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MERCY CHUMO

THE AUDITOR-GENERAL

ON

**KENYA ELECTRICITY TRANSMISSION
COMPANY (KETRACO) LIMITED**

**FOR THE YEAR ENDED
30 JUNE, 2025**



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KENYA ELECTRICITY TRANSMISSION COMPANY LIMITED (KETRACO)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2025

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

Kenya Electricity Transmission Company Limited (KETRACO)
Annual Report and Financial Statements for the year ended June 30, 2025

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1. Acronyms and Glossary of Terms

IFRS	International Financial Reporting Standards
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
AfD	Agence Française de Développement (French Development Agency)
BPR	Business Process Re-engineering
EAPP	Eastern Africa Power Pool
EPRA	Energy and Petroleum Regulatory Authority
ESIA	Environmental Social Impact Assessment
FY	Financial Year
GDC	Geothermal Development Company GoK Government of Kenya
GWh	Gigawatt hour
HTLS	High Temperature Low Sag
HV	High Voltage
HVDC	High Voltage Direct Current
IPP	Independent Power Producers
KenGen	Kenya Electricity Generating Company PLC
KETRACO	Kenya Electricity Transmission Company Ltd.
KTNEP	Kenya Transmission Network Expansion Project
KTNIP	Kenya Transmission Network Improvement Project
KPLC	Kenya Power and Lighting Company PLC kV Kilo Volt
LMCP	Last Mile Connectivity Project
LNG	Liquefied Natural Gas
M&E	Monitoring and Evaluation
MoE&P	Ministry of Energy and Petroleum
MTP	Medium Term Plan
MW	Mega Watt
NCA	National Construction Authority
NEMA	National Environment Management Authority
NSCC	National System Control Centre
NuPEA	Nuclear Power Energy Agency
PVs	Photovoltaic Systems
RAP	Resettlement Action Plan
REREC	Rural Electrification and Renewable Energy Corporation
RETNET	Reinforcement of Electricity Transmission Network
SCADA	Supervisory Control and Data Acquisition
SDG	Sustainable Development Goals
S/S	Substation
VRE	Variable Renewable Energy
WAN	Wide Area Network

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2. Key Entity Information

a) Background information

The Kenya Electricity Transmission Company Limited was incorporated on 2 December 2008 and registered under the Companies Act, Cap 486 pursuant to Sessional Paper No. 4 of 2004. At cabinet level, the entity is represented by the Cabinet Secretary for Ministry of Energy who is responsible for the general policy and strategic direction of the entity. The entity is domiciled in Kenya and does not have branches.

b) Principal Activities

The principal activity of the Company is to design, construct, operate and maintain electricity transmission infrastructure that forms the backbone of Kenya's National Transmission Grid, build interconnectors to facilitate regional power trade, and to wheel electricity to The Kenya Power and Lighting Company Limited and other end users from generators who produce power in bulk. The Company vision is to develop stable powergrid that will transform lives in the region and beyond. The mission is to provide a stable electricity grid and facilitate power trade for sustainable socio-economic development.

c) Directors

The Directors who served the entity during the year/period were as follows:

NO.	NAME	POSITION	PERIOD
1.	Capt Mohamed M Abdi	Chairman	Appointed 9.2.2024
2.	Eng. Kipkemoi Kibias	Ag. Managing Director	Appointed 18.9.2025
3.	Dr. Eng John M Mativo	Managing Director	Ceased 18.9.2025
4.	Mr Alex Wachira	PS, Ministry of Energy and Petroleum	Appointed 2.12.2022
5.	Hon. CPA John Mbadi Ng'ongo, EGH	CS, National Treasury	Appointed 8.8.2024
6.	Ms. Janerose Gatwiri Gitobu	Director	Appointed 24.2.2023
7.	Eng Michael Malomba	Director	Appointed 24.2.2023
8.	Ms. Mercylynate Chepkirui Rotich	Director	Appointed 24.2.2023
9.	Ms. Judith Khamala Nyauncho	Director	Appointed 9.6.2023
10.	Hon Kirwa Stephen Bitok	Director	Appointed 23.6.2023
11.	Mr. Duncan Ndegwa Gathege	Alternate to CS NT	Appointed 24.2.2023
12.	Eng. Thomas Karungu	Alternate to PS MOE	Appointed 24.2.2023

d) Corporate Secretary

CS. Florence Mitey
P.O. Box 34942-00100
Nairobi

e) Registered Office

Kawi Complex, Block B, South C, Popo Lane,
Off Red Cross Road,
P.O. Box 34942 – 00100,
Nairobi, KENYA

f) Corporate Headquarters

Kawi Complex, Block B, South C, Popo Lane,
Off Red Cross Road,
P.O. Box 34942 – 00100,
Nairobi, KENYA

g) Corporate Contacts

Telephone: (254) 719 018 000/ +254 732 128 000
E-mail: info@ketraco.co.ke
Website: www.ketraco.co.ke

h) Corporate Bankers

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

Co-operative Bank of Kenya Limited
Upper Hill
P. O. Box 48281 - 00100
Nairobi

National Bank of Kenya
Harambee Avenue
P. O. Box 72866 - 00200
Nairobi

NCBA Bank Kenya
Upper Hill
P. O. Box 30437 - 00100
Nairobi

Standard Chartered Bank
Level 5, Standard Chartered at Chiromo
P.O. Box 30003-00100
Nairobi

Stanbic Bank
Stanbic Bank Centre
P.O. Box 72833-00200

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Nairobi


i) Independent Auditors


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


j) Principal Legal Advisers

The Attorney General
State Law Office and Department of Justice
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya



3. The Board of Directors

SN	Directors	Details
1.		<p>Capt. Mohamed M. Abdi - Chairman, Independent and Non-executive</p> <p>Capt. Mohamed M. Abdi was appointed Chairman of KETRACO Board of Directors on 5th February 2024. He has over 30 years of experience in the Aviation, Government of Kenya (Kenya Air Force) Industry and a professional member of Kenya Airline Pilots Association (KALPA).</p> <p>He has Master of Business Administration, Aviation Moi University and an ongoing Master of Arts in Sustainable Human Development from Catholic University of Eastern Africa. He holds a bachelor's degree, Bachelor of Arts, in Sustainable Human Development from Catholic University of Eastern Africa.</p> <p>Capt. Abdi is the Executive Chairman Board of Directors at the Skyward Express Limited. A visionary leader who is results driven with extensive experience in Aviation, proven success in leadership and a track record of driving business growth.</p>
2.		<p>Eng. Kipkemoi Kibias – Acting Managing Director</p> <p>Eng. Kipkemoi Kibias is a seasoned Engineer with over 17 years in the Power Sector. His expertise includes design and construction, power system planning, operation and maintenance. He is passionate about Power Systems & Renewable energy.</p> <p>He holds a Bachelor of Science in Electrical & Electronics Engineering from Jomo Kenyatta University of Agriculture, master's in business administration (Strategic Mgt.) from Catholic University of Eastern Africa, Masters in Nuclear Power Plant Engineering from KEPCO International Nuclear Graduate School – KINGS, Ulsan, South Korea, and currently pursuing Doctor of Philosophy in Energy Studies at Moi University. He is registered with the Engineers Board of Kenya as a professional engineer, a member of the Institution of Engineers of Kenya (IEK), and an alternate member of the inspection and acceptance committee.</p> <p>Prior to joining Kenya Electricity Transmission Company Limited, (KETRACO) as General Manager,</p>

		<p>System Operation & Power Management, he worked in various capacities including Design & Construction, Power System Planning, Operation and Maintenance, Regional</p>
<p>3.</p>		<p>Mr. Alex Wachira, BSCN- Principal Secretary, Ministry of Energy and Petroleum</p> <p>Alex Kamau Wachira is equipped with a wealth of knowledge and experience from the private sector where he served as an investment banker. He has recently worked with Faida Investment Bank where he traded and structured Treasury and Corporate bonds at the Nairobi Stock Exchange (NSE). Other assignments successfully undertaken include working with Dyer & Blair Investment Bank and Genghis Capital limited in the same capacity.</p> <p>PS Wachira has served in various leadership's positions right from his university days. He was a founding member of the Bonds Market Association as well as a member of the Steering Committee of the Kenya Association of Stock Brokers and Investment Bankers (KASIB). His contribution to the Bond's market saw him being appointed to the Central Depository Project at the Central Bank of Kenya (CBK). In 2021, the project dealt in government securities worth 900 billion, the highest turnover ever in Kenya.</p> <p>The PS launched his career in the financial sector after participating in the issuance of the Safaricom IPO in 2008 where he interned. He had prior completed a Bsc Degree course from the University of Nairobi. At Campus, he served as the Secretary General NUNSA and Treasurer for the Confederation of Medical Students Association. He is currently pursuing an MA in Leadership at Pan African Christian University.</p> <p>A strong believer in servant leadership through community engagement and development, in that position, the PS was able to spearhead initiatives such, as free medical camps for Cancer Screening, Tree planting, Youth Mentorship Programmes, and Sports Tournaments among others. Born and bred in Kieni Constituency, Nyeri County, the PS is a family man who's strict up bringing is instrumental in shaping him into the person he is.</p>



<p>4.</p>		<p>Hon. CPA John Mbadi Ng'ongo, EGH - Cabinet Secretary, National Treasury & Economic Planning</p> <p>Hon. John Mbadi is the Cabinet Secretary (CS) for The National Treasury and Economic Planning. Before his appointment, Hon. Mbadi had an extensive career in public service, most recently serving as a nominated Member of Parliament (MP) and the Chairperson of the Public Accounts Committee in the National Assembly.</p> <p>The CS has a rich history in legislative leadership, having served as the elected MP for Suba South Constituency, Suba Constituency, and Gwassu Constituency. His experience extends to roles such as Assistant Minister in the Office of the Prime Minister and Leader of Minority in the National Assembly. Throughout his parliamentary tenure, he was a member of numerous key committees, including the House Business Committee, Liaison Committee, Budget and Appropriations Committee, Selection Committee, Appointments Committee, Public Accounts Committee, Public Investments Committee, Constitutional Implementation Committee, the Ad Hoc Committee on the Cost of Living, and the Defence and Foreign Relations Committee. Notably, he was also a member of the Legislative Taskforce responsible for drafting the Public Finance Management Act of 2012.</p> <p>In addition to his political and legislative accomplishments, the CS is a seasoned finance professional with 28 years of experience. He has held the position of Accountant at the University of Nairobi and served as the Chair of Medair East Africa. Hon. Mbadi holds a Bachelor of Commerce degree with a specialization in Accounting from the University of Nairobi and is a registered member of the Institute of Certified Public Accountants of Kenya (ICPAK). His professional affiliations extend to the Architectural Association of Kenya (AAK), the Institute of Quantity Surveyors of Kenya, and the Chartered Institute of Arbitration.</p> <p>Hon. Mbadi's contributions have been recognized with honours such as the Chief of the Order of the Burning Spear (CBS) and Elder of the Order of the Golden Heart of Kenya (EGH). His skills span planning, budgeting, financial analysis, accounting,</p>
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		<p>economics, and community development, complemented by strong leadership, effective communication, and interpersonal skills. His areas of interest include politics, reading, and soccer.</p>
5.		<p>Ms. Janerose Gatwiri Gitobu- Independent Director</p> <p>Janerose Gatwiri is a highly skilled banking and finance professional with over (9) years' experience in accounting and Finance functions. She has over (7) seven years' experience in business management, undergraduate programs lecturing, training, research and consultancy services aimed at improving education and students' performance.</p> <p>She holds a Master's degree in Business Administration, (Finance) and a Bachelors of Business Administration (Accounting and Finance) both from the Kenya Methodist University. Ms. Gatwiri is currently the Managing Director of Rosag Enterprises where she oversees building and construction, general supplies and farming. Ms. Gatwiri has also previously worked for Equity Bank under various posts including Senior Relationship Office.</p>
6.		<p>Eng. Michael B. Malomba- Independent Director</p> <p>Eng. Michael Boybanda Malomba is an agriculture engineer with several years of vast experience in storage and processing of agriculture products. As an esteemed agricultural engineer, Malomba has helped build capacities in workers under his supervision and has spearheaded various project areas in his profession including power supplies, machine efficiency, use of structures and facilities, pollution and environmental issues as well as storage and processed of agricultural products.</p> <p>Mr. Malomba has previously worked as a Senior Engineer at Waridi limited Athi-River, where he was in charge of irrigation and fertigation and as a Chief Executive Officer and Director at Uhuru Management Services (UK) Limited.</p> <p>He is a Life member of the Kenya Red Cross Society (KRCS) Bungoma County Branch, Director of Chamber of Commerce Bungoma Chapter representing people living with disabilities (PWDs), a member of the County forum PWDs and a member of the Jumbo Charge 4 by 4 - a charity organization</p>

		<p>concerned with afforestation program in Mt. Elgon Forests.</p> <p>As a life Member of KRCS, Eng. Malomba has volunteered for humanitarian organizations supporting vulnerable communities in provision of food and non-food items especially during the hit of the nouvelle Covid 19.</p>
7.		<p>Ms. Mercylynate Chepkirui Rotich- Independent Director</p> <p>Mercylynate is a Seasoned Management Professional with over Twenty years of experience in Strategic Management, Turnaround Strategies, Organizational Change and Marketing Management. She has built a successful career in providing exceptional service through her effort and commitment to high performance by continuously enhancing her knowledge and best practice in leadership. She is results oriented and with her grit and resilience, her track record is demonstrated in successful integration of organization strategy and performance management systems.</p> <p>Currently, she serves as the Managing Director Prime Tea Limited, a member of the East African Tea Trade Association (EATTA). Prior to that she served as a Consultant in functional areas of (Strategic Planning & Implementation, Planning & Execution of Corporate Turnaround, Managing Change in Organizations and Marketing Management. She also served as the Executive Secretary of the Purple & Specialty Tea Association of Kenya (PSTAK) and as a Production Manager at the Kenya Tea Development Agency (KTDA). She has been actively involved in community work involving women leaders that support young adults.</p> <p>Mercylynate holds a Master of Business Administration (MBA) Degree in Strategic Management from the University of Nairobi, First Class Honors in Bachelor of Business Management (BBM) from the University of Mysore and Post Graduate Diploma in Marketing Management from the Kenya Institute of Management (KIM).</p>

<p>8.</p>		<p>Mr. Duncan Ndegwa Gathege- Alternate Director to the Cabinet Secretary, National Treasury & Economic Planning</p> <p>Mr. Duncan Ndegwa is currently the Personal Assistant to the Cabinet Secretary, National Treasury and Economic Planning. He has previously worked at Kenya Revenue Authority (KRA) as a Senior Statistical Analyst from 2016. During his time there, he gained invaluable knowledge in data mining and advanced data analytics to aid management in decision-making.</p> <p>Additionally, Mr. Duncan has played a significant role in the entrenchment of the devolution process in Kenya where he worked as a Programme Officer in charge of Capacity Building at Transition Authority (TA) from 2013-2016. Transition Authority facilitated and coordinated the transition to devolved system of government as provided under section 15 of the Sixth Schedule to the Constitution.</p> <p>He holds a Master of Business Administration (Strategic Management) from the University of Nairobi, School of Business and a Bachelor degree in Arts and Social Sciences (Economics & Sociology) from Egerton University. Additionally, he has been trained in the field of advanced data analytics where he has developed a deep passion in application of analytics for predictive modelling and analyzing complex market dynamics to help organizations make strategic decisions.</p>
<p>9.</p>		<p>Eng. Thomas Karungu- Alternate Director to the Principal Secretary, Ministry of Energy.</p> <p>Eng. Thomas Karungu holds a Bachelor of Science degree in Mechanical Engineering from the University of Nairobi and a Master's degree in Infrastructure Management from Yokohama National University, Japan. He joined the Ministry of Energy in 2017 having previously worked at the Ministry of Roads and Public Works and in the Ministry of Industrialization.</p> <p>He is a corporate member of the Institution of Engineers of Kenya and is registered as a Professional Engineer by the Engineer's Board of Kenya.</p>

<p>10.</p>		<p>Ms. Judith Khamala Nyauncho- Independent Director</p> <p>Judith Khamala Nyauncho has wealth of experience in Business Management and Finance spanning over 25 years in both private and development sectors. She is particularly passionate in finance transformation.</p> <p>Locally, Ms. Nyauncho has served as a Business Analyst at the Nairobi Hospital and Finance Manager at the Federation of Women Lawyers in Kenya. At the global level, Judith has supported the Kenya diplomatic mission by fostering diplomatic relations with Germany, Bulgaria and Romania as well as African countries.</p> <p>Ms. Nyauncho holds a Masters in Business Administration from the Eastern and Southern African Management Institute (ESAMI) and a Bachelor of Commerce (double Major in Accounts and Business Management) from Daystar University.</p>
<p>11.</p>		<p>CPA, CS, Hon. Kirwa Stephen Bitok- Independent Director</p> <p>Hon. Kirwa Stephen Bitok is a highly accomplished professional with a remarkable track record in policy formulation and implementation, development and implementation of internal control systems and human resource management. He is adept in audit skills and management, strategic and business planning and financial management and analysis.</p> <p>Hon Bitok possesses solid academic qualifications, including an ongoing Ph.D. in Finance at Kabarak University, a Masters degree in Business Administration in Finance and a Bachelor of Business Administration in Accounting & Finance from Kenya Methodist University.</p> <p>Hon. Bitok has had an impressive career that spans various sectors. He has held leadership positions, demonstrating exceptional decision-making skills and driving organizational success. He has previously served as a Council Member at Kisii University and represented Mosop Constituency in the 11th Parliament of the Republic of Kenya. In addition, he has served as the Principal Finance Officer at Eldoret National Polytechnic where he played a major role in the Implementation of financial/accounting systems for the institution in compliance with the Ministry of</p>



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		<p>Higher Education reporting standards. He was in charge of overseeing and guiding the implementation of projects from a financial perspective including monitoring, analyzing performance and facilitating audit.</p> <p>Hon. Bitok is Certified Public Accountant (K), Certified Secretaries (K) as well as a Certified Credit Professional (2).</p>
12.		<p>CS. Florence Mitey Company- Secretary & General Manager Legal Services</p> <p>Ms. Florence Mitey is an Advocate of the High Court of Kenya, a holder of a Master of Business Administration Degree from Strathmore University, a Bachelor of Laws degree (LLB) from the University of Nairobi and a Diploma in Law from the Kenya School of Law.</p> <p>Ms. Mitey has a strong Legal and Corporate Governance background with rich experience in Corporate Law and Company Secretarial practice having served at the helm of legal services divisions in various organizations.</p> <p>She has previously served as Company Secretary & Legal Services Manager at East African Portland Cement PLC, Manager- Legal & Litigation at the National Police Service Commission, Head of Legal and Regulatory Affairs at KTDA Management Services Limited and a Legal Officer at Telkom Kenya Limited.</p> <p>Ms. Mitey is a member of the Law Society of Kenya (LSK), the Chartered Institute of Arbitrators and the Institute of Certified Secretaries (ICS).</p>


4. Key Management Team

SN	Management	Details
1.		<p>Eng. Kipkemoi Kibias – Acting Managing Director</p> <p>Eng. Kipkemoi Kibias is a seasoned Engineer with over 17 years in the Power Sector. His expertise includes design and construction, power system planning, operation and maintenance. He is passionate about Power Systems & Renewable energy.</p> <p>He holds a Bachelor of Science in Electrical & Electronics Engineering from Jomo Kenyatta University of Agriculture, master's in business administration (Strategic Mgt.) from Catholic University of Eastern Africa, Masters in Nuclear Power Plant Engineering from KEPCO International Nuclear Graduate School – KINGS, Ulsan, South Korea, and currently pursuing Doctor of Philosophy in Energy Studies at Moi University. He is registered with the Engineers Board of Kenya as a professional engineer, a member of the Institution of Engineers of Kenya (IEK), and an alternate member of the inspection and acceptance committee.</p> <p>Prior to joining Kenya Electricity Transmission Company Limited, (KETRACO) as General Manager, System Operation & Power Management, he worked in various capacities including Design & Construction, Power System Planning, Operation and Maintenance, Regional</p>
2.		<p>CS. Florence Mitey Company- Secretary & General Manager Legal Services</p> <p>Ms. Florence Mitey is an Advocate of the High Court of Kenya, a holder of a Master of Business Administration Degree from Strathmore University, a Bachelor of Laws degree (LLB) from the University of Nairobi and a Diploma in Law from the Kenya School of Law.</p> <p>Ms. Mitey has a strong Legal and Corporate Governance background with rich experience in Corporate Law and Company Secretarial practice having served at the helm of legal services divisions in various organizations.</p>



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		<p>She has previously served as Company Secretary & Legal Services Manager at East African Portland Cement PLC, Manager- Legal & Litigation at the National Police Service Commission, Head of Legal and Regulatory Affairs at KTDA Management Services Limited and a Legal Officer at Telkom Kenya Limited.</p> <p>Ms. Mitey is a member of the Law Society of Kenya (LSK), the Chartered Institute of Arbitrators and the Institute of Certified Secretaries (ICS).</p>
3.		<p>Eng. (CPA) Antony Wamukota, OGW- General Manager, Design & Construction</p> <p>Eng. Wamukota holds a Bachelor’s degree in Civil Engineering from Jomo Kenyatta University of Agriculture & Technology (JKUAT) and is knowledgeable in accounting matters, having attained the CPA (Final) certificate.</p> <p>He has twenty (20) years cumulative working experience in the public sector where he has gained extensive experience in management of projects mainly funded by foreign development partners in the electricity subsector. He has previously worked with the Ministry of Roads and Public Works from 1998 to 2009 before joining KETRACO in 2010. He is registered by the Engineers Board of Kenya, (EBK) as a Professional Engineer and is a Corporate Member of the Institution of Engineers of Kenya, (IEK).</p>
4.		<p>Eng. Anthony Mwendwa Musyoka, CE-General Manager, Project Development Services</p> <p>Anthony is a Professional Engineer and Consulting Engineer with the Engineers Board of Kenya, and a member of the Institution of Engineers of Kenya (IEK). He has over thirty (30) years’ working experience in the public sector gaining wealth of experience in planning, project preparation, system studies, design, construction supervision and contract management, commissioning and operation & maintenance in generation, transmission, and distribution infrastructure</p> <p>He holds a bachelor’s degree in electrical and Electronic Engineering from University of Nairobi (1989), a Master’s in Business Administration (MBA) from University of Nairobi (2010) and a Master’s</p>

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		<p>degree in Electrical Power Systems from University of Bath (UK) (2016).</p> <p>Eng. Anthony Musyoka has been involved in various capacities in the planning, design and construction of 6,000km of high voltage transmission lines, 48 new substations and extension of 28 existing substations. The projects include the transmission interconnectors to Ethiopia, Tanzania and Uganda.</p> <p>Eng. Musyoka has undertaken a large number of transmission infrastructure projects financed by World Bank, African Development Bank, JICA, French Development Agencies, KfW among others.</p> <p>Anthony is a Certified Public Private Partnership Professional (CP3P) and is currently involved in two transmission infrastructure PPP transactions for six (6) projects.</p>
5.		<p>CPA Tom Imbo- General Manager, Finance</p> <p>CPA Tom Odhiambo Imbo is a Finance Management professional with over 19 years' experience in both private and public sectors. He has diligently served the Company in various capacities for the last 10 years within the Finance & Strategy functions and as the General Manager Finance.</p> <p>Prior to joining KETRACO, he was the Head of Management Accounts at United States International University (USIU). He holds a Masters in Business Administration (MBA-Finance) and BED (Economics) both from Kenyatta University. CPA Imbo is a Certified Public Accountant (CPA-K) and a member of the Institute of Certified Public Accountants of Kenya (ICPAK).</p>

<p>6.</p>		<p>Dr. Njogu Kimando, Ph.D- General Manager, Strategy Research and Compliance</p> <p>Dr. Njogu Kimando Ph.D is a highly experienced Strategic Management professional with more than twenty years of hands-on experience in strategic analysis, research, entrepreneurship, monitoring & evaluation, among others.</p> <p>He has previously worked in ICT Authority as the Head of Corporate Planning, Research & Innovation as well as the National Sports fund and Goodit International Limited. He has published several academic journals and is a holder of Doctorate of Philosophy (Ph.D) in Entrepreneurship, Master of Science (Msc) in Entrepreneurship and Master of Business Administration (MBA - Strategic Management) from JKUAT. He is also a holder of Bachelor of Education (B.Ed) in Business Studies and Mathematics from the University of Nairobi.</p> <p>Dr. Kimando is also a full member of Kenya Institute of Management (KIM) and Society of Educational Research and Evaluation in Kenya (SEREK)</p>
<p>7.</p>		<p>CHRP-K Linda C. Korir - General Manager, Human Resource and Administration</p> <p>Linda Korir is an accomplished Human Resources professional with extensive expertise in strategic management, HR, talent acquisition, and employee relations. She holds an MBA in Strategic Management and Human Resources from Daystar University and a bachelor's degree in business management and IT from Kabarak University. Linda has served as a Human Resource and Administration Manager in both public and private sectors, where she honed her skills in managing diverse teams and implementing impactful HR strategies. She has also collaborated with international development agencies on community development projects, further enriching her experience in driving organizational and societal growth.</p>

		<p>Linda is an active member of the Institute of Human Resource Management (IHRM), holding a practicing certificate, and the Kenya Institute of Management. She is a Certified Human Resource Practitioner (CHRP-K) and holds an International Diploma in Human Resource Management from Cambridge International College. Additionally, she has earned a Certificate in Leadership and Management, further showcasing her commitment to professional excellence and leadership in the HR field.</p>
8.		<p>CPA, Moses M. Mulonzia- General Manager, Internal Audit</p> <p>CPA Mulonzia holds a Master of Business Administration (MBA) Strategic Management degree from Jomo Kenyatta University of Agriculture and Technology and a Bachelor of Commerce in Finance from the Catholic University of Eastern Africa. He also holds an Advance Management Program (AMP) certification from Strathmore University among other Leadership certificates.</p> <p>Before joining KETRACO, he served as the Head of Internal Audit at Kenya Wildlife Service, an Internal Auditor at Jubilee Insurance Company (K) Limited and worked at United Insurance Ltd where he served in Finance and Internal Audit Departments.</p> <p>He is a member of the Institute of Certified Public Accountant Kenya (ICPAK), Institute of Internal Auditors (IIA-K) and Information Systems Audit and Control Association (ISACA).</p>
9.		<p>Mr. Hesbon Kisero M. MCIPS, MKISM - Ag Senior Manager, Supply Chain Management</p> <p>Hesbon M. Kisero, HSC, MCIPS, MKISM, currently serves as the Acting Senior Manager of the Supply Chain Department. In this role, he is responsible for overseeing and managing all aspects of the company's supply chain operations to ensure the efficient and cost-effective sourcing of contractors, suppliers, and consultants in alignment with the organization's goals and demands.</p> <p>With a strong focus on strategic planning, procurement and sourcing, inventory and warehouse management, logistics and distribution, team leadership, risk management, and sustainability and compliance, Hesbon also serves as a key advisor to the</p>

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		<p>accounting officer on all matters related to supply chain management.</p> <p>He brings over two decades of professional experience in the supply chain field, having progressively risen through the ranks from Supply Chain Officer to his current senior leadership position. Over the years, he has served in 13 different organizations, gaining a broad and deep understanding of diverse supply chain environments.</p> <p>Hesbon holds a Bachelor of Arts degree in Economics from the University of Nairobi and a Master of Business Administration (MBA) in Strategic Management from Jomo Kenyatta University of Agriculture and Technology (JKUAT). He also holds a Postgraduate Diploma in Supplies and Purchasing from the Chartered Institute of Purchasing and Supplies (CIPS UK). He is a full member of both the Chartered Institute of Purchasing and Supplies (CIPS UK) and the Kenya Institute of Supplies Management (KISM)</p>
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5. Fiduciary Management

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

No.	Designation	Name
1.	Ag. Managing Director	Eng. Kipkemoi Kibias
2.	Managing Director	Dr. (Eng.) John M. Mativo, CE, FIEK
3.	Company Secretary & General Manager Legal Services	CS. Florence Mitey
4.	General Manager, Design & Construction	Eng. (CPA) Antony Wamukota, OGW
5.	General Manager, Finance	CPA Tom Imbo
6.	General Manager, Project Development Services	Eng. Anthony Musyoka
7.	Ag. Senior Manager Supply Chain Management	Hesbon Kiseru, MCIPS, MKISM
8.	General Manager System Operation and Power Management	Eng. Kipkemoi Kibias
9.	General Manager, Human Resources Administration	CHRP (K) Linda Korir
10.	General Manager, Internal Audit	CPA, Moses M. Mulonzia

6. Fiduciary Oversight Arrangements

- **Audit and Risk Committee**

The purpose of the Audit Committee is to provide a structured, systematic oversight of the organization's governance, risk management and internal control practices. The committee assists the board and management by providing advice and guidance on the adequacy of the organization's initiatives for:

- Governance structure.
- Risk management.
- Internal control framework.
- Oversight of the internal audit activity, external auditors and other providers of assurance.
- Values and ethics.
- Financial reporting.

The Audit Committee reviews each of the items noted above and provides the board with independent advice and guidance regarding the adequacy and effectiveness of management's practices and potential improvements to those practices.

- **Finance, Strategy & Risk committee**

The Committee is responsible for overseeing the strategic direction, financial performance, operations, risk management, technology and innovation of the Company. It is responsible for developing and overseeing the Company's strategic plan, maintaining a collaborative relationship with management, evaluating the Company's operational objectives and corporate strategy and overseeing environmental, social and governance matters. The Committee also reviews and recommends corporate strategy, external factors, corporate developments, policies and guidelines. It reviews annual plans, advises the Board on strategies to enhance the Company's performance, reviews public reporting on ESG matters and ensures alignment of Company project plans with goals, strategies and government programs.

In addition to strategic functions, the Committee is involved in finance functions, operations functions, risk management functions and the Company's Technology and innovation functions. It reviews and monitors financial performance, recommends investment and borrowing decisions, evaluates funding proposals and reviews capital expenditures. The Committee also oversees operations, reviews procurement plans and monitors compliance with statutory provisions. It reviews and assesses risk exposure, develops and implements risk management programs and reviews business continuity planning. Finally, the Committee reviews and oversees technology capabilities and innovative strategies.

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The Committee serves as a cornerstone of the Company's governance framework, actively contributing to its strategic direction, financial stability, operational excellence, risk mitigation, and technological progress. Through focused oversight, insightful guidance, and well-informed recommendations to the Board of Directors, the Committee empowers the Company to fulfill its mission and thrive amid an increasingly complex and fast-evolving business landscape.

- **Technical Committee**

The primary purpose of the Committee is to assist the Board in providing oversight on project planning, construction, operations, maintenance and system control / load dispatch in accordance with the national policies, priorities and best engineering practices.

The Committee also oversees project implementation, guarantees grid asset availability and reliability, advises the Board on strategies, reviews project proposals, and ensures project success. It identifies and manages project risks, monitors project progress, and ensures project outcomes align with strategic goals.

- **Staff Remuneration Committee**

The Committee is responsible for overseeing organizational culture, diversity, talent management, human capital planning, performance management and human resource policies. It collaborates with the Managing Director to establish HR and remuneration policies, create an enabling environment for organizational effectiveness and handles disciplinary cases. The Committee reviews and recommends compensation and benefits strategy, organizational structure, people strategies, executive talent management, industrial relations strategy, employee engagement surveys, organizational culture initiatives, harassment policies and adherence to HR laws and regulations. It informs the Board of issues requiring immediate intervention, prepares reports, supports a high-performing culture and performs other activities as necessary.

7. Chairman's Statement

Distinguished Shareholders, Partners, and Stakeholders,

At the heart of every nation's progress lies a powerful current — one that drives industry, empowers communities, and lights the path to a better future. It is in this spirit that I present KETRACO's performance for the financial year ended 30th June 2025 — a year marked by resilience, transformation, and unwavering commitment to our national mandate.

Amidst a complex interplay of global and local challenges — economic, political, and regulatory — we stayed the course, determined to expand and modernize Kenya's high voltage electricity transmission infrastructure. Our journey this year has been one of purpose, impact, and steady progress toward energizing tomorrow.

Economic and Political Environment

As we reflect on the financial year under review, it is evident that the journey was marked by a complex interplay of local and global forces that tested the resilience of economies, institutions, and communities. The global economy remained weighed down by persistent uncertainties stemming from disrupted supply chains, inflationary pressures, and the protracted Russia-Ukraine conflict, which continued to shape global commodity markets and tighten financial conditions. These dynamics were particularly impactful on developing economies such as Kenya, which continue to grapple with structural challenges including high public debt levels, limited external financing options, and susceptibility to commodity price shocks.

In 2024, Kenya's economic growth faced notable headwinds. GDP growth slowed to an estimated 5.0%, falling short of the earlier projection of 5.4%. This moderation reflected a combination of sluggish performance in the first half of the year and disruption caused by the nationwide "Gen Z" protests in July 2024. These historic protests, driven by youthful calls for governance reforms, fiscal transparency, and economic accountability, momentarily disrupted both production and consumption across several sectors. Yet, amid these challenges, Kenya's economy demonstrated commendable resilience in the second half of the year, supported by a rebound in agriculture, revived consumer activity during the festive season, and a steady easing of inflationary pressures.

Agriculture, the bedrock of Kenya's economy, played a pivotal role in sustaining this recovery. The sector benefitted not only from favourable rainfall patterns but also from the government's subsidized fertilizer program, which improved farm productivity and contributed to enhanced national food security. The success of these interventions was visible in the consistent drop in food inflation throughout the year, bringing much-needed relief to households and underpinning broader economic stability.

Inflation remained within manageable bounds, averaging 4.2% in the final months of 2024 and declining to 3.6% by September 2024. This was supported by a combination of factors, including declining global oil prices, increased oil supply, and the strengthening of the Kenyan shilling. In the same period, the country's public debt position improved, with total public debt reducing by 5.2% in the first half of 2024, driven by gains from the appreciating local currency and the successful settlement of the June 2024 Eurobond.

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Monetary policy adjustments also played a central role in shaping the year's trajectory. The Central Bank of Kenya pursued a measured easing of the benchmark lending rate, reducing it by a cumulative 100 basis points during the year to stimulate credit growth and ease the cost of borrowing. This provided relief to businesses that had faced prolonged tight credit conditions, while also paving the way for a gradual improvement in non-performing loan ratios.

On the fiscal front, prudent adjustments were made, with the national budget for the 2024/2025 financial year revised downward to KES 3.88 trillion, resulting in a reduced fiscal deficit of 4.3% of GDP, down from 5.2% in the previous fiscal year. Kenya's external trade position also improved, with a narrowing current account deficit supported by a significant increase in agricultural exports and a steady rise in diaspora remittances, which continued to strengthen the country's foreign exchange reserves.

Politically, the country remained stable, building on the peaceful transition of power following the August 2022 general elections. This continued stability provided a supportive backdrop for the execution of national development priorities and the advancement of regional energy integration initiatives.

Throughout these testing times, KETRACO remained steadfast in its mission, navigating the evolving economic landscape with resilience and a focused commitment to delivering on its strategic objectives. We continued to invest in critical energy infrastructure, recognizing that our transmission projects are not just about power lines—they are about connecting communities, driving industrial growth, and unlocking Kenya's socio-economic potential.

As we look back on the year's journey, we do so with both humility and confidence—humility in acknowledging the trials we have faced as a nation, and confidence in the role KETRACO continues to play in shaping Kenya's energy future and supporting the country's sustainable growth.

KETRACO's Project Portfolio

During the period under review, KETRACO recorded notable strides in advancing its mandate to expand, modernize, and secure Kenya's electricity transmission infrastructure. We successfully completed and energized several high-voltage transmission lines, marking critical progress in our mission to build a robust and future-ready national grid.

Major milestones were also achieved in ongoing flagship projects, each strategically designed to enhance grid stability, unlock new economic zones, and catalyze industrialization. These developments underscore our unwavering commitment to providing the backbone for sustainable socio-economic transformation.

Our focus during the year was sharply aligned with three key strategic imperatives: increasing national transmission capacity, connecting emerging load centers, and accelerating regional power integration through the Eastern Africa Power Pool (EAPP). By deepening cross-border interconnectivity, KETRACO is not only improving electricity access and reliability but also cementing Kenya's emerging role as a regional power trade enabler.

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Moreover, substantial progress was made on system reinforcement initiatives that are fundamental to ensuring the long-term security, reliability, and resilience of the national grid. These investments are not just technical upgrades—they are critical enablers of Kenya’s energy transition and industrial competitiveness.

Financial Performance

KETRACO posted impressive growth despite the challenging economic landscape. The Company’s total revenue increased by 10%, reaching Kshs 12,191 million in FY 2024/25, compared to Kshs 11,081 million in FY 2023/24. However, operating expenses also rose, amounting to Kshs 10,962 million compared to Kshs 7,498 million reflecting increased project activity and inflationary pressures.

The asset base grew to Kshs 255,362 million, up from Kshs 244,395 million in the previous financial year. This increase was occasioned by ongoing investments in critical infrastructure projects, reinforcing KETRACO’s pivotal role in national development and regional energy trade.

Outlook

In the Financial Year 2024/2025, the Company made significant strides in advancing its mandate of developing and maintaining a robust, efficient, and reliable electricity transmission network across Kenya and the wider region. These developments have not only strengthened national grid stability but also enhanced regional energy integration and trade potential.

A total of 406.1 circuit kilometers of transmission lines were completed and energized, comprising the 78 km Ortum–Kitale 220kV line, 107.5 km Sultan Hamud–Merueshi–Loitoktok 132kV line, 192 km Kenya–Tanzania Interconnector (400kV), and the 28.6 km Awendo–Isebania 132kV line. These projects have expanded grid reach, particularly benefiting counties such as West Pokot, Trans-Nzoia, Kajiado, Migori, Narok, and key border regions with Tanzania.

Complementing these transmission line milestones, four new substations were commissioned and energized during the year: the 220/66kV Kimuka (2×200 MVA), 220/132kV Kitale (1×90 MVA), 132/33kV Loitoktok (1×23 MVA), and 132/33kV Isebania (1×23 MVA) substations. These additions have reinforced voltage stability, improved supply reliability, and enhanced grid flexibility. Notably, the Kimuka substation strengthens the Nairobi ring, which is central to power supply in the capital and its expanding urban corridor.

A major strategic initiative now underway is the development of an ultra-modern National System Control Centre (NSCC), targeted for completion by 2027. Supported through a concessional financing arrangement by Agence Française de Développement (AFD) and the French Treasury, and backed by a signed construction contract, the NSCC will enable real-time monitoring and advanced control of the national grid, significantly enhancing operational efficiency and national energy security.

Regional Footprint

Regionally, the energization of the 400kV Kenya–Tanzania Interconnector marks a transformative step in cross-border electricity trade. Coupled with the operational 500kV HVDC Ethiopia–Kenya Interconnector, these projects solidify Kenya’s position as a strategic power hub in the Eastern Africa Power Pool (EAPP). They open new pathways for electricity exports to Tanzania and imports from Ethiopia, thus fostering regional energy security and economic integration.

In terms of system reinforcement, strategic investments such as the Sultan Hamud–Merueshi–Loitoktok and Awendo–Isebania lines, along with their associated substations, have significantly improved power quality, reduced transmission losses, and increased access in previously underserved regions.

These developments are strongly aligned with national priorities on energy access and industrial growth. They enhance Kenya’s energy security through diversified and redundant transmission paths, support economic development by powering key growth corridors, and elevate the country’s role as a regional leader in sustainable energy trade.

Challenges

Despite these achievements, the Company encountered notable challenges during project implementation, particularly regarding Right-of-Way (RoW) acquisition and vandalism of transmission infrastructure. To mitigate these risks, proactive stakeholder engagement and targeted community sensitization campaigns were undertaken. These measures have proven critical in fostering local support, minimizing project disruptions, and securing transmission assets.

Looking ahead, the Company remains committed to accelerating transmission infrastructure development, supporting the Government’s agenda on universal electricity access, and reinforcing Kenya’s strategic role in the regional power market. Our outlook remains positive, grounded in strong partnerships, operational resilience, and a clear focus on delivering transformative energy solutions.

Acknowledgements

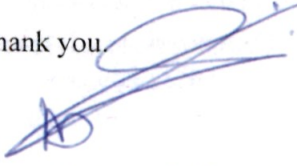
I extend my deepest gratitude to our esteemed shareholders, development partners, contractors, and suppliers for their continued trust and unwavering support. Your collaboration remains central to the success and progress of our Company.

My sincere appreciation also goes to the management and staff of KETRACO for their dedication, professionalism, and tireless efforts. The achievements highlighted today are a direct reflection of your steadfast commitment to excellence and service.

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Lastly, I thank my fellow Board members for their wise counsel, strategic oversight, and enduring commitment to our shared mission.

Thank you.



Capt. Mohamed M. Abdi

Chairman of the Board of Directors

8. Report of the Chief Executive Officer For The Year Ended 30th June 2025

The Kenya Electricity Transmission Company Ltd. (KETRACO) has continued to implement its mandate of planning, designing, building, owning, operating, and maintaining high voltage transmission lines in the country and regional power interconnectors with its neighbouring countries in line with the Kenya Vision 2030. The transmission grid expansion process is meant to primarily enhance electricity access, stability and reliability of power supply in the country, which is key to attracting potential investors resulting in growth in the economy. Other transmission projects are meant to evacuate power from generation points to load centres that are not adequately served by the grid particularly focusing on renewable energy.

During the financial year ending June 2025, the Company achieved key milestones in. First, in September 2024, KETRACO successfully completed and energized the 220kV Ortum-Kitale line, which is part of Turkwel-Ortum-Kitale project, including the energization of the 220/132kV Kitale substation. This achievement has enhanced stability of power supply around Trans Nzoia and Uasin Gishu Counties and the environs and facilitated the evacuation of hydro power from Turkwel Power Plant to the grid. Secondly, the 108km 132kV Sultan Hamud - Oloitoktok line was completed and energized in October 2024, which has enhanced reliability of power supply in Oloitoktok and the surrounding environment.

A major milestone achieved during the financial year under review is the completion and energization of the double circuit 96km 400kV Kenya-Tanzania Interconnector. The interconnector is a key infrastructure for regional power trade in the Eastern Africa Power Pool (EAPP) and the Southern Africa Power Pool (SAPP). With the completion of the line, there is a complete link from Ethiopia through the Kenyan transmission network to Tanzania, enabling power exchange and trade among the three countries. Tanzania have recently shown interest in purchasing power from Ethiopia, and with the interconnector operational, KETRACO is expected to benefit from providing wheeling services for the transaction.

The most recent achievement in the financial year under review was the completion and energization of the 28km 132kV Awendo- Masaba transmission line and the associated 132/33kV Masaba Substation. The completion of this project has reinforced power supply around Isebania, Masaba, Kehancha and the surroundings, which will see more investors setting up businesses in the region.

All in all since inception, KETRACO has successfully constructed and energized 6,044km in circuit length of high voltage transmission infrastructure, comprising of 1,282km of 500kV, 2,671km of 400kV, 749km of 220kV, and 1,342km of 132kV, 45 associated substations and 32 bay extensions as of June 2025.

Approximately 1,709km in route length (2,502km in circuit length) of transmission lines and 4,166 MVA of substation capacity are currently under construction and are expected to be complete by the year 2030. Some of the projects that are at advanced stages of implementation include the 400/220kV Mariakani substation, the 132kV Nanyuki-Isiolo, 132kV Nanyuki -Rumuruti, 132kV Kitui-Wote and 132kV Rabai-Bamburi-Kilifi transmission line projects and associated substations.

In line with KETRACO Transmission Master Plan, during the period 2025 - 2044, the Company has planned to construct approximately 4,676.5km in route length (8,517km in circuit length) of transmission lines and 14,839 MVA of substation capacity to meet various grid requirements at an estimated cost of USD 3, 993.59million. In order to meet this financing requirement, securing requisite financing is very crucial. Various financing options, including Public Private Partnerships (PPP), increased development support, additional exchequer funding, and climate financing opportunities will be considered to meet this target. In this regard, within the year under review, KETRACO made substantial progress in negotiating for Public Private partnership to implement two transmission projects namely, the 220kV Kisumu-Kakamega-Musaga and the 400kV Lessos-Loosuk TL projects under Privately Initiated Proposal. This form of financing is

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expected to bring additional benefits, including but not limited to innovation, skills transfer and efficiency in terms of project implementation and infrastructure operation and maintenance.

Figure 1 below highlights KETRACO transmission network developed over the last five financial years.

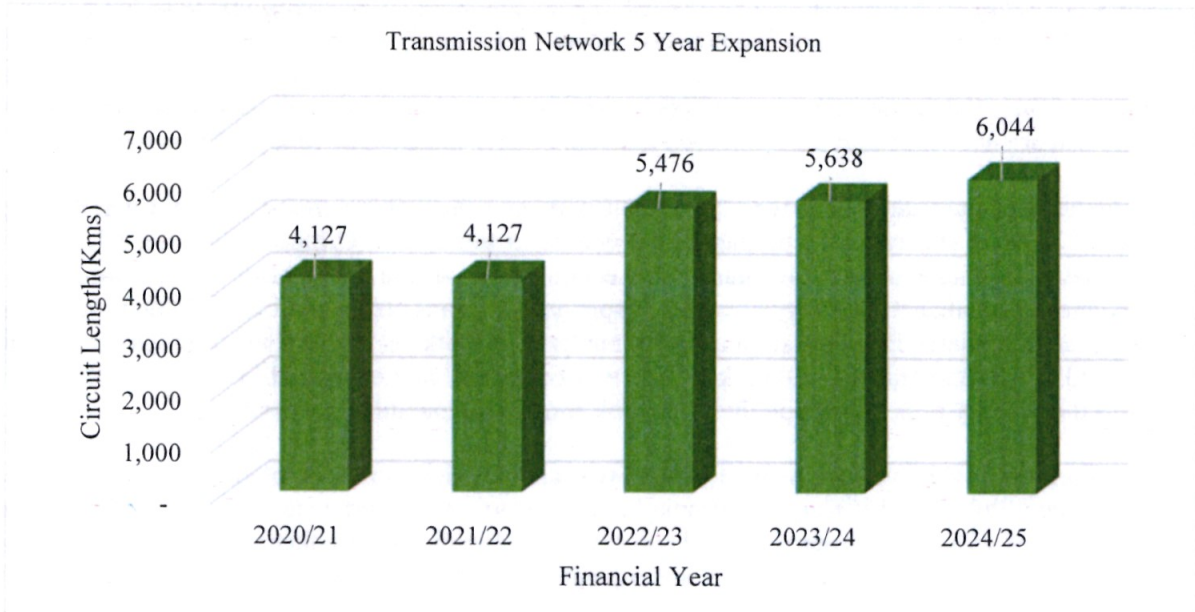


Figure 1 KETRACO's existing transmission network

During the period under review, KETRACO generated Kshs. 6,519 million in the form of Appropriation in Aid, against a target of Kshs. 5,911 million. The revenue was realized from O&M (wheeling) revenue payments, fibre optic leasing and development budget allocated by the National Treasury. The annual absorption rate of GoK and internally generated funds was at 98%, while that for externally mobilized funds was 39%. The low absorption was mainly caused by delays in the disbursement of funds from the National Treasury, litigations that led to suspension of works, and underperformance by the contractors in some projects KETRACO had an outstanding pending bill of 25,312 million translating to 17.69% of the total budget allocation, predominantly relating to contractual claims and right of way acquisition for ongoing projects.

The following section provides an overview of actual progress of implementation for the ongoing projects as at June 2025

1. System Strengthening Projects

a) 220/66kV Malaa Substation

The project is part of the larger Nairobi Ring Project and is at 96% completion rate and is scheduled to be completed by April 2026. After completion, the substation will provide an alternative power supply to the Nairobi metropolitan region.

b) 400/220kV Mariakani Substation

Construction works as the Mariakani Substation have been completed, pending commissioning tests that are underway, and the Substation is scheduled for energization by November 2025. Upon completion, the project

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is expected to link the 400kV Isinya substation via an upgraded 400kV Isinya-Mariakani transmission line and ensure efficient transmission of imported power from Ethiopia through the 400kV Suswa-Isinya transmission line.

Electricity Access Projects

a) 210km 132kV Power Transmission System Improvement Projects

These projects include 65km Lessos-Kabarnet, 79km Nanyuki-Rumuruti and 66km Kitui-Wote single circuit transmission lines with substations at Kabarnet, Kitui, Wote and Rumuruti. The projects will connect load centres of Rumuruti, Kabarnet, Kitui and Wote to the national grid enhancing power reliability in these areas and the surrounding environs. The overall completion rate for all projects is 94%, with the remaining works including energization scheduled for December 2025.

69km 132kV Sondu – Ongeng (Homa Bay/Ndhiwa) Single Circuit project

Progress has been made on the project in the year under review and it is now 94% complete and is expected to be fully completed by May 2026. The project will help in addressing voltage challenges in South Nyanza and the Central Rift Region, as well as relieving the overload on the 132kV Kisumu-Muhoroni and Muhoroni-Chemosit transmission lines.

b) 21km 132kV Nanyuki-Rumuruti and Nanyuki-Isiolo Underground cable

The project aims at enabling energization of the Nanyuki-Rumuruti and Nanyuki-Isiolo transmission lines, connecting the load centres of Isiolo and Rumuruti to the National Grid. This will improve the quality of power supply, meet growing demand and increase power access in Nanyuki, Isiolo and their environs. The project is 76% complete and the lines should be energized by December 2025.

c) 70km 132kV Nanyuki – Isiolo Single Circuit Project

The line, with 132/33kV substations at Nanyuki and Isiolo will connect Isiolo to the National grid and provide an alternative transmission supply route to Nanyuki. The project is 92% complete and is scheduled to be completed by December 2025.

d) 67km 132kV Rabai-New Bamburi-New Kilifi project

The project scope entails upgrading of the 132kV single circuit line between Rabai and New Kilifi which is currently on wooden poles to a double circuit line and construct a new 132/33kV substation at Kilifi and Bay extensions at Rabai and Bamburi. Project implementation is at 80%, and once completed by December 2025, it is expected to increase power access through reinforcement of the grid in the coastal region.

e) 45km 400kV Isinya-Konza double circuit Project

The transmission line, with a 400/132kV substation at Konza and is 93% complete and scheduled for completion by December 2025. Once complete, it is expected to increase access to reliable power at Konza, Isinya and environs.

2. Planned Projects

The KETRACO's 20 -year Transmission Master Plan has projected construction of an additional 4,676.5 km in route length (8,517 km in circuit length) of transmission lines and 14,885 MVA in transformation

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capacity for substations by 2044. The investment requirement is approximated at USD 3,993.59 Million with no funding commitment. This financing gap has necessitated the company and the Government of Kenya to consider alternative financing options such as Public Private Partnerships (PPPs) and asset monetization to help finance the planned projects.

In future, the Company plans to undertake power management operations to ensure power system operational safety, minimum energy losses, system stability and reliability as the designated System Operator. This will enhance the capacity of the Company to coordinate and facilitate power exchange and trade through the national grid and the regional power interconnectors. To make this possible, plans are underway to develop an ultra-modern National System Control Centre (NSCC) by early 2028. A contractor was procured during the financial year, advance payment made, and construction site handed over. The Company is in the process of procuring a supervision consultant to allow for the start of actual construction work and fast track the project.

In conclusion, KETRACO remains steadfast in undertaking its role of expanding the grid and enhancing stability and reliability of power supply, both in the country and the region, providing an enabling framework for the realization of short term and long-term Government economic development objectives.



ENG KIPKEMOI KIBIAS
AG MANAGING DIRECTOR & CEO

9. Statement of Performance Against Predetermined Objectives for the Year Ended 30 June 2025

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include a statement of the National Government entity's performance against predetermined objectives in the financial statement.

During the period under review, KETRACO had 4 strategic themes and objectives within the Strategic Plan for 2023/24- 2027/28. These strategic themes are as follows:

- Theme 1: Develop and Optimize Electricity Transmission Infrastructure
- Theme 2: Operate and Maintain the National Transmission Grid
- Theme 3: Undertake System Operator Functions
- Theme 4: Enhance Organizational Capacity and Governance

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KETRACO developed its Annual Work Plan based on the above 4 themes. The Company's performance against its annual work plan was assessed quarterly the performance during the financial year 2024/2025 period is as indicated in the Table below:

Strategic Theme	Objective	Key Performance Indicators	Activities for FY 2024/2025	Achievements
Develop and Optimize Electricity Transmission Infrastructure	To develop and complete 41 transmission line projects to attain 4,600km circuit length	KM of route surveyed	Undertake route survey and collect cadastral data for 285 km for new transmission lines	Route survey and Cadastral data for 421 km of new transmission lines undertaken for the following projects: 1. 220kV Loiyangalani-Marsabit – 167km 2. 220kV Isiolo-Marsabit – 254km
		KM valuation undertaken	Undertake RAP (valuation of land, structures, and crops) for 285 km of transmission lines and substations	245km Valuation of crops/trees, land and affected structures undertaken. 1. Valuation of land: 49km for 132kV Sondu-Homabay TL (2.7km), 132kV Narok-Bomet, (10.3km) 220kV Dongo-Kundu-Mariakani (36.2km) 2. Valuation of trees/crops: 195km for 132kV Sondu-Homabay(55.2km), 132kV Awendo-Masaba (25km), 132kV Nanyuki-Isiolo (22.5km), 132kV Nanyuki Underground (16km), 400kV Isinya-Konza (13.5km), 400/220kV Olkaria-Lessos-Kisumu (10.3), 132kV Rabai-Bamburi-Kilifi (2km), 132kV Narok-Bomet (24km) and 132kV Sultan Hamud-Loitoktok (26km) 3. Valuation of structures: 1.8km for 132kV Sondu-Homabay (0.3km) and 220kV Dongo Kundu-Mariakani (1.5km)
		No. of reports	Undertake Environmental Social and Impact Assessment (ESIA) studies for 6 transmission lines and substations	ESIA and EIA studies undertaken for 5no projects; 1. 220kV Loiyangalani-Marsabit TL and associated substations 2. 220kV Isiolo-Marsabit TL and associated substations 3. Kimuka substation 4. Rabai STATCOMs 5. Suswa STATCOMs
		No. of Gazettements	Undertake gazettelement of affected parcels of land for 5no transmission projects	Gazettelement of affected land parcels for 400/220kV Kimuka Substation and LILO undertaken
		% of wayleaves and	acquire 100% wayleaves (KMs & value) and substation land before	Wayleave acquired for the following projects. 1. 132kV Narok-Bomet TL- 87%

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	substation land acquired	commencement of project design and construction	2. 220kV Dongo Kundu - Mariakani TL - 50.94% 3. 400kV Makindu LILO - 72.4%
	No. of updated standardized specifications	Annually review and update standardized technical specifications for transmission lines and substations	Specification standardization for transmission lines and substations updated
	No. of renewed/upgraded system study tools & Licences	Renew/Upgrade 7 system planning tools and Licences	8 PSCAD, PSS/E and DigSILENT licences renewed/upgraded
	No. of Study reports	Undertake at least 3 power system simulation studies in the year	3 power system simulation studies carried out 1. Joint additional/confirmatory power system studies for Ethiopia-Kenya-Tanzania Interconnector transaction undertaken to review imputed losses, system stability, and energization sequence 2. Completed simulations studies on the impact of 132kV Narok-Bomet and 132kV Sondu-Thurdiuoro link completed 3. Study on reactors sizing for Kibos and Garissa substation was carried out
	Updated Transmission Masterplans	Update Transmission Master Plan annually	Reviewed and updated KETRACO Transmission Master Plan 2025-2044
	No. of feasibility study reports	Develop project concepts and carry out/update feasibility studies for 2No transmission lines projects	Feasibility study updates for 2no transmission projects undertaken: 1. 132kV Kieni-Chogoria TL 2. 220kV Loiyangalani-Marsabit-Isiolo TL
	KM of transmission lines (circuit length) and No. of substations	Construct and commission transmission lines projects to attain 338km circuit length and 3 substations	Stringing of 406.1kms of TL projects completed and energized. 1. 132kV Awendo-Isebania 132kV - 28.6Km 2. 400kV Kenya-Tanzania 400kV - 192km 3. 132kV Sultan Hamud - Loitoktok 132kV - 107.82km 4. 3no Substations completed and energized: 220/132kV Kitale, 132/33kV Loitoktok, 132/33kV Isebania Substations
	Projects with contract documents prepared	Prepare contract documents	1. 132kV Narok- Bomet Contract signed. 2. 132kV Sondu-Ndhiwa TL Contract signed .

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				3. Makindu Digital Substation 400/132kV consultant contract signed.
Operate and Maintain the National Transmission Grid	To effectively and efficiently schedule periodic operation and maintenance of the transmission network	% implementation	Prepare, review and implement annual maintenance plans for transmission infrastructure and report monthly for continuous improvement	<ol style="list-style-type: none"> Annual maintenance plan prepared for various transmission projects including 132kV Thika-Githambo, 132kV Loitoktok-Sultan Hamud, and 400kV Loyangalani-Suswa. Inspection done along various transmission lines like 132kV Isiolo-Nanyuki-Rumuruti, 132kV Thika-Githambo, and 220kV Rabai-Mariakani Air conditioner maintenance at Ishiara, Kieni, Meru, Isiolo, Kisii, Awendo, and Ndhiwa substations was undertaken.
		No. of reports	Undertake daily operations of the infrastructure in accordance with the grid code while maintaining all logs and records in liaison with the system operator and prepare 12 reports	Daily logs on system parameters, trips and breakdowns and breakdowns were recorded on the substation manning counter books and 7 reports were prepared on the same.
		% increase of O&M tools, equipment, and machinery acquired	Equip the three types of O&M teams with adequate tools, equipment, and machinery in the 5 regions	assorted tools for overhead Protection and E plant teams acquired. Acquired tools for tower foundation repair for the 220kV Turkwel-Ortum line E-Plant team equipped with testing equipment for maintenance at Loiyangalani.
		% of Fibre optic network availability	Continually undertake maintenance and annual upgrade of optical ground wire (OPGW) system components for effective communication.	Telecommunication and fibre availability was 99.85% throughout the financial year.
Undertake System Operator Functions	To manage the grid and facilitate power exchange effectively and efficiently	% of planned activities implemented	Carry out power market operations and related activities	<ol style="list-style-type: none"> Participated in Eastern Africa Power Pool (EAPP) meetings and workshops to review and validate draft market rules, procedures, and other agreements and to discuss the market trading platform, market in preparation of launching Day Ahead Market Participated in EPRA power market development workshop to discuss the potential Kenyan power market framework in October 2024 Drafted Terms of Reference (TOR) for selection of market

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				<p>operator host country for the EAPP market operator in April 2025.</p> <p>4. Attended a physical training on the Market Trading Platform in February 2025 in preparation for the rolling out of the EAPP Day Ahead Market.</p> <p>5. Held a kick-off meeting for inter-ministerial/utilities technical team for preparation of Kenya bid for hosting the EAPP market operator in May 2025</p>
Enhance Organizational Capacity and Governance	To strengthen capacity for effective organizational development and good governance	% of staff trained	Undertake TNA and ensure capacity building for each staff at least once per year	Staff training for the year 2024/25: approved 565No of which, 77No. were trained.
		level of compliance	periodic financial audits and ascertain compliance level	Reviewed draft financial statement for the period ending 30th June 2025
		No. of almanac	Develop and implement board work plan and calendar of activities	KETRACO 2024/2025 Board workplan was developed and approved.
		% level of compliance	Undertake Bi-annual legal and governance audit to ascertain compliance and performance	Final bi-annual legal and governance audit reports from the Consultant submitted.
		No. of board sensitizations	Undertake 4no Board sensitizations on the structure system of rules, practices, and processes of the company	Board members were sensitized on the structure system of rules, practices, and processes of the company during quarterly board meetings.
		No of board sensitization	Undertake 4no Board capacity sensitizations on good corporate governance to reinforce best practice on stewardship, leadership, direction and control	Board members were sensitized on a quarterly basis on corporate governance.
		% of resources mobilized	Explore climate investment and green climate fund and target to attain Kshs. 70 million per year	<p>1. Climate investment Fund Proposal was developed to tap into Renewable Energy Integration program which was approved by the World Bank with estimated Funding of MUSD2.5 in phase one and leveraged Financing of MUSD13 in phase two for the Electricity sector.</p> <p>2. Rabai and Suswa STATCOM. 400/220kV Kimuka substation and its LILO financed by The World Bank under green Fund with an estimate of 104,951 Euros.</p>
		% of resources mobilized	Mobilize Kshs. 67,577 million of External financial resources from PPP, Monetization,	External Financial resources of Kshs. 16,971 million Mobilised in

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		Exchequer and Development partners	2024/25 being allocated GOK funds and externally mobilized funds.
	% of resources mobilized	Mobilize Internal financial resources from fibre optic, wheeling revenue and other incomes to attain Kshs. 5,711 million	Revenue of Kshs.5,904 million mobilized (Fibre optics of Kshs. 280 million, wheeling revenue of Kshs. 5,216 million and other incomes of Kshs. 408 million)
	No. of reports	Enhance all activities on corporate communication, branding, company image/reputation and report monthly	7No reports were prepared after participating in various corporate events: Mombasa ASK show, Nairobi Ring coverage, president's visit to Menengai substation, Kimuka substation commissioning, participation in Digitally Fit Awards ceremonies, participation in Nyanza International Investment Conference in Kisumu, and branded exhibition booth at the UoN Green conference.
	% level of implementation	Develop and build organizational capacity on implementation of stakeholder engagement plan	Stakeholder engagement plan for FY2024/25 prepared and implementation ongoing
	% level of enhancement	Enhance and champion quality assurance on all operational management systems	Quality assurance maintained through compliance with Information Management Systems
	% level of implementation	Enhance and implement Enterprise Risk Management (ERM) system	i. review of risk register and mitigation plan undertaken ii. Bribery and corruption risk assessment conducted by EACC.
	% level of implementation	Develop and maintain ICT business systems and infrastructure	ICT business systems and infrastructure maintained, and monthly progress reports prepared.
	% level of enhancement	Enhance, Digitize, and build organizational capacity on knowledge and records management.	1. Payment vouchers, Easements, Professional opinions/Procurement approvals generated, contracts and Acknowledgement copies/evidence of externally dispatched mails scanned and uploaded on the Integrated Location Intelligence System (ILIS) 2. Document retrieval undertaken upon requests by officers from various Directorates."

10. Corporate Governance Statement

Corporate Governance is the framework that defines how we are governed, providing transparency and accountability for decision making. It provides the basic principles that enable the Board to provide requisite oversight in the running of the Company. This ensures that the Company has appropriate ethical decision-making processes and controls to balance the interests of all stakeholders.

Appointment and removal of directors

Board appointments shall be made in line with Article 27 of the Constitution of Kenya and as further provided for in the *Mwongozo code of conduct*, the Code of Governance in State Corporations. The Board of Directors of the Company are appointed pursuant to paragraphs 2 and 3 of the Articles of Association of the Company which refers to the provisions of the State Corporations Act and which stipulates that the Board shall consist of the following persons:

- a) A non-executive Chairman appointed by the President.
- b) The Chief Executive appointed by the Cabinet Secretary for the time being responsible for Energy.
- c) The Principal Secretary for the time being responsible for Energy or his representative.
- d) The Cabinet Secretary in the Ministry for the time being responsible for Finance or his representative.
- e) Five other members from the private sector appointed by the Cabinet Secretary for the time being responsible for Energy.

Roles and functions of the Board

The primary role of the Board is to ensure long-term wealth and prosperity of the Company for the benefit of shareholders, customers, employees and other stakeholders. Other functions of the Board are as outlined within the Board Manual and the Mwongozo Code of Governance. The Directors powers are exercised within the framework of the laws and regulations regulating State Corporations. The Board exercises leadership and good judgment in directing the Company so as to achieve the Company's objectives and is always obligated to act in the best interest of the Company. The Board is responsible for ensuring that the Company is financially viable and properly managed so as to protect and enhance the interests of the Company from time to time.

Table 1: Board of Directors Meetings

No.	Name	Classification	Attendance
1	Capt. Mohamed M. Abdi	Chairperson	
2	Dr. Eng John Mativo	Managing Director	
3	Mr. Alex Wachira represented by Eng Thomas Karungu	PS, State Department for Energy	
4	Eng. Duncan Ndegwa Gathege	Alternate to CS National Treasury & Economic Planning	
5	Ms. Janerose Gatwiri Gitobu	Independent Director	
6	Ms. Mercylynnate Chepkirui Rotich	Independent Director	
7	Ms. Judith Khamala Nyauncho	Independent Director	
8	Hon. Kirwa Stephen Bitok	Independent Director	

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Table 2: Technical Committee Meetings

	Name	Classification	Attendance
1.	Eng Michael B Malomba	<i>Chairperson</i>	
2.	Ms. Judith Khamala Nyauncho		
3.	Eng Thomas Karungu		
4.	Dr Eng John M Mativo (MD)		

Table 3: Finance, Strategy & Risk Management Committee Meetings

	Name	Classification	Attendance
1.	Ms. Janerose Gatwiri Gitobu	<i>Chairperson</i>	
2.	Mr. Duncan Ndegwa Gathege		
3.	Eng Michael B Malomba		
4.	Dr Eng John M Mativo		

Table 4: Staff & Remuneration Committee Meetings

	Name	Classification	Attendance
	Ms. Mercylynate Chepkirui Rotich	<i>Chairperson</i>	
	Eng Thomas Karungu		
	Ms. Janerose Gatwiri Gitobu		
	Dr. Eng John M Mativo - MD		

Table 5: Audit & Risk Assurance Committee Meetings

	Name	Classification	Attendance
	Hon. Kirwa S Bitok	<i>Chairperson</i>	
	Ms. Mercylynate Chepkirui		
	Mr. Duncan Gathege		

Succession Planning

The Board recognizes the critical importance of a robust succession planning policy to ensure leadership continuity and long-term organizational effectiveness. To support seamless governance and information management, the E-Board software provides a secure, centralized platform for the electronic storage and retrieval of essential board documents, accessible to directors as needed. Board appointments, managed by the Ministry of Energy & Petroleum, are executed on a staggered basis, further reinforcing business continuity and the strategic renewal of leadership.

Board Charter

The Board Charter is a policy that guides the Board members by defining their respective roles, responsibilities and authority in setting the direction and control of the Company. KETRACO has put in place mechanisms for a corporate governance framework that is outlined in the Board and Committee Charters approved by the Board. The framework ensures separation of functions and duties of the Board and shareholders, the duties of the Board and Management and the duties of the Chairman and Managing Director. The Charter further stipulates the individual and collective responsibilities, powers, duties, obligations and the liabilities of the Directors. The Charter provides policy direction on issues of accountability, transparency, value addition, legitimacy, and overall credibility and business operations of the Company.

Induction and Training

On appointment to the Board and to Board committees, all Directors receive a comprehensive induction on their individual requirements (where applicable) in order to become as effective as possible in their role as a director. These skills and knowledge are updated at regular intervals and designed by the Company Secretary in consultation with the Chairperson. Benchmarking initiatives are also conducted, where necessary, (with the approval of the Ministry of Energy & Petroleum) to equip the Board with the necessary exposure required for executing the Company's mandate.

Board and Member performance

The Board of Directors evaluates its performance by use of the criteria set out and provided by the State Corporations Advisory Committee (SCAC) in the standard tools for evaluation of Chairpersons, Directors, the Chief Executive Officer and the Company Secretary annually.

Board Self Evaluation for the year 2024/2025 was undertaken within the financial year 2024/25 through the State Corporations Information Management System Platform. This was in respect of Directors who served during the period 2024/25.

Conflict of Interest

Directors are prohibited from placing themselves in a position where there is a conflict (actual or potential) between their duties to the Company and their personal interests (including the interest of a family member), the interest of any associated organization or person, or their duties to third parties. All Board members are required to declare their interest in any matter before the Board which might create a potential conflict of interest before such matter is considered and deliberated upon. Where a conflict of interest is declared, a Director is required to exclude himself/herself from any discussion or decision over the subject matter.

At every Board meeting, the declaration of Conflict of Interest is included as a standing agenda item. To support transparency and good governance, a Conflict-of-Interest Register is circulated among members, providing a formal mechanism for recording any declared interests. Directors are required to disclose any real or potential conflicts to ensure accountability and uphold the integrity of Board proceedings.

Board Remuneration

The Board of Directors are paid fees and allowances as remuneration for conducting official Company business that they may be called upon to undertake. The Directors' remuneration rates are as outlined in the State Corporations Act, the Salaries and Remuneration Commission and periodic government circulars. The fees are paid upon shareholders' approval at the Annual General Meeting.

Ethics and conduct

The Company understands the importance of conducting its business in compliance with relevant legal and regulatory principles in order to imbed high ethical standards of business practice. At KETRACO, observation of the code and high standards of integrity is a mandatory requirement and employees are expected to observe the highest standards of professionalism. Each employee understands the need to embrace and practice good governance of the Company and to maintain its standing for integrity both within and outside the workplace.

The Company's Code of Conduct underscores the essential values and strategies that govern the ethical and legal obligations of all employees and the Board of KETRACO. The Code of Conduct is premised on the Constitutional Provisions of Chapter Six (Leadership and Integrity), National Values, Public Officers Ethics Act and other relevant legislation governing the conduct of Public Officers.

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Corporate Governance, Legal and Compliance Audit

Corporate Governance Audit generally entails a review of the following elements of corporate governance:

- a. Ethical leadership and strategic management
- b. Transparency and disclosure
- c. Compliance with laws and regulations
- d. Financial reporting
- e. Board independence and governance
- f. Board policies, systems, practices, and procedures
- g. Consistent shareholder and stakeholder value enhancement
- h. Corporate social responsibility and investment
- i. Sustainability

The Company carries out a Legal & Compliance Audit every two years to establish compliance with statutory, regulatory and policy requirements as well as providing updates on how the Company and the Board observe and uphold Good Corporate Governance practices in all its activities. The Company last undertook a Legal & Compliance Audit on 13th June 2024 covering the financial years 2022/23 and 2023/24 and a Governance Audit covering financial year 2024/25

11. Management Discussions and Analysis for the Year Ended 30 June 2025

KETRACO signed a performance contract with the Government of Kenya through the Ministry of Energy and Petroleum for the financial year ending June 2025. The targets align with the country's Vision 2030 goals, MTP IV, Bottom-up Economic Transformation Agenda (BETA) and the company's Strategic Plan for the period 2023/24-2027/28. This section highlights the company's operations performance and achievements in the reporting period.

FINANCIAL STEWARDSHIP AND FISCAL DISCIPLINE

Absorption of Government of Kenya and Internally Generated Funds

The Company's absorption rate of Government of Kenya and internally generated funds was 98% at Kshs 6,620.87 million against a target of Kshs.6,744 million.

Absorption of Externally Mobilized Resources

The company utilized Kshs. 4,008.65 million against a target of Kshs. 10,227 million for the reporting period, an absorption rate of 39%. The low absorption was mainly caused by delays in the disbursement of funds from the National Treasury, litigations that led to suspension of works, and underperformance by the contractors in some projects.

Appropriation-in-Aid

KETRACO's revenue is generated from development budget, operation and maintenance (O&M) revenue and fibre optic leasing revenues. In the reporting period, the company generated revenue of Kshs. 6,519 million comprising Kshs. 5,581 million from O&M revenue, Kshs. 399 million from fibre leasing, and Kshs. 539 million from bank interest, against a target of Kshs. 5,911 million.

Pending Bills

KETRACO had an outstanding pending bill of 25,312 million, which related to contractual claims and wayleave acquisitions of right of way on Transmission lines, which did not have adequate budget provision in the financial year 2024/25.

SERVICE DELIVERY

Implementation of Citizens' Service Delivery Charter

KETRACO's Citizen Service Delivery Charter was prominently displayed in both English and Kiswahili across all reception areas within its offices. To enhance inclusivity and accessibility, the Charter was also customized to cater to the diverse needs of customers. This included translating the Charter into Braille, providing sign language interpretation services, offering audio versions, and publishing it on KETRACO's digital platforms.

Digitalization of Government Services

KETRACO undertook business process re-engineering to enhance productivity, reduce cycle times, improve service quality, and increase both employee and customer satisfaction. KETRACO successfully digitised approximately 100% of the targeted services. These include key functions such as supplier onboarding,

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supplier performance and feedback management, and the structured uploading of documents into the Integrated Location Intelligence System (ILIS).

Resolution of Public Complaints

In the financial year 2024/25, KETRACO addressed public complaints such as pending wayleave acquisition compensation claims from project affected persons and attained a score of 92.25% on the resolution of public complaints as evaluated by the Commission of Administrative Justice (CAJ). Quarterly reports on resolving public complaints were timely submitted to the Commission.

CORE MANDATE

Vision 2030 Flagship Projects/Bottom-up Economic Transformation Agenda (BETA) Initiatives/Priority Projects

KETRACO made progress in the implementation of key ongoing projects. Below is a summary of the progress status of ongoing projects.

1. Vision 2030 Flagship Projects/BETA Initiatives/Priority Projects

a. Electricity transmission network expanded and upgraded: Transmission Lines Completed

Project name	Target (FY 2024/25)	Achievement in the FY
40km 400kV Isinya-Konza	To string 40 km	35.32
23km 132kV Awendo-Isebania	To string 29 km	29km

b. Electricity transmission network expanded and upgraded: Substation Constructed

Project name	Target (FY 2024/25)	Achievement in the FY
400/132 kV Konza Substation	100%	85.8%
132/33kV Isebania Substation	100%	100%
132/33kV Loitoktok Substation	100%	100%

c. Bottom-up Economic Transformation Agenda (BETA) Priority Projects Implemented.

	Project name	Target (FY 2024/25)	Achievement in the FY
1	51km 220kV Dongo Kundu-Mariakani	12%	5.96%
2	81km 132kV Narok-Bomet transmission line	4%	2.3%
3	Makindu Substation	5%	0.58%
4	147 km 220kV Kamburu-Embu-Thika	10%	0.25%
5	67 km 132kV Rabai-Bamburi-Kilifi	11%	3.65%
6	400kV Loiyangalani-Marsabit	13%	9.5%
7	69km 132kV Sondu-Homabay	16%	23.5%
8	220kV Marsabit- Isiolo	13%	10.83%
9	16km 132kV Nanyuki Underground Cable	3%	3.6%
10	69km Nanyuki-Isiolo Overhead line	8%	8%
11	National System Control Centre	5%	4.43%

2. Project Feasibility Studies Completed

Feasibility studies for 132kV Kieni-Chogoria and 220kV Loiyangalani- Marsabit- Isiolo transmission projects were undertaken, and reports signed.

3. Transmission System Availability

The target was achieved due to the network's operational resilience and the effectiveness of established maintenance protocols. Transmission lines and substation transformers were available at 99.97% and 99.87% respectively, throughout the year, against the annual target of 99.50%. SCADA, telecommunications, and fibre network availability were 99.85%, exceeding the industry best practice of 99.50%.

4. Science, Technology and Innovation (STI) Mainstreaming

In line with its commitment to Research, Science, Technology and Innovation (RSTI), KETRACO entered a Memorandum of Understanding (MoU) with the Kenya School of Government (KSG), reviewed its existing MoU with Kenyatta University, and initiated engagements with the University of Nairobi and Strathmore University to revise and strengthen their respective collaborations. Furthermore, the Company continues to embrace technological innovations to enhance operational efficiency, including the deployment of drone technology for transmission line inspections, transformer oil regeneration system, insulator de-ionising equipment, and Automation of payments for allowances through MPESA and fleet management system for Company Motor Vehicles

5. Project Completion Rate.

The Company committed to implementing two non-core projects, including the construction of three housing Units for Critical Infrastructure Policing Unit officers at Athi River, Garsen and Mwingi substations and the construction of a perimeter wall at Athi River substation by June 2025. The technical specifications for the CCTV system were developed; however, the procurement process was halted due to budgetary constraints.

6. Implementation of Presidential Directives

KETRACO established a Tree Planting Implementation Committee to coordinate, monitor, and evaluate the implementation of the Presidential Directive on the National Tree Growing and Restoration Campaign. The initiative aims to grow 15 billion trees and restore 10.6 million hectares of degraded landscapes by 2032. In the year under review, KETRACO successfully facilitated the planting of 450,000 tree seedlings, exceeding its annual target of 330,000 tree seedlings. These efforts were undertaken through various strategic initiatives, including participation in the National Tree Planting Day and restoration activities at Mt. Elgon, Chepalungu Forest, and Kiptogot Forest under the Jumbo Charge initiative.

7. Access to Government Procurement Opportunities (AGPO)

KETRACO awarded Kshs. 485.15 million of the total procurement budgets to Youth, women, and persons with disabilities, against an annual target of Kshs. 701.9 million. The company did not achieve the target because of low number of requisitions from the user departments. This was caused by the review of the KETRACO procurement plan in line with the government directive on austerity measures.

8. Promotion of Local Content in Procurement

KETRACO committed to the allocation and actual award of at least 40% of the procurement budget worth Kshs 2,121.2 million in the year ending June 2025 for goods and services produced locally, as provided in the annual procurement plan, which was against a target of Kshs. 2,339.7 million.

KETRACO is committed to allocating and awarding at least 40% of its procurement budget worth Kshs. 2,121.2 million for the year ending June 2025, to goods and services produced locally. This allocation was based on the annual procurement plan, against an annual target of Kshs. 2,339.7 million

CROSS-CUTTING ISSUES

1. Asset management

The Company maintained and updated an inventory of assets and submitted quarterly reports as prescribed by the templates issued by the National Treasury and Economic Planning. In addition, the Company acquired and maintained ownership documents for property, plant and equipment, and submitted reports to the Ministry of National Treasury and Economic Planning.

2. Youth Internships/Industrial Attachments/Apprenticeships

KETRACO continues to support educational and professional development among tertiary students. In the year ending June 2025, the company offered 155 industrial attachments to students and 27 internships against the annual target of 130 attachments and 30 internships, respectively. The over achievement of the annual target shows the company's commitment to supporting careers both at the tertiary level and post tertiary level.

3. Competence Development

During the reporting period, the company prepared annual staff training projections and implemented interventions to address identified skills gaps and training needs by recruiting 12 members of staff and approving various training programmes for 369 employees. Staff performance appraisals for employees for the year ending June 2025 were also conducted.

4. National Values and Principles of Governance

In alignment with the 2024 Annual President's Report on National Values and Principles of Governance, KETRACO implemented a series of strategic initiatives to support the Government's Bottom-Up Economic Transformation Agenda (BETA) 2022–2027. These efforts included the integration of national values and principles into corporate operations through civic education, targeted staff training, and continuous sensitization programs to deepen compliance with Article 10 of the Constitution.

Furthermore, KETRACO prioritized environmental sustainability and social accountability by conducting Environmental and Social Impact Assessments (ESIA) prior to the implementation of key projects such as the Loiyangalani–Marsabit and Isiolo–Marsabit transmission lines, as well as the associated substations in Marsabit and Isiolo. The organisation also actively monitored the implementation of Environmental and Social Management Plans (ESMPs) across all ongoing projects, including sensitizing project-affected persons on environmental conservation.

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Annual progress reports on the implementation of the commitments and measures taken in the realization of National Values and Principles of Governance were prepared and submitted to the Directorate of National Cohesion and Values.

12. Environmental and Sustainability Reporting

Kenya Electricity Transmission Company Limited (KETRACO) is mandated to plan, design, construct, own, operate and maintain the country's high voltage electricity grid and regional power interconnectors. This primary objective must, however, be twinned with positive impacts to societies that such businesses operate in. These positive impacts include creation of employment opportunities, provision of goods and services, contribution to the economy by paying taxes, contributing towards development of infrastructure and improvement of quality of life for the people.

KETRACO, being an obliging and proactive Company, has mainstreamed corporate social responsibility (CSR) in its operations. Beyond grid matters, the Company has expanded its jurisdiction to improve the well-being of humanity and impact society to be better.

This deliberate move is necessary because it is the society that gives us a "license to operate" and their goodwill is necessary for continued security and room to operate long after our transmission projects construction is over.

Our approach

KETRACO's approach towards CSR is focused on identifying and formulating projects guided by its CSR policy and in response to specific needs that go towards solving a problem that members of the concerned community assess as a priority. To this end, the Company consulted widely internally and beyond on best practices in order to make corporate social responsibility an integral part of its undertakings. During the financial year under review, social, economic and environmental issues were addressed.

Below is a brief highlight of our achievements in each pillar: -

1. Sustainability strategy and profile

KETRACO ensured that its operations were carried out professionally and in humane manner, considering that construction of transmission projects involves acquisition of land for substations and wayleaves access for the lines. This necessitates compensation and at times resettlement of the Projects Affected Persons (PAPs) hence the need to expedite the process harmoniously. In addition, KETRACO actively participated in several engagements with various stakeholders towards improving their quality of life which translates into creating a better society.

This was evident in key areas such as education, health and environmental conservation. In addition, KETRACO offered youth internship opportunities to fresh graduates and industrial attachments to ongoing University students to transfer skills and future career preparation.

2. Environmental and Social Sustainability

Environmental and Social Compliance

Kenya Electricity Transmission Company (KETRACO) is mandated to plan, design, construct, operate, and maintain a robust high-voltage electricity transmission grid, including regional

power interconnectors, that form the backbone of Kenya’s National Transmission Grid. As the nation advances towards an inclusive, low-carbon, and industrial future, KETRACO stands as an enabler to national and regional economic stability while advancing the attainment of recognizes national climate ambitions and targets as per the Nationally Determined Contributions and the National Adaptation Plan.

In the attainment of our mandate environmental and social safeguards remain key imperatives to ensuring ecological integrity and social license to operate are upheld in areas of our operations.

Sustainability and Safety as Core Values

Sustainability and Safety are among the Company’s core corporate values, underscoring our enduring commitment to environmental stewardship, societal wellbeing, and the highest standards of occupational health and safety. This commitment extends to our staff, contractors, and the communities we serve, ensuring that our operations are not only technically sound but also socially and environmentally responsible.

Guided by this commitment, our operations are structured to deliver long-term value through inclusive, safe, and climate-conscious development. We emphasize participatory planning, respect for community dynamics, and integration of climate resilience across all stages of project execution. Occupational safety is reinforced through strict compliance with health and safety protocols across our worksites, while community safety is safeguarded through transparent engagement, risk communication, and the implementation of mitigation measures during construction and operation. From transmission route selection to local economic empowerment initiatives, sustainability and safety considerations inform critical decisions to ensure ecological integrity, enhance public trust, and support sectoral development goals.

Contextual Framework for Sustainability

The Company’s sustainability strategy is driven by alignment with global development goals, climate commitments, international environmental conventions, and Kenya’s national legal framework. This framework below indicates the sustainability context in line with the national goals as encapsulated in the Bottom-Up Economic Transformation Agenda.

Framework	Description and Relevance to KETRACO
<p>Sustainable Development Goals (SDGs)</p>	<p>KETRACO supports:</p> <p>SDG 1 – No Poverty: Transmission lines power job creation, economic activity, and access to productive electricity.</p> <p>SDG 7 – Affordable and Clean Energy: Enables renewable energy dispatch and reliable national grid access.</p> <p>SDG 9 – Industry, Innovation and Infrastructure: Powers industrial growth, innovation hubs, fibre contributes to creation and strengthening of the digital economy</p> <p>SDG 13 – Climate Action: Integrates climate resilience and mitigation through project design, safeguards, and grid efficiency.</p>
<p>Paris Agreement Commitments</p>	<p>Supporting implementation of:</p> <p>Article 2 – Low-carbon development and climate resilience through integration of renewable energy</p> <p>Article 4 – Transmission efficiency and RE integration contributing to the 32% GHG reduction target by 2030 (NDC).</p> <p>Article 7 – Climate-proofing energy infrastructure under the National Adaptation Plan</p> <p>The Company is strengthening institutional capacity and mainstreaming climate risk into energy planning.</p>

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<p>Multilateral Environmental Agreements (MEAs)</p>	<p>Kenya is party to various MEAs relevant to KETRACO, including:</p> <ul style="list-style-type: none"> • UNFCCC • Convention on Biological Diversity (CBD) • Convention on Migratory Species (CMS) • Basel & Stockholm Conventions
<p>International Best Practices (IFIs)</p>	<p>KETRACO applies safeguard policies and standards for various International Financial Institutions. These shape how we manage Environmental and Social risks, stakeholder engagement, climate screening, grievance redress, and ensure community and worker protection.</p>
<p>National Legal and Policy Frameworks</p>	<p>Energy Act, 2019 – Core law governing national grid planning, RE integration, and efficiency. EMCA (1999, revised 2015) – Regulates environmental approvals, ESIA, audits. Climate Change Act, 2016 – Mandates public institutions to mainstream climate action. OSHA, 2007 – Ensures health and safety of workers, contractors, and nearby communities through:</p> <ul style="list-style-type: none"> • Hazard identification and control • Safety audits and risk assessments • Training and compliance enforcement on project sites • Emergency preparedness and incident reporting <p>Land Act & Land Las (Amendment) – Legal basis for resettlement and compensation. Sustainable Solid Waste Management Act, 2022 – For responsible waste disposal. Other enabling sectoral laws: for permits, biodiversity, aviation safety, and heritage protection.</p>
<p>Bottom-Up Economic Transformation Agenda (BETA)</p>	<p>KETRACO supports BETA by:</p> <ul style="list-style-type: none"> • Powering agriculture and agro-industrial zones • Enabling MSMEs, industrial parks, and affordable housing • Strengthening the digital economy and public service delivery through reliable electricity and fibre provision • Promoting climate resilience and sustainability in infrastructure development

Below is a brief highlight of our commitment to sustainability

Policies Supporting Sustainability

KETRACO’s commitment to sustainability is underpinned by a robust policy framework that guides responsible operations and ensures compliance with environmental, social, and governance standards. Key policies include:

- Occupational Safety and Health (OSH) Policy: Establishes standards and procedures to safeguard the health, safety, and welfare of employees, contractors, and communities, aligned with national laws and international best practices, including ISO-certified OSH management systems.
- Environmental and Social Management Framework (ESMF): Provides comprehensive guidelines for identifying, assessing, and managing environmental and social risks across all projects, ensuring adherence to national regulations and International Finance Institution (IFI) standards (approved by management)

- **Corporate Gender Policy:** Guides the mainstreaming of gender equality across all organizational levels and projects, fostering an inclusive workplace and promoting women’s empowerment in line with national gender equality frameworks.
- **Resettlement Policy Framework (RPF):** Provides the guiding principles and procedures for managing land acquisition, resettlement, and compensation in a fair, transparent, and socially responsible manner. The RPF ensures that affected persons are adequately consulted, compensated, and supported to restore or improve their livelihoods, in line with Kenyan laws and international best practice standards.
- **Occupational Safety and Health (OSH) Policy:** Establishes standards and procedures to safeguard the health, safety, and welfare of employees, contractors, and communities, aligned with national laws and international best practices, including compliance with ISO 45001:2018 Occupational Health and Safety Management Systems.

Environmental and Social Sustainability

KETRACO is committed to sustainable operations in alignment with relevant legislation, including the Environmental Management and Coordination Act (EMCA) 1999, the Climate Change Act 2016, the Sustainable Waste Management Act 2021, and the Land Act 2012. To ensure adherence to these laws and promote responsible environmental stewardship, the company has undertaken the following initiatives.

- During the reporting period, the Company conducted Environmental and Social Impact Assessments (ESIAs) for key projects including the Olkaria 1AU substation and addendums for variations to the 220kV Loiyangalani–Marsabit and Isiolo–Marsabit transmission lines. The company obtained variation ESIA licenses from NEMA for the Loiyangalani–Marsabit and Marsabit–Isiolo lines, the 400/220kV Kimuka substation and associated short line, as well as the 132/33kV Soilo substation and short line. Additionally, KETRACO received no objection approvals from NEMA for ESIA addendums related to the Rabai and Suswa STATCOM projects and the reinforcement of the 132/33kV Kegati, Garissa, and Suswa shunt reactors. These approvals reflect KETRACO’s continued commitment to environmental compliance and responsible project implementation.
- The Company conducted a total of 18 Environmental and Social Performance Monitoring (ESPM) activities during the construction of several projects. These included 5 monitoring activities for the Nanyuki-Rumuruti underground cable, 3 for the 400kV Isinya-Konza transmission line, 2 each for the Nanyuki-Isiolo-Meru overhead line and the 400/220kV Mariakani substation, 4 for the Sondu-Homabay-Awendo transmission line, and 1 each for the Rabai-Malindi-Garsen-Lamu (RMGL) collapsed towers at Sabaki River and the Loiyangalani-Suswa collapsed towers at Longonot. This demonstrates KETRACO’s thorough commitment to overseeing the effective implementation of environmental and social safeguards throughout its projects.
- Environmental and Social Management Policy Framework was approved by the management paving way for the Board’s approval.
- The Company developed standard specifications for bird diverters to reduce bird electrocution and collision risks on transmission lines. In collaboration with the National Museums of Kenya, the company mapped bird migratory routes and identified key locations for installing bird diverters along four transmission lines: 81 km of the 132kV Narok-Bomet line, 51 km of the 220kV Mariakani-Dongo Kundu line, 82 km of the 220kV Malindi-Weru-Kilifi line, and 94 km of the 132kV Rumuruti-Karbanet line.

Stakeholder Engagement and community sensitization

During the financial year, KETRACO prioritized active stakeholder engagement and community sensitization as a vital component of its project implementation strategy. This approach ensures

transparent communication, fosters trust, and promotes inclusive participation among all stakeholders affected by or interested in the Company's transmission projects. Key agencies and stakeholders engaged included national and county government representatives, community leaders, local residents, environmental and social regulatory bodies such as NEMA, wildlife and forestry authorities, contractors, and civil society organizations.

- A total of 156 stakeholder engagement and community meetings were conducted across various project areas during the FY. These meetings were attended by a combined total of 8,924 participants, comprising 6,118 men (68.5%) and 2,806 women (31.5%), as recorded in the official attendance registers.

Climate Change Mainstreaming

KETRACO is committed to integrating climate change mitigation and adaptation into its operations, aligning with national and international climate goals.

- **Tree Planting Activities:** Between July 2024 and June 2025, KETRACO planted 450,000 tree seedlings across key forest areas including Londiani, Kiptogot, Lariak, Kapchumbe, and Kibwezi, achieving an impressive survival rate of 80%. This effort contributes to carbon sequestration, biodiversity conservation, and ecosystem restoration.
- **Climate Workshops and Training:** Our team actively participated in the Climate Adaptation for Infrastructure Development workshop at the Wangari Maathai Institute, and a multi-agency workshop on Carbon Markets convened by NETFUND. These engagements enhance our capacity to embed climate resilience in infrastructure planning and explore sustainable financing mechanisms.
- **Renewable Energy Contribution:** KETRACO commissioned an expert-led environmental and social audit for the Eastern Electricity Highway Project (500kV HVDC Ethiopia-Kenya Transmission Line), ensuring compliance with sustainability standards. Between July and December 2024, KETRACO successfully evacuated 100% of dispatched electricity from renewable sources, which constitute 93% (2,842 MW) of Kenya's total energy mix of 3,056 MW.
- **Capacity Building and Policy Engagement:** Staff members participated in climate change capacity-building workshops and forums on climate-resilient infrastructure planning, hosted by the University of Nairobi in collaboration with the Global Centre on Adaptation (GCA). KETRACO contributed to stocktaking of Kenya's 2021–2025 NDCs and supported the development of targets for the 2031–2035 NDC cycle. Additionally, KETRACO presented on climate-resilient transmission infrastructure during the University of Nairobi/GCA seminar focused on developing a roadmap for climate-resilient infrastructure in Kenya.

Corporate Social Responsibility (CSR) Integration

The company has integrated Corporate Social Responsibility (CSR) into the conceptualization of the KTNIP projects. This includes:

- Demonstrating its commitment to gender equity in education, KETRACO awarded scholarships to two bright, financially disadvantaged girls to pursue STEM-based degree programs at Kenyatta University, helping to bridge the gender gap in science and technology.

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- In line with the Kenya Transmission Network Improvement Project (KTNIP), co-financed by the African Development Bank (AfDB), KETRACO developed a framework to recruit youth from project-affected communities into Technical and Vocational Education and Training (TVET) institutions. This initiative aims to equip local youth with marketable skills in electrical works, construction, and related fields, enhancing both employability and community ownership of transmission infrastructure projects.
- In partnership with local communities along the 132kV Sultan Hamud–Loitoktok Transmission Line, KETRACO renovated seven classrooms at schools situated along the line, contributing to improved educational facilities and learning environments.
- Along the 132kV Sondu–Homabay Transmission Line, KETRACO supported the renovation of Ngoche Primary School by donating KES 200,000 for classroom repairs. The Company also donated sanitary pads valued at KES 80,000 to girls and male undergarments worth KES 20,000 to boys, promoting hygiene and wellbeing among students.
- Through Phase 1 of the KETSOVS initiative, KETRACO supported two engineering students at Kenyatta University, fostering the development of future professionals in the energy sector.

Safety and Security Measures

During the year ended 30 June 2025, the Company achieved the following.

- Promotional of safe work through effective incident and accident investigations, OSH inspections /audits, robust risk assessment and monitoring implementations of corrective actions for both operational sites and sites under construction. Contributing towards sustainability of KETRACO projects and mandate including public safety
- Sensitized/trained staff and contracted personnel on workplace safety and health measures in the offices and substations. As well as dissemination of vital OSH information to employees.
- Enhanced public safety by listening to safety and health concerns of employees and other stakeholders and guiding appropriately.
- Reviewed, developed and launched the Company Occupational Safety and Health policy.
- The Section played a key role in ensuring safety and health during the completion and energization of Sabaki river crossing restoration work

Gender Mainstreaming

At corporate level the Company is committed to advancing gender equality and fostering an inclusive work environment. The Company's governance structures reflect this commitment, with women comprising 4 out of 10 board members and 2 out of 8 members in the management committee, demonstrating meaningful female representation at leadership levels.

Additionally, the Company integrates gender considerations throughout all phases of its projects by implementing comprehensive Gender Action Plans (GAPs). These plans ensure that women, youth, and other marginalized groups benefit equitably from project opportunities, including employment, capacity building, and community engagement. Key measures within GAPs include gender-sensitive stakeholder consultations, creating safe and inclusive working environments, and affirmative recruitment policies. Finally, KETRACO promotes economic empowerment by leveraging the Access to Government Procurement Opportunities (AGPO) framework, which provides women and youth-owned enterprises with preferential access to supply goods and services within project supply chains.

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13. Report of the Directors for the Year Ended 30 June 2025

The directors have pleasure in presenting their report together with the audited financial statements of Kenya Electricity Transmission Company Limited (the "Company") for the year ended 30 June 2025 which show its state of affairs.

i) Principal activities

The principal activity of the Company is to design, construct, operate and maintain electricity transmission infrastructure that forms the backbone of Kenya's National Transmission Grid, build interconnectors to facilitate regional power trade, and to wheel electricity to The Kenya Power and Lighting Company Limited and other end users from generators who produce power in bulk.

ii) Results

The results of the entity for the year ended June 30, 2025, are set out on page 1. Below is summary of the profit or loss made during the year.

	2025	2024
	KShs'000	KShs'000
Profit before taxation	1,228,775	3,583,459
Taxation (charge)	(810,480)	(629,855)
(Loss)/Profit for the year transferred to retained earnings	<u>418,295</u>	<u>2,953,604</u>

iii) Dividends

The directors do not recommend the payment of a dividend in respect of the financial year 2024/2025. No dividend was paid in the previous financial year, 2023/2024.


iv) Directors

The members of the board of directors who served during the year and to the date of this report are set out on page iii.

v) Auditors

The Auditor-General is responsible for the statutory audit of the entity in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015

By Order of the Board

.....


Corporate Secretary/Secretary to the Board

Date 11TH AUGUST 2025

14. Statement of Directors' Responsibilities

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

The Directors are responsible for the preparation and presentation of the KETRACO financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) 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 entity, (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 entity, (v) selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstances.


The Directors responsibility for the KETRACO 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 Kenyan Companies Act.


The Directors are of the opinion that the KETRACO financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2025, and of the entity's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity'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 entity will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

KETRACO financial statements were approved by the Board on TH 11 AUGUST 2025 and signed on its behalf by:


.....
Capt. Mohamed M. Abdi – Chairman


.....
Eng. Kipkemoi Kibias – Ag. Managing Director

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA ELECTRICITY TRANSMISSION COMPANY (KETRACO) 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.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, 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 FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya Electricity Transmission Company (KETRACO) Limited set out on pages 1 to 38 which comprise of the statement

of financial position as at 30 June, 2025 and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement 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, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kenya Electricity Transmission Company Limited 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 Public Finance Management Act, 2012.

Basis for Qualified Opinion

Inaccuracies in the Property, Plant and Equipment Balance

The statement of financial position reflects property, plant and equipment balance of Kshs.230,749,329,000. As disclosed in Note 13 to the financial statements, the balance includes capital work in progress values valued at Kshs.56,922,084,000. However, review of documents provided in respect to work in progress revealed inaccuracies and inconsistencies as indicated below:

- i. A schedule of projects under construction supporting donor funded projects reflected ongoing works valued at Kshs.117,198,926,082 resulting in an unexplained variance of Kshs.60,276,842,082;
- ii. A schedule provided by Management in support of work in progress reflected a balance of Kshs.10,446,203,112 as at 30 June, 2025. The resultant variance of Kshs.106,752,722,970 was not reconciled or explained;
- iii. Capital works in progress balance of Kshs.56,922,084,000 reflected in Note 13 to the financial statements included computer accessories related works valued at Kshs.173,946,505. However, an amount of Kshs.158,530,497 was not supported by procurement and other documentation for the additions were not provided for review; and,
- iv. The work in progress schedule indicated no opening balances for Isiolo-Marsabit 220Kv Transmission Line Project and Mumias-Rangala Transmission Line Project. However, the schedule indicated reversals of prior year entries of Kshs.45,621,197 and Kshs.1,798,401 in respect of the two projects respectively, whose basis was not disclosed.

In the circumstances, the accuracy and completeness of the work in progress balance of Kshs.56,922,084,000 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Electricity Transmission Company (KETRACO) 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 qualified opinion.

Emphasis of Matter

Garnishee Proceedings Against the Company

As previously reported, Note 30 to the financial statements discloses that the Company's estimated contingent liabilities consist of ongoing court cases relating to acquisition of wayleaves and contractors' claims amounting to Kshs.2,030,366,000 down from (2024 Kshs.7,019,789,000). However, during the audit in the month of November, 2025, it was noted that KETRACO was taken to the High Court by an international firm/creditor to execute an arbitral ward against KETRACO for Kshs.5,625,404,804 and legal fees of Kshs.102,165,744 totalling Kshs.5,727,570,548. The risk of execution of the judgement remains high on its projects.

Further, on the 20 November, 2025 KETRACO lost in Garnishee proceedings through an Insolvency Petition NO. E031 of 2024 in the High Court which now paves way for the Creditor to attach all of KETRACO's bank accounts which may render the Company unable to operate.

In the circumstances, all public funds under KETRACO accounts are now at risk of being garnisheed to fulfil a court judgement.

My opinion is not modified in respect of this matter.

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. Except for the effect of the matters described in the Basis for Qualified Opinion, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Issues

In the prior year's audit report, several issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. Review of the status during audit of the Company revealed that the following matters raised in 2023/2024 financial year remained unresolved;

No.	Year	Audit Issue
1.	2023/2024	Material Uncertainty Relating to Going Concern
2.	2023/2024	Unsupported Down Payments and Advances
3.	2023/2024	Expenditure on Stationery and Office Supplies, Transmission Line Spares and Mortgage
4.	2023/2024	Long Outstanding Related Party Balances
5	2023/2024	Trade and Other Payables
6	2023/2024	Contingent Liability
7	2023/2024	Long Outstanding Wayleave Compensation
8	2023/2024	Double Wayleave Compensation
9	2023/2024	Non-Compliance with Loan Novation Agreement
10	2023/2024	Non-Submission of Car Loan and Mortgage Scheme Financial Statements
11	2023/2024	Excess Board Meetings
12	2023/2024	Non-Contribution Energy Environment and Social Responsibility Program Fund
13	2023/2024	Nanyuki-Rumuruti Underground Cable Project
14	2023/2024	Land Without Titles
15	2023/2024	Delays in Transfer of Energy Dispatch System Operator
16	2023/2024	Security of Transmission Assets

Other Information

The Directors are responsible for the Other Information set out on page iii to lii which comprise of Key Entity Information, The Board of Directors, Key Management Team, Fiduciary Management, Fiduciary Oversight Arrangements, Chairman's Statement, Report of the Chief Executive Officer, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Directors' Responsibilities, 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, I am required to report that fact. Based on the audit procedures performed and the matters described in my Basis for Qualified Opinion, I confirm that the Other Information is not materially inconsistent with the financial statements.

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 including wayleave compensation.

Basis for Conclusion

1. Inconsistencies in Wayleave Compensation Payments

The statement of financial position reflects property, plant and equipment valued at Kshs.230,749,329,000. As disclosed in Note 13 to the financial statements, the balance includes capital works in progress valued at Kshs.56,922,084,000 including wayleave compensation.

However, a forensic audit on Wayleave Compensation dated September, 2025 revealed several inconsistencies and irregular payments to Project Affected Persons (PAPs) which included the following: -

- i. Amounts payable to PAPs in three projects comprising Lessos-Tororo Transmission Line, Ethiopia-Kenya Transmission Line and Isinya-Namanga Transmission Line Projects included Kshs.141,945,746 paid in excess of the value for the land acquired for the projects.
- ii. Compensation of lands which was outside the wayleave corridor which was yet to be recovered.
- iii. Use of outdated valuation reports as a basis for Resettlement Action Plans (RAPs).
- iv. Lack of scoping reports for identification and purchase of land for construction of substations.
- v. Unsupported rerouting of transmission lines which resulted in new PAPs who had not been provided for during project scoping, design and budgeting.
- vi. Lack of guidelines for land valuation and a framework for negotiation and renegotiation.
- vii. A list of payable wayleaves did not include all parcels of PAPs who had accepted offers from the Company. Additionally, compensation payments included persons who had rejected offers for compensation which raised doubts on the basis for settlement.

In the circumstances, the value for money incurred on wayleave compensation could not be confirmed.

2. Non-Reservation of Employment Opportunities to Persons with Disability

During the year under review, the Company had five hundred and forty-seven (547) employees, out of which, fourteen (14) or 2.6% were classified as persons living with disabilities. This was contrary to Section 21 (2) (a) of the Persons with Disabilities Act, 2025 which requires an employer with at least twenty employees, to reserve at least five per cent direct employment opportunities for persons with disabilities to secure employment.

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

3. Unsupported Supply of Tree Seedlings

The statement of profit or loss and other comprehensive income reflects expenditure of Kshs.2,796,378,000 in respect of administration costs. As disclosed in Note 6(a) to the financial statements, the expenditure of Kshs.363,408,000 was incurred on other operating expenses. Review of documents provided in support of the expenditure revealed a payment of Kshs.5,190,000 to a private firm to supply and planting assorted seedlings at Londiani Forest in the month of August and September, 2024 and June, 2025.

However, review of documents attached in support of the expenditures revealed several inconsistencies and anomalies as indicated below:

- i. An amount of Kshs.1,530,000 was paid to casual workers and local forest association members for pitting and planting. However, identification of the casuals and details of the persons engaged such as names and Identification Numbers were not provided. Further, no signed schedules of the casuals engaged acknowledging receipt of payment was provided for review.
- ii. Only one supplier was issued with request for quotations contrary to Section 106 of the Public Procurement and Asset Act, 2015 which provides that the request shall be given to as many persons as necessary to ensure effective competition and shall be given to at least three persons, unless that is not possible.
- iii. A purchase order was issued on 8 November, 2024 while the seedlings were delivered on 25 September, 2024 an indication that the goods were procured and delivered before a purchase order was issued contrary to Section 69(2) and 106(5) of Public Procurement and Asset Disposal Act, 2015 and Regulation 166(1) of the Public Procurement and Asset Disposal Regulations, 2020.
- iv. Records maintained by the Company indicated that tree planting was undertaken between 8 to 14 September, 2024. However, the seedlings were indicated to have been supplied on 25 September, 2024 which was eleven (11) days later.

- v. According to documents reviewed, 60,000 trees were planted between 25 to 31 August, 2024. However, a purchase order issued on 5 September, 2024 and delivery notes indicated that the seedlings were delivered on 10 September, 2024 and received by a Company official on 18 September, 2024 implying that the tree planting was carried out before the seedlings were delivered.
- vi. Out of the 160,000 trees procured, only 50,000 seedlings was acknowledged. The remaining 110,000 lacked evidence of receipt such as stamped delivery notes or signed acknowledgment forms. Further, no evidence was provided on receipt and issue of the tree seedlings.

In the circumstances, Management was in breach of the law and value for money on the expenditure of Kshs.5,190,000 could not be confirmed.

4. Lack of Updated Survey Works, Records and Maps

During the year under review, Management did not maintain a record of survey works and maps for its transmission network both in Nairobi and Regional Offices. In addition, Management was yet to update survey records of acquired wayleaves with the Directorate of Surveys in Nairobi and in the Regional Offices. This was contrary to Section 30 (1) of the Survey Act, CAP 299 which requires that every surveyor who executes any survey in accordance with the provisions of the Act to send to the Director all plans, field notes and computations relating thereto, and all such plans, field notes and computations to be deposited in the Survey Office and become the property of the Government.

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

5. Lack of Tender Evaluation Committees

During the year under review, Management appointed only three (3) members to sit in Evaluation Committees which awarded various tenders for goods, services and works valued at Kshs.16,368,737. However, the appointment did not conform with Section 46(4) of the Public Procurement and Asset Disposal Act, 2015 which requires that an Evaluation Committee to consist of between three and five members appointed on a rotational basis comprising heads of user department and two other departments or their representatives and where necessary, procured consultants or professionals, who shall advise on the evaluation of the tender documents and give a recommendation on the same to the committee within a reasonable time.

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

6. Irregular Procurement of Computer Application Certificates

During the year, Management invited bids through request for quotations on 13 November, 2024 for supply of Secure Sockets Layer (SSL) application certificates from four (4) suppliers. The bids closed on 18 November, 2024 with only two quotations from local bidders received. The two quotations were evaluated and awarded to the lowest evaluated bidder at their quoted price of USD16,870.95 or approximately Kshs.2,180,305.

The quotation was approved by the Managing Director on 26 November, 2024, contrary to Section 106(2) of the Public Procurement and Asset Disposal Act, 2015 which require that, an Accounting Officer of a procuring entity shall ensure that at least three persons shall submit their quotations prior to evaluation.

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

7. Irregular Staff Sponsorship for Advanced Management Programme

The statement of profit or loss and other comprehensive income reflects administration costs balance of Kshs.2,796,378,000 as disclosed in Note 6(a) to the financial statements. The expenditure includes Kshs.39,909,000 incurred on staff training. Review of supporting records revealed an amount of Kshs.2,300,000 was incurred to sponsor an employee undertaking an Advanced Management Programme at a local University. However, the employee who was admitted for the program commencing in April, 2025 for a duration of eight (8) months, was set to retire in December, 2025, the same time of completion of studies.

In the circumstances, the value for money incurred on the training expenditure of Kshs.2,300,000 could not be confirmed.

8. Irregular Procurement of Air Tickets

The statement of profit or loss and other comprehensive income reflects administration costs amounting to Kshs.2,796,378,000 as disclosed in Note 6(a) to the financial statements. Included in the amount is an expenditure of Kshs.363,408,000 on other operating expenses out of which Kshs.16,709,457 was incurred on purchase of air tickets.

Review of documents supporting the payments revealed that the Company received quotes through emails and not through the required quotation document to suppliers contrary to Section 106 (1) of the Public Procurement and Asset Disposal Act, 2015 provides that a procuring entity shall prepare a request for quotations that sets the name and address of the procuring entity; the specific requirements for the goods, works or services being procured; and an explanation of where and when quotations shall be submitted;

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

9. Avoidable Storage Costs on Non-Installed Transformers

Management procured two (2) transformers from Spain on 10 August, 2021 for proposed substations in the Rabai-Bamburi-Kilifi project. The transformers were received and stored at the premises of a private logistics company stores in Mombasa. A visit to the store in November, 2025, revealed that the transformers were still held at the stores and had incurred a total of USD 39,160.38 (approximately Kshs.5,071,269) in storage charges.

In addition, the industry-standard warranty period ranged from 12 - 24 months from the date of delivery or commissioning. Since the transformers were procured in 2021 and

remained uninstalled for over four (4) years, the warranty may have lapsed while in storage.

In the circumstances, the value for money incurred on purchase of the transformers and storage costs could not be confirmed.

10. Loss of Transformer in Transit

KETRACO acquired a transformer from an international firm a contract sum of USD1,173,898 approximately Kshs.152,289,788 in 2013. Management awarded a tender to a local logistics company in July, 2023, for transportation of a transformer from Mombasa to Kitale to a local Company at a cost of Kshs.9,538,500. The Company was instructed to deliver the transformer to the respective destination without a formal contract or provision evidence of transit insurance.

However, while on transit, the transformer destined for Kitale was damaged in a road accident along Nairobi-Malaba Road. Physical verification in September, 2025 revealed that the transformer which was stored in Kitale substation had been rendered not functional. Further, the manufacturer's internal inspection report largely attributed the damages to the accident. The absence of a contract or an insurance cover exposed the equipment to a risk of loss and damage without recourse to the Company, contrary to Section 134 of the Public Procurement and Asset Disposal Act, 2015 which provided that the Accounting Officer shall be responsible for preparation of contracts in line with the award decision.

In the circumstances, Management was in breach of the law and the value for money incurred on the transformer amounting to USD1,173,898 approximately Kshs.152,289,788 could not be confirmed.

11. Non-Conclusive Procurement of Commercial Data Centre

Management invited expression of interest for design, construction, and commercial operation of tier IV data centre on a revenue share on Model on 30 September, 2021. Two firms out of five who had expressed interest were considered responsive invited, to submit their proposals. Review of procurement process and documents relating to the procurement revealed several anomalies and inconsistencies as indicated below:

- i. The procurement had not been included in the Company's annual procurement plan for the financial year 2021/2022 and no evidence of revision of the procurement plan to include the procurement was provided for audit.
- ii. The procurement required the bidder to design, build, lease and operate data centre for at least fifteen (15) years and share revenue with the Company. The arrangement fits the definition of Public Private Partnership under Section 2(1) of the Public Private Partnership Act, 2013. However, no evidence of feasibility study was carried to determine the viability of the project and the procurement was not subjected to the process prescribed in the Public Private Partnership Act, 2013.

- iii. Management did not comply with The National Treasury Circular dated 24 January, 2020 on guidelines on Public Investment Management for National Government and its entities which provides for feasibility studies which should be cleared by the Project Committee, the Board, the Accounting Officer and relevant Cabinet Secretary before submission to The National Treasury for independent review and concurrence within thirty days.
- iv. Five firms responded to expression of interest. However, two firms were shortlisted and invited through request for proposal contrary to section 121(3) of Public Procurement and Asset Disposal Act, 2015 which requires that, where less than six proposals have been received, a minimum of three proposals shall be shortlisted.
- v. The tender validity was extended from 28 April, 2022 twice comprising a one-month extension to 28 May, 2022 and a second extension running to 29 June, 2022. This was contrary to Section 88(3) of public procurement and Asset Disposal Act, 2015 which provides that extension of tender validity can only be done once and restricted to thirty days.
- vi. Clause 3.3.2 of bid documents provided that financial score which is the same as percentage revenue share of at least 50% of revenue. However, a different bidder was considered for award by the Tender Evaluation Committee with a financial score of 30% against the evaluation criteria.
- vii. Due diligence was conducted between 20 and 24 April, 2022 in China Mobile International Data Centre Singapore by the Evaluation Committee members. However, travel expenses comprising flight costs, accommodation and subsistence allowances amounting to Kshs.5,108,248 was met by the bidder, which amounted to conflict of interest.
- viii. The Head of Procurement in a professional opinion issued on 24 May, 2022 to the Accounting Officer recommended termination of the procurement process under Section 63(1)(e) citing material governance violations including the procurement was done under Public Private Partnership Act 2013. The Accounting Officer concurred with the opinion leading to termination of the procurement process. However, the bidder sought redress from Public Procurement Administrative Board and subsequent appeal to High Court where a ruling was made in favor of the bidder. As at the time of audit in November, 2025 no contract had been entered into, and no information was provided on how the stalemate would be resolved.

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

12. Loss of Insulator Washing and Water Deionizing Machine

The Company entered into a contract with an International Firm on 28 October, 2020 to deliver with a delivery date of 30 November, 2021 to procure an Insulator Washing and Water Deionizing Machine at a cost of Kshs.182,071,000. As part of the contract, a training of fifteen staff comprising engineers and technicians to operate Insulator Washing and Water Deionizing Machine, which is essential for the effective functioning of the

Operations and Maintenance of the Ethiopia Kenya Project was required. However, documents provided for audit revealed that the training was carried out for five (5) days and there is no evidence that the balance of the ten (10) training days were executed.

However, it was observed that six (6) of these trained personnel have since exited the Company through resignation without evidence of succession planning, skills transfer, or retention measures being implemented by the entity.

In the circumstances, value for money amounting to Kshs.182,071,000 incurred on purchase of the machine, transfer and training due to the loss of staff could not be confirmed.

13. Irregular Payments to Community Based Organizations

During the year under review, Management paid a total of Kshs.104,990,079 from Ethiopia-Kenya Electricity Highway Project to Community Based Organizations (CBOs) based on an agreement between Company and County Government of Marsabit. The agreement was in respect of wayleave land for Ethiopia Kenya Electricity Highway Project which traverses approximately 630 kilometres from Moyale to Suswa, 300 kilometres. The project crosses through unregistered community land mostly in Marsabit County.

Additionally, to facilitate implementation of the Project, Management requested for grant of wayleave to the County Government of Marsabit on the land held in trust for the interest of its residents. The grant was approved on condition that all monies for compensation of this land would be used for community projects within the affected area and not as a Corporate Social Responsibility (CSR) but for community land in lieu of compensation. However, Kenyan laws did not provide for compensation in-kind.

Consequently expenditure of Kshs.104,990,079 to the thirteen (13) selected Community Based Organizations (CBOs) to undertake community projects including schools, health centres, youth centres, police houses, water piping, purchase of water tanks, community social hall, water pans, dormitories in schools was unlawful.

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

14. Inadequacies in the Project Management

14.1 Claims arising from Various Contracts

Review of various contracts revealed that several of them are behind schedule and the Company has to issue new addendums to the contractors. Mariakani substation has had nine (9) addendums, Turkwel-Ortum-Kitale project had three addendums on the second contractor while Machakos-Konza-Namanga project had sixteen (16) addendums.

Claims have emanated from the addendums for idle time spent by the contractors not working due to various reasons. In reference to a Board paper reference TC Circular No5/05, authored by the Company's staff to the Board Technical Committee, the following claims were reported.

Contract	Claims -Kshs.
Turkwel - Ortum Kitale	113,339,842
Isinnya – Namanga	1,066,023,105
Kenya -Tanzania Contractor 1	1,537,841,168
Kenya -Tanzania Contractor 2	24,193,097
Nairobi Ring	2,626,510,256
Rabai - Bamburi Kilifi	768,462,300
Mariakani Substation	205,158,266
KPTSIP	1,502,441,184
Total	7,843,969,219

In addition, it was noted that KETRACO had been absorbing the claims through the addendums and extending contracts contrary to Public Procurement and Assets Disposal Regulation, 2020 Section 132(3) which requires that extension of contract period under Section 139(2)(a) of the Act where delivery is delayed shall not have a financial implication. Further, KETRACO is yet to turn around and complete the above listed project on time from payment of Persons Affected by Projects to contractors that it engages.

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

14.2 Construction of Electricity Transmission Lines and Substations Projects

During the year under review, Management was implemented several projects involving construction of electricity transmission lines and substations. Review of contracts for the projects revealed that works for eight (8) projects were behind schedule, with some requiring extension of time through addendums to the contracts. For instance, Mariakani substation project has had been issued nine (9) addendums, Turkwel-Ortum- Kitale project had three (3) while Machakos-Konza-Namanga project had sixteen (16).

Additionally, the delay in implementation of projects and issuance of addendums was majorly attributed to idle time spent by the contractors, as was indicated in Board paper prepared by Management to the Board Technical Committee during the year under review. The addendums were indicated to have resulted in claims amounting to Kshs.7,843,969,219 for the eight projects.

Further, the additional costs were borne by the Company contrary to Regulation 132(3) of the Public Procurement and Assets Disposal Regulation, 2020, which requires that extension of contract period under Section 139(2)(a) of the Act where delivery is delayed shall not have a financial implication.

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

15. Unconfirmed Land Occupancy for Company Buildings and Infrastructure

Review of records, including the fixed assets register, revealed the several buildings and other infrastructure had been constructed on parcels of land which were not owned or controlled by the Company Audit Inspection to the sampled facilities revealed assets valued at Kshs.7,954,397,858 in Kitui, Wote, Rabai, Sultan Hamud, Machakos,

Menengai, Kisii, Chemosit, Maungu and Olkaria among others did not have title deeds, leases, wayleave agreements, or land use consents.

Therefore, in the absence of documented legal ownership or enforceable land-use rights, exposed the Company to the risk of disputes, repossession, or loss of the assets.

In the circumstances, existence of sufficient safeguards on ownership of public property could not be confirmed.

16. Incomplete Works at Mariakani Substation Project

Management contracted two (2) international firms on 25 January, 2016 to undertake construction of 400/200KV Mariakani Substation at a contract price of USD23,846,925.331 approximately Kshs.3,084,599,792 and Government of Kenya component amount of Kshs.132,481,217.00. The project was financed by African Development Bank under the Kenya-Ethiopia Electricity Highway Project.

The initial completion date of 9 August, 2020 was revised to 30 June, 2024 through addendums 1 to 9 to the contract. However, addendum 2 was signed on 25 May, 2021, 25 days after the expiry of the contract on 30 April, 2021. Several other extensions were granted thereafter through addendums 5, 6, and 9, an indication of poor contract monitoring and management.

Further, works on the 2KM main access road to the substation from Mombasa Road at a cost of EUR206,318 approximately Kshs.31,461,432 and Government of Kenya component Kshs.7,581,818 which was part of the contracted works, was yet to start as the land where the road was to be built was yet to be acquired. In addition, lack of an official public road on the map rendered the site landlocked and had affected implementation of the project due to perennial blockage of access to the site from main highway by the residents.

In the circumstances, the purpose for which the project was intended for may not be realized, and the value for money already spent on the project.

17. Non-Compliance with Law on Gender Balance

During the year under review, the Company had five hundred and forty-seven (547) employees out of whom three hundred and ninety-three (393) or 72% were male contrary to Section B.22(2) of the Public Service Commission Human Resource Policies of May, 2016 which requires positions in the establishment not to be filled by more than two-thirds of either gender. Management indicated that advertisements to vacant positions encourage female candidates to apply, the ideal balance was yet to be attained.

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

18. Non-Actualization of the Appointment of KETRACO as the System Operator

The Cabinet in May, 2024 approved the transfer of transmission assets in order to streamline operations and create efficiency in the electricity sector. Following this approval, the Principal Secretary, State Department for Energy vide letter Ref

MOE/CONF/1/69 dated 27 September, 2024 addressed the Managing Directors of Kenya Power and Lighting Company Limited (KPLC) and Kenya Electricity Transmission Company Limited (KETRACO) on the transition of System Operator function from KPLC to KETRACO where it was directed that in the immediate term beginning December, 2024, all staff, technical and station clerk at the National Control Centre (NCC) were to be seconded to KETRACO, System Control and Market Operation (SCMO) Department of Directorate of System Operations and Power Management (SOPM).

Additionally, the completion of the transfer of the System Operator function had been envisioned to be on 6 June, 2022. However, as at the time of audit in August, 2025, KETRACO was yet to take over from KPLC as the System Operator, more than three years after publishing the Gazette Notice. This was attributed to deficiencies in both human and financial resources to carry out the functions outlined in the Energy Act, 2019 and gazette notice. Further, it has been noted that the Company has not been allowed by KPLC data and access to the National Control Centre for capacity building even after communication from the Energy and Petroleum Regulatory Authority (EPRA) and the Principal Secretary, State Department for Energy.

KETRACO currently lacks the both technical and financial capacity to carry out System Operator functions listed under Section 138(1) of the Energy Act, 2019.

In the circumstances, the 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 effect of the matters 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

1. Long Outstanding Related Parties Balances

Note 22 (c) to the financial statements reflects payables to related party amount of Kshs.1,560,463,000 due to the Kenya Power and Lighting Company Limited (KPLC). Included in this balance is an amount of Kshs.743,855,000 being current portion of

payables to related party. Review of a ledger and supporting invoices in respect of the balance revealed the several invoices had been outstanding for a period of more than eight (8) years.

In the circumstances, the existence of effective mechanisms for timely recovery of debts from related entities could not be confirmed.

2. Lack of Strategic Spares for Transformers

Audit verification of various sites and substations in August, 2025 revealed that six (6) transformers had malfunctioned, with some having been out of service since 2017. Management complained that some of the faulty transformers could not be serviced on time due to lack of strategic transformers' spares as a fallback plan in case of failure, and posed a risk interruption of transmission services in the event of multiple failures. As a result, some substations have been reduced to switch stations due to lack of transformers to handle the increased power overload.

In the circumstances, existence of effective measures to ensure minimum interruption of electricity supply to consumers could not be confirmed.

3. Lack of Succession Planning

Review of appointment of Board of Directors of the Company revealed that of the independent Directors of the Board, with the exception of the Chairperson, were appointed vide Gazette Notice No. 2379 dated 20 February, 2023 by the Cabinet Secretary, Ministry of Energy. In the absence of staggered appointments of the Board of Directors, strategic decisions and policy matters may be affected or delayed due to lack of quorum in the Board.

In the circumstances, the appointing authority had breached the law.

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 li is consistent with the financial statements; and

- iii. The auditable part of the Directors' remuneration report on page 28 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

24 December, 2025

Kenya Electricity Transmission Company Limited (KETRACO)
Annual Report and Financial Statements for the year ended June 30, 2025

16. Statement of Profit/Loss & Other Comprehensive Income for year ended 30th June 2025


		2025	2024
	Notes	KShs' 000	KShs' 000
REVENUE			
Revenue from contracts with customers	3	5,979,453	5,495,840
Grants from National Government	4	5,264,432	4,291,028
Other income	5	407,250	869,441
TOTAL REVENUE		<u>11,651,135</u>	<u>10,656,309</u>
OPERATING EXPENSES			
Administration costs	6 (a)	2,796,378	2,056,428
Cost of sales	7 (a)	950,820	915,696
Net movement in credit loss expense on financial assets	7 (b)	(34,382)	(165,174)
Depreciation of property and equipment	13	5,259,223	4,608,952
Amortization of intangible assets	14	169,538	37,769
TOTAL OPERATING EXPENSES		<u>9,141,577</u>	<u>7,453,671</u>
OPERATING PROFIT		2,509,558	3,202,638
Finance income	9	539,720	425,058
Finance costs	10	(1,820,503)	(44,237)
PROFIT BEFORE TAXATION		<u>1,228,775</u>	<u>3,583,459</u>
Income (tax expense)/credit	11(a)	(810,480)	(629,855)
(LOSS)/PROFIT FOR THE YEAR		<u>418,295</u>	<u>2,953,604</u>
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year net of tax		<u>418,295</u>	<u>2,953,604</u>
Earnings per share – basic and diluted (KShs)	12	<u>20,915</u>	<u>147,680</u>

Kenya Electricity Transmission Company Limited (KETRACO)
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17. Statement of Financial Position as at 30 June 2025

	Notes	2025 KShs'000	2024 KShs'000
ASSETS			
Non-current assets			
Property and equipment	13	230,749,329	223,455,619
Intangible assets	14	317,430	465,814
Right of use assets	15	205,377	224,717
Deferred tax asset	27	253,929	522,093
		<u>231,526,065</u>	<u>224,668,243</u>
Current assets			
Trade and other receivables	16(a)	10,735,792	8,258,629
Inventory	17	1,822,127	3,714
Corporate tax recoverable	11(c)	17,286	399,141
Amounts due from related parties	22(a)	2,582,292	3,360,264
Cash and bank balances	18	8,678,492	7,705,322
		<u>23,835,989</u>	<u>19,727,070</u>
TOTAL ASSETS		<u>255,362,054</u>	<u>244,395,313</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	19	2,000	2,000
Retained earnings	20	-1,068,419	-1,599,547
		<u>-1,066,419</u>	<u>-1,597,547</u>
Non-current liabilities			
Deferred grant income	21(c)	209,638,459	207,194,588
Amount due to related parties	22(b)	816,608	816,608
Deferred revenue	23	155	155
Lease liabilities	24	299,262	301,410
Borrowings	25	794,105	1,895,448
		<u>211,548,589</u>	<u>210,208,209</u>
Current liabilities			
Borrowings	25	2,744,482	1,831,760
Deferred grant income	21(c)	5,264,432	4,291,028
Amount due to related parties	22(b)	743,855	743,855
Lease liabilities due within one year	24	27,593	29,717
Trade and other payables	26	36,099,522	28,888,291
		<u>44,879,884</u>	<u>35,784,651</u>
TOTAL EQUITY AND LIABILITIES		<u>255,362,054</u>	<u>244,395,313</u>

The financial statements were approved by the Board on 11TH AUGUST 2025 and signed on its behalf by:


 Capt. Mohamed M. Abdi
 Chairman,


 Eng Kipkemoi Kibias
 Ag. Managing Director


 CPA Tom Imbo
 General Manager Finance ICPAK M/No. 7639

Kenya Electricity Transmission Company Limited (KETRACO)
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18. Statement of Changes in Equity for the year ended 30 June 2025

	Share capital KShs'000	Retained earnings KShs'000	Revaluation reserve KShs'000	Total Equity KShs'000
At 30 June 2023	2,000	(5,411,496)	-	(5,409,496)
Total comprehensive loss for the year	-	2,953,604	858,345	3,811,945
At 30 June 2024	<u>2,000</u>	<u>(2,457,892)</u>	<u>858,345</u>	<u>(1,597,547)</u>
Total comprehensive income for the year	-	418,295	112,832	531,127
At 30 June 2025	<u><u>2,000</u></u>	<u><u>(2,039,597)</u></u>	<u><u>971,177</u></u>	<u><u>(1,066,420)</u></u>

Kenya Electricity Transmission Company Limited (KETRACO)
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19. Statement of Cash Flows for the year ended 30 June 2025

	Notes	2025 KShs'000	2024 KShs'000
Cash flows from operating activities			
Cash generated (used in)/generated from operations	28	5,037,159	(1,014,268)
Cash flows from investing activities			
Purchase of property and equipment	13	(12,440,101)	(9,716,568)
Net cash used in investing activities		<u>(12,440,101)</u>	<u>(9,716,568)</u>
Cash flows from financing activities			
Grants received	21(b)	8,681,707	11,244,289
Payment of lease liability	24	(44,902)	(24,085)
Repayment of borrowings	25	(260,693)	(47,630)
Net cash generated from financing activities		<u>8,376,112</u>	<u>11,172,574</u>
Increase in cash and cash equivalents		973,170	441,738
Cash and cash equivalents at beginning of year		7,705,322	7,263,584
Cash and cash equivalents at end of year		8,678,492	7,705,322
Represented by:			
Cash and bank balances	18	<u>8,678,492</u>	<u>7,705,322</u>

Kenya Electricity Transmission Company Limited (KETRACO)
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20. Statement of Comparison of Budget & Actual amounts for the period ended 30 June 2025

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization	Remarks
	Kshs. '000'	Kshs. '000'	Kshs. '000'	Kshs. '000'	Kshs. '000'		
	A	b	C=(a+b)	d	e=(c-d)	F=d/c	
Budget carryovers from the previous year*	-	-	-	-	-	-	
Receipts							
Transfers from other Parent Ministry/ SC/SAGA	-	-	-	-	-	-	
Interest income	153,521	-	153,521	539,720	- 386,199	352%	Increase in balances of monies held in company revenue and project accounts. The average interest rate for financial year 2024/25 was 6.4%.
Other income (Wheeling revenue, Fibre revenue, Forex and others)	4,957,519	-	4,957,519	6,386,704	- 1,429,185	129%	New fibre optics customers and routes were onboarded during the year which lead to increase fibre revenue. For instance, Atif telecom, seacom networks, Telecom were onboarded.
Amortization of Grants	-	-	-	5,264,432	- 5,264,432		New fibre optics customers and routes were onboarded during the year which lead to increase fibre revenue. For instance, Atif telecom, seacom networks, Telecom were onboarded.
Total Revenue	5,111,040	-	5,111,040	12,190,856	- 7,079,816	239%	
Expenses							
Employee cost	1,625,161	-	1,625,161	1,570,381	54,780	97%	
Use of goods and services	3,308,457	-	3,308,457	2,142,436	1,166,021	65%	The Company did not undertake all the planned activities
Depreciation	-	-	-	5,428,761	- 5,428,761		Depreciation non cash and not budgeted
Finance cost	2,630	-	2,630	1,820,503	- 1,817,873	69211%	Provision for interest on arbitral award for Inabensa case had not been budgeted
Expenditure	4,936,248	-	4,936,248	10,962,081	- 6,025,833	222%	
Surplus for the period	174,792	-	174,792	1,228,775	- 1,053,983		

21. Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) General Information

Kenya Electricity Transmission Company Ltd is established by and derives its authority and accountability from Companies Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to design, construct, operate and maintain electricity transmission infrastructure that forms the backbone of Kenya's National Transmission Grid, build interconnectors to facilitate regional power trade, and to wheel electricity to The Kenya Power and Lighting Company Limited and other end users from generators who produce power in bulk.

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.

(b) Statement of compliance

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 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 Note 1. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the entity, and all values are rounded off to the nearest Kenya shillings. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act (include any other applicable legislation), and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.

(b) Application of New and Revised International Financial Reporting Standards (IFRS)

i. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.

Title	Description	Effective Date
Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020, amended in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendment to IFRS 16 titled Lease Liability in a Sale and Leaseback (issued in September 2022)	The amendment, applicable to annual periods beginning on or after 1st January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendments to the Classification	The amendments specify:	1 January 2026

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Title	Description	Effective Date
and Measurement of Financial Instruments Amendments to IFRS 9 and IFRS 7	<ul style="list-style-type: none"> i. when a financial liability settled using an electronic payment system can be deemed to be discharged before the settlement date. ii. how to assess the contractual cash flow characteristics of financial assets with contingent features when the nature of the contingent event does not relate directly to changes in basic lending risks and costs; and iii. new or amended disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features that do not relate directly to basic lending risks and costs. 	

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.

Title	Description	Effective Date
IFRS 18 Presentation and Disclosure in Financial statements	The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.	The new standard is effective for annual periods beginning on or after January 1, 2027. Earlier application is permitted.
IFRS 19 Subsidiaries without Public Accountability	IFRS 19 Subsidiaries without Public Accountability: Disclosures was issued in May 2024. IFRS 19 permits some subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements. These entities apply the requirements in other IFRS Accounting Standards except for their disclosure requirements. Instead, these entities apply the requirements in IFRS 19	An entity may elect to apply this Standard for reporting periods beginning on or after 1 January 2027. Earlier application is permitted.

The Directors do not plan to apply any of the above until they become effective. Based on their assessment of the potential impact of application of the above, they do not expect that there will be a significant impact on the Company's financial statements.

(c) Early adoption of standards

The Company did not early-adopt any new or amended standards in the year ended 30 June 2023.

(d) Basis of preparation

The financial statements are prepared on a going concern basis and in compliance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board. They are presented in Kenya Shillings, which is also the functional currency.

Kenya Electricity Transmission Company Limited (KETRACO)
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The principal accounting policies adopted in the preparation of these financial statements are set out below.

Revenue recognition

Revenue is measured based on the consideration to which the entity expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The entity recognizes revenue when it transfers control of a product or service to a customer.

- i) **Revenue from the sale of goods and services** is recognized in the year in which the entity delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.
 - ii) **Grants from National Government** are recognized in the year in which the entity actually receives such grants. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.
 - iii) **Finance income** comprises interest receivable from bank deposits and investment in securities, and is recognized in profit or loss on a time proportion basis using the effective interest rate method.
 - iv) **Dividend income** is recognized in the income statement in the year in which the right to receive the payment is established.
 - v) **Rental income** is recognized in the income statement as it accrues using the effective interest implicit in lease agreements.
 - vi) **Other income** is recognized as it accrues.
- b) **In-kind contributions**

In-kind contributions are donations that are made to the entity in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the entity includes such value in the statement of comprehensive income both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

Notes To The Financial Statements (Continued)

1. SUMMARY OF ACCOUNTING POLICIES (Continued)

(d) **Basis of preparation (continued)**

Property and equipment

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

Depreciation on property, plant and equipment is recognized 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, as guided by National Treasury policy on assets depreciation are:

Capital work in progress	Nil
Transmission lines	2.5%
Substations	2.5%
Aircraft	7%
Machinery	12.5%
Tools and Equipment	12.5%
Furniture, fittings and office equipment	12.5%
Motor vehicles	25%
Computers and accessories	33.3%
Buildings	2.5%

Depreciation is not charged to land.

Depreciation charge is prorated from the date the asset is placed in use until the asset is fully depreciated or disposed.

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 recognised so that the asset is written down immediately to its estimated recoverable amount.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Amortisation and impairment of intangible assets

Amortisation is calculated on the straight-line basis over the estimated useful life of the intangible asset. All intangible assets are 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.

Notes to the Financial Statements (Continued)

1. SUMMARY OF ACCOUNTING POLICIES (Continued)

(d) Basis of preparation (continued)

Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise. An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

Right of Use Asset

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the entity incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the entity expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

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. These bonds are measured at amortized cost/ at fair value through other comprehensive income (FVTOCI) or at fair value through profit or loss (FVTPL)

Quoted investments

Quoted investments are classified as non-current assets and comprise marketable securities traded freely at the Nairobi Securities Exchange or other regional and international securities exchanges. Quoted investments are stated at fair value through profit or loss (FVTPL).

Unquoted investments

Unquoted investments are measured at fair value through profit or loss (FVTPL).

Notes to the Financial Statements (Continued)

1. SUMMARY OF ACCOUNTING POLICIES (Continued)

(d) Basis of preparation (continued)

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Trade and other receivables

Trade and other receivables are recognized at amortized cost less allowances for any uncollectible amounts. 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. Bad debts are written off after all efforts at recovery have been exhausted.

Taxation

i) 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.

ii) Deferred 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.

1. SUMMARY OF ACCOUNTING POLICIES (Continued)

(d) **Basis of preparation (continued)**

Deferred Tax (continued)

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.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognized in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalized borrowing costs reflect the hedged interest rate. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

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.

Restricted cash

Restricted cash refers to cash and cash equivalent balances that have usage constraints. An entity shall disclose, together with a commentary by management, the amount of significant cash and cash equivalent balances held by the entity that are not available for use by the entity.

Notes to the Financial Statements (Continued)

1. SUMMARY OF ACCOUNTING POLICIES (Continued)
(d) Basis of preparation (continued)

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 capitalized as part of the cost of the project.

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.

Retirement benefit obligations

The entity operates a defined contribution scheme for all full-time employees from July 1, 2023. The scheme is administered by an in-house team and is funded by contributions from both the company and its employees. The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time per employee per month.

Provision for staff leave pay

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

Exchange rate differences

The accounting records are maintained in the functional currency of the primary economic environment in which the entity operates, Kenya Shillings. Transactions in foreign currencies during the year/period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

KENYA ELECTRICITY TRANSMISSION COMPANY LIMITED

Notes to the Financial Statements (Continued)

1. **Summary Of Accounting Policies (Continued)**

(d) **Basis of preparation (continued)**

Budget Information

The original budget for FY 2024/2025 was approved by the National Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

The entity's 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 appendix I of these financial statements.

Service Concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

Comparative figures

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

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, 2024.

2. **SIGNIFICANT JUDGEMENTS 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.

Notes to the Financial Statements (Continued)

2. SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (Continued)

a) **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.

b) **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

c) **Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 29.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. (include provisions applicable for your organization e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions)

Notes to the Financial Statements (Continued)

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

	2025	2024
	KShs'000	KShs'000
Wheeling revenue	5,580,706	5,215,614
Fibre revenue	398,747	280,226
	<u>5,979,453</u>	<u>5,495,840</u>

Wheeling revenue is based on a fixed amount approved by the Energy and Petroleum Regulatory Authority (EPRA).

4. GRANTS FROM NATIONAL GOVERNMENT

	2025	2024
	KSh'000	KSh'000
Capital grants realised (note 21(b))	5,264,432	4,291,028
	<u>5,264,432</u>	<u>4,291,028</u>

Capital grants recognised above relates to amortization of grants from National Government.

Recurrent grants	-	-
Project funding grants (note 21 (a))	5,068,075	940,140
	<u>5,068,075</u>	<u>940,140</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OTHER INCOME	2025 KShs' 000	2024 KShs' 000
Other income	37,251	31,340
Forex exchange gains	369,999	838,101
	<u>407,250</u>	<u>869,441</u>
	=====	=====

Other income mostly relates to staff housing rental income at Suswa and Isinya substation and insurance compensations.

6(a) ADMINISTRATION COSTS	2025 KShs'000	2024 KShs'000
Staff costs (note 6(b))	1,570,381	1,116,589
Directors' emoluments	39,637	29,842
Depreciation of right of use assets (note 15)	23,562	20,953
Electricity and water	83,115	33,204
Insurance costs	240,064	211,526
Other maintenance costs*	75,077	72,516
Rent and rates expenses	11,005	5,902
Security	123,330	116,046
Corporate communication, postage, telephone, printing and internet	10,001	4,503
Motor vehicle expenses and transport	119,009	108,308
Advertising, printing, stationery and photocopying	47,014	24,331
Staff training expenses	39,909	21,707
Hospitality supplies and services	17,628	13,455
Bank charges and commissions	2,664	2,207
Auditors' remuneration	2,509	6,552
Legal fees	21	-
Consultancy and Professional fees	-642	26,124
Realised foreign exchange losses	28,686	47,362
Other operating expenses	363,408	195,301
	<u>2,796,378</u>	<u>2,056,428</u>
	=====	=====

*Other maintenance costs include computer maintenance, building maintenance, generator maintenance, tools and equipment maintenance.

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	2025 KShs'000	2024 KShs'000
6(b) STAFF COSTS		
Salaries and allowances for permanent staff	1,346,330	953,601
Wages for temporary staff	7,922	7,366
Compulsory national social security schemes	19,004	6,206
Other pension contributions	93,547	66,860
Leave pay and gratuity provisions	51,054	40,237
Staff welfare	52,524	42,319
	<hr/>	<hr/>
Total	1,570,381	1,116,589
	<hr/>	<hr/>
The average number of staff at the end of the year was:		
Permanent staff – Management	479	492
Permanent staff – Support	68	74
	<hr/>	<hr/>
Total	547	566
	<hr/> <hr/>	<hr/> <hr/>
7(a) COST OF SALES	2025	2024
	KShs'000	KShs'000
Maintenance costs for transmission lines	693,029	838,921
Other maintenance costs**	257,791	76,775
	<hr/>	<hr/>
	950,820	915,696
	<hr/> <hr/>	<hr/> <hr/>
** Other Maintenance costs relates to maintenance of substation and fibre		
	2025	2024
	KShs'000	KShs'000
7(b) CREDIT LOSS EXPENSES ON FINANCIAL ASSETS		
Provision for ECL –Third parties	-5,826	-9,498
Provision for ECL –Cash and Bank	161	175
Provision for ECL – Related party	-28,717	-155,851
	<hr/>	<hr/>
	(34,382)	(165,174)
	<hr/> <hr/>	<hr/> <hr/>

Kenya Electricity Transmission Company Limited (KETRACO)
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8.	OPERATING PROFIT/(LOSS)	2025	2024
		KShs'000	KShs'000
	Profit for the year has been arrived at after charging:		
	Directors' emoluments – fees (note 6(a))	39,637	29,842
	Staff costs (note 6(b))	1,570,381	1,116,589
	Depreciation of property and equipment (note 13)	5,259,223	4,608,952
	Amortisation of intangible assets (note 14)	169,538	41,435
	Depreciation of right of use assets (note 15)	23,562	20,953
	Auditors' remuneration	2,509	6,552
	Net foreign exchange loss	-341,313	47,362
		=====	=====
9.	FINANCE INCOME	2025	2024
		KShs'000	KShs'000
	Interest income on bank balances	539,720	425,058
		=====	=====
10.	FINANCE COSTS	2025	2024
		Kshs'000	Kshs'000
	Interest expense on lease liability (note 24)	37,237	35,400
	Interest expense on borrowings	127,284	8,837
	Interest on arbitral award	1,655,982	-
		1,820,503	44,237
		=====	=====
11	TAXATION		
(a)	Income tax expense	2025	2024
		Kshs'000	Kshs'000
	Current tax	339,173	105,329
	Deferred tax:		
	Relating to origination and reversal of temporary differences	291,794	524,526
		630,967	629,855
		=====	=====

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

(b)	Reconciliation of taxation charge to expected taxation based on profit before taxation	2025 Kshs'000	2024 Kshs'000
	Profit/(Loss) before taxation	619,712	3,583,459
	Tax calculated at the applicable income tax rate of: 30% (2022: 30%)	185,914	1,075,038
	Tax effect of:		
	Expenses not deductible for tax purposes	445,053	(445,183)
	Taxation charge	<u>630,967</u>	<u>629,855</u>

(c)	Corporate tax recoverable	2025 Kshs'000	2024 Kshs'000
	At 1 July	399,141	225,975
	Charge for the year	(542,316)	(105,329)
	Paid during the year	160,552	278,189
	Prior Year Opening balance adjustments	(91)	306
	Taxation charge	<u>17,286</u>	<u>399,141</u>

12. EARNINGS PER SHARE

The earnings per share is calculated by dividing profit after tax of Kshs.418,295,000, (2024: profit after tax of Kshs. 2,953,604,000 by the average number of ordinary shares in issue during the year (note 19), There were no dilutive or potentially dilutive ordinary shares as at the reporting date.

Kenya Electricity Transmission Company Limited (KETRACO)
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Notes to the Financial Statements (Continued)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold land KShs'000	Transmission lines KShs'000	Substation KShs'000	Aircraft KShs'000	Motor vehicles KShs'000	Machinery KShs'000	Furniture and fittings KShs'000	Computer accessories KShs'000	Tools and equipment KShs'000	Buildings KShs'000	Capital Work in-Progress* KShs'000	Total KShs'000
Cost												
At 1 July 2024	1,093,746	129,935,904	46,657,580	886,688	327,061	237,041	54,145	82,432	324,873	427,502	63,876,028	243,903,000
Additions	-	4,834,966	-	-	-	4,841	5,802	14,772	-	-	9,030,034	13,890,415
Disposals	-	-	-	-	-	-	-	-	-	-	-1,450,314	-1,450,314
Transfer from CWIP	6,625	11,336,145	3,190,894	-	-	-	-	-	-	-	-14,533,664	-
Revaluation	-	-	-	-	-192,732	-	-	-	-	-	-	-192,732
Restated from advances	-	-	-	-	-	-	-	-	-	-	-	-
At 30 June 2025	1,100,371	146,107,015	49,848,474	886,688	134,329	241,882	59,947	97,204	324,873	427,502	56,922,084	256,150,369
Depreciation												
At 1 July 2024	-	15,971,237	4,038,309	15,834	233,582	71,552	4,060	8,835	71,017	32,955	-	20,447,381
Charge for the year	-	3,748,913	1,258,305	63,335	73,923	31,672	6,652	22,982	42,753	10,688	-	5,259,223
Revaluation	-	-	-	-	-305,564	-	-	-	-	-	-	-305,564
Transfer	-	-	-	-	-	-	-	-	-	-	-	-
At 30 June 2025	-	19,720,150	5,296,614	79,169	1,941	103,224	10,712	31,817	113,770	43,643	-	25,401,040
Net carrying amount												
At 30 June 2025	1,100,371	126,386,865	44,551,860	807,519	132,388	138,658	49,235	65,387	211,103	383,859	56,922,084	230,749,329

*Capital work in progress relates (CWIP) to transmission lines and sub- stations whose construction had not been completed as at year end.

There were no assets pledged as security for liabilities.

** Transfer from WIP relates to the transfer of the cost of land, transmission lines, substations and buildings previously reported under Capital work in progress.s

***For the purposes of statement of cash flows, the additions of property and plant amounting to KShs 12,440,101,000 (2024: KShs 9,716,568,000) that had already been paid for have been disclosed as purchases.

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13.
PROPERTY, PLANT AND EQUIPMENT

	Freehold land KShs'000	Transmission lines KShs'000	Substation KShs'000	Aircraft KShs'000	Motor vehicles KShs'000	Machinery KShs'000	Furniture and fittings KShs'000	Computer accessories KShs'000	Tools and equipment KShs'000	Buildings KShs'000	Capital Work in-Progress* KShs'000	Total KShs'000
Cost												
At 1 July 2023	1,093,747	136,962,104	25,694,714	804,368	309,980	216,995	172,313	204,273	324,873	427,502	67,574,072	233,784,941
Additions	-	3,671,757	-	-	17,080	-	-	-	-	-	6,566,865	10,255,702
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from CWIP	-	-10,697,957	20,962,866	-	-	-	-	-	-	-	-10,264,909	-
Revaluation	-	-	-	82,320	-	20,046	-118,168	-121,841	-	-	-	-137,642
Restated from advances										-		
At 30 June 2024	1,093,747	129,935,904	46,657,580	886,688	327,060	237,041	54,145	82,432	324,873	427,502	63,876,028	243,903,000
Depreciation												
At 1 July 2023	-	14,381,696	1,179,268	229,819	185,509	42,011	146,130	198,439	28,264	22,267	-	16,413,403
Charge for the year	-	3,531,953	916,629	15,834	48,073	30,128	4,060	8,835	42,753	10,688	-	4,608,952
Revaluation	-	-	-	-229,819	-	-587	-146,130	-198,439	-	-	-	-574,975
Transfer		-1,942,413	1,942,413									
At 30 June 2024	-	15,971,236	4,038,310	15,834	233,582	71,552	4,060	8,835	71,017	32,955	-	20,447,381
Net carrying amount												
At 30 June 2024	1,093,747	113,964,668	42,619,270	870,854	93,478	165,489	50,085	73,597	253,856	394,547	63,876,028	223,455,619

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. INTANGIBLE ASSETS -COMPUTER SOFTWARE AND LICENSES

	2025 KShs'000	2024 KShs'000
COST		
At beginning of year	503,583	599,968
Revaluation	-	(96,385)
Additions	21,154	-
	<u>524,737</u>	<u>503,583</u>
ACCUMULATED AMORTIZATION		
At beginning of year	37,769	592,417
Charge for the year	169,538	37,769
Revaluation	-	(592,417)
	<u>207,307</u>	<u>37,769</u>
NET BOOK VALUE	<u><u>317,430</u></u>	<u><u>465,814</u></u>

Intangible assets relate to computer software and licenses. The title of intangible assets is not restricted or pledged as security for liabilities. There are no contractual commitments for acquisition of intangible assets.

15. RIGHT OF USE ASSETS

The Company leases office and storage space as well as certain parcels of land for its various uses. Information about leases in which the Company is a lessee is presented below:

	2025 KShs'000	2024 KShs'000
COST		
At 1 July	319,451	285,865
Additions	4,222	33,586
	<u>323,673</u>	<u>319,451</u>
ACCUMULATED DEPRECIATION		
At beginning of year	94,734	73,781
Charge for the year	23,562	20,953
	<u>118,296</u>	<u>94,734</u>
NET CARRYING AMOUNT	<u><u>205,377</u></u>	<u><u>224,717</u></u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

16(a) TRADE AND OTHER RECEIVABLES	2025 Kshs'000	2024 Kshs'000
Trade receivables	263,624	121,965
Deposits and prepayments	8,671,547	6,399,347
Staff receivables (note 16 (b))	2,710	3,977
VAT recoverable	135,641	56,996
Other receivables	1,676,155	1,695,887
	<hr/>	<hr/>
Gross trade and other receivables	10,749,677	8,278,172
Provision for impairment	(13,885)	(19,543)
	<hr/>	<hr/>
Net trade and other receivables	<u>10,735,792</u>	<u>8,258,629</u>

The average credit period on sales of services is 30 days. Deposits and prepayments were made in the ordinary course of business with regard to advance payment to the various projects. Staff receivables mainly relate to per diem advanced to the staff in the normal course of business outstanding at as close of period. Trade and other receivables are carried net of expected credit losses (ECLs)/impairment losses. The movement in expected credit losses/impairment losses is as set out below:

	2025 KShs'000	2024 KShs'000
At the beginning of the year	19,543	54,793
Provision for expected credit losses	(5,658)	(35,250)
	<hr/>	<hr/>
	<u>13,885</u>	<u>19,543</u>
	<hr/>	<hr/>

16(b) STAFF RECEIVABLES	2025 KShs'000	2024 KShs'000
Gross staff per diem	2,710	3,977
	<hr/>	<hr/>
Amounts due within one year	2,710	3,977
Amounts due after one year		
	<hr/>	<hr/>
	<u>2,710</u>	<u>3,977</u>
	<hr/>	<hr/>

Kenya Electricity Transmission Company Limited (KETRACO)
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

17	INVENTORY	2025	2024
		KShs'000	KShs'000
	Inventory	1,822,127	3,714
		<u>1,822,127</u>	<u>3,714</u>
		=====	=====

18.	CASH AND BANK BALANCES	2025	2024
		KShs'000	KShs'000
	Cash at bank	8,677,981	7,704,650
	Cash in hand	1,000	1,000
	Expected credit loss	(489)	(328)
		<u>8,678,492</u>	<u>7,705,322</u>
		=====	=====

19.	SHARE CAPITAL	2025	2024
		Kshs'000	Kshs'000
	Authorised, issued and fully paid:		
	20,000 fully paid ordinary shares of Ksh's 100 each	2,000	2,000
		<u>2,000</u>	<u>2,000</u>
		=====	=====

The ordinary shares carry one vote each.

20. RETAINED EARNINGS

The retained earnings represent amounts available for distribution to the entity's shareholders. Undistributed retained earnings are utilised to finance the entity's business activities.

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Notes to the Financial Statements (Continued)

21. DEFERRED GRANT INCOME

The Company receives grants from the Government of Kenya for the construction of transmission lines. The grants are amortised to profit or loss over the useful lives of the related assets.

	2025 KShs'000	2024 KShs'000
(a) Deferred grant income reconciliation		
Direct component*		
Deferred grant income brought forward	72,767,699	74,153,758
Additions in the year	5,068,075	940,140
Amortisation	(2,282,430)	(2,326,199)
	<u>75,553,344</u>	<u>72,767,699</u>
Deferred grant income carried forward		
Indirect component**		
Deferred grant income brought forward	138,717,917	130,378,597
Received in the year	3,613,632	10,304,149
Amortisation	(2,982,002)	(1,964,829)
	<u>139,349,547</u>	<u>138,717,917</u>
Deferred grant income carried forward		
Total direct and indirect components (note 21(b))	<u>214,902,891</u>	<u>211,485,616</u>
(b) Total reconciliation		
Deferred grant income at 1 July	211,485,616	204,532,355
Additions:		
Direct component	5,068,075	940,140
Indirect component	3,613,632	10,304,149
	<u>220,167,323</u>	<u>215,776,644</u>
At 30 June 2025		
Amortization:		
Direct component	(2,282,430)	(2,326,199)
Indirect component	(2,982,002)	(1,964,829)
	<u>(5,264,432)</u>	<u>(4,291,028)</u>
Deferred grant income carried forward	<u>214,902,891</u>	<u>211,485,616</u>
(c) Amounts will be amortised as below:		
Grant income to be amortised within one year	5,264,432	4,291,028
Grant income to be amortised after one year	209,638,459	207,194,588
	<u>214,902,891</u>	<u>211,485,616</u>
At the end of the year		

*The direct component relates to grant received directly from Government of Kenya.

**Indirect grants are those grants given to the government of Kenya by the various donors to fund projects executed by KETRACO. The grant agreements are between the Government and the donors with KETRACO acting as the executing body on behalf of the government.

Kenya Electricity Transmission Company Limited (KETRACO)
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22. AMOUNT DUE FROM/TO RELATED PARTIES

The Government of Kenya is the principal shareholder in Kenya Electricity Transmission Company Limited holding 100% equity interest. The Government also holds 50.1% and 70% of the equity interest in The Kenya Power and Lighting Company Limited (KPLC) and Kenya Electricity Generating Company Limited (KenGen), respectively. The Company is, therefore, related to KPLC and KenGen through common shareholding.

The following transactions were carried out with related parties:

(a) Outstanding balances arising from services rendered and grant allocation:

	2025 KShs'000	2024 KShs'000
Kenya Power and Lighting Company Limited	2,678,739	3,485,768
Provision for expected credit losses	(96,447)	(125,504)
	<u>2,582,292</u>	<u>3,360,264</u>

The Company wheels electricity from the power producers to KPLC for onward transmission to end users. The significant decrease in Company related party balances is mainly due to collection of KPLC balances brought forward and wheeling revenue charged in the period.

The movement in expected credit losses/impairment losses is as set out below:

	2025 KShs'000	2024 KShs'000
At the beginning of the year	125,504	255,603
Provision for expected credit losses	96,447	130,099
	<u>29,057</u>	<u>125,504</u>

(b) Payables to related party

	2025 KShs'000	2024 KShs'000
Kenya Power and Lighting Company Limited	1,560,463	1,560,463
Current Portion	<u>743,855</u>	<u>743,855</u>
Non-current Portion	<u>816,608</u>	<u>816,608</u>

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The current portion relates to maintenance cost carried out on the transmission lines by Kenya Power and Lighting Company Limited (KPLC) on behalf of Kenya Electricity Transmission Company Limited (KETRACO). The non-current component relates to the partial cost incurred by KPLC in the construction of Kisii- Chemosit line which was transferred to KETRACO.

(c) Services rendered and government grants

(i) The Kenya Power and Lighting Company Limited (KPLC)

	2025 KShs'000	2024 KShs'000
Sales of services – Wheeling revenue	5,580,706	5,215,614
Purchase of services - Operating and maintenance expense	950,820	915,696
(ii) Government of Kenya		
Grants received during the year	5,068,075	940,140
	<u>5,068,075</u>	<u>940,140</u>

The Company receives funds from Government of Kenya for its recurrent and development expenditure. The Government finances the various projects implemented by KETRACO through non-refundable interest free grants.

(iii) Key management Compensation

	2025 KShs'000	2024 Kshs'000
(a) Directors' emoluments		
Fees for services as directors	3,360	3,360
Other emoluments	36,277	26,482
	<u>39,637</u>	<u>29,842</u>
(b) Compensation to CEO		
Short term employee benefits	9,600	9,463
Other long-term benefits	2,306	2,306
	<u>11,906</u>	<u>11,769</u>
(c) Compensation to key management		
Short term employee benefits	92,238	82,258
Other long-term benefits	49,781	14,415
	<u>142,019</u>	<u>96,673</u>

23. DEFERRED REVENUE

The balance relates to performance guarantee that was recalled for the construction of the Nairobi Ring Substations - Lot A and B. It arose because the contractor (Ibedrola Ingenieria) was in breach of its obligations as specified in the contract. KETRACO received the cash after recalling of the performance guarantee. The case was concluded in 2019 and the balance utilized to settle part of the award to the contractor.

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Notes to the Financial Statements (Continued)

24. LEASE LIABILITIES

	2025 KShs'000	2024 KShs'000
The movement in the lease liabilities is as follows:		
Balance at 1 July	331,127	326,270
Additions	-	27,864
Payment of lease liabilities	(44,902)	(24,085)
Interest on lease liabilities	37,237	35,400
Unrealised foreign exchange losses	3,393	(34,322)
	<hr/>	<hr/>
At 30 June	326,855	331,127
	<hr/>	<hr/>
Amounts due for settlement within 12 months	27,593	29,717
Amounts due for settlement after 12 months	299,262	301,410
	<hr/>	<hr/>
At the end of year	326,855	331,127
	<u>=====</u>	<u>=====</u>
The maturity analysis of the undiscounted lease payments is summarized below:		
Maturity Analysis		
Year 1		27,593
Year 2		21,486
Year 3		15,025
Year 4		8,550
Year 5		2,132
Onwards		252,069
		<hr/>
Lease liabilities		326,855
		<u>=====</u>

The Company does not face a significant liquidity risk with regards to its lease liabilities. Lease liabilities are monitored within the Company's Finance function. The lease obligations are for the office and storage space as well as certain parcels of land. The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

The Company is not committed to any arrangements that are short term as at year end. The total cash outflow for leases amount to KShs. 33 million (2024: KShs. 24 million). There are no restrictions or covenants imposed by lessors and the Company did not enter into any sale and leaseback transactions during the year (2024: KShs. nil).

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25. BORROWINGS

	2025	2024
	KShs'000	KShs'000
Balance at 1 July	3,727,208	4,139,469
Repayments of external borrowings during the year	(260,692)	(47,631)
Unrealised foreign exchange losses	72,071	(364,630)
	<u>3,538,587</u>	<u>3,727,208</u>
Balance at 30 June	<u>3,538,587</u>	<u>3,727,208</u>
Maturity analysis:		
Amounts due within one year (current portion)	2,744,482	1,831,760
Amounts due after one year (non-current portion)	794,105	1,895,448
	<u>3,538,587</u>	<u>3,727,208</u>
The analysis of both external borrowings are as follows;		
External borrowing; -		
Renminbi denominated loan from Exim Bank of China	2,807,259	3,034,323
Japanese yen denominated loan from Japan Bank for International Corporation	731,328	692,885
	<u>3,538,587</u>	<u>3,727,208</u>

The Company finalised novation agreements transferring ownership of the Sondu-Miriu, Kisii-Chemosit and Kamburu-Meru transmission lines from KPLC and KenGen to KETRACO, the loans used to construct the lines are payable to the Japan International Co-operation Agency and the Export-Import Bank of China. Both facilities are repayable in 60 biannual instalments at an interest rate of 0.75% and 2.5%, respectively. The loans are guaranteed by the Government of Kenya..

26. TRADE AND OTHER PAYABLES

	2025	2024
	KShs'000	KShs'000
Trade payables	25,311,535	19,756,286
Provisions	10,787,987	9,132,005
	<u>36,099,522</u>	<u>28,888,291</u>

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Notes to the Financial Statements (Continued)

Trade payables mainly relate to domestic and foreign trade creditors, wayleaves and goods received/invoice received payables.

Included in trade and other payables is Kshs 10,787,987,000 relating to arbitral award against the company. The accruals mainly relate to amounts payable to the contractors in relation to the construction of transmission lines.

27. DEFERRED TAX ASSET

Deferred income taxes are calculated on all temporary differences under the liability method using the applicable tax rate of 30% (2024 – 30%). The make-up of the deferred tax asset in the year and the movement thereon is presented below:

	2025	2024
	KShs'000	KShs'000
Movement in the deferred tax account is as follows:		
At start of year	522,093	1,046,620
Deferred tax credit/(charge) recognized in profit or loss	(268,164)	(524,527)
	<u>253,929</u>	<u>522,093</u>

	1 July 2024	Profit or loss	30 June 2025
	KSh'000	KSh'000	KSh'000

The net deferred tax asset is attributable to the following items:

Excess depreciation over capital allowances	92,206	66,650	158,856
Leave pay provision	29,975	(1,075)	28,900
Staff gratuity provision	7,099	8,527	15,626
Provision for directors' fees	2,205	(1,197)	1,008
Allowance for expected credit losses	43,613	(10,314)	33,299
Unrealised exchange loss	251,431	(362,430)	(110,999)
Right of Use	95,564	31,675	127,239
	<u>522,093</u>	<u>(268,164)</u>	<u>253,929</u>

Kenya Electricity Transmission Company Limited (KETRACO)
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28. CASH GENERATED FROM OPERATIONS

	June 2025 Kshs 000	June 2024 Kshs 000
Profit Before Tax	1,228,775	3,583,459
Adjusted for:		
Depreciation Charge	5,259,223	4,608,952
Amortization of Deferred grant Income	(5,264,432)	(4,291,028)
Unrealized forex	(369,999)	(838,101)
Amortization of intangible assets	169,538	37,769
Depreciation of right of use	23,562	20,953
Expected credit loss	(34,381)	(165,174)
Finance cost	109,660	19,543
Changes in working capital		
(Increase)/Decrease in Trade and other receivables	(2,095,308)	2,333,951
(Increase)/Decrease due from related party	777,972	-
Increase/(Decrease) in Trade and other payables	7,211,231	(5,265,305)
Increase/(Decrease) in Inventory	(1,818,413)	(1,424)
(Increase)/Decrease due to related party	-	(779,673)
Cash generated from operations	3,968,653	(4,319,537)
Tax paid	(160,269)	(278,190)
Net Cash Generated from Operating Activities	<u>5,037,159</u>	<u>(1,014,268)</u>

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29. CAPITAL EXPENDITURE COMMITMENTS

	2025 KShs'000	2024 KShs'000
Authorised and contracted for	3,613,632	10,304,149
Authorised but not contracted for	5,068,075	940,140
	<u>8,681,707</u>	<u>11,244,289</u>

Authorised and contracted for commitments relates to donor funded contract balances for the construction of transmission lines as at 30 June 2025.

Authorised but not contracted for commitments relates to Government of Kenya contract balances for the construction of transmission lines as at 30 June 2025.

30.

CONTINGENT LIABILITY

	2025 KShs'000	2024 KShs'000
Legal claims	2,030,366	7,019,789
	<u>2,030,366</u>	<u>7,019,789</u>

Contingent liabilities consist of ongoing court cases relating to acquisition of wayleaves and contractors' claims. The management evaluate the status of these exposures on a regular basis to assess the probability of incurring related liabilities.

31. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currencies. The Company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effects of such risks on its performance by setting acceptable levels of risk. The Company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The Company's financial risk management objectives and policies are detailed below:

(i) Credit risk

The Company has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables. The board of directors sets the Company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. However, Kenya Power Lighting Company Limited debts are analyzed based on country credit rating as the Company is partially owned by the Government of Kenya. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade and other receivables are written off after all collection efforts have been exhausted.

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Notes to the Financial Statements (Continued)

31. FINANCIAL RISK MANAGEMENT (continued)

(ii) Credit risk (Continued)

The amounts that best represent the Company's maximum exposure to credit risk as at 30 June 2025 were as follows:

	Fully performing	Past due	Impaired	Total
	KShs '000	KShs '000	KShs '000	KShs '000
At 30 June 2025				
Trade receivables	263,624	-	(8,100)	255,524
Other receivables	10,749,677	-	(13,885)	10,735,792
Amounts due from related parties	2,678,739	-	(96,447)	2,582,292
Bank balances	8,678,981	-	(489)	8,678,492
	<u>22,371,021</u>	<u>-</u>	<u>(118,921)</u>	<u>22,252,100</u>
At 30 June 2024				
Trade receivables	121,965	-	(322)	121,643
Other receivables	1,695,887	-	(19,221)	1,676,666
Amounts due from related parties	3,485,768	-	(125,504)	3,360,264
Bank balances	7,705,650	-	(328)	7,705,322
	<u>13,009,270</u>	<u>-</u>	<u>(145,375)</u>	<u>12,863,895</u>

The customers under the fully performing category are paying their debts as they continue trading.

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The Company has significant concentration of credit risk on amounts due from KPLC. However, the Company has no collateral holdings.

Ultimate responsibility for liquidity risk management rests with the Company's directors, who have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

Kenya Electricity Transmission Company Limited (KETRACO)
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Notes To The Financial Statements (Continued)

31. FINANCIAL RISK MANAGEMENT (Continued)

(ii) Liquidity risk management (Continued)

The table below represents cash flows payable by the Company under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts, as the impact of discounting is not significant. The liabilities will, however, be disposed of when funding is received.

	Less than 1 month	Between 3-12 months	Over 12 months	Total
	KShs '000	KShs '000	KShs '000	KShs '000
At 30 June 2025				
Trade payables	36,099,522	-	-	36,099,522
Payables to related party	-	743,855	816,608	1,560,463
Borrowings	-	2,744,482	794,105	3,538,587
Lease liability	-	27,593	299,262	326,855
	<u>36,099,522</u>	<u>3,515,930</u>	<u>1,909,975</u>	<u>41,525,427</u>
At 30 June 2024				
Trade payables	28,888,291	-	-	28,888,291
Payables to related party	-	743,855	816,608	1,560,463
Borrowings	-	1,831,760	1,895,448	3,727,208
Lease liability	-	29,717	301,410	331,127
	<u>28,888,291</u>	<u>2,605,332</u>	<u>3,013,466</u>	<u>34,507,089</u>

(iii) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the Company on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

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

The Company's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk.

(a) Foreign currency risk

The Company has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and translation at the time of payment is done using the prevailing exchange rate. The following table demonstrates the effect on

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Notes To The Financial Statements (Continued)

31. FINANCIAL RISK MANAGEMENT (Continued)

the Company's profit before tax and equity of applying the sensitivity for a reasonable possible change in the exchange rate of the main transaction currencies, with all other variables held constant.

(iii) Market risk (Continued)

(b) Foreign currency risk (Continued)

			Effect on profit before tax	Effect of equity
	Change in USD rate		KShs'000	KShs'000
2025	16%		(78,342)	(34,456)
	-16%		78,342	34,456
2024	19%		(80,089)	(36,926)
	-19%		80,089	36,926
	Change in YEN rate			
2025	9%		(49,976)	(22,654)
	-9%		49,976	22,654
2024	10%		(51,567)	(23,776)
	-10%		51,567	23,776
	Change in YUAN rate			
2025	11%		(41,332)	(19,302)
	-11%		41,332	19,302
2024	12%		(42,084)	(19,404)
	-12%		42,084	19,404

(c) Interest rate risk

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

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates. Interest on Yuan and Yen denominated loans are fixed at 0.25% and 0.75%, respectively.

Sensitivity analysis

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

	Carrying amount
	KShs'000
30 June 2025	
Assets	
Bank balances	8,678,492
Interest rate sensitivity gap	8,678,492

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30 June 2024
 Assets
 Bank balances

7,705,322

Interest rate sensitivity gap

7,705,322

(i) Market risk (Continued)

(a) Interest rate risk (continued)

Sensitivity analysis (continued)

	2025	2024
	KShs 000	KShs, 000
Effect on profit before tax of a +2% change in interest rates	623	8,317
Effect on profit before tax of a -2% change in interest rates	(623)	(8,317)
Effect on equity +/-		3,835

(iv) Capital management

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

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders. No changes were made in the objectives, policies or processes during the years ended 30 June 2025 and 30 June 2024.

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

	2025	2024
	KShs'000	KShs'000
Share capital	2,000	2,000
Retained earnings	(1,498,029)	(1,599,547)
Equity	(1,496,029)	(1,597,547)
Total borrowings	3,538,587	3,727,208
(Less): cash and cash equivalents (Note 18)	8,678,492	7,705,322
Net debt	3,643,876	2,380,567

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31. FINANCIAL RISK MANAGEMENT (Continued)

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

- revenue received from wheeling
- operation and maintenance cost
- cost of operating the transmission business
- cost of expanding the business to ensure that capacity growth is in line with electricity demand
- taxation
- dividends

(v) Capital management (Continued)

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

The electricity business is currently in the growth phase driven by a rise in demand and Government policy. The funding of transmission capacity is to be obtained from exchequer funding, donor funding from Local and international institutions and cash generated from wheeling business. The adequacy of electricity tariffs allowed by the regulator and the level of Government support are key factors in the sustainability of the Company.

32. GOING CONCERN

The Company's current liabilities exceed the current assets by KShs. 21 billion (2024: KShs. 20.8 billion). The Company may, therefore, not meet its short-term obligations as and when they fall due. However, the Company is 100% owned by the Government of Kenya which secures financing for various projects for implementation by KETRACO. In addition, KETRACO, receives funding from the exchequer through budgetary allocation. The directors therefore, are confident of continued support from the Government of Kenya and other development partners for the foreseeable future. Consequently, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Company's ability to continue as a going concern. The financial statements have been prepared on the basis of accounting policies applicable to a going concern.

33. INCORPORATION

The Company is incorporated in Kenya under the Kenyan Companies Act, 2015 and is domiciled in Kenya

34. EVENTS AFTER THE REPORTING PERIOD

There were no material adjusting and non-adjusting events after the reporting period.

However, the Managing director Dr. (Eng) John Mativo left the company on 18th September 2025 and replaced by Eng. Kipkemoi Kibias in acting capacity.

35. CURRENCY

These financial statements are presented in Kenya Shillings (KShs '000')

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22. Appendices

Appendix 1: Implementation Status Of Auditor-General prior year recommendations

No	Issue	Observation from Auditor	Management comments	Status	Time frame
		Report on the Financial Statements			
		Basis of Qualified Opinion			
1.0	Material Uncertainty Relating to Going Concern	<p>The statement of financial positions reflects a balance of Kshs 35,784,651,000 in respect of current liabilities. The current liabilities balance exceeds the current assets of Kshs 19,727,070,000 by Kshs 16,057,581,000, an indication that the company was in a net liability position and may not be able to able liabilities when they fall due. This condition indicates material uncertainty regarding the company's ability to continue as a going concern.</p> <p>In addition, the management did not disclose the material uncertainties in the financial statements as required by the International Accounting Standard (IAS) 1 -Presentation of Financial Statements.</p> <p>In the circumstances, the company's ability to continue operating as a going concern could not be confirmed</p>	<p>Under note 32 of the financial statements, management has disclosed the issue of going concern. Management acknowledges the current liabilities exceed the current assets. However, the Company is 100% owned by the Government of Kenya which secures financing for various projects for implementation by KETRACO. In addition, The company current liabilities consist of contractual payments payable through direct payment mode where contractor receives funds directly from the financier. Therefore, the obligations are matched with commitments under the finance agreements. A detailed report of Ketraco liabilities has been undertaken.</p>	Resolved	December 2024
2.1	Unsupported Down Payments and Advances	<p>The statement of financial position reflects a balance of Kshs.8,258,629,000 in respect of trade and other receivables as disclosed in Note 16(a) to the financial statements. Included in the balance are down payments amounting to Kshs.6,384,664,871. However, bank guarantees for down payments amounting to Kshs.2,923,455,706 had as at 30 June 2020. In the circumstances, the accuracy and completeness of trade and other receivables</p>	<p>i) China CAMCE for Kenya Power Transmission Improvement KPTSIP- the advance payment guarantee has been recovered fully hence no need for renewal of the guarantee.</p> <p>ii) Homt Espana SA for Rabai Bamburi Kilifi - The guarantee expired on 30-03-2024 however payable contractor's</p>	Ongoing	December 2025

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		balance of Kshs 8,258,629,000 could not be confirmed.	invoices are being held as the renewal process is ongoing. iii) Norinco and Taikai for Kamburu Embu Thika. The guarantee expired on 31-12-2023. The guarantee will be renewed once the regularisation of the financing agreement and the descoping of part of the project is confirmed. Management met the contractor and China Exim Bank in December 2024, to renegotiate the scope of the contract and ensure effectiveness of the financing.		
2.2	Expenditure on Stationery and Office Supplies, Transmission Lines Spares and Mortgage	The statement of financial position reflects a balance of Kshs.8,258,629,000 in respect of trade and other receivables as disclosed in Note 16(a) to the financial statements. Included in the balance is Kshs 587,443,854 incurred as purchase of stationery and office supplies, transmission line spares and mortgage payments which do not form part of receivables. In the circumstances, the accuracy and completeness of trade and other receivables of balance of Kshs 8,258,626,000 could not be confirmed	In the financial statements, stationery & office supplies and transmission line spares are reported as inventory on the face of financial statements of Kes 3,714,353 and do not form part of trade and other receivables. Mortgage is reported under trade and other receivables which is the correct classification. This is because mortgage deposits of Kes 583,729,500 is a revolving fund where staff repays back the mortgage. The company at the expiration of the contract can recall the funds back from the Sacco and the reason of classifying it as a receivable.	Resolved	June 2025
3	Long Outstanding Related Party Balances	The statement of financial position reflects amount due to related parties balance of Kshs 3,360,264,000. The balance arose from services rendered and grant allocation by Kenya Power and Lighting Company (KPLC) as disclosed in Note 22 (a) to the financial statements. Further, Note 22(b) to the financial statements reflects an amount payables to KPLC of Kshs 1,560,463,000 in relation to construction of Kisii Chemosit line which was transferred to	Long outstanding payables to KPLC are due to lack of proper supporting documentations. KETRACO management has requested KPLC to support the expenditure with work schedules and original payments documents where reimbursement is demanded. Once all documents are received Ketraco will go ahead and settle the KPLC payable. Recently KPLC committed to provide the	Ongoing	December 2025

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		KETRACO in 2016. In the circumstances validity of the long outstanding related party balance could not be confirmed.	supporting documents to facilitate the payment. Currently Ketraco is reviewing part documentation submitted by Kenya Power with a view to settling the amount that is sufficiently supported.		
		Emphasis of Matter			
1.0	Trade and other Payables	As previously reported, Note 26 to the statement of financial position reflects Kshs.28,888,291,000 under trade and other payables. Included in the trade and other payables is an arbitral award of Kshs.9,204,024,000 issued in favour of a contractor engaged by management to undertake construction of transmission line . The award if unsettled will affect the liquidity of the company and may negatively impact on service delivery.	Negotiations to settle the arbitral award has started and are being spearheaded by EPRA with support of appointed committee members from KETRACO, MoE, NT and Attorney General Office. In the meantime KETRACO will engage financial institutions for funding through National Treasury support	Ongoing	December 2025
2.0	Contingent Liability	As previously reported Note 30 to the FSs discloses the company's estimated contingent liability amounting to Kshs. 7,019,789,000 up from Kshs.1,732,862,000 (consisting of ongoing court cases relating to acquisition of wayleaves and contractor's claims.	Based on the risk assessment most of the cases can be managed. Management will continue to analyze the risks and probability of occurrence. Ketraco regularly updates the legal case register to monitor progress.	Ongoing	Decemebr 2025
		Other Matter			
1.0	Unresolved Prior Year Issues	In the audit of the previous year, several matters were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources and Report on effectiveness of Internal Controls, Risk Management and Governance. However, although Management has indicated as having resolved, not resolved and ongoing those	Supporting documents for the resolved issues had been provided and most of which had been reviewed during the course of the audit. In addition most of the issues that are ongoing have been incorporated in the current audit observations and status update provided.	Ongoing	August 2025

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		matters in Appendix 1 to the financial statements, no evidence was provided to support that status.			
		Report on Lawfulness and effectiveness in use of public resources			
1.0	Way-Leave Compensation				
1.1	Long Outstanding Wayleaves Compensation	<p>The statement of financial position reflects a balance of Kshs.28,888,291,000 in respect to trade and other payables as further disclosed in Note 26 to the financial statements. Included in the balance is the land given to the Company for use as part of the power corridor amounting to Kshs.1,632,215,954 which have not been compensated as at 30 June, 2024, some are dating back to 2012. This is contrary to Regulation 23 (1) of Public Finance Management (National Government) Regulations, 2015 which requires adequate allocation of resources to programs.</p> <p>In addition, project development services reports reflected that some of the wayleaves payable related to complete and commissioned projects for which no funds are being budgeted for. Similarly, delays in wayleaves compensation contributed to the delays and stalling of projects which resulted in escalation of project costs, litigations and contractor extension of time claims.</p> <p>In the circumstances, Management was in breach of the law.</p>	<p>Long outstanding wayleave balances are occasioned by:</p> <ul style="list-style-type: none"> •Insufficient budget allocation/GOK counterfund •Incomplete documentation and disputes on the Payee. •In some cases, this involves litigation which takes a longer time to resolve. <p>The company continues to receive exchequer support from the Government of Kenya to facilitate payment of pending wayleave , Payment of outstanding wayleaves is based on available budget. The company is collaborating with other government agencies to resolve disputes relating to wayleave compensation.</p>	Not Resolved	December 2025
1.2	Double Wayleave Compensation	The statement of financial position reflects trade and other receivable balance of	Recall to the bank were processed and the company has also put mechanism to	Ongoing	December 2025

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		<p>Kshs.8,258,629,000 as disclosed in Note 16(a) to the financial statements. The amount includes recoverable expenses of Kshs.10,407,658 under trade and other receivables which relates to double payments to People Affected by Projects (PAPs) made between July, 2015 to June, 2022. Although Management has made full provision for the amount, the circumstances in which the double payments were done could not be confirmed. In addition, apart from a communication to the bank requesting reversal of the transactions, management has not provided evidence of any attempts to recover the money from the beneficiaries of the payment.</p> <p>In the circumstances, the recoverability of the expenditure amounting to Kshs.10,407,658 and value for money could not be confirmed.</p>	<p>recover the amounts in question through the engagement of the Security department to follow up and recover the amounts from the affected PAPs. In addition, the company has engaged investigative agencies in recovery of double payments.</p>		
2.0	Non- Compliance with Loan Novation Agreement	<p>The statement of financial position reflects total borrowings amounting to Kshs.3,727,208,000 as disclosed in Note 25 to the financial statements, the balance comprises of Kshs.1,895,448,000 and Kshs.1,831,760,000 in respect of non-current component and current component portion of the borrowing. Review of the borrowings revealed a long outstanding loan of RMB YUAN 145,669,690.02 (Kshs.2,823,136,860) arising from novation agreement between KETRACO, Kenya Power and Lighting Company Limited (KPLC) and the Government of the Republic of Kenya, on 19 October, 2016 for transfer of Kamburu – Meru and Kisii – Chemosit 132 KV transmission lines. As at 30 June, 2024, the loan had accumulated an interest totaling to Kshs.467,084,822.27.</p>	<p>Non payment of China Exim bank onlent to the company by National Treasury was due to cashflow constraints. Management has engaged Energy Regulation and Petroleum Authority (EPRA) for additional funding through the inclusion of loan repayments in the current tariff cycle. In the meantime, KETRACO has made two repayments to the National Treasury of KES. 288,458,384.00 on 30 June 2025.</p>	Resolved	June 2025

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		<p>The novation agreement provided that KETRACO would pay the principal amount of the subsidiary loan and interest on the drawn and outstanding loan amount at a rate two and half (2.5%) per annum; and pay a commitment fee- calculated at the rate of 0.25% per annum on the undrawn and uncanceled balance of the subsidiary loan. However, no payments had been made to honor the agreement which continues to accumulate interest.</p> <p>In the circumstances, the ability of the Company to meet obligations set out in the novation agreement could not be ascertained.</p>			
3.0	Non-Compliance with Car Loan and Mortgage Scheme Reporting Requirements	<p>During the year under review, the Company operated a car loan and mortgage scheme administered by a Savings and Credit Cooperative (SACCO). As at 30 June, 2024 the Company had transferred a total of Kshs.583,729,500 to the SACCO for the Mortgage and for car loans facility as part of the trade and other receivables balance of Kshs. 8,258,629,000. However, financial statements were not prepared for the Car Loan and Mortgage Scheme Funds as required by the Salaries and Remuneration Commission circular issued on 17 December, 2014 on car loan and mortgage schemes for state officers and other public officers of Government of Kenya.</p> <p>In the circumstances, Management was in breach of the law.</p>	Management has prepared car and mortgage financial statements for FY2024/2025 as at 30.06.2025	Resolved	June 2025
4.0	Excess board meetings	<p>During the year under review, the Company Board of directors held twenty-six (26) full board meetings during the year under review contrary to Office of the President Circular reference number OP/CAB.9/1A dated 11 March, 2020 paragraph A (2) which states that</p>	Requests for approval for Special Board meetings were made to the Cabinet Secretary in accordance with Circular Ref. No. OP/CAB.9/1A of 11 March, 2020.	Ongoing	June 2025

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		<p>the Board meetings shall be restricted to a minimum of four (4) and capped at a maximum of six (6) for each financial year resulting to 20 meetings above the authorized and an excess expenditure of Kshs.3,120,000 paid as sitting allowances.</p> <p>In the circumstances, Management was in breach of the law.</p>	<p>The company recruited various senior management positions that were due and provided for in the year under review. The interviews were undertaken by the Board of directors hence the additional meetings.</p> <p>KETRACO received approvals for all the special board meetings hence the sitting allowance expenditure is justifiable. Going forward all approvals for extra board meetings should be approved by the Cabinet Secretary and not the Principal Secretary</p>		
5.0	Non -Contribution to Energy Environment and social responsibility program Fund	<p>Management had committed to make a contribution of Kshs.5,000,000 in 2019 for the ten-year period towards the Kenya Energy Environment and Social Responsibility Programme Fund.</p> <p>As at 30th June 2024 the expected contribution was Kshs.2,500,000 and the management had not made any contributions towards the fund. In the circumstances, management was in breach of the fund contribution agreement.</p>	<p>Ketraco had not been involved on the issue of contribution to the Kenya Energy Environment and Social Responsibility Programme Fund. However in the meantime Ketraco has continued to support tree planting activities in designated areas as directed by the government hence this is an initiative geared toward environment and social responsibility.</p>	Ongoing	June 2025
6.0	Project Field Verification				
6.1	Nanyuki-Rimuruti Underground Cable Project	<p>Management contracted a consortium of Chinese companies on the 24 March, 2022 to undertake design, supply and erection of 132KV underground cable for Approximately 16.8 Km section of Nanyuki - Rumuruti Transmission Line and 4.2 Km section of Nanyuki - Isiolo Transmission Line at a contract price of USD 14,307,500 and Kshs.393,930,589 with a duration of 12 months from the effective date 22 May, 2022.</p> <p>Review of loan ledger indicates payment to one of the Consortium Companies amounting to</p>	<p>The foreign engineers received registration with Engineers board of Kenya (EBK).Currently the work progress is at 78.3 % completion. The project progress is on course and is expected to be completed on time as at 30 December 2025 as per the current contract extension.</p>	Ongoing	December 2025

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		<p>Kshs.421,105,644 through payment voucher number 121 and 142 dated 12 April, 2023, 28 June, 2023 and 8 November, 2023 with regards to advance payment.</p> <p>Project status report provided for audit shows that the project commenced on 22 May, 2023 and was supposed to be completed by 21 May, 2024. However, there was an addendum signed on 8 November, 2024 extending the completion date to 30 June, 2025.</p> <p>Project status report provided indicated the project is 19.65% completed. Audit project verification carried out in December, 2024 revealed that the contractor had mobilized the equipment, civil works had started and trench of around 700 meters had been done, however, cable laying had not started.</p> <p>Further, during the project verification it was established the contractor had stopped the works due to failure to register with the Engineering board of Kenya (EBK). With the set completion date of 30 June, 2025, it's unclear if the contractor will meet the targeted timelines.</p> <p>In the circumstances, value for money on expenditure made in respect of the project could not be confirmed</p>			
6.2	Stalled Lessos — Tororo Kenya Uganda Interconnector Line	<p>Management contracted a South Africa Company for construction of 400KV Lessos - Tororo Transmission Line and extension of an existing substation at Lessos on 16 April, 2013 for contract price of EURO 15,474,158.00 and for Lot A and EURO. and Kshs.357,846,741.10 for Lot B involving</p>	<p>An arbitration case was filed and the courts awarded the contractor compensation against Kenya Electricity Transmission Company Limited, appeals were made up to supreme court, the court ruling upheld the award and the escalation in the compensation is as a</p>	Ongoing	December 2025

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		<p>construction of 400KV the Lessos Tororo electricity transmission line and extension of an existing substation at Lessos respectively. The contract was terminated on 25 April, 2016, after which the matter was referred to arbitration as where the contractor was awarded EURO.30,887,820.39 plus interest of EURO.6,477,870.77 which continues to attract further interest of 12% per annum from the date of award on 30 September, 2019 until full payment. The project status report as at 30 June, 2024 indicated that the transmission line overall completion was at 37% while the substation works were 55% complete. In addition, 98% of transmission materials had been manufactured and shipped while manufacturing and shipping of substation materials were 87% complete. Field inspection carried in December, 2024, revealed the project has remained as it was in previous financial year and nothing is going on at the substation. At the time of audit in December 2024, eight (8) years from the date of termination of the contract, Management was yet to secure a new contractor to complete the project. In the circumstances, the value for money incurred in the project could not be confirmed</p>	<p>result of accrued interest at the prevailing interest awarded. Government of Kenya through the Ministry of Energy appointed a committee to negotiate a settlement agreement to be reviewed by the office of the Attorney General. The multi-agency committee has representatives from Energy and Petroleum Regulatory Authority (EPRA), National Treasury, Office of Attorney General and KETRACO. The outcome of the negotiations will determine the liability payable.</p> <p>Once the settlement is agreed the contractor will lift the court injunction currently in effect, KETRACO will procure another contractor and finalize the pending works on the project, therefore realize the value for money.</p>		
6.3	Namanga Substation	<p>Field verification carried out in December, 2024 revealed that there was lack of an access road to Namanga sub-station which poses significant challenges and risks. Similarly, there was no reliable route, of which routine maintenance and emergency response are severely hindered, leading to potential delays in addressing technical faults or security incidents. This situation increases the vulnerability of the sub-station to extended downtime, disruptions, such as response teams may struggle to reach the site promptly.</p>	<p>The company has already repaired the access road.</p>	Resolved	December 2025

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		<p>Additionally, the absence of proper access complicates the transportation of essential equipment or materials needed for repairs, further jeopardizing the station's functionality and reliability. Ensuring adequate access is essential to safeguard operational continuity and mitigate risks to critical systems.</p> <p>In the circumstances, the extended downtime during emergencies inability to respond promptly to emergencies, such as equipment failures, security breaches, or natural disasters, which can lead to prolonged service interruptions.</p>			
7	Land Without Titles	<p>Review of the fixed asset register revealed Substations carried at a cost of Kshs. 14,337,478,859. However the SSs were constructed in land owned by related entities.</p> <p>In the circumstances, effective control and use of the facilities located in land owned by other entities could not be confirmed</p>	<p>The land title deeds as per Appendix 1 are not included in the Fixed Asset Register. Where the company has built its substations on shared assets, it only recognizes the cost of constructing the substation exclusive of land cost. The extract of freehold land included in the Fixed Asset Register had been provided.</p>	Resolved	June 2025
8.0	Delays in Transfer of Energy Dispatch System Operator	<p>As previously reported, on 14 January, 2022, the Energy and Petroleum Regulatory Authority through a gazette notice designated the Kenya Electricity Transmission Company Limited (KETRACO) as the System Operator, responsible for matching consumer's requirements or demand with electrical energy availability or supply, maintaining electric power system security and arranging for the dispatch process. However, as at the time of concluding the in December 2024, KETRACO was yet to take over the role from Kenya Power and Lighting Company, more than two years after the gazette notice was published and does not look to take over its mandate within the near future.</p>	<p>The Company has a competent and experienced engineer in charge of System Control & Market Operations (SCMO) Department at the level of a Senior Manager. This is the department in KETRACO to uptake the System Operator function upon hand over by KPLC.</p> <p>The company also has a competent and experienced engineer in charge of SCADA & Telecommunications Department, at the level of a Manager. By the time the Regulator designated KETRACO as the SO in December 2021/January 2022, the following scenario/status was subsisting in the energy sector:</p>	Not Resolved	December 2025

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		<p>Further it was noted that the Company may not have the capacity to take over the role as it lacks the infrastructural and technical capacity to perform the role as presently constituted.</p> <p>In the circumstances, the entity was in breach of the law.</p>	<p>(i)KETRACO was in the pre-project stage of the establishment of a new state of the art National System Control Centre (NSCC). The regulator had in October 2021, following the recommendations of the Presidential Task Force on the Review of Power Purchase Agreements, instructed KETRACO to cease the NSCC development pending its official designation of a System Operator. Copy of letter attached.</p> <p>(j)In its letter to KETRACO designating it the System Operator, the Regulator lifted the embargo on the NSCC development (refer item (i) above and advised KETRACO to expedite the process. The letter of designation recognized that the function of System Operator was already existing in the sector and executed within KPLC. The designation directed its TRANSFER/TRANSITIONING from KPLC to KPLC in adherence to the Energy Act's provisions. KETRACO was then technically to create a parallel System Operation function to KPLC's. The logic/implication here is that the function would move with its staff and relevant financial resources. If this would not be the case, then KETRACO would, even after completing its facility now under development, would need to hire a Consultant to run the system with inexperienced staff for at least some 2 years (the System Operators at NCC would not willingly and adequately offer a training ground for a parallel set of KETRACO operators who would in turn basically render them jobless!)</p>		
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			<p>(k) All key staff from KPLC's NCC were therefore foreseen to move along with SO function to whichever entity were to be designated SO in the spirit of best utilisation of available sector/national resources to minimize the cost of transition.</p> <p>(l) Joint multi-departmental officers of KPLC and KETRACO, appointed by respective MD/CEOs, discussed at length and agreed on modalities for temporal utilisation of KPLC's NCC facility (office/room space) until KETRACO commissions its new NSCC (expected in 2027).</p> <p>(m) The joint KPLC/KETRACO team also agreed on how to share the central SCADA system maintenance costs since the system supports both distribution (KPLC) and transmission (KETRACO) networks.</p>		
		Report On Effectiveness Of Internal Controls			
1.0	Security of Transmission Assets	<p>A review of Management reports on security of KETRACO assets for the year under review revealed that the Company had recorded and had an exposure risk of vandalism and theft. Despite the company owning critical assets, adequate funds had not been allocated to mitigate identified security and vandalism threats.</p> <p>In addition, Management had not put in place an integrated security system to monitor the security risks identified.</p> <p>Further, it was noted that most substations were not guarded by CIPU officers, CCTV Surveillance system not in all substations and the company lacked Biometric access controls. Due to this weakness, KETRACO has</p>	<p>Mapping of all Ketraco installations has been undertaken and appropriate Security controls have been put in place depending on the criticality of each facility. More controls continue to be put in place based on the threat levels of each installation and resources allocated each Financial Year.</p> <p>Ketraco currently has deployed CIPU officers in critical substations to supplement security guards. In addition to the deployment of armed security (CIPU officers) Ketraco has installed CCTV cameras in critical substations with a view to harnessing integrated security management systems once all the substations are covered. The same will be</p>	Not resolved	June 2025

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		experienced numerous vandalisms and theft in the year. In the circumstances, the existence and adequacy of appropriate security controls and response mechanisms could not be confirmed.	linked to the National system control center where the national security surveillance Centre will be hosted.		
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Appendix II: Projects implemented by Kenya Transmission Company Ltd

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)
Exim Funded Projects	KETRACO/PT/010 /2012-LOT 1A	Exim Bank of India	12 years	USD 61,600,000	Yes	Yes
	KETRACO/PT/010 /2012-LOT 1B					
	KETRACO/PT/010 /2012-LOT 3A					
	KETRACO/PT/010 /2012-LOT 3B					
Olkaria-Lessos-Kisumu TL	KETRACO/PT/005 /2014-LOT 1	JICA	5 years	JPY 12,410,000,000	Yes	Yes
	KETRACO/PT/005 /2014-LOT 2					
	KETRACO/PT/005 /2014-LOT 3					
Nanyuki-Isiolo-Meru TL	MOE-P4-2011	KBC Bank, Belgium/ GOK	13 years	EUR 14,525,190.37	No	Yes
Sondu-Homabay-Ndhiwa- Awendo	MOE 2/11/2012	KBC Bank, Belgium/ GOK	13 years	EUR16,000,000	No	Yes
Kenya Power Transmission Expansion Project	MOE&P/KPTEP-01-2015	EXIM Bank of China	8 years	RMB 677,068,226	No	Yes
Mariakani Substation	KETRACO/PT/017/2014	ADB	6 years	EURO 14,310,610	Yes	Yes
		ADB		UAC 5,572,721	Yes	Yes
Mombasa-Nairobi	KETRACO/1/6/09-LOT 1	AfDB	9 years	UA 30,386,965.42	No	Yes
	KETRACO/1/6/09-LOT 2	EIB		EURO. 60,000,000		
	KETRACO/1/6/09-LOT 3	AFD		EURO. 60,000,000		
Nairobi Ring (Suswa – Isinya and substations)	KETRACO/PT/017/2011	AFD	12 years	EURO. 78,500,000	Yes	Yes
	KETRACO/PT/15/2015		12 years	EUR 11,555,046.00	Yes	Yes
			12 years	EUR 9,793,644.00	Yes	Yes
			12 years	EUR 25,474,893.00	Yes	Yes
Lessos - Tororo (Equitorial Nile lake grids)	KETRACO/PT/007/2012	AfDB	12 years	UA 21,416,407.12	No	Yes
	KETRACO/PT/013/2012.					
Eastern Electricity Highway	KETRACO/PT/011/2016	IDA,	11 Years	USD 441M	Yes	Yes

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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)
		ADB,	6 Years	UAC 72M	Yes	Yes
		AFD	6 Years	EUR 91M	Yes	Yes
Garsen Hola Garissa	MOE-CAMCE-01-2012	EXIM CHINA	3Years	RMB 584M	No	Yes
Nyahururu – Nanyuki	KET/2/9/4/98	ADB	9 YEARS	USD 15,191,617.89	No	Yes
	KET/2/9/4/98	ADB	9 YEARS	KShs 547,699,840.98	No	Yes
Lessos – Kabarnet	KET/2/9/4/99	ADB	9 YEARS	USD 10,028,916.1	No	Yes
	KET/2/9/4/99	ADB	9 YEARS	KShs 403,309,135.14	No	Yes
Olkaria – Narok	KET/2/9/4/101	ADB	9 YEARS	USD 14,273,214.76	No	Yes
	KET/2/9/4/101	ADB	9 YEARS	KShs 18,480,440	No	Yes
Bomet – Sotik	KET/2/9/4/102	ADB	9 YEARS	USD 15,506,935.74	No	Yes
	KET/2/9/4/102	ADB	9 YEARS	KShs 18,480,440	No	Yes
Kitui - Mwingi - Wote - Sultan Hamud	KET/2/9/4/43	ADB	9 YEARS	USD 2,975,932	No	Yes
Ishiara – Kieni – Embu	KET/2/9/4/43	ADB	9 YEARS	KShs114,500,975	No	Yes
Kindaruma – Mwingi- Garrissa	COMPLETED	IDA	8 YEARS	USD 16,121,959.98	No	Yes
Eldoret – Kitale	completed	IDA	8 YEARS	USD 7,831,951.81	No	Yes
Kisii – Awendo	COMPLETED	IDA	8 YEARS	USD 6,758,413.78	No	Yes
Loiyangalani – Suswa Tl	KET/2/9/4/34	SPAIN/GOK	7 YEARS	EURO 142,038,152	No	Yes
Loiyangalani – Substation	KET/2/9/4/45	SPAIN/GOK	7 YEARS	EURO 4,364,977	No	Yes
Rabai – Malindi – Garsen – Lamu	KET/2/9/4/72	GOK	7 YEARS	EURO 7,962,869	No	Yes
		Exim Bank of China	6 YEARS	RMB 636,600,105.57	No	Yes
Kenya - Tanzania Power Interconnector	KET/2/9/4/282	ADB	8 YEARS	USD 26,210,673	Yes	Yes
Kamburu Embu Thika	KET/2/9/4/122	ADB	7 YEARS	USD 90,286,383	No	Yes

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Appendix III: 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	Total Transfers	
				Capital Fund KShs	Others - External Financiers- KShs
Ministry of Energy	13.11.2024	Development	219,200,000	219,200,000	-
Ministry of Energy	27.01.2025	Development	975,864,140		975,864,140
Total			1,195,064,140	219,200,000	975,864,140

