CO_2 Emissions (tCO_2)	1,697.86	1,386.00	-311.86	-18.37%
Efficiency Indicator	Moderate	Improved	↓ Emissions	↑ Efficiency

KPC achieved a significant drop of over 116,000 litres in fuel usage—likely due to enhanced energy efficiency measures

This reduction led to a net savings of 311.86 tonnes of CO_2, equivalent to the removing 67 passenger cars from the road for one year.

2.2.2 GHG Reduction Measures:

KPC implemented measures to reduce and mitigate the GHG through:

- Solar PV installations at HQ.
- Variable Frequency Drives (VFDs).
- Modernization of its motors for enhanced operational efficiency.

2.3 Energy Use and Intensity

Energy is a critical resource in KPC's operations, particularly for powering pump stations and terminal facilities across the pipeline network. In FY2024/2025, the company consumed a total of 139.155 Megawatt-hours (MWh) to support the transportation of 9,061,293 cubic meters of petroleum products.

KPC continues to monitor and manage energy consumption with a focus on operational efficiency. The company tracks energy intensity the ratio of energy consumed per cubic meter of throughput as a key metric for efficiency improvement.

For the reporting year, the average energy intensity was *15.36 kWh/m³*, demonstrating stable energy performance across the pipeline system despite operational variations and seasonal demand.

Indicator	FY 2023/24	FY 2024/25
Total energy use (MWh equivalent)	141.543	139.155
Throughput (M3)	9,071,235.46	9,061,292.82
Energy Intensity (MWh/M3)	15.6	15.36

2.3.1 Initiatives:

- Grid-to-solar transition at HQ saved over 50% in the FY under reporting.
- Use of Variable Frequency Drive technology in our installations.
- Carried out Energy Management audits as per EPRA requirements.
- Inception of the KPC energy master plan.

2.4 Resource Use Management

2.4.1 Water Use, Efficiency, and Pollution Control

Kenya Pipeline Company monitors its water usage across all the stations as part of its environmental sustainability and resource efficiency commitments. Water consumption is tracked monthly to identify trends, manage usage and promote conservation practices. Water use in KPC is largely for domestic use and firefighting with minimal process use.

The chart below visualizes FY 2023/2024 accounts for a slightly larger share of the total water usage compared with FY 2024/2025. This was attributed to a number of projects that were implemented during the period.

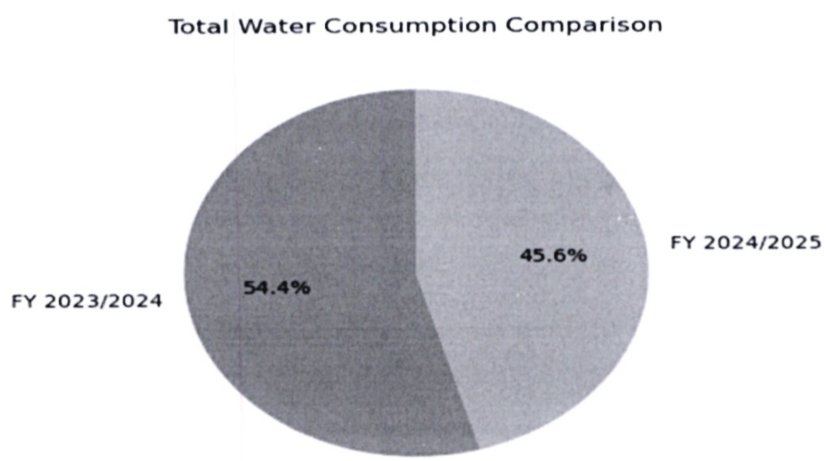


figure 1: water consumption comparison FY FY2023/2024 and FY 2024/2025

These insights are helping guide ongoing water efficiency strategies, including infrastructure reviews, behaviour change among staff, and alignment with Kenya's broader water conservation goals.

Overall, FY 2024/2025 shows higher consumption in most months except for September, October, and April as shown in the bar graph below.

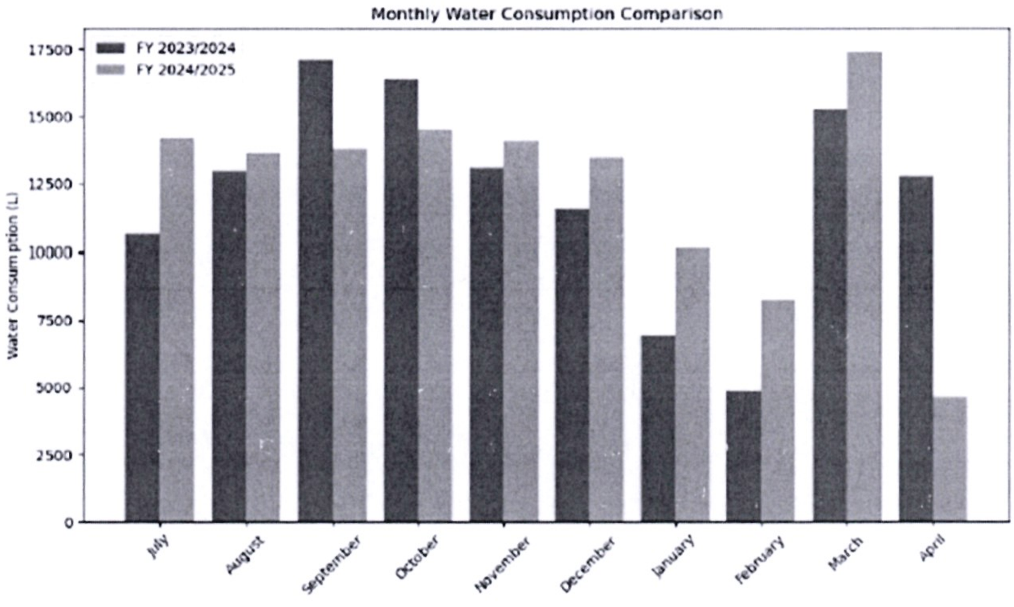


Figure 2: Monthly Water Consumption FY 2023/2024 and FY 2024/2025

Indicator	FY 2023/24	FY 2024/25
Total water used (m^3)	89,600	<85,000
Effluent compliance (NEMA)	95%	100%

2.4.2 Initiatives:

- Collection of rainwater for interstation site greening and tree growing initiative through use of roof surface in the stations and spill containment dams during dry seasons.
- Installation of drip irrigation systems at Samburu, Maungu, Manyani, Mtito Andei, Makindu, Sultan and Konza pumping stations to effectively utilize water in these stations and enhance environmental restoration restorations.
- Effluent Treatment Plant upgrades are ongoing at Sultan Hamud (PS 7) , Jomo Kenyatta International Airport (PS 9), and Nairobi Terminal (PS 10) and efforts are ongoing for other stations to improve facilities efficiency.

2.5 Waste Management

KPC implements a structured Waste Management Procedure encompassing segregation, labelling, tracking, and safe disposal of both hazardous and nonhazardous waste. All disposal activities are conducted through NEMA-licensed service providers.

2.5.1 Management Approach:

- Hazardous waste is securely handled and transported to licensed disposal facilities.
- Domestic waste is collected, handled from all stations and disposed of through certified handlers

Waste Type	Disposal Method	Compliance Status
Used oil	NEMA waste handlers	NEMA-compliant
Sludge	Stabilization and secure landfill	NEMA-compliant
General waste	Municipal landfills	NEMA-licensed handlers
E-waste & Scrap metal	Recycled via certified vendors	NEMA-compliant

2.5.2 Hazardous waste disposed

Hazardous waste generated from interceptor pits, tank cleaning, OWS systems and general bunded areas were collected and disposed using NEMA approved waste handler. The quantities are tabulated below:

Waste Type	Quantity	Handling Method
Sludge	1,633 drums (200s each)	Collected, stored, disposed via licensed waste contractor
Total Volume	**326.6 m³**	—

2.6 Air Emissions and Stack Monitoring

KPC conducts routine monitoring of stack emissions and ambient air quality at operational sites to ensure compliance with NEMA Air Quality Standards. Testing focuses on:

- Particulate Matter (PM10, PM2.5).
- Sulfur Oxides (SOx).
- Nitrogen Oxides (NOx).
- Volatile Organic Compounds (VOCs).

Corrective measures are implemented immediately for any non-compliance noted during the monitoring cycle thereby enhancing equipment and facilities operational efficiency.

2.7 Effluent Discharge and Ground Groundwater Monitoring

KPC conducts effluent discharge monitoring every quarter to ensure compliance with environmental regulations and prevent contamination of surrounding ecosystems.

In parallel, groundwater monitoring wells are maintained to detect any subsurface contamination that could impact aquifers or community water sources.

Parameter	Monitoring Frequency	Standard Referenced
Effluent Discharge	Quarterly	Water Quality
Groundwater Quality	Quarterly	Water Quality

2.7.1 Oil Spill Management

In FY 2024/2025, KPC recorded a total of 24 spillage incidents, all confined within station boundaries. There were no spillages along the Right of Way (ROW)/way leaves, a significant milestone in protecting biodiversity and communities.

Key Measures in Place:

- SCADA-based leak detection
- Routine ROW patrols
- Emergency preparedness and response plans
- Community awareness campaigns

Region	FY2023/24 – Station	FY23/24 – ROW	FY2024/25 – Station	FY2024/25 – ROW
Total	20	8	24	0

2.8 Biodiversity & Tree Growing (Including Mangroves)

KPC transforms environmental responsibility from principle to practice through targeted ecosystem restoration and greening initiatives across its operations. As part of its commitment to Kenya's national goal of planting 15 billion trees by 2032, the company has prioritized both inland and coastal restoration through partnerships with various stakeholders such as Kenya Forest Service (KFS), National Environment Management Authority (NEMA), public schools, communities living along the Pipeline

Right of Way, and private sector entities such as Equity Bank among other stakeholders.

These reforestation efforts will offset carbon emissions from our operations equivalent to **~952,200 MtCO$_2$** (assuming healthy tree survival and growth)

Biodiversity KPI	FY 2024/25	Since 2017
Total trees planted	1,046,996	1,803,932
Mangroves planted	209,000	711,980
Assorted	837,996	1,091,952
CFAs engaged in the restoration activities	15	Over 20

1.3.1 Estimated Carbon Offset in 10 years

Tree Type	No. of Trees	Sequestration	CO_2 Offset (tons)
Mangroves	711,980	100 kg CO_2/year/tree	711,980
Other Trees	1,091,952	22 kg CO_2/year/tree	240,229
Total	**1,803,932**		**952,209 tons CO_2**

Over **952,200 metric tons** of CO_2 offset over 10 years.

"Carbon sequestration rates used in this report are based on internationally recognized standards and peer-reviewed studies, including IPCC (2006), UNEP (2020), and Donato et al. (2011). Mangroves were **estimated** at 100 kg CO_2 per tree per year, and upland trees at 22 kg CO_2 per year per tree over a period of 10 years."

2.8.1 Achievement Highlight:

- Narasha Forest Partnership (Kajiado): over **750,000** trees; farming integrated as livelihood support.
- Mangrove Restoration in Jomvu Creek: Planted over 209,000 mangroves in collaboration with CFAs.
- Support over 1500 workers through direct labour.
- Station afforestation in Samburu, Manyani, Mtito Andei, Makindu, Konza and Sultan Hamud with fruit seedlings.

2.8.2 Partners Adopted

KPC has also fostered valuable partnerships with other various stakeholders who regularly participate in tree planting. These includes.

- KPC staff.
- Kenya Forest Service.
- Equity bank through its Foundation.
- Office of the first Lady's officer through its Mama Doing Good programme.
- Kenya Defense Forces (KDF).
- Kenya Navy (KN).
- Greens of Africa Foundation.
- Community Forest Associations,
- Provincial Administration.

3. SOCIAL IMPACT

3.1 Health and Safety

KPC remains committed to ensuring a safe and healthy working environment for all employees, contractors, and surrounding communities. Our safety performance is guided by the principles of zero Harm, continuous improvement and proactive risk management. The company operates a robust Occupational Health and Safety Management System (OHSMS), aligned with Kenya's Occupational Safety and Health Act (OSHA, 2007) and benchmarked against ISO 45001 standards.

3.2 Incident Trends

56 incidents were reported across KPC installations with **zero fatalities** recorded. While the number of reported incidents reflects improved vigilance and reporting culture, all cases were addressed through established safety processes.

Incident Type	FY2023/24	FY2024/25	Trend	
Product Spillage	27	24	Decrease (but most common)	
Equipment Damage	15	12	Decrease	
Medical Treatment Injury	14	6	Significant decrease	
Lost time injury	1	1	Constant	
Fire	4	5	Slight increase	
Near Miss	5	1	Decrease	
First Aid Case	4	2	Decrease	
Contamination	1	1	Constant	

Truck Overfill	1	2	→ Constant
Motor vehicle damage	3	2	↓ Decrease
Fall from Height	0	1	↑ Increase
TOTAL	**74**	**56**	↓ Significant decrease

3.3 Incident indicators

Based on the incident data provided above, the following formula was used:

- Lost Time Injury Frequency Rate (LTIFR) = (Number of Lost Time Injuries × 1,000,000) ÷ Total Hours Worked.
- Total Recordable Injury Frequency Rate (TRIFR) = (Total Recordable Injuries × 1,000,000) ÷ Total Hours Worked
- SOCA – Safety Observation Cards: Counted directly (no formula)

Safety Indicator	FY 2023/24	FY 2024/25	Trends
Lost Time Injury Frequency Rate (LTIFR)	0.28	0.28	→ No change
Total Recordable Injury Frequency Rate (TRIFR)	3.39	2.54	↓ Improved
SOCA	1839	2239	↓ Improved

4. COMPLIANCE

Kenya Pipeline Company complies with laws like EMCA, OSHA, and sectoral regulations on environmental protection, worker safety, and operational risks. It keeps a comprehensive compliance register and actively engages regulators including NEMA, EPRA, DOSHS, and county authorities via audits, inspections, and reports. All licenses, like effluent discharge, air emission, fire safety, and safety audits, are maintained and renewed timely.

4.1 Compliance and Audit Summary

Item	Status	Notes
Effluent Discharge Licences	Compliant	Updated annually
Air Emission Licences	Compliant	Updated annually
Environmental Impact Assessments	Compliant	Updated for all expansion projects
Environmental Audits	Done annually	Last audited in February 2025

Item	Status	Notes
ISO 14001 Certification	Maintained	Surveillance audit done in February 2025
Workplace Registration	Complaint	Renewed in May 2025

4.2 EIA Licenses for projects

KPC ensured compliance through the Acquisition and monitoring of EIA licenses for projects as prescribed by NEMA for all ongoing projects, which were:

#	Location	Project
1.	PS 14, 5 & 9	Fire storage sheds -All licensed and works completed within the ESMP guidelines.
3.	Line 1	Decommissioning of Line 1
4.	PS 28	Construction of an Additional AGO tank at Kisumu, PS 28. Works executed and completed within the ESMP guideline.
5.	PS 10	Proposed Nairobi Trucks Bottom Loading Facility-BLF. Facility licensed.
6.	PS 22	Line 4 Upgrade-Partial Phase 2-PS 22, Ngema. Work licensed and completed.
7.	KM 306 – Line V	Replacement of 400m pipeline at Kiboko River Crossing

4.3 Statutory audits:

Recent audits confirm 100% compliance with relevant regulatory standards with corrective actions closed out progressively.

#	Audits	Frequency	Remarks
1	Environmental Self Audit	Annual	Due for submission
2	Fire Safety Audit	Annual	Valid
3	Occupational Safety and Health Audit	Annual	Valid
4	Medical Examinations	Annual	Valid
5	Plant Examination	Annual	Valid
6	Effluent Water Analysis	Quarterly	Valid

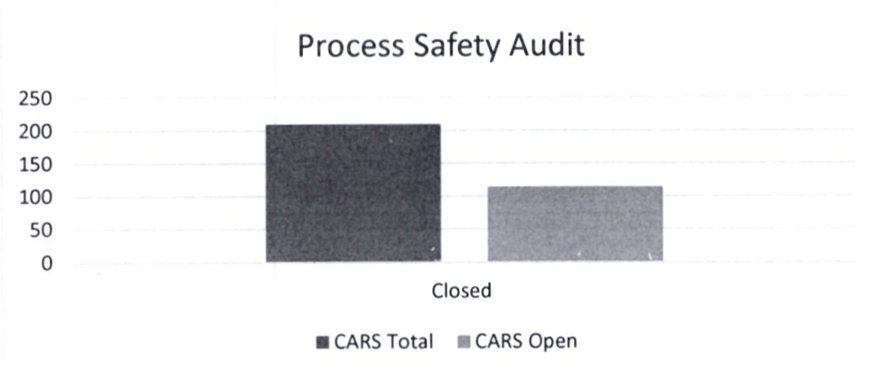
7	Portable Fire Equipment Inspection	Bi-Annual	Valid
8	Emergency Response Drills	Quarterly	Valid

4.4 Non-statutory compliance

At KPC, we prioritize **process safety** and **electrical safety** to prevent catastrophic system failures, minimize the risk of hazardous releases, and ensure plant uptime and operational efficiency. These initiatives are supported by regular audits led by multi-disciplinary teams to identify gaps and implement corrective actions.

4.4.1 Process Safety Audit

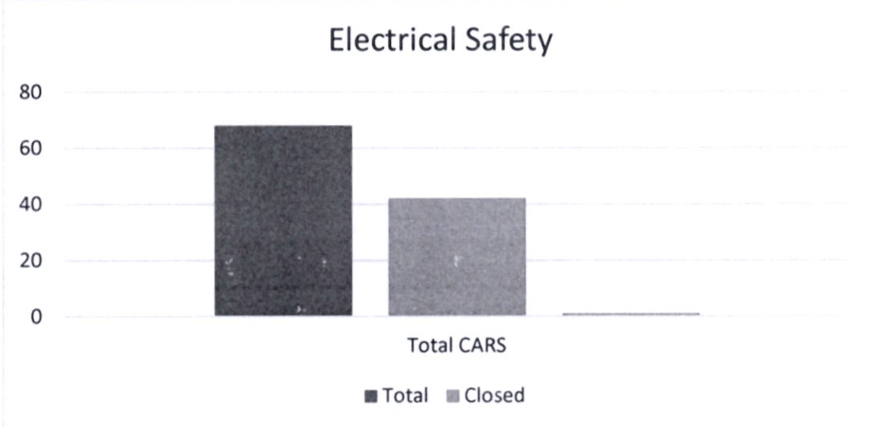
KPC conducted process safety audits of its pipelines Line IV, V & VI using a multi-disciplinary team comprising members from various departments. The audits resulted in the identification of a total of 209 corrective actions. As of now, 50% of these corrective actions have been successfully closed.



Status of process safety audits

4.4.2 Electrical Safety Audit

Electrical safety audits were conducted across all KPC stations and pipeline systems by a multi-disciplinary team. The audits identified 68 Corrective Actions (CARs) and 70% of CARs have been closed.



Status of Line Electrical safety audits

5. TRAINING AND CAPACITY BUILDING

5.1 Safety Culture

KPC is committed to cultivating a proactive safety culture where every individual—whether employee, contractor, intern, or visitor—takes personal responsibility for safety. Safety is not treated as a compliance obligation but as a shared value that underpins every aspect of the company's operations.

Some of the key initiatives within the year were:

a) **Mandatory Safety Induction**
Comprehensive onboarding for employees, contractors, interns, and attachés to align with KPC safety standards.

b) **Weekly Safety Bulletins**
51 bulletins issued to enhance awareness on emerging risks and best practices.

c) **Safety Recognition Program**
Incentives and rewards for safety champions to promote positive reinforcement.

d) **Engagement through Walkabouts & SOCAs**
Quarterly safety walkabouts and systematic closure of Safety Observations and Corrective Actions (SOCAs).

e) **Safety Culture Perception Survey**
Company-wide survey conducted to assess staff attitudes and inform targeted behavioral interventions.

By making safety everyone's responsibility, KPC continues to strengthen its resilience, reduce risk exposure and promote operational excellence.

5.2 Capacity building

As part of its commitment to continuous improvement in safety and emergency preparedness, KPC conducted targeted training programs during the reporting period. These initiatives aimed to strengthen personnel competencies, enhance compliance, and ensure readiness in emergency response

Training Type	Participants Trained
Health and Safety Committee Training	405
First Aid Refresher Courses	61
Incident Investigation Training	299
Fire Marshal Training	313

These trainings contributed to improved hazard awareness, incident response efficiency, and overall safety culture across operational sites.

6. Relevant SDGs

SDG	Goal	KPC Alignment
3 GOOD HEALTH AND WELL-BEING	**Good wellbeing**	Zero fatalities, 2,239 SOCAs reported, Fire Marshal, First Aid, and Incident Investigation training programs, TRIFR reduced from 3.39 to 2.54.
6 CLEAN WATER AND SANITATION	**Clean Water and Sanitation**	Effluent treatment plant upgrades, 100% effluent compliance, groundwater monitoring, and rainwater harvesting.
7 AFFORDABLE AND CLEAN ENERGY	**Affordable and Clean Energy**	HQ solar installations, reduced energy intensity, VFD integration, Energy Master Plan.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	**Industry, Innovation and Infrastructure**	Pipeline system automation, hydrocarbon sensor project, energy audits, leak detection technology.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**Responsible Consumption and Production**	Structured waste segregation, hazardous waste tracking, waste segregation and GHG baseline initiated.

SDG	Goal	KPC Alignment
13 CLIMATE ACTION	**Climate Action**	Tree planting (1.05M trees), 952,200 tCO_2e offset, GHG Scope 1–3 inventory, zero ROW spills.
14 LIFE BELOW WATER	**Life Below Water**	Mangrove restoration (209,000 mangroves), Jomvu Creek project, coastal biodiversity protection.
15 LIFE ON LAND	**Life on Land**	Narasha forest reforestation, indigenous species planting, erosion control, pipeline ROW management.
17 PARTNERSHIPS FOR THE GOALS	**Partnerships for the Goals**	MoUs with CFAs, Kenya Forest Service, Equity Foundation, community CBOs

7. CONCLUSION

Kenya Pipeline Company's 2024/2025 Sustainability Report reflects a year of progress, innovation, and strengthened commitment to responsible energy transport. Through data-driven environmental management, improved safety practices, and active community engagement, KPC has laid a strong foundation for long-term sustainability and operational excellence.

The successful initiation of a company-wide greenhouse gas inventory, enhanced energy and water efficiency, zero product spillages along the Right of Way, and the planting of over one million trees demonstrate KPC's alignment with national and global climate action goals. The company's zero-fatality safety record, targeted staff training, and strengthened safety culture further reinforce its duty of care to employees and the public.

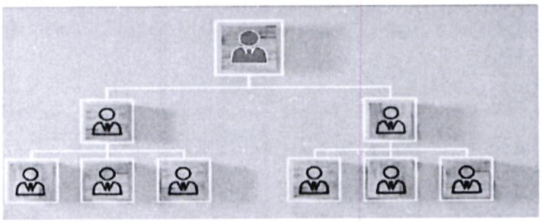
Looking ahead, KPC remains focused on deepening ESG integration across its operations. Investments such as the hydrocarbon sensor detection system, energy master planning, and expanded biodiversity partnerships will ensure that future pipeline operations are not only resilient and efficient, but also environmentally sound and socially inclusive.

8. EMPLOYEE WELFARE

(a) Key human resources strategic objectives

During the FY 2024/2025, KPC made significant progress in achieving key human resources strategic objectives which focused on, aligning its organisation structure to support strategy execution, enhancing performance through effective talent management, fostering a culture of change and high employee engagement and strengthening leadership quality as well as promoting integrity. Key achievements arising there from include

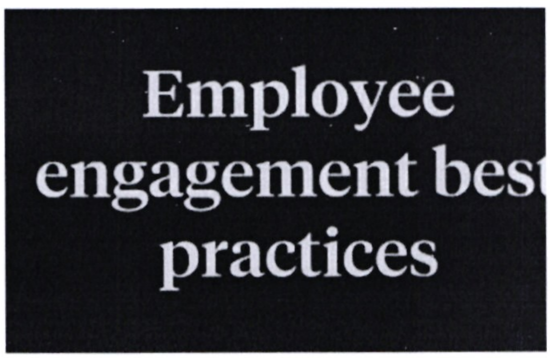
i) A reviewed organizational structure aligned with the business strategy that was adopted by the Board of Directors in March 2025.



ii) a comprehensive Training Needs Analysis (TNA) for rollout in FY2025/2026 that will ensure the development of skills and competencies aligned with Company's Strategic plan

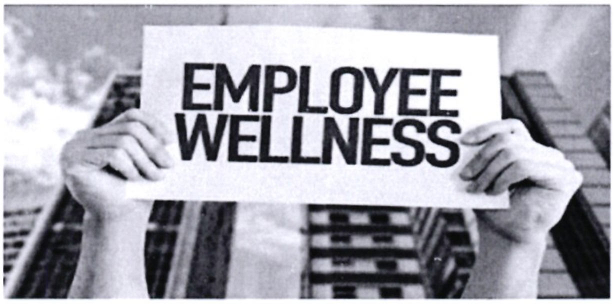
(b) Employee engagement

Employees are KPC's backbone, and their contribution therefore remains key and of major interest to the Company's leadership. Meaningful engagement of staff enables the Company to know their perceptions as well as determine areas of realignment and improvement. Various key initiatives such as engagement of Staff through town hall meetings, team building activities, online meetings on topical issues etc remain part of the means used to reach out to Staff



Adherence to the rule of law as well as

Company Policies for day-to-day running is the fulcrum upon which management of Staff revolves. To foster harmonious industrial climate, KPC's leadership maintains a consultative working relationship with the Kenya Petroleum Oil Workers Union (KPOWU) with the recent engagements involving preparations for negotiations of the CBA for the period 2025/2029



(c) Occupation Health, Safety & Wellness

KPC enforces OSHA-compliant policies including Medical Surveillance, Incident & Emergency Response, and Fatigue Management. A counselling unit, Employee Assistance Program (EAP), mental health initiatives, and wellness activities that include a modern Gym at its headquarters (support holistic staff wellbeing.

(d) KPC's FY 2024/25 Performance contracting and Productivity Levels

KPC's overall performance in GOK/KPC Performance Contract (assessed in FY 2024/2025) was rated at a Score of **2.8681**, classified as 'Very Good.

On the other hand, Productivity measurement which was introduced in KPC in FY2023/24 and assessed at an index of **3.049** then out of maximum of 5, improved to **4.419** in FY2023/24

(e) Staff "Sunset years" support

To ensure comfort in retirement for its Staff, the Company continued to sponsor the Kenya Pipeline Company Retirement Benefits Scheme for its Staff.

(f) Diversity, Equality and Inclusion (DEI)

The Company through its Corporate Strategic plan has focused on embedding diversity, equality and inclusion (DEI) in the organisation, thereby contributing to organizational growth and performance alignment.

9. MARKET PLACE PRACTICES

a) Responsible competition practice.

As part of our escalated marketing initiatives, KPC has built trust with our primary customers of both petroleum products and its Fibre Optic Cable plant; a relationship based on equal treatment, intensive and personal customer relations and continual customer satisfaction surveys aimed at improving services. Daily communication occurs with our customers and stakeholders at all our service delivery points on availability of products and services, as well as feedback on resolution of their pain points in staying true to our commitment to supply the country and region.

b) Responsible supply chain and supplier relations

In accordance with article 227 of the 2010 Constitution that requires public entities to be fair, equitable, transparent, competitive and cost-effective when contracting for goods, works and services, KPC has put in place measures to ensure that these crucial tenets of our constitution are achieved. KPC further strictly adheres to the public procurement laws in order not only to ensure fairness and transparency in our procurement process but also realize value for money for the company and therefore the Kenyan taxpayer. It is in this regard, KPC has complied with the Presidential executive order number 2 of 2018 on automation of her procurement process through a user-friendly Supplier Relationship Management system (SRM). This is a system that enables all potential suppliers to register online as KPC suppliers from wherever they may be. The system allows suppliers to bid and be evaluated online, making the whole process fair and transparent. All suppliers are given equal opportunity to bid through Open Tender method and where requests for quotations method is used, all suppliers registered under a particular product category are invited to bid. Despite the system being user friendly, KPC conducts continuous online user training to ensure that all bidders are well acquainted with the system and therefore able to bid. KPC further conducts supplier appraisals which give suppliers feedback on areas of weakness with a view of helping them do business with KPC.

Finally, KPC has continued to successfully implement the government policy on access to government procurement opportunities (AGPO) for disadvantaged groups of women, Youth and people living with disabilities. In the year under review, business worth Kshs 668,536,925 was awarded to the groups.

c) Responsible marketing and advertisement

KPC has also continued to adhere to the National Treasury Circular No. 9/2015, Ref: MOF/TE 3/03/ (37) of 10th July 2015 that directed all Ministries and State Corporations to channel all their advertising needs through Government Advertising Agency (GAA) via its MYGOV pull out/insertion in the local dailies.

d) Product stewardship

Under the **Systems and Processes Pillar,** focus has been to ensure that the pipeline has adequate capacity to meet current and future petroleum products demand and that the Company's operations and business processes are automated. One such monumental improvement has been KPC's cashless payments system within the Finance module that has reduced the risk of fraud through a lasting audit trail, hastened transaction lead time and reduced paperwork.

CORPORATE SOCIAL INVESTMENT (CSI) REPORT

In FY 2024/2025, due to austerity measures, KPC Foundation was allocated Kshs. 138,444,490/= out of the approved Kshs.150million and implemented 35No. CSI Programs approved by the KPC Foundation Board of Trustees (BOT). Out the 35No. programs, 31No. were projects, 3No. INUKA Scholarship Programs and 1No. Empowerment Program.

1. CSI Budget FY 2024/2025

The KPC Foundation BOT approved CSI Budget for FY 2024/2025 based on focus areas as shown follows:

Focus Area	No. of Programs
Education	26
Empowerment	1
Health	2
INUKA	3
Water	3
Grand Total	**35**

2. CSI Programs/Projects 2024/2025 Implementation Status

In the period under review the CSI programs were in various stages of implementation. A total of **32No. (91%)** programs/projects had been completed with **2No. (6%)** ongoing and **1No. (3%)** on tendering process as shown below.

Implementation Status	No. of CSI Programs	% Implementation Status
Completed	32	91%
Ongoing	2	6%
Tendering	1	3%
Grand Total	**35**	**100%**

Note: the 2no ongoing projects were targeted to be completed August 2025.

Out of the approved budget of **Kshs. 138,444,490/=** a total of Kshs. **137,644,371** representing absorption rate of **99%.** The balance was accrued to complete 2No. ongoing projects

3. CSI Programs Inspections and Commissioning.

3.1. Commissioning

4No. CSI Projects were commissioned in the quarter. These included;

1. Construction of 100 capacity girl's dormitory at Cardinal Otunga girls Secondary School,
2. Construction & equipping of computer laboratory at On'geche Secondary School,
3. Bus donation at Rangala Boys Secondary School
4. Construction & equipping of 1NO classroom and 2NO laboratories at Dr. Idda Odinga Secondary School,

Below were the pictorial for the commissioning event,

Ong'eche Secondary School

Dr. Idda Odinga Girls Secondary School

Rangala Boys Secondary School

3.2. Inspections and Handover

A total of 9No. CSI Projects were inspected in the quarter. These were;

1. Construction of Kitchen at Kapchebet 'B' Primary School, which had since been completed.
2. Construction of outpatient block at Momoniot Health Centre.
3. Construction of Dinning Hall and Kitchen Block at Kilifi Township Secondary School
4. Construction of 3No. Classrooms at Kipkanao Primary School
5. Construction of Laboratory at Chaani Primary School
6. Construction of Septic Tank at Kapmaso Secondary School
7. Construction of Administration Block at Kowuor Primary School.
8. Construction of 3No. ECDE classrooms and ablution block at Timboywo Primary School.
9. Borehole drilling and equipping at Set Kobor Primary School

Below are some of the pictorials

	
KPC Team after completing drilling of borehole at Set Kobor Primary School	Completion Modern Kitchen at Kapchebet B Primary school

	
Inspection at Timboiywo Primary School	Ongoing Construction Outpatient Block at Momoniat Health Centre

4. **INUKA Scholarship and Mentorship Program**

4.1. Scholarship Payment

In the 2025 academic year, a total school fees of Kshs. 16,678,053 (Sixteen Million Six Hundred and Seventy-Eight Thousand and Fifty-Three Shillings Only) was paid of which Secondary school students' payment was Kshs. 13,877,415 (Thirteen Million Eight Hundred and Seventy-Seven Thousand Four Hundred and Fifteen Shillings Only), Inuka Plus students Kshs. 2,570,138 (Two Million Five Hundred and Seventy Thousand One Hundred and Thirty-Eight Shillings Only), and adaptive courses for the blind students amounted to Kshs. 230,500 (Two Hundred and Thirty Thousand Five Hundred Shillings Only).

4.2. Launch and Mentorship Program

A new chapter began for the Kenya Pipeline Foundation as the transformative IINUKA Scholarship Program was officially launched at the Kenya Institute of Special Education (KISE) on **April 7th 2025**. The event was honoured by the presence of CS Education Hon Julius Migos Ogamba, CS Energy & Petroleum Hon J. Opiyo Wandayi, PS Petroleum Hon Mohammed Liban, MD KPC MD Joe Sang, Kenya Pipeline Foundation Board of Trustees representatives and INUKA Scholarship beneficiaries.

The inaugural Inuka Mentorship Program was conducted from **April 7th to 9th, 2025.** The three-day program took place at the Kenya Institute of Special Education (KISE) with a total of **270** students, representing **77%**, and 42 caregivers participated in the event. A total amount of **Kshs. 9,788,750 (Nine Million Seven Hundred and Eighty-Eight Thousand Seven Hundred and Fifty Shillings Only)** was utilize for both launch and mentorship program

Cake Cutting ceremony during the launch

Inuka Scholars during mentorship talks

Participants during the INUKA Launch

INUKA Leaners participating in sports activities during mentorship program

5. Partnership

KPC Foundation values strategic partnership and will endeavour to enter into such partnership with other institutions while undertaking its CSI activities guided with a pre-agreed memorandum of association.

In the quarter under review, KPC Foundation, MIOG and Centre for Rights Education and Awareness (CREAW Kenya) signed a four-year MOU to partner in technical and vocational training of female survivors of gender-based violence in Nairobi and Mombasa Counties.

Under the MoU, the young women aged 18–35, will be recruited from KPC's Right of way communities. Beneficiaries will receive technical training, psychosocial support, internships, mentorship, job linkages and entrepreneurship grants to make them self-reliant

STAKEHOLDER MANAGEMENT

Stakeholder management is aimed at aligning the interests of key parties that influence or are impacted by the Company operations. Stakeholder engagements are critical in identifying customer pain points and resolution of issues when they emerge. The engagements also support KPC's mandate as a critical energy infrastructure provider in East Africa, while aligning with Kenya's national and regional economic goals.

For financial year (FY) 2024/25 performance from the primary stakeholders; Oil Marketing Companies (OMCs), the top five marketers commanded an aggregated market share of 47%. These are Vivo Energy Kenya Ltd (16%), Total Energies (12%), Rubis Energy Kenya PLC (9%), Lake Oil (5%), and Stabex International (4%). The top 20 commanded 70% while the remaining OMCs share 30% of the market.

To sustain KPC's brand visibility locally, regionally and internationally, KPC participated in numerous engagements with various stakeholders as follows:

1. LOCAL STAKEHOLDER ENGAGEMENTS

a) CEO breakfast meeting

KPC hosted CEOs round table breakfast meeting on 30th April 2025 at Nairobi Serena Hotel to discuss high level interventions aimed at enhancing service delivery and apprise on KPC's key initiatives aimed at boosting operational efficiency across the petroleum supply chain.

b) KPC-SAP & KRA-iCMS system integration

KPC and Kenya Revenue Authority (KRA) jointly conducted end-user refresher online training on the KPC-SAP and KRA-iCMS integrated systems to enhance customer support and system efficiency. The go-live was executed on 6th April 2025. The key benefits include efficiency in the loading process, increased transparency and tax compliance, enhanced truck turnaround time & utilization and reduced paperwork. KPC Management hosted an appreciation lunch for the integration teams after successful implementation of the systems integration at the Serena Hotel, Nairobi.

c) 2025 Africa LPG Summit

KPC was invited to speak at the 2025 PIEA Africa Liquified Petroleum Gas (LPG) summit, exhibition and training workshop on 20th June 2025. KPC was represented by Marketing & Customer Services Manager in making a presentation on '*Infrastructure, A key aspect of LPG access*'.

d) The Nation Petroleum Summit

KPC was represented by Marketing and Customer Services Manager as a speaker on Pipeline and Infrastructure Development to ease Shipment of Petroleum Products in the Nation Petroleum Summit themed "*Fueling Kenya's Growth: The future of Petroleum in Kenya*'' on 9th June 2025 at Radisson Blu Hotel, Upper Hill, Nairobi.

e) Sustainable Aviation Fuel (SAF)

KPC was represented in the Joint Technical Working Group on acceleration of development and deployment of SAF in Kenya held at Crown Plaza Hotel JKIA, Nairobi between 9th and 11th April 2025, organized by Kenya Civil Aviation Authority (KCAA), International Civil aviation Organization (ICAO), World Bank and East African School of Aviation (EASA).

f) Mombasa Port & Northern Corridor Community Charter

KPC participated in the impact study validation workshop organized by Kenya Maritime Authority on 19th June 2025 at Serena Beach Resort & SPA, Mombasa. The Charter seeks to streamline port and Northern Corridor operations, reduce cargo transit times and foster collaboration to support trade facilitation across East Africa and beyond.

g) Northern Corridor Integration Projects (NCIP)

The State Department for East African Community (EAC) together with multi-agency stakeholders visited Kisumu Oil Jetty on an annual Monitoring and Evaluation (M&E) exercise of the Lake Victoria Intermodal Transport System from 1st to 12th April 2025, to track progress of the recommendations made during the baseline M&E. KPC has been instrumental in onboarding OMCs to utilize use of the jetty.

h) Fibre Optics Cable (FOC)

Connected Africa Summit: To market KPC's Fiber Optic Cable (FOC) to other industry leaders, KPC participated in Connected Africa Summit held from 26th to 29th May 2025 at the Diamonds Leisure Beach and Golf Resort, Diani, Kwale County.

ICTA: KPC participated in ICT Authority's market survey on value chain in the FOC sector on 25th June 2025

i) Quarterly depot engagements

a) **Eldoret depot:** On 30th April 2025 Eldoret Depot hosted KRA Deputy Commissioner, Head of Petroleum Monitoring Unit (PMU) and Chief Manager – Customs, Rift Valley at the terminal to review the progress of the KPC-SAP & KRA-iCMS Integration. The leadership appreciated the enhanced service delivery post systems Integration.

b) **Kisumu depot:** On 12th June 2025 Kisumu Depot hosted a GoK multi agency team spearheaded by Kenya National of Bureau Standards (KNBS) on a tour of KOJ facility.

c) **Kenya Petroleum Refineries Limited (KPRL)**: On 7th May 2025 KPRL hosted TIMACO Gas Limited and Sunrise Energy team on a tour of KPRL 's LPG faciiity and their desire to get into LPG business with KPC.

j) Customer Feedback & Satisfaction Surveys

Marketing & Customer Services Team undertook FY2023/24 customer feedback and FY2024/25 customer needs & satisfaction survey between 16th and 27th June 2025 where a Customer Satisfaction Index of 94% was attained which is a 2% improvement from 92% achieved in FY2023/24.

k) Oil Tactical Exchange of Kenya (OTEK)

On 14th May 2025, KPC engaged Oil Tactical Exchange of Kenya (OTEK). The association paid a courtesy call visit to KPC to discuss various industry issues.

l) Vessel Schedule Meetings (VSM) & Supply Coordinators Meetings (SCM)

KPC engaged in meetings organized by the petroleum industry to plan for import cycles, enhance prompt resolution of industry challenges and promote cordial relationships with all stakeholders.

2. REGIONAL AND INTERNATIONAL ENGAGEMENTS

1. Transit Market Engagements

a) **Democratic Republic of Congo (DRC)**: A market excursion was undertaken with a stakeholder meeting in the town of Aru; border town between Uganda and the DRC making it the greatest gateway to E-DRC. The stakeholders engaged highlighted the key challenges faced that include, high landed cost of the product and the need for a storage depot to enhance supply of petroleum products in the region.

b) **Uganda:** On 23rd June 2025, The Cabinet Minister Energy and Petroleum CS, Hon J. Opiyo Wandayi, made a maiden visit to Mahathi Infra Uganda Ltd in Entebbe, Uganda. He lauded KPC's efforts in promoting regional integration through infrastructure development.

- On 24th June 2025, KPC led by Managing Director, Mr. Joe Sang in liaison with UNOC hosted a breakfast meeting in Kampala with over 100 OMCs operating in Uganda. The stakeholders were apprised of KPC's key initiatives aimed at boosting operational efficiency across the petroleum supply chain. These include increased loading flexibility at Western Kenya terminals, expanded storage capacity of 110 million litres at Port Reitz, and the addition of a 10-million-litre AGO tank at Kisumu, enhancement of Line 4's flow rate from 350,000 litres to 510,000 litres per hour.
- Uganda National Oil Company (UNOC) hailed KPC as a "pivotal partner" in the regional petroleum supply chain and a key driver of Uganda's economic development.
- An establishment of KPC Regional Liaison Office in Kampala, Uganda has been approved by the Board and will be operational by January 2026.

2. Africa Harbour Masters Committee (AHMC) Conference

KPC participated in the 2025 Port Management Association of Eastern and Southern Africa (PMAESA) Annual General Meeting (AGM) and the Africa Harbour Masters Committee (AHMC) Conference in Cape Town, South Africa from 1st to 4th April 2025 to explore opportunities and leverage on PMAESA; a significant regional body focused on promoting the efficiency, sustainability, and competitiveness of the maritime and port sectors in the Eastern and Southern African regions to access bunkering markets along the Eastern Seaboard of Africa.

3. Backloading, Trans-shipment and Bunkering business opportunity in Mauritius & Mozambique

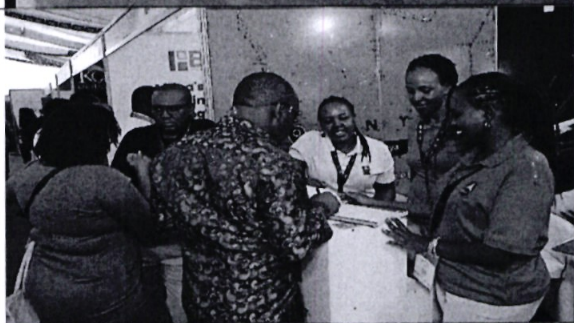
In a quest to explore ways of achieving additional regional business growth and increased throughput, KPC engaged key stakeholders and oil marketing companies involved in backloading, bunkering and trans-shipment of petroleum products to Indian Ocean Islands (Seychelles, Comoros, Madagascar, Mauritius Zanzibar) and the ports in the Eastern Seaboard of Africa (Mozambique and Somalia) in Mauritius between 14th and 18th April 2025 and Mozambique between 25th and 30th May 2025.

4. Fibre Optic Cable (FOC) Capacity building and Comparative learning

In a bid to commercializing its FOC laid alongside the petroleum pipeline, KPC representatives attended Capacity Building and Comparative Learning for Fiber Optic Cable Operations, Maintenance and Commercialization at the International Institute of Human Capital (IIHC), PETRONAS, Fibre Rail, AIMS Data Centre/Cyberjaya's Data Centre Cluster, Celcom Digi (Fibre Optic Partner), OFO Tech (Optical Fibre Optic Technology) and similar cable manufacturer in Selangor, TIME dotcom Berhad, Telekom Malaysia (TM) Network Operations Center, and the Malaysian Communications and Multimedia Commission (MCMC), Cyberjaya Kuala Lumpur, Malaysia from 17th to 24th May 2025 and 23rd to 29th June 2025.

No.	PICTORIALS	CAPTION
1.		Cabinet Secretary (CS), Ministry of Energy & Petroleum (MOEP), Hon J. Opiyo Wandayi, EGH, KPC's MD Mr. Joe Sang, EBS on a tour of the Mahathi Infra Facilities in Entebbe, Uganda

No.	PICTORIALS	CAPTION
2.		KPC's MD Mr. Joe Sang, EBS addressing the guests at CEOs breakfast meeting at Nairobi Serena Hotel.
3.		KPC Management KPC- SAP and KRA- iCMS Project Integration Team during an appreciation lunch after a successful implementation of the systems integration organized by
4.		KPC Team led by General Manager (Strategy & Compliance) Ms. Zilper Abongó pose for a photo with led by the CEO- PETRONAS Global Technical Solutions Sdn, Bhd, Ms. Annaliz Bt Abu Bakar after comparative learning on Fibre optics in Kuala Lumpur, Malaysia.
5.		Co-branded KPC UNOC CEO breakfast meeting in Méstil Hotel, Uganda.

No.	PICTORIALS	CAPTION
6.		Kenyan High Commissioner, H.E. Joash Maangi meets with KPC team to progress the liaison office conversation at the Mission's office in Kampala, Uganda.
7.		KPC team interact with stakeholders during the Connected Africa Summit at the Diamonds Leisure Beach and Golf Resort, Diani, Kwale County.
8.		NCIP team during a visit to KPC Depot in Kisumu while on monitoring and evaluation exercise of the Lake Victoria intermodal transport system with key focus on Kisumu Oil Jetty (KOJ).
9.		Kenya National of Bureau Standards (KNBS) tour of KOJ facility in Kisumu depot.

1.		Timaco Gas Limited & Sunrise Energy at KPRL LPG loading plant.
2.		Co-branded KPC UNOC CEO breakfast meeting in Méstil Hotel, Uganda.

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements of Kenya Pipeline Company Limited (the "Group") for the year ended 30 June 2025, which disclose the Group's state of affairs.

ACTIVITIES

The principal activity of the group is transportation and storage of refined petroleum products.

RESULTS

	Kshs
Profit before tax	**15,975,799,273**
Tax charge	(5,807,616,168)
Profit after tax for the year	**10,168,183,105**

DIVIDEND

The board does not recommend payment of further dividend in respect of the year.

(FY 2025 **5.9 Billion**, FY 2024 **7.0 Billion**, FY 2022 - **Kshs. 8.0 Billion**, FY 2021 - **Kshs. 2.7 Billion**).

DIRECTORS

The current directors are as shown on page 9 to 17.

AUDITORS

The Auditor General is responsible for the statutory audit of the Group's financial statements in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015

By Order of the Board

Company Secretary

Nairobi

Date...09th December 2025

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and Cap 486 of the Companies Act, require the Directors to prepare financial statements in respect of Kenya Pipeline Company Limited, which give a true and fair view of the state of affairs of the Group at the end of the financial year and the operating results of the Group for that year. The Directors are also required to ensure that the Group keeps proper accounting records which disclose with reasonable accuracy the financial position of the Group. The Directors are also responsible for safeguarding the assets of the Group.

The Directors are responsible for the preparation and presentation of the Group's financial statements, which give a true and fair view of the state of affairs of the Group for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Group; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Group's 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 (IFRS), and in the manner required by the PFM Act, 2012 and the Companies Act. The Directors are of the opinion that the Group's financial statements give a true and fair view of the state of Group's transactions during the year ended June 30, 2025, and of the Group's financial position as at 30 June 2025. The Directors further confirm the completeness of the accounting records maintained for the Group, which have been relied upon in the preparation of the Group's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements:

The entity's financial statements were approved by the Board on ……………………..and signed on its behalf by:

Faith Bett Boinett (MRS)	Joe K. Sang, EBS
BOARD CHAIRPERSON	**MANAGING DIRECTOR**

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke

REPUBLIC OF KENYA

OAG
OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON CONSOLIDATED KENYA PIPELINE COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;

B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,

C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management, and Governance.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

I have audited the accompanying Consolidated financial statements of Kenya Pipeline Company Limited (the Company) and its subsidiary set out on pages 91 to 185, which comprise of the consolidated and Company statements of financial position as at

30 June, 2025, and the consolidated and Company statements of profit or loss and other comprehensive income, consolidated and Company statements of changes in equity, consolidated and Company statements of cash flows and statement of comparison of budget and actual amounts, for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the Consolidated and Company financial statements present fairly, in all material respects, the financial position of Kenya Pipeline Company and its subsidiary as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Companies Act, 2015 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Emphasis of Matter

1. Land Registration Status

The Company's statement of financial position reflects property, plant and equipment balance of Kshs.84,588,805,696, which as disclosed in Note 17 to the financial statements includes freehold land balance of Kshs.2,367,000,100 while Note 18 reflects a balance of Kshs.16,341,174,064 relating to leasehold land resulting to a land balance of Kshs.18,708,174,164. The balances were based on a revaluation undertaken by a professional valuer engaged by Management during the year under review.

Further, review of the Revaluation Report revealed several parcels of land located in Nakuru, Machakos, Taita/Taveta, Makueni, Mombasa and Uasin Gishu Counties which had allotment letters and transfer documents from original owners. According to Management, the Company had possession rights including allotment letters and sale agreements with original owners. However, processing of titles had delayed due to several reasons which included; encumbrances of titles by third parties, ongoing subdivision processes, court restrictions, and boundary disputes among others which had not been concluded by the time of the audit.

In addition, review of the fixed asset register and ownership documents for land revealed thirty-three (33) parcels located in Kajiado County which were acquired on 15 August, 2001 at a cost of Kshs.291,673,100. The parcels were subsequently impaired due to nullification of titles by the High Court. The nullification is likely to lead to loss of public funds expended in the acquisition.

2. Contingent Liability on Oil Spillage Claim

Note 45 to the financial statements discloses contingent liabilities balance of Kshs.6,355,046,344, comprising of pending lawsuits and guarantees balance of Kshs.6,237,325,492 and letters of credit balance of Kshs.117,720,852. Review of pending legal cases revealed an award of an amount of Kshs.3,018,831,676 against the Company in favour of residents of a Village who had filed a suit in the High Court seeking compensation for violation of rights occasioned by an oil spill on 12 May, 2015. Although Management had undertaken an insurance against accidental loss or damage to the material property, occurring through the fault or negligence of the insured, the insurer failed to settle the court award

Management has since filed a notice of appeal appealed against the award, which had not been concluded as at the time of concluding the audit.

My opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

Unresolved Prior Year Matters

In the prior years' audit report, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on the Effectiveness Internal Controls, Risk Management and Governance. Review of the status during audit of the Company in 2024/2025 revealed that the following matters remained unresolved:

No.	Audit Issue
1	Penalties and interests on unsettled contractor claims
2	Long outstanding receivables
3	Inadequacies in regulations governing staff car loans scheme
4	Weaknesses in Information Technology Input Controls

Other Information

Management is responsible for the Other Information set out on page 6 to 89 which comprise of Corporate Information, Board of Directors, The Executive Management Team, Chairman's Statement, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Integrated Risk Management Report and the Report of the Directors. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Company's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information and I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Delay in Project Implementation

The statement of financial position reflects property, plant and equipment balance of Kshs.84,588,805,696. Included in the balance are works in progress amounting to Kshs.2,188,285,156. A ledger provided in support of the amount revealed that five (5) projects with a value of Kshs.710,967,097 had no activity during the year, indicating that they had stalled. Some having been dormant for more than six (6) years.

Further, review of a project status report and the contracts revealed that eight (8) projects with a total cost of Kshs.605,495,685 had exceeded their implementation periods. Five (5) projects were granted extensions of time lasting between six (6) and thirteen (13) months, with one project receiving six extensions. In addition, justifications for the extensions of time were not provided for review.

In the circumstances, existence of effective mechanisms for monitoring of work in progress could not be confirmed.

2. Privatization of the Kenya Pipeline Company

As disclosed in Note 50 to the financial statements, the Company is undergoing a process of privatization guided by the Privatization Act, 2023. However, several documents supporting the process were not provided for audit review as detailed below:

i. A Privatisation Programme formulated by the Cabinet Secretary to The National Treasury and approved by the Cabinet as required under Section 19 of the Privatisation Act, 2023;

ii. Evidence of consultation between the Kenya Pipeline Company and affected persons, including experts in the area, organisations in that area and members of public as required in Section 20 of the Privatisation Act, 2023;

iii. Evidence of how the Privatization Commission will address unregulated monopoly in petroleum pipeline operations as provided for in Section 41 of the Act;

iv. Evidence of valuation of the business and assets by the Privatization Commission and procurement process of the approved valuer as per Section 33 of the Privatisation Act, 2023;

v. Evidence of how the assets under disputes, encumbrances, court restrictions and potential losses will be treated or disclosed.

In the circumstances, Management was in breach of the law.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Long Outstanding Receivables

The statement of financial position and as disclosed in Note 26 to the financial statements reflects trade and other receivables balance of Kshs.7,421,057,427. The balance comprises of gross trade and other receivables less provision for bad and doubtful debt of Kshs.15,105,565,608 and Kshs.2,223,339,281 respectively. Review of an ageing analysis provided in support of the trade and other receivables revealed that an amount of Kshs.2,487,725,202 which had been outstanding for more than 180 days.

Further, the balance includes staff loans and advances amounting to Kshs.1,641,675,001. However, review of a list of the staff loan balances revealed that three (3) former employees of the Company had defaulted on payment of car and mortgage loans, and were in arrears amounting to Kshs.5,308,450. No evidence was provided to indicate that the Management had secured the loans with a charge or joint ownership of the properties acquired with the loans, which increased the risk of default.

In the circumstances, existence of effective mechanisms and strategies for debt recovery could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Conclusion

As required by the Companies Act, 2015, I report, based on my audit, that:

i. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit;

ii. The information given in the Directors' report on page 88 is consistent with the financial statements; and

iii. The auditable part of the Directors' remuneration report on page 121 has been properly prepared in accordance with the Companies Act, 2015.

Basis for Conclusion

The Companies Act, 2015 requires that I report on the legal or regulatory requirements, or on performance information disclosed. These matters require expressing a separate opinion as to the Company's, compliance with laws and regulations. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

The Board of Directors is responsible for overseeing the Company's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/. This description forms part of my auditor's report.

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

22 December, 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2025

	Note	FY 2025 Kshs	FY 2024 Kshs
Revenue from Contracts with customers	6	38,593,631,086	35,369,329,508
Direct Costs	7	(13,182,860,169)	(12,864,075,521)
GROSS PROFIT		**25,410,770,917**	**22,505,253,987**
OTHER INCOME			
Finance income	9(a)	478,283,467	888,473,409
Other income	8	922,957,990	916,764,139
Other gains/(losses)	10	(92,406,179)	(1,967,874,969)
TOTAL OTHER INCOME		**1,308,835,278**	**(162,637,422)**
Administration Expenses	11(a)	10,238,372,356	10,631,516,430
Impairment of non-financial assets	11 (b)	(97,589,860)	1,642,619,580
Impairment of financial assets	11(c)	212,086,457	756,591,221
Finance Costs	9(b)	390,937,968	(589,821,707)
TOTAL OPERATING EXPENSES		**10,743,806,922**	**12,440,905,524**
PROFIT BEFORE TAXATION	13	**15,975,799,273**	**9,901,711,041**
Taxation charge	14 (a)	5,807,616,168	3,125,584,970
PROFIT AFTER TAXATION		**10,168,183,105**	**6,776,126,071**
		Kshs	**Kshs**
Earnings per Share	15	**560**	**373**
OTHER COMPREHENSIVE INCOME (OCI)/ (LOSS)			
Items that will not be reclassified subsequently to profit or loss;			
Re-measurement (Other Comprehensive Income – DB Retirement Benefit Scheme)	23 (b)	(528,921,939)	-
Surplus on revaluation of PPE		22,580,775,659	-
Income Tax Impact	33	1,467,633,438	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**23,519,487,158**	**-**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**33,687,670,263**	**6,776,126,071**

COMPANY STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2025

	Note	FY 2025 Kshs	FY 2024 Kshs
Revenue from Contracts with customers	6	38,593,631,086	35,369,329,508
Direct Costs	7	(14,731,708,102)	(14,517,860,099)
GROSS PROFIT		**23,861,922,984**	**20,851,469,409**
OTHER INCOME			
Finance income	9(a)	438,677,547	888,457,329
Other Income	8	805,649,214	832,123,996
Other Gain/(Losses)	10	(91,061,083)	(2,205,641,660)
TOTAL OTHER INCOME		**1,153,265,678**	**(485,060,336)**
OPERATING EXPENSES			
Administration Costs	11(a	7,735,763,508	9,046,671,228
Impairment of non-financial assets	11 (b)	-	75,704,933
Impairment of financial assets	11(c)	212,086,457	756,591,221
Finance costs		159,744,180	479,197,436
TOTAL OPERATING EXPENSES		**8,107,594,146**	**10,358,164,818**
PROFIT BEFORE TAXATION	13	**16,907,594,516**	**10,008,244,255**
TAXATION CHARGE	14 (a)	5,752,165,065	3,140,994,281
PROFIT AFTER TAXATION		**11,155,429,451**	**6,867,249,974**
		Kshs	**Kshs**
Earnings per Share	15	**614**	**378**
OTHER COMPREHENSIVE INCOME (OCI)/ (LOSS)			
Items that will not be reclassified subsequently to profit or loss;			
Re-measurement (Other Comprehensive Income – DB Retirement Benefit Scheme)	23 (b)	(528,921,939)	-
Surplus on revaluation of PPE		4,157,450,397	-
Income Tax Impact	33	1,467,633,438	-
OTHER COMPREHENSIVE INCOME /(LOSS) FOR THE YEAR		**5,096,161,897**	**-**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**16,251,591,347**	**6,867,249,974**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

		FY 2025	FY 2024
ASSETS	**Note**	**Kshs**	**KShs**
Non-Current Assets			
Property, Plant and Equipment	17	91,433,923,695	85,026,873,337
Leasehold land	18	28,341,850,024	15,038,399,073
Right of Use Asset	20	75,407,097	67,493,073
Intangible assets	19	28,746,084	52,944,523
Deferred tax asset	21	271,638,589	256,334,435
Employee benefits Obligations	24	997,949,150	1,327,713,990
Investments in Unquoted Equity Instruments	22	36,306,359	36,306,359
Other Long-term receivables	26	1,306,184,556	1,420,851,957
KPRL Investment in DC Pension Fund	27	-	922,669,022
Total Non-Current assets		**122,492,005,553**	**104,149,585,767**
Current Assets			
Inventories	25	2,703,697,543	2,966,388,893
Current Tax asset		981,473,228	1,011,860,016
Trade and other receivables	26	7,421,057,427	8,182,813,296
Short term deposits	28(a)	4,701,400,455	4,343,019,910
Bank and cash balances	28(b)	7,086,114,954	2,227,830,729
Total Current Assets		**22,893,743,606**	**18,731,912,845**
Total Assets		**145,385,749,159**	**122,881,498,612**
SHAREHOLDER'S FUNDS AND LIABILITIES			
Capital and Reserves			
Share capital	30	363,466,007	363,466,007
Share premium		512,288,916	512,288,916
Capital contribution reserve	33	(2,180,784,886)	(128,994,252)
Retained earnings	31	80,593,439,768	76,854,178,602
Revaluation reserve	32	35,555,606,817	11,510,282,545
Common control reserve	34	(1,723,849,771)	(1,723,849,771)
		113,120,166,852	**87,387,373,047**
Non-Current Liabilities			
Deferred tax liability	35	19,925,349,921	19,154,105,433
Lease liability	37	32,246,207	31,105,968
		19,957,596,128	**19,185,211,401**
Current Liabilities			
Trade and other payables	36	4,563,388,881	10,334,615,802
Due to related parties	43(c)	80,000,000	80,000,000
Borrowings	38	2,660,066,901	5,170,773,058
Bank overdraft	38	649,453,103	690,820,236
Yield Shift Advance	39	3,365,576,667	-
Current tax liability	29	939,072,039	-
Lease liability	37	50,428,587	32,706,070
		12,307,986,178	**16,308,915,164**
Total Shareholder's Funds and Liabilities		**145,385,749,158**	**122,881,499,612**

The financial statements on pages 91 to 186 were approved and authorized for issue by the Board of Directors on 09th December 2025 and signed on their behalf by:

Board Chairman **Faith Bett Boinett**	Managing Director **Joe K. Sang, EBS**	Head of Finance **Pius Mwendwa** ICPAK M/NO: 4454

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

		FY 2025	FY 2024
ASSETS	**Note**	**Kshs**	**Kshs**
Non-Current Assets			
Property, Plant and Equipment	17	84,588,805,696	83,325,374,835
Leasehold land	18	16,341,174,064	15,032,385,882
Right of Use Asset	20	36,342,424	67,493,073
Intangible assets	19	28,746,084	52,944,523
Employee benefits obligations	24	997,949,150	1,327,713,990
Investments in unquoted equity instruments	22	36,306,359	36,306,359
Investment in subsidiary	23	1,974,199,458	1,974,199,458
Other Long-Term receivables	26	3,486,969,442	1,549,846,209
Total Non-Current assets		**107,490,492,676**	**103,366,264,329**
Current Assets			
Inventories	25	2,262,493,373	2,646,842,730
Current tax asset	29	-	101,898,752
Trade and other receivables	26	7,504,326,844	8,090,589,703
Short term deposits	28(a)	3,714,095,004	4,343,019,910
Bank and cash balances	28(c)	3,659,129,575	2,174,299,629
Total Current Assets		**17,140,044,796**	**17,356,650,724**
Total Assets		**124,630,537,472**	**120,722,915,053**
SHAREHOLDER'S FUNDS AND LIABILITIES			
Capital and Reserves			
Share capital	30	363,466,007	363,466,007
Share premium		512,288,916	512,288,916
Retained earnings	31	81,425,585,243	76,699,077,731
Revaluation reserve	32	17,135,366,381	11,510,282,545
		99,436,706,547	**89,085,115,199**
Non-Current Liabilities			
Deferred tax liability	35	19,925,349,921	19,154,105,433
Lease liability	37	6,315,249	31,105,968
		19,931,665,170	**19,185,211,401**
Current Liabilities			
Trade and other payables	36	4,206,455,344	9,883,590,590
Due to related parties	43(c)	80,000,000	80,000,000
Curren Tax Liability	29	939,072,042	-
Current Portion of syndicated Loan	38	-	2,456,291,794
Lease liability	37	36,638,369	32,706,069
		5,262,165,756	**12,452,588,453**
Total Shareholder's Funds and Liabilities		**124,630,537,472**	**120,722,915,053**

The financial statements on pages 91 to 186 were approved and authorized for issue by the Board of Directors on 09th December 2025 and signed on their behalf by:

Board Chairman
Faith Bett Boinett

Managing Director
Joe K. Sang, EBS

Head of Finance
Pius Mwendwa
ICPAK M/NO: 4454

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2025

	Share Capital Kshs	Share Premium Kshs	Retained Earnings Kshs	Revaluation Reserve Kshs	Capital contribution reserve Kshs	Common control reserve Kshs	TOTAL EQUITY Kshs
As at 01 July 2023	**363,466,007**	**512,288,916**	**76,448,402,218**	**11,536,027,639**	-	-	**88,860,184,780**
Profit for the period	-	-	6,776,126,071	-	-	-	**6,776,126,071**
Capital contribution			629,650,313		(128,994,253)	(1,723,849,771)	**(1,223,193,711)**
Revaluation of foreign denominated reserves	-	-	-	(25,745,094)			**(25,745,094)**
Dividends Paid	-	-	(7,000,000,000)	-			**(7,000,000,000)**
As at 01 July 2024	**363,466,007**	**512,288,916**	**76,854,178,602**	**11,510,282,545**	**(128,994,253)**	**(1,723,849,771)**	**87,387,372,046**
Profit for the year	-	-	10,168,183,105	-			10,168,183,105
Capital contribution					(2,051,790,633)		(2,051,790,633)
Revaluation Surplus				24,045,324,272			24,045,324,272
Adjustment of Defined Benefits (DB) Scheme			(528,921,939)				(528,921,939)
Dividends Paid	-	-	(5,900,000,000)	-			(5,900,000,000)
As at 30 June 2025	**363,466,007**	**512,288,916**	**80,593,439,768**	**35,555,606,817**	**(2,180,784,886)**	**(1,723,849,771)**	**113,120,166,851**

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2025

	SHARE CAPITAL Kshs	SHARE PREMIUM Kshs	RETAINED EARNINGS Kshs	REVALUATION RESERVE Kshs	TOTAL EQUITY Kshs
As at 01 July 2023	**363,466,007**	**512,288,916**	**76,831,827,757**	**11,536,027,639**	**89,243,610,319**
Profit for the period	-	-	**6,867,249,974**	-	**6,867,249,974**
Remeasurement of reserves	-	-	-	(25,745,094)	**(25,745,094)**
Dividends Paid	-	-	(7,000,000,000)	-	**(7,000,000,000)**
As at 01 July 2024	**363,466,007**	**512,288,916**	**76,699,077,731**	**11,510,282,545**	**89,085,115,199**
Profit for the year	-	-	11,155,429,451	-	11,155,429,451
Revaluation gain	-	-	-	4,157,450,397	4,157,450,397
Income Tax Impact	-	-	-	1,467,633,438	1,467,633,438
Adjustment of Defined Benefits (DB) Scheme	-	-	(528,921,939)	-	(528,921,939)
Dividends Paid	-	-	(5,900,000,000)	-	(5,900,000,000)
As at 30 June 2025	**363,466,007**	**512,288,916**	**81,425,585,243**	**17,135,366,380**	**99,436,706,547**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2025

	Note	FY 2025 Kshs.	FY 2024 Kshs.
CASH FLOWS FROM OPERATIONS			
Cash generated from operations	42(a)	18,373,273,226	14,859,477,535
Interest received	9(a)	478,283,467	888,441,249
Interest expense	9(b)	(389,375,381)	(729,323,548)
Interest expense on lease liability	20	(9.899,993)	(11,847,651)
Reversal of Provision for Interest on dead stock		-	(1,330,992,905)
Tax paid		(5,549,850,442)	(4,295,205,894)
Net cash generated from operating activities		**12,902,430,875**	**9,380,548,786**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	17	(1,393,292,881)	(4,257,565,879)
Proceeds from disposal of PPE		40,514,858	26,599,915
Purchase of intangible assets	19	(254,738)	(96,529,944)
Purchase of investment - KPRL	26	(2,051,790,633)	(236,542,862)
Liquidation of KPRL Investment in DC Fund	27	922,669,022	-
Leased Assets		(41,668,984)	-
Net cash flows used in investing activities		**(2,523,823,356)**	**(4,564,038,770)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of principal lease liability	37	18,862,757	(41,043,474)
Adjustment on reserves		(94,308,924)	-
Dividends paid	16	(5,900,000,000)	(7,000,000,000)
Repayment of borrowings	38	(2,508,273,924)	(4,147,859,689)
Yield shift Advance	39	3,365,576,667	-
Provision for Interest on dead stock		-	1,330,992,905
Net cash flows from financing activities		**(5,118,143,424)**	**(9,857,910,258)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**5,260,464,095**	**(5,131,814,619)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		**5,877,598,169**	**11,011,845,062**
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**11,138,062,264**	**5,880,030,443**

COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2025

	Note	FY 2025 Kshs.	FY 2024 Kshs.
CASH FLOWS FROM OPERATIONS			
Cash generated from operations	42(b)	17,860,837,386	14,261,114,224
Interest received	9(a)	438,677,547	888,457,329
Interest expense	9(b)	(151,406,775)	(467,349,786)
Interest expense on lease liability	20	(8,337,406)	(11,847,651)
Tax paid		(5,407,583,220)	(4,174,939,993)
Net cash generated from operating activities		**12,732,187,531**	**10,495,434,123**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	17	(1,393,292,881)	(4,257,565,879)
Proceeds from disposal of PPE		40,514,858	25,758,765
Purchase of intangible assets	19	(254,738)	(96,529,944)
Purchase of investment - KPRL	26	(2,051,790,633)	(236,542,862)
Net cash flows used in investing activities		**(3,404,823,394)**	**(4,564,879,960)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	16	(5,900,000,000)	(7,000,000,000)
Repayment of borrowings	42(b)	(2,456,291,794)	(4,103,962,315)
Repayment of principal lease liability	37	(20,858,418)	(41,043,474)
Adjustment on reserves		(94,308,924)	-
Net cash flows from financing activities		**(8,471,459,136)**	**(11,145,005,789)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**855,905,043**	**(5,214,451,626)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		**6,517,319,538**	**11,731,771,164**
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**7,373,224,579**	**6,517,319,538**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE, 2025

	Initial budget	Supplementary/ Adjustments	Final budget	Actual on comparable basis	Performance difference	% Var
	2024-2025	2024-2025	2024-2025	2024-2025	2024-2025	
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Throughput Revenue	36,155,951,213	(819,796,351)	35,336,154,862	38,080,889,351	2,744,734,490	8%
Other income	1,419,682,428	-	1,419,682,428	1,742,646,767	322,964,339	23%
Total Income	**37,575,633,641**	(819,796,351)	**36,755,837,290**	**39,823,536,118**	**3,067,698,828**	8%
Expenses						
Compensation of employees- employee Emoluments	5,489,435,641	845,474,247	6,334,909,888	6,098,374,737	236,535,151	4%
Other employee costs	1,175,155,576	239,497,578	1,414,653,154	1,244,759,302	169,893,852	12%
Direct Costs excl. depreciation and electricity	817,944,451	2,672,933,939	3,490,878,391	3,479,652,278	11,226,113	0.3%
Administration Costs excl. depreciation and electricity	1,186,203,177	1,743,342,232	2,929,545,408	2,922,596,935	6,948,473	0.2%
Depreciation & Amortization	7,308,844,553	(1,630,000,000)	5,678,844,553	5,587,483,129	91,361,424	2%
Electricity	3,095,434,132	(454,612,737)	2,640,821,395	2,639,656,907	1,164,488	0.01%
Finance cost	162,088,507	24,073,476	186,161,983	151,406,775	34,755,208	19%
Court award	-		-	488,864,000	(488,864,000)	-
Foreign Exchanges loss (gain)	-			91,574,533	(91,574,533)	
Aging Penalties	-			-	-	
Provision for bad debts	-			212,086,457	(212,086,457)	
Total Expenditure	**19,235,106,037**	**3,440,708,735**	**22,675,814,772**	**22,915,941,603**	**(240,126,831)**	-1%
Surplus for the period	**18,340,527,604**		**14,080,022,518**	**16,907,594,516**	**2,827,571,998**	20%
Capital Expenditure						
Capital investments	**1,037,897,230**	**4,899,917,066**	**5,937,814,296**	**3,445,338,253**	**2,492,476,044**	**42%**
Total Approved Budget	**20,273,003,267**	**8,340,625,802**	**28,613,629,068**	**26,361,279,855**	**2,252,349,213**	**8%**

PFM Act section 81(2) ii and iv requires a National Government entity to present appropriation accounts showing the status of each vote compared with the appropriation for the vote and a statement explaining any variations between actual expenditure and the sums voted. IFRS does not require entities complying with IFRS standards to prepare budgetary information because most of the entities that apply IFRS are private entities that do not make their budgets publicly available. However, for public sector entities, the PSASB has considered the requirements of the PFM Act, 2012 which these statements comply with, the importance that the budgetary information would provide to the users of the statements and the fact that the public entities make their budgets publicly available and decided to include this statement under the IFRS compliant financial statements.

Explanation of the Variances:

i. The budget adjustment of **Kshs 8,340,625,802** is the approved supplementary budget comprising of **Kshs 3,440,708,735** for recurrent expenditure and **Kshs 4,899,917,066** for Capital expenditure.

ii. **Throughput and revenues** The favourable budget variance on revenue performance is on account of improved performance on export sales. Further it is propelled by higher than budgeted storage Income following the commissioning of additional storage facilities at Port Reitz (KPRL).

iv. **Employee costs** had a cost saving had a cost saving due to non-implementation of the annual increment

v. **Direct costs** had a cost saving of 16% caused by ongoing major maintenance activities on tanks maintenance are yet to be complete by the end of the year.

vi. **Administrative costs** savings were because of austerity measures by management and utilization of internal resources.

vii. Budget savings on **finance costs** were realized on favourable foreign exchange rates on the repayment of the syndicated loan

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Kenya Pipeline Company is established by and derives its authority and accountability from the Company Act, Cap 486 of the laws of Kenya. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to provide efficient, reliable, safe and cost-effective means of transporting petroleum products from Mombasa to the hinterland.

On 27th October 2023, GoK through The National Treasury (TNT) & Economic Planning transferred its 100% shareholding in Kenya Petroleum Refinery Limited (KPRL) to KPC. Consequently, KPRL became a wholly owned subsidiary of KPC. KPRL's principal business activity is to refine crude oil into various petroleum products for sale to the oil marketing companies in Kenya. However, the company's refining operations stopped on 4th September 2013. The main reason quoted for the shutdown was that the prices of the products produced by the refinery were marginally higher than those of imported products. The company has continued operating by rendering storage of imported petroleum products services and leasing its storage tanks and pipelines.

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

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The consolidated financial statements of the Kenya Pipeline Company Limited Group have been prepared in accordance with IFRS Accounting Standards. IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards,
- IAS Standards, and
- IFRS Accounting Standards,
- IAS Standards, and
- Interpretations developed by the IFRS Interpretations Committee (IFRIC interpretations) or its predecessor body, the Standing Interpretations Committee (SIC Interpretations).

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entity's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in notes. The financial statements have been prepared and presented in

Kenya Shillings, which is the functional and reporting currency of Kenya Pipeline Company.

The financial statements have been prepared in accordance with the PFM Act, the Company Act, Cap 486 of the laws of Kenya, and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

i) New and amended standards and interpretations in issue and effective in the year ended 30 June 2024

Summary of material accounting policies

New standards and interpretations not yet adopted

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for 30 June 2025 reporting periods and have not been early adopted by the group. The group's assessment of the impact of these new standards and amendments is set out below;

a) Amendments to IAS 21 -- Lack of Exchangeability (effective for annual periods beginning on or after 1 January 2025)

In August 2023, the IASB amended IAS 21 to help entities to determine whether a currency is exchangeable into another currency, and which spot exchange rate to use when it is not. The Group does not expect these amendments to have a material impact on its operations financial statements.

b) Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026)

On 30 May 2024, the IASB issued targeted amendments to IFRS 9 and IFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cashflows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The Group does not expect these amendments to have a material impact on its operations or financial statements.

c) **IFRS 19 *Subsidiaries without Public Accountability: Disclosures* (effective for annual periods beginning on or after 1 January 2027)**

Issued in May 2024, IFRS 19 allows for certain eligible subsidiaries of parent entities that report under IFRS Accounting Standards to apply reduced disclosure requirements. The Group does not expect this standard to have an impact on its operations or financial statements.

d) **IFRS 18 *Presentation and Disclosure in Financial Statements* (effective for annual periods beginning on or after 1 January 2027)**

IFRS 18 will replace IAS 1 *Presentation of financial statements*, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the group's consolidated financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

- Although the adoption of IFRS 18 will have no impact on the group's net profit, the group expects that grouping items of income and expenses in the statement of profit or loss into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the group has performed, the following items might potentially impact operating profit:
    - Foreign exchange differences currently aggregated in the line item 'other income and other gains/(losses) – net' in operating profit might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit.
    - IFRS 18 has specific requirements on the category in which derivative gains or losses are recognized – which is the same category as the income and expenses affected by the risk that the derivative is used to manage. Although the group currently recognizes some gains or losses in operating profit and others in finance costs, there might be a change to where these gains or losses are recognized, and the group is currently evaluating the need for change.

- The line items presented on the primary financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation. In addition, since goodwill will be required to be separately presented in the statement of financial position, the group will disaggregate goodwill and other intangible assets and present them separately in the statement of financial position.

- The group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:
    - management-defined performance measures;
    - a break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss – this break-down is only required for certain nature expenses; and
    - for the first annual period of application of IFRS 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying IFRS 18 and the amounts previously presented applying IAS 1.

- From a cash flow statement perspective, there will be changes to how interest received and interest paid are presented. Interest paid will be presented as financing cash flows and interest received as investing cash flows, which is a change from current presentation as part of operating cash flows.

The group will apply the new standard from its mandatory effective date of 1 July 2027. Retrospective application is required, and so the comparative information for the financial year ending 30 June 2027 will be restated in accordance with IFRS 18.

The Directors have assessed the applicable standards and amendments. Based on their assessment of impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements.

4. SUMMARY OF ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of these financial statements are set out below:

a) Basis of consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date when control ceases. The acquisition method of accounting is used to account for business combinations by the group.
Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

Accounting for business combinations under common control

KPC, through a share transfer on 27 October 2023, acquired the shares of KPRL from The National Treasury without monetary consideration. Thus KPRL became a fully owned subsidiary of KPC. (See Note 22 – KPRL Summarized BS at acquisition).

Transactions in which combining entities are controlled by the same party or parties before and after the transaction, and that control is not transitory, are referred to as common control transactions.

There is currently no guidance under IFRS for the accounting treatment of such transactions. In terms of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the group may either apply IFRS 3 Business Combinations or the predecessor values with either the prospective or retrospective presentation method for such transactions. The group has elected to apply predecessor values with the retrospective method of presentation for common control transactions. Therefore, no purchase price allocation is performed and any difference between the net asset value and the amount paid (i.e. the purchase consideration) is recorded directly in the common control reserve in equity. Consequently, comparatives have been restated in line with this policy for group purposes.

b) Revenue recognition

Revenue is recognized in accordance with IFRS 15 Revenue from contracts with customers. The group derives revenue from transportation and storage of petroleum products. Revenue is recognized at the fair value of consideration received or expected to be received in the ordinary course of the entities' activities, net of value-added tax (VAT), where applicable, and when specific criteria have been met for each of the entities' activities as described below. The Group enters contracts (known as Transport Service Agreements) with customers for the following services/ performance obligations.

Revenue stream	Description of service	Performance obligation
Local service fees	Transportation and handling of refined petroleum products to the local market	Delivery and handling of local petroleum products to point-of-sale terminals (KPC depots).
Export service fees	Transportation and handling of refined petroleum products to the export market in East and Central Africa	Delivery and handling of export petroleum products to point-of-sale terminals (KPC depots).
Kipevu oil storage facility fees	Primary Storage of refined petroleum products within the stipulated time as per the transport and storage agreement (TSA).	Allocation of ullage and receipt of petroleum products upon recertification.
Penalties on overstayed product	Opportunity lost to earn transport revenue as a result of failure to evacuate product within the stipulated time as per the transport and storage agreement (TSA).	Delivery of product to point-of-sale terminals (KPC depots).
Penalties from ASE	Processing of Adjustment of stock entitlements of less than $70M^3$	Immediately upon receipt of the request.
KPRL Lease Income	Use of KPRL pipeline to transfer product to Oil Marketing Companies' terminals	Availing of the pipeline after fulfilment of all the requirements.
Liquefied Petroleum Gas Sales	Storage and handling of Liquefied Petroleum Gas at KPRL	Delivery and handling of LPG at KPRL terminal.

Revenue is measured at the transaction price agreed in the contract in the Trasport Service Agreement. The tariffs are stipulated by the Energy and Petroleum Authority (EPRA). Revenue is recognized over time as the Group performs overtime.

Revenue from transportation and storage of petroleum products; is recognized in the year in which the company delivers services to the customer, the customer has accepted the service and collectability of the related receivables is reasonably assured.

c) Other Income

Other income is recognized as it accrues and comprises of the following:

i) **Finance income** comprises interest receivable from bank deposits and is recognized in profit or loss on a time proportion basis using the effective interest rate method.
ii) **Dividend income** is recognized in the income statement in the year in which the right to receive payment is established.
iii) **Rental income** is recognized in the income statement as it accrues using the effective lease agreements.
iv) **Profit/loss on disposal of PPE** is recognized in the income statement on the disposal of property plant and equipment (PPE).

d) Property, plant and equipment

All categories of property, plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses.

Certain categories of property, plant and equipment are subsequently carried at re-valued amounts, being their fair value at the date of re-valuation less any subsequent accumulated depreciation and impairment losses. Where re-measurement at re-valued amounts is desired, all items in an asset category are re-valued through periodic valuations carried out by independent external valuers.

Increases in the carrying amounts of assets arising from re-valuation are credited to other comprehensive income. Decreases that offset previous increases in the carrying amount of the same asset are charged against the revaluation reserve account; all other decreases are charged to profit or loss in the income statement.

Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from the disposal with the net carrying amount of the items and are recognised in profit or loss in the income statement.

e) Depreciation and impairment of property, plant and equipment

Freehold land and capital work in progress are not depreciated. Capital work in progress relates mainly to the costs of ongoing but incomplete works on buildings and other civil works and installations.

Depreciation on property, plant and equipment is recognised in the income statement on a straight-line basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use are;

Freehold land	Nil
Buildings - residential	2% or unexpired lease period
Buildings - industrial	2% or unexpired lease period
Show ground pavilion, wooden and fences	20%
Pipeline and tanks	2.5%

Pumps, transformers and switchgear	5%
Furniture, fittings and equipment	10%
Roads	20%
Helicopters	10%
Motor vehicles	25%
Computers	33%

A prorated depreciation charge is recognized both in the year of asset purchase and in the year of asset disposal.

The Remaining Useful Life (RUL) applied for revalued property, plant and equipment assets values are as below:

Freehold land	No useful life
Buildings - residential	2% or period of lease whichever is less
Buildings - industrial	2% or period of lease whichever is less
Show ground pavilion, wooden and fences	20%
Pipeline and tanks	Remaining useful life as per valuation
Pumps, transformers and switchgear	Remaining useful life as per valuation
Furniture, fittings and equipment	50% of the maximum life as per the policy.
Roads	10%
Helicopters	10%
Motor vehicles	25%
Computers	33%

Items of property, plant and equipment are reviewed annually for impairment. Where the carrying amount of an asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognized so that the asset is written down immediately to its estimated recoverable amount.

f) Intangible assets

Intangible assets comprise purchased computer software licenses, which are capitalized on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful life of the intangible assets from the year that they are available for use, usually over three years.

g) Amortization and impairment of intangible assets

Amortization is calculated on the straight-line basis over the estimated useful life of computer software of three years.

All computer software is reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

h) Investment property

Buildings, or part of a building (freehold or held under a finance lease) and land (freehold or held under an operating lease) held for long term rental yields and/or capital appreciation, and which are not occupied by the entity, are classified as investment property under non-current assets.

Investment property is carried at fair value, representing open market value determined periodically by independent external values. Changes in fair values are included in profit or loss in the income statement.

i) Finance and operating leases

Leases which confer substantially all the risks and rewards of ownership to the entity are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments, and the asset is subsequently accounted for in accordance with the accounting policy applicable to that asset.

All other leases are treated as operating leases and the leased assets are recognised in the statement of financial position to the extent of prepaid lease rentals at the end of
the year. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

j) Financial instruments

(a) Classification

The group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded either in profit or loss or in OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to present subsequent changes in fair value in other comprehensive income.

The group reclassifies debt instruments only when its business model for managing those assets changes.

(b) Recognition and measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- **Amortised cost:** assets that are held for collection of contractual cash flows, where those cashflows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in 'other gains/(losses)' together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

- **FVOCI:** assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in 'other gains/(losses)', and impairment expenses are presented as a separate line item in the statement of profit or loss.

- **FVTPL:** assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognised in profit or loss and presented net within 'other gains/(losses)' in the period in which it arises.

Equity instruments

The group subsequently measures all equity investments at fair value. Where management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognized in 'other gains/(losses)' in the statement of profit or loss as applicable.

The group holds certain unquoted equity investments comprising equity shares held in other Government owned or controlled entities (note 21).

(iii) Impairment

The group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables, see note 44(c) for further details.

k) Fixed interest investments (bonds)

Fixed interest investments refer to investment funds placed under Central Bank of Kenya (CBK) long-term infrastructure bonds and other corporate bonds with the intention of earning interest income upon the bond's disposal or maturity. Fixed interest investments are freely traded at the Nairobi Securities Exchange. The bonds are measured at fair value through profit or loss.

l) Unquoted investments

Unquoted investments stated at cost under non-current assets and comprise equity shares held in other Government owned or controlled entities.

m) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories comprises purchase price, import duties, transportation and handing charges, and is determined on the moving average price method.

n) Trade and other receivables

Trade and other receivables are recognised at fair values less allowances for any uncollectible amounts. The Company has a credit period of 45 days after which they are considered as credit impaired. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year-end as follows:

- Full provision for specific receivables where all efforts for recovery of the debt have been exhausted

- Full provision for debts that are over and above the line-fill value calculated at landed cost.
- Full provision for specific staff receivables where efforts for recovery have been exhausted.
- For sundry receivables a 10% of outstanding amounts for more than 180 days.
- Bad debts are written off after all efforts at recovery have been exhausted.

o) Taxation

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the entity operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Income tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

p) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various Commercial Banks at the end of the reporting period. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

q) Borrowings

Interest bearing loans and overdrafts are initially recorded at fair value being received, net of issue costs associated with the borrowing.

Subsequently, these are measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue cost and any discount or premium on settlement. Finance charges, including premiums payable of settlement or redemption are accounted for on accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Loan interest accruing during the construction of a project is capitalised as part of the cost of the project.

r) Trade and other payables

Trade and other payables are non-interest bearing and are carried at amortised cost, which is measured at the fair value of contractual value of the consideration to be paid in future in respect of goods and services supplied, whether billed to the entity or not, less any payments made to the suppliers.

s) Retirement benefit obligations

The company operated a defined benefit contribution pension scheme for eligible employees until 30 June 2006. With effect from 1 July 2006, the scheme was closed to new members and a defined contribution pension scheme was established.

The assets of these schemes are held in separate trustee administered funds. The defined contribution scheme is funded by contributions from both the employees and employer.

For the defined contribution pension scheme, the cost of providing benefits is limited to the company contributions.

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 recognized in other comprehensive income in the period in which they occur. Re-measurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized 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 categorized 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 re-measurement.

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 obligation recognized in the statement of financial position represents the actual deficit or 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.

The company also makes contributions to National Social Security Fund, a statutory defined contribution pension scheme. The company's obligations under the scheme are limited to specific contributions legislated from time to time.

t) Provision for staff leave pay

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

u) Foreign Currency translations

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency').

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognized in profit or loss. Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within 'other gains/(losses)'.

v) Budget information

The rationalized budget for FY 2024/25 was approved by the National Treasury on 21st July 2025. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

Kenya Pipeline Company budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under page 59 of these financial statements.

w) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

x) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Entity's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur.

Sources of Estimation Uncertainty

- **Actuarial valuation of defined benefits plan**

The net asset under the defined benefit scheme is determined using actuarial valuation. 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.

- **Impairment of assets**

At each reporting date, the company reviews the carrying amount of its financial, tangible and intangible assets to determine whether there is any indication that the assets have suffered impairment. If any such indication exists, the assets recoverable amount is estimated, and an impairment loss is recognized in the income statement whenever the carrying amount of the asset exceeds its recoverable amount.

Useful lives and residual values

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

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

- **Impairment losses on trade and other receivables**

The company reviews its trade and other receivables to assess impairment regularly. In determining whether an impairment loss should be recorded in the income statement, the company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from the receivables before a decrease can be identified.

This evidence may include observable data indicating that there has been an adverse change in the payment status of customers or local economic conditions that correlate with defaults on assets in the company. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Provisions

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

6. REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15 Revenue from contracts with customers requires disclosure to reflect the nature, timing, amount, and uncertainty of its revenue within its disclosure requirements. The Company has determined that the disaggregation using the below categories and the nature of revenues is appropriate for its circumstances.

	Group		Company	
	FY 2025	FY 2024	FY 2025	FY 2024
	Kshs	Kshs	Kshs	Kshs
Local service fees	12,471,487,586	10,803,950,854	12,471,487,586	10,803,950,854
Export service fees	21,146,407,354	19,753,039,630	21,146,407,354	19,753,039,630
Kipevu oil storage facility fees	4,376,262,785	4,338,419,479	4,376,262,785	4,338,419,479
Penalties on overstayed product	573,837,981	432,661,009	573,837,981	432,661,009
Penalties from ASE	1,764,928	1,352,597	1,764,928	1,352,597
KPRL Lease Income	6,002,521	5,303,341	6,002,521	5,303,341
Liquefied Petroleum Gas Sales	17,867,931	34,602,598	17,867,931	34,602,598
	38,593,631,086	**35,369,329,508**	**38,593,631,086**	**35,369,329,508**

Analysis of unit sales by market/destination category in cubic meters is as follows

	FY 2025	FY 2024
Type of Customers	**M³**	**M³**
Local sales	5,059,786	4,658,111
Export sales	4,825,164	4,457,019
Total Throughput Sales	**9,884,950**	**9,115,130**

7. DIRECT COSTS

	GROUP		COMPANY	
	FY 2025	FY 2024	FY 2025	FY 2024
	Kshs	Kshs	Kshs	Kshs
Pipeline maintenance staff costs (Note 12)	3,872,484,476	3,674,563,890	3,872,484,476	3,674,563,890
Depreciation (Note 17)	4,728,483,547	4,492,569,296	4,728,483,547	4,492,569,296
Pipeline maintenance costs	1,476,817,730	1,363,284,144	3,025,665,663	3,017,068,722
Electricity and fuel	2,641,535,589	2,853,541,851	2,641,535,589	2,853,541,851
Insurance	397,732,354	427,397,342	397,732,354	427,397,342
Other maintenance costs	56,254,261	49,686,967	56,254,261	49,686,967
Amortization expense	9,552,212	3,032,030	9,552,212	3,032,030
	13,182,860,169	**12,864,075,521**	**14,731,708,102**	**14,517,860,099**

8. OTHER INCOME

	GROUP		COMPANY	
	FY 2025 Kshs	FY 2024 Kshs	FY 2025 Kshs	FY 2024 Kshs
Rent income	125,811,903	117,384,202	118,922,863	110,781,441
Income from Collateral Financing	133,804,009	155,889,938	133,804,009	155,889,938
Non-Refundable Tender Deposits	-	8,925,369	-	8,925,369
MTCC /MIOG collections	135,091,369	170,221,685	135,091,369	170,221,685
Laboratory Income	5,259,891	2,960,674	5,259,891	2,960,674
Fiber Optic Cable Income	349,921,133	352,062,044	349,921,133	352,062,044
Income from communication equipment	205,240	195,467	205,240	195,467
Miscellaneous income	62,559,854	31,136,968	62,444,708	31,087,378
KPRL Investment in DC Pension Fund	30,586,783	77,987,792	-	-
Lease recovery	79,717,807			
	922,957,989	**916,764,138**	**805,649,214**	**832,123,996**

9. NET FINANCE INCOME

	GROUP		COMPANY	
	FY 2025 Kshs	FY 2024 Kshs	FY 2025 Kshs	FY 2024 Kshs
a) INTEREST INCOME				
Interest from commercial banks	423,532,256	840,010,412	383,970,614	840,010,412
Interest on staff loans	54,751,211	48,462,997	54,706,933	48,446,917
	478,283,467	**888,473,409**	**438,677,547**	**888,457,329**
b) FINANCE COSTS				
Loan interest	278,715,507	622,345,007	151,406,775	467,349,786
Interest on lease liability	9,899,992	11,847,651	8,337,406	11,847,651
Interest expense on bank overdraft	102,322,469	106,978,541	-	-
Provision for interest on dead stock	-	(1,330,992,905)	-	-
	390,937,968	**(589,821,707)**	**159,744,180**	**479,197,436**

10. OTHER GAINS & LOSSES

	GROUP		COMPANY	
	FY 2025 Kshs	FY 2024 Kshs	FY 2025 Kshs	FY 2024 Kshs
Gain on disposal of PPE and leasehold land	(14,421,728)	(71,573,855)	(14,421,728)	(72,415,005)
Foreign Exchange (Loss)/Gain	(77,984,451)	(1,896,301,113)	(76,639,355)	(2,133,226,654)
	(92,406,179)	**(1,967,874,969)**	**(91,061,083)**	**(2,205,641,660)**

11. a) ADMINISTRATION EXPENSES

	GROUP		COMPANY	
	FY 2025 Kshs	FY 2024 Kshs	FY 2025 Kshs	FY 2024 Kshs
Administrative staff costs (note 12)	3,833,128,272	4,152,200,702	3,374,556,368	3,694,119,811
Depreciation and Amortization	1,888,520,728	1,333,709,563	849,447,371	1,125,135,718
Amortization of Right-of-Use asset	33,754,961	31,150,649	31,150,649	31,150,649
Other office and general expenses	1,005,952,204	428,712,559	911,289,128	288,794,735
Travelling, mileage and entertainment (note 12)	120,741,437	155,028,989	87,891,461	122,683,149
Advertising and printing expenses	98,962,661	172,711,021	93,243,771	168,311,559
Corporate Social Investment	137,644,371	85,736,968	137,644,371	85,736,968
Staff Training (note 12)	85,452,718	198,720,562	70,931,998	177,382,460
Rent and rates	26,256,695	25,061,722	17,650,455	16,455,482
Consultancy fees	231,865,766	156,264,454	180,715,733	138,060,739
Telephone and postage	54,446,882	53,647,477	48,471,413	45,199,224
Legal and professional expenses	126,900,450	202,597,900	107,227,377	199,838,130
Court awards	488,864,000	2,062,574,948	488,864,000	2,062,574,948
Motor vehicle expenses	133,210,291	128,815,994	133,210,291	128,815,994
Buildings repairs and maintenance	312,723,732	441,561,455	28,860,879	1,988,311
Bank charges	12,628,826	23,544,643	11,790,929	22,737,934
Penalties & Interest	453,456,624	3,869,796	453,456,624	3,869,796
Auditors' remuneration	20,627,547	17,379,310	12,799,960	11,379,310
Insurance costs	102,570,261	90,905,896	-	-
Software licenses	338,456,796	369,980,331	309,900,422	339,585,165
Security	391,888,764	384,785,460	349,474,868	344,799,360
Materials costs	37,644,241	54,462,470	-	-
Occupational Health & Safety	4,775,544	4,940,761	-	-
Loss on asset revaluation	242,884,813	-	-	-
Directors Expenses:				
Honoraria	960,000	960,000	960,000	960,000
Directors' fees	10,620,000	2,535,785	10,620,000	2,535,785
Board Retreats and general expenses	2,551,879	3,720,960	2,551,879	3,720,960
Sitting /duty allowance	25,415,334	26,841,013	7,587,000	11,740,000
Training expenses	931,000	2,866,996	931,000	2,866,996
Travel expenses	5,808,287	7,163,179	5,808,287	7,163,179
Subsistence allowance	8,727,274	9,064,866	8,727,274	9,064,866
	10,238,372,357	**10,631,516,430**	**7,735,763,508**	**9,046,671,228**

b) Impairment of non-financial assets

	GROUP FY 2025	GROUP FY 2024	COMPANY FY 2025	COMPANY FY 2024
Impairment loss on Work in Progress	-	75,704,933	-	75,704,933
Provision for Impairment of Redundant Assets	(97,589,860)	1,566,914,647	-	-
	(97,589,860)	**1,642,619,580**	**-**	**75,704,933**

c) Impairment of financial assets

	GROUP FY 2025	GROUP FY 2024	COMPANY FY 2025	COMPANY FY 2024
Impairment of financial assets	212,086,457	756,591,221	212,086,457	756,591,221
	212,086,457	**756,591,221**	**212,086,457**	**756,591,221**

12. STAFF COSTS

	GROUP		COMPANY	
	FY 2025 Kshs	FY 2024 Kshs	FY 2025 Kshs	FY 2024 Kshs
Salaries and wages, (inclusive of travel, mileage, staff training and entertainment)	6,655,153,443	6,909,120,455	6,303,658,794	6,562,216,021
Group life and medical cover	537,686,827	447,173,477	498,644,491	414,022,111
Pension-company contribution	378,724,976	536,757,853	328,757,679	483,462,743
NSSF-company contribution	57,041,100	27,961,319	53,097,120	25,886,640
Leave pay provision	33,872,624	44,686,396	33,084,480	44,721,523
Gratuity Provision	49,062,048	55,360,096	49,062,048	55,360,096
Fringe Benefits Tax	52,486,927	33,277,641	52,486,927	33,277,641
Staff welfare	93,025,860	62,156,894	87,072,763	49,802,536
	7,857,053,804	**8,116,494,133**	**7,405,864,304**	**7,668,749,310**
Split as follows:				
Direct staff costs (note 7)	3,872,484,476	3,674,563,890	3,872,484,476	3,674,563,890
Administrative staff cost (note 11)	3,984,569,329	4,441,930,242	3,533,379,827	3,994,185,420
	7,857,053,804	**8,116,494,133**	**7,405,864,304**	**7,668,749,310**

Administrative staff costs are Salaries and Wages, inclusive of Group Life and Medical Cover, Pension-Company Contribution, Staff Welfare, Recruitment Costs, Subsistence Allowance, NSSF- Company Contribution and Uniforms.

The average number of employees at the end of the year was:

	GROUP		COMPANY	
	FY 2025	FY 2024	FY 2025	FY 2024
Permanent Management	709	723	628	636
Permanent Unionisable	642	671	616	645
Contract Managers	30	30	30	30
All other contract staff i.e. MTCC, GYM,	87	75	87	75
Temporary staff (Relief Drivers)	34	29	34	29
Secondment	4	4	4	4
Intern	43	44	43	44
TOTAL	**1,549**	**1,576**	**1,442**	**1,463**

	GROUP		COMPANY	
	FY 2025 Kshs	FY 2024 Kshs	FY 2025 Kshs	FY 2024 Kshs
Provision for Leave Pay				
Balance at beginning of the year	246,598,434	205,759,463	246,598,434	205,759,463
Additional provision at end of year	53,989,861	90,378,375	53,989,861	90,378,375
Leave paid out or utilized during the year	(27,277,691)	(49,539,404)	(27,277,691)	(49,539,404)
Balance at the end of the year	**273,310,604**	**246,598,434**	**273,310,604**	**246,598,434**

13. PROFIT BEFORE TAX

	GROUP	
	FY 2025 Kshs	FY 2024 Kshs
The profit before tax is arrived at after charging/crediting):		
Staff costs (note12)	7,857,053,806	8,116,494,133
Depreciation of property, plant and equipment (note 17)	5,698,453,212	5,015,229,087
Amortization of intangible assets (note18 & 19)	930,707,585	814,081,802
Impairment of Financial assets (note 11(c)	212,086,457	756,591,221
Directors' expenses (note 11(a)	37,185,440	38,051,786
Auditors' remuneration (note 11(a)	20,627,547	17,379,310
Loss/(Gain) on disposal of PPE (note 10)	14,421,728	71,573,855
Net foreign exchange Loss (note 10)	(75,294,259)	(1,896,301,113)
Interest receivable (note 9(a)	(423,576,534)	(888,4783,409)
Interest payable (note 9(b)	390,937,968	(589,821,707)
Rent income (note 8)	(125,811,903)	(117,384,202)

PROFIT BEFORE TAX

	COMPANY	
	FY 2025 Kshs	FY 2024 Kshs
The profit before tax is arrived at after charging/crediting):		
Staff costs (note12)	7,405,864,304	7,668,749,310
Depreciation of property, plant and equipment (note 17)	5,023,703,896	4,806,823,409
Amortization of intangible assets (note18 & 19)	563,779,233	813,913,635
Impairment of financial assets (note 11(b)	212,086,457	756,591,221
Directors' expenses (note 11(a)	37,185,440	38,051,786
Auditors' remuneration (note 11(a)	12,799,960	11,379,310
Loss on disposal of PPE (note 10)	14,421,728	72,415,005
Net foreign exchange gain (note 10)	(76,639,355)	(2,133,226,654)
Interest receivable (note 9(a)	(438,677,547)	(888,457,329)
Interest payable (note 9(b)	159,744,180	479,197,436
Rent income (note 8)	(118,922,863)	(110,781,441)

14. TAXATION

FY 2025 Kshs　　FY 2024 Kshs

	GROUP		COMPANY	
	FY 2025 Kshs	FY 2024 Kshs	FY 2025 Kshs	FY 2024 Kshs
a) Tax charge				
Current taxation	6,519,309,272	4,218,032,886	6,448,554,015	4,174,939,993
Deferred tax (Note 30)	(711,693,104)	(1,092,447,916)	(696,388,950)	(1,033,945,712)
Under/(Over) Provision of deferred tax in prior years	-	-	-	-
Total taxation charge	**5,807,616,168**	**3,125,584,970**	**5,752,165,065**	**3,140,994,281**
	===========	===========	===========	===========

b) Reconciliation of tax expense/ (credit) to the expected tax based on accounting profit

Profit before taxation	15,975,799,273	9,901,711,041	16,907,594,516	10,008,244,255
Tax at the applicable rate of 30%	4,792,739,782	2,970,513,313	5,072,278,355	3,002,473,277

	GROUP		COMPANY	
	FY 2025	FY 2024	FY 2025	FY 2024
	Kshs	Kshs	Kshs	Kshs
Expenses not deductible for tax purposes	1,144,712,959	223,121,418	809,723,283	206,570,765
Income not subject to tax	(129,836,573)	(68,049,761)	(129,836,573)	(68,049,761)
Total taxation charge	**5,807,616,168**	**3,125,584,970**	**5,752,165,065**	**3,140,994,281**
	===========	===========	===========	===========

15. EARNINGS PER SHARE

Earnings per share is calculated based on the profit attributable to shareholders divided by the number of ordinary shares in issue.
Diluted earnings per share is the same as the basic earnings per share as there were no potentially dilutive instruments outstanding at the balance sheet date.

EARNINGS PER SHARE-BASIC AND DILUTED

	GROUP		COMPANY	
	FY 2025	FY 2024	FY 2025	FY 2024
	Kshs	Kshs	Kshs	Kshs
Net Profit After Taxation	10,168,183,105	6,776,126,071	11,155,429,451	6,867,249,974
Number of ordinary shares in issue	18,173,300	18,173,300	18,173,300	18,173,300
Earnings Per Share	**560**	**373**	**614**	**378**

16. DIVIDENDS PER SHARE

Proposed dividends are not accounted for until they have been ratified at the Annual General Meeting. During the year, the Company paid Kshs. 5.9B in respect of FY 2023/2024 Financial performance.

Particulars	**FY2024/2025**	**FY2023/2024**
	Kshs	**Kshs**
At the beginning of the year	-	-
Additional declared during the year	5,900,000,000	7,000,000,000
Paid during the year	(5,900,000,000)	(7,000,000,000)
Balance at end of the year	-	-

17. PROPERTY, PLANT AND EQUIPMENT

GROUP FIXED ASSET MOVEMENT SCHEDULE AS AT 30 JUNE 2025

	Freehold Property	Buildings and Roads	Pipeline Pumps & Tanks	Refining Assets	Captive Power Plant	Equipment Furniture & Fittings	Helicopters	Motor Vehicles & Tractors	Capital Work-in-Progress	Total
COST	**Kshs**	**Kshs**	**Kshs**			**Kshs**	**Kshs**	**Kshs**	**Kshs**	**Kshs**
1st July 2024 Opening balances	**1,920,537,660**	**7,724,118,677**	**74,786,947,372**	**121,070,082**	**752,970,208**	**20,288,206,513**	**183,275,000**	**1,244,601,364**	**4,306,348,066**	**111,328,074,942**
Reclassification of assets	-	(3,536,670)	(388,734,829)	-	-	-	-	-	-	(392,271,499)
Disposals	-	(39,190,500)	(22,425,931)	-	-	(64,538,705)	-	(27,012,037)	-	(153,167,173)
At 30th June 2025	**1,920,537,660**	**7,681,391,507**	**74,375,786,612**	**121,070,082**	**752,970,208**	**20,223,667,808**	**183,275,000**	**1,217,589,327**	**4,306,348,066**	**110,782,636,270**
1st July 2024 (Revaluation)	**3,273,000,100**	**7,799,640,917**	**62,845,226,180**	**489,537,074**	**563,368,353**	**15,340,317,626**	**243,240,000**	**876,224,811**	**4,306,348,066**	**95,736,903,127**
Additions (Acquisitions)	-	-	49,716,762	-	-	119,843,086	-	22,587,930	1,201,145,104	1,393,292,881
Transfers from WIP	-	280,782,299	1,278,104,747	-	-	1,696,145,725	-	64,175,244	(3,319,208,014)	-
At 30th June 2025	**3,273,000,100**	**8,080,423,216**	**64,173,047,688**	**489,537,074**	**563,368,353**	**17,156,306,436**	**243,240,000**	**962,987,985**	**2,188,285,156**	**97,130,196,008**
DEPRECIATION										
1st July 2024	**-**	**1,851,842,459**	**16,004,158,074**	**-**	**-**	**7,219,118,927**	**91,637,500**	**1,134,444,647**	**-**	**26,301,201,607**
Eliminated on Disposal	-	(14,706,788)	(9,707,978)	-	-	(54,985,557)	-	(18,830,264)	-	(98,230,587)
At 30th June 2025	**-**	**1,837,135,671**	**15,994,450,096**	**-**	**-**	**7,164,133,370**	**91,637,500**	**1,115,614,383**	**-**	**26,202,971,020**
										-
1st July 2024 Revaluation	-	-	-	-	-	-	-	-	-	**-**
Charge for the year	-	364,693,479	3,600,613,717	18,071,074	31,319,353	1,423,832,735	24,324,000	235,598,855	-	**5,698,453,213**
Eliminated on Disposal	-	(529,932)	633,235	-	-	(2,284,203)	-	-	-	**(2,180,900)**
At 30th June 2025	**-**	**364,163,547**	**3,601,246,953**	**18,071,074**	**31,319,353**	**1,421,548,532**	**24,324,000**	**235,598,855**	**-**	**5,696,272,313**
NET BOOK VALUE:	**3,273,000,100**	**7,716,259,669**	**60,571,800,736**	**471,466,000**	**532,049,000**	**15,734,757,904**	**218,916,000**	**727,389,130**	**2,188,285,156**	**91,433,923,695**
COST										
1st July 2023	**1,920,537,660**	**8,105,793,794**	**75,367,011,965**	**1,930,753,106**	**1,823,415,125**	**20,781,374,306**	**183,275,000**	**1,390,847,876**	**2,453,197,718**	**113,956,206,549**
Additions (Acquisitions)	-	-	80,453,892	-	-	186,072,763	-	-	3,991,039,224	4,257,565,879
Transfers from WIP	-	197,150,581	445,047,255	-	-	798,718,180	-	-	(1,440,916,016)	-
Disposals	-	-	(13,699,000)	-	-	(184,078,611)	-	(32,586,741)	-	(230,364,352)
Adjustment (Stalled projects provision reversed)	-	-	-	-	-	-	-	-	18,057,536	18,057,536
Adjustment (impairment in value - stalled projects)	-	(5,135,219)	(117,962,635)	-	(15,240,991)	-	-	-	(715,030,394)	(853,369,239)
Reclassification of assets		(4,651,517)	121,070,082	18,329,255	(134,634,821)	-	-	(113,000)	-	(1)
30th JUNE 2024	**1,920,537,660**	**8,293,157,638**	**75,881,921,560**	**1,949,082,361**	**1,673,539,313**	**21,582,086,638**	**183,275,000**	**1,358,148,135**	**4,306,348,066**	**117,148,096,372**
DEPRECIATION										
1st July 2023	**-**	**2,021,907,882**	**14,492,105,607**	**1,343,785,310**	**1,448,407,427**	**6,637,012,186**	**73,310,000**	**1,214,690,419**	**-**	**27,231,218,830**
Charge for the year	-	398,973,539	3,028,202,050	64,362,665	42,599,840	1,396,875,795	18,327,500	65,887,700	-	5,015,229,088
Eliminated on Disposal	-	-	(1,311,092)	-	-	(91,327,089)	-	(32,586,701)	-	(125,224,882)
30th JUNE 2024	**-**	**2,420,881,420**	**17,518,996,565**	**1,408,147,975**	**1,491,007,267**	**7,942,560,891**	**91,637,500**	**1,247,991,418**	**-**	**32,121,223,036**
NET BOOK VALUE:										
30th JUNE 2024	**1,920,537,660**	**5,872,276,218**	**58,362,924,995**	**540,934,386**	**182,532,046**	**13,639,525,747**	**91,637,500**	**110,156,717**	**4,306,348,066**	**85,026,873,336**

- **Capital work-in-progress**

Capital work in progress (WIP) relates mainly to the costs of ongoing works on pipeline installations/modifications and other civil works.

COMPANY FIXED ASSET MOVEMENT SCHEDULE AS AT 30 JUNE 2025

	Freehold Property	Buildings and Roads	Pipeline Pumps & Tanks	Equipment Furniture & Fittings	Helicopters	Motor Vehicles & Tractors	Capital Work-in-Progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
COST								
1st July 2024 Opening balances	**1,920,242,500**	**7,620,422,059**	**74,246,012,987**	**20,105,674,466**	**183,275,000**	**1,244,601,364**	**4,306,348,066**	**109,626,576,442**
Reclassification of assets	-	(3,536,670)	(388,734,829)	-	-	-	-	(392,271,499)
Disposals	-	(39,190,500)	(22,425,931)	(64,538,705)	-	(27,012,037)	-	(153,167,173)
At 30th June 2025	**1,920,242,500**	**7,577,694,889**	**73,834,852,227**	**20,041,135,761**	**183,275,000**	**1,217,589,327**	**4,306,348,066**	**109,081,137,770**
1st July 2024 (Revaluation)	**2,367,000,100**	**6,645,017,000**	**58,988,876,500**	**14,820,454,145**	**243,240,000**	**846,100,000**	**4,306,348,066**	**88,217,035,811**
Additions(Acquisitions)	-	-	49,716,762	119,843,086	-	22,587,930	1,201,145,104	1,393,292,881
Transfers from WIP	-	280,782,299	1,278,104,747	1,696,145,725	-	64,175,244	(3,319,208,014)	-
At 30th June 2025	**2,367,000,100**	**6,925,799,299**	**60,316,698,008**	**16,636,442,955**	**243,240,000**	**932,863,174**	**2,188,285,156**	**89,610,328,692**
DEPRECIATION								
1st July 2024 Opening balances	**-**	**1,851,842,459**	**16,004,158,074**	**7,219,118,927**	**91,637,500**	**1,134,444,647**	**-**	**26,301,201,607**
Eliminated on Disposal	-	(14,706,788)	(9,707,978)	(54,985,557)	-	(18,830,264)	-	(98,230,587)
At 30th June 2025	**-**	**1,837,135,671**	**15,994,450,096**	**7,164,133,370**	**91,637,500**	**1,115,614,383**	**-**	**26,202,971,020**
1st July 2024 Revaluation	-	-	-	-	-	-	-	-
Charge for the year	-	320,669,562	3,084,906,036	1,363,050,255	24,324,000	230,754,043	-	5,023,703,896
Charge Eliminated on Disposal	-	(529,932)	633,235	(2,284,203)	-	-	-	(2,180,900)
At 30th June 2025	**-**	**320,139,630**	**3,085,539,272**	**1,360,766,052**	**24,324,000**	**230,754,033**	**-**	**5,021,522,996**
NET BOOK VALUE:	**2,367,000,100**	**6,605,659,669**	**57,231,158,737**	**15,275,676,903**	**218,916,000**	**702,109,131**	**2,188,285,156**	**84,588,805,696**
COST								
1st July 2023	**1,920,242,500**	**7,423,271,479**	**73,734,210,839**	**19,304,962,134**	**183,275,000**	**1,271,892,264**	**1,831,929,792**	**105,669,784,007**
Additions (Acquisitions)	-	-	80,453,892	186,072,763	-	-	3,991,039,224	4,257,565,879
Transfers from WIP	-	197,150,581	445,047,255	798,718,180	-	-	(1,440,916,016)	-
Disposals	-	-	(13,699,000)	(184,078,611)	-	(27,290,900)	-	(225,068,511)
Adjustment (Stalled projects provision reversed)	-	-	-	-	-	-	18,057,536	18,057,536
Adjustment (impairment in value-stalled project Mzima)	-	-	-	-	-	-	(93,762,468)	(93,762,468)

	Freehold Property	Buildings and Roads	Pipeline Pumps & Tanks	Equipment Furniture & Fittings	Helicopters	Motor Vehicles & Tractors	Capital Work-in-Progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
30th JUNE 2024	**1,920,242,500**	**7,620,422,059**	**74,246,012,987**	**20,105,674,466**	**183,275,000**	**1,244,601,364**	**4,306,348,066**	**109,626,576,442**
DEPRECIATION								
1st July 2023	**-**	**1,462,469,825**	**13,009,826,899**	**5,972,626,709**	**73,310,000**	**1,096,073,807**	**-**	**21,614,307,239**
Charge for the year	-	389,372,635	2,995,642,267	1,337,819,308	18,327,500	65,661,700	-	4,806,823,409
Eliminated on Disposal	-	-	(1,311,092)	(91,327,089)	-	(27,290,860)	-	(119,929,041)
30th JUNE 2024	**-**	**1,851,842,459**	**16,004,158,074**	**7,219,118,927**	**91,637,500**	**1,134,444,647**	**-**	**26,301,201,607**
NET BOOK VALUE:								
30th JUNE 2024	**1,920,242,500**	**5,768,579,600**	**58,241,854,913**	**12,886,555,539**	**91,637,500**	**110,156,717**	**4,306,348,066**	**83,325,374,835**

- **Capital work-in-progress**

Capital work in progress (WIP) relates mainly to the costs of ongoing works on pipeline installations/modifications and other civil works.

GROUP PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Details of the Group's property, plant and equipment and information about fair value hierarchy are as follows:

	Level 1	Level 2	Level 3	Fair value as 30 June
30 June 2025	**Kshs**	**Kshs**	**Kshs**	**Kshs**
Buildings and roads	-	-	7,716,259,669	7,716,259,669
Pipeline, pumps & tanks	-	-	60,517,800,736	60,517,800,736
Refining Assets	-	-	471,466,000	471,466,000
Equipment, furniture & fittings	-	-	15,734,757,904	15,734,757,904
Captive Powerplant			532,049,000	532,049,000
Helicopters	-	-	218,916,000	218,916,000
Motor vehicles & tractors	-	-	727,389,130	727, 389,130
	-	-	**85,972,638,439**	**85,972,638,439**
30 June 2024				
Buildings and roads	-	-	5,872,276,218	5,872,276,218
Pipeline, pumps & tanks	-	-	58,782,789,299	58,782,789,299
Refining Assets	-	-	121,070,082	121,070,082
Equipment, furniture and fittings	-	-	13,069,087,586	13,069,087,586
Captive Powerplant	-	-	752,970,208	752,970,208
Helicopters	-	-	91,637,500	91,637,500
Motor vehicles & tractors	-	-	110,156,718	110,156,718
	-	-	**78,799,987,611**	**78,799,987,611**

If the property, plant and equipment were stated on the historical cost basis, the amounts would be as follows:

ASSET DESCRIPTION	COST	ACCUMULATED DEPRECIATION	NBV
	Kshs	**Kshs**	**Kshs**
Freehold Land	46,331,509	-	46,331,509
Buildings and Roads	9,788,982,665	4,677,233,17	5,111,748,748
Plant and Machinery	66,416,078,612	13,434,238,150	52,981,840,462
Helicopters	388,831,318	388,831,298	20
Motor Vehicles	511,029,322	510,181,990	847,331
Computers & Related Equipment	1,148,631,416	1,102,817,888	45,813,528
Office Equipment, Furniture & Fittings	26,530,497,570	7,747,772,615	18,782,724,955
Total	**104,830,382,412**	**27,861,075,859**	**76,969,306,553**

Property plant and Equipment includes the following assets that are fully depreciated.

	Cost	Normal Depreciation
Buildings & Roads	717,904,600	143,480,920
Pipeline, Pumps & Tanks	42,414,754	3,933,186
Equipment, Furniture & Fittings	812,147,725	211,049,780

Motor Vehicles & Tractors	480,724,785	120,181,196
Intangible assets	1,961,692,375	653,897,458

Depreciation charge has been split between administrative and direct costs as follows:

	FY 2025 Kshs	FY 2024 Kshs
Total depreciation as per property, plant & equipment (note 17)	**5,695,848,901**	**5,015,229,087**
Direct costs (note 7)	4,728,483,547	4,492,569,296
Administrative costs	967,365,354	522,659,791
	5,695,848,901	**5,015,229,087**

COMPANY PROPERTY, PLANT AND EQUIPMENT

Details of the company's property, plant and equipment and information about fair value hierarchy are as follows:

	Level 1	Level 2	Level 3	Fair value as 30 June
30 June 2025	**Kshs**	**Kshs**	**Kshs**	**Kshs**
Buildings and roads	-	-	6,605,659,669	6,605,659,669
Pipeline, pumps & tanks	-	-	57,231,158,737	57,231,158,737
Equipment, furniture & fittings	-	-	15,275,676,903	15,275,676,903
Helicopters	-	-	218,916,000	218,916,000
Motor vehicles & tractors	-	-	702,109,131	702,109,131
	-	-	**80,033,520,440**	**80,033,520,440**
30 June 2024				
Buildings and roads	-	-	5,768,579,600	5,768,579,600
Pipeline, pumps & tanks	-	-	58,241,854,913	58,241,854,913
Equipment, furniture and fittings	-	-	12,886,555,539	12,886,555,539
Helicopters	-	-	91,637,500	91,637,500
Motor vehicles & tractors	-	-	110,156,717	110,156,717
	-	-	**77,098,784,269**	**77,098,784,269**

If the property, plant and equipment were stated on the historical cost basis, the amounts would be as follows:

ASSET DESCRIPTION	COST	ACCUMULATED DEPRECIATION	NBV
	Kshs	Kshs	Kshs
Freehold Land	46,331,509	-	46,331,509
Buildings and Roads	9,788,982,665	4,677,233,17	5,111,748,748
Plant and Machinery	66,416,078,612	13,434,238,150	52,981,840,462
Helicopters	388,831,318	388,831,298	20

ASSET DESCRIPTION	COST	ACCUMULATED DEPRECIATION	NBV
	Kshs	Kshs	Kshs
Motor Vehicles	511,029,322	510,181,990	847,331
Computers & Related Equipment	1,148,631,416	1,102,817,888	45,813,528
Office Equipment, Furniture & Fittings	26,530,497,570	7,747,772,615	18,782,724,955
Total	**104,830,382,412**	**27,861,075,859**	**76,969,306,553**

Property plant and Equipment includes the following assets that are fully depreciated.

	Cost	Normal Depreciation
Buildings & Roads	717,904,600	143,480,920
Pipeline, Pumps & Tanks	42,414,754	3,933,186
Equipment, Furniture & Fittings	812,147,725	211,049,780
Motor Vehicles & Tractors	480,724,785	120,181,196
Intangible assets	1,961,692,375	653,897,458

Depreciation charge has been split between administrative and direct costs as follows:

	FY 2025 Kshs	FY 2024 Kshs
Total depreciation as per property, plant & equipment (note 17)	**5,023,703,896**	**4,806,823,409**
Direct costs (note 7)	4,728,483,547	4,492,569,296
Administrative costs	295,220,349	314,254,113
	5,023,703,896	**4,806,823,409**

18. LEASEHOLD LAND

	GROUP		COMPANY	
COST\VALUATION	FY 2025 Kshs	FY 2024 Kshs	FY 2025 Kshs	FY 2024 Kshs
1 July 2024	-	18,739,103,408	-	18,729,306,450
Revalued cost	29,245,500,120	-	16,880,500,120	-
Disposals	-	-	-	-
As at 30 June 2025	**29,245,500,120**	**18,739,103,408**	**16,880,500,120**	**18,729,306,450**
AMORTIZATION				
1 July 2024	3,783,767	(2,957,859,971)	-	(2,954,244,371)
Transfer to Reserve	(3,783,767)			
Charge for the period	(903,650,096)	(742,844,364)	(539,326,056)	(742,676,197)
30 June 2025	**(903,650,096)**	**(3,700,704,335)**	**(539,326,056)**	**(3,696,920,568)**
NET BOOK VALUE	**28,341,850,024**	**15,038,399,073**	**16,341,174,064**	**15,032,385,882**

Payments to acquire leasehold interests in land are treated as prepaid lease rentals and amortized over the term of the lease. Leasehold land is held at valuation and categorized under level 3 of the fair value hierarchy.

Included under leasehold land is land valued at **Kshs 5,306,734,993** relating to the JKIA Embakasi Depot whose title is held under the Kenya Airports Authority (KAA). KPC is pursuing a separate title.

19. INTANGIBLE ASSETS

	GROUP		COMPANY	
	FY 2025	FY 2024	FY 2025	FY 2024
COST	Kshs	Kshs.	Kshs	Kshs.
1 July	2,245,203,706	2,148,673,763	2,030,296,178	1,933,766,235
Additions	254,738	96,529,944	254,738	96,259,944
30 June	**2,245,458,444**	**2,245,203,706**	**2,030,550,916**	**2,030,296,178**
AMORTIZATION				
1 July	2,192,259,184	2,121,021,746	1,977,351,655	1,906,114,218
Charge for the year	24,453,177	71,237,438	24,453,177	71,237,438
30 June	**2,216,712,360**	**2,192,259,183**	**2,001,804,832**	**1,977,351,655**
NET BOOK VALUE	**28,746,084**	**52,944,523**	**28,746,084**	**52,944,523**

Intangible assets comprise cost of purchased computer software. Computer software costs are amortized over 3 years.

20. RIGHT OF USE (ROU) ASSET

	GROUP		COMPANY	
	FY 2025	FY 2024	FY 2025	FY 2024
	Kshs	Kshs	Kshs	Kshs
COST				
At Start of year	124,602,595	24,602,595	124,602,595	124,602,595
Additions	41,668,984	-	-	-
At end of year	**166,271,579**	**24,602,595**	**124,602,595**	**124,602,595**
DEPRECIATION				
At Start of year	**(57,109,522)**	**(25,958,873)**	**(57,109,522)**	**(25,958,873)**
Charge for the year	(33,754,961)	(31,150,649)	(31,150,649)	(31,150,649)
At end of year	**(90,864,483)**	**(57,109,522)**	**(88,260,171)**	**(57,109,522)**
Net Book Value	**75,407,096**	**67,493,073**	**36,342,424**	**67,493,073**

As a lessee, the company entered into a lease agreement in June 2022 for leasing motor vehicles from Government identified dealers. The leased vehicles were delivered in September and October 2022.

The following are the amounts in the profit or loss

	GROUP		COMPANY	
	FY 2025	FY 2024	FY 2025	FY 2024
	Kshs	Kshs	Kshs	Kshs
Depreciation expense	33,754,961	31,150,649	31,150,649	31,150,649
Interest expense	9,899,993	11,847,651	8,337,406	11,847,651
Maintenance costs	48,507,352	33,094,089	48,507,352	33,094,089
	92,162,306	**76,092,389**	**87,995,407**	**76,092,389**

21. Deferred Tax Asset

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. The net deferred tax liability at year end is attributable to the following items:

	FY 2024/25	FY 2023/24
Description	**Kshs**	**Kshs**
Accelerated capital allowances	353,236,283	395,041,599
Unrealised exchange gains/(losses)	221,830	71,251,562
Provisions for liabilities and charges	(484,450,727)	(622,763,873)
Tax losses carried forward	(1,053,765,093)	(1,105,914,324)
Prior year	-	92,931,484
Net deferred tax liability	**(1,184,757,707)**	**(1,169,453,552)**

	FY 2024/25	FY 2023/24
Description	**Kshs**	**Kshs**
Balance at beginning of the year	**(256,334,435)**	**(197,832,231)**
Credit to revaluation reserve	(15,304,154)	-
Under provision in prior year	-	-
Income statement charge/ (credit)	-	(58,502,204)
Balance at end of the year	**(271,638,589)**	**(256,334,435)**

22. INVESTMENTS IN UNQUOTED EQUITY INSTRUMENTS

	FY 2025 Kshs	FY 2024 Kshs
Unquoted investments		
Consolidated Bank of Kenya Limited	67,030,000	67,030,000
Impairment charge on Consolidated Bank of Kenya Limited preference shares	(30,725,641)	(30,725,641)
	36,304,359	**36,304,359**
Petroleum Institute of East Africa	2,000	2,000
	36,306,359	**36,306,359**
	========	========

Details of the investment in Consolidated Bank of Kenya Limited are shown below:

746,500 Ordinary Shares of Kshs.20 each	14,930,000	14,930,000
2,605,000 preference shares of Kshs.20 each	52,100,000	52,100,000
Impairment charge on Consolidated Bank of Kenya Limited preference shares	(30,725,641)	(30,725,641)
	36,304,359	**36,304,359**

	FY 2025 Kshs	FY 2024 Kshs

KPC's interest in Consolidated Bank of Kenya Limited amounts to 0.5% of the total shareholding.

The investment in the Petroleum Institute of East Africa comprises one class "A" Redeemable Preference share of Kshs. 2,000. The investments are stated at cost as fair value cannot be reliably determined.

23. INVESTMENT IN SUBSIDIARY

i) Material subsidiaries

The group's subsidiaries at 30 June 2025 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also the principal place of business of each entity.

Name of entity	Nature of shareholding	Country of incorporation	Ownership interest held by the group	Principal activities
Kenya Petroleum Refineries Limited	Direct	Kenya	100%	The company renders storage of imported petroleum products services and leasing its storage tanks and pipelines to KPC.
KPRL Pension Trust Limited	Indirect through KPRL	Kenya	100%	KPRL holds 100% of the issued ordinary share capital of Kenya Petroleum Refineries Pension Trust Limited (10,000 ordinary shares at Kshs 1,000/- each). The subsidiary functions in a trustee capacity only and as such made neither a profit nor a

ii) Business Combination

KPC, through a share transfer on 27 October 2023, acquired all the shares of KPRL from The National Treasury without monetary consideration but in exchange for the extinguishment of a long-term receivable from the National Treasury on account of upgrades of KPRL facilities by KPC as per the lease agreement dated 20th March 2017 and subsequent addendums. The consideration amounted to Kshs 1,974,199,458 as at the date of the transfer. Thus, KPRL became a fully owned subsidiary of KPC. Management assessed this to be a business combination under common control and accounted for it under the predecessor value method and the retrospective presentation method. The book values of the assets and liabilities of KPRL as at the date of acquisition are as follows:

Kenya Petroleum Refinery Limited
Statement of Financial Position as at 30 September 2023

Description	Sept 2023 Kshs
ASSETS	
Non-Current Assets	
Property, plant and equipment	2,616,188,159
Prepaid operating lease rentals	6,187,473
Investment in subsidiary – KPRL Pension Trust Ltd	10,000,000
KPRL Investment in DC Pension Fund	850,890,591
Deferred tax asset	197,758,987
Total Non-Current assets	**3,681,025,209**
Current Assets	
Inventories	1,124,799,731
Trade and other receivables	187,824,489
Tax recoverable	873,922,784
Bank and cash balances	6,371,598
Total Current Assets	**2,192,988,601**
Total Assets	**5,874,013,810**
EQUITY AND LIABILITIES	
Capital and Reserves	
Share capital	736,000,000
Share premium	144,000,000
Retained earnings	(629,650,313)
	250,349,687
Non-Current Liabilities	
Deferred tax	-
Total Non-Current Liabilities	**-**
Current Liabilities	
Borrowings (CPP & Overdraft)	2,000,753,873
Short term loans from GOK	1,634,945,444
Trade and other payables	1,801,181,191
Cash advances- KPC	162,000,000
KPRL Pension Trust Ltd	10,000,000
Provision for leave pay	14,783,615
Total Current Liabilities	**5,623,664,123**
Total Equity and Liabilities	**5,874,013,810**

The outstanding receivable exceeded the net asset value of KPRL by **Kshs 1,723,849,771** resulting in a common control reserve of **Kshs 1,723,849,771** as shown below.

	Kshs
Outstanding receivable	1,974,199,458
Net asset value of KPRL	250,349,687
Common control reserve	**1,723,849,771**

24. EMPLOYEE BENEFIT OBLIGATIONS

a) National Social Security Fund

This is a statutory defined contribution pension scheme in which both the employer and employee contribute equal amounts. The amount contributed during the year has been charged to the profit or loss for the year.

b) Defined Benefit Scheme (Closed)

The company did not make any contributions to the scheme in the year (2025 - nil). An actuarial valuation of the scheme's assets and the present value of the defined benefits obligation as at 30 June 2025 was carried out in June 2025 by the scheme's actuaries, Actuarial Services E.A. Limited for the purpose of preparing IAS 19 Disclosures. The valuation included prior year disclosures hence FY 2024 comparative figures are provided in this note.

Amendments to the Retirement Benefit Regulations were announced by the Cabinet Secretary, National Treasury, in the Finance Act 2015. This relates to a clarification on the distribution of surplus on wind-up of a defined benefit scheme. The regulations provide for an equal sharing of surplus between members and the scheme sponsor upon wind-up of a scheme. As a result of these changes, an asset ceiling has been applied to limit the defined benefit asset to 50% of the surplus, which is the maximum available to the sponsor in the event the scheme is wound up. The principal assumptions used for the purpose of the actuarial valuation in 2025 were as follows:

Particulars	**FY 2025**	**FY 2024**
Discount rate(s)	11.5%	15%
Future salary increases	5%	5.0%
Future pension increases	0%	0.0%
Mortality (pre-retirement)	A1949 - 1952	A1949-1952
Mortality (post-retirement)	PMA/PXA 1992 ales	a (55) m/f At rates consistent with similar arrangements
Withdrawals		At rates consistent with similar arrangements
Ill health		50% at 55 and 100%
Retirement age	at 60 years	60 years
	========	========

Particulars	FY 2025	FY 2024

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

STAFF COSTS IN RESPECT OF THE SCHEME	FY 2025 Kshs	FY 2024 Kshs
Total service cost	-	-
Interest on Net liability:		
Interest cost on defined benefit obligation - Interest income on plan assets	(398,314,198)	(294,179,763)
Interest Recognition on Limit on Defined Benefit Asset	199,157,099	286,642,070
Total included in staff costs in respect of the Scheme	**(199,157,099)**	**(7,537,693)**

ii) The amount included in the Statement of Financial Position arising from the entity's obligation in respect of its defined benefit plans is as follows:

DEFINED BENEFIT LIABILITY	FY 2025 Kshs	FY 2024 Kshs
Present value of funded defined benefit obligation	6,212,051,598	4,869,674,125
Fair value of plan assets	(8,207,949,897)	7,345,102,105
Limit on defined benefit asset	997,949,150	1,327,713,990
Net (asset)/ liability in the balance sheet	**(997,949,150)**	**(1,327,713,990)**

iii) The reconciliation of the amount included in the Statement of Financial Position is as follows:

NET LIABILITY RECONCILIATION	FY 2025 Kshs	FY 2024 Kshs
Net asset at the start of the year	(1,327,713,990)	-
Net income recognized in the income statement	(199,157,099)	(7,537,693)
Employer contributions	-	-
Amount recognized in other comprehensive income	528,921,939	(1,203,176,297)
Present value of overfunded defined benefit asset	**(997,949,150)**	**(1,327,713,990)**

iv) Movements in the present value of the defined benefit obligation in the current year were as follows:

RECONCILIATION OF BENEFIT OBLIGATION	FY 2025 Kshs	FY 2024 Kshs
Opening defined benefit obligation	4,689,674,125	5,978,782,568
Current service cost	-	-
Interest cost	650,909,003	762,896,412
Actuarial (gain)/loss	1,572,030,018	(1,550,929,083)
Benefits paid	(700,561,548)	(501,075,771)
Closing defined benefit obligation	**6,212,051,598**	**4,689,674,125**

RECONCILIATION OF BENEFIT OBLIGATION	FY 2025 Kshs	FY 2024 Kshs
	===========	===========

RECONCILIATION OF ASSETS	FY 2025 Kshs	FY 2024 Kshs
Opening fair value of plan assets	7,345,102,105	(8,133,986,099)
Interest income on plan assets	1,049,223,200	(1,057,076,174)
Contributions from the employer	-	117,000,000
Employee contributions	-	-
Benefits paid	(700,561,548)	501,075,771
Actuarial (loss)/ gain	514,186,140	1,461,884,397
Closing fair value of plan assets	**8,207,949,897**	**7,345,102,105**
	===========	===========

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

Particulars	FY 2025 Kshs	FY 2024 Kshs
Equity instruments	1,049,867,354	1,214,433,342
Debt instruments	4,971,970,745	3,784,716,638
Property	2,042,400,000	2,039,900,000
Call and fixed deposit	143,711,798	306,052,125
Total Scheme (Assets)	**8,207,949,897**	**7,345,102,105**
	==========	===========

c) Defined Contribution Scheme:

Contributions to the Kenya Pipeline Company Staff Retirement Benefits Scheme are at 7.5% and 15% from employee and employer respectively from July 2019. The company's liability is limited to any unpaid contributions.

25. INVENTORIES

	GROUP		COMPANY	
	FY 2025 Kshs	FY 2024 Kshs	FY 2025 Kshs	FY 2024 Kshs
Spare parts and consumables	4,106,117,429	3,838,421,872	2,954,424,733	2,710,797,323
Provision for obsolete stocks	(1,400,595,979)	(871,551,948)	(690,107,453)	(63,473,563)
Provision for Stock	(1,823,907)	(481,030)	(1,823,907)	(481,030)
	2,703,697,543	**2,966,388,893**	**2,262,493,373**	**2,646,842,730**
	==========	==========	==========	==========

Reconciliation of impairment allowance for Inventory

	GROUP		COMPANY	
	FY 2025 Kshs	FY 2024 Kshs	FY 2025 Kshs	FY 2024 Kshs
At the beginning of the year	**872,032,979**	**64,244,674**	**63,954,594**	**63,473,563**

Additional provision during the year	627,976,766	807,307,274	627,976,766	481,030
Recovered during the year	(97,589,860)		-	-
At the end of the year	**1,402,419,885**	**872,032,979**	**691,931,360**	**63,954,594**

26. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
Particulars	**FY 2025 Kshs**	**FY 2024 Kshs**	**FY 2025 Kshs**	**FY 2024 Kshs**
Trade receivables	6,148,319,223	5,631,534,034	5,726,924,425	5,131,572,100
Staff loans and advances	1,641,675,001	1,789,730,190	1,640,302,828	1,787,759,267
VAT recoverable	1,341,032,981	2,182,763,661	1,341,032,981	2,182,763,661
With-holding tax receivable	60,711,810	78,220,850	60,711,810	78,220,850
Prepaid construction costs	106,656,301	106,656,301	106,656,301	106,656,301
Prepaid expenses	371,684,553	710,021,314	331,753,472	663,048,020
Refundable deposits	9,454,446	9,477,446	9,454,446	9,477,446
Other debtors	5,426,031,292	3,373,104,359	5,880,833,819	3,676,916,923
	15,105,565,608	**13,881,508,155**	**15,097,670,082**	**13,636,414,568**
Provision for bad and doubtful debts	(2,223,339,281)	(2,174,649,191)	(2,132,174,339)	(2,021,779,198)
	12,882,226,327	**11,706,858,965**	**12,965,495,743**	**11,614,635,371**
Recoverable as follows:				
Current Assets:				
Within one year	**7,421,057,428**	**8,182,813,297**	**7,504,326,844**	**8,090,589,703**
Non-current Assets:				
After one year -staff loans-	1,306,184,556	1,420,851,957	1,306,184,556	1,420,851,957
Long-term Receivables (KPRL)	4,154,984,344	2,103,193,711	2,180,784,886	128,994,253
Investment in Subsidiary	-	-	1,974,199,458	1,974,199,458
	12,882,226,328	**11,706,858,965**	**12,965,495,744**	**11,614,635,371**

The amounts recoverable within one year have been adjusted for inter-company transactions of Kshs. 473,100,558 in FY 2025 and Kshs. 323,100,558 in FY 2024 respectively.

The amounts recoverable after one year relate to staff loans and advances and a long-term receivable in respect of KPRL capital expenditure.

Ageing analysis of the Trade receivables was as follows:

	GROUP		COMPANY	
Particulars	**FY 2025 Kshs**	**FY 2024 Kshs**	**FY 2025 Kshs**	**FY 2024 Kshs**
Less than 30 days	4,113,200,843	3,191,299,350	3,776,634,833	2,855,575,103
Between 31 and 60 days	38,382,690	1,487,057	36,957,293	1,689,278
Between 61 and 90 days	64,332,521	15,372,665	64,336,155	13,115,439
Between 91 and 120 days	21,276,222	40,141,669	21,251,821	43,551,863
Over 120 days	1,546,775,300	1,986,856,998	1,463,392,685	1,821,264,122
	5,783,967,586	**5,235,157,739**	**5,362,572,787**	**4,735,195,805**

b) Group Provision for Bad & Doubtful Debts

Description	**Specific Provisions**	**Other Provisions**	**Total**

	Kshs	Kshs	Kshs
Balance at the beginning of the year	2,143,874,362	30,774,829	2,174,649,191
Additional Provisions	314,591,993	-	314,591,993
Reduction in provision	(234,694,753)	(30,774,829)	(265,469,582)
Change due to Forex Valuation	(432,322)	-	(432,322)
Balance at the end of the year	**2,223,339,280**	**-**	**2,223,339,280**

b) Company Provision for Bad & Doubtful Debts

Description	**Specific Provisions**	**Other Provisions**	**Total**
	Kshs	**Kshs**	**Kshs**
Balance at the beginning of the year	1,991,004,369	30,774,829	2,021,779,198
Additional Provisions	314,591,993	-	314,591,993
Reduction in provision	(172,989,702)	(30,774,829)	(203,764,530)
Change due to Forex Valuation	(432,322)	-	(432,322)
Balance at the end of the year	**2,132,174,339**	**-**	**2,132,174,339**

27. KPRL INVESTMENT IN THE DB PENSION FUND

	FY 2025	**FY 2024**
Description	**KShs**	**KShs**
Balance as at 1st July	922,669,022	844,681,230
Accrued investment income	30,586,783	77,987,792
Liquidated during the period	(953,255,805)	-
Balance at the end of the period	-	922,669,022

Following the conversion of Defined Benefit (DB) pension scheme to a Defined Contribution (DC) pension scheme, the company's share of surplus was transferred to the DC pension fund to be invested with the DC fund. In line with RBA rules, the KPRL Board, for the Sponsor, passed a resolution to meet any contingent liability that may arise in the future, which would be covered by a component of the sponsors share of surplus invested in the DC fund.
On 29th July, 2024 the KPRL Board passed a resolution to recall the investment held in the DC pension fund and utilize the funds to settle the outstanding bank loans. The Investment in the DC Fund was liquidated on 28th January, 2025. The value of the KPRL investment in the DC Pension fund as at this date was 953,255,805/- and the proceeds were invested in Short term bank deposits pending KPRL Bank loan restructuring.

28. CASH AND SHORT-TERM DEPOSITS

	GROUP		**COMPANY**	
a) Short Term Deposits	**FY 2025**	**FY 2024**	**FY 2025**	**FY 2024**
	Kshs.	**Kshs.**	**Kshs.**	**Kshs.**
Fixed deposits	4,733,271,353	4,343,019,910	3,745,965,903	4,343,019,910
Expected Credit Losses	(31,870,899)	-	(31,870,899)	-
	4,701,400,454	**4,343,019,910**	**3,714,095,004**	**4,343,019,910**
	===========	===========	===========	===========

The fixed deposits have a tenor of 3 months and the effective interest rate in year was 9.26% p.a. (2024 – 8.06%).

GROUP FIXED DEPOSIT AS AT 30 JUNE 2025

Bank name	Amount	Interest rate
NCBA	409,101,588	7.60%
Co-operative Bank	2,269,381,103	9.50%
Kenya Commercial Bank	1,754,788,662	9.95%
Sidian Bank	300,000,000	10.00%
	4,733,271,353	**9.26%**

COMPANY FIXED DEPOSIT AS AT 30 JUNE 2025

Bank name	Amount	Interest rate
NCBA	409,101,588	7.60%
Co-operative Bank	2,269,381,103	9.50%
Kenya Commercial Bank	767,483,211	9.95%
Sidian Bank	300,000,000	10.00%
	3,745,965,903	**9.26%**

b) GROUP BANK AND CASH BALANCES

	Particulars	FY 2025	FY 2024
		Kshs	Kshs
1.	ABSA Bank Kenya Plc (Kshs)	1,389,007	393,287
2.	ABSA Bank Kenya Plc (USD)	454,579	464,331
3.	National Bank of Kenya	7,793	291,780
4.	NCBA Bank Kenya (Kshs)	295,760,577	132,183,193
5.	NCBA Bank Kenya (USD)	218,849,666	1,034,150
6.	Standard Bank (Kshs)	3,720,728,224	165,824,817
7.	Standard Bank (USD)	37,855,788	428,282,195
8.	CFC Stanbic Bank (Kshs)	612,512,672	161,169,962
9.	CFC Stanbic Bank (USD)	956,299,952	603,684,148
10.	Citibank (Kshs)	378,706,912	311,741,788
11.	Citibank (USD)	705,020,941	332,302,289
12.	Coop-Bank	61,746,307	4,219,602
13.	Coop-Bank (USD)	346,027	9,828,965
14.	Equity Bank (Kshs)	43,645,836	59,798,932
15.	Equity Bank (USD)	80,364,954	13,693,232
16.	Kenya Commercial Bank (Kshs)	1,485,807	844,115
17.	Kenya Commercial Bank (USD)	4,839	-
18.	Sidian Bank (Kshs)	-	-
19.	Sidian Bank (USD)	-	-
20.	Petty Cash	1,907,040	2,073,945
		7,117,086,923	**2,227,830,729**
	Expected credit loss	(30,971,965)	-
		7,086,114,958	**2,227,830,729**

c) COMPANY BANK AND CASH BALANCES

	Particulars	Account No.	FY 2025 Kshs	FY 2024 Kshs
1.	ABSA Bank Kenya Plc	0948011697	1,061,895	178,503
2.	National Bank of Kenya	01060265019800	7,794	-
3.	NCBA Bank Kenya (Kshs)	6634970017	295,760,577	132,183,193
4.	NCBA Bank Kenya (USD)	6634970025	218,849,666	1,034,150
5.	Standard Bank (Kshs)	104023872500	297,880,036	119,311,670
6.	Standard Bank (USD)	8704023872500	35,031,003	422,727,637
7.	CFC Stanbic Bank (Kshs)	100000534425	612,512,672	161,169,962
8.	CFC Stanbic Bank (USD)	100000681347	956,299,952	603,684,148
9.	Citibank (Kshs)	104052002	378,706,912	311,741,788
10.	Citibank (USD)	104052029	705,020,941	332,302,289
11.	Coop-Bank	1136028439200	61,746,307	4,219,602
12.	Coop-Bank (USD)	2120028439200	346,027	9,828,965
13.	Equity Bank (Kshs)	0560291247368	43,645,836	59,798,932
14.	Equity Bank (USD)	0560261355277	80,364,954	13,693,232
15.	Kenya Commercial Bank (Kshs)	1108981062	1,196,878	844,115
16.	Kenya Commercial Bank (USD)	1321126018	4,839	-
17.	Sidian Bank (Kshs)	01051020006250	-	-
18.	Sidian Bank (USD)	01051020006270	-	-
19.	Petty Cash		1,665,253	1,581,444
			3,690,101,540	**2,174,299,629**
	Expected Credit Losses		(30,971,965)	-
			3,659,129,575	**2,174,299,629**
			===========	===========

29. TAXATION (RECOVERABLE)/PAYABLE

Particulars	FY 2025 Kshs	FY 2024 Kshs
Balance brought forward	(101,898,752)	1,715,803,853
Charge for the year (note 14(a))	6,448,554,015	4,174,939,993
Installment tax payments in the year	(4,535,830,756)	(3,206,028,598)
Balance of FY 2024 tax paid	(810,843,572)	(2,656,254,297)
Withholding tax paid on interest income	(59,305,067)	(130,359,703)
Advance Tax paid	(1,603,825)	-
	939,072,042	**(101,898,752)**
	============	============

30. SHARE CAPITAL

Particulars	FY 2025 Kshs.	FY 2024 Kshs.
Authorized:		
19,369,580 Ordinary Shares of Kshs.20 each	387,391,600	387,391,600
	=========	=========
Issued and fully paid:		
18,173,300 Ordinary Shares of Kshs.20 each	363,466,007	363,466 ,007
	=========	=========

31. RETAINED EARNINGS

The retained earnings represent amount available for distribution to the Company's shareholders. Undistributed retained earnings are retained to finance the company's business activities.

32. REVALUATION RESERVE

The property, plant and equipment revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. As indicated in the Statement of Changes in Equity, this is stated after transfer of excess depreciation net of related deferred tax to retained earnings. In the event of a sale of an asset, any balance in the reserve in relation to the sold asset is transferred to retained earnings. Revaluation surpluses are not distributable.

The company contracted an independent valuer M/S Tysons Limited to carry out valuation of its Land and certain classes of Property, Plant and Equipment and which amounts were adopted on July 1, 2025.

33. CAPITAL CONTRIBUTION RESERVE

The additional investments in KPRL after acquisition resulted in the creation of a capital contribution reserve. The Company carries the additional investment as a long-term receivable as disclosed in Note 26.

34. COMMON CONTROL RESERVE

The acquisition of KPRL resulted in the creation of a common control reserve as disclosed in Note 22.

35. DEFERRED TAX LIABILITY

Deferred taxes are calculated on all temporary differences under the liability method using the applicable rate, currently at 30%. The make-up of the deferred tax liabilities in the year and the movement on the deferred tax account during the year are presented below:

Particulars	FY 2025 Kshs.	FY 2024 Kshs.
Deferred tax liability		
Accelerated capital allowances	15,838,791,079	16,352,018,066
Deferred tax on revaluation surplus	5,313,184,939	3,942,813,371
Interest receivable	(12,886,086)	(19,143,611)
Unrealized exchange gains	-	-
	21,139,089,933	**20,275,687,826**
Deferred tax assets		
Provisions	(1,211,566,957)	(665,070,793)
Un-realized exchange loss	(13,075,781)	(476,759,521)
Interest Payable	10,902,727	20,247,922
	(1,213,740,011)	**(1,121,582,392)**
Net deferred tax liability	**19,925,349,923**	**19,154,105,434**
The movement in Deferred Tax was as follows:		
At 1 July (as previously reported)	19,154,105,434	20,188,051,145

Deferred tax charge to Profit or Loss (Note 14)	(696,388,950)	(1,033,945,712)
Deferred tax charge to equity	1,467,633,438	-
At the end of the year	**19,925,349,923**	**19,154,105,434**

36. TRADE AND OTHER PAYABLES

Particulars	GROUP		COMPANY	
	FY 2025 Kshs	FY 2024 Kshs	FY 2025 Kshs	FY 2024 Kshs
Trade payables	2,619,206,782	8,073,087,818	2,443,038,124	7,815,046,049
Other payables	1,650,204,248	1,985,884,334	1,484,976,002	1,807,649,382
Catering, training &tourism development levy	12,973	223,581	12,973	223,581
Leave pay provision	288,847,237	261,346,924	273,310,604	246,598,434
Withholding tax payable	5,117,641	14,073,145	5,117,641	14,073,145
	4,563,388,881	**10,334,615,802**	**4,206,455,344**	**9,883,590,591**

37. LEASE LIABILITY

	GROUP		COMPANY	
	FY 2025 Kshs	FY 2024 Kshs	FY 2025 Kshs	FY 2024 Kshs
At the start of the year	104,855,511	104,855,511	104,855,511	104,855,511
Additions for the year	41,668,984	-	-	-
Interest charge	9,899,993	11,847,651	8,337,406	11,847,651
Payment of interest	(9,899,993)	(11,847,65)	(8,337,406)	(11,847,651)
Payment of Principal	(63,849,701)	(41,043,474)	(61,901,892)	(41,043,474)
At the end of the year	**82,674,794**	**63,812,037**	**42,953,619**	**63,812,037**

The carrying amount of the current portion is Kshs. 50,428,585 and the non-current portion is 32,246,207 for the Group and the Company current portion is Kshs. 6,315,249 while the non-current portion is Kshs. 36,638,369

38. BORROWINGS

The group borrowings consist of the following:

Description	**FY2025 Kshs**	**FY2024 Kshs**
KPC Syndicated long term loan	-	2,456,291,794
Dollar denominated loan from Barclays Bank-CPP	1,025,121,457	1,079,535,819
KPRL Short Term Loan from GoK	1,634,945,444	1,634,945,444
Total	**2,660,066,901**	**5,170,773,057**
KPRL Bank Overdraft		
Kenya Shilling overdraft from NCBA	329,632,781	351,614,745
Kenya Shilling overdraft from Citibank N.A.	114,042,832	132,789,449
Dollar denominated overdraft from Citibank N.A.	205,777,491	206,416,042
Total	**649,453,103**	**690,820,236**

EXTERNAL BORROWINGS

	GROUP		COMPANY	
Particulars	**FY 2025 Kshs**	**FY 2024 Kshs**	**FY 2025 Kshs**	**FY 2024 Kshs**
Balance at beginning of year	5,861,593,294	10,309,048,344	2,456,291,794	6,734,901,249
Borrowings during the year	-	-	-	-
Loan adjustment	(7,884,489)	(286,474,095)	(5,044,775)	(174,647,140)
Repayments during the year	(2,544,220,628)	(4,160,980,955)	(2,451,247,019)	(4,103,962,315)
Balance at the end of the year	**3,309,520,004**	**5,861,593,294**	**-**	**2,456,291,794**
	==========	==========	==========	===========

39. YIELD SHIFT COMPENSATION BY GoK

In a refinery, yield is the percentage of finished products produced from inputs of crude oil and other hydrocarbons. It's a key performance metric that indicates how efficiently a refinery converts crude oil into valuable products. Yield shift losses occur when the amount of oil harvested after refining is below the volume projected prior to refining. This is one of the legacy issues that was pending resolution with the OMCs since refining stopped. On 3rd October 2024, the Ministry of Energy & Petroleum communicated to KPRL the GoK policy decision regarding the resolution of the Yield Shift legacy matter which has been pending since the year 2012. The decision of the Government is to pay Refinery Users (OMCs) the pending Yield Shift claim of KShs 3,515,911,634 as per the DCL report and subsequent approvals /concurrence by The National Treasury and Attorney General's Office.

Consequently, KPRL initiated the process of settling the Yield Shift claim and has engaged the Refinery Users accordingly. On 24th April 2025 the State Department for Petroleum transferred to KPRL KShs 3,515,911,634 to begin the settlement process. The verification and payment process is ongoing and expected to be concluded by end of September 2025.

Description	FY 2025	FY 2024
	Kshs	**Kshs**
Balance at the beginning of the Year	-	-
Received during the year	3,515,911,634	-
Interest Earned/Accrued during the Year	36,189,808	-
Repayment during the year	(186,524,775)	-
Balance at end of the year	**3,365,576,667**	-

40. DIVIDENDS PAYABLE

The balance of dividends payable relates to unclaimed dividends, payable to different shareholders. The are no balances in this financial year.

41. PROVISIONS

Provisions on Employee Benefits

Description	Long service leave	Bonus Provision	Gratuity provisions	Total
	KShs	**KShs**	**KShs**	**KShs**
Balance at the beginning of the year	**246,598,433**	**392,166,878**	**154,976,513**	**793,741,824**

Additional Provisions	53,989,861	148,368,644	49,062,048	**251,420,553**
Provision utilized	(27,277,691)	(228,378,896)	(21,608,787)	**(277,265,374)**
Balance at the end of the year	**273,310,603**	**312,156,626**	**182,429,774**	**767,867,003**

42. GROUP NOTES TO THE STATEMENT OF CASH FLOWS

Particulars	FY 2025 Kshs.	FY 2024 Kshs.
a) Reconciliation of operating profit to cash generated from operations		
Profit before tax	15,975,799,274	9,901,711,041
Adjustments for:		
Depreciation	5,696,272,312	5,015,229,087
Amortization of leasehold land (note 18)	903,650,096	742,844,364
Amortization of intangible assets (note 19)	24,453,177	71,237,438
Amortization of right-of-use asset (note 20)	33,754,961	31,150,649
Impairment loss on work in progress (WIP)	-	75,704,933
Loss/(gain) on disposal of PPE (note 10)	14,421,728	71,573,855
Write back of bad debt provision	-	(6,242,081,907)
Provision for bad debt	149,243,594	1,790,911,460
Provision for stock obsolescence	627,976,767	481,031
Write back of stock provision	-	(20,687,303)
Provision/(write-back) for impairment	(97,589,860)	1,566,914,647
Interest income (note 8(a))	(478,283,467)	(888,441,249)
Interest expense (note 8(b))	381,037,976	729,323,548
Interest expense lease liability	9,899,993	11,847,651
Adjustment on reserves	42,900	(18,779,353)
Movement in DB Asset	(199,157,099)	0
Reclassification of assets	392,271,499	-
Revaluation loss on asset revaluation	242,884,813	-
Operating profit before working capital changes	**23,676,678,664**	**11,272,025,245**
	===========	===========
Increase in inventories	(267,695,556)	(187,009,774)
Increase in trade and other receivables	(229,218,404)	7,984,724,705
(Decrease)/increase in trade and other payables	(5,793,682,460)	(4,220,761,889)
(Increase)/Decrease in other receivables	(32,789,081)	
(Increase)/Decrease in Staff loans	147,456,439	130,185,595
Increase/(decrease) in provision for staff leave pay	27,500,313	(40,874,098)
Increase/(decrease) in tax receivable	841,730,680	173,822,683
Increase/(decrease) Sponsor surplus-DC Fund	-	(77,987,792)
Increase/decrease) in Loan adjustment	(5,044,775)	(174,647,140)
Cash generated from operations	**18,364,935,821**	**14,859,477,535**
	===========	===========
Analysis of changes in loans		
Balance at the beginning of the year	2,456,291,794	6,734,901,249
Repayments during the period	(2,451,262,933)	(4,103,962,315)
Foreign exchange gains/losses	(5,060,689)	(174,647,140)
Balance at end of the year	**-**	**2,456,291,794**
	===========	===========
Analysis of cash and cash equivalents		
Short-term deposits (note 24(a)	4,733,271,353	4,343,019,910
Bank and cash balances	7,117,147,719	2,227,830,729
Bank overdraft	(649,453,103)	(690,820,236)
Expected credit losses	(62,842,864)	

Particulars	FY 2025 Kshs.	FY 2024 Kshs.
	11,138,062,310	**5,880,030,402**
	==========	===========
Analysis of interest paid:		
Interest on loans	278,715,507	622,345,007
Interest on lease liability	9,899,993	11,847,651
Interest on bank overdrafts	102,322,469	106,978,541
Balance at the beginning of the year	-	-
Balance at the end of the year	390,937,969	741,171,199
Interest paid	**390,937,969**	**741,171,199**
	===========	===========
Analysis of dividend paid		
Balance at beginning of the year	-	-
2024 dividends paid	-	7,000,000,000
2025 interim dividends paid	5,900,000,000	-
Balance at end of the year	-	-
Dividend paid	**5,900,000,000**	**7,000,000,000**
	===========	===========

COMPANY NOTES TO THE STATEMENT OF CASH FLOWS

Particulars	FY 2025 Kshs.	FY 2024 Kshs.
b) Reconciliation of operating profit to cash generated from operations		
Profit before tax	16,907,594,516	10,008,244,255
Adjustments for:		
Depreciation	5,021,522,996	4,806,823,409
Amortization of leasehold land (note 18)	539,326,056	742,676,197
Amortization of intangible assets (note 19)	24,453,177	71,237,438
Amortization of right-of-use asset (note 20)	31,150,649	31,150,649
Impairment loss on work in progress (WIP)	-	75,704,933
Loss on disposal of PPE (note 10)	14,421,728	72,415,005
Write back of bad debt provision	-	(6,242,081,907)
Provision for bad debt	149,243,594	223,996,813
Provision for stock obsolescence	627,976,767	481,031
Write back of stock provision	-	(20,687,303)
Interest income (note 8(a))	(438,677,547)	(888,457,329)
Interest expense (note 8(b))	151,406,775	467,349,786
Movement in RB Asset	(199,157,099)	-
Interest expense lease liability	8,337,406	11,647,651
Forex adjustment on reserves	42,900	(18,779,353)
Reclassification of assets	392,271,499	
Operating profit before working capital changes	**23,229,913,417**	**9,341,921,275**
	===========	===========
Increase in inventories	(243,627,410)	(186,105,676)
Decrease in trade and other receivables	(404,711,415)	7,902,150,689
(Decrease) in trade and other payables	(5,698,802,640)	(2,885,374,230)
Decrease Other long-term receivables	(32,789,081)	-
Decrease in staff receivables - Staff loans	147,456,439	130,185,595
(Decrease) in provision for staff leave pay	(26,712,170)	(40,838,972)
Increase/(decrease) in tax receivable	841,730,680	173,822,683
(Decrease) in Loan adjustment	5,044,775	(174,647,140)
Cash generated from operations	**17,860,837,386**	**14,261,114,224**

Particulars	FY 2025 Kshs.	FY 2024 Kshs.
Analysis of changes in loans		
Balance at the beginning of the year	2,456,291,794	6,734,901,249
Repayments during the period	(2,451,262,933)	(4,103,962,315)
Foreign exchange gains/losses	(5,060,689)	(174,647,140)
Balance at end of the year	**-**	**2,456,291,794**
Analysis of cash and cash equivalents		
Short-term deposits (note 24(a)	3,745,965,903	4,343,019,910
Bank and cash balances	3,690,101,540	2,174,299,629
Expected credit losses	(62,842,864)	
	7,373,224,579	**6,517,319,538**
Analysis of interest paid:		
Interest on loans	151,406,775	467,349,786
Interest on lease liability	8,337,406	11,847,65
Balance at the beginning of the year	-	-
Balance at the end of the year	151,406,775	479,197,436
Interest paid	**159,744,180**	**479,197,436**
Analysis of dividend paid		
Balance at beginning of the year	-	-
2024 dividends paid	-	7,000,000,000
2025 interim dividends paid	5,900,000,000	-
Balance at end of the year	-	-
Dividend paid	**5,900,000,000**	**7,000,000,000**

43. RELATED PARTIES

The Government of Kenya is the principal shareholder of the Kenya Pipeline Company Limited, holding 100% of the company's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external.
Other related parties include:

a) Ministry of Energy
b) Ministry of Petroleum & Mining
c) National Oil Corporation of Kenya
d) Kenya Power & Lighting Company
e) Key management
f) Board of directors

Transactions with related parties include:

(a) Sales to related party

	FY 2025 Kshs	FY 2024 Kshs
Services provided to National Oil Corporation (K)	**-**	**14,994,555**

(b) Expenses incurred on behalf of related parties

Services received from Kenya Power & Lighting	2,639,656,907	2,847,401,701
Services received from Ministry of Energy	-	-

	2,639,656,907	**2,847,401,701**
	===========	===========
(c) Due to related party		
Deferred Income from Ministry of Petroleum & Mining – LPG Project	**80,000,000**	**80,000,000**
	=========:	=========:
(d) Key management compensation		
CEO salaries and benefits	12,349,966	16,381,890
Key Management salaries and benefits	351,067,597	339,653,273
	363,417,563	**356,035,163**
Directors Expenses: (note 11(a)		
- Fees & incentives	11,580,000	3,495,785
- Board Retreats and general	2,551,879	3,720,960
- Sitting /duty allowance	7,587,000	11,740,000
- Training expenses	931,000	2,866,996
- Travel expenses and Subsistence	14,535,561	16,228,045
	37,185,440	**38,051,786**
	==========	=========

44. FUTURE RENTAL COMMITMENTS UNDER OPERATING LEASES

Particulars	**FY 2025 Kshs**	**FY 2024 Kshs**
The company as a lessor:		
Within one year	118,922,863	110,781,441
In the second to fifth year inclusive	475,691,454	443,125,764
	594,614,317	**553,907,206**
	==========	==========

The lease rental income earned during the quarter in respect of the company's property amounted to **Kshs 119 million (FY 2024 – Kshs 111 million)**.

Particulars	**FY 2025 Kshs**	**FY 2024 Kshs**
The company as a lessee:		
Within one year	1,543,705,641	1,814,346,428
In the second to fifth year inclusive	6,174,822,563	7,257,385,711
	7,718,528,204	**9,071,732,139**
	===========	===========

The total rental expense incurred during the quarter amounted to **Kshs 1.0 billion (FY 2024 - Kshs. 1.2 billion).**

45. CONTINGENT LIABILITIES

Particulars	**FY 2025 Kshs**	**FY 2024 Kshs**
Pending lawsuits	6,237,325,492	5,748,373,623

Guarantees and letters of credit	117,720,852	117,720,852
	6,355,046,344	**5,866,094,475**

Pending lawsuits relate to civil suits lodged against the company by various parties.

46. FUEL STOCKS

Fuel stocks belong to the Oil Marketing Companies (OMCs) as per Transportation and Storage Agreement signed between the Kenya Pipeline Company Limited and the OMCs. Fuel stocks are therefore not included in the financial statements. As at 30 June 2025 the company held **434,270,224m^3 (2024 – 593,800.916m^3)** third-party fuel stocks with a Hydro-Carbon Value (HCV) of **Kshs. 56,110,101,490 (2024 – Kshs. 54,509,287,348).**

47. CAPITAL COMMITMENT

	FY 2025 Kshs	FY 2024 Kshs
Amounts Authorized and Contracted for	3,445,338,253	4,590,638,685
Amounts Authorized and not contracted for	2,492,476,044	4,422,219,636
Less: Amounts included in Work-in-Progress	(1,249,019,955)	(4,306,348,066)
	4,688,794,341	**4,706,510,255**

48. FINANCIAL RISK MANAGEMENT

The company's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the company's business and operational risks are an inevitable consequence of being in business. The company's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on its financial performance. The key types of risks include:

- Market risk – includes currency and interest rate risk
- Credit risk
- Liquidity risk
- Capital risk

The company's overall risk management program focuses on the unpredictability of changes in the business environment and seeks to minimize potential adverse effects of such risks on its financial performance within the options available by setting acceptable levels of risks.

The board of directors has overall responsibility for the establishment and oversight of the company's risk management framework.

The company's treasury function provides services to the business, co-ordinates access to domestic financial markets, monitors and manages the financial risks relating to the operations of the company.

Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis.

The company's treasury function, headed by the chief accountant - finance and reporting to the Finance Manager, develops and monitors risks and policies implemented to mitigate risk exposures.

a) Market risk

The activities of the company expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. There has been no change to the company's exposure to market risks or the way it manages and measures the risk.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

(i) Foreign Currency Risk Management

Exposure to exchange rate fluctuations arising from international trading commitments is minimized by utilizing foreign currency reserves to settle maturing obligations. Revenue is spread on a 50-50 basis in local and foreign currencies (USD). As at end of the quarter, the carrying amounts of the company's foreign currency denominated monetary assets and monetary liabilities are as follows:

	GBP Kshs	EUR Kshs	USD Kshs	CAD Kshs	ZAR Kshs
At 30 June 2025					
Financial assets					
Bank and cash balances	-	-	1,995,912,543	-	-
Short term deposits	-	-	-	-	-
Trade receivables	-	-	3,675,671,814	-	-
			5,671,584,357		
Financial liabilities					
Trade payables	(4,143,505)	(64,084,590)	(909,633,103)	-	(57,952)
Long Term Loan	-	-	-	-	-
Net exposure	**(4,143,505)**	**(64,084,590)**	**4,761,951,254**	**-**	**(57,952)**
At 30 June 2024					
Financial assets					
Bank and cash balances	-	-	1,383,270,421	-	-
Short term deposits	-	-	3,263,773,602	-	-
Trade receivables	-	-	3,347,791,747	-	-
	-	-	**7,994,835,770**		
Financial liabilities					
Trade payables	(4,335,270)	(42,063,610)	(1,265,116,702)	-	(57,952)
Long Term Loan			(2,456,291,794)	-	-
Net Exposure	**(4,335,270)**	**(42,063,610)**	**4,273,427,274**	**-**	**(57,952)**

(ii) Foreign Currency Sensitivity Analysis

The main currency exposure that the company is exposed to relates to the fluctuation of the Kenya Shillings exchange rates with the US Dollar and Euro currencies.

The table below details the company's sensitivity to a 10% increase and decrease in the Kenya shilling against the relevant foreign currencies. The sensitivity analysis includes only the outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit and other equity where the Kenya shilling strengthens 10% against the relevant currency. For a weakening shilling against the relevant currency, there would be an equal opposite impact on the profit and other equity, and the balances below would be negative.

	FY 2025 Kshs		FY 2024 Kshs	
	Effect on Profit	**Effect on Equity**	**Effect on Profit**	**Effect on Equity**
Currency - GB pounds				
+ 10 percentage point movement	(414,351)	(290,045)	(433,527)	(303,469)
- 10 percentage point movement	414,351	290,045	433,527	303,469
Currency – Euro				
+ 10 percentage point movement	(6,408,459)	(4,485,921)	(4,206,361)	(2,944,453)
- 10 percentage point movement	6,408,459	4,485,921	4,206,361	2,944,453
Currency - US dollars				
+ 10 percentage point movement	476,195,125	333,336,588	(427,342,727)	(299,139,909)
- 10 percentage point movement	(476,195,125)	(333,336,588)	427,342,727	299,139,909
Currency – ZAR				
+ 10 percentage point movement	(5,795)	(4,057)	(5,795)	(4,057)
- 10 percentage point movement	5,795	4,057	5,795	4,057

The US Dollar impact is mainly attributed to the exposure on outstanding US Dollar receivables at year end while the Euro impact arises from the exposure on outstanding payables at the year end.

The sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

(iii) Interest Risk Management

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The company's interest rate risk arises from bank deposits. This exposes the company to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the company's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavored to bank with institutions that offer favorable interest rates.

Sensitivity analysis

The entity 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 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 comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of **Kshs. 1,514,068** (2024: **Kshs. 4,791,409**). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs. **7,570,339** (2024 –**Kshs. 23,957,047**).

b) Credit Risk Management

Credit risk refers to the risk of financial loss to the company arising from a default by a counterparty on its contractual obligations. The Group's policy requires that it deals only with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The company also uses other publicly available financial information and its own trading records to rate its major customers. The company's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by debt control unit.

The Group's credit risk arises from holding the following financial assets:

- Trade receivables from oil marketing companies (OMCs) and government institutions.
- Bank balances and short-term deposits.
- Staff loans and sundry receivables (e.g. fibre optic, rental, laboratory customers debts).

Trade receivables consist of major players in the petroleum oil industry. Ongoing credit evaluation is performed on the financial condition of accounts receivable and where appropriate; credit guarantee is requested.

i) Maximum exposure to credit risk
Group

	0-30 days	31-60 days	61-90 days	>90 days	Total
30 June 2025	**KShs**	**KShs**	**KShs**	**KShs**	**KShs**
Trade Receivables	3,776,634,833	36,957,293	64,336,155	1,488,082,765	**5,366,011,047**
Sundry Receivables	18,170,221	36,490,527	6,151,769	1,054,077,215	**1,114,889,732**
Staff Loans	1,121,591	954,434	954,434	19,100,431	**22,130,890**
Bank balances	3,346,634,131	-	-	-	**3,346,634,131**
Short term deposits	767,483,219	1,269,926,336	1,708,556,355	-	**3,745,965,910**
Total	**7,910,043,996**	**1,344,328,590**	**1,779,998,713**	**2,561,260,411**	**13,595,631,710**

	0-30 days	31-90 days	61-90 days	>90 days	Total
30 June 2024	**KShs**	**KShs**	**KShs**	**KShs**	**KShs**
Trade Receivables	2,855,575,103	1,689,384	13,115,439	1,862,250,211	**4,732,630,137**
Sundry Receivables	15,333,602	8,590,164	23,065,422	1,057,850,157	**1,104,839,345**
Staff Loans	1,090,763	993,274	980,509	16,872,072	**19,936,6171**

Bank balances	2,174,299,629	-	-	-	**2174,299,629**
Short term deposits	4,343,019,910	-	-	-	**4,343,019,910**
Total	**9,389,319,006**	**11,272,822**	**37,161,370**	**2,936,972,439**	**2,374,725,638**

Company

	0-30 days	31-60 days	61-90 days	>90 days	Total
30 June 2025	**KShs**	**KShs**	**KShs**	**KShs**	**KShs**
Trade Receivables	3,776,634,833	36,957,293	64,336,155	1,488,082,765	**5,366,011,047**
Sundry Receivables	18,170,221	36,490,527	6,151,769	1,054,077,215	**1,114,889,732**
Staff Loans	1,121,591	954,434	954,434	19,100,431	**22,130,890**
Bank balances	3,346,634,131	-	-	-	**3,346,634,131**
Short term deposits	767,483,219	1,269,926,336	1,708,556,355	-	**3,745,965,910**
Total	**7,910,043,996**	**1,344,328,590**	**1,779,998,713**	**2,561,260,411**	**13,595,631,710**

	0-30 days	31-90 days	61-90 days	>90 days	Total
30 June 2024	**KShs**	**KShs**	**KShs**	**KShs**	**KShs**
Trade Receivables	2,855,575,103	1,689,384	13,115,439	1,862,250,211	**4,732,630,137**
Sundry Receivables	15,333,602	8,590,164	23,065,422	1,057,850,157	**1,104,839,345**
Staff Loans	1,090,763	993,274	980,509	16,872,072	**19,936,6171**
Bank balances	2174,299,629	-	-	-	**2174,299,629**
Short term deposits	4,343,019,910	-	-	-	**4,343,019,910**
Total	**9,389,319,006**	**11,272,822**	**37,161,370**	**2,936,972,439**	**2,374,725,638**

ii) Impairment of financial assets

Measurement of the expected credit loss allowance (ECL)

a) Trade and other receivables

Trade receivable balances result from transportation and storage services offered to the Oil Marketing Companies (OMC's). The terms of credit for Trade debtors are defined in the Transport and Storage Agreement (TSA). Trade receivables are considered to be in default when payments are more than 180 days past due.

Sundry receivables result from non-core transactions including, but not limited to, rental services, laboratory sample analysis, helicopter services, MTCC and fibre optic services. The terms of credit for Sundry debtors are defined in the individual agreements depending on the type of service rendered. Sundry receivables are considered to be in default when payments are more than 360 days past due.

The group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The historical loss rates are based on days past due for various customer segments with similar loss patterns and are derived from the payment profiles of sales over a period of 60 months before 30 June 2025, and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the foreign currency exchange rates to be the most relevant factors and accordingly adjusts the historical loss rates based on expected changes in these factors.

- **Collateral considerations**

The Group obtains collateral (line fill) from oil marketing companies to mitigate against the risk of loss arising from the credit exposure to the counterparties. For staff loans (mortgages and car loans), the assets acquired are co-owned with the Group, hence also mitigating the risk of loss to the Group.

The historical loss allowance as at 30 June 2025 was determined as follows for both trade receivables and sundry debtors as follows;

	0-30 days	31-60 days	61-90 days	91-120 days	121-150 days	151-180 days	>180 days
Trade receivables	3,776,634,833	36,957,293	64,336,155	21,251,821	25,929,135	1,965,462	1,438,936,347
Sundry receivables	18,170,221	36,490,527	6,151,769	1,405,720	3,413,442	(23,393)	1,049,281,446

On that basis, the loss allowance as at 30 June 2025 and 30 June 2024 was determined as follows for both trade receivables and sundry receivables;

Group

	NOTES	Gross Carrying Amount/ Total exposure	Loss Allowance	Net Carrying Amount
30 June 2025		KShs	KShs	KShs
Trade Receivables		5,366,011,047	1,750,253,355	3,615,757,692
Sundry Receivables		1,114,889,732	213,213,200	901,676,532
Total		**6,480,900,779**	**1,963,466,555**	**4,517,434,223**
30 June 2024				
Trade Receivables		4,732,630,137		
Sundry Receivables		1,104,839,345		
Total		**5,837,469,482**		

Company

30 June 2025		Gross Carrying Amount/ Total exposure	Loss Allowance	Net Carrying Amount
Trade Receivables		5,366,011,047	981,089,534	4,384,921,512
Sundry Receivables		1,114,889,732	982,377,021	132,512,711
Total		6,480,900,779	1,963,466,555	4,517,434,224
30 June 2024				
Trade Receivables		4,732,630,137		
Sundry Receivables		1,104,839,345		
Total		5,837,469,482		

- **Loss allowances - Group**

	0-30 days	31-90 days	>90 days	Total
30 June 2025	**Kshs**	**Kshs**	**Kshs**	**Kshs**
Trade Receivables	3,776,634,833	101,293,448	1,488,082,765	5,366,011,047
Sundry Receivables	18,170,221	36,490,527	6,151,769	1,054,077,215
Total	**3,794,805,055**	**137,783,975**	**1,494,234,534**	**6,420,088,262**
30 June 2024				
Trade Receivables	2,855,575,103	1,689,384	13,115,439	4,732,630,137
Sundry Receivables	15,333,602	8,590,164	23,065,422	1,057,850,157
Total	**2,870,908,705**	**10,279,549**	**36,180,861**	**5,790,480,294**

- **Loss allowances - Company**

	0-30 days	31-90 days	>90 days	Total
30 June 2025	**Kshs**	**Kshs**	**Kshs**	**Kshs**
Trade Receivables	3,776,634,833	101,293,448	1,488,082,765	5,366,011,047
Sundry Receivables	18,170,221	36,490,527	6,151,769	1,054,077,215
Total	**3,794,805,055**	**137,783,975**	**1,494,234,534**	**6,420,088,262**
30 June 2024				
Trade Receivables	2,855,575,103	1,689,384	13,115,439	4,732,630,137
Sundry Receivables	15,333,602	8,590,164	23,065,422	1,057,850,157
Total	**2,870,908,705**	**10,279,549**	**36,180,861**	**5,790,480,294**

b) Bank balances and short-term deposits

IFRS 9 outlines a "three stage" model (general model) for impairment based on changes in credit quality since initial recognition and provides operational simplifications for trade receivables, contract assets and lease receivables. The simplification eliminates the need to calculate 12-month ECL and to assess when a significant increase in credit risk has occurred. The loss allowance for trade receivables or contract assets that do not contain a significant financing component is measured at initial recognition and throughout its life at an amount equal to lifetime ECL.

The Group applies the general model in IFRS 9 to estimate the loss allowance on bank balances and short term deposits held with banks by applying the credit rating PDs derived from reputable credit rating agencies, e.g. S&P.

The Group has applied the low credit risk exemption in IFRS 9 to estimate loss allowances on short-term deposits and bank balances. This is because the counterparty banks are assessed to have a strong capacity to meet their contractual cash flow obligations in the near term.

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policies.

The Group also estimates loss allowances on staff loans (mortgages and car loans) using the general model. The properties acquired using the loan proceeds are used as collateral for the loans. Staff in service are deemed to be performing hence classified in Stage 1. Staff exits are treated as increase in credit risk hence the loans are moved to Stage 3.

Assessment of significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly, the Company compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the Group and Company considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort. There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

For this purpose, default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor is unlikely to be able to meet its obligations.

If the Group does not have reasonable and supportable information to identify significant increases in credit risk and/or to measure lifetime credit losses when there has been a significant increase in credit risk on an individual instrument basis, lifetime expected credit losses are recognized on a collective basis. For such purposes, the Company groups financial assets on the basis of shared credit risk characteristics, such as:

- Type of instrument
- Industry in which the debtor operates
- Nature of collateral

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

- significant financial difficulty of the debtor
- a breach of contract
- It is probable that the debtor will enter bankruptcy
- the disappearance of an active market for financial assets because of financial difficulties.

The Group and Company's estimate of loss allowances arising from cash and cash equivalents as at 30 June 2025 is as follows;

	Group		Company	
	Kshs	**Loss allowance Kshs**	**Kshs**	**Loss allowance Kshs**
Bank balances	3,690,101,540	30,971,965	3,690,101,540	30,971,965
Short term deposits	3,745,965,903	31,870,899	3,745,965,903	31,870,899
Staff loans	1,640,302,828	53,278.201	1,640,302,828	53,278,201
Total	**9,076,370,271**	**116,174,343**	**9,076,370,271**	**116,174,343**

c) Liquidity Risk Management

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The company manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below analyses the company's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

Particulars	Within 12 months	Over 12 months	Total
At 30 June 2025:			
Due to related parties	-	80,000,000	80,000,000
Trade payables	2,443,038,124	-	2,443,038,124
Other payables and accruals	1,770,404,773	-	1,770,404,773
	4,213,442,897	**80,000,000**	**4,293,442,897**
At 30 June 2024:			
Due to related parties	-	80,000,000	80,000,000
Trade payables	7,815,046,049	-	7,815,046,049
Other payables & accruals	2,068,544,542	-	2,068,544,542
	9,883,590,591	**80,000,000**	**9,963,590,591**

a) Capital Risk Management

The objective of the entity's capital risk management is to safeguard the entity's ability to continue as a going concern. The entity capital structure comprises of the following funds:

Particulars	FY 2025	FY 2024
	Kshs	Kshs
Revaluation reserve	35,555,606,817	11,510,282,545
Retained earnings	80,593,439,768	76,854,178,602
Capital reserve	875,754,923	875,754,923
Common control reserve	(1,723,849,771)	(1,723,849,771)
Capital Contributions	(2,180,784,885)	(128,993,252)
Total funds	**113,120,166,852**	**87,387,373,047**
Total borrowings	-	5,861,593,294
Less: cash and bank balances	(11,138,062,264)	(6,570,850,639)
Net debt/ (excess cash and cash equivalents)	**11,138,062,264**	**(709,257,345)**
Gearing	**9.8%**	**1%**

49. INCORPORATION

The company is domiciled and incorporated in Kenya under the Companies Act (Cap 486).

50. EVENTS AFTER THE REPORTING PERIOD

- **Adjusting Events**

There were no material adjusting events after the reporting period.

- **Non-Adjusting Events**

i. Proposed Privatization of Kenya Pipeline Company (KPC) Limited

Following the approval of the Privatization method of KPC by the Cabinet, the subsequent tabling of the requisite report in the form of a Sessional Paper before the National assembly by the Cabinet Secretary for the National treasury and Economic Planning, and the approval by the National Assembly on 1st October, 2025,a technical team on divesture of Government Shareholding in Kenya Pipeline Company (KPC) had been constituted to undertake the process.

In compliance with Section 25(c) of the Privatization Act,2005, the National Assembly approved the privatization of KPC through an **Initial Public Offer (IPO)** of shares on the **Nairobi Securities Exchange (NSE)**.

The expected closing date for the transaction is **31st March 2026**

APPENDIX 1:

PROGRESS ON FOLLOW-UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Ref. No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Timeframe
	Penalties and Interests on Unsettled Contractor Claims The statement of profit or loss and other comprehensive income reflects administration expenses of Kshs.9,122,376,161 which as disclosed in Note 11 to the financial statements. The amount includes Kshs.2,857,388,658 (USD.19,375,988.56) paid to Zakhem International Construction (Kenya) Ltd as part settlement of interests and penalties amounting Kshs.2,785,909,996 (USD.21,546,094.32) levied on unsettled claims in respect of construction of a new oil pipeline from Mombasa to Nairobi between 2014 and 2018. The settlement was based on a consent agreement entered	The delay in settlement to Zakhem was as a result of matters beyond KPC's control. These included lack of provision of budget by the National Treasury and suspension of payments by the Directorate of Criminal Investigation. Zakhem also instituted court proceedings in an effort to claim payments from KPC for works, E.O.T and interest. Following partial court rulings and out of court negotiations the agreed claims were eventually settled including interest The interest and penalties were contractual and were paid following	GM (CS&LS)	Resolved	June 2024

Ref. No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Timeframe
	between Kenya Pipeline Company Management and Zakhem International Construction (Kenya) Ltd on 25 September 2023 in a suit filed at the High Court. In the consent, KPC agreed to pay a sum of approximately Kshs.9,010,172,033 (USD.69,684,238.46) comprising of sums owed to the contractor and interest thereon at 6% amounting to approximately Kshs.6,224,262,037 (USD.48,138,144.14) and Kshs.2,785,909,996 (USD 21,546,094.32) respectively. Review of documents provided in respect of the matter indicated that Management contracted Zakhem International Construction Company Limited for construction of a new oil pipeline from Nairobi to Mombasa at a cost of approximately Kshs.62,646,223,212 (USD 484,502,886.40) inclusive of taxes. The construction was initially scheduled to be completed within eighteen (18) months from the date of contract on 01 July 2014. However, the project experienced delays occasioned mainly by change of design specifications by the	advice from the Attorney-General on the interest rate applicable. However, there is no legal provision that places a time frame for conclusion of investigations by other arms of government like DCI and EACC. KPC was bound by the directions of DCI regarding stoppage of payments to the contractor pending the outcome of investigations. There has been no adverse report from DCI on the Zakhem claim			

Ref. No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Timeframe
	Project Engineer and omitted works in the initial contract. The project was completed on 30 June 2018 after 48 months. Due to the delays, the Contractor applied for five (5) extension of time claims amounting to approximately Kshs. 26,443,379,245 (USD. 204,511,827.11). The claims were however, disputed by the project engineer, occasioning appointment of an independent Expert Scheduler to assess the claims and recommend payable amount. The Scheduler assessed Extension of Time (EOT)1 - 4 and recommended payment of Kshs. 5,691,659,885 (USD. 44,019,024.63). The amount was agreed by both parties. However, a National Government Investigative Agency directed KPC Management in a letter dated 26 July, 2019 to suspend all transactions relating to the contract pending criminal investigations. As the Agency investigations were ongoing, the Contractor sought legal redress in the High Court where a partial ruling was made on 16				

Ref. No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Timeframe
	June 2020 in favor of the contractor. The parties subsequently agreed to an out of court settlement leading to filing a consent letter. In the circumstances, the justification and rationale for stoppage of all payments, and delays in conclusion of the investigations which occasioned interest and penalties of Kshs.2,785,909,996 (USD 21,546,094.32) was not ascertained.				
REPORT ON EFFECTIVENESS OF INTERNAL CONTROL, RISK MANAGEMENT AND GOVERNANCE					
	Long Outstanding Receivables The statement of financial position reflects trade and other receivables balance of Kshs.8,090,589,703 which is net of provisions for bad and doubtful debt and as disclosed in Note 24 to the financial statements. Note 24 to the financial statements includes a balance of Kshs.5,131,572,100 in respect of trade receivables. Review of the aging analysis for the receivables revealed an amount of Kshs	KPC has continued to apply the provisions of the TSA clause on recovery of debts by suspending services to OMCs with outstanding debts and stringent collections through regular follow-ups and customer visits. There has been improvement in the balance of the long outstanding debt from KES 2.4B to KES 1.8B. The long outstanding receivables of Kes.1,821,264,122 relates to Trade debtors	GM (F) GM(CS & LS)	Not resolved	

Ref. No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Timeframe
	Kshs.1,821,264,122 which in respect of Oil Marketing Companies (O MCs) and which had been outstanding for more than 120 days. However, the period exceeded 45 days provided for in the transport and storage agreement after which, Kenya Pipeline Company (KPC) is at liberty to sell all such products and apply the proceeds of such sale in or towards the satisfaction of such lien and all proper charges and expenses in relation thereto. In the circumstances, the effectiveness of internal control measures put in place to collect outstanding debts could not be confirmed.	as detailed below plus action being taken to recover the debts by the company. • **Kes. 343.4 million** relates to line fill product that is held as lien for dormant OMCs. The Company had started the process of disposing the line fill, however no bids were received as the market prices dropped as per EPRA price release. A reconstituted committee was formed to request for fresh bids, the process to dispose the line fill to recover the debt owed is ongoing. • **Kes. 733 million** relates to Sundry Debtor, KAA, for the hydrant fees. The Company has constituted a committee to engage KAA on the same to fast-track closure. Reconciliation has been finalized via the committee and awaiting final engagement with the CEOs.			

Ref. No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Timeframe
		• **Kes. 405 million** relates to VAT refunds to OMCs. The OMCs have engaged a Consultant to review the VAT refund claims by OMCs including Total Energies, Gulf Energy and Lake oil and is scheduled to be finalized by 30th November 2024. See below attachment. Total Energies refund has partially been approved and awaiting KRA payment to the tune of Kes. 163 Mn (see attached correspondence from KRA) • Disputed amount by Moil Petroleum of **Kes. 148 million** relates to contested billings by MOIL. The Company and the OMC are undertaking a reconciliation process for the disputed invoices which is targeted to close by 30th November 2024. • **Kes. 288 million** relates to amounts owed by NOCK, who are technically insolvent and are unable to pay. The OMC has since been suspended and			

Ref. No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Timeframe
		engagements to settle the debt are ongoing with the OMC and MOE as we await strategic partner.			
2.	**Inadequacies in Regulations Governing Staff Car Loan Advances to Employees** The Company implemented an employee car loan and mortgage scheme. The Scheme is governed by rules and regulations which provide criteria for an employee to qualify to the loans, entitlements and support documents required during application. Review of the rules revealed that an applicant was not required to register cars or houses acquired using loaned amount jointly with the Company as collateral for the loan, or the register security rights under the movable security Rights Act, 2017. This makes enforceability of KPC rights in case of default difficult. In addition, the rules and regulations did not provide for the Company's interest in the assets in insurance policies taken for the motor vehicles. It was not clear how the	For house loans, a Charge in favor of KPC is registered against the title and at the lands registry in accordance with regulation i) v) of the rules and regulations governing the staff loan scheme. KPC also maintains physical custody of the title documents until the loan is cleared and ensures that throughout the life of the loan, the loanee takes out relevant insurance cover from approved insurance companies and KPC is noted as joint loss payee on the cover. Previously, staff taking out car loans were required to take out a chattels mortgage on the motor vehicle in favor of KPC and it is in this manner that KPC's interests in the	GM (F) GM(CS & LS)	resolved	

Ref. No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Timeframe
	Company secures itself in case of theft or accident of the motor vehicles used as collateral. During the financial year under audit, the company had a total of 254 running car loans, where 50 was fully repaid during the year. A review of the car loan records revealed a total of 173 employees with a balance of Kshs.108,241,498 who had been advanced car loans and whose vehicles had not been jointly registered with the Company. In the circumstances, the adequacy and effectiveness of controls governing staff loans and advances could not be confirmed.	car were secured. Joint registration of logbooks in the joint names of KPC and the staff was only adopted recently as a practice. Therefore, the cars that are not jointly registered are secured by a Chattels mortgage since this was the earlier practice. Staff are also required to maintain motor vehicle insurance with a reputable insurer, and to give a copy of the insurance cover to KPC every year. Management is the process of reviewing the Rules and Regulations governing house and car loans to reflect the current practice, which is already being enforced, that is, to incorporate the requirement for joint registration of motor vehicles purchased by company loan and the noting of KPC as co-loss payee on the insurance cover thereon.			
3.	**Weaknesses in Information Technology Input Controls**	Reversals are necessary in any accounting system. Reversals perse are not wrong.		Resolved	

Ref. No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Timeframe
	Analysis of sales data revealed weaknesses in the data input controls of the SAP system applications. The weaknesses were characterized by many reversals in billing and receipting, stemming from errors attributed to system hitches in like data flow from one module to another, posting sales in Kenya Shillings instead of USD and posting receipts to the wrong Oil Marketing Company (OMC). The errors were primarily due to a lack of validation during the entry posting process. As a result, there was a total reversal amounting to Kshs.1,198,306,096 due to incorrect entries. In addition, the reversals were not supported by approval from management. In the circumstances, the adequacy and effectiveness of IT input controls for revenue could not be confirmed.	However, numerous reversals are undesirable. Reversals are occasioned by errors in postings which require to be corrected. The reversals are currently controlled, the reversal transaction code is locked and only unlocked on need basis and on request Local and export sales (Throughput) are billed per month through the SAP, Sales & Distribution (SD) module using collective billing transaction. An order is normally raised by the Customer through the SAP portal and is approval by the Accounts and the actual order delivery is serviced by Operations Department through system workflow. This flow adequately takes care of the maker checker Requirement in the process. Additionally, incorrect Oil Marketing Company (OMC) and input error postings is significantly reduced since order processing and billing is done through system workflow which begins	GM (CS & LS)		

Ref. No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Timeframe
		from the customer and goes through the Accounts and Operations Department in KPC. These corrections are coordinated by the Senior Accountant (Billing) during the end-of-month billing reconciliations, ensuring that all sales are billed accurately and revenue reflected correctly. There was no revenue loss since all the revenues are crosschecked and verified against quantities that have been dispatched through the Materials Management (M.M.) Module. The process as demonstrated has put in place measures to crosscheck to ensure the reversals are okay. Any sale quantities not captured will manifest in the gain & loss which is a control tool on bill quantities. To minimize these reversals, a master data cleanup in the SD&TD modules is currently underway. Additionally, all SD sales contracts in the system, which include			

Ref. No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Timeframe
		local and export valuations for each product, are reviewed weekly to ensure accurate valuations are maintained in SAP. In addition, the entire process from input to billing will be reviewed for further improvement by 30th March 2025.			
1.	**Inadequate System Security Configurations** During the year under review, the Company was operating the Supervisory Control and Data Acquisition (SCADA) system on a Windows XP platform and Windows 7, with some operating systems not activated. In addition, workstations were running on unauthorized licenses, an outdated operating system, and lacked valid antivirus protection. This raised concerns about the system's security and reliability. The use of an unsupported and obsolete heightens the risk of cyberattacks, as the expired antivirus further exposes the system to malware, ransomware, and other cybersecurity	The current SCADA system and other Operating Technology (O.T) software in KPC are legacy systems installed around 2007 and earlier, when we had windows XP operating systems. With time, Microsoft introduced new systems into the market, but KPC could not upgrade the Operating System (OS) because the new operating systems did not have backward compatibility to work with old legacy OT systems. This meant that the only way to upgrade the OSs, was to upgrade to a more recent version of SCADA complete with a new OS. KPC has established a Framework Contract with Telvent, the	GM(POM)	Not Resolved	

Ref. No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Timeframe
	threats. Further, the dependence on legacy software and an unsupported Operating System increases the likelihood of system failures, data corruption, and operational inefficiencies, posing a substantial risk to the safe and uninterrupted operation of pipeline monitoring and control functions. In addition, the SAP ERP software system was installed on outdated support packages. The age of the support packages exceeded the recommended timeframe of 24 months for which SAP provides high-priority security updates. This exposes the company to risks related to performance inefficiencies and security vulnerabilities. In the circumstances, the security of the Company network and underlaying ecosystem could not be ascertained	original equipment manufacturer (OEM) of the SCADA system, to provide ongoing support for the existing system. This partnership ensures that the SCADA system remains operational and safeguarded against cyber security threats while a new SCADA project is being developed. Telvent is responsible for implementing security patches, and the system is fortified through a comprehensive array of firewall protections and network access control measures The item for upgrade of SCADA system along with servers and OSs was budgeted and awarded in budget for FY 2022/23, and 23/24. However, the contract was terminated for non-performance when the contract was 60% done. The SCADA software had already been procured and configured, with only hardware required for installation to progress. The budget has since been re-approved, and a new tender for the remaining 40% of the work,			

Ref. No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Timeframe
		was sent directly to the original equipment manufacturer (OEM) in the fiscal year 2024/25. The budget has now been approved and the project is progressing in the current FY 2024/25. The new SCADA system shall be installed with the latest operating system that is fully supported by Microsoft, and a new Firewall, minimizing risks. KPC also operates a terminal automation system called FUELFACS that shall be upgraded with a new system that shall incorporate a new operating system supported by Microsoft. This contract has already been awarded for implementation in the current financial year 2024/25. To address cybersecurity, KPC has recently instituted stringent controls over administrative rights for its computers and network systems. These measures effectively prevent the installation of unauthorized software, safeguarding against the infiltration of malicious			

Ref. No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Timeframe
		applications and the use of unlicensed programs. This proactive approach enhances the overall security and integrity of the organization's digital environment. KPC has proposed to upgrade the industrial network with enhanced cybersecurity threat detection capabilities in a new project called 'industrial network upgrade'. This has been proposed in the budget for FY 2025/26 that is currently undergoing approval. To address current threats, the system relies on a cybersecurity system put in place for KPCs corporate LAN. The company is also at an advanced stage to deploy a network monitoring tool as a proof-of-concept with an international cybersecurity company, and if the concept is successful, KPC shall initiate procurement of a network monitoring tool for OT (There are already tools monitoring the IT network). It is worth noting that SCADA and other OT software like FUELFACS are not subject to the same			

Ref. No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Timeframe
		rules as IT systems when it comes to patches and upgrades for operating systems because some OS patches introduce incompatibility with the software. Some common antivirus applications cannot be used because they falsely see the OT applications as viruses.			
2.	**Un-updated Business Continuity and Disaster Recovery Plans** Review of ICT Business Continuity Plan (BCP) and a Disaster Recovery Plan (DRP) revealed that they were last approved in 2021 and 2018, respectively, and had not been updated as required, despite the mandate for a biennial review. Failure to update these critical documents increases the Company's exposure to operational and technological risks, especially as the IT environment and organizational needs continue to evolve. Regular reviews are essential to ensure that	The Disaster Recovery Plans have been updated documenting procedures for responding to a disaster involving partial or total loss of data center and its services. The ICT Business Continuity Plan (BCP) is also updated and aligned to the wider corporate Business Continuity Management (BCM). There is a planned BCP Testing and Exercising for FY2024/25 as per the attached approved annual ERM program by the MD.	GM (F)	Resolved	

Ref. No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status	Timeframe
	these plans remain aligned with current business operations, IT infrastructure, and emerging risks. In the circumstances, the ability indicated in the BCP and DRP to adequately respond to emerging threats and disaster occurrences could not be confirmed				

II: PROJECTS IMPLEMENTED BY KPC

Projects implemented by the State Corporation/ SAGA funded by development partners

Project title	Project Number	Donor	Period/ Duration	Donor Commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
N/A		N/A		N/A		N/A

The Company is not funded by development partners.

Status of Projects completion

S/No	Project	Total Project Cost	Total Expended to Date	Completion % to Date	Budget Kshs	Actual Spent Kshs	Sources of Funds
1	N/A						

APPENDIX III: INTER-ENTITY TRANSFERS

	ENTITY NAME:	**Kenya Pipeline Company**		
	Break down of Transfers			
	FY 2021/2022			
a.	Recurrent Grants	N/A		
b.	Development Grants	N/A		
c.	Direct Payments	N/A		
d.	Donor Receipts	N/A		

The Company is not a recipient of any grants.

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development /Others	Total Amount - KSHS	Where Recorded/recognized					
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	Total Transfers during the Year
N/A		N/A							

The Company is not a recipient of any MDA/Donor funding.

APPENDIX V: REPORTING OF CLIMATE RELEVANT EXPENDITURES

Name of the Organization: KENYA PIPELINE COMPANY LIMITED

Telephone Number: Phone +254 20 2606500-4

Email Address: info@kpc.co.ke

Name of MD: Joe K. Sang

Name and contact details of contact person (in case of any clarifications): CAROL KIPLAGAT, SAFETY, HEALTH & ENVIRONMENT MANAGER +254 20 2606500-4

FY 2024/25 CLIMATE RELATED EXPENDITURES									
Project Name	**Project Description**	**Project Objectives**	**Project Activities**	**Actual Expenditure (KShs)**				**Source of Funds**	**Implementing Partners/Contractor**
				1st Quarter	**2nd Quarter**	**3rd/4th Quarter**	**Total Cost (KShs)**		
Energy efficiency management through VFD	Low voltage Switchgear Upgrade at PS28	Energy Management through starting and running of loading pumps via Variable frequency drives, eliminating the overheating effect of power cables hence Elimination of fire risks and consequent environmental pollution.	Replacement of old switchgear with old DOL starters Technologies with VFDs to eliminate the risk of fires and environmental emissions	21,591,121	-	-	64,008,916	internal funds	KPC (Client) Thames Electrical Limited (Contractor)
Energy efficiency management through VFD	Low voltage Switchgear Upgrade at PS25	Energy Management through starting and running of loading pumps via Variable frequency drives,	Replacement of old switchgear with old DOL starters Technologies with VFDs to eliminate the risk of fires and	26,538,289	-	52,765,319	79,303,608	internal funds	KPC (Client) Thames Electrical Limited (Contractor)

FY 2024/25 CLIMATE RELATED EXPENDITURES									
Project Name	**Project Description**	**Project Objectives**	**Project Activities**	**Actual Expenditure (KShs)**				**Source of Funds**	**Implementing Partners/Contractor**
				1st Quarter	**2nd Quarter**	**3rd/4th Quarter**	**Total Cost (KShs)**		
		eliminating the overheating effect of power cables hence Elimination of fire risks and consequent environmental pollution .	environmental emissions						
Airconditioning System Management	Installation of split unit air conditioners for Nairobi, Coast, Western	Enhance energy efficiency through utilization of split flow HVAC units	Change of HVAC unit gases to R410A gases; removal of CFC gas units; removal of central HVAC units & installation of split units	-	-		USD 60,235 (KShs.7,830,550)	internal funds	KPC (Client) Contralinks limited (Contractor)
Reforestation of Mangrove Forest at the Coast & Narasha Forest in Baringo as well as Line 1 Interstations	Planting of 467,108 mangrove & terrestrial forest seedlings at Jomvu Kuu Creek in Mombasa County & Narasha Baringo County through use	Reforestation of depleted mangrove forest zones within Mombasa & Baringo County	Planting and maintenance of 467,108 seedlings	-	-		30,694,310	Internal funds	KFS, 12No community forest associations based in Mombasa County & 10No community nurseries

FY 2024/25 CLIMATE RELATED EXPENDITURES									
Project Name	**Project Description**	**Project Objectives**	**Project Activities**	**Actual Expenditure (KShs)**				**Source of Funds**	**Implementing Partners/Contractor**
				1st Quarter	**2nd Quarter**	**3rd/4th Quarter**	**Total Cost (KShs)**		
	of community forest associations								
Spill containment dams	Spill containment dams at PS 1,12, 2&3	Spill containment from KPC infrastructure in event of a major release that overwhelms primary containment systems occasioned by major failures & catastrophe like flooding that overwhelms OWS.	Construction of spill containment dams of between 500m3-1000m3				37,057,464		

FY 2024/25 CLIMATE RELATED EXPENDITURES									
Project Name	**Project Description**	**Project Objectives**	**Project Activities**	**Actual Expenditure (KShs)**				**Source of Funds**	**Implementing Partners/Contractor**
				1st Quarter	**2nd Quarter**	**3rd/4th Quarter**	**Total Cost (KShs)**		
El Nino Emergency Intervention works	**Coastal Region** 1. Emergency Reinstatement works to cover exposed oil pipelines & FOC 2. Routine Maintenance works/Inspections 3. Bush Clearing Works 4. Boundary establishment assignments 5. ROW Committee Assignment	ROW reinstatement damaged by El Nino	Reinstatement works involving gabions constructions and site restoration				30,834,040	Internal	
	Central Region 1. Emergency & Reinstatement works to cover exposed oil pipelines & FOC 2. Routine maintenance works/Inspections	ROW reinstatement damaged by El Nino	Reinstatement works involving gabions constructions and site restoration				40,215,360	Internal	

FY 2024/25 CLIMATE RELATED EXPENDITURES									
Project Name	**Project Description**	**Project Objectives**	**Project Activities**	**Actual Expenditure (KShs)**				**Source of Funds**	**Implementing Partners/Contractor**
				1st Quarter	**2nd Quarter**	**3rd/4th Quarter**	**Total Cost (KShs)**		
	3. Bush Clearing & Cutting down of trees on the ROW 4. Construction of Contour bunds) 5. Boundary Establishment 6. Issuance of Encroachment Notices 7. ROW Committee Assignment								
	Western Region 1. Emergency Reinstatement works. 2. Routine Maintenance works/inspections 3. Construction of Contour bunds	ROW reinstatement damaged by El Nino	Reinstatement works involving gabions constructions and site restoration				30,149,000	Internal	

FY 2024/25 CLIMATE RELATED EXPENDITURES									
Project Name	Project Description	Project Objectives	Project Activities	Actual Expenditure (KShs)				Source of Funds	Implementing Partners/Contractor
				1st Quarter	2nd Quarter	3rd/4th Quarter	Total Cost (KShs)		
	4. Bush Clearing Works & Cutting of trees on the ROW 5. Boundary establishment assignments 8. ROW Committee Assignment 9. Issuance of Encroachment Notices								
TOTAL (KShs)							320,093,248		

APPENDIX V: DISASTER EXPENDITURE REPORTING TEMPLATE

Programme	Sub-Programme	Disaster Type	Disaster Category	Expenditure item	Amount (Kshs.)	Comments
			Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)			
N/A	N/A	N/A	N/A	N/A		

5-YEAR FINANCIAL PERFORMANCE HIGHLIGHTS

KENYA PIPELINE COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30

	2025	2024	2023	2022	2021
			Kshs		
Total Revenue	38,593,631,086	35,369,329,508	30,857,218,143	26,213,394,371	27,987,266,943
Direct Costs	(14,731,708,102)	(14,517,860,099)	(13,217,831,223)	(13,545,218,703)	(13,562,976,195)
Gross Profit	**23,861,922,984**	**20,851,469,409**	**17,639,386,919**	**12,668,175,667**	**14,424,290,748**
Other Income	805,649,214	832,123,966	1,902,787,258	1,199,305,117	470,667,422
Administration Expenses	(7,947,849,966)	(9,878,967,382)	(11,847,683,443)	(7,557,765,751)	(6,445,930,795)
Operating Profit	**16,719,722,232**	**11,804,626,023**	**7,694,490,734**	**6,309,715,034**	**8,449,027,375**
Net Finance Income	187,872,284	(1,796,381,768)	(87,052,579)	(13,569,921)	(1,538,664,128)
Profit Before Taxation	**16,907,594,516**	**10,008,244,255**	**7,607,438,155**	**6,296,145,113**	**6,910,363,247**
Taxation Charge	(5,752,165,065)	(3,140,994,281)	(3,108,010,211)	(2,394,908,448)	(5,227,628,302)
Net Profit After Taxation	**11,155,429,451**	**6,867,249,974**	**4,499,427,944**	**3,901,236,665**	**1,682,734,945**
Earnings Per share	614	378	248	215	93

Administrative Expenses are inclusive of provision for bad debts of Kshs. **1,060,758,651, Kshs. **59,089,148**, and Kshs. **141,092,919** for FY 2021/22, and FY 2020/21*

5-YEAR FINANCIAL HIGHLIGHTS
KENYA PIPELINE COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION

AS JUNE 30,	2025	2024	2023	2022	2021
			Kshs		
Non- Current Assets					
Property, plant and equipment	84,588,805,696	83,325,374,835	84,055,476,767	86,129,189,345	97,149,447,050
Leasehold land	16,341,174,064	15,032,385,882	15,775,062,079	16,517,740,255	17,415,890,672
Right of use Asset (ROU)	36,342,424	67,493,073	98,643,722		
Intangible assets	28,746,084	52,944,523	27,652,017	23,592,295	30,308,870
Investments	36,306,359	36,306,359	36,306,359	36,306,359	36,306,359
Investment in subsidiary	1,974,199,458	-	-	-	-
Employee Benefit Obligation	997,949,150	1,327,713,990	1,327,713,990	-	-
Other long-term receivables	3,486,969,442	3,524,045,667	3,316,663,265	3,142,126,450	3,117,018,373
	107,490,492,676	**103,366,264,329**	**104,637,518,200**	**105,848,954,704**	**117,748,971,324**
Current Assets					

5-YEAR FINANCIAL HIGHLIGHTS
KENYA PIPELINE COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION

AS JUNE 30,	2025	2024	2023	2022	2021
			Kshs		
Inventories	2,262,493,373	2,646,842,730	2,440,530,782	2,343,922,959	2,608,031,945
Trade and other receivables	7,504,326,844	8,090,589,703	10,073,913,598	8,283,971,264	9,160,335,600
Current Tax asset	-	101,898,752	-	827,398,507	888,115,224
Short term deposits	3,714,095,004	4,343,019,910	9,338,957,389	7,786,148,607	7,086,097,763
Bank and cash balances	3,659,129,575	2,174,299,629	2,392,813,774	2,614,218,743	2,462,154,764
	17,140,044,796	**17,356,650,723**	**24,246,215,543**	**21,855,660,079**	**22,204,735,296**
Total Assets	**124,630,537,472**	**120,722,915,053**	**128,883,733,743**	**127,704,614,784**	**139,953,706,620**
Shareholders' Funds and Liabilities					
Capital and Reserves					
Share capital	363,466,007	363,466,007	363,466,007	363,466,007	363,466,007
Share premium	512,288,916	512,288,916	512,288,916	512,288,916	512,288,916
Revenue reserve	81,425,585,243	76,699,077,731	76,831,827,757	70,812,999,502	74,911,762,837
Revaluation Reserve	17,135,366,381	11,510,282,545	11,536,027,639	17,052,060,642	21,282,415,380
	99,436,706,547	**89,085,115,199**	**89,243,610,319**	**88,740,815,067**	**97,069,933,140**
Non-Current Liabilities					
Deferred taxation	19,925,349,921	19,154,105,433	20,188,051,145	20,072,668,334	19,724,588,796
Long term loan	-	-	3,367,442,249	10,098,826,050	13,864,936,579
Lease Liability	6,315,249	31,105,968	75,659,687	-	-
	19,931,665,170	**19,185,211,401**	**23,631,153,081**	**30,171,494,384**	**33,589,525,375**
Current Liabilities					
Trade and other payables	4,206,455,344	9,883,590,590	10,816,511,667	3,662,885,082	4,592,602,577
Due to related parties	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000
Tax payable	939,072,042	-	1,715,803,852	-	-
Current Loan	-	2,456,291,794	3,367,459,000	5,049,420,250	4,621,645,527
Lease Liability	36,638,369	32,706,069	29,195,824	-	-
	5,262,165,756	**12,452,588,454**	**16,008,970,343**	**8,792,305,332**	**9,294,248,104**
Total Shareholder's Funds and Liabilities	**124,630,537,472**	**120,722,915,053**	**128,883,733,743**	**127,704,614,783**	**139,953,706,619**

KENYA PIPELINE COMPANY LIMITED
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30,	2025	2024	2023	2022	2021
		Kshs			
Net cash generated from operating activities	12,732,187,531	10,495,434,123	21,073,959,074	14,417,756,304	13,538,886,066
Net cash from/(to) investing activities	(3,404,823,394)	(4,564,879,960)	(9,475,611,943)	(694,540,385)	(5,000,856,224)
Net cash from/(to) financing activities	(8,471,459,136)	(11,145,005,789)	(10,266,943,317)	(12,871,101,097)	(7,381,220,323)
Net increase/(Decrease) in cash and cash equivalents	**855,905,001**	**(5,214,451,626)**	**1,331,403,814**	**851,114,822**	**1,156,809,519**
Cash and Cash Equivalents at beginning of the period	6,517,319,538	11,731,771,163	10,400,367,349	9,548,252,527	8,391,443,008
Cash and Cash Equivalents at end of the Year	**7,373,224,539**	**6,517,319,538**	**11,731,771,163**	**10,400,367,349**	**9,548,252,527**