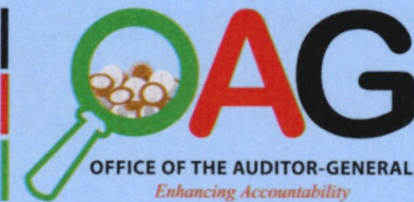


REPUBLIC OF KENYA



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OFFICE OF THE AUDITOR-GENERAL  
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# REPORT

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ON

### KENYA BIOVAX INSTITUTE LIMITED

FOR THE YEAR ENDED  
30 JUNE, 2025

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE:	05 MAR 2026
	DAY: Thursday
TABLED BY:	Hon. Owen Bayo, MP Deputy leader of Majority Party
CLERK-AT THE-TABLE:	A. Shibuko



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**KENYA BIOVAX INSTITUTE LIMITED**

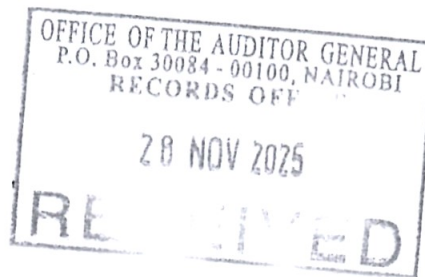
**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2025**

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Prepared in accordance with the IFRS Accounting Standards





**Kenya Biovax Institute Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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**1. Acronyms and Definition of Key Terms**

**A. Acronyms**

AG	Attorney General
AIA	Appropriation in Aid
CEO	Chief Executive Officer
CS	Cabinet Secretary
GDP	Gross Domestic Product
GOK	Government of Kenya
HEPRR	Health Emergency Preparedness Response and Resilience Program
IFRS	International Financial Reporting Standards
IPSAS	International Public Sector Accounting Standards
MD	Managing Director
MDA	Ministry Department Agencies
MOH	Ministry of Health
NT	National Treasury
OAG	Office of the Auditor General
PE	Personnel Emoluments
PPB	Pharmacy and Poisons Board
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
SDMS	State Department for Medical Services
KBI	Kenya Biovax Institute
KCB	Kenya Commercial Bank
KEMRI	Kenya Medical Research Institute
KEMSA	Kenya Medical Supplies Authority
KRA	Kenya Revenue Authority
KWFT	Kenya Women Finance Trust
WIP	Work in Progress

## B. Definition of Key Terms

**Fiduciary Management** - Members of Management directly entrusted with the entity's financial resources.

**Comparative Year**- Means the prior period.

## 2. Key Entity Information

### a) Background information

The Kenya Vision 2030, the nation's economic development blueprint commissioned in 2008, envisioned transforming Kenya into a newly industrialized middle-income economy by 2030. One strategy through which this was to be achieved was through the local manufacturing of basic commodities for the markets covering East and Central Africa. The Covid -19 pandemic brought to light the urgent need for the country to strengthen local manufacturing of pharmaceuticals to reduce the dependency on imported health products and technologies (HPTs), including human vaccines. In response, the national Government established the Kenya BioVax Institute in 2021, under the Companies Act (2015), with the mandate of manufacturing and commercialising health products and technologies that include human vaccines, therapeutics and diagnostics, amongst other biomedical products. The establishment and operationalisation of the Kenya BioVax Institute was also informed by a feasibility study commissioned by the Ministry of Health through the Kenya Medical Research Institute. This initiative would enable the country to assure availability of biopharmaceuticals including vaccines which are critical to universal health coverage and preventive health care as guided by the Vision 2030 blueprint.

At the ministerial-level, KBI is represented by the Cabinet Secretary for Health, who is responsible for providing the general policy and strategic direction of the Institute.

### b) Principal Activities

The principal activity of KBI is to manufacture and commercialize specialized health products and technologies including human vaccine, biological therapeutics and diagnostics.

Vision:

A world free of vaccine preventable diseases.

Mission:

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**Annual Report and Financial Statements for the year ended June 30, 2025**

To manufacture and commercialize safe, effective and quality vaccines and other health products and improve access to affordable healthcare.

Core Values:

The core value of KBI are; Integrity, Innovation, Collaboration and Excellence

**c) Directors**

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

- |     |                      |                               |  |
|-----|----------------------|-------------------------------|--|
| 1.  | Dr. Swarup Mishra    | - Former Chairman             | - Appointed on 18/11/2024 – Left on 30/06/2025 |
| 2.  | Dr. Sylvia Ojoo      | - Independent Director        | - Appointed on 18/11/2024                      |
| 3.  | Mr. Moses Atuko      | - Independent Director        | - Appointed on 18/11/2024                      |
| 4.  | Ms. Tusmo Jama       | -Independent Director         | - Appointed on 18/11/2024                      |
| 5.  | Dr. Bashir Isaak     | - Alternate to PS-MOH         | - Appointed on 18/11/2024                      |
| 6.  | Ms. Cheryl Majiwa    | - Alternate to CS-NT          | - Appointed on 28/03/2024                      |
| 7.  | Dr. Cecilia Wanjala  | - Ag. Chief Executive Officer | -Appointed on 01/01/2025                       |
| 8.  | Mr. Edwin Bett       | - Alternate to CEO-KEMRI      | - Appointed on 15/12/2023                      |
| 9.  | Mr. Harrison Mwangi  | -Independent Director         | -Appointed on 28/03/2025                       |
| 10. | Mr. Mugo Kibati      | - Former Chairman             | -Left on 05/11/2024                            |
| 11. | Mr. Sachen Chandaria | - Independent Director        | - Left on 05/11/2024                           |
| 12. | Ms. Shamim Chanzu    | - Independent Director        | - Left on 05/11/2024                           |
| 13. | Dr. Dennis Rangi     | -Independent Director         | - Left on 05/11/2024                           |
| 14. | Dr. John Kiiru       | - Alternate to CS-MOH         | - Left on 05/11/2024                           |
| 15. | Dr. Michael Lusiola  | -Former C.E.O                 | - Left on 31/12/2024                           |

**d) Ag. Corporate Secretary**

Ms. Clare Lai  
P.O. Box 40779-00100  
Nairobi

**e) Registered Office**

Kenya BioVax Institute  
Off Utawala Road, Embakasi  
P.O. Box 40779-00100  
Nairobi, KENYA

**Key Entity Information (continued)**

**f) Corporate Headquarters**

Kenya BioVax Institute  
Masaba Road, KWFT Centre-Upper Hill  
P.O. Box 40779-00100  
Nairobi, KENYA

**g) Corporate Contacts**

Telephone: 254 727237836  
E-mail: info@biovax.go.ke

**h) Corporate Bankers**

1. Kenya Commercial Bank  
Milimani Branch  
P.O. Box 2117-00100 KNH  
Nairobi, Kenya
2. NCBA  
Upper Hill Branch  
P.O. Box 44599-00100  
Nairobi, Kenya



**i) Independent Auditors**




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

**j) Principal Legal Advisers**




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



**3. The Board of Directors**

<p>1.</p>	 <p>Hon. Dr. Swarup Mishra  <b>Chairman, Board of Directors</b></p>	<p>Hon. Dr. Mishra is the founder chairman of Mediheal Group of Hospitals in Kenya and Rwanda and these health facilities are the pioneer of many super specialties and advanced medical fraternity like Neuro, IVF, Imaging, Kidney replacement therapy, Cardiac, Critical Care etc. He is also a founder of Meditech University for professional studies which is in the initial phase. He is also currently a director of Economic Diplomacy at the Kenya Chamber of Commerce &amp; Industries and also a member of the India Kenya Business Council          He has a MBBS in medicine and Post graduate in Obstetrics &amp; Gynecology. He has a diploma in Gynecology Endoscopy in Kiel, Germany. He has worked in various capacities as a Consultant and Lecturer for over 25 Years.</p>
<p>2.</p>	 <p>Mr. Moses Atuko  <b>Independent Director</b>  <b>(Chair Audit and Risk Committee)</b></p>	<p>Mr. Atuko is currently a consultant with United Nations. Previously, he worked as County Executive for Health Services and Environment-Mining-Energy, both for Baringo County Government; Country Director for MENTOR Initiative, Kenya; Regional Manager for Kenya Red Cross, North Rift; Deputy Country Director for MENTOR Initiative, Liberia; Emergency Health Manager for Kenya Red Cross, Nairobi; Project Officer with Aga Khan Foundation, Mombasa; and has been a Public Health Consultant for over 6 years. He is a graduate of Public Health, Moi University, 2004.</p>




3.	 <p>Prof. Dr. Sylvia Ojoo <b>Independent Director</b></p>	<p>Prof. Dr. Ojoo is a seasoned clinical infectious disease and public health professional with over 25 years of experience in leading HIV prevention and treatment initiatives across Africa. She has a proven track record in strengthening health systems, mentoring health professionals, and managing multimillion-dollar grants in resource-limited settings. She has spearheaded several innovations including the development of Kenya's innovative competency-based hybrid curriculum for HIV in-service training (2009-2015), which reduced costs and enhanced health worker capacity.</p>
4.	 <p>Ms. Tusmo Jama <b>Independent Director</b> <b>(Chair Hr&amp;Finance Committee)</b></p>	<p>Ms. Tusmo Jama is a licensed pharmacist with over 20 years experience working in the pharmaceutical industry in various roles. She has a compounding certificate and is highly experienced and motivated with a passion for providing exceptional pharmaceutical care and patient education. She is adept at staying up-to-date on the latest industry developments and regulations by taking continuing education. She currently runs a vitamin clinic in Nairobi.</p>
5.	 <p>Dr. Bashir Issak <b>Director (Alternate to PS, Ministry of Health)</b></p>	<p>Dr. Bashir currently works at the Government of Kenya under the Ministry of Health Headquarters, as the Head of the Department of Family Health, where he oversees four divisions namely; Division of Reproductive and Maternal Health, Division of Child and Neonatal Health, Division of Nutrition and Dietetics and Division of Adolescent and School health.</p> <p>A competent Leader with a background Obstetrics/Gynaecology, he has over twenty years of vast experience in Resource mobilization, Public Health systems strengthening in Kenya</p>





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6.	 <p>Ms. Cheryl Majiwa  <b>Director (Alternate to Cabinet Secretary, The National Treasury and Economic Planning)</b></p>	<p>Ms. Majiwa is the Alternate to the Cabinet Secretary National Treasury. She is an Assistant Director, Investments currently working at the Directorate of Public Investments and Portfolio Management within the National Treasury.</p> <p>She holds a Bachelor of Commerce Degree (Accounting and Finance) from Strathmore University and a Master’s Degree in Business Administration (Strategic Management) from the University of Nairobi. She is also a Certified Public Accountant and a member of the Institute of the Certified Public Accountants of Kenya (ICPAK) in good standing and an Associate Member of the Institute of Certified Investments/ Financial Analyst.</p> <p>Ms. Majiwa represents the Cabinet Secretary, National Treasury in selected boards of State Corporations and both the Public Accounts and Public Investments Committees of the National Assembly.</p>
7.	 <p>Mr. Edwin Bett  <b>Director (Alternate to Director General-KEMRI)</b></p>	<p>Mr. Edwin K. Bett has more than 17 years’ experience and holds an MSc in Biostatistics and a first class honours degree in Bachelor of Science in Mathematics. He has also extensive training and experience in Corporate Strategy Planning, Innovation &amp; Policy, Monitoring and Evaluation, Project Planning &amp; Management and Strategic Leadership</p> <p>He is currently the Director, Strategy and Compliance at the Kenya Medical Research Institute</p>
8.	 <p>Mr. Harrison Wangoro Mwangi  <b>Independent Director</b></p>	<p>Mr. Harrison Wangoro Mwangi is a visionary business leader, strategic advisor, and influential community figure with a Bachelor of Commerce degree in Marketing from KCA University.</p> <p>He is the Founder of Harrwang Capital Limited , one of Kenya’s leading microfinance institutions, where he has led the provision of innovative financial solutions that enable startups and SMEs to grow, create jobs, and</p>



		<p>contribute to sustainable economic development.          He is also a renowned figure in the Kenyan construction industry with a passion for proper policies and legislations enhancing the sector's growth.</p>
9.	 <p><b>Dr. Cecilia Wanjala –          Ag. Chief Executive Officer /          Director General</b></p>	<p>Dr. Cecilia Wanjala is a Pharmacist with MBA training from the University of Nairobi (UoN). She has vast experience in the Health industry, providing policy advisory services in strategy development to improve service delivery. She has vast knowledge and experience in innovation and research output commercialization at the Kenya Medical Research Institute and an extensive network of stakeholders cutting across the public and private sectors in the region. Her major achievements include taking the lead as a technical advisor and team member in the local vaccine and biopharmaceuticals manufacturing initiative.</p>
10.	 <p><b>Ms. Clare Lai          Ag. Corporation Secretary</b></p>	<p>Ms. Clare Lai holds a Masters degree in Regional Integration and Development and a Bachelor's degree in Law. She has over 11 years of practical experience in litigation, corporate governance, policy analysis, programme management, implementation, and monitoring of Government Programmes having worked within the public sector in anti-corruption, devolution, and intergovernmental relations.</p> <p>Ms. Lai handles legal and board advisory services including legal compliance, litigation, contracts management, and overall corporate governance and support.</p>

**4. Key Management Team**

<p>1.</p>	 <p>Dr. Cecilia Wanjala          BPharm, MBA, MPRSK          Ag. Chief Executive Officer</p>	<p>Main areas of responsibility include development of the corporate strategy, aligning the organisation, managing and leading the project teams, engaging internal and external stakeholders and being the liason with the Board of Directors.</p>
<p>2.</p>	 <p>Col. Robert Gatata          Bsc (Med. Lab Sci), Msc (Lab Mgt &amp; Epid)          Head of ICT, Facility Readiness and Security</p>	<p>Main areas of responsibility include preparedness of the manufacturing facility in readiness for installation of machinery and equipment, oversight of the information, communication and technology infrastructure (ICT) and biosafety / biosecurity. Colonel Gatata has been seconded from Ministry of Defence.</p>
<p>3.</p>	 <p>Dr. Rabera Kenyanya          BPharm, MSc (CPIPP), MWF, MPRSK          Head of Technical Operations</p>	<p>Main areas of responsibility include managing the operations and interactions within related government agencies, and supporting the planning activities to enable the establishment of the Institute. Dr. Rabera has been seconded from the Ministry of Health.</p>

4.	 Ms. Clare Lai LLB, M.A, Dip (Law) Ag. Corporation Secretary	Main areas of responsibility include providing the legal and corporate Board support for the organisation.
5.	 Mr. Lucas Nyangweso B.Com(B.Adm), MBA, MCIPS, MKISM, CIPS Manager Supply Chain Management	Main areas of responsibility include providing the lead on all supply chain related activities of the organisation
6.	 Mr. Chris Muindi BSc (Maths &Comp Sci), MSc, CISM, CISA, CEH Manager ICT and Security	Main areas of responsibility include providing ICT and Security related support for the organisation.
7.	 Mr. Solomon Aswani B.Com (Accounting), MBA, CPA(K) Head Finance Section	Main areas of responsibility include providing technical advice and support on financial and budgetary matters affecting the organisation

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8.	 Mr. Kenneth Luseno BBA Finance, MSC Finance, CPA(K) Head Accounts Section	Main areas of responsibility include providing technical advice and support on Accounting matters affecting the organisation
9.	 Dr. Michael Lusiola PharmD, MBA, PGDip, MRCP, MRS GG, MRS M Former CEO. Left the Institute on 31 <sup>st</sup> December 2025	

**5. Fiduciary Management**

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

1.	Ag. CEO	Dr. Cecilia Wanjala
2.	Head of Accounts	Mr. Kenneth Luseno
3.	Head of Finance	Mr. Solomon Aswani
4.	Head of Procurement	Mr. Lucas Nyangweso

**6. Fiduciary Oversight Arrangements**

- Risk, Compliance and Audit Committee of the Board

The Risk, Compliance and Audit Committee is charged with the responsibility of overseeing the internal audit function and the external audit by ensuring the integrity of the financial statements before approval by the Board, continually ensuring the effectiveness of the Internal Control Systems and, assessing and evaluating the Institute's operational risk exposure.

**• Human Resource, Finance and Administration committee of the Board**

The HR, Finance and Administration Committee is responsible for coordinating, implementing and monitoring the human resource, finance and administrative activities of the Institute in accordance with applicable laws, regulations and standards.

**• National Assembly's Departmental Committee on Health**

The Departmental committee on Health is established pursuant to standing order 216 of the National Assembly standing orders mandated to inter alia, investigate, inquire into and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments and study the programme and policy objectives of ministries and departments and the effectiveness of implementation.

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## **7. Chairman's Statement**

The establishment of the KBI is intended to position Kenya as a biotechnology manufacturing hub for the Region and Africa, promoting investment in research and development, including technology and knowledge transfer to support existing and novel research areas that are relevant to national and regional issues. As a hub, KBI in particular, and Kenya as a whole will create opportunities for investment in research and development, commercialisation of research outputs from research institutions and universities and create job opportunities for Kenyans.

In terms of sustainability and self-reliance, the KBI will play a major role in controlling the Government's healthcare expenditure on human vaccines and other Health, Products & Technologies, making these more affordable. Currently, Kenya imports over 70% of finished health products and technologies and 100% of raw materials for human health products manufacturing – an unsustainable situation that impacts self-sufficiency efforts.

During the FY2024-2025, the board finalized the development of the institutes' governance structures ensuring compliance with all statutory requirements, initiated rigorous resource mobilization and human resource establishment strategies, and advanced engagements with potential partners and stakeholders globally and within the country. A major achievement was the pronouncement of Kenya BioVax as the regional "Spoke" for the WHO mRNA Technology Transfer Programme.

The Institute has encountered challenges that delayed the fulfilment of its mandate including but not limited to: Inadequate allocation and delays in accessing funding for development and operations, delays in requisite approvals for recruitment of critical staff to support operations, and a suitable regulatory framework for human vaccine manufacturing. KBI is required to procure highly advanced technology, machinery, and equipment for a fill-and-finish plant. However, funding for this procurement has not been sufficiently availed through the exchequer. In addition, challenges have been experienced in the identification of highly skilled technical personnel for human vaccine manufacturing activities for the Institute. To this end, the Institute is exploring options on upskilling of personnel and identification of consultants to support initial operations.

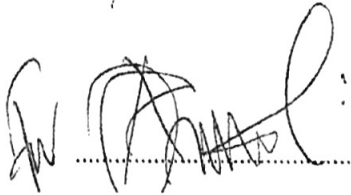
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On matters of health products and technologies regulation, KBI has also set out to support efforts by the National Regulatory Authority to attain Maturity Level 3 (ML3). The attainment of ML3 is critical to the successful global dissemination of locally manufactured human vaccines.

On behalf of the Institute Board and staff, I would like to take this opportunity to thank the Government of Kenya for its unequivocal support during the year under review. I also appreciate the financial, material, and moral support of our strategic partners, collaborators, and friends during the year.

I am optimistic that Kenya BioVax is set for a prosperous future.

A handwritten signature in black ink, appearing to read 'Swarup Mishra', written over a horizontal dotted line.

Dr. Swarup Mishra  
Chairman

## **8. Report of the Chief Executive Officer/ MD/ DG**

Kenya was reclassified as a lower-middle income country (LMIC) in 2019, setting the stage for it to transition away from donor support for the already established and successful childhood immunization programme. To sustain the gains of this important public health programme, the Government of Kenya began its journey to establish capacity to locally manufacture human vaccines and other biologics through the incorporation of the Kenya BioVax Institute as a state-owned company in September 2021.

Kenya BioVax Institute's mandate to manufacture and commercialize vaccines and related health technologies and products places us at the apex of the regional and continental aspirations to locally manufacture 60% of the required human vaccines for Africa by the year 2040, and aligns with National and Cohesion Values and the development objective on Universal Health Coverage as well as the economic pillar of local manufacturing, these being key in the delivery of the Bottom-up Economic Transformation Agenda (BETA) for the country.

During the period to 30 June 2025, the development methodology at KBI had been approached through phased implementation, in consideration of the complexity embedded in the vaccines production and manufacturing processes, the costly technological outlay, identification of technical personnel, and the complex research and development activities, all of which could have been potential barriers to entry. This 3-phase approach was deployed to ensure establishment of a state-of-the-art vaccine manufacturing facility that will aim to achieve product commercialization by end of financial year 2025/2026 and operationalization as a fully-fledged bulk production facility by start of year 2027.

The Embakasi facility was refurbished for administrative functions and preparation for installation of manufacturing modules. Within the financial year 2024-25, the Enabling works undertaken were at 86% completion. Effluent treatment Plant, Water treatment plant and Bio-kill were almost complete with their components already imported, waiting installation. The drilling of the Borehole was completed with water tested. Builders works; Gate and gate house, Utilities,

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water tank, boundary wall were all done to near completion. Design of Fill and Finish; drawings were also done with reviews.

The installation of Enterprise Resource Planning system was completed with additional modules being procured to make the system robust and efficient.

Kenya BioVax Institute signed partnerships and collaborations\_agreements with local and international stakeholders and established strategic partnerships and collaboration frameworks for potential engagements in the areas of technology transfer, market analyses, WHO pre-qualification, knowledge transfer and personnel capacity building. This will secure the necessary skills for establishing vaccine manufacturing capacity in Kenya as well as to promote the development of the vaccine ecosystem in regulatory affairs (Pharmacy and Poisons Board and National Quality Control Laboratory), research and development (Kenya Medical Research Institute, Kenya Institute of Primate Research, the local universities and other related research institutes) and specialized supply chain management for products requiring cold chain storage. A major achievement was that Kenya has ratified the African Medical Medicines Agency (AMA) treaty which will serve to enable access to the Africa vaccine market. Additionally, the institute took a lead position in the process of ensuring that Kenya joins the International Vaccine Institute (IVI).

Kenya Biovax implemented the Presidential directives during the period FY2024-25 and actively engaged specialized institutions to address key cross cutting issues including corruption prevention, disability, gender and road safety mainstreaming, and prevention of alcohol and drug abuse.

While challenges such as inadequate allocation and delays in accessing funding for development and operations and delays in requisite approvals for recruitment of critical staff to support operations were experienced in the year, the Institute explored innovative ways to address them through continuous engagements with relevant Government Agencies to unlock the delays.

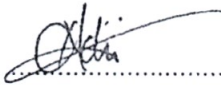
On behalf of the Institute Board and staff, I would like to take this opportunity to thank the Government of Kenya for its unequivocal support during the year under review. I also appreciate the financial, material and moral support of our strategic partners, collaborators and friends during

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the year. And it is because of the understanding and guidance of the Chairman of the Board as well as the cooperation of the entire staff that we have ended the year with success.

I look forward to the coming financial year and the years ahead.



.....

Dr. Cecilia Wanjala

Ag. Director General / Chief Executive Officer.

**9. Statement of Performance against Predetermined Objectives for FY 2024/25**

KBI has six strategic pillars/ themes/issues and objectives within the current Strategic Plan for the 2023-2027. These strategic pillars/ themes/ issues are as follows:

Pillar 1: Commercialization

Pillar 2: Manufacturing

Pillar 3: Collaborations and Resource Mobilization

Pillar 4: Regulation and Compliance

Pillar 5: Research, Development and Innovation

Pillar 6: People, Culture and Institutional Capacity Development

KBI develops its annual work plans based on the above six pillars. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The Institute achieved its performance targets set for the FY 2024-25 period for its six strategic pillars, as indicated in the diagram below:

Pillar1: Commercialization	To position KBI brand in the market in a competitive and sustainable approach by 2027	1.Brand awareness index 2.Number of M&E reports 3.Percentage completion and implementation of the commercialization Plan 4. Percentage completion of the	1.Develop, review and implement KBI commercialization plan 2.Develop, review and implement a contract manufacturing plan 3.Develop, review and	1.Kick started the development of the commercialization policy, first draft of the policy has been developed and will be finalized then submitted to the board for approval.

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		sales and marketing plan 5. Percentage implementation of KBI brand promotional plan	implement KBI sales and marketing plan 4. Develop, review and implement KBI brand promotional plan 5. Undertake brand awareness survey	2. Stakeholder satisfaction survey was done and the level of stakeholder satisfaction was at 93.5%
Pillar 2: Manufacturing	To set up a fully operational human vaccine manufacturing facility by 2027	1. Percentage of valid licences/certificates each year 2. No. of updated user requirement specifications 3. Percentage Completion of enabling works 4. Percentage of installed and validated equipment	1. Acquire relevant licenses 2. Develop, review and implement KBI facility user requirement specifications 3. Undertake enabling works at KBI facility 4. Equip KBI manufacturing facility	1. BioVax committed to undertake enabling works in the FY 2024/25. Project still ongoing and is at 86% completion. Effluent treatment Plant, Water treatment plant and Bio-kill almost complete with their components already imported, waiting installation.

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				<p>Borehole complete with water tested.</p> <p>Builders works; Gate and gate house, Utilities, water tank, boundary wall all done to near completion.</p> <p>Design of Fill and Finish; drawings done and undergoing reviews.</p> <p>2. Kenya BioVax is the country recipient of the WHO mRNA technology transfer program and is one in six recipients on the continent</p> <p>3. User Requirement Specifications have been drafted by the GMP consultant and will be</p>
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				completed in the FY 2025/26
Pillar 3: Collaborations and Resource Mobilization	To develop strategic partnerships, collaboration s and resource mobilization strategies in KBI by 2027	1. Percentage implementation of the KBI Strategic partnership and collaboration plan 2. Number of Advance Purchase Agreement 3. Percentage implementation of the KBI Resource mobilization plan	1. Develop, review and implement KBI Strategic partnership and collaboration plan 2. Develop and implement Advance Purchase Agreement 3. Develop and implement KBI Resource mobilization plan	1. Processing of the Technology Transfer Agreement is currently underway, BioVax submitted clarification through PS State Department for Medical Services following request by the AGs office for clarification on three clauses of the agreement 2. Kenya BioVax is a recipient of the World Bank Funded multi country Health Emergency Preparedness Resilience and Response Program that is expected to

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				become effective in the FY 2025/26. The program aims to support the acquisition of production equipment and human resource capacity building, while strengthening the regulatory and surveillance systems for vaccine development and manufacturing.
Pillar 4: Regulation and Compliance	To strengthen adherence to relevant national and international regulatory standards for manufacturing of vaccines	1.No of frameworks 2.Certifications 3.Percentage completion of Quality Control Laboratory 4.Percentage compliance to KBI quality protocols	1.Develop a regulatory and compliance framework 2.Develop quality management systems 3. Establish a Quality Control Laboratory 4. Develop, review and	1 Letter of No Objection from PPB, Registration of Workplace Certificate, NEMA Variation License and Business Permits successfully attained

			implement KBI technical protocols	
Pillar 5: Research, Development and Innovation	To establish and operationalize research and innovation function at KBI by 2027	<p>1. Percentage implementation of the Research, development and innovation plan</p> <p>2. Percentage implementation of the research and innovation matrix</p> <p>3. Percentage completion of bio manufacturing unit</p> <p>4. Number of intellectual property rights framework</p>	<p>1. Develop, review and implement KBI research and innovation plan</p> <p>2. Develop, review and implement research, development and innovation partnership matrix</p> <p>3. Establish a bio manufacturing training unit</p> <p>4. Develop and implement KBI intellectual property rights</p>	1. The Institute signed MoUs with NDU-K for capacity building of staff
Pillar 6: People, Culture and Institutional Capacity Development	To strengthen operational efficiency and effectiveness	1. Number of various departmental policies and plans developed, reviewed and	1. Formulate, implement and review various policies and set targets	1. i. Recruitment process initiated in Q2 for 14 staff, 9 of whom are senior management and CEO; process in

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	at KBI by 2027	percentage implementation 2.Percentage of staff placed 3.Percentage implementation of performance management system 4.Percentage of staff trained	2. Undertake KBI work force recruitment 3.Establish and implement KBI performance management system 4. Undertake capacity building	final stages and onboarding expected in Q1 of FY 2025/26 ii. Workplace policies approved by the Board of Directors - Gender-Based Violence & Sexual Harassment Policy; Disability Mainstreaming Policy; Alcohol and Drug Abuse Policy and Disciplinary Handling and Control Procedures Manual iii. Staff capacity building opportunities have been explored throughout the year in diverse
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			<p>areas identified by staff and identified by Management for specific staff</p> <p>iv. Staff mapped into cross-functional teams for diverse expertise to deliver on technical and administrative goals e.g ICT team champions productivity mainstreaming across the organisation.</p> <p>The staff induction was done in the Q4 with all staff who were recruited inducted by Kenya School of Government.</p> <p>2. The Institute has developed a number of</p>
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				<p>internal policies on technical and governance functions.</p> <p>3. Kenya Biovax staff have been placed under the performance appraisal system. Plans are underway to develop a comprehensive performance management system for the Institute.</p>
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## **10. Corporate Governance Statement**

The Kenya BioVax Institute Limited Board of Directors embraces principles of good corporate governance in steering the company towards achieving its mandate. The Board of Directors is guided in its compliance by the Constitution of Kenya, the Companies Act, the State Corporations Act, the Mwongozo Code of Governance for State Corporations, and the approved Board Charter. Additionally, the Board of Directors continues to foster a culture of high ethical and corporate governance standards by strengthening its internal controls, enhancing transparency and disclosure, promoting accountability, and improving risk management.

The members of the Board of Directors were appointed in accordance with the BioVax Articles of Association. The Chairperson was appointed by the President vide gazette notice in the Kenya Gazette, whilst Independent Directors were appointed by the Cabinet Secretary, Ministry of Health, also vide the Kenya Gazette. Additionally, the Directors were furnished with letters of appointment from the respective appointing authorities. During the period, the Chairperson of the Board was suspended for matters relating to private activities outside BioVax. The Board of Directors conducted meetings during the period of suspension through a sessional chairperson in accordance with BioVax's governing documents. Directors whose term ended exited from office and were replaced by Directors subsequently appointed. By the end of the period, the Board of Directors had four (4) independent Directors and three (3) alternate Directors drawn from the National Treasury, the Ministry of Health, and the Kenya Medical Research Institute (KEMRI). The Board is composed of diverse and seasoned professionals in the fields of strategic business management, life sciences, public health, and accounting.

### **Roles and Functions of the Board**

The main responsibility of the Board is to provide leadership, oversight, and stewardship of the Company while acting in utmost good faith in discharging its duties. In undertaking its mandate, the Board draws its powers and authority from the Companies Act, applicable laws, and the Company's Memorandum and Articles of Association. The Board sets and oversees the overall policy, broad strategy, and framework for the Company and monitors the execution progress. It continually strives to strengthen the Company's internal controls and risk management; maintain the highest ethical business standards; and promote a culture of integrity to support the Company in achieving its strategic and financial objectives. The Board of Directors approved the

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Company's communication policy on 28<sup>th</sup> March 2025. This policy will guide communications of both the Board of Directors and the entire company.

The Board has policies and procedures in place to ensure the independence of its members and monitoring for conflict of interest through the maintenance of an active conflict of interest register. To ensure independence, none of the independent directors has been employed by the Company in an executive capacity.

The Company has in place internal control systems designed to assure the effectiveness and efficiency of our business operations, financial reporting, and compliance with applicable laws and regulations. The internal control systems put in place by the Board include ensuring the establishment of the Enterprise Resource Planning system, and the Risk and Internal Audit functions. These functions periodically apprise the Board on the corporate risk profile, compliance with statutory and regulatory requirements as well as governance and internal controls. As part of the Company's internal controls, the Internal Audit Division is independent and functionally reports to the Risk, Compliance, and Audit Committee of the Board. The Company remains committed to continuously providing timely and objective assurance to enhance internal controls, and risk management, promote accountability, transparency, and good governance to support the business and grow value.

Newly appointed Directors underwent induction training and the Mwongozo Training, as organized by the State Corporations Advisory Committee (SCAC), and as recommended by the Head of Public Service. Additionally, Directors attended continuous professional development programs on corporate governance, audit, and effective meetings as follows:

1. Mwongozo training 9<sup>th</sup> to 11<sup>th</sup> December 2024
2. Board induction training 20<sup>th</sup> to 23<sup>rd</sup> January 2025
3. Board Audit Committee Training 3<sup>rd</sup> to 6<sup>th</sup> February 2025
4. Mwongozo training 24<sup>th</sup> to 26<sup>th</sup> February 2025
5. Board induction training, 26<sup>th</sup> to 27<sup>th</sup> May 2025
6. Masterclass on Corporate Governance by the Institute of Corporate Governance, 16<sup>th</sup> to 20<sup>th</sup> June 2025
7. Effective Meetings by the Institute of Certified Secretaries, 16<sup>th</sup> to 20<sup>th</sup> June 2025

The Board of Directors was evaluated by the State Corporations Advisory Committee (SCAC) on 24<sup>th</sup> September 2024. The evaluation involved the Board as a whole, individual Directors, the Chief Executive Officer, and the Corporation Secretary. The Board of Directors received the evaluation report at its 21<sup>st</sup> Board meeting held on 24<sup>th</sup> January 2025, with an average performance of 90%. The Board is scheduled to have its board evaluation for the next financial year 24/25 on 22<sup>nd</sup> August 2025. The legal and board affairs division tabled the internal annual corporate governance report to the Directors at the 24<sup>th</sup> Board meeting held on 24<sup>th</sup> June 2025. The Company intends to include the evaluation of the Internal Auditor in its upcoming self-evaluation. The areas of improvement were identified, and recommendations were made for continuous growth and development to enhance collective performance. The Company did not conduct a governance audit during the period, but is scheduled for one during the period of FY 25/26.

The Board prepares and operates under an Almanac and a Workplan for each financial year, which is aligned to the Company's strategic goals, outlining key activities for consideration during Board and Committees' meetings. The agenda for the meetings is prepared by the Corporation Secretary in consultation with the Chairman, the Managing Director & CEO. The agenda and papers for the meetings are circulated in time to allow for adequate preparations and effective participation during meetings. During the period, the board submitted its annual almanac for FY 24/25 to SCAC through the Ministry of Health. The Board conducted business under the provisions of its Board Charter. Board meetings are capped at a maximum of six (6) annually, with any additional meetings requiring permission in writing from the parent Ministry. The Board held a total of seven (7) full board meetings with quorum, with approval for the extra meeting as follows:

1. 18<sup>th</sup> Board Meeting-24<sup>th</sup> Sep 2024-Embakasi
2. 19<sup>th</sup> Board Meeting- 20th December 2024-Virtually via Microsoft Teams
3. 20<sup>th</sup> Board Meeting- 24th January 2025-Mombasa Beach Hotel
4. 21<sup>st</sup> Board Meeting- 27th January 2025- KWFT Centre
5. 22<sup>nd</sup> Board Meeting-24<sup>th</sup> March 2025-KWFT Centre
6. 23<sup>rd</sup> Board Meeting-6<sup>th</sup> May 2025-KWFT Centre
7. 24<sup>th</sup> Board Meeting-24<sup>th</sup> June 2025

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During the year, the Board had four standing Committees. The Constitution of the Committees takes into consideration the diversity of members, skills, expertise, and experience required to execute their responsibilities. The committees operate in accordance with specified terms of reference. The Company Secretary is the secretary to the Board and its committees, except the Audit Committee, where the Internal Auditor performs this function. Committee reports are presented to the Board by respective chairpersons. The four (4) committees of the Board held quarterly committee meetings with reports transmitted to the full board meetings for discussion and resolutions. The committees were guided by terms of reference approved by the Board of Directors, which are also captured in the Board Charter.

The Board maintained a conflict of interest register for all its meetings where members individually declared conflict of interest where applicable, as guided by the Leadership and Integrity Act. Directors were remunerated for attendance at meetings based on the guidelines for management of state corporations, with sitting allowances capped at Kes 20,000/= per sitting.

## 11. Management Discussion and Analysis

### The entity's operational and financial performance-2021/22-2024/25 FY

#### Operational performance:

The Institute focussed on achieving the desired outcome of establishing itself and kick-starting and operationalising its activities to meet the set targets. Accelerated efforts were made to enhance strategic collaborations, development of key policy documents such as its Strategic Plan. The Institute achieved the following;

- Enabling works for the fill and finish facility are at advanced stage (86% complete)
- Obtained NEMA License for fill and finish facility at Embakasi
- Technology Transfer Agreement with the WHO m RNA technology transfer submitted to the A.G for review
- Non-Disclosure Agreements signed with various vaccine manufacturers
- Strategic partnership engagements for tech and knowledge transfers
- Developed key policy documents including Strategic Plan

#### Financial performance:

The table below provides an overview of Recurrent financial performance for the four-year period 'in millions of kshs'

	2021/22	2022/23	2023/24	2024/25	2021/22	2022/23	2023/24	2024/25
<b>Recurrent Grants</b>	100	100	150	281.5	90.6	58.3	150	281.5
<b>AIA</b>	-	-	-	30.5	3	12	48	62.2
<b>Total</b>	100	100	150	312	91	70.3	198	343.7
<b>PE</b>	-	12	82	190	-	11.5	108	112
<b>Other expenses</b>	100	88	68	122	18.7	50.3	105	222
<b>Surplus (Deficit)</b>					72.3	8.5	(15.1)	9

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The table below provides an overview of Development financial performance for the four-year period 'in millions of kshs'

	2021/2 2	2022/2 3	2023/2 4	2024/2 5	2021/2 2	2022/2 3	2023/2 4	2024/2 5
<b>Capital/Development Grants</b>	400	500	400	235	11.9	31	48	426
<b>Surplus (Deficit)</b>						(469)	(352)	-

**Entity's compliance with statutory requirements**

By and large KBI complied with its statutory requirements of remitting statutory deductions due and settling most of its due payments. For the period under review the Company filed and paid for its Self -Assesment Tax Returns for the 2023/24. A provision has been provided for the 2024/25 Self- Assesment Tax Returns that is expected to be paid by the first quarter of the 2025/26 FY

**Key projects and investment decisions the entity is planning/implementing.**

KBI began its enabling works for the fill and finish plant facility at Embakasi with initial commencement of builders works and effluent treatment plant. Works are at over 86% completion with a target to complete by end of September 2025.

**Major risks facing the entity.**

<b>Strategic Pillar</b>	<b>Risk</b>	<b>Mitigation Measures</b>
<b>Manufacturing</b>	Inadequate funding.	<ul style="list-style-type: none"> <li>○ Lobby for funding of operations from GoK.</li> <li>○ Meet key milestones to unlock development funds from financing partners.</li> </ul>
	Lack of political goodwill.	<ul style="list-style-type: none"> <li>○ Lobby for support of local manufacturing by GoK.</li> </ul>
	Delays in facility completion.	<ul style="list-style-type: none"> <li>○ Have strict agreements with contractors.</li> <li>○ Ensure accurate URS are in place.</li> <li>○ Ensure construction is fully resourced.</li> </ul>

<b>Strategic Pillar</b>	<b>Risk</b>	<b>Mitigation Measures</b>
	Inadequate regulatory capacity by PPB.	<ul style="list-style-type: none"> <li>○ Work closely with PPB during implementation.</li> </ul>
	Inability to access manufacturing technologies and raw materials.	<ul style="list-style-type: none"> <li>○ Partnerships for technology transfer and support during the implementation period.</li> <li>○ Partnerships in supply of critical raw materials, excipients and packaging materials.</li> </ul>
	Inability to develop competent cGMP workforce.	<ul style="list-style-type: none"> <li>○ Competent reward and recognition framework.</li> <li>○ Use recruitment methods like international head hunting.</li> </ul>
<b>Commercialization</b>	Changes in demand for KBI products.	<ul style="list-style-type: none"> <li>○ Continuously scan the environment.</li> <li>○ Establish key purchase agreements with MoH.</li> </ul>
	Inability to access good distribution networks.	<ul style="list-style-type: none"> <li>○ PPB attainment of ML3</li> <li>○ WHO prequalification.</li> </ul>
	Mismatch of demand and supply.	<ul style="list-style-type: none"> <li>○ Business and Artificial intelligence.</li> <li>○ Full automation of KBI supply chain.</li> </ul>
	Loss of regional competitiveness.	<ul style="list-style-type: none"> <li>○ Deliberate brand positioning.</li> </ul>
<b>Regulation &amp; Compliance</b>	Inability to attain required quality standards.	<ul style="list-style-type: none"> <li>○ Implement strict QMS and QA.</li> <li>○ Generation and action on quality data for continuous improvement.</li> </ul>
<b>Research, Development and Innovation</b>	Possibility of misalignment with KBI mandate.	<ul style="list-style-type: none"> <li>○ KBI to be clear on the projects it can undertake based on its mandate.</li> </ul>
	Lack of R&D funding.	<ul style="list-style-type: none"> <li>○ KBI to deliberately collaborate and partner in resource allocation in R&amp;D.</li> </ul>
<b>Collaborations &amp; Resource Mobilization</b>	Lack of sufficient strategic partnerships.	<ul style="list-style-type: none"> <li>○ Deliberate efforts to establish strategic collaborations in all key result areas.</li> </ul>
	Inability to mobilize enough resources.	<ul style="list-style-type: none"> <li>○ Aggressively look for monetary resources to fund KBI operations.</li> </ul>

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**Material arrears in statutory/financial obligations**

During the period under review, there were no Major non-compliance issues to be reported on. Management is committed in tracking all outstanding obligations with the aim of settling them effectively as and when they fall due.

**The entity's financial probity and serious governance issues**

There were no serious or major unethical financial dealings or impropriety to be reported on other than implementing audit findings reported by both the OAG and internal audit department in their previous financial year audit and internal review respectively. Management is committed to achieve a Zero fault Audit within the first half of the 2025-26 FY

**Review of the economy, sector and future developments**

That the macro-fiscal indicators in relation to the growth of GDP, inflation, exchange rates, government revenues and debt among others were stable in the period under review. Recurrent Grants for the month of June 2025. Were received in the month of July 2025.

The Outlook remains positive though with cautiousness especially in relation to the political environment, with the recruitment process having been concluded and with the expectation of concluding the enabling works by the tail end of September 2025. The company expects to continuously engage the Parent ministry and National Treasury to ensure timely release of grants with an anticipation to engage National Treasury for additional funding to bridge the gap in its anticipated activities and related costs in the 2025/26 FY.

## 12. Environmental and Sustainability Reporting

### Introduction

The institute stands as a beacon of biotechnological advancement in Kenya, committed to revolutionizing public health through manufacture of human vaccines and other routine and emergency vaccines to serve the people of Kenya and beyond. Central to its mandate, is a robust sustainability strategy designed to ensure that the operations remain viable and beneficial for future generations. The Institute sustainability strategy is designed to uphold long-term commitment to public health while fostering environmental and social responsibility. The institute is dedicated to integrating sustainable practices into every facet of its operations to ensure that the impact is positive and enduring.

The institute is committed to reducing the environmental footprint through comprehensive waste and energy management initiatives. In line with the recent Kenyan governmental emphasis on green technologies and sustainable practices, the Institute intends to adopt and deploy 'green manufacturing' practices as part of its contribution to the attainment of national climate change action objectives. This shall be achieved through implementing energy-efficient technologies and optimizing waste disposal methods.

As part of the resource efficiency efforts the Institute will prioritize sustainable practices in resource management and plans to establish a state-of-the-art modular sterile product manufacturing facility that is WHO-prequalified and has engaged key partners, e.g., the World Health Organization, the Pharmacy and Poisons Board, the National Quality Control Laboratory. This will ensure the production facilities employ advanced water-saving technologies and sustainable sourcing strategies to minimize environmental impact and ensure that our resource usage is both responsible and efficient.

In full awareness of economic fluctuations and global market trends that may affect the sustainability priorities, the Institute will continually refine its operations to improve efficiency and explore sustainable alternatives.

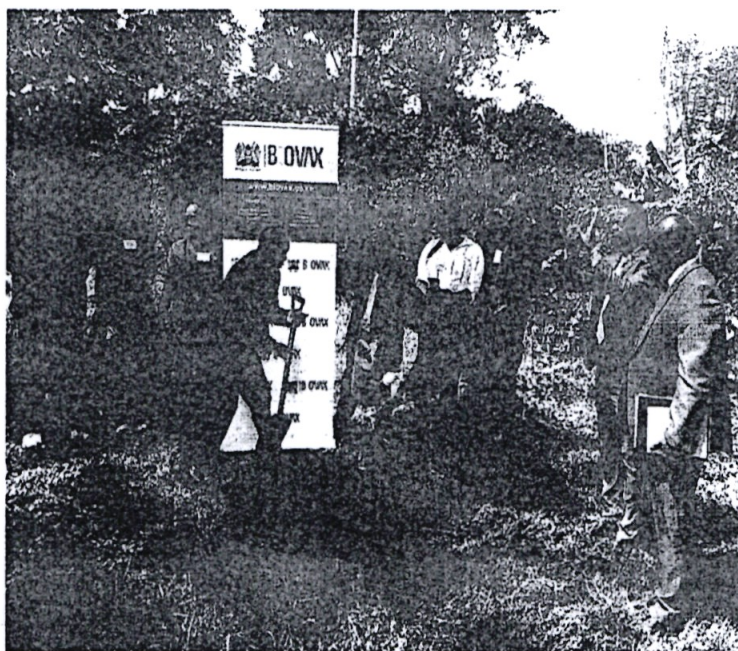
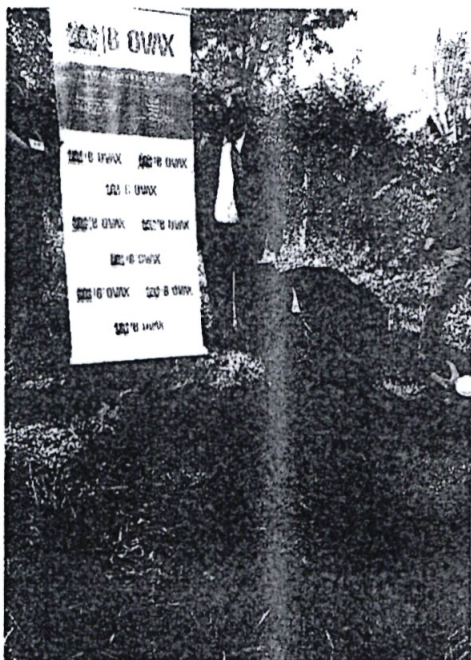
To this end the institute will actively engage with local communities, adhere to internationally recognized standards and regulations for environmental management and sustainability and continuously evaluate and improve our practices to align with global standards and adapt to emerging challenges.

**i) Environmental performance**

The Institute sustainability requirements focus on ensuring that all activities will not tamper with the environment. This will be done through integrating robust environmental and social safeguards. This will promote the long-term resilience and positive relationships with the communities involved and the environment. The institute has incorporated Environmental and social safe guards in the Strategic plan (Kenya Biovax Strategic Plan 2023-2027).

The strategic plan also provides for consideration on Biosafety and Biosecurity components as key areas in strategic choices to address environment protection and compliance with regulations.

The institute fulfils the presidential directives as well as societal expectations as far as environmental and sustainability requirements are concerned and during the 2024/245 Financial year, KBI undertook tree planting at Elgeyo Marakwet done by KBI staff as attached in the photos shown below



**ii) Employee welfare**

Kenya BioVax Institute has developed a Human Resource Policy which has considered the gender ratio, disability and regional balance in its recruitment process. The Institute engaged a recruitment agency in hiring of its staff with guidelines on inclusion of gender, regional and disability inclusion.

Training and development being an integral part of the Human resource development activity in all organisations, Kenya BioVax has strived in improving the skills of its employees by ensuring staff are trained in their areas of specialisation as well as in advancement of their professionalism. In the Human Resource manual, the Company commits to draw up and maintain an Annual Training Plan to address various levels. Taking to account Objectives of the training; Content Costs, benefits among other considerations.

Training in the Company is also based on Training Needs Assessment (TNA) which is conducted every year.

The Institute recognizes and commit to the achievement of the highest standards of health and safety in the workplace, and the elimination or minimization of health and safety hazards and risks that may affect its employees

The Institute has obtained work place certificate from the Director of Occupational safety and health (DOSHS) and a Workplace inspection register. An OSH policy statement has been displayed in the facility. Regular workplace Inspections by various regulatory bodies shall be undertaken. Guidelines on general safety, emergency preparedness and fire precautions have been provided in the Human Resource Manual.

**iii) Market place practices-**

Efforts by the company on Market Place practices included;

**a) Responsible competition practice.**

The Public Procurement and Disposal Act of 2015, amended in 2022, reinforces the importance of responsible competition practices in public procurement. To further enhance transparency, the Public Procurement Regulatory Authority has improved the Public Procurement Information Portal. This portal allows suppliers to access information on procurement opportunities and contract awards, making it easier for them to participate in public procurement. BioVax has consistently complied with the regulations and actively utilised e-procurement systems ensuring

a more transparent, efficient, and accessible procurement process. Further, BioVax has prioritised the request for quotation and open tender method as its preferred procurement approach. This methods encourages competition among suppliers, which is a key factor in ensuring fair pricing, quality service, and overall market efficiency. Through these practices, BioVax upholds the principles of responsible competition in public procurement.

**b) Responsible supply chain and supplier relations**

BioVax places a strong emphasis on responsible supply chain management and fostering positive supplier relations by integrating economic, social, ethical, and environmental standards into all procurement and disposal processes. These standards are applied not only during procurement activities, but also in the registration of new suppliers and the implementation of supplier development programs. The adoption of framework contracts by BioVax has proven to be a strategic move in promoting supply chain sustainability and resilience. These contracts allow BioVax to leverage its buyer power, ensuring competitive pricing, while minimising the frequency and transactional nature of spot buying. This shift has not only streamlined procurement processes, but also significantly improved relationships with suppliers. By aligning its procurement patterns with demand, BioVax has enabled suppliers to be more responsive to urgent needs and better manage their stock. The use of e-procurement platforms for procurement opportunities and awards has further strengthened supplier confidence, as these platforms demonstrate BioVax's commitment to transparency and efficiency. As a result, suppliers view BioVax as a responsible and reliable business partner, fostering long-term, mutually beneficial relationships.

**c) Responsible marketing and advertisement**

To enhance the visibility of procurement opportunities and job vacancies, BioVax employs a responsible marketing and advertisement strategy by leveraging both print and electronic media. This multi-channel approach ensures that information about procurement opportunities and career opportunities is widely accessible,

helping to reach a diverse range of potential suppliers and qualified employees. The seamless communication facilitated through these advertisements has significantly bolstered suppliers' confidence in BioVax's procurement processes, resulting in higher responsiveness to tenders. In addition to traditional media, BioVax is also focused on improving brand awareness and actively utilising social media platforms. This expanded digital presence not only increases the reach of procurement advertisements, but also engages a broader audience, further strengthening BioVax's reputation as a transparent and reliable partner in the marketplace

**d) Product stewardship**

BioVax demonstrates a strong commitment to service stewardship by ensuring that its operations and procurement processes uphold quality, safety, and responsibility best practices.

BioVax's approach to service stewardship is guided by:

1. **Alignment with User Needs:** The procurement process is driven by the specific needs of its user departments, which helps eliminate unnecessary purchases and reduce waste. This focus on relevance and efficiency ensures resources are used optimally.
2. **Evaluation of Social and Environmental Impact:** The evaluation criteria for selecting suppliers and products include social and environmental considerations. This ensures that the products and services procured not only meet BioVax's immediate needs, but also contribute to broader sustainability goals.
3. **Commitment to Safety and Quality:** BioVax is dedicated to procuring safe, high-quality products from reputable suppliers. This focus on quality is essential to safeguarding the rights and interests of those who rely on BioVax's services.
4. **Robust Inspection and Compliance:** To ensure all procured products and services meet the required standards, BioVax forms inspection and acceptance committees for each procurement. These committees are composed of staff with relevant expertise, and in

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cases where additional technical knowledge is needed, BioVax engages external experts. This thorough approach ensures compliance with both user specifications and regulatory requirements.

5. **Supplier Relations and Market Responsiveness:** By engaging reputable suppliers and focusing on building strong relationships, BioVax enhances the responsiveness of the market to its needs.

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

During the 2024/25 Financial year, KBI undertook tree planting initiatives in Elgeyo Marakwet county including supporting SDMS towards these initiatives as directed by the Head of State.

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**13. 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 KBI's affairs.

**i) Principal activities**

The principal activities of the entity continue to be to manufacture and commercialize specialized health products and technologies including human vaccine, biological therapeutics and diagnostics

**ii) Results**

The results of the entity for the year ended June 30, 2025, are set out on page 1-98 Below is summary of the profit or loss made during the year.

**iii) Dividends**

No dividends were declared for the year.

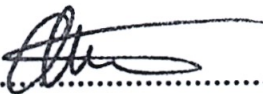
**iv) Directors**

The members of the Board of Directors who served during the year are shown on page iv In accordance with Regulation 79 of the KBI's Articles of Association, Dr. Swarup Mishra, the Chairman of the Board, left the Institute at the end of the financial year and was replaced by Dr. Charles Githinji as the incoming Chairman of the Board of Directors at the beginning of the 2025/26 financial year.

**v) Auditors**

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

By Order of the Board

  
.....

**Ms. Clare Lai**

**Ag. Corporate Secretary/Secretary to the Board**

**Date**

#### **14. Statement of Directors' Responsibilities**

Section 81 of the Public Finance Management Act, 2012, section 14 of the State Corporations Act and Part xxv of the Company's Act 2015 require the Directors to prepare financial statements in respect of KBI which give a true and fair view of the state of affairs of the entity at the end of the financial year/period and the operating results of the entity for that year/period. The Directors are also required to ensure that KBI keeps proper accounting records which disclose with reasonable accuracy the financial position of the entity. The Directors are also responsible for safeguarding the assets of the KBI.

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

The Directors responsibility for KBI's financial statements, which were prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, were in conformity with the International Financial Reporting Standards (IFRS), and were in the manner required by the PFM Act, 2012 and the Company's Act (2015).

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**Annual Report and Financial Statements for the year ended June 30, 2025**

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**Statement of Directors' Responsibilities (Continued)**

The Directors are of the opinion that KBI's financial statements give a true and fair view of the state of Institutes transactions during the financial year ended June 30, 2025, and of the entity's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the KBI which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

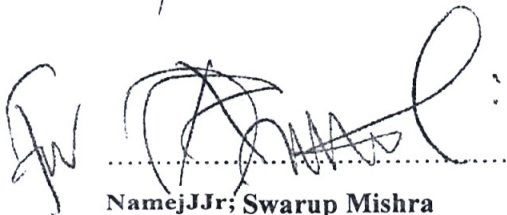
In preparing the financial statements, the Directors have assessed the entity's ability to continue as a going concern.

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

**Approval of the financial statements**

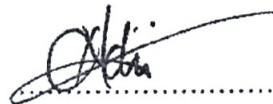
Kenya Biovax Institute Ltd financial statements were approved by the Board on

25/08/ 2025 and signed on its behalf by:



Name: **JJr; Swarup Mishra**

**Chairperson of the Board/Council**



Name: **Dr. Cecilia Wanjala**

**Accounting officer**

# REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



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Monrovia Street  
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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON KENYA BIOVAX INSTITUTE LIMITED FOR THE YEAR ENDED 30 JUNE, 2025**

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### **PREAMBLE**

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

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Kenya Biovax Institute Limited set out on pages 1 to 41, which comprise of the statement of financial position as at 30 June, 2025, and the statement of profit/loss and other comprehensive income, statement of changes in equity, statement of cash flows and statement of

comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kenya Biovax Institute Limited at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Companies Act, 2015 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **Non-Disclosure of Owners Equity- Ordinary Share Capital**

The statement of financial position and the statement of changes in equity reflects total equity amount of Kshs.753,868,753 comprising of retained earnings of Kshs.118,228,497 and capital fund balance of Kshs.635,640,256. Information available at the Registrar of Companies indicate that the company is limited by shares with issued share capital of 400,000,000 ordinary share capital with par value of Kshs.5 each totaling to Kshs.2,000,000,000 which was not disclosed in the financial statements. Further, the Memorandum and Articles of Association indicating the governance arrangement and the ownership structure of the Company was not provided for audit review.

In the circumstances, the ownership, valuation and fair statement of the reported equity balance of Kshs.753,868,753 could not be confirmed.

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

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final expenditure budget of Kshs.346,000,000 and actual on comparable amount of Kshs.273,467,331 resulting to a variance of Kshs.72,532,669 or 79% budget utilization.

The under absorption of expenditure budget might have affected the Institute's planned activities.

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 effects of the matter

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 prior years' audit reports, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the Institute in 2024/2025 revealed that the following five (5) issues remained unresolved:

<b>No.</b>	<b>Audit Issue</b>
1	Non-disclosure of Owners Equity- Ordinary Share Capital.
2	Lack of an Asset Management Policy
3	Lack of a Transport Policy
4	Unapproved variation of works and delayed completion of Partitioning works.
5	Failure to occupy leased office at KWTT 10 months after the Lease came into effect

## **Other Information**

The Directors are responsible for the Other Information set out on pages iii to xlv which comprise of key entity information, the board of directors, key management team, fiduciary management, fiduciary oversight arrangements, chairman's statement, report of the chief executive officer, statement of performance against predetermined objectives, corporate governance statement, management discussion and analysis, environmental and sustainability reporting, report of the directors and statement of directors' responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that nothing 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**

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

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Weaknesses in Issuance and Management of Imprest**

Review of the imprest register revealed that it did not include the payee personal number, daily subsistence allowance rates, number of days outside the working station, and separate imprest warrant numbers and payment voucher numbers.

In the circumstances, the effectiveness of internal controls on management of imprest could not be confirmed.

#### **2. Weaknesses in Repairs and Maintenance of Motor Vehicles**

Review of repairs and maintenance of motor vehicles expenditure amounting to Kshs.208,800 revealed that the defects were not properly identified before repairs since the pre service report was not provided for audit. Further, there was no proof of actual work done as neither the post service analysis nor the inspection and acceptance report were provided for audit review. In addition, review of payments amounting to Kshs.217,042 revealed that the services were not initiated through an approved requisition and the pre-service and post-service reports were not provided for audit.

In the circumstances, the effectiveness of internal controls on motor vehicle repairs and maintenance could not be confirmed.

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Conclusion

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

- i. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit;
- ii. The information given in the Directors' report on pages xliii to xlv is consistent with the financial statements; and
- iii. The auditable part of the Directors' remuneration report on page 20 has been properly prepared in accordance with the Companies Act, 2015.

### Basis for Conclusion

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

### Responsibilities of the Management and Board of Directors

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

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

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

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

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

## **Auditor-General's Responsibilities for the Audit**

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

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

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

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

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**03 December, 2025**

**16. Statement of Profit/Loss & Other Comprehensive Income for the Year Ended 30<sup>th</sup> June 2025.**

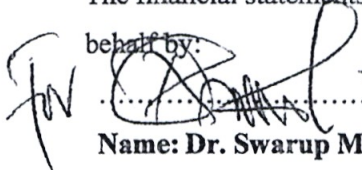
<b>Revenues</b>			
<b>Other income</b>			
Grants from the national government	6	281,500,003	150,000,000
Finance income	7	62,204,357	48,070,402
<b>Total revenues</b>		<b>343,704,360</b>	<b>198,070,402</b>
<b>Operating expenses</b>			
Administration costs	8	334,057,535	212,995,198
<b>Total operating expenses</b>		<b>334,057,535</b>	<b>212,995,198</b>
<b>Profit/(loss) before taxation</b>		<b>9,646,825</b>	<b>(14,924,796)</b>
<b>Income tax expense/(credit)</b>		<b>-</b>	<b>-</b>
<b>Profit/(loss) after taxation</b>		<b>9,646,825</b>	<b>(14,924,796)</b>
<b>Other comprehensive income</b>			
<b>Profit/ (loss) after taxation</b>		<b>9,646,825</b>	<b>(14,924,796)</b>
Surplus or deficit on revaluation of PPE		-	-
Re-measurement of net defined benefit liability		-	-
Fair value gain/(loss) on investments in equity instruments designated as at FVTOCI		-	-
<b>Total comprehensive income/Loss for the year</b>		<b>9,646,825</b>	<b>(14,924,796)</b>

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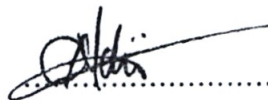
**17. Statement of Financial Position as at 30 June 2025**

Assets			
<b>Non-Current Assets</b>			
Property, Plant And Equipment	19	464,399,516	62,571,092
<b>Total Non-Current Assets</b>		<b>464,399,516</b>	<b>62,571,092</b>
<b>Current Assets</b>			
Trade And Other Receivables	10	23,458,335	12,500,000
Prepayments	9	9,499,469	-
Bank And Cash Balances	13	308,264,430	653,652,119
<b>Total Current Assets</b>		<b>341,222,234</b>	<b>666,152,119</b>
<b>Total Assets</b>		<b>805,621,750</b>	<b>728,723,211</b>
<b>Equity And Liabilities</b>			
<b>Capital And Reserves</b>			
Retained Earnings		118,228,497	84,408,707
Capital Fund		635,640,256	633,051,221
<b>Capital and Reserves</b>		<b>753,868,753</b>	<b>717,459,928</b>
<b>Current Liabilities</b>			
Trade And Other Payables	12	51,752,997	11,263,283
<b>Total Current Liabilities</b>		<b>51,752,997</b>	<b>11,263,283</b>
<b>Total Equity And Liabilities</b>		<b>805,621,750</b>	<b>728,723,211</b>

The financial statements were approved by the Board on 27/07/2025 2025 and signed on its behalf by:

  
 Name: Dr. Swarup Mishra

Chairman of the Board

  
 Name: Dr. Cecilia Wanjala

Director General/C.E.O

  
 Name: Mr. Solomon Aswani

Head of Finance

ICPAK M/NO: 6885

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**18. Statement of Changes in Equity for the year ended 30 June 2025**

Description	Ordinary shares	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital reserve	Total	Total
<b>As at July 1, 2023</b>	-	-	-	80,854,335	-	500,000,000	580,854,335
Transfer of depreciation/amortisation from capital fund to retained earnings-prior year adjustment	-	-	-	1,988,731	-	(1,988,731)	-
Prior year error adjustments-Trade creditors balance (2022/23 FY)	-	-	-	1,530,389	-	-	1,530,389
Profit/(Loss) for the year	-	-	-	(14,924,796)	-	-	(14,924,796)
Capital/development grants received during the year	-	-	-	-	-	150,000,000	150,000,000
Transfer of depreciation/amortisation from capital fund to retained earnings-current year	-	-	-	14,960,048	-	(14,960,048)	-
<b>As of June 30, 2024</b>	-	-	-	84,408,707	-	633,051,221	717,459,928
<b>As at July 1, 2024</b>	-	-	-	84,408,707	-	633,051,221	717,459,928
Prior period adjustment on book value of Capital Fund	-	-	-	-	-	26,762,000	26,762,000
Transfer of depreciation/amortisation from capital fund to retained earnings-current year	-	-	-	24,172,965	-	(24,172,965)	-
Profit/(Loss) for the year	-	-	-	9,646,825	-	-	9,646,825
<b>At June 30, 2025</b>	-	-	-	118,228,497	-	635,640,256	753,868,753

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*Note:*

1. *Prior year period adjustment relates to reinstatement of capital fund book value amounts reduced in prior years.*

## 19. Statement of Cash Flows for the year ended 30 June 2025

Description	Note	2024-25 FY	2023-24 FY
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other governments entities	5	258,041,668	137,500,000
Finance Income	6	62,204,357	48,070,402
<b>Total Receipts</b>		<b>320,246,025</b>	<b>185,570,402</b>
<b>Payments</b>			
Use of goods and services	7	118,738,831	80,895,770
Employee Costs	7	108,223,854	98,598,293
Board Expenses	7	19,133,965	4,082,668
Repairs and Maintenance	7	2,193,247	3,777,108
Insurance and Medical	7	18,391,656	-
Contracted services	7	6,785,778	
<b>Total Payments</b>		<b>273,467,331</b>	<b>187,353,839</b>
<b>Net cash generated from/(used in) operating activities</b>		<b>46,778,694</b>	<b>(1,783,437)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	15	(392,166,383)	(47,916,826)
<b>Net cash generated from/(used in) investing activities</b>		<b>(392,166,383)</b>	<b>(47,916,826)</b>
<b>Cash flows from financing activities</b>			
Proceeds received for previous FY (2022/23) - Development Grants		-	100,000,000
Proceeds from Development Grants-FY 2023/24		-	150,000,000
<b>Net cash generated from/(used in) financing activities</b>		<b>-</b>	<b>250,000,000</b>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>(345,387,689)</b>	<b>200,299,737</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>653,652,119</b>	<b>453,352,382</b>
<b>Cash and cash equivalents at end of the year</b>	12	<b>308,264,430</b>	<b>653,652,119</b>

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20. Statement of Comparison of Budget & Actual amounts for the period ended 30 June 2025

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	xxx%
	a	b	c = a + b	d	E= c - d	d/c%
<b>Budget carryovers from the previous year*</b>	<b>352,083,174</b>	<b>-</b>	<b>352,083,174</b>	<b>339,899,858</b>	<b>12,183,316</b>	<b>96%</b>
<b>Receipts</b>						
Transfers from the government	281,500,000	-	281,500,000	258,041,668	23,458,332	92%
Finance income	30,500,000	34,000,000	64,500,000	62,204,357	2,295,643	96%
Capital Reserves	235,093,821	10,000,000	245,093,821	245,093,821	-	100%
<b>Total Receipts</b>	<b>547,093,821</b>	<b>44,000,000</b>	<b>591,093,821</b>	<b>565,339,846</b>	<b>25,753,975</b>	<b>96%</b>
<b>Payments</b>						
Compensation of employees	190,576,789	-	190,576,789	108,223,854	82,352,935	57%
Board Expenses	14,000,000	1,500,000	15,500,000	19,133,965	(3,633,965)	123%
Insurances and Medical	31,500,000	(12,000,000)	19,500,000	18,391,656	1,108,344	94%
Contracted Services	9,000,000	(950,000)	8,050,000	6,785,778	1,264,222	84%
Collaboration and Partnerships	6,440,000	18,150,000	24,590,000	16,354,390	8,235,610	67%
Administrative Expenses	53,983,211	28,800,000	82,783,211	102,384,441	(19,601,230)	124%
Repairs and Maintenance	6,500,000	(1,500,000)	5,000,000	2,193,247	2,806,753	44%
<b>Total expenditure</b>	<b>312,000,000</b>	<b>34,000,000</b>	<b>346,000,000</b>	<b>273,467,331</b>	<b>72,532,669</b>	<b>79%</b>
<b>Capital Expenditure</b>	<b>235,093,821</b>	<b>10,000,000</b>	<b>245,093,821</b>	<b>392,166,383</b>	<b>(147,072,562)</b>	<b>160%</b>
<b>Surplus/deficit for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(100,293,868)</b>	<b>(193,851,256)</b>	

**Budget notes:**

1. On 24<sup>th</sup> of January 2025 in its Board sitting, The Board approved the Revised Total Budget under Supplementary II for the 2024/25 FY to kshs. **591,093,821** with Recurrent at kshs 346,000,000 and Development at kshs 245,093,82. The Overall increment of the Total

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Budget by kshs 44,000,000 was a result of the anticipated higher collection of Gross Bank Interest income by a further kshs 34,000,000 and further drawings in its Revenue Reserves by kshs 10,000,000 to cater for ERP phase 2 implementation of additional modules.

2. Overall receipt of Recurrent Grants was kshs. 258,041,668 translating to an overall absorption of 92% boosted by a 96% absorption in interest income. At the end of the period, a one month's recurrent allocation for the month of June 2025 of kshs 23,458,333 was received in the month of July 2025 (02/07/2025).

3. On Recurrent Absorption

- Under absorption of 43% for compensation of employees was as a result of slower than expected implementation of the recruitment process. Management concluded the recruitment process of Managers and General Managers in the month of June 2025 and these officers are expected to be onboarded in the first quarter of the 2025/26 FY.
- Over absorption of 123% on Board Expenses was as a result of accelerated trainings and corporate governance capacity building efforts to bring to speed the new Board that was inaugurated in late November of 2024 and began its work effectively in January 2025.
- Under absorption by 16% for contracted services was mainly as a result of non- engagement of a HR Consultant to assist in the interviews of managers that was budgeted in the year under review.
- Under absorption by 33% for Partnerships and Collaborations was a result of less engagements with the Departmental Committee on Health and National Treasury that had been budgeted for.
- Over absorption of Administrative expenses by 124% was as a result of acceleration of the Institutes activities particularly in the development of Quality management documents and policies, Collaborations with various stakeholders in the vaccine ecosystem and various management engagements with the new Board of Directors.
- Under absorption by 56% for Repairs was as a result of less accelerations of maintenance expenses to the various asset categories as most assets were fairly new and in good working conditions.

4. Actual development expenditure incurred was kshs. 392,166,383 consumed from the 2023/24FY commitments made at the end of that period of kshs 352,083,174 and additionally from the Capital/Revenue Reserves provided for in the period under review. Out of these expenditures of kshs 392,166,383, kshs 339,899,858 related to budget carry overs of 2023/24 FY commitments that were realized in the period under review, broken down as follows;

- Enabling works consuming kshs 299,566,405
- ICT Related Equipment kshs 12,347,063
- ERP Software kshs 8,551,667
- Office Partitioning kshs 6,624,907

- Motor Vehicle kshs 7,610,000
- Furniture and Fitting kshs 2,890,028
- Other Equipment kshs 2,309,787

**5. Capital/Development Budget Carryovers**

From a Capital/Development allocation of kshs 245,093,821 for the 2024/25 FY, kshs 86,101,531 was absorbed for Enabling works inclusive of Retention Monies resulting in a Balance of kshs 158,992,290. This balance has been committed/contracted towards the following;

- Enabling Fill and Finish Works at Embakasi Plant kshs 84,927,064
- GMP Consultancy Services (Multi- year) kshs 64,065,226
- ERP Phase II Implementation kshs 10,000,000
- Further the balance of kshs 12,183,316 for the 2023/24 budget carry overs will be used to purchase ICT related equipment and Internet Provision

**Budget Reconciliation**

		Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	(48,803,918)
1	Statement of profit recognizes the accrued effects of Recurrent grants while Statement of budget is on cash basis	23,458,332
2	Statement of profit does not incorporate the effects of Capital Reserves recognized as part of the capital/development budget	245,093,821
3	Trade Payables/Accruals for the year recognized in statement of profit but are not recognized in the statement of budget	51,186,326
4	Depreciation recognized in the Statement of Profit is a non cash outlay in the statement of budget	24,172,965
5	Effects of prepayments recognized in statement of budget and not statement of profit	9,499,469

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6	Working capital adjustments not recognized in the statement of profit	3,657,435
	Closing Cash and Cash Equivalent as per the statement of Cash flows	308,264,430

## **21. Notes to the Financial Statement**

### **1. General Information**

KBI is established by and derives its authority and accountability from the Company's Act of 2015. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to manufacture and commercialise specialised health products and technologies, including human vaccines, biological therapeutics and diagnostics.

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

### **2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entity's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in the Notes to the Accounts.

The financial statements were prepared and presented in Kenya Shillings, which is the functional and reporting currency of KBI, and all values are rounded off to the nearest Kenya shilling.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the Company's Act and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented

3. **Application of New and Revised International Financial Reporting Standards (IFRS)**

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

Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020, amended in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendment to IFRS 16 titled Lease Liability in a Sale and Leaseback (issued in September 2022)	The amendment, applicable to annual periods beginning on or after 1st January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendments to the Classification and Measurement of Financial Instruments Amendments to IFRS 9 and IFRS 7	The amendments specify: <ul style="list-style-type: none"> <li>i. when a financial liability settled using an electronic payment system can be deemed to be discharged before the settlement date.</li> <li>ii. how to assess the contractual cash flow characteristics of financial assets with contingent features when the nature of the contingent event does not relate directly to changes in basic lending risks and costs; and</li> <li>iii. new or amended disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features that do not relate directly to basic lending risks and costs.</li> </ul>	1 January 2026

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

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

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

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

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

**iii. *Early adoption of standards***

KBI did not early – adopt any new or amended standards in the financial year in relation to IFRS 7, 16, 18 and IFRS 19

**Summary of Accounting Policies**

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

**a) Revenue recognition**

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

- i) **Grants from National Government** are recognized in the year in which KBI actually receives such grants. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.
- ii) **Finance income** comprises interest receivable from bank deposits and investment in securities, and is recognized in profit or loss on a time proportion basis using the effective interest rate method.

**b) Property, plant and equipment**

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

**c) Depreciation and impairment of property, plant and equipment**

Freehold land and capital work in progress are not depreciated. Capital work in progress relates mainly to the cost of ongoing but incomplete works on buildings, partitioning and other civil works and installations. WIP comprises Enabling works at its Embakasi plant facility and partitioning works at its KWFT corporate office. The Plant facility premises are owned by KEMSA and discussions between KBI and KEMSA are ongoing to conclude on the Lease hold arrangements with the possibility of full acquisition of the facility including acquisition of the parking area from Kenya Airways in the near future.

Depreciation on property, plant and equipment was recognized in the income statement on a straight-line basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use, as guided by the KBI finance policy on assets depreciation were:

Freehold Land	-	Nil
Buildings and civil works	40	2.5%
Plant and machinery	20	5%
Motor vehicles, including motorcycles	5	20%
Computers and related equipment	3	33.3%
Office equipment	5	20%
Furniture and fittings	10	10%

A full year's depreciation charge is recognised in the year of asset purchase.

**d) Intangible assets**

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

**e) Amortisation and impairment of intangible assets**

Amortisation is calculated on the straight-line basis over the estimated useful life of the intangible asset. All intangible assets are reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

**f) Right of Use Asset**

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

**g) Trade and other receivables**

Trade and other receivables are recognized at amortized cost less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off after all efforts at recovery have been exhausted. For the period KBI had Receivables in form of Recurrent Grants that were realized at the beginning of the 2025/26 FY.

**h) Taxation**

**Current income tax**

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. Management has provided for the Self-assessment Return for the period under review and expects to pay the Tax liability within the first quarter of the 2025/26 FY.

**i) Cash and cash equivalents**

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

**Restricted cash**

Restricted cash refers to cash and cash equivalent balances that have usage constraints. This relates to Staff Gratuities that are held in its Bank Account and only paid at the end of a Staff's contract period or at his/her exit from KBI.

**j) Trade and other payables**

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

**k) Retirement benefit obligations**

KBI contributed to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time.

**l) Budget information**

The original budget for FY 2024/25 was approved by the National Assembly on 25th June 2024. Subsequent revisions were made to the approved budget in accordance with specific approvals from the Board.

KBI's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on

a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

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

**m) Service concession arrangements**

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

**n) Comparative figures**

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

**o) Subsequent events**

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

#### **4. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of KBI's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However,

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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.

The Capital Fund book value was readjusted to cater for the effects of under valuation in the previous financial year.

**a) Estimates and assumptions**

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

**b) Useful lives and residual values**

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

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

**c) Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 7b.

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.

Major provisions that have been accrued relate to;

Notes to the Financial Statements (Continued)

5. Grants from National Government

Recurrent grants received	258,041,668	137,500,000
Recurrent grants Receivable	23,458,335	12,500,000
<b>Total</b>	<b>281,500,003</b>	<b>150,000,000</b>

Additional Recurrent Grant Allocation from National Treasury was necessitated to support additional recruitment and core mandate activities.

SDMS	281,500,003	-	-	281,500,000	150,000,000
SDMS	-	-	-	-	150,000,000
<b>Total</b>	<b>281,500,003</b>	<b>-</b>	<b>-</b>	<b>281,500,000</b>	<b>300,000,000</b>

6. Finance Income

Interest from NCBA Bank	2,987	3,317,497
Interest from KCB-Operational Bank Account	5,352,864	4,026,856
Interest from KCB-Development Bank Account	56,848,506	40,726,049
<b>Total</b>	<b>62,204,357</b>	<b>48,070,402</b>

Gross Bank Interest Income is subject to Income Tax at the Rate of 30% being; Withholding tax at source by bank at 15% and 15% on Self- Assessment Returns.

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**7. Administration Costs**

Staff costs (note (7b))	112,233,666	108,598,905
Directors' emoluments	18,302,572	4,082,668
Contracted Services	6,785,778	-
Insurances and Medical	9,841,877	-
Repairs and Maintenance	2,193,247	3,777,108
Withholding charges & Resource Mobilization	30,469,438	10,101,991
National interests and values	-	1,955,385
Vaccine market shaping costs	-	1,515,048
Collaborations and stakeholder engagements	16,354,390	12,311,049
Other administration costs	-	3,994,151
Market research and feasibility studies	-	552,030
Travel and subsistence -Local	32,822,847	6,109,296
Travel and subsistence-Foreign	13,351,406	-
Bank charges and commissions	248,093	109,588
Telephone, internet and postage	5,030,118	1,457,737
Staff uniforms	-	34,800
Office and general supplies and services	3,176,489	487,445
Provision for Auditors remuneration	696,000	696,000
Hospitality	808,290	1,065,940
Licenses and permits	6,718,974	154,200
Local subscriptions	-	98,719
Advertising and promotional expenses	5,916,814	1,419,843
Conferences and delegations	29,458,751	17,128,784
Depreciation	24,172,965	14,960,048
Security services	-	940,175
Professional services and related costs	-	4,765,362
Fuel and oil	1,654,900	5,710,000
Water and sewerage	54,464	47,350
Electricity	24,162	-
Auditors remuneration 2022-23 fy	-	696,000
Rent and rates/Lease Costs	13,742,294	10,225,576
<b>Total</b>	<b>334,057,535</b>	<b>212,995,198</b>

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Included in the Amounts under Administration costs are Accruals Amounting to kshs 17,351,320 broken down as follows.

**7(a) Accruals**

<b>Description</b>	<b>Amount</b>
Commercialization policy development facilitation	1,227,100
Director's spouse burial facilitation	124,600
Provision for External Audit Fee	696,000
Provision of Security services April-June 2025	322,500
Provision of Cleaning services April-June 2025	284,470
Conference charges for evaluation of ERP Phase II	102,600
Conferences charges for commercialization policy development	553,000
Design and printing of Executive briefs, P.C and staff i.d cards	59,418
Air tickets for pharmaceutical society of Kenya conference-Mombasa	245,200
Air tickets for Staff and Board Member-Madaraka day celebrations, interviews, Addis Ababa conference	300,550
Supply of printing papers and staff i.ds	105,412
Variable pay for former CEO-July -Dec 2024	4,009,812
Conferences charges for productivity index and ISO Auditors training	630,400
QMS Documentation and Implementors training Sagana	2,585,686
Provision for Self- Assessment Income Tax Balance for 2024-25 FY	5,907,972
WHO-Mrna visit hospitality	53,100
Printing of Strategic Plan	143,000
NITA Levy for Board Members	500
<b>Totals</b>	<b>17,351,320</b>

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**7 (b) Staff Costs**

Salaries and allowances of contracted employees	82,757,336	45,168,932
Salaries and allowances of deployed/seconded employees	6,654,990	38,042,746
Medical insurance schemes	-	8,048,493
Employer's contributions to national social security schemes	789,010	263,852
Employer's contributions to housing levy	1,128,455	661,802
Gratuity	18,940,125	10,000,612
Employer's contributions to Industrial Training Levy	13,000	7,300
Staff Training	-	3,006,300
Other related costs-Recruitment costs	1,950,750	3,398,868
<b>Total</b>	<b>112,233,666</b>	<b>108,598,905</b>
<b>The average number of employees at the end of the year was:</b>		
Permanent employees – Management	9	8
Temporary and contracted employees	21	11
<b>Total</b>	<b>30</b>	<b>19</b>

KBI is in its formative stages where seconded staff have been deployed from MOH among other MDA's totaling to 7 whereas permanent staff (employed on five-year contract) total 23 Included in the Amounts

**8. Prepayments**

Staff Medical Insurance	5,987,973	-
WIBA Insurance	2,443,510	-
Insurance General	236,593	-
Board Medical Insurance	831,393	-
<b>Total</b>	<b>9,499,469</b>	<b>-</b>

-Staff Medical and Board Insurance (G.A insurance/Sedgwick) for the year was renewed on 1<sup>st</sup> March of 2025, representing an unexpired cost of 8 months.

-WIBA Insurance (Sanlam insurance) for the year was renewed on 5<sup>th</sup> of February 2025, representing an unexpired cost of 7 months.

-Insurance General (Clarkson Insurance Brokers) for the year represented an unexpired cost of 8 months for Motor vehicle insurance.

**9. Trade and Other Receivables**

Gross Trade and Other Receivables	23,458,335	12,500,000
Provision for Bad And Doubtful Receivable	-	-
Net Trade and Other Receivables	23,458,335	12,500,000
Analysed as:		
Short- Term Trade and Other Receivables	23,458,335	12,500,000
Long- Term Trade and Other Receivables	-	-

Actual cash received on 04/07/2025 in relation to Recurrent Grants for the 2024/25 FY

**Trade Receivables (b)**

Gross Trade Receivables	23,458,335	12,500,000
Provision for Doubtful Receivables	-	-
Net Trade Receivables	23,458,335	12,500,000
<b>ageing analysis of gross Trade Receivables</b>		
Less than 30 Days	23,458,335	12,500,000
<b>Total</b>	<b>23,458,335</b>	<b>12,500,000</b>

**10. Operating Profit/ (Loss)**

<b>The operating profit/(loss) is arrived at after charging:</b>		
Staff Costs (Note 8b)	112,233,666	108,598,905
Depreciation of property, plant and equipment	24,172,965	14,960,048
Directors' emoluments – fees	18,302,572	4,082,668
Auditors' remuneration - current year fees	696,000	696,000
Contracted Services	6,785,778	-
Insurances and Medical	9,841,877	-
Repairs and Maintenance	2,193,247	-
Administrative Expenses	159,831,430	84,657,577

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**11. Trade and Other Payables**

Accrued expenses	12,645,508	-
Retention/ Contract monies (Enabling works and Partitioning)	34,401,677	566,671
External Audit Fee	696,000	696,000
Employee payables	4,009,812	10,000,612
<b>Total</b>	<b>51,752,997</b>	<b>11,263,283</b>

**Aging Analysis for Trade and other Payables**

Under one year	51,186,326	99%	11,263,283	100%
1-2 years	566,671	1%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total</b>	<b>51,752,997</b>	<b>100%</b>	<b>11,263,283</b>	<b>100%</b>

**12. Bank and Cash Balances**

Cash at bank	308,264,430	653,652,119
<b>Total</b>	<b>308,264,430</b>	<b>653,652,119</b>

The HEPRR Project is still at its preparatory stages and funds are expected to flow into the KCB HEPRR Bank Account in the 2025/26 FY. The KCB Staff Grat account holds the Staff Gratuity that accrues every month and the related funds transferred from the KCB-KBI Inst Expenditure to this Account on a monthly basis.

**Detailed analysis of the cash and cash equivalents**

<b>Current Accounts</b>			
NCBA- KBI Ltd	5462760018	300,096	298,246
KCB-KBI Inst. Ltd Expenditure	1318704839	393,962	25,450,829
KCB- KBI Inst. Ltd Development	1318705010	284,344,689	627,903,044
KCB- KBI Inst. Staff Gratuity	1335532692	23,225,683	-
KCB- HEPRR	1337293725	-	-

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<b>Grand Total</b>		<b>308,264,430</b>	<b>653,652,119</b>

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**13. Earnings Per Share**

Earnings majorly attribute to surplus from Grants received from the Exchequer and not profit for the business. Further the Gross Bank interest Income supported the Grants Received in supplementing the Recurrent budget for KBI.

**14. Dividend per Share**

There were no dividends to be declared as KBI is still at its formative stages.

15. Property, Plant and Equipment

Description	Buildings & Civil Works	Motor Vehicles and Motor Cycle	Computers and Software	Leasehold Rights	Particulars		
Rate		20%	33.3%	10%		20%	
	Kshs	Kshs	Kshs	Kshs		Kshs	Kshs
As At 1 July 2023	9,397,970	13,838,800	2,826,604	4,973,000	-	-	31,036,374
Additions	6,214,600	6,076,350	26,435,276	826,000	5,666,709	3,264,562	48,483,497
Transfers/Adjustments	-	-	-	-	-	-	-
As at 30 <sup>th</sup> June 2024	15,612,570	19,915,150	29,261,880	5,799,000	5,666,709	3,264,562	79,519,871
Additions	385,667,936	7,610,000	20,898,730	2,696,823	6,818,113	2,309,787	426,001,389
Transfer/Adjustments	-	-	-	-	-	-	-
As at 30 <sup>th</sup> June 2025	401,280,506	27,525,150	50,160,610	8,495,823	12,484,822	5,574,349	505,521,260
<b>Depreciation and Impairment</b>							
At 1 <sup>st</sup> July 2023	-	1,988,731	-	-	-	-	1,988,731
Depreciation	-	3,983,030	9,744,206	579,900	-	652,912	14,960,048
Impairment	-	-	-	-	-	-	-
Transfers/ Adjustments	-	-	-	-	-	-	-
As At 30 <sup>th</sup> June 2024	-	5,971,761	9,744,206	579,900	-	652,912	16,948,779
Depreciation	-	5,505,030	16,703,483	849,582	-	1,114,870	24,172,965
Transfer/Adjustment	-	-	-	-	-	-	-
As at 30 <sup>th</sup> June 2025(Accumulated)	-	11,476,791	26,447,689	1,429,482	-	1,767,782	41,121,744
<b>Net Book Values</b>							
As at 30 <sup>th</sup> June 2024	15,612,570	13,943,389	19,517,674	5,219,100	5,666,709	2,611,650	62,571,092
As at 30 <sup>th</sup> June 2025	401,280,506	16,048,359	23,712,921	7,066,341	12,484,822	3,806,567	464,399,516

Capital Work in Progress relates to Enabling Works for the Fill and Finish works at Embakasi Plant and Office Partitioning at KWFT Corporate offices (Awaiting to be commissioned)

**Property, Plant and Equipment at Cost**

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

Buildings, Civil Works WIP	401,280,506	-	401,280,506
Motor Vehicles, Including Motorcycles	27,525,150	11,476,791	16,048,359
Computers And Related Equipment	50,160,610	26,447,689	23,712,921
Office Equipment	5,574,349	1,767,782	3,806,567
Furniture, And Fittings	8,495,823	1,429,482	7,066,341
Office Partitioning WIP	12,484,822	-	12,484,822
	<b>505,521,260</b>	<b>41,121,744</b>	<b>464,399,516</b>

**16. Retained Earnings**

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

**17. Retirement Benefit Obligations**

KBI contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at KShs. 4,320 per employee per month.

**18. Notes to the Statement of Cash Flows**

(a) Reconciliation Of Operating Profit/(Loss) To Cash Generated From/(Used In) Operations		
Profit or Loss before tax	9,646,825	(14,924,796)
Depreciation	24,172,965	14,960,048
Operating Profit/(Loss) before Working Capital changes	33,819,790	35,252
Increase/Decrease in working capital adjustments	12,958,904	(1,818,689)
Cash Generated from/(used In) operations	46,778,694	(1,783,437)
(b) Analysis of Cash and Cash equivalents		
Cash At Bank	308,264,430	653,652,119
Balance At End Of The Year	308,264,430	653,652,119

**19. Related Party Disclosures**

**Government of Kenya**

The Government of Kenya is the principal shareholder of KBI, holding 100% of KBI equity interest..

Other related parties include:

- i) Ministry of Health
- ii) Key management
- iii) Board of directors

**Transactions with related parties**

<b>a) Grants from the government</b>		
National govt Grants-Recurrent Grants Received	281,500,003	150,000,000
National govt-Development Grants Received	-	150,000,000
<b>Total</b>	<b>281,500,003</b>	<b>300,000,000</b>
<b>b) Purchases from related parties</b>		
Purchases of electricity from KPLC	24,162	xxx
Purchase of water from govt service providers	54,464	47,350
Bank charges paid to govt commercial banks(associate)	248,093	109,588
Auditors Remuneration	696,000	696,000
<b>Total</b>	<b>1,022,719</b>	<b>852,938</b>
<b>c) Key management compensation</b>		
Directors' emoluments	18,302,572	4,082,668
Compensation to key management	82,757,336	79,982,929
<b>Total</b>	<b>101,059,908</b>	<b>84,065,597</b>

**20. Capital Commitments**

Capital commitments at the year- end for which no provision has been made in these financial statements are:

Amounts authorised and Contracted for	171,175,606	352,083,174
	<b>171,175,606</b>	<b>352,083,174</b>

**21. Financial Risk Management**

KBI activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company’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 company’s financial risk management objectives and policies are detailed below:

**(i) Credit risk**

KBI 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.

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.

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

<b>At 30 June 2024</b>				
Receivables from non-exchange transactions	12,500,000	12,500,000	-	-
Bank balances	653,652,119	653,652,119	-	-
<b>Total</b>	<b>666,152,119</b>	<b>666,152,119</b>	-	-
<b>At 30 June 2025</b>				
Receivables from non-exchange transactions	23,458,335	23,458,335	-	-
Bank balances	308,264,430	308,264,430	-	-
<b>Total</b>	<b>331,722,765</b>	<b>331,722,765</b>	-	-

Actual cash received on 04/07/2025 in relation to Recurrent Grants for the 2024/25 FY

**ii) Liquidity risk management**

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

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

<b>At 30 June 2024</b>				
Trade payables	-	-	11,263,283	11,263,283
<b>Total</b>	-	-	11,263,283	<b>11,263,283</b>
<b>At 30 June 2025</b>				
Trade payables	-	12,645,508	39,107,489	51,752,997
<b>Total</b>	-	12,645,508	39,107,489	<b>51,752,997</b>

**(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 company's Audit 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 KBI's exposure to market risks or the manner in which it manages and measures the risk.

**a) Foreign currency risk**

KBI has no transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency.

**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. KBI's interest rate risk arises from bank deposits. This exposes the company to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the company's deposits.

**i) Management of interest rate risk**

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

**ii) Sensitivity analysis**

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

iii) **Fair value of financial assets and liabilities**

a) ***Financial instruments measured at fair value***

Determination of fair value and fair values hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the KBI's market assumptions.

These two types of inputs have created the following fair value hierarchy:

- i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- iii) Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The *entity* considers relevant and observable market prices in its valuations where possible.

There were no transfers between levels 1, 2 and 3 during the year.

***Financial instruments not measured at fair value***

Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

**iv) Capital Risk Management**

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

Retained earnings	118,228,497	84,408,707
Capital reserve	635,640,256	633,051,221
<b>Total Funds</b>	<b>753,868,753</b>	<b>717,459,928</b>

KBI did not have any Debts to report on and have an effect on its Gearing Ratio

**22. Incorporation**

KBI is incorporated in Kenya under the Kenyan Companies Act of 2015 and is domiciled in Kenya.

**23. Events after the Reporting Period**

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

**22. Appendices**

**Appendix 1: Implementation Status of Auditor-General prior year recommendations**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

	<p>Non-Disclosure of Owners Equity- Ordinary Share Capital Issued and fully paid up ordinary share capital of Kshs. 2 Billion not reflected in the Statement of Financial Position and Statement of Changes in Equity</p>	<p>Awaiting official response from the National Treasury and the State Department for Medical Services via a letter made to the State Department Ref. KBI/ADM/ACCTS/FIN. VOL 1(5), received on 20<sup>th</sup> December 2024 by the Principal Secretary National Treasury Referenced MOH/ADM/CONF/MED/69 VOL 1, seeking a clarification on the matter and evidence of remittance of the kshs. 2 Billion to BIOVAX. A follow up letter to the State Department for Medical Services Referenced KBI/ADM/23/1</p>	<p>Not Resolved</p>	<p>30/06/2025</p>

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Risk Management				
		on the same issue was received on 23 <sup>rd</sup> June 2025.		
	<p>Budgetary Control and Performance Under funding of Receipts by kshs 214,429,598 (39%) and Under absorption of expenditures by kshs. 235,270,665 (57%)</p>	<p>The Company engaged the State department in regards to the remittance of the balance of its Development Grants (kshs.250 Million). The state department confirmed that the National Treasury was experiencing cash flow challenges as a result of short falls in Revenue collection. Further absorption was affected as a result of contract signing at the tail end of the financial year to begin Enabling works (Phase 1a)</p>	Not Resolved	31/01/2026
	Lack of a Risk Management policy	Policy developed to be reviewed by management and approved by Board	Resolved	30/09/2025
	Lack of a Human Resource policy	KBI Human Resource Policies and Procedures Manual Developed to be Approved by the Board	Not Resolved	28/02/2026

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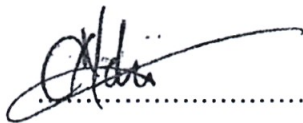
	Lack of an Asset Management Policy	Policy developed to be reviewed by management and approved by Board	Not Resolved	28/02/2026
	Lack of a Transport Policy	Policy developed to be reviewed by management and approved by Board	Not Resolved	28/02/2026
	Lack of an ICT Policy	Policy developed to be reviewed by management and approved by Board	Resolved	25/08/2025
	Delayed Approval of the Budget and Procurement Plan	This has since been rectified with budgets being submitted for approval through the GIMIS Portal. Further all amounts expended were presented to the Board for approval on a Quarterly basis.	Resolved	
	Failure to occupy Leased office at KWFT. 10 months since the Lease came in to force and after the Audit (From		Resolved	06/01/2025

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	<p>February 2024- November 2024) BIOVAX had not occupied the offices resulting in value for money not being realized on the rented space</p>			
	<p>Unapproved variation of works and delayed completion As at the time of Audit the Partitioning works were incomplete and the Contractor was not on site. Further the contract</p>		Resolved	06/01/2025

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	partitioning despite the building not belonging to BIOVAX. There was no evidence on approval of this variation			



Name: **Dr. Cecilia Wanjala**  
Ag. Chief Executive Officer

Date **25<sup>th</sup> August 2025**

**Appendix II: Projects implemented by KBI**

**Projects**

Projects implemented by the State Corporation/ SAGA Funded by development partners.

There were no projects that were implemented for the period under review funded by development partners.

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**Appendix IV: Transfers From Other Government Entities**

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount -Kshs	Statement of Financial Performance	Where Recorded/Recognized				
					Capital Fund	Deferred Income	Receivables	Others	
SDMS	14/08/2024	Recurrent	23,458,333.30	23,458,333.30	-	-	-	-	23,458,333.30
SDMS	16/09/2024	Recurrent	23,458,333.30	23,458,333.30	-	-	-	-	23,458,333.30
SDMS	15/10/2024	Recurrent	23,458,333.30	23,458,333.30	-	-	-	-	23,458,333.30
SDMS	25/11/2024	Recurrent	23,458,333.30	23,458,333.30	-	-	-	-	23,458,333.30
SDMS	13/12/2024	Recurrent	23,458,333.30	23,458,333.30	-	-	-	-	23,458,333.30
SDMS	08/01/2025	Recurrent	23,458,333.30	23,458,333.30	-	-	-	-	23,458,333.30

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SDMS	12/02/2025	Recurrent	23,458,333.30	23,458,333.30	-	-	-	-	23,458,333.30
SDMS	17/03/2025	Recurrent	23,458,333.30	23,458,333.30	-	-	-	-	23,458,333.30
SDMS	15/04/2025	Recurrent	23,458,333.30	23,458,333.30	-	-	-	-	23,458,333.30
SDMS	12/05/2025	Recurrent	23,458,333.30	23,458,333.30	-	-	-	-	23,458,333.30
SDMS	17/06/2025	Recurrent	23,458,335	23,458,335	-	-	-	-	23,458,335
SDMS	30/06/2024	Recurrent	23,458,335	23,458,335	-	-	23,458,335	-	23,458,335
<b>Total</b>			<b>281,500,003</b>	<b>281,500,003</b>	-	-	<b>23,458,335</b>	-	<b>281,500,003</b>

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**Appendix V- Inter-Entity Confirmation Letter**

Name of Transferring entity.....

Name of Beneficiary entity.....

<b>Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30<sup>th</sup> June (Current FY)</b>					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
FT24227R31XS	14/08/2024	23,458,333.30	-	23,458,333.30	
FT24227R31XS	16/09/2024	23,458,333.30	-	23,458,333.30	
FT24227R31XS	15/10/2024	23,458,333.30	-	23,458,333.30	
FT24227R31XS	25/11/2024	23,458,333.30	-	23,458,333.30	
FT24227R31XS	13/12/2024	23,458,333.30	-	23,458,333.30	
FT24227R31XS	08/01/2025	23,458,333.30	-	23,458,333.30	
FT24227R31XS	12/02/2025	23,458,333.30	-	23,458,333.30	
FT24227R31XS	17/03/2025	23,458,333.30	-	23,458,333.30	
FT24227R31XS	15/04/2025	23,458,333.30	-	23,458,333.30	
FT24227R31XS	12/05/2025	23,458,333.30	-	23,458,333.30	
FT24227R31XS	17/06/2025	23,458,333.30	-	23,458,333.30	
FT24227R31XS	30/06/2024	23,458,333.30	-	23,458,333.30	
FT24227R31XS	14/08/2024	23,458,333.30	-	23,458,333.30	
FT24227R31XS	16/09/2024	23,458,333.30	-	23,458,333.30	
FT24227R31XS	15/10/2024	23,458,333.30	-	23,458,333.30	
FT24227R31XS	25/11/2024	23,458,335.00	-	23,458,335.00	
FT24227R31XS	13/12/2024	23,458,335.00	-	23,458,335.00	
<b>Total</b>		<b>281,500,003</b>	-	<b>281,500,003</b>	

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

**Head of Accounts Department - Disbursing Entity:**

Name ..... Sign ..... Date .....

**Head of Accounts Department - Beneficiary Entity:**

Name *Edward Ochieng* Sign *[Signature]* Date *26/08/2025*

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**Appendix VI: Reporting of Climate Relevant Expenditures**

Name of the Organization

Telephone Number

Email Address

Name of CEO/MD/Head

Name and contact details of contact person (in case of any clarifications) .....

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Sector	Reporting Entity
				Q1	Q2	Q3	Q4		
National Tree growing and restoration campaign	8th Edition of the Kaptagat Restoration and Livelihood Improvement Programme	Expand National Tree Cover Restore Degraded Landscapes Strengthen Climate Action Promote Public Participation and Livelihoods	Land clearing Manure application Tilling Fence installation Digging holes in the planting field Tree planting	Kshs. 167,000				GOK	MoH, SAGAs under the Ministry of Health

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Government Mobilization of Funds from SAGAs for Tree Restoration Campaigns		Expand National Tree Cover  Restore Degraded Landscapes  Strengthen Climate Action  Promote Public Participation and Livelihoods	Land clearing Manure application  Tilling  Fence installation  Digging holes in the planting field  Tree planting	Kshs. 1,000,000				GOK	MoH, SAGAs under the Ministry of Health
National Tree Growing and Restoration Campaign	T-shirts for Information Education Communication during the tree planting activity	Expand National Tree Cover  Restore Degraded Landscapes  Strengthen Climate Action	Land clearing Manure application  Tilling  Fence installation  Digging holes in the planting field	Kshs. 50,000				GOK	MoH, SAGAs under the Ministry of Health

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National Tree Growing and Restoration Campaign	8th Edition of the Kaptagat Restoration and Livelihood Improvement Programme	Expand National Tree Cover  Restore Degraded Landscapes  Strengthen Climate Action  Promote Public Participation and Livelihoods	Land clearing  Manure application  Tilling  Fence installation  Digging holes in the planting field  Tree planting	Kshs. 214,600				GOK	MoH, SAGAs under the Ministry of Health
National Tree Growing and Restoration Campaign	National Tree Growing & Restoration Campaign held in West Pokot County.	Expand National Tree Cover  Restore Degraded Landscapes  Strengthen Climate Action  Promote Public Participation and Livelihoods	Land clearing  Manure application  Tilling  Fence installation  Digging holes in the planting field  Tree planting			Kshs. 534,800		GOK	MoH, SAGAs under the Ministry of Health

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National Tree Growing and Restoration Campaign	Accelerated Tree Growing Programme	Expand National Tree Cover Restore Degraded Landscapes Strengthen Climate Action Promote Public Participation and Livelihoods	Land clearing Manure application Tilling Fence installation Digging holes in the planting field Tree planting				Kshs. 229,900	GOK	MoH, SAGAs under the Ministry of Health
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**Appendix VII: Reporting Disaster Management Expenditure**

There were no Expenditures to report on Disaster Management

