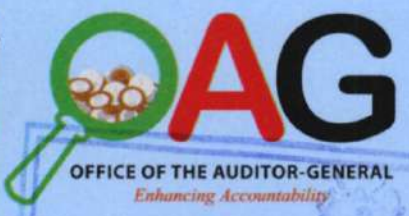
REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY
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DATE: 03 MAR 2026
DAY: Tuesday
TABLED BY: Hon. Naomi Waqo, MP
Deputy Majority whip
LAID BY: Mado Atabo

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REPORT

OF

THE AUDITOR-GENERAL

ON

KENYA RAILWAY CORPORATION

FOR THE YEAR ENDED
30 JUNE, 2025

KENYA RAILWAYS
right on track

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P.O. Box 30084 - 00100, NAIROBI
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KENYA RAILWAYS ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED JUNE 30th, 2025

Prepared in accordance with the Accrual Basis of Accounting Method under the International Financial Reporting Standards (IFRS)

KENYA RAILWAYS
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KENYA RAILWAYS ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30th, 2025

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1. ACRONYMS AND DEFINITION OF KEY TERMS

CoK	Constitution of Kenya
CPA	Certified Public Accountant
EBS	Elder of the Order of the Burning Spear
GoK	Government of Kenya
ICD	Inland Container Depot
IFRS	International Financial Reporting Standards
KPA	Kenya Ports Authority
KR	Kenya Railways
KRA	Kenya Revenue Authority
KRAs	Key Results Areas
MD	Managing Director
MGR	Meter Gauge Railway
MoRT	Ministry of Roads and Transport
OAG	Office of the Auditor General
PC	Performance Contract
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
RTI	Railway Training Institute
SGR	Standard Gauge Railway
TNT	The National Treasury

2. KEY ENTITY INFORMATION

a) Background information

Kenya Railways (KR) is a State Corporation under the Ministry of Roads and Transport. It was established in 1978 through the Kenya Railways Corporation Act (Cap 397) of the Laws of Kenya, following the dissolution of the East African Community in 1977.

KR was formed to take over and manage the railway operations in Kenya, which were previously overseen by the East African Railways and Harbours Corporation. The Corporation plays a critical role in the development, maintenance, and operation of rail transport infrastructure and services within Kenya and in support of regional integration.

The Kenya Railways Corporation (KR) is domiciled in Kenya, with its headquarters located in Nairobi. As a State Corporation, KR operates within the jurisdiction of the Kenyan government and serves both national and regional rail transport needs from its central administrative base in the capital city.

b) Principal Activities

The Kenya Railways Corporation (KR) is primarily engaged in the provision of rail transport services within the Republic of Kenya. These services encompass both freight and passenger operations, playing a critical role in supporting domestic and regional connectivity.

KR is responsible for the management and operation of the Metre Gauge Railway (MGR) which offers freight services for goods destined for both domestic markets and regional economies, with the main line running from Mombasa to Malaba, and key branch lines including Thika-Nanyuki, Magadi-Konza and Kisumu-Butere. In addition to rail services, KR operates marine transport on Lake Victoria through MV Uhuru I and MV Uhuru II, providing essential links for regional economies around the lake.

The Corporation also runs the Standard Gauge Railway (SGR), which is a key infrastructure funded by the Government of Kenya (GoK) and a loan from China Exim Bank. SGR offers freight, long-distance passenger services between Mombasa and Nairobi and commuter services between Nairobi and Ngong. The service also offers freight services to Naivasha ICD and passenger services from Nairobi Terminus to Suswa Station. The Operations and Maintenance (O&M) of the SGR has been subcontracted to China Road and Bridge Corporation whose operations are under Africa Star Rail Operations Company (AfriStar) through a Novation Agreement. The Corporation has been undertaking phased takeover of SGR operations from the Operator (Africa Star Railway Operating Company) beginning with takeover of passenger ticketing, fuel management and security.

c) Directors

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

S/No	Name	Designation	Date of Appointment & End of Term
1	Mr. Abdi Bare Duale	Chairman	Appointment: 09.02.2024
			End of Term: 09.02.2027
2	Hon. Phillip Salau Mpaayei	Director	Appointment: 23.02.2024
			Re-appointment: 05.10.2024
			End of Term: 05.10.2027
3	Mr. Alvin Habwe	Director	Appointment: 23.02.2024
			End of Term: 12.07.2025

4	Mr. Peter Gathenya Githinji	Director	Appointment: 23.02.2024 Re-appointment: 05.10.2024 End of Term: 05.10.2027
5	Mr. Lewis Mutuiri Gitonga	Director	Appointment: 23.02.2024 Re-appointment: 05.06.2025 End of Term: 04.06.2028
6	Ms. Nancy Chemutai Sang	Director	Appointment: 31.05.2023 End of Term: 30.05.2026
7	Ms. Mercy Chebet Cherongis	Director	Appointment: 18.08.2023 End of Term: 17.08.2026
8	Dr. Stephen Ikikii	Alt Director - National Treasury	Statutory Office Holder
9	Dr. Duncan Hunda	Alt Director - MoRT	Statutory Office Holder
10	Mr. Paul Kipkurui Bor	Alt. Director – Kenya Ports Authority	Statutory Office Holder

d) Corporate Secretary

Mr. Stanley Gitari
P.O. Box 30121 - 00100
Nairobi

e) Registered Office

Kenya Railways Headquarters
LR No. 209/11954/2, Workshop Road
Off Haile Selassie Avenue
P.O Box 30121-00100
Nairobi, Kenya

f) Corporate Headquarters

Kenya Railways Headquarters
Haile Selassie Avenue
P.O Box 30121-00100
Nairobi, Kenya

g) Corporate Contacts

Telephone: +254 (0) 709907000
Mobile Nos: 0708572574, 0728603581, 0728603582,
E-mail. info@krc.co.ke
Website: www.krc.co.ke

h) Corporate Bankers

1. **Kenya Commercial Bank**

   Moi Avenue/ Industrial Area Branch
   P. O. Box 30081, 00100
   Upper Hill, Nairobi

2. **NCBA Bank**

   NCBA House, Masaba Rd
   P. O. Box 44599, 00100
   Nairobi

3. **Citi Bank N.A**

   Upper Hill Branch
   P. O. Box 30711,00100
   Nairobi

4. **SBM Bank**

   Riverside Mews
   P. O. Box 34886, 00100
   Nairobi

5. **Equity Bank**

   Moi Avenue / Parliament Road Branch
   P. O. Box 75104,00100
   Nairobi

6. **Stanbic Bank (K) Ltd**

   International Life House Branch
   P. O. Box 30550, 00100
   Nairobi

7. **Housing Finance Corporation**

   Rehani House Branch
   P. O. Box 30088-00100
   Nairobi

8. **Sidian Bank**

   Kenyatta Avenue Branch
   P. O. Box 25363-00603
   Nairobi

9. **Consolidated Bank**

   Koinange Street Branch
   P.O. Box 51133 - 00200
   Nairobi

10. **National Bank of Kenya**

    Harambee Avenue Branch
    P.O. Box 72866-00200
    Nairobi

i) Independent Auditors

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

j) Principal Legal Advisers

1	The Attorney General State Law Office and Department of Justice P.O Box 40112 - 00200 **NAIROBI**	11	NOW Advocates P O Box 70678-00400 **NAIROBI**
2	Prof. Albert Mumma and Company Advocates P O Box 10481-00100 **NAIROBI**	12	Behan & Okero Advocates Bando Chambers, Temple Road P O Box 1234-40100, **KISUMU**
3	Mutonyi Mbiyu and Company Advocates P O Box 142191 -20100 **NAKURU**	13	Nyaanga and Mugisha Company Advocates P O Box 34544-00100 **NAIROBI**
4	Mohamed Muigai & Company Advocates P O Box 61323 - 00200 **NAIROBI**	14	MMC Asafo P.O Box 90282 - 8011 **MOMBASA**
5	Oraro and Company Advocates P O Box 51236-00200 **NAIROBI**	15	G& A Advocates K.V.D.A Plaza, 5th Floor P.O Box 2718-30100 **ELDORET**
6	Mwaniki Gachoka and Co Advocates P O Box 13439-00800 **NAIROBI**	16	SMS Advocates P.O Box 79936 - 00100 **NAIROBI**
7	Ndegwa Sitonik & Karina Advocates P O Box 87171-80100 **MOMBASA**	17	Triple O Advocates P.O Box 43170 - 00100 **NAIROBI**
	Kiogora Mutai and Company Advocates P O Box 45790-00100 **NAIROBI**	18	Cheptumo & Company Advocates P.O Box 35556 - 00200 **NAIROBI**
9	Tom Mutei Advocates P O Box 7289-30100 **ELDORET**	19	Waweru Gatonye & Co. Advocates P.O Box 55207 - 00200 **NAIROBI**
10	Meritas Law Africa LLP Advocates P O Box 2368-00100 **NAIROBI**	20	Maina Rogoi & Company Advocates P.O Box 10751 - 00100 **NAIROBI**
21	Jamal Bake & Associates Advocates City House, 5th Floor, Wabera Street P.O Box 59885-00100, **NAIROBI**		

3. THE BOARD OF DIRECTORS

Mr. Abdi Bare Duale
Chairman

Profile and Experience
Mr. Abdi Duale is a transformative leader and seasoned business executive with extensive experience in establishing and managing successful enterprises. He possesses in-depth technical expertise in manufacturing, supply chain management, and large-scale operations. Currently serving as the Managing Director of Medina Chemicals Limited, he has a proven track record in strategic execution, organizational transformation, and team development. Mr. Duale has previously served as the Board Chairman of both Kenya Electricity Transmission Company and the Kenya Leather Development Council, and as a Board Member at Kenya Revenue Authority and Kenya Bureau of Standards. He holds a Master of Business Administration (International Trade) from Edith Cowan University, Australia, and a Bachelor of Business Management from Swinburne University of Technology.

Mr. Philip J. Mainga, EBS
Managing Director

Profile and Experience
Mr. Philip Mainga has over 20 years of experience in planning and research within the public transport sector. He holds a Master's degree in Project Planning and Management from the University of Nairobi and a Bachelor of Arts degree in Economics, Planning, and Research. Mr. Mainga has served in various capacities within Kenya Railways, including General Manager, Business and Operations, and Corporate Planning and Research Manager, prior to his appointment as Managing Director.

Mr. Mohamed Daghar
Principal Secretary – State Department of Transport

Profile and Experience
Mr. Daghar holds a Bachelor of Arts in International Relations from the United States International University – Africa and a Master's degree in Peace, Conflict and Development Studies from Universitat Jaume I, Spain. He is a member of the Executive Committee of the Northern Corridor Transit and Transport Coordination Authority (NCTTCA) and is responsible for matters relating to regional transport coordination.

Hon. CPA John Mbadi Ng'ongo, EGH
Cabinet Secretary, National Treasury

Profile and Experience
Hon. John Mbadi is the Cabinet Secretary for the National Treasury and Economic Planning. He brings to the role over 28 years of professional experience in public finance, accounting, and public service leadership. Prior to his appointment as Cabinet Secretary, he served as a nominated Member of Parliament and was the Chairperson of the Public Accounts Committee in the National Assembly, where he played a critical role in fiscal oversight and accountability. He is a Certified Public Accountant and previously worked as an Accountant at the University of Nairobi. He has also served as Chair of Medair East Africa, further enriching his leadership portfolio. He holds a Bachelor of Commerce (Accounting) degree from the University of Nairobi and is a registered member of the Institute of Certified Public Accountants of Kenya (ICPAK). In addition to his accounting credentials, he is affiliated with the Architectural Association of Kenya (AAK), the Institute of Quantity Surveyors of Kenya, and the Chartered Institute of Arbitrators.

Hon. Phillip Salau Mpaayei
Director

Profile and Experience:
Hon. Phillip Salau Mpaayei is a dynamic leader with extensive experience in both the political and business realms. Throughout his career, he has demonstrated unwavering commitment to serving his community and advancing its interests. As the Senator representing Kajiado County from 2017 to 2022, he played an impactful role in advocating for the needs of his constituency within the National Government. In his capacity as Chairperson of the National Cohesion, Equal Opportunity, and Regional Integration Committee, he exhibited exceptional leadership, fostering unity and inclusivity across diverse demographics. His strategic vision and collaborative approach facilitated the implementation of policies aimed at promoting social cohesion and economic prosperity. Hon. Mpaayei holds a Bachelor's degree in Computer Applications from Shivaji University in India

Captain William Ruto
Managing Director, Kenya Ports Authority

Profile and Experience
Captain William Ruto is the Managing Director, Kenya Ports Authority. With over 20 years of service at KPA, he has also served as the General Manager Operations and Harbor Master. He is a trained Mariner by profession and holds a Class 1 Master Mariner from the United Kingdom (UK). He is an Associate Fellow of the Nautical Institute (AFNI) and a Member of International Harbour Master's Association (IHMA – UK). He has undertaken a Port Security course at the University of Maryland (USA), IMO course on Port Management and Operations, in France - Port du Havre and several other short courses on port maritime and management. He holds a Master of Business Administration (MBA) Strategic Management option, from Jomo Kenyatta University of Agriculture and Technology (JKUAT).

Dr. Duncan G. Hunda,
Alternate Director, State Department of Transport

Profile and Experience

Dr. Duncan Hunda is the Alternate Director to the Principal Secretary, State Department of Transport in the Ministry of Roads and Transport and an executive member of the Board. He has over 25 years of Public sector experience. He is currently serving as Secretary, Transport Policy, Planning, Finance and Coordination of State Corporations in the State Department of Transport. He is a Certified Public Accountant and a Member of ICPAK. He holds a Doctorate Degree (PhD) in Finance - SMC University, Switzerland.MA, and International Finance - North London University, UK. Bachelor Degree in Economics and Statistics - University of Nairobi. Economist .

Dr. Stephen Ikikii
Alternate Director, to CS National Treasury

Profile and Experience
Dr. Ikikii is Director Investments under Government Investment and Public Enterprises (GIPE) within the National Treasury and Economic Planning. He has had a career spanning over 20 years. He has held a pivotal role in the then Ministry of Planning and National Development and continues to serve as Alternate Director to the Cabinet Secretary, the National Treasury in various parastatals. Current assignments include Team Leader/Co-ordinator for State Corporations/SoEs, In-charge of Mergers and Acquisition within the National Treasury, Member Project Oil Kenya Representing National Treasury in the Commercial Working Group on commercialization of the Crude discoveries in Turkana, Project Coordinator in the Development of Government Investments Management System (GIMIS) to automate the GIPE operations. Dr. Ikikii's research interest includes, but is not limited to, Financial Econometrics, Forecasting, Monetary Policy and Financial Markets.
Dr. Ikikii is an Economist, Certified Financial Analysts and a member of the Institute of Certified Investments and Financial Analysts (ICIFA).

Mr. Paul Bor
Alternate Director, KPA

Profile and Experience
Mr. Bor is the Manager in charge of Inland Container Depots and Kisumu Port with expertise in the management of General Cargo Operations and Container Terminal Operations. He is a trained Port Management professional and has over 25 years of Port Management experience. He is the Alternate Director to the Managing Director, Kenya Ports Authority.
He holds a Bachelor of Arts- Economics - Kenyatta University

Mr. Alvin Habwe
Director

Profile and Experience
Mr Habwe is a civil engineer by profession, Alvin's career spans over twelve (12) years where he has held pivotal roles in various organizations. Alvin's experience includes overseeing a diverse portfolio of projects encompassing road works, building works, street lighting and water works. His expertise as a consultant further broadens his scope of influence within the civil engineering industry where he continues to provide valuable insights in road design and construction, project costing, budget formulation and structural design. His leadership and technical acumen have been instrumental in the successful completion of numerous infrastructure projects, contributing to the development and enhancement of communities across Kenya. He has also played a significant role in project planning, execution, and delivery. His meticulous attention to detail and strategic vision have been instrumental in ensuring project success and client satisfaction. He holds a Bachelor of Science degree in Civil Engineering from the University of Nairobi.

Mr. Peter Gathenya Githinji
Director

Profile and Experience

Mr. Peter Githinji is a proficient and seasoned Systems & Network Engineer with a track record of providing effective solutions to complex technical challenges. With over 18 years' experience spanning various roles and industries, he has honed his skills in network infrastructure design, implementation, and troubleshooting. His expertise encompasses a wide range of areas, including LAN/WAN installation, fibre optic and copper cable termination, as well as configuration of servers, switches and wireless access points. He has successfully designed data security for private and public institutions, employed the use of virtual private networks (VPN), authentication and authorization mechanisms, access control lists (ACLs), and intrusion detection systems (IDS). Beyond his technical acumen, he has also garnered extensive knowledge in the field of education, having served as a director in a leading private school for over 10 years, leaving behind a mark of discipline and sterling performance among the students

He holds a Bachelor's degree in Business Information Technology from Kenya Methodist University and a Diploma in Computer and Networks Engineering from The Technical University of Mombasa. Additionally, Peter is certified by Cisco, holding credentials as a Cisco Certified Network Associate (CCNA) and a Cisco Certified Network Professional (CCNP).

Mr. Lewis Mutuiri Gitonga
Director

Profile and Experience
Mr. Lewis Gitonga is a versatile, budding architect with over eleven (11) years extensive experience in the field of design, construction and supervision of rehabilitation and new projects. His exemplary communication and interpersonal skills have endeared him to work well with clients in both the public and private sectors, raising his profile as a results and detail oriented professional. Lewis is a certified member of the Board of Registration of Architects and Quantity Surveyors (BORAQS). He is also a member of the Architectural Association of Kenya He holds a Bachelor of Architectural Studies and a Bachelor of Architecture from the University of Nairobi, as well as a Diploma of Project Management from the University of Liverpool, UK. He is currently pursuing a Master of Project Management at the same university.

Ms. Nancy Sang
Director

Profile and Experience

Ms. Nancy Sang is an expert in Public Policy & Administration and has served as a Member of County Assembly of Uasin Gishu County. She is currently serving as a Board member in other organizations. She holds a Masters' Degree in Public Policy & Administration - Kenyatta University, Bachelor's Degree in Human Resource - Kenyatta University, Higher Diploma in HR Management - Kenya Polytechnic University and a Diploma in Human Resource Management.

Ms. Mercy Chebet Cherongis
Director

Profile and Experience
Ms. Mercy Cherongis is an advocate of the High Court of Kenya with over 10 years of legal practice in corporate, commercial, and international law. She holds a Master's degree in International Law and International Relations from Kent University (UK), a Bachelor of Laws from Moi University, and a Diploma in Law from the Kenya School of Law. She is currently pursuing professional certification in arbitration at the Chartered Institute of Arbitrators.

Mr. Stanley Gitari

Ag.General Manager, Legal Services and Corporation Secretary

Profile and Experience
Mr. Stanley Gitari is the Acting General Manager, Legal Services, and Corporation Secretary at Kenya Railways. He is an advocate of the High Court of Kenya and holds a Bachelor of Laws degree from the University of Nairobi and a Postgraduate Diploma from the Kenya School of Law. Mr. Gitari is a member of the Law Society of Kenya and the Commonwealth Lawyers Association. He previously worked with United Insurance Company Ltd and Mastermind Tobacco (K) Ltd.

BOARD COMMITTEE DETAIL

STRATEGIC PROJECTS COMMITTEE	
1. Alvin Habwe- Chairperson	1st July, 2024 - 30th June, 2025
2. Lewis Gitonga - Member	1st July, 2024 - 30th June, 2025
3. Peter Githinji- Member	1st July, 2024 - 30th June, 2025
4. Duncan Hunda- Alt. PS MOR&T	1st July, 2024 - 30th June, 2025
5. Humphrey Muhu- Alt. CS NT	1st July, 2024 - 31st Dec, 2024
6. Isaac Odek- Rep.ISC	1st July, 2024 - February, 2025
7. Mr. Paul Bor- Alt. MD, KPA	1st July, 2024 - 30th June, 2025
8. Dr. Stephen Ikikii- Alt. CS NT	11th March, 2025 - 30th June, 25
FINANCE, HUMAN RESOURCE AND ADMINISTRATION COMMITTEE	
1. Nancy Sang- Chairperson	1st July, 2024 - 30th June, 2025
2. Alvin Habwe- Member	1st July, 2024 - 30th June, 2025
3. Philip Mpaayei- Member	1st July, 2024 - 30th June, 2025
4. Duncan Hunda- Alt. PS MOR&T	1st July, 2024 - 30th June, 2025
5. Humphrey Muhu- Alt. CS NT	1st July, 2024 - 31st Dec, 2024
6. Isaac Odek- Rep.ISC	1st July, 2024 - 30th June, 2025
7. Dr. Stephen Ikikii- Alt. CS NT	11th March, 2025 - 30th June, 2025
BUSINESS, OPERATIONS & INVESTMENTS COMMITTEE	
1. Mercy Cherongis- Chairperson	1st July, 2024 - 30th June, 2025
2. Philip Mpaayei - Member	1st July, 2024 - 30th June, 2025
3. Nancy Sang- Member	1st July, 2024 - 30th June, 2025
4. Duncan Hunda- Alt. PS MOR&T	1st July, 2024 - 30th June, 2025
5. Humphrey Muhu- Alt. CS NT	1st July, 2024 - 31st Dec, 2024
6. Isaac Odek- Rep.ISC	1st July, 2024- 30th June, 2025
7. Mr. Paul Bor- Alt. MD, KPA	1st July, 2024- 30th June, 2025
8. Dr. Stephen Ikikii- Alt. CS NT	11th March, 2025- 30th June, 25

RISK & AUDIT COMMITTEE	
1. Peter Githinji- Chairperson	1st July, 2024 - 30th June, 2025
2. Lewis Gitonga- Member	1st July, 2024 - 30th June, 2025
3. Mercy Cherongis- Member	1st July, 2024 - 30th June, 2025
4. Duncan Hunda- Alt. PS MOR&T	1st July, 2024 - 30th June, 2025
5. Humphrey Muhu- Alt. CS NT	1st July, 2024 - 31st Dec, 2024
6. Isaac Odek- Rep.ISC	1st July, 2024- 30th June, 2025
7. Mr. Paul Bor- Alt. MD, KPA	1st July, 2024- 30th June, 2025
8. Dr. Stephen Ikikii- Alt. CS NT	11th March, 2025- 30th June, 25
ADHOC COMMITTEE (SGR HANDBACK)	
1.Mercy Cherongis- Member	1st July, 2024 - 30th June, 2025
2.Alvin Habwe- Member	1st July, 2024 - 30th June, 2025
3.Lewis Gitonga- Member	1st July, 2024 - 30th June, 2025
4.Duncan Hunda- Alt. PS MOR&T	1st July, 2024 - 30th June, 2025
5.Humphrey Muhu- Alt. CS NT	1st July, 2024 - 31st Dec, 2024
6.Isaac Odek- Rep.ISC	1st July, 2024- 30th June, 2025
7.Mr. Paul Bor- Alt. MD, KPA	1st July, 2024- 30th June, 2025

4. KEY MANAGEMENT TEAM

Mr. Philip J. Mainga, EBS

Managing Director

Mr. Mainga is the Managing Director of Kenya Railways. Prior to this role, he served as the General Manager for Business and Operations. He has over 19 years of experience in corporate planning, project management, and business administration. He holds a Master's degree in Project Planning and Management from the University of Nairobi, and both a Master's and Bachelor's degree in Economics from the University of Mysore. He has completed executive training at Harvard University on Government Performance and a course on Regional Integration in Africa offered by the World Bank Institute and AERC. Mr. Mainga is a Certified Finance Manager for Project Managers, and a member of the Kenya Institute of Management (KIM) and MEGADEV Consultants. He is the author of Economics and Ethics (2010) and Doing Business in Kenya (2006). He received the Elder of the Order of the Burning Spear (EBS) presidential award in 2020 and The Star Person of the Year Award the same year.

Ms. Milly Kizilli Otieno
Director, RTI

Profile and Experience

Ms. Otieno is an education administrator with over 20 years of experience in teaching, educational management, public financial management, and curriculum development. She played a key role in the development and enactment of the TVET Act 2013. She holds a Master's degree in Business Management (Strategic Management) from Maastricht Business School, postgraduate diplomas in Human Resource Management and Financial Management, and a Bachelor's degree in Education from Kenyatta University. She is a certified DACUM facilitator (Ohio State University).

CPA Jemimah Matu
Ag. General Manager, Finance

Profile and Experience

Ms. Matu is an Accountant by profession with over 20 years of experience in financial management, financial planning, and resource oversight. She has previously served in the roles of Finance Manager and Management Accountant at Kenya Railways. She holds a Bachelor of Commerce in Accounting and is a Certified Public Accountant (CPA) and member of the Institute of Certified Public Accountants of Kenya (ICPAK).

Mr. Stanley Cheruiyot
General Manager- Business and Commercial Services

Profile and Experience

Mr. Cheruiyot has over 20 years of experience in the rail freight sector, focusing on business development, commercial operations, and stakeholder engagement. He holds an MSc in Marketing from the University of Roehampton (UK), a Bachelor of Commerce in Marketing (First Class Honours) from Egerton University, and a Diploma in Marketing from the Kenya Institute of Management. He is a member of the Marketing Society of Kenya and the Kenya Institute of Management.

Mr. Eric Njoroge
Ag. General Manager - Rail Operations

Profile and Experience

Mr. Njoroge is an Economist with over 12 years of experience in railway operations, logistics, and transport planning. He is responsible for freight and passenger operations across the SGR and MGR networks, as well as marine services at the Port of Kisumu. He holds a Master's degree in Economics and Policy Management from the University of Nairobi, a Bachelor's degree in Economics from Maseno University, and a Affairs Diploma in Business Information Technology from Strathmore University. He is a member of the Institute of Economic.

CHRP Leparan C. Tialal
General Manager - Corporate Services

Profile and Experience

Mr. Tialal has over 20 years of experience in corporate services, human resource management, and organizational performance. He holds an MBA from the University of Nairobi, a Bachelor of Commerce from the Catholic University of Eastern Africa, and a Higher Diploma in Human Resource Management (KNEC). He has previously held leadership roles at SRC, NTSA, and GDC. He is a licensed HR practitioner, certified pension trustee, and a full member of the Institute of Human Resource Management (IHRM).

Mr. Job Otiwa
General Manager - Planning, Research and Risk Coordination

Profile and Experience

Mr. Otiwa has over 15 years of experience in corporate strategy, performance management, and economic planning. Before joining Kenya Railways, he served in various policy and planning roles at the Commission on Revenue Allocation and the Ministry of Planning. He holds a Master of Arts and a Bachelor of Arts in Economics from the University of Nairobi and has completed various professional training programs.

Mr. Remmy Koech
General Manager - Internal Audit

Profile and Experience

Mr. Koech has over 30 years of work experience, including 22 years in internal audit and 15 years in senior management. He holds a Master of Business Administration and a Bachelor of Commerce in Accounting. He is a Certified Public Accountant (CPAK), a member of the Institute of Certified Public Accountants of Kenya (ICPAK), and a member of ISACA (Kenya). He has attended multiple professional courses in audit, risk, governance, and project management.

Mr. Benedict Kiema
General Manager - Supply Chain Management

Profile and Experience

Mr. Kiema has over 15 years of experience in strategic procurement and supply chain management in the public sector. He previously served as Supply Chain Manager at Nairobi City Water & Sewerage Company and worked at the National Hospital Insurance Fund. He holds a Master of Science in Procurement and Logistics Management, a Bachelor's degree in Education (Mathematics & Business Studies), a Diploma in Purchasing and Supplies, and certification in Strategic Management and Leadership.

Eng. Tobias Otieno
General Manager - Engineering and Technical Services

Profile and Experience

Eng. Otieno is a registered civil engineer with 24 years of experience in infrastructure design, construction, and maintenance across East Africa and the Middle East. He has worked in railway, highway, port, and water infrastructure. He holds a Bachelor's degree in Civil Engineering from the University of Nairobi and is certified in International Project Management by the International Academy of Business and Financial Management. He has also completed specialized training in railway systems from Beijing Jiaotong University (China) and Galilee International Management Institute (Israel).

Mr. Stanley Gitari
Ag. General Manager, Legal Services and Corporation Secretary

Profile and Experience

Mr. Gitari is the Acting General Manager for Legal Services and serves as Corporation Secretary to the Board. He is an advocate of the High Court of Kenya and has previously served in the State Law Office and the Kenya Railways legal department. He holds a Bachelor of Laws from the University of Nairobi and a Postgraduate Diploma from the Kenya School of Law. He is a member of the Law Society of Kenya and the Commonwealth Lawyers Association. He previously worked with United Insurance Company Ltd and Mastermind Tobacco (K) Ltd.

i. Fiduciary Management

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

No.	Designation	Name
1	Managing Director	Mr. Phillip J. Mainga, EBS
2	Director, Railway Training Institute (RTI)	Ms. Milly Kiziili Otieno
3	Acting General Manager - Finance	Ms. Jemimah Matu
4	General Manager - Business and Commercial Services	Mr. Stanley Cheruiyot
5	Acting General Manager - Rail Operations	Mr. Eric Njoroge
6	General Manager- Corporate Services	Mr. Leparan C. Tialal
7	General Manager - Planning, Research and Risk Coordination	Mr. Job Otiwa
8	General Manager- Internal Audit	Mr. Remmy Koech
9	General Manager - Supply Chain Management	Mr. Benedict Kiema
10	General Manager -Engineering and Technical Services	Eng. Tobias Otieno
11	Acting General Manager – Legal Services & Corporation Secretary	Mr. Stanley Gitari

ii. Fiduciary Oversight Arrangements

As a State Corporation KR operates under a structured governance framework designed to ensure accountability, transparency, and prudent financial management. These arrangements are anchored in the State Corporations Act (Cap. 446), Kenya Railways Act (Cap 397) and supported by various oversight bodies and mechanisms.

Audit and Risk Committee

Oversees internal controls, risk management, and audit processes.

a) Key Roles:
   i. Reviews internal and external audit findings.
   ii. Monitors risk exposure and mitigation strategies.
   iii. Ensures compliance with Public Financial Management (PFM) and audit standards.

b) Legal Basis: Guided by Mwongozo Code of Governance and internal board charters.

Finance Committee

a) Mandate: Supports financial planning, budgeting, and performance oversight.

b) Key Roles:
   i. Reviews financial statements and budget execution.
   ii. Advises on financial sustainability and investment decisions.
   iii. Ensures alignment with PFM Act 2012, PPDA 2015, TNT circulars and guidelines.

Parliamentary Oversight Committees

a) Public Investment Committee (PIC): Reviews reports from the Auditor General and make summons where necessary.

b) Budget and Appropriations Committee: Examines budget allocations and expenditure trends.

c) Transport Committees: Provide thematic oversight on Transport matters.

Other Oversight Arrangements

Oversight Body	Role
Inspectorate of State Corporations (ISC)	Monitors performance, governance, and compliance of over 280 state corporations. Provides advisory and investigative support.
State Corporations Advisory Committee (SCAC)	Advises the President on governance matters, reviews board performance, and recommends reforms.
Office of the Auditor General (OAG)	Conducts annual audits in line with the Public Audit Act. Reports directly to Parliament.
The National Treasury (TNT)	Oversees fiscal discipline, budget ceilings, and financial reporting standards.
Mwongozo Code of Governance	Provides a unified governance framework for boards and management of state corporations.
Internal Audit Units	Embedded within corporations to conduct routine audits and flag risks.
CAJ- Office of the Ombudsman	Deal with administrative justice issues
Ethics and Anti-Corruption Commission (EACC)	Investigates financial misconduct and promotes integrity in public service.
National Cohesion and Integration Commission (NCIC)	Promotes National Identity, values and reconciliation through mitigation of ethnic discrimination.

5. CHAIRMAN'S STATEMENT

Mr. Abdi Bare Duale

CHAIRMAN

"The best way to predict the future is to create it."
— *Peter Drucker*

The 2024/2025 financial year marked a pivotal chapter in Kenya Railways' continued transformation. Guided by the Government's Vision 2030, the Bottom-Up Economic Transformation Agenda (BETA), and the Corporation's 2023-2027 Strategic Plan, we consolidated key operational gains, strengthened financial discipline, and progressed major infrastructure projects aimed at improving national and regional rail connectivity.

Operational Highlights

During the year, Kenya Railways maintained its position as a strategic player in the national logistics chain, sustaining a 25% share of port throughput by transporting 8.16 Million tons of cargo. In addition, a total of 5.06 Million passengers were moved in the period. This performance was driven by strengthened coordination with port stakeholders, improved equipment availability, and reduced turnaround times. Despite intermittent disruptions in commuter rail services, customer satisfaction improved—supported by expanded service schedules, introduction of new routes, and the automation of ticketing systems.

Financial Performance

The Corporation's net financial loss marginally increased to **28.16 Billion** from the **Kes 27.69 Billion** loss recorded in the previous year driven by increase in other comprehensive items. The total operating revenues increased to **Kes 23.04 Billion**, up from **Kes 21.41 Billion** in FY2023/24—driven by growth in the freight business, improved returns from passenger services, and enhanced commercial utilization of assets. On the expenditure front, operating costs increased marginally to **Kes 23.43 Billion** from **Kes 23.1 Billion**. These results highlight Kenya Railways strong recovery momentum and prudent financial management, amidst a dynamic and challenging operating environment.

Strategic Projects and Infrastructure Modernization

Considerable progress was made on high-impact strategic projects during the year. Preparatory works—including Environmental and Social Impact Assessments, Corridor mapping, and Resettlement Action Plans (RAP) commenced for the extension of the Standard Gauge Railway (SGR) to Kisumu and Malaba. Early works also progressed on the Nairobi Railway City, a flagship transit-oriented development aimed at enhancing multimodal connectivity. In Mombasa, implementation of the commuter rail service linking Miritini SGR Terminus to the CBD via the MGR network advanced, while construction of the Riruta-Ngong line under the Nairobi Commuter Rail Program continued, expanding access within the metropolitan region.

Governance and Institutional strengthening

Throughout the year, the Board prioritized the strengthening of governance frameworks, operational compliance, and enterprise risk management in line with national expectations and global best practices. Key institutional reforms were advanced across procurement systems, financial reporting, and strategic partnerships to enhance accountability and transparency. A notable milestone was the continued rollout of the Enterprise Resource Planning (ERP) SAP system, which is transforming the Corporation's operations through greater integration, process automation, and data-driven decision-making.

Our commitment to Environmental, Social, and Governance (ESG) principles is stronger than ever. Kenya Railways made significant investments in low-carbon technologies, including the acquisition of more energy-efficient locomotives, operationalization of cold chain logistics to reduce waste in perishable cargo transport, and the planting of over 83,300 trees across the railway reserve. These initiatives have not only led to measurable

emissions reductions and considerable cost savings but also positioned the Corporation in alignment with global climate goals and evolving regulatory standards.

Challenges and Outlook

While significant progress was made, the year was not without its challenges. Service disruptions, such as the blockage of the Kikuyu to Naivasha section of the MGR line at Kijabe, highlighted the Corporation's vulnerability to infrastructure-related risks. As a capital- and labour-intensive enterprise, Kenya Railways continues to grapple with the high costs of asset maintenance and limited local sourcing of critical spares.

In response, the Board has championed the development of robust business continuity frameworks to safeguard operational resilience and sustainability. These efforts include strengthening maintenance planning systems to improve asset reliability and reduce downtime, and promoting revenue diversification through the expansion of haulage services, such as cold chain logistics for perishables and more strategic utilization of the Corporation's land assets. In addition, deliberate steps are being taken to create an enabling environment for increased private sector participation through public-private partnerships and long-term investment models. These initiatives are not only aligned with the Corporation's long-term sustainability goals but also support broader national development priorities, including job creation, industrial growth, and enhanced regional connectivity.

Looking ahead, Kenya Railways is strategically positioning itself to scale up its freight market share by enhancing integration with the Port of Mombasa and regional trade corridors. Notably, progress is being made toward operationalizing the movement of custom-cleared cargo via the Standard Gauge Railway—an initiative expected to reduce last-mile congestion, streamline logistics processes, and enhance the competitiveness of the Port as a regional gateway.

The continued expansion of commuter rail infrastructure in Nairobi and Mombasa is geared toward improving urban mobility, reducing transport-related carbon emissions, and fostering inclusive economic growth through enhanced accessibility. Moreover, the full extension of the Standard Gauge Railway to Kisumu and Malaba remains a flagship national priority. This project is envisioned to unlock significant logistical efficiencies, deepen regional trade integration, and stimulate industrial development across the Northern Corridor and beyond.

Appreciation

On behalf of the Board, I wish to thank the Government of Kenya, particularly the Ministry of Roads and Transport (MoRT) and The National Treasury(TNT), for their continued guidance and support. I also commend the Kenya Railways Management, employees, partners, and stakeholders for their dedication to delivering a modern, efficient, and integrated rail transport system that serves the needs of Kenyans and the region.

FOR

Mr. Abdi Bare Duale

CHAIRMAN OF THE BOARD

6. REPORT OF THE MANAGING DIRECTOR

Mr. Philip J. Mainga, EBS

MANAGING DIRECTOR

"Execution is the ability to mesh strategy with reality, align people with goals, and achieve the promised results."
– Larry Bossidy

The 2024/2025 financial year was marked by transformation, resilience, and steady progress in advancing a modern, efficient, and integrated railway system. The Corporation achieved key operational milestones while navigating a dynamic socio-economic and policy environment. This Annual Report and Financial Statement reflects the progress made by the Corporation in the year under review and outlines our operating context, performance outcomes, financial position, and strategic measures geared towards long-term sustainability.

Macroeconomic and Operating Environment:

Performance during the period was closely tied to macroeconomic trends that had a direct impact on our operations and financial outlook. The macroeconomic climate showed signs of recovery, with inflation easing to 3.8% in June 2025 from 4.6% the previous year, and the Kenyan Shilling strengthening against the US Dollar from Kes 140.50 to Kes 129.34. These developments significantly lowered the Corporation's foreign-denominated loan repayment obligations by 15.3%. Additionally, rail transport sustained a 25% market share, underscoring the Corporation's resilience and its critical role in national logistics.

Business Performance

Freight Transport: Freight haulage continued to be the anchor of our operations, with **8.15 Million** tonnes of cargo transported—representing a **10.3%** increase from the previous year. This comprised SGR Freight, which grew from **6.3 Million** to **7.05 Million** tonnes, and MGR Freight, which recorded **1.11 Million** tonnes, an **11%** increase from 996,383 tonnes. This growth was driven by improved port coordination, operationalization of additional rolling stock, onboarding of new clients, targeted investments in infrastructure, as well as establishment and operationalization of transshipment yards including the Mai Mahiu transshipment yard.

These achievements were realized despite external challenges including vessel delays and cross-border operations challenges. In response, the Corporation undertook several strategic measures such as expanding our client portfolio, enhancing bilateral engagements to resolve operational bottlenecks, and strengthening last-mile logistics support and boosting competitiveness.

Passenger Services: Passenger ridership for the year stood at **5.06 Million**, a 75% achievement against the annual target of 6.76 Million. Achievement in the period included **SGR Passenger Service**, which moved **2.55 Million passengers**, achieving 91% of the target, and **MGR Commuter Services,** which moved **2.50 Million passengers**, 67% of the target. Commuter operations were significantly affected by episodic service disruptions, including those linked to socio-political unrest.

To boost passenger services and improve on customer experience, the Corporation is in the progress of implementing targeted initiatives such as the deployment of a new e-ticketing system aimed at streamlining customer experience on the Madaraka Express, upgrading its commuter rail infrastructure through support from Development Partners, and expanding the SGR premium service to address growing demand.

Financial Performance Overview

Kenya Railways made remarkable progress in improving its financial sustainability during FY2024/25, largely supported by growth in core business operations and strengthened operational cost containment. The freight and

passenger segments both posted positive movements in volumes and revenue, driving an improved bottom-line position.

The Corporation recorded a remarkable reduction in its operating loss from **Kes 1.66 Billion** in FY2023/24 to **Kes 381.5 Million** in FY2024/25. This was largely driven by enhanced freight operations, improved operational efficiency and effective cost management tools. Total operating revenue rose to **Kes 23.05 Billion**, reflecting growth in freight haulage, enhanced asset utilization, and better passenger service monetization. Operating expenses increased marginally to **Kes 23.4 Billion**, from **Kes 23.3 Billion** reported in the previous year, driven by increased freight activity in the year.

At unit level: SGR recorded an operating surplus of **Kes 181.7 Million** a significant improvement from an operating loss of **Kes 1.18 Billion** in the previous year. The business unit generated **Kes 18.5 Billion** in revenue, up from **Kes 16.8 Billion** the previous year and marginally increased its operating costs to **Kes 18.3 Billion**, from **Kes 18.01 Billion** in FY2023/24. This performance was buoyed by increased volumes in freight, enhanced earnings from freight and passenger services and efficient utilization of assets and rolling stock.

MGR operations contributed **Kes 2.2 Billion** in revenue, a slight decline from to **Kes 2.3 Billion** achieved in the previous period. On the other hand, operating costs remained relatively stable at Kes **4.33 Billion** in comparison to **Kes 4.36 Billion** in the previous year.

Despite persistent pressures linked to infrastructure maintenance and rising service demand, the Corporation remains focused on strengthening its financial position through diversified revenue streams, cost discipline, commercial and stakeholder partnerships.

Performance of Other Business Units

Railway Training Institute (RTI): RTI recorded a **12%** increase in student enrolment, with 11,638 students **achieving a revenue of Kes 252.6 Million** for the year. Enhanced marketing and publicity of the Institution has gradually increased student enrollment especially in TVET and Marine related courses.

The key challenge of the institution is unavailability of student sponsorship through HELB affecting enrollment of government sponsored students. Therefore, strategic measures to boost performance includes; Development of a financing scheme to support enrollment and training of government sponsored students (KUCCPS), implementation of Competency-Based Education and Training (CBET) programs, rollout of online courses to expand access, international collaborations to enhance STCW training quality, and the development of railway-focused TVET programs to strengthen sector-specific skills and workforce readiness.

Landed Assets: Landed assets generated **Kes 2.09 Billion**, exceeding the target of **Kes 1.94 Billion** and registering a **7% growth** from the previous year. This improvement was driven by enhanced lease management, rent recovery, and operational efficiency. Going forward, the Corporation will lease idle assets to generate additional revenue, implement SAP-based property management systems for improved efficiency, and expand strategic partnerships at railway restaurants and transit facilities to enhance service delivery and commercial returns.

Strategic Projects and Investments

As part of its commitment to Kenya Vision 2030 and the Bottom-Up Economic Transformation Agenda (BETA), Kenya Railways advanced key strategic infrastructure projects to enhance connectivity, operational efficiency, and sustainability.

Notable progress was achieved on the Ngong–Riruta commuter line, currently under implementation as part of the Nairobi Commuter Rail (NCR) modernization program. In support of the green transition agenda, the Corporation commenced acquisition of new, energy-efficient locomotives—marking a significant milestone towards sustainable rail operations. Additionally, Kenya Railways strengthened development partnerships by securing financing through the National Treasury, to upgrade the commuter rail network, enhance system capacity, and equip workshops with modern machinery.

All projects align with the Corporation's strategic vision to increase modal shift to rail, promote environmentally sustainable transport, and deepen regional integration under the Northern Corridor framework.

Outlook and Priorities for FY2025/26

As we enter FY2025/26, continued support from governmental, private, and international partners will be vital to sustaining our progress. Kenya Railways remains committed to delivering safe, affordable rail services that support Kenya's socio-economic transformation. Key priorities for the year include expanding freight market share—particularly in the Northern Transit and Borderlands Logistics (NTBL) corridor—diversifying passenger

services to improve accessibility, and enhancing financial performance through stronger asset management and cost control. The Corporation will also deepen regional integration by strengthening cross-border rail coordination.

Appreciation

I wish to extend my sincere gratitude to our dedicated staff across the country. I thank you for your resilience, professionalism, and commitment to delivering on our mandate under often challenging conditions. Your efforts continue to drive our service delivery improvements and institutional growth.

I am equally grateful to our customers, partners, and stakeholders—both public and private—for their collaboration and confidence in Kenya Railways. As we pursue our next phase of growth, your continued engagement will remain critical to building a modern, integrated, and efficient railway system that delivers value to the people of Kenya and the region.

Phillip J. Mainga, EBS
MANAGING DIRECTOR

7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2024/25

In alignment with the Kenya Railways 2023–2027 Strategic Plan, the Corporation implemented programs aimed at delivering on strategic objectives across its six Key Result Areas (KRAs). These objectives reflect national priorities as outlined in Kenya Vision 2030 (MTP IV), the Bottom-Up Economic Transformation Agenda (BETA), and the performance contract signed with the Government of Kenya.

KEY RESULT AREA	STRATEGIC OBJECTIVES
KRA 1: Rail Infrastructure Development	1.To develop, rehabilitate, upgrade and maintain rail network and associated infrastructure
KRA 2: Rail Assets Utilisation	2.To increase NTK from 3.38 Billion in 2022 to 5.20 Billion and number of passengers from 5.71 Million to 8.8 Million by 2027
KRA 3: Business Development and Marketing	3.Increase Freight market share of Port throughput from 26% in 2022 to 42% by 2027
KRA4:Development and management of landed assets	4.Increase returns from landed assets from **Kes 1.47 Billion** in 2022 to **Kes 2.5 Billion** In 2027
KRA 5: Financial Sustainability and Resource Mobilization	5.To move from an operating loss of **Kes 2.4 Billion** in FY 2022/2023 to an operating profit of **Kes 9.09 Billion** in 2027/28
KRA 6: Institutional capacity development and governance	6.To build a competent and performance-driven workforce 7.To Institutionalize Environmental, Social and Governance (ESG) standards

The Corporation developed the FY2024/25 Annual Work Plan, which prioritized enhancement of operational efficiency, improvement of service delivery, and progression towards financial sustainability. Implementation of set activities was anchored on the Corporation's Performance Contract with the Government of Kenya, providing a framework for accountability and results-based management.

During FY2024/25, Kenya Railways made notable progress across its Key Result Areas, recording improvements in freight volumes, revenue generation, asset utilization, and institutional development, despite external and operational challenges. The Corporation's performance against predetermined objectives is summarized below:

Key Result Area	Strategic Objective	KPIs	Activities	Achievements / Status
Rail Infrastructure Development	To develop, rehabilitate, upgrade, and maintain the rail network and associated infrastructure.	- Completion rate. - Kilometres under Temporary Speed Restrictions (TRS)	-Complete major infrastructure upgrades. -Rehabilitation of existing tracks. -Regular maintenance schedules.	-Completed Rehabilitation of Line 13 at Port Reitz. -Redeveloped the Athi River Yard for enhanced conventional cargo handling. -Operationalized the Mai-Mahiu logistics Hub
Rail Assets Utilisation	To increase Net Tonne Kilometers (NTK) from 3.38 Billion in 2022 to 5.20 Billion and passenger numbers from 5.71 Million to 8.8 Million by 2027.	- NTK -No of Passenger	-Acquired and operationalized 3 MGR locomotives -Rehabilitated and operationalized 3 MGR locomotives - Remanufactured and operationalized 3 MGR locomotives. -Acquired and operationalized 11 SGR passenger coaches. - Introduced the SGR premium passenger service. - Acquired and operationalized 60 saddles.	- NTK increased to **3.732 Billion** in 2024/25, reflecting growth from **3.467** Billion recorded in 2023/24. **-Moved 5,060,562 passengers** from **5,631,717** passengers in FY 2023/24.
Business Development and Marketing	Increase freight market share of Port throughput from 26% in 2022 to 42% by 2027.	- Rail Market share percentage. -Revenue growth rate.	-Expanded freight service portfolio by on-boarding key players in liquid cargo transport and cold chain logistics. -Engaged Key stakeholders including the Uganda Railways Board of Directors on enhanced rail service. - Developed and Implemented the joint KPA-KR SGR freight enhancement and ICD utilization strategy. -Enhanced engagements with Northern Corridor Trade Partners to boost freight haulage to the transit markets.	-Maintained a **25%** rail market share of port throughput, consistent with FY2023/24 performance. -Achieved revenue **growth of 8%.**

Development and Management of Landed Assets	Increase returns from landed assets from **Kes 1.47 Billion** in 2022 to **Kes 2.5 Billion** by 2027.	-Revenue from landed assets.	-Strengthened asset management practices for optimal resource utilization. -Identified underutilized assets to enhance operational efficiency. -Initiated and concluded negotiations for new land leases and contracts.	Increased revenue from landed assets to **Kes 2.09 Billion,** up from **Kes. 1.96 Billion.**
Financial Sustainability and Resource Mobilization	To move from an operating loss of **Kes 2.4 Billion** in FY 2022/2023 to an operating profit of **Kes 9.09 Billion** in 2027/28.	- Operating profit/ loss.	-Enhanced Revenue generation and diversification initiatives. -Implemented efficient cost management tools and policies. -Diversified Resource mobilisation strategies.	Improved Operating loss from **Kes 1.86 Billion** in FY2023/24 to **Kes 381.5 Million** in FY 2024/25
Institutional Capacity Development and Governance	To build a competent and performance-driven workforce.	- Productivity index - No. of staff trained	-Staff training and development programs. -Recruitment of key talent.	-2.61 Productivity index. -757 staff trained. - Planted 83,300 trees along the corridor. - Undertook ESIA for all projects including SGR Phase 2B &2C

8. CORPORATE GOVERNANCE STATEMENT

The Board is responsible for the governance of the Corporation and is committed to ensuring that the Corporation is run in a transparent, effective, efficient and equitable manner so as to protect and enhance shareholders value and satisfy stakeholders interest. The principles and standards adhered to by the Board have been developed with close reference to the Mwongozo Code of Corporate Governance for State Corporations and Guidelines on Corporate Governance Issued by The State Corporations and Advisory Committee (SCAC).

i. *Appointment of Board members, Process of appointment and removal of directors, The size, diversity, and demographics of the Board, Existence of the board charter.*

The Board is appointed through a gazette notice and the removal is on expiry of term or revocation via a gazette notice. The Board composition is broad based and has professionals from various backgrounds.

ii. *Roles and functions of the board*

The Board consists of eleven directors, namely; the Chairman, the Managing Director, six independent non – executive directors, and three statutory office holders from; the National Treasury, the State Department of Transport under the Ministry of Roads and Transport, the Kenya Ports Authority. A representative of the Inspector General of State Corporations may attend Board meetings from time to time.

The roles and functions of the Chairman of the Board, Directors and Managing Director are distinct and their respective responsibilities clearly defined with the Kenya Railways Act, Cap 397. The Board defines the Corporation 's strategies, objectives and values and ensures that procedures and practices are set in for effective control over strategic, financial, operational and compliance issues. The Board is responsible for the stewardship of the Corporation and assumes responsibilities for the effective control over matters. The Board delegates authority of its day-to-day business to the Management through the Managing Director except for direction and guidance on general policy. The Corporation Secretary attends all meetings of the Board and advises the Board on all corporate governance matters as well as prevailing statutory requirements. As KR is a State Corporation, the Inspector General of State Corporations may from time to time attend meetings of the Board and Board Committees for oversight and advisory purposes in accordance with State Corporations Act.

iii. *Induction, training, and development*

Newly appointed Board Members are taken through an orientation process and induction training. The directors are informed on their responsibilities, regulations and obligations. The new Board members are also taken through country wide familiarisation tours where railway assets exist.

iv. *Board and members' performance*

In order to assure the shareholders of the Corporation's commitment to activities that create and enhance shareholders value, the Board signs a Performance Contract with the Government as well as sets Corporate Performance strategies with Management and continues to perform an annual evaluation exercise to review and audit its role and success or otherwise to meet the targets envisaged at the beginning of each year. The Board also goes through an annual performance self-evaluation as directed by SCAC.

v. *Number of Board meetings held and the attendance to those meetings by members*

In compliance with the Mwongozo Code of Corporate Governance, the Board of Directors dedicated adequate time and met as required in order to effectively provide the required entrepreneurial leadership. During the year 2024/2025, the Board and Committees of the Board held several meetings. The attendances to the meetings is as indicated below;

FULL BOARD

NUMBER OF MEETINGS ATTENDED BY BOARD MEMBERS FY2024/2025				
NO.	NAME	SCHEDULED AS PER ALMANAC (4)	SPECIAL AS PER ALMANAC (2)	TOTAL
FULL BOARD				
1	Mr. Abdi Bare Duale	10	9	19
2	Mr. Philip Mainga	10	7	17
3	Ms. Mercy Cherongis	10	9	19
4	Mr. Lewis Gitonga	10	9	19
5	Mr. Alvin Habwe	9	9	18
6	Mr. Peter Githinji	10	9	19
7	Hon. Philip Mpayeei	10	9	19
8	Ms. Nancy Sang	10	9	19
9	Mr. Isaac Odek	3	9	12
10	Mr. Paul Bor	4	9	13
11	Dr. Duncan Hunda	6	3	9
12	Mr. Humphrey Muhu	3	7	10
13	Dr. Stephen Ikikii	4	0	4
FINANCE, HUMAN RESOURCES AND ADMINISTRATION COMMITTEE				
1	Ms. Nancy Sang	6	10	16
2	Mr. Alvin Habwe	6	9	15
3	Hon. Philip Mpayeei	5	8	13
4	Mr. Humphrey Muhu	2	3	5
5	Dr. Duncan Hunda	4	1	5
6	Mr. Isaac Odek	5	4	9
7	Dr. Stephen Ikikii	0	2	2
8	Mr. Philip Mainga	3	5	8
9	Ms. Mercy Cherongis	0	2	2

AUDIT AND RISK COMMITTEE				
1	Mr. Peter Githinji	6	1	7
2	Mr. Lewis Gitonga	6	1	7
3	Ms. Mercy Cherongis	6	1	7
4	Mr. Isaac Odek	4	1	5
5	Mr. Paul Bor	3	0	3
6	Dr. Duncan Hunda	2	1	3
7	Mr. Humphrey Muhu	4	1	5

STRATEGIC PROJECTS COMMITTEE				
1	Mr. Alvin Habwe	6	0	6
2	Mr. Lewis Gitonga	5	0	5
3	Mr. Peter Githinji	6	0	6
4	Mr. Philip Mainga	5	0	5
5	Mr. Humphrey Muhu	2	0	2
6	Dr. Duncan Hunda	3	0	3
7	Mr. Isaac Odek	3	0	3
8	Dr. Stephen Ikikii	1	0	1

BUSINESS OPERATIONS AND INVESTMENTS COMMITTEE				
1	Ms. Mercy Cherongis	6	1	7
2	Hon. Philip Mpayeei	6	1	7
3	Ms. Nancy Sang	4	1	5
4	Mr. Philip Mainga	2	1	3
5	Dr. Duncan Hunda	4	1	5
6	Mr. Paul Bor	6	1	7
7	Mr. Isaac Odek	3	1	4
8	Mr. Humphrey Muhu	1	1	2
9	Dr. Stephen Ikikii	1	0	1

ADHOC ON SGR HANDBACK				
1	Ms. Mercy Cherongis	4	1	5
2	Mr. Alvin Habwe	4	1	5
3	Mr. Lewis Gitonga	4	1	5
4	Mr. Philip Mainga	3	0	3
5	Dr. Duncan Hunda	3	1	4
6	Mr. Humphrey Muhu	2	0	2
7	Mr. Isaac Odek	2	1	3
8	Mr. Paul Bor	1	0	1

vi. *Board remuneration*

The Board members are paid sitting allowances for every meeting attended. Director's fees are paid to independent Board members who are not representing any Government institution. Director's fees to Board members representing the Government and/or its institutions are paid to the Government of Kenya. The aggregate amount paid to directors for services rendered during the financial year 2024/2025 are disclosed in the notes to the financial statements.

vii. *Ethics and Conduct*

The Corporation seeks to adhere to principles of good governance. The Corporation is a non- discriminatory employer operating an equal opportunities policy, which aims to eliminate discrimination, harassment and victimisation. The Corporation is committed to ensuring all individuals are treated fairly, with respect and are valued irrespective of gender, disability, social class, nationality, marital status, age, employment status, membership or non-membership of a trade union.

9. MANAGEMENT DISCUSSION AND ANALYSIS

The performance of Kenya's rail sub-sector is linked to macroeconomic dynamics, which directly affect the Corporation's operational and financial outcomes. In FY2024/25, the economy operated under a mixed macroeconomic environment marked by both global and domestic factors that shaped the performance of rail freight and passenger services.

On the global front, the economy experienced threats of disruptions in key trade routes due to instability in the Gulf region and temporary supply chain interruptions during the Chinese Lunar New Year festivities, which influenced freight logistics and shipment patterns. However, stable oil and fuel prices offered relief to transport and logistics operations by curbing energy-related cost pressures. Additionally, the strengthening of the Kenyan Shilling against major global currencies provided macro-stability, which supported both rail operating costs and foreign-denominated financial obligations.

Domestically, Kenya's economy grew by 4.7%, a slight decline from the 5.7% recorded in FY2023/24. The exchange rate stabilized at **Kes 129.34 per USD**, an improvement from **Kes 140.50** in the prior year. This appreciation had a positive impact on the Corporation's financial position, particularly in the servicing of dollar-denominated loans, including payments related to SGR infrastructure. As a result, Kenya's debt repayment to China reduced by 15.3%, from **Kes 152.69 Billion** in June 2024 to **Kes 129.34 Billion** in June 2025.

In addition, inflation eased from 4.6% in June 2024 to **3.8% in June 2025**, enhancing consumer purchasing power. This macroeconomic stability likely contributed to a modest uplift in demand for rail freight services across the network.

Port imports throughput, a key indicator for rail freight performance, grew by **3%** from **36,078,959 tonnes** in FY2023/24 to **37,311,923 tonnes** in FY2024/25. Kenya Railways maintained a **25% market share** of port throughput, reflecting the Corporation's stable position in supporting inland cargo evacuation and logistics efficiency.

Business Units Performance.

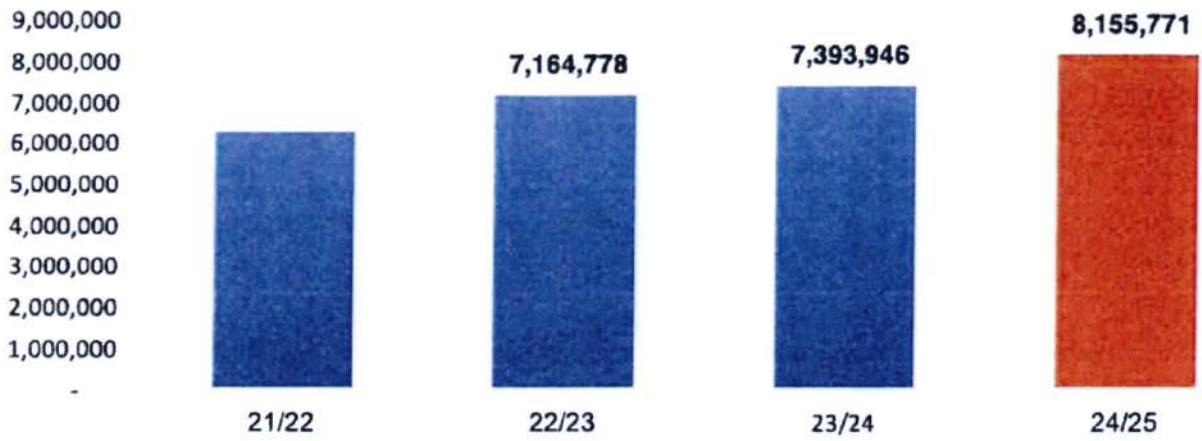
Against this macroeconomic background, the following section presents a detailed performance analysis of Kenya Railways' core business areas—freight and passenger transport on the Standard Gauge Railway (SGR) and Meter Gauge Railway (MGR), training and capacity building through the Railway Training Institute (RTI), and commercial management of the Corporation's property and investment portfolio. It offers a comprehensive year-on-year review of transport volumes, academic activities at RTI, and revenue performance from land and property assets.

Freight Performance (SGR and MGR)

The Corporation continues to maintain a steady increase in freight haulage achieving a compounded annual growth rate of **10%,** which was mainly buoyed by gradual expansion of haulage capacity, improved operational efficiency, onboarding of new clients, intense marketing and close working relationship with key stakeholders including government agencies and shipping lines.

In the financial year 2024/25, Kenya Railways moved a total freight volume of **8,155,773 tonnes**, achieving **84%** of the annual target of **9,745,011 tonnes**. This performance reflects a **10.3%** increase compared to the **7,393,946 tonnes** moved in FY2023/24, as illustrated in the figure below.

Figure 1: Freight Performance 2021/2022- 2024/2025.

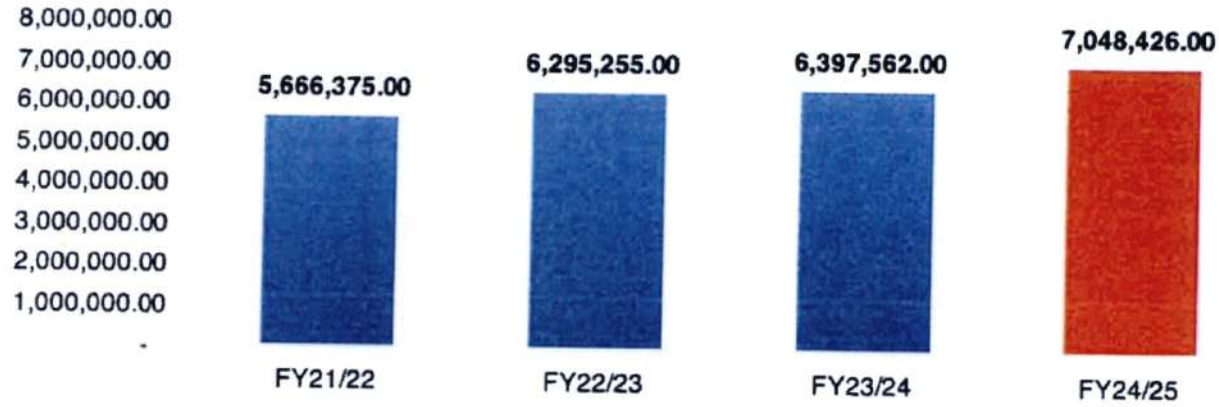


SGR Freight Performance.

SGR freight haulage has continued to demonstrate consistent year-on-year growth, recording a compound annual growth rate of 8% from FY2021/22 to FY2024/25. In the year under review, SGR transported **7,048,428 tonnes** of freight, achieving 84% of the annual target of **8,452,199 tonnes**. This performance marks an increase of 650,864 tonnes (10.2%) compared to the **6,397,562 tonnes** moved in FY2023/24, as illustrated in the figure below.

SGR cargo train being loaded with import containers

Figure 2: SGR Freight Performance FY2021/2022 - FY2024/2025



The improved performance of SGR freight services during the FY2024/25 period can be attributed to the implementation of key strategic management interventions. These included:

i. Enhanced collaboration with key stakeholders, notably with the Kenya Ports Authority (KPA), to streamline freight evacuation processes at the Port of Mombasa.

ii. Investment in additional rolling stock infrastructure, which expanded the system's freight haulage capacity and improved operational efficiency.

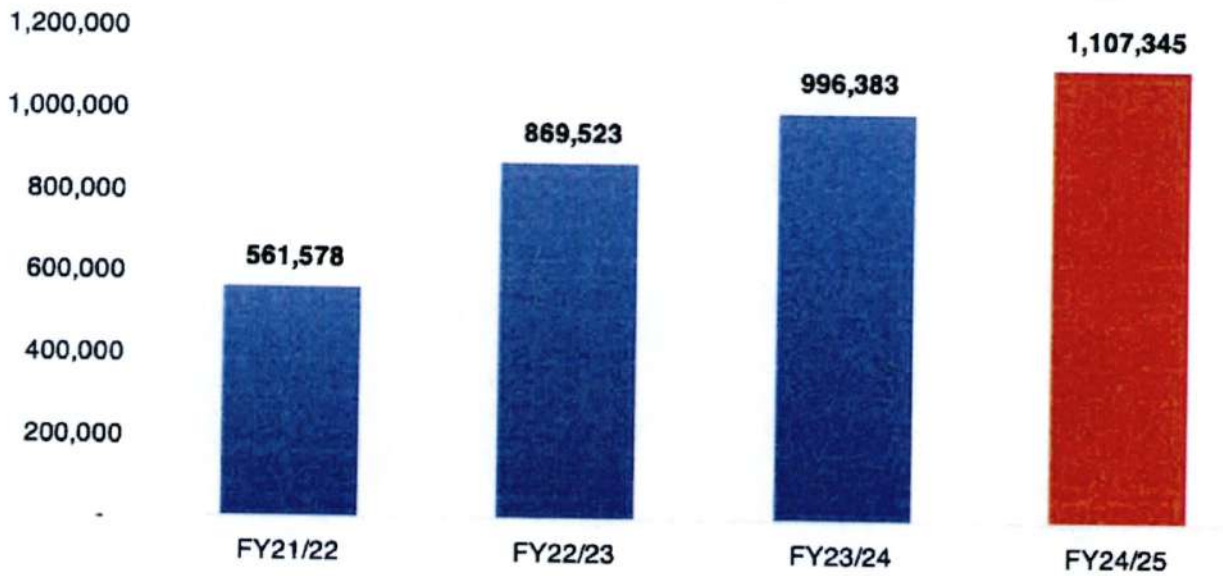
iii. Establishment of new rail loading yards within the port precincts to facilitate faster loading and offloading of conventional cargo.

iv. Operationalization of freight transshipment yards at Athi River and Mai Mahiu, which significantly enhanced the handling and movement of bulk cargo such as clinker, steel, and fertilizer.

MGR Freight Performance

MGR freight segment has demonstrated consistent growth, recording a **7%** compounded annual growth rate from FY2021/22 to FY2024/25. In the year under review, a total **1,107,345 tonnes** were moved on MGR, to achieve **86%** of the annual target of 1,292,812 tonnes. This performance represents an **11%** increase compared to 996,384 tonnes transported in the previous financial year, as illustrated in the figure below.

Figure 3: MGR Freight Performance FY2021/2022-FY2024/2025



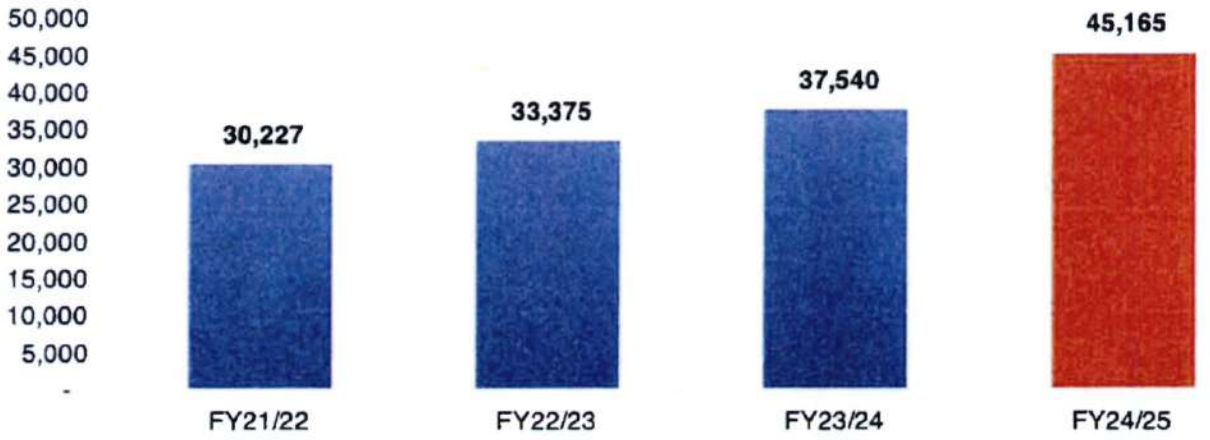
The sustained upward trend in MGR freight volumes since FY2021/22 is attributed to deliberate management interventions, including ongoing track rehabilitation, rolling stock modernization, and proactive customer engagement. These efforts have enhanced service reliability and operational efficiency, supporting increased cargo throughput on the meter gauge network..

Performance of MV UHURU

Freight movement via MV Uhuru has continued on an upward trajectory, increasing from **30,227** tonnes in FY2021/22 to **45,165 tonnes in FY2024/25**, representing a compound annual growth rate (CAGR) of **14%**. During the year under review, **45,165 tonnes** transported by the vessel marked a **20.3% increase** compared to **37,540** tonnes in FY2023/24. This performance, however, represented **54.5%** of the annual target of 82,800 tonnes. The shortfall was primarily due to cross-border logistical challenges at Port Jinja in Uganda, which negatively impacted the vessel's turnaround time and overall operational efficiency. The annual performance of cargo moved via MV Uhuru is as presented in the figure below.

Newly built mv uhuru ii sailing from Kisumu

Figure 4:MV Uhuru Freight Performance FY2021/2022- FY2024/2025.



Despite the overall improved freight haulage performance across the SGR, MGR, and MV Uhuru, the Corporation encountered a range of operational and external challenges that constrained full achievement of annual freight targets. The key impediments included;

a) **External operational disruptions at the Port of Mombasa:** Vessel and berthing delays at the port impacted the timely clearance and loading of containerized cargo, directly affecting the performance of SGR Freight Service. Consequently, the Corporation achieved **86%** of its containerized cargo target of **4,713,504 tonnes**.

b) **Cross-Border Coordination challenges** that affected circulation of freight assets through Malaba and Port Jinja. These challenges contributed to a **39%** shortfall in MGR transit cargo performance against the annual target of **650,880 tonnes.**

c) **Clinker Supply Disruptions:** Unanticipated operational challenges experienced by the Corporation's key clinker clients, which led to reduced clinker supply. This negatively affected the total bulk cargo volumes transported during the year.

To mitigate these challenges and enhance freight performance in the coming financial year, the Corporation has outlined the following strategic interventions;

a) **Expansion into non-custom bonded cargo haulage** - Development of a dedicated non-custom bonded freight loading zone at the Mombasa Freight Terminus which will facilitate the transportation of cleared cargo to the Nairobi Freight Terminus and Athi River Freight Yard, enabling the Corporation to tap into the growing market of Non-Through Bill of Lading (NTBL) cargo.

b) **Strengthened Regional Collaboration:** Through the Ministry of Roads and Transport, Kenya Railways is engaging with Uganda Railways Corporation (URC) to develop a tripartite operational framework. This aims to streamline and enhance cross-border cargo evacuation operations at Malaba and Jinja.

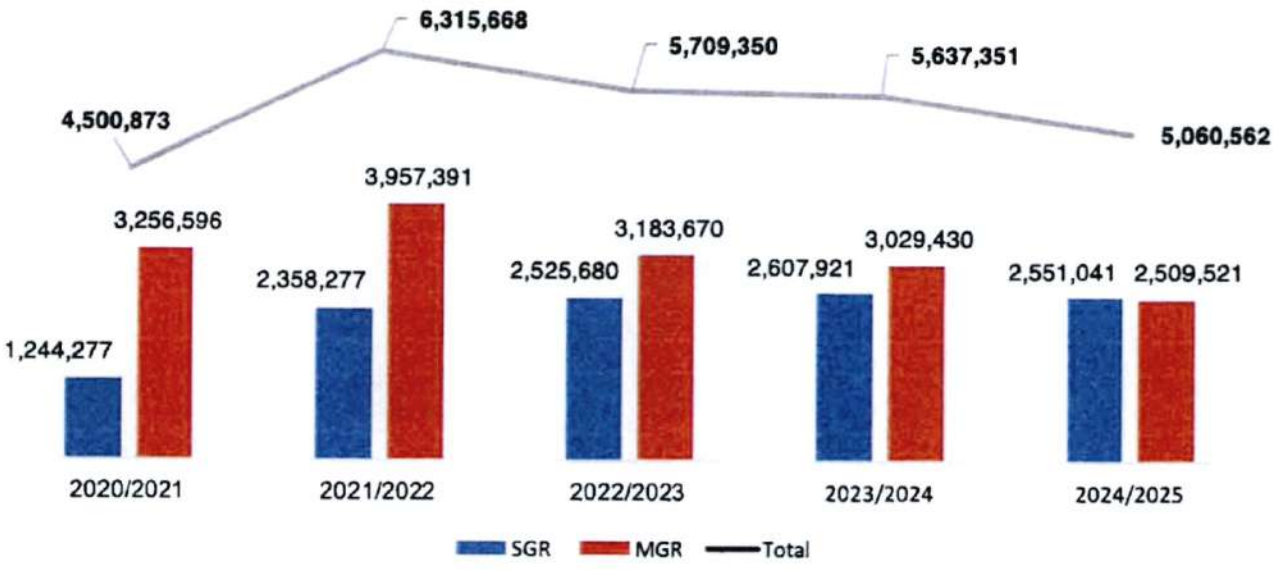
c) **Customer Share and Retention**-Increase the Corporations customer market share through; onboarding of new clients, operationalization of SGR special refer wagons to enhance movement of perishable and fresh products and increase engagement with stakeholders in the transit market (DRC, Rwanda, South Sudan, Uganda) to increase the share of the port throughput.

d) **Asset and Infrastructure Reliability**-Continuous Improvement of asset reliability through rehabilitation, remanufacture and overhaul of track and rolling stock.

Passenger Performance (SGR and MGR).

Kenya Railways has experienced a steady overall decline in passenger numbers, recording a compounded annual reduction rate of **7%**, from **6,315,668** passengers in FY2021/22 to **5,060,562** passengers in FY2024/25. The period's performance was a **75%** achievement of the annual target of **6,755,032** passengers. This performance comprised **2,551,041 passengers** transported via the SGR Madaraka Express and **2,509,521 passengers** moved on the MGR as illustrated below.

Figure 5: Passenger Performance FY2021/2022 – FY2024/2025



The Corporation's passenger services are structured into two main categories: Commuter services, primarily operated

under the Nairobi Commuter Rail (NCR), and Long-distance passenger services, which include travel on the SGR Madaraka Express, as well as Safari trains to Nanyuki and Kisumu via the MGR network.

Long Distance Passenger Performance.

Long-distance passenger services comprise SGR trains to Mombasa and Suswa, and MGR trains to Kisumu and Nanyuki. In the year under review, the Corporation transported a total of **2,564,831** long-distance passengers, achieving **85%** of the annual target of **3,010,584** passengers. This comprised **2,509,521 passengers** on the SGR, and **55,310 passengers** on the MGR.

SGR Passenger Performance.

SGR's Madaraka Express service transported a total of **2,509,521** passengers during the financial year, achieving **91%** of its annual target of **2,750,275** passengers. This marked a **4%** decline compared to the **2,607,921** passengers recorded in FY2023/2024. Of the total passengers moved in the current period, **2,354,184** travelled between Nairobi and Mombasa, while **155,337** used the Nairobi-Suswa route.

Passenger numbers on the Nairobi-Mombasa route declined slightly by **6%**, from **2,516,020** in FY2023/2024 to **2,354,184** in FY2024/2025. On the other hand, the **Nairobi-Suswa service** recorded a **notable 69% increase**, rising from **91,901 passengers** in the previous financial year to **155,337** in the year under review. This significant growth has been attributed to increased demand for the Nairobi-Suswa train by local tourists, supported by management interventions such as the deployment of additional coaches to meet rising customer demand.

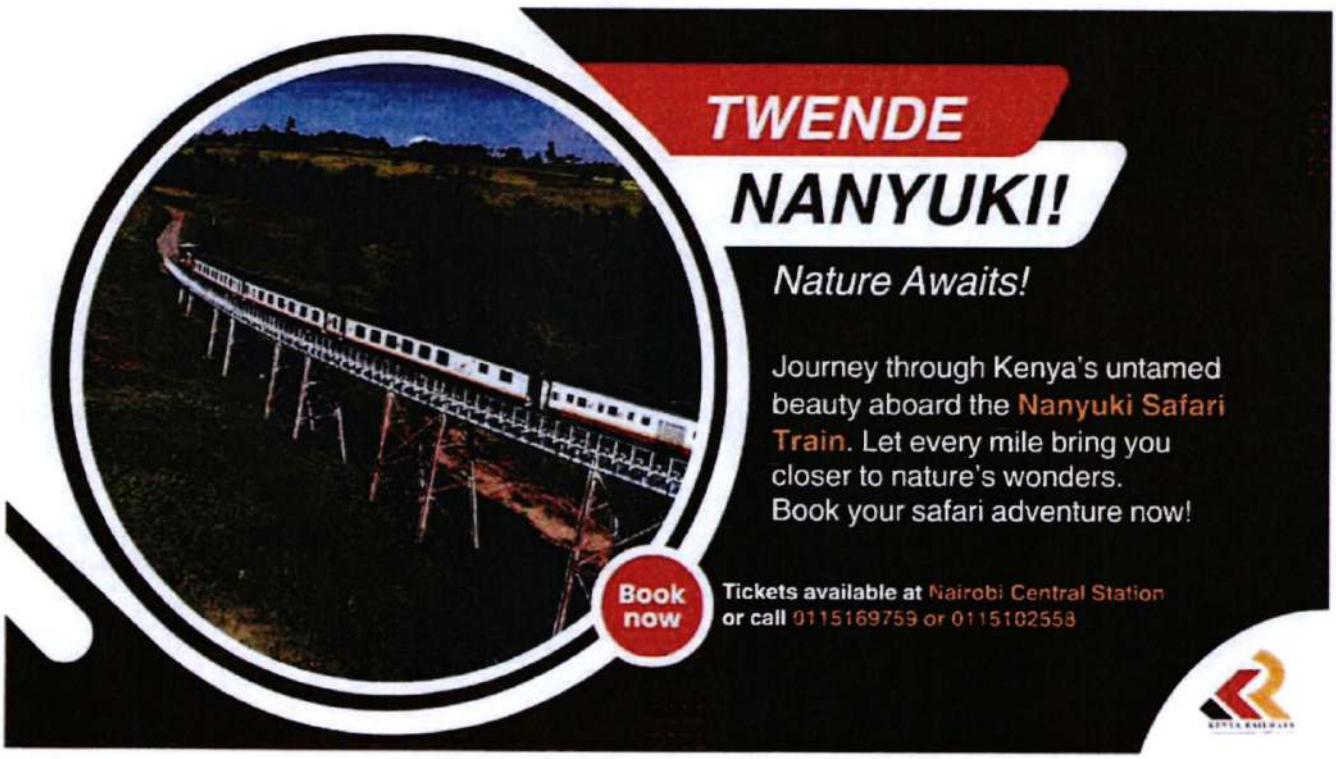
Inside the new SGR premier service

Performance of the SGR passenger service was affected by increased fare prices effected in January 2024. The reduction in passenger numbers has been linked to the price elasticity principle of demand, whereby increase in fares had a marginal effect on passenger numbers moved. However, the Corporation anticipates recovery in passenger numbers in FY2025/2026 as passengers adjust to the new fares. Additionally, the Corporation introduced SGR premium services to diversify its product offerings. The service that was introduced in October 2024, has moved **28,298** passengers as at 30th June 2025.

An SGR passenger train

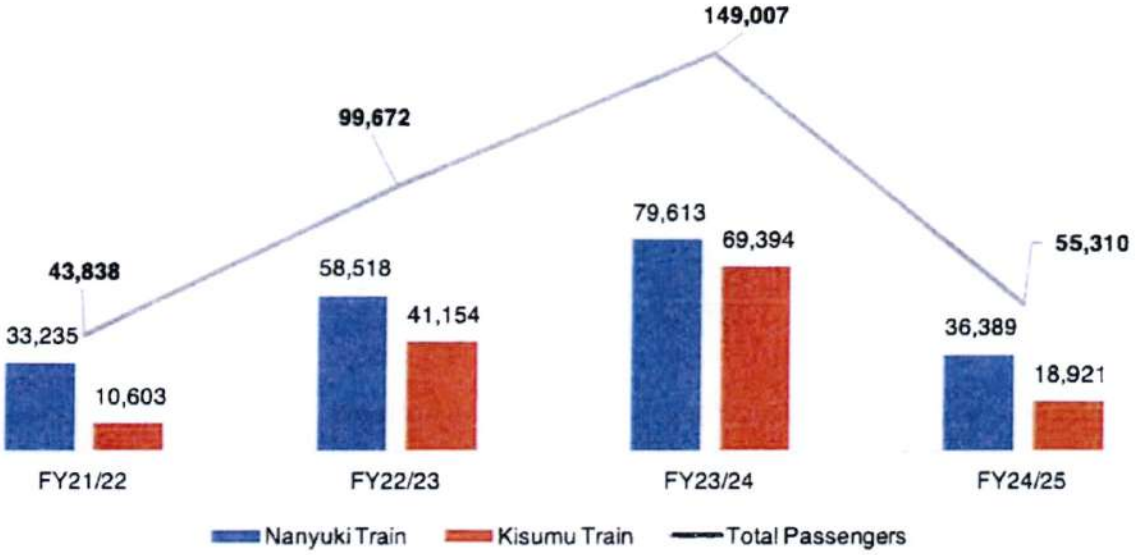
MGR Long Distance Passenger Service.

The MGR long-distance passenger service comprises safari trains to **Nanyuki** and **Kisumu**. During the year under review, the service moved a total of **55,310 passengers**, with **36,380** passengers transported along the Nairobi-Nanyuki route and **18,921** passengers along the Nairobi-Kisumu route. This represents **21%** of the financial year's target of **260,309 passengers**. Performance trends for this service showed consistent growth from **FY2021/22 to FY2023/24**, followed by a decline in **FY2024/25**, as illustrated in Figure 6 below.



A Kenya railways advert on Nanyuki long distance safari train

Figure 6: MGR Long Distance Passenger Service FY21/22-FY24/25



The declined performance for the Nairobi- Kisumu train in FY24/25 was due to suspension of direct trains to Kisumu pending completion of the ongoing reconstruction of the Kikuyu-Longonot MGR section. On the other hand, the reduced performance of the Nairobi-Nanyuki train was due to reduced number of passenger trains pending completion of ongoing repairs and maintenance of the Thika-Nanyuki line.

Commuter Performance (MGR-Nairobi Commuter Rail)

The Nairobi Commuter Rail (NCR) remains a vital service offered by the Corporation, functioning as a public social good and forming part of the broader urban mass transit system. It operates along four key routes: Nairobi-Ruiru, Nairobi-Embakasi, Nairobi-Lukenya, and Nairobi-Limuru.

Over the past four financial years, from FY2021/22 to FY2024/25, the Nairobi Commuter Rail (NCR) has recorded a compounded annual decline of **12%** in ridership, dropping from **3,695,205** commuters in FY2021/22 to **2,495,731** in FY2024/25. In the year under review, the service moved a total of **2,495,731** commuters, achieving **67%** of the annual target of **3,744,448**.

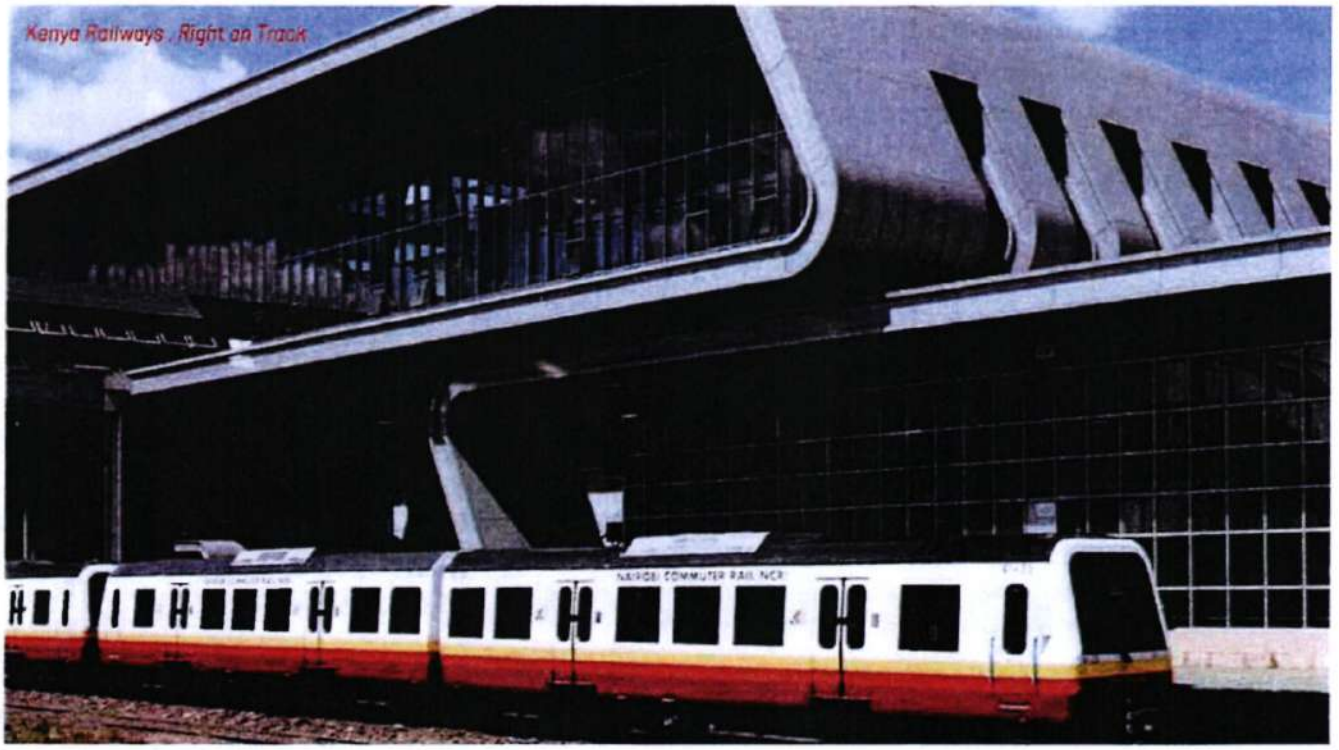
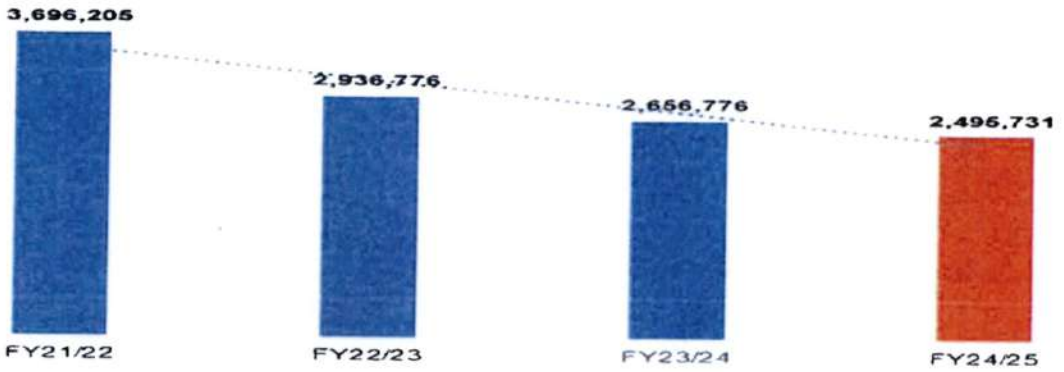


Figure 6: Commuter Performance FY21/22 to FY24/25.



Performance of this service has significantly been impacted by frequent train cancellations, largely driven by unprecedented socio-political disruptions and extreme weather conditions. These disruptions have consistently led to a marked decline in commuter turnout, compounding the overall performance shortfall.

To enhance passenger performance and overall experience on both the SGR and MGR services in the upcoming financial year, Kenya Railways is implementing several strategic initiatives as follows;

I. **Implementation of a robust e-ticketing system for SGR:** This will enhance customer experience through seamless seat selection, trip rescheduling/cancellation, and refund processing. The system will be applicable across all classes of the Madaraka Express service.

II. **Upgrade of the Nairobi-Embakasi commuter line**: In collaboration with the development partners, this initiative involves installation and operationalization of a modern commuter ticketing and train management system.

III. **Modernization of the commuter rail network:** Supported by the World Bank under the Kenya Urban Mobility Improvement Project (KUMIP), this initiative will focus on infrastructure development and asset upgrades to improve reliability and capacity across the commuter rail network.

In conclusion, the Corporation has adopted a multifaceted approach to enhance performance of its freight and passenger service across its rail network. This will be achieved by enhancing operational and service reliability, minimise service disruptions, boost customer satisfaction, reduce passenger travel time and sustain a competitive edge.

Performance of other business units.

Railway Training Institute (RTI)

The Railway Training Institute registered improved performance during the year under review, enrolling **2,210** new students, a **14%** increase compared to **1,942** students enrolled in FY2023/24. The total student population during the year reached **8,213**, representing a **2%** growth from **8,000** students in the previous year.

Key courses offered by the institution that have experienced growth in student numbers are civil, electrical and mechanical engineering signifying growth opportunities for the institution towards increasing its student population in these courses through increased marketing and publicity. On the other hand, Kisumu Marine school specialized for training in Blue Economy Related Courses trained **348** students in the year.

Whereas growth was experienced in the period under review, the institution's performance was affected by the transition from **KNEC** to **TVET CDACC** exams that received limited market interest causing low intake.

To boost performance and enhance student enrolment in the subsequent financial year, management will be implementing the following initiatives.

I. **Financing Support**: Activating the Railway Training Revolving Scheme via HELB to ease financial burden on trainees. This is to attract students via the government KUCCPS sponsorship programme.

II. **Enhanced Marketing**: Increasing publicity and marketing of RTI courses and programs to boost enrollment, especially in revenue-generating niche rail programs.

Landed Assets (Property and Investments)

The Corporation's landed assets comprise real estate, museum collections, and advertising spaces. During the year under review, several initiatives were undertaken to enhance the value of these assets—particularly buildings and

associated railway land—including:

I. Redevelopment of its Msaada Estate in Mombasa and modernization of the Aoko Road Estates.
II. Completion of review of its land use policy.
III. Recovery of illegally acquired Kenya Railways land in various regions across the country.
IV. Valuation of its land property within the country with 100% valuation completed through the Central and Eastern region and ongoing valuation in the Western Region.
V. Implementation of the Real Estate Management System (REMS) in SAP to bring transparency in billing and revenue earnings from the Corporation's commercial buildings.
VI. Leasing of yard facilities in Konza-Athi River to facilitate a storage yard for non-custom bonded cargo from Mombasa.

Key Projects.

During the period under review, the Corporation implemented key projects and strategic investments aimed at advancing its long-term goals and strengthening institutional capacity. These initiatives focused on improving infrastructure, enhancing efficiency, and increasing service reliability across operations.

The projects are designed to expand capacity, modernise facilities, and improve connectivity to better serve stakeholders. Collectively, they are expected to drive improvements in both passenger and freight services, supporting revenue growth and operational resilience. A summary of each project, including objectives and current status, is provided below.

Table 1: Project Implementation and Status

S/No.	Project	Objective	Status
1	Construction of the Riruta/ Lenana – Ngong Commuter MGR Line Phase 1 (12KM)	Enhance commuters' connectivity and reduce transit time and congestion along Ngong Road	Overall Completion rate at 28.6%.
2	Acquisition and operationalization of 20 Reefer SGR wagons	Enhance movement of fresh produce and perishable products on Rail	Delivered and operationalized at 100%
3	Acquisition of 3 MGR Locomotives and 300 saddles	Increase Freight haulage capacity and reduced freight transit time	3 locomotives and 60 saddles delivered and operationalized.
4	Rehabilitation of Mombasa MGR Station – Miritini MGR Station Rail Link	Provide first and last mile connectivity for SGR passenger service in Mombasa	Overall completion rate at 53%.
5	Redevelopment and Operationalization of the Athi-River and Mai Mahiu transshipment yard	Enhance loading and offloading of bulk cargo (Steel, Clinker and Fertilizer)	Redeveloped and 100% operationalized.
6	Reconstruction of the MGR Nairobi-Kijabe line	Ease connectivity for MGR Western bound freight and Passenger trains.	Completion rate at 48.7% with a Completion Forecast Date of 1st October 2025.
7	Construction and Operationalization of Line 13	Ease Congestion at Port Reitz and facilitate loading/offloading of freight.	Completed and Operationalized at 100%.

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

i) Sustainability strategy and Achievements

Kenya Railways has made significant strides in integrating sustainability into its operational framework. The strategic objectives detailed in the 2023-2027 Strategic Plan underscore a firm commitment to sustainable infrastructure development and environmental stewardship. The Corporation is on a promising path towards sustainability, marked by notable achievements and a clear strategic direction.

The commitment from the Board and top management is pivotal in guiding these efforts and ensuring that sustainability remains a central focus in the Corporation's strategy. Key achievements include:

1. **Infrastructure Development:** The continued rehabilitation and maintenance of the railway network aims to enhance connectivity while reducing carbon emissions associated with road transport. This aligns with global sustainability goals by promoting rail as a more environmentally friendly alternative for freight and passenger transport.

2. **Safety and Compliance:** Achieving 100% safety in rail operations is a cornerstone of Kenya Railways' strategy. Regular safety audits and compliance with occupational health and safety standards reflect a commitment to protecting both employees and the environment.

3. **Environmental Assessments:** The Corporation has committed to conducting Environmental and Social Impact Assessments (ESIA) for all major projects. This proactive approach ensures that environmental considerations are integrated into planning and execution phases, thereby minimizing negative impacts on local ecosystems.

4. **Political and Macroeconomic Trends:**

The sustainability priorities of Kenya Railways are influenced by several political and macroeconomic factors including –

I. Government Policies: The Kenyan government has prioritized rail infrastructure development as a means to stimulate economic growth. Policies promoting sustainable transport solutions have led to increased funding and support for rail projects, aligning with national development goals.

II. Global Economic Trends: Fluctuations in global oil prices and increasing environmental

III. Regulations are pushing organizations worldwide to seek more sustainable transport solutions. Kenya Railways is positioned to capitalize on these trends by enhancing its rail services, which are less reliant on fossil fuels compared to road transport.

IV. Climate Change Initiatives: International agreements and local initiatives aimed at combating climate change are driving Kenya Railways to adopt more sustainable practices. KR is actively participating in efforts to reduce greenhouse gas emissions through improved energy efficiency and sustainable resource management.

ii) Environmental performance

International Best Practices: Kenya Railways is aligning its sustainability strategy with international best practices, focusing on:

i. Sustainable Development Goals (SDGs): The Corporation is committed to contributing to the United Nations SDGs, particularly those related to sustainable cities and communities, climate action, and industry innovation.

ii. Benchmarking: By comparing its practices with leading rail operators globally, Kenya Railways is adopting innovative technologies and operational efficiencies that enhance sustainability. This includes investing in modern rolling stock and signaling systems to reduce energy consumption.

iii. Stakeholder Engagement: Engaging with local communities and stakeholders is crucial for sustainable development. Kenya Railways has implemented stakeholder engagement plans to ensure that community needs and environmental concerns are addressed throughout project lifecycles.

iii) **Employee welfare**

Management is committed to selecting best talents, developing and retaining for the delivery of its mandate. In doing so, Management has continued to adhere to the various legal and policy guidelines as approved by the Board and various state agencies. The Corporation received an approval to implement various Human Resource Instruments including Human Resource Policy Manual, A New Organisation Structure, 2023, Establishment of 4661 staff and a revised Career Progression Manual

In Its recruitment processes, the Corporation aims at ensuring that it adheres and complies with the constitutional requirements of the third gender rule as well as the requirements of equal opportunity. The Current Human Resource Policy Manual Currently, the female: Male ratio is 76:24 in favour of the male gender. In the Current strategic plan, the Corporation has targeted achievement of the 1/3 gender requirements. In addressing equal opportunity, the Corporation has ensured that no single ethnic group holds more than 30% of the jobs. The highest ethnic representation is 22%. And that 22 communities out of 42 are represented in the organization

The Corporations considers staff development and capacity building as a very important exercise to ensure that it has a sufficient and competent work force. In this respect, a career progression manual has been developed to cover all skills in the Corporations. The Corporations set an annual training budget and in the last one year, 750 officers benefited from various training sponsorship programs. The Corporation has further committed to revamping and increasing resources to support Railways Training Institute to ensure that it supports in ensuring that staff undergo requisite technical skills training to guarantee safe and efficient running of trains. The Institute has further been supported to ensure provision of skills in marine operations.

The Corporation has maintained adequate policy and procedures to safeguard employees on industrial accidents. The Policy requires all KRC employees and contractors, when working on other than KRC property, to comply with the appropriate safety policies, standards and procedures, in all cases the minimum KRC requirements must be met. The Corporations has also ensured that appropriate insurance cover has been procured in case of any eventuality. All Staff on permanent terms are covered under group life and group personal accident. The Corporation also keeps WIBA policy for all other industrial related accidents. Every year the Corporation undertakes a safety Audit in Compliance with Occupational Safety and Health Act of 2007, (OSHA)

iv) **Market place practices-**

a) **Responsible competition practice.**

Kenya Railways, a public entity responsible for freight and passenger services, ensures responsible competition practices through a framework that upholds transparency, fairness, and ethical standards. These practices are aligned with the organizations' public mandate and national regulations:

Anti-Corruption Measures: Kenya Railways is committed to upholding the highest standards of integrity and transparency in its operations. To prevent and address corrupt practices, the organisation implements strict anti-corruption policies, conducts regular audits, and encourages whistleblowing. All employees, suppliers, and stakeholders must comply with anti-corruption regulations to maintain trust and accountability in public service.

Responsible Political Neutrality: Kenya Railways maintains strict political neutrality as a government parastatal. The organisation refrains from any form of political engagement or involvement that could compromise its mandate to serve the public impartially. All decisions and actions are based on service delivery objectives and public interest, ensuring no political views or affiliations influence the organization's operations or decision-making.

Fair Competition: Kenya Railways operates within the fair competition laws and practices framework. The organisation does not engage in monopolistic or anti-competitive behavior but focuses on providing high-quality services that meet the public's needs. By prioritizing efficiency, safety, and customer satisfaction, the corporation competes fairly while respecting the regulatory environment and contributing to the overall development of the transport sector.

Respect for Competitors: While the corporation is a key player in the transport and logistics industry, it recognizes the value of competition. The organisation fosters respectful relationships with competitors and does not engage in practices that mislead or undermine other players in the market. By upholding professionalism and ethical conduct, we ensure that the competitive environment remains healthy and

focused on improving service delivery for all stakeholders.

b) Responsible supply chain and supplier relations

KRC maintains good business practice with the suppliers by implementing supply chain management in accordance with the requirements of the guiding Laws and Regulations. At the same time maintaining good practice in carrying out its mandate. Some of the areas the organization concentrates on during procurements are maintaining fairness. As stipulated under the Law, tenders are advertised following the requirements of the Law and Regulations. Tenders are opened in- line with the requirements of the Law. During evaluations, the evaluators abide by the Law in order to award the tender to the right bidder. i.e the lowest evaluated bidder.

Once the suppliers are awarded the tenders, the contracts are fast-tracked from the Legal department and within the stipulation of the requirements of the Law the contracts are forwarded to the bidders for implementation. During implementation of the Contracts and depending on the nature of Contracts, the Suppliers work hand in hand with the Contract Managers and User departments to implement the Contract in order to avoid delays and errors.

Once the Contract has been fully or partially implemented depending on the Contract terms, the goods, works or services are inspected by the mandated committee as per the requirements. Depending on the outcome of the Inspection and Acceptance Committee, the Suppliers provide their invoices accompanied by other necessary documents for payments processing. The payments are escalated to the Finance department. According to the organization policies, the payment processing is done within 30 days or according to the contractual terms. The Organization appraises its suppliers on an annual basis depending on the orders/contracts awarded and the results of appraisal are filed on the respective files.

c) Responsible marketing and advertisement *or Responsible engagement with the citizens.*

Kenya Railways is dedicated to upholding ethical marketing practices that emphasizes transparency, fairness, and integrity. The corporation ensures that all marketing communications are clear, accurate, and truthful, avoiding misleading or exaggerated claims about our services. As a public entity, we strictly adhere to government standards, ensuring that messaging is responsible and inclusive, respecting diversity and avoiding discrimination.

Customer privacy is a top priority, and the corporation complies with data protection laws to safeguard personal information. Kenya Railways ensures that any data collected is used responsibly and with the appropriate consent. In addition, we refrain from engaging in unfair competition in its advertising efforts, choosing instead to promote its services based on their value and merit rather than discrediting competitors.

Furthermore, our marketing campaigns are a testament to our commitment to social responsibility, with a strong focus on promoting safe and sustainable transport solutions. These efforts reflect Kenya Railways' broader mission to serve the public with integrity and responsibility.

d) Product stewardship *or Awareness creation*

Kenya Railways demonstrates strong product and service stewardship by ensuring safety, transparency, and customer satisfaction across all operations. Key efforts include:

i. Clear communication about services and pricing.

ii. Robust feedback systems for continuous improvement.

iii. Strict safety protocols to protect passengers and cargo.

The corporation also upholds fair pricing through an established and approved tariff notice, ensures data privacy, and offers accessible passenger services for all, including individuals with special needs. Ethical marketing and fair competition are also prioritized, ensuring that customers and the public receive accurate information and value for their money. These efforts reflect our commitment to safeguarding consumer rights and delivering high-quality services.

ϖ) Corporate Social Responsibility / Community Engagements

In the over 100+ years of our existence, we have endeavored to entrench Corporate Social Responsibility in our Corporate Culture. This mainly entails seeking opportunities to both improve the environment and actively contribute to the well-being of the communities in which we do business aimed at promoting the welfare of

the societies we work in.

Corporate Social Responsibility (CSR) is an integral part of Kenya Railways culture. Guided by a deep commitment to making a difference in people's lives, the Corporation commits a substantial budgetary allocation each year to CSR initiatives.

The Corporation has developed a Corporate Social Responsibility (CSR) Policy from which she draws all her CSR plans. From the CSR Policy, KR's priority and thematic areas for engagement are Education, Health, Environment and Sports.

CSR Report

During the Financial Year 2024 – 2025 Kenya Railways undertook various Corporate Social Responsibility initiatives. The initiatives were undertaken with an aim to foster positive relations with the communities that the Corporation operates and enhance the Corporation's image and brand. Under the Performance Contracting framework, Kenya Railways was tasked to plant a number of trees equivalent to its staffing multiplied by 30. This means each staff member was to plant 30 seedlings during the period. This translates to 78,000 seedlings

Objective

The exercise was conducted with the following objectives:

a) Support the restoration efforts of the Government by replacing lost vegetation cover.

b) Achieve the Corporation's Performance Contracting target

c) Preserve and improve vegetation cover

d) Protect the environment and reduce carbon emissions

Projected Benefits

a) Image building and publicity for the Corporation.

b) Improved stakeholder relations for the Corporation.

c) Quality of environment across the country.

Implementation of the exercise

The Corporation was mandated to work in conjunction with the Kenya Forestry Service to identify and review sites for the purpose of the tree growing exercise.

The Communication and Public Affairs Department led the coordination of the entire exercise, ensuring the provision of necessary resources and mobilizing both staff and members of the public to take part. Key activities included:

a) Procurement of tree seedlings

b) Site preparation, including clearing and digging planting pits

c) Transportation of the seedlings to designated locations

d) Provision of lunch and refreshments for participants

Through the Supply Chain Management department:

a) The Mombasa Community Forest Association was contracted to supply Mangrove seedlings for the Dongo Kundu activity.

b) Green Army Kenya in collaboration with the Nairobi County Government supplied Italian Cypress and Pine seedlings for the exercise at the Railways Training Institute.

c) The Kenya Forest Service (KFS) facilitated the procurement and delivery of Italian Cypress seedlings for the Homa Bay planting initiative.

The tree growing exercise took place in the following areas:

Stations	No. of staff	No. of seedlings
Nairobi Region and its Environs on 1st August 2024		
Railway Training Institute	100	5,300
Coast Region on April 3, 2024		
Dongo Kundu, Kwale County	150	21,000
Nyanza Region April 03 2025		
Gembe, Gwassi & Lambwe (Homabay County)	150	67,000
Total	**400**	**93,300**

Members of the community from the selected locations were also invited by the Kenya Forestry Service (KFS) to participate in the exercise.

PICTORIAL OF THE TREE PLANTING EXERCISE

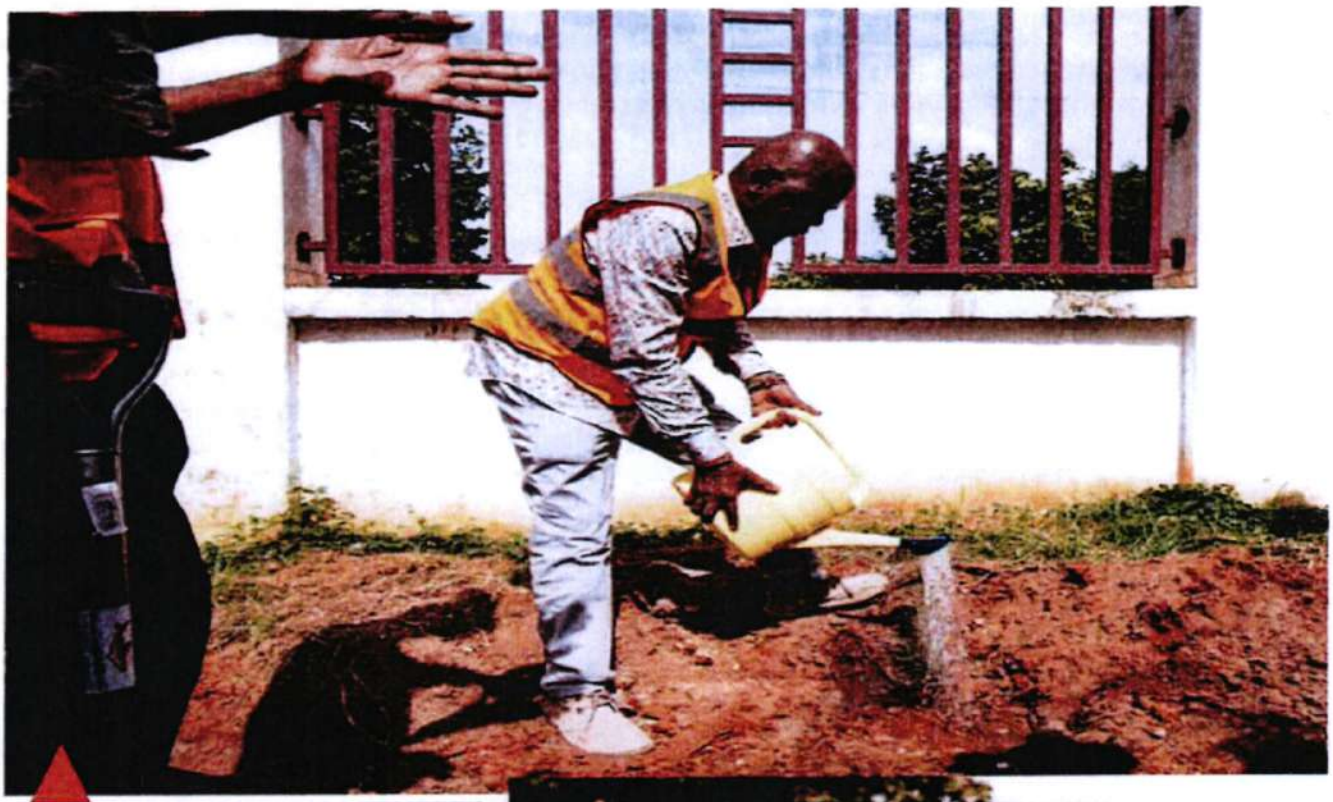


Figure 1: The Managing Director, Mr. Philip Mainga watering a seedling at Mombasa Station

Figure 2: Mr. Remmy Koech, GM Internal Audit, with KFS Officers at Gembe Hills

Figure 3: Some of the community members participating in the Gembe Hills Tree planting

e) Support for Widows and Orphans Feeding Initiative

Demonstrating its deepening commitment to Corporate Social Responsibility, Kenya Railways Corporation made a significant contribution in June 2025 by sponsoring a feeding initiative organized by Mbeere Muminji Community Based Organization (MBEMUM). The mission successfully reached hundreds of residents, highlighting the Corporation's impact at the grassroots level. Among the key activities were:

I. Feeding Program:

The core activity of the initiative involved the preparation and distribution of foodstuffs to participants who include widows, elderly citizens, orphans and disadvantaged families. The foodstuffs included flour, rice and cooking oil.

In addition to the package, participants were treated to a delicious meal while at the venue.

II. Medical Outreach:

A mobile medical camp was set up in partnership with Genvis Medical Centre, a local health facility and the members present received free consultations and health screenings, including blood pressure checks, diabetes tests, malaria diagnostics, and general health education.

III. Community Awareness Forums:

Sensitization sessions were held on topics such as women's rights, financial literacy, nutrition, and community support systems. These sessions encouraged dialogue, empowerment, and greater community cohesion.

Benefits

a) By supporting initiatives that directly benefit vulnerable groups, such as widows, Kenya Railways positions itself as a socially responsible entity that is attentive to the needs of marginalized communities.

b) Contributing to causes that address social welfare, especially those targeting the underprivileged, improves the Corporation's reputation as an organization that goes beyond business to care for the well-being of society.

c) Supporting initiatives targeting the daily lives of members of society strengthens ties with the community and enhances the Corporation's presence and influence at the grassroots level.

d) Improved stakeholder relations and positive image for the Corporation.

PICTORIAL FROM THE FEEDING & MEDICAL PROGRAM

Figure 4: Some of the foodstuffs purchased by the Corporation

Figure 5: Participants being served a meal after the medical program

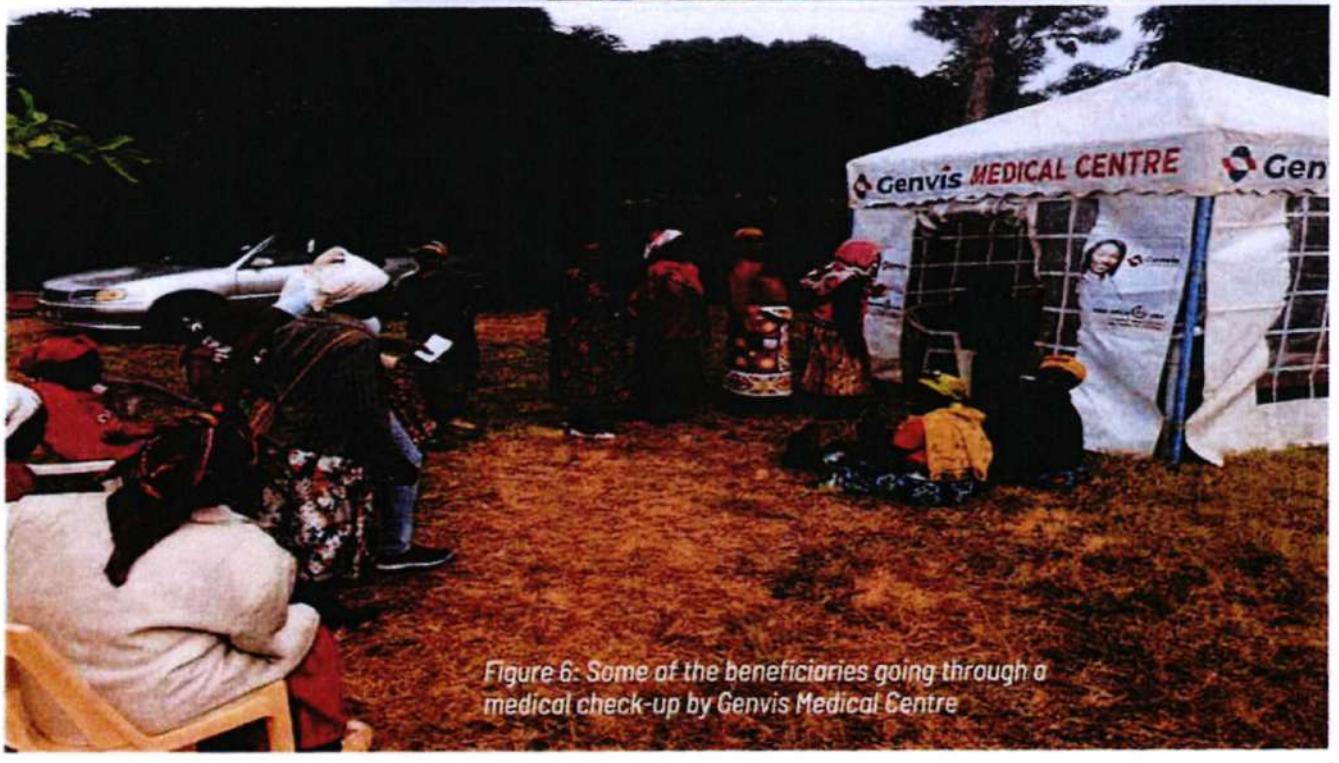


Figure 6: Some of the beneficiaries going through a medical check-up by Genvis Medical Centre

2. STAKEHOLDERS ENGAGEMENT

a). **The Proposed Development for SGR Phase B in Narok County**

The Standard Gauge Railway (SGR) is a national government infrastructure project implemented in phases. Phase 1, from Mombasa to Nairobi, and Phase 2A, from Nairobi to Suswa, were completed in 2017 and 2019, respectively.

The proposed SGR Phase 2B extends from Naivasha to Kisumu, covering approximately 262 km, with a branch line of 8.9 km to the New Kisumu Port. This section traverses Narok, Bomet, Kericho, Nyamira, and Kisumu Counties. Subsequently, SGR Phase 2C is planned to run from Kisumu to Malaba, a distance of 107 km, traversing Kisumu, Vihiga, Siaya, Kakamega, and Busia Counties.

This report highlights the stakeholder engagement activities conducted in Narok County, including courtesy calls to the Governor's Office and the County Commissioner's Office, as well as the project site kick-off meeting marking the commencement of preparatory activities for Phase 2B.

Objectives of the Visit

The engagement in Narok County was undertaken with the following objectives:

1. To inform county officials of the Resettlement Action Plan (RAP) study scheduled to commence.
2. To request coordination from the County Government and the County Commissioner's Office in stakeholder mobilization, awareness creation, and law enforcement within the jurisdiction.
3. To foster collaboration with the county government during both the RAP study and the wider project implementation.
4. To address preliminary concerns raised by the local community.

Courtesy Call to the County Commissioner's Office

A formal courtesy call was made to the Narok County Commissioner's Office as part of the initial engagement. The meeting was attended by:

1. Narok County Commissioner, Mr. Kipkech Lotiatia
2. Deputy County Commissioner
3. Kenya Railways officials led by the General Manager, Engineering and Technical Services, Eng. Tobias Otieno
4. Consultants from APEC Consortium Limited

Key issues discussed during the meeting included:

1. Project Overview: The County Commissioner was briefed on the overall SGR project from Mombasa to Malaba, with emphasis on the proposed alignments under Phases 2B and 2C. Appreciation was extended for the provision of security since 2019, particularly along the 20 km section from Suswa Station to the end-point, which remains non-operational.
2. Resettlement Action Plan (RAP) Study: The County Commissioner was informed that consultants would commence the RAP study to identify assets and activities within the corridor, and to support demarcation and acquisition of the railway corridor.
3. Socio-Economic Study: The consultants also outlined the socio-economic study to be undertaken, which will assess community livelihoods and sensitize stakeholders on the benefits of the project.

b) Courtesy Call to the Governor's Office

Following the meeting with the County Commissioner, the engagement team proceeded to the Governor's Office. The meeting was attended by:

1. Deputy Governor for Narok County, Mr. Tamalinye Koech
2. Narok County Commissioner, Mr. Kipkech Lotiatia
3. Kenya Railways officials led by the General Manager, Engineering and Technical Services, Eng. Tobias Otieno
4. Consultants from APEC Consortium Limited

During the meeting, the following key topics were addressed:

a) Summary on Route: A brief overview of the SGR project from Mombasa to Malaba was provided, outlining the proposed routes under Phases 2B and 2C.

b) Resettlement Action Plan (RAP) Study: The Deputy Governor was informed of the RAP study scheduled to commence. Discussions highlighted the project's potential environmental and social impacts, with assurances that appropriate mitigation measures would be implemented.

c) Deputy Governor's Support: The Deputy Governor expressed strong support for the project, underscoring the importance of close cooperation among all stakeholders.

(c) Site Kick-off Meeting

A project site kick-off meeting was held at Omurtoto area, Suswa Ward in Narok County. The meeting was attended by:

a) Deputy Governor for Narok County, Mr. Tamalinye Koech
b) Narok County Commissioner, Mr. Kipkech Lotiatia
c) Area MCA, Mr. Lemiso Kimiti
d) Kenya Railways officials led by the General Manager, Engineering and Technical Services, Eng. Tobias Otieno
e) Consultants from APEC Consortium Limited
f) Members of the public and other community leaders

Key Highlights:

a) Crowd Control- Security personnel ensured orderly proceedings, allowing residents to raise their concerns in an organized manner.

b) Positive Engagement- Both the Deputy Governor and the County Commissioner expressed enthusiasm and firm support for the SGR Phase 2B project.

c) Job Opportunities- Residents welcomed the project and appealed for employment opportunities during the construction phase.

d) Collaborative Attitude- Leaders and community members demonstrated a spirit of collaboration and willingness to work with Kenya Railways on the project.

Recommendations:

a) Kenya Railways should continue conducting public participation forums to capture community input and address concerns as the project progresses.

The courtesy calls to the Governor's and County Commissioner's Offices, together with the site kick-off meeting, marked significant milestones in the preparatory phase of the SGR Phase 2B project. These engagements have established strong collaboration between Kenya Railways, county governments, and local communities. Sustained communication and cooperation will be critical in addressing emerging challenges and ensuring the successful delivery of the Standard Gauge Railway.

Figure 7: Narok County Commissioner addressing the residents present

Courtesy call to the Governor's Office

PICTORIAL

Figure 14: GM Engineering and Technical Services Department Eng. Tobias Otieno and Deputy Governor Narok County Mr. Tamalinya Keech at SGR Phase 2A end -point

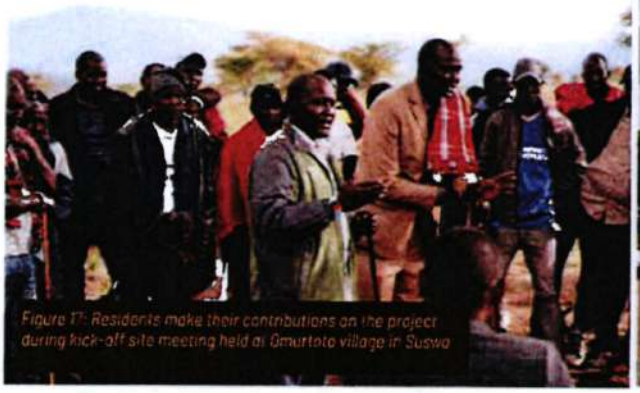


Figure 17: Residents make their contributions on the project during kick-off site meeting held at Gmurtoto village in Suswa

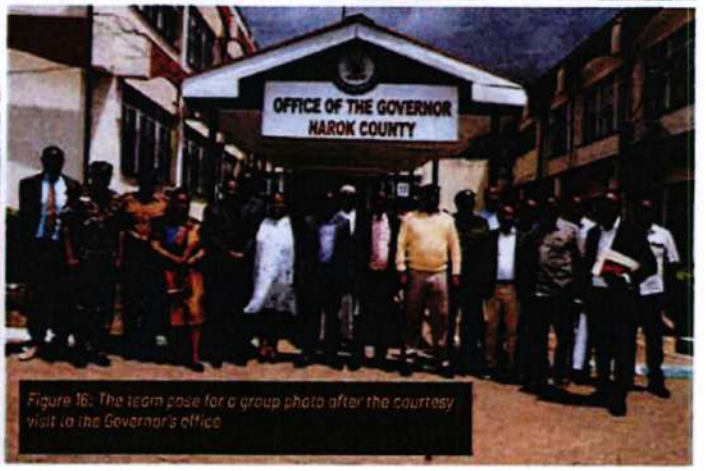


Figure 16: The team pose for a group photo after the courtesy visit to the Governor's office

Kijabe Community Public Forum on MGR line reconstruction

Kenya Railways (KR) held a public participation forum in Kijabe on August 6, 2024 to engage the community in the reconstruction of the MGR line that was temporarily closed following a heavy downpour that damaged the line along Kijabe-Longonot and Maai Mahiu sections.

The participation was meant to ensure that all the concerns of the local community are addressed and also to inform them on the details of the ongoing reconstruction. Present at the forum were key local leaders, including the area Member of County Assembly (MCA) Hon. Eliud Kamau, Assistant County Commissioner (ACC) Mr. Gilbert Njoroge, Maai Mahiu Area Chief and other local leaders.

As part of its Corporate Social Responsibility (CSR) commitment, KR initiated several humanitarian and support efforts to assist the affected community. The Corporation is currently constructing a temporary access road to restore mobility for residents whose movement was cut off by the heavy rains and infrastructure damage. This temporary road is important in connecting villages, schools, farms and local businesses that were isolated due to the floods.

In addition, KR provided food aid to support families affected by the floods. The donations included essential items such as sugar, maize flour and cooking oil. Vulnerable households, including the elderly, persons living with disabilities and widows were prioritized in the distribution.

e) **Kijabe Community Public Forum on MGR line reconstruction**

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11. REPORT OF THE DIRECTORS

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

i) Principal activities

The Corporation's principal activity is to provide a coordinated and integrated system within Kenya of rail transport services and auxiliary road services in connection therewith.

ii) Results

The results of the Corporation for the year ended June 30, 2025 are set under the financial statements

iii) Dividends

The Corporation has not declared any dividends in the year.

iv) Directors

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

v) Auditors

The Auditor-General is responsible for the statutory audit of the Corporation in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the Corporation for the year ended June 30, 2025, in accordance with section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

.....

Mr. Stanley Gitari

Ag. CORPORATE SECRETARY

Date 27/08/2025

12. STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Directors are responsible for the preparation and presentation of the Corporation's financial statements, which give a true and fair view of the state of affairs of the Corporation for and as at the end of the financial year ended on June 30, 2025. This responsibility includes:

Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period,

(i) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity,

(ii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud,

(iii) Safeguarding the assets of the Corporation

(iv) Selecting and applying appropriate accounting policies, and

(v) Making accounting estimates that are reasonable in the circumstances.

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

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

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

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

Approval of the financial statements

Kenya Railways financial statements were approved by the Board on 27/08/25 2025 and signed on its behalf by:

FOR .....

Mr. Abdi Bare Duale

CHAIRMAN OF THE BOARD

.....

Philip J. Mainga, EBS

MANAGING DIRECTOR

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA RAILWAYS CORPORATION FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;

B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,

C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya Railways Corporation set out on pages 1 to 42, which comprise of the statement of financial position as at 30 June, 2025, and the statement of profit or loss and other comprehensive income, statement of

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kenya Railways Corporation as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Kenya Railways Corporation Act (Cap. 397) and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Property, Plant and Equipment

The statement of financial position and as disclosed in Note 23 to the financial statements reflects a balance of Kshs.521,597,656,513 in respect of property, plant and equipment. The balance includes an amount of Kshs.18,747,551,801 in respect of land. However, verification of the assets register revealed that the Corporation has one hundred and nineteen (119) parcels of land in various parts of the Country which have no ownership documents. Although the said parcels of land are under use by the Corporation, Management did not demonstrate efforts to get the title deeds for the parcel of land.

Further, review of land records revealed that the Corporation's land had not been valued for a long time. This was contrary to Paragraph 49 of the International Accounting Standard (IAS) No.16 on property, plant and equipment and also the Corporation's finance manual which required assets to be valued once every five (5) years.

In the circumstances, the accuracy, completeness and ownership of land balance of Kshs.18,747,551,801 could not be confirmed.

2. Misclassification of Completed Projects as Capital Work-In-Progress

The statement of financial position and as disclosed in Note 25 to the financial statements reflects a balance of Kshs.152,276,607,512 in respect Capital Work-In-Progress out of which an amount of Kshs.16,911,420,550 relates to completed projects. This has overstated Capital Work-In-Progress balance and understated value to the respective classes of accounts.

In the circumstances, the accuracy and completeness of Capital Work-In-Progress balance of Kshs.152,276,607,512 could not be confirmed.

3. Inaccuracies in Main Income - Rental Income

The statement of profit or loss and other comprehensive income reflects an amount of Kshs.23,227,483,052 in respect of main income and as disclosed in Note 6 to the financial statements. The balance includes an amount of Kshs.1,421,061,850 relating to investment

properties. The Corporation owns houses, land, and other properties that are rented and leased to customers across the country. However, the ERP system for billing showed total invoices of rental income of Kshs.1,941,044,264 against amount of Kshs.1,421,061,850in the financial statements resulting to an unreconciled amount of Kshs.519,982,414 and the property register was not provided.

Further, rental income is invoiced through the ERP system that does not maintain a detailed property register, and invoices raised in the system lacked key information such as plot numbers, house details, and property size.

In the circumstances, the accuracy and valuation of rental income could not be confirmed.

4. Unsupported Long Outstanding Receivables

The statement of financial position and as disclosed in Note 27 to the financial statements reflects a balance of Kshs.89,810,705,901 in respect of trade and other receivables. Included in receivables balance is trade receivables balance of Kshs.11,382,367,215 out of which an amount of Kshs.776,040,068 relating to petty cash/imprest and amount of Kshs.371,471,470 relating to recoupment accounts respectively. However, the petty cash imprest and recoupment accounts have been outstanding for long some dating back to 2011. Management did not explain why long outstanding imprest and petty cash had not been recovered through the payroll.

Further, supporting documents such as warrants, surrender forms, approvals, or evidence of follow-up with the responsible officers were not provided.

In addition, as previously reported, the receivables balance includes an amount of Kshs.131,819,072 from a Development Partner which has been outstanding for a long period which arose during the pre-concession period. Management did not demonstrate efforts to recover this debt. However, records such as grant agreements, disbursement schedules, or confirmations from the Development Partner were not provided.

In the circumstances, the accuracy and existence of the receivable balance of Kshs.1,279,330,610 could not be confirmed.

5. Inaccuracy of Student Debtors Account

Review of System Application and Products (SAP) processing controls for the Rift Valley Training Institute revealed weaknesses in system configuration, where postings unrelated to student debtors were recorded under student debtor accounts. The misclassification was attributed to wrong configuration settings within the SAP. As a result, the integrity of student debtor balances of Kshs.314,938,236 was compromised, and the account balances did not provide a true reflection of receivables attributable to students. The anomaly was attributed to weaknesses in the internal controls in SAP configuration and inadequate monitoring.

Further, review of December, 2024 graduation records revealed that 128 students graduated despite having outstanding fee balances amounting to Kshs.791,453. This was contrary to the Institute's fees policy requiring full settlement of fees on admission.

In the circumstances, the accuracy and valuation of debtor balances could not be confirmed.

6. Inaccuracies in Revenue Collected

Analysis of invoices generated from the Translogic system and SAP revealed that one thousand nine hundred and eighty-one (1,981) cases where Translogic invoices had no corresponding entries in SAP. The value of the un-invoiced transactions in SAP amounted to Kshs.81,668,472. In addition, there were five thousand and ninety-five (5,095) cases where the amounts in Translogic invoices exceeded those recorded in SAP. A sample analysis showed Translogic invoices totalling Kshs.304,175,298 against SAP invoices amount of Kshs.207,050,389, resulting in an unreconciled variance of Kshs.97,124,909.

Further, review of the Corporation billing system revealed that the Kenya Ports Authority (KPA) and Kenya Railways Corporation had not implemented an integrated system. As a result, KRC prepares manual bills based on the "cargo on offer" file, which is an Excel document from KPA listing containers ready for transport. Reliance on manual billing increases the risk of errors, omissions, and delays in billing, which may lead to inaccuracies in revenue.

In the circumstances, the accuracy and completeness of revenue collected could not be confirmed.

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

Emphasis of Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects total revenue budget and actual on comparable basis of Kshs.29,501,599,660 and Kshs.30,840,149,233 respectively, resulting in over-funding of Kshs.1,338,549,573 or 4% of the budget. However, the Corporation spent an amount of Kshs.23,552,809,842 against actual receipts of Kshs.30,840,149,233 resulting in an under-utilization of Kshs.7,287339391 or 23 % of the total receipts.

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

2. Contingent Liabilities

I draw your attention to Note 37 to the financial statements which discloses a contingent liabilities balance of Kshs.28,145,099,199. As reported in previous year, the balance comprises of law suits against the Corporation that are yet to be determined with an

estimated cost of Kshs.27,978,266,389 and guarantees given on behalf of the Corporation amounting to Kshs.166,832,810. The Corporation is at risk of operations interruption should the contingent liabilities crystalize.

3. Long Outstanding Land Compensation Balance

The statement of financial position and as disclosed in Note 38 to the financial statements reflects a balance of Kshs.48,203,885,327 in respect of payables and accrued charges. Included in the balance is an amount of Kshs.8,307,857,507 in respect of land compensation. The balance has been outstanding for long with no movement during the year under review. Management did not provide satisfactory explanations why the balance has remained outstanding for a long. Failure to settle pending bills when due, may attract penalties and interest resulting to loss of public funds.

My opinion is not modified in respect of these matters.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the prior year audit report, several issues were raised under Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance as shown below:

No.	Financial Year	Audit Issue
1	2023/2024	Unsupported Property, Plant and Equipment
2	2023/2024	Inaccuracies in Capital Works-in-Progress
3	2023/2024	Long Outstanding Debtors on World Bank Receivables, Unsupported General Advances, Imprests Debtors dating back to 2011; and Unsupported Inter-Company Debtors
4	2023/2024	Trade and Other Payables on Outstanding Prepayments, Outstanding Land Compensation Balance, Outstanding Customer Deposits; and Default Penalty Payable
5	2023/2024	Unsupported Revenue-Nakuru Parking Revenue
6	2023/2024	Illegal Allocation of Land Asset
7	2023/2024	Non-Settlement of the Exim Bank Loan (On Lent)
8	2023/2024	Weakness in Revenue Collection-Meter Gauge Railway (MGR) Revenue

Review of the status during the audit of the Corporation in 2024/2025 revealed that the eight (8) issues remained unresolved.

Other Information

The Management is responsible for the Other Information set out on page iii to Iiii which comprise of Key Corporation Information, The Board of Directors, Key Management Team, Chairman's Statement, Report of the Managing Director, Statement of Performance Against Predetermined Objective, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors, Statement of Directors Responsibilities, The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Avoidable Expenditure on Penalties on a Loan

The statement of financial position and as disclosed in Note 38 to the financial statements reflects a balance of Kshs.48,203,885,327 in respect of payables and accrued charges. The balance includes an amount of Kshs.6,896,114,825 in respect of outstanding penalties that arose from non-settlement of maturing loan obligations to an International Bank loan when due. The penalties expose the Corporation to avoidable expenditure that could otherwise been avoided had the loan been settled when due.

In the circumstances, the value for money on the penalties paid could not be confirmed.

2. Delayed Projects Implementation

The statement of financial position and as disclosed in Note 25 to the financial statements reflects a balance of Kshs.152,276,607,512 in respect of Capital Works-in-Progress

(CWIP). Review of records revealed that the Corporation initiated fourteen (14) projects during the year under review at an approved budget of Kshs.13,757,439,712. However, none of the projects had been completed and highest was at 44% level of completion. The projects had spent an amount of Kshs.3,391,107,122 or 24% of the budget. Delayed projects implementation denied services to the public that could have accrued from timely completed projects.

In the circumstances, the value for money of the expenditure on delayed Projects could not be confirmed.

3. Non-Compliance with the Law on Employment of Persons with Disability

Review of the Human Resource records for the year under review revealed that out of a total of three thousand three hundred and fifty-four (3,354) employees on payroll, only fifteen (15) employees or 0.4%, were persons with disabilities. This was contrary to the requirements of Section 21(2)(a) of the Persons with Disabilities Act, 2025, which states that employers with twenty or more employees shall ensure that at least 5 percent of their workforce consists of persons with disabilities.

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

4. Illegal Allocation of Land Asset

As report in the previous year, land records revealed that five hundred and twenty-nine (529) parcels of land have been illegally allocated across the Country. Although Management has put in place various measures to recover the irregularly allocated land, many pieces of land belonging to the Corporation are yet to be recovered as highlighted below:

4.1. Land in Mombasa County

Various parcels of land were allocated to private persons without the consent of the Corporation by either the Commissioner of Lands or the defunct Local Authorities. For instance, parcels of land adjacent to Mombasa Railway Station were irregularly allocated to private persons who have since made developments on the land. However, Management has sought Ethics and Anti-Corruption Commission (EACC) intervention to repossess the parcels of land and this process was ongoing as at 30 June, 2025.

4.2. Land in Limuru and Kikuyu in Kiambu County

Various parcels of land in Limuru were allocated to third parties without the consent of the Corporation by either the Commissioner of Lands or the defunct Local Authorities. For instance, land within Limuru Railway Station constituting and a piece of land within Kikuyu Railway Station were allocated to private persons. However, Management has sought the intervention of Courts and other various Government agencies such as the Ethics and Anti-Corruption Commission, Ministry of Lands and Physical Planning, National Land Commission and the Director of Survey to assist in the recovery of the irregularly allocated parcels of land.

4.3. Encroachment of Land in Ziwani in Nakuru County

In Nakuru, a parcel of land in Ziwani estate belonging to the Corporation has been taken by the County Government of Nakuru and currently used as a Bus Park. The land had been allocated to private individuals by the County Government of Nakuru on a long-term lease of twenty-five (25) years and an amount of Kshs.37,500,000 had been paid as premium and an annual rent of Kshs.13,300,002.

4.4. Residential Buildings in Kisumu County

Two hundred and forty-seven (247) residential units in Kisumu have been illegally occupied by organizations with no lease agreements and therefore not paying rent. The units have rent potential amounting to Kshs.27,435,600 annually.

In the circumstances, the existence of effective asset management mechanisms to safeguard public properties could not be confirmed.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Weaknesses in the Management of Assets

As reported in the previous year, the Corporation did not maintain an updated assets register. The assets register provided did not reflect serial numbers of assets, location of the assets, and land reference numbers. Further, descriptions of Land Category, L.R/certificate numbers and land ownership status (Freehold/leasehold) were also not shown.

Further, review of the Corporation fleet of motor vehicles and records of equipment revealed that the Corporation has a total of one hundred and ninety-two (192) motor vehicles, out of which thirty-two (32) were grounded while two (2) vehicles were unserviceable. However, Management did not provide records showing the dates when the assets were grounded and no annual disposal plan was prepared and implemented in

the year under review. This was contrary to Regulation 176(1) of the Public Procurement and Asset Disposal Regulations, 2020 which requires an Accounting Officer of a procuring entity to ensure that an annual assets disposal plan is prepared for items declared as unserviceable, surplus, or obsolete, obsolescence stores, asset or equipment.

In addition, inspection of Corporation assets revealed that most of the assets owned by the Corporation had not been tagged for ease of tracing and identification. This was contrary to Section 4.11.2 of the Operations and Maintenance Policy on asset and liability management in the public sector which states that the Accounting Officer shall develop and implement an asset identification/ tagging system, in accordance with guidance provided by The National Treasury.

In the circumstances, existence of effective mechanisms in the management of the assets could not be confirmed.

2. Weakness in Information Communication Technology Controls

Review if the Information Communication Technology (ICT) records and physical inspection of the Corporation server room revealed the following challenges:

i) Closed Circuit Television (CCTV) cameras were not installed, the heat and smoke detection system was last tested on 18 January, 2019, cables were poorly arranged, fire-hazardous materials such as paper files and cardboard boxes were stored within the server room, dust accumulation was observed on equipment surfaces and evidence of water leakages was noted.

ii) Review of the backups that are maintained for critical systems, including ERP applications in use, email, shared folders, and train operation systems revealed that the applications had not been subjected to testing or restoration. As a result, there is no assurance that the data stored on these backups can be successfully recovered when required.

Further, backup tapes were unlabeled and were being stored within the primary Headquarters site, contrary to recommendations of Kenya Railways ICT Department on disaster recovery plan that requires them stored at an offsite location.

iii) The Corporation operated twenty-seven (27) systems, out of which only five (5) systems were being backed up on a daily basis. The remaining twenty-two (22) systems were not backed up.

iv) Further, there was no evidence that testing and validation of Business Continuity Plan (BCP) or Disaster Recovery (DR) procedures had been performed on the five (5) systems being backed up. In addition, it was noted that the Operations Control Centre (OCC) systems were legacy systems running on unsupported operating systems (2012 and below). As a result, these systems could not be mirrored or adequately backed up, thereby increasing their vulnerability in the event of system failure.

In the circumstances, existence of an effective ICT control environment at the Corporation could not be confirmed.

3.Over-Reliance on System Vendor

Review of the ticketing system, revealed that a ticketing vendor had direct access to the production live database instead of operating through a test environment. It was noted that the Corporation staff could not generate source data for sales independently and had to rely on the vendor for support, an indication that, knowledge transfer from the vendor to internal staff had not been undertaken.

Further, review of records for Railway Training Institute (RTI) revealed that Management remains dependent on the vendor for day-to-day running of the system post-implementation. The vendor continues to access the system accounts and makes changes or adjustments at the request of Institute staff.

In the circumstances, existence of effective handover/takeover mechanisms of the systems could not be confirmed.

4. Non-Functional Ticket Reading Devices at Access Points

Review of records revealed that the glass reader units installed at the entry and exit turnstiles were faulty and frequently failed to read passenger tickets. Although the flap gates were to open freely when a valid ticket was scanned against the reader, it was noted that there was no consistency and the gates did not open as required. As a result, passengers experienced delays and disruptions in ticket validation, and staff were often required manual intervene. This compromised the efficiency of the automated system and created weaknesses in the ticketing and revenue assurance process.

In the circumstances, existence of effective entry and exit control protocols could not be confirmed.

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

Responsibilities of the Management and Board of Directors

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

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

22 December, 2025

14. STATEMENT OF PROFIT/LOSS & OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30th JUNE 2025

PARTICULARS	Note	FY2024-25	FY2023-24 Restated
Main Income	6	23,227,483,052	21,516,776,168
Discount Allowed	(a)6	(914,763,662)	(950,343,419)
Government Grants	7	7,773,694,530	2,920,310,444
Other Income	8	237,508,967	256,405,942
TOTAL REVENUES		**30,323,922,887**	**23,743,149,136**
Board Expenses	9	(26,578,578)	(19,883,702)
Administration Expenses	10	(1,260,383,778)	(1,516,460,256)
Staff Cost	11	(4,212,540,683)	(3,704,963,195)
Provision For Bad Debts	12	(159,884,858)	(24,839,214)
Rail Operational Expenses	13	(17,929,418,190)	(17,705,895,048)
Depreciation of Property, Plant And Equipment	14	(22,632,965,347)	(22,588,670,597)
Amortisation of Intangible Assets	15	(314,625,307)	(316,919,153)
TOTAL OPERATING EXPENSES		**(46,536,396,742)**	**(45,877,631,164)**
LOSS BEFORE COMPREHENSIVE ITEMS		**(16,212,473,855)**	**(22,134,482,029)**
Finance Income	16	316,226,326	178,155,142
Exchange Gain/Loss	17	2,537,722,758	(3,244,951,984)
Finance Expense	18	(25,970,737,471)	(28,856,329,787)
Penalties/Interest On On lent Loan	19	(1,596,587,546)	(1,798,399,251)
RVR Vs Gok & GOU Expense	(a)20	(221,675,998)	(900,325,187)
RVR Vs Gok & GOU Grants	(b)20	-	500,000,000
Stock Adjustment		-	5,369,478,608
TOTAL OTHER COMPREHENSIVE INCOME		**(24,935,051,930)**	**(28,752,372,460)**
PROFIT/(LOSS) BEFORE TAXATION		**(41,147,525,785)**	**(50,886,854,488)**
Deferred Tax Income	21	13,052,277,340	23,244,248,018
Income Tax Expense	22	(70,586,855)	(45,606,167)
PROFIT/(LOSS) AFTER TAXATION		**(28,165,835,300)**	**(27,688,212,637)**

15. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

PARTICULARS	Note	Jun-25 Kes	Jun-24 - Restated Kes
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	23	521,597,656,513	542,477,404,775
Intangible Assets	24	1,553,934,524	1,791,004,803
Capital Works-In-Progress	25	152,276,607,512	136,657,230,854
Total Non-Current Assets		**675,428,198,550**	**680,925,640,432**
Current Assets			
Stores Inventories	26	9,694,683,404	9,323,070,147
Trade and other Receivables	27	89,810,705,901	70,557,589,388
Cash Deposits & Guarantees	28	50,838,367,635	48,949,670,418
Cash & Bank Balances	29	1,764,234,327	1,531,550,550
Total Current Assets		**152,107,991,267**	**130,361,880,503**
TOTAL ASSETS		**827,536,189,817**	**811,287,520,934**
EQUITY & LIABILITIES			
Equity			
Government , subventions & equity	30	40,474,007,121	40,474,007,121
GOK Grants	31	10,259,014,874	10,259,014,874
Restructuring reserves	32	26,659,323,174	26,707,136,027
Accumulated losses	33	(198,469,579,155)	(170,303,743,855)
Total Equity		**(121,077,233,986)**	**(92,863,585,833)**
LIABILITIES			
Non-Current Liabilities			
East African Loan stocks	34	36,843,776	36,843,776
GoK On-Lent Loan	35	672,042,903,170	646,072,165,699
Deferred Income	36	225,834,002,764	204,230,769,693.47
Provisions	37	90,185,530	75,570,735
Total Non current liabilities		**898,003,935,240**	**850,415,349,903**
Current Liabilities			
Payables & Accrued Charges	38	48,203,885,327	51,418,507,880
.Deferred Income	39	2,405,603,236	2,317,248,984
Total Current Liabilities		**50,609,488,562**	**53,735,756,864**
Total liabilities		**948,613,423,803**	**904,151,106,767**
TOTAL EQUITY & LIABILITIES		**827,536,189,817**	**811,287,520,934**

The financial statements were approved by the Board on 27/08/ 2025 and signed on its behalf by:

FOR Mr. Abdi Bare Duale
CHAIRMAN OF THE BOARD

Philip J. Mainga, EBS
MANAGING DIRECTOR

CPA Jemimah Matu
Ag. GENERAL MANAGER FINANCE
ICPAK M/NO: 10334

16. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30th JUNE 2025

PARTICULARS	Share Capital Govt. Subventions) (& Equity KES	Share Capital (GoK Grants) KES	Accumulated Losses Net Appropr'tion) (a/c KES	Restructuring Reserves KES	Total KES
At 30th June 2024	40,474,007,122	10,259,014,874	(170,303,743,855)	26,707,136,027	(92,863,585,832)
*Prior period adjustment	-	-	-	-	-
Restated balance	**40,474,007,122**	**10,259,014,874**	**(170,303,743,855)**	**26,707,136,027**	**(92,863,585,832)**
Transfers to deferred income	-	-	-	-	-
Additions	-	-	-	(47,812,853)	(47,812,853)
Net income for the year	-	-	(28,165,835,300)	-	(28,165,835,300)
Total recognised income	-	-	-	-	-
Issue for cash / Bonus issue of shares	-	-	-	-	-
:Dividends	-	-	-	-	-
At 30th June 2025	**40,474,007,122**	**10,259,014,874**	**(198,469,579,155)**	**26,659,323,174**	**(121,077,233,986)**

17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2025

PARTICULARS	Notes	30th June 2025		30th June 2024 Restated		30th June 2024	
						KES	KES
Cash flows from operating activities							
Loss for the Year			**(28,165,835,300)**		**(27,688,212,637)**		**(54,389,431,072)**
Add : Items not Involving movement of Cash							
- Depreciation of PPE	**14**	22,832,965,347		22,588,670,597		22,588,670,597	
- Depreciation- Intangible assets	**15**	314,625,307		316,919,153		316,919,153	
- Governement Grants	**7**	2,405,603,236		2,317,248,984			
- Provision for Doubtful Debts	**12**	159,884,858		24,839,214			
Exchange Gain/Loss Realised	**17**	(2,537,722,758)		3,244,951,984		(2,952,205,115)	
			22,975,355,890		**28,492,629,933**		**19,953,384,635**
Operating profit / (loss) before working capital changes			**(5,190,479,311)**		**804,417,296**		**(34,436,046,438)**
Movement in Working capital							
(Increase)/decrease in stores inventories	**26**	(371,613,257)		(5,419,998,086)		(5,297,640,184)	
(Increase)/decrease in Receivables	**27**	(19,253,116,512)		(37,368,219,667)		(10,790,326,804)	
Increase/(decrease) in payables	**38**	(3,214,622,553)		10,130,472,650		9,835,104,802	
Net Current Assets Movement			**(22,839,352,322)**		**(32,857,745,103)**		**(6,252,862,386)**
Net cash generated from / (used in) operating activities			**(28,029,831,633)**		**(31,853,327,807)**		**(40,688,908,824)**
Cash flow from Investing Activities							
Purchase of property, plant and equipment	**23**	(1,753,217,085)		(7,665,488,160)		(7,665,488,160)	
Purchase of intangible assets	**24**	(77,555,029)		-		(11,404,554)	
Adjustment on fixed assets	**23**	(25,018,519)		(580,075,811)		5,554,466,886	
Capital works started during the period	**25**	(15,619,376,658)		(5,489,471,671)		(5,489,471,671)	
Net cash generated from / (used in) investing activities			**(17,475,187,291)**		**(13,735,035,642)**		**(7,611,897,499)**
Cash flow from Financing Activities:-							
Restructuring reserves movement	**29**	(50,559,669)		6,473,896,416		6,473,896,416	
Movement in Provisions	**33**	14,614,798		195,292,108		195,292,108	
Movement in Long term loans	**32**	25,970,737,471		28,856,329,790		28,856,329,790	
Deferred income - Non Current	**35**	21,603,233,070		10,352,735,364		10,399,934,833	

Deferred income - Current		88,354,252					
Net cash generated from / (used in) financing activities			**47,626,379,919**		**45,878,253,678**		**45,925,453,148**
Increase in Cash and Cash Equivalents			**2,121,380,995**		**289,890,228**		**(2,375,353,177)**
Movement in Cash & Cash Equivalents							
Opening Balances			**50,481,220,968**		**50,191,330,740**		**52,566,683,917**
Add increase/(decrease) in cash & cash equivalent			2,121,380,995		289,890,228		(2,375,353,177)
Closing Cash and Cash equivalent			**52,602,601,962**		**50,481,220,968**		**50,191,330,740**
Less: Cash Deposits & Guarantees	**29**		(50,838,367,635)		(48,949,670,418)		(48,666,766,690)
Closing balance of cash & cash equivalent			**1,764,234,327**		**1,531,550,550**		**1,524,564,049**

18.STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2025

Description	Original budget	Adjustments	Final Budget	Actual on comparable basis	Performance difference	% of utilisation	Note
Rent Income	1,517,222,493	(49,790,720)	1,467,431,773	1,421,061,850	(46,369,923)	-3%	
SGR Income	27,554,342,281	(6,305,584,381)	21,248,757,900	19,423,663,515	(1,825,094,385)	-9%	
Equipment Lease Income	53,633,135	(53,633,135)	-	59,695,882	59,695,882		
Museum Income	3,800,000	2,100,000	5,900,000	6,278,650	378,650	6%	
Investment Income	180,000,000	40,000,000	220,000,000	316,226,326	96,226,326	44%	A
Other Incomes	272,877,507	247,551,486	520,428,993	171,534,435	(348,894,558)	-67%	B
NCR Income	461,458,910	(243,072,236)	218,386,674	153,210,722	(65,175,952)	-30%	C
MGR Income	3,562,161,864	(1,066,907,761)	2,495,254,104	1,976,783,799	(518,470,305)	-21%	D
Government Grants	2,817,248,988	966,208,334	3,783,457,322	7,773,694,530	3,990,237,208	105%	E
RTI Income	442,317,526	(184,922,072)	277,395,454	252,763,165	(24,632,289)	-9%	
Discount Allowed	(1,292,604,061)	557,191,502	(735,412,559)	(914,763,662)	(179,351,103)	24%	F
Total Revenue	**35,572,458,642**	**(6,070,858,982)**	**29,501,599,660**	**30,640,149,213**	**1,138,549,553**		
Staff Cost	(4,012,584,039)	(785,732,710)	(4,798,316,749)	(4,212,540,683)	585,776,066	-12%	G
Rail Operational Expenses	(11,807,846,552)	(8,945,385,138)	(20,553,231,690)	(17,923,353,744)	2,629,877,946	-13%	H
Training	(14,955,287)	235,287	(14,720,000)	(7,711,445)	7,008,555	-48%	I
Travel & Accommodation	(12,723,306)	(295,365,312)	(308,089,618)	(207,110,312)	100,978,306	-33%	J
Legal & Professional	(239,889,043)	(165,731,913)	(405,620,956)	(277,631,230)	127,989,726	-32%	K
Board Expenses	(30,000,000)	-	(30,000,000)	(26,578,578)	3,421,422	-11%	L
General Office Expenses	(328,495,841)	(127,764,789)	(456,260,630)	(290,177,752)	166,082,878	-36%	M
Printing & Stationery	(44,456,394)	28,880,834	(15,575,559)	(8,375,901)	7,199,658	-46%	N
Motor Vehicle Running Expense	(59,226,316)	(103,250,611)	(162,476,927)	(157,233,881)	5,243,046	-3%	
Utilities Expenses	(150,800,000)	(47,740,765)	(198,540,765)	(133,468,149)	65,072,615	-33%	O
Communications Costs	(1,970,687)	(8,621,728)	(10,592,415)	(9,339,145)	1,253,270	-12%	P
Advertising & Promotion	(4,135,000)	(32,308,309)	(36,443,309)	(17,444,375)	18,998,934	-52%	Q
Subscription & Donations	-	(5,350,000)	(5,350,000)	(1,072,301)	4,277,699	-80%	R
Insurance Expenses	(71,709,938)	(25,545,627)	(97,255,565)	(73,880,060)	23,375,505	-24%	S
Repairs & Maintenance	(63,691,913)	(165,574,172)	(229,266,085)	(47,007,427)	182,258,658	-79%	T
Provision for Doubtful Debt	-	-	-	(159,884,858)	(159,884,858)		
Total Operation Costs	**(16,642,484,315)**	**(10,679,254,954)**	**(27,321,739,269)**	**(23,552,809,842)**	**3,768,929,427**		
Profit Before Non Operational Costs	**18,929,974,327**	**(16,750,113,936)**	**2,179,860,391**	**7,087,339,370**	**4,907,478,979**		
Finance Expenses	(30,846,525,181)	1,991,000,000	(28,855,525,181)	(26,077,320,571)	2,778,204,610	-10%	U
Penalties/Interests On Debt	-	-	-	(1,596,587,546)	(1,596,587,546)		V
Exchange Gain/Loss	-	-	-	2,537,722,758	2,537,722,758		
Depreciation	(21,985,601,385)	-	(21,985,601,385)	(22,947,590,654)	(961,989,269)	4%	
RVR Vs GOK & GOU Grant	500,000,000	-	500,000,000	-	(500,000,000)	-100%	W
RVR Vs GOK & GOU Expense	(500,000,000)	-	(500,000,000)	(221,675,998)	278,324,002	-56%	X
Deferred Tax	-	-	-	13,052,277,340	13,052,277,340		
Non Operating Costs	**(52,832,126,566)**	**1,991,000,000**	**(50,841,126,566)**	**(35,253,174,671)**	**15,587,951,895**		
Total Costs	**(69,474,610,881)**	**(8,688,254,954)**	**(78,162,865,835)**	**(58,805,984,513)**	**19,356,881,322**		
Net Surplus / Deficit	**(33,902,152,239)**	**(14,759,113,936)**	**(48,661,266,175)**	**(28,165,835,300)**	**20,495,430,874**		

Budget notes:

The budget for FY2024/25 was revised to reflect a reduction in projected recurrent revenue from **Kes. 35.6 Billion** to **Kes. 30.0 Billion**. This change is mainly due to external and operational factors, including a **Kes. 3.2 Billion** loss from foreign exchange adjustments (USD/Kes rate revised from 150 to 130), a **Kes. 2.3 Billion** shortfall caused by reduced container traffic and clinker orders, and delays in critical infrastructure such as rail sidings and reefer wagons.

On the expenditure side, the operational costs changed from **Kes 15.2 Billion** to **Kes 27.3 Billion** mainly due to change in rail operation costs; mainly fuel and maintenance costs. There was a reduction in personnel emoluments were reduced following delayed implementation of new staffing structures. Contracted services increased significantly to **Kes 637.7 Million**, primarily due to a **Kes 500 Million** arbitration-related cost. Administration expenses and repairs and maintenance costs were also revised upwards.

Budget Variance Explanations

Ref	Item	Variance %	Enhanced Explanation
A	Investment Income	44%	The favorable variance was due to higher funds being maintained in interest-earning accounts, which generated more income than initially projected.
B	Other Incomes	-67%	Scrap sales had been budgeted; however, no disposals took place during the year, leading to a significant shortfall in other income.
C	NCR Income	-30%	Nairobi Commuter Rail income was adversely affected by episodic service disruptions linked to socio-political unrest, resulting in reduced passenger numbers and income.
D	MGR Income	-21%	Income from MGR declined due to lower net tonne-kilometers and suspension of the Kisumu train following closure of the Nairobi-Kijabe line after the April 2024 floods. This negatively impacted both transit cargo and long-distance passenger services.
E	Government Grants	105%	Additional grants were received including: (i) KShs. 4.6 billion for periodic maintenance costs relating to FY2023/24, (ii) KShs. 88.3 million increase in amortized grants, and (iii) KShs. 497.1 million from funds held in the SGR escrow account.
F	Discount Allowed	24%	The variance arose because customer cargo volumes achieved thresholds that qualified them for rebates/discounts pegged on Twenty-foot Equivalent Units (TEUs) for containerized cargo.
G	Staff Costs	-12%	The organizational structure has not yet been fully filled as per the approved establishment, resulting in lower-than-budgeted staff costs.
H	Rail Operational Expenses	-13%	Rail operational expenses were lower due to reduced periodic maintenance costs and lower expenditure on casual labor for rail line maintenance.
I	Training	-48%	Training costs were curtailed as part of austerity measures imposed under The National Treasury (TNT) circulars.
J	Travel & Accommodation	-33%	Savings arose from cost containment, including limiting travel days, reducing delegation sizes, and ensuring only essential and critical travel was approved.
K	Legal & Professional	-32%	Fewer litigation cases and controlled use of external consultants resulted in costs below budget.

L	Board Expenses	-11%	Board expenses were maintained below the KShs. 30 million threshold in line with the *Mwongozo* corporate governance guidelines.
M	General Office Expenses	-36%	Prior year costs relating to FY2024/25 are to be adjusted. Additional savings also arose from cost containment and tighter control of office overheads.
N	Printing & Stationery	-46%	Cost savings were achieved through improved stock management systems and digitization of processes, reducing reliance on printed stationery.
O	Utilities Expenses	-33%	Variance relates partly to adjustments of prior year costs and partly to reduced consumption through efficiency measures.
P	Communications Costs	-12%	Telephone and internet expenses were reduced through cost containment measures and more efficient usage.
Q	Advertising & Promotion	-52%	Spending was curtailed as part of austerity measures under TNT circulars, resulting in lower than budgeted expenditure.
R	Subscriptions & Donations	-80%	Expenditure on this vote head was reduced under austerity measures prescribed by TNT circulars.
S	Insurance Expenses	-24%	The variance is due to non-purchase of new assets that would have required general insurance cover, as the CAPEX budget for such acquisitions was not provided in the year.
T	Repairs & Maintenance	-79%	Variance arose because the annual repairs and maintenance work plan was not implemented as expected, with some activities deferred.
U	Finance Expenses	-10%	Finance expenses relating to the SGR on-lent loan were lower due to favorable exchange rate movements, which reduced the cost of servicing foreign-denominated debt.
V	Penalties/Interest on Debt	New item	Unbudgeted penalties of KShs. 1.6 billion were incurred in respect of the SGR on-lent loan due to delays in servicing obligations.
W	RVR vs GOK & GOU Grant	-100%	The budgeted KShs. 500 million grant under the RVR versus GOK arbitration case was not received during the financial year.
X	RVR vs GOK & GOU Expense	-56%	Related expenditure was lower as obligations under the RVR versus GOK/GOU settlement were renegotiated or settled at reduced amounts.

19. NOTES TO THE FINANCIAL STATEMENT

1. General Information

Kenya Railways is established by and derives its authority and accountability from the Kenya Railways Act (Cap 397). The Corporation is wholly owned by the Government of Kenya and domiciled in Kenya. The Corporation's principal activity is to provide a coordinated and integrated system within Kenya of rail & inland waterways transport services, port facilities in relation to inland waterways transport services and Auxiliary road services in connection therewith.

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

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entity's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Corporation, and all values are rounded off to the nearest Kenya shillings. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.

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

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

Title	Description	Effective Date
Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020, amended in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendment to IFRS 16 titled Lease Liability in a Sale and Leaseback (issued in September 2022)	The amendment, applicable to annual periods beginning on or after 1st January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.

Title	Description	Effective Date
Amendments to the Classification and Measurement of Financial Instruments Amendments to IFRS 9 and IFRS 7	The amendments specify: i. when a financial liability settled using an electronic payment system can be deemed to be discharged before the settlement date. ii. how to assess the contractual cash flow characteristics of financial assets with contingent features when the nature of the contingent event does not relate directly to changes in basic lending risks and costs; and iii. new or amended disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features that do not relate directly to basic lending risks and costs.	1 January 2026

The Directors have assessed the applicable standards and amendments. Based on their assessment of the impact of the application of the above, they do not expect that there will be a significant impact on the company's financial statements. Or the following has been assessed to be significant for the company and has been addressed as follows;

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

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

Title	Description	Effective Date
IFRS 18 Presentation and Disclosure in Financial statements	The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.	The new standard is effective for annual periods beginning on or after January 1, 2027. Earlier application is permitted.
IFRS 19 Subsidiaries without Public Accountability	IFRS 19 Subsidiaries without Public Accountability: Disclosures IFRS 19 Subsidiaries without Public Accountability: Disclosures was issued in May 2024. IFRS 19 permits some subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements. These entities apply the requirements in other IFRS Accounting Standards except for their disclosure requirements. Instead, these entities apply the requirements in IFRS 19	An entity may elect to apply this Standard for reporting periods beginning on or after 1 January2027.Earlier application is permitted.

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

iii. *Early adoption of standards*

The Entity did not early - adopt any new or amended standards in the financial year.

4. Summary of Accounting Policies

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

a) Revenue recognition

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

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

ii) **Grants from the National Government** are recognized in the year in which the *Corporation* actually receives such grants. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realized in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

iii) **Finance income** comprises interest receivable from bank deposits and investment in securities, and is recognized in profit or loss on a time proportion basis using the effective interest rate method.

iv) **Dividend income** is recognized in the income statement in the year in which the right to receive the payment is established.

v) **Rental income** is recognized in the income statement as it accrues using the effective interest implicit in lease agreements.

vi) **Other income** is recognized as it accrues.

b) In-kind contributions

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

c) Property, plant and equipment

All categories of property, plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses. Certain categories of property, plant and equipment are subsequently carried at re-valued amounts, being their fair value at the date of re-valuation less any subsequent accumulated depreciation and impairment losses.

Increases in the carrying amounts of assets arising from re-valuation are credited to other comprehensive income. Decreases that offset previous increases in the carrying amount of the same asset are charged against the revaluation reserve account; all other decreases are charged to profit or loss in the income statement. Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from the disposal with the net carrying amount of the items, and are recognised in profit or loss in the income statement.

d) Depreciation and impairment of property, plant and equipment

Freehold land and capital work in progress are not depreciated. Capital work in progress relates mainly to the cost of ongoing but incomplete works on buildings and other civil works and installations. The Corporation has four classes of Works in progress namely Civil works in Progress, Facilities works in Progress, Land work in progress, ICT work in Progress and Property & Investment work in Progress

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

Asset	Rate (%)	Useful life (Years)
Freehold Land	Nil	0
Buildings & Civil Works	2% &1%	50&100
Plant & Machinery	3.33%	30
Motor Vehicles, including motorcycles	25.00%	4
Computers and Related Equipment	33.30%	3
Office equipment, furniture and fittings	12.50%	8
Signalling and Telecommunication	12.50%	8
Marine Assets	3.33%	30
Workshops and maintenance Equipments	3.33%	30
Locomotives and Rolling stock	4.00%	25
Fences and Perimeter Walls	2.00%	50

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

Items of property, plant and equipment are reviewed annually for impairment. Where the carrying amount of an asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

e) Intangible assets

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

f) Amortization and impairment of intangible assets

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

g) Investment property

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

h) Biological Assets

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

i) Right of Use Asset

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They

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

j) Fixed interest investments (bonds)

Fixed interest investments refer to investment funds placed under Central Bank of Kenya (CBK) long-term infrastructure bonds and other corporate bonds with the intention of earning interest income upon the bond's disposal or maturity. Fixed interest investments are freely traded at the Nairobi Securities Exchange. These bonds are measured at amortized cost/ at fair value through other comprehensive income (FVTOCI)or at fair value through profit or loss (FVTPL).

k) Quoted investments

Quoted investments are classified as non-current assets and comprise marketable securities traded freely at the Nairobi Securities Exchange or other regional and international securities exchanges. Quoted investments are stated at fair value through profit or loss (FVTPL).

l) Unquoted investments

Unquoted investments are measured at fair value through profit or loss (FVTPL).

m) Inventories

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

n) Trade and other receivables

Trade and other receivables are recognized at amortized cost less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off after all efforts at recovery have been exhausted.

o) Taxation

i) Current income tax

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

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

p) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and

liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

q) Borrowing costs

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

r) Cash and cash equivalents

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

Restricted cash

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

s) Borrowings

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

t) Trade and other payables

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

u) Retirement benefit obligations

The corporation operates a defined contribution staff retirement benefits scheme for all full-time employees. The scheme is administered according to the Retirement Benefits Authority (RBA) regulations with an in-house team of Trustees, four of them elected by the employees and three nominated by the corporation (Sponsor), and contracted Administrator, Custodian, Fund Manager and Auditor. The scheme is funded by contributions from both the Sponsor and employees at rates of contribution specified in the Trust Deed & Rules, currently 16% of basic pay for the Sponsor and 10% of basic pay for an employee. The corporation also contributes to the National Social Security Fund (NSSF) at the prevailing rates. This is a statutory defined contribution scheme registered under the National Social Security Fund Act No. 45 of 2013.

v) Provision for staff leave pay

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

w) Exchange rate differences

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

x) Budget information

The original budget for FY 2024-25 was approved by the National Assembly by the beginning of the financial year. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations FY2024/25 budget on 28th April, 2025 bringing the final approved budget to Kes **78.66 Billion** for the recurrent budget and **Kes 33.18 Billion** for the Capital expenditure budget, following the governing body's approval.

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

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

y) Service concession arrangements

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

corresponding liability, adjusted by a cash consideration paid or received.

z) Comparative figures

Where necessary, comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation. In accordance with the Corporation's accounting policy and the requirements of IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors*, comparative information is restated to reflect prior period adjustments and to ensure consistency with the current year's presentation.

The financial statements for the year ended 30 June 2025 therefore include restated comparative figures for the year ended 30 June 2024. All prior year restatements have been fully effected in the financial statements of the previous year (FY 2023/2024).

The summary of restated balances are as below;

Table Z.1. Restated Items in the Statement of comprehensive income

Item	Line Item	FY2023-24 (Original-(ly Reported	(FY2023-24 (Restated	(Variance (KSh
1	Administration Expenses	(1,533,146,016)	(1,516,460,256)	(16,685,760)
2	Government Grants	2,920,310,480	2,920,310,444	37
3	Rail Operational Expenses	(21,484,532,777)	(17,705,895,048)	(3,778,637,730)
4	Exchange Gain/Loss	(2,952,205,115)	(3,244,951,984)	292,746,869
5	Deferred Tax Income	-	23,244,248,018	(23,244,248,018)
6	Income Tax Expense		(45,606,167)	45,606,167
7	Profit/(Loss) After Tax	(54,389,431,072)	(27,688,212,637)	(26,701,218,436)
8	(Operating Profit/(Loss	(5,919,686,998)	(2,124,363,508)	(3,795,323,490)

Table Z.2. Restated Items in the Statement of Financial Position

Item	Line Item	Jun 2024 (Originally (Reported	(Jun 2024 (Restated	(Variance (KSh
1	Property, Plant & Equipment	521,618,927,225	542,477,404,775	(20,858,477,550)
2	Investment Property	20,858,477,550	-	20,858,477,550
3	Trade and Other Receivables	43,979,696,526	70,557,589,388	(26,577,892,862)
4	Cash Deposits & Guarantees	48,666,766,690	48,947,090,317	(280,323,626)
5	Cash & Bank Balances	1,524,564,049	1,531,323,605	(6,759,556)
6	Total Current Assets	103,371,739,510	130,236,715,555	(26,864,976,045)
7	Restructuring reserves	26,709,882,843	26,707,136,027	2,746,816
8	Accumulated Losses	(197,048,463,088)	(170,426,101,757)	(26,622,361,331)
10	(Deferred Income (Non-current	204,277,969,162	204,230,769,693	47,199,469
11	Payables & Accrued Charges	51,123,139,832	51,415,700,834	(292,561,002)
12	(Deferred Income (Non-current	2,317,248,988	2,317,248,984	4
	Total Equity	(119,605,558,250)	(92,985,943,735)	(26,619,614,515)
	Total Assets / Total Liabilities & Equity	784,297,379,942	811,162,355,987	(26,864,976,045)

aa) Subsequent events

There have been material events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

5. Significant Judgments and Sources of Estimation Uncertainty

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

a) Estimates and assumptions

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

b) Useful lives and residual values

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

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

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 33

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. The Corporation makes provision for Bad debts, leave liability, deferred tax, leave allowance and gratuity

Notes to the Financial Statements (Continued)

Note	Details	FY2024-25	FY2023-24 (Restated)
6	**MAIN INCOME**		
	SGR Revenues	19,423,663,515	17,801,507,902
	MGR Revenues	2,049,534,328	2,218,418,736
	Net rental income from investment property	1,421,061,850	1,152,342,611
	Railway training institute	252,763,165	268,796,493
	MGR Marine-MV Uhuru	80,460,193	75,710,427
	Total	**23,227,483,052**	**21,516,776,168**

Main Income will record revenues accruing from the core activities of movement of freight cargo, passenger, property & investment and revenue from the center of excellence the Railway Training Institute. Revenue is recorded at gross as per the tariff or customer specific contracts. .

6(a)	**Discount Allowed**		
	Discount Allowed - SGR	914,763,662	950,343,419
	Discount Allowed	**914,763,662**	**950,343,419**

The Corporation will record all deviations from the Standard Published tariff in form of concessions, special rates and waivers as discounts accruing to the various units. The corporation has also entered into long term freight agreements with key customers who have invested in rail infrastructure in order to enable the Corporation uptake cargo requiring special facilities. These customers enjoy investment based contract spot rates.

7	**GOVERNMENT GRANTS**		
	Operational Grants - SGR	5,368,091,294	603,061,460
	Deferred Income - SGR	2,317,248,984	2,317,248,984
	Deferred Income - MGR	88,354,252	-
	Total	**7,773,694,530**	**2,920,310,444**

These are funds disbursed to the Corporation from GoK in support of specific aspects of the operation. During the year the Corporation received cash operational grants and also earned interest from grants in Escrow Bank Accounts. Amortization is the systematic allocation of Capital grants in respect to Projects that is allocated proportionate to the design life of the project.

	Description	FY 2025/26 Kes	FY 2024/25 Kes
	(Recurrent grants received (Operational Grants - SGR	5,368,091,294	633,801,500
	(Capital grants realized (Deferred Income - SGR	2,405,603,236	2,317,248,984
	Total	**7,773,694,530**	**2,951,050,484**

Name of the Entity sending the grant	Amount recognized in the Statement of Comprehensive Income KShs	Amount deferred under deferred income Kshs	Amount recognised in capital fund. KShs	*FY 2025/26* *Kshs*	*FY 2024/25* *Kshs*
The State Department for Transport (SDoT)	4,870,920,500	24,038,706,003	-	28,909,626,503	13,210,065,358
Total	**4,870,920,500**	**24,038,706,003**	-	**28,909,626,503**	**13,210,065,358**

8	**OTHER INCOME**			
	Sundry income		9,426,411	2,736,173
	Wayleaves		114,775,361	108,270,365
	Wagon lease		59,695,882	48,625,411
	Profit on sale of assets		0	10,704,685
	Museum Earnings		6,278,650	4,676,700
	Commercial Rent		2,550,000	8,485,600
	Sale of Scrap		1,113,362	-
	Kenrail Parking Revenue		5,784,174	2,903,452
	Kenrail Service Charge Income		-	25,948,080
	NCR Restaurant Revenue		32,097,651	37,964,536
	Nakuru Parking Revenue		5,787,475	6,090,940
	Total		**237,508,967**	**256,405,942**

Other Incomes will record revenues from non-core business. Sale of tender documents records sale of printed tender documents. Sale of scrap records proceeds from disposal of unutilized assets approved for disposal. Profit on sale of assets records proceeds of the sale over the book value of the assets. MGR assets will record MGR revenues besides the core business this include Wayleave, workshop jobs and wagon leases. Commercial rent records the revenue specific to NCR station building. Wagon lease records lease of assets to Tata Chemicals.

9	**BOARD EXPENSES**			
	Director's Fees		1,044,000	696,000
	Directors' Sitting Allowances		13,108,000	11,804,000
	Board training		498,217	557,000
	Directors' Travel & Accommodation		11,928,361	6,826,702
	Total		**26,578,578**	**19,883,702**

Board expenses relate to compensation of Board members in respect to sitting allowances, fees, facilitations and training.

10	**ADMINISTRATION EXPENSES**			
	Postages and telephones		9,199,121	20,672,860
	Vehicle running & generator maintenance		154,548,401	168,255,816
	Travel & Accommodation		207,110,312	346,390,546
	Printing and stationery		29,997,777	29,628,674
	Advertising and sales promotion		17,444,375	58,014,769
	Audit fees provision		1,724,140	1,724,138
	Legal and professional fees		275,907,090	338,357,931
	Bank charges and commissions		35,996,246	8,357,594
	General Office Expenses	**10(a)**	248,732,522	496,614,952
	Occupancy & Utilities	**10(b)**	133,468,149	(127,755,096)

	Insurance		73,880,060	60,316,798
	Security		25,368,157	22,336,714
	Repairs & Maintenance		47,007,427	93,544,558
	Total		**1,260,383,778**	**1,516,460,258**
Administration expenses relates to both direct and indirect overheads. The categorization will be functional based.				
10(a)	**GENERAL OFFICE EXPENSES**			
	Office tea & beverages		8,060,970	9,198,475
	Cleaning services		67,412,963	111,375,496
	Students' food and essentials		30,594,529	40,754,520
	Other office expenses		123,321,221	304,972,391
	Training, Subscription & Donation		19,342,840	30,314,069
	Total		**248,732,522**	**496,614,952**
Office tea and beverage records amounts utilized in provision of office tea. Cleaning services will record amounts in maintaining sanitation in offices and facilities including our buildings and leased properties. Repair and maintenance records expenses to remedy failure of asset and equipment and to provide minimal downtimes. Student's food and Essentials records expenses to provide meals and other essentials for students in RTI trade debtors. Training, subscription and donations records staff training and subscription to professional bodies both by the Corporation and staff, it also records donations by the Corporation to various courses.				
10(b)	**OCCUPANCY & UTILITIES COSTS**			
	Land rates		36,492,178	(193,094,039)
	Electricity		22,554,212	19,677,006
	water		16,551,591	18,139,501
	Rent		57,870,168	27,522,436
	Total		**133,468,149**	**(127,755,096)**
These relate to recurring utilities such as Water, Electricity and Land rates. Rent relates to leasing of Eastern Block D and Basement.				
11	**STAFF COSTS**			
	Salaries and wages		2,407,966,708	2,228,538,410
	Staff allowances		1,348,301,884	1,154,800,657
	Group life Insurance & group personal accident		18,991,383	10,443,089
	Other Staff costs		86,340,463	29,947,963
	Staff medical		350,940,246	281,233,075
	Total		**4,212,540,683**	**3,704,963,195**
This relates to the human capital. Group life insurance expense relates to the total premium for the corporation group life policy. Other staff costs include gratuities, internship allowances, extraneous allowances, Ex gratia expenses and staff welfare expenses. Salaries and wages relate to basic pay and employer pension contribution for all staff including the Managing Directors Salary. Staff allowances relate to all allowances paid in the course of engagement.				
	The average number of employees at the end of the year was:			
	Permanent employees		1,937	2,005

	Fixed Term Contract		24	21
	Temporary Contract		1,393	1,261
	Casuals		1,255	1,167
	Total		**4,609**	**4,454**
In the year Temporary contract staff were engaged across the various departments in the corporation.				
12	**PROVISION FOR BAD DEBTS**			
	Balance b/fwd		(6,226,872,213)	(6,202,032,998)
	Change in provision for doubtful debts		(159,884,858)	(24,839,214)
	Balance carried forward		**(6,386,757,071)**	**(6,226,872,213)**
It is the Corporation's policy to maintain a 5% general provision & 100% specific provision on trade receivables and Rent Receivable. Provision for bad debts is the change of provision between two successive years. As a policy, the Corporation provides fully for closed and inactive accounts for both trade and rent debtors. The balance of active accounts will have a general 5% provision. The new provisions include items classified under other receivables and there is also a first time provision for RTI for long outstanding debts				
13	**RAIL OPERATIONAL EXPENSES**			
	MGR Operations & Maintenance Costs	**13(a)**	2,941,217,698	3,121,974,148
	SGR Operations & Maintenance	**13(b)**	14,988,200,492	14,583,920,900
	Total Rail Operation Expenses		**17,929,418,190**	**17,705,895,048**
13(a)	**MGR Operation and Maintenance Costs**			
	MGR Security Expense		298,629,606	206,859,362
	MGR Direct Utilities		93,554,407	94,799,387
	MGR Other Expenses		92,166,900	1,892,820
	MGR Fuel & Lubricants		1,680,312,824	1,954,641,832
	MGR Operations & Maint Costs		776,553,962	863,780,746
	Total MGR Operation Cost		**2,941,217,698**	**3,121,974,148**
13(b)	**SGR Operation and Maintenance Costs**			
	SGR Operations & Maint Costs		6,533,858,705	6,885,737,688
	SGR Freight Cost		1,240,200,279	661,194,432
	SGR Security		349,667,342	286,729,648
	SGR Insurance Expense		295,061,827	315,481,277
	SGR Channel Occupancy		11,607,449	17,588,248
	SGR Fuel		6,006,531,105	5,920,665,379
	SGR Consumables and Other maintenance cost		-	29,355,243
	SGR Other Expenses		116,084,376	68,905,442
	SGR Direct Utilities		435,189,409	398,263,543
	Total SGR Operation Cost		**14,988,200,492**	**14,583,920,900**

This relates to expenses incurred in train operations. In SGR this will include the fixed Operation and Variable costs under Organization & Maintenance contract, Locomotive & Rolling stock contract, communication & information contract, fuel, Loading and unloading at the yards, Channel occupancy for frequencies for communication, Variable expenses being amounts driven by the activity above the fixed charge. MGR operation will record variable cost of fuel, maintenance and traffic related expenses. It also relates to specific overheads in respect to MGR operations

14	**DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT**			
	Depreciation Cost- Buildings		6,038,276,147	6,037,622,570
	Depreciation Cost- Motor Vehicles		106,072,561	98,286,464
	Depreciation Cost- Computer & Hardware		78,420,337	42,738,994
	Depreciation Cost- Furniture & Fittings		13,993,200	13,631,383
	Depreciation Cost- Office Equipment		254,726,776	250,980,081
	Depreciation Cost- Locomotives & Wagons		609,746,027	603,565,512
	Depreciation Cost- Plant & Machinery		18,110,163	18,013,503
	Depreciation Cost- Other Plant & Machinery		397,895,680	414,412,034
	Depreciation Cost- Civil Works		8,883,911,408	8,883,911,408
	Depreciation Cost- Signaling & Telecommunication		1,724,705,119	1,724,653,542
	Depreciation Cost- Rolling Stock		13,020,225	7,141,815
	Depreciation Cost- Maintenance Equipment		273,243,903	272,869,485
	Depreciation Cost- Workshop Equipment		1,465,852,897	1,465,852,902
	Depreciation Cost- Fences And Perimeter Walls		1,269,684,985	1,269,684,986
	Depreciation Cost- Heavy Earth Moving Equipment		177,925,685	177,925,685
	Depreciation Cost- Ships And Water Vessels		6,136,062	6,136,062
	Depreciation Cost- Wagon And Coaches		1,301,244,172	1,301,244,170
	Total Depreciation		**22,632,965,347**	**22,588,670,597**
15	**AMORTIZATION OF INTANGIBLE ASSETS**			
	Amortization - Intangible Assets		901,967	-
	Amortization - Software's And Licenses		313,723,340	316,919,153
	Total Amortization		**314,625,307**	**316,919,153**

The corporation applies the straight line method of depreciation. The useful life for specific technical assets such as SGR and MGR assets, the engineering design life is used to allocate the cost. The schedule of rates and useful life is provided under the notes.

16	**FINANCE INCOME**			
	Interest-short term deposit		315,179,864	177,938,278
	Interest- Advances		1,046,462	216,864
	Total Finance Income		**316,226,326**	**178,155,142**

Finance income will include interest earned from investments in commercial banks. This is in the form of Fixed Deposit Reserves from unutilized cash. The corporation also recognizes nominal interest in advances to staff.

17	**EXCHANGE GAIN/LOSS**			
	Exchange gain (Loss)on foreign currency translation		2,537,722,758	(3,244,951,984)
	Total Finance Income		**2,537,722,758**	**(3,244,951,984)**
The forex fluctuation was due to currency movement affecting Escrow bank accounts and foreign-dominated creditors and debtors				
18	**FINANCE EXPENSE**			
	Gok On Lent Loan Interest		25,970,737,471	28,856,329,787
	Total Finance Expense		**25,970,737,471**	**28,856,329,787**
SGR on-lent interest relates to interest accruing on the SGR On-lent loan from the National treasury. The reduction in reported interest expense in FY2024-25 in comparison to FY2023_24 is attributable to the strengthening of the Kenya Shilling against the US Dollar. Although the actual interest payments in USD have remained constant, the translation into the reporting currency (Kes) results in a lower expense due to the favorable exchange rate movement. This reflects a translation effect rather than a change in the underlying financial obligation.				
19	**PENALTIES/ INTEREST ON ON-LENT LOAN**			
	Penalties/Interest		1,596,587,546	1,798,399,251
	Total Penalty/Interest		**1,596,587,546**	**1,798,399,251**
This relates to penalties accruing from non-payment on-Lent loan obligations The interest is charged at 1% of the unremitted amounts.				
	RVR VS GOK & GOU ARBITRATION CASE			
20(a)	RVR Vs Gok & GOU Expense		221,675,998	900,325,187
20(b)	RVR Vs Gok & GOU Grants		-	(500,000,000)
	Total Arbitration Expense		**221,675,998**	**400,325,187**
KR incurred Kes 221 Million related to arbitration case; Rift Valley Railways (RVR) Vs Government of Kenya (GOK) and the Government of Uganda (GOU).				
21	**DEFERRED TAX INCOME**			
	Charge for the year		13,052,277,340	23,244,248,018
	Total Deferred Tax Income		**13,052,277,340**	**23,244,248,018**
Deferred tax income arose from temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases.				
22	**INCOME TAX EXPENSE**			
	Income from Specified sources		314,133,403	224,083,081
	Cost relating to Specified sources		(78,843,885)	(72,062,526)
	Taxable profit		235,289,517.08	152,020,555.11
	Tax @ 30% recognized in the year		**70,856,855.12**	**(45,606,166.53)**
The Current year's tax is just a provision. Final tax will be computed after the accounts have been audited				

Note 23

Details	Land	Buildings & civil works	Plant and machinery	Signalling & Telecommunication Equipment	Motor vehicles, including, motor cycles
COST OR VALUATION					
At July 1, 2024	17,951,351,801	499,014,221,169	4,254,447,883	56,017,179,454	552,786,301
Additions	796,200,000	1,647,930	14,857,170	1,020,345	169,205,326
Transfers					
Adjustments					
Disposals					
At June 30, 2025	**18,747,551,801**	**499,015,869,099**	**4,269,305,053**	**56,018,199,799**	**721,991,627**
DEPRECIATION					
As at Jul 1, 2024	-	(72,045,121,936)	(2,512,872,246)	(15,836,939,242)	(429,663,695)
Charge for the Period	-	(14,922,187,555)	(593,931,528)	(1,724,705,119)	(106,072,561)
Adjustments					
Impairment loss					
Eliminated on disposal					
Reclassification					
At June 30, 2025	**-**	**(86,967,309,491)**	**(3,106,803,774)**	**(17,561,644,362)**	**(535,736,256)**
NET BOOK VALUE					
At June 30, 2025	**18,747,551,801**	**412,048,559,609**	**1,162,501,279**	**38,456,555,437**	**186,255,370**

Office equipment, furniture & fittings	Computers & related equipment	Marine Assets	Workshop & Maintenance Equipment	Locomotives & Rolling Stock	Fences and Perimeter walls	Total
2,960,732,865	1,366,170,648	173,869,200	15,066,837,653	57,196,792,252	11,550,708,043	**666,105,097,269**
54,369,845	339,803,293	-	4,280,431	371,832,745	-	**1,753,217,085**
						-
						-
						-
3,015,102,711	**1,705,973,941**	**173,869,200**	**15,071,118,084**	**57,568,624,997**	**11,550,708,043**	**667,858,314,354**
						-
(1,900,914,614)	(1,298,715,691)	(94,100,398)	(9,445,623,486)	(13,896,639,147)	(6,167,102,039)	**(123,627,892,494)**
(268,719,977)	(78,420,337)	(6,136,062)	(1,739,096,799)	(1,924,010,424)	(1,269,684,985)	**(22,632,965,347)**
						-
						-
						-
						-
(2,169,634,591)	**(1,377,136,027)**	**(100,236,459)**	**(11,184,720,285)**	**(15,820,649,571)**	**(7,436,787,025)**	**(146,260,657,841)**
						-
845,468,120	**328,837,913**	**73,632,741**	**3,886,397,799**	**41,747,975,426**	**4,113,921,019**	**521,597,656,513**

23(a)

Included in PPE are properties including Kenrail towers and others which have now been classified into PPE, the carrying value is summarized as below

INVESTMENT PROPERTY		Amount	Amount
Balance b/fwd		20,858,477,550	21,284,160,765
Depreciation		(429,273,553)	(425,683,215)
Additions(other assets in the same category		481,683,215	-
Balance c/fwd		**20,910,887,212**	**20,858,477,550**

This reclassification was necessitated by a reassessment of the accounting treatment applied to the property. Although previously classified as investment property, the asset has consistently been accounted for under the *cost model* and subjected to depreciation at rates applied to buildings, in accordance with IAS 16 – Property, Plant and Equipment.

Under IAS 40 – Investment Property, investment property is either carried at fair value with changes recognized in profit or loss, or at cost in line with IAS 16 but without depreciation rates intended for owner-occupied buildings. Since the Corporation's policy and practice aligned more closely with IAS 16 treatment of property, plant and equipment rather than IAS 40 requirements, continued classification as investment property did not provide a faithful representation of the nature and use of the asset.

Accordingly, the Kenrail property and others have been reclassified to PPE to align its presentation with the Corporation's accounting policy and actual treatment. The carrying amount of the property remained unchanged at the date of reclassification.

23(b) fully Depreciated assets still in use

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

Description	Cost Valuation Kes	Normal Annual Depreciation charge Kes
Plant And Machinery	481,256'668.20	-16,041,888.94
Motor Vehicles, Including Motor Cycles	273,403,018.85	-68,350,754,.71
Computers And Related Equipment	1,277,413,141.99	-425,804,380.66
Office Equipment, Furniture And Fittings	870,202,117.74	-108,775,264.72
Total	**2,902,274,946.87**	**-618,972,289.03**

Note			FY2024-25	FY2023-24 Restated
24	**INTANGIBLE ASSETS**			
	Cost			
	Balance b/fwd		3,508,325,967	213,475,136
	Reclassification of SGR Intangible assets		-	3,294,850,831
	Additions		77,555,029	-
	Cost c/fwd		**3,585,880,996**	**3,508,325,967**
	Amortization of Intangible Assets			

	Balance b/fwd	1,717,321,165	76,073,165
	Reclassification of SGR Intangible Assets amortization	314,625,307	1,641,247,999
	Balance c/fwd	**2,031,946,472**	**1,717,321,165**
	Net Carrying amount	**1,553,934,524**	**1,791,004,803**
	Intangible assets relates to System Software's for Navision ERP, SAP ERP, Ticketing Systems , PBX telephone exchange and other Operations Software's.		
25	**CAPITAL WORKS-IN-PROGRESS**		
	Balance b/fwd	136,657,230,854	131,167,759,183
	Amount during the Year	15,619,376,658	5,489,471,671
	Capitalization	-	-
	Balance c/fwd	**152,276,607,512**	**136,657,230,854**
	Capital Works in progress relates to projects that are currently ongoing in the various divisions of the Corporation. The details of the Current WIP is contained in the Financial statements.		
26	**STORES INVENTORIES**		
	Consumables Stores	6,495,947,881	9,049,120,244
	Stationery stores	57,018,423	53,524,314
	Fuel Stores	209,064,195	129,841,094
	Foodstuffs	14,844,741	5,415,413
	Workshop Stores	2,917,808,165	85,169,082
	Net stores inventories	**9,694,683,404**	**9,323,070,147**
	Consumables stores records the stock values of Spares for Rolling stock and Permanent way. Stationery Stocks record stock values of Stationeries. Fuel Store records the residual value of fuel that must be retained in the tanks at the point of change of Suppliers. Food stuff record food items in RTI .SGR Spares have been relocated to Prepayment in line with the O&M terms.		
27	**TRADE AND OTHER RECEIVABLES**		
	Trade Receivable	11,382,367,215	9,691,609,331
	Rent Debtors	9,355,555,152	9,372,886,447
	Provision for bad debts	(6,386,757,071)	(6,226,872,212)
	Provision for discounts	(823,580,219)	(313,262,935)
	Net trade receivables	**13,527,585,077**	**12,524,360,631**
	Prepayments	8,301,011,540	7,533,692,654
	Tax Receivable	25,935,528,798	21,812,336,424
	Deferred Tax	41,280,711,228	28,228,433,888
	Staff	89,302,116	201,586,776
	Other Receivable	646,463,952	249,263,368

	E citizen Transition Account		30,103,191	7,915,648
	Net Receivables		**89,810,705,901**	**70,557,589,388**
	Trade receivables are dues to the Corporation from customers and trading partners. Trade Receivables records dues from trade transactions other than rent. Rent Debtors records dues from Tenants in various properties. Provision will include specific provision for inactive and closed accounts. There is a general Provision of 5%. Discounts Provision relates to discounts as per the Tariff of which the customers have not been awarded. Prepayments are monies received in advance for services. In particular, it records also amounts received in respect to projects that have not been absorbed. Staff debtors relates to legacy staff obligations, salary advances and outstanding surrenders.			
28	**CASH DEPOSITS AND GUARANTEES**			
i	FDR Savings & Loans (Mortgage A/C)	MM1908588802	87,302,206	17,286,374
ii	Escrow Retrenchment	1108981968	-	83,735
iii	KCB Car Loan Lien	271813	29,991,057	29,991,057
iv	S&L - Mortgage Back Up	MM1908087758	187,044,677	199,336,632
v	KCB- Mortgage Drawdown A/C	1146951868	2,032	2,032
vi	KCB-SGR Nbi -Nvs Escrow A/C	1162573333	5,418,686	5,355,392
vii	KCB-SGR Escrow Revenue A/C-Usd	1162574615	39,351,290,229	37,447,458,242
viii	KCB-SGR Escrow Revenue A/C-Kes	1162575077	140,519,436	67,616,254
ix	KCB-SGR Escrow Payment A/C-Usd	1203286473	14,636,107,896	14,524,996,274
x	FDR With Chase Bank	83019078060&62	200,254,780	200,254,780
xi	LC - Locomotive On-Board Computers	MM241459HC9S, MM24145JRX4N	117,772,808	182,633,070
xii	FCV Adjustment Account- Financing		(3,917,336,174)	(3,725,343,424)
	TOTAL		**50,838,367,635**	**48,949,670,418**
	Guarantees records cash that though is with the Corporation is not available for use owing to the conditions in the creating instruments			
29	**CASH & BANK BALANCES**			
(a)	**Card Balances**			
	Imprest Card Balances		3,177,461	2,421,909
	Sub total		**3,177,461**	**2,421,909**
(b)	**Bank balances**	**Account no.**		
i	KCB Rent Collections A/c	1108981917	62,042,037	14,668,408
ii	KCB USD account (USD)	1101706872	151,907,342	693,645,474
iii	KCB RTI Collection	1102590363	18,978,537	24,473,619
iv	KCB RTI Operation	1102587699	1,558,945	3,136,493
v	KCB - project account	1107161487	22,997,659	1,281,085
vi	Citibank a/c KES	300045003	3,062,267	3,077,144
vii	Citibank a/c USD	300045014	1,417,452	1,417,452
viii	Operational account	1107161398	145,769,972	126,324,109

ix	KCB Staff Mortgage A/C	1109889216	274,315	69,954
x	Equity bank	0470298041416	57,331,523	17,567,267
xi	NCBA Bank NUTRIP-KES A/C	2178860056	129,109	128,345
xii	KCB-Land compensation a/c	1162575387	225,779,118	502,306,807
xiii	SBM Savings A/C	0081019078001	83,753,608	76,570,325
xiv	SBM Liquidation account	0081019078063	70,509,541	64,462,159
xv	SBM Current account	0082019078064	-	-
xvi	Stanbic Bank	0100015153428	-	-
xvii	HFC Bank	9783910729	202,469,509	-
xviii	Sidian Bank	01003710006818	509,383,685	-
xix	Equity Bank Operations	1770286076812	203,563,014	-
xx	Equity Bank USD	1770286076890	129,234	-
xxi	Consolidated Bank	10011203000006	-	-
xxii	National Bank	7718071545	-	-
	Sub total		**1,761,056,866**	**1,529,128,641**
	TOTAL CASH & BANK BALANCES		**1,764,234,327**	**1,531,550,550**
30	**GOVERNMENT , SUBVENTIONS & EQUITY**			
	GOK equipment loan, 1974		50,000,000	50,000,000
	GOK Equity for the Purchase of new equipment		468,000,000	468,000,000
	Conversion of loan to equity		39,956,007,122	39,956,007,122
	TOTAL		**40,474,007,122**	**40,474,007,122**
	Government Subventions and Equity denotes the Government Shareholding contribution to the Corporation.			
31	**GOK GRANTS**			
	Balance B/forward		10,259,014,874	10,259,014,874
	Balance c/fwd		**10,259,014,874**	**10,259,014,874**
32	**RESTRUCTURING RESERVES**			
	Balance b/fwd		26,709,882,843	20,235,986,427
	Change in the Year		(50,559,669)	6,473,896,416
	Balance c/fwd		**26,659,323,174**	**26,709,882,843**
	Restructuring Reserves relates to legacy transactions, Cash Generating Assets adjustment and Migration reconciliation balances			
33	**ACCUMULATED LOSSES**			
	Balance b/fwd		(170,303,743,855)	(142,615,531,218)
	Prior period Adjustments		-	-
	Restated balance		**(170,303,743,855)**	**(142,615,531,218)**

	Profit for the Period		(28,165,835,300)	(27,688,212,637)
	Balance c/fwd		**(198,469,579,155)**	**(170,303,743,855)**
34	**EAST AFRICAN LOAN STOCKS**			
	1954 STG PD 5.0M		90,000	90,000
	1957 STG PD 8.5M		20,000	20,000
	1975 STG PD 5.9M		24,918,842	24,918,842
	1970 KENYA PD 1.0		513,100	513,100
	1971 KENYA PD 3.4		11,301,834	11,301,834
			36,843,776	**36,843,776**
35	**GoK LOAN (ON LENT)**			
	Balance b/fwd		646,072,165,699	617,215,835,910
	Amount disbursed during the year		-	-
	Interest On loan Capitalized		25,970,737,471	28,856,329,790
	Balance c/fwd		**672,042,903,170**	**646,072,165,699**
	On-lent loan from the National Treasury, originally sourced from China Exim Bank to finance the construction of the Standard Gauge Railway (SGR). Under this arrangement, the National Treasury acts as the primary borrower and subsequently lends the funds to Kenya Railways under separate terms and conditions.			
36	**DEFERRED INCOME**			
	Standard Gauge Consultancy Grant		-	47,199,472
	GOK Grant - SGR		119,627,946,504	115,380,293,881
	GOK Grant - Escrow		2,102,548,420	3,840,485,158
	Stand Premiums/Revenues		817,227,892	851,817,469
	Relocation Action Plan		5,949,991,174	5,712,831,897
	Land Sales		323,652,907	323,652,907
	RTI Deferred Income		1,079,445,179	1,079,445,179
	GOK Grant - Nairobi Commuter Rail		5,315,451,366	5,321,100,000
	GOK Grant- Konza Line		478,000,000	478,000,000
	GOK Grant- Nanyuki Line		2,521,704,410	2,525,000,000
	GOK- Naivasha SEZ		8,316,716,280	8,316,716,280
	GOK- NKR - KSM MGR		3,398,487,576	3,400,000,000
	GOK Naivasha - MLB MGR		11,560,859,693	10,873,099,656
	ICD Nairobi Grant		28,373,018,342	28,435,621,908
	GOK Grant- Kisumu Port		97,653,339	97,957,310
	MGR RS Rehabilitation		1,650,000,000	1,650,000,000
	SGR- GOK Grant USMS Project		1,220,663,276	676,632,413

	Gilgil -Naivasha		1,066,500,000	1,066,500,000
	MGR Locomotive Grant		7,950,216,152	6,012,710,603
	Boma Line Custom Facility		123,215,385	123,215,385
	Metro Line Eks-Ruai		80,000,000	80,000,000
	Kisumu -Butere		1,575,666,528	576,000,000
	Leseru -Kitale		453,500,000	453,500,000
	MGR -SGR Passenger Link		615,342,478	608,682,776
	Makupa Causeway Bridge Construction		5,526,388,267	3,917,179,323
	Cargo Handling Facility - Malaba		886,481,833	886,481,833
	Access Roads - Maimahiu-Suswa SGR Stations		728,404,772	480,970,684
	SAP ERP Project		722,662,681	203,997,594
	Riruta Ngong Project		1,356,804,350	125,000,000
	Kisumu Marine School		231,511,506	233,000,000
	Nairobi Railway City		244,500,000	244,500,000
	Deferred Customer Rent		168,262,966	74,626,422
	M/V Uhuru II		2,600,000,000	2,600,000,000
	Flood Mitigation		2,149,028,122	-
	Mariakani Freight Yard & Port Reitz		145,498,568	-
	SGR&MGR wagons & SGR Coaches		8,628,256,035	-
	RAP - Kibera -Mukuru		154,000,000	-
	TOTAL		**228,239,605,999**	**206,595,218,149**
39	Amount To be amortised (Current)		2,405,603,236	2,317,248,988
			2,405,603,236	**2,317,248,988**
	Amount Deferred to Future		**225,834,002,764**	**204,277,969,162**
	A record of funds received from GoK to undertake various projects. A portion of capital assets contributed by grants that will be amortised over the life of the asset.			
37	**PROVISIONS**			
	Leave Allowance		5,094,838	27,236,724
	Leave Liability		46,468,390	-
	Deferred Tax.		(4,377,708)	(4,377,708)
	Gratuities		43,000,010	52,711,719
	Total		**90,185,530**	**75,570,735**
	Leave allowance recognizes earned but unused leave days for the current financial year. Liability recognized provision is provided for long term leave days' balances. Gratuity is provided for post-employment benefit requiring accrual based on terms of service (Contract)			

38	**PAYABLES & ACCRUED CHARGES**			
	Trade creditors		9,149,234,028	13,053,234,698
	Land Compensation		8,307,857,507	8,307,857,507
	Staff creditors		345,875,164	758,214,263
	Customer deposits		8,375,181,518	9,450,771,518
	Accruals		15,129,622,285	14,538,485,761
	Default Penalty Payable on On-Lent Loan		6,896,114,825	5,309,944,132
	TOTAL		**48,203,885,327**	**51,418,507,880**
	Payables records dues from the Corporation to suppliers and other partners. Land Compensation is amount outstanding to activities leading to acquisition of the Corridor. Staff creditors relates to outstanding payroll deductions. Deposits Relates to rent deposits. Default Penalty will record the penalty arising from non-payment of obligations.			
36	**CASH AND CASH EQUIVALENTS**			
	For the purpose of the cash flow statement, cash and cash equivalents comprise the following:			
	Cash in Hand		3,177,461	2,421,909
	Cash at Bank		1,761,056,866	1,529,128,641
	TOTAL		**1,764,234,327**	**1,531,550,550**
37	**CONTINGENT LIABILITIES.**			
	Law suits against the Corporation yet to be determined		27,978,266,389	27,978,266,389
	Guarantees given on behalf of the Corporation		166,832,810	166,832,810
	Total contingent liabilities		**28,145,099,199**	**28,145,099,199**
	This will record the exposures in the form of pending cases that are currently ongoing against the Corporation. The management makes a disclosure based on the strength of the case and the resultant exposure.			

38. Earnings Per Share

The earnings per share is calculated by dividing the profit after tax with the number of shares.

39. Dividend per Share

Where dividends are proposed, dividends are accounted for as a separate component of equity until they have been ratified and declared at the relevant Board of Directors for distribution the sole shareholder being Government of Kenya

40. Revaluation Reserve

The revaluation reserve relates to the revaluation of certain items of property, plant and equipment. As indicated in the Statement of Changes in Equity, this is stated after transfer of excess depreciation net of related deferred tax to retained earnings. Revaluation surpluses are not distributable.

41. Fair Value Adjustment Reserve

The fair value adjustment reserve arises on the revaluation of available-for-sale financial assets, principally the marketable securities. When a financial asset is sold, the portion of the reserve that relates to that asset is reduced

from the fair value adjustment reserve and is recognized in profit or loss. Where a financial asset is impaired, the portion of the reserve that relates to that asset is recognized in profit or loss.

42. Retained Earnings

The retained earnings represent amounts available for distribution to the Government of Kenya. Undistributed retained earnings are utilized to finance the Corporation's business activities.

The deferred income movement is as follows:

Description	National government	International banks	Public contributions and donations	Others (specify)	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
Balance Brought Forward	**204,189,614,914**				**204,189,614,914**
Additions	28,909,626,503				28,909,626,503
Transfers To Capital Fund					-
Transfers To Income Statement	- 7,276,523,736				- 7,276,523,736
Other Transfers	11,847,496				11,847,496
Balance Carried Forward	**225,834,565,177**				**225,822,717,681**

43. Related Party Disclosures

Government of Kenya

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

Other related parties include:

i) The National Treasury
ii) The Parent Ministry - SDoT
iii) Kenya Ports Authority
iv) Numerical Machining Complex
v) National Lands Commission

44. Capital Commitments

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

Description	FY2024-25 Kes	FY2023-24 Kes
Amounts authorized and Contracted for	2,352,000,000	12,293,719,485
Amounts authorized but Not Contracted for	8,072,182,524	0.00
Less: Amounts included in Work In Progress **(Ongoing Capital Expenditure)**	17,470,117,476	32,947,008,554
Total	**27,894,300,000**	**45,240,728,039**

45. Financial Risk Management

The Corporation activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

(i) Credit risk

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

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

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

Credit Risk (Continued)

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

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

ii) Liquidity risk management

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

The table below represents cash flows payable by the company under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows.

(iii) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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

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

a) Foreign currency risk

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

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

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

iv) Enterprise Risk Management

KR maintains a robust approach to Enterprise Risk Management (ERM). This has enabled proactive identification, assessment and mitigation of strategic and operational risks.

The ERM framework has been integrated in all aspects of the Corporation, including strategic planning and implementation. The framework is designed to promote early identification and management of risks that present uncertainty in the Corporation's ability to achieve its strategic objective and commitment to exceeding customers and stakeholders' expectations. This has strengthened corporate governance by ensuring risk management at all levels of the Corporation is prioritised.

Major Risk facing KRA and mitigating measures.

The following major risks were identified and their corresponding mitigation measures implemented in the period.

Flooding and wash-away of rail networks.

The risk of flooding and wash-away materialised during the period resulting in disruption of passenger and freight services in both SGR and MGR networks. The notable damage to rail infrastructure included embankment failures, line cut-off, landslide, and wash-away of culverts and track ballast. The Corporation implemented a raft of measures including undertaking restoration works across the two networks affected by flooding. In order to avert further opportunity losses for western bound cargo, freight haulage was diverted to Naivasha Inland Container Depot (NICD) via the SGR as a short-term intervention.

Obsolete and non-supported ICT infrastructure

The use of obsolete and non-supported ICT infrastructure and systems poses a huge risk to operations. In recognition of the expanded mandate and key stakeholders' integration requirements, the Corporation completed phase1 of SAP ERP, which will provide 360-degree real time information to ensure efficiency, accuracy, proactive decision making and enhanced business intelligence.

Ageing railway infrastructure

Risk of ageing railway infrastructure affecting operational efficiency. To mitigate the risk, the Corporation

modernized its operational assets through acquisition of 500 new wagons, remanufactured 1 and rehabilitated 7 locomotives in partnership with Kenya Shipyards Limited. Moreover, the Corporation is committed to enhance its railway infrastructure through routine track and rolling stock maintenance.

Vandalism and encroachment

Vandalism and encroachment of rail reserves remains a big risk to operational safety and community living along the rail track. The Corporation has continued to heighten security surveillance across the network, fencing of the susceptible areas, community engagement across the rail network and demolition of illegal structures. To sustain its effort in guaranteeing safe and reliable rail services, the Corporation is implementing a unified security management system.

Enterprise Risk Management

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46. Incorporation

Kenya Railways is incorporated in Kenya under the Kenyan Companies Act and is domiciled in Kenya.

47. Events after the Reporting Period

There was no material post reporting events that came to the attention of the Management and the Board of Directors

20. APPENDICES

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management Comment	Status: (Resolved / Not Resolved)	Timeframe:(Put a date when you expect the issue to be resolved)
4.1 Cash and Balances				
4.1.1	Unsupported Cash Deposits and Guarantees	The Kes 200,254,780 FDR in chase bank a bank confirmation certificate from Chase bank attached	Resolved	
4.1.2	Unreconciled Cash and Bank Balances	Cash and bank balances are reconciled	Resolved	
4.4 Trade and Other Payables				
4.4.1	Long Outstanding Trade Creditors	KR is committed to clearing all outstanding trade creditors. The utility bills like for Kenya Power and Lighting Company, Nairobi City Government and Kenya Railways Staff Retirement Benefit are continuously paid as they arise, save for where there are reconciliation issues that require substantiation. Others have disputes which were recently awarded in court which are payable within the FY 24/25 like Telkom Kenya Ltd. We request the OAG to keep the item in view	Un resolved	30.06.2026
4.4.2	Long Outstanding Land Compensation Balance	The progress on the matter was updated in Audit report and it waits dispensation by Parliament Investment Committee (PIC)	Un resolved	30.06.2026
4.4.3	Long Outstanding Customer Deposits	Response was provided that these are treated as creditors as they are customer deposits on rent and unresolved (unpresented) payments	Un resolved	30.06.2026
4.4.4	Default Penalty Payable on On-Lent Loan	Response was provided on the TNT / KR onlent agreement of 1% interest on default. KR has accurately disclosed the same in the books and is engaging TNT (lender) on the onlent review of terms. Therefore, the accuracy and completeness of accrued charges is in order to include the penalty interest.	Resolved	

4.4.5	Non-Settlement of the GoK On-Lent Loan	Some of the assets /projects financed under the loan were handed over to Kenya Ports Authority (KPA), Kenya Revenue Authority (KRA), Kenya National Highways Authority (KeNHA) and Kenya Urban Roads Authority (KURA).KR has requested authority to transfer the assets and the associated liabilities to the respective agencies. There are discussions with The National Treasury on the loan liability which are expected to lead to restructuring of the on-lent loan is ongoing	Un resolved	30.06.2026
4.6 Trade & Other Receivable				
4.6.1	Long Outstanding Debtors' Balances	The long outstanding balances includes debt owed by the concessionaire - Rift Valley Railways that is one of the issue under arbitration in UK We have placed various measures for collection of debt. However, we have various challenges involving pending data clean-up arising from; i. Sidings most of which are not in use and some of which have been encroached thus the customers refuse to pay; ii. Long leases for land which does not belong to KR; iii. Pending legal cases especially for Mombasa customers iv. Geographical challenges, the wayside stations are too far from the office and some customers vacate without clearing their debts	Un resolved	30.06.2026
Other Receivables				
4.6.2	Unreconciled Inter-company debtors	Response was provided by way of a reconciliation and the make-up of the balance of Kes 12.787Million	Unresolved	30.06.2026
4.6.3	Long outstanding World Bank receivables	The amount relates to KR staff pending bills from the then Parent Ministry, Ministry of Roads & Transport (MOR &T) pre-concession. These are amounts released by the World Bank to support the staff payments, which required a reconciliation for amounts to be remitted to the ex- staff seeking reimbursement. The reconciliation has been done which was the condition precedent for budget at MOR &T and release of funds.KR is pursuing the same as a refund and therefore still a valid receivable.	Unresolved	30.06.2026

4.6.4	Long Outstanding General Advance	The outstanding advance includes an amount of Kes 50 Million paid to Kenya Railways Staff Retirement Benefit Scheme (KRSRBS) on proposed purchase of the Nairobi Goods Shed. KR is fully utilizing the goods shed in operations of the transit shed. KR also has a relationship with the scheme as the sponsor. Currently, KR is engaging the KRSRBS on the purchase of Block D. The amount advanced is recoverable either by completion of the transaction or subsequent engagements with the Scheme. Other advances include subscription payments made on behalf of staff to clubs and recovered in the payroll.	Unresolved	30.06.2026
4.6.5	Imprest Debtors	The imprest debtors is the imprest amount held by the various imprest holders at the close of the year. The balances would seem to be dating back to 2011 because there has been balances every year and carried forward to the following year. These balances are confirmed and supported every year.	Resolved	
4.6.6	Unreconciled Inter-company debtors	The inter-company debtor account has amounts paid on behalf of the Railway Training Institute and is a way of monitoring the performance of the Institute. The variance relates to legacy balances that is currently under reconciliation. The corporation reports as a single entity hence the balances for intercompany are eliminated. The recoverability is not doubtful since the Institute is a department in the Corporation. We request the OAG team to keep the matter in view.	Unresolved	30.06.2026
4.8	Contingent Liabilities	These contingent liabilities relate to law suits against the Corporation that are yet to be determined and concluded. The management makes disclosure in the books based on the strength of the case and the resultant financial and reputation exposure to the Corporation. The Corporation is working closely with Attorney General's Office and the approved external lawyers to defend the suits against the corporation	Un resolved	30.06.2026

4.10. Property ,Plant and Equipment				
4.10.1	Lack of an Updated Fixed Assets Register	The Corporation is undertaking an assets tagging and verification exercise, which will capture all relevant asset details including unique reference number, description, asset cost, depreciated amounts, net book value, location, asset useful life for all classes of assets in KR asset register. There is also a contracted asset tagging service provider who has already completed phase 1 of the exercise. Phase 2 is yet to start due to budgetary allocation challenges in the current financial year. Once completed, we expect to have all the assets in the system with identification numbers and locations provided for ease of reference and identification.	Unresolved	30.06.2026
4.10.2	Lack of Tagging of KR assets	Response was provided .This exercise is currently ongoing on FY 2024/25 and we requested it to be kept in view.	Unresolved	30.06.2026
4.10.3	Lack of Valuation for the Corporations Land	Kenya Railways (KR), in collaboration with the Ministry of Lands, Public Works, Housing, and Urban Development, is conducting a current market valuation of its landed assets across the railway networks in the Central, Coast, and Western Regions. The inspection of landed assets within the Central Region has been completed, and an interim report has been prepared. Based on the findings, the estimated current market value of KR's landed assets in the Central Region, for book purposes, stands at approximately Kes 160 Billion. This exercise will continue through the remaining regions (Coast and Western), and the updated valuation of all KR landed assets is expected to be finalized by the close of the FY 2024/25. This initiative demonstrates KR's commitment to resolving this long-outstanding audit issue and ensuring the proper valuation and utilization of its landed assets. Attached is a progress report for the ongoing exercise	Unresolved	30.06.2026
4.11 Unresolved Prior Year Issues				
4.11.1	Illegal allocation of land Mombasa	Parcel Number Mombasa Block XIV/367 in Mombasa was irregularly acquired. However, the title was surrendered by the occupants the recovered land was leased to Mombasa Maize Millers Limited vide a lease dated 24th March,2021	Resolved	

4.11.2	Illegal Allocation of Land in Limuru	Management has initiated the recovery of illegally acquired land above the station through the Ethics and Anti-Corruption Commission (EACC), the Directorate of Criminal Investigations (DCI), and the Ministry of Lands. The matter is now in the hands of these relevant external parties, and progress has been reported to Parliament, through the Public Investment Committee (PIC) to ensure transparency and accountability in resolving the issue.	Unresolved	30.06.2026
4.11.3	Encroachment of Land (Ziwani Nakuru)	The occupation of the land by the County Government of Nakuru was regularized vide a letter of offer dated 6th December 2021. However, the County of Government has not paid to date despite sending them demand letters. Management will now proceed to terminate the agreement and repossess the land. KR is still pursuing the same.	Unresolved	30.06.2026
4.11.4	Nakuru Station Area	The County Government of Nakuru is no longer in occupation of the above-mentioned land, which they occupied during the COVID-19 Pandemic period. The area previously occupied by the County Government of Nakuru is currently vacant. The entire Nakuru station area is now secured with a perimeter fence with controlled access to the station.	Resolved	
4.11.5	Malaba Apartments	The outstanding repairs and utility bills issues were sorted and all the units leased out to various tenants. KR provided a list of the tenants in occupation as an evidence that the property is fully occupied and tenants billed accordingly.	Resolved	
4.11.6	Residential Buildings in Kisumu	The houses are currently occupied by military personnel (Coast Guard, Kenya Shipyard) and various police formations. Management is in talks with the relevant authorities and plans to issue notices requiring them to regularize their occupancy. Failure to comply will result in eviction	Unresolved	30.06.2026

4.12 Capital Work in Progress				
4.12.1	Inaccuracy in Capital Works-in-Progress	The projects are in various levels of completion but at usable state. Some of the projects are being implemented as the operations continues like the Nairobi Commuter Rehabilitation project and Nanyuki MGR line rehabilitation. This is to ensure maximum utilization of the assets and continuous delivery of services expected from the corporation. The assets resulting from the Construction of Naivasha ICD & Marshalling Yard are being used by other Government Agencies - KPA and KRA and the corporation is in the process of transferring the assets to the respective agencies hence yet to be capitalized. The management plans to complete the implementation of the reported projects in the FY2024/25. The schedule showing the status of the projects and action plans was availed.	Unresolved	30.06.2026
4.13 Unsupported Balance on Reclassification of SGR Intangible Assets				
4.13.1	Schedule supporting the balances reported and documentation is hereby	Schedule supporting the balances reported and documentation	Resolved	
4.14 Inaccuracies Interest on Advances				
4.14.1	Inaccuracies Interest on Advances	The reconciliation was undertaken and amendments made to the Revised financial statement.	Resolved	
4.15 Anomalies in Staff Matters				
4.15.1	Officers in acting capacity	KR has continued to implement the newly approved structure to ensure that all positions are filled substantively. The process is still on going.	Un resolved	30.06.2026
4.15.2	Utilization of leave days	KR has also lost technical staff whose replacement is not easy. It takes between 3 to 7 years to train railway experts and thus, losing them impacts the leave management plan However, the management has developed departmental leave management plans that will see the leave liability reduced to manageable levels	Un resolved	30.06.2026

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Philip J. Mainga EBS

MANAGING DIRECTOR

Date 27/08/2025

Appendix II: Projects Implemented by Kenya Railways

Status of Projects completion

	Project	Total project Cost (Kes)	Total expended as at June 2025(Kes)	Completion % as at June 2025	Sources of funds
1.	Land Acquisition for Phase 1 SGR	44,158,502,767	31,950,740,713	74%.	RDLF
2.	Land Acquisition for Phase 2A SGR	24,178,785,849	19,500,000,000	88.7%.	RDLF
3.	Construction of the Naivasha ICD - Longonot Station New MGR link (Lot A).	6,273,808,309.	6,273,808,309	Completed	RDLF & Exchequer
4.	Rehabilitation of the Longonot - Malaba MGR section (Lot B) - Phase I	2,960,513,325.	2,960,513,325.	Substantially completed	RDLF
5.	Construction of the Mai Mahiu - DK 2 MGR Passenger/Conventional Link line.	1,419,356,902	1,452,655,414	Substantially completed	RDLF
6.	Revitalization of the Nakuru - Kisumu MGR Branch Line (217Km).	3,418,501,484	3,418,501,484	Substantially completed	Exchequer
7.	Rehabilitation of the Athi River - Konza MGR Section	478,000,000.	52,392,298.	95%	KR internally generated resources
8.	Construction of Hostels and Safety Training Facility at Marine School in Kisumu	899,842,933	607,196,315.	Completed	Exchequer
9.	Construction of a Cargo Handling Facility at Malaba and Associated Works	886,481,832	443,240,916	Completed	RDLF.
10.	Purchase of twenty-two (22.) locomotives:	6,998,805,000	5,439,696,989		

10 (a).	Lot I: Four (4): 12.5 tons/ axle Locomotives -From CHINA (CRBC)	1,240,000,000	1,240,000,000	Complete.	Exchequer
10 (b)	Lot II: Two (2): 12.5 tons/ axle Locomotives-From CHINA (CRBC)	620,000,000	620,000,000	Complete	Delivered and operational
10 (c).	Lot III: Two (2): 12.5 tons/ axle, four (4) :14 tons/axle and four (4): 18 tons/axle Locomotives-From CHINA (CRBC)	4,199,696,989	4,199,696,989	Complete	Exchequer

B. Status of ongoing Projects

	Project	Total project Cost (Kes)	Total expended as at June 2025(Kes)	Completion % as at June 2025	Project
1.	Revitalization of the Gilgil – Nyahururu MGR Branch Line (78Km)	1,132,750,000	985,829,926	75%.	Exchequer
2.	Revitalization of the Leseru – Kitale MGR Branch Line (65km)	537,422,704	318,037,383	80%	Exchequer
3.	Revitalization of the Kisumu – Butere MGR Line (69km)	575,960,376	393,420,305	84%	Exchequer
4.	Rehabilitation of the Mombasa – Konza MGR Section (456Km) and the Nairobi (Kikuyu) – Longonot MGR Section (57Km)	2,051,230,798	881,600.	46.0%.	Exchequer
6.	Construction of Access Roads to Maai Mahiu SGR (5.6Km) station and Suswa SGR station (1.0Km)	1,240,000,000	1,199,265,465	85%	RDLF

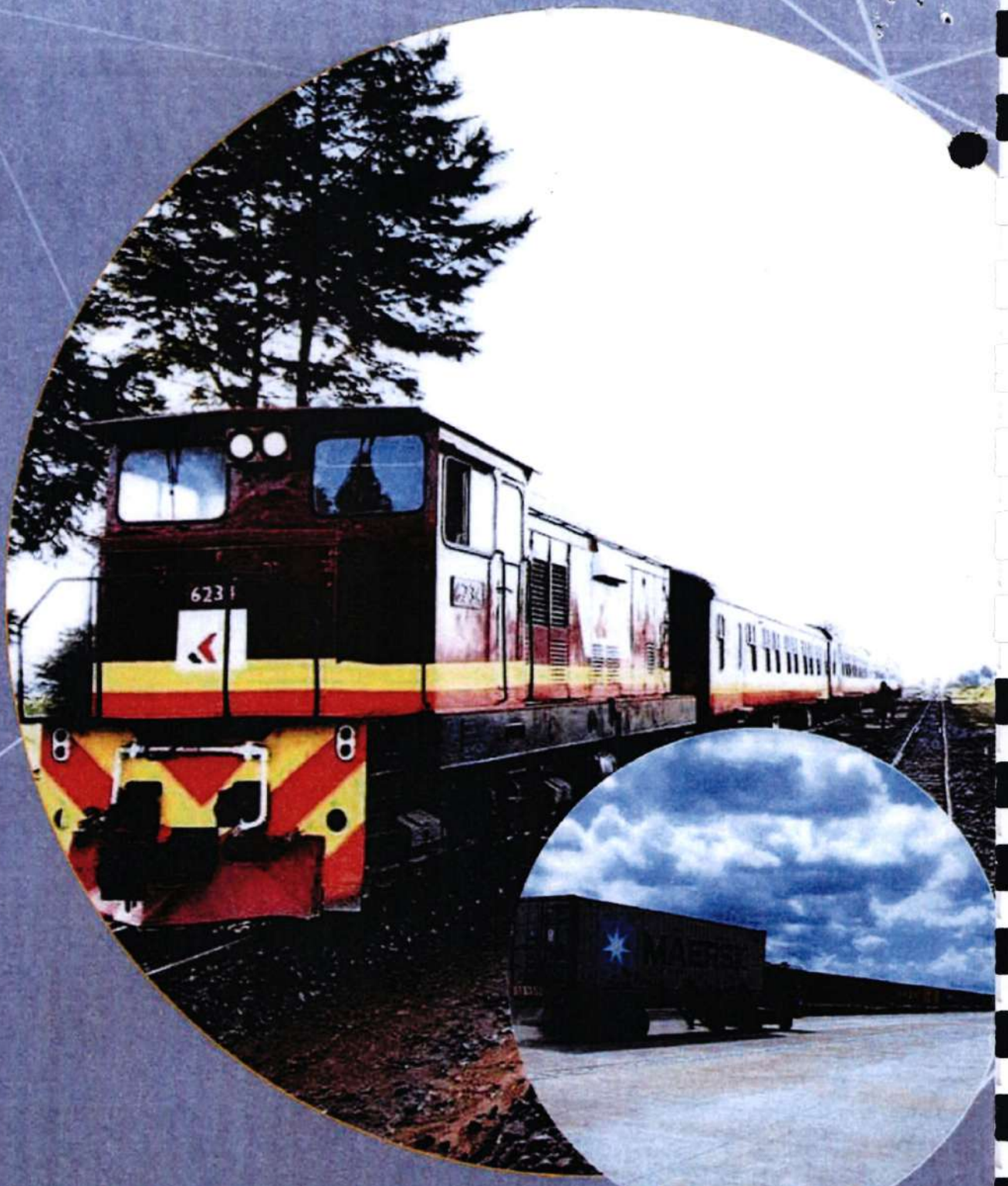
7 (a).	Construction of the Miritini MGR Station - Mombasa Terminus New MGR Link and Railway Bridge across Makupa Causeway: Construction	4,299.253,900	2,826,047,333	Project is 70% complete	The project is under the Defects Notification Period (DNP) until October 30, 2025.
7. (b)	Land acquisition	1,108,534,350	450,000,000		
7. (c)	Consultancy Services for Design Review and Construction Supervision	206,400,000	110,469,806	53%	
8.	Rehabilitation of Mombasa MGR station – Miritini MGR station link and construction of Mombasa, Shimanzi, Changamwe East and West stations	3,455,817,233		53%	
9.	Remanufacturing of 3no. (92/XX) and Rehabilitation of 10 No. (93XX/(4XX) Diesel – Electric MGR Locomotives	2,548,589,224	1,609,824,710	95%	
10.	Purchase of three (3) 18 tons per axle locomotives and spare parts	1,297,303,010	1,861,800,513	Completed	
11.	Procurement of 300 SGR wagons (200 MGR wagons) and 20 SGR passenger coaches	12,326,080,050	8,628,256,035		
12.	Enterprise Resource Planning-ERP (SAP)	1,104,000,000	204,001,584		RDLF
13. (a)	Railway City Early Works & pedestrian footbridge and maintenance depot in Makadara	Part of the approved budget of Kes 10,742,517,633	426,975,681	Works are at 80% completion.	Exchequer

13. (b)	Preliminary (RIBA 3) Design for Central Station and Public Realm	Part of the approved budget of Kes 10,742,517,633	Paid 1,625,000 GBP against contract sum of 2,500,000 GBP	65%	Exchequer.
13. (c)	Supplementary ESIA and Resettlement Action Plan (RAP) study	Part of the approved budget of Kes 10,742,517,633	9,691,800	Progress is at 100% completion	Exchequer.
15. (a)	Phase I: Riruta/Lenana – Ngong MGR Commuter Line: Construction	8,260,446,360	1,231,804,350	28.6%.	
16.	Unified Security Management System (USMS) for SGR	2,000,000,000	1,721,939,712	98%.	RDLF.
17.	Reconstruction of Mariakani Freight Yard and Drainage Channel at Port Reitz Marshalling Yard	626,986,960	592,332,896	70%	RDLF
18.	Rehabilitation of the Longonot – Malaba MGR section – Phase 2 Part I	3,717,378,000	1,105,202,690	66.1% weighted progress.	RDLF
21	Naivasha – Kisumu SGR (Phase 2B): Project Preparatory Activities – Resettlement Action Plan (RAP) study	188,906,000	69,542,572	45%	
	Naivasha – Kisumu SGR (Phase 2B): Project Preparatory Activities - Environmental and Social Impact Assessment (ESIA) Study	92,782,600	9,278,260	10%	

22	Kisumu – Malaba SGR (Phase 2C): Project Preparatory Activities – Resettlement Action Plan (RAP) study	90,642,400	34,674,720		
	Kisumu – Malaba SGR (Phase 2C): Project Preparatory Activities - Environmental and Social Impact Assessment (ESIA) study	42,920,580	0	0%	
23.	Reconstruction of the Athi River Freight Yard	499,124,800	450,503,400	Substantially complete	
24.	Construction of access road to Athi River SGR Station	111,869,240	99,768,816	Substantially Complete	
25.	Emergency Restoration Works of the Uplands – Longonot MGR Section – Phase 1	1,553,251,055		46.7%	
26.	Emergency Restoration Works of the Uplands – Longonot MGR Section – Phase 2	4,226,264,073	633,939,611	2%	
27.	Climate Proofing Works - Slope Protection along SGR and Construction of Culverts on MGR	869,290,725	1,004,251,753	38%	

Appendix IV: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the Funds	Date Received as per Bank Statement	Recurrent/ Development	Total Amount - Kshs	Appropriated Budget Estimates	Actual Amount	Payment	Payment	Payment	Total Transfers during the period
The State Department for Transport (SDoT)	01.07.2024	Recurrent	4,608,226,900.0	4,608,226,900.0					4,608,226,900.0
The State Department for Transport (SDoT)	01.07.2024	Development	11,973,963,459.6			11,973,963,459.6			11,973,963,459.6
The State Department for Transport (SDoT)	23.07.2024	Development	3,249,571,854.00			3,249,571,854.0			3,249,571,854.0
The State Department for Transport (SDoT)	18.12.2024	Recurrent	262,693,600.00	262,693,600.00					262,693,600.0
The State Department for Transport (SDoT)	18.12.2024	Development	2,049,875,826.70			2,049,875,826.7			2,049,875,826.7
The State Department for Transport (SDoT)	20.12.2024	Development	77,000,000.00			77,000,000.0			77,000,000.0
The State Department for Transport (SDoT)	31.12.2024	Development	77,000,000.00			77,000,000.0			77,000,000.0
The State Department for Transport (SDoT)	15.01.2025	Development	827,600,040.00			827,600,040.0			827,600,040.0
The State Department for Transport (SDoT)	24.01.2025	Development	4,783,694,823.00			4,783,694,823.0			4,783,694,823.0
The State Department for Transport (SDoT)	18.06.2025	Development	1,000,000,000.00			1,000,000,000.0			1,000,000,000.0
Total			**28,909,626,503.3**	**4,870,920,500.0**		**24,038,706,003.3**			**28,909,626,503.3**



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