

REPUBLIC OF KENYA



 THE NATIONAL ASSEMBLY PAPERS LAID	
REPORT	DATE: 08 APR 2026 DAY: WEDNESDAY
TABLED BY:	Hon. DIDO RASO, MP ON BEHALF OF LOM
CLERK-AT THE-TABLE:	J. LEMEROLLE

PARLIAMENT OF KENYA LIBRARY

REPORT

OF

THE AUDITOR-GENERAL

ON

GEOHERMAL DEVELOPMENT COMPANY LIMITED

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

15 DEC 2025



**GEOHERMAL DEVELOPMENT
COMPANY LIMITED**

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

Prepared in accordance with the IFRS Accounting Standards

Table of Contents	Page
1. Acronyms and Definition of Key Terms	ii
2. Key Entity Information.....	iii
3. The Board of Directors.....	v
4. Key Management Team	xi
5. Fiduciary Management	xv
6. Fiduciary Oversight Arrangements	xv
7. Chairman's Statement	xviii
8. Report of the Managing Director & CEO	xix
9. Statement of Performance against Predetermined Objectives for 2024/2025.....	xxi
10. Corporate Governance Statement.....	xxix
11. Management Discussion and Analysis.....	xxxix
12. Environmental and Sustainability Reporting.....	xl
13. Report of the Directors.....	xlvi
14. Statement of Directors' Responsibilities	xlvii
15. Report of the Independent Auditor on the Financial Statements for Geothermal Development Company Limited for the Year ended 30 June 2025.....	xlviii
16. Statement of Profit/Loss & Other Comprehensive Income for the Year Ended 30 th June 2025.	1
17. Statement of Financial Position as at 30 June 2025	2
18. Statement of Changes in Equity for the year ended 30 June 2025.....	3
19. Statement of Cash Flows for the year ended 30 June 2025	4
20. Statement of Comparison of Budget & Actual amounts for the period ended 30 June 2025.....	5
21. Notes to the Financial Statement	11
22. Appendices.....	43

1. Acronyms and Definition of Key Terms

A. Acronyms

CEO	<i>Chief Executive Officer</i>
DG	<i>Director General</i>
IAS	<i>International Accounting Standards</i>
IASB	<i>International Accounting Standards Board</i>
IFRS	<i>International Financial Reporting Standards</i>
ICS	<i>Institute of Certified Secretaries</i>
MD	<i>Managing Director</i>
NT	<i>National Treasury</i>
PFMA	<i>Public Finance Management Act.</i>
PSASB	<i>Public Sector Accounting Standards Board</i>
GDC	<i>Geothermal Development Company</i>
FVTPL	<i>Fair Value Through Profit & Loss</i>
IFRS	<i>International Financial Reporting Standards</i>
ESMP	<i>Environmental and Social Management Plan</i>

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

Geothermal Development Company Limited (the "Company") is fully government-owned company in Kenya's energy sector. At cabinet level, the Company is represented by the Cabinet Secretaries for National Treasury and Energy, who are responsible for the general policy and strategic direction of the Company. The Company was formed in 2008 and is domiciled in Kenya.

b) Principal Activities

The principal activity of the Company is the development of geothermal resources in Kenya, including prospecting, drilling, harnessing, and supplying steam to electricity generating companies for energy production and sale to the national grid.

Vision

To be a world leader in the development of geothermal resources.

Mission

Develop green energy for Kenya from geothermal resources.

c) Directors

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

1.	Mr. Walter O. Nyambati	Chairman
2.	Mr. Paul Ngugi	Managing Director and Chief Executive Officer
3.	Mr. Stephen Kisaka	Director (Appointed on 8/9/2023)
4.	Mr. Boniface Lesiampei Lilah	Director (Appointed on 8/9/2023)
5.	Ms. Salome Kabando	Director (Appointed on 8/9/2023)
6.	Eng. Kipkoros Kandie	Director (Appointed on 8/9/2023)
7.	Ms. Beatrice Soy	Director (Appointed on 11/4/2025)
8.	Mr. Eustus Mureithi Maina	Director (Appointed on 8/9/2023 up to 11/4/2025)
9.	Mr. Joseph M. Waruiru	Alternate Director to the CS, (National Treasury)
10.	Mr. Allan Machari	Alternate Director to the PS, (Ministry of Energy & Petroleum from 30/01/2025)
11.	Mr. Stephen Njue	Alternate Director to the PS, (Ministry of Energy & Petroleum from 25/04/2024 up to 30/01/2025)

d) Corporate Secretary

Mr. Calvin Nyachoti
P.O. Box 100746 00101
Nairobi

e) Registered Office

KAWI House, South C
P.O. Box 100746 – 00101
Nairobi, KENYA

f) Corporate Headquarters

P.O. Box 100746 – 00101
KAWI House, South C
Nairobi, KENYA

g) Corporate Contacts

Telephone: (254) 719 037 000
E-mail: info@gdc.co.ke
Website: <https://www.gdc.co.ke>

h) Corporate Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Co-operative Bank of Kenya Limited
Upper Hill, Nairobi
3. Kenya Commercial Bank Limited
Kipande House, Nairobi
4. ABSA Bank Kenya
Plaza Corporate Service Centre, Nairobi
5. NCBA Bank
Masaba Branch, Upper Hill, Nairobi


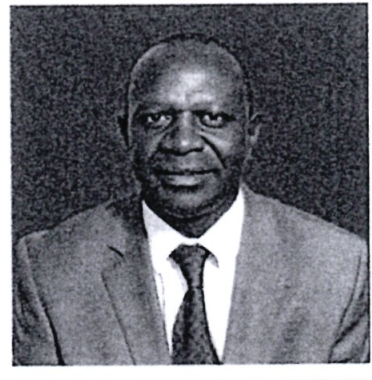
i) Independent Auditors




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


j) Principal Legal Advisers



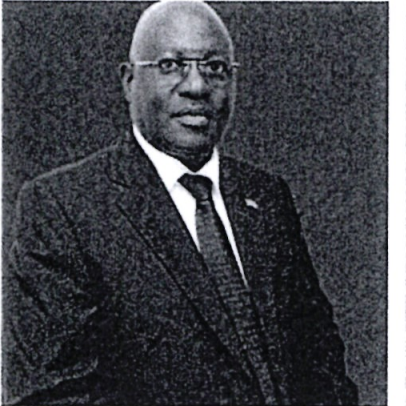
The Attorney General
State Law Office and Department of Justice
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya.




3. The Board of Directors

	<p>Hon. Walter Nyambati, Chairman GDC Board of Directors</p> <p>Hon Walter Osebe Nyambati is the Chairman of Geothermal Development Company (GDC). He is a member of the Public Relations Society of Kenya (PRSK). He comes to GDC with over 30 years' experience in leadership and management having served both in the public and private sector. Previously, he has served in various leadership positions among them Member of Parliament, Vice Chairperson of Parliamentary Service Commission and Chairperson Jomo Kenyatta Foundation.</p>
	<p>Mr. Stephen Kisaka, Independent Non-Executive Director</p> <p>Mr. Stephen Kisaka is an avid corporate business management consultant with expertise in business planning, Strategic plans, revenue management, bankable projects development and Resource mobilization strategies. His work experience of over 20years include strategic plans writing and projects development both in private and public sectors; leadership and management experience in aviation with SAC (K) Ltd, Emirates Airline and Kenya Airways/KLM Airlines both locally and internationally; lectured in Kenyatta University in the department of mathematics; previously was appointed and served on the Board of Directors of Nzoia Sugar company and privately serve as director of Investcorp capital limited.</p> <p>Mr Kisaka holds a Postgraduate (MSc.) degree in Mathematics and Bachelor of education science in Mathematics and Physics both degrees from Kenyatta University; Certificate in Pricing from Professional Pricing Society in USA; Zodiak Business Finance Simulations from Emirates Aviation college in Dubai and certificate in Policy and governance of state corporations in Kenya from State Corporations Advisory Committee (SCAC</p>

	<p>Mr. Boniface Lesiampei Lilah, Independent Non-Executive Director</p> <p>Mr. Boniface Lesiampei Lilah has over ten years of experience in leadership and management, having served in the private sector. He also has expertise in Construction and Project Management, Project Consultancy, and Design with 13 years' experience in private and public project management and consultancy; and has served as a director in two corporate construction companies. Mr. Lilah has been involved in project management, finance, and mobilization of local projects. He holds a Bachelor's degree in Project Planning and Management from the University of Nairobi and a Diploma in Technology (Construction Management) from Kenya Polytechnic University College (now Technical University of Kenya). Mr. Lilah is currently pursuing his Master's degree in Development Studies at the Catholic University of East Africa.</p>
	<p>Ms. Salome Kabando, Independent Non-Executive Director</p> <p>Ms. Salome Kabando is a skilled media practitioner in business development, Strategy, management and training.</p> <p>In her career spanning over 15 years, she has been instrumental in the success of leading media brands through talent sourcing, content strategy and monetization. She has trained community radio stations across Kenya in development programming and reporting and successfully spearheaded the creative process of numerous national advertising campaigns targeted at varying publics. Ms. Kabando holds a Bachelor's degree in Journalism from The United States International University –Africa (USIU) and a Diploma in Mass Communication from Kenya Institute of Mass Communication. She is a member of the Public relations society of Kenya (PRSK).</p>
	<p>Eng. Kipkoros Kandie, Independent Non -Executive Director</p> <p>Eng. Kipkoros Kandie is a Civil Engineer with over 28 years in practice as a consultant, trainer and educator. He is a Member of both Engineers Board of Kenya (EBK) and Institution of Engineers of Kenya (IEK). He holds a Masters Degree in Sanitary Engineering from The UNESCO-IHE Delft, The Netherlands, and a Bachelors Degree in Civil Engineering from the University of Nairobi.</p> <p>Eng. Kandie has vast knowledge in Engineering Projects Consulting in Studies, Design, Documentation, and Supervision, and Projects implementation, Business and Investment in Engineering, Real Estate, Agricultural, and</p>

	<p>Capital-growth. He also has experience in Community and Institutional Support and Fundraising, Multi-Disciplinary experience in Projects and Programmes Conceptualization-to-Implementation Cycle, Projects Financing and Research and Development linkages He has previously served in other Boards in various capacities leveraging on his leadership and institutional governance capabilities. He is a strategic thinker and solution provider to complex institutional challenges.</p>
	<p>Ms. Beatrice Marisin Soy, Independent Non - Executive Director</p> <p>Ms. Beatrice Marisin Soy is a seasoned Human Resources specialist and Executive Coach with over 25 years of experience. She is a Fellow of the Institute of Human Resource Management and a Certified Executive Coach. She has served on multiple corporate boards across diverse sectors in both public and private sectors and has successfully led projects in human capital management and organizational change. She has undertaken many leadership and governance trainings and has a wealth of experience in HR strategy formulation, development, and implementation.</p> <p>She holds a Master's degree in Education (Management and Administration) from the University of Manchester, (UK), a Bachelor of Education (Arts) from the University of Nairobi and an Advanced Management Program (AMP) from Strathmore Business School /IESE Business School, Barcelona.</p> <p>Ms. Soy has held senior leadership roles at Kenya Electricity Generating Company (KenGen) as Director of Human Resources and Administration and at Kenya Power company (KPC)as Principal of the Training School (Institute of Energy Studies &Research). She is a certified Executive Coach, Academy of Executive Coaching, (AoEC) UK, certified change Manager &Trainer (Prosci Methodologies &Tools, and a Member of Institute of Directors (k)</p>

	<p>Mr. Eustus Mureithi Maina, Independent Non - Executive Director</p> <p>Mr. Eustus Mureithi Maina was appointed as an Independent Non -Executive Director on 8/9/2023. He served on the Board up to 11/4/2025</p> <p>Eustus Muriithi Maina is a seasoned logistics and accounting professional with over 17 years of experience, having worked at DT Dobie Mombasa from 2006 to 2023. Throughout his career, he has consistently demonstrated a strong ability to think creatively and solve complex problems, positioning him as an expert in risk-based management. His diverse skill set, combined with a practical, hands-on approach, has enabled him to deliver exceptional results in logistics operations. He is a dynamic and resourceful professional, known for his ability to optimize processes and add value, making him a key asset.</p>
	<p>Mr. Joseph Mucugu Waruiru, Director (Alternate to the CS, National Treasury)</p> <p>Mr. Joseph Waruiru is the alternate director to the Cabinet Secretary National Treasury. He is a Certified Public Accountant with more than 12 years auditing experience in the Public Service. Mr. Waruiru is currently working at the Government Investment Public Enterprise Department, National Treasury.</p>
	<p>Alan Machari, MBS, Director (Alternate to the PS, Ministry of Energy & Petroleum)</p> <p>He is an accomplished public administrator with over 28 years of experience in public service and governance. He holds a Master of Philosophy and a Bachelor of Arts in Government and Public Administration from Moi University, along with strategic leadership and senior management training from the Kenya School of Government and the Kenya Institute of Administration.</p> <p>He has served as Secretary Administration in the Ministries of Energy and Petroleum, Sports and Youth Affairs, and Mining and Blue Economy, and as County Commissioner in various counties. He also worked as a District Commissioner and District Officer, coordinating security services and leading peace initiatives in various stations in Kenya.</p>

	<p>In 2023, he received the Moran of the Order of the Burning Spear (MBS) from His Excellency the President</p>
	<p>Mr. Stephen Njue Director (Alternate to the PS, Ministry of Energy & Petroleum)</p> <p>Mr. Stephen Njue holds a Bachelor's degree in Business and Economics and MBA (Finance) both from Kenyatta University. He also holds a National Diploma in Financial Management (KIM). He has had an illustrious career spanning 30 years in the public sector. Previously he worked as Chief Finance Officer at the Ministries of , Lands, Regional Development, Social Protection, Housing and Water. He also had stints as the Chief Officer Finance -Narok County, and before Devolution he was a Town Treasurer at various councils. Previously he was the Alternate Director at the KenGen Board. Currently Mr. Njue is the Senior CFO Ministry of Energy and Petroleum.</p>
	<p>Mr. Paul Ngugi – Managing Director & CEO</p> <p>Mr. Paul Ngugi is the Managing Director & CEO of the Geothermal Development Company. Mr. Paul Ngugi has a wealth of experience in geothermal energy spanning 25 years. He is a long-serving Drilling Engineer who worked as the Head of Geothermal Planning at KenGen, Olkaria, before moving to GDC in 2009, where he served as the General Manager, Business Development – in charge of corporate strategy, planning, and fundraising. He would later become the General Manager, Drilling and Infrastructure, also doubling up as the General Manager, Strategy, Research, and Innovation. Mr. Ngugi holds a BSc in Mechanical Engineering from the University of Nairobi and a Master of Business Administration (MBA) from the same institution. He has undertaken numerous trainings on geothermal technology in Iceland, as well as leadership courses. He is a leader in the geothermal sector – serving currently as the Chairman of the Geothermal Association of Kenya (GAK).</p>
	<p>Mr. Stephen Busieney – General Manager, Finance Ag. Managing Director & CEO</p> <p>Mr. Stephen Busieney has over 15 years of experience in Finance and Accounting. Prior to joining GDC, he was the Chief Financial Officer for CIMERWA Cement Company Limited, Rwanda. Mr. Busieney is a member of the Institutes of Certified Public Accountants of Kenya, and of Rwanda and holds Master of Business Administration (MBA) and B. Com degrees from the University of Nairobi, as well as a Leadership Certification from the University of Pretoria's Gordon Institute of Business Science.</p>



Mr. Calvin Nyachoti- Company Secretary and General Manager Legal Services

Mr. Calvin Nyachoti is an accomplished legal and corporate governance practitioner with with keen interest in pensions, and dispute resolution spanning over 17 years of leadership experience across both the public and private sectors in Kenya and internationally.




He is an Advocate of the High Court of Kenya and a seasoned Certified Public Secretary (CPS[K]), with extensive expertise in corporate governance, board advisory, and legal services management.



Previously, he has held senior legal and governance roles at Kenyatta National Hospital, the Retirement Benefits Authority, and in private legal practice, where he built a strong foundation in legal and regulatory compliance, pensions administration, corporate governance and dispute resolution.

Mr. Nyachoti chairs and serves on several corporate and institutional boards, including Kitengela International School, Women on Boards Network, and the Kenya Pension Funds Investment Consortium (KEPFIC). He has also previously served as a board member and chair of the Chartered Institute of Arbitrators (Kenya Branch) and the Local Authority Pension Trust (LAPTRUST).

Academically, he holds a Master of Laws (LLM), an MBA in Strategic Management, a Postgraduate Diploma in Law (KSL), and a Bachelor of Laws (LLB) degree. He has further undertaken specialized studies in International Law, Leadership, and Team Skills.

4. Key Management Team

	<p>Mr. Stephen Busieney – General Manager, Finance</p> <p>Ag. Managing Director & CEO</p> <p>Mr. Stephen Busieney has over 15 years of experience in Finance and Accounting. Prior to joining GDC, he was the Chief Financial Officer for CIMERWA Cement Company Limited, Rwanda. Mr. Busieney is a member of the Institutes of Certified Public Accountants of Kenya, and of Rwanda and holds Master of Business Administration (MBA) and B. Com degrees from the University of Nairobi, as well as a Leadership Certification from the University of Pretoria's Gordon Institute of Business Science.</p>
	<p>Mr. Cornel Ofwona – General Manager, Strategy and Planning</p> <p>Mr. Cornel Ofwona has over 20 years' experience in the geothermal industry. He has vast expertise in geothermal reservoir engineering, analysis and modeling. Prior to his appointment, he was GDC's Acting General Manager, Drilling and Infrastructure. Mr. Ofwona holds a MSc. in Engineering from University of Iceland, Bachelor of Technology in Production Technology from Moi University, and Advanced Diploma in Geothermal Reservoir Engineering from the United Nations University in Iceland. He has several certificates in reservoir modeling. His geothermal expertise spans over 20 years.</p>
	<p>Mrs. Irene Onyambu- General Manager, Corporate Services</p> <p>Mrs. Irene Onyambu has over 15 years' experience in administration and Human Resource Management. Prior to her appointment, she was the Regional Manager for GDC's South Rift Region. She is a member of the Institute of Human Resource Management (IHRM).</p>

	<p>Eng. Martha Mburu – Ag General Manager, Geothermal Resource development.</p> <p>Eng. Martha Mburu has over 20 years' experience in the geothermal industry. She has vast expertise in geothermal reservoir engineering, geothermal Steamfield management and geothermal Direct Uses. Engineer Martha holds a MSc. in Renewable Energy, Technology and Sustainability from Reading University, United Kingdom, BSc. Mechanical Engineering from University of Nairobi, Post graduate Diploma from Geothermal Institute, university of Auckland, New-Zealand and Advanced Diploma in Geothermal Reservoir Engineering from the United Nations University in Iceland. She is an expert in geothermal Direct-Use where she has authored and co-authored many papers in this field as well as capacity building across the East African region and beyond. Her geothermal expertise spans over 20 years.</p>
	<p>Eng. Reuben Ngosi – General Manager Drilling & Infrastructure</p> <p>Ag. Manager, Central Rift Region</p> <p>Eng. Reuben Ngosi is a highly skilled and seasoned mechanical Engineer and Project manager with 18 years of cumulative working experience in both private and public sectors; 14 of which are in the Development and Management of geothermal energy projects in Kenya Reuben holds an MSc in Project Management and a BSc in Mechanical Engineering, both from Jomo Kenyatta University of Agriculture and Technology - JKUAT. He is a transformational leader who holds a Certificate in leadership Development from Harvard Business School. Reuben has undergone several advanced and specialized training in Drilling Technology, Management, & Development of geothermal energy projects, Power plant design, Procurement, Hybrid Project Financing, and Performance management from across the globe. He is a Certified Application Associate- Enterprise Asset Management SAP ERP from SAP Academy in South Africa. Prior to his appointment, he was the Manager, Drilling Operations Department. He has previously served as the Manager, Drilling Equipment Maintenance and Manager, Drilling Planning and Logistics within GDC. Before joining GDC, he worked at KenGen, and other private entities.</p>



Dr. George Muia, General Manager Business Development

Dr. George Muia is a registered professional geologist with over 15 years in the Energy sector. His expertise is in strategy and business development in extractive industries. Dr. Muia also has extensive experience in renewable energy project management and resource mobilization.



Mr. Calvin N. Ogute- Company Secretary and General Manager Legal Services

Mr. Calvin Nyachoti is an accomplished legal and corporate governance practitioner with with keen interest in pensions, and dispute resolution spanning over 17 years of leadership experience across both the public and private sectors in Kenya and internationally.

He is an Advocate of the High Court of Kenya and a seasoned Certified Public Secretary (CPS[K]), with extensive expertise in corporate governance, board advisory, and legal services management.

Previously, he has held senior legal and governance roles at Kenyatta National Hospital, the Retirement Benefits Authority, and in private legal practice, where he built a strong foundation in legal and regulatory compliance, pensions administration, corporate governance and dispute resolution.

Mr. Nyachoti chairs and serves on several corporate and institutional boards, including Kitengela International School, Women on Boards Network, and the Kenya Pension Funds Investment Consortium (KEPFIC). He has also previously served as a board member and chair of the Chartered Institute of Arbitrators (Kenya Branch) and the Local Authority Pension Trust (LAPTRUST).

Academically, he holds a Master of Laws (LLM), an MBA in Strategic Management, a Postgraduate Diploma in Law (KSL), and a Bachelor of Laws (LLB) degree. He has further undertaken specialized studies in International Law, Leadership, and Team Skills.



Mr. Godfrey Shitsama, General Manager Internal Audit & Risk Assurance

Mr. Shitsama has over 20 years' experience in the energy sector, where he was involved in business improvement process at the previous employer. At GDC, he was a key member in setting up and automating the business processes. He rose through the ranks to Ag. General Manager, Finance and now heads the Internal Audit Team.

He holds a Bachelor of Commerce degree in Finance & Accounting from Strathmore University, an MBA (Global Executive) From USIU Africa University/ Frankfurt School of Finance & Management and a certified Trustee from College of Insurance/Humber Centre of employee Benefits- Toronto Canada.

He is a member of Institute of certified Public Accountants of Kenya (ICPAK), Institute of Internal Auditors of Kenya (IIA) and a member of Geothermal Association of Kenya (GAK).



Mr. Patrick Kopto-Manager, Supply Chain Management

Mr. Patrick K. Kopto is a Supply Chain Management expert with over eighteen (18) years wealth of experience in the Supply Chain Management both in the Public and Private sectors. He is a member of the Kenya Institute of Supplies Management (KISM) in good standing. He joined GDC in June 2010 and is responsible for overseeing the Supply Chain Management which is a key strategic enabler and driver of the GDC business.



Mr. John Lagat Manager, North Rift Region

Mr. John Lagat is the Regional Manager, North Rift. He is also in-charge of Geothermal Resource Assessment (GRA). He is a seasoned geologist with extensive knowledge in Geothermal Energy Technology spanning over 23 years. He is a member Geological Society of Kenya and Geothermal Association of Kenya.

5. Fiduciary Management

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

No.	Designation	Name
1.	Managing Director & Chief Executive Officer	Mr. Paul Ngugi
2.	General Manager, Finance, Ag. Managing Director & Chief Executive Officer	Mr. Stephen Busieney
3.	General Manager, Strategy & Planning	Mr. Cornel Ofwona
4.	General Manager, Corporate Services	Ms. Irene Onyambu
5.	General Manager, Drilling & Infrastructure, Ag. Manager Central Rift Region	Mr. Reuben Ngosi
6.	Company Secretary & General Manager, Legal Services	Mr. Calvin Nyachoti
7.	Ag. General Manager Geothermal Resource Development	Eng. Martha Mburu
8.	General Manager, Internal Audit & Risk Assurance	Mr. Godfrey Shitsama
9.	General Manager, Business Development	Dr. George Muia
10.	Ag. Manager Supply Chain	Mr. Patrick Kapto
11.	Manager, NorthRift Region	Mr. John Lagat

6. Fiduciary Oversight Arrangements

The key management personnel who held office during the year ended 30th June 2024 and who had direct fiduciary responsibility were:

Managing Director & Chief Executive Officer	Mr. Paul Ngugi
General Manager, Finance , Ag. Managing Director & Chief Executive Officer	Mr. Stephen Busieney
General Manager, Strategy & Planning	Eng. Cornel Ofwona
General Manager, Corporate Services	Ms. Irene Onyambu
General Manager, Drilling & Infrastructure	Eng. Reuben Ngosi
Company Secretary & General Manager, Legal Services	Mr. Calvin Nyachoti
Ag. General Manager Geothermal Resource Development	Eng. Martha Mburu
General Manager Internal Audit & Risk Assurance	Mr. Godfrey Shitsama
General Manager, Business Development	Dr. George Muia
Regional Manager, North Rift	Mr. John Lagat
Manager Supply Chain	Mr. Patrick Kapto

FIDUCIARY OVERSIGHT ARRANGEMENTS

Organizational performance oversight entails monitoring and evaluating the performance of an organization to ensure it is meeting its goals and objectives. It involves implementing mechanisms and strategies to hold the organization accountable for its actions and outcomes.

Oversight is key as it is a safety net to ensuring that due diligence takes place before key decisions are made, policies and strategies are being implemented as intended and that key risks are identified, monitored, and mitigated. Business processes and systems are working well

As an oversight arrangement, the Company has in place audit committee namely:

Board Audit Committee

Board Strategy Committee

Board Finance Committee & General-Purpose Committee

Board Audit Committee

The Board Audit Committee comprises of three (3) non-executive Directors and is chaired by a non-executive independent Director. The Committee regularly invites the Managing Director & CEO, Manager Internal Audit, General Manager, Finance and at times other key staff members to its meetings. External auditors are also invited to attend the meetings when necessary.

The committee is appointed by the Board of GDC to assist in fulfilling the following oversight responsibilities: -

- a) Obtain assurance from management that all financial and non-financial internal control and risk management functions are operating effectively and reliably.
- b) Provide an independent review of an entity's reporting functions to ensure the integrity of financial report.
- c) Monitor the effectiveness of the entity's performance management and performance information.
- d) Provide strong and effective oversight of an entity's internal audit function.
- e) Provide effective liaison and facilitate communication between management and external audit.
- f) Provide oversight of the implementation of accepted audit recommendations.
- g) Ensure the entity effectively monitors compliance with legislative and regulatory requirements.
- h) Review and monitor external auditors' independence and objectivity and effectiveness of the audit process taking into consideration relevant regulatory guidelines in Kenya.

Board Strategy Committee

The Committee is comprised of three (3) non-executive Directors and the Company's Managing Director & CEO and is chaired by non-executive independent Director. The Committee considers

Management's proposals; provides oversight to Management and recommends to the Board on matters relating to the company's strategic direction and technical services.

Board Finance Committee & General-Purpose Committee

The Board Finance is comprised of the chairperson; three (3) independent Directors; Managing Director & CEO and is chaired by a non-executive independent Director. The committee considers all matters of financial strategy and policy, financial forecasts, annual budgets and reviewing expenditures/procurements for each quarter of the financial year. They are solely responsible for ensuring that the organization is operating with the financial resources it needs to provide programs and services to the community.

Parliamentary Committees such as the Public Accounts Committee (PAC), Public Investments Committee (PIC) Energy Committee provide oversight on organizational operations on behalf of the people of Kenya. Their central function involves seeking information on a particular issue from a wide range of individuals and organizations, including public officials. These tactical oversight functions monitor, facilitate, and coordinate the activities of business lines, to ensure they are operating effectively, within budget, and in compliance with corporate policies.

7. Chairman's Statement

Dear Shareholders,

It is my pleasure to present to you the books of accounts for the financial year 2024/2025.

During the year under review, the Board of Directors undertook a robust streamlining process aimed at stabilizing the Company and steering it toward greater efficiency and productivity. Enhanced corporate governance mechanisms enabled the management team to focus on well-defined deliverables, leading to a notable improvement in overall productivity.

A major milestone during the year was the groundbreaking ceremony for the construction of a 35 MW power plant at Menengai by OrPower 22. This will be the third and final facility under the Menengai 105 MW geothermal project. Once completed, this plant will significantly boost GDC's revenue streams while contributing additional green energy to the national grid. Additionally, Sosian Menengai Power Limited successfully completed the construction of its 35 MW power plant and commenced power generation—an achievement that has positively impacted the Company's financial performance.

With the commissioning of Sosian's plant, GDC's revenue collection has seen a notable increase. Nonetheless, the Company still relies on funding from the National Treasury and revenues from steam sales to KenGen at the Olkaria Geothermal Project.

Our partnerships with key financiers remained strong throughout the year. Notably, KfW and the Geothermal Risk Mitigation Facility (GRMF) extended grants that were instrumental in supporting various development activities.

We also recorded commendable progress in our drilling operations at the Paka Geothermal Project. By the end of the financial year, we had successfully harnessed 85 MW of steam at the wellhead, positioning the Company favorably for a feasibility study and the onboarding of an independent power producer. In parallel, we initiated expansion plans for the Suswa Geothermal Project, further solidifying our pipeline of future projects.

These developments are a testament to the Company's viability and its standing as a going concern with a bright future. The Board remains committed to supporting management in delivering on our core mandate. We continue to uphold sound corporate governance practices in line with the *Mwongozo* Code, with the goal of transforming GDC into a high-performing and impactful organization.

In conclusion, I extend my sincere appreciation to the Board of Directors, Management, and all GDC staff for their unwavering diligence and dedication to the Company's continued success.



Hon. Walter Nyambati
Chairman, Board of Directors

8. Report of the Managing Director & CEO

Dear Shareholders,

As we close the financial year 2024/2025, I am pleased to report that the Company's financial standing is solid, our brand reputation remains strong, and we continue to enjoy steadfast support from our stakeholders. This success is a result of the various strategic initiatives implemented with the invaluable support of the Government of Kenya—especially you, our shareholders—the Board of Directors, GDC staff, and our broader network of strategic partners.

Financial Performance

During the year, Ksh 3.5 billion and Ksh 1.0 billion respectively was generated from steam sales at Olkaria to KenGen and in Menengai to Sosian Power. Out of Ksh 3.5 billion generated from Olkaria, Ksh 3.05 billion was expended for development activities in furtherance of the development of geothermal resources. In addition, Ksh 495 million was received from KfW for development of the Bogoria Silali field.

Operational Performance

Our drilling operations in the Baringo-Silali Block proceeded without interruption. By the end of the financial year, we had achieved a steam output equivalent to 85 MW. This significant milestone has propelled GDC into the next phase of development, which includes conducting feasibility studies and initiating the procurement process for a strategic investor to establish power plants.

In the same period, **Sosian Menengai Geothermal Ltd** successfully completed the construction of a 35 MW power plant at the Menengai Geothermal Project. The plant is now operational and generating electricity, resulting in a much-needed increase in GDC's revenues.

Construction of the **second power plant**, by **Globeleq**, is currently 60% complete. Additionally, the **third power plant**, part of the Menengai 105 MW project and undertaken by **OrPower 22**, officially broke ground during the year. We were honored by the presence of **H.E. Dr. William Ruto, EGH, President of the Republic of Kenya**, who presided over the groundbreaking ceremony—an event that underscored the Government's strong commitment to geothermal energy. As of the close of the financial year, the OrPower 22 project had reached 50% completion.

Stakeholder Engagement

This year, we prioritized robust stakeholder engagement initiatives, which are essential in fostering sustainable and collaborative relationships. Notably, we entered into Community Framework Agreements (CFAs) with the County Governments of **Turkana** and **Kajiado**. These CFAs lay the groundwork for strengthened partnerships with both the county administrations and their communities.

Community Development

GDC continued to build and sustain positive relationships with our host communities. At **Paka in Baringo County**, we adopted **Chepungus Primary School** with the intention of transforming it into a model institution. We are pleased that our vision has attracted support from other stakeholders.

Moreover, we successfully supported the Paka community in registering its land under the **Community Lands Act, 2016**. GDC subsequently acquired essential parcels from the community for geothermal development. I am proud to report that we now hold title deeds to these plots—an achievement that provides us with the confidence to invite and welcome investment partners into the project.

The government of Kenya has initiated a robust tree planting exercise across the country. As a state corporation, GDC has managed to plant about 350, 000 seedlings across different locations as assigned. The programme is ongoing.

Outlook

Looking ahead, the future is promising. GDC is actively engaging with strategic partners to develop geothermal resources in **Paka**, **Menengai West**, and **Suswa**. We remain focused on positioning GDC as a leading force in Kenya's transition to clean, reliable, and sustainable energy.



Mr. Stephen K. Busieney
Ag. Managing Director & CEO

9. Statement of Performance against Predetermined Objectives for 2024/2025

Geothermal Development Company (GDC) has four strategic pillars, and objectives within the current Strategic Plan for the 2023 - 2027. These strategic pillars are as follows:

- Pillar 1: Geothermal Resource Development and Management
- Pillar 2: Financial Sustainability
- Pillar 3: Stake Holder Management
- Pillar 4: Organizational Capacity

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

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Geothermal Resource Development and Management	To accelerate geothermal resource development	Additional megawatts availed	Avail additional steam for power generation	An additional 12.3 Mwe was realized during the period under review.
		Number of wells drilled	Undertake drilling of geothermal wells	Drilling of six geothermal wells was completed during the period under review.
		Additional number of fields explored	Explore geothermal fields	GDC drilled one exploratory well in Silali field during the period under review. Infrastructure work was also undertaken in preparation to commence exploration in Suswa field.
		Additional No. of power plant	Procure additional power plant generators	GDC is currently undertaking a feasibility study for

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
		generators procured		power plant construction for a 105MW plant in Paka. Engagement of a strategic partner is ongoing (RfP sent out)
		% reduction of downtime	Reduce drilling downtime	The average downtime for the 6 completed wells during the period under review was 52.02 days average up from an of 46.35 days average during the previous year.
		No. of established commercial direct use projects	Establish commercial direct use projects	GDC Conducted a feasibility study for the construction of geothermal spa facility at the Menengai steamfield. GDC is currently looking to engage partners to build, own and operate the spa.
		No. of innovative ideas incubated	Incubate innovative ideas	Two innovative ideas were incubated during the period under review

Geothermal Development Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
		No. of ideas patented	Patent ideas	Progress towards patenting of inhouse fabricated geothermal well silencer is at an advanced stage.
	To exploit other geothermal resource potentials	No. of agreements signed with EGS partners	Sign contracts with Enhanced Geothermal Systems (EGS) partners.	
		No. of investors Contracts on green hydrogen	Sign contract on green hydrogen	A green hydrogen committee was formed and prepared a report on the opportunities for green hydrogen and a framework for adoption.
	To contribute to climate change mitigation and adaptation efforts	No. of trees planted	Plant trees in GDC operational areas	GDC planted a total of 327,784 trees during the period under review.
Pillar 2: Financial Sustainability	To mobilize financial resources	Olkaria (KES Million)	Generate steam sales revenue from Olkaria	GDC billed a total of KES 3,487 million from Olkaria during the period under review

Geothermal Development Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
		Sosian Menengai Geothermal Power Limited (SMGPL) (KES Million)	Generate steam sales revenue from GMGPL	GDC received a total of KES 973 million from SMGPL during the period under review
		Orpower (KES Million)	Generate steam sales revenue from Orpower	-
		Globeleq (KES Million)	Generate steam sales revenue from Globeleq	-
		Paka (KES Million)	Generate steam sales revenue from Paka	-
		Geothermal spa revenue (KES Million)	Generate revenue from geothermal spa	-
		Karsan Ramji 5MW – Project II (KES Million)	Generate revenue from Karsan Ramji 5MW Project II	-
		Data Centre 5MW – Project III (KES Million)	Generate revenue from data centre 5MW project III	-
		Captive Power Project IV (5MW)	Generate revenue from captive power project IV (5MW)	-
		Captive Power Project V (Heat)	Generate revenue from captive power project V (Heat)	-
		No of consultancy services	Provide external consultancy services	GDC provided a total of 1 consultancy

Geothermal Development Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
				services during the period under review
		Revenue generated from consultancy and technical advisory services (KES Million)	Generate revenue from consultancy and technical advisory services provided	GDC received a total of KES 12.663 million from consultancies during the period under review
		GoK exchequer funds (KES Million)	Absorb allocated GoK exchequer funds to GDC	GDC did not receive funding from GoK exchequer during the period under review
		Development Partner funds secured (KES Million)	Mobilize funds from development partners	GDC received a total of KES 1,391 from development partners during the period under review
		Investments mobilized from strategic partners (KES Million)	Mobilize investments from strategic partners	-
		Investment from IPPs	Number of investments made by IPPs	-
		% GoK exchequer absorption	Absorb GoK exchequer funds	GDC absorbed 100% of its GoK allocations during

Geothermal Development Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
				the period under review
		% of development partner funds absorption	Absorb development partner funds	GDC absorbed 85.6% of development partner funds during the period under review
		% absorption of procurement and disposal plans	Implementation of procurement and disposal plans by GDC	GDC implemented 92% of its procurement plan and 5.6% of its disposal plan during the period under review
		Pending bills as a % of the budget	Pending bills against the GDC budget for the period under review	GDC had pending bills totalling to KES 356.5 million, representing 5.2% of the budget at the close of the period under review
		% compliance with financial and procurement laws, regulations, policies, circulars, and government guidelines	Comply with financial and procurement laws, regulations, policies, circulars, and government guidelines	GDC complied 100% with financial and procurement laws, policies, regulations, circulars and government guidelines for the period under review

Geothermal Development Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
		% of assets tagged and validated	Tag and validate GDC assets	GDC tagged and validated 100% of its assets during the period under review
Pillar 3: Stakeholder Management	To strengthen corporate brand reputation	Brand reputation index	Strengthen corporate brand and reputation	During the period under review GDC had a net promoter score of 31.03%
Pillar 4: Organizational Capacity	To strengthen the company's institutional framework	Performance contract composite score	Implement performance contract targets	GDC Achieved a self-evaluation composite score of 3.1945 during the period under review
		Employee satisfaction index %	Implement Employee Satisfaction Survey Recommendations.	
		Board performance score	Undertake Board Evaluations	
		Level of compliance with legal and governance structures (%)	Comply with legal and governance structures.	
		Level of compliance with national values and principles of governance	Comply with national values and principles of governance.	GDC achieved 100% level of compliance with national values and

Geothermal Development Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
				principles of governance
		Level of automation	Undertake Automation of processes	During the period under review GDC automated its performance appraisal process.

10. Corporate Governance Statement

Introduction

Corporate Governance involves a set of relationships between a Company's Management, its Board, its Shareholders and other Stakeholders. Corporate Governance provides the structure through which the objectives of the company are set, the means of attaining those objectives are put in place and performance monitored.

Statement of Compliance

The Board of Directors ("Board") has committed itself to the services of GDC to uphold the tenets of good corporate governance by being responsible, transparent, accountable, efficient, effective, persons of integrity and in exercising fairness in all their dealings.

In its endeavour to uphold the tenets of good governance, the Board is guided by the Code of Governance for State Corporations otherwise known as the Mwongozo Code of Governance for State Corporations, the Board Charter, the Constitution of Kenya 2010, the Leadership and integrity Act No. 19 of 2012, the Public Officers and Ethics Act No, 4 of 2003, and the Directors Code of Conduct and Ethics. GDC is now certified for ISO 9001:2015 - Quality Management System since August 2021.

The responsibility and conduct of individual Directors when dealing with company business is governed by the Directors Code of conduct and Ethics. Each Director has signed the Directors' Code of Conduct and Ethics and has also made a commitment to comply with the same. The areas covered include the values expected of the Director to have respect for people, uphold integrity, be transparent and accountable, provide stewardship and be persons of excellence. The Code also covers policies on Conflict of Interest, Whistleblowing and Resolution of Issues in respectful manner.

Board Charter

The Board Charter is a commitment by members of the Board to discharge the mandate of GDC. It seeks to ensure the effectiveness of each Directors' contribution in the governance of the Company by facilitating full and free exercise of independent judgement and professional competence. It outlines the rules that guides the Board and does not in any way purport to replace or supersede any laws and regulations that govern the Company.

The Board Charter sets out the structure and processes of the GDC Board. It does this by providing an overview of roles, functions, responsibilities and powers of the Board and individual Directors; Composition of Board Committees and their responsibilities; Matters reserved for final decision making by the Board, and Policies and Practices of the Board on matters of Corporate Governance, Directors declarations and Conflicts of Interests, Conduct of Board meetings, Board Induction and Continuous Skills Development, Governance Audit, and Board Evaluation and Performance. The GDC Board Charter was first developed and approved in the year 2012, and it has been reviewed over the years by the Board in line with changes in law and with Mwongozo guidelines. A copy of the Board Charter has been circulated to the Board members for their reference and records.

Board Effectiveness

The separation of roles and duties of the Chairman, Managing Director & CEO and further between the Board and Management ensures that the parties are independent of each other thus enhancing decision making, accountability, power balance and clarity in responsibilities.

Board Composition, Size and Appointment

GDC's Memorandum and Article of Association provides for a maximum of nine (9) directors, eight (8) of whom are non-executive and one (1) Executive who is the Managing Director & CEO. Out of the eight (8) non-executives, six (6) should be independent Directors who hold office for a period not exceeding three (3) years and are eligible for reappointment for one term not exceeding three (3) years. A Board member may be appointed for a cumulative term not exceeding six (6) years.

Geothermal Development Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

The appointing authority ensures that the Board Composition complies with the applicable legislation as outlined in the Constitution of Kenya. Additionally, at least one member has to be a Financial Management or Accounting Expert.

The Board of Directors consists of nine (9) members and Board appointments are done by name and notice in the Kenya Gazette. The Board Chairperson who shall be non-executive is appointed by His Excellency the President while five (5) Board members from the private sector are appointed by the Cabinet Secretary responsible for the Ministry of Energy & Petroleum. The other Board members are the Permanent Secretary (now Principal Secretary) for the time being responsible for Energy or his representative and Permanent Secretary (now Principal Secretary) for the time being responsible for Finance or his representative.

GDC Articles of Association states that the appointment and removal of Directors shall be governed by the provisions of the State Corporations Act Cap 446 of the Laws of Kenya as amended from time to time.

Each Director shall hold office until he is removed and the grounds for removal are: -

- a) Serves the Minister (now Cabinet Secretary) with written notice of resignation.
- b) Is absent, without the permission of the Minister notified to the Board from three consecutive meetings.
- c) Is convicted of an offence and sentenced to imprisonment for a term exceeding six (6) months or to a fine exceeding Two thousand (2000) shillings.
- d) Is incapacitated by prolonged physical or mental illness from performing his duties as a member of the Board.
- e) Conducts himself in a manner deemed by the Minister in consultation with the Committee to be inconsistent with membership of the Board.

No Person whose membership of a Board has ceased in accordance with paragraphs (b), (c) or (e) above shall be eligible for appointment to any Board thereafter.

As of 30th June 2025, the Board of Directors was made up of eight (8) Non-Executive Directors and one (1) Executive Director, bringing the total to nine (9) Directors which includes the representative of the Ministry of Energy & Petroleum (Minority Shareholder) and National Treasury & Economic Planning (Majority Shareholder). In addition, the Inspector- General of State Corporations or his representative attends the Board and Committee meetings in accordance with section 18 (2) (c) of the State Corporation Act.

The nine (9) Board members as shown below: -

No.	Name	Position	Date of Appointment
1)	Hon. Walter Nyambati	Chairman	23 December 2022
2)	Mr. Paul K. Ngugi	Managing Director & CEO	24 April 2023
3)	Mr. Joseph Waruiru	Alternate Director, National Treasury & Economic Planning	8 February 2019
4)	Mr. Stephen Njue*	Alternate Director, representing the Ministry of Energy & Petroleum	25 April 2024 and ceased to be a director on 30 th January 2025. He was replaced by Mr Alan Machari.
	Mr. Alan Machari*		30 th January 2025
5)	Eng. Kipkoros Kandie	Member	8 th September 2023
6)	Mr. Boniface Lilah	Member	8 th September 2023
7)	Mr. Eustus Muriithi *	Member	8 th September 2023 and ceased to be a director on 11 th April 2025. He was replaced by Ms. Beatrice Soy.
	Ms. Beatrice Soy*		11 th April 2025
8)	Mr. Stephen Kisaka	Member	8 th September 2023
9)	Ms. Salome Kabando	Member	8 th September 2023

Geothermal Development Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

No.	Name	Position	Date of Appointment
IN ATTENDANCE			
10)	Mr. Gerald Mwangi	Deputy Inspector- General State Corporations	5 th December 2022

Notes

- 1) *Mr. Stephen Njue ceased to be a director with effect from 30th January 2025.
- 2) *Mr. Alan Macharia became a director with effect from 30th January 2025.
- 3) *Mr. Eustus Muriithi ceased to a director with effect from 10th April 2025.
- 4) *Ms. Beatrice Soy became a director with effect from 11th April 2025.

Board Changes

Two (2) Board changes were made as follows: -

1. The Ministry of Energy & Petroleum alternate Director, Mr. Stephen Njue ceased to be a director with effect from 30th January 2025 and was replaced by Mr. Alan Machari effective the same date.
2. An Independent non-executive Director, Mr. Eustus Muriithi ceased to a director with effect from 10th April 2025 and was replaced by Ms. Beatrice Soy with effect from 11th April 2025.

Board Diversity /Skills

The Board embraces and recognizes the benefits of diversity in skills and experience in its Composition. Board skills are about advancing business to new heights by bringing together diverse experiences. Diverse Board includes but not limited to diversity of expertise, experience, age, and gender makes better decisions. The GDC Board as currently constituted reflects diversity which helps to perform its role effectively. The areas of expertise of the current Board are: -

Fields of Expertise as at 30th June 2025

No.	Field of Expertise	Director	Age	Gender
1.	Bachelor of Arts	Walter Nyambati	75	M
2	Human Resource Specialist and Executive Coach	Beatrice Soy	64	F
3	Geothermal Energy Specialist	Paul Ngugi	59	M
4	Public Administration	Allan Machari	56	M
5	Civil Engineering	Eng. Kipkoros Kandie	54	M
6	Mathematician	Stephen Kisaka	53	M
7	Finance & Economics	Joseph Waruiru	48	M
8	Public Relations and Journalism	Salome Kabando	45	F
9	Project planning and Management	Boniface Lilah	38	M

Role of the Board

The role of the Board is to provide leadership and strategic guidance to GDC, in addition to overseeing Management's implementation of the company's strategic initiatives. It does this through the establishment of GDC's short- and long-term goals and coming up with strategies to achieve these goals thus: -

- a) Approving GDC annual targets and financial statements and monitoring the financial performance of the Company.
- b) Setting and reviewing the key performance indicators and performance of management.
- c) Risk management by ensuring that the company has adequate systems of internal controls together with appropriate monitoring of compliance activities.
- d) Ensuring proper and adequate disclosures in regard to the company's operations thus enhancing transparency and integrity.
- e) Ensuring ethical behaviour and compliance with all the relevant laws and regulations.
- f) Audit and accounting principles, corporate policies and procedures, and code of ethics.
- g) Developing and reviewing succession planning for the Management team and approving senior executive appointments, organizational changes and remuneration.
- h) Constituting and reviewing the composition of Board Committees and;
- i) Evaluating and approving each committee's report.

Induction, Training and Development

The Board attends trainings on Corporate Governance and other relevant areas to equip it with the knowledge required to effectively discharge its responsibilities. Upon appointment, the Board members go through an external induction which is undertaken by State Advisory Committee (SCAC). An internal induction is undertaken by the office of the Managing Director & Chief Executive Officer in liaison with the Company Secretary’s Office. The internal induction ensures that the Director's receive knowledge about the Company through site visits, informal interactions with Management and Staff, regular in-depth reports, and presentations. The Managing Director & CEO ensures that Management updates the Board on matters relevant to GDC’s business, changes in law and regulation including Government accounting policies.

The Board has also put in place an annual development program for all its members to improve on their individual capacity. Board members are encouraged to undertake continuous professional development in their respective professional bodies as guided by Mwongozo Code of Conduct for State Corporation Advisory Board.

During the year under review, new directors were inducted, and the existing directors were taken through various training programs to enhance their knowledge.

Board Evaluation

GDC Board of Directors conduct annual evaluation to appraise its performance, and that of individual Directors, Managing Director & CEO using the appraisal tools developed by the State Corporation Advisory Committee (SCAC) and actualized by the circular from Head of Public Service dated 29th June 2011.

The Board self-evaluation for the year ended 30th June 2024 was facilitated by the State Corporation Advisory Committee (SCAC) on 1st July 2024 and thereafter the results presented to the Board for Adoption. The strengths, collective skill gaps and individual areas of improvement were identified after which a Board Performance improvement plan was prepared.

The Board self-evaluation for the year ended 30th June 2025 facilitated by the State Corporation Advisory Committee which was to be done on 9th July 2025 was rescheduled and will be done by 31st August 2025.

Board and Committee Meetings

Board meetings are constituted in accordance with the Constitutive document and held at least four (4) times a year. A schedule of meetings is agreed upon by the Board members and set out in the Board Work plan and Board Almanac.

The agenda for the meetings is aligned to the Board work plan and each Board member is free to suggest the inclusion of items on the agenda. Notices of meetings are issued by the General Manager Legal Services & Company Secretary, and Board papers are circulated in advance to enable the Directors to prepare adequately for the meetings.

The quorum for a Board meeting is five (5) members while for the Board Committee is three (3) members. Senior Managers, employees and advisors are invited by the Managing Director & CEO to attend Board or Committee meetings whenever considered necessary.

The Board Meetings and Attendance

The Board of Directors held Six (6) Ordinary meetings during the period under review which were attended as follows: -

No.	Name of Director	Board Position	Status	Number of Full Board Meetings Held	Number of Meetings Attended
1.	Hon. Walter Nyambati	Chairman	Independent & non-executive	6	6
2.	Mr. Paul K. Ngugi	MD & CEO	Executive	6	6

Geothermal Development Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

No.	Name of Director	Board Position	Status	Number of Full Board Meetings Held	Number of Meetings Attended
3.	Mr. Joseph Waruiru	Alternate Director National Treasury & Economic Planning	Non-Independent & non-executive	6	6
4.	Mr. Stephen Njue*	Alternate Director representing PS Ministry of Energy	Non-Independent & non-executive	6	4
	Mr. Alan Machari*	Alternate Director representing PS Ministry of Energy	Non-Independent & non-executive	6	2
5.	Mr. Stephen Kisaka	Director	Independent & non-executive	6	6
6.	Eng. Kipkoros Kandie	Director	Independent & non-executive	6	6
7.	Ms. Salome Kabando	Director	Independent & non-executive	6	6
8.	Mr. Boniface Lilah	Director	Independent & non-executive	6	6
9.	Mr. Eustus Muriithi*	Director	Independent & non-executive	6	4
	Ms. Beatrice Soy*	Director	Independent & non-executive	6	2

1. *Mr. Stephen Njue ceased to be a director with effect from 30th January 2025.
2. *Mr. Alan Machari became a director with effect from 30th January 2025.
3. *Mr. Eustus Muriithi ceased to a director with effect from 10th April 2025.
4. *Ms. Beatrice Soy became a director with effect from 11th April 2025.

The Board of Directors held two (2) special meetings and one (1) Board evaluation facilitated by State Corporation Advisory Committee during the period under review which were attended as follows: -

No.	Name of Director	Board Position	Status	Number of Full Board Meetings Held	Number of Meetings Attended
1.	Hon. Walter Nyambati	Chairman	Independent & non-executive	3	3
2.	Mr. Paul K. Ngugi	MD & CEO	Executive	3	3
3.	Mr. Joseph Waruiru	Alternate Director National Treasury & Economic Planning	Non-Independent & non-executive	3	3

Geothermal Development Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

No.	Name of Director	Board Position	Status	Number of Full Board Meetings Held	Number of Meetings Attended
4.	Mr. Stephen Njue*	Alternate Director representing PS Ministry of Energy	Non-Independent & non-executive	3	2
	Mr. Alan Machari*	Alternate Director representing PS Ministry of Energy	Non-Independent & non-executive	3	1
5.	Mr. Stephen Kisaka	Director	Independent & non-executive	3	3
6.	Eng. Kipkoros Kandie	Director	Independent & non-executive	3	3
7.	Ms. Salome Kabando	Director	Independent & non-executive	3	3
8.	Mr. Boniface Lilah	Director	Independent & non-executive	3	3
9.	Mr. Eustus Muriithi*	Director	Independent & non-executive	3	2
	Ms. Beatrice Soy*	Director	Independent & non-executive	3	1

Declaration of Conflict of Interest

The duty stipulated by the law to avoid situations where a director may have interests that conflict with those of the company has been observed by the Board. The Directors are obliged to fully disclose any real or potential conflict of interest to the Board. In a situation where there be conflict of interest, the Director involved ought to exclude himself/herself from any discussion or decision making over the matter. In any meeting of the Board, there is an agenda item giving an opportunity to Directors to declare any conflict of interest.

Board Remuneration

Directors are remunerated for their services in line with the prevailing Government Circulars and as amended from time to time. The Directors are paid Sitting, Lunch and Daily subsistence allowances and mileage reimbursement where applicable. The sitting allowances are taxed and paid for each meeting attended. Lunch allowance is paid in lieu of lunch being provided. Mileage and accommodation allowances are paid while on Company duty for each event or meeting attended. The Chairman is paid a monthly honorarium, landline, and telephone expense allowance.

The regular allowances for Board Chairpersons and Board Members are as follows: -

No.	Allowance	Chairperson	Board Member
1.	Honoraria	Kes. 80,000/- per month	N/A
2.	Sitting	Kes. 20,000/- per sitting	Kes. 20,000/- per sitting
3.	Accommodation	Kes. 18,200/- per day	Kes. 18,200/- per day
4.	Airtime (Mobile)	Kes. 5,000/- per month	N/A
5.	Airtime (Landline)	Kes. 2,000/- per month	N/A
6.	Lunch	Kes. 2,000 Per day	Kes. 2,000 per day

Geothermal Development Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

No.	Allowance	Chairperson	Board Member
7.	Transport	Determined by prevailing Government guidelines; currently prevailing Automobile Association of Kenya (AA) rates,	Determined by prevailing Government guidelines; currently prevailing Automobile Association of Kenya (AA) rates,
8.	Personal Accident Cover ("Not Life")	Procured competitively	Procured competitively
9.	Medical Expenses	Inpatient Kes. 2 million per annum. Outpatient Kes.100,000/- per annum and Last expense (self) Kes.100,000/-	Inpatient Kes. 2 million per annum. Outpatient Kes.100,000/- per annum and Last expense (self) Kes.100,000/-

The Directors' fee is paid annually based on the performance of the Company, subject to the approval of the Ministry of Energy & Petroleum and the National Treasury & Economic Planning and is approved during the Annual General Meeting (AGM).

Ethics and Code of Conduct

This focuses on ethical conduct and integrity at workplace and since it does not cover everything, the code is not used as a substitute for good judgement expected of Board members and employees working for the company.

The Board has approved the Code of Conduct and Ethics and Corporate gift policies. Every Board member and employee have signed to adhere to the values in the Code of Conduct and are committed to implement the same.

Governance Audit

A Governance Auditor was procured and the Audit will be undertaken during the 2025-2026 financial year.

Communication Policy

The effective management of stakeholder's interest creates goodwill, promotes a positive image of the organization, and enhances the achievement of corporate goals. The Board has carried out stakeholder mapping and approved the Communication policy.

The Board considers its primary responsibility to be the maximization of long-term shareholders value. All the Directors have collective responsibilities and are fiduciary agents.

The Board communicates organizational strategy and performance, addresses all issues relevant to members' interests, corporate social responsibility, and good governance.

Terms of Reference of Committees

The State Corporation Act Cap 446, Section 15, allows Boards of State Corporations to establish Committees. The Mwongozo code Chapter 1 section 1.7 allows the Board to establish not more than four Committees of the Board of which one of them must be the Audit Committee.

The Board is required to provide Terms of Reference (TOR) for each Committee; review the mandate of the committees periodically; determine the frequency of committee meetings; appoint the Chairperson of each Committee; and annually review the effectiveness and performance of its committees.

The Board also provides the Committees with all necessary resources to enable them to undertake their duties in an effective manner. The Chairperson of the Board is not a member of any Committee except an Ad hoc Committee. An Ad hoc committee can be formed when necessary to handle pertinent issues. In addition, the Board may also form a panel to provide it with expert views on issues that may include selection of staff.

Geothermal Development Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

During the year under review the, the Board constituted the following committees: -

- a) Audit Committee chaired by Director Eng. Kipkoros Kandie.
- b) Strategy Committee chaired by Director Boniface Lilah.
- c) Finance & General-Purpose Committee chaired by Director Stephen Kisaka.
- d) Human Resource Committee chaired by Director Salome Kabando.

Report from The Chairperson of Board Audit Committee

The Board Audit Committee comprises of Four (4) non-executive Directors and is chaired by a non-executive independent Director. The Managing Director & CEO attends the meeting by standing invitation, while the Manager Internal Audit is the committee secretary. External auditors are also invited to attend the meetings when necessary. One of the members Mr. Eustus Muriithi ceased to be a director with effect from 10th April 2025 and was replaced by Ms. Beatrice Soy with effect from 11th April 2025.

The committee is appointed by the Board of GDC to assist in fulfilling the following oversight responsibilities:

- a) Obtain assurance from management that all financial and non-financial internal control and risk management functions are operating effectively and reliably.
- b) Provide an independent review of an entity's reporting functions to ensure the integrity of financial report.
- c) Monitor the effectiveness of the entity's performance management and performance information.
- d) Provide strong and effective oversight of an entity's internal audit function.
- e) Provide effective liaison and facilitate communication between management and external audit.
- f) Provide oversight of the implementation of accepted audit recommendations.
- g) Ensure the entity effectively monitors compliance with legislative and regulatory requirements.
- h) Review and monitor external auditors 'independence and objectivity and effectiveness of the audit process taking into consideration relevant regulatory guidelines in Kenya.

The Committee held three (3) meetings that were attended as follows; -

No.	Name	Meetings held	Attendance
1)	Eng. Kipkoros Kandie	3	3
2)	Mr. Joseph Waruiru	3	3
3)	Ms. Salome Kabando	3	3
4)	Mr. Eustus Muriithi*	3	3
By standing invitation (in attendance)			
5)	*Mr. Paul Ngugi	3	3

1. *Mr. Eustus Muriithi ceased to a director with effect from 10th April 2025.
2. *Paul Ngugi MD & CEO attends the meeting by standing invitation.

Report from The Chairperson Board Strategy Committee

The Committee is comprised of five (5) members which is broken down as four (4) non-executive Directors and the Company's Managing Director & CEO and is chaired by non-executive independent Director. The Committee considers Management's proposals; provides oversight to Management and recommends to the Board on matters relating to GDC's strategic direction and technical services.

The Committee held Four (4) meetings which were attended as follows: -

No	Name	Meetings held	Attendance
1)	Mr. Boniface Lilah	4	4
2)	Mr. Paul K. Ngugi	4	4
3)	Eng. Kipkoros Kandie	4	4
4)	Mr. Eustus Muriithi*	4	3
	Ms. Beatrice Soy*	4	1
5)	Mr. Stephen Njue*	4	2
	Mr. Alan Machari*	4	2

Geothermal Development Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

Note

1. *Mr. Eustus Muriithi ceased to a director with effect from 10th April 2025.
2. *Ms. Beatrice Soy became a director with effect from 11th April 2025.
3. *Mr. Stephen Njue ceased to be a director with effect from 30th January 2025.
4. *Mr. Alan Machari became a director with effect from 30th January 2025.

Report from The Chairperson of the Board Human Resource Committee

The Board Human Resource Committee is comprised of four (4) members which is broken down as three (3) non-executive Directors and Managing Director & CEO and is chaired by a non-executive independent Director. The Human Resource Committee is tasked with the responsibility of reviewing terms and conditions of service for employees of the company; reviewing recommendations for appointment, promotion, confirmation, or termination of staff in Job Groups GD3 and handling disputes between management and staff in Job Group GD3 and above; handling all other matters relating to staff; and dealing with occupational, health and safety issues.

The Committee held Five (5) Ordinary meetings which were attended as follows: -

No	Name	Meetings held	Attendance
1)	Ms. Salome Kabando	5	5
2)	Mr. Paul K. Ngugi	5	5
3)	Mr. Stephen Kisaka	5	5
4)	Mr. Stephen Njue*	5	3
	Mr. Alan Machari*	5	2
BY INVITATION			
5)	*Ms. Beatrice Soy	5	1

Notes

1. *Mr. Stephen Njue ceased to be a director with effect from 30th January 2025
2. *Mr. Alan Machari became a director with effect from 30th January 2025.
3. *Ms. Beatrice Soy became a director with effect from 11th April 2025.

The Committee held Two (2) Special meetings which were attended as follows: -

No	Name	Meetings held	Attendance
1)	Ms. Salome Kabando	2	2
2)	Mr. Paul K. Ngugi	2	2
3)	Mr. Stephen Kisaka	2	2
4)	Mr. Alan Machari	2	2

Report from The Chairperson of the Board Finance Committee & General-Purpose Committee

The Board Finance is comprised of four (4) members which is broken down as three (3) independent Directors and the Managing Director & CEO and is chaired by a non-executive independent Director. The committee considers all matters of financial strategy and policy, financial forecasts, annual budgets and reviewing expenditures/procurements for each quarter of the financial year.

The Committee held five (5) meetings which were attended as follows: -

No.	Name	Meetings held	Attendance
1)	Mr. Stephen Kisaka	5	5
2)	Mr. Paul K. Ngugi	5	5
3)	Mr. Joseph Waruiru	5	5
4)	Mr. Boniface Lilah	5	5
By invitation			
5)	Ms. Beatrice Soy	5	1

Internal Control and Risk Management

Risk management is a critical part of Corporate Governance and ensures long term viability and sustainability of the company. GDC's system of financial control ensures that adequate systems are

maintained. The Board has come up with policies on risk management that identifies, measures, and manages the risks that GDC faces. These policies have also been integrated into the overall management reporting structure. The Audit Committee of the Board regularly reviews the effectiveness of the internal control system.

Procurement Policies

Procurement policies have been put in place to ensure fair competition taking into consideration economy, efficiency, transparency, and accountability in accordance with legal and statutory requirements consistent with the governing laws.

Director's Shareholding

No Board Member holds any shares in the Company. The National Treasury & Economic Planning owns 19,999 shares while the Ministry of Energy & Petroleum owns 1 share.

Legal Compliance Audit

One (1) external legal compliance audit was undertaken through a procured external law firm.

Policy On Related Party Transactions

There were no loans granted to non-executive Directors at any time during the year. Directors' remuneration has been disclosed in the books of accounts.

General Manager Legal Services & Company Secretary

The General Manager Legal Services & Company Secretary is tasked with providing a central source of guidance and advice to the Board Management on matters of statutory and regulatory compliance as well as good governance. In addition, as a Certified Secretary, she provides secretarial services to the Board and all Committees among other roles.

Going Concern

The Board confirms that financial statements are prepared on a going concern basis. The Directors work tirelessly to ensure that GDC has adequate resources to continue business for the foreseeable future. This assessment has been made through consideration of a wide range of information relating to current and projected conditions that is cash flows, capital resources and potential exploration sites. For this reason, it continues to adopt the going concern basis when preparing financial statements.



Calvin Nyachoti
COMPANY SECRETARY & GENERAL MANAGER LEGAL SERVICES

11. Management Discussion and Analysis

Operational and financial performance

The company's performance for the quarter ended 30th June 2025 is as summarized below

Performance indicator	2025	2024
	Kshs'000	Kshs'000
Revenue (AiA) (Shs million)	1,413	1,967
Profit before income tax (Shs million)	(1,464)	(528)
Net assets (Shs million)	1,191	839
Current ratio	2.25:1	2.84:1
Expenditure on exploration and evaluation assets (Shs million)	4,498	4,441
Additions to property, plant, and equipment (Shs million)	395	270
Grants received (Shs. million)	3,545	6,654

Compliance with statutory requirements

The company has fully complied with all the statutory requirements.

Major Risks facing the entity

The company is currently faced with a litigation at the High Court of Kenya and Court of Appeal.

Key projects and investment decisions implemented by the company

In line with the National Government strategic objectives, GDC aims at increasing the national electricity generation capacity from geothermal resources by an additional 1065 MW from the following fields;

Menengai Geothermal Field	465MW
Baringo-Silali block	300MW
Suswa Geothermal Field	300MW

During the year, drilling activities continued in the Bogoria Silali geothermal field.

Governance

The company has not recorded any issue of governance and financial probity in the year.

12. Environmental and Sustainability Reporting

Bogoria Silali Geothermal Project

The Bogoria-Silali Geothermal Project is one of Kenya's flagship renewable energy initiatives under the stewardship of the Geothermal Development Company (GDC). Located in the Northern part of the Rift Valley, the project spans three major geothermal prospects namely; Paka, Korosi, and Silali across the arid and semi-arid counties of Baringo and Turkana. The primary goal of this project is to harness geothermal energy as a clean, reliable, and affordable source of electricity while supporting national energy diversification, climate resilience, and socioeconomic development. Sustainability is at the heart of the Baringo-Silali Project's design and implementation. The project integrates environmental conservation, community development, climate action, and efficient resource use to ensure long-term viability and positive legacy impacts for both people and the environment.

Environmental performance

GDC's sustainability strategy is rooted in the principles of environmental responsibility, resource efficiency, and stakeholder engagement. It aligns with Kenya's Vision 2030, international environmental regulatory frameworks, and the Sustainable Development Goals (SDGs), particularly SDG 7 (Affordable and Clean Energy) and SDG 13 (Climate Action). The company prioritizes sustainability across all phases of geothermal development, from surface exploration and geothermal drilling to power production by adopting proactive environmental & social safeguards, community-driven development approaches, and innovative technologies that minimize the ecological footprint.

Bogoria-Silali geothermal project is governed by a robust Environmental and Social Management Plan (ESMP) that aligns to EMCA 1999 (revised 2015) and associated regulations, SDGs, ISO 14001 Environmental Management System principles and IFC Performance Standards.

Key focus areas of GDC's environmental and sustainability approach include:

- **Environmental Protection:** Through robust Environmental and Social Impact Assessments (ESIAs) and Environmental and Social Management Plans (ESMPs), GDC ensures that its operations are conducted in line with both national laws and international standards (e.g., IFC Performance Standards, World Bank Environmental and Social Framework).
- **Biodiversity Conservation:** GDC actively implements habitat restoration programs, avoids encroachment into protected areas, and conducts regular biodiversity assessments to ensure minimal disruption to flora and fauna, especially in sensitive areas within Baringo-Silali geothermal block. GDC has a Biodiversity Conservation and Landscape Restoration Management Plan (BCLRMP) that governs the conservation of sensitive areas and protection through buffer zones, social afforestation programs, and environmental education for local communities. GDC's commitment to enhancing environmental sustainability has ensured its overwhelming support of the Presidential Directive of growing 15 Billion trees by 2032. During the period, over 300,000 tree seedlings were planted in Esageri Forest, Baringo County under the presidential tree growing clarion call in collaboration with Community Forest Association (CFA).
- **Sustainable Resource Use:** Efficient use of water, drilling fluids, and energy resources is emphasized. Technologies like directional drilling and reinjection of geothermal fluids help reduce waste and preserve underground reservoirs.
- **Community Engagement and Social Inclusion:** GDC involves local communities in project planning and community development initiatives by their involvement in preparation of Community development Framework. Employment opportunities, capacity building, and Corporate Social Responsibility (CSR) programs have helped build local resilience and foster shared value.
- **Waste Management and Pollution Control:** The company has adopted a waste minimization hierarchy (reduce, reuse, recycle, and responsible disposal), with clear protocols for handling drill

cuttings, non-condensable gases, and other project waste. GDC has a Waste Management Plan that guides the handling of hazardous and non-hazardous waste. Waste is segregated at source, transported via licensed handlers, and disposed of in NEMA-approved facilities. Brine reinjection is in pilot phase, aiming to minimize subsurface contamination.

- **Climate Change Mitigation:** By investing in renewable geothermal energy, GDC contributes significantly to the reduction of greenhouse gas emissions in Kenya's energy sector.
- **Air Quality Management:** Air quality management is a critical component of GDC's environmental strategy, given the nature of geothermal operations which may emit gases such as hydrogen sulfide (H₂S), carbon dioxide (CO₂), and other trace gases during drilling and testing phases. GDC is committed to ensuring that its activities do not compromise the health of employees, surrounding communities, or the integrity of the local environment. GDC has an Air Quality Management Plan that guides project monitoring of emissions of hydrogen sulfide (H₂S) and non-condensable gases.

GDC continues to monitor and report on environmental indicators, identify sustainability risks, and implement mitigation strategies. Internal audits, third-party reviews, and stakeholder feedback inform ongoing improvements in sustainability performance. The company is also exploring opportunities for carbon financing and enhancing its environmental data systems for better transparency and accountability.

Major shortcomings include:

- Limited facilities for large-scale brine reinjection.
- Limited data collection on long-term impacts of exploration on soil and hydrology.
- Occasional delays in environmental audit reporting due to staffing gaps.

Menengai Geothermal Project

The Menengai Geothermal Project, located in Nakuru County, is a flagship initiative under Kenya's green energy transition strategy. Spearheaded by the Geothermal Development Company (GDC), the project's core mandate is to develop steam fields for power generation and industrial use, contributing to national energy security, economic growth, and climate resilience. Sustainability is central to the project's implementation strategy. The project seeks to deliver long-term energy services by responsibly managing natural resources, minimizing environmental harm, engaging communities, and aligning operations with Kenya's Vision 2030 and the United Nations Sustainable Development Goals (SDGs). The strategy emphasizes adaptive environmental safeguards, inclusive stakeholder engagement, and efficient, transparent governance to ensure the longevity and social license of the project.

Environmental performance

GDC's sustainability strategy is rooted in the principles of environmental responsibility, resource efficiency, and stakeholder engagement. It aligns with Kenya's Vision 2030, international environmental regulatory frameworks, and the Sustainable Development Goals (SDGs), particularly SDG 7 (Affordable and Clean Energy) and SDG 13 (Climate Action). The company prioritizes sustainability across all phases of geothermal development, from surface exploration and geothermal drilling to power production by adopting proactive environmental & social safeguards, community-driven development approaches, and innovative technologies that minimize the ecological footprint.

Menengai geothermal project is governed by a robust Environmental and Social Management Plan (ESMP) that aligns to EMCA 1999 (revised 2015) and associated regulations, SDGs, ISO 14001 Environmental Management System principles and IFC Performance Standards.

Key focus areas of GDC's environmental and sustainability approach include:

- **Environmental Protection:** Through robust Environmental and Social Impact Assessments (ESIAs) and Environmental and Social Management Plans (ESMPs), GDC ensures that its operations are conducted in line with both national laws and international standards (e.g., IFC Performance Standards, World Bank Environmental and Social Framework).
- **Biodiversity Conservation:** GDC actively implements habitat restoration programs, avoids encroachment into protected areas, and conducts regular biodiversity assessments to ensure minimal disruption to flora and fauna, especially in sensitive areas within Menengai forest project

area. GDC has a Biodiversity Conservation and Landscape Restoration Management Plan (BCLRMP) that governs the conservation of sensitive areas and protection through buffer zones, social afforestation programs, and environmental education for local communities. GDC's commitment to enhancing environmental sustainability has ensured its overwhelming support of the Presidential Directive of growing 15 Billion trees by 2032. During the period, 106,170 tree seedlings were in planted within Menengai project area and the surrounding communities under the presidential tree growing clarion call in collaboration with local communities.

- **Sustainable Resource Use:** Efficient use of water, drilling fluids, and energy resources is emphasized. Technologies like directional drilling and reinjection of geothermal fluids helped enhance wastewater/ geothermal brine management and/or steamfield preserve reservoir management.
- **Community Engagement and Social Inclusion:** GDC involves local communities in project planning and community development initiatives by their involvement in preparation of Community development Framework. Employment opportunities, capacity building, and Corporate Social Responsibility (CSR) programs have helped build local resilience and foster shared value.
- **Waste Management and Pollution Control:** The company has adopted a waste minimization hierarchy (reduce, reuse, recycle, and responsible disposal), with clear protocols for handling drill cuttings, non-condensable gases, and other project waste. GDC has a Waste Management Plan that guides the handling of hazardous and non-hazardous waste. Waste is segregated at source, transported via licensed handlers, and disposed of in NEMA-approved facilities operated by County Government of Nakuru at Gioto. Brine reinjection is being done under the Menengai Phase I 105 MW power project, aiming to minimizing surface/ subsurface contamination and reservoir management.
- **Climate Change Mitigation:** By investing in renewable geothermal energy, GDC contributes significantly to the reduction of greenhouse gas emissions in Kenya's energy sector.
- **Air Quality Management:** Air quality management is a critical component of GDC's environmental strategy, given the nature of geothermal operations which may emit gases such as hydrogen sulfide (H₂S), carbon dioxide (CO₂), and other trace gases during drilling, well testing and power generation phases. GDC is committed to ensuring that its activities do not compromise the health of employees, surrounding communities, or the integrity of the local environment. GDC has a Air Quality Management Plan that guide project in monitoring emissions of hydrogen sulfide (H₂S) and non-condensable gases. Although geothermal emissions are low, Menengai projects air quality management has incorporated air dispersion models and mitigation mechanisms where thresholds may be exceeded.

GDC continues to monitor and report on environmental indicators, identify sustainability risks, and implement mitigation strategies. Internal audits, third-party reviews, and stakeholder feedback inform ongoing improvements in sustainability performance. The company is also exploring opportunities for carbon financing and enhancing its environmental data systems for better transparency and accountability.

Major shortcomings include:

- Limited facilities for large-scale brine reinjection.
- Limited data collection on long-term impacts of exploration on soil and hydrology.
- Occasional delays in environmental audit reporting due to staffing gaps.

Employee welfare

The Company's hiring process is guided by the HRPP (2024) Clause 2.1.2 which states that ..." The Company is an equal opportunity employer and shall not in its recruitment and selection process, discriminate on the basis of gender, race, religion, ethnicity or any other form of discrimination. Further

there is in place a gender mainstreaming policy which is in tandem with the affirmative action on 1/3rd of any gender and 5% on PWDs.

GDC conducts stakeholder engagement with the youth and women through the AGPO program as guided by the mainstream government through sensitizations and trainings of the targeted suppliers, community engagement forums and staff trainings. GDC policies are reviewed and improved in line with the best practice of between three to four years.

Whilst the Company recruit competent personnel, it also endeavours to continuously upgrade employee's core competencies, knowledge, skills and attitudes of its employees to ensure that their performance meets and/or exceeds the minimum expectations and benchmarks best practices. The Company therefore recognizes the need for training and development of all employees in order to ensure effective delivery of its broad mandate as guided by the HR policy that every employee gets at least a five day training per year when funds are available. To ensure compliance with various professional bodies requirement The Company therefore offers training opportunities and supports staff on continuous Professional Development (CPD) programs against the allocated budgets to all its employees in order to improve their work performance and personal development as well as support. The has developed a rewards policy framework that establishes a basis for rewarding exemplary performance.

Responsible supply chain and supplier relations

Supply Chain Management encompasses effective planning and management of all activities involved in procurement of goods, works & services, disposal and inventory management including storage of goods from point of origin to point of consumption geared towards fulfilling user requirements in a cost-effective manner.

Supply Chain Management aims to create a more sustainable value chain by promoting responsible sourcing, contract management, reducing waste, increasing transparency, fairness and competitiveness in the procurement processes in order to create long-term value for all stakeholders including suppliers, financiers, employees and citizens. Supply Chain Management is responsible for disposal of assets in a manner that is environmentally friendly which involves handling, treating and disposing waste appropriately to minimize environmental and human health impacts.

Corporate Social Responsibility / Community Engagements

GDC continues to demonstrate its commitment to sustainable development and social impact through an active and fully fledged Community Relations Department. The Department is tasked with creating and maintaining harmonious relationships with host communities by implementing various community engagement and development initiatives. These initiatives include structured public meetings, stakeholder engagement forums, and the implementation of targeted Corporate Social Responsibility projects aligned with community needs. For the reporting period ending 30th June 2025, GDC implemented the following community engagement initiatives:

Community/Stakeholder Engagement

In line with its commitment to continuous engagement, GDC conducted 75 community public meetings and 20 stakeholder meetings during the year. These forums were aimed at updating the respective communities on GDC's development plans and community empowerment strategies.

Through these engagements, the Company reaffirmed its dedication to transparency, inclusivity, and participatory development within its areas of operation.

CSR Initiatives

Health - GDC Paka-Silale Clinic

During the period under review GDC has continued to operate its community accessible clinic within the Paka-Silale Geothermal Projects. The clinic provided primary healthcare services and facilitated referrals for advanced treatment, thereby improving healthcare access for the local population.

Patient Data Distribution F/Y 2024/2025(Q1 –Q4)

MONTH	COMMUNITY OVER 5 YRS	UNDER 5 YRS	REFFERALS	TOTAL PATIENTS	CONDOM
JULY	389	222	2	611	144
AUGUST	492	255	1	747	294
SEPTEMBER	372	186	1	558	144
OCTOBER	307	146	3	453	144
NOVEMBER	293	158	1	451	288
DECEMBER	372	174	0	546	288
JANUARY	310	131	3	441	0
FEBRUARY	402	188	5	530	432
MARCH	423	177	4	600	432
APRIL	303	169	6	472	288
MAY	477	236	4	713	432
JUNE	437	191	5	628	432
TOTAL	4577	2233	35	6810	3318

Budget:

The table below gives a summary of the clinic operation cost:

	Estimate Cost Ksh '000
Medical Service	
Consultation	1,362,000
Medication	6,810,000
Ambulance services	87,500
Total	8,259,500

Ambulance Support in Menengai

In Nakuru North Sub-County, GDC maintained its support to Bahati Sub-County Hospital through the provision of an ambulance service. The company covered all operational and maintenance costs, while the hospital management is responsible with the deployment of a driver and utilization of the ambulance. This support ensured timely medical response within the project area.

Education

During the period under review, GDC conducted mentorship programs facilitated by its staff in six schools located within its project areas.

The initiative aimed to inspire and equip students with knowledge on career opportunities in the geothermal energy sector. By engaging learners through these sessions, GDC seeks to build local capacity and nurture future talent to support the long-term growth of the industry.

In addition to mentorship, GDC extended bursary support amounting to Kshs 1,000,000/= to students from banditry-stricken areas in Baringo North. This intervention demonstrates the Company's continued commitment to promoting access to education and supporting vulnerable communities within its areas of operation.

Fishing Boat Support:

As part of its community development efforts, GDC fulfilled a previous commitment made to a community hosting its water intake point in the Baringo-Silali Geothermal Project by procuring and donating a fully equipped fishing boat. The boat, complete with all necessary accessories, was procured at a cost of Kshs 1,700,000. The fishing boat will be managed and operated by the Loruk Beach Management Unit (BMU), whose membership is drawn from residents of the Loruk community, including both the Tugen and Pokot communities. This initiative is designed to support local fishing activities and enhance transport services across Lake Baringo. Beyond improving mobility and promoting income generation, the intervention is expected to foster peaceful coexistence between the historically conflicting Tugen and Pokot communities by providing a shared economic resource and platform for collaboration.

Emergency Response:

During the period under review, the Company received a request from the leadership of Baringo North to support a section of residents affected by ongoing banditry. In response, GDC procured relief food worth Kshs 1,000,000/= to help alleviate the suffering caused by the conflict.

This intervention demonstrates the Company's commitment to supporting vulnerable communities within its areas of operation, particularly during times of crisis.

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 the Geothermal Development Company Limited's (the "Company") affairs.

i) Principal activities

The principal activities of the entity continue to be the development of geothermal resources in Kenya.

ii) Results

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

iii) Dividends

The net profit for the year of Shs 402,186,576 (2023: Shs 1,728,014,539) has been added to retained earnings. The directors do not recommend the payment of a dividend.

iv) Directors

The members of the Board of Directors who served during the year are shown on page v.

v) Auditors

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

By Order of the Board



.....
Mr. Stephen K. Busieney
Ag. MANAGING DIRECTOR & CEO

Date: 15/12/2025

14. Statement of Directors' Responsibilities

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

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

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

The Directors are of the opinion that the Company's financial statements give a true and fair view of the state of Company's transactions during the year ended 30 June 2025, and of the Company's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Company, which have been relied upon in the preparation of the Company'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 Company's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

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

Approval of the financial statements

The Company's financial statements were approved by the Board on 13/12/ 2025 and signed on its behalf by:



.....
Mr. Walter O. Nyambati
Chairperson of the Board



.....
Mr. Stephen K. Busieney
Ag. Managing Director & CEO

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON GEOTHERMAL DEVELOPMENT COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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 Geothermal Development Company Limited set out on pages 1 to 44, which comprise of the statement of financial

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the statements present fairly, in all material respects, the financial position of Geothermal Development Company 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 (IFRSs) and comply with the Public Finance Management Act, 2012, and the Companies Act, 2015.

Basis for Qualified Opinion

Non-Compliance with International Financial Reporting Standards (IFRS) on Revenue Recognition

The statement of profit or loss and other comprehensive income reflects revenue from steam charges payments and 105 MW steam revenue amounting to Kshs.440,148,000 and Kshs.973,255,000 respectively totalling Kshs.1,413,403,239. However, the ledger reflected steam charge sales revenue of Kshs.4,462,740,944 received from Kenya Electricity Generating Company PLC (Kengen) for Geothermal wells in Olkaria, resulting in an unexplained variance of Kshs.3,049,337,704. The variance was apportioned to development activities under Government grants. The accounting treatment adopted by Management is inconsistent with the requirements of Paragraph 113 of the International Financial Reporting Standards 15 on Revenue from Contracts with Customers, which require entities to disclose separately from other sources of revenue recognized from contracts unless the amount is presented separately in the statement of comprehensive income in accordance with other Standards.

Further, understatement steam charges resulted in a reduction of profit before tax charge for the year by Kshs.1,623,115,000.

In the circumstances, and the accuracy and completeness of the revenue from steam charge totalling Kshs.1,413,403,239 could not be confirmed.

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

Emphasis of Matter

Commitments and Contingent Liabilities

As disclosed in Note 39 to the financial statements, the Company was subject to several legal claims totaling Kshs.13,076,626,000 incidental to its operations. The claims included a tax liability claim by Kenya Revenue Authority amounting to Kshs.6,147,476,000 and two contractual liability claims of Kshs.3,234,026,000 and Kshs.3,334,124,000 respectively. The two contractual claims have been adjudged before a Tribunal and at the High Court of Kenya, where determinations were made against the Company. However, Management has appealed against the rulings at the Court of Appeal. In the event that those contingent liabilities crystalize, the Company may be exposed to huge cash outlays which may affect ability to meet its obligations when they fall due, thus impacting on service delivery and going concern status.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effect of the matters described in the Basis for Qualified Opinion I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

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

No.	Audit Issue
1	Non -Compliance with the International Financial Reporting Standards on Revenue Recognition
2	Inaccuracies in Inventories Balance
3	Non-Contribution to the Fund
4	Commitments and Contingent Liabilities
5	Long Outstanding Receivables
6	Unutilized Monitoring Software
7	Failure to Insure the Drilling Rigs
8	Non-Compliance on Car Loan and Mortgage Scheme Reporting Requirements
9	Non-Compliance with One -Third of Basic Salary Rule
10	Non-Compliance with Data Protection Act
11	Failure to File Annual Returns
12	Irregular Procurement of Governance Audit

No.	Audit Issue
13	Long Outstanding Payables
14	Lack of Board Succession Planning

Other Information

The Directors are responsible for the Other Information set out on page iii to xlvii which comprise of Key Entity Information, The Board of Directors, Management Team, Fiduciary Management, Fiduciary Oversight Arrangements, Chairman's Statement, Report of the Managing Director & Chief Executive Officer, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors, Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Company's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information and I am required to report that fact. Based on the audit procedures performed and the matters described in my Basis for Qualified Opinion, I confirm that Other Information is not materially inconsistent with the financial statements.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Commingling of Funds

The statement of financial position reflects cash and cash equivalents balance of Kshs.2,072,326,000 and as disclosed in Note 24 to the financial statements. Review of bank accounts for the Company bank accounts revealed that Company funds were commingled with Project funds for Menengai and Bogoria Silali geothermal projects. This was contrary to Regulation 76 (1) of the Public Finance Management (National Government) Regulations, 2015 which requires Project funds to be held in separate

accounts opened and maintained at the Central Bank of Kenya. The commingling of funds occurred because all the Company funds were passing through the Cooperative Bank account in accordance with loan facility agreement which was secured by a letter of negative pledge over Company assets and an assignment of all steam charge proceeds.

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

2. Unutilized Drilling Monitoring Software

As previously reported, Management contracted an International Company in 2014 to design, supply and install, and commission an Information Management System at a cost of Kshs.344,523,712. The System was intended to provide real time information on drilling processes for off-site monitoring, supply of fleet management system, CCTV systems in each rig and a Rig Information System for the seven (7) rigs. However, audit verification in September, 2025 revealed that the software was yet to be installed despite an advance payment of Kshs.137,805,089 made to the supplier. Although Management indicated in that milestone one (1) on fleet management had been achieved, no evidence was provided in support of the claim. Further, Management indicated that the matter was under investigation by the Ethics and Anti-Corruption Commission (EACC) and that efforts to obtain progress report from the Commission have not yielded any feedback.

In the circumstances, value for money incurred drilling monitoring software totaling to Kshs.137,805,089 could not be ascertained.

3. Unutilized Drilling Rigs

During the year under review, the Company owned seven (7) drilling rigs which were acquired at cost of Kshs.15,937,787,572 as reflected in the fixed assets register. Review of documents provided by Management in respect to operating condition of the rigs revealed that three (3) rigs were not in good working condition. Management attributed the non-operation status to vandalism of cables, absolute parts, missing critical components and breakdown of service parts over a period of five (5) years. Further, Management indicated that the Company lacked sufficient budget to repair the rigs as well as limited human capital to operate all the seven rigs.

In the circumstances, value for money spent on acquisition of the seven rigs amounting to Kshs.15,937,787,572 could not be confirmed.

4. Underutilization of Bulk Cementing Trucks

Review of the Company assets register and a site visit to Menengai Geothermal fields in August, 2025 revealed that the Company owned twelve (12) bulk cementing trucks acquired in 2016 at a total cost of Kshs.138,996,000. The cement carriers were part of the drilling rigs and were meant for use for drilling operations. However, at the time of the site visit, in August, 2025, eight (8) out of the twelve (12) trucks not in a good working condition and had not been used since acquisition.

In the circumstances, the value for money incurred on the purchase of the trucks amounting to Kshs.138,996,000 could not be confirmed.

5. Non-Compliance with One Third of Basic Salary Rule

Analysis of the payroll for the year under review revealed that several employees earned net salaries which were less than one third of their basic salaries in different months during the year. This was contrary to Section 19(3) of the Employment Act, 2007 which provides that, the total amount of all deductions made by an employer from the wages of his employee at any one time shall not exceed two thirds of such wages. Management attributed this situation to the newly introduced mandatory taxes and levies on the Affordable Housing Levy and Social Health Insurance Fund.

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

6. Failure to Allocate Procurement Opportunities to Special Groups

Review of the procurement plan for the 2024/2025 financial year revealed that the Company had an approved procurement plan with a budget of Kshs.2,591,747,045. However, out of the approved procurement budget, only Kshs.485,567,322 representing 19 % was reserved for enterprises owned by women, youth, persons with disabilities and other disadvantaged groups. The allocation is below the minimum 30% requirement stipulated under Section 53(6) of the Public Procurement and Asset Disposal Act, 2025.

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

7. Non-Compliance on Car Loan and Mortgage Scheme Reporting Requirements

During the year under review, the Company operated the Staff Car Loan and Mortgage Scheme. However, Management did not prepare and submit separate financial statements for audit contrary to the Salaries and Remuneration Commission (SRC) Circular number SRC 023/12/2014 issued on 17 December, 2014 requiring Government Agencies to administer and manage the schemes internally and which shall be subjected to the annual audit of the Government.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance

section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Long Outstanding Receivables

The statement of financial position and Note 21 to the financial statements reflects receivables and prepayments amounting to Kshs.2,423,149,000. Review of an aging analysis of receivables revealed receivables amounting to Kshs.104,954,003 which had been outstanding for more than two years. Further, Note 21(c) to the financial statements reflects staff loans and advances amounting to Kshs.5,299,000 which includes an amount of Kshs.702,680 which had been outstanding from employees who have since separated from the Company.

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

2. Non-Functional Fire Engines at Menengai Geothermal Site

Field visit to Menengai Geothermal site in August, 2025 revealed inadequate firefighting capacity and preparedness. The Company operates three (3) firetrucks at the site acquired at a cost of Kshs.27,569,141. However, none of the trucks was in functional condition. This was despite the site located an area characterized by dry vegetation and strong winds, making it highly susceptible to fire outbreaks.

In the circumstances, adequacy and effectiveness of control measures put in place for fire prevention and containment could not be confirmed.

3. Unregistered Company Motor Vehicles

Review of the Company asset register revealed forty-three (43) motor vehicles which were yet to be registered with the National Transport Safety Authority and have been operating on Kenyan roads without proper registration. This was contrary to Section 6 of the Traffic Act, Cap 403 which provides that no person shall possess a motor vehicle or trailer, other than a vehicle exempted from the provisions the Act.

In the circumstances, existence of safeguards against unauthorized use of the vehicles could not be confirmed.

4. Weaknesses in Motor Vehicle Fleet Management

The Company operated a fleet of 168 vehicles acquired at a cost of Kshs.2,498,620,117. Review of documents provided in respect of operation of the vehicles and physical verification revealed that at least half of the fleet was not in use, with majority not in serviceable condition.

In the circumstances, the effective and economical use of the Company assets was doubtful.

5. Failure to Insure Drilling Rigs

Review of information provided for audit revealed that the Company owns seven (7) drilling rigs acquired at a cost of Kshs. 15,937,787,572. However, review of the insurance details revealed that the rigs were not insured against risks such as fire, vandalism or theft of the equipment or crucial components.

In the circumstances, the Company is exposed to loss should the risks occur.

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 xlvi to xlvii is consistent with the financial statements; and
- iii. The auditable part of the Directors' remuneration report on page xxxiv has been properly prepared in accordance with the Companies Act, 2015.

Basis for Conclusion

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

Responsibilities of Management and Board of Directors

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

In preparing the financial statements, Management is responsible for assessing the Company's, ability to continue as a going concern, disclosing, as applicable, matters

related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

22 December, 2025

Geothermal Development Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

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

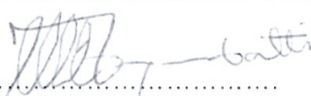
Description	Notes	2025	2024
		Shs '000	Shs '000
REVENUES			
Steam charge payments	6 a	440,148	1,000,580
105 MW Steam Revenue	6 b	973,255	966,540
Other Income			
Grants from National Government	7	-	370,000
Revenue grants (Amortized)	31	1,421,336	1,421,336
Finance Income	8	131,603	118,590
Other Income	9	29,150	110,602
Other gains/(losses)	10	12,673	(175,888)
TOTAL REVENUES		3,008,165	3,811,759
OPERATING EXPENSES			
Administration Costs	11	1,140,809	1,502,006
Depreciation & Amortization of PPE	11	3,170,027	2,590,251
Finance Costs	12	161,770	247,724
TOTAL OPERATING EXPENSES		4,472,606	4,339,981
PROFIT/(LOSS) BEFORE TAXATION		(1,464,441)	(528,222)
(INCOME TAX EXPENSE)/CREDIT	14	1,816,467	2,256,236
PROFIT AFTER TAXATION		352,026	1,728,014

Geothermal Development Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

17. Statement of Financial Position as at 30 June 2025

Description	Notes	2025	2024
		Shs'000	Shs'000
ASSETS			
Non-current assets			
Property, plant and equipment	17	71,613,867	75,917,614
Exploration and evaluation asset	19	31,260,221	25,286,694
Right of Use Assets	41	3,831,519	0
Intangible Assets	18	15,322	19,609
Deffered Income tax	30	4,902,073	3,027,126
		111,623,002	104,251,044
Current assets			
Inventories	20	3,572,671	3,716,276
Receivables and prepayments	21	2,423,149	1,845,843
Cash and Cash equivalents	24	2,072,326	4,627,894
Current income Tax Asset	31	3,081,221	2,976,273
		11,149,367	13,166,286
TOTAL ASSETS		122,772,369	117,417,329
EQUITY AND LIABILITIES			
Equity attributable to owners			
Share capital	25	2,000	2,000
Retained Earnings		1,189,107	837,081
Total equity		1,191,107	839,081
Non- Current liabilities			
Grants		112,195,006	110,071,681
Right of use liabilities	41	3631,712	
Term Loan	29	804,510	1,359,563
		116,631,228	111,431,244
Current liabilities			
Borrowings	29	556,306	511,280
Right of use liabilities due in one year	41	199,807	
Trade and other payables	32	4,193,921	4,635,725
		4,950,034	4,635,725
Total liabilities		121,581,262	116,578,248
TOTAL EQUITY AND LIABILITIES		122,772,369	117,417,329

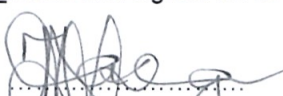
The financial statements were approved by the Board on 15/12 2025 and signed on its behalf by:



Mr. Walter O. Nyambati
Chairman of the Board



Mr. Stephen K. Busieney
Ag. Managing Director & C.E.O



Ms. Jacklyne N. Wakhungu
Manager Financial Accounting
ICPAK M/NO:10487

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

	Share	Retained earnings	Total
	capital		
	Shs'000	Shs'000	Shs'000
Year ended 30 June 2024			
At start July 1 2023	2,000	(890,933)	(888,933)
Total comprehensive loss for the year		1,728,014	1,728,014
As at 30 June 2024	2,000	837,081	839,081
	Share capital	Retained Earnings	Total equity
	Shs'000	Shs'000	Shs'000
Year ended 30th June 2025			
As at July 1 2024	2000	837,081	839,081
Profit for the year		352,026	352,026
As at 30 June 2025	2000	1,189,107	1,191,107

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

Description		2025	2024
	Note	Shs'000	Shs'000
Cash flows from operating activities			
<i>Cash generated from/(used in) operations</i>		(527,021)	3,520,081
Current income tax paid		(163,428)	(274,597)
Interest paid	12	(161,911)	(250,610)
Interest received	8	131,603	118,590
Net cash generated from /(used in) operating activities		(720,757)	3,113,464
Cash flows from investing activities			
Purchases of property, plant and equipment	17	(394,505)	(270,178)
Expenditure on exploration and evaluation assets	19	(4,498,131)	(4,441,316)
Expenditure on Intangible assets	18	33	(33)
Proceeds from disposal of property, plant and equipment	17	18,946	7,528
Net cash used in investing activities		(4,873,657)	(4,703,999)
Cash flows from financing activities			
Proceeds from capital grants		3,544,661	6,654,477
Repayment of Term loan	29	(505,814)	(483,603)
Net cash generated from financing activities		3,038,847	6,170,874
Net increase /(decrease) in cash and cash equivalents		(2,555,568)	4,580,339
Cash and cash equivalents at start of year	24	4,627,895	47,556
Cash and cash equivalents at end of year	24	2,072,326	4,627,895

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

Details	Notes	Original budget	Adjustments (Supplementary budget cuts)	Final budget	Actual comparable basis	Performance difference	% of utilization
		Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	
Revenue							
Sale of steam	6 (a)	507,000	(10,000)	497,000	440,148	56,852	89%
105 MW Steam Revenue	6 (b)	973,000	-	973,000	973,255	(255)	100%
Amortization of revenue grant	7	-	-	-	1,421,336	(1,421,336)	0%
Other income	9	-	-	-	173,425	(173,425)	0%
Total revenue		1,480,000	(10,000)	1,470,000	3,008,164	(1,538,164)	189%
Expenses							
Depreciation of property, plant & equipment	17	-	-	-	3,166,837	(3,166,837)	0%
Employee benefits expenses	11 a	625,079	(108,108)	516,971	491,632	25,339	95%
Provision for obsolete stock	11	-	-	-	(1,611)	1,611	0%
Legal expenses	11	25,000	(5,272)	19,728	19,685	43	100%
Accommodation and subsistence	11	33,576	17,118	50,695	50,304	390	99%
Training and education	11	26,296	8,846	35,142	35,089	53	100%
Director's fees and expenses	11	30,000	15,000	45,000	43,364	1,636	96%
Transportation expenses	11	19,479	128	19,607	19,593	14	100%

Geothermal Development Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

Details		Original budget	Adjustments (Supplementary budget cuts)	Final budget	Actual comparable basis	Performance difference	% of utilization
	Notes	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	
Management consultancy	11	14,000	(9,251)	4,749	3,498	1,251	74%
Auditor's remuneration	11	10,200	400	10,600	10,503	97	99%
Provision for doubtful debts of other receivables	11	-	-	-	(9,245)	9,245	0%
ICT expenses	11	4,000	300	4,300	2,211	2,089	51%
Advertising and publicity	11	7,116	(1,965)	5,151	4,790	361	93%
Fuel expenses	11	7,700	(656)	7,044	4,961	2,083	70%
Operating lease payments	11	214,487	(17,275)	5,121	1,355	3,766	26%
Amortisation of intangible assets	11	-	-	-	3,190	(3,190)	0%
Amortisation of lease	41	-	-	192,090	192,090	-	100%
Security Expenses	11	5,700	(374)	5,326	5,322	4	100%
Staff Welfare expenses	11	22,962	(750)	22,212	22,211	1	100%
Insurance & Licenses	11	16,143	992	17,134	17,124	10	100%
Software support & Maintenance	11	81,720	(6,754)	74,966	70,458	4,508	94%
Internet & ISP services	11	11,000	(1,454)	9,546	4,082	5,463	43%
Maintenance expenses	11	6,300	(896)	5,404	2,849	2,555	53%
Stakeholder management expenses	11	14,550	(270)	14,280	14,280	1	100%

Geothermal Development Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

Details	Notes	Original budget	Adjustments (Supplementary budget cuts)	Final budget	Actual comparable basis	Performance difference	% of utilization
		Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	
Subscriptions	11	5,300	(4,477)	823	821	2	100%
Stock valuation gains/losses	11				(12,521)	12,521	0%
Other expenses	11	40,877	(11,581)	29,295	21,802	7,494	74%
Finance costs	7	158,515	3,300	161,815	161,770	46	100%
Tax expense	14	100,000	-	100,000	(1,816,467)	1,916,467	-1816%
Other operating expenses	11	-	-	-	38,138	(38,138)	0%
Expected Credit Loss provision	11	-	-	-	(78,152)	78,152	446%
Prior Year Adjustments	11	-	-	-	53,629	(53,629)	0%
Steam field O& M Costs	11	-	113,000	113,000	112,548	452	0%
		1,480,000	-10,000	1,470,000	2,656,139	-1,186,139	446%
Surplus/(deficit)		0	0	0	352,026	(352,026)	

Budget Notes

Details		Final budget	Actual comparable basis	Performance difference	Variance (%)	Explanation
	Notes	Shs'000	Shs'000	Shs'000		
Revenue						
Sale of steam	6 (a)	497,000	440,148	56,852	11%	Impact of breakdown and curtailment
105 MW Steam Revenue	6 (b)	973,000	973,255	(255)	0%	
Government grant	7	-	-	-		
Amortization of revenue grant	7	-	1,421,336	(1,421,336)		
Other income	8	-	173,425	(173,425)		
Total revenue		1,470,000	3,008,164	(1,538,164)	-105%	
Expenses						
Depreciation of property, plant & equipment	17	-	3,166,837	(3,166,837)	0%	Non-budgetary item
Employee benefits expenses	11	516,971	491,632	25,339	5%	
Provision for obsolete stock	11	-	(1,611)	1,611	0%	
Legal expenses	11	19,728	19,685	43	0%	
Accommodation and subsistence	11	50,695	50,304	390	1%	
Training and education	11	35,142	35,089	53	0%	
Director's fees and expenses	11	45,000	43,364	1,636	4%	
Transportation expenses	11	19,607	19,593	14	0%	

Geothermal Development Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

Details		Final budget	Actual comparable basis	Performance difference	Variance (%)	Explanation
	Notes	Shs'000	Shs'000	Shs'000		
Management consultancy	11	4,749	3,498	1,251	26%	Less consultancy activities
Auditor's remuneration	11	10,600	10,503	97	1%	
Provision for doubtful debts of other receivables	11	-	(9,245)	9,245	0%	
ICT expenses	11	4,300	2,211	2,089	49%	Impacted by delays in upgrades
Advertising and publicity	11	5,151	4,790	361	7%	
Fuel expenses	11	7,044	4,961	2,083	30%	Impact of aging fleet
Operating lease payments	11	5,121	1,355	3,766	74%	Lease asset recognition
Amortisation of intangible assets	18	-	3,190	(3,190)	0%	
Amortisation of lease	41	192,090	192,090	-	0%	
Security Expenses	11	5,326	5,322	4	0%	
Staff Welfare expenses	11	22,212	22,211	1	0%	
Insurance & Licenses	11	17,134	17,124	10	0%	
Software support & Maintenance	11	74,966	70,458	4,508	6%	
Internet & ISP services	11	9,546	4,082	5,463	57%	Impacted by delays in upgrades
Maintenance expenses	11	5,404	2,849	2,555	47%	Unsuccessful procurement of maintenance services
Stakeholder management expenses	11	14,280	14,280	1	0%	
Subscriptions	11	823	821	2	0%	

Geothermal Development Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

Details		Final budget	Actual comparable basis	Performance difference	Variance (%)	Explanation
	Notes	Shs'000	Shs'000	Shs'000		
Stock valuation gains/losses	11		(12,521)	12,521	0%	
Other expenses	11	29,295	21,802	7,494	26%	Unfulfilled obligations
Finance costs	12	161,815	161,770	46	0%	
Tax expense	11	100,000	(1,816,467)	1,916,467	1916%	Impact of deferred tax asset
Other operating expenses	11	-	38,138	(38,138)	0%	
Expected Credit Loss provision		-	(78,152)	78,152	0%	
Prior Year Adjustments	11	-	53,629	(53,629)	0%	
Steam field O& M Costs		113,000	112,548	452	0%	
		1,470,000	2,656,139	-1,186,139	-81%	
Surplus/(deficit)		0	352,026	(352,026)		

Budget Reconciliation

	Description of Particulars	Amount in Kshs'000
	Actual Surplus Amounts as per the statement of Budget	352,026
2	Grant amortization	(1,421,336)
3	Depn charges	3,170,027
4	Other savings /	(28,391)
	Closing Cash and Cash Equivalent as per the statement of Cash flows	2,072,326

21. Notes to the Financial Statement

1. General Information

Geothermal Development Company Limited is established by and derives its authority and accountability from the Companies Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is Development of Geothermal Resources in Kenya.

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

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.

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

Title	Description	Effective Date
	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.	

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.

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

Title	Description	Effective Date
IFRS 18 Presentation and Disclosure in Financial statements	The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.	The new standard is effective for annual periods beginning on or after January 1, 2027. Earlier application is permitted.
IFRS 19 Subsidiaries without Public Accountability	IFRS 19 Subsidiaries without Public Accountability: Disclosures 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*

The Company did not early – adopt any new or amended standards in the financial year .

4. 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) **Revenue from the sale of goods and services** is recognized in the year in which the Company delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.

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

b) In-kind contributions

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

c) Property, plant and equipment

Land is shown at cost. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

d) 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 and other civil works and installations. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives. The annual rates in use, as guided by National Treasury policy on assets depreciation are:

Item	Years	Rates
Buildings	40	2.50%
Wells	25	4%
Drilling rigs	15	6.67%
Computers & computer accessories	3	33.33%
Plant & machinery	8	12.50%
Furniture, fittings, and office equipment	5	20%
Motor vehicles	5	20%
Prime movers & tractors	8	12.50%
Roads	8	12.50%

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

Summary of Accounting Policies

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in profit or loss.

e) Exploration and Evaluation Assets

Exploration and evaluation expenditure comprises costs that are directly attributable to:

- Researching and analysing existing exploration data;
- Conducting geological studies, exploratory drilling and sampling;
- Examining and testing extraction and treatment methods; and/or
- Compiling pre-feasibility and feasibility studies

Exploration expenditure relates to the initial search for deposits with economic potential. Evaluation expenditure arises from a detailed assessment of deposits or other projects that have been identified as having economic potential.

Exploration and evaluation expenditures are accounted for using 'successful efforts' method of accounting. Costs are accumulated on a field-by-field basis. Costs directly associated with exploration are capitalised until the determination of the field's steam potential is evaluated. If it is determined that a commercially viable steam field has not been achieved, these costs are charged to the income statement.

Capitalisation is made within property, plant and equipment or intangible assets according to the nature of expenditure. The carrying values of capitalised evaluation amounts are reviewed annually by management. In the case of undeveloped geothermal wells, there may be only inferred resources to form a basis for the impairment review. The review is based on a status report regarding the Company's intention for development of undeveloped project.

Once a commercially viable steam field is determined to exist, exploration and evaluation assets are tested for impairment and transferred to development of tangible or intangible assets. No depreciation and/or amortization is charged during the exploration and evaluation phase.

Once productive, geothermal wells will be capitalized in property, plant and equipment when connected and will be depreciated over their useful lives. The useful life is estimated to be twenty-five years from the date of commencement of commercial operation.

f) Impairment – exploration and evaluation assets

Exploration and evaluation assets are tested for impairment when reclassified to development of tangible or intangible assets, or whenever facts and circumstances indicate existence of impairment. An impairment loss is recognised for the amount by which the exploration and evaluation assets' carrying amount exceeds their recoverable amount. The recoverable amount is the higher of the exploration and evaluation assets' fair value less costs to sell and their value in use.

g) Intangible assets

The intangible assets relate to various software which include SAP, the Company's ERP software, GIS software and ICT security software. The software's acquisition costs are recognised as intangible assets and amortized over the estimated useful life of five years.

Costs associated with maintaining computer software are recognised as an expense as incurred.

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.

h) 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.

i) Investment property

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

j) Biological Assets

The entity recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the entity, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

k) 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.

l) Fixed interest investments (bonds)

Fixed interest investments refer to investment funds placed under Central Bank of Kenya (CBK) long-term infrastructure bonds and other corporate bonds with the intention of earning interest income upon the bond's disposal or maturity. Fixed interest investments are freely traded at the Nairobi Securities Exchange. These bonds are measured at amortized cost/ at fair value through other comprehensive income (FVTOCI) or at fair value through profit or loss (FVTPL). The Company does not hold any fixed interest investments

m) Quoted investments

Quoted investments are classified as non-current assets and comprise marketable securities traded freely at the Nairobi Securities Exchange or other regional and international securities exchanges. Quoted investments are stated at fair value through profit or loss (FVTPL). The Company does not hold any quoted investments.

n) Unquoted investments

Unquoted investments are measured at fair value through profit or loss (FVTPL). The Company does not hold any unquoted investments.

o) Inventories

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

p) 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.

q) Taxation

i) Current income tax

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

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 on the basis of amounts expected to be paid to the tax authorities.

r) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

s) Borrowing costs

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

t) Cash and cash equivalents

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

u) Restricted cash

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

v) Borrowings

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

w) 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.

x) Retirement benefit obligations

The Company has registered a defined contribution pension scheme for its employees. The assets of the scheme are held in a separate trustee administered fund, which is funded by contributions from both the Company at 14.5% and employees at 7.5% of basic salary. Benefits are paid to retiring staff in accordance with the scheme's rules. The Company and all its employees also contribute to the National Social Security Fund which is a defined contribution scheme.

The Company's contributions to the defined contribution schemes are recognised as an employee benefit expense in the income statement when they fall due. The Company has no further obligations once the contributions have been paid.

y) Provision for staff leave pay

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

Summary of Accounting Policies

z) Exchange rate differences

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

aa) Budget information

The original budget for 24/25 was approved by the National Assembly on 6th June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded a reduction in appropriations of Ksh 1.309 billion for both recurrent and development on the 24/25 budget following the governing body's approval.

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of Cash flows has been presented under section 20 of these financial statements.

bb) 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.

cc) Comparative figures

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

dd) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

State all judgements, estimates and assumptions made: e.g.

a) Estimates and assumptions

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

b) Useful lives and residual values

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

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

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 34.

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. The Company makes provisions for provision for bad debts where debts remain unpaid for a period of six (6) months and the probability of settlement are remote, provisions of obsolete and lost stocks based on the quantum/specific inventory item prices, provision for leave whereby there are un-utilized leave days at year end based on the employees basic salary, and provision for expected credit losses for its cash and cash equivalents and restricted cash based on the bank ratings.

Notes to the Financial Statements (Continued)

6. Revenue from contracts with customers
a) Steam Charges from Olkaria

Description	2025	2024
	KShs'000	Shs'000
Steam charge payments from Olkaria wells	3,489,486	4,341,251
Less: Steam charge payments for development activities	(3,049,338)	(3,340,671)
	440,148	1,000,580

The decline in revenues is attributable to the appreciation of the Kenya Shilling against a the US Dollar in the current year compared to the previous financial year. Additionally, there was a plant breakdown on one of the power plants impacting generation.

b) 105 MW Steam Revenue

Description	2025	2024
	KShs'000	Shs'000
105 MW Steam Revenue	973,255	966,540
	973,255	966,540

7. Grants from National Government

Description	2025	2024
	Kshs'000	Kshs'000
Recurrent grants received	-	358,000
Capital grants realized / amortized	1,421,336	1,421,336
Total	1,421,336	1,779,336

Name of the Entity sending the grant	Amount recognized in the Statement of Comprehensive Income KShs'000	Amount deferred under deferred income KShs'000	Amount recognised in capital fund. KShs'000	2025 Kshs'000	2024 Kshs'000
Ministry/State Department	-	-	-	-	358,000
Total	-	-	-	-	358,000

8. Finance Income

Description	2025	2024
	Kshs'000	Kshs'000
Interest from commercial banks and financial institutions	131,603	118,590
Total	131,603	118,590

The interest is largely attributable to cash holdings in the NCBA bank account.

Notes to the Financial Statements (Continued)

9. Other Income

Description	2025	2024
	Kshs'000	Kshs'000
Consultancy services on geothermal drilling	14,833	8,600
Other Miscellaneous Receipts	14317	102,003
Total	29,150	110,603

10. Other Gains and Losses

Description	2025	2024
	Kshs'000	Kshs'000
Unrealized foreign exchange gains/(losses)	(12,673)	175,888
Total	(12,673)	175,888

11. Administration Costs

Description	2025	2024
	Kshs'000	Kshs'000
Depreciation of property, plant & equipment	3,166,837	2,586,497
Employee benefits expenses (Note 12a)	491,632	743,452
Provision for obsolete stock	(1,611)	-
Legal expenses	19,685	59,889
Accommodation and subsistence	50,304	63,958
Training and education	35,089	22,972
Director's fees and expenses	43,364	29,062
Transportation expenses	19,593	14,884
Management consultancy	3,498	21,381
Auditor's remuneration	10,503	10,000
Provision for doubtful debts of other receivables	(9,245)	12,058
ICT expenses	2,211	2,028
Advertising and publicity	4,790	4,596
Fuel expenses	4,961	6,304
Operating lease payments	1,355	118,844
Amortisation of intangible assets (Note 19)	3,190	3,754
Amortisation of lease	192,090	-
Security Expenses	5,322	4,235
Staff Welfare expenses	22,211	31,347
Insurance & Licenses	17,124	14,432
Software support & Maintenance	70,458	54,978
Internet & ISP services	4,082	4,995
Maintenance expenses	2,849	3,460
Stakeholder management expenses	14,280	20,699
Subscriptions	821	1,972
Stock valuation gains/losses	(12,521)	4,331
Other expenses	21,802	40,745

Geothermal Development Company Limited
Annual Report and Financial Statements for the year ended June 30, 2025

Description	2025	2024
	Kshs'000	Kshs'000
ECL Cash & cash equivalents	(78,152)	149,742
Prior Year Adjustments	53,629	(64,594)
Steam field costs	112,548	74,305
Other Operating Expenses	38,138	51,932
	4,310,836	4,092,258

11(a) Staff Costs

Description	2025	2024
	Kshs'000	Kshs'000
Salaries and allowances of permanent employees	345,914	586,691
Wages of temporary employees	7,129	4,151
Medical insurance schemes	66,894	73,413
Employer's contributions to national social security schemes	7,389	2,957
Employer's contributions to pension scheme	39,173	38,777
Leave pay	18,288	28,368
Gratuity provisions	6,845	9,095
Total	491,632	743,452
The average number of employees at the end of the year was:		
Permanent employees – management	368	227
Permanent employees – unionisable	527	559
Temporary and contracted employees	8	133
Total	903	919

The decrease in salaries and allowances of permanent employees is due to the implementation of the CBA in 2023/2024

Increase in Employer's contribution to NSSF is driven by the implementation of Tier I and Tier II year five deductions.

Increase in pension scheme contributions is due to transitioning of temporary contract staff to permanent and pensionable terms within the year.

Increase in wages to temporary employees is as a result of the increase in absorption of interns and attachées.

12. Finance Costs

Description	2025	2024
	Kshs'000	Kshs'000
Interest expense on loans	161,770	247,724
Total	161,770	247,724

The decline is as a result of the loan repayments made in the year.

Notes to the Financial Statements (Continued)

13. Operating Profit/ (Loss)

Description	FY 2025	FY 2024
	Kshs'000	Kshs'000
The operating profit/(loss) is arrived at after charging/(crediting):		
Depreciation of property, plant & equipment (Note 17)	3,166,837	2,586,497
Employee benefits expenses (Note 11 a)	491,632	743,452
Provision for obsolete stock	(1,611)	-
Legal expenses	19,685	59,889
Accommodation and subsistence	50,304	63,958
Training and education	35,089	22,972
Director's fees and expenses (Note 11)	43,364	29,062
Transportation expenses	19,593	14,884
Management consultancy	3,498	21,381
Auditor's remuneration	10,503	10,000
Provision for doubtful debts of other receivables	(9,245)	12,058
ICT expenses	2,211	2,028
Advertising and publicity	4,790	4,596
Fuel expenses	4,961	6,304
Operating lease payments	1,355	118,844
Amortisation of intangible assets (Note 19)	3,190	3,754
Amortisation of lease assets	192,090	-
Security Expenses	5,322	4,235
Staff Welfare expenses	22,211	31,347
Insurance & Licenses	17,124	14,432
Software support & Maintenance	70,458	54,978
Internet & ISP services	4,082	4,995
Maintenance expenses	2,849	3,460
Stakeholder management expenses	14,280	20,699
Subscriptions	821	1,972
Stock valuation gains/losses	(12,521)	4,331
Other expenses	21,802	40,745
ECL Cash & cash equivalents	(78,152)	149,742
Prior Year Adjustments	53,629	(64,594)
Steamfiedl costs	112,548	74,305
Cost of non-productive time	38,138	51,932
Interest receivable	(131,603)	(118,590)
Interest payable	161,770	247,724
Foreign (gain)/loss	(12,673)	175,888
Other Incomes	(29,150)	(110,603)
Steam charges	(440,148)	(1,000,580)
105 MW Steam revenues	(973,255)	(966,540)
Arnotized Grant	(1,421,336)	(1,421,336)
Government grants	-	(370,000)
TOTAL	1,464,441	528,222

Notes to the Financial Statements (Continued)

14. Income Tax Expense/(Credit)

(a) Income tax charge/ credit

Description	2025	2024
	Kshs'000	Kshs'000
Current taxation based on the adjusted Profit for the year at 30%	58,479	501,596
Current tax: Prior Year Under/(Over) provision	-	-
Current year deferred tax charge	(1,874,947)	(2,757,831)
Prior Year Under-provision for deferred tax	-	-
Total	(1,816,467)	(2,256,236)

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

Description	2025	2024
	Kshs'000	Kshs'000
Profit before taxation	(1,464,441)	(528,222)
Tax at the applicable tax rate of 30%	(439,333)	(158,467)
Tax effects of expenses not deductible for tax purposes	1,037,584	1,134,370
Tax effects of income not taxable	(539,772)	(474,308)
Total	58,479	501,596

15. Earnings Per Share

The earnings per share is calculated by dividing the profit after tax by the average number of ordinary shares in issue.

16. Dividend per Share

The Company's profits for the year are transferred to retained earnings and ploughed back for development activities. The Directors have not proposed payment of dividends.

Notes to the Financial Statements (Continued)

17. Property, Plant and Equipment

	Land	Buildings	Rigs and water supply infrastructure	Roads	Wells & Steam Gathering System	Plant machinery, power substation, small tools and equipment	Motor vehicles	Furniture, fittings and equipment	Computers	Menengai 105 Wells	Steam Gathering System	Work In Progress	Total
Year ended 30th June 2025	Shs'000		Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Opening net book amount	99,544	150,238	6,700,205	476,576	23,131,406	572,899	154,929	50,757	32,895	40,389,264	3,881,718	277,184	75,917,614
Additions/trans		0		-	-	307,245	-	9,184	3,269			74,807	394,505
Depreciation (Charge to P&L)	-	(770)	-	-	(1,421,336)	(2,260)	0	(5,737)	(10,711)	(1,574,684)	(151,339)	-	(3,166,837)
Depreciation to E&E	-	(5,599)	(1,223,716)	(107,065)	-	(184,497)	13,466	(1,799)	(3,260)	-	-	-	(1,512,470)
Disposal							(18,946)						(18,946)
Closing net book amount	99,544	143,869	5,476,489	369,511	21,710,070	693,387	149,449	52,405	22,193	38,814,580	3,730,379	351,991	71,613,867
													-
Year ended 30th June 2025													-
Cost	99,544	183,330	19,253,059	2,232,466	37,403,578	3,344,677	2,634,601	512,557	203,809	41,439,054	3,982,611	351,991	111,641,277
Accumulated depreciation	-	(39,461)	(13,776,570)	(1,862,955)	(15,693,508)	(2,651,290)	(2,485,152)	(460,152)	(181,616)	(2,624,473)	(252,232)	-	(40,027,410)
Net book amount	99,544	143,869	5,476,489	369,511	21,710,070	693,387	149,449	52,405	22,193	38,814,580	3,730,379	351,991	71,613,867

Notes to the Financial Statements (Continued)

	Land	Buildings	Rigs and water supply infrastructure	Roads	Wells	Plant machinery, power substation, small tools and equipment	Motor vehicles	Furniture, fittings and equipment	Computers	Menengai 105 Wells	Steam Gathering System	Work In Progress	Total
Year ended 30th June 2024	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Opening net book amount	99,544	124,444	7,594,408	583,641	24,552,742	707,134	299,173	52,162	7,043	-	-	4,417,210	38,437,500
Additions		31,910		-	-	23,657	-	5,028	37,484			172,098	270,178
Transfer From WIP	-	-	329,513	-		-					3,982,611	(4,312,124)	-
Additions to WIP										41,439,054		-	41,439,054
Depreciation (Charge to P&L)	-	-	-	-	(1,421,336)	-	(0)	(5,309)	(9,170)	(1,049,789)	(100,893)	-	(2,586,497)
Depreciation to E&E	-	(6,116)	(1,223,716)	(107,065)	-	(157,892)	(136,716)	(1,124)	(2,462)	-	-	-	(1,635,091)
Disposal							(7,528)						(7,528)
Closing net book amount	99,544	150,238	6,700,205	476,576	23,131,406	572,899	154,929	50,757	32,895	40,389,264	3,881,718	277,184	75,917,614
													-
Year ended 30th June 2024													-
Cost	99,544	183,330	19,253,059	2,232,466	37,403,578	3,037,432	2,653,549	503,373	200,539	41,439,054	3,982,611	277,184	111,265,718
Accumulated depreciation	0	(33,092)	(12,552,854)	(1,755,890)	(14,272,172)	(2,464,533)	(2,498,620)	(452,616)	(167,644)	(1,049,789)	(100,893)	-	(35,348,104)
Net book amount	99,544	150,238	6,700,205	476,576	23,131,406	572,899	154,929	50,757	32,895	40,389,264	3,881,718	277,184	75,917,614

The WIP balance includes assets under construction that have not been completed.

Notes to the Financial Statements (Continued)

Valuation of Land, Property, Plant and Equipment at Cost

Land is shown at cost. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

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

	2025	2024
	Cost	Cost
	Kshs'000	Kshs'000
Land & Buildings	-	-
Rigs and water supply infrastructure	402	402
Roads	1,330,870	1,330,870
Wells	-	-
Plant machinery, power substation, small tools, and equipment	1,889,549	1,873,940
Motor vehicles	2,623,120	2,613,618
Furniture, fittings, and equipment	616,243	611,650
Total	6,460,183	6,430,479

18. Intangible Assets

Description	2025	2024
	Kshs'000	Kshs'000
Cost		
At July 1	298,709	298,676
Additions	-	33
Disposals	-	-
At June 30	298,709	298,709
Amortisation		
At July 1	(279,100)	(274,095)
Charge For The Year- Expensed	(3,190)	(3,754)
Charge For The Year- Capitalised	(1,064)	(1,251)
Disposals	(33)	-
Impairment Loss	-	-
At June 30	(283,387)	(279,100)
Net Book Value		
At June 30	15,322	19,609

Notes to the Financial Statements (Continued)

19. Exploration and Evaluation Assets

These are expenses incurred by the Company in exploration and steam development. The movement in the year is as follows:

Description	2025 Shs'000	2024 Shs'000
At start of year	25,286,694	60,700,020
Additions	6,011,665	6,077,660
Write off of non-productive time expenses	(38,138)	(51,932)
Transfer to complete assets	-	(41,439,054)
At end of year	31,260,221	25,286,694

The additions in the year comprise the following:

Depreciation of property, plant, and equipment (Note 17)	1,512,470	1,635,091
Amortisation of intangible assets (Note 18)	1,064	1,251
Staff costs capitalised	2,183,992	2,044,822
Drilling materials and consumables	2,314,139	2,396,496
Total	6,011,665	6,077,660

Impairment assessment for 105 MW Menengai project wells

Exploration and evaluation expenditures are accounted for using 'successful efforts' method of accounting. Costs are accumulated on a field-by-field basis. Costs directly associated with exploration are capitalised until the determination of the field's steam potential is evaluated. If it is determined that a commercially viable steam field has not been achieved, these costs are charged to the income statement. No impairment has been made in the period.

20. Inventories

Description	2025 Kshs'000	2024 Kshs'000
Drilling materials	3,386,158	3,563,458
Pipes	140,613	107,385
Fuel	21,184	25,954
Less: Impairment of Stocks	-	(60,035)
Total	3,547,955	3,636,762

20 b) Consumables

Description	2025 Kshs'000	2024 Kshs'000
Consumables	22,297	21,268
Other Inventories	59,922	58,244
Less: Impairment of Stocks	(57,503)	-
Total	24,716	79,512

Notes to the Financial Statements (Continued)

Details of inventory movement

Description	2025	2024
	Kshs'000	Kshs'000
At the beginning of the year	3,716,274	3,891,840
Additional Inventory during the year	834,821	823,146
Inventory consumed through P&L	(34,181)	(7,496)
Inventory consumed in making of other assets	(886,740)	(931,181)
Written off during the year	(57,503)	(60,035)
At the end of the year	3,572,671	3,716,274

21. Trade and Other Receivables

Description	2025	2024
	Kshs'000	Kshs'000
Trade Receivables (Note 28 (a))	1,852,992	1,460,457
Deposits and prepayments	287,711	80,426
Restricted cash	250,454	230,602
Staff receivables (Note 28 (a))	5,299	8,588
Other receivables	132,038	180,361
Gross Trade and Other Receivables	2,528,494	1,960,434
Provision for Bad And Doubtful Receivable	(105,345)	(114,590)
Net Trade and Other Receivables	2,423,149	1,845,843
Analysed as:		
Short- Term Trade and Other Receivables	2,423,149	1,845,843
Long- Term Trade and Other Receivables	-	-

21 (a) Trade Receivables

Description	2025	2024
	Kshs'000	Kshs'000
Gross Trade Receivables	1,852,992	1,460,457
Provision for Doubtful Receivables	(102,359)	(114,590)
Net Trade Receivables	1,750,633	1,345,867
ageing analysis of gross Trade Receivables		
Less than 30 Days	958,373	865,611
Between 30 and 60 Days	417,462	442,519
Between 61 and 90 Days	333,043	3
Between 91 and 120 Days	367	0
Over 120 Days	143,747	152,324
Total	1,852,992	1,460,457

Notes to the Financial Statements (Continued)

21 (b) Reconciliation of Impairment Allowance for Trade Receivables

Description	2025	2024
	Kshs'000	Kshs'000
At the beginning of the year	(114,590)	(102,533)
Additional provisions during the year	-	(12,057)
Recovered/Adjusted during the year	9,245	-
Staff provisions	2,986	-
At the end of the year	(102,359)	(114,590)

21 (c) Staff Receivables

Description	2025	2024
	Kshs'000	Kshs'000
Gross staff loans and advances	5,299	8,588
Provision for impairment loss	(2,986)	-
Net staff loans	2,313	8,588
Amounts due within one year	2,313	5,192
Amounts due after one year	-	3,396

21 (d) Reconciliation of Impairment Allowance for Staff Receivables

Description	2025	2024
	Kshs'000	Kshs'000
At the beginning of the year	-	-
Additional provisions during the year	2,986	-
Recovered during the year	-	-
Written off during the year	-	-
At the end of the year	2,986	-

22. Tax Recoverable

Description	2025	2024
	Kshs'000	Kshs'000
At beginning of the year	(2,976,273)	(445,440)
Income tax charge for the year (Note 16)	58,480	501,595
Under/(Over) Provision in prior year (Note 16)	-	(2,757,831)
Income tax paid during the year	(163,428)	(274,597)
At end of the year	(3,081,221)	(2,976,273)

23. Prepayments

Description	2025	2024
	Kshs'000	Kshs'000
Rent	6,430,800.00	25,656,239.97
Others	5,296,351.75	5,328,152.01
Total	11,727,151.75	30,984,391.97

Notes to the Financial Statements (Continued)

24. Bank and Cash Balances

Description	2025	2024
	Kshs'000	Kshs'000
Cash at bank	2,136,140	4,770,387
ECL on cash at bank	(63,871)	(142,635)
Cash in hand	57	141
Total	2,072,326	4,627,893

The bulk of the cash at bank was held at the Co-operative Bank of Kenya, Barclays Bank of Kenya and NCBA bank respectively.

Detailed analysis of the cash and cash equivalents

Description		2025	2024
Financial institution	Account number	Kshs'000	Kshs'000
a) Current accounts			
Co-operative Bank of Kenya	01136160857600	103,365	18,934
Co-operative Bank of Kenya	02120160857600	385,775	1,311,781
Co-operative Bank of Kenya	01136350124400	290	4,479
Co-operative Bank of Kenya	01136115849200	16,670	85,010
Co-operative Bank of Kenya	01141160857601	382,521	397,813
Kenya Commercial Bank	1119615208	27,507	7,478
Kenya Commercial Bank	1166553671	162	2,603
ABSA bank (KES)	2041818169	24,148	73
ABSA bank (USD)	2041818193	592,314	746,842
Co-operative Bank of Kenya	01136160857601	1	2,697
NCBA Bank	4761090015	602,094	2,192,677
Kenya Commercial Bank	1334506434	1,292	-
Sub- total		2,136,139	4,770,387
b) On - call deposits			
Co-operative Bank of Kenya	021501608576	1	1
Sub- total		1	1
c) Others			
Cash in hand		57	141
Sub- total		57	141
Less: Provision for ECL		(63,871)	(142,635)
Grand total		2,072,326	4,627,894

Notes to the Financial Statements (Continued)

25. Ordinary Share Capital

Description	2025	2024
	Kshs'000	Kshs'000
Authorized:		
20,000 Ordinary Shares of Kshs 100 par value each	2,000	2,000
Issued and Fully paid:		
20,000 Ordinary Shares of Kshs 100 par value each	2,000	2,000

Shares are held in trust by the sitting Principal Secretaries of the Ministry of Energy & Petroleum and The National Treasury. All issued shares are fully paid for by:

	Number of shares 30/06/2024	Number of shares 30/06/2023
Permanent Secretary, The National Treasury	19,999	19,999
Permanent Secretary, Ministry of Energy & Petroleum	1	1
	<u>20,000</u>	<u>20,000</u>

26. Revaluation Reserve

Items of property, plant and equipment are shown at historical cost less depreciation hence no revaluation reserve is maintained

27. Fair Value Adjustment Reserve

The fair value adjustment reserve arises on the revaluation of available-for-sale financial assets, principally the marketable securities. When a financial asset is sold, the portion of the reserve that relates to that asset is reduced from the fair value adjustment reserve and is recognised in profit or loss. Where a financial asset is impaired, the portion of the reserve that relates to that asset is recognised in profit or loss.

The Company did not hold any marketable securities for the year.

28. Retained Earnings

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

Notes to the Financial Statements (Continued)

29. Borrowings

Description	2025	2024
	Kshs'000	Kshs'000
a) Domestic borrowings		
Balance at beginning of the year	1,870,843	2,509,882
Domestic borrowings during the year		
Adjustment for Forex valuation	(4,072)	(152,551)
Interest Charges	161,770	247,724
Interest repayment	(161,911)	(250,610)
Repayments during the year	(505,814)	(483,603)
Balance at end of the year	1,360,816	1,870,842
Balance at end of the period- domestic and external borrowings	1,360,816	1,870,842

The analyses of domestic borrowings are as follows:

Description	2025	2024
	Kshs'000	Kshs'000
Domestic borrowings		
Kenya shilling loan from Cooperative Bank	1,360,816	1,870,842
Total balance at end of the year	1,360,816	1,870,842

Description	2025	2024
	Kshs'000	Kshs'000
Short-term borrowings (Current Portion)	556,306	511,280
Long term borrowings	804,510	1,359,563
Total	1,360,816	1,870,843

Current portion of borrowings are those borrowings that are payable within one year or the next financial year.

The Company has a term loan facility with the Co-operative Bank of Kenya which is repaid on a quarterly basis. The facility is secured by a letter of negative pledge over assets of the Company, and an assignment of all steam charge proceeds from KenGen.

Interest on the term loan (US Dollar denominated) is the applicable 3 months USD LIBOR plus 6% p.a (floor rate of 7.5% p.a). Borrowings are measured at amortized cost.

Notes to the Financial Statements (Continued)

30. Deferred Tax Liability/Asset

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

Description	2025	2024
	Kshs'000	Kshs'000
Accelerated capital allowances	2,124,671	2,611,230
Unrealised exchange gains/(Losses)	(192,839)	186,042
Provisions for liabilities and charges	(56,885)	(39,441)
Net deferred tax liability	1,874,947	2,757,831

The movement on the deferred tax account is as follows:

Description	2025	2024
	Kshs'000	Kshs'000
Balance at beginning of the year	3,027,126	269,295
Under Provision in Prior Year	-	-
Income Statement Charge/(Credit)	1,874,947	2,757,831
Balance at end of the year	4,902,073	3,027,126

31. Deferred Income

Description	2025	2024
	Kshs'000	Kshs'000
Amortisation of capital grants	1,421,336	1,421,336
Total Deferred Income	1,421,336	1,421,336

32. Trade and Other Payables

Description	2025	2024
	Kshs'000	Kshs'000
Trade payables	555,052	876,235
VAT Payable	92,629	64,957
Accrued expenses	233,330	281,478
Retention/ Contract monies	9,422	9,422
Deposits	20	20
Employee payables	71,340	64,204
Other payables (<i>Speci</i>)	3,232,128	3,399,443
Total	4,193,921	4,695,759

Notes to the Financial Statements (Continued)

33. Refundable Deposits and Prepayments from Customers

Description	2025		2024	
	Kshs'000		Kshs'000	
Customer deposits				
Prepayments	11,727		30,984	
Other deposits	35,952		35,953	
Total deposits	47,680		66,937	
Ageing analysis: (Refundable deposits)	2025	% of the Total	2024	% of the Total
Under one year	11,727	25%	30,984	46%
1-2 years				
2-3 years				
Over 3 years	35,952	75%	35,953	54%
Total	47,680		66,937	

Recognition of Retirement Benefit Asset/ Liability

a) Amounts recognised in the Statement of Financial Position

The Company has registered a defined contribution pension scheme for its employees. The assets of the scheme are held in a separate trustee administered fund, which is funded by contributions from both the Company at 14.5% and employees at 7.5% of basic salary. Benefits are paid to retiring staff in accordance with the scheme's rules. The Company and all its employees also contribute to the National Social Security Fund which is a defined contribution scheme.

The Company's contributions to the defined contribution schemes are recognised as an employee benefit expense in the income statement when they fall due. The Company has no further obligations once the contributions have been paid.

34. Provisions

Description	Leave provision	Other Provisions	Total
	Kshs'000	Kshs'000	Kshs'000
Balance at the beginning of the year	64,204	3,408,886	3,473,090
Additional provisions	7,136	-	7,136
Provision utilised	-	(423,765)	(423,765)
Change due to discount and time value for money	-	-	-
Less: current portion	-	-	-
Balance at the end of the year	71,340	2,985,121	3,056,461

35. Dividends Payable

The Company's profits for the year are added back to retained earnings. The directors do not recommend the payment of dividends.

Notes to the Financial Statements (Continued)

36. Notes to the Statement of Cash Flows

Description	2025	2024
	Kshs'000	Kshs'000
(a) Reconciliation Of Operating Profit/(Loss) To Cash Generated From/(Used In) Operations		
Profit or Loss before tax	(1,464,441)	(528,221)
Depreciation	3,166,837	2,586,497
Amortisation	3,190	3,754
Amortisation of capital grants	(1,421,336)	(1,421,336)
Write-off of non-productive time	38,138	51,932
Unrealised exchange gain on borrowings	(4,072)	(152,551)
Finance Income	(131,603)	(118,590)
Interest expense	161,770	247,724
Operating Profit before Working Capital changes	348,483	669,209
(Increase)/Decrease in Inventories	143,605	106,979
(Increase)/Decrease in Trade and Other Receivables	(577,306)	2,963,154
Increase/(Decrease) in Trade and Other Payables	(441,803)	(219,261)
Cash Generated from/(used In) operations	(527,021)	3,520,081
(b) Analysis of Changes in Loans		
Balance at beginning of the year	1,870,843	2,509,883
Repayments during the year	(505,814)	(483,603)
Repayments of previous year's accrued interest	(161,911)	(250,610)
Foreign Exchange (Gains)/Losses	(4,072)	(152,551)
Accrued interest	161,770	247,724
Balance at end of the year	1,360,816	1,870,843
(c) Analysis of Cash and Cash equivalents		
Cash At Bank	2,072,269	4,627,752
Cash In Hand	57	141
Balance at End Of The Year	2,072,326	4,627,893
d Analysis of interest paid		
Interest on Loans	161,770	247,724
Balance at Beginning of the year	11,162	14,048
Balance at end of the year	(11,021)	(11,162)
Interest paid	161,911	250,610

Notes to the Financial Statements (Continued)

37. Related Party Disclosures

Government of Kenya

The Government of Kenya is the principal shareholder of the Company, holding 100% of the *entity's* equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external.

Other related parties include:

- i) The Parent Ministry
- ii) The National Treasury
- iii) Key management
- iv) Board of directors

Transactions with related parties

Description	2025	2024
	Kshs'000	Kshs'000
a) Key management compensation		
Directors' emoluments	42,038	29,062
Compensation to key management	160,530	73,132
Total	202,568	102,194

38. Capital Commitments

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

Description	2025	2024
	Kshs'000	Kshs'000
Amounts authorised and Contracted for	1,032,130	656,130
Amounts authorizes but Not Contracted for	1,732,116	3,506,974
Less: Amounts included in Work In Progress	-	-
	2,764,246	4,163,104

39. Contingent Assets and Liabilities

Contingent Liabilities

Description	2025	2024
	Kshs'000	Kshs'000
Contingent Liabilities		
Linksoft Communications Limited vs GDC	361,000	361,000
Lantech Africa Limited vs GDC	3,234,026	3,234,026
Bonfide Clearing Company Limited vs GDC	3,334,124	3,334,124
Kenya Revenue Authority against the Company	6,147,476	6,147,476
Total	13,076,626	13,076,626

In the opinion of the directors, no provision is required in these financial statements as the liabilities are not expected to crystallize.

Notes to the Financial Statements (Continued)

40. Financial Risk Management

The entity's 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 does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

(i) Credit risk

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

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

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

Description	Total amount Kshs'000	Fully performing Kshs'000	Past due Kshs'000	Impaired Kshs'000
At 30 June 20xx				
Receivables from exchange transactions	2,423,149	2,423,149	-	105,345
Receivables from non-exchange transactions	-	-	-	-
Bank balances	2,136,139	2,136,139	-	63,871
Total	4,559,288	4,559,288	-	169,216
At 30 June 2024				
Receivables from exchange transactions	1,529,375	1,529,375	-	114,590
Receivables from non-exchange transactions	30,833	30,833	-	-
Bank balances	4,770,528	4,770,528	-	142,634
Restricted Cash	237,709	237,709	-	7,107
Total	6,568,445	6,568,445	-	264,331

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from KenGen.

The board of directors sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

Notes to the Financial Statements (Continued)

Credit Risk (Continued)

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the entity'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.

Description	Total
	Kshs'000
At 30 June 2025	
Trade payables	4,216,260
Current portion of borrowings	556,306
Total	4,772,566
At 30 June 2024	
Trade payables	4,635,723
Current portion of borrowings	511,280
Total	5,147,003

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

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

a) Foreign currency risk

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

Notes to the Financial Statements (Continued)

The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description		Total
	Kshs'000	Kshs'000
At 30 June 20xx		
Financial assets		
Investments	-	-
Cash	2,072,326	2,072,326
Debtors	2,423,149	2,423,149
Financial liabilities		
Trade and other payables	4,216,260	4,216,260
Borrowings	1,360,816	1,360,816
Net foreign currency asset/(liability)	1,081,601	1,081,601

The company does not have any future commercial transactions and has not recognized any assets and liabilities arising from projected expected sales proceeds and matching the same with expected payments.

b) Foreign currency sensitivity analysis

The following table demonstrates the effect on the company's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

Details	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs'000	Kshs'000	Kshs'000
2025			
USD	10%	728	510
Euro	10%	744	521
2024			
USD	10%	126	88
Euro	10%	417	292

c) Interest rate risk

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

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

Notes to the Financial Statements (Continued)

risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs 13,608,035.78 .A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs 68,040,180.20

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 *entity'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.

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

Description	2025	2024
	Kshs'000	Kshs'000
Retained earnings	1,189,107	837,081
Capital reserve	2,000	2,000
Total Funds	1,191,107	839,081
Total Borrowings	1,360,816	1,870,843
Less: Cash and Bank balances	(2,072,326)	(4,627,894)
Net Debt/(Excess Cash and Cash Equivalent)	(711,510)	(2,757,052)
Gearing	-134%	144%

Notes to the Financial Statements (Continued)

41. Right of Use Asset

	Land	Buildings	Total
Year ended 30th June 2024	Shs'000	Shs'000	Shs'000
Opening net book amount	3,780,868	370,800	4,151,668
Additions		-	-
Depreciation (Charge to P&L)	(76,613)	(51,446)	(128,060)
Closing net book amount	3,704,255	319,354	4,023,607
			-
Year ended 30th June 2024			-
Cost	3,780,868	370,800	4,151,668
Accumulated depreciation	(76,613)	(51,446)	(128,060)
Net book amount	3,704,255	319,354	4,023,608
	Land	Buildings	Total
Year ended 30th June 2025	Shs'000		Shs'000
Opening net book amount	3,704,255	319,354	4,023,608
Additions/transfers	-	-	-
Depreciation (Charge to P&L)	(114,920)	(77,170)	(192,090)
Closing net book amount	3,589,335	242,184	3,831,519
Year ended 30th June 2025			
Cost	3,780,868	370,800	4,151,668
Accumulated depreciation	(191,533)	(128,616)	(320,149)
Net book amount	3,589,335	242,184	3,831,518

42. Incorporation

Geothermal Development Company Limited is incorporated in Kenya under the Kenyan Companies Act and is domiciled in Kenya.

43. Events after the Reporting Period

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

Geothermal Development Company Limited
Annual Report and Financial Statements for the year ended 30th June 2025

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.

Ref. No.	Issue/observation	Management Comments	Status	Timeline
1.	Non-Compliance with the International Financial Reporting Standards on Revenue Recognition	Working with KRA on a lasting solution	Not Resolved	30.06.2026
2.	Variances in Inventories Balance	Impairment provision for spillages and lost inventory Review inventory holdings for proper identification	Not Resolved	30.06.2026
3.	Non-contribution to the Fund	Follow up with the Ministry on budgetary allocation.	Not Resolved	30.09.2025
Emphasis of matter				
1.	Commitments and contingent liabilities	Monitoring the legal matters keenly and evaluating possible exposure to the company On-going engagements with the KRA on the tax matter.	Not Resolved	30.06.2026
2.	Long Outstanding Receivables	Legal pursuit and consider option of National Treasury approval for write off.	Not Resolved	30.06.2026
Report on lawfulness and effective use of Public resources				
1.	Unutilized Monitoring Software	The matter is at the EACC	Not Resolved	30.06.2026
2.	Failure to Insure the Drilling Rigs	The Company is in the process of undertaking a risk survey on its assets for insurance purposes. The Company will also benchmark with the sector counterparts for best practices	Not Resolved	30.06.2026
3.	Non-Compliance on Car Loan and Mortgage Scheme Reporting Requirements	The Company will comply with the requirement of maintaining separate accounts for the scheme	Not Resolved	30.06.2026
4.	Non-Compliance with a Third (1/3) Rule	Sensitization of staff and engagement of the Sacco to ensure loans granted to staff are aligned to their payslips	Not Resolved	30.06.2026
5.	Non-Compliance with Data Protection Act	To be effected in FY 2025/2026 with the implementation of the HR instruments	Not Resolved	30.06.2026
6.	Failure to File Annual Returns	Filing done	Resolved	
3	Irregular procurement of governance audit		Resolved	
4	Long outstanding payables	The Company has in the year paid old debts that were not disputed in line with the circular	Resolved	

Geothermal Development Company Limited
Annual Report and Financial Statements for the year ended 30th June 2025

Ref. No.	Issue/Observation	Management Comments	Status	Timeframe
Report on effectiveness of internal controls, risk management and governance				
1.	Lack of Board Succession Planning	The matter has been escalated to the Ministry of Energy & Petroleum.	Not Resolved	30.06.2026



.....
STEPHEN K. BUSIENEY
Ag. MANAGING DIRECTOR & CEO

Date 15/12/2025

Geothermal Development Company Limited
Annual Report and Financial Statements for the year ended 30th June 2025

Appendix II: Projects implemented by Geothermal Development Company Limited

Projects

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

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
Menengai Geothermal Project	152102201	African Development Bank (ADB)	Jan 2010 to August 2027	USD 145 Million	Yes	Yes
Bogoria_Silali Geothermal Project	152100501	KfW	June 2010 to June 2028	Euro 112 Million	Yes	Yes
Suswa Geothermal Project	152109800	N/A	Jan 2014 to March 2029	N/A	No	No

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Project title	Ksh million			Ksh million		
2	Menengai Geothermal Project	115,926	77,042	87% (105MW) 32% (60MW) 2% (300MW)	2,572	2,581	Development Partnes Counterpart Funding
3	Bogoria_Silali Geothermal Project	78,029	21,663	26%	1,151	2,439	Development Partnes Counterpart Funding
	Suswa Geothermal Project	78,029	1,098	2%	49	44	Counterpart Funding

Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity: Ministry of Energy and Petroleum

Name of Beneficiary entity: Geothermal Development Company Limited



MINISTRY OF ENERGY AND PETROLEUM
STATE DEPARTMENT FOR ENERGY

Telegrams: 'MINPOWER', Nairobi
Telephone: Nairobi 4841000
Fax: 240910
Telex: 23094; MINERGY
When replying please quote

OFFICE OF THE
PRINCIPAL SECRETARY
KAWI HOUSE
P. O. Box 30582

Ref No. MOE/ACC/I VOL.1/004

14th July, 2025

Mr. Paul Ngugi
Managing Director/CEO
Geothermal Development Company.
Kawi House, South C
NAIROBI.

~~17 JUL 2025~~

GML-FRI
FRA

RE: INTER ENTITY TRANSFERS CONFIRMATION LETTER

The State Department for Energy wishes to confirm the amounts disbursed to you for the financial 2024/2025 as indicated in the table below. Compare the amounts disbursed to you with the amounts you received and populate them in column D in the table below. Then sign and stamp this request in the space provided and return it to us by 30th July, 2025.

Confirmation of amounts received by Geothermal Development Company. for the financial year 2024/2025						
Reference No	Date Disbursed	Recurrent (A)	Development (B)	Total C=A+B	Amount Received by GDC FY 2024/25 (D)	Difference E=D-C
Ref. No.	Date Disbursed	Recurrent (A)	Development (B)	Total C=A+B		
FT24262JWD34	18-Sep-2024		459,552,561.90			
FT251900HW19	09-Jul-2025		647,000,000.00			
TOTAL			1,106,552,561.90	1,106,552,561.90		

Alex K. Wachira, CBS
PRINCIPAL SECRETARY

FINANCE & INVESTMENT DIRECTORATE
GEOTHERMAL DEVELOPMENT CO. LTD.
23 JUL 2025
P. O. Box 100746 - 00101,
NAIROBI, KENYA

Confirmation of amounts received by Geothermal Development Company Limited as at 30th June 2025

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

Head of Accounts Department - Disbursing Entity:

Name Sign Date 29/08/2025

Head of Accounts Department - Beneficiary Entity:

Name STEPHEN BUSIENEY Sign  Date 29/08/2025