



Annual Report & Accounts | 2005 - 2006



The Kenya Power & Lighting Co. Ltd.

Our Vision

To achieve world class status as a quality service business enterprise so as to be the first choice supplier of electrical energy in a competitive environment.

Our Mission

To efficiently transmit and distribute high quality electricity throughout Kenya at cost effective tariffs; to achieve the highest standards of customer service; and to ensure the company's long term technical and financial viability.

KPLC Quality Policy

The Kenya Power and Lighting Co. Ltd. is committed to providing high quality customer service by efficiently transmitting and distributing electricity that is safe, adequate and reliable at cost effective tariffs.

The Board, Management and staff of KPLC are committed to effective implementation and continual improvement of the Quality Management System that complies with ISO 9001:2000 in order to consistently meet its customers' and other stakeholders' requirements and expectations.

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KPLC BOARD OF DIRECTORS



Seated left to right: Zachary O Ayeiko, Patrick Nyoike, Eng. Alfred Sambu, Don Priestman and Dr Susan M Musyoka.
Standing left to right: Laurencia K Njagi*, Aram M Mbui, Solomon Kitungu, Ngugi Kiuna, Eng. Swaleh S Imu, Ng'ang'a Munyu,
Fidesius M Nyagah and Edwin Wasunna.

*L Njagi – Company Secretary

THE KENYA POWER & LIGHTING COMPANY LIMITED

CORPORATE INFORMATION

Directors	Eng. Alfred W Sambu Eng. Jasper Oduor Zachary Ayieko Joseph Kinyua Patrick M Nyoike Edwin Wasunna Dr. Susan M Musyoka Fidesius M Nyaga Eng. Swaleh S Imu Ngugi Kiuna Aram M Mbui Solomon Kitungu Ng'ang'a Munyu	Chairman Managing Director (Left in June 2006) Managing Director (Appointed in June 2006) Alternate to Joseph Kinyua Alternate to Patrick Nyoike
Secretary	Laurencia K Njagi P O Box 30099-00100 Nairobi	
Registered Office	Stima Plaza Kolobot Road P O Box 30099-00100 Nairobi	
Main Bankers	Standard Chartered Bank Kenya Limited Harambee Avenue P O Box 20063-00200 Nairobi Kenya Commercial Bank Limited Moi Avenue P O Box 30081-00100 Nairobi Cooperative Bank of Kenya Limited P O Box 48231-00100 Nairobi Stanbic Bank Kenya Limited Kenyatta Avenue P O Box 30550-00100 Nairobi	
Auditors	Ernst & Young, Nairobi On behalf of The Controller and Auditor-General P O Box 30084-00100 Nairobi	
Principal Legal Advisers	Hamilton Harrison & Mathews, Advocates ICEA Building P O Box 30333-00100 Nairobi	



DIRECTORS' BIOGRAPHIES

The biographies of Directors holding office as at the date of this Report are shown below:

1. Eng. Alfred Wekesa Sambu, BSc (Eng.), R. Eng., MIEE, MIEK - Board Chairman

Alfred Sambu was born in 1944. He holds a Bachelor of Science degree in electrical engineering and has experience in both public and private sectors, having worked in the telecommunications industry for the previous East African Community for over ten years rising to the position of Chief Long Range Planning & Resource Co-ordinator in charge of World Bank funded projects; in private sector for over five years as commercial director of International Aerodio, and thereafter in private business.

2. Zachary Ogamba Ayieko BCom, CPA (K) - Managing Director

Mr. Zachary Ayieko was born in 1955 and holds a Bachelor of Commerce degree. He has experience, which spans over 27 years in the power sector. Mr. Ayieko is also a Certified Public Accountant and a member of the Institute of the Certified Public Accountants of Kenya. He joined the Company in 1979 and rose through the ranks until his appointment as Managing Director in June 2006. Prior to his appointment as Managing Director, Mr. Ayieko was Chief Manager, Finance, of the Company.

3. Mr. Patrick Mwaura Nyoike, BSc (Econ.), B.Phil (Math)

Mr. Patrick Nyoike is the Permanent Secretary, Ministry of Energy. He was born in 1947 and holds Bachelors degrees in mathematics and economics. He has over 30 years experience in public service. Prior to his appointment as Permanent Secretary in 2003, he was the Chief Economist and Co-ordinator of World Bank funded projects in the Ministry of Energy.

4. Mr. Joseph Kinyua, BSc (Econ.), MA (Econ.)

Mr. Joseph Kinyua, who was born in 1951, is the Permanent Secretary to the Treasury. He has Bachelors and Masters degrees in economics. Mr. Kinyua has wide experience in financial and public sector management, having worked in senior positions with the International Monetary Fund, the Central Bank of Kenya and in Government.

5. Mr. Ngugi Kiuna, BSc (Eng.)

Mr. Ngugi Kiuna, BSc (Eng.), was born in 1949. He holds a Bachelor of Science degree in mechanical engineering. He has wide experience spanning over 30 years in private sector financial and strategic management. Mr. Kiuna is the Managing Director of Johnson Diversey E.A. Ltd.

6. Dr. Susan Mbinya Musyoka, MB, CHB, MPH

Dr. Susan Musyoka was born in 1956. She holds a Bachelors degree in medicine and surgery and a Masters degree in public health. She has over 20 years experience in medical health practice and community leadership.

7. Mr. Edwin Wasunna, BSc (Eng.)

Mr. Edwin Wasunna was born in 1938 and holds a Bachelor of Science degree in electrical engineering. He has over 30 years experience in the power sector. Mr. Wasunna worked in senior management positions in the Company until 1997, when he was appointed Managing Director of Kenya Electricity Generating Company Limited (KenGen), a position he held until 2002.

8. Eng. Swaleh Salim Imu, MSc (Power Eng.), R. Eng., MIEK

Eng. Swaleh Imu was born in 1948. He holds a Master of Science degree in power engineering and has experience gained over 28 years working in KPLC, KenGen and Kenya Pipeline Company Limited.

9. Mr. Fidesius Muchira Nyaga, BA (Econ & Acc), CPA(K), CPS (K), FCIS

Mr. Fidesius Nyaga was born in 1944. He holds a Bachelor of Arts degree in accounting and economics and is a Certified Public Accountant and Secretary with over 30 years experience in financial management.

10. Mr. Aram Mutema Mbui, BSc, (Eng.), Mem. ASAE:MKIM

Mr. Aram Mbui was born in 1953. He holds a Bachelor of Science degree in mechanical engineering and has post-graduate training in irrigation engineering. Mr. Mbui worked for over ten years in public and private sectors and is the Managing Director of the Rift Valley Machinery Services Limited. He has served as Chairman of the Society of Agricultural Engineers and is currently National Chairman of the Federation of Kenya Employers.

11. Mr. Solomon Kitungu, BSc (Econ), MA (Econ) - Alternate Director to Mr. Joseph Kinyua

Mr. Solomon Kitungu was born in 1961. He holds Bachelors and Masters degrees in economics. He has immense experience in enterprise supervision and reforms and is the Director of Reforms, Department of Government Investments and Public Enterprises in the Treasury.

12. Mr. Ng'ang'a Munyu, BSc, MSc - Alternate Director to Mr. Patrick Nyoike

Mr. Ng'ang'a Munyu was born in 1957. He has Bachelors and Masters degrees in science. Mr. Munyu has experience spanning over 20 years as a planner in the Ministry of Energy.



MANAGEMENT TEAM



General Manager & Chief Executive Officer (From 1st July 2006)

Don Priestman. MSc. Eng. (Economic Planning), B.A. Sc.(Civil), P. Eng. (Canada)



Managing Director (From June 2006)

Zachary Ayieko, BCom, CPA (K)



Deputy General Manager, Distribution & Customer Service (From 1st July 2006)

Shahid Muhammad, MBA (Finance), MSc (Electrical), P. Eng. (Canada)



Deputy General Manager, Finance & Corporate Services (From 1st July 2006)

H. Mack Kast, BCom, C.A.



Company Secretary

Laurencia K Njagi, LLB, Dip. in Law, CPS (K)



Chief Manager, Distribution and Customer Service

Eng. John Ombui, BSc (Eng.), MBA, R. Eng., MIEK, MIEE



Chief Manager, Energy Transmission

Eng. Richard Muiru, BSc (Eng.), MSc (Eng.), R. Eng., MIEK



Chief Manager, Supplies, Stores & Transport

Eng. Benson Muriithi, BSc (Eng.), R. Eng.



Chief Manager, Information Technology and Telecommunications

Eng. Johnson ole Nchoe, BSc (Eng.), R. Eng.



Chief Manager, Finance

Lawrence Yego, CPA (K)



Chief Manager, Human Resources & Administration

Ben Chumo, BA



Chief Manager, Planning, Research and Performance Monitoring

Eng. David M. Mwangi, BSc (Eng.) R. Eng., MIEK



Chief Manager, Nairobi Region

Eng. Joseph K. Njoroge, BSc (Eng.), MBA, R. Eng., C. Eng., MIEE, MIEK



Regional Manager, Coast

Joseph Mkomba, BSc (Eng.)



Regional Manager, West

Joseph Masibo, BSc (Eng.)



Regional Manager, Mount Kenya

Rosemary K. Gitonga, BSc (Eng.)



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE EIGHTY-FIFTH ANNUAL GENERAL MEETING of Members of the Company will be held at Stima Members' Club, Thika Road, Nairobi, on Friday 8th December 2006 at 11:00 a.m. to transact the following business:-

1. To table the Proxies and note the presence of a quorum.
2. To read the Notice convening the Meeting.
3. To receive and consider the Company's audited financial statements for the year ended 30th June 2006, together with the Chairman's, Directors' and Auditors' Reports thereon.
4. To approve payment of a first and final dividend of 7.5% or Shs.1.50 per ordinary share of Shs.20, subject to withholding tax where applicable, in respect of the year ended 30th June 2006.
5. To elect Directors:
 - (i) Mr. Ngugi Kiuna retires by rotation in accordance with Article 120 of the Memorandum and Articles of Association of the Company and, being eligible, offers himself for re-election;
 - (ii) Mr. Joseph Kinyua retires by rotation in accordance with Article 120 of the Memorandum and Articles of Association of the Company and, being eligible, offers himself for re-election;
 - (iii) Mr. Edwin Wasunna retires by rotation in accordance with Article 120 of the Memorandum and Articles of Association of the Company and, being eligible, offers himself for re-election.
6. To approve payment of fees to non-executive Directors for the year ended 30th June 2006 within the limits set by the Government of Shs.360,000 per Director, totalling Shs.3,200,000.
7. Auditors:

To note that the audit of the Company's books of accounts will continue to be undertaken by the Controller and Auditor-General or an audit firm appointed by him in accordance with Section 11 of the State Corporations Act, (as amended by the Miscellaneous Law Amendment Act, 2002) and Sections 14 and 39 (i) of the Public Audit Act, 2003.
8. To authorise the Directors to fix the Auditors' remuneration.

By Order of the Board



Laurencia K. Njagi
Company Secretary
P. O. Box 30099-00100
Nairobi, Kenya
3rd November, 2006

NOTES:

A member entitled to attend and vote at the above meeting may appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company. A Form of Proxy is enclosed with this booklet. To be valid, the Form of Proxy must be duly completed and lodged at the registered office of the Company, Stima Plaza, or posted in time to be received not later than 11.00 a.m. on 6th December 2006



ILANI YA MKUTANO MKUU WA KILA MWAKA

ILANI IMETOLEWA KWAMBA MKUTANO MKUU WA THEMANINI NA TANO WA KILA MWAKA wa wanachama wa kampuni utafanywa katika Stima Club, barabara ya Thika, Nairobi ijumaa tarehe 8 Desemba, 2006 saa tano asubuhi kujadili yafuatayo:

1. Kuorodhesha majina ya wawakilishi na kujua idadi ya waliohudhuria mkutano.
2. Kusoma ilani ya kuitisha mkutano.
3. Kupokea, kujadili na kuidhinisha taarifa za ukaguzi wa vitabu vya hesabu kwa kipindi kilichomalizikia tarehe 30 Juni 2006, pamoja na Mtazamo wa Mwenyekiti, Ripoti ya Wakurugenzi na Taarifa ya Mkaguzi Mkuu wa Uhasibu.
4. Kuidhinisha malipo ya mgao wa kwanza na wa mwisho wa faida itakayotozwa ushuru ya shilingi 1.50 kwa kila hisa ya kawaida ya shilingi 20 katika kipindi kilichomalizikia tarehe 30 Juni 2006.
5. Kuwachagua Wakurugenzi:
 - (i) Bw. Ngugi Kiuna anajiuzulu kufuatana na kifungu cha 120 cha Kanuni za Kampuni na kwa kuwa anastahili, anajitolea kuchaguliwa tena.
 - (ii) Bw. Joseph Kinyua anajiuzulu kuambatana na kifungu cha 120 cha Kanuni za Kampuni na kwa kuwa anastahili anajitolea kuchaguliwa tena.
 - (iii) Dr. Edwin Wasunna anajiuzulu kuambatana na kifungu cha 120 cha Kanuni za Kampuni na kwa kuwa anastahili anajitolea kuchaguliwa tena.
6. Kuidhinisha malipo ya wakurugenzi wasio na mamlaka makuu ya mwaka unaomalizika 30 Juni 2006, bila kupitisha kiwango ambacho kimewekwa na serikali cha shilingi elfu 360 kwa kila mkurugenzi jumla ikiwa ni shilingi 3,200,000.
7. Wakaguzi wa hesabu:

Kufahamu kwamba ukaguzi wa vitabu vya uhasibu vya kampuni utaendelea kufanywa na mkaguzi mkuu wa hesabu au kampuni ya ukaguzi wa vitabu aliyoiteua kuambatana na kifungu cha 11 cha sheria ya mashirika ya serikali (kama ilivyorekebisha na sheria ya marekebisho madogo ya mwaka 2002) na vifungu nambari 14 na 39 (i) vya sheria ya ukaguzi wa vitabu vya hesabu za umma ya mwaka 2003.
8. Kuidhinisha wakurugenzi kuamua malipo ya wakaguzi wa vitabu vya hesabu.

Kwa agizo la Halmashauri



Laurencia K. Njagi
Katibu wa Kampuni
P. O. Box 30099-00100
Nairobi, Kenya
3 Novemba, 2006

KUMBUKA:

Mwanachama anayeruhusiwa kuhudhuria na kupiga kura kwenye mkutano uliotajwa hapo juu huenda akamteuwa wakala mmoja au zaidi kuhudhuria na kupiga kura baadala yake. Wakala sio lazima awe mwanachama wa Halmashauri ya kampuni. Fomu ya wakala inapatikana pamoja na kijitabu hiki. Ili ikubaliwe, fomu ya wakala lazima ikamilishwe na kuandikishwa katika ofisi ya usajili ya kampuni, Stima Plaza, au itumwe kwa wakati ufaao na kupokewa hapo tarehe 6 Decemba 2006 kabla ya saa tano asubuhi.



CHAIRMAN'S REVIEW



ENG. ALFRED SAMBU

GENERAL OVERVIEW

The 2005/06 period was yet another successful trading year for the Company. During the year, the Company recorded a pre-tax profit of Shs.2,498 million, compared to Shs.1,979 million realised the previous year, an increase of 26%. Electricity sales grew by 5.4% from 4,215 million

of the Westmont Power Kenya plant in 2004/05, reduced power purchases from Uganda, and appreciation of the Kenya shilling relative to the dollar. Fuel costs paid to bulk power suppliers increased by Shs.5,277 million to Shs.11,962 million, up from Shs.6,685 million the previous year.



units the previous year to 4,444 million units. This is attributable to improved economic performance whereby the real gross domestic product (GDP) grew from 4.3% in 2004 to 5.8% in 2005; as well as the higher customer growth of 9% compared to 7.2% the previous fiscal year.

FINANCIAL PERFORMANCE

Electricity revenue during the financial year increased to Shs.22,494 million compared to Shs.21,755 million the previous year. This was an increase of Shs.739 million or 3%, and which is mainly due to increased unit sales. Fuel cost recoveries increased by 74% from Shs.6,586 million to Shs.11,473 million due to higher fuel prices in the international market and increased generation from fuel based plants. However, all fuel revenue recovered from customers is paid to bulk power suppliers on a pass-through basis.

The non-fuel power purchase costs reduced by Shs.159 million to Shs.11,514 million from Shs.11,673 million the previous year, due to lower capacity charges from Iberafrica Power E.A during the year, retirement

Transmission and distribution costs increased by Shs.460 million to Shs.9,274 million from Shs.8,814 million incurred the previous year. The increase in the year was mainly attributable to higher staff costs and system operation and maintenance costs. The higher fuel and transmission and distribution costs led to an increase in the total operating costs by 20%, from Shs.27,172 million in the previous year to Shs.32,750 million.

The net financing income increased from Shs.138 million in the previous year to Shs.292 million as a result of higher cash deposits and improved interest rates.

Taxation

The Company recorded a net profit after tax of Shs.1,644 million compared to Shs.1,270 million the previous year after taking into account a deferred tax charge of Shs.854 million.

Dividend

The Directors recommend to members payment of a first and final dividend of 7.5% or Shs.1.50 per ordinary share of Shs.20 subject to withholding tax where applicable for the year ended 30th June 2006. If approved, the dividend will be paid on or about 15th December 2006.

FUTURE PROSPECTS

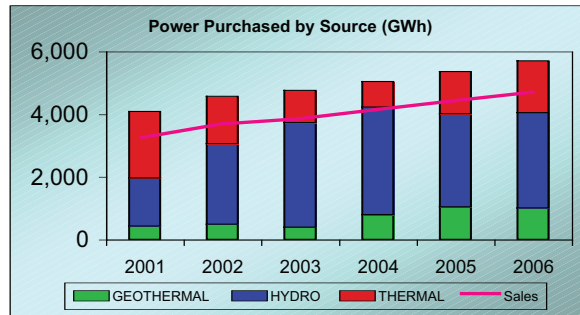
The Company's financial performance has improved progressively over the last three years. This improvement is expected to be sustained in view of increased funding for distribution and transmission



CHAIRMAN'S REVIEW

projects by development agencies under the Energy Sector Recovery Project. Release of the project funds aimed at enhancing the transmission and distribution system, reducing system losses and improving the quality of supply, commenced in July 2006 with the engagement of the management services contractor, Manitoba Hydro International Limited. The implementation plans also include increasing the number of customers. Under the management services contract, KPLC is expected to benefit from exposure to international best practices.

The strategies in place, combined with the expected continued growth in the economy, gives the Board cause for optimism that your Company is poised for improved performance.



Tribute

Finally, I wish to thank my fellow Directors, management and staff of the Company for their hard work which has enabled the impressive trading results during the year. I also thank our valued customers for their support and loyalty and assure them of our determination to continually improve the quality of our services.

ENG. ALFRED SAMBU

CHAIRMAN



Working on a transformer: Constant investment in the distribution system improves quality of supply



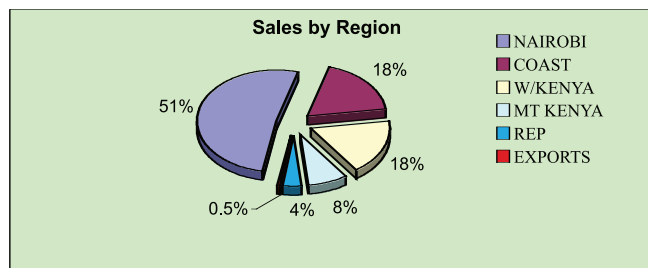
MTAZAMO WA MWENYEKITI



ENG. ALFRED SAMBU

MTAZAMO KWA JUMLA

Kipindi cha 2005/6 kilikuwa cha mafanikio makubwa ya utendakazi katika kampuni. Mwakani huo, kampuni iliweza kurekodi faida kabla ya kulipa ushuru ya shilingi milioni 2,498, ikilinganishwa na shilingi milioni 1,979 zilizopatikana mwaka uliotangulia. Hili ni ongezeko la asilimia 20%.

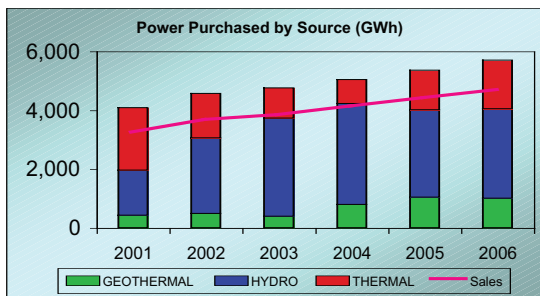


Mauzo ya umeme yaliongezeka kwa asilimia 5.4 kutoka 4,215 GWh mwaka uliopita hadi 4,444 GWh. Ongezeko hili lilisababishwa na kuimarika kwa hali ya uchumi ambapo mapato kwa jumla ya nchi (GDP) yaliongezeka kutoka asilimia 4.3 mwakani 2004 hadi asilimia 5.8 mwakani 2005, na pia kutokana na ongezeko la idadi ya wateja wetu la asilimia 9 ikilinganishwa na asilimia 7.2 mwaka uliopita.

kilichopatikana kutokana na ongezeko hilo kililipwa kwa wauzaji wa umeme wakubwa.

UTENDAKAZI WA KIFEDHA

Mapato ya umeme mwakani yaliongezeka hadi shilingi milioni 22,494 ikilinganishwa na shilingi milioni 21,755 mwaka uliopita. Hili ni ongezeko la shilingi milioni 739 au asilimia 3 ambalo lilitokana na



ongezeko katika kiwango cha umeme kilichouzwa. Gharama ya mafuta iliongezeka kwa asilimia 74 kutoka shilingi milioni 6,586 hadi shilingi milioni 11,473 kutokana na ongezeko la bei ya mafuta katika masoko ya kimataifa na pia katika ongezeko la uzalishaji wa umeme kupitia mitambo inayotumia mafuta. Hata hivyo, kiwango chote cha fedha

Kiwango cha ununuzi wa nguvu za umeme zisizotumia mafuta kilishuka kwa kiasi cha shilingi milioni 159 hadi kufikia shilingi milioni 11,514, ikilinganishwa na cha shilingi milioni 11,673 cha mwaka uliotangulia. Haya yalitokana na kushuka kwa ada za malipo ya kampuni ya Iberafrica Power E.A. mwakani, kusimamishwa kwa kiwanda cha kampuni ya Westmont Power katika mwaka wa 2004-05, kupunguzwa kwa ununuzi wa nguvu za umeme kutoka Uganda, pamoja na kuimarika kwa shilingi ya Kenya dhidi ya dola. Malipo kwa wagawaji wa nguvu za umeme yaliongezeka kutoka shilingi milioni 5,277 hadi shilingi milioni 11,962, ambalo ni ongezeko la shilingi milioni 6,685 mwaka huo.

Gharama ya usambazaji pamoja na ugawaji iliongezeka kwa zaidi ya shilingi milioni 460 kutoka shilingi milioni 9,274 hadi shilingi milioni 8,814 mwaka huo. Ongezeko la mwaka huo lilisababishwa na gharama kubwa ya kuwahudumia wafanyikazi, shughuli za utendaji kazi pamoja na gharama ya usimamizi. Bei kubwa ya mafuta na ya usambazaji pamoja na ugawaji ilichangia kwa kiasi kikubwa katika gharama za utendaji kazi kwa asilimia 20 kutoka shilingi milioni 27,172 mwaka huo hadi shilingi milioni 32,750.

Mapato kutoka fedha yaliongezeka kutoka shilingi



MTAZAMO WA MWENYEKITI

milioni 138 mwaka uliotangulia hadi shilingi milioni 292 kutokana na malipo ya pesa za akiba yaliyoimarika na kuboresha kiwango cha riba.

Ushuru

Kampuni ilirekodi faida ya shilingi milioni 1,644 ikilinganishwa na shilingi milioni 1,270 mwaka uliotangulia, baada ya kulipa kodi ya shilingi milioni 854.

Mgao wa Faida

Wakurugenzi wanapendekeza malipo ya mgao wa kwanza na wa mwisho wa asilimia 7.5 au shilingi 1.50 kwa kila hisa ya kawaida ya shilingi 20 ambazo zitatolewa ushuru katika kipindi kilichomalizika tarehe 30 Juni, 2006. Ikiidhinishwa, mgao wa faida unatarajiwa kulipwa mnamo tarehe 15 Desemba 2006.

MTAZAMO WA SIKU ZIJAZO

Hali ya kifedha ya kampuni imeendelea kunawili kwa kipindi cha miaka mitatu sasa. Tunatarajia kudumisha utendakazi huo kutokana na kutolewa kwa fedha za kutekeleza mradi wa ESRP wa kuboresha mtandao wa usafirishaji na usambazaji wa nguvu za umeme na wafadhili. Kutolewa kwa fedha hizo za kuboresha mtandao wa usafirishaji na usambazaji, kupunguza upotevu wa nguvu za umeme kwenya mtandao na kuboresha hali ya nguvu za umeme kulianza Julai 2006 wakati msimamizi mpya kutoka kampuni ya Manitoba Hydro International alipochukua uongozi. Utekelazaji wa mradi huu pia utahusu kuongeza wateja zaidi. Pia, wakati wa kandarasi hiyo, inatarajiwa kwamba KPLC itanufaika kutokana na mbinu za kisasa za kufanya kazi.

Binu bora za usimamizi ambazo tayari zimewekwa pamoja na ukuaji wa uchumi zinawapa Wakurugenzi moyo kwamba kampuni yenu itazidi kunawili.

Shukurani

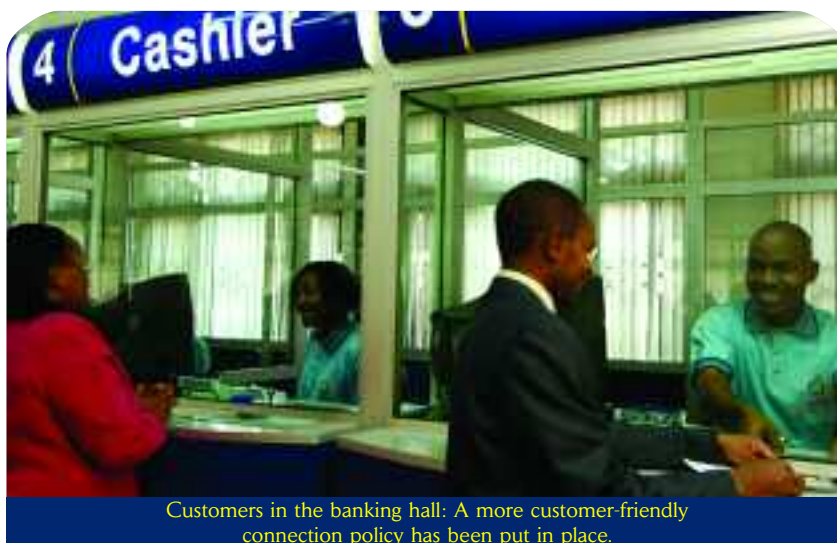
Mwisho, ningependa kutoa shukurani zangu kwa wakurugenzi wenzangu, wasimamizi na wafanyikazi wa kampuni kwa kujitolea katika kufikia malengo ya shirika katika mwaka wa ukaguzi.

Pia nawashukuru wateja wetu tunaowadhamini kwa kutuunga mkono na kwa imani yao, na tunawahaki-kishia juhudi zetu za kuendelea kuboresha ubora wa huduma zetu.



ENG. ALFRED SAMBU

MWENYEKITI



Customers in the banking hall: A more customer-friendly connection policy has been put in place.



MANAGEMENT REPORT



MR. DON PRIESTMAN
GENERAL MANAGER & CEO



MR. ZACHARY AYIEKO
MANAGING DIRECTOR

THE ELECTRICITY NETWORK

The Energy Sector Recovery Project (ESRP)

Management Services Contractor

Significant milestones were achieved under the largely donor-funded US\$153 million Distribution System Reinforcement and Upgrade component of the Energy Sector Recovery Project (ESRP), which is aimed at improving the efficiency, reliability and quality of supply, as well as increasing access to electricity. In June 2006, the Company signed a



General Manager, Don Priestman, exchanges contracts for upgrade of the Mt Kenya radio system with Motorola Israel Area Manager for East Africa, Mr Jossef Levy.

management contract with Manitoba Hydro International (MHI) following a competitive bidding process for provision of management services for a period of two years with effect from 1st July 2006. The Management Contract satisfied the condition precedent for disbursement under the ESRP financing arrangements. Under the contract, MHI has provided three full time staff, namely, Mr. Don Priestman (General Manager & Chief Executive Officer), Mr. Shahid Muhammad (Deputy General Manager,

Distribution & Customer Service) and Mr. H. Mack Kast (Deputy General Manager, Finance & Corporate Services). MHI has also provided other specialists in specified areas on short-term basis to carry out studies in identified priority areas with a view to improving performance.

MHI is required to achieve defined stringent performance targets within the two years, which include connection of 120,000 new customers per annum; reduction of system losses by 4% over two years, reduction of electricity supply outages from 11,000 to 3,000 per month and improvement of operational efficiency. We are pleased to note that the performance during the current financial year against targets is satisfactory. In addition, the management contractor will implement the distribution system upgrade projects being financed under the Energy Sector Recovery Project and carry out staff training and management development. Engagement of the management contractor satisfied one of the major conditions for the release of funds for the distribution system upgrade by the World Bank and other lenders participating in financing of the Energy Sector Recovery Project. Consequently, the implementation of the project has already commenced.

The management contract arrangement is expected to enhance the operational and financial performance of the Company, improve the quality of the electricity supply to customers, while at the same time inculcating international best practices in the Company. The distribution system reinforcement and upgrade component of the ESRP is funded by the International Development Association (US\$43.5 million), Agence française de Développement (US\$25 million), European Investment Bank (Euros 41 million) and Nordic Development Fund (Euros 10 million).



MANAGEMENT REPORT

Consultancy contracts for the upgrade of the supervisory control and data acquisition/energy management system (SCADA/EMS) and the distribution system reinforcement were signed with Fichtner and Norconsult AS of Norway, in September and July 2005, respectively.

The contract for supply, installation and commissioning of the 66kV Cathedral–Nairobi West cable has been awarded to Socabelec SA of Belgium, and the work is expected to be completed by end of April 2007. The contract for supply and installation of Mt Kenya radio equipment has been awarded to Motorola Israel Ltd. and work is expected to be completed by the end of October 2007.

The bidding process for the other components is at the final stages of completion and the execution of works is expected to commence within the current financial year.

Meanwhile, the environmental impact assessment of all the projects under the ESRP is complete and approved by the National Environment Management Authority (NEMA).

Transmission System Expansion and Upgrade

In January 2005, the Company obtained a concessionary loan from the Government of the People's Republic of China through the Government of Kenya of about US\$ 20 million to finance the construction of a 132kV 115 km line between Kamburu and Meru and a 61 km 132kV transmission line between Chemosit and Kisii. Implementation of these two projects by Messrs China CAMC Engineering Company commenced in July 2006 and will be completed by August 2008. These projects will reduce system losses and significantly improve the quality of power supply in the respective areas. In the meantime, work on a 132kV line to connect the 60MW Sondu Miriu Hydro Power Station, which is under construction, to the national grid, commenced during the year. The project, which is expected to be completed by December 2007, is being undertaken by Kinden Corporation of Japan and is financed by the Japanese Government.

Mombasa–Nairobi Line

In view of the additional thermal generation expected in the Coast, a feasibility study on the Mombasa to Nairobi transmission line is being carried out by Vattenfall of Sweden with funding from Agence française de Developpement. The study is expected to be completed by December 2006.

Distribution System Expansion and Upgrade

Garsen District Headquarters received electricity from the national grid for the first time following construction of a 70km 33kV line from Malindi. Three other 33kV lines - Musaga-Simbembe, Nakuru-Elburgon and Lanet-Nyahururu were constructed and completed during the same period at a cost of Shs.254 million.

Construction of Bahati and Baba Dogo in Nairobi has been completed at a cost of Shs.425 million, and Mogogosiek sub-station in West Kenya was upgraded at a cost of Shs.19.3 million.

In order to improve the quality of electricity supply and enable connection of new customers, construction of four new sub-stations at Mweiga and Marima (both in Mt. Kenya), Kisumu East (West Kenya) and Kapsabet (North Rift) commenced during the year. The four projects are scheduled to be completed within the 2006 - 2007 financial year at an estimated cost of Shs.225 million.

CUSTOMER SERVICE

E-Bill Service

The Company continues to take advantage of appropriate modern technology to enhance customer convenience in electricity billing services. In August 2005, we launched an electronic bill query system, branded E-Bill, which enables customers to access their account balances electronically through email. This was followed by the E-bill SMS service which was launched in June 2006. This facility enables customers to obtain their electricity account balances through their mobile phones. The facility has enhanced bill



Managing Director, Zachary Ayieko, launches the E-Bill SMS account query service, which has greatly enhanced customer service.



MANAGEMENT REPORT

payments as well as reduced queues in the banking halls.

Customer Charter

During the year, the Company drafted a Customer Charter, which describes in a clear, concise and simplified way, the service standards customers can expect from us. The formulation of the Charter is a demonstration of the great importance we place on the provision of the highest quality service to customers. The charter expresses KPLC's commitment to giving a courteous, efficient, professional, high quality customer service.

The Charter was discussed with customers and other stakeholders at a meeting in June 2006 and will be issued once it is approved by the Electricity Regulatory Board.

Customer Connection Policy

In June 2004, the Company developed a new market-friendly and customer focused connection policy, aimed at reducing costs and accelerating power supply connections to new customers. The salient features of the policy included reduction and standardisation of certain categories of connection charges, proactive marketing targeting group schemes, creation of a revolving fund from which economically viable group schemes are financed and the money so advanced recovered afterwards. The policy is currently under review by a consultant - Electricite de France (EDF) - of France with a view to enhancing the Company's capacity to increase the customer base, which will increase sales and profitability, while at the same time contributing towards the Government's objective of increasing electricity access to Kenyans. In the meantime, the Company has addressed some identified challenges which have previously adversely constrained acceleration of customer base expansion. The two-pronged approach entails enhancement of capacity of internal construction teams, appointment of more external contractors, improvement of availability of materials in our stores and proactive marketing. These strategies have achieved remarkable success.

GENERATION CAPACITY

During the year, the generation capacity adequately met energy demand. The maximum daily peak demand recorded was 916MW compared to 884MW the previous year, an increase of 3.6%, against an effective generation capacity of 1,094MW, and a reserve capacity margin of 19%.

Because the long rains during the year were not

evenly distributed, the storage dams at the Kenya Electricity Generating Company Limited (KenGen) hydro power stations did not fill to capacity. To avert power shortages, the Government, through KenGen contracted additional 100MW of diesel power capacity from Aggreko Ltd., which was installed at KPLC's 132/66kV Industrial Area sub-station under emergency arrangement. Supply from the Aggreko plant commenced in June 2006. In the meantime, an additional 393MW of power capacity is planned for installation in the country at different times by December 2008 in line with the Government's National Power Development Plan. Out of this, KenGen will develop 248MW, and private sector investors 145MW.

As part of this arrangement, KPLC is at an advanced stage of concluding evaluation of tenders for an independent power plant for development of a diesel plant with a capacity of between 80 - 90MW. The plant will be located at Rabai, Mombasa and is projected to be operational by June 2008.

REGIONAL INTERCONNECTION

Kenya-Ethiopia Inter-connector

During the year, the governments of Kenya and Ethiopia reached an agreement to cooperate on the joint development of a high voltage transmission line to interconnect the national grids of the two countries and the joint development of electricity generation facilities in Ethiopia. As part of this cooperation, KPLC and the Ethiopian Electric Power Corporation (EEPCO) signed a memorandum of understanding in May 2006, containing a work plan for the project's implementation. Currently, the two countries plan to carry out a feasibility study for the transmission line inter-connector. The African Development Bank (ADB) and Development Bank of Southern Africa (DBDA) have been approached for funding of the study. At the same time, KenGen and EEPCO signed a memorandum of understanding on joint development of some hydro resources in Ethiopia.

Kenya-Tanzania Inter-connector Project

Commercial negotiations were completed in July 2006, for a project to import electricity from Tanzania. The project involves construction of a 260 km 330kV transmission line between Arusha and Nairobi. Project funds are expected to be available by April 2007 and the project is expected to be completed by 2010.



MANAGEMENT REPORT

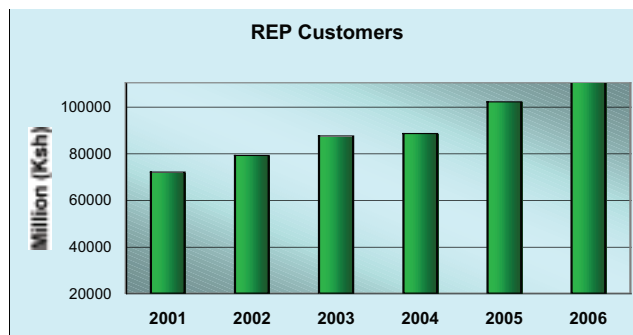
Nile Basin Initiative

A 21 month study, which will culminate in preparation of tender documents for four inter-connection projects under the Nile Equatorial Lakes Subsidiary Action Programme (NELSAP), commenced in February 2006. The interconnection projects are: Kenya-Uganda; Uganda-Rwanda; Rwanda-Burundi; and Rwanda-Democratic Republic of Congo. The study is expected to be completed by November 2007. The interconnection projects will facilitate trade in electricity among the countries involved, depending on which country has capacity at any one time. The feasibility study includes the Jinja-Lessos 220kV line, which is required after 2010 when Uganda is expected to export firm electricity to Kenya.

RURAL ELECTRIFICATION

A total of Shs.834 million was spent on various projects under the Government's Rural Electrification Programme (REP) during the year. This brought the cumulative capital expenditure since inception of the programme in 1973 to Shs.9,331 million. The amount spent during the year included Shs.211 million and Shs.18 million on the French and Stabex funded projects, respectively. A total of Shs.1,085 million was collected from the Rural Electrification Levy during the year compared to Shs.1,046 million the previous year.

The number of customers connected under the programme grew by 8.8% to 110,724 up from 101,793 the previous year. Units sold increased by 13.4% from 164 million to 186 million, and revenue realised grew by 27.4% from Shs.1,208 million the previous year to Shs.1,539 million.



Survey and design works for factories shortlisted for Coffee Factories Rural Electrification Programme (COFREP) Phase II were completed during the year. The service line connections for the schemes covered under Phase II of the Spanish-funded distribution

system expansion programme and for the schemes covered under French Phase I-funded distribution system expansion project were also completed during the year.

The tender for procurement of a contractor for the schemes covered under Phase III of the Spanish funded distribution system expansion programme was completed and the commercial agreement signed between the Company and the contractor. Implementation of this phase is now awaiting execution of a financial agreement between the governments of Kenya and Spain.

A consultant for the implementation of schemes covered under Phase II of the French funded distribution system expansion project, was identified during the year. The procurement of the other contractors and the subsequent commencement of works is expected during the current financial year.

HUMAN RESOURCES

As at 30th June 2006 the Company had a total staff complement of 6,202 and a staff productivity ratio of 129:1. This compares with a total staff complement of 6,130 and a staff productivity ratio of 120:1, as at 30th June 2005.

The Company continues to invest in its human capital through comprehensive staff training and development programmes. During the year under review, over 6,000 employees attended various training programmes both locally and overseas.

Industrial harmony was maintained throughout the year under review. In this regard, the Collective Bargaining Agreement (CBA) for calendar years 2005 and 2006 was signed on 1st July 2005. In recognition of long service and dedicated accident free driving, the Company held a ceremony during which 262 long serving employees and 731 accident-free drivers received various awards and bonuses.

HIV/Aids

In view of the devastating effect that HIV/Aids pandemic has caused on the family unit, our business and the economy, the Company launched an HIV/Aids policy in June 2005. Consequently, employees and their immediate families can now access free anti-retroviral drugs through the various Company appointed Medicare service providers.



MANAGEMENT REPORT

INFORMATION COMMUNICATION TECHNOLOGY (ICT) SERVICES

Information Communication Technology (ICT) Services continued to support the business by maintaining and enhancing efficiency in billing and customer care, revenue collection, supply chain management, power systems operations and maintenance. ICT was also instrumental in the development of the E-bill facility and is working on other innovations that will enable customers to pay their bills through mobile telephony as well as through other partners, such as selected supermarket chains. An upgrade of the ICT infrastructure commenced during the year, which will enable the Company to enhance customer service and satisfaction.

CONCLUSION

As we look into the future, our resolve is to continually strive to enhance shareholders' value, expand our customer base and improve the quality of supply to our customers. The Company will continue

to refine and implement the strategies applied during the last three years, which have so far achieved remarkable success in improving the financial sustainability of the Company.



DON PRIESTMAN
GENERAL MANAGER & CEO



ZACHARY AYIEKO
MANAGING DIRECTOR



TAARIFA YA WASIMAMIZI



BW. DON PRIESTMAN
GENERAL MANAGER & CEO



BW. ZACHARY AYIEKO
MANAGING DIRECTOR

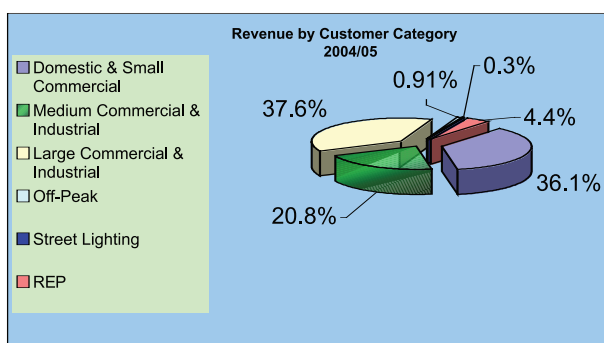
MFUMO WA UMEME

Mradi wa Ufufuzi wa Sekta ya Kawi (ESRP)

Zabuni ya huduma za usimamizi

Utekelezaji, uboreshaji, na uimarishaji wa mitambo ya ugawaji umeme chini ya mpango wa ufufuzi wa sekta ya kawi (Energy Sector Recovery Project (ESRP)) ni mradi utakaogharimu dola milioni 153 kutoka kwa wadhamini. Lengo lake ni kuimarisha usambazaji bora na wakutegemewa wa umeme, na vile vile kuongeza upatikanaji wa umeme. Mnamo Juni 2006, kampuni iliweka sahihi mkataba wa usimamizi na kampuni ya Manitoba Hydro International (MHI) baada ya zabuni iliyoshindaniwa, ili kuwatafuta wasimamizi wa kuhudumu kwa kipindi cha miaka miwili kuanzia Julai mosi, 2006. Hatua ya kuteua wasimamizi ilitimiza matakwa yakuwezesha fedha za kugharamia mradi wa ESRP kutolewa. Chini ya mkataba huo, kampuni ya Manitoba ilitoa wafanyikazi wa kulipwa watatu, wao

Kampuni ya Manitoba inatarajiwa kutimiza utendakazi katika kipindi cha miaka miwili ijayo, ambao utajumuisha kuunganishwa kwa wateja wapya 120,000 kila mwaka; kupunguza upotevu wa nguvu za umeme katika mitambo kwa asilimia 4; kupunguza visa vya kukatizwa kwa nguvu za umeme kutoka mara 11,000 hadi mara 3,000 kila mwezi; na uboreshaji wa huduma za utendaji kazi. Niko na furaha kutambua juhudi za utendaji kazi katika kipindi hiki. Matumizi ya pesa ni jambo ambalo limelengwa ipasavyo na la kuridhisha. Pamoja na hayo, msimamizi wa zabuni za utendakazi atatekeleza mradi wa ESRP wa dola milioni 153 wa kuboresha ugawaji, na kuendeleza mpango wa kuwafunza wafanyikazi katika taaluma mbali mbali za utendaji kazi. Kuteuliwa kwa msimamizi wa kampuni kwa mda wa miaka miwili, kulishangia ufunguzi wa fedha za mradi wa ESRP kutoka kwa wadhamini, ikiwemo Banki ya Dunia. Mradi huo tayari unaendelea.



wakiwa ni Bw. Don Priestman (Meneja mkuu na pia afisa mkuu msimamizi), Bw. Shahid Muhammad (Naibu meneja mkuu anayesimamia ugawaji na huduma za wateja) na Bw. H Mack Kast (Naibu meneja mkuu anayesimamia hazina na huduma za kampuni). Kampuni ya Manitoba vile vile inatoa wataalamu katika nyanja tofauti kwa vipindi vifupi ili kufanya utafiti wa kutambua maeneo ambayo yanafaa kupewa kipao mbele ili kuboresha utendakazi.

Maafikiano ya kandarasi ya usimamizi wa kampuni unatarajiwa kuimarisha juhudi za utendakazi ikiwa ni pamoja na kuimarisha maswala ya kifedha katika kampuni, uboreshaji ulioimarika wa utoaji nguvu za umeme kwa wateja wetu, na wakati huo huo tukisisitiza umuhimu wa kudumisha utendakazi wa hali ya kimataifa katika kampuni.

Sehemu ya ESRP ambayo itajumuisha uboreshaji wa mtandao wa usambazaji wa nguvu za umeme unadhaniwa na shirika la International Development Association kwa dola milioni 43.5, Agence francaise de Developpement kwa dola milioni 25, European Investment Bank kwa Euro milioni 41 na Nordic Development Fund kwa Euro milioni 10.

Zabuni ya ustawishaji wa mtandao wa kuwezesha kampuni kunakiri habari na matukio kwenye mitambo na pia kuiendesha mitambo hiyo kwa kifupi SCADA/EMS, na pia ile ya uboreshaji wa huduma ya



TAARIFA YA WASIMAMIZI

usambazaji ziliwekwa sahihi na kampuni za Fichtner na Norconsult AS za Norway, mnamo Septemba na Julai 2005.

Zabuni ya kuleta na kuweka nguzo za umeme chini ya ardhi za 66kV kutoka kituo kidogo cha Nairobi West hadi kile cha Cathedral ndani ya mji wa Nairobi tayari imetolewa kwa Socabelec SA ya Belgium, na kazi inatarajiwa kukamilika mwishoni mwa Aprili, 2007. Zabuni ya kuweka mtambo wa redio katika eneo la mlima Kenya umetolewa kwa kampuni ya Motorola Israel Ltd. na kazi inatazamiwa kukamilishwa mwisho wa Octoba 2007.

Mpango wa maagizo ya zabuni zilizosalia uko katika hatua za mwisho, na kuanzishwa kwa kazi kunatarajiwa katika kipindi kilichopo sasa cha mwaka.

Utafiti wa athari za kimazingira katika miradi yote ilio chini ya ESRP umekamilika na kuidhinishwa na wasimamizi wakuu wa mazingira wa National Environment Management Authority (NEMA).

Upanuzi na uboreshaji wa mitambo ya usafirishaji wa nguvu za umeme

Mnamo Januari 2005, kampuni ilipokea mkopo wa riba ya chini kutoka serikali ya jamhuri ya China kupitia serikali ya Kenya wa kiasi cha dola milioni 20 kugharamia ujenzi wa laini ya usafirishaji wa nguvu za umeme ya 132kV ya ubali wa kilomita 115 kati ya Kamburu na Meru na ingine ya kilomita 61 kati ya Chemosit na Kisii. Utekelezaji wa miradi hiyo miwili na Kampuni ya China CAMC Engineering Company Ltd. ulianza mnamo Julai 2006, na unatazamiwa kukamilishwa mnamo Agosti 2008. Miradi hiyo itapunguza upotevu wa umeme kwa kiwango kikubwa na kuboresha ustahilifu wa nguvu za umeme katika maeneo husika. Wakati huo huo, kazi ya kujenga laini ya 132kV ya kuunganisha kiwanda cha megawati 60 cha Sondu Miriu Hydro Power Station na mtandao wa kitaifa iliyoanza mwakani ingali inaendelea. Mradi huo, ambao unatarajiwa kukamilika ifikapo Desemba 2007, unatekelezwa na Kinden Corporation ya Japan na unadhaminiwa na serikali ya Japan.

Laini ya usafirishaji nguvu za umeme ya Nairobi-Mombasa

Kutokana na ongezeko la utoaji wa nguvu za umeme kutokana na mitambo ya kutumia mafuta

linalotarajiwa huko pwani, utafiti wa laini ya usafirishaji kutoka Mombasa hadi Nairobi unafanywa na kampuni ya Vattenfall ya Sweden kupitia udhamini kutoka Agence francaise de Developpement. Utafiti huo unatarajiwa kukamilika Desemba 2006.

Upanuzi na uboreshaji wa mpango wa ugawaji

Makao makuu ya wilaya ndogo ya Garsen yalipata umeme kwa mara ya kwanza baada ya kujengwa kwa laini ya 33kV ya ubali wa kilomita 70 kutoka Malindi. Laini zingine tatu za 33kV za Musaga-Simbembe, Nakuru-Elburgon na Lanet-Nyahururu zilijengwa na kukamilishwa katika kipindi hicho, kwa gharama ya shilingi milioni 254.

Ujenzi wa vituo vidogo vya stima vya Babadogo na Bahati mjini Nairobi ulikamilika mwanzo wa kipindi cha mwaka huu wa kifedha kwa gharama ya shilingi milioni 425. Kituo kidogo cha Mogogosiek magharibi mwa Kenya kiliboreshwa kwa gharama ya shilingi milioni 19.3.



Taking a emergency calls at the Stima Plaza Call Centre: KPLC is committed to good customer service.

Ili kuboresha ustahili wa nguvu za umeme zinazotolewa na kufanikisha uunganishaji wa wateja wapya, ujenzi wa vituo vya stima vidogo vipya huko Mweiga na Marima (Mt Kenya), Kisumu East (West Kenya) na Kapsabet (North Rift) ulianza mwakani. Miradi hiyo minne inatazamiwa kukamilika katika kipindi cha mwaka huu wa kifedha kwa gharama ya shilingi milioni 225.



TAARIFA YA WASIMAMIZI

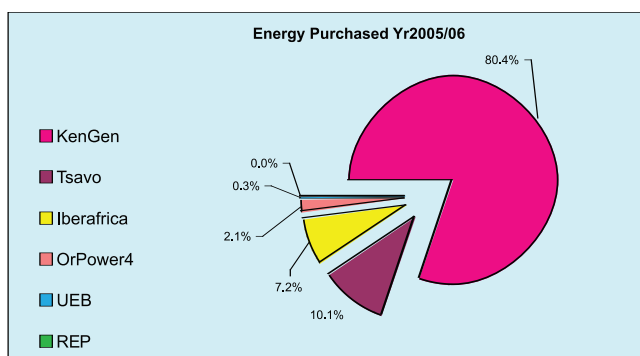
HUDUMA KWA WATEJA

Barua pepe ya E-Bill

Kampuni imeendelea kuzindua binu zinazotumia teknolojia ya kisasa kuimarisha namna wateja watakavyoendelea kupokea bili zao. Kwenye kipindi hicho, tulianzisha mpango wa kuulizia bili za umeme kwa njia ya barua pepe (e-mail) inayoitwa E-Bill, ambayo ilizinduliwa rasmi mwezi Agosti 2005. Mpango huo humwezesha mteja kupata ujumbe kwenye kompyuta yake unaomjulisha kiasi cha pesa anachodaiwa kwa ajili ya matumizi ya umeme. Huduma hii ilifuatiliwa na ile ya ujumbe mfupi ama SMS kwenye simu ya rununu ambayo mteja anatumia kuulizia pesa anazohitaji kulipia matumizi ya nguvu za umeme, ambao ulianzishwa Juni 2006.

Mkatoba na Wateja

Mwaka uliopita, kampuni iliandikiana mkatoba na wateja wake, ambao unaelezea kwa kina na kwa njia ya kueleweka, kiwango cha huduma ambazo wanaweza kutarajia kutoka kwetu. Utekelezaji wa mkatoba huo ni dhihirisho kamili la kujitolea kwa kampuni kutoa kiwango cha juu cha huduma bora kwa wateja wetu. Mkataba huu unaelezea kujitolea kwa kampuni yetu kutoa huduma za kuridhisha na za hali ya juu kwa wateja wake. Mkataba huu ulijadiliwa na wateja wetu na washikadau wengine katika mkutano uliyofanyika Juni 2006 na utatekezwa



mara tu utakapoidhinishwa na halmashauri inayosimamia shuguli zote za umeme ya ERB.

Mpango wa kuunganisha wateja

Mnamo Juni 2004, kampuni ilianzisha mpango mpya wa kuunganisha wateja wapya kwa kuwaleta pamoja, ambao unalenga kupunguza ada zinazotowza na kuongeza idadi ya wateja wapya. Cha muhimu katika mpangilio huu ni pamoja na kupunguzwa kwa malipo mbali mbali ya uunganishaji ambao madhumuni yake yanalenga miradi ya vikundi, na kubuniwa kwa hazina maalum ambayo inadhamini miradi ya vikundi hivyo. Mpango huo tayari

unachunguzwa na wataalamu kutoka Electricite de France (EDF) ya Ufaransa, ukiwa na lengo la uimarishaji wa idadi ya wateja ili kuongezea mapato na faida ya kampuni, na wakati huo huo kuchangia katika malengo ya serikali ya kuongeza upatikanaji wa nguvu za umeme kwa umma. Hivi sasa, kampuni imetambua vizingiti vingine na inajishughulisha kuvikwamua, ambazo hapo awali zilikuwa ni pingamizi kubwa katika upanuzi wa idadi ya wateja. Suluhisho ni kuimarishwa kwa vikundi vya ujenzi vya kampuni, pamoja na kuwaajiri makampuni ya wanakandarasi wa kutoka nje, na pia kustahilisha upatikanaji wa vitu na vyombo vya ujenzi katika maghala yetu, hizi zote zikiambatana na kuimarisha ushawishi wa watu.

UZALISHAJI WA NGUVU ZA UMEME

Hapo mwakani, kiwango cha utoaji wa nguvu za umeme kilitosheleza mahitaji yote ya kawi. Kilele cha megawati 916 cha mahitaji ya umeme kilirekodiwa katika mwaka kikilinganishwa na megawati 884 mwaka uliyotangulia, hii ikiwa ni ongezeko la asilimia 3.6, dhidi ya uwezo wa utoaji wa kiwango cha megawati 1,094 ikiwa na hifadhi ya asilimia 19. Kwa sababu mvua ya vuli ilionyesha mwakani haikunyeshwa kila mahali kama ilivyotarajiwa, vidimbwi vya kuhifadhi maji vya Kenya Electricity Generating Company Limited (KenGen) vya nguvu za umeme havikujaa maji kiwango kinachotakikana. Ili kuepukana na upungufu wa nguvu za umeme, serikali ilitoa zabuni ya nyongeza ya megawati 100 kutoka mitambo ya kutumia diseli ya Aggreko Limited, ambayo iliwekwa kando ya kituo kidogo cha KPLC cha 132/33kV kilichoko viwandani jijini Nairobi kupitia mpango maalum wa dharura. Utoaji kutoka kiwanda cha Aggreko ulianza mnamo Juni 2006. Wakati huo huo, nyongeza nyingine ya megawati 393 ya nguvu za umeme inatarajiwa kuwekwa nchini kufikia Desemba 2008, kufuatia mpango wa serikali wa maendeleo ya nguvu za umeme. Katika nyongeza hiyo, KenGen itatoa megawati 248 na wawekezaji katika sekta ya kibinafsi megawati 145.

Kama mshikadau katika mpangilio huu, KPLC imo katika hatua za mwisho za kutamatisa ukaguzi wa zabuni kwa mwekezaji wa kiwanda cha kipekee cha kuendeleza mtambo wa diseli wa kiwango cha kati ya megawati 80-90. Mtambo huu utawekwa huko Rabai, Mombasa, na unatazamiwa kuanza kufanya kazi mnamo Juni 2008.



UUNGANISHAJI KWENYE ENEO

Uunganishaji kati ya Kenya na Ethiopia

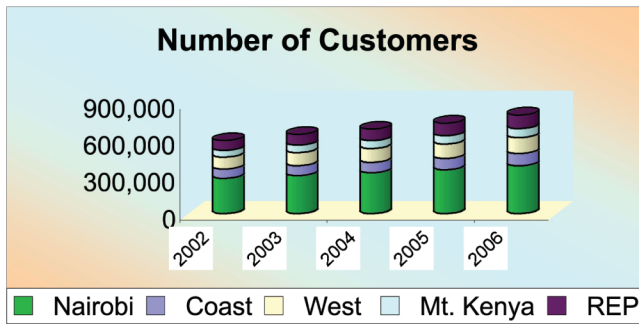
Hapo mwakani, serikali za Kenya na Ethiopia zilifikia makubaliano ya kushirikiana katika mpango wa pamoja wa kuanzisha laini ya usafirishaji nguvu za umeme yenye nguvu zaidi ambayo itaunganisha mitandao ya nchi zote mbili, na pia kuanzisha miradi ya pamoja ya uzalishaji nguvu za umeme huko Ethiopia. Kutokana na makubaliano hayo, KPLC na kampuni ya Ethiopian Electric Power Corporation (EEPCO) waliweka sahihi mkataba wa masikilizano mnamo Mei 2006, unaoeleza utekelezaji wa mradi huo. Kwa sasa, nchi hizo mbili zimo kwenye harakati za kufanya uchunguzi wa mradi huo wa laini ya usafirishaji wa nguvu za umeme utakaoziunganisha. Benki ya Afrika au African Development Bank (ADB) na ile ya maendeleo ya Afrika kusini au Development Bank of Southern Afrika (DBDA) tayari wamewasilishiwa ombi la fedha za udhamini wa uchunguzi wa mradi huu. Wakati huo huo, KenGen na EEPCO ya Ethiopia walitia sahihi mkataba wa makubaliano ya kuendeleza miradi ya uzalishaji wa nguvu za umeme nchini Ethiopia.

Kenya– Uganda, Uganda-Rwanda, Rwanda-Burundi, na Burundi na Jamhuri ya kidemokrasia ya Congo. Uchunguzi unatarajiwa kukamilika mnamo Novemba 2007. Mipango ya uunganishaji itarahisisha biashara ya umeme kati ya mataifa husika, ikitegemea nchi yoyote ambayo itakuwa na kiwango cha kutosheleza mahitaji ya umeme wakati wowote. Uchunguzi huo utahusisha laini ya Jinja-Lessos ya 220kV, ambayo itahitajika sana mwaka wa 2010 wakati Uganda inatarajiwa kuanza kuuza umeme nchini Kenya.

USAMBAZAJI UMEME KATIKA SEHEMU ZA MASHAMBANI

Jumla ya shilingi milioni 834 zilitumiwa katika miradi mbali mbali chini ya mradi wa serikali wa kustawisha umeme katika maeneo ya mashambani wakati wa kipindi hicho. Matumizi yote kwa jumla tangu kuanzishwa kwa mradi huu mwaka wa 1973 umefikia shilingi milioni 9,331. Kiasi cha pesa kilichotumiwa wakati huo ni pamoja na shilingi milioni 211 na shilingi milioni 18 kwa miradi iliyofadhiliwa na Ufaransa na ile ya Stabex kila mmoja. Jumla ya shilingi milioni 1,085 zilikusanywa kutoka kwa ushuru wa umeme wa maeneo ya mashambani mwakani, ikilinganishwa na shilingi milioni 1,046 mwaka uliotangulia.

Idadi ya wateja waliounganishwa na umeme chini ya mradi huu iliongezeka kwa asilimia 8.8 hadi wateja 110,724 ikilinganishwa na wateja 101,793 mwaka uliotangulia. Kiasi cha umeme kilichouzwa kiliongezeka kwa asilimia 13.4 kutoka viwango milioni 164 hadi viwango million 186 na mapato yakaongezeka kwa asilimia 27.4 kutoka shilingi milioni 1,208 mwaka uliotangulia hadi shilingi milioni 1,539.



Mpango wa uunganishaji kati ya Kenya na Tanzania

Mazungumzo ya uagizaji wa nguvu za umeme kutoka Tanzania yalikamilika mnamo Julai 2006. Mpango huo unahusisha ujenzi wa laini ya usafirishaji ya nguvu za umeme ya 330kV ya umbali wa kilomita 260 kati ya Arusha na Nairobi. Pesa za kufadhili mradi huo zinatazamiwa kupatikana Aprili 2007 na mradi huo unatarajiwa kukamilika ifikapo 2010.

Kuanzishwa kwa mpango wa Mto Nile

Uchunguzi wa miezi 21, ambao utahusisha utayarishaji wa zabuni ya kandarasi nne za uunganishaji, na ambao uko chini ya mkataba wa Nile Equatorial Lakes Subsidiary Action Programme (NELSAP) ulianzishwa mnamo Februari 2006. Mipango ya pamoja ya uunganishaji ni kati ya

Kazi ya upimaji na mishoro ya miradi ya kuunganisha umeme katika viwanda vya kahawa chini ya awamu ya kwanza na ya pili ya mradi wa ustawishaji umeme katika maeneo ya mashambani pamoja na viwanda vya kahawa ilikamilishwa. Kazi ya kuingiza umeme kwenye viwanda hivyo wakati wa awamu ya pili ya mradi unaogharamiwa na Uhispania na awamu ya kwanza ya ule unaogharamiwa na Ufaransa, ilikamilika mwaka huo.

Zabuni ya kandarasi ya ujenzi wa miradi mbali mbali chini ya awamu ya tatu ya mpango unaogharamiwa na fedha zilizotolewa na Uhispania, ilikamilika mwaka huo na mkataba wa kibiashara kuwekwa sahihi kati ya kampuni na mwenye kandarasi hiyo.



TAARIFA YA WASIMAMIZI

Utekelezaji wa mpango huu utanza punde tu Kenya na Uhispania zikifikia mkataba wa kifedha.

Mshauri wa utekelezi wa miradi katika awamu ya pili ya mpango uliogharamiwa na Ufaransa wa upanuzi wa mtandao wa usambazaji umeme ambayo itanza mbele ya ile miradi ya awamu ya tatu, aliteuliwa katika mwaka huo. Uteuzi wa wanakandarasi wataotekeleza miradi mingine utakamilika wakati wa kipindi cha matumizi cha mwaka huu.

WAFANYIKAZI

Kufikia 30 Juni 2006 kampuni ilikuwa imewaajiri wafanyikazi wapatao 6,202 na uzalishaji wa kima cha asilimia 129:1 ikilinganishwa na idadi ya wafanyikazi 6,130 na uzalishaji wa kima cha 120.1 kufikia 30 June 2005.

Kampuni iliendelea kudumisha wafanyikazi wenye ujuzi mkubwa ili kukabiliana ipasavyo na malengo ya Kampuni, kwa kuwapa mafunzo na kuwastawisha kama njia ya kuhakikisha kwamba wana ujuzi na uwezo unaohitajika kufanya kazi zao. Katika mwaka huu wafanyikazi 6,000 walihudhuria mipango mbali mbali ya masomo na warsha muhimu, humu nchini na ngambo.

Uhusiano mwema na wafanyikazi ulidumishwa mwaka huo wote. Makubaliano ya kikazi baina ya wafanyikazi na kampuni ya mwaka wa 2005 na 2006 yalipitishwa na kuwekwa sahihi Julai 2005. Kama ishara ya kutambua wafanyikazi wetu ambao wamehudumu kwa kipindi kirefu na wengine kwa kuendesha magari ya kampuni bila kusababisha ajali, kampuni iliwatua wafanyikazi 262 ambao wamefanya kazi kwa muda mrefu, pamoja na madereva 731 ambao hawakusababisha ajali. Wote hawa walipewa zawadi mbali mbali pamoja na malipo ya ziada.

Masilahi ya wafanyikazi

Kutokana na madhara ambayo yamesababishwa na ugonjwa hatari wa ukimwi na virusi vya HIV yanayoadhiri jamii nyingi, biashara yetu, na uchumi wote kwa jumla, kampuni ilianzisha mpango wa HIV/Aids mnamo Juni 2005. Katika mpango huu, wafanyikazi pamoja na jamii zao za karibu sasa

wanaweza kupata madawa ya kukabiliana na ukimwi ya bure ya ARVs kupitia madaktari ama hospitali zilizoorodheshwa na kampuni.

HUDUMA ZA TEKNOLOJIA YA MAWASILIANO YA HABARI - ICT.

Teknolojia ya mawasiliano na habari, ICT, iliendelea kuchangia shughuli za kampuni mwaka huo. ICT ilichangia kudumisha na kuongeza ubora wa kudai malipo pamoja na maslahi mengine ya wateja, ukusanyaji wa mapato, ununuzi wa bidhaa muhimu, mpangilio wa mtandao wa umeme na ukarabati wake. Idara ya ICT vile vile ilikuwa ni kiini cha kubuniwa kwa huduma ya E-Bill na inaendelea kutayarisha miradi mingine mipya ambayo itawawezesha wateji wetu kulipa bili zao kupitia simu ya rununu, na pia kupitia washiriki wengine kama vile maduka kadhaa makubwa. Uimarishaji wa mtandao wa ICT ulianza mwakani, na utaiwezesha kampuni kutoa huduma bora na za kuridhisha kwa wateja.

MWISHO

Tukiangazia macho matarajio yalio mbele yetu, makusudio yetu hasa ni kuendelea kufanikisha ongezeko la mapato ya wenye hisa, kuongeza idadi ya wateja wetu na kuboresha huduma kwa wateja wetu. Kampuni itaendelea kustawisha na kutekeleza mbinu zilizoanzishwa miaka mitatu iliopita, ambazo zimeleta mafanikio makubwa katika uimarishaji na udumishaji wa hali ya kifedha ya kampuni.



DON PRIESTMAN
GENERAL MANAGER & CEO



ZACHARY AYIEKO
MANAGING DIRECTOR



CORPORATE SOCIAL RESPONSIBILITY REPORT

In recognition of its obligations as a responsible corporate citizen, the Board of Directors and management sustained the Company's participation in corporate activities that enhance the social, economic and environmental interests that affect its internal and external stakeholders.

The Environment

Our business has been a major beneficiary of wood products. We have, therefore, undertaken to contribute towards national afforestation initiatives in collaboration with the Forest Department. Since 1999, the Company has sustained a tree-planting programme at Timboroa Government Forest, with seedlings propagated at our own tree nursery in Eldoret, which has a capacity of 300,000 seedlings. Presently, we have replanted 52 hectares of forest, 10 of them during the period under review. The first 8,500 trees will be ready for harvesting in 2007. At the same time, we distributed over 100,000 free seedlings during the year, to farmers and members of the public in the region, as our initiative to encourage tree growing on private land.

Also, as further encouragement to individual farmers to grow trees for domestic and commercial use, we have developed a procurement system that enables them to sell raw wood poles to wood curing plants, for eventual use in construction of electricity distribution lines.

Society

We are conscious of the needs of the society in which we operate and, consequently, we have endeavoured to contribute to initiatives that impact on improvement of their social well-being. We particularly target the less privileged members of the society, and in this connection the Company together with staff donated Shs.2 million in 2006 towards the National Famine Relief Fund, to assist hunger stricken communities across the country. Also, the Kenya Paraplegic Organisation was the beneficiary of a Shs.30,000 donation from the Company, to assist it offer better quality care to its charges. The Company also donated Shs.120,000 towards the Dettol-Mater Heart Run, which collects funds to facilitate heart operations for children from deprived backgrounds.

We also supported causes that address community needs such as the Standard Chartered Nairobi Marathon, which raises funds to facilitate provision of medical assistance and health education to communities in various parts of our country, by sponsoring a corporate team at Shs.75,000 during the year under review.

In December 2005, staff made various donations to worthy causes, with the largest donation of Shs.140,000 being made by Nairobi Region staff to the Nairobi Women's Hospital.

Stakeholders

As a service provider that is well aware of its obligations to its customers, we drafted a Customer Charter detailing our obligations to them. We invited customers under the umbrella of resident associations and other interest groups to a meeting to debate and suggest how to enhance our services. Consequent to this interaction and in recognition of



A stakeholder makes a point during a consultative meeting

the value of partnerships and dialogue in order to better understand the needs of our customers, we subscribed to membership of the Kenya Association of Resident Associations (KARA) and facilitated a quarterly meeting for members at a cost of Shs.300,000, where important issues relating to utility services delivery were discussed.

We also partnered with umbrella organisations whose activities impact on the wellbeing of our customers and business community. We contributed Shs.25,000 to the Energy Management Awards, which is organised by the Kenya Association of Manufacturers to assist its members to maximise utilisation of electricity in their production processes. We donated a further Shs.20,000 to ICPAK for the Financial Reporting (FIRE) awards, which is a programme to encourage public and private enterprises to observe high standards and transparency in their financial reporting and disclosure. Being a valued member of the Federation of Kenya Employers, we facilitated a major meeting of employers during the period at a cost of Shs.150,000. We also facilitated the first centenary event for Africa of the International Electromechanical Commission at a cost of



CORPORATE SOCIAL RESPONSIBILITY REPORT

Shs.267,510, as the main sponsors. It was hosted by the Kenya committee of the commission in which a number of Company employees are involved, and the Kenya Bureau of Standards.

In the knowledge that many Kenyans living in urban, peri-urban and rural areas have not connected to the grid due to financial outlay required on their part, the Company has developed a more customer friendly scheme dubbed "Umeme Pamoja" that enables groups of people in the same locality to enjoy economies of scale by making joint applications. The Company has also reduced connection charges for potential customers within 600-meter radius of a transformer, which has encouraged many people to pay up and get connected.

Stakeholder Awareness

In order to facilitate awareness and understanding of various aspects and nature of our service, we carried out various awareness campaigns through print and electronic media and also organised face-to-face meetings with a view to reach a wide cross section of our customers and other stakeholders.

Our Human Capital

It is in our interest to continue investing in the development of our human capital as a prerequisite to meeting expectations of our employees and customers. Consequently, we continued to offer various groups of our employees training opportunities to learn new skills and develop careers, locally and abroad. All employees also undergo an annual performance appraisal, which includes identification of training and development needs.



KPLC Chairman, Eng. Alfred Sambu, launches the KPLC HIV/Aids Policy, which supports members of staff and their families.

Also, our commitment to provide them with competitive working conditions remained a cardinal tenet of our corporate policy, and employees enjoy basic pay, medical care and membership to a pension scheme in addition to various other allowance packages, where applicable. Some employees are also shareholders of the Company.

Various formal and informal interaction forums have been provided to enable dialogue between employees and the management such as regular meetings, in-house publications, internal e-mail and team briefing. Special facilities like dedicated e-mail addresses, telephone lines and suggestion boxes, which staff may use to "whistle blow" about sensitive issues, are available in all regions.

During the period under review, we launched a comprehensive HIV/Aids policy, and circulated a booklet on the policy to all staff. It advocates behavioural change and outlines expanded care that is now available to affected staff, through a Shs.5 million annual package for anti-retroviral intervention under our medical care scheme.

Education

Our support to education-related initiatives stems from the fact that the pool of skilled manpower that help to drive the success of our Company are a product of the country's education system. We, therefore, continued to provide opportunities for attachment for university students and those from tertiary institutions, to enable them acquire a hands-on experience and fulfil a requirement for graduation. During the year under review, 201 students went through the attachment programme at KPLC.

A handwritten signature in blue ink, which appears to read "Alfred Sambu".

ENG. ALFRED SAMBU
CHAIRMAN



TAARIFA KUHUSU USHIRIKIANO NA JAMII

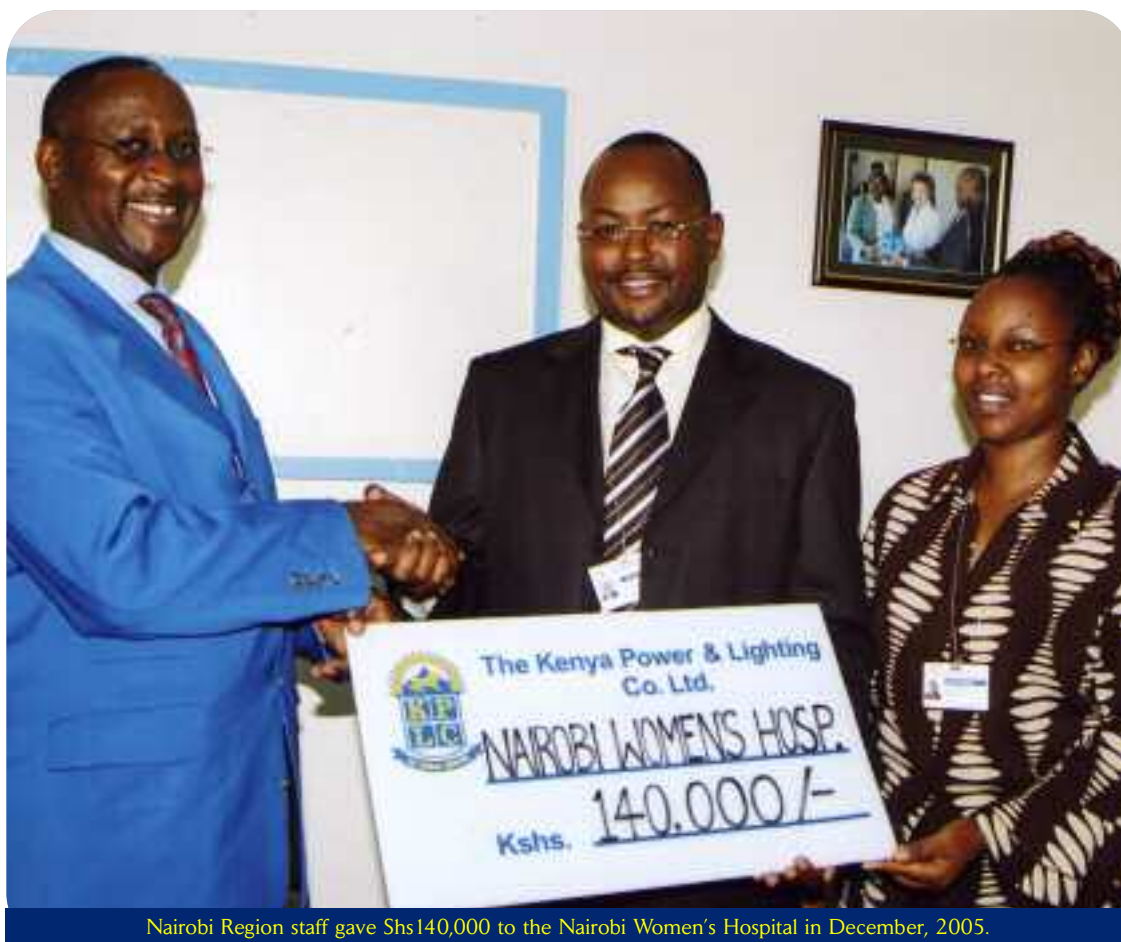
Katika kutambua jukumu lake kama shirika ambalo linawajibika kijamii, Halmashauri ya wakurugenzi pamoja na wasimamizi waliendelea kudumisha mfumo wa kampuni wa kushiriki katika miradi ya kijamii, ambayo iliendeleza moyo wa kuzingatia mambo yote ambayo yanajumuisha washikadau wote wa jamii, uchumi, pamoja na mazingira.

Mazingira

Biashara yetu huwa hasa inategemea kwa wingi bidhaa zinazotokana na miti. Kwa hivyo, tumeamua kuchukua jukumu la kuchangia mradi wa kitaifa wa

huu itakuwa tayari kuvunwa 2007.

Vile vile, kama njia nyingine ya kuwapa motisha wakulima tofauti wakuze miti kwa matumizi ya nyumbani na ya kuuza, tumeanzisha mpango mpya wa ununuzi ambapo wakulima wanaweza kuuzia kampuni miti iliyokatwa ikiwa mbichi. Baadaye, miti hiyo mbichi itatayarishwa ipasavyo katika viwanda mbali mbali, kwa matumizi ya hapo baadaye kwa ujenzi wa laini za usambazaji wa umeme.



Nairobi Region staff gave Shs140,000 to the Nairobi Women's Hospital in December, 2005.

kujitolea katika kupanda miti tukishirikiana na idara ya misitu. Tokea mwaka 1999, kampuni imedumisha mradi wa kupanda miti kwenye msitu unaosimamiwa na serikali huko Timboroa na miche ambayo imekuzwa katika bustani ya miche yetu huko Eldoret, ambayo iko na nafasi ya miche 300,000. Kufikia sasa, tumepanda hekta 52 za msitu, 10 ambazo zimepandwa mwaka huu. Wakati huo huo, tulipeana bure zaidi ya miche 100,000 mwakani kwa wakulima na wananchi ambao wanaishi katika eneo hilo. Hiyo imekuwa njia mwafaka ya kuwatia motisha katika upandaji miti katika ardhi za kibinafsi. Kiasi cha miti 8,500 iliyopandwa mwanzo wa mradi

Jamii

Tunatambua mahitaji ya jamii ambazo tunashirikiana na kukaa pamoja nazo. Kwa hivyo, tumejitolea kuchangia katika jukumu ambazo zinawahusu. Kwa kawaida sisi hulenga wale ambao ni wanyonge katika jamii. Kufuatia hatua hii, kampuni ikishirikiana na wafanyikazi walitoa mchango wa shilingi milioni 2 mnamo mwaka 2006 kwa mchango wa kitaifa kuwasaidia wale wote ambao waliadhiriwa na baa la njaa nchini kote. Vile vile, chama cha walemavu nchini, Kenya Paraplegic Organization, kilifaidika kwa mchango wa shilingi elfu 30 kutoka kwa kampuni, ili kukisaidia kutoa huduma bora kwa



TAARIFA KUHUSU USHIRIKIANO NA JAMII

wanachama. Kampuni pia ilichanga shilingi elfu 120 za kusaidia mbio za Dettol-Mater Heart Run, ambazo hukusanya pesa za kusaidia upasuaji wa watoto wadogo walio na magonjwa ya moyo kutoka kwa jamii ambazo haziwezi kujimudu kimaisha.

Vile vile tulijitolea katika kuunga mkono jukumu ambazo zinahusu jamii kama vile mashindano ya mbio za nyika mjini Nairobi yaliotayarishwa na benki ya Standard Chartered, ambayo hukusanya pesa za kusaidia kutoa huduma za matibabu pamoja na masomo ya afya kwa jamii katika sehemu mbali mbali humu nchini. Kampuni ilidhamini kikundi cha wafanyikazi kwa shilingi elfu 75 ili kushiriki katika mbio hizo.

Mnamo Desemba 2005, wafanyikazi katika maeneo yote ya kampuni walichangia mipango kadhaa ya kijamii. Kiasi kikubwa cha mchango wa shilingi elfu 120 kilitolewa na tawi letu la Nairobi kwa hospitali ya wanawake ya Nairobi - Nairobi Women's Hospital.

Washikadau

Kama mtoaji huduma ambaye anafahamu kwa dhati majukumu yake kwa wateja wake, tulitayarisha kielelezo cha mkataba na wateja, ambacho kieleleza majukumu yetu kwao. Tuliwaalika wateja chini ya vuli la ushirikiano wa wakaazi wa maeneo mbali mbali nchini ya Kenya Alliance of Resident Associations (KARA) na makundi mengine ambayo yalitaka kuhusishwa kwa mkutano, ili kujadili na kutoa maoni jinsi tunavyoweza kuendeleza huduma zetu. Kufuatia majadiliano hayo na kwa kutambua umuhimu wa kushirikiana pamoja na wateja ili kuelewa zaidi mahitaji yao, tulijiandikisha kama wanachama wa KARA, na tulihusika kwenye udhamini wa mkutano wa katikati ya mwaka wa chama hicho wa kiasi cha shilingi elfu 300, ambapo maswala muhimu yanayolenga utoaji wa huduma kwa jumla yalijadiliwa.

Vile vile, tuliungana na mashirika ambayo kazi zake zina uzito mkubwa kwa wateja wetu pamoja na jamii yote ya kibiashara. Tulitoa mchango wa shilingi elfu 25 kwa hazina ya tuzo la usimamizi mwema wa kawi, (Energy Management Awards) ambalo hutayarishwa na shirika la watengenezaji bidhaa la Kenya Association of Manufacturers, ili kuwasaidia wanachama kutumia umeme kwa hekima wakati wanapofanya kazi zao. Tulichanga mchango mwingine wa shilingi elfu 20 kwa chama cha wahasibu, ICPAK, kukiwezesha kutoa tuzo kwa mashirika ambayo yanachapisha taarifa zao za kifedha kwa njia ya wazi. Tukiwa mwanachama

aliyethaminiwa na chama cha muungano wa waajiri hapa nchini, Federation of Kenya Employers, tulihusika na utayarishaji wa mkutano mkubwa wa waajiri katika kipindi hicho, kwa gharama ya shilingi elfu 150. Vile vile, tulichangia katika maandalizi ya sherehe ya kwanza ya miaka mia moja katika kanda ya Afrika ya Tume ya mafundi wa umeme duniani kwa gharama ya shilingi elfu 267.5 kama wadhamini wakuu. Mkutano huo uliandaliwa na kamati ya tume hiyo hapa nchini inayojumuisha wafanyikazi wa kampuni na shirika la ukadiriaji wa ubora wa bidhaa nchini, Kenya Bureau of Standards.

Tunafahamu kwamba wananchi wengi wanaoishi katika miji, sehemu zilizoko kando ya miji na maeneo ya sehemu za mashambani bado hawajaunganishiwa nguvu za umeme kutokana na kiwango cha fedha ambacho wanatakiwa kutoa. Kutokana na hayo kampuni ilibuni mradi ambao unarahisisha malipo kwa wateja wake, ujulikanao kama Umeme Pamoja ambao unawezesha makundi ya watu wanaoishi sehemu moja kuwasilisha maombi ya kuunganishiwa umeme kwa pamoja na hivyo kulipa ada nafuu. Wakati huo huo, kampuni ilipunguza ada inayotoza wateja walio umbali wa mita 600 mwa transfoma wanaotarajia kuunganishiwa umeme. Hatua hii imechangia kuongezeka kwa wateja wapya.

Elimu kwa washikadau

Ili kueneza ufahamu wa maswala mbali mbali kuhusu biashara yetu, tulitayarisha kampeni kadhaa za ufahamishaji kupitia vyombo vya kuchapisha pamoja na vya utangazaji. Pia tulitayarisha mikutano ya ana kwa ana tukiwa na lengo la kuwafikia makundi mengi ya washikadau wetu.

Wafanyi kazi rasimali yetu kubwa

Kwa manufaa ya kampuni, tumeendelea kutumia pesa nyingi ili kuwaendeleza wafanyi kazi wetu kwa kuwa wao ndio rasimali yetu kubwa mno. Pia, hii inatuwezesha kutimiza matarajio ya wafanyikazi wetu pamoja na kutoa huduma za kiwango kile wateja wetu wanatarajia. Kutokana na hayo, tunaendelea kutoa mafunzo mbali mbali kwa wafanyikazi wetu ili kujifunza mbinu mpya na uimamarishaji wa ujuzi wao, humu nchini na pia ngambo. Wafanyikazi wote hupitia mpango unaokadiria kazi waliofanya kila mwaka, ambao pia unahusu kutambua mahitaji yao ya mafunzo pamoja na njia nyinginezo za kujiendeleza kazini.

Vile vile, kujitolea kwetu kuwapatia masharti ya kupendeza ya kufanya kazi lingali ni jambo ambalo tunazingatia sana katika wito wa kampuni, na wafanyikazi wote wanafurahia mshahara wa kila



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mwezi, masilahi ya matibabu pamoja na kuwa mwanachama wa mpango wa malipo ya uzeeni (pension) pamoja na marupurupu mengine wakati ambapo yanafaa kulipwa. Wafanyikazi wengine vile vile ni wanahisa wa kampuni.

Vikao tofauti vya majadiliano ya kawaida na yasiokuwa ya kawaida huitishwa mara kwa mara ili kufanikisha mazungumzo kati ya wafanyikazi na wasimamizi kama vile mikutano iliyopangwa ya kila mara, uchapishaji wa makala, matumizi ya mtandao wa internet na mazungumzo ya vikundi. Kuna mtandao wa kipekee wa internet na simu, pamoja na visanduku maalum ambazo wafanyikazi wanaweza kutumia kufichua jama ama mambo ya ulaghai ambayo wamekumbana nayo katika matawi yote ya kampuni.

Wakati wa kipindi cha ukaguzi, tulianzisha mpango madhubuti wa kukinga ugonjwa hatari wa ukimwi na virusi vya HIV. Tulisambaza kijitabu chenye mpango huo kwa wafanyikazi wote, kinachohimiza kubadili tabia na kuangazia huduma wafanyikazi wale ambao wameadhiwa wataweza kupewa, kupitia mpango wa madawa ya bure ya ukimwi yenye thamani ya shilingi milioni 5 kila mwaka yapatikanayo chini ya mpango wetu wa matibabu.

Elimu

Ni dhahiri kwamba wafanyi kazi wetu ambao wanachangia ustawi wa kampuni wametokana na mpangilio wa elimu hapa nchini. Hii inaelezea msimamo wetu kushiriki kwenye mipango mbali mbali ya kufanikisha elimu. Kwa hivyo, tuliendelea kutoa nafasi za kujifahamisha kazi kwa wanafunzi wa vyuo vikuu pamoja na wale wa taasisi za kawaida, ili waweze kupata ujuzi wa hapo hapo na watimize wajibu wao wa kufuzu. Katika mwaka wa ukaguzi, wanafunzi 210 walipitia nafasi hizo za kujifahamisha kazi.



ENG. ALFRED SAMBU

MWENYEKITI



CORPORATE GOVERNANCE STATEMENT

Corporate governance is the process and structure used to direct and manage the business affairs of the Company towards enhancing prosperity and corporate accounting with the ultimate objective of realising shareholders' long term value while taking into account the interest of other stakeholders. Directors are responsible for the corporate governance practices of the Company. This statement sets out the main practices in operation during the year under review, unless otherwise indicated.

Directors and management of the Company regard corporate governance as pivotal to the success of the business and are unreservedly committed to ensuring that good corporate governance is practiced so that the Company remains a sustainable and viable business of global stature. As part of this commitment, the Board fully supports best practices in corporate governance and has adhered to the Guidelines on Corporate Governance developed by the Capital Markets Authority (CMA), so as to bring the level of governance in line with international standards. We confirm that we comply with the CMA's Guidelines on Corporate Governance.

BOARD OF DIRECTORS

The Board consists of nine non-executive Directors and a Managing Director. As a state corporation, a representative of the Inspectorate of State Corporations attends Board meetings. The Directors' biographies are on page 4. Directors possess a broad range of skills, qualifications and experience required to direct the Company.

At least one third of the Board members are required to submit themselves for re-election each year during the Annual General Meeting. Any Director appointed by the Board during the year is required to retire and seek re-election at the next Annual General Meeting.

Business transactions with all parties, Directors or their related parties are carried out at arms length. Directors are required to disclose any transaction in which they have interest and which would constitute a conflict of interest and to abstain from voting when such matters are being considered.

RESPONSIBILITIES

The Board engaged the services of Manitoba Hydro International Limited (MHI) as a Management Contractor for the Company for a period of two

years from 1st July 2006. The Management Services Contractor is required to achieve defined performance targets. Pursuant to the Management Contract, MHI has provided three key staff on permanent basis, including the General Manager & Chief Executive Officer. The separate roles of the Chairman, Managing Director and the General Manager & Chief Executive Officer are maintained. The Chairman is primarily responsible for providing leadership of the Board and ensuring that it is supplied in a timely manner with sufficient information to enable it to discharge its duties. The General Manager is the chief executive officer of the Company, is responsible for the day to day management of the Company and is accountable for the performance of the Company. The Managing Director assists the General Manager & Chief Executive Officer on the day-to-day management of the Company.

The primary responsibilities of the Board include: establishment of short and long-term goals of the Company and strategic plans to achieve those goals; ensuring preparation of the annual and half-year financial statements; approval and review of the annual budgets; setting and periodically reviewing key performance indicators and management performance; managing risks by ensuring that the Company has adequate systems of internal controls together with appropriate monitoring of compliance activities; and working with management to realise shareholders' value.

Directors have full access to the advice and services of the Company Secretary. They are also entitled to obtain independent professional advice on any matter at Company expense, should they deem this necessary.

To enable the Board to function effectively the Board is given full and timely access to relevant information. New Directors are also inducted through provision of necessary information pertinent to the Company's business, meetings with Management and training so as to enhance their understanding of the Company's legislative framework, its governance processes and the nature of the business and operations of the Company. Continuous training is provided. Towards this, nine Directors have been trained on corporate governance by the Centre for Corporate Governance. The Board meets at least once a month or more often in accordance with requirements of the business.



CORPORATE GOVERNANCE STATEMENT

BOARD WORK PLAN AND MEETINGS

The Board work plan and calendar of meetings is prepared annually in advance. Adequate notice is given for each Board meeting and Directors receive detailed papers on issues to be discussed in good time before the meeting. The Board held a total of 27 meetings during the year, which were very well attended.

Board Manual, Charter and Code of Conduct

During the year, the Board formulated a Manual, a Board Charter and Code of Conduct. These documents serve as reference guides for Directors. They seek to expound and explain to each Board member the collective and individual powers, duties, obligations, responsibilities and liabilities of Directors. They also set out the requirements and standards of good corporate governance necessary to bring the level of standards of corporate governance in the Company to international best practice.

Board Committees

A number of standing committees exist in order to assist the Board and management fulfill their responsibilities. Adhoc committees are constituted to deal with pertinent issues as they arise. Each committee operates within the ambit of defined terms of reference assigned to it by the Board.

During the year, the Board had the following standing and adhoc committees.

Audit Committee

The Audit Committee was constituted in 1999 and its mandate redefined in April 2003, in line with the Capital Markets Guidelines on Corporate Governance. The Committee comprises three non-executive Directors and is chaired by a non-executive Director. The members of the Committee during the period under review were:

- Mr. N. Kiuna (Chairman)
- Mr. E. Wasunna
- Mr. A. Mbui

Mr. S. Maluki, representing the Inspectorate of State Corporations, attends the meetings. The Committee routinely invites the Managing Director, the General Manager and Chief Executive Officer, the Deputy General Manager Finance, and the Internal Audit Manager to its meetings. The external auditors are invited to attend the meetings whenever necessary.

The Committee's responsibilities include:

- (i) examination of quarterly, half-year and annual financial statements,
- (ii) discussion with the external auditor before commencement of the annual audit,
- (iii) consideration of issues identified by the external auditors,
- (iv) consideration of audit fees for recommendation to the Board; and
- (v) review of the function, operations and findings of the Internal Audit Department, and
- (vi) review of risk management strategies in ensuring business continuity and survival. The Committee held a total of nine meetings during the year.

Staff and Remuneration Committee

The Board has in place a fully operational Staff & Remuneration Committee whose mandate includes recommending to the Board terms and conditions of service of the Managing Director and staff and recommendations for appointment and disciplinary issues of senior staff. The Committee also recommends to the Board, adoption of human resources policies and corporate organisational structure to support the Company's business.

The members who served in the Committee were as follows:

- Eng. A. Sambu - Chairman
- Dr. S. Musyoka
- Mr. E. Wasunna
- Mr. P. Nyoike
- Mr. S. Kitungu (Alternate to Mr. J. Kinyua)
- Mr. D. Priestman
- Mr. Zachary Ayieko

When appropriate, the Committee invites other members of the Board to its meetings.

The Committee held 4 meetings during the year.

Central Tender Committee

The Central Tender Committee is established pursuant to the requirements of the Exchequer and



CORPORATE GOVERNANCE STATEMENT

Audit (Public Procurement Regulations) Act, 2001, whose chief functions include approval of award of tenders of goods and services with a value exceeding Shs.500,000.

The members of this Committee include three non-executive Directors as shown below:

- Mr. F.M. Nyaga - Chairman
- Eng. S.S. Imu
- Mr. N. Munyu (for Mr. P. Nyoike)

Other members are the General Manager & Chief Executive Officer and senior management staff in accordance with the Procurement Regulations.

The Central Tender Committee held a total of 38 meetings during the year in line with business requirements.

Board Strategy Committee

The Board Strategy Committee was constituted in February 2005 to devise strategies that would facilitate the Board to give guidance and strategic direction to management. Its members are:

- Mr. A. Mbui - Chairman
- Mr. N. Kiuna
- Mr. E. Wasunna
- Mr. S. Imu

The Committee held 9 meetings during the year. The Committee invites the Managing Director and the General Manager & Chief Executive Officer to its meetings.

Committee on IPP Negotiations

The Board constituted a committee in May 2003 to re-negotiate the power purchase agreements with the independent power producers. Its members are:

- Mr. F. M. Nyaga - Chairman
- Mr. S. Imu
- Mr. N. Kiuna
- Mr. P. Nyoike
- Mr. S. Kitungu
- Mr. E. Wasunna

The Committee routinely invites management staff with relevant expertise to its meetings.

The committee held a total of 21 meetings during the year.

Performance Contracting Committee

The Performance Contracting Committee was constituted in August 2004 to negotiate with the Government the annual Performance Contract with the Government.

Members constituting the Committee are:

- Mr. A. Sambu - Chairman
- Mr. E. Wasunna
- Mr. Zachary Ayieko

The committee held a total of 13 meetings during the year.

Management Services Contractor Steering Committee

Some members of the Board were members of a Government Steering Committee set up during the year to oversee the procurement process of, and negotiate a Management Contract with, the selected management services contractor.

The committee held 17 meetings during the year.

DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in the report on page 51. For the financial year under review, Directors were not paid monthly Directors' fees following guidelines by the Government to all state corporations that Directors' fees would be paid annually after approval by shareholders. The Directors' fees payable each year would also be within the limits approved by the Government. It is proposed that Directors are paid fees of Shs.360,000 per Director for the financial year ended 30th June 2006, totaling Shs.3,240,000.

Directors are also paid sitting allowance for every meeting attended, lunch allowance (in lieu of lunch being provided), accommodation allowance and mileage reimbursement where applicable, all in line with the ceilings approved for state corporations by the Government. Additionally, the Chairman is paid a monthly honorarium.

There did not exist any arrangement to which the Company is a party, whereby Directors might acquire benefits by means of acquisition of the Company's shares.

There were no Directors' loans at any time during the year.



CORPORATE GOVERNANCE STATEMENT

INTERNAL CONTROLS

The Directors acknowledge their responsibility as set out on page 38 for the Company's system of internal financial control, including taking reasonable steps to ensure that the systems are being maintained. Internal control systems are designed to meet the particular needs of the Company, and the risks to which it is exposed with procedures intended to provide effective internal financial control. However, such a system can only provide reasonable, but not absolute, assurance against material misstatement.

Directors' Shareholding

No Director holds shares in his individual capacity that is more than 1% of the Company's total equity.

Ethical Standards

The Company has a Code of Conduct for the Board and management staff. The Company also ascribes to the ethical standards prescribed by the Public Officer Ethics Act. These require all employees to conduct business with integrity.

ACCOUNTABILITY AND AUDIT

Directors' responsibilities in relation to financial statements

Company law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company as at the end of the financial year, and of the profit or loss of the Company for that period. The Directors are responsible for ensuring that suitable accounting policies are consistently applied, supported

by reasonable and prudent judgments and estimates and those applicable accounting standards are followed.

The Directors are responsible for ensuring that the Company keeps proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act. They also have general responsibility for the systems of internal control for safeguarding the assets of the Company and to prevent and detect fraud and other irregularities.

COMMUNICATION WITH SHAREHOLDERS

The Company places a great deal of importance on communication with its shareholders and publishes its financial statements in the local dailies on half year and annual basis. The results are also available on our website at: www.kplc.co.ke.

The full report and accounts are distributed to all shareholders on an annual basis. All shareholders are entitled to attend the Annual General Meeting for which notice is posted at least 21 clear days before the meeting. The shareholders are given the opportunity to ask questions on any matter relating to the business of the Company.

SHAREHOLDING PROFILES

The Company files monthly reports prescribed by the Capital Markets Authority and Nairobi Stock Exchange under the listing regulations on transactions related to shareholders.



CORPORATE GOVERNANCE STATEMENT

The top 10 major shareholders as at 31st August 2006 were as follows:

TOP 10 SHAREHOLDERS AS AT 31ST AUGUST, 2006			
	Name of Shareholder	No. of shares	Percentage (%)
1.	Permanent Secretary, Treasury	32,002,929	40.44
2.	Barclays (K) Nominees Ltd.	7,907,904	9.73
3.	Board of Trustees N.S.S.F.	6,413,801	8.11
4.	Trans-Century Ltd.	2,284,303	2.81
5.	Jubilee Insurance Co. Ltd.	2,069,061	2.61
6.	Stanbic Nominees (K) Ltd.	1,980,819	2.44
7.	Baloobhai Chotabhai	1,060,000	1.34
8.	Kenya Commercial Bank Nominees	1,009,064	1.27
9.	Phoenix E.A. Assurance Ltd.	764,068	0.94
10.	Kestrel Capital Nominees A/C Intentions Ltd. (Foreign)	757,264	0.94
	Total	56,249,213	71.00

SHARES DISTRIBUTION FOR ORDINARY SHAREHOLDERS

Range	No. of Shareholders	Shares Held
<1,000	3,042	1,182,049
1001-10,000	1,581	5,397,129
10,001-50,000	342	7,394,394
50,001-100,000	55	3,871,198
Over 100,000	74	61,283,230
Total	5,091	79,128,000



ENG. ALFRED SAMBU
CHAIRMAN



TAARIFA YA MWONGOZO WA KAMPUNI

Mwongozo wa mashirika ni mwongozo ambao unatumia kusimamia shughuli za kampuni katika harakati za kuendelea mbele ufanisi na uwajibikaji wa shirika, lengo kubwa likiwa kufanikisha ongezeko la manufaa ya wenye hisa pamoja na maslahi ya washikadau wengine. Wakurugenzi wana jukumu la kusimamia shughuli zote za kampuni na arifa hii inatoa mwelekeo kamili ambao uliendelea kutumika kwa kipindi hiki cha ukaguzi, ila tu iwe imeelezwa vingine.

Wakurugenzi na wasimamizi wa kampuni wanachukulia jukumu la usimamizi na mwongozo wa kampuni kama kielelezo cha kutimiza mafanikio ya biashara na wanajitolea kwa dhati kuhakikisha kwamba mwongozo mzuri wa kampuni unatekelezwa ili kwamba kampuni iendelee kudumisha biashara ambayo ni ya kutegemewa na ya hali ya kiulimwengu. Kama sehemu moja ya kujitolea, halmashauri inaunga mkono vitendo vyote vizuri vya mwongozo wa usimamizi na imejitolea kuzingatia mashauri ya mwelekeo wa maongozi ya usimamizi kama vile yametolewa na shirika la usimamizi wa masoko ya rasimali, Capital Markets Authority (CMA), kuhusu mwongozo wa usimamizi.

Halmashauri ya Wakurugenzi

Halmashauri ina mwenyekiti asiye mtendaji, mkurugenzi mtendaji na wakurugenzi wanane wasio watendaji. Kama shirika la serikali, mwakilishi wa idara ya wahasibu wakaguzi wa mashirika ya serikali anahudhuria mikutano ya Halmashauri. Wakurugenzi wote wa kampuni ni wataalamu ambao wako na ustadi, ujuzi na umahiri mkubwa unaowawezesha kufanya kazi vilivyo.

Wasifu wa wakurugenzi uko kwenye ukurasa wa 4.

Thuluthi ya wakurugenzi inapaswa kujisajilisha kuchaguliwa tena kila mwaka wakati wa mkutano mkuu wa kila mwaka. Mkurugenzi yeyote aliyeteuliwa katika mwaka anahitajika kustaafu na ajisajilisha kuchaguliwa tena kwenye mkutano wa kila mwaka unaofuata.

Shughuli za kibiashara na washiriki wote, wakurugenzi au washiriki wao hufanywa kwa njia wazi. Wakurugenzi wanahitajika kufichua shughuli zozote ambazo wana uhusiano nazo na ambazo zinaweza kuleta mgongano na uamuzi wao wakati maswala haya yanapoamuliwa. Wakurugenzi wanapaswa kujiondoa katika uamuzi wowote unaoambatana na biashara ambazo wako na shirika nazo.

Habari kuhusu malipo ya wakurugenzi wasiowatendaji na marupurupu ya mkurugenzi mkuu yako katika ukurasa wa 51.

JUKUMU ZA WAKURUGENZI NA WASIMAMIZI

Wasimamizi wapya waliopewa kandarasi ya usimamizi wanajukumu la kufikia lengo ambalo walifikia kutimiza katika zabuni. Kufuatia hayo, wanakandarasi hawa wametoa wasimamizi watatu, akiwepo msimamizi mkuu na ndiye pia ofisa mkuu mtendaji. Jukumu tofauti za mwenyekiti na mkurugenzi mkuu zinadumishwa. Mwenyekiti wa Halmashauri anawajibika kuhakikisha kwamba Halmashauri yake inapokea habari za kutosha kwa wakati ufaao ili kuweza kutekeleza kazi zake. Msimamizi mkuu anawajibika kutoa mapendekezo ya mipango ya shughuli za kibiashara na bajeti kwa Halmashauri, na kutekeleza shughuli za kila siku za usimamizi. Mkurugenzi mkuu atamsaidia msimamizi mkuu katika shughuli za kila siku za utendakazi.

Jukumu la kimsingi la Halmashauri ni pamoja na kuunda malengo ya kampuni na mipango mahsusili ili kufikia malengo hayo; kutayarisha taarifa za kifedha za kila mwaka na nusu ya mwaka; kupanga na kuchunguza bajeti za kila mwaka; kupanga na kuchunguza hali ya utendakazi na usimamizi; kupunguza hali ya mashaka inayoambatana na utendakazi na usimamizi; na kuunda mipango ya kutosha ya kuthibiti utendakazi na usimamizi ili kufanikisha thamani ya wenyehisa.

Wakurugenzi hupata mawaidha na huduma ipasavyo kutoka kwa katibu wa kampuni na kwingineko.

Ili kuiwezesha Halmashauri kuifanya kazi yake ipasavyo, wakurugenzi hupewa habari muhimu na za kutosha kila wakati. Wakurugenzi wapya pia wanahamasishwa kwa kupata habari muhimu za shughuli za kampuni kupitia mikutano na mameneja wa usimamizi ili kuimarisha kufahamu kwao kuhusu sheria za kampuni. Mafunzo pia yanatolewa mara kwa mara. Kufuatia hatua hii, wakurugenzi tisa walipewa mafunzo kuhusu usimamizi wa kampuni katika kituo cha mafunzo kuhusu usimamizi wa kampuni katika kituo cha mafunzo cha usimamizi wa mashirika. Halmashauri hukutana mara moja kwa mwezi au mara kwa mara kuambatana na mahitaji ya shughuli za kibiashara za kampuni.

Mpango wa kikazi wa Halmashauri

Mpango wa kikazi wa Halmashauri na orodha ya mikutano hutayarishwa mapema kila mwaka. Ilani ya kutosha hutolewa kwa kila mkutano wa Halmashauri



TAARIFA YA MWONGOZO WA KAMPUNI

na wakurugenzi hupokea makaratasi yenye maelezo zaidi kuhusu maswala yatakayojadiliwa kwa wakati unaofaa kabla ya mkutano. Katika mwaka, Halmashauri ilifanya jumla ya mikutano 27 ambayo ilihudhuriwa vyema.

Mkataba na Kanuni ya Mwongozo wa Halmashauri

Mwaka huu, Halmashauri iliunda mkataba na kielelezo cha kanuni za mwongozo wa kampuni. Hati hizi zitatumiwa kama vielelezo vya kuwasaidia wakurugenzi. Zinaelezea kila mkurugenzi kazi, uwezo, wajibu na vikwazo vyake kibinafsi na za Halmashauri kwa kijumla. Pia hati hizi zinapatiana mwongozo wa usimamizi mwafaka utakaowezesha kampuni kufanikiwa katika lengo la kufikia uhodari wa kimataifa.

Kamati ya Halmashauri

Kamati kadhaa zimebuniwa ili kusaidia Halmashauri na wasimamizi kutimiza jukumu zao. Kamati za dharura huzinduliwa ili kushughulikia maswala yanayozuka. Kila kamati huendesha shughuli zake katika muda na masharti yaliyoelezewa na Halmashauri hii.

Halmashauri ilikuwa na kamati zifuatazo za dharura mwakani: -

Kamati ya ukaguzi

Kamati ya ukaguzi ilibuniwa mwaka wa 1999 na jukumu lake kuelezewa upya mnamo Aprili mwaka 2003 kuambatana na mwongozo wa Halmashauri ya masoko ya hisa za usimamizi wa mashirika. Kamati hii inawajumuisha wakurugenzi watatu wasio watendaji na inaongozwa na mkurugenzi asiye mtendaji. Wanachama wa kamati hii katika kipindi hiki walikuwa ni:

- Bw. N. Kiuna (Mwenyekiti)
- Bw. E. Wasunna
- Bw. A. Mbui

Bw. S. Maluki anahudhuria mikutano kuwakilisha idara ya ukaguzi wa mashirika ya serikali. Kamati hii mara kwa mara huwaalika mkurugenzi mkuu, meneja mkuu wa fedha na meneja wa ukaguzi wa kampuni kwenye mikutano yake. Wakaguzi kutoka nje hualikwa kuhudhuria mikutano wakati ipasavyo.

Jukumu kuu za kamati ni pamoja na:

- i) Kuchunguza taarifa za kifedha za kila mwaka, nusu mwaka na robo mwaka
- ii) Kujadiliana na mkaguzi wa pesa kutoka nje kabla ya kuanza kwa ukaguzi wa pesa wa kila mwaka

- iii) Kuchunguza maswala yaliyotambuliwa na wakaguzi wa pesa kutoka nje
- iv) Kuchunguza malipo ya ukaguzi wa pesa ili kupendekeza Halmashauri
- v) Kuchunguza shughuli, utendakazi na matokeo ya ukaguzi wa pesa za kampuni na
- vi) Kuchunguza hatua za kukabiliana na hatari inayoweza kuikumba biashara na kuhakikisha inaendelea na kustawi.

Kamati hii iliandaa mikutano tisa mwaka huo.

Kamati ya ujira na wafanyikazi

Halmashauri ina kamati ya kushughulikia maswala ya wafanyikazi na ujira. Jukumu lake ni pamoja na kupendekeza kwa Halmashauri hali ya ujira na mazingira ya ufanyikazi ya mkurugenzi mkuu na wafanyikazi na mapendekezo kwa uteuzi na maswala ya nidhamu ya wafanyikazi wa ngazi za juu. Kamati hii pia hupendekeza kwa Halmashauri kuafikiwa kwa kanuni za wafanyikazi na utaratibu wa muundo wa ngazi za shirika ili kusaidia shughuli za biashara za Kampuni.

Wanachama waliohudumu katika kamati hii walikuwa ni:

- Eng. A Sambu – Mwenyekiti
- Dr. S. Musyoka
- Bw. E. Wasunna
- Bw. P. Nyoike
- Bw. S. Kitungu (badala ya Bw. J. Kinyua)
- Bw. Zachary Ayieko

Inapolazimu, kamati huwaalika wanachama wengine wa Halmashauri kwenye mikutano yake. Kamati iliandaa mikutano minne katika mwaka huo.

Kamati kuu ya zabuni

Kamati kuu ya zabuni ilibuniwa kulingana na mahitaji ya sheria ya hazina kuu na mkaguzi mkuu wa pesa ya mwaka 2001. Jukumu lake kuu ni pamoja na kuidhinisha utoaji zabuni wa bidhaa na huduma yenye dhamani ya zaidi ya shilingi 500,000.

Wanachama wa kamati hii ni pamoja na wakurugenzi watatu wasio watendaji kama inavyoonyeshwa hapa chini:

- Bw. F. M. Nyaga – Mwenyekiti
- Eng. S. S. Imu
- Bw. N. Munyu (kwa niaba ya Bwana P. Nyoike)

Wanachama wengine ni maafisa wakuu wa usimamizi wa kampuni kama ilivyo elezewa katika sheria ya ununuzi wa bidhaa. Kamati kuu ya utoaji zabuni ilifanya jumla ya mikutano 38 katika mwaka huo kuambatana na mahitaji ya shughuli za kibiashara.



TAARIFA YA MWONGOZO WA KAMPUNI

Kamati ya mbinu mahsusi ya Halmashauri

Kamati ya mbinu mahsusi za Halmashauri ilibuniwa mnamo mwezi Februari mwaka 2005 kuandaa mbinu ambazo zitarahisisha kazi ya Halmashauri ya kutoa mwongozo na mwelekeo muhimu kwa wasimamizi. Wanachama wake ni:

- Bw. A. Mbui – Mwenyekiti
- Bw. N. Kiuna
- Bw. E. Wasunna
- Eng. S. Imu

Kamati hii iliandaa mikutano 9 katika mwaka huo. Kamati huwaalika mkurugenzi mkuu pamoja na meneja mkuu katika mikutano.

Kamati ya mashauriano ya IPP

Halmashauri ilibuni kamati hii mwezi Mei mwaka 2003 kushauriana upya juu ya mikataba ya ununuzi wa umeme na kampuni za kibinafsi za utoaji nguvu za umeme. Wanachama wake ni:

- Bw. F. M. Nyaga – Mwenyekiti
- Eng. S. S. Imu
- Bw. N. Kiuna
- Bw. P. Nyoike
- Bw. S. Kitungu
- Bw. E. Wasunna

Kamati mara kwa mara huwaalika maafisa wa usimamizi wa kampuni wenye utaalamu muhimu kwenye mikutano yake. Kamati hii iliandaa jumla ya mikutano 21 katika mwaka huo. Kamati hualika mkurugenzi mkuu na meneja mkuu katika mikutano yake.

Kamati ya utendakazi

Kamati ya utendakazi ilibuniwa mnamo mwezi Agosti mwaka 2004 kufanya mashauri na serikali kuhusu masharti ya utendakazi ambapo kampuni ilichaguliwa kuwa miongoni mwa mashirika 16 makuu ya serikali kuandikiana masharti ya utendakazi na serikali.

Wanachama wa kamati hii ni:

- Eng. A. Sambu – Mwenyekiti
- Bw. E. Wasunna
- Bw. Zachary Ayieko

Kamati hii ilifanya jumla ya mikutano 13 katika mwaka huo.

Kamati ya huduma ya usimamizi

Wanachama wengine wa Halmashauri hii walikuwa wanachama wa kamati ya serikali ya kushughulikia huduma ya usimamizi iliyobuniwa mwaka huo kutafuta mhudumu wa usimamizi wa kampuni. Kamati hii ilifanya mikutano 17 katika mwaka huo.

Malipo ya wakurugenzi

Maelezo zaidi kuhusu malipo ya wakurugenzi yako kwenye taarifa kwenye ukurasa 51. Wakurugenzi wasio watendakazi hawakulipwa malipo yao ya kila mwezi kufuatia agizo mpya kutoka kwa serikali kwa mashirika yote ya serikali. Pesa za malipo ya wakurugenzi yatalipwa kila mwaka baada ya kuidhinishwa na wenyehisa. Wakurugenzi pia wanalipwa marupurupu ya kufanya vikao kwa kila mkutano wanaohudhuria, marupurupu ya mankuli ya mchana badala ya kupata mankuli, marupurupu ya malazi na kulipiwa gharama za usafiri ipasavyo, yote hayo kuambatana na makubaliano yaliyoidhinishwa kwa mashirika ya serikali. Imependekezwa kwamba wakurugenzi walipwe shilingi elfu 360 kila mmoja katika mwaka unaomalizika Juni 30, 2006, zikiwa jumla ya shilingi 3,240,000.

Hakuna makubaliano yoyote na kampuni kwamba wakurugenzi huenda wakapata marupurupu kwa njia ya ununuzi wa hisa za kampuni.

Hakukuwa na mikopo ya wakurugenzi katika kipindi chote cha mwaka huo.

Uthabiti wa ndani

Wakurugenzi wanafahamu wajibu wao kama ilivyoielezwa kwenye ukurasa 38 kwa mfumo wa uthibiti wa kifedha, ikiwa ni pamoja na kuchukua hatua mwafaka za kuhakikisha kwamba mifumo ya kampuni inadumishwa. Mifumo ya uthibiti wa ndani ya kampuni imenuiwa kutimiza mahitaji maalum ya kampuni na hatari wanazokabiliana nazo katika taratibu zinazonuiwa kutoa uthibiti ufaao wa kifedha. Hata hivyo mfumo kama huu unaweza tu kutoa hakikisho bora lakini sio kamili dhidi ya kukosekana kwa habari muhimu.

Hisa za wakurugenzi

Hakuna mkurugenzi anayemiliki hisa kama mtu binafsi zilizozidi asilimia moja Oya jumla ya hisa za kampuni.

Maatarajio ya kimaadili

Kampuni inazingatia matarajio ya viwango vya kimaadili vinavyoelezwa kwenye sheria ya maadili ya maafisa wa umma. Hii inawahitaji wafanyakazi kufanya shughuli zao kwa uadilifu.



TAARIFA YA MWONGOZO WA KAMPUNI

UWAJIBIKAJI NA UKAGUZI WA PESA

Wajibu wa wakurugenzi kuhusiana na taarifa za kifedha

Sheria ya kampuni inawahitaji wakurugenzi kutayarisha taarifa za kifedha kwa kila kipindi cha mwaka cha matumizi ya pesa zinazotoa ukweli na hali halisi ya shughuli za kampuni kufikia mwisho wa kipindi cha mwaka cha matumizi ya pesa na faida au hasara iliyopata kampuni wakati wa kipindi hicho. Wakurugenzi wanawajibika kuhakikisha kwamba sera nzuri za uhasibu zinatumiwa kila mara kusaidia maamuzi na makisio na viwango vya uhasibu vinavyofaa kufuatwa.

Wakurugenzi wanawajibika kuhakikisha kwamba kampuni inaweka kumbukumbu za uhasibu zinazoonyesha kwa hakika hali ya kifedha ya kampuni na za kuwawezesha kuhakikisha kwamba taarifa za kifedha zinaambatana na sheria za kampuni. Pia wana jukumu la ujumla la kuthibiti mifumo ya kulinda mali ya kampuni na kuzuia na kugundua njia za wizi na kasoro nyinginezo.

Mawasiliano na wenyehisa

Kampuni inachukulia umuhimu mkubwa wa mawasiliano na wanahisa wake na kuchapisha taarifa zake za fedha kwenye magazeti ya humu nchini baada ya kila nusu mwaka. Matokeo pia yanapatikana katika anwani yetu ya mtandao www.kplc.co.ke

Ripoti kamili na hesabu hutolewa kwa wanahisa wote kila mwaka. Wanahisa wote wana haki ya kuhudhuria mkutano mkuu wa kila mwaka ambao hutangazwa siku 21 kabla ya mkutano huo. Wanahisa wanapewa fursa ya kuuliza maswali yoyote kuhusu biashara ya kampuni.

Wenyehisa wakuu

Kampuni hutuma ripoti ya wanahisa 10 wakubwa kila mwezi kwa CMA na soko la hisa la Nairobi.



TAARIFA YA MWONGOZO WA KAMPUNI

Wana hisa 10 walioongoza kufikia Agosti 2006 walikuwa:

WANAHISA KUMI WAKUBWA KUFIKIA AGOSTI 31, 2006			
	Jina La Mwenyehisa	Hisa	Asilimia
1.	Permanent Secretary, Treasury	32,002,929	40.44
2.	Barclays (K) Nominees Ltd	7,907,904	9.73
3.	Board of Trustee N.S.S.F	6,413,801	8.11
4.	Trans-Century Ltd	2,284,303	2.81
5.	Jubilee Insurance Co. Ltd	2,069,061	2.61
6.	Stanbic Nominees (K) Ltd	1,980,819	2.44
7.	Baloobhai Chhotabhai	1,060,000	1.34
8.	Kenya Commercial Bank Nominees	1,009,064	1.27
9.	Phoenix E.A. Assurance Ltd	764,068	0.94
10.	Kestrel Capital Nominees A/C Intentions Ltd (Foreign)	757,264	0.94
	Total	56,249,213	71.00

USAMBAZAJI WA HISA ZA KAWAIDA		
Hisa	Wenye Hisa	Kiwango cha Hisa
<1,000	3,042	1,182,049
1001-10,000	1,581	5,397,129
10,001-50,000	342	7,394,394
50,001-100,000	55	3,871,198
Over 100,000	74	61,283,230
Jumla	5,091	79,128,000



ENG. ALFRED SAMBU
CHAIRMAN



REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2006

The Directors submit their report together with the audited financial statements for the year ended 30 June 2006 which show the state of the Company's affairs.

ACTIVITIES

The core business of the Company continues to be the transmission, distribution and retail of electricity purchased in bulk from Kenya Electricity Generating Company Limited (KenGen), Independent Power Producers (IPPs), Uganda Electricity Transmission Company Limited (UETCL) and Tanzania Electric Supply Company Limited (TANESCO).

RESULTS

The results of the Company for the year are set out on page 40.

DIVIDENDS

Subject to the approval of the shareholders, the Directors recommend a dividend for the year of 7.5% or KShs.1.50 per ordinary share of KShs.20, amounting to KShs.119 million, subject to withholding tax where applicable. The dividend will be paid to shareholders registered in the books of the Company at the close of business on 2 November 2006. The Register of Members will be closed for one day only on 3 November 2006, to facilitate preparation of dividend warrants.

Meanwhile, dividend of KShs.1.93 million payable on the cumulative preference shares has been recognised in the income statement under finance costs.

CAPITAL EXPENDITURE

During the year, a total of KShs.4,685 million was spent on property and equipment. Capital contributions received from customers amounting to KShs.1,705 million have been netted off against costs of the assets resulting in a net capital cost to the Company of KShs.2,980 million. Net capital work-in progress as at 30 June 2006 amounted to KShs.2,955 million (2005: KShs.1,923 million).

DIRECTORS

The members of the Board of Directors who served during the year are shown on page 3.


In accordance with Regulation 120 of the Articles of Association of the Company, Ngugi Kiuna, Joseph Kinyua and Edwin Wasunna retire by rotation and, being eligible, offer themselves for re-election.

AUDITORS

The Controller and Auditor-General is responsible for the statutory audit of the Company's books of account in accordance with Sections 14 and 39(i) of the Public Audit Act, 2003, which empowers the Controller and Auditor-General to nominate other auditors to carry out the audit on his behalf.

Ernst & Young were nominated by the Controller and Auditor-General to carry out the audit for the year ended 30 June 2006.

By Order of the Board



Laurencia Njagi
Secretary
Nairobi
28 September 2006



STATEMENT OF DIRECTORS' RESPONSIBILITIES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

The Kenyan Companies Act, Cap 486 requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the operating results of the Company for that year. It also requires the Directors to ensure the Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

The Directors accept responsibility for the annual 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 and in the manner required by the Kenyan Companies Act. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its operating results. The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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.



.....
Director



.....
Director

28 September 2006



REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE KENYA POWER & LIGHTING COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE 2006.

The financial statements on pages 40 to 64 for the year ended 30 June 2006, which have been prepared on the basis of the accounting policies set out on pages 44 to 47, have been audited on my behalf by Ernst & Young, appointed under section 39 of the Public Audit Act, 2003. The auditors have duly reported to me the results of their audit and on the basis of their report, I am satisfied that all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of the audit were obtained. The financial statements are in agreement with the books of account.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND THE CONTROLLER AND AUDITOR-GENERAL

As stated on page 38, the Directors are responsible for the preparation of the financial statements which give a true and fair view of the state of the affairs of the Company and of its operating results. My responsibility is to express an independent opinion on the financial statements based on my audit.

BASIS OF OPINION

The audit was conducted in accordance with the International Standards on Auditing. Those standards require that the audit be planned and performed with a view to obtaining reasonable assurance that the financial statements are free from material

misstatement. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of the accounting policies used and significant estimates made by the Directors, as well as an evaluation of the overall presentation of the financial statements. I believe the audit provides a reasonable basis for my opinion.

OPINION

In my opinion, proper books of account have been kept and the financial statements give a true and fair view of the state of the affairs of the Company at 30 June 2006, and of its profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act, (Cap 486 of the Laws of Kenya).



P.N. Komora
Controller and Auditor-General
Nairobi

28 September 2006



INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006



	Note	2006 KShs'000	2005 KShs'000
REVENUE			
Electricity sales	1(b)	22,493,912	21,755,274
Fuel cost recoveries		<u>11,472,818</u>	<u>6,586,082</u>
		33,966,730	28,341,356
Other income		<u>988,681</u>	<u>671,526</u>
Total revenue		<u>34,955,411</u>	<u>29,012,882</u>
OPERATING EXPENSES			
Electricity purchase costs	3(a)	11,514,377	11,673,441
Fuel costs	3(b)	11,962,153	6,684,953
Distribution and customer service	4(a)	4,612,906	4,294,613
Energy transmission	4(b)	1,427,988	1,405,359
Administration	4(c)	<u>3,232,243</u>	<u>3,113,213</u>
Total operating expenses		<u>32,749,667</u>	<u>27,171,579</u>
OPERATING PROFIT	5	2,205,744	1,841,303
FINANCE INCOME - NET	7	<u>292,239</u>	<u>137,973</u>
PROFIT BEFORE TAXATION		2,497,983	1,979,276
DEFERRED TAXATION	8(b)	<u>(853,752)</u>	<u>(709,003)</u>
PROFIT FOR THE YEAR		<u>1,644,231</u>	<u>1,270,273</u>
EARNINGS PER SHARE - BASIC (KShs.)	9	<u>20.78</u>	<u>16.05</u>
- DILUTED (KShs.)	9	<u>20.78</u>	<u>16.05</u>
DIVIDENDS PER SHARE (KShs.)		<u>1.50</u>	<u>1.50</u>



BALANCE SHEET 30 JUNE 2006

	Note	2006 KShs'000	2005 KShs'000
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	10	22,416,459	20,856,199
Prepaid leases on land	11	132,037	132,092
Unquoted investment	12	4,300	4,300
Deferred tax	13	234,442	951,518
Deposits	14	<u>-</u>	<u>340,684</u>
		<u>22,787,238</u>	<u>22,284,793</u>
CURRENT ASSETS			
Inventories	15	2,928,586	2,155,335
Trade and other receivables	16	6,550,021	5,863,524
Tax recoverable	8(a)	251,829	179,097
Short term deposits	17(a)	5,936,248	3,817,003
Bank and cash balances	17(b)	<u>274,990</u>	<u>1,537,731</u>
		<u>15,941,674</u>	<u>13,552,690</u>
TOTAL ASSETS		<u>38,728,912</u>	<u>35,837,483</u>
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Ordinary share capital	18(a)	1,582,560	1,582,560
Preference shares	18(b)	15,899,250	15,899,250
Reserves	19	<u>3,078,595</u>	<u>1,416,369</u>
TOTAL EQUITY		<u>20,560,405</u>	<u>18,898,179</u>
NON-CURRENT LIABILITIES			
Trade and other payables	20	3,298,829	3,063,741
Borrowings	21	2,701,722	3,248,936
Preference shares	22	<u>43,000</u>	<u>43,000</u>
		<u>6,043,551</u>	<u>6,355,677</u>
CURRENT LIABILITIES			
Trade and other payables	20	9,598,298	7,902,742
Retirement benefits obligation	23	1,697,218	1,850,418
Provision for leave pay obligation		357,963	357,963
Borrowings	21	443,904	447,697
Dividends payable	24	<u>27,573</u>	<u>24,807</u>
		<u>12,124,956</u>	<u>10,583,627</u>
TOTAL EQUITY AND LIABILITIES		<u>38,728,912</u>	<u>35,837,483</u>

The financial statements on pages 40 to 64 were approved for release by the board of Directors on 28th September 2006 and were signed on its behalf by:


 Eng. Alfred Sambu)

 Zachary Ayieko)
) Directors



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2006

	Ordinary share capital KShs'000	Redeemable 7.85% non- cumulative preference share capital KShs'000	Revaluation reserves KShs'000	Accumulated deficit KShs'000	Proposed dividends KShs'000	Total KShs'000
At 1 July 2004	1,582,560	15,899,250	3,672,057	(3,662,648)	-	17,491,219
Transfer of excess depreciation	-	-	(455,626)	455,626	-	-
Deferred tax on excess depreciation	-	-	136,687	-	-	136,687
Profit for the year	-	-	-	1,270,273	-	1,270,273
Proposed dividends for the year	-	-	-	(118,692)	118,692	-
At 30 June 2005	<u>1,582,560</u>	<u>15,899,250</u>	<u>3,353,118</u>	<u>(2,055,441)</u>	<u>118,692</u>	<u>18,898,179</u>
At 1 July 2005	1,582,560	15,899,250	3,353,118	(2,055,441)	118,692	18,898,179
Transfer of excess depreciation	-	-	(455,626)	455,626	-	-
Deferred tax on excess depreciation	-	-	136,687	-	-	136,687
Profit for the year	-	-	-	1,644,231	-	1,644,231
Dividends paid	-	-	-	-	(118,692)	(118,692)
Proposed dividends for the year	-	-	-	(118,692)	118,692	-
At 30 June 2006	<u>1,582,560</u>	<u>15,899,250</u>	<u>3,034,179</u>	<u>(74,276)</u>	<u>118,692</u>	<u>20,560,405</u>



CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	2006	2005
	KShs'000	KShs'000
Note		
OPERATING ACTIVITIES		
Cash generated from operations	25(a) 4,220,021	5,634,277
Interest received	519,096	159,572
Interest paid	(198,917)	(63,919)
Dividends paid	(117,856)	(363,485)
Taxation paid	<u>(72,732)</u>	<u>(20,372)</u>
Cash generated from operating activities	<u>4,349,612</u>	<u>5,346,073</u>
INVESTING ACTIVITIES		
Purchase of property and equipment, net of capital contributions	(2,979,564)	(1,846,965)
Proceeds from disposal of property and equipment	27,026	6,501
Loan receivable repayments	<u>-</u>	<u>22,360</u>
Net cash used in investing activities	<u>(2,952,538)</u>	<u>(1,818,104)</u>
FINANCING ACTIVITIES		
Loans received	25(b) 215,666	32,914
Repayment of amounts borrowed	25(b) <u>(756,236)</u>	<u>(307,415)</u>
Net cash used in financing activities	<u>(540,570)</u>	<u>(274,501)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	856,504	3,253,468
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>5,354,734</u>	<u>2,101,266</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	25(c) <u>6,211,238</u>	<u>5,354,734</u>



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

1. ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

The financial statements have been prepared on a historical cost basis, except for the measurement at revaluation amounts of certain property and equipment.

(b) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognised:-

(i) Sale of electricity

Income is recognised upon supply of electricity and represents amounts billed excluding Value Added Tax and other Government levies.

(ii) Interest

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable.

(iii) Dividends

Dividend income is recognised when the shareholders' right to receive the payment is established.

(iv) Rental income

Rental income is accounted for on a straight-line basis over the lease term.

(c) Inventories

Inventories are stated at lower of cost and net realisable value. The cost of inventories comprise purchase price, import duties, transport and handling charges and is determined on moving average price.

(d) Property and equipment

Property and equipment are stated at cost or as professionally valued less accumulated depreciation. The frequency of revaluations depends upon the movements in the fair values of the items of property and equipment but are limited to a period of not more than five years. Revaluation surplus arising from the revaluations of property and equipment is dealt with in the revaluation surplus account. A decrease in carrying amount arising on the revaluation is charged in the income statement to the extent that it exceeds the balances, if any, held in the revaluation reserve relating to a previous revaluation of that asset. Additions to power distribution lines during the year are capitalised net of customers' contributions.

No depreciation is provided on freehold land. Depreciation on other assets is calculated to write off their cost or valuation of property and equipment to their residual values on a straight-line basis over their expected useful lives.

The depreciation rates used are:

Buildings	The greater of 2% and the unexpired period of the lease.
Transmission and distribution lines	2.5 - 20%
Machinery	2.85 - 6.66%
Motor vehicles	25%
Furniture, equipment and fittings	6.66 - 20%
Computers and photocopiers	30%

Excess depreciation, representing the additional depreciation based on revalued amounts over depreciation based on historical costs, is transferred annually from revaluation to revenue reserves.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

(e) Taxation

Current taxation is provided on the basis of the results for the year as shown in the financial statements, adjusted in accordance with tax legislation.

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the unused tax losses and unused tax credits can be utilised.

(f) Leases

Leases of assets under which all the risks and benefits of ownership are effectively retained by the Company as the lessor are classified as operating leases. Payments made by the Company under operating leases are charged to the income statement on the straight-line basis over the term of lease.

Payments made to acquire leasehold land are treated as prepaid operating leases and are amortised on the straight line basis over the term of lease.

Assets acquired under finance leases and hire purchase agreements are capitalised at the dates of the agreements. The interest element of each instalment is charged to the income statement at the time each instalment falls due.

(g) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Kenya Shillings at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rates ruling at the date of the transaction. Exchange gains and losses arising during the period of construction of a project are capitalised as part of the cost of the project. Other exchange gains and losses are dealt with in the income statement.

(h) Financial instruments

Financial assets and liabilities are recognised on the Company's balance sheet when the Company has become a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are recognised and carried at original invoice amounts less allowances for any uncollectable amounts.

Borrowings

Interest bearing loans and overdrafts are initially recorded at cost, being the fair value of consideration received, net of issue costs associated with the borrowing. After initial recognition, interest bearing loans and borrowings are subsequently 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 an 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.

Trade payables

Trade payables are stated at their nominal value.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

(h) Financial instruments continued

Investments

Investments are recognised on a trade-date basis and are initially measured at cost, including transaction costs.

At subsequent reporting dates, debt securities that the Company has expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost, less any impairment loss recognised to reflect irrecoverable amounts. The annual amortisation of any discount or premium on the acquisition of a held-to-maturity security is aggregated with other investment income receivable over the term of the instrument so that the revenue recognised in each period represents a constant yield on the investment.

Investments other than held-to-maturity debt securities are classified as either held-for-trading or available-for-sale, and are measured at subsequent reporting dates at fair value in cases where the fair value can be reliably established. Gains and losses arising from changes in fair value are included in the income statement for the period.

Redeemable preference shares

The component of redeemable preference shares that exhibits the characteristics of a liability is recognised as a liability in the balance sheet, net of issue costs. The corresponding dividends on those shares are charged as interest expenses in the income statement.

(i) Leave accrual

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

(j) Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Company reviews the carrying amounts of its financial assets, tangible and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated and an impairment loss is recognised in the income statement whenever the carrying amount of the asset exceeds its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, the Directors estimate the recoverable amount of the cash-generated unit to which the asset belongs.

Impairment of transmission and distribution lines

A decline in the value of the transmission and distribution lines could have a significant effect on the amounts recognised in the financial statements. Management assesses the impairment of the lines whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors that are considered important which could make an impairment review necessary include the following:

- (a) Significant decline in the market value beyond that which would be expected from the passage of time and normal use.
- (b) Evidence from internal reporting which indicates that the performance of the asset is, or will be, worse than expected.

In management's judgment, the carrying values of the lines are not impaired as of the date of these financial statements.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

(k) Retirement benefits obligations

The Company operates a defined benefits pension scheme, in addition to a statutory defined contributions scheme. Payments to the defined contributions retirement benefits plans are charged as an expense as they fall due.

For the defined benefits retirement plans, the cost of providing benefits is determined using the projected unit credit method.

Actuarial gains and losses are recognised as income or expense when cumulative unrecognised actuarial gains or losses exceed 10 per cent of the higher of the defined benefits obligations and the fair value of plan assets. These gains or losses are recognised over the expected average remaining working lives of the participating employees.

(l) Segment information

The Company business is organised by regions, comprising Nairobi, Mount Kenya, Coast and West Kenya. Business segment is by region as the Company deals in only supply of electricity. There are no inter-segment sales.

Segment results include revenue and expenses directly attributable to a segment.

Segment assets and liabilities comprise those operating assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Capital expenditure represents the total cost incurred during the year to acquire segment assets that are expected to be used during more than one period (property and equipment).



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

2(a). PRIMARY SEGMENT INFORMATION - GEOGRAPHICAL SEGMENTS

For management purposes, the Company is currently organised into four operating regions. These regions are the basis on which the Company reports its primary segment information. The four regions comprise Nairobi, Coast, West Kenya and Mount Kenya. The table below shows the Company's revenue, expenses, segment assets, segment liabilities, capital expenditure and depreciation by the geographical area.

	Nairobi Region KShs'000	West Kenya Region KShs'000	Coast Region KShs'000	Mount Kenya Region KShs'000	2006 Total KShs'000	2005 Total KShs'000
Electricity revenue	18,376,634	6,171,873	6,403,217	3,015,006	33,966,730	28,341,355
Other income	617,194	177,695	118,199	75,593	988,681	604,929
Energy purchases	(12,705,498)	(4,277,424)	(4,512,189)	(1,981,419)	(23,476,530)	(18,358,394)
Other expenses	(3,021,724)	(1,730,324)	(947,274)	(850,224)	(6,549,546)	(6,098,930)
Head office expenses	(1,474,008)	(496,238)	(523,474)	(229,871)	(2,723,591)	(2,647,657)
Segment results	1,792,598	(154,418)	538,479	29,085	2,205,744	1,841,303
Net financing income					292,239	137,973
Taxation					(853,752)	(709,003)
Profit after taxation					1,644,231	1,270,273
Other information						
Assets	21,740,267	6,796,848	6,927,336	3,264,461	38,728,912	35,810,412
Liabilities	19,186,363	5,960,010	6,044,568	2,876,816	34,067,757	32,810,486
Capital expenditure	1,697,710	569,434	415,344	297,077	2,979,565	1,846,965
Depreciation/ amortisation	856,295	205,434	214,968	106,213	1,382,910	1,436,716

2(b). SECONDARY SEGMENT INFORMATION - BUSINESS SEGMENTS

The Company's core business in the four regions continues to be the transmission, distribution and retail of electricity. There is no distinguishable component of the Company that is engaged in providing an individual service that is subject to risks and returns that are different from those of other business segments. The secondary segment information on fixed assets details at net book values are shown below:

	Freehold land and buildings KShs'000	Lines KShs'000	Machinery KShs'000	Motor vehicles KShs'000	Furniture equipment and other KShs'000	Total KShs'000
Transmission	140,044	12,026,838	40,595	129,963	75,415	12,412,855
Distribution	589,005	4,849,383	3,471	532,470	1,074,118	7,048,447
Total	729,049	16,876,221	44,066	662,433	1,149,533	19,461,302



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

3. POWER PURCHASE COSTS

(a) Power purchase costs

The power purchases were sourced from the following companies: -

	2006 KShs'000	2005 KShs'000
KenGen	8,275,402	7,792,265
Uganda Electricity Transmission Company Limited	93,134	449,896
Tsavo Power Company Limited	1,766,724	1,814,000
Iberafrika Power (E.A) Company Limited	1,044,475	1,119,260
Orpower 4 Inc	767,893	797,157
Westmont Power Kenya Limited	-	136,153
Mumias Sugar Company Limited	20,267	-
Tanzania Electric Supply Company Limited	9,772	783
	<u>11,977,667</u>	<u>12,109,514</u>
Less recharged to Rural Electrification Programme	<u>(463,290)</u>	<u>(436,073)</u>
	<u>11,514,377</u>	<u>11,673,441</u>

(b) Fuel costs

KenGen	6,162,154	2,927,154
Tsavo Power Company Limited	3,030,620	1,840,600
Iberafrika Power (E.A) Company Limited	3,147,955	2,166,923
Mumias Sugar Company Limited	8,398	-
Westmont Power Kenya Limited	(35,751)	-
	<u>12,313,376</u>	<u>6,934,677</u>
Less recharged to Rural Electrification Programme	<u>(351,223)</u>	<u>(249,724)</u>
	<u>11,962,153</u>	<u>6,684,953</u>

(c) Units purchased

Interconnected power purchases by utility source is analysed as follows in gigawatt-hours (GWh):

	2006 GWh	2005 GWh
KenGen	4,568	4,279
Uganda Electricity Transmission Company Limited	15	99
Tsavo Power Company Limited	569	508
Iberafrika Power (E.A) Company Limited	408	330
Orpower 4 Inc	117	115
Mumias Sugar Company Limited	9	-
Westmont Power Kenya Limited	-	3
	<u>5,686</u>	<u>5,334</u>
Less recharged to Rural Electrification Programme	<u>(214)</u>	<u>(192)</u>
	<u>5,472</u>	<u>5,142</u>

(d) Type of interconnected power sources

The interconnected power sources by type of generation are analysed as follows in GWh:

Hydro	3,040	2,967
Geothermal	1,003	1,034
Thermal	1,633	1,333
Others	10	-
	<u>5,686</u>	<u>5,334</u>
Less recharged to Rural Electrification Programme	<u>(214)</u>	<u>(192)</u>
	<u>5,472</u>	<u>5,142</u>



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

4. OTHER OPERATING COSTS

(a) Distribution and customer service

	2006 KShs'000	2005 KShs'000
Salaries and wages	2,554,593	2,328,798
Staff welfare	177,729	201,876
Other consumable goods	449,103	327,199
Depreciation	499,645	420,071
Transport and travelling	753,758	384,774
Provision for bad and doubtful debts	586,492	151,906
Office expenses	182,619	150,702
Obsolete stock provision	-	245,285
Advertising and public relations	71,765	26,921
Repairs and maintenance	82,882	16,323
Business development	5,583	2,631
Other costs	46,952	38,127
Recharge of distribution and customer service costs	(798,215)	-
	<u>4,612,906</u>	<u>4,294,613</u>

(b) Energy transmission

Salaries and wages	423,654	358,347
Depreciation	745,700	908,457
Transport and travelling	156,261	109,060
Office expenses	886	1,378
Other costs	101,487	28,117
	<u>1,427,988</u>	<u>1,405,359</u>

(c) Administration

Salaries and wages	1,134,161	1,118,003
Staff welfare	217,342	212,010
Insurance	212,089	189,787
Other consumable goods	139,144	162,425
Transport and travelling	(58,075)	155,261
Training expenses and consumer services	51,626	36,824
Other costs	582,877	568,817
Depreciation	137,565	108,185
Other office expenses	200,766	237,712
Consultancy fees	125,462	-
Provision for non commercial bad debts	255,000	55,194
Pension deficit and leave provisions	166,800	227,683
Bank charges and other financial costs	152,567	151,719
Recharge of administration costs to RES	(85,081)	(110,407)
	<u>3,232,243</u>	<u>3,113,213</u>



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

5. OPERATING PROFIT

The operating profit is arrived at after charging/(crediting): -

	2006 KShs'000	2005 KShs'000
Staff costs (Note 6)	4,642,920	4,172,251
Depreciation	1,382,855	1,436,661
Provision for bad and doubtful debts	586,492	151,906
Directors' emoluments:		
- Fees	950	2,678
- Other	20,452	27,670
Auditors' remuneration	8,000	6,950
Amortisation	55	55
(Gain)/loss on disposal of property and equipment	(165,179)	13,535
Rent payable	84,455	102,174
Rent receivable	<u>(38,282)</u>	<u>(43,343)</u>

6. STAFF COSTS

Salaries and wages	4,217,057	3,703,491
National Social Security Fund contributions	14,249	14,101
Pension costs – Company contribution	244,814	226,976
Leave provision	-	60,883
Provision for actuarial losses (note 23)	<u>166,800</u>	<u>166,800</u>
	<u>4,642,920</u>	<u>4,172,251</u>

The average number of employees during the year was:-

Permanent employees	5,129	4,988
Contract employees	<u>1,073</u>	<u>1,142</u>
	<u>6,202</u>	<u>6,130</u>

7. FINANCE INCOME-NET

Interest receivable:

On bank and other deposits	485,238	190,468
Iberafrica Power (EA) Ltd loan	-	310
	<u>485,238</u>	<u>190,778</u>

Exchange gains on loans	31,583	36,281
Exchange losses on deposits	<u>(2,590)</u>	<u>(26,327)</u>

Net foreign exchange gains	<u>28,993</u>	<u>9,954</u>
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Interest payable:

Loans	(219,482)	(59,440)
Bank overdrafts	(580)	(1,389)
Dividends on preference shares	<u>(1,930)</u>	<u>(1,930)</u>
	<u>(221,992)</u>	<u>(62,759)</u>
	<u>292,239</u>	<u>137,973</u>



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 KShs '000	2005 KShs '000
8. TAXATION		
(a) Balance sheet		
At the beginning of the year	179,097	158,725
Paid during the year	<u>72,732</u>	<u>20,372</u>
	<u>251,829</u>	<u>179,097</u>
(b) Profit and loss account		
Current taxation based on the adjusted profit for the year at 30%	-	-
Deferred tax charge	<u>853,752</u>	<u>709,003</u>
	<u>853,752</u>	<u>709,003</u>
(c) Reconciliation of tax expense to the expected tax based on accounting profit:-		
Profit before taxation	<u>2,497,983</u>	<u>1,979,276</u>
Tax at the applicable tax rate of 30%	749,395	593,783
Tax effect of expenses not deductible for tax purposes	<u>104,357</u>	<u>115,220</u>
Tax charge	<u>853,752</u>	<u>709,003</u>

9. EARNINGS PER SHARE

The earnings per share is calculated on the profit after tax of KShs. 1,644,231,000 (2005-KShs. 1,270,273,000) and the number of ordinary shares in issue during the year of 79,128,000 (2005: - 79,128,000).

The diluted earnings per share is the same as the basic earnings per share as there were no potentially dilutive ordinary shares outstanding as 30 June 2006.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

10. PROPERTY AND EQUIPMENT

	Freehold land and buildings KShs'000	Transmission lines KShs'000	Distribution lines KShs'000	Machinery KShs'000	Motor vehicles KShs'000	Furniture, equipment and other KShs'000	Total KShs'000
COST OR VALUATION							
At 1 July 2004	1,065,247	11,430,770	5,645,180	14,582	1,377,847	4,416,392	23,950,018
Additions	139,464	3,867,793	286,160	180	135,466	625,594	5,054,657
Disposals	-	-	(62,374)	-	-	-	(62,374)
At 30 June 2005	<u>1,204,711</u>	<u>15,298,563</u>	<u>5,868,966</u>	<u>14,762</u>	<u>1,513,313</u>	<u>5,041,986</u>	<u>28,942,301</u>
Comprising							
At cost	1,204,711	5,070,807	5,868,966	14,762	1,513,313	5,041,986	18,714,545
At valuation-2002	-	10,227,756	-	-	-	-	10,227,756
	<u>1,204,711</u>	<u>15,298,563</u>	<u>5,868,966</u>	<u>14,762</u>	<u>1,513,313</u>	<u>5,041,986</u>	<u>28,942,301</u>
DEPRECIATION							
At 1 July 2004	412,621	1,744,624	1,759,855	10,981	1,099,663	3,587,015	8,614,759
Charge for the year	29,944	858,541	233,164	169	43,871	270,972	1,436,661
Eliminated on disposals	-	-	(42,337)	-	-	-	(42,337)
At 30 June 2005	<u>442,565</u>	<u>2,603,165</u>	<u>1,950,682</u>	<u>11,150</u>	<u>1,143,534</u>	<u>3,857,987</u>	<u>10,009,083</u>
NET BOOK VALUE							
At 30 June 2005	<u>762,146</u>	<u>12,695,398</u>	<u>3,918,284</u>	<u>3,612</u>	<u>369,779</u>	<u>1,183,999</u>	<u>18,933,218</u>
Work in progress							<u>1,922,981</u>
							<u>20,856,199</u>

	Freehold land and buildings KShs'000	Transmission lines KShs'000	Distribution lines KShs'000	Machinery KShs'000	Motor vehicles KShs'000	Furniture equipment and other KShs'000	Total KShs'000
COST/ VALUATION							
At 1 July 2005	1,204,711	15,298,563	5,868,966	14,762	1,513,313	5,041,986	28,942,301
Additions	-	-	1,245,324	40,888	373,190	287,986	1,947,388
Disposals	-	-	(127,082)	-	(7,326)	-	(134,408)
At 30 June 2006	<u>1,204,711</u>	<u>15,298,563</u>	<u>6,987,208</u>	<u>55,650</u>	<u>1,879,177</u>	<u>5,329,972</u>	<u>30,755,281</u>
Comprising							
At cost	1,204,711	5,070,807	6,987,208	55,650	1,879,177	5,329,972	20,527,525
At valuation-2002	-	10,227,756	-	-	-	-	10,227,756
	<u>1,204,711</u>	<u>15,298,563</u>	<u>6,987,208</u>	<u>55,650</u>	<u>1,879,177</u>	<u>5,329,972</u>	<u>30,755,281</u>
DEPRECIATION							
At 1 July 2005	442,565	2,603,165	1,950,682	11,150	1,143,534	3,857,987	10,009,083
Charge for the year	33,097	668,560	278,509	434	79,803	322,452	1,382,855
Eliminated on disposals	-	-	(91,366)	-	(6,593)	-	(97,959)
At 30 June 2006	<u>475,662</u>	<u>3,271,725</u>	<u>2,137,825</u>	<u>11,584</u>	<u>1,216,744</u>	<u>4,180,439</u>	<u>11,293,979</u>
NET BOOK VALUE							
At 30 June 2006	<u>729,049</u>	<u>12,026,838</u>	<u>4,849,383</u>	<u>44,066</u>	<u>662,433</u>	<u>1,149,533</u>	<u>19,461,302</u>
Work in progress							<u>2,955,157</u>
							<u>22,416,459</u>

Capital work in progress relates to construction works of electricity distribution lines and installations spread across the country.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

10. PROPERTY AND EQUIPMENT (continued)

Included in land and buildings, distribution lines, machinery, motor vehicles, furniture and equipment are assets with a cost of KShs 5,644,314,645 (2005-KShs. 4,233,775,276) which were fully depreciated. The normal depreciation charge on these assets would have been KShs 954,130,141 (2005-KShs. 815,072,506).

The transmission lines were revalued by Mott MacDonald, Registered Valuers (London) as at 30 June 2002 on a depreciated replacement cost basis.

NET BOOK VALUE (COST BASIS)

	Freehold land and buildings KShs'000	Transmission lines KShs'000	Distribution lines KShs'000	Machinery KShs'000	Motor vehicles KShs'000	Furniture equipment and other KShs'000	Total KShs'000
At 30 June 2006	729,049	7,904,366	4,849,383	44,066	662,433	1,149,533	15,338,830
Work in progress							2,955,157
							18,293,987
At 30 June 2005	762,146	7,904,366	3,918,284	3,612	369,779	1,183,999	14,142,186
Work in progress							1,922,981
							16,065,167

11. PAID LEASES ON LAND

	KShs'000
COST	
At 30 June 2005 and 2006	133,694
AMORTISATION	
At 1 July 2005	1,602
Amortisation for the year	55
At 30 June 2006	1,657
NET BOOK VALUE	
At 30 June 2006	132,037
At 30 June 2005	132,092

12. UNQUOTED INVESTMENT

The investment is stated at cost less provision for impairment. The investment represents equity shares held in Consolidated Bank of Kenya Limited. The shares were acquired in return for deposits previously held with Jimba Credit Finance Limited, one of the finance houses under rehabilitation from insolvency.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

13. DEFERRED TAX

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

	2006	2005
	KShs'000	KShs'000
Deferred tax assets:		
Tax losses	(2,362,209)	(3,766,812)
Provisions	<u>(1,504,619)</u>	<u>(857,242)</u>
	<u>(3,866,828)</u>	<u>(4,624,054)</u>
Deferred tax liabilities:		
Accelerated capital allowances	2,272,902	2,178,731
Unrealised exchange gains	59,119	56,752
Revaluation surplus	<u>1,300,365</u>	<u>1,437,053</u>
	<u>3,632,386</u>	<u>3,672,536</u>
	<u>(234,442)</u>	<u>(951,518)</u>
Movement on the deferred tax account is as follows:		
At 1 July	(951,518)	(1,523,834)
Credit to revaluation reserve	(136,687)	(136,687)
Adjustment	11	-
Income statement charge (note 8(b))	<u>853,752</u>	<u>709,003</u>
At 30 June	<u>(234,442)</u>	<u>(951,518)</u>

The deferred taxation assets have been recognised in the financial statements on the basis of profit forecasts which indicate that the Company will generate sufficient profits in the foreseeable future to facilitate utilisation of the tax losses and provisions. Under the Kenya tax legislation, tax losses can be carried to perpetuity.

14. DEPOSITS

	2006	2005
	KShs'000	KShs'000
Standard Chartered Bank Kenya Limited Nil (2005-US\$ 2,420,116)	-	184,440
Co-operative Bank of Kenya Limited Nil (2005-US\$ 2,083,596)	-	<u>156,244</u>
	<u>-</u>	<u>340,684</u>

The average effective interest rate on the deposits as at 30 June 2006 was 6% per annum (2005 - 7.5%).

The above deposits denominated in foreign currency represent amounts held by the Company's bankers as security for guarantees issued by the bankers on behalf of the Company. These are in respect of standby letters of credit issued by the Company to fulfil a contractual agreement under a power supply agreement.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

15. INVENTORIES

	2006 KShs'000	2005 KShs'000
General stores	1,991,538	645,350
Engineering spares	10,029	21,685
Fuel and oil	48,841	117,648
Transformers	740,428	1,145,404
Motor vehicle spares	63,915	58,947
Goods in transit	<u>73,835</u>	<u>166,301</u>
	<u>2,928,586</u>	<u>2,155,335</u>

General stores, engineering spares, fuel and oil, transformers and motor vehicle spares are stated at weighted average cost while goods in transit are at cost.

16. TRADE AND OTHER RECEIVABLES

	2006 KShs'000	2005 KShs'000
Electricity customers	3,978,091	4,010,821
Prepayments	94,099	123,868
Recoverable fuel costs	1,206,716	788,971
VAT recoverable	775,488	534,975
Staff receivables	143,937	112,654
Other receivables	<u>351,690</u>	<u>292,235</u>
	<u>6,550,021</u>	<u>5,863,524</u>

17. SHORT TERM DEPOSITS, BANK AND CASH BALANCES

(a) Short term deposits - maturing within 3 months:

Housing Finance Company of Kenya Ltd	216,071	203,524
Standard Chartered Bank Kenya Limited	3,167,822	577,399
Co-operative Bank of Kenya Limited	<u>2,552,355</u>	<u>3,036,080</u>
	<u>5,936,248</u>	<u>3,817,003</u>

The average effective interest rate on the short-term deposits as at 30 June 2006 was 6% (2005 – 7.5 %).

(b) Bank and cash balances

Bank and cash balances comprise:-	2006 KShs'000	2005 KShs'000
Cash at bank	263,487	1,526,263
Cash on hand	<u>11,503</u>	<u>11,468</u>
	<u>274,990</u>	<u>1,537,731</u>

18. SHARE CAPITAL

(a) Ordinary share capital

Authorised:		
97,850,000 ordinary shares of KShs. 20 each	<u>1,957,000</u>	<u>1,957,000</u>
Issued and fully paid:		
79,128,000 ordinary shares of KShs. 20 each	<u>1,582,560</u>	<u>1,582,560</u>

(b) Redeemable non-cumulative preference share capital Authorised:

800,000,000 - 7.85% preference shares of KShs. 20 each	<u>16,000,000</u>	<u>16,000,000</u>
Issued and fully paid:		
794,962,500 - 7.85% preference shares of KShs. 20 each	<u>15,899,250</u>	<u>15,899,250</u>



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

18. SHARE CAPITAL (Continued)

The issued and fully paid redeemable non-cumulative preference share capital relates to debts from the Government of Kenya converted into redeemable 7.85% non-cumulative preference shares in the year 2004. The preference shares are redeemable at the option of the Company.

19. RESERVES

	2006 KShs'000	2005 KShs'000
Accumulated deficit	(74,276)	(2,055,441)
Proposed dividends	118,692	118,692
Revaluation surplus	<u>3,034,179</u>	<u>3,353,118</u>
	<u>3,078,595</u>	<u>1,416,369</u>

The revaluation reserve was as result of revaluation of transmission lines as shown in note 10.

20. TRADE AND OTHER PAYABLES

	2006 KShs'000	2005 KShs'000
KenGen	3,290,222	2,387,865
Other electricity suppliers	1,275,571	1,897,029
Customers' deposits	2,537,919	2,283,256
Capital contributions	760,910	780,485
Other suppliers' accounts	441,537	376,874
Rural Electrification Programme Levy	1,484,910	1,572,401
Electricity Regulatory Board Levy	27,018	46,534
Rural Electrification Programme Schemes	1,565,091	89,125
Other payables and accruals	<u>1,513,949</u>	<u>1,532,914</u>
	12,897,127	10,966,483
Less: Non-refundable and payable after one year	<u>(3,298,829)</u>	<u>(3,063,741)</u>
	<u>9,598,298</u>	<u>7,902,742</u>

The amount due to KenGen represents outstanding amounts arising from power purchases and Sondu Miriu transmission line project as disclosed in note 26 (d).

The non-refundable and payable amounts after one year relate to deposits and capital contributions received from customers.

Rural Electrification Programme Levy represents levies collected by the Company from electricity customers on behalf of the Government, while Rural Electrification Programme Schemes relate to amount received from Government of Kenya for implementation of Rural Electrification Projects.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

21. BORROWINGS

(a) Balances

	2006 KShs'000	2005 KShs'000
6.125% Kenya Government/Swiss mixed credit 1996-2007 (CHF 2,457,515)	147,211	162,144
4% Kenya Government/European Investment Bank - Olkaria loan (Euro 25,428,154) 2005 – 2020	2,386,094	2,801,440
7.83% East Africa Development Bank (Kiambere – Nairobi 220KVA line – USD 1,601,521) 2003-2007	118,192	243,457
4% FMO (Kipevu – Rabai line – USD 2,250,000) 2003-2007	166,050	285,750
7.7% Kenya Government/IDA 2966 KE loan 1997-2017	186,096	163,463
4.5% GOK/IDA 3958 KE (ESRP- USD 1,524,913) 2004-2024	112,539	32,081
Accrued interest	29,444	8,298
	<u>3,145,626</u>	<u>3,696,633</u>
Less: amounts repayable within 12 months	443,904	447,697
Non-current	<u>2,701,722</u>	<u>3,248,936</u>

East African Development Bank Limited and FMO loans are guaranteed by letters of negative pledge. All other loans are guaranteed by the Government of Kenya.

(b) Analysis of borrowings by currency

	Borrowings in KShs KSh'000	Borrowings in US\$ KShs'000	Borrowings in CHF KShs'000	Borrowings in EURO KShs'000	Total Borrowings in KShs'000
2006					
Loans	<u>200,426</u>	<u>400,854</u>	<u>147,211</u>	<u>2,397,135</u>	<u>3,145,626</u>
2005					
Loans	<u>163,463</u>	<u>569,586</u>	<u>162,144</u>	<u>2,801,440</u>	<u>3,696,633</u>

(c) Maturity of borrowings

Due within 1 year	443,904	447,697
Due between 1 and 2 years	608,509	700,750
Due between 2 and 5 years	717,262	1,171,211
Due after 5 years	<u>1,375,951</u>	<u>1,376,975</u>
	<u>3,145,626</u>	<u>3,696,633</u>

22. PREFERENCE SHARES

Authorised and fully issued:

350,000 - 7% cumulative preference shares of KShs. 20 each	7,000	7,000
1,800,000 - 4% cumulative preference shares of KShs. 20 each	<u>36,000</u>	<u>36,000</u>
	<u>43,000</u>	<u>43,000</u>

The preference shares are treated as financial liabilities because the Company has a contractual obligation to pay preference dividends on the shares.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

23. RETIREMENT BENEFITS OBLIGATIONS

The Company operates a defined retirement benefits scheme for all employees. The scheme is administered by an inhouse team and is funded by contributions from the Company and its employees. AIG Global Investment (EA) Company Limited and Co-optrust Investment Services Limited jointly manage the scheme's funds.

Under the plan, the employees are entitled to retirement benefits varying between 2 and 3 percent of final pensionable emoluments on attainment of the retirement age of 55.

Amounts recognised in income in respect of the defined benefits plan are as follows:

	2006 KShs'000	2005 KShs'000
Net actuarial losses	<u>166,800</u>	<u>166,800</u>

The charge for the year has been included in staff costs (note 6).

The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefits plan is as follows:

	2006 KShs'000	2005 KShs'000
Present value of funded obligations	7,713,400	7,713,400
Unrecognised actuarial losses	(1,940,982)	(2,107,782)
Fair value of plan assets	<u>(3,695,200)</u>	<u>(3,695,200)</u>
	<u>2,077,218</u>	<u>1,910,418</u>

Movement in the net liability in the current year were as follows:

At beginning of the year	1,850,418	1,743,618
Amounts paid	(320,000)	(60,000)
Amounts charged to income	<u>166,800</u>	<u>166,800</u>
At 30 June	<u>1,697,218</u>	<u>1,850,418</u>

Key assumptions used:

	2006	2005
Rate of interest	10%	10%
Expected return on plan assets	10%	10%
Expected rate of salary increases	8%	8%
Future pension increases:		
- Post 31/12/99 service	0%	0%
- Pre 31/12/99 service	3%	3%

The Company also contributes to the statutory National Social Security fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Company's obligations under the scheme are limited to specific contributions legislated from time to time and are currently at KShs. 200 per employee per month.

24. DIVIDENDS PAYABLE

These relate to unclaimed dividends payable to different stockholders on ordinary shares.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

25. NOTES TO THE CASH FLOW STATEMENT

(a) RECONCILIATION OF OPERATING PROFIT TO CASH GENERATED FROM OPERATIONS

	2006 KShs'000	2005 KShs'000
Operating profit	2,205,744	1,841,303
Depreciation	1,382,855	1,436,661
Amortisation	55	55
Loss on disposal of property and equipment	9,390	13,535
Net exchange losses	<u>(2,590)</u>	<u>(25,651)</u>
Operating profit before working capital changes	3,595,454	3,265,903
Increase in inventories	(773,251)	(446,083)
Increase in trade and other receivables	(720,310)	(140,410)
Increase in trade and other payables	1,930,644	2,775,982
(Decrease)/ increase in staff retirement benefits scheme	(153,200)	106,800
Increase in provision for leave pay obligation	-	60,883
Movement in non current deposits	<u>340,684</u>	<u>11,202</u>
Cash generated from operations	<u>4,220,021</u>	<u>5,634,277</u>

(b) ANALYSIS OF CHANGES IN LOANS

At beginning of the year	3,696,633	4,131,914
Receipts	215,666	32,914
Repayments	(764,534)	(307,415)
Exchange gains	(31,583)	(169,078)
Accrued interest	<u>29,443</u>	<u>8,298</u>
At end of the year	<u>3,145,625</u>	<u>3,696,633</u>

(c) ANALYSIS OF CASH AND CASH EQUIVALENTS

Short term deposits	5,936,248	3,817,003
Bank and cash balances	<u>274,990</u>	<u>1,537,731</u>
	<u>6,211,238</u>	<u>5,354,734</u>

For the purpose of the cash flow statement, cash and cash equivalents include short term liquid investments which are readily convertible to known amounts of cash and which were within three months to maturity when acquired; less advances from banks repayable within three months from date of disbursement or date of confirmation of the advance.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

26. RELATED PARTY TRANSACTIONS

The Government of Kenya is the principal shareholder in Kenya Power and Lighting Company Limited (KPLC) and also holds 70% of the equity interest in Kenya Electricity Generating Company Limited (KenGen). The Company is related to KenGen through common control.

During the year, the following transactions were carried out with related parties:

(a) Government of Kenya

	2006 KShs'000	2005 KShs'000
Electricity sales to Government ministries	<u>1,150,469</u>	<u>815,842</u>
Outstanding balances included in trade debtors	<u>414,539</u>	<u>268,631</u>
(b) Staff		
Electricity sales to staff	<u>17,177</u>	<u>16,985</u>
Outstanding balances included in trade debtors	<u>3,166</u>	<u>3,502</u>

The tariffs applicable to Government institutions are similar to other ordinary customers while staff are charged at KShs. 2.26 per KWh.

(c) Rural Electrification Programme

During the year, the Company continued to manage the Rural Electrification Programme (REP) on behalf of the Government of Kenya.

The Rural Electrification Programme (REP) was established in 1973 by the Government of Kenya following an agreement between it and East African Power & Lighting Company, a predecessor to Kenya Power & Lighting Company Limited. The programme was established with the specific objective to extend electricity to the sub economic rural areas.

The REP is funded by several donors through the Government of Kenya. Any property acquired by REP remains the property of the Government of Kenya. KPLC only acts as a management agent on behalf of the Government.

The scheme's financial details not included in these financial statements are as follows:

	2006 KShs'000	2005 KShs'000
Electricity sales	1,538,526	1,208,301
Expenditure	<u>2,346,726</u>	<u>1,912,469</u>
Net deficit	<u>(808,200)</u>	<u>(704,168)</u>
Assets	<u>8,277,243</u>	<u>7,635,968</u>

Other details relating to transactions and balance with the Government of Kenya are disclosed in note 20.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

26. RELATED PARTY TRANSACTIONS (Continued)

	2006 KShs'000	2005 KShs'000
(d) KenGen		
Electricity purchases	14,437,556	10,719,419
Amounts due to KenGen on account of electricity purchases	2,960,342	2,387,865
Amounts due to KenGen on account of Sondu Miriu project	329,880	-
Electricity sales	52,905	79,552
Amounts due from KenGen on account of electricity sales	16,393	17,207

Transactions with KenGen are at arm's length and in the normal course of business.

(e) KPLC Staff Retirement Benefits Scheme

The Company uses property owned by the staff retirement benefits scheme for office accommodation. Rent paid during the year in this regard amounted to KShs.40,000,000 (2005-KShs. 40,000,000).

27. RISK MANAGEMENT POLICIES

The financial risk management objectives and policies are as outlined below:

Credit risk

The Company's credit risk is primarily attributable to its trade receivable and bank deposits. The amounts presented in the balance sheet 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 credit risk on trade receivables is limited as the Company is a monopoly in the distribution of electricity which is a basic necessity for the consumer. In addition, the Company has no significant concentration of credit risk, with exposure spread over a large number of customers.

The credit risk on liquid funds with financial institutions is also low, because the counter parties are banks with high credit-ratings.

Interest rate risk

The interest rate risk exposure arises mainly from interest rate movements on the Company's borrowings. To manage the interest rate risk, management has endeavoured to only sign and obtain borrowings from institutions that offer contracts with fixed interest rates. At year-end, borrowings with no fixed interest rates were minimal.

Liquidity risk

The risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments has been and continues to be addressed by management through debt rescheduling, conversion of loan into equity and re-negotiating with energy suppliers for tariff reductions.

Currency risk

The foreign currency risk arises due to change in exchange rates. Exposure due to foreign currency risk is managed by recovering from customers the realised fluctuations in the exchange rates not factored in the retail tariffs.

28. FAIR VALUE

The Directors are of the opinion that there is no material difference between the fair value and carrying value of the Company's financial assets and liabilities where fair value details have not been presented.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

29. CAPITAL COMMITMENTS

	2006 KShs'000	2005 KShs'000
Authorised and contracted for	3,378,711	8,341,908
Less: Amount incurred and included in work in progress	<u>(606,817)</u>	<u>(2,171,820)</u>
	2,771,894	6,170,088
Less: Capital contributions received from customers	<u>(168,494)</u>	<u>(1,225,992)</u>
	<u>2,603,400</u>	<u>4,944,096</u>

30. CONTINGENT LIABILITIES

	2006 KShs'000	2005 KShs'000
Bank guarantees	406,826	441,000
Claims on the Company	<u>9,429,803</u>	<u>3,973,000</u>
	<u>9,836,629</u>	<u>4,414,000</u>

Included in the claims on the Company are: -

- (i) Some employees whose employment was terminated in the year 2003 went to court seeking additional compensation for termination. The advice from the external lawyers is that the plaintiffs claim cannot succeed against the Company.
- (ii) KShs.1.355 billion in 2004 relating to a claim by Tana & Athi River Development Authority (TARDA) for Masinga and Kiambere power stations lease hire charges for the period prior to 1998. During the year, the parties together with the parent ministries, Treasury and Office of the President agreed to settle the matter administratively.
- (iii) Other claims on the Company relate to civil suits lodged against the Company by various parties in the normal course of business.
- (iv) Kenya Electricity Generating Company Limited (KenGen) has claimed an amount of KShs 826 million relating to an actuarial deficit determined on the separation of the Retirement Schemes in 2004.

The likely outcome of these suits cannot be determined as at the date of signing these financial statements.

Based on the information currently available, the Directors believe that the ultimate resolution of these legal proceedings would not likely have a material effect on the results of the Company's operations, financial position or liquidity.

31. OPERATING LEASE COMMITMENTS

AS LESSEE:

The total future minimum lease payments due to third parties under non-cancellable operating leases are as follows:

	2006 KShs'000	2005 KShs'000
Not later than 1 year	65,956	79,339
Later than 1 year and not later than 5 years	<u>168,144</u>	<u>88,746</u>
	<u>234,100</u>	<u>168,085</u>

AS LESSOR

The future minimum lease payments receivable under non-cancellable operating leases are as follows:

	2006 KShs'000	2005 KShs'000
Not later than 1 year	38,851	33,114
Later than 1 year but not later than 5 years	<u>77,414</u>	<u>53,843</u>
	<u>116,265</u>	<u>86,957</u>



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

32. POST BALANCE SHEET EVENT

In January 2006, Kenya Power & Lighting Company Limited(KPLC) and Kenya Electricity Generating Company Limited signed a supplemental agreement to the Interim Power Purchase Agreement which among other provisions, increased the bulk tariff to KShs 2.36 per kWh from 1 July 2006. The agreement was approved by Electricity Regulatory Board subject to certain conditions, which were not satisfied, while the Government made a commitment to KPLC that it would implement appropriate measures which would fully mitigate any adverse impact on KPLC occasioned by the increase.

Subsequent to this date, the Minister for Energy has directed Kenya Power & Lighting Company Limited and Kenya Electricity Generating Company Limited, that the bulk tariff is to remain at the 30 June 2006 level of KShs 1.76 per kWh, pending the outcome of a tariff study commissioned by the Electricity Regulatory Board.

33. COMPARATIVES

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

34. INCORPORATION

The Company is incorporated in Kenya under the Kenyan Companies Act under certificate of incorporation No. C. 1/22 and is domiciled in Kenya.

35. CURRENCY

These financial statements are prepared in Kenya shillings thousands (KShs'000).



STATISTICAL INFORMATION



TEN YEAR FINANCIAL AND STATISTICAL RECORDS

For year ended	30th June 1997	30th June 1998	30th June 1999	30th June 2000	30th June 2001
UNITS SOLD (Millions)	3,406	3,498	3,564	3,365	3,091
Average yield of units sold (cents)	495.98	516.67	516.91	700.28	911.95
	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
Revenue from sale of electricity	16,893,149	18,073,232	18,422,731	23,564,466	28,188,525
PROFIT/(LOSS) for the Year					
Before exceptional item	2,160,099	2,005,343	1,721,924	(4,155,863)	(4,103,984)
Exceptional item	-	-	-	1,581,594	-
PROFIT/(LOSS) for the					
Year before taxation	2,160,099	2,005,343	1,721,924	(2,574,269)	(4,103,984)
TAXATION (CHARGE)/ CREDIT	(606,071)	(658,612)	(416,662)	966,287	1,229,203
NET PROFIT/(LOSS) AFTER TAXATION	1,554,028	1,346,731	1,305,262	(1,607,982)	(2,874,781)
Preference dividends (gross)	(1,930)	(1,930)	(1,930)	(1,930)	(1,930)
NET PROFIT/ (LOSS) ATTRIBUTABLE TO					
ORDINARY SHAREHOLDERS	1,552,098	1,344,801	1,303,332	(1,609,912)	(2,876,711)
ORDINARY DIVIDENDS (gross)	(422,016)	(422,016)	(633,024)	(158,256)	-
RETAINED PROFIT/(LOSS)					
FOR THE YEAR	1,130,082	922,785	670,308	(1,768,168)	(2,876,711)
FUNDS GENERATED FROM OPERATIONS					
Profit/(Loss) for the year	1,130,082	922,785	670,308	(1,768,168)	(2,876,711)
Depreciation	406,484	579,494	748,424	926,201	1,138,686
	1,536,566	1,502,279	1,418,732	(841,967)	(1,738,025)
CAPITAL EMPLOYED					
Fixed Assets less depreciation	6,587,490	7,548,159	9,136,366	12,022,675	12,343,789
Prepaid leases on land	-	-	-	-	132,343
Loan to KenGen	146,242	80,871	-	-	-
Investment	4,300	4,300	4,300	4,300	4,300
Other non-current assets	-	-	-	-	-
Net current assets/(Liabilities)	(340,480)	(389,532)	694,474	(2,445,301)	(7,108,211)
	6,397,552	7,243,798	9,835,140	9,581,674	5,372,221
FINANCED BY:					
Ordinary shareholders' equity	5,007,196	5,060,357	5,730,665	3,962,497	1,065,785
Non-cumulative preference shares	-	-	-	-	-
Cumulative preference shares	43,000	43,000	43,000	43,000	43,000
Loan capital	1,347,356	1,153,273	1,239,483	1,268,999	2,258,632
Deferred taxation	-	987,168	1,207,550	241,263	(987,940)
Non current liability	-	-	1,614,442	4,065,915	2,972,744
	6,397,552	7,243,798	9,835,140	9,581,674	5,352,221
CAPITAL EXPENDITURE	2,223,312	1,542,191	2,351,083	4,669,768	1,593,221
Average cost of units sold (cents)	459	471	464	803	1,207
Profit/(Loss) for the year before taxation as a					
percentage of average capital employed	33.76%	27.68%	17.51%	-26.87%	-76.39%
Ordinary dividend rates	40%	40%	40%	10%	0%
Earnings per share	29.42	17	16.47	(20.35)	(36.35)
Customers/employees ratio	51.52	63.20	66.57	71.31	71.22
Sales (KWh) per employee	411,402	488,070	501,672	474,278	473,064



TEN YEAR FINANCIAL AND STATISTICAL RECORDS

For year ended	30th June 2002	30th June 2003	30th June 2004	30th June 2005	30th June 2006
UNITS SOLD (Millions)	3,498	3,654	3,940	4,215	4,444
Average yield of units sold (cents)	709.20	633.03	591.96	672.39	764.33
	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
Revenue from sale of electricity	24,807,649	23,130,782	23,323,083	28,341,356	33,966,730
PROFIT/(LOSS) for the Year					
Before exceptional item	(1,868,760)	(4,110,263)	875,614	1,981,206	2,499,913
Exceptional item	(978,426)	-	-	-	-
PROFIT/(LOSS) for the					
Year before taxation	(2,847,186)	(4,110,263)	875,614	1,981,206	2,499,913
TAXATION (CHARGE)/ CREDIT	969,563	1,060,838	(415,877)	(709,003)	(853,752)
NET PROFIT/(LOSS) AFTER TAXATION	(1,877,623)	(3,049,425)	459,737	1,272,203	1,646,161
Preference dividends (gross)	(1,930)	(1,930)	(1,930)	(1,930)	(1,930)
NET PROFIT/ (LOSS) ATTRIBUTABLE TO					
ORDINARY SHAREHOLDERS	(1,879,553)	(3,051,355)	457,807	1,270,273	1,644,231
ORDINARY DIVIDENDS (gross)	-	-	-	(118,692)	(118,692)
RETAINED PROFIT/(LOSS)					
FOR THE YEAR	(1,879,553)	(3,051,355)	457,807	1,151,581	1,525,539
FUNDS GENERATED FROM OPERATIONS					
Profit/(Loss) for the year	(1,879,553)	(3,051,355)	457,807	1,151,581	1,525,539
Depreciation	1,101,236	1,569,572	1,518,396	1,436,716	1,382,910
	(778,317)	(1,481,783)	1,976,203	2,588,297	2,908,449
CAPITAL EMPLOYED					
Fixed Assets less depreciation	19,357,165	19,011,871	20,599,403	20,856,199	22,416,459
Prepaid leases on land	132,257	132,202	132,147	132,092	132,037
Loan to KenGen	-	-	-	-	-
Investment	4,300	4,300	4,300	4,300	4,300
Other non-current assets	187,500	325,262	351,886	340,684	-
Net current assets/(Liabilities)	1,319,233	(1,972,253)	1,139,351	2,969,063	3,816,718
	21,000,455	17,501,382	22,227,087	24,302,338	26,369,514
FINANCED BY:					
Ordinary shareholders' equity	3,516,168	997,475	1,591,969	2,998,929	4,661,155
Non-cumulative preference shares	-	-	15,899,250	15,899,250	15,899,250
Cumulative preference shares	43,000	43,000	43,000	43,000	43,000
Loan capital	5,049,326	5,494,863	3,769,347	3,248,936	2,701,722
Deferred taxation	(110,389)	(1,803,024)	(1,523,834)	(951,518)	(234,442)
Non current liability	12,612,135	12,790,747	2,447,355	3,063,741	3,298,829
	21,110,240	17,523,061	22,227,087	24,302,338	26,369,514
CAPITAL EXPENDITURE	1,959,535	1,231,937	3,111,203	1,846,965	2,979,564
Average cost of units sold (cents)	856	736	584	644.64	736.95
Profit/ (Loss) for the year before taxation as a					
percentage of average capital employed	-13.56%	-23.49%	3.94%	8.15%	9.48%
Ordinary dividend rates	0%	0%	0%	7.50%	7.50%
Earnings per share	(23.75)	(38.56)	5.79	16.05	20.78
Customers/employees ratio	98.25	107.98	110.62	119.93	129.35
Sales (KWh) per employee	537,444	582,868	633,848	687,602	716,543



TABLE 1: POWER SYSTEM OPERATION STATISTICS FOR 6 YEARS

COMPANY	Capacity (MW) as at 30.06.2006		2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
	Installed	Effective ¹						
KenGen								
Hydro:			Energy Purchased (GWh)					
Tana	14.4	10.4	71	76	65	65	59	56
Wanjii	7.4	7.4	47	52	51	34	21	22
Kamburu	94.2	88.0	181	330	470	470	381	399
Gitaru	225.0	216.0	364	665	945	938	757	795
Kindaruma	40.0	40.0	81	162	224	221	170	190
Small Stations	6.3	4.9	20	23	25	28	23	20
Masinga	40.0	40.0	28	127	206	230	169	170
Kiambere	144.0	144.0	292	703	999	1010	814	852
Turkwel	106.0	106.0	240	264	136	263	475	520
Hydro Total	677.3	656.7	1,325	2,402	3,120	3,259	2,869	3,025
Thermal:								
Kipevu Steam	0.0	0.0	126	94	83	56	48	0
Kipevu I Diesel	75.0	60.0	449	268	144	279	330	399
Fiat - Nairobi South	13.5	10.0	35	1	0.2	-0.02	3	18
Kipevu Gas Turbines	60.0	60.0	274	77	20	4	97	194
Garissa & Lamu	5.2	4.6	10	11	12	13	13	15
Thermal Total	153.7	134.6	894	451	260	352	491	626
Geothermal:								
Olkaria I	45.0	45.0	340	377	277	266	371	324
Olkaria II	70.0	70.0	0	0	0	417	549	562
Geothermal Total	115.0	115.0	340	377	277	682	920	886
Wind								
Ngong	0.4	0.4	0.1	0.0	0.3	0.4	0.4	0.4
KenGen Total	946.3	906.7	2,559	3,230	3,657	4,294	4,280	4,538
Government of Kenya (Rural Electrification Programme)								
Isolated Thermal Stations	6.1	5.1	10	10	10	10	11	11
Independent Power Producers (IPP) - Thermal & Geothermal								
IberAfrica	56.0	56.0	348	348	251	240	330	408
Westmont ²	0.0	0.0	277	149	29	15	3	0
Tsavo	74.0	74.0	7	550	473	200	508	570
Mumias - Cogeneration	2.0	0.0	6	1	0	0	0	9
Or Power 4 - Geothermal	13.0	13.0	89	103	109	105	115	117
IPP Total	145	143	727	1151	862	560	956	1,103
Emergency Power Producers(EPP)³								
Aggreko	80.0	80.0	303	0	0	0	0	30
Cummins			174	0	0	0	0	0
Deutz			111	0	0	0	0	0
EPP Total	80.0	80.0	587	0	0	0	0	30
Imports								
UETCL	0.0	0.0	198	172	222	171	99	15
TANESCO	0.0	0.0	0	0	0	0	0.3	0.4
Total Imports	0.0	0.0	197.8	172.0	222	171	99.0	15.0
SYSTEM TOTAL	1,177	1,135	4,081	4,563	4,750	5,035	5,347	5,697
SUMMARY OF KEY STATISTICS								
SALES - KPLC System (GWh)			3,091	3,498	3,654	3,940	4,200	4,420
- REP System (GWh)			121	130	147	150	164	186
- Export to Uganda (GWh)							15	24
TOTAL SALES (GWh)			3,212	3,628	3,801	4,090	4,379	4,630
System Losses (GWh) ⁴			869	936	949	946	968	1,067
System Peak Demand (MW) ⁵			724	760	786	830	899	920
System Load Factor			64.4%	69.0%	69.4%	69.4%	68.4%	70.9%
Sales % of Energy Purchased			78.7%	79.5%	80.0%	81.2%	81.9%	81.3%
Losses as % of Energy Purchased			21.3%	20.5%	20.0%	18.8%	18.1%	18.7%
Annual growth - Energy Purchased			-8.5%	10.6%	4.1%	6.0%	6.2%	6.6%
-KPLC Sales			-8.2%	11.5%	4.5%	7.8%	6.6%	5.4%
-REP Sales			-12.7%	8.0%	12.9%	2.0%	9.3%	13.5%

Notes:

- 1) Maximum output from the station under normal operating conditions.
- 2) Westmont was retired in September 2004 upon expiry of its contract with KPLC.
- 3) Emergency Power Producers were retired in June 2001. However, Aggreko was commissioned in June 2006 under a new contract due to shortfall in generation foreseen in the Year.
- 4) System losses comprise of technical and non-technical losses.
- 5) The Demand shown includes the export demand. The Country's peak demand was 884MW and 916MW for 2004/05 and 2005/06, respectively.



TABLE 2: REGIONAL MAXIMUM DEMAND (MW)

REGION	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
Nairobi	401	385	405	427	453	481
Coast	140	158	145	141	152	164
Central Rift	50					
West Kenya	75	158	157	166	176	178
Mt. Kenya	47	76	78	81	86	90
North Rift	35					
TOTAL SYSTEM (SIMULTANEOUS)	724	760	786	830	884	916
% INCREASE P.A.	2.2%	5.0%	3.4%	5.6%	6.5%	3.7%

TABLE 3: SALE OF ELECTRICITY IN GWh BY CUSTOMER CATEGORY

TARIFF	TYPES OF CUSTOMERS COVERED BY THIS TARIFF						
		2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
A0	Domestic	679	769	834	900	956	1,020
A 1	Small Commercial	385	446	450	476	522	526
B	Commercial (Medium) and Industrial(Medium)	609	696	748	819	885	915
C	Commercial (large) and Industrial (large)	1,361	1,513	1,557	1,683	1,776	1,895
D	Off-peak	51	55	59	55	53	55
E	Street lighting	7	19	7	7	8	9
	TOTAL	3,091	3,498	3,654	3,940	4,200	4,420
	% INCREASE P.A.	-8.2%	13.1%	4.5%	7.8%	6.6%	5.2%

TABLE 4: TOTAL UNIT SALES BY REGION IN GWh

REGION	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
Nairobi	1,684	1,806	1,923	2,075	2,234	2,385
Coast	648	688	708	759	808	851
Central Rift	183					
West	318	685	702	741	792	811
Mt. Kenya	141	319	321	365	366	373
North Rift	117					
KPLC Sales	3,091	3,498	3,654	3,940	4,200	4,420
R.E.P. Schemes	121	130	147	150	164	186
Export Sales					15	24
TOTAL	3,212	3,628	3,801	4,090	4,379	4,630
%INCREASE P.A.	-8.3%	13.0%	4.8%	7.6%	7.1%	5.7%

Note: As part of business restructuring, the Company's operational Areas were reduced from six to four Regions. Central Rift, North Rift and West Kenya Areas were combined to form West Kenya Region while Thika, initially part of Nairobi, was moved to Mt Kenya Region. Consequently, the data for table 2 and tables 4 to 17 will appear in only the four (4) Regions for the Years 2001/02, 2002/03, 2003/04, 2004/05 & 2005/06.



TABLE 5: REGIONAL SALE OF ELECTRICITY IN GWh FOR CATEGORY "A0" DOMESTIC LOAD

REGION	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
Nairobi	442	503	541	582	622	668
Coast	127	132	142	153	165	179
Central Rift	34					
West Kenya	31	87	97	104	112	117
Mt. Kenya	27	46	51	54	57	61
North Rift	18					
TOTAL	679	768	831	892	956	1,025
% INCREASE P.A.	-9.3%	13.1%	8.2%	7.4%	7.1%	7.2%

TABLE 6: REGIONAL SALE OF ELECTRICITY IN GWh FOR CATEGORY "A1" SMALL COMMERCIAL LOAD

REGION	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
Nairobi	203	214	217	230	245	242
Coast	59	67	65	70	79	82
Central Rift	34					
West Kenya	40	105	109	114	120	130
Mt. Kenya	33	60	59	62	79	67
North Rift	15					
TOTAL	385	446	450	476	522	521
% INCREASE P.A.	-6.1%	15.9%	0.8%	5.8%	9.7%	-0.2%

TABLE 7: REGIONAL SALE OF ELECTRICITY IN GWh FOR CATEGORY "B0" IRRIGATION LOAD

REGION	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
Nairobi	39	21	4	5	4	7
Coast	1	1	0	0	0	0
Central Rift	11					
West Kenya	2	9	11	13	16	19
Mt. Kenya	2	1	20	19	18	21
North Rift	0					
TOTAL	54	33	36	38	38	47
% INCREASE P.A.	21.0%	-40.0%	10.6%	4.7%	0.7%	24.5%

TABLE 8: REGIONAL SALE OF ELECTRICITY IN GWh FOR CATEGORY "B1" MEDIUM COMMERCIAL AND INDUSTRIAL LOAD (240V or 415V)

REGION	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
Nairobi	321	353	381	424	459	479
Coast	93	107	124	126	133	132
Central Rift	52					
West Kenya	36	128	133	146	154	162
Mt. Kenya	28	54	52	58	64	69
North Rift	26					
TOTAL	556	642	690	754	811	842
% INCREASE P.A.	-15.0%	15.4%	7.5%	9.3%	7.6%	3.8%



TABLE 9: REGIONAL SALE OF ELECTRICITY IN GWh FOR CATEGORY "B2" MEDIUM COMMERCIAL AND INDUSTRIAL LOAD (11kV or 33kV)

REGION	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
Nairobi	7.8	9.5	13.5	10.1	13	14
Coast	3.1	3.7	5.2	11.2	9	5
Central Rift	1.7					
West Kenya	0.7	3.0	3.1	2.7	3	3
Mt. Kenya	0.2	0.9	1.0	1.4	2	3
North Rift	1.3					
TOTAL	15	17	23	25	27	25
% INCREASE P.A.	3.8%	13.9%	34.5%	11.2%	7.7%	-8.4%

TABLE 10: REGIONAL SALE OF ELECTRICITY IN GWh FOR CATEGORY "B3" MEDIUM COMMERCIAL AND INDUSTRIAL LOAD (66kV or 132kV)

REGION	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
Nairobi	4.9	0.9	0.0	0.0	2	1
Coast	0.0	0.0	0.0	0.0	0	0
Central Rift	0.0					
West Kenya	0.0	0.0	0.0	0.0	0	0
Mt. Kenya	0.0	0.0	0.0	0.0	0	0
North Rift	0.0					
TOTAL	4.9	0.9	0.0	0.0	2.0	1.0
% INCREASE P.A.	539.2%	-81.3%	-100.0%	0.0%	100.0%	-48.8%

TABLE 11: REGIONAL SALE OF ELECTRICITY IN GWh FOR CATEGORY "C1" LARGE COMMERCIAL AND INDUSTRIAL LOAD (415V)

REGION	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
Nairobi	190	211	218	227	250	274
Coast	104	94	91	85	93	107
Central Rift	32					
West Kenya	62	127	127	138	134	124
Mt. Kenya	44	89	89	99	95	94
North Rift	12					
TOTAL	444	521	526	549	572	599
% INCREASE P.A.	2.9%	17.3%	1.0%	4.4%	4.2%	4.7%

TABLE 12: REGIONAL SALE OF ELECTRICITY IN GWh CATEGORY "C2" LARGE COMMERCIAL AND INDUSTRIAL LOAD (11kV or 33kV)

REGION	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
Nairobi	303	303	320	370	392	427
Coast	210	221	217	238	255	271
Central Rift	19					
West Kenya	26	96	96	100	119	134
Mt. Kenya	6	46	48	49	46	46
North Rift	44					
TOTAL	608	666	681	757	812	878
% INCREASE P.A.	-5.4%	9.7%	2.2%	11.1%	7.2%	8.2%



TABLE 13: REGIONAL SALE OF ELECTRICITY IN GWh CATEGORY "C3" LARGE COMMERCIAL AND INDUSTRIAL LOAD (66kV or 132kV)

REGION	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
Nairobi	140	147	168	183	193	198
Coast	50	59	63	72	76	78
Central Rift	0					
West Kenya	0	0	0	0	0	0
Mt. Kenya	0	0	0	0	0	0
North Rift	0					
TOTAL	191	206	231	256	269	276
% INCREASE P.A.	-39.2%	8.1%	11.9%	11.0%	4.9%	2.8%

TABLE 14: REGIONAL SALE OF ELECTRICITY IN GWh CATEGORY "C4" LARGE COMMERCIAL AND INDUSTRIAL LOAD (66kV OR 132kV)

REGION	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
Nairobi	0	0	0	0	0	21
Coast	0	0	0	0	0	0
Central Rift	0					
West Kenya	0	0	0	0	0	0
Mt. Kenya	0	0	0	0	0	0
North Rift	0					
TOTAL	0	0	0	0	0	21
% INCREASE P.A.	0%	0%	0%	0%	0%	100%

Note: The first customer under Category C4 was connected in March 2006

TABLE 15: REGIONAL SALE OF ELECTRICITY IN GWh CATEGORY "C5" LARGE COMMERCIAL AND INDUSTRIAL LOAD (66kV OR 132kV)

REGION	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
Nairobi	0	0	0	0	0	0
Coast	0	0	0	0	0	0
Central Rift	0					
West Kenya	119	121	120	117	125	121
Mt. Kenya	0	0	0	0	0	0
North Rift	0					
TOTAL	119	121	120	117	125	121
% INCREASE P.A.	987.8%	0.9%	-0.5%	-2.5%	6.4%	-2.8%

Note: Category C5 was introduced on 29th May 2000

TABLE 16: REGIONAL SALE OF ELECTRICITY IN GWh FOR CATEGORY "D0" OFF- PEAK LOAD

REGION	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
Nairobi	46.6	48.6	53.3	51.0	50.2	51.0
Coast	1.1	1.4	1.3	1.0	0.7	0.6
Central Rift	0.9					
West Kenya	0.8	2.7	2.1	1.7	1.2	1.0
Mt. Kenya	0.9	2.7	1.9	1.4	1.5	1.3
North Rift	0.5					
TOTAL	51	55	59	55	53	54
% INCREASE P.A.	-31.1%	9.1%	5.8%	-6.0%	-2.9%	0.8%



TABLE 17: REGIONAL SALE OF ELECTRICITY IN GWh FOR CATEGORY "E0" STREET LIGHTING

REGION	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
Nairobi	4.9	4.6	5.4	5.6	6.1	7.0
Coast	1.0	0.7	0.5	0.6	0.5	0.6
Central Rift	0.3					
West Kenya	0.1	0.5	0.5	0.5	0.5	0.9
Mt. Kenya	0.2	0.4	0.4	0.5	0.5	0.7
North Rift	0.1					
TOTAL	6.6	6.2	6.8	7.2	7.7	9.2
% Increase P.A.	-41.6%	6.5%	10.1%	5.3%	8.0%	18.9%

TABLE 18: REGIONAL SALES OF ELECTRICITY IN GWh FOR R.E.P. SCHEMES

REGION	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
Nairobi	35	25	26	28	31	36
Coast	11	8	7	8	9	10
Central Rift	16					
West Kenya	20	65	69	75	83	96
Mt. Kenya	17	32	45	38	40	44
North Rift	20					
TOTAL	121	130	147	150	164	186
% Increase P.A.	-12.7%	8.1%	12.8%	2.0%	9.1%	13.7%

TABLE 19: NUMBER OF CUSTOMERS BY REGION

REGION	AS AT 30th JUNE					
	2001	2002	2003	2004	2005	2006
Nairobi	270,580	286,004	308,056	331,108	355,673	388,202
Coast	71,153	74,659	81,138	85,017	90,796	98,790
Central Rift	37,066					
West Kenya	35,858	98,112	106,438	112,753	118,734	130,044
Mt. Kenya	33,454	55,905	60,467	63,875	68,148	74,489
North Rift	17,250					
KPLC Customers	465,361	514,680	556,099	592,753	633,351	691,525
R.E.P. Customers	71,718	78,941	87,175	93,442	101,793	110,724
TOTAL	537,079	593,621	643,274	686,195	735,144	802,249
% Increase P.A.	6.2%	10.5%	8.4%	6.7%	7.1%	9.1%



TABLE 20: NUMBER OF CUSTOMERS BY TARIFF CATEGORY

TARIFF	MAIN TYPE OF CUSTOMERS COVERED BY THIS TARIFF	AS AT 30TH JUNE					
		2001	2002	2003	2004	2005	2006
A0 only	Domestic						
	KPLC	334,381	380,240	413,303	444,785	482,812	534,743
	REP	44,370	50,340	55,545	59,750	65,439	72,794
A0 & D0	Domestic						
	KPLC	46,994	46,140	49,266	50,290	50,843	52,338
	REP	285	284	316	319	325	338
A1 only	Small Commercial						
	KPLC	78,289	81,974	86,923	90,727	93,021	97,236
	REP	26,876	28,164	31,080	33,190	35,874	37,412
A1 & D0	Small Commercial						
	KPLC	1,141	937	1,124	1,134	1,162	1,146
	REP	108	67	160	82	80	75
B0	Irrigation Load						
	KPLC	233	225	247	251	226	225
	REP	2	3	2	2	2	2
B1	Medium Commercial and Industrial						
	KPLC	2,330	2,512	2,591	3,006	2,863	3,291
	REP	54	56	48	76	46	78
B2	Medium Commercial and Industrial						
	KPLC	40	47	58	61	66	68
B3	Medium Commercial and Industrial						
	KPLC	3	1	1	1	4	2
C1	Large Commercial						
	KPLC	263	282	279	269	287	305
	REP	3	2	1	1	1	1
C2	Large Commercial and Industrial						
	KPLC	128	124	126	135	142	155
C3	Large Commercial and Industrial						
	KPLC	14	16	19	19	16	18
C4	Large Commercial and Industrial						
	KPLC	0	0	0	0	0	1
C5	Large Commercial and Industrial						
	KPLC	1	1	1	1	1	1
DO only	Off-peak						
	KPLC	523	645	1,056	918	734	705
	REP	13	13	12	9	8	10
E0	Street lighting						
	KPLC	1,021	1,536	1,105	1,156	1,178	1,291
	REP	7	12	11	13	14	14
	TOTAL (KPLC)	465,361	514,680	556,099	592,753	633,355	691,525
	TOTAL (R.E.P.)	71,718	78,941	87,175	93,442	101,789	110,724
	GROSS TOTAL	537,079	593,621	643,274	686,195	735,144	802,249
	% INCREASE P.A.	6.2%	10.5%	8.4%	6.7%	7.1%	9.1%



**TABLE 21: REVENUE (KShs 'MILLION)
BY CUSTOMER CATEGORY**

TARIFF	MAIN TYPE OF CUSTOMERS COVERED BY THIS TARIFF	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
A	Domestic, small commercial and small industrial	10,368	10,023	8,841	8,855	10,386	12,742
B	Commercial and industrial (medium)	5,939	4,910	5,220	5,329	6,509	7,338
C	Commercial (large) Industrial (large)	11,382	9,682	8,743	8,816	10,891	13,294
D	Off-peak	420	106	276	272	472	320
E	Street Lighting	80	87	51	51	83	95
	TOTAL (KPLC)	28,189	24,808	23,131	23,323	28,341	33,789
	TOTAL R.E.P.	1,141	979	1,011	978	1,208	1,538
	Export					92	178
	GROSS TOTAL	29,329	25,787	24,142	24,301	29,641	35,505
	% INCREASE P.A.	19.0%	-12.2%	-6.4%	0.7%	22.0%	19.8%

TABLE 22: STAFF ANALYSIS

	AS AT 30th JUNE					
	2001	2002	2003	2004	2005	2006
Number of Staff in Each Region						
Central Office	995	822	744	675	704	698
Nairobi	2,663	2,520	2,423	2,451	2,372	2,405
Coast	703	623	739	735	732	743
West	1,941	1,635	1,544	1,538	1,532	1,543
Mt Kenya	598	823	819	817	790	813
Total Number of Staff*	6,900	6,423	6,269	6,216	6,130	6,202
% INCREASE P.A.	-2.7%	-6.9%	-2.4%	-0.8%	-1.4%	1.2%
Gender:						
Male	5,704	5,326	5,181	5,156	4,991	5,056
Female	1,196	1,097	1,088	1,060	1,139	1,146
Ratio- Male/Female	5	5	5	5	4	4

* All staff employed in the organization are Kenyan Citizens.



TABLE 23: TRANSMISSION AND DISTRIBUTION LINES, CIRCUIT LENGTH IN KILOMETERS

VOLTAGE	AS AT 30th JUNE					
	2001	2002	2003	2004	2005	2006
220 kV	885	941	941	1,323	1,323	1,323
132 kV	2,032	2,032	2,035	2,035	2,035	2,035
66 kV	580	580	580	600	600	630
40 kV	126	58	58	58	58	58
33 kV	4,795	5,265	5,430	5,973	6,570	7,826
11 kV	10,593	13,788	13,879	15,267	16,794	18,532
TOTAL	19,011	22,664	22,923	25,256	27,380	30,404
% INCREASE P.A.	2.1%	19.2%	1.1%	10.2%	8.4%	11.0%

TABLE 24: TRANSFORMERS IN SERVICE, TOTAL INSTALLED CAPACITY IN MVA

	AS AT 30th JUNE					
	2001	2002	2003	2004	2005	2006
Generation Substations						
11/220kV	388	388	388	472	472	472
11/132kV	675	675	675	675	675	675
11/66kV	90	90	90	90	90	146
11/33kV	263	263	279	279	279	279
11/40kV	5	5	5	5	5	5
3.3/11/40kV	8	8	8	8	8	8
3.3/40kV	4	4	4	4	4	4
3.3/33kV	4	4	4	4	4	4
TOTAL	1,437	1,437	1,453	1,537	1,537	1,593
Transmission Substations						
132/220kV	540	540	540	620	620	620
220/132kV	730	730	730	810	810	810
220/66kV	180	180	180	360	360	360
132/66kV	375	375	375	255	255	375
132/33kV	637	637	637	637	660	621
TOTAL	2,462	2,462	2,462	2,682	2,705	2,786
Distribution Substations						
66/11kV	675	675	675	743	743	966
66/33kV	61	61	61	67	67	77
40/11kV	11	11	11	11	11	11
33/11kV	512	512	512	563	619	666
TOTAL	1,259	1,259	1,259	1,384	1,440	1,720
Distribution Transformers						
11/0.415kV and 33/0.415kV	2,411	2,531	2,546	2,801	3,081	3,271



Regional Offices

AREA	TEL. NUMBERS	ADDRESSES	PHYSICAL ADDRESS			
NAIROBI REGION						
Nairobi Office	(020) 221251, 312957	P.O Box 30177 Nairobi	ELECTRICITY HOUSE, BEE AVENUE - NAIROBI	Kakamega Office	(056)30023, 31015	P O Box 440, Kakamega
HARAM- Emergency Office	020) 375 – 4000 – Pilot Line	P.O Box 30177 Nairobi		Emergency Office	(056) 30023	
Emergency Mobiles	(0735) 333222/3 (0722) 207997/ 8 (0735) 602200 (0722) 207999	P.O Box 30177 Nairobi P.O Box 30177 Nairobi P.O Box 30177 Nairobi		Bungoma Office	(055) 30516	P O Box 467, Bungoma
Training School	(020) 850 1205	P.O Box 30177 Nairobi		Busia Office	(055) 22076	P O Box 526, Busia
Transport Depot Ruaraka	(020) 856316, 856 1916	P.O Box 30177 Nairobi		Siaya Office	(057) 321406	P O Box 541, Siaya
Central Stores, Isiolo Road	(020) 559488	P.O Box 30177 Nairobi		Unguja Office	(057) 34071	
Eastleigh Revenue Centre	(020) 6761643	P.O Box 30177 Nairobi		Kericho Office	(052) 20012	P O Box 296, Kericho
Makadara Revenue Office	(020) 652496	P.O Box 30177 Nairobi		Sotik Office	(052) 532181	P O Box 328, Sotik
Sarit Centre	(020) 4449597	P.O Box 30177 Nairobi		Kisii Office	(058) 30559	P O Box 5, Kisii
Dagoretti Office	(020) 3873190/1	P.O Box 30177 Nairobi		Emergency Office	(058) 30828	
Juja Control Office	(020) 780775, 781659	P.O Box 30177 Nairobi		Stores	(058) 30833	
Wilson Airport	607372	P.O Box 30177 Nairobi		Migori Office	(058) 20053	P O Box 530, Migori
				Homabay Office	(059) 22030	P O Box 117, Homa bay
Limuru Office	(066) 71033 – 103	P O Box 103 , Limuru		Nyamira Office	(058) 6144420	
Emergency Office	(066) 71068			Webuye Office	(055) 41220	
Machakos Office	(044) 20139 – 155	P O Box 155, Machakos		COAST REGION		
Athi-River Sub-station	(045) 20061	P O Box 155, Machakos		Mombasa Office	(041) 2225664/7	P O Box 90104, Mombasa
Sultan Hamud	(044) 52025	P O Box 155, Machakos			2221153, 2226626 2226598/88/16/08 222461/57	ELECTRICITY HOUSE, NKRUHMAH ROAD OPPOSITE AMBALAL HSE
Ruiru Power Station/Emergency	(067) 54030			Emergency Office	(041) 2224533/5, 2220048	P O Box 90104, Mombasa
Ruiru Transmission	(067) 54522	P.O Box 30177 Nairobi		Emergency Mobiles	(0735) 331763/2 (0723) 965321	
Garissa Office	(046) 2043, 2028	P O Box 9 ,Garissa		Ukunda Office	(040) 3203021	P O Box 90104, Mombasa
Marsabit Office	(069) 2029	P O Box 103 , Marsabit		Kilifi Office	(041) 25426	P O Box 90104, Mombasa
Wajir Office	(046) 421020	P O Box 127, Wajir		Mbaraki Depot	(041) 2220362, 2220276/7	P O Box 90104, Mombasa
Moyale Office	(069) 52463	P O Box 103, Moyale		Kipevu Office	(041) 3435000/1	P O Box 90104, Mombasa
Mandera Office	(046) 52188	P O Box 76 , Mandera		Rabai Office	(041) 2229811	P O Box 90104, Mombasa
Magadi Office	(045) 3000	P.O Box 30177 Nairobi P.O Box 30177 Nairobi		Voi Office	(043) 31231	P O Box 144, Voi
Ongata Rongai	(0723) 963839			Taveta Office	(043) 5352056	P O Box 132, Taveta
WEST REGION						
Nakuru Office	(051) 2211594 –7, 2213857	P.O Box 104 , Nakuru	ELECTRICITY-HOUSE MOI ROAD OPPOSITE NAKURU MUNICIPAL HALL	Loitoktok office	(045) 622077	P O Box 377, Loitoktok
Emergency Office	(051) 42170, 2216754			Wundanyi office	(043) 42464	P O Box 144, Voi
Naivasha Office	(050) 21506/7	P O Box 180 , Naivasha		Lamu office	(042) 632068	P O Box 72, Lamu
Emergency Office	(050) 2020169			Malindi office	(042) 30200	P O Box 294, Malindi
Nyahururu Office	(065) 32068	P O Box 196 , Nyahururu		Nyali Beach office	(041) 54876	
Emergency Office	(065) 22360 – 22840			MT. KENYA REGION		
Maralal Office	(065) 62048	P O Box 196, Maralal		Nyeri – Stima House Office	(061) 2030646/7/8, 2030545	P O Box 106, Nyeri
Narok Office	(050) 22046	P O Box 469 , Narok		Diana Centre office	(061) 2030799, 2030800 2030770, 2030769 (061)2030546/7	STIMA HOUSE, KAMAKWA ROAD DIANA HSE TEMPLE ROAD
Ravine Office	(051) 752175	P O Box 579 , Eldama Ravine		Emergency Office		
Lanet Office	(051) 850050			Nanyuki Office	(062) 32558/9	P O Box 80, Nanyuki
Molo Office	(051) 721551			Emergency Office	(062) 32560	
Lodwar Office	(054) 21038	P O Box 21, Lodwar		Meru Office	(064) 20184	P O Box 221, Meru
North Rift						
Eldoret Office	(053) 2033012-5 2033026, 2031599	P O Box 74 , Eldoret	KVDA & NATIONAL BANK BUILDINGS - OLOO STREET	Emergency Office	(064) 20588	
Emergency Office	(053) 2033011			Murang'a Office	(060) 30197	P O Box 45, Murang'a
Kitale Office	(054) 30341	P O Box 185 , Kitale		Isiolo Office	(064) 52013	P O Box 116, Isiolo
Emergency Office	(054) 30341			Embu Office	(068) 30068, 30210, 30216	P O Box 205, Embu
Power station	(054) 20073			Emergency Office	(068) 30442	
Kapenguria Office	(054) 2083			Kerugoya Office	(060) 21359, 21190	P O Box 1079, Kerugoya
Kabarnet Office	(053) 22089	P O Box 120 , Kabarnet		Maua Office	(064) 21358	P O Box 221, Meru
Emergency Office	(053) 22159			Thika Office	(067) 22320, 21514, 21207	P O Box 202 , Thika
Ravine Office	(051) 752175				(067) 31574, 31582, 31636 (067) 21614, 22065, 21991 (044) 22051	THIKA ARCADE, KENYATTA HIGHWAY OPPOSITE THIKA POLICE STATION
Lessos Office	(053) 35004			Emergency Office		
Kapsabet Office	(053) 52432	P O Box 762 , Kapsabet		Kitui Office		
Iten	(053) 2295			Kisumu office	(057) 2020536/7-9	P O Box 151, Kisumu
West Kenya						
Emergency Office	(057) 2020927/6		ELECTRICITY HOUSE, OGINGA ODINGA STREET			



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