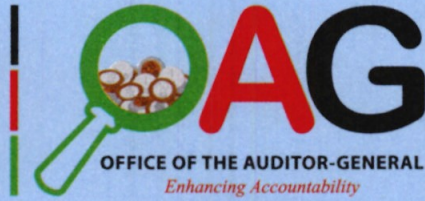


REPUBLIC OF KENYA



REPORT

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ON

EXPORT PROCESSING ZONES AUTHORITY

FOR THE YEAR ENDED 30 JUNE, 2025

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 11 FEB 2026	DAY: WEDNESDAY
TABLED BY:	LEADER OF MAJORITY PARTY (HON. KIMANI ICHUNGWATH)
CLERK-AT THE-TABLE:	J. LEMERELLE



EPZA
EXPORT PROCESSING
ZONES AUTHORITY | **KENYA**
Your Investment & Trade Partner

EXPORT PROCESSING ZONES AUTHORITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDING
30TH JUNE 2025**

**Prepared in accordance with the Accrual Basis of Accounting Method under the International
Public Sector Accounting Standards (IPSAS)**

Export Processing Zones Authority
Annual Reports and Financial Statements
For the year ended June 30, 2025

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1. ACRONYMS, ABBREVIATIONS AND GLOSSARY OF TERMS

A: Acronyms and Abbreviations

CEO	Chief Executive Officer
CBK	Central Bank of Kenya
EPZA	Export Processing Zones Authority
GM	General Manager
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
WB	World Bank

B: Glossary of Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organisation

Comparative Year- Means the prior period.

2. KEY EPZA INFORMATION AND MANAGEMENT

(a) Background information

The Export Processing Zones Authority (EPZA) was established under the EPZ Act (Cap 517) on 23 November, 1990 for the promotion and facilitation of export-oriented investments and the development of an enabling environment for investment in the export sector. EPZA is domiciled in Kenya and its head office located at the Athi River Export Processing Zone. It has regional offices in Mombasa and Kisumu Cities.

EPZA, being a state corporation, is governed by The State Corporations Act (Cap 446) in addition to the EPZ Act of the Laws of Kenya. It thus adheres to the rules and regulations stated in both Acts in addition to other relevant laws. EPZA is provided with general direction by a board comprising 14 members appointed from both private and public sectors. The board is headed by a chairman from the private sector, appointed by His Excellency, the President.

The day to day operations of EPZA are managed by a staff of 169 headed by the Chief Executive Officer, hereafter referred to as CEO, who is appointed by the Cabinet Secretary for the Ministry responsible for Industry, on recommendation by the Board. The CEO is charged with the direction of the affairs and transactions of EPZA, the exercise, discharge and performance of the Authority's objectives, functions and duties, and the administration and control of the employees of the Authority.

To discharge its mandate and functions effectively, the EPZ Authority has been structured into various directorates, departments, sections and units. The directorates and departments report directly to the CEO and are headed by General Managers and managers respectively.

The directorates are: Operations and Investor Support; Investment and Corporate Communications; Research, Strategy and Compliance; Commercial and Technical Services; Finance, HR and Administration while departments are Corporate and Legal Services; Supply Chain Management and Internal Audit.

(b) EPZA Principal Activities

The principal objectives of the Authority are:

- a) The development of all aspects of the export processing zones with particular emphasis on provision of advice on the removal of impediments to, and creation of incentives for, export-oriented production in areas designated as export processing zones.
- b) The regulation and administration of approved activities within the export processing zones, through implementation of an administrative system in which the export processing zone enterprises are self-regulatory to the maximum extent.
- c) The protection of Government revenues and foreign currency earnings.

Vision Statement

The Preferred Globally Competitive Zones for Export-Oriented Investments.

Mission Statement

Develop, promote, regulate and administer incentivized export-oriented investment zones for sustainable development.

Core Values

Teamwork

Integrity

Transparency

Accountability

Tag Line

Your Investment & Trade Partner

(c) Key Management

The Authority’s day-to-day management under the following key organs:

- Board of Directors;
- Chief Executive Officer; and
- Management

(d) 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.	Chief Executive Officer	Mr. Richard Omelu
2.	General Manager, Commercial & Technical Services	Mr. Peter Mutui
3.	General Manager, Operations& Investor Support	Ms. Alice Atogo
4.	General Manager, Investment & Corporate Communications	Ms. Claire Terigin
5.	General Manager, Finance, HR & Administration	Mr. Denis Kinyua
6.	General Manager, Supply Chain Management	Mr. Hussein Mohamed
7.	Corporate Secretary and Manager Legal Services	Ms. Meyner Ashitiva
8.	Manager, Human Resource & Administration	Ms. Jackline Leitich
9.	Manager, Internal Audit	Mr. Jorum Ngunyi
10	Manager, Finance & Accounts	Mr. Charles Koech

(e) Fiduciary Oversight Arrangements

The Board has delegated some of its mandate to Board Committees. There are four standing committees of the Board which meet independently i.e. Board Audit Committee, Finance Board Committee, Human Resource & Administration Board Committee and Strategy Investments & Special Projects Committee.

Board Audit Committee

The functions of the Board Audit Committee will include: -

- To review the scope and planning of the audits;
- To review the Annual Financial Statements of the Authority, focusing particularly on:
 - (i) Compliance with Government Financial Regulations, International Accounting Standards, other legal requirements and best practice;
 - (ii) Significant adjustments arising from the audit
 - (iii) Any changes in accounting policies and practices;
- To discuss interim and final audits, management letter and any matter the external auditor(s) (Office of the Auditor General) may wish to discuss;
- Any other functions that the Authority may decide from time to time that are incidental or conducive to the attainment of the objectives of the Authority.

Finance Board Committee

The functions of the Finance and Staff Committee will include: -

- To approve and maintain budgetary systems of the Authority;
- To oversee financial reporting process and Authority's system;
- To review and recommend to the Board approval of the Annual Procurement Plan
- To receive and review quarterly procurement reports and recommend to the Board approval of the reports
- To approve and give recommendations on borrowings by the Authority;
- To review and recommend to the Board as appropriate all matters pertaining to the preparation of capital budgets;
- To monitor all major capital project
- Monitor the financial reporting process to ensure compliance with all regulatory returns, and reports as required to be made to Government;
- To approve recommendations on Terms and Conditions of Employment in the Authority, recruitment functions and staff appraisals;
- To ensure that effective management succession planning and management development plans are in place;
- To approve programmes and policies involving the overall compensation of employees and Authority's collective bargaining agreement;
- To receive and review quarterly reports on Human Resource at the Authority

Human Resource and Administration Board Committee

The functions of the Strategy, Operations and Investments Committee will include: -

- Continually examine the EPZA's structure, core functions, staff establishment and if necessary, make proposals for harmonization and rationalization in order to eliminate possible wastage arising from redundancy, overlaps and duplications;
- Examine the policy and procedures on employment and staff promotion;

- Examine the procedures for assessment of needs for employment, staff development and procedures, staff training for operational efficiency and capacity enhancement for further development.
- Examine and review the terms and conditions of service;
- Examine the adequacy of the performance and reward system;
- Examine and review the staff welfare policy and inter-station activities;
- Review the Collective Bargaining Agreement proposals (if any) and make recommendations for broad guidelines; and
- Propose innovative ideas for transformation of the Authority into a world-class enterprise and employer.

Strategy, Investments and Special Projects Board Committee

The functions of the Strategy, Operations and Investments Committee will include: -

- To adopt a strategic planning process and provide leadership in setting the Authority's strategic Direction;
- To review and recommend for the Board's approval the Authority's 5-year Strategic plan, objectives, budgets, performance indicators, business plans, annual work plans and Performance contracts established to achieve them;
- To review and monitor corporate performance against approved targets and measures;
- Review, approve or recommend to the Board as appropriate all matters pertaining to the preparation of performance contracts
- To receive, review and recommend the approval of the board the quarterly performance contract reports
- To ensure policies and processes are in place for effective communication with the Government, other stakeholders and the public;
- To approve and monitor compliance with significant policies and procedures which have a material impact on the operations of the Authority;
- Monitor and approve or recommend to the Board as appropriate all matters relating to maintenance of physical assets of the Authority and leasing;
- Policy Issues that affect EPZs, Free Zones and Economic Zones worldwide and investment including the World trading system – W.T.O., AGOA and Regional groupings including COMESA and E.A.C.,
- To make proposals to Government for enhancement of the EPZ programme;
- To develop a programme to promote the participation of indigenous Kenyans/small and medium size enterprises in the EPZ programme;
- To develop the Incubator project in the EPZ programme;
- To develop linkages between the EPZs and the domestic market including sourcing raw materials, packaging materials and supplies, matters related to technology/development sourcing and training linked to skills required in EPZs;
- To develop and monitor all Authority's promotion Public Relations and marketing policies and strategies;
- To advise the Board on emerging threats and opportunities from the changing environment, based on market analyses;
- EPZA's Advisory role to government on the development of the EPZ programme.
- EPZA's implementation of policies and programmes of Government in respect of development of EPZs;
- Any other functions that the Authority may decide from time to time that are incidental or conducive to the attainment of the objectives of the Authority.
- Human Recourse and Administration Committee
- Review and formulate on behalf of the Board Human Resource Policies of the Company;
- Identify best practices with regard to Staff development and relations;

- Identify and recommend to the Board the recruitment of senior management level staff;
- Any other business directed by the Board or relevant to the mandate of the Committee;
- Report at regularly scheduled Board Meetings on matters coming before the Committee

(f) EPZA Headquarters

Administration Building, Viwanda Road,
Off Nairobi-Namanga Highway,
Athi River, Kenya
P.O. Box 50563,
Nairobi 00200, Kenya.

(g) EPZA Contacts

Telephone: ISDN +254-45-6621000
VoIP Lines: 020-7606040/3
Cell phone: Safaricom: 0713-051172/3 Airtel: 0786-683222/0733-683222
E-mail: information.desk@epzakenya.com
Website: www.epzakenya.com

(h) EPZA Bankers

National Bank of Kenya
Haile Selassie Avenue
P.O. Box 45219-00100
Nairobi, Kenya

Kenya Commercial Bank
Kajiado-Namanga Road
P.O. Box 126-00242
Kitengela, Kenya

Housing Finance
Rehani House, Kenyatta Avenue/Koinange Street
P.O. Box 30088-00100
Nairobi, Kenya

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

3. THE BOARD OF DIRECTORS

No	Director's passport-size photo and name, and key profession/academic qualifications	Concise description of each Director's date of birth, Key qualifications and work experience
1	 <p>Richard K. Cheruiyot EPZA Chairman LLB and LLM</p>	<p>Mr. Richard Cheruiyot is the Board Chairman of the Export Processing Zones Authority (EPZA). Born on 26th September 1974, Mr Cheruiyot holds a Master's degree in International Trade and Investments law from the University of Nairobi. He is an Advocate of the High Court of Kenya, Notary Public and Commissioner of Oaths, with a wide experience specializing in commercial law, conveyancing, International Trade and investment law among other related fields.</p> <p>He is a registered real estate agent, investment advisor, a real estate developer and a consultant. Mr Cheruiyot is the founder of Allan & Bradley company Ltd, Chepsoo Medical Centre and The White Crescent Hospitals. He is Passionate about making Kenya a preferred Export based manufacturing hub and destination.</p>
2	 <p>Abubakar Hassan Abubakar Principal Secretary-State Department of Investment Promotion, MBA (Strategic Management), CPA-K, CPS-K, CFE, CIFA</p>	<p>Abubakar Hassan Abubakar, is the Principal Secretary, State Department of Investment Promotion in the Ministry of Investment, Trade and Industry. He is a holder of a master's degree in Business Administration (Strategic Management) as well as a Bachelor's Degree in Law both from the University of Nairobi. He is an Advocate of the High Court of Kenya, Certified Public Accountant, Certified Public Secretary, Certified Fraud Examiner, and Certified Investment & Financial Analyst and holds a Certification in the Management of Banking Risks. Abubakar is a Member of the Law Society of Kenya (LSK), Member of the Institute of Certified Public Secretaries of Kenya (ICPSK), Member of the Association of Certified Fraud Examiners (USA) and Member of the Disciplinary Committee of the Institute of Certified Financial Analysts (ICIFA)</p> <p>PS Abubakar has wide experience in financial markets investigations, corporate due diligence, corporate governance and corporate resolutions. Before his appointment, PS Abubakar worked with Capital Markets Authority, he was engaged in Swaleh & Co Advocates, Grant Thornton Auditors, Central Bank of Kenya and Kenya Deposit Insurance Corporation</p>
3	 <p>Gertrude Nguku – Advocate Master of Advanced Studies in Peace & Conflict Resolution</p>	<p>Ms. Gertrude Nguku is the Vice Chair, National Lands Commission and an Advocate of the High Court. She has an interdisciplinary Master of Advanced Studies in Peace and Conflict Studies with focus on development, management and implementation of government programs to resolve land conflicts and other social justice issues. She has extensive experience in land policy, management and related dispute resolution. She has advised governments in Africa, Asia and Europe and is recognized as an expert legal and judicial security reform advisor for the United Nations Peacekeeping Missions Operations for appointment on availability as projects arise. She has excellent grasp of issues of Kenyan procedural and substantive land law gained as a defence lawyer who has represented public and private clients during litigation and arbitration of complex land cases and other criminal and civil cases for over 11 years. She has consulted extensively in Kenya including for People for Peace in Africa to address land disputes and for Kenya Chapter of International Commission of Jurists (ICJ) to research and present seminars for streamlining human rights in judicial processes and a vast experience in other areas relating to law.</p>

4	 <p>Dr. Lydia Ndirangu Economist PhD (Development Economics)</p>	<p>Dr. Lydia Ndirangu is the representative of the Governor, Central Bank of Kenya at the Board. Born in 1966, Dr. Ndirangu holds a PhD in Development Economics and she is an Assistant Director, Research Department at Central Bank of Kenya. Dr. Ndirangu has over 30 years' experience in Research, Public Policy and Analysis.</p>
5	 <p>Willy Kenei BSC (Biochemistry)</p>	<p>Mr. Willy Kenei is a member from the private sector representing Kenya National Chamber of Commerce and Industry. Born on 9th July 1976, Mr. Kenei holds a Degree in Science (Biochemistry) from Jomo Kenyatta University of Agriculture and Technology. He is a quality focused management and leadership professional with skills in general business operations, business development, Project management and financial administration. He has worked in various roles in different pharmaceutical organizations rising to the level of a Director and has enjoyed more than 20 years' experience in the field of Biochemistry. He is currently the Chairman KNCCI Uasin Gishu County.</p>
6	 <p>Miriam Bomett Advocate, LLM</p>	<p>Ms. Miriam Bomett is an Advocate of the High Court of Kenya and the Deputy Head of Policy, Research, and Advocacy at the Kenya Association of Manufacturers. She holds a master's degree in law from the University of South Africa and a bachelor's degree in law from Moi University in Kenya. She oversees regulatory advocacy, and research, and coordinates engagement of manufacturing sectors at the Association on tax, trade, and sustainability matters. She has certification in several areas including tax, Industry and Trade Competitiveness, Trade Facilitation, trade competition, leadership, legislative drafting, court trial advocacy, dispute resolution, and environmental governance. Miriam is passionate about influencing public policy to foster economic growth and drive positive social change. She brings extensive work experience to EPZA Board on public policy, legislative advocacy, business regulatory compliance, among other from diverse sectors.</p>
7	 <p>James Ndege MPPA</p>	<p>Mr. James Ndege is the representative of Commissioner General, Kenya Revenue Authority. James Ndege is an industrious, self-motivated team player with leadership strengths. He holds a Master's in Public Policy & Administration from Kenyatta University and a Bachelor's in Statistics from Moi University. He has attended various professional training programs, including Senior Management Leadership at Strathmore University Business School. Currently, he serves as the Chief Manager of Cargo Monitoring at the Kenya Revenue Authority.</p>

8	 <p>Francis Amuyunzu BBA and MBA</p>	<p>Mr. Francis Amuyunzu is the Alternate Director of the Cabinet Secretary, National Treasury. Francis Amuyunzu is a highly qualified accountant with extensive experience in financial management. He holds BBA and MBA degrees both from Kenya Methodist University. He has also achieved CPA K professional certifications.</p> <p>Throughout his career, Amuyunzu has demonstrated his expertise through various roles and accomplishments. He currently serves as the Senior Deputy Accountant General and Head of the Accounting Unit in the Pensions Department at The National Treasury and Economic Planning.</p>
9	 <p>John Mwendwa, OGW</p>	<p>John Mwendwa, is the CEO of the Kenya Investment Authority (KenInvest), has over 20 years of experience in both public and private sectors. He holds a Master's degree in Finance from Strathmore University and a Bachelor's degree in Commerce from Kenyatta University, complemented by executive training from the University of Oxford and Harvard University. Mwendwa is a member of the Chartered Institute for Securities & Investments (CISI, UK) and the Kenya Institute of Management (KIM)</p> <p>He has worked across the Ministries of Investments, Trade & Industry, East African Community and Industrialization and Enterprise Development. Additionally, he served at the President's Strategy & Execution Office.</p>
10	 <p>Grace Nzula BA - Journalism and Media Studies CHRP (K), CPM</p>	<p>Ms Grace Nzula is a member from the private sector. holds a Bachelor of Arts (Journalism and Media Studies) from the University of Nairobi and is currently pursuing Master of Science (Human Resource Management) at Moi University. Ms Nzula is an Experienced Human Resources professional specializing in Winning People and Culture (P&C) Strategies, Organization Learning & Development, Tailored (P&C) practices, Training, Compliance, and Employee Relations initiatives. She has over 12 years of experience in repeated success implementing best practices and building successful (P&C) Strategies and departments from the ground up.</p> <p>Ms Nzula chairs the Human Resource and Administration committee.</p>
11	 <p>Geoffrey Omenke Advocate, LLB</p>	<p>Mr. Geoffrey Omenke is a member from the private sector. Born in 1983, he holds Bachelor of Law from University of Nairobi and currently pursuing Bachelor of public policy & Administration at Kisii University. Mr Omenke is the Managing partner of Omenke Andeje & Co. Advocates and an advocate of High court</p> <p>Before joining EPZA Board, Mr Omenke had worked with Career Directions Ltd (CDL) as the legal service manager, MFI Group as the legal manager and National Cereals and Produce Board (NCPB).</p> <p>Mr. Omenke chairs the Strategy, Operations and Investments Committee.</p>

<p>12</p>	 <p>Joe N. Muriuki MBA Finance Concentration/ Business Management</p>	<p>Mr. Joe N. Muriuki is a member from the private sector. Born in 1959, Mr Muriuki is holder of Bachelor of Administration in Accounting/Business Management from Metropolitan University, Minnesota, USA and MBA in Finance Concentration/Business management from the same university. Mr Muriuki has held senior positions for over 40 years in reputable organizations in the world. He was very resourceful in setting accounting systems, putting in place systems of internal control, developments & implementation of organizational/operational strategies among other management aspects.</p> <p>Before joining EPZA Board, Mr. Muriuki had worked with many organizations amongst which are Kirinyaga County as County Secretary and head of public service, Rift Valley Railways (Kenya & Uganda), Central E.A Railways, NAFC Corporation-South Africa, Divine Schools-Kenya Africa Banking Corporation, Africa International insurance ltd.</p> <p>Mr. Muriuki chairs the Finance Board Committee.</p>
<p>13</p>	 <p>CPA Dorothy Chepkoech MBA(Finance), CPA (K), CIA, CRMA</p>	<p>CPA Dorothy Chepkoech is a member from the private sector. She holds a MBA Finance from University of Nairobi and BCom Finance from Kenyatta University. She is a Certified Public Accountant – CPA (K), Member of Institute of Certified Accountants of Kenya (ICPAK), Certified Internal Auditor (CIA) among others. CPA Dorothy, is the Managing Partner at Dorte & Associates; a GRC and business consulting firm. CPA Dorothy chairs the Audit Committee for Kericho County Government (Executive) and was formerly a Governor at the Institute of Internal Auditors-Kenya, (IIA-K) where she chaired the Advocacy & Public Policy Committee. CPA Dorothy is a seasoned Banking, Risk, Audit and Compliance professional who brings onboard leadership, board and management experience. She is passionate about effective Corporate Governance.</p> <p>CPA Dorothy chairs the Board Audit Committee.</p>
<p>15</p>	 <p>Richard Ipero Omelu Chief Executive Officer MBA-Strategic Management</p>	<p>Mr Omelu is the Chief Executive Officer at EPZA. Born on 11 April 1982, Mr. Omelu holds Master’s Degree in Business Administration Strategic Management from Moi University, Bachelor of Commerce (Finance option) from The University of Nairobi and a member of the Institute of Risk Management. He has diverse experience in the private and public sector. He is the immediate former Director Strategy, Planning and MSE Coordination in Micro and Small Enterprises Authority in the State Department for MSME Development, Ministry of Cooperatives and Micro, Small and Medium Enterprises Development.</p>
<p>16</p>	 <p>Meyner Ashitiva LLM Commercial Law Corporate Secretary & Manager Legal Services</p>	<p>Ms. Meyner Ashitiva is the Manager Corporate Secretary and Manager Legal in the EPZA. She is an Advocate of the High Court of Kenya. Meyner holds LLB from Moi University and ELM Commercial Law from University of Cape Town and a Certified Public Secretary (CPS). She has vast experience in legal field having previously worked with Ethics and Anti-Corruption Commission and Ashitiva Advocates LLP as Senior Associate.</p>

4. KEY MANAGEMENT TEAM

No	Passport-size photo, name, and key profession/academic qualifications	Main Area of Responsibility
1	 <p>Richard Ipero Omelu Chief Executive Officer MBA-Strategic Management</p>	<p>Mr Omelu is the Chief Executive Officer at EPZA. Born on 11 April 1982, Mr. Omelu holds Master’s Degree in Business Administration Strategic Management from Moi University, Bachelor of Commerce (Finance option) from The University of Nairobi and a member of the Institute of Risk Management. He has diverse experience in the private and public sector. He is the immediate former Director Strategy, Planning and MSE Coordination in Micro and Small Enterprises Authority in the State Department for MSME Development, Ministry of Cooperatives and Micro, Small and Medium Enterprises Development.</p>
2	 <p>Denis Kinyua GM-Finance, HR & Admin MSc-Finance & Investment, BCom- Finance, CPA-K, CIFA</p>	<p>Mr. Kinyua is the General Manager Finance, HR and Administration. Born in 1981, he holds MSc in Finance & Investment, Bachelor of Commerce (Finance), CPA (K), CIFA and a member of Institute of Certified Public Accountants. Kinyua has over 10 years in Finance and Accounting field. Previously worked in Pinnacle International Consulting Ltd and Centre for Development Consultants Ltd firms based in Nairobi Kenya specializing in Financial Consultancy, Investment, Management Accounting and Auditing. He joined Export Processing Zones Authority as an Assistant Accountant in August 2010 and served as an Accountant, Principal Accountant, Management Accountant and, as Manager Finance & Accounts</p>
3	 <p>Peter Mutui GM-Commercial & Technical Services MA &BA(Economics), IPSAS, CPA-K, CCP-K, CIA</p>	<p>Mr. Mutui is the General Manager, Commercial & Technical Services. He holds MA in Economics from University of Nairobi and BA in Economics from Moi University, IPSAS, CPA (K), CCP (K). He is a member of both the Institute of Certified Public Accountants of Kenya (ICPAK) and the Institute of Credit Management of Kenya (ICM-K). Before his current appointment, he worked as assistant Manager, Finance and Accounts at EPZA. Mutui has over 10 years in Finance, Accounting and Audit field. Previously worked as an Accountant (EPZA), Audit Assistant at Mbai Ndeteni & Associates and in Equity Bank both as Relationship Officer and an Internal Auditor.</p>
4	 <p>Claire Terigin GM- Investment & Corporate Communications MCom Mrktg, PGrad DipMrktg, BComms (Advtg &Mkt)</p>	<p>Ms. Claire Terigin is the General Manager Investments and Corporate Communications. Claire has more than 15 years’ domestic and international experience in Marketing, Branding, Advertising and Communication; having worked in experiential marketing, hospitality, education and telecommunication industries. She holds a Bachelor of Communications in Advertising and Marketing from Edith Cowan University, Australia, a Postgraduate Diploma in Marketing and a Master of Commerce in Marketing from Curtin University, Australia. She is a member of Marketing Society of Kenya and Chartered Institute of Marketing. She has previously worked at Game Changer Marketing as an Account Director, Curtin University in Western Australia as a Marketing & Student Recruitment Advisor and in Sales, Marketing and Customer Management at Telstra and BP Australia</p>

5	 <p>Alice Atogo GM-Operations and Investor Support MBA, BA, CPS, CHRP(K), HDHRM</p>	<p>Ms Alice Atogo is the General Manager, Operations and Investor Support. She holds MBA in Finance and a BA in Economics and Sociology from Egerton University. She holds a CHRP (K), CPS. She holds a Higher National Diploma in Human Resource Management. She is a member of the Institute of Human Resource Management. She has 23 years of Experience in Management and HR practice.</p> <p>She has a vast experience in human resource management. Before joining EPZA, Ms Atogo worked with Ministry of East African Community as HR Officer, Lake Basin Development Authority as Human Resource Manager, and Commission of Revenue Authority as a HR Officer.</p>
8	 <p>Meyner Ashitiva LLM Commercial Law Corporate Secretary & Manager Legal Services</p>	<p>Ms. Meyner Ashitiva is the Manager Corporate Secretary and Manager Legal in the EPZA. She is an Advocate of the High Court of Kenya. Meyner holds LLB from Moi University and LLM Commercial Law from University of Cape Town and a Certified Public Secretary (CPS). She has vast experience in legal field having previously worked with Ethics and Anti-Corruption Commission and Ashitiva Advocatess LLP as Senior Associate.</p>
9	 <p>Benjamin Chesang Manager – Research, Policy & planning MA, BA (Economics)</p>	<p>Mr. Chesang is the Manager Research, Policy and planning. Born in 1965, he holds a BA in Economics and an MA in Economics. He has over 20 years’ experience in public policy and senior management.</p>
10	 <p>Hussein Adan Mohamed Head of Supply Chain MSC Procurement and Logistics</p>	<p>Mr. Hussein is the Head of Supply Chain and he holds an MSc. Procurement and Logistics from Jomo Kenyatta University of Agriculture and Technology (JKUAT), Bachelors of Business Management Procurement and Supplies Management from Mount Kenya University (MKU), Diploma in Purchasing and Supplies Management (MKU) and Certificate in Management from KIM. Mr. Hussein is an active member and co-opted council member of Kenya institute of supplies management (KISM) and holds a practicing license from the institute.</p>
12	 <p>Jorum Ngunyi Manager-Internal Audit MBA(Accounting), CPA(K), CSI</p>	<p>Mr. Jorum Ngunyi is the Internal Audit Manager. He holds MBA in Accounting, CPA(K), CSIA; a member of ICPAK and IIA, and has over 10 years of experience in risk management and auditing gained from Kenya National Audit Office, National Environmental Authority and Jomo Kenyatta Foundation.</p> <p>Mr. Ngunyi is in charge of internal audit, Risk management and assurance.</p>

5. CHAIRMAN'S STATEMENT

It is with great pleasure that I present the Annual Report and Financial Statements for the Export Processing Zones Authority (EPZA) for the financial year ended 30th June 2025. This report highlights our performance, achievements, and the challenges we have navigated over the past year. Our commitment to fostering a vibrant and competitive export environment has yielded significant results, contributing meaningfully to the national economy.

The past year has been a period of remarkable growth and consolidation for the EPZ program. The strategic initiatives we have implemented have had a direct and positive impact on job creation and economic growth.

Direct Employment: Direct employment within the EPZ program expanded significantly, increasing from 74,981 persons in the 2023/24 financial year to 87,050 persons in 2024/25. This growth, was driven primarily by the operation of new apparel EPZ enterprises, which underscores the program's vital role in providing gainful employment. The apparel sector remains a cornerstone of this success, accounting for over 80% of total employment.

Cumulative Investment: We have witnessed a substantial increase in cumulative investment, which now stands at Kshs 176.410 billion, up from Kshs 150.718 billion in the previous year. This impressive growth is a direct result of new firms entering the program and the strategic expansion of existing ones. These investments, in the form of machinery, equipment, funds, assets, and zone infrastructure, are a clear indicator of growing investor confidence in the EPZ program.

Trade and Local Sourcing: Our firms imported raw materials and machinery valued at Kshs 69.931 billion, an increase from Kshs 58.333 billion in the 2023/24 financial year. This reflects the growth in production activities within the zones. Concurrently, the value of local purchases has risen to Kshs 20.374 billion, up from Kshs 16.342 billion. This increase demonstrates our firms' commitment to integrating local suppliers into their production processes, creating a positive ripple effect throughout the domestic economy.

In line with the government's Bottom-Up Economic Transformation Agenda (BETA), the Authority, in conjunction with the Ministry of Investments, Trade and Industry (MITI), is at advanced stages of implementing four (4) flagship EPZ Manufacturing Hubs. These hubs are critical to supporting the governments agenda and will serve as catalysts for industrialization and job creation.

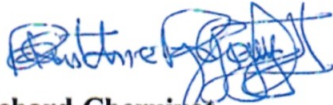
Furthermore, we have experienced a significant growth in investment demand across various manufacturing sectors, including agro-processing, textiles and apparel, pharmaceuticals, and leather products. To meet this demand, we are embarking on a major construction initiative to build over 3,083,812 square feet of industrial sheds. While this initiative did not yet receive the necessary budgetary allocation, we will continue to engage with the National Treasury and the National Assembly to secure funding to complete these important projects.

A key strategic initiative currently underway is the review of our legislative framework. This is being done in collaboration with the Special Economic Zones Authority (SEZA) to facilitate the merger of the two institutions, as directed by the National Treasury. This exercise is aimed at streamlining operations, eliminating bottlenecks, and enhancing the ease of doing business

for all our investors. The merger is poised to create a more efficient and unified framework for investment promotion.

In conclusion, I want to take this opportunity to express my gratitude to the Board of Directors for their strategic guidance and unwavering support. My sincere thanks also go to the management and staff of the Export Processing Zones Authority for their hard work, dedication, and resilience. Your commitment to our mission is the very foundation of our success.

Finally, I would like to extend my appreciation to our investors, stakeholders, and the government for their continued trust, partnership, and a good working relationship. We remain steadfast in our commitment to attracting and retaining export-oriented investments and trade, driving sustainable economic growth for our nation.



Richard Cheruiyot
Chairman Board of Directors

6. REPORT OF THE CHIEF EXECUTIVE OFFICER

I am delighted to present to you EPZ Authority's Annual report and financial statements for the year ended 30th June, 2025. This report provides a comprehensive review of our operational and financial performance, highlighting the key strategies implemented and their outcomes. During the year EPZA achieved significant milestones, growth, and forward-thinking initiatives, all aimed at fulfilling our mandate of attracting and retaining export-oriented investments and driving national economic growth.

Operating Results

The financial results for the period 2024/2025 demonstrate commendable progress in revenue generation alongside increased operational activity. Total revenue for the year amounted to Kshs. 907.4 million, representing a 22% increase compared to Kshs. 741.5 million recorded in the 2023/2024 financial year. The growth was mainly driven by a significant rise in non-exchange revenue, which increased by 58%, reflecting continued support from government and development partners in alignment with program priorities. Revenue from exchange transactions also recorded a steady growth of 5%, indicating resilience in core business operations. Despite the strong revenue performance, total operating expenditure increased substantially to Kshs. 963.4 million, up from Kshs. 698.7 million, representing a 38% increase year-on-year. The rise in expenditure was largely due to higher costs in goods and services, infrastructure repairs and maintenance activities, and statutory personnel expenses.

Performance of EPZ Programme

The broader EPZ program demonstrated mixed performance in the year ended 30th June 2025, as it navigated a challenging operating environment marked by a high cost of production.

Zone and Export Growth: The number of gazetted zones increased from 102 in 2024 to 107 in June 2025, indicating a continued expansion of the program's footprint. Our total exports saw a healthy growth, rising to Kshs 126.477 billion from Kshs 115.709 billion in the previous year. However, sales to the domestic market experienced a slight decline, standing at Kshs 1.642 billion compared to Kshs 1.791 billion in 2024.

Local Expenditure: A key highlight of the year was the significant increase in the expenditure on local goods and services. This figure rose by 25% to Kshs 61.610 billion, up from Kshs 49.049 billion in the 2023/24 financial year. This translates to an average of Kshs 5.134 billion being injected into the national economy monthly by EPZ firms. This substantial investment in local resources—including wages, raw materials, utilities, and transport—serves as a powerful stimulus for demand and growth in the domestic economy. This expenditure has fostered development in areas surrounding gazetted EPZs, such as Athi River, Kitengela, Changamwe, Mtwapa and Mombasa, leading to increased demand for social amenities and infrastructure.

Contribution to the National Economy: The EPZ program's contribution to the national economy continues to grow steadily, particularly due to the positive impact of the African Growth and Opportunity Act (AGOA).

Employment: Our contribution to total manufacturing sector employment rose to 24.36% in 2024/25, up from 20.87% in the previous year.

Manufacturing Output: The EPZ contribution to the manufacturing sector's output increased to 3.69% from 3.11% in 2023/24.

Manufacturing Output: The EPZ contribution to the manufacturing sector's output increased to 3.69% from 3.11% in 2023/24.

National Exports: EPZ exports now account for 11.63% of Kenya's total exports, an increase from 10.42% in the previous year.

Gross Domestic Product (GDP): The program's contribution to the national GDP at market price was 0.83% in 2024/25, a slight increase from 0.74% in 2023/24.

Operational Challenges

Despite our successes, several operational challenges continue to affect our investors' performance:

1. **High Cost of Doing Business:** The high cost of electricity, at **Kshs 20 per kWh**, remains a significant concern for EPZ firms, especially when compared to the preferential tariffs of Kshs 5 to 10 per kWh enjoyed by firms in Special Economic Zones (SEZs).
2. **Water Scarcity:** The Athi River zone faces an acute water shortage, receiving only 3 million litres daily against a demand of 10 million litres, forcing firms to buy water at inflated rates.
3. **Inadequate Industrial Sheds:** There is an estimated shortage of 3 million square feet of industrial space, particularly for readily built sheds, which many investors prefer for their reduced production costs and quicker setup times.
4. **Raw Material Supply:** Agro-processing enterprises face challenges with the inadequate supply of raw materials such as macadamia, avocado, and cashewnuts, a situation aggravated by the presence of brokers.
5. **Access to Finance:** Small and medium-sized EPZ enterprises struggle to access affordable financing, impacting their ability to meet operational obligations.
6. **AGOA Uncertainty:** The approaching expiry of the AGOA program in September 2025 has created anxiety among apparel investors, potentially affecting production and investment decisions.
7. **County Levies:** The imposition of levies and taxes, such as the cess on cargo by Mombasa County, increases the cost of doing business for firms exporting through the port.
8. **VAT Exemption Issues:** The VAT exemption letters issued by EPZA are not consistently recognized by local suppliers, forcing firms to incur the VAT component.
9. **Market Constraints:** The limited access to the East African Community (EAC) market, capped at 20% of total production, restricts the growth potential of EPZ firms.
10. **Institutional Funding:** The Authority continues to face inadequate funding, which delays the implementation of projects and programs.

Way Forward

To address these challenges, we are committed to the following actions and seek the necessary support:

- **Water Supply:** We are hopeful that the proposed Northern Collector Tunnel Water Project will increase water supply to the Athi River Zone.
- **Industrial Sheds:** We are constructing additional industrial sheds to meet the high demand, an initiative complemented by private EPZ developers. We urge the government to increase funding to the Authority to fast-track these projects.

- **Power Tariffs:** We will continue to lobby for a reduction in power costs for EPZ firms to be in line with those of SEZs, at a rate of Kshs 5 to 10 per kWh, to enhance their global competitiveness.
- **AGOA Renewal:** It is crucial for the government to fast-track AGOA renewal negotiations to alleviate investor anxiety and to diversify the range of products eligible under the program.
- **Raw Material Sourcing:** We will encourage agro-processing firms to enter into subcontracting agreements with local farmers to ensure a stable supply of raw materials and mitigate the negative impact of brokers.
- **Domestic Market Access:** We are pushing for an increase in the allowable percentage of domestic sales for EPZ firms, especially within the East African Community (EAC). The 49% for EAC and 51% for non-EAC policy would provide flexibility for firms seeking to tap into local markets.
- **Affordable Financing:** We will work with financial institutions to facilitate affordable financing, particularly for small enterprises.
- **Increased Funding:** We are working with government and financial institutions to increase funding for the Authority to ensure timely implementation of projects and programs.
- **Market Diversification:** We will continue to actively market EPZ products and identify new export markets and products to reduce reliance on a single market.

Conclusion

The achievements of the past year are a result of the collective effort of a dedicated and professional team. I wish to express my profound gratitude to the Board of Directors for their guidance and oversight, and to our committed staff for their hard work and relentless pursuit of excellence. I also extend my thanks to our investors, stakeholders, and the government for their continued trust and support. We are confident that by staying the course and embracing innovation, we will continue to position the EPZ program as a leading engine of economic growth and prosperity for the nation.



Richard Ipero Omelu
Chief Executive Officer

7. STATEMENT OF EPZA PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2024/2025

EPZA has six (6) Strategic pillars (KRAs) anchored by the Strategic Plan 2024-2028. The strategic pillars are as follows: -

1. Contributions to Economic Growth
2. Diversification of products and markets
3. Contribution to employment
4. Leadership and sound governance
5. Corporate Branding and image
6. Revenue growth and Financial management

EPZA develops its annual work plans based on the above 6 strategic pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The EPZA achieved its performance targets set for the FY 2024/2025 period for its 6 strategic pillars, as indicated in the table below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Contribution to Economic Growth.	To increase the EPZ contribution to the manufacturing sector output to 6 per cent from 3.21 per cent.	<ul style="list-style-type: none"> • value of sales/exports • Completion of CETP in Kinanie • Completion of Textile Hub Development with Athi River Zone • Development of EPZ priority Flagship Projects 	<ul style="list-style-type: none"> • EPZ promotion local and international to create awareness so as to attract investors to EPZ program • Implementation of projects like the CETP • Implementation of Textile Hub • Development of 4 priority EPZ Zones in Muranga, Kirinyaga, Uasin Gishu and Busia Counties. 	<ul style="list-style-type: none"> • Exports stood at Kshs 126.477 billion in 2025 from Kshs 115.709 million recorded in June 2024. • Value of EPZ investments stood at Kshs 176.410 million as at June 2025 from Kshs 150.718 billion. • Construction of Common Effluent Treatment Plant (CETP) was at 85% complete. • Construction of 5 industrial buildings measuring 33,750 square metres ongoing within the Athi River Zone • Development of phase 1 of the 4 priority zones that entailed fencing of land, surveying & physical planning, EPZA & Customs offices, ablution block, 4 industrial

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
				sheds, water connection, civil works and storm drainage
Diversification of The Products and The Markets.	To promote five new products and five new foreign markets	<ul style="list-style-type: none"> • No of new products • No of new foreign market. • No of zones gazetted. 	<ul style="list-style-type: none"> • EPZ promotion local and international to create awareness so as to attract investors to EPZ program • Undertook exploratory desk research on target market and product penetration. 	<ul style="list-style-type: none"> • Five new products were in the course of being introduced into the EPZ program. These are freeze dried fruits & vegetables; fish maws; coconut ashes; tobacco cigar and gum arabic essential oil for cosmetic industry. These will go a long way in the diversification of products within the program. This achievement is within the end-term target of having five new products. • The markets proposed for promotion are Burkina Faso, Ghana, Nigeria, Ethiopia, Ivory Coast, Mali, Estonia, Romania, Hungary, Poland and Japan among others. According to National Export and Development Promotion Strategy (NEDPS) 2018, one of the key determinant of imports like for apparel by a country like Japan from the rest of the world vis-vis from

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
				<p>Kenya reveal existence of export potential. Similarly, the government indicated its readiness to lobby for market access to a country like Estonia. This could be an entry of EPZ products to European markets and beyond.</p> <ul style="list-style-type: none"> Gazetted zones increased from 102 in 2024 to 107 in June 2025
Contribution to Employment	To increase employment opportunities in the EPZ's from 57,099 to 150,000	<ul style="list-style-type: none"> Number of employment created. Value of local inputs 	EPZ promotion local and international to create awareness so as to attract investors to EPZ program.	<ul style="list-style-type: none"> Employment by EPZ firms stood at 87,050 persons as at the end June 2025 from 74,981 persons in June 2024. Value of local inputs by EPZ firms stood at Kshs 20,374 million in June 2025 from Kshs 16,342 million in June 2024.
Leadership and sound governance	To strengthen Institutional capacity for organizational excellence.	<ul style="list-style-type: none"> Policies approved. No of staff trained 	Review of Authority policies	Undertook review of the Authority's policies which was approved in October 2024

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Corporate Branding and Image	To improve corporate image and brand	<ul style="list-style-type: none"> • One Stop Shop • CSR • Quarterly Email News letters • Branding 	<ul style="list-style-type: none"> • Corporate Social Responsibility (CSR) • Information dissemination of EPZ Program • Promotion of locally manufactured textiles 	<p>CSR activities during the year</p> <ul style="list-style-type: none"> • Donated Ksh. 200,000 towards Busia Half Marathon • Donated Ksh. 200,000 to Kenya Volleyball Federation • Donated Ksh. 100,000 towards Narok Tree planting initiative in Narok County. • Donated Ksh. 100,000 to The Salesians of Don Bosco for Golf tournament • Participated in Ecosystem Restoration program in Narok County
Revenue Growth and Financial Management	To increase internally and externally generated revenue to meet part of operational costs	Value of Appropriation in Aid (A-I-A)	Increase revenue collection	Value of A-I-A increased to Kshs 607.4 million in June 2024 from a target of Kshs 587.8 million.

These activities were successfully implemented and included in the Performance Contract for FY 2024/2025. They were tracked and documented in quarterly reports, evaluated annually, and directly linked to contract indicators to show the achievement of objectives.

8. CORPORATE GOVERNANCE STATEMENT

Corporate Governance Practices

The Board is committed to maintaining a high standard of corporate governance practices and devotes considerable effort to clarify and formalize best practices. The Authority is controlled by the Board of Directors who are committed to maintaining a high standard of corporate governance practices and devotes considerable effort to identify and formalize best practices.

Board Composition

The Board is currently comprised of 13 members whose biographical details are provided in the Board of Directors and Senior Management section of this annual report. Day to day operations of the Authority is delegated to the management led by the Chief Executive Officer. The management is closely monitored by the Board and is accountable for the performance of the Authority as measured against the corporate goals and targets set by the Board in the Authority's Performance Contract.

The Authority provides information on its operations to the Board and on a yearly basis organizes a Board and Management retreat to enable the Board meet with senior management so as to gain better understanding of the workings of the Authority and the general EPZ programme. The Board has in place a board charter that was revised and adopted in August, 2015.

The positions of Chairman and Chief Executive Officer of the Authority are separate to ensure a clear distinction between the Chairman's responsibility to manage the Board and the Chief Executive Officer's responsibility to manage the Authority's affairs. The division of responsibilities between the Chairman and the Chief Executive Officer is clearly established and set out in writing.

Practices of the Board

Board Responsibilities

The basic responsibility of the Board members is to exercise their best judgment and to act in a manner that they reasonably believe to be in the best interest of the Authority and its stakeholders. In discharging that obligation, the members should be entitled to rely on the honesty and integrity of the Authority's management, staff and its external professional advisors and auditors.

Board Meetings

The Board meets regularly, at least four times a year at quarterly intervals and holds special meetings as and when the Board thinks appropriate. During the Financial year 2024/2025, 4 quarterly meetings and 1 special meeting were held. Notices of at least 14 days were issued to the Directors, minutes of Board meetings prepared by the acting Corporate Secretary with details of decisions reached and resolutions passed by the Board. The Board members play an active role in participating at the Authority's meetings through contribution of their professional opinions and active participation in discussions.

The attendance record of each of the Directors during the financial year is as follows: -

Meetings attended/held during the Financial Year

Name of Director	Board Meetings/ Special Meetings (5)	Finance and Procurement Board Committee (4)	Strategy, Investments & Special Projects Committee (8)	Board Audit Committee (6)	Board HR and Admin Committee (4)
Richard Cheruiyot	5	N/A	N/A	N/A	N/A
Abubakar Hassan Abubakar Stephen Odua*	N/A 5	N/A N/A	N/A N/A	N/A 4	N/A 4
Dr. Lydia Ndirangu	2	3	8	N/A	N/A
Francis Amuyunzu	5	4	N/A	4	N/A
Job Wanjohi Mriam Bomett	1 3	N/A N/A	2 6	1 5	N/A N/A
Willy Kenei	5	N/A	8	5	N/A
Grace Nzula	5	4	N/A	N/A	4
Geoffery Omeke	5	N/A	8	6	4
Dorothy Chepkoech	5	N/A	N/A	5	4
John Mwendwa Benta Florence Were Guracha Abdi Olivia Rachier	N/A 1 1 2	N/A N/A N/A N/A	N/A N/A N/A N/A	N/A N/A N/A N/A	N/A 1 2 N/A
James Ndege	5	N/A	8	4	N/A
Gertrude Nguku	5	N/A	8	N/A	4
Richard Omelu	5	4	8	N/A	4

*Representatives of Board Members

Board Committees

To effectively discharge its mandate, the Board has established committees with specific terms of reference. This is in order to ensure the operational efficiency and that specific issues are being handled with relevant expertise. The Board has appointed Committee members with requisite skills and competence to discharge allocated responsibilities. In the event that a committee lacks specific skills within its membership, the Board may with the approval of the oversight body, co-opt skilled non- Board members to serve on the Committee, provided the Chair of the Board is not co-opted member or Chair. The Board also has the mandate to rotate Board members between Committees.

The Board remains collectively responsible for the decisions and actions taken by any committee. The committees only perform tasks delegated to it by the Board and are not to exceed the authority or powers of the Board.

The committees report to the Board deliberations made during committee meetings through the Chair of the respective committee for the ratification and adoption by the Board.

BOARD COMMITTEE MEMBERSHIP FINANCIAL YEAR 2024/2025

FINANCE BOARD COMMITTEE		
Chairperson	Mr. Joe Muriuki	Member/Private Sector
Members	Dr. Lydia Ndirangu	Central Bank of Kenya
	Ms. Grace Nzula	Kenya Association of Manufacturers
	Mr. John Mwendwa	Managing Director/Kenya Investments Authority.
	Mr. Francis Amuyunzu	Alternate Member/ Principal Secretary/The National Treasury
	Chief Executive Officer/EPZA	Member

STRATEGY INVESTMENTS AND SPECIAL PROJECTS BOARD COMMITTEE		
Chairman	Geoffrey Omenke	Private Sector
Members	Willy Kenei	Representing KNCCI
	Dr. Lydia Ndirangu	Central Bank of Kenya
	Ms. Miriam Bomett	Kenya Association of Manufacturers
	Mr. Joe Muriuki	Private Sector
	Ms. Getrude Nguku	Representing National Lands Commission
	Mr. James Ndege	Alternative Member/Commissioner of Customs
	Chief Executive Officer/EPZA	Member

HUMAN RESOURCE AND ADMINISTRATION BOARD COMMITTEE		
Chairperson	Ms. Grace Nzula	Private Sector
Members	Dorothy Chepkoech	Private Sector
	Mr. Abubakar Hassan Abubakar	PS/ Ministry of Industry, Trade & Investments
	Mr. John Mwendwa	Managing Director/Kenya Investments Authority.
	Ms. Getrude Nguku	Representing National Lands Commission
	Chief Executive Officer/EPZA	Member

BOARD AUDIT COMMITTEE		
Chairperson	Ms. Dorothy Chepkoech	Private Sector
Members	Mr. Geoffrey Omenke	Private Sector
	Ms. Miriam Bomett	Kenya Association of Manufacturers
	Mr. Abubakar Hassan Abubakar	PS/ Ministry of Industry, Trade & Investments
	Mr. Francis Amuyunzu	Alternate Member/ Principal Secretary/The National Treasury
	Mr. Willy Kenei	Representing KNCCI
	Mr. James Ndege	Alternative Member/Commissioner of Customs
	Chief Executive Officer/EPZA	Member

Board Induction and Continuous Skills Development

The Board provides new Board member with an effective induction programme in order to familiarize them with their responsibilities as directors, general principles of corporate governance and Board practices. The induction programme also provides the Board member with an orientation of the organization, strategic plans, financial status and policies, risk management, compliance programmes and the Code of Conduct and Ethics.

The Board also ensures that members of the Board attend at least two days of professional development.

Board Remuneration

Board members are remunerated for their services in accordance with the prevailing relevant legislative provisions and/or guidance from the relevant Government Authority.

Board Performance

The Board conducts an annual evaluation to appraise its performance. This evaluation will be carried out in accordance with the Board Evaluation Tool developed by the State Advisory Committee (SCAC).

Board and Management Succession

The board has put in place a succession plan for both the Board and management and this will be reviewed regularly.

Governance Audit

The Board ensures that a governance audit of the organization is undertaken on an annual basis. The purpose of the governance audit is to ensure that the organization conforms to the highest standards of good governance.

9. MANAGEMENT DISCUSSION AND ANALYSIS

Operating Results

For the year ending 30 June 2025, the Authority's financial performance improved significantly from the 2023-2024 to the 2024-2025 financial year. Total revenue grew by approximately 22%, while operating expenses increased by about 23%. Despite the rise in costs, the Authority not only generated more revenue but also managed expenses prudently, ensuring that expenditures remained within the budgetary allocation for the period. This indicates effective revenue generation and expense management.

Total operating expenses for the year stood at Kshs 963.36 million, an increase from Kshs 698.66 million in 2024. The rise in costs was primarily driven by increases in employee costs, administrative expenses, and other operating expenses.

This increase, is driven by increased personnel compared to last year, legal costs and repairs and maintenance of Authority's assets.

However, during the period all the overall expenditure vote was within the budgetary allocation

EPZA's Compliance with Statutory Requirements

During the FY 2024/2025, the Authority did not have any major non-compliance issue that was likely to expose it to potential contingent liabilities. However, the Authority has had ongoing disputes and defaults that may potentially impact negatively on the overall performance.

These include:

Prolonged contestation that EPZA is not a registered water supplies entity. This has impacted negatively on water sales, and the Authority is not able to achieve the targeted revenue.

There is a litigation case regarding the ownership of a parcel of land Oloolotikoshi/Kitengela/70 occupied by PCEA church Kitengela. The case is in Law Court and the Authority has to wait for the outcome. The land was valued at 2.25 million as at 30 June 2014.

Included in the trade and other receivables is an outstanding debt of Kshs 9.92 million relating to ex-staff (former CEO and Accounts Assistant). The Ethics and Anti-Corruption Commission is pursuing the case and Authority is awaiting the outcome.

Key Projects and Investment Decisions the Authority is implementing

The Authority is currently implementing the following key projects, Development of Athi River Textile Hub, Construction of Investor Sheds to create more rental space for investors, Construction of an Effluent Treatment Plant- Kenanie for management solid waste and enhance environmental sustainability, and the development of 6 flagship projects as listed below.

- i) Sagana EPZ Hub in Kirinyaga County
- ii) Del Monte EPZ Hub in Kabati Muranga County
- iii) Egerton Industrial Park EPZ Hub in Nakuru County
- iv) Nasewa EPZ Hub in Busia County
- v) Eldoret ICDC Industrial Park EPZ Hub in Uasin Gishu County
- vi) Samburu (Kwale) Industrial Park EPZ Hub Kwale County

These projects are wholly funded by GoK.

Major Risks Facing EPZ

The Authority's activities expose it to a variety of financial risks, market risks (including foreign exchange risk, fair value interest rate risk, cash flow interest risk and price risk), credit risks and liquidity risks. The Authority's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its performance.

Credit Risk

Included in the rent and license trade receivables are doubtful debts and bad debts. These debts have proved to be uncollectable and adequate provision for the doubtful debts should be made as well as writing-off bad debts.

Liquidity Risk

Doubtful Debt and Bad Debt categories are unlikely to be collected and this poses a liquidity risk to the financial operations of the Authority.

Authority's Appropriation-in-Aid is 84% of the Authority's revenues. The slowed investment appetite from foreign and local investors due to Coronavirus pandemic has presented downside risk on the projected cash inflows.

The Authority has recorded delays in payment from its clients with some clients requesting for reduction of prices of services, waivers and extension of their credit period. Lack of adequate cash flows will increase the Authority's liquidity risk which may result to disruption of the Authority's operations.

Capital Risk

The Authority is currently implementing major capital projects namely; Construction of New Industrial Sheds at Athi River, Construction of Common Effluent Treatment Plant in Kinanie Machakos and Implementation of the 4 EPZ flagship Projects. These projects are wholly funded by GoK. Their continuity is largely dependent on continued government funding and timely disbursement of funds by the government. There was no budget allocation relating to Construction of Industrial Sheds in the year ended 30th June 2025 and may result to pending bills penalties and interests associated with delay in financial obligations.

Currency Risk.

Sixty percent (60%) of the budget A-in-A is denominated in US dollars. The foreign exchange market has recently experienced some volatility largely due to uncertainties with regard to the impact of Covid-19 and a significant strengthening of the US dollar in the global markets.

The Authority uses the Central Bank of Kenya (CBK) daily mean rate for conversation of the foreign currency transactions.

According to Central Bank Indicative Exchange Rates, the mean rate on 30th June, 2025 was 129.3512 against the US dollar. Any appreciation / depreciation of the reporting currency (KSHS) will affect the cash flows emanating from those transactions.

Material Arrears in Statutory/Financial Obligations

Delayed disbursement and reduction in development grant has led to the incompleteness of the ongoing projects (textile Centre of Excellence at Athi River and Industrial Leather Park at Kenanie). This exposes the Authority to possible litigations by the contractors/ suppliers for delay to make payments for the works done. The CETP project for instance is due for handover but the contractor cannot release the project because of pending payments due to lack of funds.

The Authority's Financial Probity and Serious Governance Issues

The Authority had neither known financial improbity as reported by internal audit/Board audit committee, external auditors, or other National Government Agencies providing oversight nor serious governance issues among the Board or member of the Board and top management including conflict of interest as at 30th June, 2025.

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

In order to realize the impact of EPZA existence in areas of our jurisdiction, the EPZ Authority has invested in projects that have social benefits to the community during the financial year 2024-2025. The Authority has also been working with EPZ enterprises on how to employ measures towards environmental and sustainability reporting.

i) Sustainability strategy and profile

The Authority's environmental, social, and governance (ESG) commitments play a central role in our strategic decisions. The Authority has consistently invested in its sustainability strategy to build a responsible business for the future and we hope to create positive social and environmental change. Our sustainability policy is a core pillar of our operational and strategic framework. It is integrated into our mission and vision to ensure that our pursuit of economic growth does not come at the expense of environmental and social well-being. Our key sustainability priorities include:

Environmental Stewardship: Promoting resource efficiency, waste management, and the use of clean energy within our zones.

Social Equity: Ensuring fair labor practices, safe working conditions, and promoting inclusivity through targeted programs for special interest groups.

Economic Linkages: Fostering strong backward and forward linkages between EPZ firms and the domestic economy to ensure that the benefits of the program are widely shared.

This year, we have made significant progress in our sustainability journey. Our primary achievement lies in the substantial increase in local purchases by EPZ firms, which grew by 25% to Kshs 61,610 million. This injection of capital into the domestic economy for local goods and services—including raw materials, utilities, and labor—is a direct and measurable contribution to **SDG 8 Decent Work and Economic Growth** and **SDG 9 Industry, Innovation, and Infrastructure**. This has fostered economic development in surrounding areas and strengthened the local supply chain.

We have also successfully expanded our network of gazetted zones to 107, with a strategic focus on developing the new EPZ Flagship Manufacturing Hubs in line with the government's economic agenda. This expansion is designed to decentralize economic activity and create jobs outside of the traditional industrial hubs, promoting more balanced regional development.

ii) Environmental performance

The Authority's sustainability efforts in the year under review focused on improving our energy efficiency, waste management and water efficiency.

In efforts to improve our energy efficiency and to create green energy source, the Authority invested in a Mega Solar System. The Solar System, which is an emissions-free, renewable energy source, currently powers the EPZA Head office. This is one of the costs' saving projects which has seen the Authority's power costs reduce.

The Authority also operates an Effluent Treatment Plant (ETP), which runs from EPZ Athi River Zone through Mlolongo to Kenanie in Machakos County. The ETP line passes through the community and the Authority endeavours to maintain the line not to contaminate the

ecosystem. To enhance a sustainable environment free of pollution, the Authority has invested in a modern Common Effluent Treatment Plant (CETP) which will ensure efficiency in waste management and discharge of recycled and clean water for usage at Kinanie zone and the neighbouring community in Machakos County.

The Authority is also having an ongoing rain water harvesting project, which will tap rain water within Athi River Zone and divert the water to useful activities.

iii) Employee welfare

Our hiring policies are designed to ensure a fair and inclusive workplace. We consider gender diversity and other relevant factors when making hiring decisions. Additionally, we actively seek feedback from stakeholders to continually improve our hiring practices.

Skills Development and Career Management:

We are dedicated to investing in the development of our employees. We offer various training and development programs to enhance their skills and prepare them for career advancement. Furthermore, we have a performance appraisal and reward system in place to acknowledge and reward employee contributions.

Safety and Health:

The safety and health of our employees are our top priorities. We adhere to all applicable occupational safety and health laws and regulations, including the Occupational Safety and Health Act of 2007 (OSHA). We have implemented safety measures and provide regular safety training to our employees.

iv) Marketplace Practices

a) Responsible Competition practice.

EPZA is committed to fair competition and adheres to all applicable antitrust laws and regulations while avoiding anti-competitive practices, such as price fixing or market manipulation and maintaining responsible political involvement and avoiding corruption.

b) Responsible Supply Chain and Supplier Relations

We are committed to maintaining strong and ethical relationships with our suppliers. We treat our suppliers fairly, honour our contractual obligations and work with our suppliers to ensure that they adhere to our sustainability standards.

c) Responsible Marketing and Advertisement

Our marketing practices are ethical and we avoid misleading or deceptive advertising. We respect consumer rights and interests and strive to provide accurate and transparent information about our products and services.

d) Product Stewardship

We are committed to safeguarding consumer rights and interests. We design our products and services with safety and quality in mind and provide clear instructions and warnings to consumers when necessary.

v) **Corporate Social Responsibility / Community Engagements**

The Export Processing Zones Authority (EPZA) recognizes that its role extends beyond economic development to include social and environmental well-being. Our Corporate Social Responsibility (CSR) initiatives in the reporting period align with our mandate to foster sustainable industrialization and empower communities.

Our CSR activities are categorized into **charitable giving, social investment, and community engagement**. While all these activities are important, we prioritize those that have a direct or indirect link to our core business of promoting a robust and sustainable export ecosystem.

Charitable Giving and Sponsorships

As part of our commitment to supporting various national initiatives, EPZA made several donations and sponsorships during the year. These contributions are aimed at promoting social cohesion, health, and environmental sustainability.

- **Busia Half Marathon:** We donated **Ksh. 200,000** towards the Busia Half Marathon members of staff participated in the race and part of community engagement. This sponsorship is a form of community engagement that supports sports, promotes a healthy lifestyle, and contributes to the local economy of Busia County.
- **Kenya Volleyball Federation:** A donation of **Ksh. 200,000** was made to the Kenya Volleyball Federation. This supports the development of local sports talent and provides opportunities for young athletes, aligning with the national agenda to nurture sports and youth development.
- **Narok Tree Planting Initiative:** We contributed **Ksh. 100,000** to the Narok Tree Planting Initiative. This is a direct investment in environmental sustainability, helping to restore ecosystems and combat climate change, a key national and global priority.
- **The Salesians of Don Bosco Golf Tournament:** We donated **Ksh. 100,000** to the Salesians of Don Bosco. This contribution supports their charitable work, which focuses on empowering vulnerable youth through education and vocational training. This is indirectly linked to our mandate, as it helps build the skilled workforce that our investors require.

Corporate Social Investment and Ecosystem Restoration

EPZA actively engages in projects with long-term social and environmental benefits.

- **Ecosystem Restoration Program:** participated in planting 15,000 trees in Enoosupukia Forest, Narok County in a shared commitment to environmental conservation. Our participation in the **Ecosystem Restoration Program in Narok County** goes beyond a simple donation. This initiative involves hands-on engagement in environmental conservation and rehabilitation efforts. It demonstrates our commitment to preserving natural resources and ensuring that industrial development does not harm the environment. This activity is a practical example of our environmental sustainability policy in action.



Tree planting in Enoosupukia Forest, Narok County



Community engagement in Enoosupukia Forest, Narok County after planting trees

- (EPZA) partnered with the Kenya Forestry Research Institute (KEFRI), Kenya Forest Service (KFS), Kisaka Foundation, and the Meat Training Institute to plant 200 bamboo seedlings along the Athi River bank.



bamboo seedlings planting along the Athi River bank



bamboo seedlings planting along the Athi River bank

11. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2025 which show the state of the EPZ Authority's affairs.

i) Principal activities

The principal activities of the EPZA are promotion and facilitation of export-oriented investments and the development of an enabling environment for such investments as stipulated in the EPZ Act Cap 517.

ii) Results

The results of the Authority for the year ended June 30, 2025 are set out on pages 1 to 27

iii) Directors

The members of the Board of Directors who served during the year are shown on pages viii to xi.

iv) Dividends/Surplus remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The provisional draft Annual Financial Statement indicates that EPZA made a loss of Kshs 58,605,820.

v) Auditors

The Auditor General is responsible for the statutory audit of the Export Processing Zones Authority (EPZA) in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended 30 June 2025.

By Order of the Board:

Meyner Ashitiva
Corporate Secretary


Signature

29/8/2025
Date

12. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, require the Directors to prepare financial statements in respect of the EPZA, which give a true and fair view of the state of affairs of the EPZA at the end of the financial year/period and the operating results of the EPZA for that year/period. The Directors are also required to ensure that the EPZA keeps proper accounting records which disclose with reasonable accuracy the financial position of the EPZA. The Directors are also responsible for safeguarding the assets of the EPZA.

The Directors are responsible for the preparation and presentation of the EPZA's financial statements, which give a true and fair view of the state of affairs of the EPZA 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 EPZA; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.


The Directors accept responsibility for the EPZA's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Directors are of the opinion that the EPZA's financial statements give a true and fair view of the state of EPZA's transactions during the financial year ended June 30, 2025, and of the EPZA's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the EPZA, which have been relied upon in the preparation of the EPZA'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 EPZA will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The EPZA's financial statements were approved by the Board on 28th August 2025 and signed on its behalf by:


Richard Cheruiyot
Chairman Board of Directors


Richard Ipero Omelu
Chief Executive Officer

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON EXPORT PROCESSING ZONES AUTHORITY 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 which considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations which 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 Government achieves value for money and that such funds are applied for intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the Authority has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the 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 Export Processing Zones Authority set out on pages 1 to 29, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, the statement of cash flows and the 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 effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Export Processing Zones Authority as at 30 June, 2025 and of its financial performance and of cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and complies with the Public Finance Management Act, 2012 and the Export Processing Zones Act, 1990.

Basis for Qualified Opinion

1. Lack of Ownership Documents

The statement of financial position reflects property, plant and equipment balance of Kshs.14,837,858,019 which includes land balance of Kshs.5,455,260,000 as disclosed in Note 24(a) to the financial statements. Included in the balance are two parcels of land, measuring two (2.0) hectares with a book value of Kshs.2,250,000 acquired through Gazette Notice Nos. 2802 and 2803 of July 1991. However, as at the time of audit, only one parcel of land had ownership documents, while the other parcel of land remained outstanding due to an ongoing court case. Further, as previously reported, the Authority acquired land measuring 0.08 Ha at a cost of Kshs.6,500,000 in the financial year 2015/2016. However, the Authority had not processed or obtained ownership documents for the parcel of land as at 30 June, 2025.

In the circumstances, the accuracy, existence and ownership of the property, plant and equipment balance of Kshs.14,837,858,019 could not be confirmed.

2. Long Outstanding Trade Receivables

Note 15(a) to the financial statements reflects trade receivables balance of Kshs.780,414,106. Included in the balance is Kshs.674,962,037 which has been outstanding for a period of more than one year with diminishing chances of recovery.

In the circumstances, the accuracy and recoverability of the trade receivables balance of Kshs.780,414,106 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Export Processing Zones Authority 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

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.2,646,814,821 and Kshs.2,414,370,717

respectively resulting to an under-collection of Kshs.232,444,104. However, the Authority spent Kshs.1,640,790,235 against revenue of Kshs.2,414,370,717 resulting to an under-expenditure of Kshs.773,580,482 or 32% of the actual revenue.

The under-expenditure affected the planned activities and may have impacted negatively on service delivery to the public.

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 section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on the Financial Statements, Emphasis of Matter and Report on Lawfulness and Effectiveness in Use of Public Resources. The issues as detailed in Appendix I remain unresolved as Parliament has not deliberated on the same.

Other Information

The Management is responsible for the Other Information set out on page ii to xxxv which comprise of Key EPZA Information and Management, The Board of Directors, Key management Team, 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, 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 Authority 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. In my opinion, except for the matter described below, I confirm that the Other Information is not materially inconsistent with the financial statements.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on

Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Uncommissioning of Common Effluent Treatment Plant

The statement of financial position reflects property, plant and equipment balance of Kshs.14,837,858,000 which includes work-in-progress balance of Kshs.3,149,759,000 as disclosed in Note 24(a) to the financial statements. Included in the balance is Kshs.1,132,662,113 (50% of contract sum) which relates to design, supply and construction of Kenya Leather Park (Machakos) common effluent treatment plant and associated infrastructure at Kinanie EPZ site, Machakos County. The Contractor raised an interim payment Certificate No.13 dated 18 June, 2024 amounting to Kshs.63,593,302 which was due on 16 July, 2024. However, due to non-payment for a period of one (1) year, an interest of Kshs.9,916,931 had been charged. Further, during the year under review, the Authority incurred electricity costs amounting to Kshs.10,600,238 for running the installed machines occasionally as part of testing and maintenance requirements prior to operationalization. A balance of Kshs.207,979,666 due to the contractor has been outstanding for more than two (2) years. The contractor may continue charging interest for unpaid pending bills.

In the circumstances, the value for money on common effluent treatment plant and associated infrastructure may not be realized.

2. Delay in Construction of Flagship Projects

The Authority contracted various contractors to construct flagship projects in Kabati-Muranga County, Nasewa- Busia County, Eldoret- Uasin Gishu County and Sagana – Kirinyaga County at contract costs of Kshs.475,194,963, Kshs.572,319,823, Kshs.477,021,268 and Kshs.493,514,895, respectively all totalling Kshs.2,018,050,949. At the time of audit in October 2025, total sum paid on interim certificates raised for the respective projects was Kshs.1,107,606,273 or 55% of the gross contract sum as follows:

No	Flagship Project	Contract Sum (Kshs)	Paid Amount (Kshs)	Percentage (%)
1	Kabati	475,194,963	236,698,893	50%
2	Nasewa	572,319,823	338,446,368	59%
3	Eldoret	477,021,268	267,437,608	56%
4	Sagana	493,514,895	265,023,404	54%
	Total	2,018,050,949	1,107,606,273	

There has been delay from the Authority in payment of interim certificates which has resulted in several extensions of completion dates.

In the circumstances, the objectives of the projects and value for money of Kshs.1,107,606,273 may not be realized.

3. Understaffing of the Authority

Review of the Authority's records revealed that it has an approved establishment of three hundred and fifty-three (353) members of staff. However, the Authority has an in-post of one hundred and seventy-two (172) staff members resulting to understaffing of one hundred and eighty-one (181). A situation that may lead to overloaded work force.

In the circumstances, the staff of the Authority may not discharge its mandate effectively which may impact negatively on service delivery to the public.

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 are in compliance, in all material respects, with the authorities which govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and 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.

Responsibilities of the Management and Board of Directors

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

In preparing the financial statements, Management is responsible for assessing the Authority'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 Authority'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

26 November, 2025

Appendix I

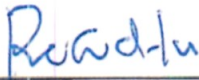
Unresolved Prior Year Matters


No	Reference	Observation
		Basis for Qualified Opinion
1		Lack of Ownership Documents and Valuation
2		Valuation of Biological Assets
3		Long Outstanding Trade Receivables
		Emphasis of Matter
4		Budgetary Control and Performance
		Lawfulness and Effectiveness in Use of Public Resources
5		Delayed Projects Implementation


14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025

	Notes	2024-2025 Kshs	2023-2024 Kshs
Revenues			
Revenue from non-exchange transactions	6a	383,962,972	242,575,812
Revenue from exchange transactions	6b	523,432,244	498,943,163
Total revenue		907,395,216	741,518,976
Expenses			
Use of Goods and Services	11	359,502,066	215,526,197
Employee costs	7	424,240,573	388,086,516
Remuneration of Board	8	23,120,841	26,315,858
Repair and Maintenance	9	89,880,631	13,625,905
Depreciation	12	44,779,696	37,090,189
Contracted Services	10	21,836,893	18,022,340
Operating Expenses		963,360,698	698,667,006
Operating Surplus (Deficit)		(55,965,483)	42,851,970
Other Items			
Foreign Exchange Loss/(Gain)	13	2,640,338	-
Sub Total		2,640,338	-
Surplus (Deficit) for the Period		(58,605,820)	42,851,970
Remission to National Treasury		-	38,566,773
Net Surplus for the year		-	4,285,197

The notes set out on pages 7 to 26 form an integral part of the Financial Statements. The financial statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:


Richard Ipero Omelu
Chief Executive Officer


Charles Koech
Manger Finance & Accounts
ICPAK M/No.8595


Richard Cheruiyot
Board Chairman

Date: 29/08/2025

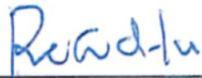
Date: 29/08/2025

Date: 29/08/2025


15. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

		2024-2025 Kshs	2023-2024 Kshs
ASSETS			
Current Assets			
Cash and Cash Equivalents	14	391,776,309	1,007,814,821
Trade Receivables and Other Receivables	15	930,449,503	924,363,457
Inventories	16	2,965,273	4,796,512
Sub Total		1,325,191,085	1,936,974,790
Non-current assets			
Property, plant and equipment	24	14,837,858,019	13,925,302,648
Biological assets	17	2,492,526	150,122,342
Sub Total		14,840,350,545	14,075,424,990
TOTAL ASSETS		16,165,541,629	16,012,399,779
LIABILITIES			
Current liabilities			
Trade and Other Payables	18	523,460,703	306,661,744
Unearned Rental Income	18	358,519,118	360,778,172
Sub Total		881,979,821	667,439,917
Non-current liabilities			
Deposits and Bill payable	19	431,079,563	898,821,528
Deferred Income	20	8,034,634,377	7,430,000,778
Sub Total		8,465,713,940	8,328,822,306
TOTAL LIABILITIES		9,347,693,762	8,996,262,222
NET ASSETS		6,817,847,867	7,016,137,557
Reserves			
Revaluation Reserves	21	6,588,522,443	6,728,206,312
Accumulated surplus	21	229,325,425	287,931,245
TOTAL NET ASSETS & LIABILITIES		6,817,847,868	7,016,137,557

The notes set out on pages 7 to 25 form an integral part of the Financial Statements. The financial statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:


Richard Ipero Omelu
Chief Executive Officer

Date: 29/08/2025


Charles Koech
Manger Finance & Accounts
ICPAK M/No.8595

Date: 29/08/2025


Richard Cheruiyot
Board Chairman

Date: 29/08/2025


16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2025

STATEMENT OF CHANGES IN NET ASSETS				
For the year ended 30 June 2025				
	Notes	Revaluation Reserves Kshs	Accumulated Surpluses Kshs	Total Kshs
Balance as at July 1, 2023 (a)		6,728,206,312	245,079,275	6,973,285,587
Surplus for the period	21	-	42,851,970	42,851,970
Restatement of accumulated surplus			-	-
Transfers to accumulated surplus (b)	21	-	42,851,970	42,851,970
Balance as at 30 June 2024 (a+b)		6,728,206,312	287,931,245	7,016,137,557
Balance as at July 1, 2024 (a)		6,728,206,312	287,931,245	7,016,137,557
Surplus for the period	21	-	(58,605,820)	(58,605,820)
Revaluation of Motor Vehicles		7,945,947	-	7,945,947
Revaluation of Biological assets		(147,629,816)	-	(147,629,816)
Transfers to accumulated surplus (b)	21	(139,683,869)	(58,605,820)	(198,289,689)
Balance as at 30 June 2025 (a+b)		6,588,522,443	229,325,425	6,817,847,868


17. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2025

	Notes	2024-2025 Shs	2023-2024 Shs
A			
Cash and Cash equivalents at the beginning of the quarter			
Cash flows from operating activities			
Receipts			
Application Fees	6a	2,704,759	2,378,298
Government Recurrent Grants	6a	200,000,000	153,716,666
License Fees	6a	81,258,213	86,480,849
Rental Income	6b	422,938,387	384,849,317
Sale of Water (Net of Cost)	6b	52,832,816	62,499,240
Other Incomes	6b	47,661,041	51,594,607
Total Cash flows from operating activities		807,395,216	741,518,976
Payments	7,8,9,10,11		
Compensation of Employees		424,240,573	388,086,516
Goods and Services		539,120,125	310,580,490
Total Cash outflows from operating activities		963,360,698	698,667,006
Changes in Working Capital Adjustments			
Trade Receivables & other receivables	15	(6,086,046)	(65,364,457)
Inventories	16	1,831,239	43,589
Trade & other Payables	18	(216,798,959)	81,018,407
Total Working Capital Adjustments		(221,053,766)	15,697,539
Net Cash Flows from Operating activities		(377,019,249)	58,549,509
B			
Cash flows from Investing activities			
Purchase of Property, Plant Equipment & Intangible Assets	24	(939,019,263)	(695,498,510)
Taxes Paid			
Total Cash outflows from Investing activities		(939,019,263)	(695,498,510)
C			
Cash flows from financing activities			
Development Grant Received	22	700,000,000	1,085,000,000
County Government Grant Received		-	100,000,000
Total Cash flows from financing activities		700,000,000	1,185,000,000
Net (decrease)/increase in cash and cash equivalents		(616,038,512)	548,050,999
Cash and cash equivalents at start of the Year		1,007,814,821	459,763,822
Cash and cash equivalents at end of Year	14	391,776,309	1,007,814,821


The notes set out on pages 7 to 25 form an integral part of the Financial Statements. The financial statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:


Richard Ipero Omelu
Chief Executive Officer

Date: 29/08/2025


Charles Koech
Manger Finance & Accounts
ICPAK M/No.8595

Date: 29/08/2025


Richard Cheruiyot
Board Chairman

Date: 29/08/2025

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

ITEMS	Original Budget	Adjustments	Final Budget	Actual amount	Performance difference	% Variance of Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue	A	B	C = A+B	D	E=D-C	F=D/C
Application Fees	3,000,000	500,000	3,500,000	2,704,759	(795,241)	77%
License Fees	75,500,000	2,886,895	78,386,895	81,258,213	2,871,318	104%
Rental Income	444,950,000	9,040,000	453,990,000	422,938,387	(31,051,613)	93%
Water sales	81,510,605	(22,886,895)	58,623,710	52,832,816	(5,790,894)	90%
Other Incomes	34,499,395	10,000,000	44,499,395	47,661,041	3,161,646	107%
Government grant (Recurrent)	-	-	300,000,000	200,000,000	(100,000,000)	67%
Total income	639,460,000		939,000,000	807,395,216	(131,604,784)	86%
Expenses						
Use of Goods and Service	166,429,040	80,540,000	246,969,040	381,338,958	(134,369,918)	-35%
Employee Costs	398,540,960	25,000,000	423,540,960	424,240,573	(699,613)	0%
Remuneration of Directors	26,000,000	1,044,000	27,044,000	23,120,841	3,923,159	17%
Repairs and Maintenance	14,910,000	81,956,000	96,866,000	89,880,631	6,985,369	8%
Depreciation	33,580,000	11,000,000	44,580,000	44,779,696	(199,696)	0%
Total Operating Expenditure	639,460,000		839,000,000	963,360,698	(124,360,698)	-15%
Surplus/ (Deficit) for the Period	-		-	(155,965,483)		
Capital Expenditure (GOK)	1,200,000,000	(500,000,000)	700,000,000	970,199,504		

Budget Notes

- a. At the close of the period Exchequer transfers stood at 67%. The amounts were not totally received during the financial year due to delayed National Treasury disbursements.
- b. Recurrent grant of Ksh. 100,000,000 for FY2024/25 ended 30th June 2025 was received on 1st July 2025. This was used to settle part of commitments as made during end of year of Ksh. 155,965,483
- c. The Authority made development refunds to Busia County Government of Ksh. 100,000,000 because the intended allocation conditions had already been covered under project preliminaries.

19. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

The Export Processing Zones Authority (EPZA) is established by and derives its authority and accountability from EPZ Act. The EPZ Authority is wholly owned by the Government of Kenya and is domiciled in Kenya. The EPZA's principal activity is the promotion and facilitation of export-oriented investments and the development of an enabling environment for such investments as stipulated in the EPZ Act Cap 517.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the EPZA's accounting policies.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the EPZA.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

(i) New and amended standards and interpretations in issue effective in the year ended 30 June 2025.

There were no new and amended standards issued in the financial year.

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

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p>

Standard	Effective date and impact:
Assets Held for Sale and Discontinued Operations	Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45- Property Plant and Equipment	Applicable 1st January 2025 The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46 Measurement	Applicable 1st January 2025 The objective of this standard was to improve measurement guidance across IPSAS by: <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value.
IPSAS 47- Revenue	Applicable 1st January 2026 This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48- Transfer Expenses	Applicable 1st January 2026 The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	Applicable 1st January 2026 The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector

Standard	Effective date and impact:
	employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

(iii) Early adoption of standards

The entity did not early-adopt any new or amended standards in year ended June 2025.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from Non-Exchange Transactions

Fees

The Authority recognizes revenues from fees when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably. The Authority's revenue from Non-Exchange Transactions comprises of licence and application fees.

Transfers from other Government Entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. 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.

ii. Revenue from Exchange Transactions

Rendering of Services

The Authority recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the incurred are recoverable.

Sale of Goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the Authority.

Interest Income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

b) Budget information

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 actual as per the statement of financial performance has been presented under section XV of these financial statements.

c) Taxes

Current income tax

d) The **Authority** is Zero rated in its tax status. 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.

e) Current income **tax** relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. 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.

d) Property, Plant and Equipment (PPE)

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

e) Leases

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Authority.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

f) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite.

g) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

Raw materials: purchase cost using the weighted average cost method

Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

NOTES TO THE FINANCIAL STATEMENTS (Continued)

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Authority.

h) Provisions

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

Where the Authority expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

i) Contingent liabilities

The Authority does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

j) Contingent assets

The Authority does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

k) Nature and Purpose of Reserves

The Authority creates and maintains reserves in terms of specific requirements. Surplus made during the year is credited to the accumulated surplus reserve while deficit is debited to the accumulated reserve at the end of financial year.

l) Changes in Accounting Policies and Estimates

The Authority recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

m) Employee benefits Retirement Benefit Plans

The Authority operates defined contribution retirement benefit scheme for its employees while employees who are on contract qualify for gratuity upon end of the contract. The Authority and all its employees also contribute to the appropriate national Social Security Fund, which are defined contribution schemes.

A defined contribution plan is a pension plan under which the Authority pays fixed contributions into a separate entity. The Authority has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Authority pays contributions to publicly or privately administered plans on a mandatory, contractual or voluntary basis. The Authority has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due.

n) Foreign Currency Transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

o) Related Parties

The Authority regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Authority, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

p) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances at various commercial banks at the end of the financial year. 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

q) Comparative Figures

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

r) 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, 2023.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The EPZA based its assumptions and estimates on parameters available when the consolidated 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 EPZA. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

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:

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

Provisions

Provisions were raised and management determined an estimate based on the information available. 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

REVENUE		2024-2025	2023-2024
		Kshs	Kshs
6a)	Revenue from Non-Exchange Transactions		
	Application Fees	2,704,759	2,378,298
	Licenses fees	81,258,213	86,480,849
	Recurrent Grant (GoK)		
	State department of Investment Promotion	300,000,000	153,716,666
	Sub Total	383,962,972	242,575,812
6b)	Revenue from Exchange Transactions		
	Water Sales	52,832,816	62,499,240
	Rental Income	422,938,387	384,849,317
	Interest from-On-Call Deposit	24,922,493	11,395,789
	Other Incomes	22,738,548	40,198,818
		523,432,244	498,943,163
	Total	907,395,216	741,518,976
7	EMPLOYEE COSTS	2024-2025	2023-2024
		Kshs	Kshs
	Basic Salaries and Wages	188,360,566	175,334,778
	Personnel Allowances	138,107,499	130,233,084
	Medical Benefit	41,496,345	40,392,366
	Social Contributions	56,276,163	42,126,288
	Total	424,240,573	388,086,516
8	BOARD EXPENSES	2024-2025	2023-2024
		Kshs	Kshs
	Directors Emoluments	11,648,042	11,522,477
	Chairman Honoraria	1,138,000	1,037,000
	Boards Committees Expenses, Conferences and Seminars	10,334,799	13,756,381
	Total	23,120,841	26,315,858
9	REPAIR AND MAINTENANCE	2024-2025	2023-2024
		Kshs	Kshs
	Repairs and Maintenance		
	Property	53,543,304	4,724,094
	Equipment	21,261,538	2,831,218
	Vehicles	8,156,801	4,818,773
	Other	6,918,989	1,251,820
	Sub Total	89,880,631	13,625,905
10	USE OF GOODS AND SERVICES		
	Contracted services		

Contracted Professional Services	304,600	4,800
Contracted Technical Services	1,531,210	-
Consultancy Fee	2,602,740	293,975
Contracted Guards	16,124,687	15,723,565
Audit fee	1,273,655	2,000,000
Total	21,836,893	18,022,340

11	USE OF GOODS AND SERVICES	2024-2025	2023-2024
		Kshs	Kshs
	Goods Utilities Supplies & Services	9,400,024	6,701,071
	Investment Promotion	23,643,845	30,692,325
	Communication Supplies & Services	4,496,389	3,421,190
	Domestic Travel & Other Transport Costs	23,870,868	21,379,045
	Printing Advert Info Supply & Service	8,479,259	3,226,958
	Rental of Produced Assets	8,381,369	5,639,383
	Training	15,873,113	11,007,808
	Hospitality Supplies and Services	11,264,221	7,797,673
	Insurance Costs excluding medical	5,212,971	6,677,327
	Specialized Materials and Supplies	3,740,086	18,110,116
	Fuel Oil & Lubricants	9,619,325	8,116,615
	Office General Supplies	12,952,230	5,557,936
	Legal fees	63,928,420	63,256,162
	Other Operating Expenses	158,639,946	23,942,589
	Total	359,502,066	215,526,197

12	DEPRECIATION	2024-2025	2023-2024
		Kshs	Kshs
	Buildings	9,012,108	8,359,583
	Computers and Printers	5,961,753	4,632,439
	Infrastructure	9,543,231	8,857,551
	Motor Vehicles & Other Moveable Equipment	9,730,358	9,730,358
	Office Equipment	8,268,005	3,005,862
	Office Furniture	2,264,240	2,504,396
	Total	44,779,696	37,090,189

13	FOREIGN EXCHANGE TRANSACTIONS	2024-2025	2023-2024
		Kshs	Kshs
	Gain on Foreign Exchange Transactions	(2,640,338)	-
		(2,640,338)	-
		2024-2025	2023-2024
		Kshs	Kshs
	Current Account	230,589,811	706,559,697
	Others (Cash-in-Hand)	107,499	176,125
	Others (Accrued Interest)	-	1,765,914
	On-Call Deposits	100,000,000	240,000,000
	Staff Mortgage	61,078,999	59,313,084
	Total	391,776,309	1,007,814,821

a)	Detailed Analysis of the Cash and Cash Equivalents		
	Current Accounts		
	NBK-Hill Branch (01001031540800)	1,498,979	34,681,899
	NBK-Kitengela Water Deposit (010010315408010)	837,437	5,412,718
	NBK-Government Dev Grants-Kitengela (01001089587000)	28,926,285	501,014,620
	NBK-Sinking Fund Account-Kitengela (01001024633300)	8,257,787	8,257,787
	KCB Bank - Moi Avenue (1101641797)	127,485,008	107,232,190
	KCB Bank - Kitengela (1102736953)	2,531,169	1,051,443
	KCB Bank - Kitengela (1102737380)	61,053,145	48,909,040
	Sub- Total	230,589,811	706,559,697
b)	Cash in hand		
	Petty Cash - Athi River Head Office	44,921	43,074
	Petty Cash - Mombasa Office	61,669	98,559
	Petty Cash-Kisumu Office	909	34,492
	Sub- total	107,499	176,125
c)	On-Call Deposits		
	Kenya Commercial Bank	-	40,000,000
	Accrued Interest - NBK/KCB	-	1,765,914
	National Bank of Kenya	100,000,000	200,000,000
	Sub-Total	100,000,000	241,765,914
d)	Staff Mortgage		
	Housing Finance Group (SD-200-0081210)	61,078,999	59,313,084
	Sub- total	61,078,999	59,313,084
	Grand Total	391,776,309	1,007,814,821

15	TRADE AND OTHER RECEIVABLES		
		2024-2025	2023-2024
		Kshs	Kshs
a	Trade Receivables		
	Trade receivables	1,149,840,694	1,099,070,702
	Less: Impairment Allowance/Provisions	(369,426,588)	(225,722,542)
	Total Trade Receivables	780,414,106	873,348,160
b	Other Receivables		
	Staff debtors Imprest	2,079,929	3,072,640
	Staff debtors (medical)	427,700	427,700
	Staff debtors (Advances)	9,253,849	9,258,849
	Other Debtors	130,688,176	30,502,676
	Prepayments/Deferred Expenses	7,585,743	7,753,431
	Total Other Receivables	150,035,397	51,015,297
	Total	930,449,503	924,363,457

Export Processing Zones Authority
Annual Reports and Financial Statements
For the year ended June 30, 2025

16	INVENTORIES	2024-2025	2023-2024
		Kshs	Kshs
	Inventory - Water items	345,156	321,632
	Stationary	72,105	23,524
	Electrical Computer & Fire Accessories	2,548,012	4,451,356
	Total inventories	2,965,273	4,796,512
17	BIOLOGICAL ASSESTS	2024-2025	2023-2024
		Kshs	Kshs
		Kshs	Kshs
	Cost at the start of the year.	2,492,526	150,122,342
	Total Biological assets	2,492,526	150,122,342
18	TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS	2024-2025	2023-2024
		Kshs	Kshs
	Trade Creditors	101,970,151	29,838,424
	Accruals	85,783,701	87,730,567
	Sundry creditors	63,970,983	44,138,485
	Retention Money (Contractors)	271,735,868	144,954,269
	sub-Total	523,460,703	306,661,744
	Unearned Income	358,519,118	360,778,172
	Total Trade Payables and Other Payables	881,979,821	667,439,917
	19(a)	DEPOSITS AND BILLS PAYABLE	2024-2025
Refundable Customer Deposits		Kshs	Kshs
Rent Deposits		111,193,638	109,752,984
Water Deposits		97,573,908	95,243,894
Sewer Deposits		14,332,351	14,332,351
	Total deposits	223,099,897	219,329,230
19(b)	BILLS PAYABLE		
	Pending Bills - CETP	207,979,666	679,492,298
	Sub Total	207,979,666	679,492,298
	Total	431,079,563	898,821,528
20	DEFERRRED INCOME	2024-2025	2023-2024
		Kshs	Kshs
	At start of the Year	7,430,000,778	6,235,916,665
	Development Grant Received	700,000,000	1,085,000,001
	County Governments' Grant Received	(100,000,000)	100,000,000
	Institutional Development Fund	4,633,599	9,084,112
	As at end of Year	8,034,634,377	7,430,000,778

21	RESERVES		
21a	Revaluation Reserves	2024-2025	2023-2024
		Kshs	Kshs
	Revaluation Reserves	6,588,522,443	6,728,206,312
	Accumulated Reserves at start of the Year	287,931,245	245,079,275
	Surplus remittance to treasury	-	-
	Current Year Deficit	(58,605,820)	42,851,970
21b	Accumulated Reserves at end of the Year	229,325,425	287,931,245
	Total Reserves	6,817,847,869	7,016,137,558
22	TRANSACTIONS WITH RRELATED PARTIES		
	Nature of Related Party Relationships		
	Entities and other parties related to the entity include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management, their associates and close family members.		
	EPZA's other related parties include:		
	i) The National Government;		
	ii) The Ministry of Industry, Trade and Investment (Parent Ministry);		
	iii) County Governments;		
	iv) Key Management;		
	v) Board of Directors.		
22a	Key Management Compensation	2024-2025	2023-2024
		Kshs	Kshs
	(i) Management Compensation		
	Compensation to Key Management	122,183,481	98,557,259
	Sub Total Management compensation	122,183,481	98,557,259
	ii) Directors' remuneration		
	Board Allowances	11,648,042	11,522,477
	Chairman Honoraria	1,138,000	1,037,000
	Boards Committees Conferences and Seminars	10,334,799	13,756,381
	Sub-Total	23,120,841	26,315,858
	Total	145,304,322	124,873,117
22b(i)	Transfers from Departments of Industrialization	2024-2025	2023-2024
		Kshs	Kshs
	i) Development Grant		
	Quarter 1	-	-
	Quarter 2	600,000,000	-
	Quarter 3	-	490,000,001
	Quarter 4	100,000,000	595,000,000
	Sub-Total	700,000,000	1,085,000,001
	ii) County Governments' Grant	-	100,000,000

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	Sub-Total	-	100,000,000
22b(ii)	iii) Recurrent Grant		
	Quarter 1	-	16,114,999
	Quarter 2	100,000,000	10,743,333
	Quarter 3	50,000,000	121,486,667
	Quarter 4	50,000,000	5,371,667
	Sub -Total	200,000,000	153,716,666
	Total Grant Received	900,000,000	1,338,716,667
23	Contingent Liabilities		
		2024-2025	2023-2024
		Kshs	Kshs
	Court cases against the EPZA	949,032,300	949,032,300
	Total	949,032,300	949,032,300

24(a)

Export Processing Zones Authority
Schedule Of Property, Plant & Equipment
2024-2025 Financial Year

	Land	Buildings & Fixtures	Infrastructure	Motor Vehicles	Furniture	Computers	Office Equipment	Work- In-Progress	Total
Cost	Shs 000	Shs 000	Shs 000	Shs 000	Shs 000	Shs 000	Shs 000	Shs 000	Shs 000
At 1 July 2023	5,455,260	2,756,672	3,319,985	108,746	30,113	67,525	80,077	1,793,180	13,611,559
Additions	-	26,101	39,284	-	280	8,647	41,835	579,352	695,499
Adjustment									
Transfer									
At 30 June 2024	5,455,260	2,782,773	3,359,269	108,746	30,393	76,172	121,912	2,372,532	14,307,057
Cost									
At 1 July 2024	5,455,260	2,782,773	3,359,269	108,746	30,393	76,172	121,912	2,372,532	14,307,057
Additions	-	5,251	72,811	5,514	2,405	7,763	83,932	777,227	954,903
Adjustment									
Transfer									
At 30 June 2025	5,455,260	2,788,024	3,432,080	114,260	32,798	83,935	205,844	3,149,759	15,261,960
Depreciation and impairment									
At 1 July 2023	-	82,645	94,103	76,863	18,287	51,270	21,496	-	347,098
Depreciation charge for the year	-	8,360	8,858	7,298	2,504	4,632	3,006	-	37,090
Disposals	-	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
At 30 June 2024	-	91,005	102,960	84,161	20,791	55,902	24,502	-	384,188
Depreciation and impairment									
At 1 July 2024	-	91,005	102,960	84,161	20,791	55,902	24,502	-	384,188
Depreciation charge for the year	-	9,012	9,543	9,730	2,264	5,962	8,268	-	44,780
Impairment	-	-	-	-	-	-	-	-	-
Adjustment									
At 30 June 2025	-	100,017	112,503	93,891	23,056	61,864	32,770	-	428,968
Net book values									
At 30 June 2025	5,455,260	2,688,006	3,319,577	20,369	9,743	22,071	173,074	3,149,759	14,837,858
At 30 June 2024	5,455,260	2,691,768	3,256,309	22,153	9,602	20,270	97,410	2,372,532	13,925,302

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24 (b) OTHER FINANCIAL DISCLOSURES ON AUTHORITY'S ASSETS

1. Boreholes

In 2007, the then Ministry of Water and Irrigation sunk two boreholes on EPZA land, one at a parcel of land no: Kajiado/North Kaputiei 13552 and the other parcel of land no: Kajiado/North Kaputiei/70. The boreholes were handed over to EPZA to run and operate though no formal documentation was given. However, the boreholes are no longer viable and the Authority is not drawing any economic benefits from these boreholes. In addition, their values have not been recognized/measured and not included in the Authority's Financial Statements.

2. Land

Included in the property Plant & Equipment (PP&E) balance as at 30th June, 2025 are parcels of land without ownership documents. Two that are valued at Kshs. 2,250,000 were acquired in July 1991 where the third was acquired in the FY 2015/2016. The parcels of land were acquired legally through Gazette Notice Nos.2802 and 2803 of July, 1991. In the process of obtaining ownership, third parties claimed ownership and obtained title deeds for the parcels. The matter is in court and the Authority has submitted all supporting documents in relation to its claim over the land.

3. **A salary advances of Kshs. 7,709,867 and an imprest amount of Kshs. 980,919 was paid to the former Chief Executive Officer of the corporation without Board approval**

The former CEO's contract with the Authority was terminated and ordered to pay the Authority all outstanding monies and the case was forwarded to Ethics and Anti-Corruption Commission (EACC). The EACC completed investigation and the matter was referred to the Office of the Director of Public Prosecution (ODPP) and criminal prosecution of the related cases concluded with the former CEO entering into an agreement with EACC on how he was to be remitting the money into the Consolidated Fund. Ethics and Anti-Corruption Commission has recovered the funds on behalf of Export Processing Zones Authority (EPZA) for onward transmission to the consolidated fund.

4. Foreign Exchange Gain

Sixty percent (60%) of the budget A-in-A is denominated in US dollars. The foreign exchange market has recently experienced some volatility largely due to the witnessed shortage and significant strengthening of the US dollar in the global markets.

According to Central Bank Indicative Exchange Rates, the Kenyan shilling has slumped to its lowest levels in the past two years as the shilling was selling at 129.3512 against the US dollar on 30th June, 2025. Any appreciation / depreciation of the reporting currency (KSHS) will affect the cash flows emanating from those transactions because the Authority uses the Central Bank of Kenya (CBK) daily mean rate for conversation of the foreign currency transactions. This has been adjusted to reflect the fair value of these debts.

25	Contingent Liabilities		
		2024-2025	2023-2024
		Kshs	Kshs
	Court cases against the EPZA	949,032,300	949,032,300
	Total	949,032,300	949,032,300

26. TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity Sending the Grant	Amount Recognized to Statement of Comprehensive Income	Amount Deferred Under Deferred Income	Amount Recognized in Capital Fund.	Total Grant Income During the Year	30-Jun-25
	Kshs	Kshs	Kshs	Kshs	Kshs
Ministry of Industry, Trade and Cooperatives	300,000,000	100,000,000	700,000,000	900,000,000	800,000,000
Total	300,000,000	100,000,000	700,000,000	900,000,000	800,000,000

27. FINANCIAL RISK MANAGEMENT

The EPZA's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Authority's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Authority 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 Authority's financial risk management objectives and policies are detailed below:

(i) Credit risk

The entity 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 and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Authority's directors, who have built an appropriate liquidity risk management framework for the management of the Authority's short,

medium and long-term funding and liquidity management requirements. The Authority manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(iii) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity 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 entity'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 Authority'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 Authority's exposure to market risks or the manner in which it manages and measures the risk.

a) foreign currency risk

The Authority has transactional currency exposures. Such exposure arises through rendering of 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 conversion at the time of receipt is done using the prevailing exchange rate.

The Authority manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

b) Interest rate risk

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

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

Sensitivity analysis

The Authority 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.

28. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Description	2024-2025	2023-2024
	Kshs	Kshs
Court cases against the EPZA Total	949,032,300	949,032,300
	949,032,300	949,032,300

29. CAPITAL COMMITMENTS

Description	2024-2025	2023-2024
	Kshs	Kshs
Authorized and committed	5,775,400,684	5,880,000,000
Total	5,775,400,684	5,880,000,000

30. SURPLUS REMISSION

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. Provisional draft Annual Financial Statement indicate that EPZA made a loss of Kshs 58,605,820.

The Surplus Remission has been computed as follows:

	2024-2025	2023-2024
	Kshs.	Kshs.
Surplus for the period	-	42,851,970
90% Computation (Included in Statement of Financial Performance)	-	38,566,773

Surplus Remission Payable

	2024-2025	2023-2024
	Kshs.	Kshs.
Payable at the beginning of the year	38,566,773	-
Paid during the year	-	-

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Payable at end of the year	38,566,773	38,566,773
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31. EVENTS AFTER THE REPORTING PERIOD

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

32. ULTIMATE AND HOLDING ENTITY

The Export Processing Zones Authority is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Industry, Trade and Cooperatives, State department for Investments. Its ultimate parent is the Government of Kenya.

33. CURRENCY

The financial statements are presented in Kenya Shillings (Kshs).

19. APPENDICES

APPENDIX I: IMPLEMENTATION STATUS OF AUDITOR-GENERAL'S RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1 (2024)	<p>Lack of Ownership Documents and Valuation</p> <p>Two parcels of land, measuring two hectares with a book value of Kshs. 2,250,000, acquired through Gazette Notice Nos.2802 and 2803 of July, 1991. Further, and as previously reported, the Authority acquired land measuring 0.08 Ha at a purchase cost of Kshs. 6,500,000 in 2015/2016 financial year. However, the Authority had not processed and obtained ownership documents for the parcel of land as at 30 June, 2023. In addition, the Authority had not valued its assets for the last ten (10) years. This is contrary to Paragraph 49 of International Public Sector Accounting Standard (IPSAS) No.17 on property, plant and equipment, which provides for revaluation of property, plant and equipment every three to five years.</p>	<p>The two parcels of land were acquired legally through Gazette Notice Nos.2802 and 2803 of July, 1991. In the process of obtaining ownership, third parties claimed ownership and obtained title deeds for the parcels. The matter is in court and the Authority has submitted all supporting documents in relation to its claim over the land.</p> <p>1. Kajiado/Kitengela/74012. (Originally - Kajiado/Kitengela/61) measuring 1 hectare approximately This parcel of land is subject of an ongoing court case no. 130 of 2018: EPZA Vs. Osingiti Ole Mutunkei & 3 Others</p> <p>The Authority is awaiting the conclusion of the ongoing court case. The matter is now pending judgement which will be delivered on 13th March 2025.</p> <p>2. Kajiado/North Kaputiei/13552. (Originally Kajiado/ Kaputiei North/70) measuring approximately 1 hectare Judgement on ownership dispute was delivered on 21st September 2023 in favor of EPZA. PCEA Church appealed the judgment at the Court of Appeal. EPZA is awaiting a mention date.</p>	<p>CEO and GM-Commercial & Technical Services.</p> <p>Corporate Secretary</p>	Not Resolved	On going

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2 (2024)	<p>Valuation of Biological Assets</p> <p>The statement of financial position reports biological assets of Kshs. 150,122,342 relating to trees, whose value has not been changing for over the years. In absence of the valuation of biological asset the balance of Kshs. 150,122,342 could not be confirmed.</p>	<p>Management has initiated the valuation process for the biological assets. In collaboration with Kenya Forest Research Institute (KEFRI). The valuation has now been concluded and the valuation report is available for review. The financial statements have also been adjusted to reflect the new valuation.</p>	CEO and Manager Finance & Accounts	Resolved	Resolved on 30/06/2025
3 (2024)	<p>Long Outstanding Trade Receivables.</p> <p>A salary advance of Kshs. 7,709,867 and an imprest of Kshs. 980,919 was issued to the former Chief Executive Officer (CEO) without Board approval. After terminating the CEO's contract, he was ordered to repay the amounts, and the case was referred to the Ethics and Anti-Corruption Commission (EACC) and then to the Office of the Director of Public Prosecutions (ODPP) for criminal prosecution. The Authority is awaiting direction from the Anti-Corruption Court in Nairobi and has enlisted a Debt Collector to</p>	<p>On the salary advance to the former CEO, the matter is with the EACC and currently, the accused has agreed to enter into a Plea Agreement and has further agreed to plead guilty. The Accused has also agreed to compensate the State the total amount he benefitted together with the accrued interest, which monies are recovered by the Ethics and Anti-Corruption Commission on behalf of the Export Processing Zones</p>	CEO	Resolved	Resolved

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	recover these overdue funds, recorded as other receivables in Note 15 (b) of the financial statements since 2011.	Authority (EPZA) for onward transmission to the consolidated fund.			
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Richard Ipero Omelu
Chief Executive Officer

Sign..... *Richard Ipero Omelu*

Date..... *29/08/2025*

APPENDIX II: PROJECTS IMPLEMENTED BY THE AUTHORITY

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)
Development of Athi River Textile Hub	1177100200	N/A			No	Yes
Railway Siding and Related Infrastructure	1177100202	N/A			No	Yes
Construction of Investor Sheds	1177100203	N/A			No	Yes
Construction of an Effluent Treatment Plant- Kenanie	1177100204	N/A			No	Yes
Flagship Export Processing Zone Hubs (6No. hubs)	1177100600	N/A			No	Yes

Status of Projects completion

SN	Project	Total Project Cost	Total Expended to date	Completion % to date	Budget	Actual	Sources
1	Development of Athi River Taxitile Hub	3,577,959,448	3,376,007,137	92%			GOK
2	Railway Siding and Related Infrastructure	96,818,400	43,568,280	3%			GOK
3	Construction of Investor Sheds	1,872,695,600	250,199,489	25%			GOK
4	Construction of an Effluent Treatment Plant-Kenanie	1,132,662,117	613,512,235	85%			GOK
5	Flagship Export Processing	5,000,000,000	1,081,170,251.10	63%			GOK

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 - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Investments, Trade & Industry		Recurrent	300,000,000	300,000,000	-	-	-	-	300,000,000
Ministry of Investments, Trade & Industry		Development	700,000,000	-	700,000,000	-	-	-	700,000,000
Total			1,000,000,000	300,000,000	700,000,000	-	-	-	1,000,000,000

APPENDIX IV: INTER-ENTITY CONFIRMATION LETTER

Name of Transferring entity...State Department of Investment Promotion


Name of Beneficiary entity...Export Processing Zones Authority

Confirmation of amounts received by Exports Processing Zones Authority as at 30th June 2025


Reference Number	Date Received	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
1	03-Oct-24		230,320,875.60	230,320,875.60	
2	25-Oct-24		50,000,000.00	50,000,000.00	
3	25-Oct-24		40,000,000.00	40,000,000.00	
4	25-Nov-24		81,196,835.00	81,196,835.00	
5	29-Nov-24		198,482,289.00	198,482,289.00	
6	24-Dec-24	100,000,000.00		100,000,000.00	
7	07-Feb-25	50,000,000.00		50,000,000.00	
8	09-May-25	50,000,000.00		50,000,000.00	
9	03-Jun-25		100,000,000.00	100,000,000.00	
10	01-Jul-25	100,000,000.00		100,000,000.00	
Total		300,000,000.00	700,000,000.00	1,000,000,000.00	

I confirm that the amounts shown above are correct as of the date indicated.

Head of Accounts Department - Disbursing Entity:

Name *Edwin Mungalo* Sign 
 Date *29/08/2025*

Head of Accounts Department - Beneficiary Entity:

Name *Charles Kooch* Sign 
 Date..... *29/08/2025*

APPENDIX V: REPORTING OF CLIMATE RELEVANT EXPENDITURES

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

APPENDIX VI: REPORTING ON DISASTER MANAGEMENT EXPENDITURE

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Program me	Sub-programm e	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditur e item	Amo unt (Ksh s.)	Comm ents

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