



Kenya Power

ANNUAL REPORT AND FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 30 JUNE 2013



Generation

Electric power is one of the most important forms of energy on which modern society depends for everyday conveniences

CONTENTS

CORPORATE

BUSINESS AND PERFORMANCE HIGHLIGHTS	1
CORPORATE INFORMATION	4
CORPORATE CONTACTS	4-5
BOARD OF DIRECTORS	6-7
BIOGRAPHIES OF BOARD MEMBERS	8-9
SENIOR MANAGEMENT TEAM	10

BUSINESS REVIEW

NOTICE OF ANNUAL GENERAL MEETING	12
CHAIRMAN'S STATEMENT	14-15
REPORT OF THE ACTING MD & CEO	18-27

SUSTAINABILITY & CORPORATE GOVERNANCE

CSR & SUSTAINABILITY REPORT 2012-2013	40-41
CORPORATE GOVERNANCE STATEMENT	46-51
REPORT OF THE DIRECTORS	61

STATEMENT OF DIRECTORS' RESPONSIBILITIES	62
REPORT OF THE AUDITOR-GENERAL	63

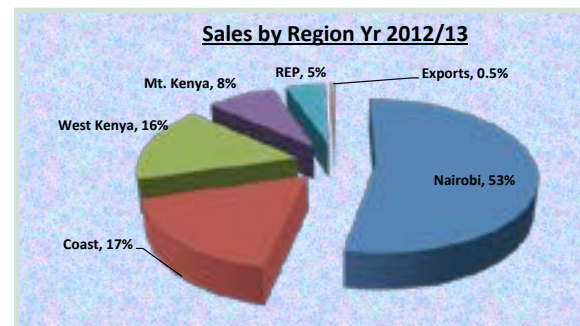
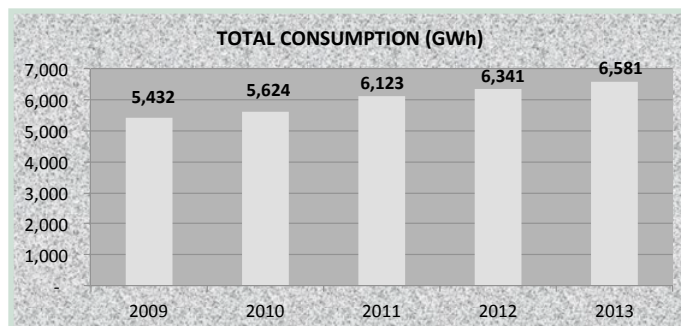
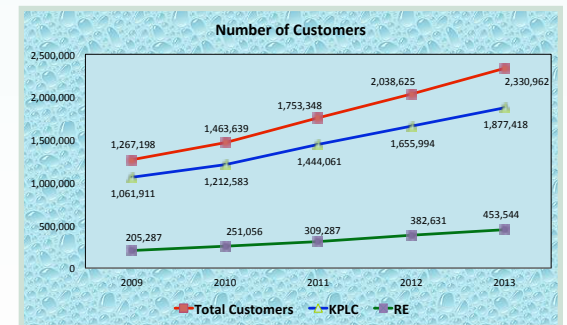
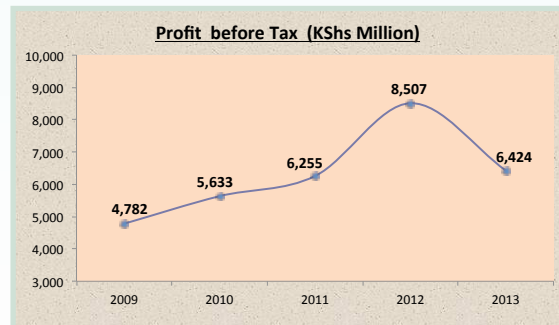
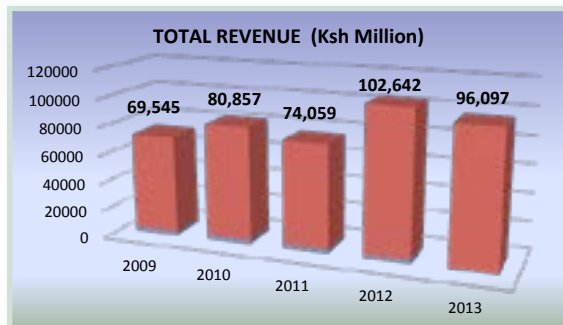
FINANCIAL STATEMENTS AND NOTES

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	64
STATEMENT OF FINANCIAL POSITION	66
STATEMENT OF CHANGES IN EQUITY	67
STATEMENT OF CASH FLOWS	68
NOTES TO THE FINANCIAL STATEMENTS	69-111

STATISTICAL INFORMATION

TEN YEAR FINANCIAL AND STATISTICAL RECORDS	112
STATISTICAL INFORMATION	113-122
NOTES	123-126
PROXY FORM	127

BUSINESS AND PERFORMANCE HIGHLIGHTS



A young man and woman are laughing together in the foreground. The man is holding a smartphone. In the background, there is a power substation with a large transmission tower and various electrical equipment. The sky is a mix of orange and blue, suggesting sunset or sunrise.

Our Vision

Providing world-class power that delights our customers.

By striving to provide world-class products and services, we can bring a sense of optimism and delight to our customers - working together towards a bright future for Kenya

Our Mission

Powering people for better lives

By becoming the preferred energy solution for businesses and individuals, we can empower our customers to achieve more and reach their full potential.

Our Core Values

- We put our customers first
 - We work together as one team to achieve our goals
 - We are passionate about powering the nation
 - We believe in integrity and delivering on our promises
 - We strive for excellence in all that we do
-

Corporate Information

DIRECTORS

Mr. Eliazar O Ochola	- Chairman
Dr. Kamau Thugge	- Principal Secretary, The National Treasury
Eng. Joseph K Njoroge, MBS	- Principal Secretary, Ministry of Energy & Petroleum
Dr. Ben K Chumo, OGW	- Ag. Managing Director & CEO
Dr. Theodorah Malla-Kilukumi	
Mr. Jacob Mwirigi	
Eng. Patrick Obath	
Mr. Macharia Kariuki	
Mrs. Fatuma Hirsi Mohamed	
Mrs. Jane Apetet Nashida	
Mr. Joseph Kariuki	- Alternate to Dr. Kamau Thugge
Eng. Isaac N Kiva	- Alternate to Eng. Joseph K Njoroge

COMPANY SECRETARY

Beatrice Meso | P O Box 30099 - 00100, Nairobi

REGISTERED OFFICE

Stima Plaza | Kolobot Road, Parklands | P O Box 30099 - 00100, Nairobi

BANKERS

Standard Chartered Bank Kenya Limited | Harambee Avenue | P O Box 20063 - 00200, Nairobi

Citi Bank NA | Upper Hill Road | P O Box 30711 - 00100, Nairobi

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

Equity Bank | Hospital Road | P O Box 75104 - 00200, Nairobi

The Co-operative Bank of Kenya Limited | Stima Plaza | P O Box 48231 - 00100, Nairobi

Commercial Bank of Africa | Ragatti Road | P O Box 30437 - 00100, Nairobi

CfC Stanbic Bank Limited | Kenyatta Avenue | P O Box 30550 - 00100, Nairobi

Barclays Bank of Kenya Limited | Barclays Plaza | P O Box 30120 - 00100, Nairobi

PRINCIPAL AUDITOR

The Auditor-General | Anniversary Towers | P O Box 30084-00100, Nairobi

DELEGATED AUDITORS

Deloitte & Touche | Certified Public Accountants (Kenya) | Deloitte Place

Waiyaki Way, Muthangari | P O Box 40092 - 00100, Nairobi

LEGAL ADVISERS

Hamilton Harrison & Mathews Advocates | ICEA Building | P O Box 30333 - 00100, Nairobi

Branch Contacts

BRANCH	LOCATION	BRANCH HEAD	EMAIL CONTACTS	TELEPHONE NUMBER	POSTAL ADDRESS
Bondo	Near Shamrock Hotel	Calvin Odhiambo Jagongo	cjagongo@kplc.co.ke	020 3530050/0202674285 (wireless)	343 - 40601 Bondo
Bomet	Adjacent to Co-op Bank	Gilbert Ngetich	gngetich@kplc.co.ke	020 2689671 (wireless)	328 - 20406 Sotik
Bungoma	Victoria House	Wesley Kerich	wkerich@kplc.co.ke	020 2674284 (wireless)	467 - 50200 Bungoma
Busia	Ingonyera Plaza	Evans Kesenwa Agesa	ekesenwa@kplc.co.ke	055 22076/055 22093	526 - 50400 Busia
Chuka	Nthiga Plaza	Julius Murigi	jmurigi@kplc.co.ke	064 630418	16 - 60400 Chuka
Eldama Ravine	Baringo Teachers Sacco Building	Alex K. Amboko	aamboko@kplc.co.ke	051 8005728	578 - 20103 Ravine
Elwak	Albaashir Building	John Milgo	jmilgo@kplc.co.ke	0724 478936	95 - 70301 Elwalk
Emali	Ithumba Building	Joshua Orod	jordodo@kplc.co.ke	020 2426501 (wireless)	290 - 90132 Emali
Embu	Sparko House	Kennedy Nengo	knengo@kplc.co.ke	068 30216	197 - 60100 Embu
Garissa	Maendeleo Plaza	Paul Gachuki Mbuthia	pmbuthia@kplc.co.ke	020 2368776 (wireless)	9 - 70100 Garissa
Gatundu	Kanyanja Building	Lucy Njoroge	lnjoroge@kplc.co.ke	020 2336980 (wireless)	176 - 01030 Gatundu
Habaswein	Farah Haji Building	Roba Wario	rwario@kplc.co.ke	0715 344 759	86 - 70201 Habaswein
Hola	Said Habani Building	Paul Mulwa Mutunga	pmutunga2@kplc.co.ke	0722 662912	192 - 70101 Hola
Homabay	Sonyako Plaza	Clement Ochieng'	cochieng@kplc.co.ke	020 2674283 (wireless)	117 - 40300 Homabay
Isiolo	Trends Building	Hellen Mogire	hmogire@kplc.co.ke	064 52013	112 - 60200 Isiolo
Kamburu	Kivaa Market	James Onuko Orina	lorina2@kplc.co.ke	0722 136351/0722136393	77 - 01031 Kindaruma
Kapsabet	KCB Building	Gitonga Rugendo	grugendo@kplc.co.ke	053 52115	762 - 30300 Kapsabet
Kakamega	KPLC Building	Daniel Kones Kipkoech	dkipkoech@kplc.co.ke	020 2442789 (wireless)/05631225	440 - 50100 Kakamega
Kiserian	Isalu Centre	James Gicheha Njuguna	kgichehanjuguna@kplc.co.ke	020 2060618 (wireless)/0723963839	30099 - 00100 Nrb.
Kitale	Ambwere Plaza	Richard Okoth	rokoth@kplc.co.ke	054 30097	185 - 30200 Kitale
Kilifi	Pwani Medical Centre	Laban Njenga	lnjenga2@kplc.co.ke	0710 305252	1318 - 80108 Kilifi
Kisii	Near Daraja Mbili	William Onyango	wonyango@kplc.co.ke	020 2657591 (wireless)/0737067778	5 - 4200 Kisii
Kitengela	MK Arcade, past Naivas	Edward Kabiru	ekabiru@kplc.co.ke	020 8074514 (wireless)	330 - 00204 Athi River
Kerugoya	Behind stage	Charles Awuondo	cawuondo@kplc.co.ke	060 21359	1079 - 10300 Kerugoya
Kericho	Sansora Building	Daniel Mukabi Okubi	dokubi@kplc.co.ke	020 2442798 (wireless)	296 - 20200 Kericho
Kabarnet	KCB Building	Daniel Tidongoluk	dtidongoluk@kplc.co.ke	053 22159	120 - 30400 Kabarnet
Siaya	Opposite Law Courts	Thomas Sambu	tsambu@kplc.co.ke	020 2442793 (wireless)	541 - 40600 Siaya
Kiambu	Vam Plaza	Hogla Wanjohi	hwanjohi@kplc.co.ke	020 268776 (wireless)	30099 - 00100 Nrb.
Kitui	Kitui Teachers Sacco	Stephen Wmenesi Usagi	susagi@kplc.co.ke	044 4422051, 020 2515009	476 - 90200 Kitui
Limuru	K-Unity	Charles Kalya	ckalya@kplc.co.ke	020 2070007 (wireless)	103 - 00217 Limuru
Lamu	Casuarina Rest Hse, Kenyatta Rd	Mohammed Jamah	mjamah@kplc.co.ke	042 4632068	72 - 80500 Lamu
Likoni	Mwinyibabu Road	Joseph Ndegwa	jndegwa@kplc.co.ke	041 2001933	598 - 80400 Ukunda
Lodwar	Kailong'koi	Gideon Kogo	gkogo@kplc.co.ke	054 21268	21 - 30500 Lodwar
Loitokitok	Osoeua Plaza	Alex Maina	amaina@kplc.co.ke	020 2624522 (wireless)	377 - 00209 Loitokitok
Machakos	Red Cross Building	Kennedy Kariuki	kkariuki@kplc.co.ke	044 20139	155 - 90100 Machakos
Mandera	Mandera Power Station	Ali Golicha	agolicha@kplc.co.ke	046 52188	76 - 70300 Mandera
Malindi	Malindi Complex	Stephen Moronge Mangera	mmorong@kplc.co.ke	042 2130200/30737	294 - 80200 Malindi
Marsabit	Opposite Moi Girls	Jeremiah N Kariuki	jnkariuki@kplc.co.ke		68 - 00500 Marsabit
Maua	Nyambene Lodge	Vincent Ndwiga	vndwiga@kplc.co.ke	064 21358	265 - 60600 Maua
Migori	Opposite Migori TCC	Andrew Ouko Achora	aochora@kplc.co.ke	020 2442797 (wireless)	530 - 40400 Suna Migori
Molo	Maziwa House	Musa Onyango Dudi	mdudi@kplc.co.ke	020 2614321 (wireless)	914 - 20106 Molo
Merti	Along Merti Habasweni Rd.	Mohammed I. Hussein	mhussein@kplc.co.ke	0716 626381/2	102 - 10100 Nyeri
Meru	Yusuf Plaza	Phineas Marete	pmarete@kplc.co.ke	064 32184	221 - 60200 Meru
Maralal	Surere Road	Alfred Lotimoya Emaye	aemaye@kplc.co.ke	020 8010413 (wireless)	196 - 20600 Maralal
Moyale	Al Hannan Building	Ahmed Shalleh	ashalleh@kplc.co.ke	069 52466	103 - 0695 Moyale
Mpeketoni	Mpeketoni Town	Jacob Mikaya Ayub	jayub@kplc.co.ke	0714 009969	105 - Mpeketoni
Muhoroni	Next to Kobil Petrol Station	Nicholas Ambesa Ngeresa	nngeresa@kplc.co.ke	020 2442788 (wireless)	320 - 40107 Muhoroni
Murang'a	AFC Building	Richard Muindi	rmuindi@kplc.co.ke	060 31480/0735 611392	45 - 10200 Murang'a
Mwingi	Kanzanzu	Samuel Maingi	smaingi@kplc.co.ke	0727 016640/44822094	663 - 90400 Mwingi
Narok	Former Embassy Hotel	Timothy Juma Waswa	twaswa@kplc.co.ke	050 22046	469 - 20500 Narok
Namanga	Posta	Gideon Githu	ggithu@kplc.co.ke	0720 8007175	145 - 00207 Namanga
Naivasha	Eagle Centre	David Mugambi	dmugambi@kplc.co.ke	050 2020169/ 020 8010407 (wireless)	180 - 20117 Naivasha
Nanyuki	Next to Fina Bank	Milimo Amusavi	mamusavi@kplc.co.ke	06232558/9	80 - 10400 Nanyuki
Nyahururu	Electricity House	Eunice Wafula	eunicewafula@kplc.co.ke	065 2022205	244 - 20300 Nyahururu
Nyamira	Nyabite Powerline	Hezron Kwanya	hkwanya@kplc.co.ke	020 8064672 (wireless)	1242 - 40500 Nyamira
Taveta	Next to Tripple J	Ranyondo Mboya	mranyondo@kplc.co.ke	0720 347320	132 - 80302 Taveta
Tala	Along Ngondu Rd.	Lucy Mwangi	lmwangi@kplc.co.ke	020 2336980 (wireless)	783 - 90131 Tala
Voi	Ekklesia Building	Josephat Lango Vaya	lvaya@kplc.co.ke	043 30755	144 - 08300 Voi
Ukunda	Farna Building	George Samuel Mwabusa	gmwabusa@kplc.co.ke	0735 972112	598 - 80400 Ukunda
Ugunja	Ramco Building	Benson Nyaoga	bnyaoga@kplc.co.ke	020 2442796 (wireless)	390 - 40606 Ugunja
Wajir	Within Wajir Power Station	Simon Gichanga	sgichanga@kplc.co.ke	0721 716017	127 - 70200 Wajir
Webuye	Nice House Building	Richard Mutua King'oo	rmutua@kplc.co.ke	020 2674280 (wireless)	329 - 50205 Webuye
Wundanyi	Tatecoh Plaza	Lucas Huko	lhuko@kplc.co.ke	020 2397702 (wireless)	1250 - 80304 Wundanyi

Board of Directors



Mr. Eliazar O Ochola | Chairman



Eng. Joseph K Njoroge | Principal Secretary, Ministry of Energy & Petroleum



Mr. Joseph Kariuki | Alternate Director, The National Treasury



Mrs. Fatuma Hirsi Mohamed



Mr. Jacob K Mwirigi



Dr. Theodorah M Kilukumi



Dr. Ben Chumo | Acting Managing Director & CEO



Eng. Isaac N Kiva | Alternate Director, Ministry of Energy & Petroleum



Mr. Macharia Kariuki



Eng. Patrick E O Obath



Mrs. Jane Apetet Nashida

Not pictured: **Dr. Kamau Thugge**,
Principal Secretary, The National Treasury

Biographies of Board Members

Mr. Eliazar O Ochola, B Comm (Hons) – Chairman

Mr. Eliazar Ochola (65 years), joined the Board of Directors of the Company in December 2006, and was appointed Chairman of the Board on 4th March 2010. He has over 30 years experience in private sector management, having worked in a multinational corporation – Kenya Swiss Chemical Limited (Ciba Geigy Group). He also serves as a Director of Wanyaka General Supplies Company Limited.

Dr. Kamau Thugge, E.B.S., M.B.S.

Dr. Kamau Thugge (56 years), is currently the Principal Secretary at The National Treasury. He has previously worked in the Ministry of Finance as Head of Fiscal and Monetary Affairs Department, Economic Secretary and as Senior Economic Advisor. Before joining the Ministry of Finance he worked with the International Monetary Fund (IMF) as Economist/Senior Economist and Deputy Division Chief. Dr. Thugge holds a Bachelor of Arts (Economics) from Colorado College, USA; Masters in Economics from Johns Hopkins University, USA; and a Doctor of Philosophy (PhD) in Economics, also from Johns Hopkins.

Eng. Joseph K Njoroge (MBS), BSc (Eng.), MBA, R. Cons. Eng., C. Eng., MIET, FIEK – Principal Secretary, Ministry of Energy & Petroleum

Eng. Joseph K Njoroge (55 years), was the Managing Director of the Company since June 2007 until he was appointed to his current position in May 2013. He has wide experience in power engineering and management of the power sector, having joined the Company in 1980 and serving in various senior positions prior to his appointment as Principal Secretary, Ministry of Energy & Petroleum.

Dr. Ben Chumo (OGW), BA, MBA, PhD – Acting Managing Director & CEO

Dr. Ben Chumo (57 years), joined the Company in July 1986 and has been the Chief Manager in charge of Human Resources & Administration since 2003. He was appointed Acting Managing Director and CEO of the Company in July 2013 following the appointment of Eng. Joseph Njoroge to the position of Principal Secretary. Dr. Chumo has wide hands-on experience in the sector, having grown through the ranks in the Company, to his present position.

Mr. Jacob K Mwirigi, BSc (Maths)

Mr. Jacob Mwirigi (68 years), has wide experience in the insurance and oil industries. Previously, he worked with the East African Community, The Kenya Power & Lighting Company Ltd., American Life Insurance Company and was a Director of Kabage & Mwirigi Insurance Brokers. He is currently in private business and is also a Director of Orix Oil (Kenya), Meru Ginnery (1994) Ltd., Apex Petroleum Ltd., and Remu DTM Limited. He joined the Board of Directors of the Company on 18th December 2009.

Eng. Patrick E O Obath (MBS, OGW), BSc (Eng.), R. Eng, MIE (UK), MIEK, MPIEA

Eng. Patrick Obath (58 years) is a Managing Consultant for Eduardo Associates, a private practice consultancy in energy, oil and gas and engineering with special emphasis on leadership, governance and sustainability. He holds a BSc. in Mechanical Engineering from Nottingham University and is a Member of the Energy Institute (UK), the Petroleum Institute of East Africa and the Institution of Engineers in Kenya. Previously, he worked for Shell in different parts of the world; and one time served as Managing Director of Kenya Shell Ltd..

Biographies of Board Members (Contd.)

Eng. Obath is faculty with Duke Corporate Education, and is also the immediate past Chairman of Kenya Private Sector Alliance (KEPSA). He is a member of the National Economic and Social Council of Kenya; Chairman of PZ Cussons EA Ltd; a director in Afren PLC and a Fellow of the Aspen Global Leadership Network (AGLN) and the African Leadership Initiative (ALI).

Mrs. Fatuma Hirsi Mohamed

Mrs. Fatuma Hirsi Mohamed (50 years), holds a Bachelor of Arts degree, a Master of Arts degree in Business Administration, and a Postgraduate Diploma in Public Relations and is currently pursuing a PhD in Communications Studies at Moi University. She is an integrated communications practitioner who has worked for 25 years in the telecommunications, media and banking industries. She is also a Board member of Digital Opportunity Trust; Commissioner, Media Complaints Commission; Affiliate Advisor, East Africa Centre for Ethics and Philanthropy; Trustee, Computers for Schools Kenya; Board member, Action Aid International Kenya General Assembly; Trustee, Northern Kenya Education Trust; Trustee, Ummah Foundation; and Director and founder, Gargaar International Network.

Dr. Theodorah Malla-Kilukumi, MB, Ch.B

Dr. Theodorah Malla-Kilukumi (48 years), has wide experience in medical health practice and community leadership. She joined the Board of Directors of the Company on 15th October 2007. Dr. Kilukumi is also a Director of Elasticity Properties Limited and Dee Properties Limited.

Mr. Macharia Kariuki, BA (Econ.)

Mr. Macharia Kariuki (57 years), joined the Board of Directors of the Company on 18th December 2009. He has wide experience in private

sector management and is currently in horticulture business, prior to which he worked as a sales manager with the United Distributing Company Ltd., and with the Nation Media Group.

Mrs. Jane Apetet Nashida

Mrs. Jane Apetet Nashida (41 years), has training in accounting, and religious studies and philosophy. She is currently pursuing a Bachelors degree in Development Studies at Mt. Kenya University. Mrs. Nashida works with the Constituency Development Fund, Turkana South Office. Previously, she worked with the Parliamentary Service Commission Constituency Office, Turkana, and the Full Gospel Development Project.

Mr. Joseph Kariuki, BA (Econ.), MA (Econ.) - (Alternate Director, The National Treasury)

Mr. Joseph Kariuki (50 years), has wide experience in public sector management, having worked for more than 26 years in various senior positions in Government. He joined the Board of Directors of the Company in June 2009 as an Alternate Director of the then Ministry of Finance, now The National Treasury.

Eng. Isaac N Kiva BSc (Eng.), R. Eng., MIEK - (Alternate Director, Ministry of Energy & Petroleum)

Eng. Isaac Kiva (45 years), is currently the Senior Principal Superintendent Engineer at the Ministry of Energy and Petroleum. Eng. Kiva has wide experience in public sector management, having worked in senior Government positions for over 20 years. He is a board member of the Electrical Technicians and Contractors' Licensing Board. He joined the Board of Directors of the Company on 16th December 2009 as an alternate Director of the then Ministry of Energy, now the Ministry of Energy & Petroleum.

Senior Management Team

Ag. Managing Director & CEO

Dr. Ben Chumo (OGW), BA, MBA,
PhD, MIHRM



Company Secretary

Beatrice Meso
LLB, LL.M, Dip (Law), MBA, CPS(K), MCI Arb



Chief Manager, Finance

Lawrence Yego, CPA (K)



Chief Manager, Energy Transmission

Eng. Sammy Muita, BSc (Eng.),
R. Eng., R. Cons. Eng., MIET, MIEK, MIEEE



Chief Manager, Supply Chain & Logistics

Eng. John Ombui, BSc (Eng.), MBA, R. Eng.,
R Cons. Eng., FIEK, MIET, MIEEE, MCIPS



Chief Manager, Commercial Services

Eng. Rosemary K Gitonga,
BSc (Eng.), R. Eng.



Chief Manager, Corporate Strategy

Eng. Raphael Mwaura, BSc,
R. Eng., MIEK



Chief Manager, Regional Operations

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



Chief Manager, Distribution

Eng. Joseph W Masibo,
B. Eng., MBA, R. Eng.



Ag. Chief Manager, Human Resources & Administration

Kevina Wepukhulu, BA, MBA (HRM)



Chief Manager, Projects

Eng. Stanley K. Mutwiri,
BSc (Eng.), MBA, Reg. Eng, MIEK



Chief Manager, Information Technology and Telecommunications

Eng. Samuel Ndirangu, Bsc (Eng.), MBA,
R.Eng, R.Con. Eng., MIEK, MIEEE



Regional Manager, Mount Kenya

Eng. David Mwaniki,
BSc (Eng.), MBA, R. Eng., MIEK



Regional Manager, Coast

Eng Haid Yusuf,
Bsc (Eng.), R.Eng.



Regional Manager, Nairobi North

Eng. Joseph K Gathuru,
BSc (Eng.), R. Eng., MIEK



Regional Manager, Nairobi West

Eng. Jared Othieno,
BSc (Eng.), MBA, R. Eng., MIEK



Regional Manager, Nairobi South

Joshua Mwangi, Bsc (Eng.),
R.Eng, MIEK



Not pictured:

Ag. Regional Manager, West

Eng. Rosemary Oduor, B.Tech, MBA, R. Eng.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE NINETY-SECOND ANNUAL GENERAL MEETING of Shareholders of the Company will be held at the Bomas of Kenya, Lang'ata Road, Nairobi, on Friday 29th November 2013 at 11.00 a.m. to transact the following business:

1. To read the Notice convening the Meeting and note the presence of a quorum.
2. To receive and consider the Company's audited financial statements for the year ended 30th June 2013, together with the Chairman's, Directors' and Auditors' reports thereon.
3. To note that the Directors do not recommend payment of a dividend on ordinary shares for the year ended 30th June 2013.

4. To elect Directors:

- i. Mr. Macharia Kariuki 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. Dr. Theodorah Malla-Kilukumi retires by rotation in accordance with Article 120 of the Memorandum and Articles of Association of the Company and, being eligible, offers herself for re-election.
 - iii. Dr. Kamau Thugge, Principal Secretary, The National Treasury, who was appointed by the Board on 2nd August, 2013, to fill a casual vacancy created by the resignation of Mr. Joseph Kinyua, retires in accordance with Article 128 of the Memorandum and Articles of Association of the Company and, being eligible, offers himself for election.
 - iv. Eng. Joseph Njoroge, Principal Secretary, Ministry of Energy & Petroleum, who was appointed by the Board on 2nd August 2013, to fill a casual vacancy created by the resignation of Mr. Patrick Nyoike retires in accordance with Article 128 of the Memorandum and Articles of Association of the Company and, being eligible, offers himself for election.
5. To approve payment of fees to non-executive Directors of Shs.600,000 per Director for the year ended 30th June 2013.

6. Auditors:

To note that the audit of the Company's books of accounts will continue to be undertaken by the Auditor-General or an audit firm appointed 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.

7. To authorise the Directors to fix the Auditors' remuneration.

SPECIAL BUSINESS

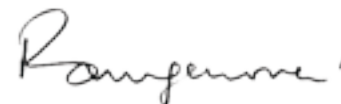
8. To consider and, if thought fit, to pass the following Special Resolution:

That the Articles of Association of the Company be amended by deleting Article 145A in its entirety and substituting it with the following new Article 145A to read as follows:

"The Company may, if required by law, deliver or pay to any prescribed regulatory authority any unclaimed assets including, but not limited to shares in the Company presumed to be abandoned or unclaimed in law and any dividends or interest thereon remaining unclaimed beyond prescribed statutory periods. Upon such delivery or payment the unclaimed assets shall cease to remain owing by the Company and the Company shall no longer be responsible to the owner or holder or his or her estate, for the relevant assets."

9. To consider any other business for which due notice has been given.

By Order of the Board.



Beatrice Meso
Company Secretary
P O Box 30099-00100
Nairobi, Kenya

10th October 2013

NOTE:

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 her/him. A proxy need not be a member of the Company. A Form of Proxy is enclosed with this report. To be valid, the Form of Proxy must be duly completed and lodged at the office of the Company Secretary, Stima Plaza, or posted in time to be received not later than 11.00 a.m. on 27th November 2013.

ILANI INATOLEWA HAPA KUWA MKUTANO MKUU WA KILA MWAKA WA TISINI NA MBILI wa wanachama wa Kampuni utafanyika katika Bomas of Kenya, Langa'ta Road, Nairobi, mnamo Ijumaa Novemba 29, 2013 saa tano asubuhi. Kuendesha shughuli zifuatazo:

1. Kusoma Ilani ya kuandaa mkutano na kutambua kuwepo kwa idadi ya kutosha ya wanachama kuendesha shughuli za siku.
2. Kupokea na kutathmini taarifa za kifedha zilizokaguliwa za Kampuni kwa mwaka uliomalizika Juni 30, 2013, pamoja na ripoti za Mwenyekiti, Wakurugenzi na Wahasibu baadaye.
3. Kutambua kuwa Wakurugenzi hawapendekezi kutolewa kwa mgao wa faida kwa hisa za kawaida kwa mwaka uliomalizika Juni 30, 2013.
4. **Kuchagua Wakurugenzi:**
 - i. Bw. Macharia Kariuki anastaafu kwa mzunguko kwa mujibu wa Kifungu 120 cha Katiba ya Kampuni na kwa kuwa amehitimu, ajitokeza kuchaguliwa tena.
 - ii. Dkt. Theodorah Malla-Kilukumi anastaafu kwa mzunguko kwa mujibu wa Kifungu 120 cha Katiba ya Kampuni na kwa kuwa amehitimu, ajitokeza kuchaguliwa tena.
 - iii. Dkt. Kamau Thugge, Katibu wa Kudumu, Hazina Kuu, ambaye aliteuliwa na Bodi mnamo Agosti 2, 2013, kujaza nafasi iliyotokana na kujiuzulu kwa Bw. Joseph Kinyua, anastaafu kwa mujibu wa Kifungu 128 cha Katiba ya Kampuni na kwa kuwa bado amehitimu, ajitokeza kwa uchaguzi.
 - iv. Mha. Joseph Njoroge, Katibu wa Kudumu, Wizara ya Kawi na Mafuta, ambaye aliteuliwa na Bodi mnamo Agosti 2, 2013, kujaza nafasi iliyotokana na kujiuzulu kwa Bw. Patrick Nyoike, anastaafu kwa mujibu wa Kifungu 128 cha Katiba ya Kampuni, na kwa kuwa amehitimu, ajitokeza kwa uchaguzi.
5. Kuidhinisha ujira wa Wakurugenzi wasio na mamlaka wa Sh600,000 kwa kila Mkurugenzi kwa mwaka uliomalizika Juni 30, 2013.
6. **Wahasibu:**

Kutambua kuwa uhasibu wa vitabu vya Kampuni utaendelea kufanywa na Mhasibu Mkuu au kampuni yoyote ya uhasibu itakayoteuliwa kwa mujibu wa Sehemu 11 ya Sheria za Mashirika ya Umma (kama ilivyobadilishwa na marekebisha ya Mkusanyiko wa Sheria, 2002) na Sehemu 14 na 39 (i) za Sheria ya Uhasibu wa Umma 2003.
7. Kuidhinisha Wakurugenzi kuamua malipo ya Wahasibu.

SHUGHULI MAALUMU

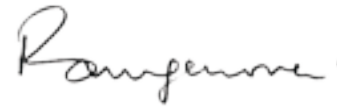
8. Kuchunguza na iwapo itafaa, kupitisha Azimio Maalumu lifuatalo:

Kwamba Katiba ya Kampuni ibadilishwe kwa kufuta Kifungu chote cha 145A na mahali pake kuchukuliwa na Kifungu kipya cha 145A kitakachokuwa kama ifuatavyo:

"Kampuni inaweza, ikiwa itahitajika kisheria, kuwasilisha au kulipa kwa mamlaka yoyote simamizi vifaa au mali yoyote ambayo haitadaiwa, ikiwemo, na sio tu hisa za Kampuni zinazoaminika kupuuzwa au kutodaiwa kisheria na mgao wowote wa faida au faida yoyote ambayo haitadaiwa zaidi ya muda uliowekwa kisheria. Baada ya malipo kama hayo, vifaa kama hivyo vitakoma kuwa chini ya usimamizi wa Kampuni na Kampuni haitawajibika kwa mwenye mali hayo au mlezi wa mali hayo."

9. Kuchunguza shughuli zingine zile ambazo ilani ya kutosha imepeanwa.

Kwa Amri ya Bodi.



Beatrice Meso

Katibu wa Kampuni

S.L.P. 30099-00100

Nairobi, Kenya

Oktoba 10, 2013

MAELEZO:

Mwanachama ana haki ya kuhudhuria na kupiga kura kwenye mkutano wa hapo juu na anaweza kuteua mwakilishi mmoja au zaidi kuhudhuria, na endapo kutakuwa na upigaji kura, apige kwa niaba yake. Mwakilishi si lazima awe mwanachama wa Kampuni. Fomu ya Uwakilishi imeambatanishwa kwenye ripoti hii. Ili kuwa halali, Fomu ya Uwakilishi ni lazima ijazwe kikamilifu na kuwasilishwa kwa afisi ya Katibu wa Kampuni, Stima Plaza, au kutumwa kwa njia ya posta mapema ili ifike kabla ya saa 5 asubuhi, Novemba 27, 2013.



Mr. Eliazar O Ochola

Introduction

Once again, I present the Company's Annual Report and Financial Statements for the Year Ended 30th June 2013, during which we recorded fairly good performance despite a range of operational and financial challenges. The continued good performance under the difficult operating environment is an indicator that the Company has in place firm plans and strategies to protect shareholder interests, as well as to serve its customers and support the Kenyan economy.

A financially and technically viable Kenya Power is critical for the electricity sector, because the Company is the interface between the other entities in the sector and the retail trade on which the former relies for funds. The monies are collected by the Company through customer bills and passed on to all the other entities in the sector.

In this regard, during the year under review, the Company made its proposal for revised electricity tariffs to the Energy Regulatory Commission (ERC), and there are indications that the matter will be concluded soon. The Board is optimistic that this will result in an appropriate tariff structure that will take into consideration both the need for affordable electricity to customers, as well as the Company's financial viability.

Operating Environment

In 2012, the country witnessed a modest growth in Gross Domestic Product (GDP) of 4.6% compared to 4.4% in 2011. The modest growth in GDP was in line with the growth in most sectors of the economy mainly tourism, telecommunications, transport, construction and agriculture. In the short term, the Government has set an ambitious target to increase electricity generation by an additional 5,000MW by 2017, which will support the envisaged significant economic growth during the period. The Company is positioning itself to distribute and retail the additional electricity, as well as to also take advantage of the expanded business opportunities arising out of a transformed economy.

Business Performance

During the year under review, peak demand increased from 1,236MW to 1,354MW, while electricity generation increased to 8,087GWh, compared to 7,670GWh the previous year, reflecting a 5.4% growth. Total electricity consumption was higher by 3.8%, standing at 6,581GWh compared to 6,341GWh in 2011/2012.

At the same time, the customer base grew by 14.3% to reach 2,330,962 compared to 2,038,625 customers the previous year, while

operating profit increased by 13% to Shs.8,847 million from Shs.7,808 million the previous year.

The profit before tax decreased by 24.5% to Shs.6,424 million compared to Shs.8,506 million the previous year. The decrease was attributable to increase in finance costs and reduction in net foreign exchange gains. The finance costs increased by Shs.1,279 million to Shs.2,495 million, from Shs.1,216 million the previous year. This was mainly due to increased borrowing to finance investment projects and a rise in base lending rates. In addition, the net foreign exchange gains decreased to Shs.15 million from Shs.1,425 million the previous year owing to unfavourable foreign exchange rates during the year.

Revenue from electricity sales increased to Shs.47,916 million from Shs.45,008 million the previous year, representing a 6.5% growth. Fuel cost recoveries decreased by Shs.10,125 million from Shs.41,896 million the previous year to Shs.31,771 million. The decrease is attributable to improved generation from hydro sources and reduced reliance on thermal power sources during the year. The foreign exchange recoveries increased to Shs.4,102 million from Shs.2,665 million the previous year due to increased foreign exchange denominated transactions, and fluctuation of the shilling against major world currencies.

Power purchase costs (excluding fuel costs and foreign exchange) increased to Shs.24,761 million from Shs.21,080 million the previous year, an increase of 17.5%. Transmission and distribution costs rose from Shs.19,680 million the previous year to Shs.21,131 million during the year under review. The rise was as a result of higher operational and maintenance costs on the electricity network, depreciation due to increased capital investment, the rising cost of doing business, infrastructural improvements and staff costs.

As a result of new capital investments aimed at improving the quality of power supply, network expansion and accelerated customer connections, the capital asset base grew by 32.6% from Shs.105,972 million the previous year, to Shs.140,580 million.

Profit After Tax

The Company recorded a net profit after tax of Shs.4,352 million compared to Shs.4,617 million the previous year, a decrease of 6%, after taking into account a tax charge of Shs.2,072 million.

Dividend

The Directors do not recommend payment of a dividend to shareholders.

Risk Management

The Board of Directors and management continue to proactively review, identify, measure and mitigate risks for the benefit of shareholders and other stakeholders. Subsequently, the Company remains alert to business risks in the operating environment with a view to ensuring its financial sustainability. Our specific actions in this area are highlighted in detail in the Corporate Governance Statement in this report.

Future Prospects

The Kenyan economy is poised for immense expansion in the near future and the Company is well prepared to take advantage of the inherent business opportunities arising out of such growth. These opportunities are hinged on the Government's transformative plan to increase generation capacity, as well as the timely and continued implementation of the country's Vision 2030 economic blueprint. Further, the counties have created a new frontier for enhanced economic activities, providing immense potential for business expansion which all individual Kenyans and corporations, including the Company, can take advantage of. We shall continue to review our strategies to optimise on the emerging business opportunities in order to improve our corporate performance and maximise shareholder value.

Appreciation

On behalf of the Board of Directors, I wish to thank the Government, all our shareholders, development and business partners, customers, and staff for their support to the business during the year under review.



Mr. Eliazar O. Ochola

10th October 2013

“The Kenyan economy is poised for immense expansion in the near future and the Company is well prepared to take advantage of the inherent business opportunities arising out of such growth.”

TAARIFA YA MWENYEKITI

Utangulizi

Kwa mara nyingine, ninawasilisha ripoti ya kila mwaka ya Kampuni na taarifa za kifedha kwa mwaka uliomalizika Juni 30, 2013, ambapo tulipata matokeo bora licha ya changamoto mbalimbali za kifedha na utendakazi.

Matokeo hayo bora katika mazingira magumu ni ishara kuwa Kampuni ina mipango na mikakati imara ya kulinda maslahi ya wenyehisa, kuhudumia wateja wake na kusaidia kukuza uchumi wa Kenya.

Kampuni ya Kenya Power ikiwa thabiti kifedha na kiufundi ni muhimu kwa sekta ya umeme, kwa kuwa Kampuni hiyo ndio kiunganishi muhimu kati ya taasisi nyingine katika sekta hiyo na uuzaji wa umeme ambapo kampuni inategemea kwa mapato yake. Fedha hizo zinakusanywa na Kampuni kupitia bili za wateja na kuwasilishwa kwa vitengo vingine katika sekta hiyo.

Kutokana na haya, katika mwaka uliomalizika, Kampuni ilitoa pendekezo la kubadilisha ada za umeme kwa Tume ya Usimamizi wa Kawi (ERC), na kuna dalili kuwa suala hilo litakamilika hivi karibuni. Bodi ina matumaini kuwa hatua hiyo itazalisha muundo ufaao wa malipo ambao utatilia maanani haja ya kuwa na umeme nafuu kwa wateja, pamoja na uthabiti wa kifedha wa Kampuni.

Mazingira ya Utendakazi

Mnamo 2012, nchi hii ilipata nyongeza hafifu ya jumla ya mapato yake (GDP) ya asilimia 4.6 ikilinganishwa na asilimia 4.4 mnamo 2011. Ukuaji huo ni sawa na ilivyokuwa katika nyingi ya sekta za uchumi hasa utalii, teknolojia ya mawasiliano, uchukuzi, ujenzi na kilimo. Kwa sasa, Serikali imeazimia kuongeza uzalishaji wa umeme kwa megawati 5,000 zaidi kufikia 2017, ambazo zinatarajiwa kuchangia katika ukuaji mkubwa wa kiuchumi unaokadiriwa katika kipindi hicho.

Kampuni inajiandaa kusambaza na kuuza umeme zaidi pamoja na kunufaika na nafasi zaidi za kibiashara zinazotokana na uchumi ulioimarika.

Matokeo ya Kibiashara

Katika mwaka uliomalizika, mahitaji ya juu ya umeme yaliongezeka kutoka MW1,236 hadi MW1,354, ilhali uzalishaji umeme uliongezeka hadi GWh 8,087, ikilinganishwa na GWh 7,670 mwaka uliotangulia, na hivyo ukuaji wa asilimia 5.4. Jumla ya matumizi ya umeme yaliongezeka kwa asilimia 3.8, na hivyo kugonga GWh 6,581 ikilinganishwa na GWh 6,341 mnamo 2011/2012.

Wakati huo huo, idadi ya wateja iliongezeka kwa asilimia 14.3 na kufikia 2,330,962 ikilinganishwa na wateja 2,038,625 mwaka uliopita, ilhali faida ilipanda kwa asilimia 13 hadi Sh8,847 milioni kutoka Sh7,808 milioni mwaka uliopita.

Faida kabla ya ushuru ilipungua kwa asilimia 24.5 hadi Sh6,424 milioni ikilinganishwa na Sh8,506 milioni mwaka uliopita. Kupungua huko kulitokana na kupanda kwa gharama za kukopa fedha na kupungua kwa mapato yatokanayo na viwango vya ubadilishanaji wa fedha za kigeni.

Gharama za kukopa ziliongezeka kwa Sh1,279 milioni hadi Sh2,495 milioni, kutoka Sh1,216 milioni mwaka uliopita. Hii ilitokana na kuongezeka kwa ukopaji, kufadhili miradi mikubwa ya uwekezaji na kuongezeka kwa viwango vya riba. Isitoshe, jumla ya mapato kutokana na viwango bora vya ubadilishanaji wa fedha yalipungua hadi Sh15 milioni kutoka Sh1,425 milioni mwaka uliotangulia kutokana na viwango vya juu vya ubadilishanaji wa fedha za kigeni.

Mapato kutoka kwa mauzo ya umeme yaliongezeka hadi Sh47,916 milioni kutoka Sh45,008 milioni mwaka uliotangulia na hivyo kuashiria ukuaji wa asilimia 6.5. Mapato kutokana na ada ya mafuta yalipungua kwa Sh10,125 milioni kutoka Sh41,896 milioni mwaka uliopita hadi Sh31,771 milioni.

Kupungua huko kunatokana na kuimarika kwa uzalishaji umeme kutokana na vyanzo vya maji na kutotegemea umemejoto katika mwaka uliomalizika. Mapato kutokana na fedha za kigeni yaliongezeka hadi Sh4,102 milioni kutoka Sh2,665 milioni mwaka uliopita kutokana na kuongezeka kwa shughuli za kibiashara zilizotumia fedha za kigeni na kudidimia kwa thamani ya shilingi dhidi ya fedha zingine muhimu duniani.

Gharama za ununuzi wa umeme (bila kujumuisha ada za mafuta na viwango vya ubadilishanaji wa fedha za kigeni) ziliongezeka hadi Sh24,761 milioni kutoka Sh21,080 milioni mwaka uliotangulia, nyongeza ya asilimia 17.5. Gharama za usafirishaji na usambazaji ziliongezeka kutoka Sh19,680 milioni mwaka uliopita hadi Sh21,131 milioni mwaka unaoangaziwa. Nyongeza hiyo ni kutokana na kupanda kwa gharama za utendakazi na utunzaji wa vifaa vya usambazaji umeme, kudidimia kwa thamani kutokana na kuongezeka kwa uwekezaji wa mtaji, gharama ya juu ya kuendesha biashara, kuimarishwa kwa miundomsingi na gharama za wafanyakazi.

Kutokana na uwekezaji mkubwa wa mtaji unaolenga kuboresha usambazaji wa umeme, upanuzi wa mtandao na kuharakisha usambazaji umeme kwa wateja wapya, thamani ya vifaa vya kampuni iliongezeka kwa asilimia 32.6 kutoka Sh105,972 milioni mwaka uliopita, hadi Sh140,580 milioni.

Faida Baada ya Ushuru

Kampuni ilipata faida baada ya ushuru ya Sh4,352 milioni ikilinganishwa na Sh4,617 milioni mwaka uliopita, upungufu wa asilimia 6, baada ya kuondoa ushuru wa Sh2,072 milioni.

Mgao wa Faida

Wakurugenzi hawapendekezi mgao wa faida.

Kudhibiti Hatari za Kibiashara

Bodi ya Wakurugenzi na wasimamizi huendelea kutathmini, kutambua, kukadiria na kupunguza hatari za kibiashara kwa manufaa ya wenyehisa na washikadau wengine. Hivyo basi, Kampuni iko macho kwa hatari zozote za kibiashara katika mazingira inakohudumu kwa lengo la kuendelea kujitegemea kifedha.

Hatua maalumu kuhusiana na hili zimeangaziwa kwa kina kwenye Taarifa ya Maongozi Bora kwenye ripoti hii.

Siku za Baadaye

Uchumi wa Kenya unatarajiwa kupanuka pakubwa hivi karibuni na Kampuni imejiandaa vilivyo kunufaika na nafasi tele za kibiashara zinazotokana na ukuaji kama huo. Nafasi hizo zimejikita kwenye mpango wa mageuzi wa Serikali wa kuongeza uzalishaji pamoja na kuendelea na utekelezaji wa ruwaza ya maendeleo ya 2030.

Vile vile, kaunti zimetoa nafasi mwafaka kwa shughuli za kiuchumi na hivyo kutoa nafasi kubwa za upanuzi wa biashara ambazo Wakenya binafsi na mashirika, ikiwemo Kampuni hii, yanaweza kunufaika nazo. Tutaendelea kutathmini mikakati yetu ili kunufaika na nafasi ibuka za kibiashara ili kuimarisha utendakazi wa kampuni yetu na kuongeza thamani kwa wenyehisa.

Shukrani

Kwa niaba ya Bodi ya Wakurugenzi, ningependa kushukuru Serikali, wenyehisa wetu, washirika wetu wa maendeleo na biashara, wateja na wafanyakazi, kwa mchango wao kwa biashara katika mwaka uliomalizika.



Bw. Eliazar O. Ochola

10 Oktoba 2013

“Uchumi wa Kenya unatarajiwa kupanuka pakubwa hivi karibuni na Kampuni imejiandaa vilivyo kunufaika na nafasi tele za kibiashara zinazotokana na ukuaji kama huo.”



Dr. Ben K. Chumo, OGW

GENERAL OVERVIEW

Kenya is undergoing immense change as it seeks to transform itself into a modern, globally competitive and prosperous nation with a high quality of life by 2030. In order to attain this vision, availability of adequate and widespread energy is crucial, with electric power being one of the most important forms of energy on which modern society relies for communication, commerce and everyday conveniences.

With a mandate of purchasing, transmitting, distributing and retailing electricity throughout the country, the Company plays a central role in Kenya's social and economic development. This important role will be greatly amplified in the short term as the Company seeks to implement the Government's plan to develop at least 5,000MW of additional generation capacity by 2017 in partnership with other stakeholders in the electricity sector. The ambitious plan will increase the effective generation capacity by about 300% from the current 1,652MW to 6,652MW.

5,000+MW by 2017

The journey towards accomplishing the 5,000MW additional capacity target has commenced in earnest. Towards this, plans to source for investors and funding for the various electricity generation, transmission

and distribution projects that will deliver the additional energy to customers and the economy at large, are at an advanced stage.

The demand for the additional capacity is expected to be driven by economic activities in the counties, mining and processing industries, nationwide irrigation projects, operation of expanded petroleum pipelines, powering of modern transport systems and new resort cities, and new economic zones. There will also be increased demand due to scaling up of connectivity as the Company seeks to meet the Government's target of universal access to electricity in the medium term. With a view to ensuring its readiness to transmit, distribute and retail the additional planned capacity, numerous system reinforcement, upgrade and new projects will be implemented countrywide by the Company in the short term.

MAJOR PERFORMANCE MILESTONES 2012/2013

In recent years, the Company has intensified its operations in line with its strategic plan as well as to support enhanced economic growth and national development. In this regard, during the year under review, the Company remained firmly focused on its mission of 'powering people for better lives' by undertaking various activities aimed at ensuring the availability of high quality electricity and service to

customers and to the Kenyan economy. These include upgrade and expansion of the electricity infrastructure, ensuring adequate and secure sources of power, improving efficiency in service delivery, and ensuring its financial sustainability. Other focus areas include human capital development, innovation and diversification of our business operations and processes, and corporate governance.

Several milestones were attained as a direct result of the implementation of these initiatives as well as other business strategies, during the year under review. Among our notable achievements was the connection of 292,337 additional customers, in line with the Company's business growth strategy. This raised the customer base to 2,330,962 as at June 2013 compared to 2,038,625 the previous year. The rate of connectivity was however affected by an upward review of connection charges commensurate with increased cost of materials and operations. In order to mitigate this trend and to put the rate of new connections back on track in line with the country's social and economic objectives, the Government initiated a Shs.2.7 billion subsidy programme in August 2013 to finance some categories of new connections for three months until December 2013. The subsidy enabled the customers to continue paying for new connections at the previous rate while the report of an ongoing study that will inform the optimal fees to be charged for new connections is awaited.

Aware that some potential customers face challenges in raising funds to pay for new connections, the Company has also been collaborating with various partners to avail credit to potential customers who require financing for this purpose. Under this arrangement, a €4.5 million (Shs.450 million) revolving fund pilot loan facility supported by the *Agence Francaise de Developpement* (AFD) has already benefited more than 44,000 customers. Following successful implementation of the pilot, plans to avail an additional €30 million (approximately Shs.3.3 billion), to benefit over 330,000 customers over a five year period, are at an advanced stage, and will be implemented by June 2014.

Another notable highlight of the year under review was increase in electricity sales from 5,991 million units the previous year to 6,236 million units; and increase in peak demand by nine percent from 1,236MW in 2011/12 to 1,354MW. This was attributed to an increase in national economic growth from 4.4% in 2011, to 4.6% in 2012, as well as an expanded customer base. At the same time, installed capacity increased from 1,691MW to 1,765MW following commissioning of OrPower4's second plant (39.6MW) and the restoration of two Kindaruma units which were optimised to provide an additional 8MW.

During the year, work on the Distribution Master Plan which commenced the previous year, was completed. The Plan provides a road map for implementing the Company's power distribution projects for the period 2013 to 2018.

Following are highlights of other key performance and focus areas during the year under review:

Least Cost Power Development Plan Update

The country's Least Cost Power Development Plan (LCPDP) for the period 2013-2033 was updated, and thereafter the medium term committed projects were aligned with the plan to commission an additional 5,000MW generation capacity by 2017. The Plan seeks to ensure development of a diversified portfolio of power generation assets that is expected to shift over time from high dependency on increasingly unpredictable hydropower and fuel price-sensitive thermal options, to greener, cheaper, more dependable and sustainable sources such as geothermal and firm regional hydro power imports. Subsequently, the new capacity will be developed by the Kenya Electricity Generating Company (KenGen), the Geothermal Development Company (GDC), and Independent Power Producers (IPPs) mainly from sources such as geothermal (646MW), natural gas (1,050MW), wind (630MW), and coal (1,920MW).

“Among our notable achievements was the connection of 292,337 additional customers, in line with the Company's business growth strategy. This raised the customer base to 2,330,962 as at June 2013 compared to 2,038,625 the previous year.”



Customer Service

Customer enquiries and complaints are channeled through our modern Customer Contact Centre

Planned generation projects (2014–2017)

Year	Name	Type	Added capacity MW	Cumulative total system capacity (MW)	
2014	Kindaruma upgrade	Hydropower	24		
	Thika diesel	Diesel	87		
	OrPower 4	Geothermal	16		
	Olkaria IV unit 1	Geothermal	70		
	Triumph Power	Diesel	80		
	Gulf Power	Diesel	83		
	Olkaria IV unit2	Geothermal	70		
	Olkaria I unit 4	Geothermal	70		
	Olkaria wellheads	Geothermal	40		
	Agreko	Emergency Diesel	-90	2,114	
	2015	Menengai modular units	Geothermal	90	
		Menengai wellheads	Geothermal	50	
		Olkaria I unit 5	Geothermal	70	
Olkaria wellheads		Geothermal	30		
Ngong I phase II		Wind	6.8		
Ngong II		Wind	13.6		
Kwale Sugar		Cogeneration	18		
Mombasa gas turbines		Natural Gas	700		
Aelous		Wind	60	3,152	
2016		Menengai	Geothermal	100	
	Silali I	Geothermal	150		
	Isiolo	Wind	100		
	MSD KenGen (fuel switch)	Diesel	-175		
	MSD IPP (fuel switch)	Diesel	-175		
	Mombasa LNG (fuel switch)	Natural Gas	350		
	Coal	Coal	960		
	Lake Turkana	Wind	150		
	Lake Turkana	Wind	150		
	Kipeto	Wind	100		
	Prunus	Wind	50		
	Suswa	Geothermal	35		
	Olkaria unit 6	Geothermal	70	5,017	
	Menengai	Geothermal	400		
2017	Olkaria VI	Geothermal	140		
	Baringo	Geothermal	140		
	Suswa	Geothermal	35		
	Silali II	Geothermal	70		
	Coal	Coal	960	6,762	

Other committed medium term generation capacity addition projects include the 400MW Ethiopia hydropower import and the AGIL 140MW geothermal IPP, both of which are expected to be commissioned by 2018.

During the year under review, a total of 47MW in additional generation capacity was commissioned through upgrade of two Kindaruma hydropower units (8MW) and the commissioning of OrPower4 (39MW). The Company also concluded seven Power Purchase Agreements (PPAs) for the following projects: 140MW AGIL (geothermal), 60MW Aelous (wind), 300MW Lake Turkana (wind), 20MW Sangoro (hydro), 2.5MW Eburru (geothermal), 6.8MW Ngong I Phase II (wind), and 13.6MW Ngong II (wind).

Completion of the Distribution Master Plan

The Distribution Master Plan study carried out by Messrs. Parsons Brinckerhoff of the UK, which commenced in the previous year with the aim of providing a road-map for implementing power distribution projects for the period 2013 to 2018, was completed during the year. The final report contains proposals to expand the power distribution network based on a least cost power distribution plan; ensure adequate power distribution capacity in each of the 47 counties; and maintain a reliable power supply at required standards. In addition, the plan provides recommendations on optimising operational efficiency of the distribution system; minimising losses; and enhancing capacity to facilitate acceleration of customer connections and rural electrification.

The Master Plan also contains projected power needs of the counties with respect to existing and potential commercial centres, as well as recommendation of alternative supply lines to major commercial and load centres for ease of distribution system maintenance.

The Company will undertake a detailed review of the master-plan to align it with the planned additional 5,000MW generation capacity and the additional system requirements it will create. At the same time, the Company will concentrate on seeking funding to implement the plan in line with the increased generation capacity.

REPORT OF THE AG. MANAGING DIRECTOR & CEO (Contd.)

Ongoing Distribution Expansion Projects 2012/2013–2013/2014

	Nairobi Region	Scope of Work	Est. Cost Usd (Mill)	Completion Date
1.	Githunguri	New 2x23 MVA 66/11 kV sub-station	1.5	2014
2.	Ndenderu Road	New 2x23MVA 66/11kV sub-station	4.4	2014
3.	Lukenya	New 1x23MVA 66/11kVsub-station	2.4	2014
4.	Kiambu Town	New 2x23MVA 66/11kVsub-station	4.4	2014
5.	Rironi	New 2x23 MVA 66/11kVsub-station	4.08	2014
6.	Lower Kabete	New 2x23 MVA 66/11kVsub-station	3.92	2014
7.	Githunguri	New 2x23MVA 66/11kVsub-station	4.67	2014
8.	Villa Franca	New 2x23MVA 66/11kVsub-station	3.76	2014
9.	Uplands	New 2x23MVA 66/11kVsub-station	3.16	2014

	Coast Region			
1.	Jomvu	New 1X23MVA 132/33 kV sub-station & 10km 33kV line	2.6	2014
2.	Misho-moroni	New 1x7.5MVA 33/11 kV sub-station & 16km 33kV line	2.6	2014

	West Region			
1.	Kibos	New 1x7.5 MVA 33/11 kV sub-station, 4km 33kV line, 2kms 11kV line	2.4	2013
2.	Ahero	New 1x7.5 MVA 33/11 kV sub-station & 20km 33kV line	1.5	2014
3.	Chepseon	New 1x7.5 MVA 33/11 kV sub-station, 5km 33kV line,10kms 11kV line	1.0	2014
4.	Elgon View	New 1x7.5 MVA 33/11 kV sub-station, 2km 33kV line, 2kms 11kV line	2.2	2014
5.	Majengo	New 1x7.5 MVA 33/11 kV sub-station, 2km 33kV line, 2kms 11kV line	1.0	2014
6.	Maseno	New 1x7.5MVA sub-station	1.7	2014
7.	Kabarak University	New 1x7.5MVA sub-station	1.12	2014
8.	Kipsara-man	New 1x7.5MVA 33/11 kV sub-station, 25km 33kV line	1.12	2014

	Mt. Kenya Region			
1.	Gatundu	New 2x7.5MVA 33/11kV sub-station, 10Km 33kV line	2.5	2014
2.	Juja (JKUAT University)	New 2x23 MVA 66/11kV sub-station, 5Km 66kV line, 4kms 11kV line	1.2	2014
3.	Mwea (Wanguru)	New 1x7.5MVA sub-station, 22km 33kV line, 5kms 11kV line	1.9	2014
4.	Tala	New 1x23 MVA 66/11kV, 25Km 66kV line, 5kms 11kV line	2.0	2014
5.	Kangema (Murang'a)	New 2x7.5MVA txs, 13km 33kV line and 10km 11kV line	2.7	2014

System Improvement Projects

Electricity systems are complex and they require continuous investment in order to keep them in optimum operating condition to serve the business appropriately. Each year, therefore, the Company implements numerous system improvement projects aimed at expanding the infrastructure and enhancing service delivery.

For this reason, the following projects were implemented during the year under review.

Energy Sector Recovery Project (ESRP)

Projects valued at Shs.3.8 billion were completed as part of distribution system reinforcement and upgrade under the ESRP, which is aimed at improving efficiency, reliability and quality of power supply, as well as increasing access to electricity in the country. Completed and ongoing projects during the year under review include:

- Refurbishment and upgrade of Kileleshwa 66/11kV sub-station in Nairobi; Lessos 33/11kV sub-station in North Rift; and 132/33kV sub-stations also in Lessos and another one in Naivasha in Central Rift.

- Commissioning of new 66/11kV sub-stations and power lines including Ridgeways, Ruai, Ngong Town, Lang'ata, Komarock, Kabete and Kabete-Karen in Nairobi; 132/33kV projects in Makutano in West Region, and Kamburu in Mt. Kenya Region.
- Commissioning of Rang'ala 132/33kV sub-station including outgoing 33kV feeders in conjunction with the Kenya Electricity Transmission Company (Ketraco).
- Works on Kisii-Awendo, Kindaruma-Mwingi-Garissa and Eldoret-Kitale 132kV transmission lines and sub-stations; and Rabai-Embakasi 220kV bay extensions in conjunction with Ketraco.
- Works on the 33kV Kipevu-Makande-Mbaraki and Makande-Tononoka 33kV underground cables.

Kenya Electricity Expansion Project (KEEP)

Various projects were implemented under the US\$102 million World Bank funded KEEP project, which entails upgrade of the distribution system in areas not covered by the ESRP funding, with the ultimate goal of accelerating electricity access. Out of the project amount, \$16 million is being used to provide electricity to informal settlements under the Global Partnership on Output Based Assistance (GPOBA), an affiliation of donors and international organisations working together to support delivery of basic infrastructure and social services to the poor in developing countries.

Work on the following sub-station and feeder KEEP projects was in progress during the year.

Region	Sub-stations & Feeders
Nairobi Region	Ndenderu 66/11kV, Magumu 33/11kV, Kiambu Town 66/11kV, Rironi 66/11kV, Lower Kabete 66/11kV, Githunguri 66/11kV, Villa Franca 66/11kV, Uplands 66/11kV, Kirigiti 66/11kV, Lukenya 66/11kV.
Coast Region	Jomvu 132/33kV, Mishimoroni 33/11kV.
West Region	Ahero 33/11kV, Chepseon 33/11kV, Elgon View 33/11kV, Kibos 33/11kV, Kipsaraman 33/11kV, Majengo 33/11kV, Maseno 33/11kV, Kabarak University 33/11kV.
Mt. Kenya Region	Gatundu 33/11kV, Juja JKUAT University 66/11kV, Kangema 33/11kV, Tala 66/11kV and Mwea Wanguru 33/11kV.

Rights issue funded projects

In 2010, the Company raised Shs.9.1 billion from a rights issue for investment in the electricity system and, during the year under review, approximately Shs.3.9 billion of this amount was used to finance a number of major reinforcement projects. The projects undertaken were the completion and commissioning of various sub-stations including Embu East 33/11kV; and continued works on Ruring'u 33/11kV in Nyeri, and 66/11kV in Thika Industrial, City Square and Eastleigh in Nairobi. Other planned sub-station projects which will be implemented using the rights issue funds include Bahati 33/11kV, Dagoretti 66/11kV in Nairobi, and Kainuk 220/66kV in North

Rift. In addition, Shs.2.8 billion will be used to develop Thika Road Control Centre, and to complete the Sagana-Kutus 132kV line and sub-station.

Company funded projects

Electricity projects are capital intensive and often require heavy funding by external lenders. The Company complements such funding with internally generated funds and, during the year, 18 projects were completed countrywide at a total cost of Shs.1.2 billion using internally generated funds. These are: Soilo 132/33kV sub-station, which was constructed at a cost of Shs.107 million to provide stable power supply to Nakuru, while 17 sub-stations were upgraded countrywide at a total cost of Shs.1.1 billion in Nairobi Region (one at Shs.16.3 million); Mt. Kenya Region (five at Shs.226 million); West Region (ten at Shs.782 million); and Coast Region (one at Shs.93 million).

Rural Electrification

The objective of the government-funded rural electrification programme is to provide electricity in areas that are far from the national electricity grid, and where electricity supply projects are not commercially viable for investment by the Company. Rural electrification is mainly implemented under the auspices of the Rural Electrification Authority (REA), while the Company complements this work by connecting customers and maintaining the network. The Company also implements some rural electrification projects on behalf of the Government. In this regard, during the year under review, we completed 61 rural electrification projects valued at Shs.228 million, while 70,913 new customers were connected under the programme. The Company is also implementing 51 additional schemes at a cost of Shs.1.1 billion under the programme.

At the same time, a 220/66kV sub-station to supply power to Lokichar in Turkana County, which will also serve West Pokot County, was constructed at a cost of Shs.1.2 billion. Due to increased demand, five additional diesel generators were installed in Habaswein, Hola, Baragoi, Elwak and Merti towns at a total cost of Shs.63 million to upgrade the existing capacity of the existing stations. A US\$1.4 million 300kW solar power plant was also commissioned in Mandera during the year.

The Transmission Network

Kenya's transmission network is a complex and critical component of the electricity distribution network and runs from power plants to load centres, providing a redundant system that assures the smooth flow of power. During the year under review, the system increased by 1,825kms from 47,035kms the previous year to 48,860kms. In addition to the increased length, transmission sub-stations with a cumulative total of 2,976MVA and distribution sub-stations with a cumulative total of 2,442MVA were installed during the year. The country's transmission system is operated by the Company which owns all lines established before 2008 when KETRACO was created to develop all new transmission infrastructure.

REPORT OF THE AG. MANAGING DIRECTOR & CEO (Contd.)

The status of some of the transmission capacity expansion projects being implemented in collaboration with KETRACO is summarised in the following table.

Project	Description	Completion Date
Thika-Gatundu 30km 132kV line	Project aimed at increasing electricity access.	Completed
Kilimambogo-Thika-Githambo 77km 132kV line	Project aimed at increasing electricity access.	Late 2013
Mombasa-Nairobi 482km 400/220kV line and expansion of sub-stations at Rabai and Embakasi	To increase power transfer capacity from the Coast to Nairobi, reduce system losses and enhance connectivity.	Late 2013
Rabai-Malindi-Garsen-Lamu 328km 220kV transmission line with sub-stations at Malindi, Garsen and Lamu	To increase transfer capacity, reduce system losses and replace expensive thermal generation.	Late 2013
25km 220kV Olkaria I-Suswa and 25km 220kV Olkaria IV-Suswa double circuit lines	To evacuate power from Olkaria I & IV geothermal power plants. This is implemented through KenGen.	April 2014
354km 132kV Kenya Electricity Expansion Programme (KEEP): Eldoret-Kitale, Kisii-Awendo and Kindaruma-Mwingi-Garissa transmission lines and associated sub-stations	To reduce system losses, improve terminal flow and increase access. Implementation by Kenya Power.	June 2014
Nairobi Ring: 100km 400kV Suswa-Isinya double circuit transmission line and 40km 220kV Suswa-Ngong line and sub-stations at Isinya, Athi River, Ngong and Koma Rock and extension of Dandora sub-station with an underground cable connecting Koma Rock to Dandora sub-station	To increase power transfer capacity and improve stability and reliability in Nairobi and surrounding areas.	Nov. 2014
Menengai T-off-Jinja line	20km 132kV line for power evacuation from 90MW Menengai geothermal plant	December 2014
Meru-Isiolo-Nanyuki 96km 132kV transmission line	Improve supply	Dec. 2014
Dongo Kundu-Mariakani	50km 400kV double circuit line for evacuation from 700MW LNG plant	July 2015
Loiyangalani-Suswa 430km 400kV transmission line	To evacuate power from Lake Turkana wind power plant.	Aug. 2015
431km 132kV Nanyuki-Nyahururu; Lessos-Kabarnet; Olkaria-Narok; Mwingi-Kitui-Sultan Hamud-Wote; Bomet-Sotik; Ishiara-Kieni transmission lines and associated sub-stations	Power improvement projects	Sept. 2015
Turkwel-Ortum-Kitale 90km 220kV single circuit line and 3 sub-stations	Improve supply	Sept. 2015
Machakos-Konza-Kajiado-Magadi-Namanga 153km 132kV single circuit line and 3 sub-stations	Improve supply	Sept. 2015
Kilifi/Lamu-Mariakani	80km 400kV double circuit line for evacuation from 960MW Kilifi coal plant	December 2015
Olkaria-Lessos & 220kV Lessos-Kisumu 300km 400kV double circuit	To enhance power transfer capacity	March 2016
Silali-Menengai-Rongai	170km 400 double circuit line for evacuation from Silali geothermal field	June 2016
Isinya-Nairobi East	75km 400kV double circuit line for evacuation from 960MW Kitui coal plant	October 2016
Mariakani-Kitui-Nairobi East	620km 400kV double circuit line for power evacuation from 960MW Kitui coal plant	December 2016

Regional Interconnectors

The first regional power interconnection between Kenya and a neighbouring country was completed in 1955 with the commissioning of the Kenya-Uganda 132kV line from Owen Falls in Jinja, Uganda, to Lessos in Kenya. Since then, no other regional power link has been constructed. This will however change in the near future once the following projects are implemented:

Nile Equatorial Lakes Subsidiary Action Programme (NELSAP) power interconnection

The project, which is being implemented under the umbrella of the Nile Basin Initiative, comprises a 220kV line from Lessos to Bujagali hydropower station in Uganda. Further interconnection is planned between Uganda, Rwanda, Burundi and Eastern Democratic Republic of Congo. The new Kenya-Uganda link is expected to increase the power transfer capacity between the two countries to 350MW. The project is financed by a consortium of development partners led by the African Development Bank (ADB). Construction commenced in September 2013 and will be completed by February 2015.

Kenya-Ethiopia interconnection

A 1,068km 500kV DC transmission line with a power transfer capacity of 2,000MW in either direction, which is expected to cost US\$1,260 million, is at an advanced stage of implementation, with Ketraco and Ethiopian Electric Power Corporation (EEPSCO) as the implementing agencies. Once complete, the line is expected to provide Kenyan consumers with cheaper electricity from Ethiopia's hydro-electric power dams and set the stage for inter-regional trade in electricity. Construction work is expected to begin in September 2013 and will be completed in 2018. The project will establish power trade between Ethiopia and Kenya and the wider East Africa region, and entails setting up AC/DC converter stations at Wolayta-Soddo (Ethiopia) and Suswa (Kenya) sub-stations.

The line is financed by the African Development Bank (AfDB) (\$354.3 million), the World Bank (\$684 million), *Agence Française de Développement* (AFD) (\$118 million), the Kenya Government (\$85 million), and the Government of Ethiopia (\$21.2 million).

Kenya-Tanzania power interconnection

This 400kV line with a transfer capacity of 1,000MW, will start from Isinya, south of Nairobi, to Arusha in Tanzania, before terminating at Singinda also in Tanzania. Tender documents have been prepared and financing is being arranged with the AfDB. The line's expected completion date is mid-2016.

Vandalism, a Perennial Challenge

Vandalism of the electricity infrastructure continued to be a major challenge during the year under review, greatly hampering efforts to provide quality and reliable electricity. More than 815 transformers were vandalised in various parts of the country and there were increasing cases targeting underground and overhead cables. Transformer replacement costs and loss of sales arising from such vandalism during the year is estimated at Shs.700 million excluding economic losses. Solutions employed by the Company to curb the

menace include spot-welding of transformers, lighting and alarm solutions, reinforcement and relocation of transformers prone to vandalism; sensitising members of the public and other stakeholders about vandalism and its negative impact on customers and the economy; and patrols involving the police and the Company's security teams. The Company has also petitioned the Government to declare main sub-stations as 'protected areas' with special security arrangements in order to deter the vandals.

Enhancing Technical Efficiency

Distribution system automation

The Company continually seeks innovative ways to manage planned outages and other system disruptions in order to minimise inconvenience to customers. Towards this, a Shs.300 million system automation project to install equipment which automatically identifies faults in the power network, isolates the faulty sections and restores electricity to customers quickly, was completed in Mombasa during the year under review. The project was implemented by El-Mor Electricity Ltd. of Israel and it has greatly enhanced operational efficiency at the Coast. A similar project is being undertaken by Lucy Electric of the UK in Nairobi and is expected to be completed by June 2014.

SCADA system

The supervisory control and data acquisition (SCADA) system is the backbone of the electricity grid operations. During the year under review, a total of 22 new and existing sub-stations were integrated into the Company's SCADA system, as well as 62.5 kilometres of fibre optic cable. This has improved the effectiveness and efficiency of operation of the national power transmission and distribution grid.

Digital radio system for operational staff

Installation of a trunked radio system for West Kenya and North Rift whose aim is to enhance communication efficiency in field operations, was contracted during the year to Amiran Communications Limited at a cost of US\$2.9 million. The project will be completed in early 2014, and will cover the Kapenguria to Migori, Busia to Kilgoris, and Mfangano Island to Kabarnet circuits.

Installation of fibre optic cables in Company offices

During the year under review, the Company installed fibre optic cables in all regional and sub-regional offices to improve online computer operations. A project to lay more than 600 kilometres of fibre optic cable and installation of additional point to point radio links for West, North Rift and Coast regions were contracted at a cost of US\$6 million. The project will be completed in 2014.

Reactive power compensation project

A reactive power compensation project, aimed at improving reliability and quality of power supply, was completed at Ruaraka and Nairobi North sub-stations during the year under review. The project entails installation of capacitors in the sub-stations to stabilise voltages and therefore improve service to customers. Capacitors will also be installed at Juja Road and Embakasi sub-stations by December 2013.

Serving Our Customers Diligently and Efficiently

The customer is the main focus of our business, and all our operations are aimed at providing a high quality and efficient service. Towards this, innovation and diversification of our products and processes are important components of our business strategy, anchored on our vision of providing world-class power that delights our customers. During the year under review, we continued to undertake various activities and initiatives aimed at achieving this vision. Some of these are outlined below.

Prepaid metering

Prepaid metering simplifies revenue collection and enables customers to manage their power consumption more efficiently and conveniently. During the year under review, a total of 197,817 additional prepaid meters were installed at customer premises, compared to 118,698 the previous year, bringing the total number of prepaid meters installed by June 2013 to 335,018. Prepaid customers are served by a total of 22 vending points comprising 12 Company banking halls, 10 third party retail vendors, and mobile money transfer platforms through Safaricom's Mpesa, Airtel Money and YU Cash. During the year under review, PesaPoint Kenya Limited, Professional Digital Solutions Limited and Ceven Limited were contracted as third party super vendors.

Automatic Meter Reading (AMR) system

Accurate meter reading is crucial in billing for our services, and particularly the 4,500 large power customers who account for more than 60% of the Company's revenue. The AMR system has enabled the Company to accurately monitor and read 96% of all large power customer meters without physical site visits, leading to lower operational costs and increased customer satisfaction due to few billing complaints where the meters are installed. In addition, the AMR system alerts the Company in case of meter tampering, thereby contributing to lower commercial losses.

Facilities Database (FDB)

Implementation of the FDB system, which uses geographical information to generate and manage stored digital data of the Company's electricity infrastructure and customer details including the location of their premises, continued during the year under review. Several Company branches including Gatundu, Muhoroni, Kakamega, Githunguri and Mpeketoni are already using the system in their operations. Once it is fully installed, the system will enable the Company to provide quotations for new connections without site visits, as well as to restore electricity supply faster in case of an outage.

Online application system

During the year, the Company installed an online application system which enables potential customers to apply for electricity supply through the Company's website. This versatile system is expected to significantly reduce the connection waiting period for new customers, enhance efficiency through paperless transactions, and to minimise other challenges associated with manual applications.

Real-time payment service

About 56% of our customers pay their bills through alternative pay points other than the Company's banking halls. It is therefore notable that during the year under review, customer payments through M-Pesa and Airtel were rendered real-time, whereas previously, customer accounts were updated after 48 hours. This has encouraged more customers to pay through these channels due to this significant improvement.

Enhanced Contact Centre

In the past, our emergency centres located in various parts of the country provided our customers with a life-line in the face of emergency outages. In line with best customer service practice, a new Contact Centre was formally launched in Nairobi in 2012 as a one-stop-shop where all complaints, queries and feedback are received from customers countrywide and addressed from a central point. During the year under review, additional improvements to the centre were made, including implementation of an interactive voice response (IVR), which is an auto-attendant system that allows customers to access automated self-service information by following voice prompted instructions. The IVR system has helped reduce call-waiting time for customers, thereby enhancing customer satisfaction. In addition, a short code - 95551 - that allows customers to contact the Company through voice calls and SMS for any service related queries was launched.

Customer engagement

To enhance relationships as well as educate customers and other stakeholders, open days were held in Kisumu, Eldoret, Nairobi, Nyeri, Thika, Taita Taveta, Voi, Malindi, Meru, Embu and Mombasa counties. The campaigns involved sharing information about our services and products and proactively engaging customers, in order to improve our service delivery and promote productive use of electricity to improve sales. During the open days, we partnered with various businesses and industries. Among key stakeholders who participated in the forums include large power customers, government representatives, local leaders, contractors, suppliers, investors and business associations such as Kenya Association of Manufacturers (KAM), Chamber of Commerce, residential associations and the Consumer Federation of Kenya (COFEK).

We also participated in 14 Agricultural Society of Kenya (ASK) shows in various parts of the country where customers and other members of the public viewed displays on our business and operations. At the same time, we educated customers and marketed our products and services through campaigns in different channels of communication, including social media.

Separation of Nairobi into three distinct regions

In preparation for the devolved system of government which came into effect in March 2013, the Company had already established branches in all the country's 47 counties. During the year under review, the Company strengthened Nairobi Region by upgrading its three sub-regions to distinct regions comprising Nairobi South,

Nairobi West and Nairobi North, each headed by a manager. This is in line with our strategy of taking services closer to customers and improving operational efficiency.

Customer satisfaction and corporate image surveys

In order to monitor and evaluate the quality of service to customers, we conducted two customer satisfaction surveys during the year under review which yielded a satisfaction index of 70%. Another survey measuring the Company's reputation among various stakeholders including employees, customers, business partners, suppliers and the media yielded a score of 75%. The research is key to improved performance and among initiatives adopted by the Company to improve customer satisfaction and its image include timely resolution of customer complaints, adoption of strategies aimed at improving service delivery and enhancement of communication and interaction with customers.

Investing in Human Capital

Our employees are a valuable resource on whom we rely to carry out our mandate and care for our assets, thereby ensuring our continued business sustainability. We acknowledge that as a provider of an essential service, we have a key responsibility to support and encourage the development of staff as this plays a critical role in building the capability of the workforce to effectively provide services. In order to attract, retain and develop high quality and skilled staff, the Company puts in place measures to entrench meritocracy, motivation and good performance.

As at 30th June 2013, the Company had a total workforce of 10,465 serving 2,330,962 customers, translating to a staff-customer ratio of 1:223. This was an improvement from the previous financial period when the staff-customer ratio was 1:119.

Industrial relations

Industrial harmony prevailed throughout the period under review. In addition, a number of welfare activities were undertaken with the aim of enhancing staff morale, motivation and teamwork. Among the activities were inter-regional games and an award ceremony for long serving and best performing employees, during which 872 deserving employees were recognised.

Staff training and development

During the year, 4,613 staff participated in various training programmes locally and abroad, while several initiatives to enhance internal communication were introduced with the aim of improving staff productivity and morale. The Company will continue to apply strategies aimed at enhancing performance and productivity, as well as facilitating employees' career growth with a view to retaining a skilled and motivated workforce.

Performance management

The Company continues to review its performance management system in order to enhance individual and organisational performance. During the period under review, the Company

constituted a committee that will validate employees' performance reports at the end of every year in order to create equity and fairness in performance management across the organisation.

CONCLUSION

The country has taken an onerous development path with a target of achieving an economic growth of more than 7% in the short term; compared to 4.6% in 2012. Because electricity is a catalyst for economic growth, the 5,000MW generation capacity which will be implemented between 2013 and 2017 is aimed at supporting this growth.

The Company's future prospects will hinge greatly on achieving its performance targets and seizing business opportunities arising out of a dynamic macro-economic operating environment. The management will therefore strive to sustain growth in sales and customer base, expand the national grid, support counties' economies, improve the quality of power supply, enhance system efficiency and explore new business opportunities.

In conclusion, we are firmly committed to playing our role of supporting the country to meet its energy needs for social and economic development; while at the same time utilising our assets and resources to grow and protect our shareholders' value and interests.

Tribute

I wish to thank the Government and other development partners for their continued support to our business, and the Board of Directors for steering the Company in a clear strategic direction to achieve good performance. I also wish to thank our valued customers on whom we depend for our business success, as well as the management and staff of the Company for their continued hard work.



Dr. Ben K. Chumo, OGW

10th October 2013



Telecommunications

The Company has installed fibre optic cables in all regional offices to improve online computer operations and customer service

TATHMINI YA JUMLA

Kenya inapitia mabadiliko makubwa huku inapoazimia kujigeuza kuwa taifa la kisasa lenye ushindani mkubwa kimataifa na lenye ufanisi na viwango vya juu vya maisha kufikia 2030. Ili kuafikia azima hii, kuwepo kwa umeme wa kutosha kila mahali ni muhimu, huku nguvu za umeme zikiwa mojawapo ya aina muhimu za kawi ambayo jamii ya kisasa hutegemea kwa mawasiliano, biashara na matumizi ya kila siku.

Huku ikiwa na mamlaka ya kununua, kusafirisha, kusambaza na kuuza umeme kote nchini, Kampuni inatekeleza wajibu muhimu katika ukuaji wa kijamii na kiuchumi wa Kenya. Wajibu huu muhimu utabainika pakubwa hivi karibuni Kampuni inapotekeleza mpango wa Serikali wa kuongeza uzalishaji wa MW5,000 zaidi kufikia 2017 kwa ushirikiano na washikadau wengine katika sekta ya umeme. Mpango huo mahususi utaongeza uwezo wa uzalishaji kwa asilimia 300 kutoka kiwango cha sasa cha MW1,652 hadi MW6,652.

5,000+MW kufikia 2017

Safari ya kufanikisha uzalishaji wa MW 5,000 zaidi imeanza na hivyo basi, mipango ya kutafuta wawekezaji na ufadhili wa miradi ya uzalishaji, usafirishaji na usambazaji umeme ambayo itazalisha kawi ya ziada kwa wateja na uchumi kwa jumla imepiga hatua kubwa.

Mahitaji ya umeme zaidi yanatarajiwa kuchochewa na shughuli za kibiashara katika kaunti, sekta za uchimbuaji madini na uteng'enezaji bidhaa, miradi ya kitaifa ya unyunyuziaji maji mashamba, usimamizi wa mabomba makubwa ya mafuta kutoa umeme kwa mifumo ya kisasa ya uchukuzi, majiji mapya ya kifahari na maeneo maalumu ya kiviwanda. Pia mahitaji ya umeme yanatarajiwa kuongezeka huku Kampuni ikijizatiti kufanikisha azima ya Serikali ya kusambaza umeme kwa wote siku sijazo. Kwa lengo la kuhakikisha kujiandaa kwake kusafirisha, kusambaza na kuuza umeme huo wa ziada unaotarajiwa kuzalishwa, miradi kadha ya kuimarisha mitambo na mingine mipya itatekelezwa kote nchini na Kampuni hivi karibuni.

MATUKIO MUHIMU YA UTENDAKAZI 2012/2013

Katika miaka ya hivi majuzi, Kampuni imezidisha shughuli zake sambamba na mpango wake wa mkakati pamoja na kusaidia katika ukuaji wa uchumi na maendeleo ya kitaifa. Kwa mintoarafu hii, katika mwaka uliopita, Kampuni ililenga kwenye azima yake ya 'Kuwapa watu umeme kwa maisha bora' kwa kutekeleza shughuli tofauti zinazonuia kuhakikisha kuwepo kwa umeme wa hali ya juu na huduma kwa wateja na uchumi wa Kenya. Hii ni pamoja na kuinua na kupanua miundomsingi ya umeme, kuhakikisha vyanzo vya kutosha na thabiti vya umeme, kuimarisha ubora katika utoaji huduma na kuhakikisha kujitegemea kifedha. Nyanja zingine tunazoangazia ni ustawi wa wafanyakazi wetu, ubunifu na upanuzi wa operesheni na taratibu za biashara zetu na maongozi ya kampuni.

Mafanikio makubwa yalipatikana kutokana na utekelezaji wa mipangilio hii pamoja na mikakati mingine ya kibiashara, katika mwaka unaoangaziwa.

Miongoni mwa ufanisi mkubwa uliopatikana ni usambazaji umeme kwa wateja wapya 292,337, sambamba na mkakati wetu wa ukuaji wa biashara. Hii iliongeza idadi ya wateja hadi 2,330,962 kufikia Juni 2013, ikilinganishwa na 2,038,625 mwaka uliopita. Kiwango cha usambazaji hata hivyo kiliathiriwa na kupandishwa kwa ada za uunganishaji zinazolingana na kupanda kwa ada za malighafi na huduma zetu. Ili kupunguza athari ya nyongeza hiyo na kuongeza idadi ya wateja wapya sambamba na malengo ya kijamii na kiuchumi ya nchi, Serikali ilianzisha mpango wa ruzuku ya Sh2.7 bilioni mnamo Agosti 2013 kugharamia usambazaji wa viwango fulani kwa muda wa miezi mitatu hadi Desemba 2013. Ruzuku hiyo iliwezesha wateja kuendelea kulipa kiwango cha awali huku ripoti kuhusiana na uchunguzi unaoendelea ambao utaamua ada ifaayo itakayotozwa wateja wote wapya ikisubiriwa.

Huku ikifahamu kuwa baadhi ya wale wanaotaka umeme wanakabiliwa na changamoto za kulipia umeme huo, Kampuni pia imekuwa ikishirikiana na washirika wengine kutoa mikopo kwa wale wanaotaka umeme kwa lengo hilo. Chini ya mpango huo, hazina ya mikopo ya kima cha €4.5 milioni (Sh450 milioni) ya majaribio inayodhaminiwa na Shirika la French Development Agency (AFD) tayari imenufaisha zaidi ya wateja 44,000. Kufuatia utekelezaji uliofana wa mpango huo wa majaribio, mipango ipo ya kutoa €30 milioni zaidi (takribani Sh3.3 bilioni), kunufaisha zaidi ya wateja 330,000 katika muda wa miaka mitano na itatekelezwa kufikia Juni 2014.

Ufanisi mwingine mkubwa uliopatikana katika mwaka uliomalizika ni nyongeza ya mauzo ya umeme kutoka vipimo 5,991 milioni mwaka uliotangulia hadi vipimo 6,236 milioni; na nyongeza ya asilimia tisa ya mahitaji ya juu kutoka MW1,236 mnamo 2011/12 hadi MW 1,354. Hii ilitokana na kuimarika kwa uchumi wa nchi kutoka asilimia 4.4 mnamo 2011, hadi 4.6 mnamo 2012, pamoja na kuongezeka kwa jumla ya idadi ya wateja. Wakati huo huo kiwango cha uzalishaji umeme kiliongezeka kutoka MW1,691 hadi MW1,765 kufuatia kuanzishwa kwa mtambo wa pili wa OrPower4 wa MW39.6, na pia kuboreshwa kwa mitambo miwili ya Kindaruma ili kutoa umeme zaidi na MW8.

Katika mwaka uliopita, shughuli katika Mpango Mkuu wa Usambazaji zilizoanza mwaka uliotangulia zilikamilika. Mpango huo unatoa ramani kwa utekelezaji wa miradi ya Kampuni ya usambazaji umeme kwa kipindi 2013 hadi 2018.

Ufuatao ni mukhtasari wa maeneo mengine muhimu na nyanja kuu za utendakazi katika mwaka uliomalizika.

RIPOTI YA KAIMU MKURUGENZI MKUU NA AFISA MKUU MTENDAJI (Kuendelea)

Maelezo Kuhusu Mpango wa Uzalishaji wa Umeme Nafuu

Mpango wa nchi wa Uzalishaji Umeme Nafuu (LCPDP) kwa mwaka 2013-2033 ulipigwa msasa, na umelainishwa na mpango wa kuzindua uzalishaji wa MW5,000 zaidi kufikia 2017. Mpango huo unalenga kuhakikisha kuwepo kwa vifaa vya uzalishaji umeme kutoka aina tofauti za vyanzo ambao unapania kukomesha utegemeaji wa umeme kutokana na vyanzo vya maji na pia umemejoto ambao ni ghali. Badala yake, mpango huo unalenga kuangazia zaidi uzalishaji wa umeme safi, nafuu, wa kutegemewa kutokana na vyanzo vya kudumu kama vile umememvuke na uagizaji wa umeme kutoka kanda hii. Hivyo basi, uzalishaji huo wa ziada utastawishwa na Kenya Electricity Generating Company (KenGen), Geothermal Development Company (GDC), na Kampuni Huru za Uzalishaji Umeme (IPPs) hasa kutokana na vyanzo kama vile umememvuke (MW646), gesi (MW1,050), upepo (MW 630), na makaa (MW1,920.)

Jedwali iliyomo ukurasa huu inaonyesha miradi inayopangwa kutekelezwa siku zijazo.

Miradi mingine inayoniua kuongeza umeme zaidi ni pamoja na uagizaji wa MW400 kutoka Ethiopia na uzalishaji wa MW140 na Kampuni huru ya uzalishaji umeme AGIL, yote hayo ambayo yanatarajiwa kuzinduliwa kufikia 2018.

Katika mwaka uliomalizika, miradi ya kuzalisha jumla ya MW47 zaidi ilianzishwa kupitia kupanuliwa kwa viwanda viwili vya umeme vya Kindaruma (MW8) na kuanzishwa kwa OrPower4 (MW 39). Kampuni pia ilikamilisha Mikataba saba ya Ununuzi wa Umeme (PPAs) kwa miradi ufuatayo: MW 140 AGIL (Umememvuke), MW 60 Aelous (Upepo), MW300 Ziwa Turkana (Upepo), MW20 Sangoro (Maji), 2.5MW Eburru (Umememvuke), MW 6.8 Ngong I Phase II (Upepo), na MW13.6 Ngong II (Upepo).

Miradi ya uzalishaji inayopangwa 2014-2017

Mwaka	Jina	Aina	Kiwango Kilichoo-ngezwa MW (Mega Wati)	Hifadhi ya Jumla MW (Mega Wati)
2014	Kindaruma upgrade	Maji	24	2,114
	Thika Dizeli	Dizeli	87	
	OrPower4	Mvuke	16	
	Olkaria IV unit 1	Mvuke	70	
	Triumph Power	Dizeli	80	
	Gulf Power	Dizeli	83	
	Olkaria IV unit 2	Mvuke	70	
	Olkaria I unit 4	Mvuke	70	
	Olkaria wellheads	Mvuke	40	
	Agreko	Dharura	-90	
2015	Menengai modular units	Mvuke		3,152
	Menengai wellheads	Mvuke		
	Olkaria I unit 5	Mvuke		
	Olkaria wellheads	Mvuke		
	Ngong I phase II	Upepo		
	Ngong II	Upepo		
	Kwale Sugar	Cogeneration		
Mombasa gas turbines	Gesi Asili			
Aelous	Upepo			
2016	Menengai	Mvuke	100	5,017
	Silali I	Mvuke	150	
	Isiolo	Upepo	100	
	MSD KenGen (fuel switch)	Dizeli	-175	
	MSD IPP (fuel switch)	Dizeli	-175	
	Mombasa LNG (fuel switch)	Gesi Asili	350	
	Coal	Makaa	960	
	Lake Turkana	Upepo	150	
	Lake Turkana	Upepo	150	
	Kipeto	Upepo	100	
	Prunus	Upepo	50	
Suswa	Mvuke	35		
Olkaria unit 6	Mvuke	70		
2017	Menengai	Mvuke	400	6,762
	Olkaria VI	Mvuke	140	
	Baringo	Mvuke	140	
	Suswa	Mvuke	35	
	Silali II	Mvuke	70	
	Coal	Makaa	960	

RIPOTI YA KAIMU MKURUGENZI MKUU NA AFISA MKUU MTENDAJI (Kuendelea)

Kukamilika kwa Mpango Mkuu wa Usambazaji

Uchunguzi wa Mpango Mkuu wa Usambazaji uliofanywa na Messrs. Parsons Brinckerhoff wa Uingereza, ulioanza mwaka uliopita kwa lengo la kutoa mwongozo kwa utekelezaji wa miradi ya usambazaji kwa kipindi 2013 hadi 2018, ulikamilika mwaka uliomalizika. Ripoti ya mwisho inapendekeza kupanua mtandao wa kusambaza nguvu za umeme chini ya mpango wa usambazaji umeme kwa gharama nafuu; kuhakikisha uzalishaji umeme wa kutosha katika kila moja ya kaunti zote 47; kudumisha ugavi wa umeme wa kutegemewa kwa viwango vinavyohitajika. Isitoshe, mpango huo unapendekeza kuboresha mfumo wa usambazaji umeme, kupunguza hasara; na kuimarisha uwezo wa uzalishaji kuharakisha usambazaji umeme kwa wateja wapya na pia mpango wa kusambaza umeme katika maeneo ya mashambani.

Mpango huo mkubwa unakadiri mahitaji ya umeme katika kaunti kuhusiana na vituo vya sasa na vijavyo vya kibiashara, pamoja na mapendekezo ya ujenzi wa laini mpya za ugavi wa umeme hadi vituo vikubwa vya kibiashara kurahisisha utunzaji wa mitambo ya usambazaji.

Kampuni itachunguza upya mpango huo kuulainisha na uzalishaji mpya wa MW5,000 unaopangwa na mahitaji ya ziada ya kimitambo utakaobuni. Wakati huo huo, Kampuni itanza kutafuta ufadhili kutekeleza mpango huo sambamba na kuongezeka kwa uwezo wa uzalishaji.

Orodha ya miradi ya ujenzi wa vituo vya usambazaji inayoendelea imo kwenye jedwali ifuatayo.

Miradi inayoendelea ya Upanuzi wa Usambazaji ya 2012/2013-2013/2014

	Eneo la Nairobi	Aina ya kazi	Gharama Dola za Amerika (Milioni)	Kukamilika
1.	Kituo cha kV33/11kV Githunguri	Kituo kipya cha 2x23 MVA 66/11 kV	1.5	2014
2.	Kituo kidogo cha Ndenderu Road	Kituo kipya cha 2x23MVA 66/11kV	4.4	2014
3.	Kituo kidogo cha Lukenya 66/11kV	Kituo kipya cha 1x23MVA 66/11kV	2.4	2014
4.	Kituo kidogo cha Kiambu Town 66/11kV	Kituo kipya cha 2x23MVA 66/11kV	4.4	2014
5.	Kituo kidogo cha Rironi 66/11kV	Kituo kipya cha 2x23 MVA 66/11kV	4.08	2014
6.	Kituo kidogo cha Lower Kabete	Kituo kipya cha 2x23 MVA 66/11kV	3.92	2014
7.	Kituo kidogo cha Githunguri	Kituo kipya cha 2x23MVA 66/11kV	4.67	2014
8.	Kituo kidogo cha Villa Franca	Kituo kipya cha 2x23MVA 66/11kV	3.76	2014
9.	Kituo kidogo cha Uplands	Kituo kipya cha 2x23MVA 66/11kV	3.16	2014

	Eneo la Pwani			
1.	Kituo kidogo cha Jomvu	Kituo kipya cha 1x23MVA 132/33 kV na laini ya 10km ya 33kV	2.6	2014
2.	Kituo kidogo cha Mishomoroni	Kituo kipya cha 1x 7.5MVA 33/11 kV na laini ya km 16 ya kV33.	2.6	2014

	Eneo la Magharibi			
1.	Kituo kidogo cha Kibos	Kituo kipya cha 1x7.5 MVA 33/11 kV, km 4 za laini ya kV33 na km 2 za laini ya kV11.	2.4	2013
2.	Kituo kidogo cha Ahero	Kituo kidogo cha 1x7.5 MVA kV 33/11 na km 20 za laini ya kV 33	1.5	2014
3.	Kituo kidogo cha Chepseon	Kituo kidogo kipya cha 1x7.5 MVA 33/11 kV na laini ya km 5 ya kV 11.	1.0	2014
4.	Kituo kidogo cha Elgon View	Kituo kipya cha 1x7.5 MVA 33/11 kV, km 2 za laini ya kV33 na km 2 za laini ya kV 11kV.	2.2	2014
5.	Kituo kidogo cha Majengo	Kituo kipya cha MVA 1x7.5, kV 33/11, km 2 za laini ya kV 33 na km2 za laini ya kV11.	1.0	2014
6.	Kituo kidogo cha Maseno	Kituo kipya cha MVA 1x7.5	1.7	2014
7.	Kituo kidogo cha Kabarak University	Kituo kipya cha MVA 1x7.5	1.12	2014
8.	Kituo kidogo cha Kipsaraman	Kituo kipya cha 1x7.5MVA kV 33/11 na laini ya km 25 ya kV 33	1.12	2014

RIPOTI YA KAIMU MKURUGENZI MKUU NA AFISA MKUU MTENDAJI (Kuendelea)

	Eneo la Mlima Kenya	Aina ya kazi	Gharama Dola za Amerika (Milioni)	Kukamilika
1.	Kituo kidogo cha Gatundu	Kituo kipya cha 2x7.5MVA 33/11kV na laini ya km 10 ya kV 33.	2.5	2014
2.	Kituo kidogo cha Juja (JKUAT University)	Kituo kipya cha 2x23 MVA 66/11kV, laini ya km 5 ya kV 66 na km 4 za kV 11	1.2	2014
3.	Kituo kidogo cha Mwea (Wanguru)	Kituo kipya cha MVA 1x7.5, laini ya kV33 ya km 22 na laini ya km 5 ya kV11.	1.9	2014
4.	Kituo kidogo cha Tala	Kituo kipya cha 1x23 MVA 66/11kV, laini ya km 25 ya kV66 na laini ya km 5 ya kV11	2.0	2014
5.	Kituo kidogo cha Kangema (Murang'a)	Kituo kipya cha 2x7.5MVA, laini ya km13 ya kV 33 na laini ya km 10 ya kV11	2.7	2014

Miradi ya Kuimarisha Mitambo

Mitambo ya umeme ni mikubwa na uhitaji uwekezaji wa mara kwa mara ili kudumisha hali yao nzuri ya utendakazi ili kuhudumu kikamilifu. Hivyo basi, kila mwaka, Kampuni huanzisha miradi kadha ya kuimarisha mitambo kwa lengo la kupanua miundomsingi na kuboresha utoaji huduma. Kwa sababu hii, miradi kadha ilitekelezwa katika mwaka uliomalizika kama inavyofafanuliwa hapa chini.

Mradi wa Ufufuzi wa Sekta ya Kawi (ESRP)

Miradi ya thamani ya Sh3.8 bilioni ilikamilishwa kama sehemu ya upanuzi na uimarishaji wa mitambo ya usambazaji chini ya ESRP, ambayo inalenga kuimarisha utendakazi, utegemeaji na ubora wa usambazaji umeme pamoja na kuongeza idadi ya wale walio na umeme nchini. Miradi iliyokamilika na ile inayoendelea katika mwaka unaomalizika ni pamoja na:

- Ukarabati na uimarishaji wa kituo kidogo cha kV66/11 cha Kileleshwa, Nairobi, kituo kidogo cha kV33/11 katika Lessos katika North Rift; na vituo vidogo vya kV132/33 pia katika Lessos na kingine Naivasha katika Central Rift.
- Uzinduzi wa vituo vidogo vipya vya kV 66/11kV na laini za umeme zikiwemo Ridgeways, Ruai, Ngong Town, Lang'ata, Komarock, Kabete na Kabete-Karen Nairobi; miradi ya kV132/33 katika Makutano eneo la Magharibi, na Kamburu katika eneo la Mlima Kenya.
- Uzinduzi wa kituo kidogo cha kV132/33 cha Rang'ala zikiwemo laini za kusafirisha kV33 kwa ushirikiano na Kenya Electricity Transmission Company (Ketraco).
- Ujenzi katika laini na vituo vya usambazaji kV132 katika Kisii-Awendo, Kindaruma-Mwingi-Garissa na Eldoret-Kitale; na upanuzi wa laini za usafirishaji umeme za kV220 za Rabai-Embakasi kwa ushirikiano na Ketraco.
- Ujenzi wa nyaya chini ya ardhi za kV33 katika Kipevu-Makande-Mbaraki na Makande-Tononoka.

Mradi wa Upanuzi wa Umeme Kenya (KEEP)

Miradi tofauti ilitekelezwa chini ya mpango uliofadhiliwa na Benki ya Dunia kwa Dola 102 milioni wa KEEP, unaohusisha uimarishaji mfumo wa usambazaji umeme katika maeneo ambayo hayakunufaika na ufadhili wa ESRP, kwa lengo la kuongeza idadi ya wale walio na umeme. Kati ya fedha za mradi huo, Dola 16 milioni zinatumiwa kutoa umeme katika mitaa ya mabanda chini ya ufadhili wa Global Partnership on Output Based Assistance (GPOBA), kitengo cha mashirika wafadhili na yale ya kimataifa yanayoshirikiana kusaidia utoaji wa miundomsingi na huduma za kijamii kwa masikini katika mataifa yanayostawi.

Ujenzi kwenye vituo vidogo vifuatavyo na miradi ya KEEP ulikuwa unaendelea katika mwaka uliomalizika.

Eneo	Vituo vidogo na laini unganishi
Eneo la Nairobi	Ndenderu 66/11kV, Magumu 33/11kV, Kiambu Town 66/11kV, Rironi 66/11kV, Lower Kabete 66/11kV, Githunguri 66/11kV, Villa Franca 66/11kV, Uplands 66/11kV, Kirigiti 66/11kV, Lukenya 66/11kV.
Eneo la Pwani	Jomvu 132/33kV, Mishimoroni 33/11kV.
Eneo la Magharibi	Ahero 33/11kV, Chepseon 33/11kV, Elgon View 33/11kV, Kibos 33/11kV, Kipsaraman 33/11kV, Majengo 33/11kV, Maseno 33/11kV, Kabarak University 33/11kV.
Eneo la Mlima Kenya	Gatundu 33/11kV, Juja JKUAT University 66/11kV, Kangema 33/11kV, Tala 66/11kV na Mwea Wanguru 33/11kV.

Miradi iliyofadhiliwa na mapato ya Toleo la Hisa

Mnamo 2010, Kampuni ilipata Sh9.1 bilioni kutokana na toleo la hisa kwa uwekezaji katika mitambo ya umeme na, katika mwaka unaoangaziwa, takribani Sh3.9 bilioni za fedha hizo zilitumiwa kugharamia miradi kadha ya kuimarisha mitambo. Miradi iliyotekelezwa ni ujenzi na uzinduzi wa vituo vidogo mbalimbali kikiwemo Embu East 33/11kV; ujenzi unaoendelea wa Ruring'u 33/11kV, Nyeri; na 66/11kV katika Thika Industrial, City Square na Eastleigh jijini Nairobi.

Vituo vingine vinavyopangiwa kujengwa kutokana na mapato ya toleo la hisa ni pamoja na Bahati 33/11kV, Dagoretti 66/11kV katika Nairobi, na Kainuk 220/66kV katika eneo la North Rift. Isitoshe, Sh2.8 bilioni zitatumika kustawisha kituo cha mawasiliano cha Thika Road, na kukamilishwa kwa laini ya umeme na kituo kidogo cha kV132 Sagana-Kutus.

Miradi inayofadhiliwa na Kampuni

Miradi ya umeme uhitaji rasimali nyingi na mara nyingi uhitaji ufadhili kutoka kwa wawekezaji wa nje. Kampuni huchangia ufadhili kama huo na fedha zinazozalishwa kwenye kampuni na katika mwaka uliomalizika, miradi 18 ilimalizika kote nchini kwa gharama ya jumla ya Sh1.2 bilioni kwa kutumia mapato ya Kampuni. Miradi hiyo ni: Kituo kidogo cha Soilo 132/33kV kilichojengwa kwa gharama ya Sh107 milioni ili kusambaza umeme wa kutegemewa Nakuru ilhali vituo vingine vidogo 17 viliimarishwa kote nchini kwa jumla ya Sh1.1 bilioni katika eneo la Nairobi (moja itagharimu 16.3milioni); eneo la Mlima Kenya (vituo vitano kwa gharama ya Sh226milioni,) eneo la Magharibi (kumi kwa gharama ya Sh782milioni); na eneo la Pwani (moja kwa Sh93milioni).

Usambazaji Umeme Katika Maeneo ya Mashambani

Lengo la mpango unaofadhiliwa na Serikali wa kusambaza umeme katika maeneo ya mashambani ni kutoa umeme katika sehemu zilizo mbali na mfumo wa kitaifa wa nyaya za stima, na ambapo miradi ya usambazaji umeme haiwezi kuwa na thamani kibiashara kwa Kampuni. Mpango huo hasa unatekelezwa chini ya Mamlaka ya Usambazaji umeme Mashambani (REA) ilhali Kampuni inachangia kwa mpango huu kwa kuunganisha wateja wapya na umeme na kutunza mtandao huo. Kampuni pia inatekeleza baadhi ya miradi ya usambazaji umeme katika sehemu za mashambani kwa niaba ya Serikali. Hivyo basi, katika mwaka uliomalizika, tulikamilisha miradi 61 ya usambazaji umeme mashambani ya thamani ya Sh228milioni, ilhali wateja wapya 70,913 waliunganishwa chini ya mpango huu. Kampuni pia inatekeleza miradi 51 zaidi kwa gharama ya Sh1.1 bilioni chini ya mpango huu.

Wakati huo huo, kituo kidogo cha kV220/66 cha kusambaza umeme hadi Lokichar, kaunti ya Turkana ambacho pia kitahudumia kaunti ya West Pokot, kilijengwa kwa gharama ya Sh1.2 bilioni. Kutokana na kuongezeka kwa mahitaji ya umeme, jenereta tano zaidi za dizeli ziliwekwa katika miji ya Habaswein, Hola, Baragoi, Elwak na Merti kwa gharama ya jumla ya Sh63 milioni kuongeza uwezo wa vituo vilivyopo vya umeme. Kiwanda cha kuzalisha kW300 cha kutumia miale ya jua kwa gharama ya US\$1.4 milioni pia kilijengwa Mendera katika mwaka uliomalizika.

Mtandao wa Usafirishaaji Umeme

Mtandao wa usafirishaji umeme ni mgumu na kiungo muhimu katika mfumo wa usambazaji umeme, na unaanzia kwenye viwanda vya uzalishaji umeme hadi vituo vya usambazaji, na hivyo kutoa mfumo unaohakikisha usafirishaji wa kutosha wa umeme. Katika mwaka uliomalizika, mtandao huo uliongezeka kwa kilomita 1,825 kutoka kilomita 47,035 mwaka uliopita hadi kilomita 48,860. Mbali na kuongezeka kwa urefu, vituo vidogo vya usafirishaji vya jumla ya MWA 2,976 pamoja na vituo vidogo vya usambazaji vya jumla ya MWA2,442 vilijengwa mwaka uliopita. Mtandao wote wa usafirishaji umeme nchini unasimamiwa na Kampuni inayomiliki laini zote zilizokuwepo kabla ya 2008 wakati Ketraco ilibuniwa kustawisha miundomsingi mipya ya usafirishaji umeme.

Ifuatayo ni orodha ya miradi ya usambazaji ambayo itatekelezwa kufikia 2016.

Mradi	Maelezo	Tarehe ya kukamilika
Laini ya Menengai T-off-Jinja	Laini ya km 20 ya usafirishaji ya kV 132 kutoka kiwanda cha umememvuke cha MW90 cha Menengai	Desemba 2014
DongoKundu-Mariakani	Laini ya km 50 ya usafirishaji ya kV400 kutoka kiwanda cha MW 700 cha LNG	Julai 2015
Kilifi/Lamu-Mariakani	Laini ya km 80 ya usafirishaji ya kV400 kutoka kiwanda cha makaa cha Kilifi cha MW 960MW	Desemba 2015
Mariakani-Kitui-Nairobi East	Laini ya km 620 ya usafirishaji ya kV400 kutoka kiwanda cha makaa cha MW 960 cha Kitui.	Desemba 2016
Silali-Menengai-Rongai	Laini ya km 170 ya usafirishaji ya kV400 kutoka uwanja wa umememvuke wa Silali	Juni 2016
Isinya-Nairobi East	Laini ya Km 75 ya usafirishaji ya kV 400 kutoka kiwanda cha makaa cha MW 960 cha Kitui.	Oktoba 2016



Automation

Automation of the system ensures faster restoration of electricity in the event of an outage

RIPOTI YA KAIMU MKURUGENZI MKUU NA AFISA MKUU MTENDAJI (Kuendelea)

Hali ya baadhi ya miradi ya upanuzi wa mtandao wa usambazaji inayotekelezwa kwa ushirikiano na Ketraco inaelezwa kwa mukhtasari kama ifuatavyo:

Jina	Maelezo	Tarehe ya kukamilika
Laini ya km 30 ya usafirishaji ya kV 132 Thika-Gatundu	Mradi unalenga kuongeza idadi ya wateja walio na umeme.	Umekalimika
Laini ya km 77 ya usafirishaji ya kV132 ya Kilimambogo-Thika-Githambo	Mradi unalenga kuongeza idadi ya wateja walio na umeme..	Baadaye 2013
Laini ya km 482 ya usafirishaji ya kV400/220 ya Mombasa-Nairobi na upanuzi wa vituo vidogo vya Rabai na Embakasi.	Kuongeza uwezo wa kuhamisha umeme kutoka Pwani hadi Nairobi, kupunguza hasara ya umeme na kuongeza usambazaji umeme.	Baadaye 2013
Laini ya km 328 ya usafirishaji ya kV220 ya Rabai-Malindi-Garsen-Lamu pamoja na vituo vidogo vya Malindi, Garsen na Lamu	Kuongeza uwezo wa kuhamisha umeme, kupunguza hasara ya umeme na kusitisha utegemeaji wa umemejoto ambao ni ghali.	Baadaye 2013
Laini ya km 25 ya usafirishaji ya kV220 ya Olkaria I-Suswa na laini ya km 25 ya usafirishajiya Olkaria IV-Suswa	Kuhamisha umeme kutoka viwanda vya umememvuke vya Olkaria I & IV. Hii itatekelezwa kupitia KenGen.	Aprili 2014
Mpango wa upanuzi wa Umeme Kenya (KEEP) wa km 354 unaohusisha kV132): Eldoret-Kitale, Kisii-Awendo na laini za umeme za Kindaruma-Mwingi-Garissa na vituo vidogo husika.	Kupunguza hasara ya umeme, kuboresha usambazaji na kuongeza idadi ya walio na umeme. Utekelezaji na Kenya Power.	Juni 2014
Nairobi Ring: Laini ya km 100 usafirishaji ya kV400 ya Suswa-Isinya na laini ya km 40 ya usafirishaji ya kV220 ya Suswa-Ngong na vituo vidogo katika Isinya, Athi River, Ngong na Koma Rock na upanuzi wa kituo kidogo cha Dandora na ujenzi wa kebo chini ya ardhi kuunganisha Koma Rock na kituo kidogo cha Dandora.	Kuongeza uwezo wa kuhamisha umeme na kuboresha uthabiti na utegemeaji wa umeme jijini Nairobi na viunga vyake.	Novemba 2014
Laini ya km 96 ya usafirishaji ya kV132 ya Meru-Isiolo-Nanyuki	Kuboresha usambazaji	Desemba 2014
Laini ya usambazaji ya km 430 ya kV 400 kutoka Loiyangalani-Suswa.	Kusafirisha umeme kutoka kiwanda cha upepo cha Turkana.	Agosti 2015
Laini ya km 431 usafirishaji ya kV 132 ya Nanyuki-Nyahururu; Lessos-Kabarnet; Olkaria-Narok; Mwingi-Kitui-Sultan Hamud-Wote; Bomet-Sotik; Ishiara-Kieni na vituo vidogo husika	Miradi ya kuimarisha nguvu za umeme.	Septemba 2015
Laini ya km 90 ya Turkwel-Ortum-Kitale ya kusafirisha kV220 na vituo vidogo vitatu	Kuboresha usambazaji	Septemba 2015
Laini ya km 153 ya usafirishaji ya kV132 ya Machakos-Konza-Kajiado-Magadi-Namanga na vituo 3 vidogo	Kuboresha usambazaji	Septemba 2015
Laini ya kilomita 300 kusambaza kV220 Olkaria-Lessos na ile ya km 300 ya kusafirishakV400 kutoka Lessos-Kisumu	Kuimarisha uwezo wa kuhamisha umeme	Machi 2016

Uunganishaji na mataifa eneo hili

Uunganishaji wa kwanza wa umeme kati ya Kenya na nchi jirani ulikamilika 1955 kufuatia uzinduzi wa laini ya kV132 ya Kenya na Uganda kutoka Owen Falls, Jinja, Uganda hadi Lessos, Kenya. Tangu wakati huo, hakuna laini nyingine ya kuunganisha mataifa jirani imewahi kujengwa. Hata hivyo, hali hii itabadilika hivi karibuni baada ya miradi ifuatayo kukamilika.

[Nile Equatorial Lakes Subsidiary Action Programme \(NELSAP\) Power Interconnection](#)

Mradi huu ambao unatekelezwa chini ya mwavuli wa Nile Basin Initiative, unahusisha ujenzi wa laini ya kV220 kutoka Lessos hadi kituo cha kuzalisha umeme cha Bujagali nchini Uganda. Uunganishaji zaidi unapangwa kati ya Uganda, Rwanda, Burundi na Magharibi mwa Democratic Republic of Congo. Laini mpya ya Kenya-Uganda inatarajiwa kuongeza uwezo wa kuhamisha umeme kati ya nchi hizi mbili hadi MW350. Mradi huo unafadhiliwa na muungano wa mashirika wafadhili yakiongozwa na African Development Bank. Ujenzi ulianza Septemba 2013 na utakamilika Februari 2015.

[Ujenzi wa Laini kati ya Kenya-Ethiopia](#)

Ujenzi wa laini ya kusambaza kV500 ya km 1,068 yenye uwezo wa kubeba MW2,000 kila upande ambayo inatarajiwa kugharimu Dola 1,260 milioni, uko karibu kuanza, huku Ketraco na Ethiopian Electric Power Corporation (EEPSCO) yakiwa mashirika tekelezi. Baada ya kukamilika, laini hiyo inatarajiwa kutoa umeme nafuu kwa wateja wa Kenya kutoka kwa mabwawa ya umeme ya Ethiopia na kufanikisha uhusiano wa kibiashara wa umeme katika eneo hili. Ujenzi unatarajiwa kuanza Septemba 2013 na kukamilika 2018. Mradi huo utanzisha biashara ya umeme kati ya Kenya na Ethiopia na kanda nzima ya Afrika Mashariki, na unahusisha ujenzi wa vituo vya kugeuza umeme kutoka AC/DC katika vituo vidogo vya Wolayta-Sodo (Ethiopia) na Suswa (Kenya).

Laini hiyo inafadhiliwa na African Development Bank (\$354.3 milioni), Benki ya Dunia (\$684 milioni), AFD (\$118 milioni), na Serikali ya Kenya (\$85 milioni), na Serikali ya Ethiopia (\$21.2 milioni).

[Ujenzi wa laini ya umeme kati ya Kenya-Tanzania](#)

Laini hii ya kV 400 yenye uwezo wa kusafirisha MW1,000, itanzia Isinya, kusini mwa Nairobi hadi Arusha Tanzania kabla ya kumalizikwa Singinda pia nchini Tanzania. Stakabadhi za tenda zimetayarishwa na ufadhili unatafutwa kutoka African Development Bank. Ujenzi wa mradi unapangiwa kukamilika katikati ya 2016.

Uharibifu wa Vifaa vya Umeme, Changamoto Kuu

Uharibifu wa miundomsingi ya umeme uliendelea kuwa changamoto kubwa katika mwaka uliomalizika, na hivyo kuathiri pakubwa jitihada za kutoa umeme wa hali ya juu na kwa njia ya kutegemewa. Zaidi ya transfoma 815 ziliharibiwa katika sehemu tofauti za nchi na visa vya wizi wa nyaya za stima pia viliendelea kuongezeka. Gharama ya kununua transfoma mpya na hasara ya mauzo kutokana na visa hivyo vya wizi katika mwaka uliomalizika inakadiriwa kuwa Sh700milioni

bila kujumuisha hasara za kiuchumi. Hatua zilizochukuliwa na Kampuni kukabiliana na tatizo hili ni pamoja na kuchomelea transfoma, kuweka taa na ving'ora, kudhibiti na kuhamisha transfoma katika maeneo ambapo wizi hutokea kwa wingi, kuhamasisha wananchi na washika dau wengine kuhusiana na uharibifu wa mitambo na athari zake kwa wateja na uchumi; doria inayohusisha polisi na walinzi wa Kampuni. Kampuni pia imetoa wito kwa Serikali kutangaza vituo muhimu vya umeme kuwa "maeneo ya usalama" ili kuwa na ulinzi mahususi kuwazuia wahalifu hao.

Kuboresha Utendakazi wa Kiufundi

[Mfumo wa usambazaji umeme wa kujiendesha](#)

Kampuni inaendelea kubuni mbinu mpya za kushughulikia kupotea kwa umeme na changamoto zingine za kimitambo ili kupunguza athari mbaya kwa wateja. Na kufuatia hilo, mradi wa kuweka mitambo ya kujiendesha utakaogharimu Sh300 milioni ambao utatambua moja kwa moja hitilafu kwenye mtandao, kuyatenga maeneo yaliyo na kasoro na kurejesha umeme kwa wateja haraka, ulikamilishwa Mombasa katika mwaka uliomalizika. Mradi huo ulitekelezwa na El-Mor Electricity Ltd. ya Israel na umeimarisha pakubwa utendakazi. Mradi sawa na huo unatekelezwa na Lucy Electric ya UK jijini Nairobi na unatarajiwa kumalizika Juni 2014.

[Mitambo ya SCADA](#)

Mitambo ya kusimamia na kupokea data (SCADA) ni nguzo ya operesheni ya usimamizi wa nyaya za umeme. Katika mwaka uliomalizika, jumla ya vituo vipya na vingine vidogo 22 vilivyopo viliunganishwa kwenye mitambo ya Kampuni ya SCADA, pamoja na kilomita 62.5 za kebo za fibre optic. Hali hii imeimarisha utendakazi na kuboresha usimamizi wa mtandao wa kitaifa wa usafirishaji na usambazaji wa umeme.

[Mitambo ya redio ya dijitali kwa wahudumu wetu nyanjani](#)

Uzinduzi wa mitambo ya mawasiliano ya redio katika eneo la Magharibi mwa Kenya na eneo la North Rift wenye lengo la kuimarisha mawasiliano baina ya maafisa wa nyanjani utatekelezwa na Amiran Communications Limited kwa gharama ya US\$2.9 milioni. Mradi huo utakamilika mapema 2014, na utahusisha maeneo ya Kapenguria hadi Migori, Busia hadi Kilgoris, na Mfangano Island hadi Kabarnet.

[Kuwekwa kwa kebo za fibre optic katika afisi za Kampuni](#)

Katika mwaka uliomalizika, Kampuni iliweka kebo za fibre optic katika afisi zote za kanda na kimaeneo kuimarisha huduma za kompyuta. Mradi wa kuweka kilomita 600 zaidi za kebo ya fibre optic na ujenzi wa vituo zaidi vya mawasiliano ya redio katika maeneo ya Magharibi, North Rift na Pwani ulitolewa kwa mwanakandarasi kwa gharama ya US\$6 milioni. Mradi huo utakamilika 2014.

[Mradi wa kufidia umeme](#)

Mradi wa kufidia umeme, wenye lengo la kuimarisha ubora wa umeme na kuufanya wa kutegemewa, ulikamilika katika vituo vidogo vya Ruaraka na Nairobi North katika mwaka uliomalizika. Mradi huo unahusisha kuweka vifaa vya kudhibiti umeme na hivyo kuboresha

RIPOTI YA KAIMU MKURUGENZI MKUU NA AFISA MKUU MTENDAJI (Kuendelea)

huduma kwa wateja. Vifaa kama hivyo pia vitawekwa katika vituo vidogo vya Juja Road na Embakasi kufikia Desemba 2013.

Kuhudumia Wateja Wetu kwa Uadilifu

Mteja ndiye nguzo kuu ya biashara yetu, na operesheni zetu zote zinalenga kutoa huduma bora na ya hali ya juu. Hivyo basi, ubunifu na upanuzi wa huduma na taratibu zetu ni viungo muhimu katika mkakati wa biashara yetu ambao umejikita kwenye azima yetu ya kutoa umeme wa viwango vya kimataifa utakaowaridhisha wateja wetu. Katika mwaka ulionmalizika, tuliendelea kutekeleza shughuli mbalimbali kwa lengo la kufanikisha azima hii. Baadhi ya hatua hizo ni kama ifuatavyo.

Mita za malipo kabla ya matumizi

Mita za kulipia kabla ya matumizi hurahisisha ukusanyaji wa mapato na kuwezesha wateja kudhibiti matumizi yao ya umeme kwa njia ifaayo. Katika mwaka uliopita, jumla ya mita 197,817 zaidi ziliwekwa kwenye majumba ya wateja, ikilinganishwa na mita 118,698 mwaka uliotangulia, na hivyo kufikisha jumla ya mita za malipo kabla ya matumizi kuwa 335,018. Wateja wanaolipia umeme kwanza uhudumiwa kwenye vituo 22 ambavyo ni pamoja naafisi 12 za Kampuni, washirika wetu 10 wa kibiashara na njia ya kutuma fedha kwa njia ya simu kupitia Mpesa ya Safaricom, Airtel Money na YU Cash. Katika mwaka uliomalizika, PesaPoint Kenya Limited, Professional Digital Solutions Limited na Ceven Limited zilipewa kandarasi kuuza umeme kwa wateja.

Mitambo ya kujiendesha ya kusoma mita (AMR)

Kusoma mita kwa njia ifaayo ni muhimu kwa kutoza ada za huduma zetu, na hasa wateja wetu wakubwa 4,500 ambao huchangia asilimia 60 ya mapato yote ya Kampuni. Mitambo ya AMR imewezesha Kampuni kufuatilia kwa ufasaha na kusoma asilimia 96 ya mita zote za wateja wetu wakubwa bila kutembelea makwao na hivyo kupunguza gharama za utoaji huduma na kutosheleza mahitaji ya wateja kutokana na kupungua kwa malalamishi ambapo mita hizo zimewekwa. Isitoshe, mitambo ya AMR hutoa tahadhari kwa Kampuni endapo mita zitavurugwa, na hivyo kusababisha hasara.

Orodha ya Vifaa Vyetu (FDB)

Utekelezaji wa mfumo wa FDB, ambao unatumia maelezo ya jiografia kutoa na kusimamia data kuhusiana na miundo msingi yote ya umeme ya Kampuni na maelezo kuhusu wateja ikiwemo majengo yao, uliendelea katika mwaka uliomalizika. Matawi kadha ya Kampuni yakiwemo Gatundu, Muhoroni, Kakamega, Githunguri na Mpeketoni tayari yanatumia mfumo huo kwenye operesheni zao. Pindi utakapokamilika, mfumo huo utawezesha Kampuni kutoa makadirio ya ada za usambazaji kwa wateja wapya bila kuzuru majumba yao, pamoja na kurejesha umeme haraka endapo umeme utapotea.

Mfumo wa kutuma maombi kupitia intaneti

Katika mwaka uliomalizika, Kampuni iliweka mfumo wa kutuma maombi ambao unawezesha wateja kutuma maombi ya umeme kupitia mtandao wa Kampuni. Mfumo huu unatarajiwa kupunguza maradufu kipindi ambapo wateja wapya husubiri kabla ya kusambaziwa umeme,

kuboresha huduma kupitia shughuli za kibiashara bila maandishi, na kupunguza changamoto zingine zinazohusishwa na maombi yasiyotumwa kupitia mtandao.

Huduma ya malipo ya papo hapo

Takribani asilimia 56 ya wateja wetu hulipa bili zao kupitia vituo vingine badala ya afisi za Kampuni. Ni muhimu kutaja hapa kwamba, katika mwaka uliomalizika, malipo ya wateja kupitia M-Pesa na Airtel yalikuwa moja kwa moja, ilhali mbeleni akaunti za wateja zilijazwa baada ya saa 48. Hali hii imevutia wateja zaidi kutumia mbinu hii kufuatia kuimarika kwake.

Kituo cha kisasa cha mawasiliano

Mbeleni, vituo vyetu vya dharura katika sehemu tofauti za nchi vilitoa huduma ya dharura umeme ulipokatika. Sambamba na mbinu bora zaidi za kuhudumia wateja, kituo kipya cha mawasiliano kilianzishwa rasmi Nairobi mnamo 2012 ambapo malalamishi yote, taarifa na maoni yanapokelewa kutoka kwa wateja kote nchini na kushughulikiwa kutoka mahali pamoja. Katika mwaka unaoangaziwa, uimarishaji zaidi wa kituo hicho ulifanywa ukiwemo uzinduzi wa mitambo ya kujibu mteja (IVR) ambayo ni mitambo inayomwelekeza mteja kupokea taarifa kwa kufuata maelezo yanayotolewa kwenye vifaa hivyo. Mfumo wa IVR umesaidia kupunguza muda wa wateja kusubiri kupokea huduma, na hivyo wengi wao kuridhika na huduma zetu. Mbali na hayo, nambari ya mawasiliano - 95551 - inayowezesha wateja kupiga simu kwa Kampuni au kuwasiliana kwa njia ya SMS au kuuliza swali lolote ilizinduliwa.

Mawasiliano na Wateja

Ili kuimarisha uhusiano pamoja na kuelimisha wateja na wahusika wengine, vikao maalumu vya kutangamana viliandaliwa katika kaunti za Kisumu, Eldoret, Nairobi, Nyeri, Thika, TaitaTaveta, Voi, Malindi, Meru, Embu na Mombasa. Kampeni hizo zilikusha usambazaji wa habari kuhusu huduma na bidhaa zetu na wahudumu wa Kampuni kutangamana na wateja ili kuimarisha huduma zetu na kuinua matumizi bora ya umeme ili kuongeza mauzo.

Kwenye vikao hivyo, tulishirikiana na washikadau wengine. Miongoni mwa walioshiriki ni pamoja na wateja wanaotumia umeme mwingi, wawakilishi wa serikali, viongozi wa kijamii, wanakandarasi, wauzaji, wawekezaji na vyama vya kibiashara kama vile Kenya Association of Manufacturers (KAM), Chamber of Commerce, vyama vya makazi na Consumer Federation of Kenya (COFEK).

Pia tulishiriki kwenye maonyesho 14 ya kilimo (ASK) katika sehemu tofauti za nchi ambapo maelfu ya wateja na wananchi walitazama namna tunavyotoa huduma na operesheni zetu. Wakati huo huo, tulielimisha wateja na kuvumisha bidhaa na operesheni zetu kupitia kampeni kwenye vitengo tofauti vya mawasiliano, ikiwemo mitandao ya kijamii.

RIPOTI YA KAIMU MKURUGENZI MKUU NA AFISA MKUU MTENDAJI (Kuendelea)

Kugawa Nairobi katika maeneo matatu huru

Kama sehemu ya maandalizi ya mfumo wa utawala wa ugatuzi ulioanza kutekelezwa Machi 2013, Kampuni ilikuwa tayari imeanzisha matawi katika kaunti zote 47. Katika mwaka uliomalizika, Kampuni pia iliimarisha eneo la Nairobi kwa kupandisha hadhi maeneo yake matatu kuwa maeneo huru ambayo ni Nairobi South, Nairobi West na Nairobi North, kila moja ikisimamiwa na meneja. Hii ni sambamba na mkakati wetu wa kupeleka huduma karibu na wateja na kuimarisha utendakazi.

Uchunguzi kuhusu kuridhishwa kwa wateja na taswira ya Kampuni

Ili kuchunguza na kutathmini ubora wa huduma kwa wateja wetu, tulifanya uchunguzi mara mbili kuhusu kuridhika kwa wateja wetu katika mwaka uliomalizika ambao ulibainisha kuwa asilimia 70 ya wateja wanaridhishwa na huduma. Uchunguzi mwingine unaotathmini hadhi ya Kampuni miongoni mwa washikadau tofauti wakiwemo wafanyakazi, wateja, washirika wa kibiashara, wauzaji na vyombo vya habari ulionyesha ulikuwa na alama ya 75.

Utafiti ni muhimu katika utendakazi bora na miongoni mwa mikakati iliyokumbatiwa na Kampuni kutosheleza wateja na kuinua hadhi ya Kampuni ni kushughulikia kwa dharura malalamishi ya wateja, ukumbatiaji wa mikakati inayoniua kuimarisha utoaji huduma na kuboresha mawasiliano na kutangamana na wateja.

Kuwekeza Katika Wafanyakazi

Wafanyakazi wetu ni raslimali muhimu ambao tunategemea kutimiza majukumu yetu na kuhifadhi vifaa vyetu, na hivyo kudumisha biashara zetu kwa siku za baadaye. Tunatambua kuwa kama watoaji huduma muhimu, tuna wajibu mkubwa kusaidia na kuhimiza ustawi wa wafanyakazi kwa kuwa hii inawawezesha kutoa huduma kwa njia ifaayo. Ili kuwaajiri kuwahifadhi na kuwakuza wafanyakazi walio na ujuzi, Kampuni huchukua hatua zinazotambua utendakazi bora, kutia shime na matokeo mema.

Kufikia Juni 30, 2013, Kampuni ilikuwa na jumla ya wafanyakazi 10,465 wanaohudumia wateja 2,330,962 na hivyo mfanyakazi 1 kuhudumia wateja 223. Hali hiyo iliimarika kutoka awali ambapo mfanyakazi 1 alihudumia wateja 119.

Uhusiano wa kikazi

Kulikuwa na utulivu kazini katika kipindi chote tunachotathmini. Isitoshe, shughuli za kuwafaa wafanyakazi zilitekelezwa, zote zenye lengo la kuwatia moyo wafanyakazi na kukuza ushirikiano wa kikazi miongoni mwao. Miongoni mwa shughuli hizo ni mashindano baina ya maeneo na sherehe ya kuwatuza wale waliohudumu kwa muda mrefu na wale walioibuka bora zaidi katika utendakazi wao ambapo jumla ya wafanyakazi 872 walitambuliwa.

Ustawi na mafunzo ya wafanyakazi

Katika mwaka uliomalizika, wafanyakazi 4,613 walishiriki katika mipango mbalimbali ya kutoa mafunzo nchini na nje ya nchi, ilhali mikakati mingine yenye lengo la kuinua mawasiliano katika Kampuni ilianzishwa kwa lengo la kuboresha utendakazi wa wafanyakazi na pia kuwachangamsha. Kampuni itaendelea kutumia miakati yenye lengo

la kuinua matokeo na utendakazi pamoja na kuwasaidia wafanyakazi kukua kitaaluma kwa lengo la kuwahifadhi watumishi wenye vipawa na walio na msukumo wa kuchapa kazi.

Usimamizi wa Utendakazi

Kampuni inaendelea kutathmini utaratibu wake wa kuchunguza utendakazi kwa lengo la kuinua matokeo ya watumishi binafsi na shirika lote kwa jumla. Katika mwaka uliomalizika, Kampuni ilibuni kamati ambayo itakagua ripoti kuhusu utendakazi wa wahudumu kila mwaka ili kuhakikisha usawa na haki katika ukaguzi wa utendakazi katika shirika zima.

Mwisho

Nchi imechukua mkondo mkubwa wa maendeleo wenye lengo la kupata ufanisi wa kiuchumi wa asilimia 7 hivi karibuni; ikilinganishwa na asilimia 4.6 mnamo 2012. Kwa kuwa umeme ni kiungo muhimu katika ukuaji wa uchumi, uzalishaji wa MW 5,000 ambao utatekelezwa kati ya 2013 na 2017 unaniua kufanikisha ukuaji huu.

Hali ya baadaye ya Kampuni itategemea pakubwa kufikia malengo yake na kutumia nafasi za kibiashara zinazotokana na mabadiliko ya mazingira ya kibiashara. Wasimamizi hivyo basi, wataendelea kudumisha ukuaji wa mauzo yake na kuongeza wateja, kupanua mtandao wa nyaya za stima, kusaidia chumi za kaunti, kuimarisha viwango vya umeme, kuinua utendakazi wa mitambo yetu na kutafuta nafasi mpya za kibiashara.

Na kuhitimisha, tunajitolea kikamilifu kutekeleza wajibu wa kusaidia nchi kutosheleza mahitaji yake ya umeme kwa ustawi wa kijamii na kiuchumi; huku wakati huo huo tukitumia vifaa na raslimali zetu kukuza na kuhifadhi thamani na maslahi ya wenyehisa wetu.

Shukrani

Ningependa kushukuru Serikali na washirika wengine wa maendeleo kwa kuzidi kuunga mkono biashara yetu, Bodi ya Wakurugenzi kwa kuendesha Kampuni kwa uwazi ili kupata matokeo bora. Pia ningependa kuwashukuru wateja wetu ambao tunawategemea kwa ufanisi wa biashara yetu pamoja na wasimamizi na wafanyakazi wa Kampuni kwa kuendelea kufanya bidii kazini.



Dkt. Ben K. Chumo, OGW

10 Oktoba 2013



Modern Metering

Prepaid meters help customers to manage their electricity consumption conveniently and efficiently

OUR COMMITMENT

Social and environmental responsibilities are an integral part of the Company's overall business practice, and our CSR policy guides all our CSR activities. We take cognisance of the social and environmental responsibility of our business, while at the same time protecting shareholders' interests. We support the communities and the environment in which we carry out our business materially and financially, and we also have concrete and impactful programmes to support employee welfare. Our CSR programmes are sustainable and make a difference; and they also provide our staff with the opportunity to make a contribution to the society. In line with its underlying commitment to creating and sustaining stakeholder value, the Board takes overall responsibility for continued development and implementation of appropriate social and environmental policies of the Company.

During the year under review, the Company continued to dedicate its resources towards supporting several initiatives in the key areas of focus: environment, sports and education. The Company spent Shs.42 million on the various CSR programmes outlined below.

Environmental conservation and tree planting

The Company is highly dependent on the environment for its business in the form of water for hydro-electricity; energy from geothermal steam; as well as land for the electricity distribution system. We recognise that forests are important in ensuring environmental sustainability and, as such, the Company is actively involved in the planting of trees to support initiatives to raise the country's forest cover.

During the year under review, the Company continued to partner with Actionaid and Kenya Forest Service (KFS), to plant 72,500 seedlings in various forests, namely Ngong Hills, Mt. Kenya, Aberdares, Mt. Elgon, Cherangany (Kiptogot forest), Buda, Mau Narok, Kuresoi and Marsabit. Schools close to the planting sites also benefitted from the tree planting programme.

Over the years, the Company has also supported mangrove tree planting at the Coast. During the year, we planted 1,000 tree seedlings at the River Sabaki Estuary in Malindi, thereby contributing to the preservation of the ecology in the area. The mangroves prevent shoreline erosion by minimising the impact of sea waves and, at the same time, they are an important habitat for fish and a source of timber and fuel for people living in the coastal region.

Rain water harvesting in schools

Water-harvesting provides great benefits in areas where rainfall is erratic; allowing for water to be stored through extended periods of drought. For the third consecutive year, the Company partnered with ActionAid Kenya to install 10,000-litre water harvesting tanks in Kilifi and Kajiado constituencies, with each constituency receiving 12 tanks which were distributed to various schools.

One Young World global summit

With a view to supporting young people who are actively engaged in their communities, the Company sponsored 10 youths from diverse backgrounds aged 18-30 years to the One Young World Summit in Pittsburg, USA, during the year under review. This is a global forum for young people of high leadership calibre and potential. Its purpose is to connect the young and bright representatives from every country to ensure that their concerns, opinions and solutions are heard and taken into account by those in positions of power, and that their work is noticed by the media and other decision making organs. The participants have an opportunity to meet possible donors for their projects, as well as to gain new ideas to enhance their causes.

Solar lamps for pupils

During the year under review, the Company donated 260 solar lanterns worth Shs.1.4 million, to Dadacha Basa Primary School in Merti, an off-grid area in North Eastern Kenya where there is no electricity yet. The lanterns are highly beneficial for pupils in upper primary school, who use them for studying at night, as well providing light for their homes. Other areas that have

benefited from similar donations in the past include Nasigel Primary School in Turkana County, which received 120 solar lamps, and Lag-Bogol Primary School in Wajir, which received 100 solar lamps.

Sports

The Company sponsored the inaugural Kenya Power Charity Cup, a one day tournament in which four top Kenya Premier League teams participated, including our own Western Stima FC. The event was highly successful, and in addition to supporting growth of soccer in the Country and promoting talent among young people, it raised funds that will be invested back into the community through the renovation of soccer pitches and other social amenities.

Supporting other charitable causes

During the year, Shs.1.6 million was set aside for various sponsorships/events across the country, among them the Standard Chartered Marathon, which received Shs.300,000; Mater Heart Run received Shs.300,000; pit latrines were constructed at Bar Ogwal Primary School in Kisumu at Shs.182,000; and two classrooms at Cheles Primary School in Elgeyo Marakwet at Shs.250,000.

Staff participation in regional CSR activities

All nine Company regions and sub-regions received a total of Shs.3.6 million which was used to support causes such as homes for the elderly and needy children, community sports, education and health, among other activities. Staff members were key in identifying the various support areas and also took time off to voluntarily participate in the activities, making a long lasting positive difference in the communities in which they work.

Sustainability Reporting cross-reference index

The Company has embarked on the process of producing a comprehensive sustainability report which will be ready by June 2014. This annual report also contains various aspects of sustainability according to General Reporting Initiative (GRI) criteria, which are outlined in the cross-reference table below.

CORPORATE SOCIAL RESPONSIBILITY (CSR) & SUSTAINABILITY REPORT 2012-2013

STRATEGY AND ANALYSIS	
	Page(s)
Statement from the Board chair about the relevance of sustainability to the company and its strategy	40
Description of impacts, risks and opportunities within the company and its external environment	49, 83-89
ORGANISATIONAL PROFILE	
Name of the company	Cover, 69
Location of the company headquarters	4
Name of ownership and legal form of the company	69
Markets served, customer breakdown	115-119
Scale/size of the company including: No. of employees, net revenues, capitalisation broken down in terms of debt and equity, quantity of products provided, total assets, identity and percentage of ownership of largest shareholders, sales revenue	50-51 65-68 121
Significant changes during the reporting period regarding size, structure, or ownership	67
Installed capacity broken down by energy source	113-114
Net energy output broken down by primary energy source	113-115
Break-down of customers into residential, commercial and large commercial	119-120
Length in kms of transmission and distribution lines	121
REPORT PARAMETERS	
Report Profile	
Reporting period	Cover page
Contact point for questions regarding the report or its contents	4
GRI Content Index	41
Policy and current practice with regard to seeking external assurance for the report	40
GOVERNANCE, COMMITMENTS AND ENGAGEMENT	
Governance	
Governance structure including Board committees and their responsibilities	45-47
Indicate whether the chair of the Board is also an executive officer	45
No. of Board members that are independent and/or non-executive members	45
Compensation of Board members	49, 93
Processes in place for the Board of Directors to ensure conflicts of interest are avoided	45
Vision, Mission and core values, code of conduct	3-4
Procedures of the Board of Directors for overseeing the company's identification and management of economic environmental and social performance	45

Stakeholder Engagement	
Stakeholder initiatives undertaken during the year, approaches to the engagement and frequency	26,50
MANAGEMENT APPROACH - ECONOMIC	
Goals and performance, policy and commitment, key successes and shortcomings, major risks and opportunities, key strategies for implementing policies and achieving performance	18-27, 83-89
Economic performance	14-27, 65-68
Market presence	11,116-118
Availability and reliability	19-25
System efficiency	19-25
Direct economic value generated and distributed including revenues, operating costs, employee compensation, donations and other community investments, retained earnings and payments to capital providers and governments	64-111
Significant financial assistance received	104
Planned capacity against projected demand over the long term	21
Coverage of the company's defined benefit plan obligations	05
Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro bono engagement	22-26
MANAGEMENT APPROACH - ENVIRONMENTAL	
Direct energy consumption by primary energy source	4,113
MANAGEMENT APPROACH - SOCIAL	
Labour practices	
Employment	27, 121
Training and education	27
Diversity and equal opportunity	121
Marketing communications	26-27
Access to products and services	119
Management approach to ensure short and long term availability and reliability	18-27



Mr. Eliazar Ochola

10th October, 2013

RIPOTI KUHUSU WAJIBU WA KAMPUNI KWA JAMII (CSR) NA UTEGEMEAJI 2012-2013

KUJITOLEA KWETU

Majukumu ya kijamii na kimazingira ni nguzo kuu kwa uendeshaji wa shughuli zetu, na sera zetu kuhusu CSR zinaongoza shughuli zetu za mchango wetu kwa jamii. Tunatambua wajibu wa biashara yetu kwa jamii na mazingira huku wakati huo huo, tukilinda maslahi ya wenyehisa.

Tunakuza jamii na mazingira ambapo tunaendesha biashara yetu kwa hali na mali na pia tuna mipango madhubuti ya kusaidia maslahi ya wafanyakazi. Mipango yetu ya CSR ni ya kutegemewa na huwafaa wengi; na pia huwapa wafanyakazi wetu fursa ya kuchangia kwa jamii. Sambamba na kujitolea kwetu kuunda na kudumisha thamani kwa wenyehisa, Bodi huwajibikia usimamizi na utekelezaji wa sera mwafaka za kijamii na kimazingira za Kampuni.

Katika mwaka uliomalizika, Kampuni iliendelea kutumia rasimali zake kusaidia miradi kadha katika fani tofauti zenye umuhimu mkubwa: Mazingira, michezo na elimu. Kampuni ilitumia Sh42milioni katika miradi mbalimbali ya CSR kama ifuatavyo:

Uhifadhi wa mazingira na upanzi wa miti

Kampuni inategemea pakubwa mazingira kwa biashara yake -maji na uzalishaji umeme; umememvuke pamoja na ardhi kwa mfumo wake wa usambazaji umeme. Tunatambua kuwa misitu ni muhimu katika kudumisha mazingira, na kufuatia hali hiyo, Kampuni inajihusisha kikamilifu katika upanzi wa miti ili kusaidia mipango ya kupanua misitu nchini.

Katika mwaka uliomalizika, Kampuni iliendelea kushirikiana na Actionaid na Kenya Forest Service (KFS), kupanda miche 72,500 katika mashamba makubwa tisa tofauti yakiwemo Ngong Hills, Mt. Kenya, Aberdares, Mt. Elgon, Cherangany (msitu wa Kiptogot), Buda, Mau Narok, Kuresoi na Marsabit. Shule zilizo karibu na maeneo ya upanzi wa miti pia zilifuaika na mpango huo.

Kwa miaka mingi, Kampuni imesaidia katika upanzi wa mikoko katika eneo la Pwani. Katika mwaka uliomalizika, tulipanda miche 1,000 katika Mto Sabaki, Malindi na hivyo kuchangia kuhifadhi hali ya kimaumbile katika sehemu hiyo. Mikoko huzuia mmonyo wa udongo kwenye ufuo wa bahari kwa kupunguza mshindo wa mawimbi ya bahari, na wakati huo huo, ni makazi muhimu ya samaki na chanzo cha mbao na kuni kwa watu wanaoishi eneo la Pwani.

Utekaji maji ya mvua katika shule

Kwa mwaka wa tatu mfululizo, Kampuni kwa ushirikiano na ActionAidKenya, iliweka matangi ya kuteka lita 10,000 za maji katika maeneo bunge ya Kilifi na Kajiado huku kila moja ikipokea tanki 12 ambazo ziligawanwa kwa shule tofauti. Utekaji maji huwa na manufaa makubwa katika maeneo ambapo mvua si ya kutegemewa; na kuwezesha maji kuhifadhiwa kwa vipindi virefu vya kiangazi.

Kongamano moja la Vijana Duniani

Kwa lengo la kusaidia vijana ambao wanahusika katika miradi ya jamii zao, Kampuni ilifadhili wanaume na wanawake kumi wa hulka mbalimbali wa umri wa kati ya miaka 18- 30 kuhudhuria kongamano

la Dunia la Vijana katika Pittsburg, USA, katika mwaka uliomalizika. Huu ni mkutano mkuu wa vijana walio na vipawa vya uongozi. Lengo lake ni kuwaleta pamoja wawakilishi chipukizi werevu kutoka kila nchi kuhakikisha matarajio, maoni na mapendekezo yao yanazingatiwa na wale walio mamlakani, na kwamba kazi yao inatambuliwa na vyombo vya habari na taasisi nyingine zinazofanya maamuzi. Washiriki wanakuwa na fursa ya kukutana na wafadhili wa miradi yao, pamoja na kupokea mawazo mapya ya kupiga jeki maazimio yao.

Taa za kutumia miale ya jua kwa wanafunzi

Katika mwaka uliomalizika, Kampuni ilitoa taa za kutumia miale ya jua 260 za thamani ya Sh1.4 milioni kwa shule ya msingi ya DadachaBasa katika Merti, eneo lisilo na umeme kaskazini mashariki mwa Kenya. Taa hizo ni za manufaa kwa wanafunzi wa madarasa ya juu, ambao huyatumia kusomea usiku na kutoa mwangaza nyumbani kwao. Maeneo mengine yalijonufuika na mchango kama huo mbeleni ni shule ya msingi ya Nasigel katika kaunti ya Turkana, iliyopokea taa 120, na shule ya msingi ya Lag-Bogol katika kaunti ya Wajir, iliyopokea taa 100 za kutumia miale ya jua.

Michezo

Kampuni ilidhamini shindano la kwanza la kuwania Kenya Power Charity Cup, shindano la siku moja ambapo timu nne za kwanza kwenye ligi kuu ya taifa zilishiriki ikiwemo timu yetu ya Western Stima FC. Shindano hilo lilifana na mbali na kusaidia ustawi wa soka nchini na kukuza vipawa vya vijana, shindano hilo pia lilichangisha pesa zitakazotumika kurekebisha viwanja vya soka na vifaa vingine vya kijamii.

Kusaidia harakati zingine za kuinua jamii

Katika mwaka uliopita Sh1.6 milioni zilitengwa kwa shughuli tofauti za ufadhili kote nchini, miongoni mwao mashindano ya mbio Standard Chartered Marathon, ambayo yalipokea Sh300,000; Mater Heart Run iliyopokea Shs.300,000; ujenzi wa vyoo katika shule ya msingi ya Bar Ogwal mjini Kisumu kwa gharama ya Sh182,000; na madarasa mawili katika shule ya msingi ya Cheles iliyoko Elgeyo Marakwet kwa gharama ya Sh250,000.

Wafanyakazi kushiriki katika shughuli za kijamii katika maeneo mbalimbali

Maeneo yote tisa ya Kenya Power yakiwemo yale madogo yalipokea Sh3.6 milioni zilizotumika kusaidia wazee na watoto maskini, mashindano ya kijamii, elimu na afya miongoni mwa shughuli zingine. Wafanyakazi walitekeleza wajibu mkuu kutambua fani zilizohitaji kufadhiliwa na pia kujitolea wenyewe kushiriki kwenye shughuli hizo na hivyo kuboresha hali ya maisha katika jamii ambapo wanahudumu.

Vigezo vya marejeo ya ripoti kuhusu uendelezaji

Kampuni inajiandaa kutayarisha ripoti mahususi kuhusu uendelezaji wake ambayo itakuwa tayari kufikia Juni 2014. Ripoti hii ya kila mwaka pia ina vipengee tofauti vya udumishaji kwa mujibu wa vigezo vya Viwango vya Kawaida vya Kuripoti, ambavyo vimeonyeshwa hapa chini.

RIPOTI KUHUSU WAJIBU WA KAMPUNI KWA JAMII (CSR) NA UTEGEMEAJI 2012-2013

MKAKATI NA UCHANGANUZI	
	Ukurasa
Taarifa kutoka kwa Mwenyekiti wa Bodi kuhusu umuhimu wa uendelezaji kwa kampuni na mkakati wake.	42
Maelezo kuhusu matokeo, hatari na nafasi zilizopo kwenye kampuni na nje ya kampuni.	83-89
MAELEZO KUHUSU KAMPUNI	
Jina la Kampuni	Kurasa Tanguzi, 69
Makao makuu ya kampuni na makao ya kieneo	4
Jina la umiliki na muundo wa kisheria wa kampuni	69
Masoko yanayohudumiwa, maelezo kuhusu wateja	115-119
Kiwango/saizi ya kampuni zikiwemo: Idadi ya wafanyakazi, mapato na mtaji yaliyogawanywa katika makundi ya madeni na hisa, kiwango cha bidhaa zinazotolewa, jumla ya rasilimali, utambulisho na asilimia ya wamilikaji wakuu wa hisa, mapato ya mauzo	50-51 65-68 125
Mabadiliko makubwa wakati wa kipindi cha kuripoti kuhusiana na saizi, muundo, au umiliki.	67
Uwezo wa uzalishaji uliogawanywa kwa vyanzo vya kawi	113-114
Uzalishaji kamili wa kawi uliogawanywa kwa chanzo msingi cha kawi	113-115
Kugawa wateja kwa makundi ya wale wa sehemu za makazi, maeneo ya kibiashara na biashara kubwa.	119-120
Urefu kwa kilomita wa laini za usambazaji na ugawaji	121
MIZANI YA RIPOTI	
Muundo wa Ripoti	
Kipindi cha ripoti	Kurasa Tanguzi
Anayeshughulikia maswali yoyote kuhusiana na ripoti na yale yaliyomo.	4
Mizani ya GRI Content	
Jedwali kutambua mahali pa Ufichuzi wa kawaida kwenye ripoti.	42
Ubora	
Sera na hali ya sasa kuhusiana na utafutaji wa hakikisho wa ubora kuhusu ripoti	42
UONGOZI, KUJITOLEA NA MAJADILIANO	
Uongozi	
Muundo wa usimamizi zikiwemo kamati za Bodi na Majukumu yao	53-58
Kuelezea ikiwa mwenyekiti wa Bodi pia ni afisa msimamizi	53
Idadi ya wanachama wa Bodi walio huru na/au wanachama wasio na mamlaka	53
Malipo kwa wanachama wa Bodi	56,93
Taratibu zilizopo kwa Wakurugenzi wa Bodi kuhakikisha maslahi ya kibinafsi hayaingiliani na utendakazi wao	53
Maono, Malengo na maadili muhimu, na mwongozo wa utendakazi	3-4
Taratibu za Bodi ya Wakurugenzi za kuelekeza utambuaji na usimamizi utendakazi wa kiuchumi, kimazingira na kijamii.	43-153

Utangamano na washikadau	
Mipango ya kutangamana na washikadau katika mwaka uliomalizika, mbinu za majadiliano na ni mara ngapi hayo yanafanyika	37,56
MPANGO WA USIMAMIZI - KIUCHUMI	
Malengo na utendakazi, sera na kujitolea, ufanisi muhimu na upungufu, hatari kuu na nafasi zilizopo, mikakati muhimu ya utekelezaji wa sera na kufanikisha matokeo bora	83-89
Matokeo ya kiuchumi	14-15 65-68
Hali ya kiuchumi	116-118
Uwepo na utegemeaji	29-38
Utendakazi bora wa mitambo	31-35
Manufaa ya moja kwa moja ya kiuchumi yanayopatikana na kusambazwa yakiwemo mapato, gharama za uendeshaji kampuni, ujira kwa wafanyakazi, michango na uwekezaji kwenye miradi ya kijamii, mapato ya akiba na malipo kwa wenyehisa kutoka kwa serikali	64-111
Msaada mkubwa wa kifedha unaopokelewa	104
Mpango wa upanuzi dhidi ya mahitaji yanayokadiriwa kwa muda mrefu	30
Mpango wa Kampuni wa malipo maalumu ya uzeeni	105
Ustawi na athari ya uwekezaji wa miundomsingi na huduma zinazotolewa hasa kwa manufaa ya umma kupitia mpango wa kibiashara au kwa manufaa ya umma.	31-33
Matumizi ya moja kwa moja ya umeme na chanzo msingi cha kawi	4,113
Mipango iliyonuiwa kutoa bidhaa na huduma zinatotumia kawi nafuu au kawi ya kuzalishwa tena	31-35
MPANGO WA USIMAMIZI - KIMAZINGIRA	
Matumizi ya kawi na chanzo msingi cha kawi	4,113
MPANGO WA USIMAMIZI - KIJAMII	
Masuala ya wafanyakazi	
Uajiri	38,121
Mafunzo na elimu	38
Wahudumu aina tofauti na nafasi sawa	121
Mawasiliano ya uuzaji	37
Kufikia bidhaa na huduma	119
Mpango wa usimamizi kuhakikisha kuwepo na utegemeaji wa sasa na wa siku sijazo	30



Mr. Eliazar Ochola

10th October, 2013

CORPORATE SOCIAL RESPONSIBILITY (CSR) & SUSTAINABILITY PICTORIAL



1. Company staff (in blue shirts) present sports kits to a community football team supported by Karen-Lang'ata Residents Association in Nairobi.
2. Safety, Health and Environment Manager, Mr. John Guda (right), with Company staff in a tree planting exercise at Ngong Hills Forest in Kajiado County.
3. Regional Manager for Nairobi North, Eng. Joseph Gathuru, speaks to pupils of Gitombo Primary School in Kiambu County, during a corporate social responsibility event held at the school. The Company donated learning materials and uniforms worth Shs.400,000 for needy pupils in the school.
4. Trees in a reforestation programme involving local farmers in Mount Elgon initiated by the Company during the year with support from Action Aid and Kenya Forest Service.
5. Jessica Semo of Corporate Communications Department presents a dummy cheque of Shs205,000 to Mr. Samson Aluda, the founder of Moonlight Secondary School based in Kibera in Nairobi. The money was used to buy text books for the school library.
6. Pupils of Bar Ogwal in Kisumu County pose for a picture at a new toilet facility built by Kenya Power.
7. Some of the 10 young Kenyan delegates who attended the One Young World summit in Pittsburg, USA, courtesy of Kenya Power.
8. Teachers and parents of Cheles Primary School in Elgeyo-Marakwet County unveil a plaque during the commissioning of a nursery school block sponsored by the Company.

CORPORATE SOCIAL RESPONSIBILITY (CSR) & SUSTAINABILITY PICTORIAL



9



10



11



12



13



14



15



16



18

9. Sofapaka FC fans join the team to celebrate after winning the inaugural Kenya Power Charity Cup held during the year.
10. Chief Manager in charge of Regional Operations, Eng. Benson Muriithi, demonstrates how to use a solar lantern to parents and pupils of Dadacha Basa Primary School in Merti, Isiolo County.
11. Kenya Power staff display their completion certificates after the 2013 Mater Heart Run which was partly sponsored by the Company.
12. Pupils of Cheles Primary School in Elgeyo-Marakwet County entertain guests during the commissioning of a nursery school block sponsored by the Company.

13. Jubilant girls of Dadacha Basa Primary School in Isiolo County welcome Kenya Power staff who visited the school to donate 260 solar lamps for use by pupils to facilitate home studies.
14. Chief Manager, Distribution, Eng. Joseph Masibo, participates in a mangrove planting exercise in Malindi County, Coast Region.
15. Company staff participate in a tree planting exercise in Mount Kenya Region as part of the Company's commitment to environmental conservation.
16. Former Managing Director & CEO, Eng. Joseph Njoroge, presents a dummy cheque to a representative of ActionAid. The money was used for reforestation programmes countrywide.

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

In today's world, businesses operate in an increasingly fragile and dynamic socio-political and economic environment. Adoption of good corporate governance is, therefore, a critical component in ensuring enhancement and protection of shareholder value, and sustainability of the Company business while taking into account the interests of other stakeholders.

Corporate governance entails the processes and structures used to direct and manage the business affairs of companies, the respective roles of the Board of Directors and management, and the framework for internal controls. It involves maximising shareholder value in a lawful, ethical and sustainable manner.

This statement sets out the main corporate governance practices and structures in the Company.

PRINCIPLES AND GUIDELINES GOVERNING THE BOARD

The Company embraces the following corporate governance guidelines and principles to govern Directors and staff: (i) the Capital Markets Authority Guidelines on Corporate Governance for publicly quoted companies; (ii) specified best corporate governance principles adopted from other jurisdictions as contained in the Company's Board Manual, Charter and Code of Conduct that we ascribe to; and (iii) the 2003 Public Officers Ethics Act, that applies to public officers.

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

Company Directors exercise independent judgment and professional competencies for effective governance of the Company as set out in the Board Manual. The manual clearly spells out important governance arrangements covering: (i) appointment of Directors; (ii) articulation of, and commitment to respect the rights of, shareholders; (iii) respective roles and functions of the Board, the Chairman, Managing Director and Company Secretary; (iv) conduct of Board meetings; (v) Directors' induction and development; (vi) Directors' duties, liabilities and code of conduct; (vii) terms of reference for all Board Committees; and (viii) disclosure of material information to the public.

The Board operates under rules that govern the conduct of individual Directors spelt out in Directors' Code of Conduct to enable them operate effectively and in the best interests of the Company. The Code of Conduct requires Directors to: act honestly and in good faith; exercise duty with care and diligence; avoid and disclose conflict of interest; maintain confidentiality of information about the Company; show commitment to and attend to Company business; and respect fellow Directors. During the year, the Board of Directors approved a Code of Conduct and Ethics for the management and staff which was launched and cascaded to Company employees.

The Board provides leadership, enterprise, integrity and good judgment in directing the Company and acts in the best interest of the business for continued viability and sustainability. The Board is vested with powers and authority by relevant laws of Kenya and the Company's Memorandum and Articles of Association.

CONSTITUTION OF THE BOARD OF DIRECTORS

The current Board consists of ten Directors, including the Managing Director & Chief Executive Officer. Nine of the Directors including the Chairman are non-executive. The Board of Directors is constituted taking into account requirements of the sector, diversity of skills, age, value addition, gender, academic qualifications and experience necessary to help achieve the Company's goals and objectives. The Directors' biographies are shown on pages 6 - 9.

Each year, at least one third of the Board members retire by rotation but are eligible for re-election during the Annual General Meeting. Any Director appointed by the Board during the year to fill a casual vacancy is also required to retire and seek election at the next Annual General Meeting.

ROLE OF THE BOARD

The Board of Directors provides leadership and strategic direction to the Company. The main responsibilities of the Board are: (i) establishment of short and long-term goals of the Company and strategic plans to achieve those goals; (ii) ensuring preparation of the annual and half-year financial statements; (iii) approval and review of the annual budgets; (iv) setting and periodically reviewing key performance indicators and management performance; (v) risk management by ensuring that the Company has adequate systems of internal controls together with appropriate monitoring of compliance activities to ensure business continuity; and (vi) working with management to enhance shareholders' value. The Board of Directors has full access to advice and services of the Company Secretary as well as timely and relevant Company information to discharge its duties effectively. Directors are also empowered to seek independent professional advice on Company business at its expense where necessary.

Chairman of the Board of Directors

The principal role of the Chairman is to provide leadership to the Board. He/she chairs Board and General meetings, ensures order and proper conduct of meetings, ensures fair decisions are made and facilitates effective management of the Board. The Chairman also ensures that the Board is provided with timely and sufficient information to enable it to discharge its duties.

Managing Director & Chief Executive Officer

The Managing Director is the chief executive and is responsible for the day to day management of the Company.

CAPACITY BUILDING FOR THE BOARD

Training and development of Directors is an important part of our corporate strategy. Directors attend training tailored to equip them

with skills and knowledge that they require to effectively discharge their responsibilities. Training programmes are designed to impart knowledge on best practices in areas relevant to Company business.

During the year, the Board members attended training programmes, seminars and conferences relevant for effective discharge of their duties. A programme for induction of new Directors is conducted to enhance understanding of the nature of our business and operations of the Company.

BOARD WORKPLAN AND MEETINGS

In order to guide the Board, a workplan and schedule of meetings are prepared annually in advance. The Board meets at least once a month or more depending on the requirements of the business. Directors receive adequate notice and detailed papers on issues to be discussed in good time to enable them prepare for the meetings.

The Board held a total of 14 meetings during the year, which were well attended as detailed below:

Board Meetings Attendance

Name	Board Meetings (14 meetings)
Mr. E. Ochola - Chairman	14
Eng. J. Njoroge	14
Dr. T. Kilukumi	14
Mr. M. Kariuki	14
Mr. J. Mwirigi	14
Mr. J. Kariuki	14
Eng. I. Kiva	10
Eng. P. Obath	7
Mrs. J. Nashida (joined in December 2012)	7
Mrs. F. Hirsi Mohamed (joined in December 2012)	6
Mr. P. Nyoike (left in June 2013)	10
Mr. F. Nyaga (left in December 2012)	5
Mr. E. Kioni (left in August 2012)	2

BOARD COMMITTEES

Six standing committees of the Board assist to effectively discharge various business functions and responsibilities. Ad hoc 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. The committees submit reports of their activities to the Board. The Company Secretary is the secretary to all Board Committees except the Staff and Remuneration Committee where the Managing Director & CEO is the secretary.

During the year, the Board had the following committees:

Audit Committee

The Committee's mandate is to ensure that the Company's assets are safeguarded and that there exist adequate operating and control processes for this purpose. The Audit Committee is composed of

four non-executive Directors. The Committee regularly invites the Managing Director & CEO, Chief Manager Finance and the Internal Audit Manager to its meetings. External auditors are also invited to attend the meetings when necessary.

The Audit Committee is charged with the following responsibilities:

- (i) examining quarterly, half-year and annual financial statements,
- (ii) discussing audit plan with the external auditors before commencement of the annual audit,
- (iii) consideration of audit findings by the external auditors,
- (iv) recommending to the Board engagement of external auditors and their audit fees,
- (v) reviewing the function, independence, operations and findings of the Internal Audit Department,
- (vi) reviewing risks affecting the Company and management strategies in addressing them, and
- (vii) ensuring adherence with the code of ethics and integrity in financial transactions of the Company.

The Committee held 5 meetings as tabulated below:

Name	Attendance
Mr. J. Mwirigi - Chairman	5
Mr. M. Kariuki	5
Eng. P. Obath	2
Mr. E. Ochola (joined in Jan 2013)	3
Eng. J. Njoroge	5
Mr. F. Nyaga (left in December 2012)	3

Strategy & Customer Service Committee

The mandate of the Strategy & Customer Service Committee is to advise the Board on strategies to enhance performance of the Company. The duties of the Committee include review of the Company's Five Year Strategic Plan, Annual Corporate Strategic Plan and Annual Corporate Budget. It is also responsible for monitoring major projects under implementation and directing strategies for improving customer service.

The Committee held 2 meetings during the year under review as shown in the table below:

Name	Attendance
Eng. P. Obath - Chairman	2
Mr. M. Kariuki	1
Mr. P. Nyoike	1
Eng. J. Njoroge	2
Mr. E. Ochola (by invitation)	2
Mrs. F. Hirsi Mohamed (Joined in Jan. 2013)	-

CORPORATE GOVERNANCE STATEMENT (Contd.)

Staff and Remuneration Committee

The Staff & Remuneration Committee's mandate includes considering and making recommendations to the Board on the following:

- (i) appointment of, and terms and conditions of service for, the Managing Director,
- (ii) appointment, promotion and disciplinary issues of senior staff,
- (iii) remuneration structure for staff,
- (iv) performance bonus for the Managing Director and staff,
- (v) human resources policies and corporate organisational structure to support the Company's business,
- (vi) the succession plan for senior staff, and
- (vii) reviewing the performance of the staff pension scheme.

The Committee held nine meetings during the year under review as shown in the table below:

Name	Attendance
Dr. T. Kilukumi - Chairperson	9
Mr. J. Kariuki	7
Mr. J. Mwirigi	9
Ms. J. Nashida (joined in Dec. 2012)	4
Eng. J. Njoroge	9
Mr. E. Kioni (left in Aug. 2012)	1
Mr. P. Nyoike (left in June 2013)	4

Procurement Oversight Committee

The Procurement Oversight Committee exercises an oversight role on procurement carried out by the Company on behalf of the Board. The Committee considers the annual procurement plan for recommendation to the Board, monitors the procurement by management to ensure compliance with the approved annual procurement plan and the law, and approves procurement of goods and services with a value of Shs.50 million and above, and other strategic procurements.

The Committee held 14 meetings during the year under review as shown in the table below:

Name	Attendance
Mr. M. Kariuki - Chairman	14
Dr. T. Kilukumi	12
Mrs. F. Hirsi Mohamed (joined December 2012)	5
Eng. J. Njoroge	14
Mr. Eliazar Ochola (by invitation)	1
Mr. E. Kioni (left August 2012)	4
Mr. F. Nyaga (left December 2012)	5

Independent Power Producers (IPP) Committee

The committee is mandated to review and negotiate proposed power purchase agreements with bulk power producers. With power purchase costs constituting a significant cost to the Company, the

IPP Committee was formed with the aim of achieving cost-effective power purchase for the benefit of customers. The Committee invites expert management staff during meetings to provide information and make clarifications to facilitate the Board in discharging its functions effectively.

The Committee held 1 meeting during the year under review as shown in the table below:

Name	Attendance
Mrs. F. Hirsi Mohamed - Chairperson (Joined in January 2013)	-
Mr. J. Kariuki	1
Eng. E. Obath	1
Mr. P. Nyoike (left in June 2013)	-
Eng. J. Njoroge	1
Mr. M. Kariuki (joined in January 2013)	-
Mr. J. Mwirigi (joined committee in January 2013)	-
Dr. T. Kilukumi (joined committee in January 2013)	-
Mr. E. Ochola (by invitation)	1
Mr. E. Kioni (left in August 2012)	-
Mr. F. Nyaga (left in December 2012)	1

Information Technology Committee

The role of this Committee is to review the Company's Information Technology (IT) policy, address issues of IT security and internal controls, ensure installation of IT systems that support Company business in order to minimise risks and achieve maximum benefits from the investments made in information and telecommunication.

The Committee held 3 meetings during the year under review as shown in the table below:

Name	Attendance
Mrs. J. Nashida - Chairperson (Joined in January 2013)	2
Mr. J. Mwirigi	1
Dr. T. Kilukumi	2
Mr. J. Kariuki	1
Eng. J. Njoroge	3
Mr. Macharia Kariuki (joined the committee in January 2013)	2

ACCOUNTABILITY AND AUDIT

Directors' responsibilities in relation to financial statements

The Companies Act requires Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the period. Directors are responsible for ensuring that suitable accounting policies are consistently applied supported by reasonable and prudent judgments and estimates; and that applicable accounting standards are followed as well as the duty to exercise care, skill and diligence.

The Directors are also 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.

DIRECTORS' REMUNERATION

Directors' fees are payable annually upon approval by shareholders in an Annual General Meeting in accordance and within the approved limits set in the guidelines by the Government to all state corporations. Details of Directors' remuneration are shown on page 93. It is proposed that each non-executive Director be paid a fee of Shs.600,000 for the financial year ended 30th June 2013, or pro rata for any part served thereof. In addition, Directors are entitled to sitting allowance for every meeting attended, lunch allowance (in lieu of lunch being provided), accommodation allowance and mileage reimbursement where applicable, within set limits of government for state corporations. In addition, the Chairman is paid a monthly honorarium.

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

INTERNAL CONTROLS

The Board is obligated to maintain a sound system of internal controls to safeguard shareholders' investments. These include taking reasonable steps to ensure that the control and regulatory systems are continuously maintained and monitored. 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. It is desired that the systems in place provide reasonable controls, but absolute assurance cannot be guaranteed.

DIRECTORS' SHAREHOLDING

None of the Directors owns more than one percent of the Company's total issued shares in their individual capacity.

ENTERPRISE RISK MANAGEMENT

Management of risks that the Company faces is important for the long term viability and sustainability of our business. The Company continues to operate an Enterprise Risk Management (ERM) framework that continues to review Company risks; formulates and implements appropriate strategies to mitigate them. The ERM processes are implemented by the management and the Board exercises an oversight role. The overall aim is to embed a 'risk-aware' culture in all decision-making processes within the company.

The risk environment

In the year under review, the Company operated under a dynamic internal and external risk environment, and the main risk issues that faced the Company's operations included:

- i. political activities arising out of the 2013 general elections
- ii. change in the country's leadership and Government
- iii. devolved government
- iv. suspension of the electricity tariff change and new connection charges
- v. breakdowns of the power infrastructure especially due to heavy rains and stormy weather
- vi. change in the Company's top leadership
- vii. restructuring of Nairobi Region into three distinct regions.

Enhancement of the ERM framework

During the year under review, the Company's ERM structure was fundamentally enhanced by incorporating risk coordinators both at Central Office and other regions with a clear mandate to facilitate adequate risk surveillance. These coordinators have been trained to enhance their capacity to handle this new role.

Risk registers across all functions and levels of operation are being reviewed while adopting a new risk measurement model to update, rate and score the risks uniformly across the Company. This exercise will be undertaken twice a year to ensure keen surveillance and a continued robust handling of the Company's operational risks even as the organisation seeks to lay a platform for an integrated governance, risk audit and compliance framework.

The advancement of the Company's ERM activities from basic practices to risk maturity is a steady continuous process that aims at improving governance and control processes.

ETHICAL STANDARDS

The Board and Management recognise that a strong ethical culture is very important in our vision to provide world class power that delights our customers, and the Code of Ethics has been revised in line with the Constitution and international benchmarks. The Code of Ethics is a public statement that clarifies our expectations and holds us accountable for our business conduct. The revised document was launched during the year under review and cascaded to all employees who are required to read, understand, sign and remain bound by its provisions.

The Company has a mechanism for receiving complaints and making follow-ups on allegations and cases of unethical conduct. Objective analysis of reported cases is done and appropriate action instituted to control and mitigate the risk. The Company collaborates with external partners to entrench a culture of ethics and integrity.

In the year under review, an independent survey aimed at establishing integrity and ethical levels showed an improvement on the Company's ethics index from 4.3 to 4.0. This can be attributed to sustained training, risk assessment and enforcement of corruption prevention measures aimed at ensuring that all staff conduct themselves with integrity and professionalism and uphold the Company's Code of Ethics.

CORPORATE GOVERNANCE STATEMENT (Contd.)

RELATIONS WITH SHAREHOLDERS

The Company places great importance on good relations with shareholders as fostered through effective communication. The AGM as well as published half-year trading results and Annual Reports and Financial Statements are used as opportunities to communicate with shareholders. The reports are also available on the Company website at www.kplc.co.ke. All shareholders are entitled to attend and vote at the AGM for which notice is published at least 21 clear days before the meeting. Shareholders are also given an opportunity to ask questions or seek clarification on any matter relating to Company business during the AGM. The Annual Report and Financial Statements are also available for distribution to shareholders on request. In addition, the Company maintains an open door policy and shareholders have direct access to the Company Secretary and the Shares Registrar who respond to correspondence on a wide range of issues.

EXECUTIVE MANAGEMENT

The Company's business is structured under 11 functional divisions and six administrative regions for optimal operation and management.

The six business regions are: Nairobi North, Nairobi South, Nairobi West, Coast, West and Mt. Kenya. The divisions are Energy Transmission; Distribution; Projects; Commercial Services; Corporate Strategy; Supply Chain and Logistics; Information Technology and Telecommunications; Company Secretary; Human Resource and Administration; Finance; and Managing Director's office.

Executive Management Committee

The Executive Management Committee is chaired by the Managing Director & CEO. The committee comprises heads of divisions and departments reporting directly to the Managing Director. The Committee meets at least twice a month to review performance, and to consider policy and business issues including strategic measures, and also reviews papers before they are tabled to the Board for consideration and approval.

SHAREHOLDING PROFILES

The Company complies with all statutory requirements prescribed under the Companies Act, Capital Markets Authority and listing requirements by the Nairobi Securities Exchange.

The top 20 major shareholders as at 31st August 2013 were as follows:

No.	Name of Shareholder	Ordinary (Shs. 2.50 each)	4% Pref. (Shs. 20/= each)	7% Pref. (Shs. 20/= each)	Total	Percentage
1	Permanent Secretary to the Treasury	977,641,695	656,808	193,531	978,492,034	50.086
2	Standard Chartered Nominees Ltd.	341,184,146	416	-	341,184,562	17.464
3	Board of Trustees NSSF	80,361,153	3,550	750	80,365,453	4.114
4	CFC Stanbic Nominees Ltd.	72,235,338	48,308	-	72,283,646	3.700
5	KCB Nominees Ltd.	46,528,538	69,584	800	46,598,922	2.385
6	NIC Custodial Services Ltd.	37,741,940	-	-	37,741,940	1.932
7	Co-op Bank Custody	26,709,006	-	-	26,709,006	1.367
8	Equity Nominees Ltd.	22,500,021	-	-	22,500,021	1.152
9	Jubilee Insurance Company Ltd.	20,215,387	59,828	17,160	20,292,375	1.039
10	Kenindia Assurance Company Ltd.	11,105,349	-	-	11,105,349	0.568
11	Old Mutual Life Assurance Company Ltd.	10,272,491	-	-	10,272,491	0.526
12	Chase Bank Nominees Ltd.	8,385,756	-	-	8,385,756	0.429
13	ICEA Lion Life Assurance Company Ltd.	6,408,652	221,386	19,272	6,649,310	0.340
14	The Heritage All Insurance Company Ltd.	5,254,930	-	-	5,254,930	0.269
15	Natbank Trustee & Investment Services Ltd.	5,150,504	-	-	5,150,504	0.264
16	Alimohamed Adam	4,762,521	277,264	57,617	5,097,402	0.261
17	CFC Life Assurance Ltd.	5,038,348	-	-	5,038,348	0.258
18	Kenya Reinsurance Corporation Ltd.	4,957,385	16,156	-	4,973,541	0.255
19	Phoenix of East Africa Assurance Company Ltd.	3,851,295	-	-	3,851,295	0.197
20	Dhimantilal Samji Shah	2,322,951	-	-	2,322,951	0.119
Sub-totals		1,692,627,406	1,353,300	289,130	1,694,269,836	86.725
Other Shareholders		258,839,639	446,700	60,870	259,347,209	13.275
Total Issued Shares		1,951,467,045	1,800,000	350,000	1,953,617,045	100

CORPORATE GOVERNANCE STATEMENT (Contd.)

Shares distribution of Ordinary Shareholders as at 31st August 2013

Range	No. of Shareholders	Shares
<1,000	11,083	3,946,545
1001-10,000	11,833	36,253,278
10,001-50,000	2,716	56,490,359
50,001-100,000	515	36,081,404
Over 100,000	823	1,818,695,459
Totals	26,970	1,951,467,045

Shares distribution of 4% Preference Shareholders as at 31st August 2013

Range	No. of Shareholders	Shares
<1,000	363	66,932
1001-10,000	57	159,655
10,001-50,000	14	317,598
50,001-100,000	2	133,564
Over 100,000	3	1,122,251
Totals	439	1,800,000

Shares distribution of 7% Preference Shareholders as at 31st August 2013

Range	No. of Shareholders	Shares
<1,000	82	22,019
1001-10,000	15	43,984
10,001-50,000	3	86,432
50,001-100,000	1	57,617
Over 100,000	1	139,948
Totals	102	350,000



Mr. Eliazar Ochola

10th October, 2013



FDB

With the Facilities Database (FDB) system, quotations for new supply can be made without visiting customer premises

UTANGULIZI

Katika ulimwengu wa sasa, biashara huendeshwa kwenye mazingira hafifu na yanayobadilika ya kisiasa, kijamii na kiuchumi. Uzingatiaji wa maongozi bora ya Kampuni, hivyo basi, ni kiungo muhimu katika kuendeleza na kuhifadhi thamani kwa mwenyehisa, na kudumisha biashara ya Kampuni huku maslahi ya washikadau wengine yakitiliwa maanani.

Maongozi bora ya Kampuni yanahusisha taratibu na miundo inayotumika kusimamia masuala ya kibiashara ya mashirika, majukumu tofauti ya Bodi ya Wakurugenzi na wasimamizi na mwongozo wa vidhibiti vya ndani. Yanahusisha kupata thamani kwa wenyehisa kwa njia ya kisheria, ya maadili na ya kutegemewa.

Taarifa hii inafafanua taratibu na miundo ya maongozi bora katika kampuni.

KANUNI NA MWONGOZO UNAOSIMAMIA BODI

Kampuni inakumbatia kanuni na mwongozo ufuatao kusimamia Wakurugenzi na wafanyakazi: (i) Kanuni za Mamlaka ya Masoko ya Mtaji kuhusu usimamizi wa mashirika ya umma; (ii) Kanuni bora za usimamizi zilizoazimwa kutoka kwingineko kama inavyoonyeshwa kwenye Mwongozo na Kanuni za Utendakazi za Bodi ambazo tunatumia; na (iii) Sheria ya Maadili ya Afisa wa Umma 2003, ambayo inahusisha maafisa wote wa umma.

Wakurugenzi wetu wanahitajika kufichua kwa maandishi shughuli yoyote inayoweza kukinzana na utendakazi wao na kujiondoa kupiga kura wakati suala kama hilo linapojadiliwa. Shughuli za kibiashara na wahusika wote, Wakurugenzi na makundi mengine husika zinapasa kuepushwa kwa vyovyote vile.

Wakurugenzi wa Kampuni hufanya maamuzi huru na hutumia ujuzi wao kitaaluma kwa usimamizi ufaao wa Kampuni kama inavyoelezwa kwenye Mwongozo wa Bodi. Mwongozo huo unafafanua bayana mipangilio yote muhimu ya usimamizi inayohusisha (i) uteuzi wa Wakurugenzi (ii) Ufafanuzi na kujitolea kuheshimu kwa

haki za wenyehisa ; (iii) majukumu tofauti ya Bodi, Mwenyekiti, Mkurugenzi Mkuu na Katibu wa Kampuni; (iv) usimamizi wa vikao vya Bodi (v) Kujifahamisha kwa wakurugenzi kuhusu taratibu za Kampuni na ustawi wao; (vi) majukumu, matarajio na kanuni za utendakazi wao (vii) mamlaka na mipaka Kamati zote za Bodi (viii) ufichuzi wa habari muhimu kwa umma.

Bodi inahudumu chini ya kanuni zinazoongoza utendakazi wa Wakurugenzi binafsi zilizoenezwa kwenye Mwongozo wa Utendakazi wa Wakurugenzi kuwawezesha kuhudumu vyema na kwa manufaa ya Kampuni. Mwongozo wa Utendakazi unawahitaji Wakurugenzi kuhudumu kwa haki na uwazi, kutekeleza majukumu yao kwa uangalifu na uadilifu; kuepusha hali inayokinzana na majukumu yake, kudumisha siri kuhusu taarifa za Kampuni; kujitolea kwa na kuhudhuria shughuli za Kampuni; kuheshimu wakurugenzi wenzao.

Katika mwaka Bodi ya Wakurugenzi iliidhinisha Mwongozo wa Utendakazi na Maadili kwa wasimamizi na wafanyakazi ambao ulizinduliwa na kusambazwa kwa wahudumu wote wa Kampuni.

Bodi inatoa mwelekeo, uthabiti na maamuzi yafaayo katika kuelekeza Kampuni na huchukua hatua zitakazonufaisha kudumisha na kuendeleza biashara. Bodi ina mamlaka na nguvu kutoka kwa sheria husika za Kenya na Katiba ya Kampuni.

MUUNDO WA BODI YA WAKURUGENZI

Bodi ya sasa inajumuisha Wakurugenzi kumi, akiwemo Mkurugenzi Mkuu na Afisa Mkuu Mtendaji. Tisa kati ya wakurugenzi hao akiwemo Mwenyekiti hawana mamlaka. Bodi ya Wakurugenzi inaundwa kwa kuzingatia mahitaji ya sekta hii, mchanganyiko wa vipawa, umri, kuongeza thamani, jinsia, masomo na tajiriba inayohitajika kusaidia Kampuni kuafikia maazimio na malengo yake. Wasifu wa Wakurugenzi umeonyeshwa katika kurasa 6 - 9.

Kila mwaka, angalau theluthi moja ya wanachama wa Bodi hustaafu kwa mzunguko lakini wako radhi kuchaguliwa tena wakati wa Mkutano Mkuu wa Kila Mwaka. Mkurugenzi

yeyote aliyeteuliwa na Bodi katikati ya mwaka kujaza nafasi pia anahitajika kustaafu na kuwania kiti hicho kwenye Mkutano Mkuu wa Kila Mwaka unaofuata.

WAJIBU WA BODI

Bodi ya Wakurugenzi hutoa mwongozo na mwelekeo kwa Kampuni. Majukumu muhimu ya Bodi ni: (i) kuweka malengo ya muda mfupi na muda mrefu ya Kampuni na mikakati ya kufanikisha malengo hayo; (ii) kuhakikisha utayarishaji wa taarifa za kifedha za nusu mwaka na kila mwaka; (iii) kuidhinisha na kuchunguza bajeti za kila mwaka; (iv) Kuweka na kuchunguza mara kwa mara vigezo vya utendakazi wa wasimamizi (v) Kudhibiti hatari zozote kwa kuhakikisha Kampuni ina mifumo ya kutosha ya vidhibiti vya ndani pamoja na taratibu za kufuatilia uzingatiaji wa kanuni zote kuhakikisha biashara inadumishwa; na (vi) kushirikiana na wasimamizi kuinua thamani ya wenyehisa.

Bodi ya Wakurugenzi inapokea ushauri na huduma za Katibu wa Kampuni pamoja na taarifa muhimu za Kampuni ili kutekeleza majukumu yake kwa njia inayofaa. Wakurugenzi pia wana mamlaka ya kutafuta ushauri wa kitaalamu kutoka inje kuhusiana na biashara ya Kampuni kwa gharama ya Kampuni inapohitajika.

Mwenyekiti wa Bodi ya Wakurugenzi

Wajibu muhimu wa Mwenyekiti ni kutoa mwongozo kwa Bodi. Anaongoza mikutano ya Bodi na ile mikuu, kuhakikisha mikutano inaendeshwa kwa njia ifaayo, uhakikisha maamuzi ya haki yanafanywa na husaidia katika usimamizi ufaao wa Bodi. Mwenyekiti pia uhakikisha Bodi inapokea taarifa ya kutosha na kwa wakati unaofaa ili kuiwezesha kutekeleza majukumu yake.

Mkurugenzi Mkuu na Afisa Mkuu Mtendaji

Mkurugenzi Mkuu ndiye afisa mkuu mtendaji na anawajibika katika usimamizi wa kila siku wa Kampuni.

MAFUNZO KWA BODI

Mafunzo na ustawi wa Wakurugenzi ni sehemu muhimu ya mkakati wetu wa Kampuni. Wakurugenzi uhudhuria mafunzo yanayolenga kuwapa vipawa na ujuzi

TAARIFA YA MAONGOZI BORA (Kuendelea)

wanaohitaji kutekeleza majukumu yao ipasavyo. Mafunzo hayo yanaandaliwa kwa namna ambavyo itawapa ujuzi kuhusu mbinu bora za usimamizi katika nyanja zilizo na uhusiano na biashara ya Kampuni.

Katika mwaka uliopita, wanachama wa Bodi walihudhuria mafunzo, semina na kongamano zenye umuhimu kwa utekelezaji wa majukumu yao. Mafunzo kwa Wakurugenzi wapya hutolewa ili kuongeza ufahamu wao kuhusu hali biashara yetu na operesheni za Kampuni.

RATIBA YA BODI NA MIKUTANO

Ili kuelekeza Bodi, ratiba na mpangilio wa vikao vyake hutayarishwa mapema kila mwaka. Bodi hukutana angalau mara moja kwa mwezi au zaidi ikitegemea mahitaji ya kibiashara. Wakurugenzi hupokea ilani ya kutosha na stakabadhi zenye maelezo ya kina kuhusu masuala ya kujadiliwa kuwawezesha kujiandaa kwa mikutano hiyo. Bodi iliandaa mikutano 14 mwaka uliomalizika, ambayo ilihudhuriwa vyema kama inavyoelezwa hapa chini.

Mahudhurio ya Vikao vya Bodi

Jina	Mikutano ya Bodi (Vikao 14)
Bw. E. Ochola - Mwenyekiti	14
Mha. J. Njoroge	14
Dkt. T. Kilukumi	14
Bw. M. Kariuki	14
Bw. J. Mwirigi	14
Bw. J. Kariuki	14
Mha. I. Kiva	10
Mha. P. Obath	7
Bi. J. Nashida (alijiunga Desemba 2012)	7
Bi. F. Hirsi Mohamed (alijiunga Desemba 2012)	6
Bw. P. Nyoike (aliondoka Juni 2013)	10
Bw. F. Nyaga (aliondoka Desemba 2012)	5
Bw. E. Kioni (aliondoka Agosti 2012)	2

KAMATI ZA BODI

Kamati sita za kudumu za Bodi huisaidia kutekeleza majukumu mbalimbali ya kibiashara. Kamati za muda pia hubuniwa kushughulikia masuala muhimu kadiri yanavyoibuka. Kila kamati inahudumu chini ya mamlaka inayopewa na Bodi. Katibu wa Kampuni ndiye katibu wa Kamati zote za Bodi isipokuwa ile ya Wafanyakazi na Mishahara ambapo Mkurugenzi Mkuu na Afisa Mkuu Mtendaji ndiye katibu.

Katika mwaka uliomalizika, Bodi ilikuwa na kamati zifuatazo:

Kamati ya Uhasibu

Mamlaka ya Kamati hii ni kuhakikisha mali ya kampuni yanalindwa na kuna tararibu na vidhibiti vya kutosha kwa lengo hilo. Kamati ya Uhasibu inajumuisha Wakurugenzi wanne wasio na mamlaka.

Kamati humwalika mara kwa mara Mkurugenzi Mkuu na Afisa Mkuu Mtendaji, Meneja Mkuu wa Fedha na Meneja wa Uhasibu wa Ndani kwa vikao vyake. Wahasibu kutoka nje pia wanaalikwa kwa mikutano hiyo inapohitajika.

Kamati ya Uhasibu ina majukumu yafuatayo:

- Uchunguzi wa taarifa za kifedha za miezi mitatu, nusu mwaka na kila mwaka,
- Kujadiliana na mpango wa uhasibu na wahasibu kutoka nje kabla ya kuanza kwa ukaguzi wa kila mwaka wa vitabu vya hesabu,
- Uchunguzi wa matokeo ya ukaguzi wa wahasibu kutoka nje
- Kupendekeza kwa Bodi uteuzi wa wahasibu kutoka nje na malipo yao ya kila mwaka,
- Kutathmini jukumu, uhuru, operesheni na matokeo ya uchunguzi wa Idara ya Uhasibu wa Ndani,
- Kuchunguza hatari zinazoathiri Kampuni na mikakati ya wasimamizi ya kukabiliana nayo, na
- Kuhakikisha uzingatiji wa mwongozo wa maadili na uadilifu katika shughuli za kifedha za Kampuni.

Kamati iliandaa vikao 5 kama inavyoonyesha hapa chini:

Jina	Mahudhurio
Bw. J. Mwirigi - Mwenyekiti	5
Bw. M. Kariuki	5
Mha. P. Obath	2
Bw. E. Ochola (alijiunga Jan 2013)	3
Mha. J. Njoroge	5
Bw. F. Nyaga (aliondoka Desemba 2012)	3

Kamati ya Mkakati na Huduma kwa Wateja

Mamlaka ya Kamati kuhusu Mkakati na Huduma kwa Wateja ni kushauri Bodi kuhusu mikakati ili kuboresha matokeo ya Kampuni. Majukumu ya Kamati hiyo ni pamoja na kuchunguza Mkakati wa Kampuni wa Miaka Mitano, Mkakati wa Kampuni wa Kila Mwaka na Bajeti ya kampuni ya Kila mwaka.

Pia inawajibika na ufuatiliaji wa miradi mikubwa inayotekelezwa na kuelekeza mikakati kuimarisha huduma kwa wateja.

Kamati hii iliandaa vikao viwili mwaka uliomalizika kama inavyoonyeshwa kwenye jedwali ifuatayo:

Jina	Mahudhurio
Mha. P. Obath - Mwenyekiti	2
Bw. M. Kariuki	1
Bw. P. Nyoike	1
Mha. J. Njoroge	2
Bw. E. Ochola (kwa mwaliko)	2
Bi. F. Hirsi Mohamed (alijiunga Januari 2013)	-

Kamati ya Wafanyakazi na Mishahara

Mamlaka ya Kamati ya Wafanyakazi na Mishahara hujumuisha kuangalia na kufanya mapendekezo kwa Bodi kuhusiana na yafuatayo:

- viii. Uteuzi, Malipo na Masharti ya Utendakazi wa Mkurugenzi Mkuu,
 - ix. Uteuzi, kupandishwa vyeo na masuala ya nidhamu ya wafanyakazi wa ngazi za juu,
 - x. Muundo wa malipo kwa wafanyakazi,
 - xi. Bonasi ya matokeo bora kwa Mkurugenzi Mkuu na wafanya kazi,
 - xii. Sera za wafanyakazi na muundo wa kampuni ili kurahisha kuendesha shughuli za Kampuni ,
 - xiii. Mpango wa urithi kwa watumishi wa ngazi za juu na,
 - xiv. Kufuatilia matokeo ya mpango wa malipo ya uzeeni
- Kamati iliandaa mikutano tisa katika mwaka unaochunguzwa kama inavyoonyeshwa hapa chini:

Jina	Mahudhurio
Dkt. T. Kilukumi - Mwenyekiti	9
Bw. J. Kariuki	7
Bw. J. Mwirigi	9
Bi. J. Nashida (Alijiunga Desemba 2012)	4
Mha. J. Njoroge	9
Bw. E. Kioni (aliondoka Agosti 2012)	1
Bw. P. Nyoike (aliondoka Juni 2013)	4

Kamati inayosimamia Ununuzi

Kamati Simamizi kuhusu Ununuzi hutekeleza wajibu wa kusimamia ununuzi unaotekelezwa na Kampuni kwa niaba ya Bodi. Kamati huangalia mpango wa ununuzi wa kila mwaka na kutoa mapendekezo kwa Bodi, huchunguza ununuzi unaofanywa na wakurugenzi kuhakikisha uzingatiaji wa mpango wa ununuzi wa kila mwaka na sheria, na uhidhinisha ununuzi wa bidhaa na huduma za thamani ya zaidi ya Sh50milioni na ununuzi wa vifaa muhimu.

Kamati iliandaa mikutano 14 katika mwaka uliopita kama inavyoonyeshwa hapa chini:

Jina	Mahudhurio
Bw. M. Kariuki - Mwenyekiti	14
Dkt. T. Kilukumi	12
Bi. F. Hirsi Mohamed (alijiunga Desemba 2012)	5
Mha. J. Njoroge	14
Bw. Eliazar Ochola (kwa mwaliko)	1
Bw. E. Kioni (aliondoka Agosti 2012)	4
Bw. F. Nyaga (aliondoka Desemba 2012)	5

Kamati ya Wazalishaji Huru wa Umeme (IPP).

Kamati ina mamlaka ya kuchunguza na kujadiliana kuhusu mikataba inayopendekezwa ya ununuzi wa umeme na wazalishaji wakubwa wa umeme. Huku ada za ununuzi wa umeme zikiwa sehemu kubwa ya

gharama kwa Kampuni, kamati ya IPP ilibuniwa kwa lengo la kununua umeme kwa bei nafuu kwa manufaa ya wateja. Kamati hiyo hualika wafanyakazi wenye ujuzi kwenye mikutano yao kutoa taarifa na ufafanuzi utakaowezesha Bodi kutekeleza majukumu yake kikamilifu.

Kamati iliandaa mkutano mmoja katika mwaka uliomalizika kama inavyoonyeshwa hapa chini:

Jina	Mahudhurio
Bi. F. Hirsi Mohamed- Mwenyekiti (alijiunga Januari 2013)	-
Bw. J. Kariuki	1
Mha. E. Obath	1
Bw. P. Nyoike	-
Mha. J. Njoroge	1
Bw. M. Kariuki (alijiunga Januari 2013)	-
Bw. J. Mwirigi (alijiunga Januari 2013)	-
Dkt. T. Kilukumi (alijiunga Januari 2013)	-
Bw. E. Ochola (kwa mwaliko)	1
Bw. E. Kioni (aliondoka Agosti 2012)	-
Bw. F. Nyaga (aliondoka Desemba 2012)	1

Kamati ya Teknolojia ya Mawasiliano

Jukumu la Kamati hii ni kuchunguza sera ya Kampuni kuhusu Teknolojia ya Mawasiliano (IT), kushughulikia masuala ya usalama wa IT na vidhibiti vya ndani, kuhakikisha matumizi ya mitambo ya IT inayokuza shughuli za kibiashara za Kampuni ili kupunguza hatari na kupata manufaa makubwa kutoka uwekezaji uliofanywa katika habari na mawasiliano ya kiteknolojia.

Kamati iliandaa vikao 3 katika mwaka unaongaziwa kama inavyoonyeshwa kwenye jedwali ifuatayo:

Jina	Mahudhurio
Bi. J. Nashida - Mwenyekiti (alijiunga Januari 2013)	2
Bw. J. Mwirigi	1
Dkt. T. Kilukumi	2
Bw. J. Kariuki	1
Mha. J. Njoroge	3
Bw. Macharia Kariuki (alijiunga na kamati Januari 2013)	2

UWAJIBIKAZI NA UHASIBU

Majukumu ya Wakurugenzi kuhusiana na taarifa za kifedha

Sheria ya Kampuni uhitaji Wakurugenzi kutayarisha taarifa za kifedha za kila mwaka wa kifedha ambazo zinatoa picha na hali halisi ya masuala ya Kampuni hiyo kufikia mwisho wa kipindi hicho. Wakurugenzi wanawajibika kuhakikisha sera zifaazo za uhasibu zinatumika kila wakati na kusaidiwa na maamuzi ya busara na makadirio; na viwango vinavyohitajika vya uhasibu vinafuatwa pamoja na wajibu wa kuwa waangalifu, kutumia ujuzi na kuwa waadilifu.

Wakurugenzi pia wanawajibika kuhakikisha Kampuni inaweka rekodi zifaazo za uhasibu, ambazo zinaonyesha wakati wowote ukweli wa

TAARIFA YA MAONGOZI BORA (Kuendelea)

hali ya kifedha ya Kampuni na kuwawezesha kuhakikisha taarifa hizo za kifedha zinazingatia Sheria ya Kampuni. Pia wanawajibikia kuhakikisha usawa wa mifumo yote ya udhibiti wa ndani ya kulinda rasilmali za Kampuni na kuzuia na kutambua wizi na ulaghai mwingine.

MALIPO YA WAKURUGENZI

Ujira wa Wakurugenzi hulipwa kila mwaka baada ya idhini ya wenyehisa kwenye Mkutano Mkuu wa Kila Mwaka sambamba na kanuni na mwongozo wa Serikali kwa mashirika yote ya umma. Maelezo kuhusu mishahara ya wakurugenzi yamo kwenye ukurasa 93. Inapendekezwa kwamba kila Mkurugenzi asiye na mamlaka alipwe ujira wa Sh600,000 kwa kipindi cha kifedha kilichomalizika Juni 2013. Mbali na hayo, Wakurugenzi wanapaswa kulipwa marupurupu ya vikao kwa kila mkutano waliohudhuria, malipo ya chakula cha mchana (badala ya chakula chenye kutolewa), marupurupu ya malazi na kurejeshewa pesa za usafiri inapohitajika, katika viwango vilivyowekwa na serikali kwa mashirika ya umma. Mbali na hayo, mwenyekiti hulipwa honaria kila mwezi.

Hakukua na mikopo ya Wakururugenzi wakati wowote mwaka uliomalizika.

VIDHIBITI VYA NDANI

Bodi inahitajika kudumisha vidhibiti mahususi vya ndani kuhifadhi rasilmali za wenyehisa. Hii ni pamoja na kuchukua hatua zifaazo kuhakikisha kanuni na sheria za usimamizi zinadumishwa na kuchunguzwa kila wakati. Mifumo ya udhibiti wa ndani inaundwa kutosheleza mahitaji maalumu ya Kampuni, na hatari inazokumbana nazo huku taratibu zikitarajiwa kutoa udhibiti ufaao wa kifedha. Inatakikana kuwa mifumo iliyowekwa inatoa vidhibiti vya kutosha, lakini hakuna hakikisho la usalama kamili.

UMILIKI WA HISA NA WAKURUGENZI

Hakuna Mkurugenzi yeyote anamiliki binafsi zaidi ya asilimia moja ya jumla ya hisa za Kampuni zilizotolewa.

USIMAMIZI WA HATARI ZA KIBIASHARA

Kukabiliana na hatari zinazokumba Kampuni ni muhimu kwa uthabiti na uendelezaji wa biashara yetu. Kampuni inaendelea kutekeleza mpango wa Usimamizi wa Hatari za Kibiasahra (ERM) ambao unaendelea kuchunguza hatari zinazokabili Kampuni; kuunda na kutekeleza mikakati ifaayo kupunguza athari zake. Taratibu za ERM zinatekelezwa na wasimamizi na Bodi hutoa mwelekeo tu. Lengo kuu ni kuhakikisha desturi ya “kumakinikia hatari” umejikita katika taratibu zote za maamuzi katika kampuni.

Mazingira ya Hatari

Katika mwaka unaoangaziwa, Kampuni ilihudumu katika mazingira yanayobadilika yalikuwa na hatari za ndani na nje, na masuala muhimu ya hatari ambayo yalikumba operesheni za Kampuni ni pamoja na:

- i. Shughuli za kisiasa kutokana na uchaguzi mkuu wa 2013,
- ii. Mabadiliko kwenye uongozi wa n-chi na Serikali,
- iii. Serikali za ugatuzi,

- iv. Kusimamishwa kwa ada mpya za umeme na ada mpya za kusambaziwa umeme,
- v. Kuharibika kwa miundomsingi ya umeme hasa kufuatia mvua kubwa na hali ya anga iliyojaa dhoruba kali,
- vi. Mabadiliko katika usimamizi wa Kampuni,
- vii. Kugawa Eneo la Nairobi hadi maeneo matatu huru.

Kuboresha Mpango wa ERM

Katika mwaka uliomalizika, muundo wa Kampuni wa ERM uliimarishwa pakubwa kwa kujumuisha washirikishi wa hatari katika Afisi Kuu na maeneo mengine ambao jukumu lao kuu ni kufuatilia kwa karibu hatari zozote zilizopo. Washirikishi hawa wamepewa mafunzo kuwawezesha kutekeleza jukumu hili jipya.

Sajili za hatari katika operesheni zote na viwango vyote vya huduma zinachunguzwa upya huku muundo mpya wa kupima, kulainisha na kubaini uzito wa hatari kote ukitumika kwa usawa katika Kampuni nzima. Shughuli hii itatekelezwa mara mbili kwa mwaka kuhakikisha ukaguzi wa kina na kushughulikia kikamilifu hatari kwa operesheni za Kampuni huku shirika linapotafuta mfumo wa pamoja wa usimamizi, ukaguzi wa hatari na uzingatiaji.

Kupandisha hadhi shughuli za Kampuni za ERM kutoka masuala ya kawaida hadi hatari ya kibiashara ni utaratibu unaoendelea unaonua kuimarisha usimamizi na taratibu za udhibiti.

VIWANGO VYA MAADILI

Bodi na Wasimamizi wanatambua kuwa utamaduni thabiti wa maadili ni muhimu kwa maono yetu ya kutoa umeme wa kiwango cha kimataifa unaowafurahisha wateja wetu, na Mwongozo wa Maadili umebadilishwa sambamba na Katiba na vigezo vya kimataifa. Mwongozo wa Maadili ni taarifa kwa umma inayofafanua matarajio yetu na kutafanya tuwajibikie matendo yetu ya kibiashara. Stakabadhi hiyo iliyorekebisha ilizinduliwa mwaka uliomalizika na kusambazwa kwa wafanyakazi wote wanaohitajika kuisoma, kuielewa, kuitia sahihi na kuzingatia vipengee vyake.

Kampuni ina mbinu za kupokea malalamishi na kufuatilia shutuma na ukiukaji wa maadili. Uchunguzi ufaao wa kesi zinazoripotiwa hufanywa na hatua zifaazo kuchukuliwa ili kudhibiti na kupunguza makali ya hatari hiyo. Kampuni inashirikiana na washirika kutoka nje ili kudumisha utamaduni wa maadili na uadilifu.

Katika mwaka unaoangaziwa, uchunguzi huru wenye lengo la kubaini viwango vya maadili na uadilifu ulionyesha kuimarika kwa vipimo ya maadili ya Kampuni kutoka 4.3 hadi 4.0. Hali hii inatokana na mafunzo yanayoendelea uchunguzi wa hatari na utekelezaji wa hatua za kuzuia ufisadi zenye lengo la kuhakikisha wafanyakazi wote wanazingatia uadilifu na maadili ya taaluma na kuzingatia Mwongozo wa Kampuni wa Maadili.

UHUSIANO NA WENYEHISA

Kampuni inatilia umuhimu mkubwa uhusiano mwema na wenyehisa unaokuzwa kupitia mawasiliano mema miongoni mwa njia zinginezo. Mkutano Mkuu wa Kila Mwaka (AGM) pamoja na taarifa za kifedha za



Distribution

Undergrounding of electricity cables leads to fewer outages

TAARIFA YA MAONGOZI BORA (Kuendelea)

nusu mwaka na Ripoti za Kila Mwaka zinatumiwa kama nafasi nzuri za kuwasiliana na wenyehisa. Ripoti hizo pia hupatikana kwenye mtandao wa Kampuni www.kplc.co.ke. Wenyehisa wote wana haki ya kuhudhuria na kupiga kura kwenye AGM ambapo ilani imetolewa angalau siku 21 kabla ya mkutano. Wenyehisa wanapewa fursa ya kuuliza maswali au kutafuta ufafanuzi kuhusiana na suala lolote linalohusisha biashara ya Kampuni wakati wa Mkutano Mkuu wa Kila Mwaka. Ripoti za Kila Mwaka na Taarifa za Kifedha pia huwepo kusambazwa kwa wenyehisa endapo wataziomba.

Mbali na hayo, Kampuni ina sera ya mlango wazi na wenyehisa wana uhuru wa kumtembelea moja kwa moja Katibu wa Kampuni na Msajili wa Hisa ambao hujibu maswali kuhusiana na masuala mbalimbali.

WASIMAMIZI WAKUU

Biashara ya Kampuni imegawanywa katika vitengo 11 na maeneo sita ya usimamizi kwa utendakazi bora. Maeneo hayo sita ya kibiashara ni: Nairobi Kaskazini, Nairobi Kusini, Nairobi Magharibi, Pwani, Magharibi

na Mlima Kenya. Vitengo hivyo ni Usafirishaji Umeme, Usambazaji; Miradi, Huduma za Kibiashara, Mkakati wa Kampuni, Ununuzi na Uchukuzi; Teknolojia ya Mawasiliano, Katibu wa Kampuni, Masuala ya Wafanyakazi na Usimamizi; Fedha; na afisi ya Mkurugenzi Mkuu.

Kamati Kuu ya Usimamizi

Kamati kuu ya usimamizi inaongozwa na Mkurugenzi Mkuu na Afisa Mkuu Mtendaji. Kamati hiyo inashirikisha wakuu wa vitengo na idara ambao husimamiwa moja kwa moja na Mkurugenzi Mkuu. Kamati hukutana angalau mara mbili kwa mwezi kuchunguza utendakazi na kushughulikia masuala ya kibiashara ikiwemo mipango ya mikakati, na pia hukagua stakabadhi kabla ya kuwasilishwa kwa Bodi kuchunguzwa na kuidhinishwa.

MAELEZO KUHUSU WENYEHISA

Kampuni inazingatia kikamilifu mahitaji yote ya kisheria kama inavyohitajika na Sheria ya Kampuni, Mamlaka ya Masoko ya Mtaji na mahitaji ya kuorodheshwa kwenye Soko la Hisa la Nairobi.

Wenyehisa 20 wakuu kufukia 31, Agosti 2013 walikuwa kama ifuatavyo:

Nambari.	Jina la Mwenyehisa	Kawaida (Sh. 2.50/=)	4% Upendeleo. (Sh. 20/=)	7% Upendeleo. (Sh. 20/=)	Jumla	Asilimia
1	Katibu Hazina Kuu	977,641,695	656,808	193,531	978,492,034	50.086
2	Standard Chartered Nominees Ltd.	341,184,146	416	-	341,184,562	17.464
3	Bodi ya Walezi NSSF	80,361,153	3,550	750	80,365,453	4.114
4	CFC Stanbic Nominees Ltd.	72,235,338	48,308	-	72,283,646	3.700
5	KCB Nominees Ltd.	46,528,538	69,584	800	46,598,922	2.385
6	NIC Custodial Services Ltd.	37,741,940	-	-	37,741,940	1.932
7	Co-Op Bank Custody	26,709,006	-	-	26,709,006	1.367
8	Equity Nominees Ltd.	22,500,021	-	-	22,500,021	1.152
9	Jubilee Insurance Company Ltd.	20,215,387	59,828	17,160	20,292,375	1.039
10	Kenindia Assurance Company Ltd.	11,105,349	-	-	11,105,349	0.568
11	Old Mutual Life Assurance Company Ltd.	10,272,491	-	-	10,272,491	0.526
12	Chase Bank Nominees Ltd.	8,385,756	-	-	8,385,756	0.429
13	ICEA Lion Life Assurance Company Ltd.	6,408,652	221,386	19,272	6,649,310	0.340
14	The Heritage All Insurance Company Ltd.	5,254,930	-	-	5,254,930	0.269
15	Natbank Trustee & Investment Services Ltd.	5,150,504	-	-	5,150,504	0.264
16	Alimohamed Adam	4,762,521	277,264	57,617	5,097,402	0.261
17	CFC Life Assurance Ltd.	5,038,348	-	-	5,038,348	0.258
18	Kenya Reinsurance Corporation Ltd.	4,957,385	16,156	-	4,973,541	0.255
19	Phoenix Of East Africa Assurance Company Ltd.	3,851,295	-	-	3,851,295	0.197
20	Dhimantilal Samji Shah	2,322,951	-	-	2,322,951	0.119
Jumla ndogo		1,692,627,406	1,353,300	289,130	1,694,269,836	86.725
Wenyehisa wengine		258,839,639	446,700	60,870	259,347,209	13.275
Jumla ya hisa zilizotolewa		1,951,467,045	1,800,000	350,000	1,953,617,045	100

Ugavi wa hisa kwa wenyehisa wa kawaida kufikia Agosti 31, 2013

Kati ya	Idadi ya wenyehisa	Hisa
<1,000	11,083	3,946,545
1001-10,000	11,833	36,253,278
10,001-50,000	2,716	56,490,359
50,001-100,000	515	36,081,404
Over 100,000	823	1,818,695,459
Jumla	26,970	1,951,467,045

Ugavi wa asilimia 4 ya hisa za upendeleo kufikia Agosti 31, 2013

Kati ya	Idadi ya wenyehisa	Hisa
<1,000	363	66,932
1001-10,000	57	159,655
10,001-50,000	14	317,598
50,001-100,000	2	133,564
zaidi 100,000	3	1,122,251
Jumla	439	1,800,000

Ugavi wa asilimia 7 ya hisa za upendeleo kufikia Agosti 31, 2013

Kati ya	Idadi ya wenyehisa	Hisa
<1,000	82	22,019
1001-10,000	15	43,984
10,001-50,000	3	86,432
50,001-100,000	1	57,617
Over 100,000	1	139,948
Jumla	102	350,000



Bw. Eliazar Ochola

10 Oktoba 2013



Maintenance

Our operations are aimed at providing a high quality and efficient service

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2013

The Directors present their report together with the audited financial statements of the Kenya Power & Lighting Company Limited (the "Company") for the year ended 30 June 2013 which show the state of the Company's affairs.

Principal 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 for the year

	KShs'000
Profit before taxation	6,424,340
Taxation charge	(2,072,175)
Profit for the year transferred to retained earnings	4,352,165

Dividends

A dividend of KShs1.93 million (2012 - KShs1.93 million) is payable on the cumulative preference shares and has been recognised in the statement of profit or loss and comprehensive income under finance costs.

Subject to the approval of the shareholders, the Directors recommend to members that in addition to the interim dividend of KShs Nil (2012 - KShs0.20) per ordinary share, a final dividend of KShs Nil (2012 - KShs0.30) per ordinary share be paid for the year ended 30 June 2013.

Capital expenditure

During the year, a total of KShs40,579 million (2012 - KShs25,950 million) was spent on property and equipment. The capital work-in-progress as at 30 June 2013 amounted to KShs38,147 million (2012 - KShs21,359 million).

Directors

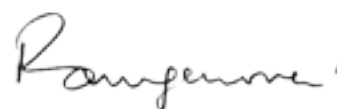
The current Board of Directors are as shown on page 6 to 9. The Managing Director and CEO, Eng. Joseph K Njoroge resigned from the Company effective 30 June 2013 and was re-appointed as a Director on 2nd August 2013 following his appointment as Principal Secretary, Ministry of Energy and Petroleum. Dr. Ben K Chumo was appointed as the Managing Director and CEO in an acting capacity as the Board concludes the appointment of Eng. Joseph K Njoroge's replacement. Dr. Kamau Thugge was appointed a Director on 2nd August 2013. Mrs. Fatuma H. Mohamed and Mrs. Jane A. Nashida were elected as Directors on 19th December 2012. Mr. Fidesius M. Nyaga retired as a Director on 19th December 2012. Mr. Esau K. Kioni resigned as a Director on 31st August 2012. Mr. Joseph K. Kinyua and Mr. Patrick Nyoike resigned as Directors on 19th June 2013 and 20th June 2013, respectively.

Auditors

The Auditor-General is responsible for the statutory audit of the Company's books of account in accordance with Section 14 of the Public Audit Act, 2003. Section 39(1) of the Act empowers the Auditor-General to appoint other auditors to carry out the audit on his behalf.

Accordingly, Deloitte & Touche were appointed to carry out the audit for the year ended 30 June 2013 and report to the Auditor-General.

By order of the Board.



Beatrice Meso

Company Secretary

10th October 2013

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

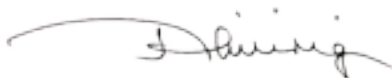
Director



Director



Director



10th October 2013

REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS OF THE KENYA POWER & LIGHTING COMPANY LIMITED

REPORT IN THE FINANCIAL STATEMENTS

The accompanying Financial statements of Kenya Power and Lighting Company Limited set out at pages 64 to 111 which comprise the statement of financial position as at 30 June 2013, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, have been audited on my behalf by Deloitte and Touche auditors 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.

Management's Responsibility for the Financial Statements

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

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provision of Section 13 of the Public Audit Act, 2003.

Auditor-General Responsibility

My responsibility is to express an opinion on the financial statements based on the audit and report in accordance with the provisions of Section 15 of the Public Audit Act, 2003. The audit was conducted in accordance with the International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the financial statements. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entry's preparations and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2013 and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards and comply with the Companies Act, Cap 486 of the Laws of Kenya.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- i. I have obtained all the information and explanations, which, to the best of my knowledge and belief, were necessary for the purpose of the audit;
- ii. In my opinion, proper books of account have been kept by the Company, so far as appears from the examination of those books; and
- iii. The Company's statement of financial position and statement of comprehensive income are in agreement with the books of account.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

10 October 2013

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 KShs'000	2012 KShs'000
REVENUE			
Electricity sales	7(a)	47,916,237	45,007,884
Foreign exchange adjustment - Power purchase	7(b)	5,119,619	6,093,868
- Company operations	7(b)	4,102,470	2,664,832
Fuel costs adjustment	8(b)	31,771,300	41,895,843
		<u>88,909,626</u>	<u>95,662,427</u>
POWER PURCHASE COSTS			
Non-fuel costs	8(a)	24,760,873	21,079,695
Foreign exchange cost	7(b)	5,119,619	6,093,868
Fuel costs	8(b)	32,297,132	42,788,616
		<u>62,177,624</u>	<u>69,962,179</u>
GROSS PROFIT		<u>26,732,002</u>	<u>25,700,248</u>
OPERATING EXPENSES			
Distribution	9(a)	5,633,960	5,338,545
Commercial services	9(b)	3,368,531	3,255,597
Energy transmission	9(c)	2,133,110	2,079,675
Administration	9(d)	9,995,033	9,006,029
	9(e)	<u>21,130,634</u>	<u>19,679,846</u>
Operating income		5,601,368	6,020,402
OTHER OPERATING INCOME	7(c)	<u>3,192,085</u>	<u>1,788,118</u>
OPERATING PROFIT		8,793,453	7,808,520
Interest income	11(a)	111,546	489,182
Finance costs	11(b)	(2,495,362)	(1,216,272)
Net foreign exchange gains	11(c)	14,703	1,425,263
PROFIT BEFORE TAXATION		6,424,340	8,506,693
Income tax expense	13(a)	<u>(2,072,175)</u>	<u>(3,889,577)</u>
PROFIT FOR THE YEAR		<u>4,352,165</u>	<u>4,617,116</u>

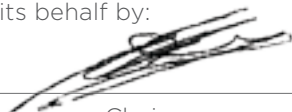
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR
ENDED 30 JUNE 2013 (Contd.)

	Note	2013 KShs'000	2012 KShs'000
PROFIT FOR THE YEAR		4,352,165	4,617,116
OTHER COMPREHENSIVE INCOME:			
<i>Items that will not be reclassified subsequently to profit or loss</i>		-	-
Items that may be reclassified subsequently to profit or loss:			
Net fair value loss on remeasurement of available for sale			
Sale of treasury bonds	19(b)	-	(127,397)
Cumulative fair value loss reclassified from equity on disposal of available for sale treasury bonds	19(c)	127,397	-
OTHER COMPREHENSIVE INCOME/(LOSS)		127,397	(127,397)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		4,479,562	4,489,719
Basic earnings per share (KShs)	14	2.23	2.36
Diluted earnings per share (Kshs)	14	2.23	2.36

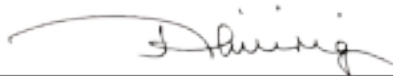
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

	Note	2013 KShs'000	2012 KShs'000
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	16	140,189,400	105,671,370
Prepaid leases on land	17	131,653	131,709
Intangible assets	18	258,716	169,520
		<u>140,579,769</u>	<u>105,972,599</u>
CURRENT ASSETS			
Inventories	20	14,915,622	10,286,376
Trade and other receivables	21(a)	16,981,458	14,211,800
Tax recoverable	13(c)	20,486	-
Investments in government securities	19(a)	-	1,171,109
Short term deposits	22(a)	991,496	506,168
Bank and cash balances	22(b)	3,668,924	1,983,931
		<u>36,577,986</u>	<u>28,159,384</u>
TOTAL ASSETS		<u>177,157,755</u>	<u>134,131,983</u>
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Ordinary share capital	23(a)	4,878,667	4,878,667
Share premium	24	22,021,219	22,021,219
Reserves	25	20,505,789	16,611,667
		<u>47,405,675</u>	<u>43,511,553</u>
TOTAL EQUITY		<u>47,405,675</u>	<u>43,511,553</u>
DEFERRED INCOME	28	<u>16,087,747</u>	<u>12,362,327</u>
NON-CURRENT LIABILITIES			
Deferred tax	26	11,535,982	9,496,455
Trade and other payables	27(a)	22,531,110	15,823,485
Borrowings	29(a)	39,907,832	21,512,025
Preference shares	30	43,000	43,000
		<u>74,017,924</u>	<u>46,874,965</u>
CURRENT LIABILITIES			
Trade and other payables	27(b)	23,449,409	21,990,795
Tax payable	13(c)	-	37,886
Provision for leave pay	32	1,070,460	989,378
Borrowings	29(a)	7,979,902	6,250,288
Dividends payable	33	388,826	425,184
Bank overdraft	22(b)	6,757,812	1,689,607
		<u>39,646,409</u>	<u>31,383,138</u>
TOTAL EQUITY AND LIABILITIES		<u>177,157,755</u>	<u>134,131,983</u>

The financial statements on pages 64 to 111 were approved and authorised for issue by the Board of Directors on 10th October, 2013 and were signed on its behalf by:



Chairman



Director



Ag. Managing Director and CEO

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2013

	Ordinary share capital KShs'000 (Note 23(a))	Share premium KShs'000 (Note 24)	Investments revaluation reserve KShs'000 (Note 19)	Retained earnings KShs'000 (Note 25)	Total KShs'000
At 1 July 2011	4,336,593	22,042,004	-	13,227,779	39,606,376
Bonus issue (note 23)	542,074	-	-	(542,074)	-
Restructuring costs (note 24)	-	(20,785)	-	-	(20,785)
Total comprehensive income for the year	-	-	(127,397)	4,617,116	4,489,719
Dividends paid - 2011	-	-	-	(173,464)	(173,464)
Interim dividends paid - 2012	-	-	-	(390,293)	(390,293)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2012	<u>4,878,667</u>	<u>22,021,219</u>	<u>(127,397)</u>	<u>16,739,064</u>	<u>43,511,553</u>
At 1 July 2012	4,878,667	22,021,219	(127,397)	16,739,064	43,511,553
Total comprehensive income for the year	-	-	127,397	4,352,165	4,479,562
Dividends paid - 2012	-	-	-	(585,440)	(585,440)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2013	<u>4,878,667</u>	<u>22,021,219</u>	<u>-</u>	<u>20,505,789</u>	<u>47,405,675</u>

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 KShs'000	2012 KShs'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	34(a)	19,391,794	14,404,754
Interest received	34(e)	165,852	513,459
Interest paid	34(d)	(2,623,356)	(1,082,421)
Tax paid	13(d)	(91,020)	(661,626)
		<u>16,843,270</u>	<u>13,174,166</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	34(f)	(40,376,759)	(26,510,788)
Purchase of intangible assets	18	(131,095)	(188,801)
Proceeds from disposal of property and equipment		77,137	23,295
		<u>(40,430,717)</u>	<u>(26,676,294)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from sale of Treasury bond	19(c)	1,244,821	-
Restructuring costs	24	-	(20,785)
Dividends paid	34(d)	(623,728)	(494,271)
Loan proceeds received	34(b)	26,731,911	9,390,378
Repayment of amounts borrowed	34(b)	(6,663,441)	(4,295,070)
		<u>20,689,563</u>	<u>4,580,252</u>
Decrease in cash and cash equivalents		(2,897,884)	(8,921,876)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		<u>800,492</u>	<u>9,722,368</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	34(c)	<u>(2,097,392)</u>	<u>800,492</u>

1. Reporting entity

The Kenya Power and Lighting Company Limited, a public company domiciled in the Republic of Kenya, was incorporated on 6 January 1922, as East Africa Power & Lighting Limited. The Company changed its name on 11 October 1983. 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). The shares of the Company are listed on the Nairobi Securities Exchange. The Government of Kenya is the principal shareholder in the Company holding a 50.1% equity interest.

The address of the Company's registered office is as follows:-

Stima Plaza
Kolobot Road, Parklands
P O Box 30099 - 00100,
Nairobi

2. Application of new and revised International Financial Reporting Standards (IFRS)

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2013

The following relevant new and revised IFRSs were effective in the current year and had no material impact on the amounts reported in these financial statements.

<p>Amendments to IAS 1 Presentation of Items of Other Comprehensive Income</p>	<p>The Company has applied the amendments to IAS 1, Presentation of Items of Other Comprehensive Income for the first time in the current year. The amendments introduce new terminology, whose use is not mandatory, for the statement of comprehensive income and income statement. Under the amendments to IAS 1, the "Statement of Comprehensive Income" is renamed as the "statement of profit or loss and other comprehensive income" (and 'the income statement' is renamed as "the statement of profit or loss"). The amendment to IAS 1 retains the option to present profit or loss and other comprehensive income in a single statement or in two separate but consecutive statements.</p> <p>However, the amendments to IAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be subsequently to profit or loss, (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments do not change the option to present items of other comprehensive income either before tax or net of tax.</p> <p>The amendments have been applied retrospectively and hence the presentation of items of other comprehensive income in the prior year has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.</p>
<p>Amendments to IFRS 7 Disclosures - Transfers of Financial Assets</p>	<p>The amendments to IFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures of transactions where a financial asset is transferred but the transferor retains some level of continuing exposure in the asset</p> <p>The application of the amendment had no effect on the Company's financial statements as the Company did not transfer any such financial assets during the year.</p>
<p>Amendments to IAS 12 Deferred Tax, Recovery of Underlying Assets</p>	<p>The amendments to IAS 12 provide an exception to the general principle set out in IAS 12, Income Taxes, that the measurement of deferred tax should reflect the manner in which an entity expects to recover the carrying amount of an asset. Specifically, the amendments establish a rebuttable presumption that the carrying amount of an investment property measured using the fair value model in IAS 40, Investment Property, will be recovered entirely through sale. The amendments were issued in response to concerns that application of IAS 12's general approach can be difficult or subjective for investment property measured at fair value because it may be that the entity intends to hold the asset for an indefinite or indeterminate period of time, during which it anticipates both rental income and capital appreciation.</p> <p>The application of the amendments had no effect on the Company's financial statements as the Company has no investment property.</p>

2. Application of new and revised International Financial Reporting Standards (IFRS) (Continued)

ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2013*

	Effective for annual periods beginning on or after
<i>New and amendments to standards</i>	
IFRS 9, Financial Instruments	1 January 2015
IFRS 10, Consolidated Financial Statements	1 January 2013
IFRS 11, Joint Arrangements	1 January 2013
IFRS 12, Disclosure of Interests in Other Entities	1 January 2013
IFRS 13, Fair Value Measurement	1 January 2013
Amendments to IFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to IFRS 9 and IFRS 7 Mandatory Effective Date of IFRS 9 and Transition Disclosures	1 January 2015
Amendments to IFRS 10, IFRS 11 and IFRS 12 Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
IAS 19, Employee Benefits (as revised in 2011)	1 January 2013
IAS 27, Separate Financial Statements (as revised in 2011)	1 January 2013
IAS 28, Investments in Associates and Joint Ventures (as revised in 2011)	1 January 2013
IAS 32, Financial Instruments: Presentation - Amendments to application guidance on the offsetting of financial assets and financial liabilities	1 January 2014
Annual Improvements to IFRSs 2009-2011 Cycle	1 January 2013
<i>New interpretation</i>	
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
IFRIC 21 Levies	1 January 2014

iii. *Impact of relevant new and amended standards and interpretations on the financial statements for the year ended 30 June 2013 and future annual periods*

• **IFRS 9, Financial Instruments**

IFRS 9 issued in November 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 amended in October 2010 includes the requirements for the classification and measurement of financial liabilities.

IFRS 9 requires all recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost

or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognised in profit or loss.

IFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The Directors anticipate that IFRS 9 will be adopted in the Company's financial statements for the annual period beginning 1 January 2015 and that the application of IFRS 9 may have a significant impact on the amounts reported in respect of the Company's financial assets and financial liabilities (e.g. the Company will classify financial assets as subsequently measured at either amortised cost or fair value). However, it is not practical to provide a reasonable estimate of the effect until a detailed review has been completed.

• **New and revised Standards on consolidation, joint arrangements, associates and disclosures**

In May 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011). Key requirements of these five Standards are described below.

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. SIC-12 Consolidation - Special Purpose Entities will be withdrawn upon the effective date of IFRS 10. Under IFRS 10, there is only one basis for consolidation, that is, control.

2. Application of new and revised International Financial Reporting Standards (IFRSs) (Continued)

(iii) Impact of relevant new and amended standards and interpretations on the financial statements for the year ended 30 June 2013 and future annual periods (Continued)

• **New and revised Standards on consolidation, joint arrangements, associates and disclosures (Continued)**

In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios.

IFRS 11 replaces IAS 31 Interests in Joint Ventures. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified.

SIC-13 Jointly Controlled Entities – Non-monetary Contributions by Venturers will be withdrawn upon the effective date of IFRS 11. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportional consolidation.

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

In June 2012, the amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance on the application of these IFRSs for the first time.

These five standards together with the amendments regarding the transition guidance are effective for annual periods beginning on or after 1 January 2013, with earlier application permitted provided all of these standards are applied at the same time. The Company will apply these amendments prospectively.

The Directors anticipate that the application of IFRS 10 and IFRS 11 will have no material impact to the Company's financial statements currently. However, the Company would have to apply this standard to any such arrangements entered in the future. The Directors anticipate that the application of IFRS 12 would result in more extensive disclosures in the financial statements.

• **IFRS 13 Fair Value Measurements**

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 Financial Instruments: Disclosures will be extended by IFRS 13 to cover all assets and liabilities within its scope.

IFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The Directors anticipate that IFRS 13 will be adopted in the Company's financial statements for the annual period beginning 1 July 2013 and that the application of the new Standard may affect the amounts reported in the financial statements and result in more extensive disclosures in the financial statements. However, the Company is yet to assess IFRS 13's full impact and intends to adopt the standard not later than the accounting period beginning on or after 1 January 2013.

• **Amendments to IFRS 7 and IAS 32 Offsetting Financial Assets and Financial Liabilities and the related disclosures**

The amendments to IAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to IFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to IAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The Directors anticipate that the application of these amendments to IAS 32 and IFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

2. Application of new and revised International Financial Reporting Standards (IFRSs) (Continued)

(iii) Impact of relevant new and amended standards and interpretations on the financial statements for the year ended 30 June 2013 and future annual periods (Continued)

• IAS 19 (as revised in 2011) - Employee Benefits

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the statement of financial position to reflect the full value of the plan deficit or surplus. In addition, IAS 19 revised introduces certain changes in presentation of the defined benefit cost including more extensive disclosures.

The amendments to IAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application with certain exceptions. The Directors anticipate that the amendments to IAS 19 will be adopted in the Company's financial statements for the annual period beginning 1 January 2013 and that the application of the amendments to IAS 19 may have impact on amounts reported in respect of the Company's defined benefit plans. In the current year, the Company has a net actuarial gain amounting to KShs1,539,202,000. Based on the Directors' preliminary assessment. Had the Company applied the amendments to IAS 19 for the year ended 30 June 2013, other comprehensive income for the said year would be increased by KShs3,650,719,000 with the corresponding adjustment being recognised as a retirement benefit asset.

• Annual Improvements to IFRSs 2009 - 2011 Cycle issued in May 2012

The Annual Improvements to IFRSs 2009 - 2011 Cycle include a number of amendments to various IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to IFRSs include:

- amendments to IAS 1, Presentation of Financial Statements;
- amendments to IAS 16, Property, Plant and Equipment; and
- amendments to IAS 32, Financial Instruments: Presentation.

IAS 1 Presentation of Financial Statements

The amendments to IAS 1 clarify that an entity is required to present a statement of financial position as at the beginning of the preceding period (third statement of financial position) only when the retrospective application of an accounting

policy, restatement or reclassification has a material effect on the information in the third statement of financial position and that the related notes are not required to accompany the third statement of financial position.

The amendments also clarify that additional comparative information is not necessary for periods beyond the minimum comparative financial statement requirements of IAS 1. However, if additional comparative information is provided, the information should be presented in accordance with IFRSs, including related note disclosure of comparative information for any additional statements included beyond the minimum comparative financial statement requirements. Presenting additional comparative information voluntarily would not trigger a requirement to provide a complete set of financial statements.

The Directors anticipate that the amendments to IAS 1 will result in the Company's presenting a statement of financial position at the beginning of the preceding period (third statement of financial position) only when the restatement or reclassification has a material effect on the information in the financial statements.

IAS 16 Property, Plant and Equipment

The amendments to IAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in IAS 16 and as inventory otherwise. The Directors do not anticipate that the amendments to IAS 16 will have a significant effect on the Company's financial statements as the Company has already adopted this treatment.

IAS 32 Financial Instruments: Presentation

The amendments to IAS 32 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with IAS 12 Income Taxes.

The Directors anticipate that the amendments to IAS 32 will have no effect on the Group's financial statements as the Group has already adopted this treatment.

iv. Early adoption of standards

The Company did not early-adopt new or amended standards.

3. Accounting policies

3.1 Statement of compliance

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

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

3. Accounting policies (Continued)

3.2 Basis of preparation

The financial statements have been prepared on a historical cost basis, except for the measurement at revaluation amounts of marketable securities and financial instruments at fair value, impaired assets at their recoverable amounts and any actuarially determined liabilities at their present value. The principal accounting policies are set out below:-

3.3 Summary of significant accounting policies

(a) 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. Revenue is recognised at the fair value of consideration received or receivable taking into account contractually defined terms of payment and excluding taxes or duty. The following specific recognition criteria must be met before revenue is recognised:-

(i) Electricity sales

Electricity revenue is recognised when electricity is consumed by the user and is stated net of Value Added Tax and other Government levies.

(ii) Fuel cost recoveries

Fuel costs are recognized at the actual amounts charged to the Company by the suppliers of power. Correspondingly, fuel costs recoveries are recognized as the actual amounts consumed by the customers and billable to recover the fuel cost.

(iii) Foreign exchange recoveries

Foreign exchange payments, arising from exchange rate differences not factored in the retail tariffs, are recognized and charged to the consumers of power to recover the fluctuations in the foreign exchange rates.

(b) Other income

(i) Finance revenue

Finance revenue comprises interest receivable from bank deposits and investment in securities. Finance revenue is recognised as it accrues in profit or loss, using the effective yield method.

(ii) Dividends

Dividend income is recognised when the Company's right to receive dividend as a shareholder is established.

(iii) Rental income

Rental income is recognised on a straight line basis over the lease term.

(iv) Deferred income

This represents capital contributions received from customers. Contributions paid by electricity customers relating to the construction of regular distribution assets and funding for electrification are credited to the statement of profit or loss and other comprehensive income as part of other income on a straight-line basis over the expected useful lives of the related assets.

(v) Fibre optic income

This represents income from the lease of Company fibre optic cable lines to third parties. The revenue from leasing fibre optic cable lines is recognised on a straight line basis over the lease term.

(vi) Other operating income

Other income is recognised when significant risks and rewards of ownership are transferred to the recipient and the amounts of revenue can be measured reliably.

(c) Inventories

Inventories are stated at the lower of cost and net realisable value after due regard for obsolete and slow moving stocks. The cost of inventories comprises purchase price, import duties, transport and handling charges and is determined on a weighted average price.

(d) Tangible assets

(i) Property and equipment

All property and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the property and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

No depreciation is charged on freehold land. Depreciation on other assets is calculated to write down their cost to their residual values, on a straight-line basis, over their expected useful lives. The depreciation rates used are as follows:

	The greater of 2% and the unexpired period of the lease
Buildings	
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%

3. Accounting policies (Continued)

3.3 Summary of significant accounting policies (Continued)

(d) Tangible assets (Continued)

(i) Property and equipment (Continued)

The assets' residual values, estimated useful lives and methods of depreciation are reviewed at the end of each reporting period with the effect of any changes in estimate accounted for prospectively.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the recognition of an item of property and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset at the disposal date) is included in profit or loss for the year. This does not apply to assets acquired by the Company on sale and leaseback transactions.

Properties in the course of construction for production, supply or administrative purposes are carried at cost less any recognised impairment loss. Cost includes professional fees and for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

(ii) Capital work in progress

Capital work-in-progress is included under property and equipment and comprises costs incurred on ongoing capital works relating to both customer and internal works. These costs include material, transport and labour cost incurred.

(e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from unforeseeable of such intangible assets are measured as

the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Currently, intangible assets comprise software and have an estimated useful life of eight years.

(f) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

3. Accounting policies (Continued)

3.3 Summary of significant accounting policies (Continued)

(f) Taxation (Continued)

(ii) Deferred tax (Continued)

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(g) Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date on whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of IFRIC 4.

Company as a lessee

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

Company as a lessor

Leases where the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(h) Foreign currencies

The financial statements are presented in Kenya shillings, which is the Company's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. Transactions during the year are translated at the rates ruling at the

dates of the transactions. Gains and losses on exchange are dealt with in the profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

(i) Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

(a) Financial assets at fair value through profit or loss (FVTPL)

This category has two sub-categories: Financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Gains and losses arising from changes in fair value are recognised in the profit or loss.

(b) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the company has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale financial assets or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

3 Accounting policies (Continued)

3.3 Summary of significant accounting policies (Continued)

(i) Financial Instruments (Continued)

Financial assets (Continued)

(c) Available-for-sale financial assets (Continued)

Investments in debt securities that are traded in an active market are stated at fair value at the end of each reporting period. The fair value of available-for-sale debt securities is determined by reference to published price quotations in an active market. Interest income calculated using the effective interest method is recognised in profit or loss except for interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets which is deducted from the borrowing costs eligible for capitalisation.

Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established

The fair value of AFS monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

(d) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points

paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For available-for-sale debt securities, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods. The carrying amount of the financial asset is reduced by the

3. Accounting policies (Continued)

3.3 Summary of significant accounting policies (Continued)

(i) Financial Instruments (Continued)

Financial assets (Continued)

(d) Loans and receivables (Continued)

Impairment of financial assets (Continued)

impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the company retains an option to repurchase part of a

transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the company retains control), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised.

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities (including borrowings) are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

3. Accounting policies (Continued)

3.3 Summary of significant accounting policies (Continued)

Financial liabilities (Continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(j) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Capitalised costs include interest charges and foreign currency exchange differences on borrowings for projects under construction to the extent that they are regarded as adjustments to interest rates.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(k) 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 reporting date.

(l) Impairment of tangible assets

The Company reviews the carrying amounts of its tangible assets, to determine whether there is any indication that those assets have suffered an impairment loss at reporting date, or when there are indications of impairment. If any such indication exists, the recoverable amount of the asset is estimated and an impairment loss is recognised in profit or loss whenever the carrying amount of the asset exceeds its recoverable amount. An asset's recoverable amount is the higher of the asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Where it is not possible to estimate the recoverable amount of an individual asset, the Directors estimate the recoverable amount of the cash-generating 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:

- (i) Significant decline in the market value beyond that which would be expected from the passage of time and normal use.
- (ii) Evidence from internal reporting which indicates that the performance of the asset is, or will be, worse than expected.
- (iii) Significant changes with adverse effect on the Company have taken place during the period, or will take place in the near future, in the technology or market environment in which the Company operates, or in the market to which an asset is dedicated.
- (iv) The carrying amount of the net assets of the Company is more than its market capitalisation.
- (v) Evidence is available of the obsolescence or physical damage of an asset.
- (vi) Significant changes with an adverse effect on the Company have taken place during the period, or are expected to take place in the near future, which impact the manner or the extent to which an asset is used. These changes include plans to discontinue or restructure the operation to which an asset belongs or to dispose of an asset before the previously expected date.

In management's judgment, the impaired carrying values of the lines and substations are reinforced, replaced or upgraded under the Energy Sector Recovery Project, after considering the above key indicators of impairment.

(m) Retirement benefits obligations

The Company employees are eligible for retirement benefits under a defined contribution scheme from 1 July 2006. Payments to the defined contribution scheme are charged to profit or loss as incurred.

Pensioners and deferred pensioners (those who have left the employment of the Company but have not attained retirement age to qualify as pensioners) existing at 30 June 2006 are eligible for retirement benefits under a defined benefit scheme. The pension costs for the defined benefit scheme are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to profit or loss so as to spread the regular cost over the lives of pensioners in accordance with the advice of the actuaries who carry out a full valuation of the scheme every three years. The next valuation will be carried out in December 2015. The pension obligation is measured as the present value of the estimated future cash outflows using an interest rate of 5%.

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 scheme obligations and the fair value of the plan assets at that date. These gains or losses are recognised over the expected average remaining working lives of the participating employees.

3. Accounting policies (Continued)

3.3 Summary of significant accounting policies (Continued)

(m) Retirement benefits obligations (Continued)

The employees and the Company also contribute to the National Social Security Fund, a national defined contributions retirement benefits scheme. Contributions are determined by the country's statutes and the Company's contributions are charged to profit or loss as incurred.

(n) Operating segments

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

Region results include revenue and expenses directly attributable to each region. Region assets and liabilities comprise those operating assets and liabilities that are directly attributable to the region or can be allocated to the region on a reasonable basis.

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

(o) Earnings per share

Basic and diluted earnings per share (EPS) data for ordinary shares are presented in the financial statements. Basic EPS is calculated by dividing the profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

(p) Dividends

Dividends on ordinary shares are charged to reserves in the period in which they are declared. Proposed dividends are not accrued for until ratified in an Annual General Meeting.

(q) Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related

costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market rates.

(r) Recharge of costs to Rural Electrification Scheme

Recharge of costs to the Rural Electrification Scheme (RES) is based on a formula determined by the Government of Kenya following an agreement between it and East African Power & Lighting Company Limited, the predecessor to The Kenya Power & Lighting Company Limited in 1973.

The power purchase costs recharge is calculated as a proportion of RES electricity unit sales (excluding off-grid sales) to gross electricity unit sales.

The distribution costs recharge is calculated based on 2% and 4% of the total high voltage and low voltage assets respectively in the books of RES at the close of the financial year.

Customer service costs recharge is calculated as a proportion of RES metered customers to total number of metered customers.

Administration costs recharge are calculated based on the proportion of RES electricity unit sales to gross electricity unit sales.

(s) Cash and cash equivalents

Cash and cash equivalents comprises of bank and cash balances and short term deposits maturing within 3 months from the date of issue

(t) Comparatives

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

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3 above, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period or in the periods of the revision and future periods if the revision affects both current and future periods.

4.1 Critical judgements in applying accounting policies

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

4. Critical accounting judgements and key sources of estimation uncertainty (Continued)

4.1 Critical judgements in applying accounting policies (Continued)

Operating lease commitments—Company as lessor

The Company has entered into commercial property leases on some of its properties. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the contracts as operating leases.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of recognised tax losses at 30 June 2013 was KShs 39,316 million (2012: KShs 27,765 million). There are no tax losses prior to 1 January 2010. Further details are contained in Note 26.

Pension and other post-employment benefits

The cost of defined benefit pension plans and other post-employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. The net defined benefit asset at 30 June 2013 was KShs 3,651 million (2012: KShs 1,877 million). Further details are given in Note 31.

Electricity deposits

Money received from electricity customers as deposit is held as a non-current liability because the Company will continue to offer services to the customers for the foreseeable future and the customers are not expected to discontinue their use of electricity in the short run. In addition, the customer deposits are a security for the electric meters supplied to the customer for long term electricity supply.

Revenue recognition

Electricity revenue includes an assessment of electricity supplied to customers between the date of the last meter reading and the year end. The electricity sales is estimated using historical consumption patterns taking into account the total electricity usage by the customer.

4.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Property and equipment

Property and equipment is depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed at the reporting date and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Impairment of assets

Property and equipment are assessed for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself.

Future cash flows expected to be generated by the assets are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value.

Pensions

Actuarial assumptions are made in valuing future defined benefit obligation and are updated periodically. The principal assumption relates to the discount rate. The discount rate is equal to 12.5%, which is the rate determined by reference to market yields on the treasury bonds at the end of the reporting period.

Provision for doubtful debts

The estimated provision for doubtful debts is based on the period for which the debt was outstanding combined with some knowledge of the financial position of the debtor and/or the circumstances surrounding the underlying transaction.

This policy is to ensure that the Company regularly evaluates debts and their recoverability, maintains timely and appropriate provisions account in order to accurately reflect the condition of the statement of financial position. It is also intended to promote well-reasoned, effective work plans for non-performing debts and effective internal controls to manage the level of such debts. Provisions for impairment are maintained at an amount adequate to cover anticipated credit related losses.

Specific provisions are established where full recovery of the principal is considered doubtful. Specific provisions are made against finalised customer accounts net of deposits. Provisions are determined primarily by reference to historical ratios of write offs to balances in default.

General (portfolio) provisions for bad and doubtful debts are maintained to cover non identified probable losses and latent risks inherent in the overall debt portfolio. The provisions are determined having regard to the general risk profile of the credit portfolio, historical loss experience, economic conditions and a range of other criteria including status of the pending court cases.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

5.

(a) OPERATING SEGMENTS

For management purposes, the Company is currently organised into four administrative regions (reporting segments). These regions are the basis on which the Company reports its primary information. The four regions comprise Nairobi, Coast, West Kenya and Mount Kenya.

The table below shows the Company's revenue, expenses, assets and liabilities per region. The table also shows capital expenditure and depreciation by region for the year. There are no inter-segment sales and all revenue is from external customers. Energy purchase and head office expenses are apportioned to various regions based on percentage unit sales.

2013	Nairobi Region KShs'000	West Kenya Region KShs'000	Coast Region KShs'000	Mount Kenya Region KShs'000	Total KShs'000
Revenue	49,868,644	15,124,973	16,057,544	7,858,465	88,909,626
Other income	1,796,961	664,221	325,640	405,263	3,192,085
Energy purchases	(34,197,694)	(11,191,972)	(11,191,972)	(5,595,986)	(62,177,624)
Operating expenses	(10,690,770)	(4,212,932)	(3,260,015)	(2,966,917)	(21,130,634)
Operating profit	<u>6,777,141</u>	<u>384,290</u>	<u>1,931,197</u>	<u>(299,175)</u>	8,793,453
Interest income					111,546
Net finance costs					(2,480,659)
Income tax expense					(2,072,175)
Profit for the year					<u>4,352,165</u>
Other information					
Assets	<u>79,002,592</u>	<u>51,419,434</u>	<u>19,985,441</u>	<u>26,750,288</u>	<u>177,157,755</u>
Liabilities	<u>62,018,686</u>	<u>21,241,470</u>	<u>19,561,010</u>	<u>10,843,167</u>	<u>113,664,333</u>
Capital expenditure (including intangible assets)	<u>15,595,839</u>	<u>14,034,285</u>	<u>3,667,423</u>	<u>7,411,885</u>	<u>40,709,432</u>
Depreciation/amortisation	<u>2,670,382</u>	<u>1,388,417</u>	<u>656,071</u>	<u>917,772</u>	<u>5,632,642</u>

There were no revenues deriving from transactions with a single external customer that amounted to 10% or more of the Company's revenue. The finance revenue, finance costs and tax expenses are not segment specific and are largely head office items and therefore have not been apportioned to the operating segments.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

5.

(a) OPERATING SEGMENTS (Continued)

2012	Nairobi Region KShs'000	West Kenya Region KShs'000	Coast Region KShs'000	Mount Kenya Region KShs'000	Total KShs'000
Revenue	53,335,591	16,187,364	17,927,622	8,211,850	95,662,427
Other income	992,831	353,900	272,368	169,019	1,788,118
Energy purchases	(38,479,199)	(12,593,192)	(12,593,192)	(6,296,596)	(69,962,179)
Operating expenses	(9,974,841)	(4,001,649)	(2,988,100)	(2,715,256)	(19,679,846)
Operating profit	<u>5,874,382</u>	<u>(53,577)</u>	<u>2,618,698</u>	<u>(630,983)</u>	<u>7,808,520</u>
Interest income					489,182
Net finance income					208,991
Income tax expense					<u>(3,889,577)</u>
Profit for the year					<u>4,617,116</u>
Other information					
Assets	<u>59,880,371</u>	<u>38,111,416</u>	<u>16,413,198</u>	<u>19,726,998</u>	<u>134,131,983</u>
Liabilities	<u>40,086,574</u>	<u>16,355,287</u>	<u>13,418,912</u>	<u>8,397,330</u>	<u>78,258,103</u>
Capital expenditure (including intangible assets)	<u>8,715,263</u>	<u>10,238,645</u>	<u>2,341,542</u>	<u>4,843,183</u>	<u>26,138,633</u>
Depreciation/amortisation	<u>2,246,722</u>	<u>1,040,772</u>	<u>538,260</u>	<u>737,904</u>	<u>4,563,658</u>

There were no revenues deriving from transactions with a single external customer that amounted to 10% or more of the Company's revenue. The finance revenue, finance costs and tax expenses are not segment specific and are largely head office items and therefore have not been apportioned to the operating segments.

The Company's core business in the four regions (reporting segments) 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.

5.
(b) OPERATING SEGMENTS (Continued)

The information on property and equipment details at net book values is shown below:

2013	Land and buildings* KShs'000	Lines KShs'000	Machinery KShs'000	Motor vehicles KShs'000	Furniture equipment and other KShs'000	Intangible assets KShs'000	Total KShs'000
Transmission	495,118	8,734,511	75,224	-	195,779	-	9,500,632
Distribution	1,695,869	84,529,191	55,639	1,842,012	4,549,998	258,716	92,931,425
Total	2,190,987	93,263,702	130,863	1,842,012	4,745,777	258,716	102,432,057

2012	Land and buildings* KShs'000	Lines KShs'000	Machinery KShs'000	Motor vehicles KShs'000	Furniture equipment and other KShs'000	Intangible assets KShs'000	Total KShs'000
Transmission	470,133	9,086,593	57,309	-	774,136	-	10,388,171
Distribution	1,456,283	67,463,643	75,136	1,419,187	3,641,615	169,520	74,225,384
Total	1,926,416	76,550,236	132,445	1,419,187	4,415,751	169,520	84,613,555

* Includes freehold land and buildings and prepaid leases on leasehold land.

6. FINANCIAL RISK & CAPITAL MANAGEMENT

Information about the Company's exposure to risks, its objectives, policies and processes for measuring and managing such risks, as well as quantitative disclosure, is discussed in this note. The management of capital is also discussed.

The Company has an integrated risk management framework. The Company's approach to risk management is based on risk governance structures, risk management policies, risk identification, measurement and reporting. Three types of risks are reported as part of the risk profile, namely operational, strategic and business continuity risks.

For the Kenya Power and Lighting Company, a strategic risk is a significant unexpected or unpredictable change or outcome beyond what was factored into the organisation's strategy and business model which could have an impact on the Company's performance.

Business continuity risks are those events, hazards, variances and opportunities which could influence the continuity of the Company.

One of the key risks for the Kenya Power and Lighting Company, identified both under the operational and strategic risk categories, is financial sustainability of the Company. The financial risks, as defined by IFRS 7, and the management thereof, form part of this key risk area.

The Board of Directors has delegated the management of the Companywide risk to the Audit Committee. One of the committee's responsibilities is to review risk management strategies in order to ensure business continuity and survival. Most of the financial risks arising from financial instruments are managed in the centralised finance function of the Company.

The Company's exposure to risk, its objectives, policies and processes for managing the risk and the methods used to measure it have been consistently applied in the years presented, unless otherwise stated.

The Company has exposure to the following risks as a result of its financial instruments:

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

6. FINANCIAL RISK & CAPITAL MANAGEMENT (Continued)

- (a) Credit risk
- (b) Liquidity risk
- (c) Market risk
- (d) Credit risk

The Company has exposure to credit risk, which is the risk that a counter party will be unable to pay amounts in full when due. Credit risk mainly arises from electricity receivables, short term deposits, bank balances and investments in government securities.

Counterparty risk is the risk that a counterparty is unable to meet its financial and/or contractual obligations during the period of a transaction. Delivery or settlement risk is the risk that counterparty does not deliver on its contractual commitment on maturity date (including the settlement of money and delivery of securities).

Credit risk arising from short term deposits and bank balances are low because the counter parties are financial institutions with high credit ratings. Credit risk from Government securities is low because of a low default record.

(a) Credit risk

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

	Neither past due nor impaired KShs '000	Past due but not impaired		Impaired	
		Over 60 days KShs '000	Over 365 days KShs '000	Over 365 days KShs '000	Total KShs '000
At 30 June 2013					
Trade and other receivables	11,368,587	1,714,119	448,139	4,087,079	17,617,924
Less: impairment allowance	-	-	-	(4,087,079)	(4,087,079)
Short term deposits	991,496	-	-	-	991,496
Bank balances	3,668,924	-	-	-	3,668,924
	<u>16,029,007</u>	<u>1,714,119</u>	<u>448,139</u>	<u>-</u>	<u>18,191,265</u>

	Neither past due nor impaired KShs '000	Past due but not impaired		Impaired	
		Over 60 days KShs '000	Over 365 days KShs '000	Impaired KShs '000	Total KShs '000
At 30 June 2012					
Trade and other receivables	10,443,944	1,462,194	448,244	4,227,544	16,581,926
Less: impairment allowance	-	-	-	(4,227,544)	(4,227,544)
Investments in government securities available-for-sale	1,171,109	-	-	-	1,171,109
Short term deposits	506,168	-	-	-	506,168
Bank balances	1,983,931	-	-	-	1,983,931
	<u>14,105,152</u>	<u>1,462,194</u>	<u>448,244</u>	<u>-</u>	<u>16,015,590</u>

The customers under the fully performing category are paying their debts as they fall due.

Past due amounts are those beyond the maximum established credit period and represents slow but paying customers. The receivable balance continues to be serviced even though this not done on the contractual dates. Treasury and finance departments are actively following up on these receivables. In addition, the Company holds deposits or a bank guarantee, depending on the electricity load supplied which acts as collateral.

6. FINANCIAL RISK & CAPITAL MANAGEMENT (Continued)

(a) Credit Risk (Continued)

The fair value of the collateral held by the Company as security and other credit enhancements amounted to KShs 6,763 million (2012 - KShs 6,330 million).

Management of credit risk

Financial instruments are managed by the finance and commercial services functions.

Management of electricity receivables

The Company supplies electricity to customers in its licensed areas of supply. A large proportion is small commercial and domestic customers who settle their accounts within twenty one days after receipt of the bill. The Company's exposure to credit risk is influenced by the individual characteristics of each customer.

In monitoring credit risk, customers are grouped according to their credit characteristics, including whether they are large, small or domestic electricity users, profile, security (deposits and guarantees) held and payment history.

The main classes of electricity receivables are industrial, government ministries, local authorities, parastatals, commercial and domestic customers. Electricity supply agreements are entered into with all customers. All customers are required to deposit an amount equivalent to two times their monthly consumption being security in the form of a cash deposit depending on the load supplied, subject to a minimum of two thousand five hundred shillings. Industrial and large commercial customers have the option of providing a bank guarantee in lieu of a cash deposit. Payment is enforced by way of disconnection of the supply if bills are not paid within twenty one days after billing. No interest is charged on balances in arrears.

The Company has well-established credit control procedures that monitor activity on customer accounts and allow for remedial action should the customer not comply with payment terms. These procedures include the issue of a notice for disconnection of supply, an internal collection process; follow up of the customer by telephone or in person, negotiations of mutually acceptable payment arrangements and letters of demand. Non-payment will result in disconnection of supply and the account's closure if the disconnection is done and there is no payment within three months. The legal collection process is pursued thereafter. The decision to impair overdue amounts is assessed on the probability of recovery based on the customer's credit risk profile.

Progress on the collection process is reviewed on a regular basis and if it is evident that the amount will not be recovered, it is recommended for write-off in terms of the Company's policy. The process of recovery continues unless it is confirmed that there is no prospect of recovery or the costs of such action will exceed the benefits to be derived. Amounts written off are determined after taking into account the value of the security held.

The Company evaluates the concentration of risk with respect to electricity receivables as low, as its customers are located in all regions in Kenya and electricity is supplied to different classes of customers including individual households, private industries, companies and Government institutions

The total cumulative provision for impairment of electricity receivables at 30 June 2013 was KShs 3,720 million (2012: KShs 3,860 million). Refer to note 21(c).

The Company is currently installing prepaid and automatic meters as strategies to minimize the risk of non-collection. In addition, the following strategies are currently in operation and are largely successful in other high risk areas of non-paying customers. These include:

- disconnections
- increased internal debt management capacity
- use of debt collectors.
- focus on early identification and letters of demand.
- Higher security deposits

The following table represents an analysis of the maximum exposure to credit risk for electricity receivables:

	2013 KShs'000	2012 KShs'000
Electricity receivables		
Large power users	4,678,945	4,430,523
Ministries	131,697	241,075
Local authorities	35,866	40,353
Parastatals	1,274,614	1,186,122
Ordinary customers	2,869,654	2,024,864
Exports	175,041	103,403
Total electricity receivables	9,165,817	8,026,340

(b) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient financial resources to meet its obligations when they fall due, or will have to do so at excessive cost. This risk can arise from mismatches in the timing of cash flows from revenue and capital and operational outflows.

The objective of the Company's liquidity management is to ensure that all foreseeable operational, capital expansion and loan commitment expenditure can be met under both normal and stressed conditions. The Company has adopted an overall balance sheet approach, which consolidates all sources and uses of liquidity, while aiming to maintain a balance between liquidity, profitability and interest rate considerations. The Company's liquidity management process includes:

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

6. FINANCIAL RISK & CAPITAL MANAGEMENT (Continued)

(b) Liquidity risk (Continued)

- projecting cash flows and considering the cash required by the Company and optimising the short-term requirements as well as the long-term funding.
- monitoring statement of financial position liquidity ratios.

- maintaining a diverse range of funding sources with adequate back-up facilities.
- managing the concentration and profile of debt maturities.
- maintaining liquidity contingency plans.

The table below summarises the maturity profile of the Company's financial liabilities based on the remaining period using 30 June 2013 as a base period to the contractual maturity date:

At 30 June 2013	On demand KShs' 000	Less than 3 months KShs' 000	3 to 12 months KShs' 000	1 to 5 years KShs' 000	> 5 years KShs' 000	Total
Interest bearing loans and borrowings	-	-	10,300,436	30,068,375	15,845,904	56,214,715
Trade and other payables	2,275,557	26,965,477	2,904,641	1,497,068	14,453,566	48,096,309
	<u>2,275,557</u>	<u>26,965,477</u>	<u>13,205,077</u>	<u>31,565,443</u>	<u>30,631,748</u>	<u>104,643,304</u>

At 30 June 2012	On demand KShs' 000	Less than 3 months KShs' 000	3 to 12 months KShs' 000	1 to 5 years KShs' 000	> 5 years KShs' 000	Total
Interest bearing loans and borrowings	-	-	7,668,277	14,891,138	10,781,453	33,340,868
Trade and other payables 1,624,839	1,624,839	20,013,536	2,330,323	3,246,921	12,751,338	39,966,957
	<u>1,624,839</u>	<u>20,013,536</u>	<u>9,998,600</u>	<u>18,138,059</u>	<u>23,532,791</u>	<u>73,307,825</u>

The Company has an established corporate governance structure and process for managing the risks regarding guarantees and contingent liabilities. All significant guarantees issued by the Company are approved by the board of Directors and are administratively managed by the treasury department. Updated guarantee schedules are compiled every month.

6. FINANCIAL RISK & CAPITAL MANAGEMENT (Continued)

(c) Market risk

Market risk is the risk that the fair value or future cash flow of financial instruments will fluctuate because of changes in foreign exchange rates, commodity prices and interest rates. The objective of market risk management policy is to protect and enhance the statement of financial position and statement of comprehensive income by managing and controlling market risk exposures within acceptable parameters and to optimise the funding of business operations and facilitate capital expansion. The Company is exposed to the following risks:

(i) Currency risk

Currency risk arises primarily from purchasing imported goods and services directly from overseas or indirectly via local suppliers and foreign borrowings. The Company is exposed to foreign exchange risk arising from future commercial transactions and recognised assets and liabilities that are denominated in a currency other than the functional currency of the Company:

The following table demonstrates the sensitivity to a reasonably possible change in the respective foreign currency/KShs exchange rate, with all other variables held constant, on the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities).

Currency type	Appreciation/ (depreciation) of Exchange rate	Effect on profit before tax and equity KShs million
Year 2013		
US\$	5 %/(5%)	+/-1,550
Euro	5 %/(5%)	+/- 470
CHF	5 %/(5%)	+/-10
Year 2012		
US\$	5 %/(5%)	+/-255
Euro	5 %/(5%)	+/-389
CHF	5 %/(5%)	+/-10

Management of currency risk

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.

Commodity or price risk

The Company is exposed to price risk on the fuel that is used for the generation of electricity to the extent that the customers are not able to pay for the additional costs passed on to them or if efficiency declines below the rate factored in the tariff.

Management of commodity risk

Exposure due to commodity risk is managed by passing the cost of fuel used in generation to customers. In addition the Company has well-established credit control procedures that monitor activity on customer accounts and allow for remedial action should the customer not comply with payment terms. These procedures include the issue of a notice of disconnection of supply, an internal collection process; follow up of the customer telephonically or in person, negotiations of mutually acceptable payment arrangements and letters of demand. Non-payment will result in disconnection of supply and the customer's account being closed. The legal collection process is pursued thereafter.

The decision to impair overdue amounts is assessed on the probability of recovery based on the customer's credit risk profile.

(ii) Interest rate risk

Interest rate risk is the risk that the Company's financial condition may be adversely affected as a result of changes in interest rate levels. The Company's interest rate risk arises from short-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Long-term borrowings issued at fixed rates expose the Company to fair value interest rate risk.

The interest rate risk exposure arises mainly from interest rate movements on the Company's borrowings.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to only sign and obtain borrowings from institutions that offer contracts with fixed interest rates. Based on the various scenarios, the Company also manages its fair value interest rate risk by using floating-to-fixed interest rate swaps, where applicable.

(iii) Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of profit or loss and other comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs 369 million (2012: KShs 193 million). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs 1,845 million (2012 - KShs 965million):

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

6. FINANCIAL RISK & CAPITAL MANAGEMENT (Continued)

(c) Market risk (Continued)

(iv) Sensitivity analysis (Continued)

	Change in currency rate	Effect on Profit before tax and equity KShs' 000
2013		
	1%	406,000
	5%	<u>2,029,000</u>
2012		
	1%	193,000
	5%	<u>965,000</u>

(d) Capital management

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

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2013 and 30 June 2012.

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

	2013 KShs' million'	2012 KShs' million'
Interest-bearing loans and borrowings (Note 29)	47,888	27,762
Trade and other payables (Note 27)	45,980	37,814
Add/(less) cash and cash equivalents (Note 34(c))	<u>2,097</u>	<u>(800)</u>
Net debt	<u>95,965</u>	<u>64,776</u>
Equity	<u>47,406</u>	<u>43,512</u>
Gearing ratio	<u>202%</u>	<u>149%</u>

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

- revenue received from electricity sales (which is a function of price and sales volume)
- power purchase cost
- cost of funding the business
- cost of operating the electricity business
- cost of expanding the business to ensure that capacity growth is in line with electricity sales demand (funding and additional depreciation)
- taxation
- dividends

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

The electricity business is currently in a major expansion phase driven by a rise in demand and Government policy. The funding of additional transmitting and other distribution capacity is to be obtained from cash generated by the business, Government support and funds borrowed from local and international lending institutions. The adequacy of electricity tariffs allowed by ERC and the level of Government support are key factors in the sustainability of the Company. The debt to equity ratio plays an important role in the credit ratings given to the Company which in turn influence the cost of funding. The Company's policy is to fund its capital expansion programme jointly through its own resources and long-term borrowings.

6. FINANCIAL RISK & CAPITAL MANAGEMENT (Continued)

(e) Fair values of financial assets and liabilities

(i) Comparison by class of the carrying amounts and fair values of the financial instruments is as set out below.

	Carrying amount		Fair value	
	2013 KShs'000	2012 KShs'000	2013 KShs'000	2012 KShs'000
Financial assets				
Fixed interest investment	-	-	-	-
Trade and other receivables	13,530,845	12,354,382	13,530,845	12,354,382
Investments in Government securities	-	1,171,109	-	1,171,109
Short term deposits	991,496	506,168	991,496	506,168
Bank and cash balances	<u>3,668,924</u>	<u>1,983,931</u>	<u>3,668,924</u>	<u>1,983,931</u>
Financial liabilities				
Borrowings	47,887,734	27,762,313	47,887,734	27,762,313
Trade and other payables	45,980,519	37,814,280	45,980,519	37,814,280
Bank overdraft	<u>6,757,812</u>	<u>1,689,151</u>	<u>6,757,812</u>	<u>1,689,151</u>

Trade and other receivables are evaluated regularly to assess the likelihood of impairment. Based on this evaluation, allowances are taken to account for the expected losses on these receivables. As at 30 June 2013, the carrying amounts of such receivables, net of allowances, approximates their fair value.

The fair values of term deposits, bank and cash balances and trade and other payables approximates their carrying amounts largely due to the short term maturities of these instruments.

(ii) Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The table below shows an analysis of financial instruments at fair value by level of the fair value hierarchy:

	Level 1 Shs'000	Level 2 Shs'000	Level 3 Shs'000
Financial assets measured at fair value:			
30 June 2013			
Investments in Government Securities - available-for-sale	<u>-</u>	<u>-</u>	<u>-</u>
30 June 2012			
Investments in Government Securities - available-for-sale	<u>1,171,109</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

7.

(a) ELECTRICITY SALES

	2013 KShs'000	2012 KShs'000
Large commercial and industrial customers	24,661,040	23,749,774
Small commercial customers	9,396,197	9,040,528
Domestic customers	12,980,859	11,269,857
Export and others	878,141	947,725
	<u>47,916,237</u>	<u>45,007,884</u>

(b) FOREIGN EXCHANGE ADJUSTMENT

Total foreign exchange costs on-charged to customers:-	9,222,089	8,758,700
Less amounts attributed to power purchases	<u>(5,119,619)</u>	<u>(6,093,868)</u>
Amounts attributable to Company's operations	<u>4,102,470</u>	<u>2,664,832</u>

Company operations here refer to payments to suppliers for purchase of materials, loan repayments and other activities requiring payment in foreign currencies.

(c) OTHER OPERATING INCOME

Other income is recognised when significant risks and rewards of ownership are transferred to the buyer and the amount of revenue can be measured reliably.

	2013 KShs'000	2012 KShs'000
Reconnection charges	200,709	202,161
Stock excess adjustment	265,961	351,136
Fibre optic leases	159,010	124,623
Deferred income amortised to profit or loss for the year	1,648,791	488,464
Miscellaneous sales	971,299	621,734
Net loss on disposal of available for sale treasury bonds (note 19(c))	<u>(53,685)</u>	<u>-</u>
	<u>3,192,085</u>	<u>1,788,118</u>

8. POWER PURCHASE COSTS

(a) Basic power purchase costs

The basic power purchase costs according to source were as follows:-

	2013 KShs'000	2012 KShs'000
KenGen	18,227,794	17,112,335
Aggreko	1,125,013	2,211,568
Uganda Electricity Transmission Company Limited (UETCL)	238,284	211,278
Tsavo Power Company Limited	1,879,637	2,029,823
Iberafrica Power (E.A.) Company Limited	3,118,337	3,103,530
OrPower 4 Inc	3,893,915	3,269,322
Mumias Sugar Company Limited	303,734	412,766
Tanzania Electric Supply Company Limited (TANESCO)	10,591	8,242
Rabai Power Limited	2,590,175	2,567,325
Imenti Tea Factory	3,599	3,907
Ethiopia Electricity Power Company	7,038	4,926
Deferred power purchase costs*	<u>-</u>	<u>(2,644,878)</u>
	31,398,117	28,290,144
Less foreign exchange surcharge (Note 7(b))	(5,119,619)	(6,093,868)
Less recharged to Rural Electrification Scheme	<u>(1,517,625)</u>	<u>(1,116,581)</u>
	<u>24,760,873</u>	<u>21,079,695</u>

*Deferred power purchase costs are capacity charges (fixed power purchase costs) allowed in the retail tariff with effect from July 2008, attributable to future generation projects.

8. POWER PURCHASE COSTS (Continued)

	2013 KShs'000	2012 KShs'000
(b) Fuel costs		
KenGen	8,452,982	12,478,808
Aggreko	6,755,718	9,716,652
UETLC	683,767	607,131
Tsavo Power Company Limited	2,836,412	4,601,127
Iberafrica Power (E.A.) Company Limited	9,737,735	12,474,844
Rabai Power Limited	5,810,049	5,176,546
Off grid power stations	818,175	726,967
	<u>35,094,838</u>	<u>45,782,075</u>
Less: recharged to Rural Electrification Scheme	<u>(2,797,706)</u>	<u>(2,993,459)</u>
	<u><u>32,297,132</u></u>	<u><u>42,788,616</u></u>

The Company incurred KShs 32,297,132 (2012: KShs 42,788,616) as fuel cost during the year, which was passed to the customers and a recovery of KShs 31,771,300 (2012: KShs 41,895,843) was made.

(c) Units purchased

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

	2013 GWh	2012 GWh
KenGen	5,968	5,409
Aggreko Emergency Power	261	381
Imports from Uganda	41	36
Tsavo Power Company Limited	178	283
Iberafrica Power (E.A.) Company Limited	593	706
OrPower 4 Inc	503	392
Mumias Sugar Company Limited	71	100
Imports from Tanzania	1	1
Imenti Tea Factory	1	1
Rabai Power Limited	443	338
Off-grid power stations	27	23
	<u>8,087</u>	<u>7,670</u>
Less recharged to Rural Electrification Scheme	<u>(525)</u>	<u>(430)</u>
	<u><u>7,562</u></u>	<u><u>7,240</u></u>

(d) Type of power sources

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

	2013 GWh	2012 GWh
Hydro	4,298	3,450
Geothermal	1,599	1,498
Thermal	2,134	2,670
Imports	42	37
Wind	14	15
	<u>8,087</u>	<u>7,670</u>
Less recharged to Rural Electrification Scheme	<u>(525)</u>	<u>(430)</u>
	<u><u>7,562</u></u>	<u><u>7,240</u></u>

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

9. OTHER OPERATING COSTS

(a) Distribution

	2013 KShs'000	2012 KShs'000
Salaries and wages	3,406,048	2,925,270
Staff welfare	4,108	211,003
Other consumable goods	408,759	673,065
Depreciation	2,904,965	2,142,397
Transport and travelling	636,604	833,379
Office expenses	10,950	14,720
Advertising and public relations	34,553	39,036
Loss on disposal of fixed assets*	392,483	301,414
Other costs	104,942	45,759
Recharge of recurrent expenditure to capital jobs	(1,179,434)	(1,097,723)
Net recharge of distribution and customer service costs to RES	(1,090,018)	(749,775)
	<u>5,633,960</u>	<u>5,338,545</u>

*Loss on disposal of fixed assets mainly relates to vandalised transformers sold as scrap.

(b) Commercial services

	2013 KShs'000	2012 KShs'000
Salaries and wages	2,193,374	1,992,344
Staff welfare	19,144	117,222
Electrical materials	43,221	29,913
Other consumable goods	37,507	56,727
Depreciation	614,232	488,102
Transport and travelling	482,852	381,120
Office expenses	610,814	486,061
Advertising and public relations	584,111	607,573
Repairs and maintenance	15,679	4,841
Other costs	138,495	30,625
Net recharge of distribution and customer service costs to RES	(1,370,898)	(938,931)
	<u>3,368,531</u>	<u>3,255,597</u>

(c) Energy transmission

	2013 KShs'000	2012 KShs'000
Salaries and wages	1,247,129	1,189,525
Depreciation	649,322	649,690
Transport and travelling	266,153	256,701
Wheeling charges-Ketraco (net)	161,474	97,560
Other costs	240,699	271,010
Recharge of recurrent expenditure to capital jobs	(431,667)	(384,811)
	<u>2,133,110</u>	<u>2,079,675</u>

(d) Administration

	2013 KShs'000	2012 KShs'000
Salaries and wages	4,087,938	3,665,610
Staff welfare	989,260	650,544
Insurance	265,953	298,381
Other consumable goods	360,240	348,304
Training expenses and consumer services	371,821	394,251
Depreciation	1,422,167	1,264,133
Electricity expenses	188,521	144,416
Office expenses	313,617	667,000
Licenses	237,209	101,744
Security and surveillance	394,767	295,820
Repairs and maintenance	916,905	839,186
Consultancy fees	138,361	96,833
Auditors' remuneration	13,000	13,000
Public relations	471,561	418,542
Directors' emoluments	40,924	39,604
Amortisation	41,955	19,336
Pension (write back)/deficit provisions	(900)	303,586
Leave pay obligation provision	81,082	158,658
Bank charges	378,159	213,766
RES off grid actual costs	-	(4,469)
Other costs	772,650	545,395
Recharge of administration costs to RES	(610,346)	(607,198)
Recharge of recurrent expenditure to capital jobs	(879,811)	(860,413)
	<u>9,995,033</u>	<u>9,006,029</u>

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

9. OTHER OPERATING COSTS (Continued)

(e) Total operating expenses

	2013 KShs'000	2012 KShs'000
Salaries and wages	10,934,489	9,772,749
Staff welfare	1,012,512	978,769
Insurance	265,953	298,381
Other consumable goods	806,506	1,078,096
Training expenses and consumer services	371,821	394,251
Depreciation	5,590,686	4,544,322
Electricity expenses	188,521	144,416
Office expenses	935,381	1,167,781
Repairs and maintenance	932,584	844,027
Licenses	237,209	101,744
Consultancy fees	138,361	96,833
Security and surveillance	394,767	295,820
Auditors' remuneration	13,000	13,000
Directors' emoluments	40,924	39,604
Amortisation	41,955	19,336
Pension (write back)/deficit provisions	(900)	303,586
Leave provision	81,082	158,658
Bank charges	378,159	213,766
RES actual costs	-	(4,469)
Transport and travelling	1,385,609	1,471,200
Advertising and public relations	1,090,225	1,065,151
Electrical materials	43,221	29,913
Wheeling charges-Ketraco (net)	161,474	97,560
Loss on disposal of property and equipment	392,483	301,414
Other costs	1,256,786	892,789
Recharges to RES*	(3,071,262)	(2,295,904)
Recharges of recurrent expenditure to capital jobs *	(2,490,912)	(2,342,947)
	<u>21,130,634</u>	<u>19,679,846</u>

*Recharges to RES relate to operating costs apportioned to RES based on the predetermined formula developed by GOK. Recharge of recurrent expenditure to capital jobs relates to the labour and transport costs incurred by staff on capital jobs.

10. STAFF COSTS

	2013 KShs'000	2012 KShs'000
Salaries and wages excluding retirement benefit costs	10,355,500	9,266,231
NSSF employer contributions	24,990	24,998
Pension costs - Company contribution	553,999	481,520
	<u>10,934,489</u>	<u>9,772,749</u>
Salaries and wages	10,934,489	9,772,749
Leave provision	81,082	158,658
	<u>11,015,871</u>	<u>9,931,407</u>

11. FINANCE (COSTS)/INCOME

	2013 KShs'000	2012 KShs'000
(a) Interest income		
Interest income on bank and other deposits	111,546	489,182
(b) Finance costs		
Interest incurred on:		
Loans	(1,383,401)	(1,144,131)
Bank overdrafts	(1,110,031)	(70,211)
Dividends on cumulative preference shares	(1,930)	(1,930)
	<u>(2,495,362)</u>	<u>(1,216,272)</u>
(c) Net foreign exchange gains/(losses)		
Exchange (losses)/gains on loans	(1,856)	2,089,923
Exchange gains/(losses) on loans for on-going projects capitalised	33,129	(730,144)
Exchange gain on loans for completed projects	31,273	1,359,779
Exchange (losses)/gains on deposits	(16,570)	65,484
Net foreign exchange gains	14,703	1,425,263
Total finance (costs)/income	<u>(2,480,659)</u>	<u>208,991</u>

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

12. PROFIT BEFORE TAX

	2013 KShs'000	2012 KShs'000
The profit before tax is arrived at after charging/ (crediting):-		
Staff costs (note 10)	11,015,871	9,931,407
Depreciation	5,590,687	4,544,322
Amortisation of intangible assets	41,955	19,336
Directors' emoluments:		
- Fees	6,745	6,371
- Other	40,924	33,233
Auditors' remuneration	13,000	13,000
Loss on disposal of property and equipment	392,483	301,414
Rent payable	146,087	225,550
Net foreign exchange gains	(14,703)	(1,425,263)
Interest payable	2,495,362	1,216,272
Interest receivable	(111,546)	(489,182)
Rent receivable	(61,606)	(58,478)
	<u>2,072,175</u>	<u>3,889,577</u>

13. TAXATION

(a) Statement of profit or loss - income tax expense

	2013 KShs'000	2012 KShs'000
Current taxation based on the adjusted profit for the year at 30%	-	-
Deferred tax charge current year	1,971,368	2,732,235
Deferred tax prior year - underprovision	68,159	263,771
Advance tax and withholding tax prior year - overprovision	-	(38,764)
Corporation tax 2008/2009 underprovision	-	410,383
Corporation tax on separate sources of income - prior years	-	415,739
Corporation tax on separate sources of income - current year	32,648	106,213
	<u>2,072,175</u>	<u>3,889,577</u>

(b) Reconciliation of tax expense to the expected tax based on profit before tax:-

	2013 KShs'000	2012 KShs'000
Profit before tax	6,424,340	8,506,693
Tax at the applicable tax rate of 30%	1,927,302	2,552,008
Tax effect of expenses not deductible for tax purposes	44,066	180,227
Deferred tax prior year underprovision	68,159	263,771
Advance tax and withholding tax prior year underprovision	-	(38,764)
Corporation tax prior year underprovision	-	410,383
Corporation tax separate source - previous years	-	415,739
Corporation tax separate sources - current year	32,648	106,213
Tax charge	<u>2,072,175</u>	<u>3,889,577</u>

(c) Statement of Financial Position - Tax recoverable/(payable)

	2013 KShs'000	2012 KShs'000
At the beginning of the year	(37,886)	194,059
Paid during the year	68,505	90,843
Corporation tax underprovision paid	-	410,383
Income tax - separate sources paid	22,515	160,400
Under-provision- prior year advance and withholding tax	-	38,764
Corporation tax 2009/10 underprovision	-	(410,383)
Income tax - separate sources	-	(415,739)
Current year tax payable	(32,648)	(106,213)
	<u>20,486</u>	<u>(37,886)</u>

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

13. TAXATION (Continued)

(d) Analysis of tax paid

	2013 KShs'000	2012 KShs'000
Paid during the year	68,505	90,843
Corporation tax under-provision paid*	-	410,383
Income tax - separate sources paid	22,515	160,400
	<u>91,020</u>	<u>661,626</u>

*The Company paid out tax arrears arising from a Kenya Revenue Authority tax audit in the year 2012.

14. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

	2013 KShs '000	2012 KShs '000
Profit for the year attributable to owners of the Company	<u>4,352,165</u>	<u>4,617,116</u>

The calculation of basic and diluted earnings per share is based on continuing operations attributable to the ordinary equity holders of the Company. There were no discontinued operations during the year.

The total number of shares and the weighted average number of shares for the purpose of calculating the basic and diluted earnings are as follows:

	2013	2012
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>1,951,467,045</u>	<u>1,951,467,045</u>

Earnings per share is calculated by dividing the profit attributable to owners of the Company by the number of ordinary shares.

	2013	2012
Basic earnings per share (KShs)	<u>2.23</u>	<u>2.36</u>
Diluted earnings per share (KShs)	<u>2.23</u>	<u>2.36</u>

There were no potentially dilutive ordinary shares as at 30 June 2013. Diluted earnings per share is therefore the same as basic earnings per share.

15. DIVIDEND PER SHARE

Proposed dividends are accrued after they have been ratified at an Annual General Meeting. At the Annual General Meeting to be held before the end of 2013, a final dividend in respect of the year ended 30 June 2013 of KShs Nil (2012 - KShs 0.30) for every ordinary share of KShs 2.50 par value is to be proposed. No interim dividends on ordinary share were declared during the year (2012- KShs 0.20).

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

16. PROPERTY AND EQUIPMENT

2013 COST	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	Work in Progress KShs' 000	Total KShs'000
At 1 July 2012	2,519,667	15,538,340	75,031,048	177,674	4,317,065	12,755,310	21,359,044	131,698,148
Work in progress additions	-	-	-	-	-	-	40,578,337	40,578,337
Transfers to fixed assets	318,728	122,894	20,555,016	8,182	926,073	1,858,776	-23,789,669	-
Disposals	-	-	(574,722)	-	(252,675)	-	-	(827,397)
At 30 June 2013	<u>2,838,395</u>	<u>15,661,234</u>	<u>95,011,342</u>	<u>185,856</u>	<u>4,990,463</u>	<u>14,614,086</u>	<u>38,147,712</u>	<u>171,449,088</u>
DEPRECIATION								
At 1 July 2012	724,960	6,451,747	7,567,405	45,229	2,897,878	8,339,559	-	26,026,778
Charge for the year	54,101	474,976	3,045,117	9,764	477,979	1,528,750	-	5,590,687
Disposals	-	-	(130,371)	-	(227,406)	-	-	(357,777)
At 30 June 2013	<u>779,061</u>	<u>6,926,723</u>	<u>10,482,151</u>	<u>54,993</u>	<u>3,148,451</u>	<u>9,868,309</u>	<u>-</u>	<u>31,259,688</u>
NET BOOK VALUE								
At 30 June 2013	<u>2,059,334</u>	<u>8,734,511</u>	<u>84,529,191</u>	<u>130,863</u>	<u>1,842,012</u>	<u>4,745,777</u>	<u>38,147,712</u>	<u>140,189,400</u>

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

16. PROPERTY AND EQUIPMENT (Continued)

2012 COST	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	Work in Progress KShs' 000	Total KShs'000
At 1 July 2011	2,320,173	15,533,326	54,552,851	141,503	3,791,710	11,009,755	18,817,741	106,167,059
Work in progress additions	-	-	-	-	-	-	25,949,832	25,949,832
Transfers to fixed assets	199,494	5,014	20,893,982	36,171	528,313	1,745,555	-23,408,529	-
Disposals	-	-	(415,785)	-	(2,958)	-	-	(418,743)
At 30 June 2012	<u>2,519,667</u>	<u>15,538,340</u>	<u>75,031,048</u>	<u>177,674</u>	<u>4,317,065</u>	<u>12,755,310</u>	<u>21,359,044</u>	<u>131,698,148</u>
DEPRECIATION								
At 1 July 2011	671,082	5,977,305	5,384,167	35,990	2,436,308	7,071,638	-	21,576,490
Charge for the year	53,878	474,442	2,274,610	9,239	464,232	1,267,921	-	4,544,322
Disposals	-	-	(91,372)	-	(2,662)	-	-	(94,034)
At 30 June 2012	<u>724,960</u>	<u>6,451,747</u>	<u>7,567,405</u>	<u>45,229</u>	<u>2,897,878</u>	<u>8,339,559</u>	<u>-</u>	<u>26,026,778</u>
NET BOOK VALUE								
At 30 June 2012	<u>1,794,707</u>	<u>9,086,593</u>	<u>67,463,643</u>	<u>132,445</u>	<u>1,419,187</u>	<u>4,415,751</u>	<u>21,359,044</u>	<u>105,671,370</u>

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

17. PREPAID LEASES ON LAND

	2013 KShs'000	2012 KShs'000
COST		
At 30 June	133,693	133,693
AMORTISATION		
At 1 July	1,984	1,929
Amortisation for the year	56	55
At 30 June	2,040	1,984
NET BOOK VALUE		
At 30 June	131,653	131,709

This relates to leases on land that is under use by the Company countrywide mainly hosting substations. The leases carry different lease periods and lease amounts, depending on when the land was leased.

There were 160 leases during the year (2012 - 160). All the land is leased from the Government of Kenya under renewable leases. The lease periods range from between 50 years to 99 years in the counties and up to 999 years for some plots in the Coastal City of Mombasa. Leases are renewed as they expire. Where leases have expired in the past, all have been renewed without any complications and no renewal complications are expected in the foreseeable future.

18. INTANGIBLE ASSETS-COMPUTER SOFTWARE

	2013 KShs'000	2012 KShs'000
COST		
At 1 July	188,801	-
Additions	131,095	188,801
At 30 June	319,896	188,801
AMORTISATION		
At 1 July	(19,281)	-
Charge for the year	(41,899)	(19,281)
	(61,180)	(19,281)
At 30 June	258,716	169,520

19. INVESTMENTS IN GOVERNMENT SECURITIES

(a) Analysis of treasury bonds

	2013 KShs'000	2012 KShs'000
Available-for-sale treasury bonds carried at fair value	-	1,171,109
Held-to-maturity treasury bonds carried at amortised cost	-	-
	-	1,171,109
Maturity analysis of treasury bonds		
- Within one year	-	1,171,109
- After one year but within two years	-	-
- After two years but within five years	-	-
	-	1,171,109
Less: current portion	-	(1,171,109)
Non-current	-	-
Weighted average interest rate	-	13.45%

(b) Analysis of treasury bonds

At start of the year	1,171,109	1,298,506
Sale	(1,171,109)	-
Fair value losses	-	(127,397)
	-	1,171,109

(c) Gain on disposal of the available for sale treasury bonds

	2013 Carrying value KShs '000	2013 Proceeds KShs '000	2013 Fair value gain KShs '000
Available for sale investments	1,171,109	1,244,821	73,712

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

19. INVESTMENTS IN GOVERNMENT SECURITIES

(Continued)

(c) Gain on disposal of the available for sale treasury bonds

(Continued)

Comprising:

	KShs '000
Cumulative fair value loss reclassified from equity on disposal	(127,397)
Fair value gain during the year	73,712
Realised net loss on disposal (note 7(c))	<u>(53,685)</u>

The investments in government securities relate to two treasury bonds classified as available for sale investments. The two bonds were disposed in the current year.

(d) Unquoted investment

	2013 KShs'000	2012 KShs'000
Cost	4,300	4,300
Impairment	<u>(4,300)</u>	<u>(4,300)</u>
	<u>-</u>	<u>-</u>

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. Jimba Credit Finance Limited is under statutory management and the investment was fully impaired and fully provided in 2007/2008.

20. INVENTORIES

	2013 KShs'000	2012 KShs'000
General stores	5,868,076	3,442,210
Conductors and cables	5,607,923	2,476,153
Transformers	2,201,633	1,894,249
Poles	674,975	934,848
Meters and accessories	94,799	119,704
Engineering spares	17,355	13,002
Fuel and oil	179,000	375,572
Motor vehicle spares	159,824	164,101
Goods in transit	112,037	866,537
	<u>14,915,622</u>	<u>10,286,376</u>

General stores, engineering spares, fuel and oil, transformers and motor vehicle spares are stated at weighted average cost and adjusted with the provision for obsolete and slow moving stocks of KShs 458,502,000 (2012 - KShs 758,944,000) while goods in transit are at cost. A total of KShs 53,291,000 (2012 - KShs 42,245,000) has been expensed as an increase in the provision for obsolete and slow moving stocks.

21.

(a) TRADE AND OTHER RECEIVABLES

	2013 KShs'000	2012 KShs'000
Electricity receivables (note 21(c))	12,885,322	11,886,310
Prepayments	73,670	96,288
Recoverable fuel costs*	2,202,770	2,641,056
VAT recoverable	3,376,943	1,761,130
Rural Electrification Schemes - recurrent	-	307,902
Staff receivables (note 21(d)(i))	559,937	576,448
Deferred payment customers	483,750	457,837
Other receivables (note 21(d)(ii))	1,486,145	712,373
Gross trade and other receivables	21,068,537	18,439,344
Provision for credit losses (Note 21(b))	<u>(4,087,079)</u>	<u>(4,227,544)</u>
Net trade and other receivables	<u>16,981,458</u>	<u>14,211,800</u>

Trade and other receivables are non-interest bearing and are generally due within 30 days.

*Recoverable fuel costs relate to fuel costs for the month of June passed on to customers to be recovered in July.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

21. (Continued)

(b) PROVISIONS FOR CREDIT LOSSES

As at 30 June 2013, trade and other receivables amounting to KShs 4,087,079,000 (2012- KShs 4,227,544,000) were fully impaired and provided for. Movements in the provisions for credit losses were as follows:

	2013 KShs'000	2012 KShs'000
At 1 July	(4,227,544)	(4,594,919)
Bad debts write-off	140,465	367,375
At 30 June (Note 21(a))	(4,087,079)	(4,227,544)
Provisions for credit losses comprise:		
Electricity receivables	3,719,505	3,859,970
Staff receivables	86,677	86,677
Other receivables	280,897	280,897
	<u>4,087,079</u>	<u>4,227,544</u>

(c) ELECTRICITY RECEIVABLES

As at 30 June the ageing analysis of electricity receivables was as follows:

	Total KShs'000	<30 days KShs'000	30-60 days KShs'000	60-90 days KShs'000	90-120 days KShs'000	>120 days KShs'000
2013						
Gross	12,885,322	9,558,396	999,260	443,820	362,186	1,521,660
Impairment	<u>(3,719,505)</u>	<u>(392,579)</u>	<u>(999,260)</u>	<u>(443,820)</u>	<u>(362,186)</u>	<u>(1,521,660)</u>
Net electricity receivable	<u>9,165,817</u>	<u>9,165,817</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2012						
Gross	11,886,310	8,191,160	1,338,474	662,129	462,231	1,232,316
Impairment	<u>(3,859,970)</u>	<u>(164,820)</u>	<u>(1,338,474)</u>	<u>(662,129)</u>	<u>(462,231)</u>	<u>(1,232,316)</u>
Net electricity receivable	<u>8,026,340</u>	<u>8,026,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

21. (Continued)

(d) OTHER RECEIVABLE ANALYSIS

Other receivables comprise debtors which have been impaired as follows.

	2013 KShs'000	2012 KShs'000
i. Staff receivables (note 21(a))	559,937	576,448
Impairment	<u>(86,677)</u>	<u>(86,677)</u>
Net other receivables	<u>473,260</u>	<u>489,771</u>
ii. Other receivables (note 21(a))	1,486,145	712,373
Impairment	<u>(280,897)</u>	<u>(280,897)</u>
Net other receivables	<u>1,205,248</u>	<u>431,476</u>

All provisions for credit losses are specific.

22. SHORT TERM DEPOSITS, BANK AND CASH BALANCES

(a) Short term deposits - maturing within 3 months

	2013 KShs'000	2012 KShs'000
Housing Finance Company of Kenya Limited	322,739	305,273
Standard Chartered Bank Kenya Limited	113,679	109,260
CfC Stanbic Bank Limited	161,913	78,521
The Co-operative Bank of Kenya Limited	<u>393,165</u>	<u>13,114</u>
	<u>991,496</u>	<u>506,168</u>

The average effective interest rate on the short-term deposits as at 30 June 2013 was 5.84% (2012 - 12.69%).

(b) Bank and cash balances

	2013 KShs'000	2012 KShs'000
Cash at bank	3,645,029	1,957,743
Cash on hand	<u>23,895</u>	<u>26,188</u>
	<u>3,668,924</u>	<u>1,983,931</u>
Bank overdraft*	<u>(6,757,812)</u>	<u>(1,689,607)</u>
	<u>(3,088,888)</u>	<u>294,324</u>

*The bank overdraft was obtained from Kenya Commercial Bank Limited, Commercial Bank of Africa, NIC Bank Limited and Cooperative Bank Limited during the year.

The interest rates were as follows:-

Bank	Interest rates
Kenya Commercial Bank Limited	Base rate minus 2% (base rate at 30.06.2013 was 17%)
NIC Bank Limited	Base rate minus 4% (base rate at 30.06.2013 was 18%)
Cooperative Bank Limited	Base rate minus 5% (base rate at 30.06.2013 was 18.5%)
Commercial Bank of Africa Limited	Base rate minus 4% (Base rate at 30.06.2013 was 17%)

23. SHARE CAPITAL

(a) Ordinary share capital

	2013 KShs'000	2012 KShs'000
Authorised:		
2,592,812,000 ordinary shares of KShs 2.50 each	<u>6,482,030</u>	<u>6,482,030</u>
Issued and fully paid:		
1,951,467,045 ordinary shares of KShs 2.50 each	<u>4,878,667</u>	<u>4,878,667</u>

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

23. SHARE CAPITAL (Continued)

A reconciliation or movement of the number of shares outstanding at the beginning and end of the year is as shown below:-

	2013 No of ordinary shares	2012 No. of ordinary shares
At 1 July	1,951,467,045	1,734,637,373
Bonus issue	-	216,829,672
At 30 June	<u>1,951,467,045</u>	<u>1,951,467,045</u>

In 2012, the Company issued bonus shares in the proportion of one ordinary share for every eight ordinary shares held as at 30 June 2011. This resulted in the capitalisation of KShs 542,074,180 out of the retained earnings to create 216,829,672 bonus shares.

(b) Redeemable non-cumulative preference share capital

	2013 KShs'000	2012 KShs'000
Authorised: 5,037,509 - 7.85% preference shares of KShs 20 each	<u>100,750</u>	<u>100,750</u>

The 7.85% redeemable non-cumulative preference shares are treated as part of equity because they are redeemable at the discretion of the Company. There were no non-cumulative preference shares in issue during the year (2012 - KShs Nil).

24. SHARE PREMIUM

The share premium arose from the redemption of the 7.85% redeemable non-cumulative preference shares and the rights issue in the year 2011. In 2012, transaction costs amounting to KShs 20.8 million relating to capital re-organisation was netted off against the share premium.

25. RESERVES

	2013 KShs'000	2012 KShs'000
Retained earnings	20,505,789	16,739,064
Investment revaluation reserve	-	(127,397)
	<u>20,505,789</u>	<u>16,611,667</u>

Retained earnings

The retained earnings balance represents the amount available for distribution to the shareholders of the Company.

Investment revaluation reserve

This represents the unrealised change in the fair value of available for sale investments, excluding impairment losses. The reserve is not distributable to the shareholders.

26. 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 liability at year-end is attributable to the following items:

	2013 KShs'000	2012 KShs'000
Deferred tax liabilities:		
Accelerated capital allowance	24,634,533	19,240,606
Unrealised exchange gains	321,533	318,861
	<u>24,956,066</u>	<u>19,559,467</u>
Deferred tax assets:		
Tax losses	(11,794,962)	(8,329,508)
Provisions	(1,625,122)	(1,733,504)
	<u>(13,420,084)</u>	<u>(10,063,012)</u>
Net deferred tax liability	<u>11,535,982</u>	<u>9,496,455</u>
Movement on the deferred tax		
At 1 July	9,496,455	6,500,449
Deferred tax prior year - under-provision	68,159	263,771
Charge to profit or loss (note 13 (a))	1,971,368	2,732,235
At 30 June	<u>11,535,982</u>	<u>9,496,455</u>

As at 30 June 2013 the Company had accumulated tax losses amounting to KShs 39,316 million (2012 - KShs 27,765 million) available for future relief. Under the new Kenyan legislation with effect from January 2010, tax losses can only be carried forward to a maximum of four years.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

27. TRADE AND OTHER PAYABLES

(a) Non current liabilities

	2013 KShs'000	2012 KShs'000
Customer deposits*	6,763,227	6,330,414
Capital contributions	2,209,848	1,768,363
Capital contribution - on-going projects	6,176,612	451,171
Non-current suppliers' accounts	-	346,830
Rural Electrification Scheme Levy	750,717	856,586
Deferred creditor (Fibre Optic)	863,402	904,081
Petroleum Development Donor Funded Revolving Fund	957,158	396,038
Rural Electrification Schemes	3,313,077	3,440,919
Other payables and accruals	1,497,069	1,209,083
	<u>22,531,110</u>	<u>15,823,485</u>

*Customer deposits are held as a non-current liability because the Company will continue to offer services to the customers for the foreseeable future and the customers are not expected to discontinue their use of electricity in the short run. In addition, the customer deposits are a security for the electric meters supplied to the customer for long term electricity supply.

(b) Current liabilities

	2013 KShs'000	2012 KShs'000
KenGen	5,953,651	6,774,517
Aggreko	1,650,104	1,921,459
Other electricity suppliers	5,879,527	5,777,101
Customer refund (foreign exchange adjustment)	902,310	-
Other suppliers' accounts	4,345,366	3,240,583
Rural Electrification Scheme's current account	1,341,014	-
Rural Electrification Scheme Levy	341,257	310,031
Nuclear Electricity Project	25,526	143,706
Energy Regulatory Commission Levy	78,097	91,096
Ministry of Finance	984,421	1,199,655
KenGen actuarial deficit provision	-	380,000
Other payables and accruals	1,948,136	2,152,647
	<u>23,449,409</u>	<u>21,990,795</u>

The Rural Electrification Scheme Levy under current liabilities relates to levy charge for May and June 2013 to be remitted to Rural Electrification Authority on collection. The amount due to the Ministry of Finance (KShs 984,421,000) is in respect of dividend payable to the Government of Kenya but designated for utilisation for RES projects. Capital contribution for on-going jobs relate to capital customer contribution for works not completed. Trade payables under current liabilities are non-interest bearing and are normally settled within 60 days.

28. DEFERRED INCOME

	2013 KShs'000	2012 KShs'000
Balance at beginning of the year	12,362,327	7,472,912
Additions	5,374,211	5,377,879
Recognised as income (note 7(c))	(1,648,791)	(488,464)
Balance at end of the year	<u>16,087,747</u>	<u>12,362,327</u>

Deferred income relates to capital contributions received from electricity customers for the construction of electricity assets. The amounts are amortised through profit or loss on a straight line basis over the useful life of the related asset, used to provide the on-going asset.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

28. DEFERRED INCOME (Continued)

A separate classification has been adopted as, in the view of the directors, the amounts included in the deferred income are not refundable in cash to the customers, but instead, the asset is used

to provide an ongoing service to the customer and hence there is no clear liability arising.

29. BORROWINGS

(a) Balances

	2013 KShs'000	2012 KShs'000
6.125% Kenya Government/Swiss mixed credit (CHF 2,331,110) 1996-2007	212,430	205,416
4% Kenya Government/European Investment Bank - Olkaria loan (Euro 12,243,185) 2005 - 2020	1,376,109	1,496,872
7.7% Kenya Government/IDA 2966 KE loan 1997-2017	188,349	188,349
4.5% GOK/IDA 3958 KE ESRP (USD 90,372,034) 2004-2024	7,772,673	4,685,061
4.5 % GOK/ Nordic Development Fund 435 ESRP (Euro 8,437,500) 2006 - 2024	948,358	960,263
4.5% GOK/Agence Francaise de Development 3008 ESRP (Euro 22,295,158) 2006 - 2024	2,505,931	2,470,361
3.97% GOK/EIB 23324 KE ESRP (Euro 37,630,097) 2006 - 2025	4,229,548	3,186,290
Kenya Electricity Expansion Project Loan (USD 19,322, 867)	1,661,911	314,810
Standard Chartered Bank Loan - 2008 - 2012	-	1,555,556
Standard Chartered Medium Term Loan (USD 39,062,500)	3,359,375	4,960,156
Equity Bank USD Medium Term Loan (USD 51,210,414)	4,404,096	5,690,750
Equity Bank Short Term Loan	4,000,000	-
First Rand Bank Medium Term Loan (USD 60,000,000)	5,160,000	-
International Finance Corporation Loan (USD 27,000,000)	2,322,000	-
Standard Chartered Loan (USD 60,000,000)	5,160,000	-
Citi Bank Short Term Loan	2,500,000	-
Standard Chartered Bank Short term funding	800,000	800,000
Accrued interest	1,286,954	1,248,429
	<u>47,887,734</u>	<u>27,762,313</u>
Less: amounts repayable within 12 months (note 29(c))	(7,979,902)	(6,250,288)
	<u>39,907,832</u>	<u>21,512,025</u>

Standard Chartered Bank, Equity Bank, Citi Bank, First Rand Bank and International Finance Corporation loans are secured by letter of negative pledge. All other loans are guaranteed by the Government of Kenya.

Under the terms of the Kenya Government/Swiss mixed credit, the balance of this loan, upon full payment of 50% of the amount lent, was to become a grant to the GoK. The last instalment on this loan was paid in December 2007. Modalities on how the grant will be remitted to the GoK had not been worked out as at 30 June 2013.

(b) Analysis of borrowings by currency

	Borrowings in KShs. KShs' 000	Borrowings in US\$ KShs' 000	Borrowings in CHF KShs' 000	Borrowings in Euros KShs' 000	Total Borrowings KShs' 000
2013					
Loans	<u>7,300,000</u>	<u>30,995,923</u>	<u>212,429</u>	<u>9,379,382</u>	<u>47,887,734</u>
2012					
Loans	<u>13,918,144</u>	<u>5,380,900</u>	<u>205,416</u>	<u>8,257,853</u>	<u>27,762,313</u>

29. BORROWINGS (Continued)

(c) Maturity of borrowings

	2013 KShs'000	2012 KShs'000
Due within 1 year	7,979,902	6,250,288
Due between 1 and 2 years	10,425,040	4,616,983
Due between 2 and 5 years	17,316,934	8,988,966
Due after 5 years	12,165,858	7,906,076
	<u>47,887,734</u>	<u>27,762,313</u>

30. PREFERENCE SHARES

	2013 KShs'000	2012 KShs'000
Authorised, issued and fully paid:		
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	36,000	36,000
	<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.

31. RETIREMENT BENEFITS OBLIGATION

The Company operates a defined contributions scheme for all full-time permanent employees from 1 July 2006. It also operates a defined benefit scheme for pensioners and deferred pensioners (those who have left the employment of the Company or are still serving but have not attained retirement age to qualify as pensioners), who existed as at 30 June 2006. The scheme is administered by an in-house team and is funded by contributions from the Company and its employees.

The defined benefit scheme is closed and the members ceased contributing to the scheme with effect from 1 July 2006. The benefits provided by defined benefit scheme are based on a formula taking into account years and complete months of service with the employer since joining the scheme to the closing date. The benefits provided by the defined contribution scheme are determined by accumulated contributions and return on investments.

CfC Stanbic Financial Services Limited and Co-optrust Investment Services Limited jointly manage the defined benefit scheme's funds.

Under the defined benefit scheme, the employees are entitled to retirement benefits varying between 3 and 5 percent of final pensionable emoluments on attainment of the retirement age.

Both schemes are governed by the Retirement Benefits Act, 1997. This requires that an actuarial valuation be carried out at least every three years for the defined benefit scheme. However, valuation is done annually to ensure that the reported actuarial position is as accurate as possible. The most recent actuarial valuation of the defined benefit scheme was carried out as at 31 December 2010, using Projected Credit Method, by an independent qualified actuary, Alexander Forbes Financial Services (East Africa) Limited. The actuary carried out a high level actuarial estimate of the scheme's financial position as at 31 December 2010. Management has updated the results of the 31 December 2010 valuation to reflect the changes as at 30 June 2013.

The updated position arising from the Company's obligation in respect of its defined benefits plan is as follows:

The amounts not recognised in the statement of financial position in respect of the group defined benefit scheme are as follows:

	2013 KShs'000	2012 KShs'000
Present value of funded obligations	11,356,723	10,610,949
Fair value of scheme assets	<u>(15,007,442)</u>	<u>(12,487,853)</u>
Net asset not recognised in the statement of financial position	<u>(3,650,719)</u>	<u>(1,876,904)</u>

The amounts not recognised in the profit or loss for the year are as follows:

	2013 KShs'000	2012 KShs'000
Current service cost	-	-
Interest on obligation	1,292,216	1,138,955
Expected return on plan assets	<u>(1,526,829)</u>	<u>(1,127,988)</u>
Total	<u>(243,613)</u>	<u>10,967</u>
Actual return on plan assets	<u>3,066,031</u>	<u>1,257,530</u>

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

31. RETIREMENT BENEFITS OBLIGATION (Continued)

The principal actuarial assumptions used were as follows:

	2013	2012
- discount rate of interest	12.5%	12.5%
- expected rate of return on assets	12.5%	12.5%
- future salary increases	5.0%	5.0%
Future salary increases		
- Post 31/12/99	0%	0%
- Pre 31/12/99	3%	3%

Movement in the present value of defined benefit funded obligations in the current year were as follows:

	2013 KShs'000	2012 KShs'000
Opening defined benefit obligations	10,610,949	11,616,204
Interest cost	1,292,216	1,138,955
Actuarial gains	-	(1,690,895)
Benefits paid	(546,442)	(453,315)
Closing defined benefit obligations	11,356,723	10,610,949
Movement in the present value of defined benefit scheme assets:		
Opening fair value of scheme assets	12,487,853	11,329,438
Expected return on scheme assets	1,526,829	1,127,988
Actuarial gains	1,539,202	129,542
Contributions from the employer	-	354,200
Benefits paid	(546,442)	(453,315)
Closing fair value of scheme assets	15,007,442	12,487,853

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.

32. PROVISION FOR LEAVE PAY

	2013 KShs'000	2012 KShs'000
At 1 July	989,378	830,734
Additional provisions	81,082	158,644
At 30 June	1,070,460	989,378

Provision for annual leave is based on services rendered by employees up to the end of the year.

33. DIVIDENDS PAYABLE

	2013 KShs'000	2012 KShs'000
Dividends payable on ordinary shares	388,826	425,184

These relate to unclaimed dividends payable to different ordinary shareholders.

The movement in the dividend payable account is as follows:-

	2013 KShs'000	2012 KShs'000
At the beginning of the year	425,184	353,768
Declared during the year	587,370	565,687
Paid during the year	(623,728)	(494,271)
	388,826	425,184



NOTES TO THE FINANCIAL STATEMENTS (Contd.)

34. NOTES TO THE STATEMENT OF CASH FLOWS

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

	2013 KShs'000	2012 KShs'000
Operating profit	8,793,453	7,808,520
Depreciation	5,590,687	4,544,322
Amortisation	41,955	19,336
Loss on disposal of property and equipment	392,483	301,414
Loss on disposal of treasury bond	53,685	-
Increase in deferred income	3,725,420	4,889,415
Increase in provision for leave pay obligation	81,082	158,644
Working capital adjustments		
Increase in inventories	(4,629,246)	(1,325,546)
Increase in trade and other receivables	(2,823,964)	2,037,342
Increase/(decrease) in trade and other payables	8,166,239	(4,028,693)
Cash generated from operations	<u>19,391,794</u>	<u>14,404,754</u>
(b) ANALYSIS OF CHANGES IN LOANS		
At the beginning of the year	27,762,313	24,521,303
Receipts	26,731,911	9,390,378
Repayments	(6,663,441)	(4,295,070)
Repayment of previous year's accrued interest	(1,248,429)	(947,320)
Foreign exchange loss/(gain)	18,426	(2,155,407)
Accrued interest	1,286,954	1,248,429
At the end of the year	<u>47,887,734</u>	<u>27,762,313</u>

(c) ANALYSIS OF CASH AND CASH EQUIVALENTS

	2013 KShs'000	2012 KShs'000
Short term deposits	991,496	506,168
Bank and cash balances	3,668,924	1,983,931
Bank overdraft	(6,757,812)	(1,689,607)
	<u>(2,097,392)</u>	<u>800,492</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.

(d) ANALYSIS OF INTEREST AND DIVIDEND PAID

	Note	2013 KShs'000	2012 KShs'000
INTEREST PAID			
Interest on loans	11	1,383,401	1,144,131
Overdraft interest	11	1,110,031	70,211
		2,493,432	1,214,342
Interest on loans capitalised		168,449	169,188
Accrued interest brought forward	29(a)	1,248,429	947,320
Accrued interest carried forward	29(a)	(1,286,954)	(1,248,429)
Interest paid		<u>2,623,356</u>	<u>1,082,421</u>
DIVIDENDS PAID			
At 1 July		425,184	353,768
Preference dividends - 4% and 7% cumulative preference shares		1,930	1,930
2012 interim dividends		-	173,464
2012 dividends		585,440	390,293
At 30 June		(388,826)	(425,184)
Dividends paid		<u>623,728</u>	<u>494,271</u>

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

34. NOTES TO THE STATEMENT OF CASH FLOWS (Continued)

(e) ANALYSIS OF INTEREST RECEIVED

	Note	2013 KShs'000	2012 KShs'000
Interest received on bank and other deposits	11	111,546	489,182
Accrued interest brought forward		57,605	81,882
Accrued interest carried forward		(3,299)	(57,605)
Interest received		<u>165,852</u>	<u>513,459</u>

(f) PURCHASE OF PROPERTY AND EQUIPMENT

	Note	2013 KShs'000	2012 KShs'000
Additions to property and equipment	16	23,789,669	23,408,529
Additions to work in progress	16	16,788,668	2,541,303
Exchange (gains)/ losses on loans for on-going projects capitalised 11(c)		(33,129)	730,144
Interest expense on loans capitalised	34(d)	<u>(168,449)</u>	<u>(169,188)</u>
Property and equipment purchased		<u>40,376,759</u>	<u>26,510,788</u>

35. RELATED PARTY DISCLOSURES

The Government of Kenya is the principal shareholder in The Kenya Power and Lighting Company Limited (KPLC), holding a 50.1% equity interest. The Government 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) The Company had no individually significant transactions carried out on non-market terms.

(b) Other transactions that are collectively significant are detailed as follows:-

Government of Kenya	2013 KShs'000	2012 KShs'000
(i) Ministries:		
Electricity sales to Government Ministries	<u>2,701,254</u>	<u>2,824,970</u>
(ii) Outstanding balances at the year end included in trade and other receivables:		
Ministries	546,140	498,848
Strategic parastatals	1,173,810	1,261,956
VAT recoverable	3,376,943	1,761,130
Rural Electrification Scheme - recurrent	-	307,902
	<u>5,096,893</u>	<u>3,829,836</u>

(iii) Outstanding balances at the year end included in trade and other payables:

	2013 KShs'000	2012 KShs'000
Rural Electrification Scheme levy	1,091,974	1,166,617
Electricity Regulatory Commission levy	78,097	91,096
Rural Electrification Scheme - recurrent	1,341,014	-
Ministry of Finance	984,421	1,199,655
Rural Electrification Scheme	<u>3,313,077</u>	<u>3,440,919</u>
	6,808,583	5,898,287

Net amount owed to Government of Kenya (1,711,690) (2,068,451)

The tariffs applicable to Government institutions are the same as those charged to other ordinary customers.

35. RELATED PARTY DISCLOSURES (Continued)

(c) Staff

(i) Sales

	2013 KShs'000	2012 KShs'000
Electricity sales to staff	<u>131,576</u>	<u>128,295</u>
Outstanding balances included in electricity receivables	<u>3,125</u>	<u>5,247</u>

The tariff applicable to staff is the same as that charged to other ordinary customers with effect from 1 July 2008. Previously staff tariff was KShs 2.26 per Kwh.

	2013 KShs'000	2012 KShs'000
(ii) Advances to staff included in trade and other receivables	<u>473,260</u>	<u>489,771</u>
(iii) Key management compensation		
Short-term employee benefits	<u>23,755</u>	<u>92,909</u>
Termination benefits	<u>19,364</u>	<u>20,136</u>

Short-term employee benefits include those relating to the Managing Director and Chief Executive who is also a Director which are disclosed in note 12.

(d) Rural Electrification Schemes

During the year, the Company continued to manage the Rural Electrification Scheme (RES) under 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 the Government and East African Power & Lighting Company Limited, the predecessor to The Kenya Power & Lighting Company Limited. The programme was established with the specific objective to extend electricity to the sub-economic rural areas. In order to intensify the expansion of these sub-economic regions, the Government has established the Rural Electrification Authority (REA). However, KPLC continues to operate and maintain the whole network, in addition to implementing projects for the Authority on contract basis.

The Company has entered into a Mutual Co-operation and Provision of Services Agreement with REA to operate and maintain lines owned by REA. In return the Company will retain revenues generated from RES customers to cover maintenance costs incurred by the Company. However, the Company continues to invoice the Government for the expenditure incurred to complete ongoing projects.

The REP is funded by 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.

(e) KenGen

	2013 KShs'000	2012 KShs'000
Electricity purchases	<u>34,548,517</u>	<u>34,874,484</u>
Amounts due to KenGen on account of electricity purchases	<u>5,953,651</u>	<u>6,774,517</u>
Electricity sales	<u>93,605</u>	<u>118,914</u>
Amounts due from KenGen on account of electricity sales	<u>2,213</u>	<u>6,405</u>

As disclosed in note 37(ii), the Company has disputed interest charges amounting to KShs 717 million demanded by KenGen on disputed invoices.

(f) KPLC Staff Retirement Benefits Scheme

The Company rents property owned by the staff retirement benefits scheme for office accommodation. Rent paid to the scheme in the year amounted to KShs 88,154,358 (2012-KShs 87,597,457).

The year end outstanding balances with related parties are interest free, and settlement occurs in cash.

36. CAPITAL COMMITMENTS

	2013 KShs'000	2012 KShs'000
Authorised and contracted for	100,866,557	109,026,057
Less: amount incurred and included in work-in-progress	<u>(33,405,460)</u>	<u>(25,966,012)</u>
	<u>67,461,097</u>	<u>83,060,045</u>

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

37. CONTINGENT LIABILITIES

	2013 KShs'000	2012 KShs'000
Bank guarantees	1,559,597	1,347,717
Claims on the Company	9,891,215	7,063,000
	<u>11,450,812</u>	<u>8,410,717</u>

Included in the claims on the Company are:-

- (i) KShs 1.3 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. In 2005, the parties, together with the parent ministries, Treasury and Office of the President agreed to settle the matter administratively. This dispute arose as a result of compliance by the Company of a Government directive in 1988. Resolution of this matter is being discussed with the GoK.
- (ii) The Company has a dispute with KenGen relating to interest charges on disputed invoices. The disputed interest charges amount to KShs 717 million.
- (iii) Christopher Lebo & 331 Others vs KPLC (2003). This case relates to termination of services by KPLC amounting to KShs 3.4 billion, the case is yet to be scheduled for hearing.
- (iv) David Miraa Gathii & Other KPLC - This is a claim by the plaintiff for wayleaves amounting to KShs 175 million. The case is set for mention on 5 December 2013.
- (v) Other claims on the Company relate to civil suits lodged against the Company by various parties in the normal course of business. The estimated amount of these cases is KShs 288 million.
- (vi) In 2009, under the Government of Kenya power sector restructuring programme, the Company transferred certain transmission assets and their associated liabilities to Ketraco including the Sondu/Kisumu transmission line. The Sondu/Kisumu transmission line had an associated loan of KShs1.148 billion advanced by Japan Bank for International Cooperation and managed by KenGen for the construction of the line. Both the asset and the loan were transferred to Ketraco in 2009. The Company is in the process of formalizing the legal documentation for the 2009 transfer of this asset and related loan.

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

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

38. FUTURE RENTAL COMMITMENTS UNDER OPERATING LEASES

AS LESSEE:

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

	2013 KShs'000	2012 KShs'000
Not later than 1 year	235,961	224,141
Later than 1 year and not later than 5 years	567,532	679,821
More than 5 years	38,960	39,735
	<u>842,453</u>	<u>943,697</u>

AS LESSOR:

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

	2013 KShs'000	2012 KShs'000
Not later than 1 year	57,144	60,183
Later than 1 year but not later than 5 years	112,744	160,288
More than 5 years	-	46
	<u>169,888</u>	<u>220,517</u>

Operating leases relate to premises with lease terms of up to 10 years and are subject to rent escalations. The Company does not have an option to purchase the leased asset at the expiry of the lease period. Similarly, as a lessor, the Company has entered into commercial property leases on its property and it retains all the significant risks and rewards of ownership of these properties and therefore accounts for the contracts as operating leases.

39. WORLD BANK FINANCING

(a) The Company received financial support from the World Bank through Credit No. 3958 - KE dated 4 August 2004 to support implementation of the Energy Sector Recovery Project. Summary information on transactions during the year are as follows:

	2013 KShs'000	2012 KShs'000
Balance at the beginning of the year	140,319	3,027
Amounts received during the year	825,811	509,146
Net interest income	155	168
Expenditure during the year	(399,715)	(372,022)
Balance at the end of the year	<u>566,570</u>	<u>140,319</u>

(b) The closing balances shown above are included in cash and cash equivalents and represent balances on the World Bank funded Special Account No. 024/00/800521/01 held at CfC Stanbic Bank of Kenya Limited. Included in the long term liabilities is also an amount of KShs 7,772,672,728 (US\$ 90,372,034) in respect of the amounts disbursed under the loan to date.

(c) The proceeds of the World Bank loan have been expended in accordance with the intended purpose as specified in the loan agreement.

40. EUROPEAN INVESTMENT BANK (EIB) FINANCING

The Company received financial support from EIB for grid development. The Company has set aside KShs 72,945,894 Revolving Credit Fund (RCF) as per clause 6.14 of the finance contract. The proceeds of this fund will be used to facilitate new connections to the electricity network for low income customers.

Summary information on special account transactions during the year are as follows:

	2013 KShs'000	2012 KShs'000
Balance at the beginning of the year	2,767	757,287
Amounts received during the year	1,200,383	142,037
Net interest income	15,891	11,949
Expenditure during the year	(580,002)	(908,506)
Balance at the end of the year	<u>639,039</u>	<u>2,767</u>

The closing balances shown above are included in cash and cash equivalents and represent balances on the European Investment Bank funded Special Account No.0100000443683 held at CfC Stanbic Bank of Kenya Limited. Included in the long term liabilities is also an amount of KShs 4,229,548 (Euro 37,630,097) in respect of the amounts disbursed under the loan to date.

The proceeds of the European Investment Bank loan have been expended in accordance with the intended purpose as specified in the loan agreement.

41. INCORPORATION

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

42. FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Kenya Shillings thousands (KShs'000), the Company's functional currency.

43. EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the reporting period which have been reported in these financial statements.

44. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of Directors and authorised for issue on 10 October 2013.

TEN YEAR FINANCIAL AND STATISTICAL RECORDS

For year ended	30 th June 2004	30 th June 2005	30 th June 2006	30 th June 2007	30 th June 2008	30 th June 2009	30 th June 2010	30 th June 2011	30 th June 2012	30 th June 2013
UNITS SOLD in GWh (KPLC only)	3,940	4,215	4,444	4,818	5,082	5,182	5,345	5,816	6,001	6,175
Average yield of units sold (cents)	591.96	672.39	764.33	787.55	802.85	1,258.37	1,368.88	1,257.81	1,596.77	1,437.74
	Shs. '000	Shs. '000	Shs. '000	Shs. '000	Shs. '000	Shs. '000	Shs. '000	Shs. '000	Shs. '000	Shs. '000
Revenue from sale of electricity	23,323,083	28,341,356	33,966,730	37,944,286	40,801,040	65,208,529	73,166,794	73,154,021	95,662,427	88,909,626
Profit for the Year before taxation	857,957	1,843,233	2,207,674	2,384,264	3,523,970	5,676,542	5,951,392	7,084,377	7,810,450	8,795,383
Taxation Charge	(415,877)	(709,003)	(853,752)	(930,214)	(973,439)	(1,557,339)	(1,916,587)	(2,035,185)	(3,889,577)	(2,072,175)
NET PROFIT AFTER TAXATION BEFORE FINANCE INCOME/ COSTS	442,080	1,134,230	1,353,922	1,454,050	2,550,531	4,119,203	4,034,805	5,049,192	3,920,873	6,723,208
Finance Income	49,270	190,778	485,238	390,291	88,929	153,343	177,380	171,477	489,182	111,546
Finance Costs	(31,613)	(52,805)	(192,999)	(123,934)	(872,660)	(1,045,522)	(493,885)	(999,173)	208,991	(2,480,659)
Preference dividends (gross)	(1,930)	(1,930)	(1,930)	(1,930)	(1,930)	(1,930)	(1,930)	(1,930)	(1,930)	(1,930)
NET PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS	457,807	1,270,273	1,644,231	1,718,477	1,764,870	3,225,094	3,716,370	4,219,566	4,617,116	4,352,165
Ordinary Dividends (Gross)	-	(118,692)	(118,692)	(237,384)	(316,512)	(633,024)	(633,024)	(1,002,763)	(563,757)	-
Other Comprehensive Income	-	-	-	-	-	-	-	-	(127,397)	127,397
RETAINED PROFIT FOR THE YEAR	457,807	1,151,581	1,525,539	1,481,093	1,448,358	2,592,070	3,083,346	3,216,803	3,925,962	4,479,562
FUNDS GENERATED FROM OPERATIONS										
Profit for the year after dividends	457,807	1,151,581	1,525,539	1,481,093	1,448,358	2,592,070	3,083,346	3,216,803	3,925,962	4,479,562
Depreciation	1,518,396	1,436,716	1,382,910	1,513,506	1,749,764	2,154,357	2,807,111	3,847,007	4,563,658	5,632,641
	1,976,203	2,588,297	2,908,449	2,994,599	3,198,122	4,746,427	5,890,457	7,063,810	8,489,620	10,112,203
CAPITAL EMPLOYED										
Fixed Assets less depreciation	20,599,403	20,856,199	22,416,459	28,147,019	38,925,317	49,974,859	64,310,486	84,590,569	105,671,370	140,189,400
Intangible assets	-	-	-	-	-	-	-	-	169,520	258,716
Prepaid leases on land	132,147	132,092	132,037	131,981	131,926	131,874	131,819	131,764	131,709	131,653
Investment	4,300	4,300	4,300	4,300	-	200,000	-	1,298,506	1,171,109	-
Other non current assets	351,886	340,684	-	-	-	-	-	-	-	-
Net current assets/(Liabilities)	1,139,351	2,969,063	3,816,718	1,192,560	2,237,136	2,702,009	1,736,355	7,020,165	(4,394,863)	(3,068,423)
	22,227,087	24,302,338	26,369,514	29,475,860	41,294,379	53,008,742	66,178,660	93,041,004	102,748,845	137,511,346
FINANCED BY:										
Ordinary shareholders' equity	1,591,969	2,998,929	4,661,155	6,350,150	7,982,672	9,700,722	11,593,536	39,606,376	43,511,553	47,405,675
Non cumulative preference shares	15,899,250	15,899,250	15,899,250	15,899,250	15,899,250	17,147,341	17,147,341	-	-	-
Cumulative preference shares	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000	43,000
Deferred Income	-	-	-	-	-	-	-	7,472,912	12,362,327	16,087,747
Loan capital	3,769,347	3,248,936	2,701,722	2,683,117	11,368,208	11,545,014	13,113,434	19,757,132	21,512,025	39,907,832
Deferred taxation	(1,523,834)	(951,518)	(234,442)	559,085	1,395,837	2,701,965	4,481,865	6,500,449	9,496,455	11,535,982
Non current liability	2,447,355	3,063,741	3,298,829	3,941,258	4,605,412	11,870,700	19,799,484	19,661,135	15,823,485	22,531,110
	22,227,087	24,302,338	26,369,514	29,475,860	41,294,379	53,008,742	66,178,660	93,041,004	102,748,845	137,511,346
CAPITAL EXPENDITURE	3,111,203	1,846,965	2,979,564	7,463,425	12,642,311	12,734,937	17,526,909	20,839,330	20,839,330	40,709,432
Average cost of units sold (cents)	584	644.64	736.95	748.50	754.88	1,171.13	1,287.63	1,160.33	1,496.28	1,347.16
Profit for the year before taxation as a percentage of average capital employed	3.86%	7.58%	8.37%	8.09%	8.53%	10.71%	8.99%	7.61%	7.60%	6.40%
ORDINARY DIVIDENDS RATES	0%	7.50%	7.50%	10%	20%	40%	40%	18%	20%	0%
Earnings per share	5.79	16.05	20.78	21.72	22.30	40.76	3.00	2.16	2.36	2.23
Customers/employees ratio	110.62	119.93	129.00	144.00	159.03	180.64	201.08	205.24	198.85	223.00
Sales (KWh) per employee	633,848	687,602	716,543	752,930	762,148	738,703	734,300	680,774	584,374	590,922

TABLE 1: POWER SYSTEM OPERATION STATISTICS FOR 6 YEARS

COMPANY	Capacity (MW) as at 30.06.2013		Energy Purchased in GWh					
	Installed	Effective ¹	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
KenGen								
Hydro:								
Tana	20.0	12.4	64	44	29	50	86	108
Kamburu	94.2	90.0	489	348	244	408	410	520
Gitaru	225.0	216.0	977	655	457	802	793	1,036
Kindaruma	72.0	48.3	239	157	111	191	185	252
Masinga	40.0	40.0	230	128	61	201	137	148
Kiambere	164.0	164.0	937	614	546	899	886	1,129
Turkwel	106.0	105.0	341	524	335	455	473	545
Sondu Miriu	60.0	60.0	150	333	340	364	409	393
Sangóro	21.15	20.0					7	110
Small Hydros	13.7	10.9	60	46	46	57	66	57
Hydro Total	816	767	3,488	2,849	2,170	3,427	3,450	4,298
Thermal:								
Kipevu I Diesel	75.0	60.0	295	376	316	223	256	185
Kipevu III Diesel	115.0	115.0	0	0	0	268	525	321
Fiat - Nairobi South	0.0	0.0	7	9	0	0	0	0
Embakasi Gas Turbines	60.0	27.0	88	184	145	1	33	27
Garissa & Lamu	8.9	7.1	18	17	19	23	25	27
Thermal Total	258.9	209.1	408	587	481	514	839	560
Geothermal:								
Olkaria I	45.0	44.01	359	368	366	235	279	369
Olkaria II	105.0	101.0	564	535	573	846	819	696
Eburru Hill	2.44	2.16					5	9
OW37 Olkaria Mobile Wellhead	5.37	5.37					3	23
Geothermal Total	158	153	922	903	939	1,081	1,106	1,096
Wind								
Ngong	5.3	5.1	0.2	0.3	16.3	17.7	14.6	13.9
KenGen Total	1,238	1,133	4,818	4,339	3,606	5,040	5,409	5,968
Government of Kenya (Rural Electrification Programme)								
Thermal	16.0	11.6	14	16	19	21	23	26
Solar	0.5	0.5					0.3	0.6
Wind	0.6	0.2					0.1	0.7
Off-Grid Total	17	12					23	27

STATISTICAL INFORMATION

TABLE 1: POWER SYSTEM OPERATION STATISTICS FOR 6 YEARS (Continued)

COMPANY	Capacity (MW) as at 30.06.2013		Energy Purchased in GWh					
	Installed	Effective ¹	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Independent Power Producers (IPP) - Thermal & Geothermal								
Iberafrica	108.5	108.5	306	344	621	722	705	592
Tsavo	74.0	74.0	556	566	495	368	283	178
Mumias - Cogeneration	26.0	21.5	9	4	99	87	100	71
OrPower 4 -Geothermal	92.4	92.4	98	276	400	372	392	503
Rabai Power	90.0	90.0	-	-	318	394	338	443
Imenti Tea Factory (Feed-in Plant)	0.3	0.3	-	-	0.3	0.4	0.8	0.7
IPP Total	391	387	970	1,189	1,933	1,945	1,820	1,788
Emergency Power Producers(EPP)								
Aggreko energy to Kenyan Market	120	120	499	885	1,096	267	381	261
Aggreko energy to Uganda			57	29	0	0		
EPP Total	120	120	556	914	1,096	267	381	261
Imports								
UETCL			25	29	37	30	36	41
TANESCO			1.0	1.2	1.1	1	1.1	1.2
Total Imports			26	30	38	31	37	42
SYSTEM TOTAL	1,765	1,652	6,385	6,489	6,692	7,303	7,670	8,087
SUMMARY OF KEY STATISTICS								
SALES - KPLC System (GWh)			5,036	5,155	5,318	5,785	5,959	6,144
- REP System (GWh)			240	250	279	307	340	406
- Export to Uganda (GWh)			46	27	26	30	41	30
- Export to Tanesco (GWh)					1	1	1	1
TOTAL SALES (GWh)			5,322	5,432	5,624	6,123	6,341	6,581
System Losses (GWh) ²			1,062	1,057	1,068	1,180	1,329	1,507
System Peak Demand (MW) ³			1,044	1,072	1,107	1,194	1,236	1,354
System Load Factor			69.5%	69.1%	68.8%	69.8%	70.8%	68.2%
Sales % of Energy Purchased			83.4%	83.7%	84.0%	83.8%	82.7%	81.4%
Losses as % of Energy Purchased			16.6%	16.3%	16.0%	16.2%	17.3%	18.6%
Annual Growth: - Energy Purchased			3.5%	1.6%	3.1%	9.1%	5.0%	5.4%
- KPLC Sales			5.6%	2.4%	3.2%	8.8%	3.6%	4.1%
- REP Sales			8.6%	4.2%	11.6%	10.1%	0.3%	1.6%

Notes:

- 1) Contracted output from the station under normal operating conditions.
- 2) System losses comprise of technical and non-technical losses.
- 3) The Demand shown includes the export demand.

TABLE 2: REGIONAL MAXIMUM DEMAND (MW)

REGION	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Nairobi	548	568	588	623	662	716
Coast	180	199	195	220	271	261
West	212	217	246	233	259	273
Mt. Kenya	113	118	113	114	120	125
TOTAL SYSTEM (SIMULTANEOUS)	1,044	1,072	1,107	1,194	1,236	1,354
% INCREASE P.A.	5.7%	2.7%	3.2%	7.9%	3.5%	9.5%

TABLE 3: KPLC SALES IN GWh BY CUSTOMER CATEGORY*

TARIFF	TYPES OF CUSTOMERS COVERED BY THIS TARIFF	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
DC	Domestic	1,255	1,254	1,290	1,424	1,531	1,670
SC	Small Commercial	590	823	823	904	993	998
B	Commercial (Medium) and Industrial (Medium)	996	n/a	n/a	n/a	n/a	n/a
C	Commercial (Large) and Industrial (Large)	2,108	n/a	n/a	n/a	n/a	n/a
CI	Commercial and Industrial		3,020	3,153	3,401	3,419	3,440
IT	Off-peak	74	43	36	38	31	18
SL	Street lighting	13	15	16	18	16	18
	TOTAL	5,036	5,155	5,318	5,785	5,959	6,144
	% INCREASE P.A.	5.6%	2.4%	3.2%	8.8%	3.0%	3.1%

*Due to Tariff categories review with effect from July 2008, the sales have been reviewed to reflect the same.

TABLE 4: TOTAL UNIT SALES BY REGION IN GWh

REGION	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Nairobi	2,782	2,898	3,014	3,268	3,315	3,507
Coast	929	979	1,027	1,118	1,147	1,134
West	902	867	853	932	1,003	1,056
Mt. Kenya	423	411	424	467	494	539
KPLC Sales	5,036	5,155	5,318	5,785	5,959	6,236
R.E.P. Schemes	240	250	279	307	340	313
Export Sales**	46	27	27	31	42	32
TOTAL	5,322	5,432	5,624	6,123	6,341	6,581
%INCREASE P.A.	5.1%	2.1%	3.5%	8.9%	3.6%	3.8%

** Exports from 2007/08 were to Uaanda from Aaareko via KPLC.

STATISTICAL INFORMATION

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

REGION	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Nairobi	808	800	804	888	847	997
Coast	214	214	227	246	263	269
West	152	156	167	184	268	236
Mt. Kenya	81	84	92	105	154	144
TOTAL	1,255	1,254	1,290	1,424	1,532	1,645
% INCREASE P.A.	12.8%	-0.1%	2.9%	10.4%	7.6%	7.4%

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

REGION	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Nairobi	271	400	402	435	426	501
Coast	91	127	132	139	140	145
West	143	187	183	209	277	270
Mt. Kenya	85	109	106	122	150	142
TOTAL	590	823	823	904	993	1,059
% INCREASE P.A.	5.7%	39.5%	-0.1%	9.9%	9.8%	6.6%

TABLE 7: REGIONAL SALE OF ELECTRICITY IN GWh FOR CATEGORY "CI1" LARGE COMMERCIAL AND INDUSTRIAL LOAD (415V)

REGION	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Nairobi	283	293	757	752	760	727
Coast	109	105	214	218	223	211
West	147	143	312	333	334	367
Mt. Kenya	104	102	160	166	174	188
TOTAL	643	643	1,443	1,469	1,492	1,492
% INCREASE P.A.	8.2%	0.0%	124.5%	1.8%	1.6%	0.0%

TABLE 8: REGIONAL SALE OF ELECTRICITY IN GWh CATEGORY "CI2" LARGE COMMERCIAL AND INDUSTRIAL LOAD (11kV)

REGION	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Nairobi	0	598	652	736	727	764
Coast	0	182	192	197	195	209
West	0	99	102	108	107	103
Mt. Kenya	0	52	58	63	63	66
TOTAL	0	931	1,003	1,104	1,092	1,142
% INCREASE P.A.	0.0%	100.0%	7.8%	10.0%	-1.1%	4.5%

TABLE 9: REGIONAL SALE OF ELECTRICITY IN GWh CATEGORY "CI3" LARGE COMMERCIAL AND INDUSTRIAL LOAD (33kV)

REGION	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Nairobi	0	0	3	4	3	5
Coast	0	149	147	170	171	176
West	0	64	65	84	93	85
Mt. Kenya	0	3	1	0	0	0
TOTAL	0	216	215	258	267	266
% INCREASE P.A.	0.0%	100.0%	-0.4%	19.9%	3.5%	-0.3%

TABLE 10: REGIONAL SALE OF ELECTRICITY IN GWh CATEGORY "CI4" LARGE COMMERCIAL AND INDUSTRIAL LOAD (66kV)

REGION	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Nairobi	0	272	326	368	384	408
Coast	0	0	0	0	0	0
West	0	0	0	0	0	0
Mt. Kenya	0	0	0	0	0	0
TOTAL	0	272	326	368	384	408
% INCREASE P.A.	0.0%	100.0%	19.7%	12.9%	4.5%	6.2%

TABLE 11: REGIONAL SALE OF ELECTRICITY IN GWh CATEGORY "CI5" LARGE COMMERCIAL AND INDUSTRIAL LOAD (132kV)

REGION	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Nairobi	0	20	31	30	34	43
Coast	0	90	106	139	121	134
West	0	48	2	10	9	1
Mt. Kenya	0	0	0	0	0	0
TOTAL	0	158	140	179	164	178
% INCREASE P.A.	0.0%	100.0%	-11.5%	28.1%	-8.5%	8.4%

TABLE 12: REGIONAL SALE OF ELECTRICITY IN GWh FOR CATEGORY "IT" OFF- PEAK LOAD

REGION	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Nairobi	60.0	40	34	36	29.3	21.1
Coast	5.0	0	1	1	0.4	0.3
West	5.0	1	1	1	0.7	0.5
Mt. Kenya	4.0	1	1	1	0.6	0.4
TOTAL	74	42	36	38	31	22
% INCREASE P.A.	48.7%	-43.2%	-14.5%	6.2%	-18.5%	-28.4%

STATISTICAL INFORMATION

TABLE 13: REGIONAL SALE OF ELECTRICITY IN GWh FOR CATEGORY "SL" STREET LIGHTING

REGION	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Nairobi	10.0	11.2	11.4	12.2	10.9	15
Coast	1.3	2.2	2.8	3.1	2.8	5
West	0.8	1.0	1.3	1.3	1.0	1
Mt. Kenya	0.9	1.0	1.1	1.2	1.4	2
TOTAL	13.0	15.4	16.6	17.7	16.0	24
% Increase P.A.	17.1%	18.5%	7.8%	6.6%	-9.6%	49.6%

TABLE 14: REGIONAL SALES OF ELECTRICITY IN GWh FOR R.E.P. SCHEMES

REGION	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Nairobi	47.7	52.0	55.3	62.6	63.0	66
Coast	14.5	16.0	18.3	20.9	21.2	22
West	120.7	125.0	134.8	153.1	151.9	152
Mt. Kenya	57.1	57.1	70.5	70.4	71.9	73
TOTAL	240	250	279	307	308	313
% Increase P.A.	8.6%	4.2%	11.5%	10.1%	0.3%	1.5%

TABLE 15: NUMBER OF CUSTOMERS BY REGION

REGION	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Nairobi	505,414	595,010	669,128	814,251	921,548	1,042,216
Coast	121,864	139,245	157,731	178,095	201,425	221,410
West	168,608	200,266	235,291	275,033	322,885	368,800
Mt. Kenya	103,143	127,390	150,433	176,682	210,136	244,992
KPLC Customers	899,029	1,061,911	1,212,583	1,444,061	1,655,994	1,877,418
R.E.P. Customers	161,354	205,287	251,056	309,287	382,631	453,544
TOTAL	1,060,383	1,267,198	1,463,639	1,753,348	2,038,625	2,330,962
% Increase P.A.	14.7%	19.5%	15.5%	19.8%	16.3%	14.3%

TABLE 16: REGIONAL SALE OF ELECTRICITY IN GWh FOR CATEGORIES B0, B1, B2 & B3 WHICH WERE SCRAPPED WITH THE TARIFF REVIEW OF JULY 2008

Tariff Category	Year 2007/08			
	B0 Irrigation Load	B1 Med. Commercial & Industrial (240V or 415V)	B2 Med. Commercial, Industrial (11kV or 33kV)	B3 Med. Commercial & Industrial (66kV or 132kV)
Nairobi	5.5	536.0	12.5	0.0
Coast	0.3	139.0	12.8	0.2
West	15.7	175.0	3.0	0.0
Mt. Kenya	15.9	78.0	2.2	0.0
TOTAL	37.4	928.0	30.5	0.2

TABLE 17: NUMBER OF CUSTOMERS BY TARIFF CATEGORY

TARIFF	MAIN TYPE OF CUSTOMERS COVERED BY THIS TARIFF	AS AT 30 th JUNE					
		2008	2009	2010	2011	2012	2013
DC only	Domestic						
	KPLC	724,283	873,764	1,017,266	1,239,873	1,441,810	1,633,773
	REP	114,820	150,964	189,850	237,602	304,298	367,017
DC & IT	Domestic						
	KPLC	55,573	57,678	54,076	46,437	43,482	57,709
	REP	367	1,002	949	872	830	841
SC only	Small Commercial						
	KPLC	111,446	124,251	134,601	150,687	163,117	177,664
	REP	46,010	53,185	60,008	70,552	77,242	85,399
SC & IT	Small Commercial						
	KPLC	1,149	1,167	1,248	1,266	1,280	1,431
	REP	71	72	178	171	178	118
B0	Irrigation Load						
	KPLC	196	0	-	-	-	-
	REP	3	0	-	-	-	-
B1	Medium Commercial and Industrial						
	KPLC	3,412	0	-	-	-	-
	REP	55	0	-	-	-	-
B2	Medium Commercial and Industrial						
KPLC	68	0	-	-	-	-	
B3	Medium Commercial and Industrial						
KPLC	4	0	-	-	-	-	
CI1	Large Commercial						
	KPLC	321	2,250	2,373	2,457	2,478	2,550
	REP	2	37	43	41	28	22
CI2	Large Commercial and Industrial						
	KPLC	177	233	255	277	290	320
CI3	Large Commercial and Industrial						
	KPLC	16	23	26	29	31	33
CI4	Large Commercial and Industrial						
	KPLC	1	14	16	19	22	23
CI5	Large Commercial and Industrial						
	KPLC	1	13	15	21	21	22
IT only	Off-peak						
	KPLC	659	631	622	566	537	826
	REP	9	9	8	8	7	7
SL	Street lighting						
	KPLC	1,723	1,887	2,085	2,429	2,926	3,067
	REP	17	18	20	41	48	61
	TOTAL (KPLC)	899,029	1,061,911	1,212,583	1,444,061	1,655,994	1,877,418
	TOTAL (R.E.P.)	161,354	205,287	251,056	309,287	382,631	453,544
	GROSS TOTAL	1,060,383	1,267,198	1,463,639	1,753,348	2,038,625	2,330,962
	% INCREASE P.A.	14.7%	19.5%	15.5%	19.8%	16.3%	14.3%

STATISTICAL INFORMATION

TABLE 18: REVENUE (KSHS 'MLLION) BY CUSTOMER CATEGORY

TARIFF	MAIN TYPE OF CUSTOMERS COVERED BY THIS TARIFF	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
DC	Domestic	10,867	16,493	21,109	18,998	26,960	27,771
SC	Small commercial small industrial	6,481	12,078	17,974	15,228	22,007	21,582
B (Old Tariff)	Commercial and industrial (medium)	8,054	-	-	-	-	-
C (Old Tariff)	Commercial (large) Industrial (large)	14,810	-	-	-	-	-
CI	Commercial Industrial	-	36,014	36,603	34,573	46,717	39,627
IT	Off-peak	442	314	263	9	15	6
SL	Street Lighting	198	271	415	331	155	412
	TOTAL	40,852	65,170	76,364	69,139	95,854	89,398
	Export*	-51	38	216	590	947	687
	TOTAL KPLC	40,801	65,208	76,580	69,729	96,801	90,085
	R.E.P.	2,064	4,337	4,277	4,324	5,841	6,012
	TOTAL REVENUE	42,865	69,545	80,857	74,053	102,642	96,097
	% INCREASE P.A.	8.1%	62.2%	16.3%	-8.4%	38.6%	-6.4%

* In 2007/08, KPLC had no export revenues from UETCL. Exports to UETCL were from Aggreko plants through the KPLC System.

TABLE 19: STAFF ANALYSIS

	AS AT 30 th JUNE					
	2008	2009	2010	2011	2012	2013
Number of Staff in Each Region						
Central Office	894	1,131	1,205	1,203	1,453	1,495
Nairobi	2,387	2,329	2,378	2,742	3,307	3,355
Coast	776	808	839	996	1,098	1,114
West	1,728	1,803	1,871	2,303	2,834	2,914
Mt. Kenya	883	944	986	1,299	1,560	1,587
Total Number of Staff*	6,668	7,015	7,279	8,543	10,252	10,465
% INCREASE P.A.	4.2%	5.2%	3.8%	17.4%	20.0%	2.1%
Gender:						
Male	5,351	5,565	5,774	6,856	8,303	8,410
Female	1,317	1,450	1,505	1,687	1,949	2,055
Ratio - Male/Female	4.1	3.8	3.8	4.1	4.3	4.1

* All staff employed in the organization are Kenyan Citizens.

TABLE 20: TRANSMISSION AND DISTRIBUTION LINES, CIRCUIT LENGTH IN KILOMETERS

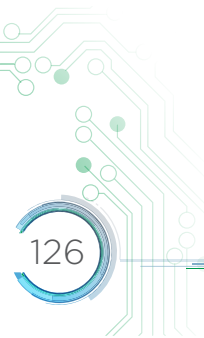
VOLTAGE	AS AT 30 th JUNE					
	2008	2009	2010	2011	2012	2013
220 kV	1,323	1,331	1,331	1,331	1,331	1,331
132 kV	2,085	2,112	2,211	2,343	2,343	2,436
66 kV	632	649	655	655	758	1,097
40 kV	29	29	0	0	0	0
33 kV	12,633	13,031	13,812	15,271	15,384	16,136
11 kV	23,573	24,334	25,485	26,250	27,219	28,818
TOTAL	40,274	41,486	43,494	45,850	47,035	49,818
% INCREASE P.A.	8.4%	3.0%	4.8%	5.4%	2.6%	5.9%

TABLE 21: TRANSFORMERS IN SERVICE, TOTAL INSTALLED CAPACITY IN MVA

	AS AT 30 th JUNE					
	2008	2009	2010	2011	2012	2013
Generation Substations						
11/220kV	472	544	544	544	544	544
11/132kV	675	694	694	889	889	889
11/66kV	183	121	121	171	171	171
11/33kV	280	238	238	238	238	238
11/40kV	5	0	0	0	0	0
3.3/11/40kV	10	0	0	0	0	0
3.3/40kV	4	0	0	0	0	0
3.3/33kV	4	4	4	4	4	4
TOTAL	1,633	1,601	1,601	1,846	1,846	1,846
Transmission Substations						
132/220kV	620	620	620	620	620	620
220/132kV	730	730	730	730	730	730
220/66kV	360	360	360	450	450	450
132/66kV	375	375	375	375	375	360
132/33kV	652	687	756	779	801	916
TOTAL	2,737	2,772	2,841	2,954	2,976	3,076
Distribution Substations						
66/11kV	1,114	1,206	1,206	1,206	1,288	1,608
66/33kV	77	77	90	90	90	113
40/11kV	11	11	11	11	11	11
33/11kV	750	823	934	937	1,053	1,068
TOTAL	1,951	2,117	2,241	2,244	2,442	2,800
Distribution Transformers						
11/0.415kV and						
33/0.415kV	4,138	4,307	4,688	5,069	5,784	6,195

NOTES

Blank space for notes, containing multiple horizontal lines for writing.



THE KENYA POWER AND LIGHTING COMPANY LIMITED

P.O. BOX 30099-00100, NAIROBI

FORM OF PROXY FOR ANNUAL GENERAL MEETING OF THE COMPANY

TO BE HELD ON FRIDAY 29th NOVEMBER, 2013

(BLOCK LETTERS PLEASE)

I/We _____ of P.O. Box _____ being (a) Member(s) of the above-named Company, HEREBY APPOINT _____ of P.O. Box: _____ or failing him/her the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the ANNUAL GENERAL MEETING of the Company to be held on Friday, 29th November 2013 and at any adjournment thereof.

My/our proxy is to vote in favour of/against the Resolutions as indicated here below:

ITEM	Business	FOR	AGAINST
1	Adoption of audited financial statements for the year ended 30 th June, 2013		
2	Election of Directors:		
	(i) Mr. Macharia Kariuki		
	(ii) Dr. Theodorah Malla-Kilukumi		
	(iii) Dr. Kamau Thugge		
	(iv) Eng. Joseph Njoroge		
3	Approve payment of fees to non-executive Directors		
4	Remuneration of Auditors		
5	Amendment of Company's Articles of Association		

Signature _____

Dated this _____ day of _____ 2013

NOTES:

1. 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. To be valid, the Form of Proxy must be duly completed and lodged at the office of the Company Secretary, Stima Plaza, or posted in time to be received not later than 11.00 a.m. on 27th November, 2013.
2. If the appointer is a corporation or a Government office, the Proxy must be executed under its common seal or under the hand of an Officer or Attorney duly authorized in writing. Unless otherwise indicated the proxy will vote as he/she deems fit.

FOR OFFICIAL USE ONLY	
7%	
4%	
ORDINARY	
TOTAL	

FOMU YA UWAKILISHI KWA MKUTANO MKUU

THE KENYA POWER AND LIGHTING COMPANY LIMITED
S.L.P. 30099-00100, NAIROBI
FOMU YA UWAKILISHI KWENYE MKUTANO MKUU WA KILA MWAKA WA KAMPUNI
UTAKAOFANYIKA IJUMAA NOVEMBA 29, 2013

(ALAMA KUBWA TAFADHALI)

Mimi/Sisi _____ Wa S.L.P. _____ Kama mwana/wanachama wa Kampuni iliyotajwa hapo juu, HII HAPA NAMTEUA _____ wa S.L.P.: _____ au endapo atakosa kufika Mwenyekiti wa Mkutano kama mwakilishi wangu/wetu kupiga kura kwa niaba yangu/yetu katika Mkutano Mkuu wa Kila Mwaka wa Kampuni utakaofanyika Ijumaa, Novemba 29, 2013 na tarehe nyingine ijayo endapo utaahirishwa.

Mwakilishi wangu/wetu atapiga kura kuunga/kupinga Maazimio kama inavyoonyeshwa hapa chini:

NAMBARI	SHUGHULI	KUUNGA	KUPINGA
1	Kupitisha taarifa za kifedha zilizokaguliwa kwa mwaka uliomalizika Juni 30, 2013.		
2	Uchaguzi wa Wakurugenzi:		
	(i) Bw. Macharia Kariuki		
	(ii) Dkt. Theodorah Malla-Kilukumi		
	(iii) Dkt. Kamau Thugge		
	(iv) Mha. Joseph Njoroge		
3	Kuidhinisha malipo ya Wakurugenzi wasio na mamlaka.		
4	Malipo ya Wahasibu		
5	Kubadilisha Katiba ya Kampuni		

Sahihi _____

Tarehe _____ ya siku _____ 2013

MAELEZO:

- Mwanachama aliye na haki ya kuhudhuria na kupiga kura kwenye mkutano wa hapo juu anaweza kuteua mwakilishi mmoja au zaidi kuhudhuria, na endapo kutakuwa na upigaji kura, apige kwa niaba yake. Mwakilishi si lazima awe mwanachama wa Kampuni. Ili kuwa halali, Fomu ya Uwakilishi ni lazima ijazwe kikamilifu na kuwasilishwa kwa afisi ya Katibu wa Kampuni, Stima Plaza, au kutumwa kwa njia ya posta mapema ili ifike kabla ya saa tano asubuhi mnamo Novemba 27, 2013.
- Ikiwa anayeteua ni shirika au afisi ya Serikali, Fomu ya Uwakilishi ni lazima iwe na muhuri au iandikwe na afisa aliyeidhinishwa au Wakili. Isipokuwa awe ameelekezwa kwenye fomu, mwakilishi anaweza kupiga kura apendavyo.

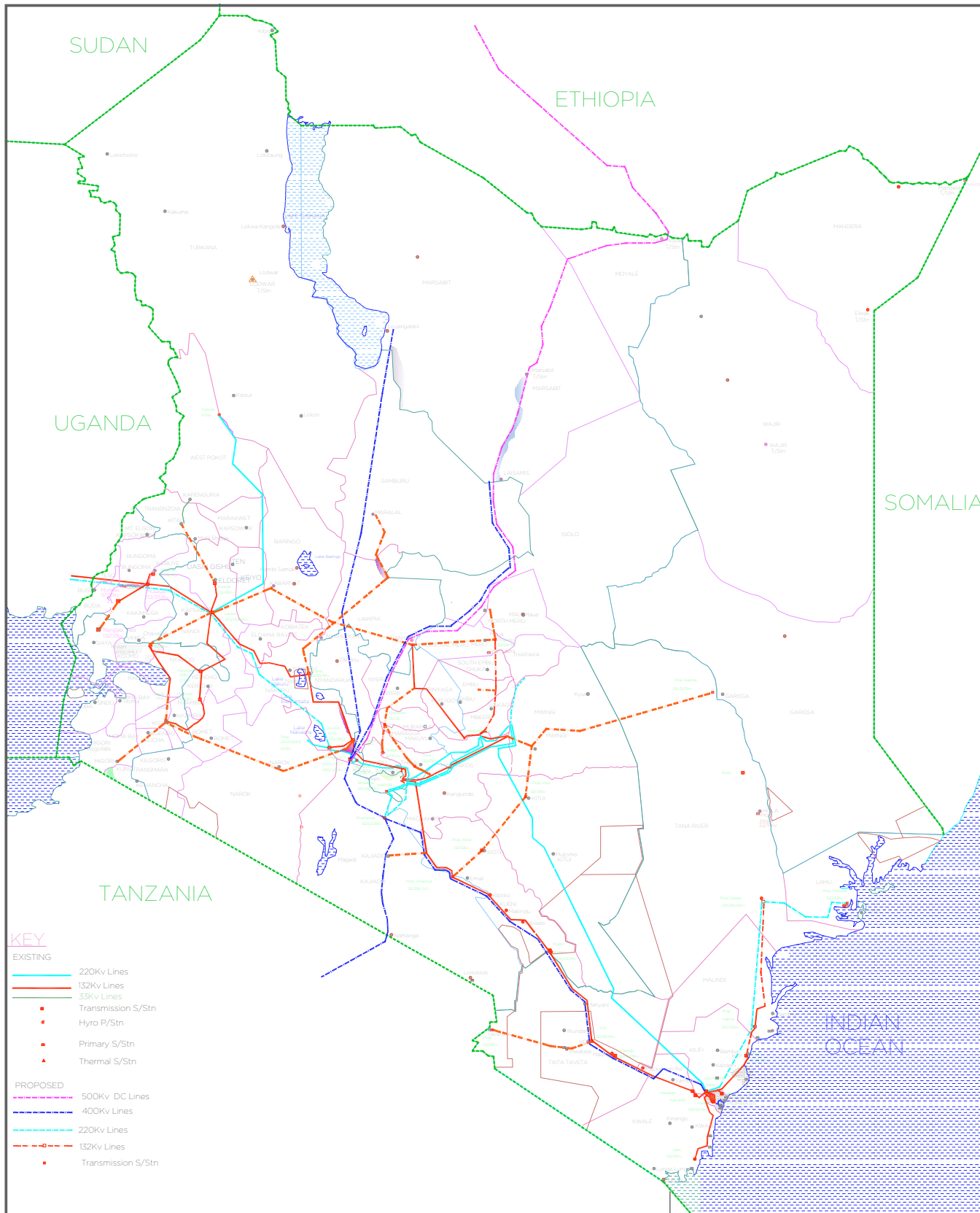
KWA MATUMIZI RASMI	
7%	
4%	
KAWAIDA	
JUMLA	



Kenya Power

KENYA POWER AND LIGHTING Co. Ltd.

NATIONAL ELECTRICITY TRANSMISSION GRID NETWORK (SHOWING ADDITIONAL PROP. LINES)





Kenya Power