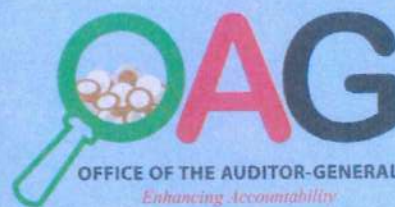


REPUBLIC OF KENYA



REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

**SPECIAL ECONOMIC ZONES
AUTHORITY**

**FOR THE YEAR ENDED
30 JUNE, 2026**



SPECIAL ECONOMIC ZONES AUTHORITY

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2026**

*Prepared in accordance with the Accrual Basis of Accounting Method under the
International Public Sector Accounting Standards (IPSAS)*

Table of Contents

ACRONYMS AND DEFINITIONS OF KEY TERMS.....	iii
WHO WE ARE	vi
CHAIRMAN'S STATEMENT.....	x
REPORT OF THE CHIEF EXECUTIVE OFFICER.....	xii
CORPORATE GOVERNANCE STATEMENT.....	xv
FINANCIAL PERFORMANCE OVERVIEW.....	xi
STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2025/2026.....	liv
ENVIRONMENTAL AND SUSTAINABILITY REPORTING.....	lix
REPORT OF THE DIRECTORS.....	lxvii
STATEMENT OF DIRECTORS' RESPONSIBILITIES.....	lxviii
REPORT OF THE AUDITOR GENERAL ON SPECIAL ECONOMIC ZONES AUTHORITY FOR THE YEAR ENDED 30 JUNE 2026	lxxi
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2026	1
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2026	3
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2026	5
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2026	6
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2026	7
NOTES TO THE FINANCIAL STATEMENTS	10
APPENDICES	58

His Excellency the President and the CS MITI Hon. Lee Kinyanjui, EGH during the launch of Vipingo SEZ



List of Tables and Charts

List of Tables

Table 5.1: Summary of Full Board Meetings Held.....	xxxix
Table 5.2: Full Board meetings held during the FY and the attendance.....	xxxix
Table 5.3: Committee meetings attendance.....	xxxix
Table 5.4: Key management structure and key roles.....	xxxvii
Table 6.1: Revenue and Expenditure per Budget Estimate.....	xli
Table 6.2: Risk analysis.....	xlv
Table 6.3 Operational performance of the organization for the last five-year period	xlvi
Table 6.4: Naivasha SEZ Infrastructure Projects.....	xlvi
Table 6.5: SEZA HQ Phase 2 Partitioning Project Data.....	i
Table 6.6: Completed Infrastructure Projects.....	i
Table 7.1: Performance information.....	lv

List of Charts

Chart 6.1: Revenue.....	xl
Chart 6.2: Expenditure	xli
Chart 6.3: Assets	xlvi
Chart 6.4: Property, Plant & Equipment.....	xlv
Chart 6.5: Liabilities.....	xlv

PS Abubakar Hassan Abubakar launching the Kifaru Exim SEZ Enterprise at the Tatu City Special Economic Zone





Acronyms and Definition of Key Terms

A: Acronyms

AGPO	Access to Government Procurement Opportunities
AIA	Appropriation-In-Aid
BETA	Bottom-Up Economic Transformation Agenda
CBK	Central Bank of Kenya
CEO	Chief Executive Officer
CPC	Corruption Prevention Committee
CSR	Corporate Social Responsibility
DDI	Domestic Direct Investment
EAC	East African Community
e-GP	Government Electronic Procurement System
EMCA	Environmental Management and Coordination Act
ESIA	Environmental and Social Impact Assessment
FDI	Foreign Direct Investment
FIET	Fellow of the Institution of Engineering and Technology
FY	Financial Year
GoK	Government of Kenya
HOPS	Head of Public Service
HRIS	Human Resource Information System
ICPAK	Institute of Certified Public Accountants of Kenya
ICT	Information and Communications Technology
IPSAS	International Public Sector Accounting Standards
JICA	Japan International Cooperation Agency
KIICO	Kenya International Investment Conference
KPIs	Key Performance Indicators
KRAs	Key Result Areas
KRA	Kenya Revenue Authority
MD	Managing Director
MOU	Memorandum of Understanding
MITI	Ministry of Investments, Trade and Industry
MSME	Micro, Small, and Medium Enterprises
NEMA	National Environment Management Authority
OAG	Office of the Auditor General
OCOB	Office of the Controller of Budget
OSHA	Occupational Safety and Health Act
PFM	Public Finance Management
PPAD	Public Procurement and Asset Disposal Act
PPE	Property, Plant & Equipment
PPIP	Public Procurement Information Portal

Acronyms and Definition of Key Terms (continued)

PPP	Public-Private Partnership
PPRA	Public Procurement Regulatory Authority
PSASB	Public Sector Accounting Standards Board
PWDs	Persons with Disabilities
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
SCAC	State Corporations Advisory Committee
SDGs	Sustainable Development Goals
SDIP	State Department for Investment Promotion
SEZ	Special Economic Zone
SEZA	Special Economic Zones Authority
WIP	Work in Progress

B: Definition of Key Terms

Comparative Year

Means the prior period.

Developer License

This is a license issued to a corporate entity engaged in the development of integrated infrastructure facilities on a designated special economic zone.

Enterprise License

This is a license issued to a corporate entity carrying out business in a special economic zone.

Operator License

This is a license issued to a corporate entity engaged in the management of a special economic zone.

Fiduciary Management

Members of Management directly entrusted with the responsibility of financial resources of the organisation

Special Economic Zone

This is a designated and declared geographical area, whether public or private, gazetted for the purpose of undertaking SEZ activities while enjoying special economic regulations that differ from general trade, tax and investment rules.

CS MITI Hon. Lee Kinyanjui, EGH Visit to Wonderhub SEZ, an investor at the Naivasha Special Economic Zone





Who we Are

(a) Background Information

The Special Economic Zones Authority is a statutory body established under the Special Economic Zones Act Cap 517A and is domiciled in Kenya.

(b) Principal Activities

The principal mandate of Special Economic Zones Authority is to:

1. Implement the policies and programmes of the government with regard to special economic zones;
2. Identify, map and, where necessary, procure or avail to developers and operators the areas of land to be, or which have been, designated as special economic zones;
3. Determine investment criteria including investment threshold;
4. Undertake or approve the development, operation or maintenance, as well as finance, appropriate infrastructure up to the perimeter of, or within, select special economic zones, as and when deemed necessary;
5. Review applications and grant licenses to special economic zone developers, operators and enterprises;
6. Promote and market special economic zones to potential special economic zone entities;
7. Administer "one-stop" Centre for investors;
8. Make recommendations to the Cabinet Secretary on all aspects of designation, approval, establishment, operation and regulation of special economic zones.



Vision

"Globally competitive investment hubs for economic transformation"



Mission

"To create a conducive environment for a globally competitive and sustainable investment destination through provision of enabling infrastructure, policy, legal and institutional framework for economic transformation."



Motto

Powering Growth, Promoting Green Manufacturing

Who we are (continued)

Core Values



Transparency



Excellence



Collaboration



Innovation



Sustainability



Investor-Focused



Empowerment

(c) Assurance and Audit

The Special Economic Zones Authority applies a combined assurance model to enhance the reliability of this report. Assurance is provided through:

- i. Management reviews
- ii. Internal audit assessments overseen by the Board Audit and Risk management Committee
- iii. External audit of financial statements by the Office of the Auditor-General (OAG)

A Corporate Governance Audit was conducted during the financial year to ensure adherence to applicable laws, regulations, and governance standards. The Board has applied its collective judgment to this report and confirms that it provides a balanced and accurate reflection of SEZA's performance, strategy, and value-creation approach.

Who we are (continued)

(d) Authority's Headquarters

8th Floor, Old Mutual Tower
Upper Hill Road
Nairobi, Kenya

(e) Authority's Contacts

P.O Box 23722 – 00100

Nairobi, Kenya

Mobile Numbers: 0769444111

: 0790777444

Telephone: +254(0)20-7863971

Email: info@sezauthority.go.ke

Website: www.sezauthority.go.ke

(f) Authority Bankers

(i) Kenya Commercial Bank

Upper Hill Platinum, KCB Towers

P. O. Box 48400-00100

Nairobi, Kenya

(ii) National Bank of Kenya

National Bank of Kenya Building

Harambee Avenue

P.O BOX 72866-00200

Nairobi, Kenya

(iii) Co-operative Bank of Kenya

Upper Hill Branch, KUSCCO Centre

P.O Box 30415-00100

Nairobi, Kenya

(g) Independent Auditor

Auditor-General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

(h) Principal Legal Adviser

The Attorney General

State Law Office and Department of Justice

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya



ARISE IIP-KENYA INVESTMENT FORUM

POWERED BY



ARISE
INTEGRATED INDUSTRIAL
PLATFORMS

KENYA'S INDUSTRIAL

16 SEPTEMBER 2025

Vipingo Ridge, Kilifi County, Kenya



His Excellency Dr. William Ruto, C.G.H., addresses attendees of the ARISE IIP (K) investment Forum (2025)

3

CHAIRMAN'S STATEMENT



Fred Muteti, EBS

Chairman

The Special Economic Zones programme has become one of Kenya's most strategic instruments for driving industrialisation, attracting investment and creating sustainable job opportunities. As global competition for investment continues to intensify, the Programme provides Kenya with

a unique platform to strengthen its competitiveness, expand exports, promote value addition and accelerate inclusive economic growth. It is therefore my honour, on behalf of the Board of Directors, to present the Annual Report and Financial Statements of SEZA for the Financial Year ended 30th June 2026.

The year under review presented both opportunities and challenges. While the global economy continued to experience uncertainty arising from geopolitical tensions, supply chain realignments and inflationary pressures, Kenya remained resilient and continued to attract investor interest. The Board remained focused on providing strategic leadership that ensured the Authority stayed true to its mandate while responding effectively to the evolving needs of investors and the country's industrialisation agenda.

One of the Board's key priorities during the year was to strengthen the governance and policy environment supporting the SEZ Programme. We are particularly encouraged by the coming into force of the SEZ (Amendment) Act, 2026, which represents one of the most significant reforms since the enactment of the principal legislation. The amendments have modernised the legal and regulatory framework, strengthened the Authority's oversight role and enhanced Kenya's competitiveness by creating a more predictable and investor-friendly environment.

The Board also continued to provide strategic oversight over the expansion of the Programme. The continued establishment of new SEZs and growing participation by County Governments and private sector developers demonstrate increasing confidence in the Programme as a catalyst for regional industrial development. Equally encouraging is the continued growth of investor interest across manufacturing, logistics, energy, technology and other strategic sectors, reaffirming Kenya's position as an attractive investment destination.



Chairman's Statement (continued)

The progress made during the year reflects the Government's unwavering commitment to creating an enabling environment for investment. On behalf of the Board, I wish to express our sincere appreciation to His Excellency Dr. William Samoei Ruto, C.G.H., President of the Republic of Kenya, whose leadership and steadfast commitment to industrialisation, investment promotion and economic transformation continue to provide strategic direction for the growth of the SEZ Programme.

I also acknowledge the support of the Cabinet Secretary, the Principal Secretary, the Ministry of Investments, Trade and Industry, the National Treasury, Parliament, County Governments and our development partners whose collaboration continues to strengthen the Authority's ability to deliver its mandate.

The Board further recognises the importance of strategic partnerships in accelerating Kenya's industrial development. During the year, the Authority strengthened collaboration with key institutions, including the signing of a Cooperation Agreement with the International Finance Corporation, which will enhance technical cooperation, investment promotion and institutional development. Such partnerships will continue to play a vital role in strengthening Kenya's competitiveness and attracting quality investments.

Although resource constraints continued to pose implementation challenges, the Board remained committed to prudent governance, accountability and strategic oversight. We are encouraged by the Authority's continued institutional growth and the positive impact of the Special Economic Zones Programme on investment promotion and industrial development.

Looking ahead, the Board will continue to champion policies and initiatives that strengthen investor confidence, accelerate infrastructure development, deepen partnerships, promote innovation and support sustainable industrial growth. We remain committed to ensuring that Kenya's Special Economic Zones become globally competitive centres for manufacturing, logistics, innovation and value addition, contributing meaningfully to the country's long-term economic transformation.

Finally, I extend my sincere appreciation to my fellow Board Members for their dedication and strategic guidance, the Management and staff of the Authority for their professionalism and commitment, and our investors, development partners and stakeholders for their continued confidence in the Special Economic Zones Programme. Together, we are building a stronger foundation for Kenya's industrial future.

.....
Mr. Fred Muteti, EBS
Chairman



4

REPORT OF THE CHIEF EXECUTIVE OFFICER

**Dr. Kenneth Chelule, PhD, EBS,
FIET**

Chief Executive Officer



Turning strategy into measurable results remained our overriding focus during the Financial Year 2025/2026. Guided by the Board's strategic direction and our Strategic Plan 2023–2027, Management remained committed to translating policy into action by strengthening investor services, improving the regulatory environment, advancing strategic infrastructure and enhancing institutional performance.

The year under review demonstrated that the SEZ Programme continues to gain momentum as a preferred platform for investment into Kenya. Our efforts focused not only on attracting new investors but also on ensuring that existing investors received the support required to establish, expand and operationalise their projects. Through continuous engagement, investor aftercare and coordinated facilitation, we strengthened the confidence of both local and international investors in the Programme.

Our investment promotion initiatives yielded exceptional results. During the year, the Authority undertook 30 local and international investment promotion activities, attracting cumulative investments valued at USD 1.11 billion. We also facilitated the onboarding of 33 new Special Economic Zone enterprises, creating 22,488 jobs exceeding our annual target. These investments are expected to generate significant economic benefits through industrial production, export growth, technology transfer and employment creation.

Investor facilitation remained central to our service delivery model. Throughout the year, we worked closely with investors from project conception through licensing, establishment and operationalisation.



REPORT OF THE CHIEF EXECUTIVE OFFICER (continued)

The continued growth of the Naivasha Special Economic Zone reflects the confidence investors have in Kenya's flagship public SEZ. By the close of the financial year, the Zone is host to 24 investors at different stages of establishment, development and operation, signalling steady progress towards creating a vibrant industrial ecosystem. We also continued investing in the infrastructure necessary to support investment realisation. The Naivasha SEZ Administration Building reached 95% completion, while Access Road 3 attained 42% completion, enhancing accessibility and investor readiness. These developments are part of the Authority's broader commitment to providing serviced industrial infrastructure that enables investors to commence operations efficiently.

Implementation of the SEZ (Amendment) Act, 2026 significantly strengthened the Authority's ability to regulate and facilitate investment. The amendments expanded eligible investment activities, strengthened compliance and enforcement mechanisms, introduced Oil and Gas Zones, enhanced licensing provisions and improved investor certainty. During the year, the Authority also facilitated the gazettement of one Public and one Private Zone, recommended six additional Private Zones for gazettement, and conducted Compliance Audits on Special Economic Zones and Enterprises, reinforcing the integrity of the Programme.

Strategic partnerships remained fundamental to our success. During the year, the Authority signed a Cooperation Agreement with the International Finance Corporation to strengthen collaboration in investment promotion, policy development, institutional capacity and sustainable Special Economic Zone development. We also continued working closely with Government Ministries, Departments and Agencies, County Governments and the private sector to improve the investor experience and enhance coordination across the investment ecosystem.

Internally, the Authority continued to strengthen institutional effectiveness through prudent financial management and continuous improvement of service delivery. We generated KShs 146.77 million in Appropriation-in-Aid, maintained zero pending bills, digitised key services and implemented the Citizens' Service Delivery Charter to improve efficiency and responsiveness. We also invested in our people through staff development initiatives while providing practical learning opportunities to 20 interns and 10 industrial attachment students.



REPORT OF THE CHIEF EXECUTIVE OFFICER (continued)

Every investment facilitated, every enterprise licensed and every infrastructure project advanced during the year represents more than a performance indicator, it represents new opportunities for businesses to grow, for Kenyans to secure meaningful employment and for communities to benefit from increased economic activity. This remains the driving force behind our work.

I extend my sincere appreciation to the Board of Directors for their strategic guidance, the Government of Kenya for its continued support, our investors and development partners for their confidence in the Authority, and the dedicated staff of SEZA whose professionalism, resilience and commitment continue to make these achievements possible.

As we look to the future, our focus will be on accelerating the transition from investment commitments to operational investments, strengthening investor aftercare, completing strategic infrastructure projects, embracing innovation and continuously improving the ease of doing business within Kenya's Special Economic Zones. We remain confident that the Authority is well positioned to support Kenya's ambition of becoming the leading investment and industrial hub in the region.



Dr. Kenneth Chelule, PhD, EBS, FIET
Chief Executive Officer

Dr. Kenneth Chelule, CEO (SEZA) addressing investors at an investment forum



5

CORPORATE GOVERNANCE STATEMENT

PART A: BOARD OF DIRECTORS PROFILES



FRED MUTETI, EBS

Chairman

Fred Muteti holds a Bachelor of Arts Degree in Economics and Sociology from the University of Nairobi. He has over 20 years of experience in leadership and project management in both public and private sectors. He has also worked in simultaneous multi-community mobilization initiatives.

He has previously served as the chairman of the Board of Directors of Sports Kenya Board.

(His first term expired on 25th April 2026 and he was reappointed on 15th May 2026)



MR. ANTHONY WAINAINA

Independent Director

Mr. Anthony Wainaina holds a MSc in Marketing from University of Glamorgan, UK., B.Ed. Arts (Mathematics & Economics, Economics Major) from Kenyatta University and a Post Graduate Diploma, Chartered Institute of Marketing, UK. He has also done the Global CEO Africa Leadership Course from Strathmore Business School (Kenya).

He is a trustee board member of Producers Direct, and a trustee board member of the Kenya Police Football Club. He has been a Founder and Director of several companies including Ponty Pridd Holdings Ltd, Quatrix Limited, E-tisha among others.

He has previously held senior positions in sales, marketing and business development departments in various companies including, KTDA, Kenchic Limited, Diageo UDV Kenya Ltd, and Coca Cola Nairobi Bottlers Ltd.

He is the chair of the Audit and Risk Management Committee and a member of the HR, Administration and Governance Committee.

Board of Directors Profiles (Continued)



MR. JONATHAN S. P. COULSON

Independent Director

Mr. Jonathan Stewart Philip Coulson is a Bachelor of Laws (LLB) degree holder. He is a practising Kenyan Advocate and enrolled as an English Solicitor (Not Practising). He is a partner in Coulson Harney LLP, trading as Bowmans Kenya. He is the Chairman, Ol Pejeta Conservancy Limited, Chairman, Muthaiga Country Club, Director Old Mutual Insurance

South Sudan Limited, Director Performing & Visual Arts Centre Limited trading as the Godown Arts Centre and Trustee Old Mutual Foundation. His legal experience spans over 35 years.

He is the chair of the Investment, Licensing and Infrastructure Committee and a member of HR, Administration and Governance Committee.



MR. JOEL KIBE

Independent Director

Mr. Joel Kibe holds a Bachelor of Arts (BA) in Economics degree from Moi University. He is a director at CMC holdings, Director and Chairman – Credible Sounds, Credible Electronics, Extreme Sounds and a Director at Mobicom Kenya Ltd. He is a member of council at the University of Nairobi. He is a distinguished Kenyan executive with extensive experience spanning business leadership and

international humanitarian efforts. His career showcases a blend of strategic management, logistical expertise, and a profound commitment to community and humanitarian service.

He is the chair of the Finance, Planning and ICT Committee and a member of the Investment, Licensing and Infrastructure Committee.



Board of Directors Profiles (Continued)

JOYCE KIPROP CHERUIYOT **Independent Director**



Joyce Kiprop is a seasoned Business Development and Training Consultant with over 20 years of experience in the banking and MSME development sectors. She is a Certified Trainer with the International Labour Organization's Start and Improve Your Business (SIYB) and Gender and Entrepreneurship Together (GET Ahead) programs. Joyce has led mentorship and capacity-building programs for the KCB Foundation, Equity Foundation, and the Kenya National Chamber

of Commerce and Industry, focusing on empowering entrepreneurs, women-led enterprises, and investment groups across Kenya.

Before her consulting career, Joyce held senior management roles in the banking industry, including Branch Manager positions at Bank of Africa Kenya and Sidian Bank (formerly K-Rep Bank). She holds a Bachelor of Commerce (Banking & Finance) from Kenyatta University and is pursuing an MBA in Strategic Management at Daystar University. She also holds a Diploma in Counseling Psychology from (Kenya Institute of Business and Counseling (KIBCO)).

Areas of Expertise: Business Development, MSME Mentorship, Entrepreneurship Training, Coaching, Leadership Development, and Strategic Partnership Management.

She is the chair of HR, Administration and Governance Committee and a member of Audit and Risk Management Committee.



MR. JOSEPH K. NGUYO

Alternate to Principal Secretary, State Department for Investment Promotion

Mr. Joseph K. Nguyo is a Senior Deputy Secretary and Head of Administration in the State Department for Investment Promotion. He holds a Master of Business Administration (Strategic Management) from Dedan Kimathi

Memorial University and a Bachelor of Education Degree from Moi University. He has completed Strategic Leadership Management and Senior Management course from Kenya School of Government and Strategic Leadership at Gretsia University in Kenya.

He was a member of the Investment, Licensing and Infrastructure Committee and Finance, Planning and ICT Committee.

(He served upto 30/04/2026)



Board of Directors Profiles (Continued)



HON. TIYAH GALGALO, MBS

Alternate to the Chairperson, National Land Commission

Hon. Tiyah Galgalo holds a Bachelor of Education degree from Kenyatta University and a Master's in Educational Administration and Planning from the University of Nairobi. She is a Commissioner at the National Land Commission and a former legislator, public

administrator, and educationist. She has held various leadership positions in electoral management, county government, and education, and is the founder of the Foundation for Pastoralists Women Association.

She was a member of Human Resource, Administration and Governance Committee and the Audit and Risk Management Committee.

(She served upto 04/05/2026)



MR. EMMANUEL KITAKA

Alternate to the Principal Secretary, The National Treasury

Mr. Emmanuel Kitaka holds a Master of Arts in Economics from the University of Dar es Salaam and a Bachelor's degree in Economics and Finance from Kenyatta University. He is a Senior Economist at the National Treasury. He represents the Cabinet Secretary, National Treasury on the Public Investment Committee of Governance and

Education in Parliament. He has completed numerous management and professional training programs on public sector finance, including courses on risk management and financial evaluation for state corporations, as well as expenditure reprioritization, with the IMF. Mr. Kitaka is a full member of the Economists Society of Kenya and an associate member of the Institute of Certified Investments and Financial Analysts of Kenya.

He was a member of the Finance, Planning and ICT Committee and Audit and Risk Management Committee.

(Term expired on 10th June 2026)

Board of Directors Profiles (Continued)

MR. DAVID ONTWEKA



Alternate to the Commissioner General, Kenya Revenue Authority

DoB: 02/01/1967

Mr. David Ontweka holds a Bachelor of Social Legislation, Bachelor of Laws and Diploma in Law from the Kenya School of Law. He is an advocate of the High Court of Kenya, a certified public secretary, commissioner for oaths and notary public.

He is a member of the Law Society of Kenya, East Africa Law Society, Institute of Certified Public Secretaries of Kenya and Commonwealth Lawyers Association.

He is currently the Acting Deputy Commissioner – Policy and International Affairs Division in the Customs and Border Control Department. He has previously served as a Regional Manager Customs and Border Control, Head of litigation in tax, customs and excise disputes resolution and assistant commissioner, legal services.

He is a member of the Investment, Licensing and Infrastructure Committee and Finance, Planning and ICT Committee.



DR. KENNETH CHELULE LANGAT, PHD, EBS, FIET CEO & Secretary to the Board

Dr. Kenneth Chelule holds a PhD and a MSc in Mechanical Engineering from Staffordshire University in the United Kingdom and an Executive MBA from Jomo Kenyatta University of Agriculture and Technology.

He is an experienced professional with more than 20 years of expertise in industrial research, technology transfer and MSME support. He has previously held the positions of Director of

Partnership, Strategy, Research, and Resource Mobilization and Chief Research Scientist and Deputy Director at the Kenya Industrial Research and Development Institute. He has also previously worked for Johnson & Johnson (UK), Summit Medical (UK), and the University of Leeds (UK).

He is the accounting officer of the Authority and is responsible for communication and execution of the board's strategy.

Board of Directors Profiles (Continued)



CS. DAISY AJIMA

Corporation Secretary & Director, Legal Services

CS. Daisy Ajima holds a Master of Laws, LL.M (International Trade and Investment Law) and Bachelor of Law (LLB) degrees from the University of Nairobi, and a Diploma in Law from the Kenya School of Law. She also holds CPA (Part II) and CPS (K). She also have strategic

Leadership Development Course (SLDP) from Kenya School of Government (KSG). She is an Advocate of the High Court of Kenya, Commissioner for Oaths, Notary Public, Registered CPS and a Certified Governance Auditor. She is a member of the Law Society of Kenya and the Institute of Certified Secretaries of Kenya. She has over 20 years' experience in Legal and Governance in both private and public sector.

She is responsible for providing board secretariat and legal services to the Authority.



Special Economic Zones Authority Board of Directors



Special Economic Zones Authority Management Team

PART B: MANAGEMENT PROFILE



Dr. Kenneth Chelule, PhD, EBS, FIET
Chief Executive Officer

Dr. Kenneth Chelule holds a PhD and a MSc in Mechanical Engineering from Staffordshire University in the United Kingdom and an Executive MBA from Jomo Kenyatta University of Agriculture and Technology.

He is an experienced professional with more than 20 years of expertise in industrial research, technology transfer and MSME support.

He has previously held the positions of Director of Partnership, Strategy, Research, and Resource Mobilization and Chief Research Scientist and Deputy Director at the Kenya

Industrial Research and Development Institute. He has also previously worked for Johnson & Johnson (UK), Summit Medical (UK), and the University of Leeds (UK).

He is the accounting officer of the Authority and is responsible for communication and execution of the board's strategy.



CS Daisy Ajima
Corporation Secretary & Director, Legal Services

CS Daisy Ajima holds a Master of Law, LLM (International Trade and Investment Law) and Bachelor of Law (LLB) degrees from University of Nairobi, and a Diploma in Law from the Kenya School of Law. She also holds CPA (Part II), CPS (K) and SLDP. She is an Advocate of the High Court of Kenya, Commissioner for Oaths, Notary Public, Registered CPS and a Certified Governance Auditor. She is a member of the Law Society of Kenya and the Institute of Certified Secretaries of Kenya.

She is responsible for providing board secretariat and legal services to the Authority.



Management Profiles (Continued)



Mr. David Kambo

Director, Land & Infrastructure

Mr. David Kambo holds a master's degree in City planning from the Massachusetts Institute of Technology in United States of America and a Bachelor of Landscape Architecture from Jomo Kenyatta University of Agriculture and technology.

He is an experienced urban specialist and planner with a background in real estate, urban research, and infrastructure development. He has previously worked on various large-scale urban mixed-use developments, special planning designations, and research programs in

East Africa, the US, and Israel among others. He is responsible for implementing the Special Economic Zones infrastructure and programmes.



CPA Benjamin Mutula

Manager, Finance & Accounts

CPA Benjamin Mutula holds a Master of Business Administration (Finance) from the University of Nairobi and a Bachelor of Arts (Economics and Business Studies) from Kenyatta University. He is a Certified Public Accountant of Kenya (CPA-K) and a member of the Institute of Certified Public Accountants of Kenya (ICPAK) in good standing.

He is responsible for efficient, effective and sustainable utilization of the Authority's financial resources including budgeting, development and implementation of a financial management system, keeping proper books of accounts and timely financial reporting.



Management Profiles (Continued)



Mr. Ibrahim Issack

Manager, Licensing

Mr. Ibrahim Issack holds a Master of Business Administration (Strategic Management) from Kenyatta University and a Bachelor of Business Administration (Accounting) from Kampala International University.

He is responsible for reviewing applications and recommending granting of licenses to operate in Special Economic Zones.



CHRP. Shadrack Mwamuye

Manager, HR & Administration

CHRP. Shadrack Mwamuye holds a Master of Business Administration (Strategic Management), a Bachelor of Business Management (HRM), Higher Diploma (HRM), and CHRP-K. He is a Member of the Institute of Human Resource Management and the Kenya Institute of Management.

He is responsible for ensuring that the Authority has the right and sufficient human resource to meet its objectives, providing guidance in the development, interpretation, implementation and review of human resource management and administration policies, standards, and guidelines.



Management Profiles (Continued)



Mr. Fredrick Otieno

Manager, Supply Chain Management

Mr. Fredrick Otieno holds an MBA in Supply Chain Management and a Bachelor of Commerce in Finance from the University of Nairobi. He is a member of the Kenya Institute of Supplies Management and a licensed supplies practitioner. He is also a member of the Chartered Institute of Procurement and Supply (UK).

He is responsible for efficient and effective supply chain planning, procurement and disposal of goods and services.



Mr. Victor Mageto

Manager, Business Development Services

Mr. Victor Mageto holds a Bachelor of Commerce (Hons) Degree from the University of Nairobi.

He is responsible for promoting and marketing Special Economic Zones, performing administrative services and administering "one-stop shops" in the Special Economic Zones.

He Served upto 30th April 2026



Mr. Francis Gitau

Ag. Manager, Surveillance & Compliance

Mr. Francis Gitau holds a Bachelor of Arts in Economics and Master of Arts in Economics both from the University of Nairobi.

He is responsible for undertaking surveillance on Special Economic Zones and ensuring compliance to laid down standards, laws, and regulations.



Management Profiles (Continued)



Mr. Ronald Kemboi

Ag. Manager, Marketing

Mr. Kemboi holds a Master of Business Administration (Marketing and Management) from University of Eastern Africa, Baraton, and a Bachelor of Business from Edith Cowan University, Australia.

He is responsible for strategizing and implementing plans to attract investments, promote the zone's advantages through effective marketing and communication strategies.



CPA Juliet Karori

Ag. Manager, Internal Audit

CPA Juliet Karori holds a Master of Science in Oil and Gas Accounting from Robert Gordon University Aberdeen – United Kingdom and a Bachelor of Commerce in Finance from the University of Nairobi.

She is a Certified Public Accountant (CPA-K) and a member of the Institute of Certified Public Accountants of Kenya (ICPAK) and the Institute of Internal Auditors (IIA).

She provides the board and management with independent assurance, advice, and insights to enhance SEZA's ability to create and sustain value.



The East African Community SEZ tour held in Nairobi (Kenya) and Kigali (Rwanda)



The 10th African SEZ Annual Meeting in Luanda (Angola)



The African Prestige 100 Honoris Awards held in Nairobi (Kenya)



HE the President and CS (MITI) inducting an SEZ investor to Vipingo SEZ



CS (MITI) at Tatu City SEZ along with PS SDIP and SEZA Chairman



C.S. MITI and Senator (Kericho County) at the Kericho Enterprise and Investment Summit

PART C: GOVERNANCE ARRANGEMENTS

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

Process of appointment, Removal and Size of the Board

The Board consists of ten (10) members: an independent Chairperson appointed by the President, the CEO as an ex-officio member, four independent directors appointed by the Cabinet Secretary, and four institutional representatives. Directors may resign or be removed in accordance with the Special Economic Zones Act, Cap. 517A, Second Schedule, paragraph 2.

Diversity and Demographics

The Board reflects diversity in gender, age, professional experience and expertise. Its members bring skills in areas including business leadership, project management, law, economics, ICT governance, public policy, education and Human Resource Management, supporting balanced and informed decision-making.

Board Charter

The Board Charter is the principal governance instrument guiding the Board's roles, responsibilities, functions and structure. It was initially approved in January 2024 and subsequently revised in July 2024 to restructure the Board Committees and in May 2025 to update the Investment, Licensing and Infrastructure Committee and its Terms of Reference.

The SEZA Board of Directors visit to the KenGen Green Energy Park



Governance Arrangements (Continued)

ii. Roles and functions of the board

The Board exercises its authority collectively and operates in accordance with the Constitution of Kenya, the State Corporations Act, the Mwongozo Code of Governance for State Corporations, the Board Charter and other relevant legal and regulatory frameworks.

Specifically, the Board;

(1) Provides Strategic Leadership and Policy Direction

The Board approves the Authority's long-term vision, strategic plans, annual work plans, and institutional priorities and sets the policies and governance frameworks needed for effective implementation while monitoring performance against approved targets.

(2) Regulatory Oversight

The Board oversees implementation of the Special Economic Zones Act and Regulations through policy direction on designation, development, operation, and management of Special Economic Zones. It also determines applications for licensing, designation, suspension, and revocation, while ensuring fairness, transparency, and legal compliance. It also oversees major litigation, arbitration, and dispute resolution matters. It also approves key legal instruments, contracts, policies, and governance documents where required.

(3) Governance and Institutional Oversight

The Board promotes sound corporate governance through compliance with the Mwongozo Code, applicable law, and best governance practice. It establishes Board Committees, approves governance policies and internal controls, and monitors legal, ethical, and governance compliance.

(4) Financial Stewardship

The Board approves the Authority's budget, procurement plans, financial statements, and resource allocation to ensure prudent use of public resources.

(5) Human Capital and Organizational Development

The Board appoints, supervises, supports, and evaluates the management in accordance with the law. It also approves the organizational structure, human resource policies, and succession planning framework.

(6) Stakeholder Engagement

The Board promotes engagement with development partners, investors, regulators, and other stakeholders. It also fosters partnerships and transparent communication to support investment promotion and the development of Special Economic Zones.

iii. Induction, training and development

During the financial year, Board members have undergone various training and workshops including:

- (1) A Capacity Development Training on 11th October 2025;
- (2) Virtual Sensitization Programme for Chairpersons of State Corporations and Regulatory Authorities under the State Department on 31st October 2025;
- (3) Virtual Sensitization Programme for Board Members organized by the Office of the Head - of Public Service (HOPS) on 18th November 2025;
- (4) Board Leadership and Governance Masterclass Training on 5th March, 2026; and
- (5) Training on the Role of Data Controllers under the Data Protection Act on 9th June, 2026.

Governance Arrangements (Continued)

iv. Board and members' performance

For the financial year, 2024/2025 the board got an overall rating of 88.22%.

The Board Performance Evaluation for the year 2025/2026 has been scheduled for 18th August 2026 and will be conducted by the State Corporations Advisory Committee (SCAC).

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

During the year, the board met the threshold of four Statutory meetings, where the agenda was discussed as prescribed by the approved board charter. There were two special board meetings to discuss agent agenda.

Table 5.1: Summary of Full Board Meetings Held

	Special Full Board	Quarterly Full Board	Total
Number of Full Board Meetings	2	4	6

Table 5.2: Full Board meetings held during the FY and the attendance

	Special	Special	Q4	Q1	Q2	Q3	Total	Average
1. Fred Muteti	1	1	1	1	1	*	5	5/5
2. Anthony Wainaina	1	0	1	0	0	1	3	3/6
3. Joel Kibe	1	1	1	0	0	0	3	3/6
4. Philip Coulson	1	0	0	1	1	1	4	4/6
5. Tiyah Galgalo	1	1	1	1	1	1	6	6/6
6. David Ontweka	1	0	1	1	1	1	5	5/6
7. Kenneth Chelule	1	**	1	1	1	1	5	5/6
8. Emmanuel Kitaka	1	1	1	1	1	1	6	6/6
9. Joseph Nguyo	1	1	1	***	1	1	5	6/6
10. Abubakar Hassan Abubakar	***	***	***	1	***	***	1	

Note:

* - Not a board member at the time of the meeting

** - Declared a conflict of interest and did not attend the meeting

*** - The Alternate does not attend the Board meeting when the Principal Secretary attends the meeting. The aggregate attendance is 6/6

Governance Arrangements (Continued)

Table 5.3: Committee meetings attendance

	Investment, Licensing & Infrastructure	Human Resource & Governance	Finance Planning & ICT	Audit & Risk Management
Total Meetings	7	5	5	4
1. Anthony Wainaina	X	4	1	3
2. Joel Kibe	2	0	2	x
3. Philip Coulson	6	4	1	1
4. Tiyah Galgalo	1	x	1	2
5. David Ontweka	7	x	4	1
6. Kenneth Chelule	7	2	5	x
7. Emmanuel Kitaka	2	2	5	4
8. Joseph Nguyo	7	2	5	1
9. Joyce Kiprop	1	4	2	2

KEY:

X -Not a committee member

Note: During the financial year, the Board reconstituted its Committees to enhance governance and align members' expertise with Committee mandates. Consequently, some members were reassigned from one Committee to another. The attendance records therefore reflect Committee membership at the time each meeting was held and should not be interpreted as members serving on multiple Committees simultaneously throughout the year.

Governance Arrangements (Continued)

vi. Succession plan

The Board of the Special Economic Zones Authority has adopted a staggered appointment framework to ensure continuity in governance, institutional memory, and effective oversight. In accordance with the Special Economic Zones Act, Cap 517A, and the Board Charter, Board members are appointed at different times and for varying terms. Consequently, the tenure of all Board members does not expire simultaneously, thereby ensuring continuity in the Board's operations and decision-making.

As Board members complete their respective terms, appointments or reappointments are made by the relevant appointing authorities in accordance with the applicable legal and regulatory framework.

vii. Policy to manage conflict of interest

The Directors are obligated to fully disclose to the Board any real or potential conflict of interest whether direct or indirect. Declaration of conflict of interest is a standing agenda item in all Board and Committee meetings prior to discussion of a substantive

viii. Board remuneration

The Chairman and the Board are remunerated as guided at Salaries and Remuneration Commission. The Chairman earns a monthly Honorarium of Kes.80,000 and phone allowance of Kshs. 7,000.

All board members including the Chairman but excluding the CEO earn a sitting allowance of Kes.20,000 per board meeting. All these are subject to all applicable income taxes and levies. For engagements out of station, the Directors are paid Mileage and Daily Subsistence allowance as applicable as per the SRC rates.

ix. Ethics and Conduct

The Board is guided by a Code of Conduct and Ethics that promotes integrity, accountability, professionalism, and compliance with Mwongozo and Board Charter. Board members are required to make wealth declarations, sign the Conflict of Interest Register and declare conflicts of interest.

x. Governance Audit

The Board underwent a governance audit guided by the Mwongozo Code of Governance for State Corporations and the Governance Standards and Guidelines developed by the Institute of Certified Public Secretaries.

The identified recommendations span board succession planning, transparency and disclosure, legal compliance, stakeholder communication, board independence, staffing, stakeholder value, CSR, and sustainability. The Board got a ranking of good showing it demonstrated good governance and effective leadership.

xi. Communication Policy

The Authority has a Communication Policy approved by the Board on 12th June, 2025. The Board oversees the implementation of the policy by Management ensuring that communication with stakeholders is accurate, timely, consistent, and transparent.

Governance Arrangements (Continued)

xii. Terms of Reference of Committees

(1) Human Resource, Administration and Governance Committee

The Committee is responsible for overseeing human resource management, administration, governance and Board effectiveness. Its key Terms of Reference include:

- a) Review the Authority's organizational structure, performance management system, compensation guidelines and HR policies and recommend necessary changes to the Board.
- b) Review proposals for the appointment of senior management, including disciplinary matters and exit interviews where necessary.
- c) Conduct or oversee disciplinary hearings and appeals involving senior management.
- d) Advise the Board on the recruitment and appointment of the Chief Executive Officer.
- e) Review and oversee succession planning for senior management, the CEO and Board members.
- f) Lead the annual evaluation of the Board, its committees and individual directors, in collaboration with SCAC.
- g) Oversee corporate governance, including conflict of interest procedures, Board composition, nomination and removal procedures, and governance policies.
- h) Review the skills, experience, independence, knowledge and diversity of the Board and recommend measures to address identified gaps.
- i) Develop and review the Board Charter and Board Scorecard.
- j) Promote Board education and capacity building on the Authority's mandate, finances, roles and responsibilities.
- k) Ensure adequate management of the Authority's legal risks.
- l) Regularly review its Terms of Reference and evaluate its own performance.

(2) Finance, Planning and ICT Committee

The Committee is responsible for providing financial, strategic, planning, procurement and ICT oversight to the Authority. Its key Terms of Reference include:

- a) Consider and recommend the annual budget, budget revisions and reallocations to the Board.
- b) Review and recommend approval of quarterly and annual financial reports and statements.
- c) Review and recommend finance policies and policy revisions.
- d) Oversee the Authority's financial health, financial plans and overall performance.
- e) Develop and review the Authority's strategy and investment policies and monitor implementation of strategic plans.
- f) Evaluate and recommend investment projects, new ventures and strategic partnerships within its mandate.
- g) Monitor the Authority's Performance Contract and strategic performance.
- h) Review and oversee annual procurement plans and quarterly procurement reports.
- i) Monitor the use of the budget and implementation of the procurement plan.
- j) Oversee the eCitizen and digitalisation strategy and ICT compliance.
- k) Review and recommend the ICT strategy, roadmap, policies, budget and major ICT investments.
- l) Monitor ICT projects, emerging technologies, innovation and their contribution to organizational performance.
- m) Regularly review its Terms of Reference and evaluate its performance.

Governance Arrangements (Continued)

(3) Investment, Licensing and Infrastructure Committee

The Committee is responsible for overseeing investment promotion, licensing of SEZ investors and infrastructure and land-use matters within the Authority. Its key Terms of Reference include:

- a) Develop strategies to attract domestic and foreign investment into SEZs.
- b) Identify investment opportunities and target industries through market research and analysis.
- c) Promote the SEZ investment environment and competitiveness through investor outreach and stakeholder engagement.
- d) Review and evaluate licensing applications, including applicants' financial, technical and operational capacity.
- e) Undertake due diligence and risk assessment of potential licensees.
- f) Recommend approval, conditional approval or rejection of licensing applications.
- g) Review and update licensing guidelines and procedures.
- h) Propose and monitor implementation of investment and licensing policies, regulations and guidelines.
- i) Monitor the performance and compliance of licensed SEZ investors, including their investment commitments and contractual obligations.
- j) Advise the Board on designation, establishment, operation and regulation of SEZs.
- k) Monitor the development status of licensed SEZs and advise on necessary interventions.
- l) Review land and infrastructure leasing reports.
- m) Review and recommend land-use masterplans and zoning plans.
- n) Oversee land allocation criteria and allocation to investors and public agencies.
- o) Approve the SEZ programme assets registry and development guidelines.
- p) Oversee investment criteria, investment thresholds and capital project funding strategies.
- q) Evaluate and approve designs, costing and material variations for horizontal and vertical infrastructure in SEZs under development.
- r) Convene additional or technical meetings where necessary to address urgent investment, licensing or infrastructure matters.
- s) Regularly review its Terms of Reference and evaluate its performance.

(4) Audit and Risk Management Committee

The Committee is responsible for providing independent oversight of financial reporting, internal controls, internal audit, external audit, risk management and compliance. Its key Terms of Reference include:

- a) Reviews governance structures, delegated authority, accountability arrangements, and ethical leadership.
- b) Evaluates the risk management framework, including risk appetite, risk profile, and the effectiveness of risk treatment measures.
- c) Assesses internal controls at SEZA regarding finances, assets, revenue, expenditure, procurement, information systems, cybersecurity, data protection, and business continuity.
- d) Reviews annual and interim financial statements, accounting policies, estimates, significant judgments, and disclosures prior to Board approval.
- e) Examines external audit findings and evaluates the effectiveness of the external audit process.
- f) Monitors the implementation of recommendations from internal audits, external audits, and other oversight activities.

Governance Arrangements (Continued)

- g) Reviews and approves the internal audit strategy, risk-based annual plan, and budget, while assessing the adequacy of human, financial, and technological resources.
- h) Oversees the Quality Assurance and Improvement Program and ensures that an independent external quality assessment is conducted at least once every five years.
- i) Oversees arrangements for addressing fraud, bribery, corruption, misconduct, and whistleblowing, without assuming management or investigative responsibilities.

xiii. Policy on related party transactions

The Authority is committed to ensuring that all related party transactions are conducted in a transparent, fair, and accountable manner, in accordance with the Mwongozo Code of Governance for State Corporations.

The Authority requires Board members, management, and staff to disclose any actual, potential, or perceived conflicts of interest that may arise in relation to transactions involving related parties. Any Board member or officer with an interest in a matter under consideration is required to declare the interest and recuse themselves from deliberations and decision-making on the matter.

Related parties shall include, but not be limited to:

- a) The Ministry of Investments, Trade and Industry (MITI);
- b) State Department for Investment Promotion (SDIP);
- c) The Kenya Revenue Authority (KRA);
- d) Members of the Board of Directors, including their immediate family members and entities in which they have a material interest;
- e) The Chief Executive Officer and officers of the Authority, including their immediate family members and entities in which they have a material interest;

xiv. Statement of compliance with laws and regulations

The Authority is mandated under the Special Economic Zones Act, Cap 517A and the applicable Regulations to regulate, monitor and supervise activities undertaken within Special Economic Zones and to ensure compliance with the applicable legal and regulatory framework. This includes compliance with the provisions of the Act, Regulations, license conditions and other applicable laws and statutory requirements.

xv. Existing key management structure and key roles

The Authority has a management structure led by the Chief Executive Officer who is supported by seven (7) heads of Directorates and one (1) standalone Division in the execution of the Authority's mandate as follows: -

- (i) Corporation Secretary & Legal Services Directorate;
- (ii) Land and Infrastructure Directorate;
- (iii) Licensing & Compliance Directorate;
- (iv) Business Development and Marketing Directorate;
- (v) Partnerships, Strategy and Research Directorate;
- (vi) Corporate Services Directorate;
- (vii) Internal Audit Directorate; and
- (viii) Supply Chain Management Division

Governance Arrangements (Continued)**Table 5.4: Key management structure and key roles**

No.	Designation	Name	Role
1	Chief Executive Officer	Dr. Kenneth Chelule, PhD, EBS	Accounting officer and overall executive leadership
2	Corporation Secretary and Director, Legal Services	CS Daisy Ajima	Board secretariat and legal services
3	Director, Land and Infrastructure	Mr. David Kambo	Infrastructure development and land management
4	Manager, Finance & Accounts	CPA Benjamin Mutula	Financial management and accounting operations
5	Manager, Licensing	Mr. Ibrahim Issack	Managing licensing processes and approvals
6	Manager, HR and Administration	CHRP. Shadrack Mwamuye	Human resources and administrative oversight
7	Manager, Supply Chain Management	Mr. Fredrick Otieno	Managing procurement and supply chain
8	Manager, Business Development Services	Mr. Victor Mageto	Business growth and commercial strategy
9	Ag. Manager, Surveillance and Compliance	Mr. Francis Gitau	Regulatory compliance and oversight
10	Ag. Manager, Marketing	Mr. Ronald Kemboi	Marketing strategy and brand promotion
11	Ag. Manager, Internal Audit	CPA Juliet Karori	Governance, risk management and Internal controls assurance

xvi. Existing fiduciary oversight arrangements

The Authority has various fiduciary oversight arrangements. To facilitate the smooth running of its affairs, the Board of Directors has established the following Board Committees:

- (1) Investment, Licensing and Infrastructure Committee
- (2) Finance, Planning and ICT Committee
- (3) Human Resource, Administration and Governance Committee
- (4) Audit and Risk Management Committee

SEZA team site visit to the Vipingo Special Economic Zone



C.S. (MITI) Addresses investors at the Kenya International Investment Conference (2026)





FINANCIAL PERFORMANCE OVERVIEW

6.1 Revenue

The Authority's total revenue for the year ending 30th June 2026 was KShs. 732,657,035. This is made up of KShs. 81,000,000 Gok Recurrent Grants from the exchequer, KShs. 500,000,000 Gok Development Grants from the exchequer, KShs. 4,884,366 donations and KShs. 146,772,669 raised internally as A-in-A. The A-in-A is composed of KShs. 53,062,276 revenue from license fees, KShs. 86,203,396 land lease fees and KShs. 7,506,997 interest from call deposit accounts.

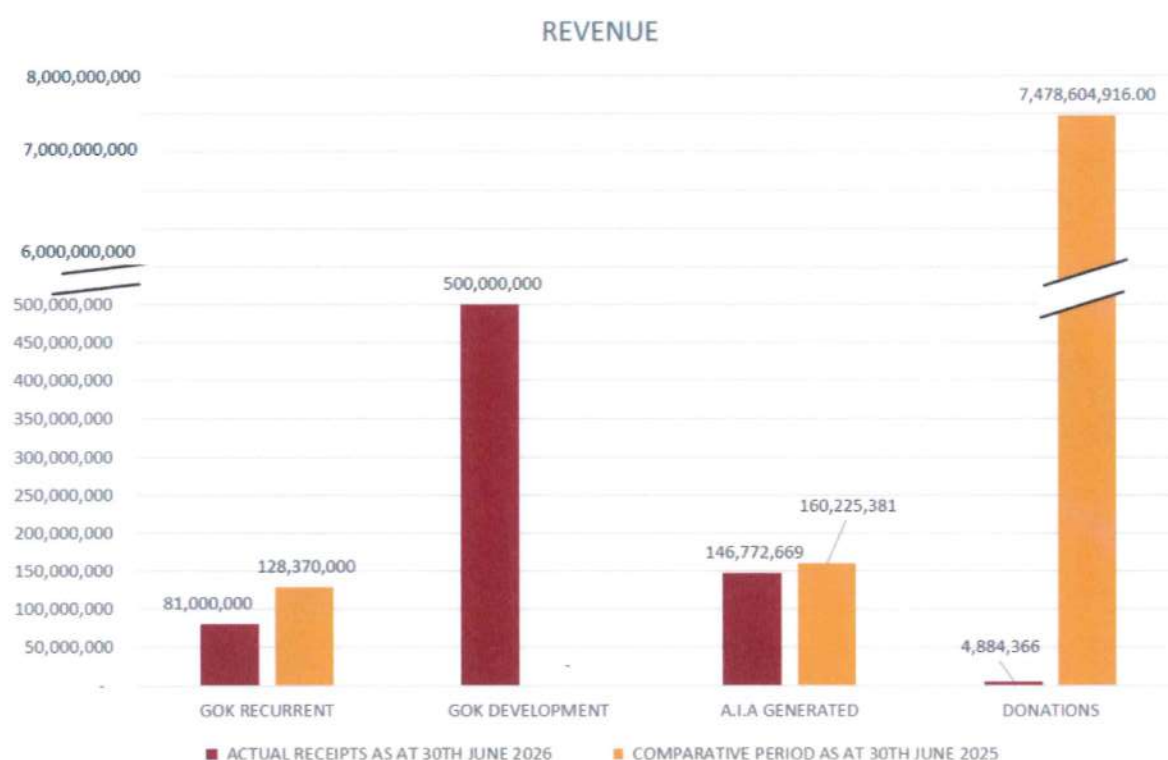


Chart 6.1: Revenue

6.2 Expenditure

Total operating expenses during the year were KShs. 206,368,612 composed of KShs. 74,573,932 personnel emoluments, KShs. 73,789,549 use of goods and services, KShs. 12,132,229 board expenses, KShs. 37,112,041 depreciation, KShs. 1,116,172 repairs & maintenance, KShs. 3,305,901 project monitoring and supervision costs, and finance costs KShs. 4,338,788. The Authority further incurred loss on transfer of asset of KShs. 35,901,791 and foreign exchange loss of KShs. 598,088.

This resulted to an operating surplus of KShs. 489,788,544 in the year.

FINANCIAL PERFORMANCE OVERVIEW (continued)

EXPENDITURE

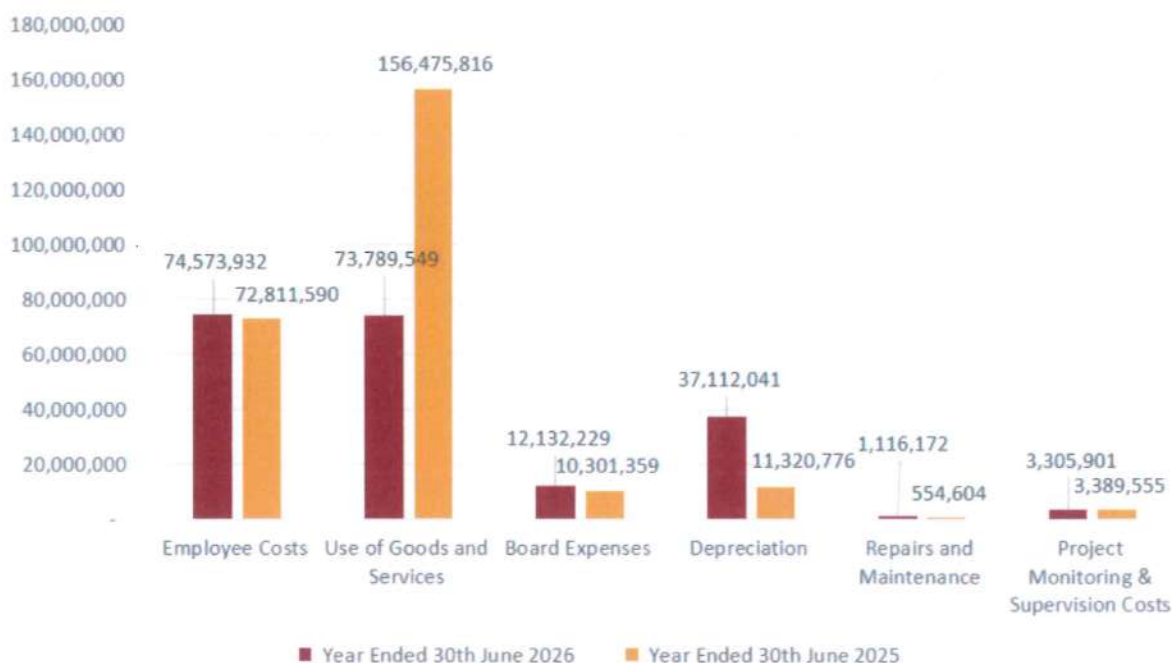


Chart 6.2: Expenditure

6.3 Revenue and Expenditure per Budget Estimate

Table 6.1: Revenue and Expenditure per Budget Estimate

Budget Line	Budget (KShs)	Adjustments (KShs)	Final Budget (KShs)	Actual (KShs)	Performance Difference (KShs)	Variance Explanation
Employee Costs	76,261,204	40,000,000	116,261,204	74,573,932	41,687,272	Moratorium on recruitment as a result of on-going state corporations' reforms
Use of Goods and Services	85,702,496	60,598,179	146,300,675	93,755,226	52,545,449	Challenges in onboarding and use of the electronic government procurement (e-GP) system
Board Expenses	12,859,000	-	12,859,000	12,132,229	726,771	
Repairs & Maintenance	1,177,300	-	1,177,300	1,116,172	61,128	

FINANCIAL PERFORMANCE OVERVIEW (continued)

Revenue and Expenditure per Budget Estimate (Continued)

Budget Line	Budget (KShs)	Adjustments (KShs)	Final Budget (KShs)	Actual (KShs)	Performance Difference (KShs)	Variance Explanation
Project Monitoring and Supervision	5,000,000	-	5,000,000	3,305,901	1,694,099	Challenges in onboarding and use of the electronic government procurement (e-GP) system delayed commencement of projects preparation, documentation and procurement.
Acquisition of Non-Financial Assets	-	88,258,000	88,258,000	27,784,500	60,473,500	Challenges in onboarding and use of the electronic government procurement (e-GP) system
Development Projects	500,000,000	-	500,000,000	111,660,460	388,339,540	Funds contracted/committed and payments only done on certification of interim payments by project managers on works completed. Contractors retention still retained in the Authority's bank accounts.

FINANCIAL PERFORMANCE OVERVIEW (continued)

6.4 Assets

The Authority’s total assets as at the end of the year were KShs. 8,826,589,635 with KShs. 108,017,718 liabilities and KShs. 8,718,571,917 net assets. The authority’s cash and cash equivalents as at the end of the year was KShs. 529,300,428 being cash held in the Authority’s bank accounts.

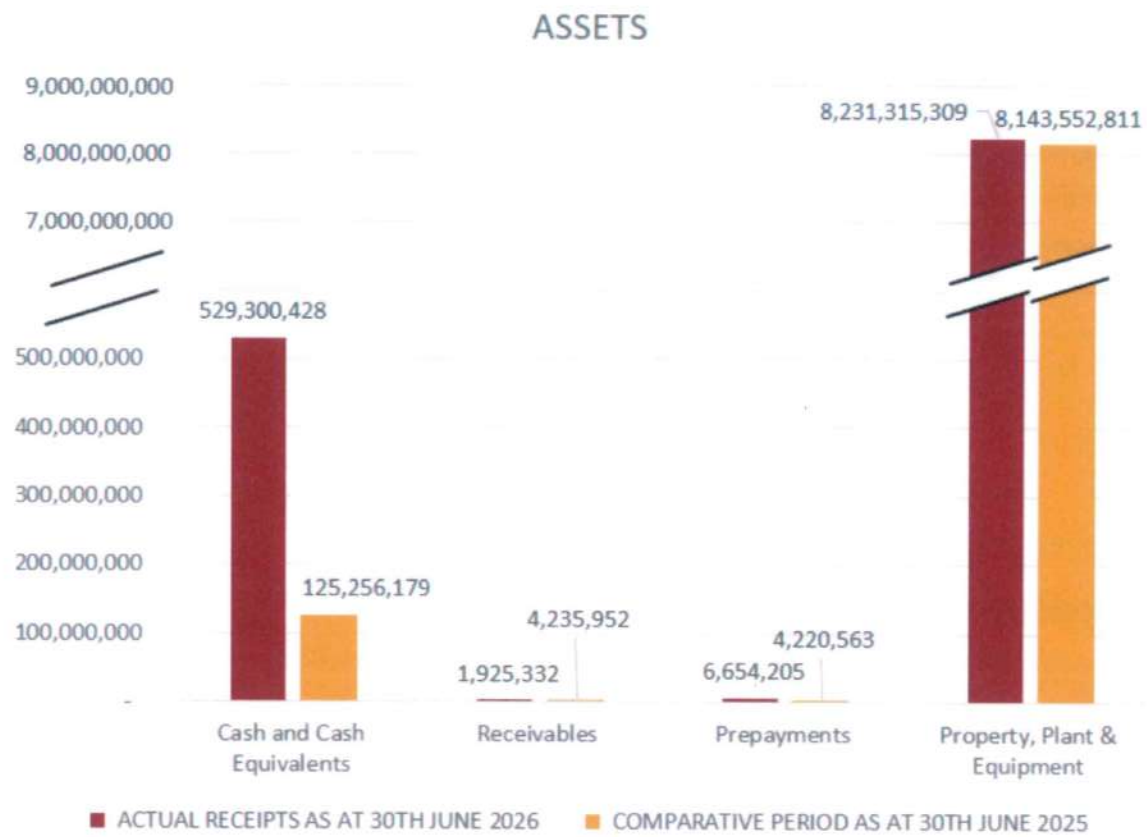


Chart 6.3: Assets

FINANCIAL PERFORMANCE OVERVIEW (continued)

Property, Plant & Equipment

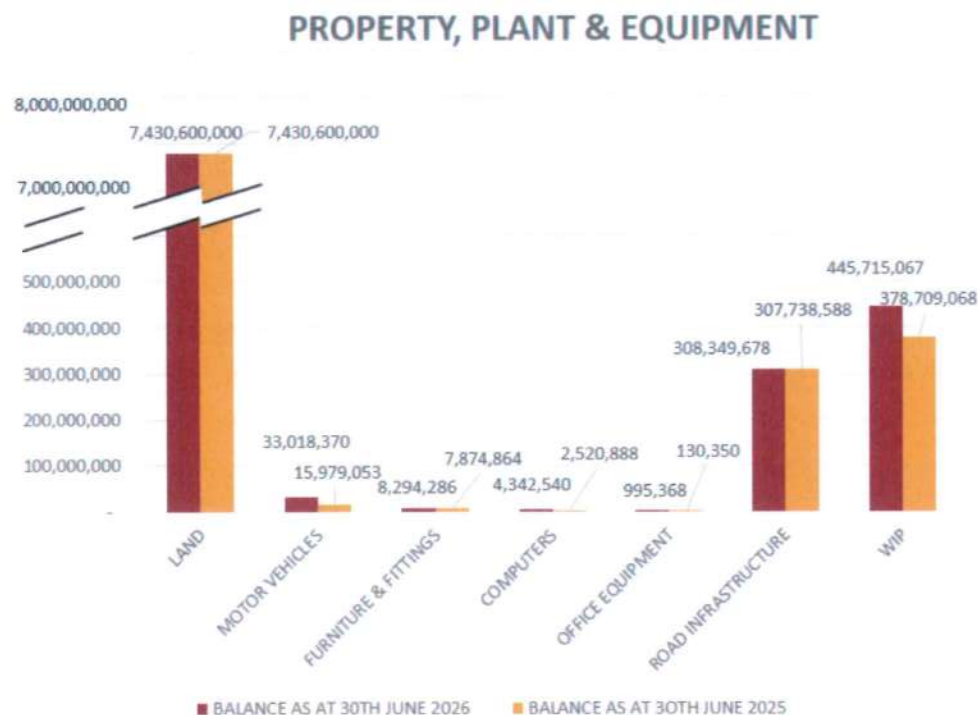


Chart 6.4: Property, Plant & Equipment

6.5 Liabilities

The Authority's total liabilities as at the end of the year were KShs. 148,017,718 comprised of KShs. 11,892,622 trade payables, KShs. 37,032,144 contractors' retention, KShs. 58,512,952 lease liability, KShs. 40,000,000 deferred income and KShs. 580,000 current provisions.

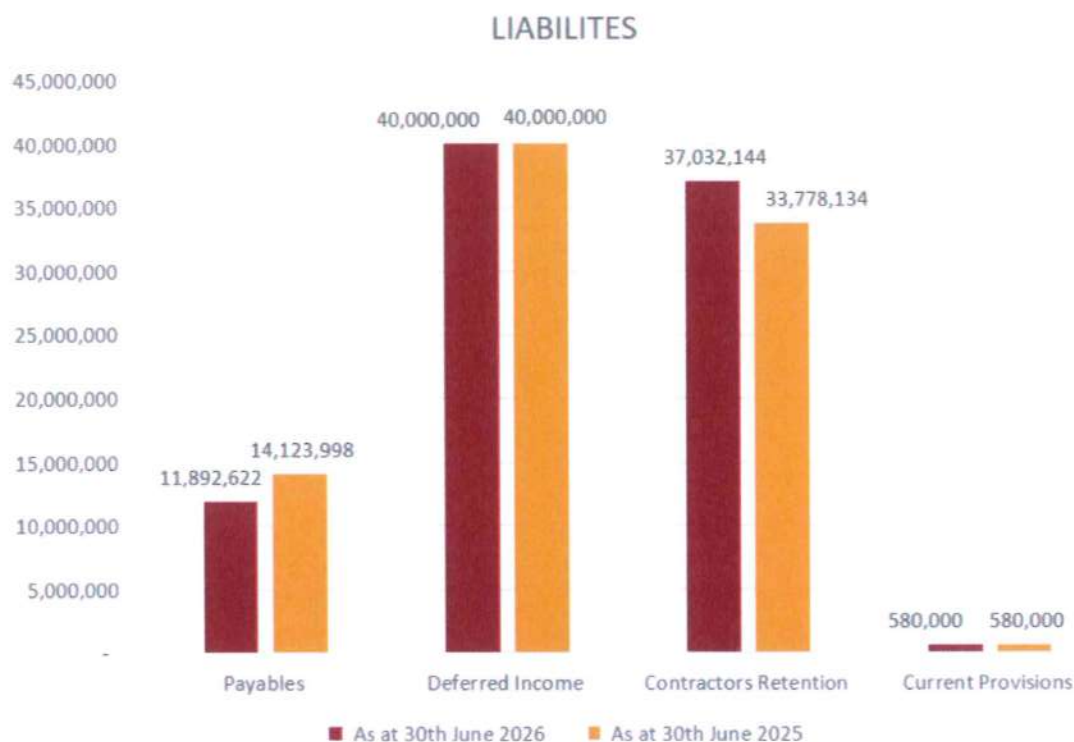


Chart 6.5: Liabilities

FINANCIAL PERFORMANCE OVERVIEW (continued)

6.6 Risk analysis

The Authority employs a proactive and systematic method to identify, assess, and manage risks. The management regularly reviews existing risks, updates the risk register, evaluates new and emerging threats, and defines required actions to ensure continued success and safety.

A summary of the primary risks identified, along with their respective mitigation measures, is presented in the table below.

Table 6.2: Risk analysis

No.	Risk Area	Risk event	Risk level	Implementable mitigations
1	Merger and transition	The proposed SEZA–EPZA merger could create uncertainty around legal mandates, governance, staffing, reporting lines, budgets, and strategic priorities.	High	Establish a joint transition plan, create an approved transition and business-continuity plan, perform thorough due diligence, define interim responsibilities, and ensure ongoing business continuity.
2	Human capital and operational capacity	Critical staffing affecting service delivery.	High	Develop a prioritized staffing and succession plan; Obtain approval to recruit for critical positions; Automate processes.
3	eGP implementation	The electronic Government Procurement system may disrupt procurement and contract management	High	Evaluate readiness, train users, set up access controls, verify data accuracy, reconcile transactions, and perform post-implementation reviews.
4	Legal, land and reputation	Land disputes, irregular allocations, and litigation leading to financial or reputational harm.	High	Conduct comprehensive legal due diligence, verify land records, and oversee litigation and contingent liabilities.
5	Regulatory compliance	SEZ entities operating outside regulations and approved license conditions.	High	Perform risk-based compliance inspections and enforce sanctions.

FINANCIAL PERFORMANCE OVERVIEW (continued)

No	Risk Area	Risk event	Risk level	Implementable mitigations
6	Strategic	Failure to achieve the 20% annual investment-growth target due to inadequate investment promotion controls.	High	Develop and approve an Investment Promotion Policy and implementation plan. Strengthen market research, investor targeting, lead tracking and performance monitoring.
7	SEZ performance and viability	Licensed zones may remain inactive, underdeveloped, or fail to deliver expected investment, export, and employment goals.	High	Introduce performance milestones, periodic viability reviews, remediation plans, and license suspension or revocation for persistent non-performance.
8	Infrastructure and utilities	Slow pace and delayed delivery of SEZ infrastructure and public utilities may discourage investors.	High	Prepare infrastructure gap assessments, prioritized investment plans, leverage PPP arrangements and service-level agreements;
9	eCitizen platform	eCitizen system failures and Platform downtime may lead to service interruptions, delayed settlement, and transaction reversals.	High	Integrate relevant systems, reconcile collections regularly, and resolve exceptions promptly
10	Information technology, cybersecurity, and data protection.	Exposure to cyber threats such as data breaches, loss of data, legal liabilities and lost of public trust	High	Approve and implement frameworks for ICT security, data protection, business continuity, and disaster recovery. Conduct cybersecurity and vulnerability assessments.
11	Emerging Risks	Failure to adapt to Emerging Risks.	High	Monitoring and addressing emerging risks across the organization

FINANCIAL PERFORMANCE OVERVIEW (continued)

6.7 Additional Information

i) A report on the operational performance of the organization for the last five-year period

Table 6.3: Operational performance of the organization for the last five-year period

	Financial Year				
	2025/2026	2024/2025	2023/2024	2022/2023	2021/2022
	Kshs (Millions)	Kshs (Millions)	Kshs (Millions)	Kshs (Millions)	Kshs (Millions)
Financial Performance Summary					
Revenue					
GoK Grants	581	128.37	90.37	19.16	20.37
Internally Generated	146.77	160.23	47.78	18.17	33.68
Others	44.88	7,478.60	4.3	24.11	-
Total Revenue	772.66	7,766.79	142.45	61.44	54.05
Recurrent Expenditure	206.37	254.85	146.73	62.19	60.03
Surplus/(Deficit)	529.79	7,511.94	(4.28)	(0.75)	(5.98)
Financial Position Summary					
Assets					
Current Assets	537.84	133.71	86.9	136.77	259.17
Non-Current Assets	8,288.71	8,143.55	666.65	496.93	387.29
Total Assets	8,826.59	8,277.27	753.56	633.7	646.46

FINANCIAL PERFORMANCE OVERVIEW (continued)

Additional Information (Continued)

	Financial Year				
	2025/2026	2024/2025	2023/2024	2022/2023	2021/2022
	Kshs (Millions)	Kshs (Millions)	Kshs (Millions)	Kshs (Millions)	Kshs (Millions)
Liabilities					
Current Liabilities	65.79	88.48	76.71	62.08	66.63
Non-Current Liabilities	42.29	-	-	-	-
Total Liabilities	108.02	88.48	76.71	62.08	66.63
Net Assets	8,718.57	8,188.78	676.84	571.62	579.83
Represented by:					
Accumulated Surplus	8,718.57	8,188.78	676.84	571.62	579.83

FINANCIAL PERFORMANCE OVERVIEW (continued)

Additional Information (Continued)

ii) Entity's key projects

Ongoing Projects in Naivasha Phase 01 as of 30th June 2026

The Authority is currently developing the following priority infrastructure installations to support the 20 onboarded investors.

Table 6.4: Naivasha SEZ Infrastructure Projects

No.	Project Name	Description	Remarks
1	Proposed Construction of Access road - Phase 03	1.12 km of concrete top roads.	The project is currently at 42% progress
2	Water reticulation	Laying 10km water distribution network	Procurement process ongoing
3	Operationalization of the NSEZ Administration block	Office partitioning and fit-out	<ul style="list-style-type: none">• Procurement process ongoing for fire and AC works• High and Low water tanks at 40% completion
4	Administration Block and One Stop Shop	Building works for the Naivasha Administration Block and One Stop Shop	Handed over at 95% completion. Procurement process for pending works is ongoing
5	Naivasha SEZ buffer zone greening and tree planting	Establish a tree buffer around the Naivasha 1000-acre phase 1	Planted 6,266 number of trees seedlings. Maintenance ongoing

FINANCIAL PERFORMANCE OVERVIEW (continued)

Additional Information (Continued)

Other Ongoing Infrastructure Development

SEZA Headquarter at Old Mutual Tower

The office fit-out entails architectural and engineering transformation of the 4,864 sq.ft space by constructing acoustic drywall and glass partitions, floor works, including carpeting and floor tiling. Other works includes installation of suspended acoustic ceilings and bulkheads. Additional works entails electrical and complementing mechanical installations that consists of air conditioning, fire detection and sprinkler systems and plumbing works.

Table 6.5: SEZA HQ Phase 2 Partitioning Project Data

No.	Description of work	Remarks
6	HQ Office partitioning builder's work	Partial Handover done for Wing A

Table 6.6: Completed Infrastructure Projects

No	Item	Status	Date for Completion	Comments
1	Access Road No. 1 (1.2 km)	Closed	15th August 2023	Complete and in use
2	Access Road No. 2 (383 meters)	Closed	24th May 2024	Complete and in use
3	Parking and storm water drainage at Naivasha SEZ Administration Building	Closed	3rd October 2025	Complete and in use

iii) Entity's compliance with statutory requirements, major risks facing the organization, material arrears in statutory and other financial obligations

The Authority complied in all material respect with statutory requirements including remittance of all statutory deductions.

FINANCIAL PERFORMANCE OVERVIEW (continued)

Additional Information (Continued)

iv) Review of the economy, review of the sector, future developments, and any other information considered relevant to the users of the financial statements.

Review of the SEZ Sector, SEZA Contribution and Future Developments

Review of the SEZ Sector

During FY 2025/2026, Kenya's Special Economic Zones (SEZ) programme continued to gain momentum as an important platform for attracting investment, supporting industrialisation, promoting exports and creating employment. Investor interest was recorded across manufacturing, ICT and digital services, agribusiness, logistics, industrial infrastructure and renewable energy, demonstrating the increasing diversification of the programme.

Manufacturing remained the leading area of investor interest, accounting for approximately 42% of investment proposals reviewed during the period. This was followed by ICT and digital investments at 23%, agribusiness at 13%, logistics at 10%, industrial infrastructure at 6% and renewable energy and other investments at 6%.

The programme also continued to attract investors from diverse international markets. Asia remained an important source market, accounting for approximately 45% of proposals during the period, alongside growing interest from Africa, Europe and the Middle East.

Investor interest extended across a range of public and private SEZs, demonstrating the increasing geographical reach of the programme. During the year, the Authority received 65 Expressions of Interest (EOIs) and 8 applications for designation of land as Special Economic Zones, while engagement with investors covered more than 20 countries.

The sector is also evolving beyond traditional manufacturing towards technology-intensive and service-oriented investments, including ICT and digital services, data infrastructure, pharmaceuticals, logistics, green industries and advanced manufacturing. This diversification presents an opportunity to position Kenya's SEZs as platforms for both industrial production and emerging sectors of the global economy.

SEZA's Contribution to Sector Growth

The Special Economic Zones Authority continued to play a central role in promoting, regulating and facilitating the development of the SEZ programme.

During FY 2025/2026, the Authority attracted approximately USD 1.11 billion (KSh 143.85 billion) in investments against a target of USD 0.67 billion. The performance reflects sustained investment promotion, investor engagement and facilitation undertaken during the year.

The Authority also licensed 33 new SEZ enterprises, contributing to the continued expansion of the SEZ investor base. Investments facilitated through the programme contributed to the creation of 22,488 jobs, demonstrating the programme's growing contribution to employment and economic activity.

SEZA undertook approximately 30 investment promotion activities during the year, including investor engagements, investment missions, business forums, site visits and engagements with diplomatic missions, investment promotion agencies and other strategic partners.

FINANCIAL PERFORMANCE OVERVIEW (continued)

Additional Information (Continued)

Beyond investment promotion, the Authority continued strengthening the institutional and regulatory environment supporting the programme. This included implementation of the SEZ Master Plan, development of SEZ schemes and operational guidelines, review of the legal and regulatory framework and continued investor facilitation through the One-Stop-Shop approach.

Progress was also made in the development of strategic public SEZs, particularly Naivasha SEZ. However, infrastructure development remained an area requiring accelerated implementation. The experience during the year highlighted the importance of aligning investment promotion with timely provision of roads, utilities, serviced land and other enabling infrastructure required to convert investor commitments into operational projects. The Authority also continued working with private SEZ developers, county governments, national government agencies, development partners and other stakeholders to broaden participation in the SEZ programme.

Emerging Opportunities

The outlook for Kenya's SEZ sector remains positive, supported by the country's strategic location, regional market access, growing infrastructure network and expanding industrial base.

Several areas present significant opportunities for the next phase of SEZ development.

- Advanced and value-added manufacturing will remain central to the programme, particularly investments that reduce dependence on imports, strengthen domestic value chains and support exports.
- ICT, digital services and data infrastructure are emerging as increasingly important investment areas. Kenya's established technology ecosystem, connectivity and regional position provide opportunities to attract data centres, artificial intelligence infrastructure, BPO and other technology-enabled services into SEZs.
- Pharmaceuticals and medical products present opportunities to strengthen local and regional manufacturing capacity while reducing dependence on imported healthcare products.
- Agro-processing and value addition provide opportunities to connect Kenya's agricultural production with manufacturing, cold-chain infrastructure and regional and international markets.
- Logistics and warehousing are expected to grow alongside increased investment in manufacturing and trade, particularly around strategic transport corridors, ports, rail infrastructure and inland container depots.
- Green and renewable industries also present significant potential as global investors increasingly consider energy efficiency, renewable power, sustainable production and carbon footprints when making investment-location decisions.

Future Developments and Strategic Direction

Going forward, the focus will increasingly shift from attracting investment commitments to accelerating project implementation and operationalisation.

A key priority will therefore be converting the investment pipeline developed during FY 2025/2026 into operational enterprises, production, exports and employment.

FINANCIAL PERFORMANCE OVERVIEW (continued)

Additional Information (Continued)

SEZA will prioritize the following areas:

- Accelerating infrastructure development in public SEZs to ensure that serviced land, roads, power, water, ICT and other essential infrastructure are available to investors.
- Converting approved investments into operational projects through stronger investor facilitation, implementation monitoring and aftercare.
- Strengthening investor targeting towards high-value sectors including advanced manufacturing, pharmaceuticals, ICT and digital services, data centres, agro-processing, logistics and green industries.
- Deepening private-sector participation in the development and operation of SEZ infrastructure to complement public investment.
- Strengthening the One-Stop-Shop framework to reduce the time and complexity involved in establishing and operating investments within SEZs.
- Expanding international investment promotion in priority markets while strengthening collaboration with diplomatic missions, investment promotion agencies and strategic business networks.
- Improving investor aftercare to support existing investors to resolve operational challenges, expand their investments and reinvest in Kenya.
- Strengthening SEZA's institutional capacity, including human resources, digital systems, market intelligence and investor relationship management.
- Leveraging the evolving SEZ legal and regulatory framework to improve competitiveness and respond to changing investor requirements.
- Strengthening sustainability within SEZ development, including green infrastructure, renewable energy, circular-economy investments and environmentally responsible industrial development.

Outlook

Kenya's SEZ programme is transitioning from an emerging investment framework into an increasingly important component of the country's industrial and investment architecture.

The USD 1.11 billion in investment attracted during FY 2025/2026, continued licensing of new enterprises and diversification of investor interest demonstrate the potential of the programme. The next phase will require greater emphasis on translating this pipeline into factories, operational businesses, exports and sustainable employment.

SEZA will therefore continue positioning Kenya's Special Economic Zones as competitive, investor-ready and sustainable platforms for domestic, regional and global investment, while strengthening infrastructure, investor facilitation and partnerships necessary to deliver tangible economic outcomes.

The long-term objective is to ensure that SEZs make an increasingly significant contribution to industrialisation, export growth, employment creation, technology transfer, regional development and Kenya's competitiveness as an investment destination.



STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2025/2026

The Special Economic Zones Authority implemented its Annual Work Plan for the Financial Year 2025/2026 in line with the Strategic Plan 2023-2027. The Strategic Plan is anchored on four Key Result Areas (KRAs), which form the strategic pillars for achieving the Authority's mandate of promoting, facilitating, regulating and overseeing the development of Special Economic Zones in Kenya.

The Authority's strategic pillars are:

- a) Investment Attraction
- b) Development of Integrated Infrastructure
- c) Legal and Regulatory Framework
- d) Institutional Capacity Development

The Annual Work Plan and Performance Contract were aligned to these strategic pillars, with performance monitored through quarterly reviews and measured against approved Key Performance Indicators (KPIs). During FY 2025/2026, the Authority registered strong performance across all strategic pillars, recording significant progress in investment attraction, infrastructure development, regulatory oversight, financial stewardship, governance and institutional strengthening.

PS for the State Department for Investment Promotion Addressing Investors at KIICO '26



STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2025/2026 (continued)

Table 7.1: performance information

No	Strategic Pillar / Key Result Area	Strategic Objective	Key Performance Indicator	Year 4 Strategic Plan Target (FY 2025/26)	FY 2025/26 Achievement	Variance
1	Investment Attraction	Increase investment by 20% annually	Cumulative investment inflows (USD)	0.67 Billion	1.11 Billion	+0.44 Billion
			Employment opportunities created	35,000	22,488	(12,512)
2	Integrated Economic Zone Development	Complete development of Naivasha SEZ Phase I	Administration Block / One Stop Shop	90%	95%	5%
			Access Road	5KM	1.3KM	(3.7)
			Acreage developed by investors	90%	52.50%	(37.5%)
		Provide sustainable integrated infrastructure	Master Plan implementation	100%	40%	0%

STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2025/2026 (continued)

STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2025/2026 (continued)

No	Key Result Area	Remarks
1	Investment Attraction	<p>1.The Authority exceeded the Year 4 Strategic Plan target by attracting cumulative investments valued at USD 1.11 billion, surpassing the target by USD 0.44 billion. This performance was driven by intensified local and international investment promotion activities, enhanced investor facilitation and aftercare services, and growing investor confidence in the Programme.</p> <p>2.A total of 22,488 employment opportunities were facilitated during the year against a target of 35,000. The shortfall is attributable to phased projects, with several enterprises at construction stage and yet to commence full operations.</p>
2	Integrated Economic Zone Devpt	<p>1.The Administration Block and One Stop Shop construction exceeded the annual target, achieving 95% completion against a target of 90%. However, the construction of the access road fell short of the target, with only 1.3 km completed against the planned 5 km. This is attributable to delays in the implementation of the Electronic Government Procurement (e-GP) system.</p> <p>2.Investor development reached 52.5% of the targeted acreage. Progress reflects continued investor uptake and phased development of allocated plots, with several projects under construction.</p> <p>3.Implementation of the Master Plan achieved 40% cumulative progress during the reporting period. This reflects the phased development of key infrastructure at the Zone, including the access roads, water supply, electricity network, Inland Container Depot, and the One Stop Shop.</p>
3	Legal and Regulatory Framework	<p>1.The target was achieved through the implementation of the Special Economic Zones (Amendment) Act, 2026, which strengthened the legal, regulatory and investment facilitation framework governing the SEZ Programme.</p> <p>2.The Authority exceeded the target by reviewing and developing three schemes/guidelines against the planned two.</p> <p>3.The target was achieved through implementation of key policy and investment reforms under the Amendment Act, including enhanced licensing provisions, strengthened compliance mechanisms and expansion of investment activities.</p>
4	Legal and Regulatory Framework	<p>1.Employee satisfaction increased to 84%, exceeding the Strategic Plan target of 75%, reflecting continued improvements in staff engagement, capacity building, workplace environment and organisational culture.</p> <p>2.Customer satisfaction reached 81%, exceeding the target of 75%, attributable to improved investor facilitation, implementation of the Citizens' Service Delivery Charter, digitisation of services and enhanced stakeholder engagement.</p> <p>3.The Authority attained a staffing level of 21.21% against the Strategic Plan target of 80%. The variance is attributable to delayed recruitment arising from budgetary constraints and the need for approval of additional staffing resources.</p> <p>4.The Authority recorded a High Productivity Index of 3.977, representing a 3.46% improvement over the FY 2024/25 index of 3.844. While the Strategic Plan expresses productivity as a percentage increase, performance is measured using the National Productivity and Competitiveness Centre (NPCC) Productivity Index, making direct variance comparison not applicable.</p> <p>5.Performance Contract evaluation for FY 2025/26 was pending at the time of preparing this Annual Report; consequently, variance could not be determined.</p>

STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2025/2026 (continued)

Overall Performance

During the Financial Year 2025/2026, the Special Economic Zones Authority recorded strong performance in implementing its Strategic Plan 2023–2027 and delivering on its mandate of promoting, facilitating, regulating and overseeing the development of Special Economic Zones in Kenya. Performance across the four strategic pillars reflected the Authority's commitment to enhancing Kenya's investment competitiveness, strengthening the regulatory environment, developing world-class industrial infrastructure, and improving institutional effectiveness.

Under the Investment Attraction pillar, the Authority intensified investment promotion efforts through local and international investor engagements, attracting cumulative investments valued at USD 1.11 billion (KShs 143.85 billion) and facilitating the establishment of 33 new SEZ enterprises, surpassing the annual target of 25 enterprises. These investments are expected to contribute significantly to industrialization, employment creation and export growth.

Under the Development of Integrated Infrastructure pillar, the Authority continued to invest in strategic infrastructure within public Special Economic Zones. The Naivasha SEZ Administration Building attained 95% completion, while Access Road 3 reached 42% completion, enhancing investor readiness and improving the provision of serviced industrial infrastructure.

Significant progress was also achieved under the Legal and Regulatory Framework pillar through the enactment of the Special Economic Zones (Amendment) Act, 2026, which strengthened the operational, regulatory, administrative and investment facilitation framework for Special Economic Zones. The reforms expanded the scope of industrial park activities, strengthened SEZA's regulatory and enforcement powers, introduced long-term licensing provisions for strategic investments, enhanced compliance oversight, facilitated participation by foreign companies and introduced Oil and Gas Zones as a new category of Special Economic Zones.

During the year, the Authority also facilitated the gazettment of one Public SEZ, one Private SEZ, recommended six additional private SEZs for gazettment, strengthened regulatory compliance through 15 Zone Audits and 26 Enterprise Compliance Audits. Under the Institutional Capacity Development pillar, the Authority strengthened financial stewardship and operational efficiency by generating KShs 146.77 million in Appropriation-in-Aid and maintaining zero pending bills. The Authority further enhanced service delivery through implementation of the Citizens' Service Delivery Charter, digitalization of key services, affirmative procurement, staff capacity development, internships and strengthened governance systems.

Overall, the Authority achieved substantial progress towards its predetermined objectives during FY 2025/2026. The achievements recorded during the year strengthened Kenya's position as a preferred investment destination, enhanced the competitiveness of the Special Economic Zones Programme, improved the investment and regulatory environment, advanced strategic infrastructure development, and reinforced institutional capacity to deliver on the Authority's mandate. These outcomes contribute directly to the Government's Bottom-Up Economic Transformation Agenda (BETA), Kenya Vision 2030, and the country's industrialization and export-led growth agenda.

8

ENVIRONMENTAL AND SUSTAINABILITY REPORTING

i) Sustainability Strategy, risk management, and Profile

Investments in Special Economic Zones increasingly prioritize sustainable development in line with UN SDGs 8, 9, 12, and 13. Within the reporting period, Authority lead the integration of the SEZ programme into the host communities through public meetings that empower the members to access employment opportunities and for responsible development. Within the Naivasha SEZ, the Kitet community is actively involved in development projects and coordinates the CSR events undertaken by the Authority and the zone investors. SEZA localized social responsibility directives mandating that developers, contractors and investors absorb the community as workers and suppliers.



CS, MITI Hon. Lee Kinyanjui, EGH participating in the Kitet Community engagement at the Naivasha SEZ

Environmental and Sustainability Reporting (continued)

To insulate the entity from national exchequer fiscal pressures, SEZA prioritized scaling Appropriations-in-Aid through processing of leasable space at the Naivasha SEZ and being proactive with license renewal processing. The Authority undertook Business Process Re-engineering for investor evaluation, with the updated procedures resulting in 33 new SEZ enterprises boosting our revenue base.

Further, the Authority has embedded green growth within its strategic and policy framework, prioritizing licensing of climate-resilient, green SEZ enterprises and collaboration with stakeholders to facilitate the operationalization of such investments within our zones. Notable achievements during the period included onboarding 24 manufacturing companies that feature agri-based value chain investments at the zone.

ii) Environmental performance

Within the reporting period, the Authority's compliance team through the relevant EMCA enforcing agency mandated all applications to undertake ESIA's to balance the proposed industrial development with ecological protection. By incorporating the NEMA license as a part of the SEZ licensing process, all developments are required to integrate developments and operations into the overall SEZ environmental performance requirements. Further, the Authority has actively participated in promoting green building guidelines across public zones, by prioritizing development support for enterprises within these zones that employ solar power, 3R water management systems and refuse reduction.



Tree Planting Day at the Naivasha SEZ

The Authority has taken an active role in the national tree growing initiative by engaging stakeholders in a tree growing project at the Naivasha SEZ. The Authority enforces a strict buffer zone around this project, and within this space- it coordinated a tree planting day in collaboration with the State Department for Investment Promotion and other agencies.

In support of the Presidential National Tree Growing and Restoration Campaign, SEZA coordinated the planting of over 25,000 trees across Naivasha SEZ contributing to national climate resilience and environmental conservation efforts.

Environmental and Sustainability Reporting (continued)



Tree Planting Exercise at the Naivasha SEZ



Mentorship and Educational Tour of Students



Tree Planting Exercise at the Naivasha SEZ



SEZ Investment Promotion Forum



Multi-Stakeholder Investor Meeting

Environmental and Sustainability Reporting (continued)

iii) Employee welfare

SEZA implements an inclusive, merit-based recruitment policy. During the period under review, women accounted for 36% of the Authority's workforce, while men accounted for 64%. The Authority supported youth development through the engagement of 30 youths, comprising 20 interns and 10 industrial attachees, with support from the Public Service Commission.

The Authority continued to strengthen employee welfare through a medical insurance cover, staff development, career growth and welfare programmes. The Staff Welfare Scheme was integrated into HRIS for efficient management of welfare contributions. In addition, capacity-building and skills development programmes were undertaken for staff to strengthen competencies and support professional development.

SEZA is compliant with the Occupational Safety and Health Act and the strives to offer a safe supportive work environment. During the period under review, the OSHA Committee was trained on workplace safety, hazard identification and emergency preparedness to strengthen the Authority's capacity to mitigate occupational risks.

The Authority also completed the partitioning of its head office to improve employee well-being and optimise utilisation of office space. The office fit-out included the provision of employee breakout spaces and a dedicated lactation room, reinforcing our commitment to an employee-friendly workplace.



Naivasha SEZ One Stop Shop Building

Environmental and Sustainability Reporting (continued)

iv) Market Place Practices

a) Responsible Competition Practice

The Authority continued to promote responsible competition by ensuring fairness, transparency and integrity in the licensing, regulation and promotion of SEZs. The Authority maintained a non-discriminatory investment facilitation framework that provides equal access to investment opportunities for both local and foreign investors. Licensing and regulatory decisions were guided by the SEZ Act and its Regulations, ensuring consistency, accountability and fairness.

During the year under review, SEZA strengthened its regulatory framework through the implementation of the SEZ (Amendment) Act, 2026, which improved the investment environment. The Authority also enhanced service delivery through the implementation of the Citizens' Service Delivery Charter, digitization of key land administration services under the Business Process Re-engineering programme, implementation of cashless payment systems, and timely resolution of public complaints. Anti-corruption initiatives were reinforced through compliance with the Leadership and Integrity Act, regular sensitization of staff, implementation of integrity policies, and collaboration with oversight institutions.

b) Responsible Supply Chain and Supplier Relations

The Authority continued to uphold fairness, transparency and accountability in public procurement in accordance with the Public Procurement and Asset Disposal Act, 2015 and related regulations. All procurement opportunities were advertised competitively through the Electronic Government Procurement System (e-GP), the Authority's website and other approved platforms, while ensuring equal opportunity for all eligible suppliers.

SEZA honoured contractual obligations through timely processing of payments, effective contract management and continuous engagement with suppliers. The Authority also promoted inclusive procurement by exceeding the statutory Access to Government Procurement Opportunities (AGPO) target, awarding 88% contracts valued at KShs 373.76 million to youth, women and persons with disabilities out of KShs 426.56 million total expenditure. In addition, 88% of this contracts worth KShs 375.80 million were awarded to local firms, supporting local content development and strengthening domestic enterprises.

Environmental and Sustainability Reporting (continued)

c) Responsible Marketing, Communication and Stakeholder Engagement

SEZA continued to implement responsible investment promotion and stakeholder engagement practices by providing accurate, timely and reliable information on investment opportunities within Kenya's Special Economic Zones. The Authority ensured that all investment promotion materials, publications and digital content accurately reflected the legal, fiscal and administrative incentives available under the SEZ Programme.

FY 25/26 INVESTMENT PROMOTION



KEY HIGHLIGHTS – FY 25/26

Increased investor engagements, business development meetings, and investment facilitation.

Investor interest across 8 Special Economic Zones from over 20 countries.

Manufacturing remained the leading investment sector.

Strong investment pipeline with the potential to create over 60,000 jobs.

Digital and media campaigns enhanced investor awareness with 100% positive media coverage.

PERFORMANCE (FY 25/26)

INVESTMENTS ATTRACTED

USD 1.11 BILLION

(KSH 143.85 BILLION)

NEW ENTERPRISES LICENSED

33

JOBS CREATED

22,488+

JOBS

INVESTMENT PROMOTION ACTIVITIES UNDERTAKEN

31

SECTOR DISTRIBUTION OF INVESTMENT PROPOSALS (FY 25/26)

NO.	SECTOR	NO. OF PROPOSALS	SHARE (%)	KEY OBSERVATIONS
1	Manufacturing & Industrial Processing	27	42%	Strong demand in industrial paper, chemicals, polymers, construction materials, FMCG, packaging, engineering products, wood processing & equipment.
2	ICT & Digital Economy	15	23%	Investment in BPO, digital financial services, software development, AI and shared services.
3	Agribusiness & Agro-processing	8	13%	Interest in tea processing, edible oils, food processing, fertilizers, agri-equipment & value addition.
4	Logistics & Warehousing	7	11%	Demand for industrial warehousing, cold chain, freight services & logistics hubs.
5	Others (Energy, Healthcare, Real Estate, Tourism & Services)	8	12%	Emerging interest in renewable energy, healthcare, tourism, real estate & business services.
TOTAL		65	100%	

DISTRIBUTION OF INVESTOR ORIGIN (FY 25/26)						KEY FOCUS GOING FORWARD			
 ASIA 45%	 EUROPE 25%	 AFRICA 15%	 AMERICAS 10%	 OTHERS 5%	 Convert investor leads into licensed and operational projects	 Intensify targeted investment promotion and marketing	 Strengthen strategic partnerships and investor facilitation	 Sustain investment growth and drive industrial development	

During the reporting period, SEZA undertook local and international investment promotion activities, participated in investment forums and exhibitions, maintained an up-to-date website and active social media platforms, published investor information materials, and held consultative forums with investors, county governments, development partners and the private sector. All communication adhered to principles of transparency, while respecting diversity and avoiding misleading or exaggerated claims.



H.E. Governor Abdulsamad Shariff Nassir interacts with the SEZA Marketing Booth

Environmental and Sustainability Reporting (continued)

d) Product Stewardship / Awareness Creation

The Authority remained committed to safeguarding investor and public interests by providing accessible, accurate and timely information on Special Economic Zones, licensing procedures, investment incentives and regulatory requirements. Investor enquiries and applications were processed through clearly defined service standards contained in the Citizens' Service Delivery Charter.



SEZA Marketing to potential investors at an Investment Forum



CS MITI with the multi-agency team from the Ministry of Trade, Investments and Industry at the Vipingo SEZ



Eco Roses Special Economic Zone

Environmental and Sustainability Reporting (continued)

SEZA continued to enhance investor confidence through the operationalization of the One Stop Shop service model, investor aftercare services, publication of investment guides, and continuous stakeholder sensitization on the Special Economic Zones Programme. The Authority also safeguarded investor information through compliance with the Data Protection Act, maintained confidential handling of commercial information, and provided appropriate grievance handling and dispute resolution mechanisms in accordance with applicable laws and regulations.

v) Corporate Social Responsibility (CSR) / Community Engagement

As part of its commitment to sustainable industrial development, environmental stewardship and inclusive economic growth, the Authority undertook several community engagement initiatives during FY 2025/2026 in collaboration with national and county governments, investors, local communities and development partners.

The Authority also undertook public participation and stakeholder consultation forums during the planning and development of SEZs to ensure that host communities, investors, county governments and other stakeholders were adequately consulted and their views incorporated into project implementation.

State Department for Investment Promotion Tree Planting Day





9

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30 2026, which show the state of the Authority's affairs.

I) Principal Activities

The principal activities of the Authority are;

- To implement policies and programs of Government with respect to special economic zones.
- To grant licenses to special economic zones.
- To approve or undertake the development, operation or maintenance of appropriate infrastructure for public special economic zones.
- To perform all administrative business regulations and services in relation to the designated special economic zones, as and when deemed necessary.
- To establish and enhance inter-agency collaboration among relevant state agencies to ensure compliance with all applicable laws.
- To recommend suspension / cancellation of licenses for developers in violation of the Act.
- To regulate, implement, monitor and supervise all aspects of the special economic zones programme.
- To regulate the access of non - licensed service providers from the customs territory as may be required in order to service individual enterprises.

II) Results

The results of the Authority for the year ended June 30, 2026, are set out on page 1 to 6.

III) Directors

The members of the Board of Directors who served during the year are shown on pages xv to xx.

IV) Surplus remission

In accordance with Regulation 219 (2) of the Public Finance Management (National Government) Regulations, regulatory authorities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year.

The Authority made a surplus of Kshs. 7,511,938,391 as per the audited financial statements of the FY 2024/2025. However, pursuant to section 211 (1) and 211 (4) of the Public Finance Management (National Government) Regulations, the Authority did not remit 90% of the surplus funds reported in the audited financial statements since it is not listed in the schedule of regulatory authorities gazetted by the cabinet secretary.

V) Auditors

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

By Order of the Board.

CS Daisy Ajima

Corporation Secretary

Date:

06/10/2026

10

STATEMENT OF DIRECTORS RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012, section 14 of the State Corporations Act and section 24 of the Special Economic Zones Act No.16 of 2015 require the Directors to prepare financial statements in respect of the Authority, which give a true and fair view of the state of affairs of the Authority at the end of the financial year and the operating results of the Authority for that year. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the Authority.

The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year ended on June 30, 2026. This responsibility includes:

- i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Authority;
- iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- iv) Safeguarding the assets of the Authority
- v) Selecting and applying appropriate accounting policies; and
- vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012, the State Corporations Act Cap 446 and the Special Economic Zones Act No.16 of 2015. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2026, and of the Authority's financial position as at that date.

The Directors further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

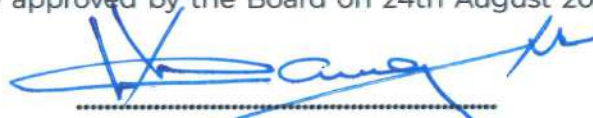
In preparing the financial statements, the Board of Directors have assessed the Authority's ability to continue as a going concern. The Authority was earmarked for merger with Export Processing Zones Authority as per Executive Office of the President letter number CAB/GEN.3/1/1 VOL XXIII (42) dated 21st January 2025. The merger process had not been concluded at the date of signing this statement.

Approval of the financial statements

The Authority's financial statements were approved by the Board on 24th August 2026 and signed on its behalf by:



Mr. Fred Muteti, EBS
Chairman of the Board
 Date: 06/10/2026



Dr. Kenneth Chelute, PhD, EBS
Chief Executive Officer
 Date: 06/10/2026

CS MITI observing the Naivasha Special Economic Zone Model presented by CEO SEZA



The Kenya International Investment Conference (2026)





SEZ policy and legal framework review with IFC & JICA



CS MITI addresses the Media on the Naivasha SEZ developments

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REPORT OF THE AUDITOR-GENERAL ON SPECIAL ECONOMIC ZONES AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2026

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 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.

An Unmodified Opinion is issued when the Auditor-General concludes that 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 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, Cap. 412A, and the Public Audit Act, Cap. 412B. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Special Economic Zones Authority set out on pages 1 to 60, which comprise of the statement of financial position as at 30 June, 2026, and the statement of financial performance, the statement of changes in net assets, the statement of cash flows, and the 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 Cap. 412B. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Special Economic Zones Authority as at 30 June, 2026 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis and comply with the Special Economic Zones Authority Act and the Public Finance Management Act, Cap. 412A.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Special Economic Zones Authority 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 opinion.

Material Uncertainty Related to Going Concern

I draw attention to the statement of directors' responsibilities in that in preparing the financial statements, the directors have assessed the Authority's ability to continue as a going concern. The Authority was earmarked for merger with Export Processing Zones Authority (EPZA) as per Executive Office of the President Letter No.CAB/GEN.3/1/1 VOL.XXIII (42) dated 21 January, 2025. However, the merger process had not been concluded at close of audit in September 2026. The merger events and conditions are indications that a material uncertainty exists that cast significant doubt on the Authority's ability to continue as a going concern.

My opinion is not modified in respect of this matter.

Emphasis of Matter

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.869,856,179 and Kshs.853,628,848 respectively resulting in an under-realization of Kshs.16,227,331 of the budget. However, the Authority spent an amount of Kshs.324,328,420 against actual receipts of Kshs.853,628,848 resulting in an under-utilization of Kshs.529,300,428 or 62% of the actual receipts.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, four issues were raised, overstated balance on property, plant and equipment under the Report on Financial Statements, Budgetary Control and Performance under Emphasis of Matter, delay in project completion under Report on Lawfulness and Effectiveness in Use of Public Resources and understaffing of the Authority under Report of Effectiveness on Internal Controls, Risk Management and Governance. The issues remain unresolved as Parliament has not deliberated on the same.

Other Information

The Management are responsible for the Other Information set out on pages vi to lxviii which comprise of Who we Are, Chairman's Statement, Report of the Chief Executive Officer, Corporate Governance Statement, Financial Performance Overview, Report of performance against predetermined objectives, Environmental and Sustainability Reporting, Report of the Directors and Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Authority'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 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 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. Failure to Review and Approve Human Resource Instruments

The Authority continued to administer its human resource functions using a Human Resource Policies and Procedures Manual, terms and conditions of service and salary structure that had not been reviewed and aligned with the prevailing legal and policy framework and the current Strategic Plan. Management indicated that revised instruments had been prepared but were awaiting Board approval due to Government restructuring and proposed merger arrangements.

In the circumstances, the Authority continued to operate with outdated human resource instruments during the year under review.

2. Non-Compliance with the Approved Staff Establishment

Review of human resource records revealed that the Authority had an approved establishment of ninety-nine (99) positions against twenty-one (21) staff in post, resulting in a shortfall of seventy-eight (78) staff. Management attributed the staffing gap to a Government recruitment freeze and provided evidence of requests for secondment of staff. However, the approved staffing gap remained unresolved.

In the circumstances, the Authority was not operating in accordance with its approved staff establishment and may not effectively discharge its mandate.

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, Cap. 412B and based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on the Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Inadequate Human Resource Capacity, Weak Succession Planning and Lack of Segregation of Duties

Review of the Authority's approved establishment and personnel records revealed inadequate staffing, with gaps between senior management and entry-level positions and

significant reliance on interns. Key functions were concentrated among a few officers and adequate segregation of duties was not demonstrated. Further, the Authority had not established a succession-planning framework, designated deputies or understudies, or implemented structured mentorship and talent-development programme.

Management attributed the gaps to the Government recruitment freeze and indicated that funds had been secured for recruitment. However, the control and succession risks remained unresolved at the time of audit.

In the circumstances, the effectiveness of human resource controls, segregation of duties and continuity arrangements 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 Management and the Board of Directors

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

In preparing the financial statements, Management is responsible for assessing the Authority'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.

The 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, Cap. 412B.

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 are in compliance 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 Authority'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, Cap. 412B 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, Cap. 412B. 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, Cap. 412B.

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

14 October, 2026

12

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2026

Description	Notes	Year Ended 30th June 2026 (Kshs)	Year Ended 30th June 2025 (Kshs)
Revenue from Non-Exchange Transactions			
Transfers from other governments entities	6	581,000,000	128,370,000
Donations/Sponsorships	7	4,884,366	7,478,604,916
Total Revenue from Non-Exchange Transactions		585,884,366	7,606,974,916
Revenue from Exchange Transactions			
Other Income/Licenses, Leases & Interest Income	8	146,772,669	159,817,175
Total Revenue from Exchange Transactions		146,772,669	159,817,175
Total Revenue		732,657,035	7,766,792,091
Expenses			
Employee Costs	9	74,573,932	72,811,590
Use of Goods and Services	10	73,789,549	156,475,816
Board Expenses	11	12,132,229	10,301,359
Depreciation	12	37,112,041	11,320,776
Repairs and Maintenance	13	1,116,172	554,604
Project Monitoring & Supervision Costs	14	3,305,901	3,389,555
Finance Costs	15	4,338,788	-
Total Expenses		206,368,612	254,853,700
Loss on Transfer of Asset	16	(35,901,791)	-
Foreign Exchange Loss	17	(598,088)	-
Surplus/(Deficit) for the Period		489,788,544	7,511,938,391

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2026 (continued)

The notes set out on pages 10 to 57 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 57 were signed on behalf of the Board of Directors by:



Dr. Kenneth Chelule, PhD, EBS
Chief Executive Officer

Date: 06/10/2026



CPA Benjamin Mutula
Manager, Fin & Accounts
ICPAK M/No: 8913

Date: 06/10/2026



Mr. Fred Muteti, EBS
Chairman of the Board

Date: 06/10/2026



13 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2026

Description	Notes	As at 30th June 2026 (KShs)	Audited As at 30th June 2025 (KShs)
Assets			
Current Assets			
Cash and Cash Equivalents	18	529,300,428	125,256,179
Receivables	19	1,925,332	4,235,952
Prepayments	20	6,654,205	4,220,563
Total Current Assets		537,879,965	133,712,694
Non-Current Assets			
Property, Plant & Equipment	21	8,231,315,309	8,143,552,811
Right of Use Asset	22	57,394,361	-
Total Non-Current Assets		8,288,709,670	8,143,552,811
Total Assets		8,826,589,635	8,277,265,505
Liabilities			
Current Liabilities			
Payables	23	11,892,622	14,123,998
Deferred Income	24	40,000,000	40,000,000
Contractors Retention	25	37,032,144	33,778,134
Current Provisions	26	580,000	580,000
Lease Liability	27	16,284,828	-
Total Current Liabilities		105,789,594	88,482,132

Statement of Financial Position as at 30th June 2026 (continued)

Description	Notes	As at 30th June 2026 (Kshs)	Audited As at 30th June 2025 (KShs)
Non-Current Liabilities			
Lease Liability	27	42,228,124	-
Total Non-Current Liabilities		42,228,124	-
Total Liabilities		148,017,718	88,482,132
Net Assets		8,678,571,916	8,188,783,373
Represented by:			
Accumulated Surplus		8,678,571,916	8,188,783,373
Total Reserves		8,678,571,916	8,188,783,373

The Financial Statements set out on pages 1 to 57 were signed on behalf of the Board of Directors by:



Dr. Kenneth Chelule, PhD, EBS
Chief Executive Officer

Date: 06/10/2026



CPA Benjamin Mutula
Manager, Fin & Accounts
ICPAK M/No: 8913

Date: 06/10/2026



Mr. Fred Mutefi, EBS
Chairman of the Board

Date: 06/10/2026

14

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2026

Description	Accumulated Surplus	Capital/ Development Grants	Total
	KShs	KShs	KShs
Balance as at June 30, 2024	20,691,255	656,153,727	676,844,982
Surplus of the Year	7,511,938,391	-	7,511,938,391
Balance as at July 1, 2025	7,532,629,646	656,153,727	8,188,783,373
Surplus/(Deficit) for the year	489,788,544	-	489,788,544
Balance as at June 30, 2026	8,022,418,189	656,153,727	8,678,571,916

15

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2026

Description	Notes	FY 2025-2026 (Kshs)	FY 2024-2025 (Kshs)
Cash Flows from Operating Activities			
Receipts			
Transfer from Other Government Entities (GoK Recurrent Grants)		581,000,000	183,431,670
Donations/Sponsorships		600,000	36,901,000
Receipts from other operating activities Licenses & Leases		146,772,669	149,585,511
Total Receipts		728,372,669	369,918,181
Payments			
Employee Costs/Staff Allowances		(74,607,264)	(79,333,144)
Use of Goods and Services/General Expenses		(76,993,295)	(139,510,353)
Board Expenses		(12,347,637)	(9,571,359)
Repairs and Maintenance		(1,116,172)	(554,604)
Project Monitoring and Supervision Costs		(3,305,901)	(3,214,555)
Total Payments		(168,370,269)	(232,184,015)
Net Cash Flows from Operating Activities		560,002,400	137,734,166
Cash Flows from Investing Activities			
Cash used on Non-Current Assets		(135,078,151)	(80,161,070)
Net Cash Flows from Investing Activities		(135,078,151)	(80,161,070)
Cash Flows from Financing Activities			
GoK Development Grants Received		-	19,500,000
Lease Payments		(20,880,000)	-
Net Cash Flows from Financing Activities		(20,880,000)	19,500,000
Net Increase in Cash and Cash equivalents		404,044,249	77,073,096
Cash and Cash Equivalents at 1 July	18	125,256,179	48,183,083
Cash and Cash Equivalents at 30 June	18	529,300,428	125,256,179

16

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS AS AT JUNE 30, 2026

Revenue	Budget (KShs)	Adjustments (KShs)	Final Budget (KShs)	Actual (KShs)	Performance Difference (KShs)	% Budget Performance
	a	b	c=(a+b)	d	e=(c-d)	f=d/c*100
Balance B/F from Previous Year	-	125,256,179	125,256,179	125,256,179	-	100%
Receipts	-		-		-	
GoK Grants	581,000,000	-	581,000,000	581,000,000	-	100%
Internally Generated Revenue	100,000,000	63,600,000	163,600,000	147,372,669	(16,227,331)	90%
Total	681,000,000	188,856,179	869,856,179	853,628,848	(16,227,331)	98%
Expenditure						
Employee Costs	76,261,204	40,000,000	116,261,204	74,607,264	41,653,940	64%
Use of Goods and Services	64,822,496	57,071,138	121,893,634	72,626,486	49,267,148	60%
Board Expenses	12,859,000	-	12,859,000	12,347,637	511,363	96%
Repairs & Maintenance	1,177,300	-	1,177,300	1,116,172	61,128	95%
Project Monitoring	5,000,000	-	5,000,000	3,305,901	1,694,099	66%
Lease Payment	20,880,000	-	20,880,000	20,880,000	-	100%
Acquisition of Non-Financial Assets	-	91,185,045	91,185,045	27,784,500	63,400,545	30%
Development Projects	500,000,000	-	500,000,000	111,660,460	388,339,540	22%
Total	681,000,000	188,256,179	869,256,183	324,328,420	544,927,763	37%
Surplus/(Deficit)	-		-	529,300,428	528,700,428	

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS AS AT JUNE 30, 2026 (continued)

Notes to the Statement of Comparison of Budget and Actual Amount

Budget notes

1. The GoK recurrent grants amounting to KShs. 81,000,000 were received for the period between July 2025 and June 2026, additionally, GoK development grants amounting to KShs. 500,000,000 were received.
2. Other income includes A-in-A raised through issuing of licenses and leasing of land at the Naivasha SEZ.
3. Employee costs represent staff salaries and allowances, provisions for gratuity for staff on contractual terms and employer contribution to pension for permanent and pensionable staff for July 2025 to June 2026.
4. Use of goods and services includes contractual obligations like rent, cleaning services, internet, core mandate expenses and other administrative operation and maintenance expenses.
5. Board expenses include sitting allowances, travel costs, daily subsistence allowances and monthly honoraria.
6. Depreciation, being a non-cash expense, was not included in the cash budget. The expenditure represents depreciation for furniture and fittings, computers, office equipment and completed road infrastructure in the Naivasha SEZ.
7. Project monitoring and evaluation costs includes expenses related to the Authority's ongoing projects and evaluation visits to potential SEZs as well as monitoring visits for compliance.
8. Lease payments relates to amounts paid for rent for office space.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS AS AT JUNE 30, 2026 (continued)

Notes to the Statement of Comparison of Budget and Actual Amount

Budget Reconciliation

	Description	Reason for difference	Amount (KShs)
1	Surplus	Actual Surplus Amount as per the Statement of Budget	529,300,428
2	Internally Generated Revenue	Onboarding of investors at Naivasha SEZ was majorly affected by lack of adequate horizontal infrastructure within the zone.	(16,227,331)
3	Employee Costs	Moratorium on recruitment as a result of on-going state corporations' reforms	41,687,272
4	Use of Goods and Services	Challenges in onboarding and use of the electronic government procurement (e-GP) system	52,545,449
5	Board Expenses		726,771
6	Repairs and Maintenance		61,128
7	Project Monitoring and Supervision	Challenges in onboarding and use of the electronic government procurement (e-GP) system delayed commencement of projects preparation, documentation and procurement.	1,694,099
8	Acquisition of Non-Financial Assets	Challenges in onboarding and use of the electronic government procurement (e-GP) system	60,473,500
9	Development projects	Funds contracted/committed and payments only done on certification of interim payments by project managers on works completed. Contractors retention still retained in the Authority's bank accounts.	388,339,540
10	Closing Cash and Cash Equivalents	Cash and Cash Equivalents as per the Statement of Cash Flows	529,300,428

17

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Special Economic Zones Authority is established by and derives its authority and accountability from the Special Economic Zones Act, 2015. The Authority is wholly owned by the Government of Kenya and is domiciled in Kenya. The Authority's principal activity is to attract, facilitate and retain domestic and foreign direct investments in the Special Economic Zones in Kenya through creation of an enabling environment, incentives and development of integrated infrastructure.

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 financial statements have been prepared and presented in Kenya Shillings, the Entity's functional and reporting currency. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, and International Public Sector Accounting Standards (IPSAS). The adopted accounting policies have been consistently applied to all years presented.

a) Basis of measurement

Under the historical cost basis, assets are recorded at the amount of cash or cash equivalents paid, or the fair value of the consideration given to acquire them at the time of acquisition, plus directly attributable transaction costs. Liabilities are recorded at the amount of consideration received to assume the obligation, less transaction costs incurred when the liability was assumed.

For those assets and liabilities measured at fair value, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the Entity uses market-to-observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Entity using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs (e.g., by use of the market comparable approach that reflects recent transaction prices for similar items, or discounted cash flow analysis). Inputs used are consistent with the characteristics of the asset or liability that market participants would take into account.

Fair values are categorized into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- **Level 1** fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the Entity can access at the measurement date.
- **Level 2** fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- **Level 3** fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).
- The Entity's accounting policy is to recognize transfers between levels of the fair value hierarchy at the end of the reporting period during which the change occurred. This policy is consistently applied to transfers into and out of each level.

NOTES TO THE FINANCIAL STATEMENTS (continued)

b) Use of Estimates

The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the Entity's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

3. Adoption of New and Revised Standards

i) New and amended standards and interpretations in issue effective in the year ended 30 June 2026.

Standard	Effective Date and Impact
	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance, and cash flows of an Entity.</p> <p>The new standard requires entities to recognize, measure, and present information on right-of-use assets and lease liabilities.</p> <p>Impact of the standard to the Authority</p>
IPSAS 43 Leases	<ul style="list-style-type: none"> • Capitalization of Operating Leases (Balance Sheet Impact): The current policy states that "Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term." Under IPSAS 43, this off-balance sheet treatment will be eliminated for lessees. The Entity will now be required to recognize a Right-of-Use (ROU) Asset and a corresponding Lease Liability on the Statement of Financial Position for these leases. • Replacement of Straight-Line Expense (Financial Performance Impact): Instead of recording a single, flat operating rental expense in surplus or deficit, the Entity will now recognize two separate expenses. <p>Depreciation on the newly recognized ROU asset over the lease term.</p>

NOTES TO THE FINANCIAL STATEMENTS (continued)

Standard	Effective Date and Impact
IPSAS 44: Non-Current Assets Held for sale and Discontinued Operations.	<p>Applicable 1st January 2025</p> <p>The standard requires;</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p>Impact of the standard to the Authority</p> <p>No Impact. The report explicitly notes that this standard has no impact on the Authority's financial statements.</p>
IPSAS 45- Property Plant and Equipment	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17. In IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>Impact of the standard to the Authority</p> <p>Relevant Operational & Measurement Impact SEZA carries significant infrastructure assets such as road infrastructure and ongoing capital works-in-progress (including access roads, storm drainage, and administrative buildings) this standard provides revised guidance on distinguishing significant components, evaluating under-maintenance, and assessing infrastructure valuation.</p>

NOTES TO THE FINANCIAL STATEMENTS (continued)

Standard	Effective Date and Impact
IPSAS 46 Measurement	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>Impact of the standard to the Authority</p> <p>Impact on Asset Measurement Bases. This will affect how SEZA evaluates, measures, and discloses its public assets and operational infrastructure going forward.</p>
ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2026.	
IPSAS 47- Revenue	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>Expected Impact on SEZA: High Impact.</p> <p>Since SEZA receives both non-exchange revenue (GoK grants) and exchange revenue (license fees, land lease income, interest), IPSAS 47 will directly change the accounting framework and disclosure principles for the timing, recognition, and measurement of its revenue</p>

NOTES TO THE FINANCIAL STATEMENTS (continued)

Standard	Effective Date and Impact
IPSAS 48 - Transfer Expenses	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p>Expected Impact on SEZA: Low / Conditional Impact.</p> <p>This standard will only impact SEZA if the Authority acts as a transfer provider or issues transfer payments to other public/private sector bodies.</p>
IPSAS 49 - Retirement Benefit Plans	<p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets out the financial statements that a retirement benefit plan should present.</p> <p>Expected Impact on SEZA: No Direct Financial Statement Impact.</p> <p>SEZA's obligations as an employer (e.g., NSSF and pension scheme contributions) continue to be recognized under standard employee costs.</p>
IPSAS 50 – Exploration for & Evaluation of Mineral Resources	<p>Applicable 1st January 2027</p> <p>The objective of this standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The standard requires:</p> <ol style="list-style-type: none"> 1. Limited improvements to existing accounting practices for exploration and evaluation expenditures. 2. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this standard and measure any impairment in accordance with IPSAS 26. 3. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Standard	Effective Date and Impact
IPSAS 50 – Exploration for & Evaluation of Mineral Resources	<p>Expected Impact on SEZA: No Direct Accounting Impact.</p> <p>SEZ (Amendment) Act 2026 expanded eligible zone activities to include oil, gas, and mineral sectors, SEZA itself acts as a regulator and facilitator, not an exploration entity.</p>
IPSAS 51: Tangible Natural Resources Held For Conservation	<p>Applicable 1st January 2028</p> <p>The objective of this standard is to establish the principles that an entity shall apply to report relevant information to users of financial statements about the nature, amounts, timing, and uncertainties arising from tangible natural resources held for conservation.</p> <p>A tangible natural resource held for conservation is a naturally occurring tangible asset that is managed to prevent its degradation.</p> <p>Expected Impact on SEZA: No Direct Accounting Impact.</p>
IPSASB SRS 1: Climate Related Disclosures	<p>Applicable 1st January 2028</p> <p>This standard provides principles for an entity to address climate-related risks and opportunities arising from an entity's activities and operations. The standard provides disclosures on governance, strategy, risk management, and metrics and targets.</p> <p>Expected Impact on SEZA: High Disclosure Impact.</p> <p>SEZA initiatives like tree planting and sustainable industrialization, this standard will require structured reporting on environmental and climate-related risks across its economic zones.</p>

NOTES TO THE FINANCIAL STATEMENTS (continued)

iii. Early adoption of standards

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

4. Summary of Significant Accounting Policies

a) Revenue Recognition

i) Revenue from Non-Exchange Transactions

Levies fines and penalties

The Authority recognizes revenues from taxes, levies, and fines when the event occurs, and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Authority and the fair value of the asset can be measured reliably.

Transfers from Other Government Entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Authority and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that have been acquired using such funds.

ii) Revenue from Exchange Transactions

License Fees

The entity recognizes revenues from license fees when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Authority and the fair value of the asset can be measured reliably

Land Lease Income

Land lease income arising from operating leases on the Special Economic Zone is accounted for on a straight-line basis over the lease terms and included in revenue.

NOTES TO THE FINANCIAL STATEMENTS (continued)

b) Budget information

The original budget of KShs 681,000,000 for FY 2025/2026 was approved by the Board of Directors on 25th August 2025. 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 Authority upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Authority recorded additional appropriations of KShs 188,856,179 on the 2025/2026 budget following the board's approval.

The Authority's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under No. 12, page 1 of these financial statements.

c) Taxes

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 Authority operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

ii) When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment Property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

NOTES TO THE FINANCIAL STATEMENTS (continued)

e) Property, Plant and Equipment

Recognition and Measurement

The Authority's Property, Plant, and Equipment (PPE) are tangible items held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and are expected to be used for more than one reporting period.

An item of PPE is recognized as an asset if, and only if:

- It's probable that the future economic benefits or service potential associated with the item will flow to the entity.
- The cost or fair value of the item can be measured reliably.

Items acquired through non-exchange transactions (e.g., donations) are measured at their deemed cost, which is the fair value at the date of acquisition. For all other acquisitions, the initial measurement is at cost, which includes all expenses directly attributable to bringing the asset to the location and condition necessary for it to operate in the manner intended by management.

The entity has adopted the Historical cost model for the subsequent measurement of its PPE. Under this model, after initial recognition, an asset is carried at its cost less any accumulated depreciation and accumulated impairment losses.

Depreciation and Impairment

The Authority applies the straight-line method of depreciation because it best reflects the pattern of the asset's consumption of future economic benefits or service potential. Depreciation begins when the asset is available for use and ceases at the earlier of the date the asset is classified as held for sale or the date of derecognition. The depreciable amount is the cost of the asset less its residual value. The residual value and the useful life of an asset are reviewed at least at each annual reporting date. The table below indicates the various classes of assets and the depreciation rates.

PPE Item	Depreciation Rate
Office Equipment	12.5%
Motor vehicles	25.0%
Infrastructure assets	2.5%
Furniture and fittings	12.5%
Computers & ICT Equipment	33.3%

NOTES TO THE FINANCIAL STATEMENTS (continued)

Useful lives and residual values are reviewed at each reporting date. All heritage assets are assessed at each reporting date for impairment in accordance with applicable IPSAS standards. Impairment losses are recognized in surplus or deficit, except to the extent that impairment reverses a revaluation surplus previously credited to net assets/equity.

The determination of whether an asset meets the definition of a heritage asset involves judgment. Management considers the cultural, historical, and environmental significance of assets, as well as whether they are subject to legal preservation orders or international conventions.

Impairment assessments require estimates of the recoverable service amount of heritage assets, which involve judgments about the condition, preservation plans, and future economic benefits or service potential of individual assets or groups of assets.

j) Non-Current Assets Held for Sale and Discontinued Operations

Non-current assets or disposal groups are classified as held for sale when their carrying amount is expected to be recovered through sale rather than continued use. They are measured at the lower of carrying amount and fair value less costs to sell and have been presented separately in the Statement of Financial Position. Depreciation has ceased for the assets classified as held for sale.

The assets classified as held for sale have met the following required criteria: management has made a commitment to sell, the asset is actively being marketed for sale at a reasonable price, the sale will be completed within one year of the classification date, an active program to find a buyer has been initiated, and there are no significant changes to the plan that might impact the sale.

Discontinued operations are the major components that have been disposed of or are held for sale. Their results have been presented separately in the Statement of Financial Performance. Presentation of the non-current assets and discontinued assets has been done separately in the financial statements. Any proceeds from the sale of non-current assets held for sale have been presented separately.

k) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized, and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

NOTES TO THE FINANCIAL STATEMENTS (continued)

k) Intangible assets

The entity recognizes biological assets when it controls the assets, it is probable that future economic benefits associated with the assets will flow to the entity, and the fair value or cost of the assets 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.

l) Biological Assets

The entity recognizes biological assets when it controls the assets, it is probable that future economic benefits associated with the assets will flow to the entity, and the fair value or cost of the assets 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.

m) Research and development costs

The Authority expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Authority can demonstrate:

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale.
- ii) Its intention to complete and its ability to use or sell the asset.
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset.
- v) The ability to measure the expenditure reliably during development.

Following initial recognition of an asset, it is carried at cost less any accumulated amortization and impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually, with any impairment losses recognized immediately in surplus or deficit.

n) Financial instruments

IPSAS 41 addresses the classification, measurement, and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting, and a new impairment model for financial assets. The entity does not have any hedge relationships, and therefore, the new hedge accounting rules have no impact on the Entity's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1) *Financial assets*

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortized cost, fair value through net assets/ equity, or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made an irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and cash flow characteristics, the entity classifies its financial instruments into amortized cost or fair value categories. Movements in fair value are presented in either surplus or deficit or through net assets/ equity, subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets held for the collection of contractual cash flows and for sale, where the assets' cash flows consist solely of payments of principal and interest, are measured at fair value through net assets/equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue, and foreign exchange gains and losses, which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables 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's end.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model in which the entity manages financial assets with the objective of realizing cash flows solely through the sale of the assets would result in a fair value through surplus or deficit model.

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in Note 17.

2) Financial liabilities

Classification

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

o) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method.
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as expenses when used or consumed in the ordinary course of the Entity's operations.

NOTES TO THE FINANCIAL STATEMENTS (continued)

p) Provisions

Provisions are recognized when the Authority has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Authority expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

q) Social Benefits

Social benefits are cash transfers provided to

- i) specific individuals and/or households that meet the eligibility criteria,
- ii) mitigate the effects of social risks and
- iii) Address the need of society as a whole.

The entity recognizes a social benefit as an expense for the social benefit scheme at the same time that it recognizes a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling its present obligations under the liability.

r) Contingent liabilities

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

s) Contingent assets

The Entity does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

t) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements.

u) Changes in accounting policies and estimates

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

NOTES TO THE FINANCIAL STATEMENTS (continued)

v) Employee benefits

Retirement benefit plans

The Authority provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Entity pays fixed contributions into a separate Entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged to income in the year they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued triannually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

w) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling exchange rate on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the transaction date, and those measured at fair value are translated using the exchange rate at the date the fair value is determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the Year.

x) Borrowing costs

Borrowing costs are capitalized as part of property, plant, and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings are incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

y) Related parties

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2026.

NOTES TO THE FINANCIAL STATEMENTS (continued)

z) Service concession arrangements

The Authority analyses all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Authority 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 such assets are measured at their fair value. To the extent that an asset has been recognized, the Authority also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

aa) 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 financial year.

bb) Comparative figures

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

cc) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2026.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Authority's financial statements in conformity with IPSAS 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 requiring a material adjustment to the carrying amount of the affected asset or liability in future periods. State all judgments, estimates, and assumptions made:

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 Authority based its assumptions and estimates on parameters available at the time the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market developments or events beyond the Authority's control. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

NOTES TO THE FINANCIAL STATEMENTS (continued)

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:

- a) The condition of the asset based on the assessment of experts employed by the Entity.
- b) The nature of the asset, its susceptibility, and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

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 40.

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.

6 Transfers from Other Government Agencies

Description	As at 30th June 2026	As at 30th June 2025
	KShs	KShs
Unconditional Grants		
Operational Grant	81,000,000	128,370,000
Development grants	500,000,000	-
Other Grants	-	-
Total Unconditional Grants	581,000,000	128,370,000

NOTES TO THE FINANCIAL STATEMENTS (continued)

Transfers from Other Government Agencies (continued)

Description	As at 30th June 2026	As at 30th June 2025
	KShs	KShs
Conditional Grants amortised/ transferred to revenue		
Housing Development Grant	-	-
Infrastructure Grant	-	-
Library Grant	-	-
Facilities Development Grant	-	-
Other Organizational Grants (specify)	-	-
Total Government Grants and Subsidies	-	-

b) Transfers from Ministries, Departments and Agencies (MDAs)

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income	Total grant income during the period	Period ended 30th June 2026	Period ended 30th June 2025
	KShs	KShs	KShs	KShs
State Department for Investment Promotion (Recurrent)	81,000,000	81,000,000	81,000,000	128,370,000
State Department for Investment Promotion (Development)	500,000,000	500,000,000	500,000,000	-
Total	581,000,000	581,000,000	581,000,000	128,370,000

These are GoK recurrent grants received from the exchequer through the State Department for Investment Promotion. The grants were for payment of staff emoluments and other operations and maintenance expenses.

NOTES TO THE FINANCIAL STATEMENTS (continued)

7 Donations

Donations in-Cash		
Description	Period ended 30th June 2026	Period ended 30th June 2025
	KShs	KShs
Donations - AEZO Conference Sponsorship	-	36,901,000
Donation(receivables)- Cooperative Bank - Tree Planting	100,000	-
Total Donations	100,000	36,901,000

The Authority recieved Tree planting sponsorship from Co-operative Bank.

Donations -in Kind		
Description	Period ended 30th June 2026	Period ended 30th June 2025
	KShs	KShs
Donations in kind	1,084,576	8,367,976
Total donations in kind	1,084,576	8,367,976

These were donations in kind paid directly to service providers

Donations Receivables		
Description	Period ended 30th June 2026	Period ended 30th June 2025
	KShs	KShs
Donation(receivables)	-	2,300,000
Total Donations receivables	-	2,300,000

NOTES TO THE FINANCIAL STATEMENTS (continued)

Donations (cont...)

Donation of Assets		
Description	Period ended 30th June 2026	Period ended 30th June 2025
	KShs	KShs
Donations - (JICA)	1,170,990	435,940
Donations- Computers (KoTDA)	2,528,800	-
Donations- Land	-	7,430,600,000
Total Donation of Assets	3,699,790	7,431,035,940
The authority acquired 20 new computers in form of donations from Konza Technopolis Development Authority, Furniture and Office Equipment from JICA		
Total Donations	4,884,366	7,478,604,916

8 Other Income/Licenses & Permits

Description	Period ended 30th June 2026 (KShs)	Period ended 30th June 2025(Kshs)
Income from License Fees	53,062,276	41,022,402
Income from Land Lease Fees	86,203,396	108,971,315
Interest from Call Deposit Accounts	7,506,997	-
Decrease in prior year provisions	-	10,231,664
Total Other Income	146,772,669	160,225,381

This is internally generated revenue through charging of license fees, land lease fees and foreign exchange gain or loss.

NOTES TO THE FINANCIAL STATEMENTS (continued)

9 Employee Costs

Description	Period ended 30th June 2026 (KShs)	Period ended 30th June 2025 (KShs)
Basic Pay	44,359,121	43,486,888
House allowance	6,895,900	7,138,283
Commuter allowance	1,788,000	1,843,333
Leave Allowance	3,416,828	3,429,734
Telephone Allowance	1,825,000	1,867,000
Acting Allowance	795,269	196,001
Extraneous Allowance	937,000	917,774
Other Allowances	1,181,200	1,200,000
Employer Contribution to NSSF	1,326,629	884,588
Employer Contribution to AHL	885,100	900,817
Provision for Gratuity Payable	8,233,101	8,004,777
Provision for Employer Contribution to Pension	2,907,584	2,921,145
NITA	23,200	21,250
Total Employee Costs	74,573,932	72,811,590

NOTES TO THE FINANCIAL STATEMENTS (continued)

10 Use of Goods and Services/General Expenses

Description	Period ended 30th June 2026 (Kshs)	Period ended 30th June 2025 (Kshs)
Rent, Parking & Other Services Charges	3,917,354	23,021,044
Electricity	113,003	73,583
SEZA Act Public Participation	2,653,452	1,169,986
Staff WIBA, GPA & Group Life Insurance	1,475,314	2,512,286
Staff Medical Insurance	8,224,897	6,990,117
General Asset Insurance	1,275,767	747,304
Procurement Expenses	3,194,895	1,812,810
Stationery & General Office Supplies	127,400	499,616
Legal Expenses	1,199,400	-
Operationalization of Naivasha SEZ	141,553	-
Risk Management	760,700	-
MV Expenses – Fuel & Lubricants	1,429,040	431,355
Bank Charges	268,377	228,166
Hospitality Service and Supplies	770,715	1,331,358
Newspapers and Periodicals	-	43,390
Communication Expenses	127,873	9,450

NOTES TO THE FINANCIAL STATEMENTS (continued)

Use of Goods and Services/General Expenses (Continuation)

Description	Period ended 30th June 2026 (Kshs)	Period ended 30th June 2025 (Kshs)
Review of HR Instruments	2,994,604	-
Staff Induction Expenses	50,000	-
Records Management	369,038	600,515
ISO QMS Expenses	1,530,945	1,577,600
Staff Training	6,870,432	5,027,953
Staff Membership to Professional Bodies	134,992	145,843
Club Membership	-	1,050,000
Staff Welfare	592,650	559,950
Local Travel and Subsistence Allowances	3,096,298	6,542,741
Merger Expenses	-	1,801,600
International Investment Promotion	10,373,668	14,415,300
Marketing Materials	219,954	1,238,120
Local Investment Forums	3,451,660	1,017,400
Membership to international bodies	79,895	71,170
Presidential Directive- Tree Planting	1,461,280	831,520
Financial Planning & Management (MTEF)	2,864,535	1,752,900
External Audit fees	1,160,000	580,000
Internal Audit Expenses	328,000	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

Use of Goods and Services/General Expenses (cont...)

Description	Period ended 30th June 2026 (Kshs)	Period ended 30th June 2025 (Kshs)
Security Guard Expenses Naivasha SEZ	1,578,309	-
Financial Management & Reporting	811,200	-
Cleaning Services	2,891,669	1,820,834
Internet Services	380,502	427,640
Licensing Costs	1,330,455	2,073,760
Land Valuation Expenses	4,431,979	663,900
Zone Surveillance and Compliance Cost	1,008,751	1,327,600
Web Hosting	98,993	-
AEZO Conference Expenses	-	74,079,005
Total Use of Goods and Services	73,789,549	156,475,816

11 Board Expenses

Description	Period ended 30th June 2026 (Kshs)	Period ended 30th June 2025 (Kshs)
Chairman's Honoraria & Telephone Allowance	990,210	1,044,000
Sitting Allowances	5,213,000	5,046,000
Travel Costs & Subsistence Allowances	4,525,478	3,068,035
Training	677,200	628,800
Insurance	726,341	514,524
Total Board Expenses	12,132,229	10,301,359

NOTES TO THE FINANCIAL STATEMENTS (continued)

12 Depreciation

Description	Period ended 30th June 2026 (Kshs)	Period ended 30th June 2025 (Kshs)
Furniture & Fittings	1,436,803	1,330,006
Computers	3,294,148	1,936,873
Office Equipment	68,749	21,725
Motor Vehicles	6,510,958	-
Road Infrastructure	8,141,580	8,032,172
Right of Use	17,659,803	-
Total Depreciation	37,112,041	11,320,776

13 Repairs and Maintenance

Description	Period ended 30th June 2026 (Kshs)	Period ended 30th June 2025 (Kshs)
R&M - Motor Vehicle	789,950	502,304
R&M - Computers & Printers	31,000	-
R&M - Office Equipment	85,997	4,000
R&M - Office Premises	209,225	48,300
Total Repairs and Maintenance	1,116,172	554,604

14 Project Monitoring and Supervision costs

Description	Period ended 30th June 2026 (KShs)	Period ended 30th June 2025 (KShs)
Project Monitoring & Supervision Expenses	3,305,901	3,389,555
Total	3,305,901	3,389,555

NOTES TO THE FINANCIAL STATEMENTS (continued)

15 Finance Cost

Description	Period ended 30th June 2026 (KShs)	Period ended 30th June 2025 (KShs)
Finance leases(amortized cost)	4,338,788	-
Total	4,338,788	-

16 Transfer of Assets

Description	Period ended 30th June 2026(Kshs)	Period ended 30th June 2025 (Kshs)
Administration building - Dongo Kundu SEZ	35,901,791	-
Total transfers of assets	35,901,791	-

17 Loss on Foreign Exchange

Description	Period ended 30th June 2026 (Kshs)	Period ended 30th June 2025 (Kshs)
Loss on foreign exchange transactions	(598,088)	(408,206)
Total Gain/Loss	(598,088)	(408,206)

18 Cash And Cash Equivalents

Description	As at 30th June 2026 (KShs)	As at 30th June 2025 (KShs)
Current Account	91,593,229	125,256,179
Call Deposit Accounts	437,707,199	-
Total Cash and Cash Equivalents	529,300,428	125,256,179

NOTES TO THE FINANCIAL STATEMENTS (continued)

Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account Number	As at 30th June 2026 (KShs)	As at 30th June 2025 (KShs)
Current Account			
Kenya Commercial Bank	1223099725	12,049,057	18,517,156
National Bank of Kenya (USD)	7714663952	14,845,558	75,212,456
National Bank of Kenya (USD)-Call Deposit Account	7719089553	38,850,000	-
National Bank of Kenya (KShs)	7700596654	16,156,631	31,409,912
National Bank of Kenya (KShs)-Call Deposit Account	7719348389	210,000,000	-
National Bank of Kenya (KShs)-Call Deposit Account	7719089375	157,855,010	-
Cooperative Bank of Kenya (KShs)	01101255259001	13,383,165	116,655
Cooperative Bank of Kenya (KShs)-Call Deposit Account	1101255259003	66,161,007	-
Grand Total		529,300,428	125,256,179

NOTES TO THE FINANCIAL STATEMENTS (continued)

19 Receivables From Non-Exchange Transactions

Description	As at 30th June 2026 (Kshs)	As at 30th June 2025 (Kshs)
Donation(receivables)	1,800,000	2,300,000
Staff Debtors - Salary Advance	33,332	-
Staff Debtors Imprest	92,000	1,935,952
Total	1,925,332	4,235,952

20 Prepayments

Description	As at 30th June 2026 (Kshs)	As at 30th June 2025 (Kshs)
Medical Insurance	3,947,431	2,507,901
General/Asset Insurance	906,355	513,169
Group Life Insurance	712,461	556,895
WIBA/GPA	615,793	385,841
Board Insurance	472,165	256,757
Total Prepayments	6,654,205	4,220,563

The prepayments as at 30th June 2025 have been recognized as expenditure in the Statement of Financial Performance for the FY 2025/2026. These are insurance premiums paid in the year under review but relating to the following year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

21 Property, Plant and Equipment

	Land	Motor Vehicles	Furniture and Fittings	Computers	Office Equipment	Road Infrastructure	Work in Progress	Total
Cost	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs
Balance as at 30th June 2024	-	-	10,640,046	7,931,220	173,800	220,644,933	438,788,243	678,178,242
Additions during the period	7,430,600,000	15,979,053	375,000	705,940	-	100,641,950	40,562,775	7,588,864,718
Reclassification during the period	-	-	-	-	-	-	(100,641,950)	(100,641,950)
Balance as at 30th June 2025	7,430,600,000	15,979,053	11,015,046	8,637,160	173,800	321,286,883	378,709,068	8,166,401,010
Additions during the period	-	23,550,275	1,856,225	5,115,800	933,767	8,752,670	111,660,460	151,869,197
Reclassification during the period	-	-	-	-	-	-	(44,654,461)	(44,654,461)
Balance as at 30th June 2026	7,430,600,000	39,529,328	12,879,271	13,752,960	1,107,567	330,039,553	445,715,067	8,273,615,746
Depreciation								
Balance as at 30th June 2024	-	-	(1,810,176)	(4,179,399)	(21,725)	(5,516,123)	-	(11,527,423)

NOTES TO THE FINANCIAL STATEMENTS (continued)

Property, Plant and Equipment (cont...)

	Land	Motor Vehicles	Furniture and Fittings	Computers	Office Equipment	Road Infrastructure	Work in Progress	Total
Depreciation for the period	-	-	(1,330,006)	(1,936,873)	(21,725)	(8,032,172)	-	(11,320,776)
Balance as at 30th June 2025	-	-	(3,140,182)	(6,116,272)	(43,450)	(13,548,295)	-	(22,848,199)
Depreciation for the period	-	(6,510,958)	(1,436,803)	(3,294,148)	(68,749)	(8,141,580)	-	(19,452,238)
Balance as at 30th June 2026	-	(6,510,958)	(4,576,985)	(9,410,420)	(112,199)	(21,689,875)	-	(42,300,437)
Net Book Value								
Balance as at 30th June 2026	7,430,600,000	33,018,370	8,294,286	4,342,540	995,368	308,349,678	445,715,067	8,231,315,309
Balance as at 30th June 2025	7,430,600,000	15,979,053	7,874,864	2,520,888	130,350	307,738,588	378,709,068	8,143,552,811

Furniture & fittings and office equipment, computers and road infrastructure have been depreciated at 12.5 %, 33.33% and 2.5% straight line method respectively.

Work in progress comprises of construction works for Administration Block/One-Stop Shop and boundary wall, construction of access road phase 3 and parking and storm water drainage at the Naivasha SEZ and office partitioning at SEZA headquarters, 8th floor Old Mutual Tower.

NOTES TO THE FINANCIAL STATEMENTS (continued)

22 Right of Use Asset

Description	As at 30th June 2026 (Kshs)	As at 30th June 2025 (Kshs)
As at 1 July 2025	75,054,165	-
Additions in the period	-	-
Remeasurement/Adjustments	-	-
Disposals/Terminations	-	-
As at 30 June 2026	75,054,165	-
		-
Accumulated Depreciation		-
As at 1 July 2025	-	-
Charge for the year	17,659,803	-
Elimination on Disposal/Transfer out	-	-
As at 30 June 2026	17,659,803	-
NBV As at 30 June 2026	57,394,361	-

23 Payables

Description	As at 30th June 2026 (Kshs)	As at 30th June 2025 (Kshs)
Trade Creditors	6,354,791	14,066,844
Trade Creditors-Contractors	5,514,625	-
Provision for Withholding Tax	23,206	57,154
Total	11,892,622	14,123,998

These are expenses incurred during the year under review but remained outstanding as at 30th June 2026.

NOTES TO THE FINANCIAL STATEMENTS (continued)

24 Deferred Income - Liabilities

Description	30th June 2026 (Kshs)	30th June 2025 (Kshs)
Recurrent grants	40,000,000	40,000,000
Total	40,000,000	40,000,000

Additional Details

	National Government	International Funders	Others	Total
	Kshs	Kshs	Kshs	Kshs
Balance Brought Forward	40,000,000	-	-	40,000,000
Additions	-	-	-	-
Transfers To Capital Fund	-	-	-	-
Transfers To Income Statement	-	-	-	-
Other Transfers	-	-	-	-
Balance Carried Forward	40,000,000	0	0	40,000,000

NOTES TO THE FINANCIAL STATEMENTS (continued)

25 Contractors' Retention

Description	As at 30th June 2026 (Kshs)	As at 30th June 2025 (Kshs)
Administration Block, One-Stop Shop and Boundary Wall-Naivasha	25,182,797	25,182,797
Admin. Block/One-Stop Shop and Boundary Wall-Dongo Kundu	3,590,179	3,590,179
Access Road 2 – Naivasha SEZ	-	5,005,158
Access Road 3 – Naivasha SEZ	6,309,783	-
Office Partitioning	1,949,385	-
Total	37,032,144	33,778,134

26 Current Provisions

Description	As at 30th June 2026 (Kshs)	As at 30th June 2025 (Kshs)
Provision for Audit Fees	580,000	580,000
Total	580,000	580,000

27 Lease Liability

Description	As at 30th June 2026 (Kshs)	As at 30th June 2025 (Kshs)
At the start of the year	75,054,165	-
Discount interest on lease liability	4,338,788	-
Paid during the year	(20,880,000)	-
At the end of the year	58,512,952	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

Description	As at 30th June 2026 (Kshs)	As at 30th June 2025 (Kshs)
Lease Principal Liability	58,512,952	-
less: Current Lease Liability	(16,284,828)	-
Total Non-current Lease Liability	42,228,124	-

28 Surplus Remission

In accordance with Regulation 219 (2) of the Public Finance Management (National Government) Regulations, regulatory authorities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year.

The Authority made a surplus of Kshs. 7,511,938,391 as per the audited financial statements of the FY 2024/2025. However, pursuant to section 211 (1) and 211 (4) of the Public Finance Management (National Government) Regulations, the Authority did not remit 90% of the surplus funds reported in the audited financial statements since it is not listed in the schedule of regulatory authorities gazetted by the cabinet secretary.

29 Cash Generated from Operations

Description	FY 2025/2026 (Kshs)	FY 2024/2025 (Kshs)
Surplus/(deficit) for the year before tax	489,788,544	7,511,938,391
Adjusted for:		
Depreciation	37,112,041	11,320,776
Non-Cash Donations of Assets	(4,784,366)	(7,431,035,940)
Non Cash Loss on transfer of Assets	35,901,791	
Contribution to provisions	-	5,962,952

NOTES TO THE FINANCIAL STATEMENTS (continued)

Description	FY 2025/2026 (Kshs)	FY 2024/2025 (Kshs)
Working Capital Adjustments		
(Increase)/Decrease in Receivables	2,310,620	30,265,400
(Increase)/Decrease in Prepayments	(2,433,642)	
Increase/(Decrease) in Deferred Income	-	40,000,000
Increase/(Decrease) in Payables	(2,231,376)	(28,228,703)
Increase/(Decrease) in Retention	-	-
Finance lease payment	4,338,788	-
Total	560,002,400	140,222,876

30 Financial Risk Management

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

i) Credit risk

The Authority is exposed to credit risk, the risk that a counterparty will be unable to pay amounts due in full. Credit risk arises from cash and cash equivalents, deposits with banks, 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 Authority's management based on prior experience and its assessment of the current economic environment.

Financial Risk Management

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
As at 30th June 2026				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	1,925,332	125,332	1,800,000	-
Bank balances	529,300,428	529,300,428	-	-
Total	531,225,760	529,425,760	1,800,000	-
As at 30 June 2025				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	4,235,952	1,935,952	2,300,000	-
Bank balances	125,256,179	125,256,179	-	-
Total	129,492,131	127,192,131	2,300,000	-

Financial Risk Management

Customers in 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 Authority has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Authority has no significant credit risk. The board of directors sets the Authority's credit policies and objectives and establishes parameters within which the various aspects of credit risk management are carried out.

NOTES TO THE FINANCIAL STATEMENTS (continued)

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Authority's directors, who have established an appropriate liquidity risk management framework to meet the Authority's short-, medium-, and long-term funding and liquidity requirements. The Authority manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below presents cash flows payable by the Authority under non-derivative financial liabilities, classified by their remaining contractual maturities as of the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1 - 3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2026				
Trade payables	5,957,783	5,567,579	367,260	11,892,622
Current portion of borrowings	-	-	-	-
Provisions	580,000	-	-	580,000
Deferred income	-	-	40,000,000	40,000,000
Employee benefit obligation	-	-	-	-
Total	6,537,783	5,567,579	40,367,260	52,472,622

NOTES TO THE FINANCIAL STATEMENTS (continued)

liquidity risk management(continued)

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2025				
Trade payables	7,075,623	6,612,207	436,168	14,123,998
Current portion of borrowings	-	-	-	-
Provisions	580,000	-	-	580,000
Deferred income	40,000,000	-	-	40,000,000
Employee benefit obligation	-	-	-	-
Total	47,655,623	6,612,207	436,168	54,703,998

iii) Market risk

The Authority has put in place an internal audit function to assist it in assessing the risk faced by the Authority on an ongoing basis, evaluating and testing 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 rates, equity prices, and foreign exchange rates, which will affect the Authority's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Authority's Finance Department is responsible for developing detailed risk management policies (subject to review and approval by the Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Authority's exposure to market risks or to how it manages and measures them.

iv) Foreign currency risk

The Authority has transactional currency exposures. Such exposure arises through purchases of goods and services that are made 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 Authority manages foreign exchange risk from future commercial transactions and recognized assets and liabilities by projecting expected sales proceeds and matching them with expected payments.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Financial Risk Management (continued)

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

FY 2025/2026

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
As at 30th June 2026			
Financial Assets	-	-	-
Investments	-	-	-
Cash	475,604,870	53,695,558	529,300,428
Debtors	1,925,332	-	1,925,332
Total Financial Assets	477,530,202	53,695,558	531,225,760
Financial Liabilities	-	-	-
Trade And Other Payables	148,017,718	-	148,017,718
Borrowings	-	-	-
Total Financial Liabilities	148,017,718	-	148,017,718
Net Foreign Currency Asset/(Liability)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

Foreign currency sensitivity analysis

FY 2025/2026

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
As at 30th June 2026			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors	-	-	-
Total Financial Assets	-	-	-
Financial Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Total Financial Liabilities	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

Financial Risk Management

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

Description	Change in currency rate	Effect on Profit before tax	Effect on Equity/Net assets
	Kshs	Kshs	Kshs
30th June 2026			
USD	-	-	-
30th June 2025			
USD	-	-	-

i) Interest rate risk

Interest rate risk is the risk that the Authority's financial condition may be adversely affected by changes in interest rates. The Authority's interest rate risk arises from bank deposits. This exposes the Authority to cash-flow interest-rate risk. The interest rate risk exposure arises mainly from movements in interest rates on the Authority's deposits.

Management of interest rate risk

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

Sensitivity analysis

As at 30th June 2026, the Authority had no foreign currency exposure across its financial assets and liabilities. Therefore, a fluctuation in foreign exchange rates would have nil impact.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Financial Risk Management

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair value hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Authority's market assumptions. These two types of inputs have created the following fair value hierarchy:

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

Financial Risk Management

The following table shows an analysis of financial and non-financial instruments recorded at fair value by level of the fair value hierarchy:

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 Related Party Disclosures

Nature of Related Party Relationships

Entities and other parties related to the Authority include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

Government of Kenya

The Government of Kenya is the principal shareholder of the Authority, holding 100% of the Authority's equity interest. Other related parties include:

1. The Parent Ministry;
2. County Governments
3. Other SCs and SAGAs
4. Key management;
5. Board of directors;

The following transactions were carried out with related parties:

	2025-2026 (Kshs)	2024-2025 (Kshs)
Grants /Transfers from the Government		
Recurrent Grants from National Govt	81,000,000	168,370,000
Development Grants from National Government	500,000,000	-
Key management compensation	581,000,000	168,370,000
Directors' emoluments	11,997,015	9,572,359
Compensation to key management	39,956,170	36,867,988
Sub-Total	51,953,185	46,440,347
Total	632,953,185	214,809,947

NOTES TO THE FINANCIAL STATEMENTS (continued)

32 Segment Information

The Authority does not operate in different geographical or in independent departments. Segement reporting as required by IPSAS 18 does not apply

33 Contingent liabilities

Description	As at 30th June 2026 (Kshs)	As at 30th June 2025 (Kshs)
Provision for outstanding leave days	-	2,488,710
Total	-	2,488,710

This is recognition of the contingent liability for the outstanding leave days as at 30th June 2025

34 Commitments

Description	As at 30th June 2026 (Kshs)	As at 30th June 2025 (Kshs)
Authorised Commitments	150,207,168	39,181,624
Total	150,207,168	39,181,624

This relates to the commitments that had been authorized and ongoing in FY 2025/2026.

35 Events after the Reporting Period

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

36 Ultimate and Holding Entity

SEZA is a State Corporation under the State Department for Investment Promotion in the Ministry of Investments, Trade and industry. Its ultimate parent is the Government of Kenya.

37 Currency

The financial statements are presented in Kenya Shillings (Kshs).



APPENDICES

APPENDIX I: PROGRESS ON FOLLOW-UP OF PRIOR YEARS' AUDITOR GENERAL'S RECOMMENDATIONS

The following is a summary of the issues raised by the Auditor General and the management responses provided.

Reference No.	Issue/Observation	Management Response	Status: (Resolved /Not Resolved)	Timeframe: (Date when issue is expected to be resolved)
Report on the Financial statements				
1	Overstated balance on property, plant and equipment. Included in the Work-in-Progress balance was KShs.35,901,791 for administration block and perimeter wall at the Dongo Kundu Industrial Park which had been handed over to Kenya Ports Authority.	The transfer process of the Work-in-Progress of the administration block and perimeter wall at the Dongo Kundu Industrial Park to Kenya Ports Authority was completed and the amount removed from the balance of Property, Plant and Equipment.	Resolved	30th June 2026

APPENDICES (continued)

PROGRESS ON FOLLOW-UP OF PRIOR YEARS' AUDITOR GENERAL'S RECOMMENDATIONS (CONTINUED)

Reference No.	Issue/Observation	Management Response	Status: (Resolved/Not Resolved)	Timeframe: (Date when issue is expected to be resolved)
Report on Lawfulness and Effectiveness in the use of Public Resources				
1	Delay in project completion. Construction of the administration block/one-stop shop at the Naivasha industrial park had an initial estimated project completion date of 19th May 2022 which was revised to 12th July 2024.	After the lapse of the latest revision of the proposed completion date of the project on 12th July 2024, the project manager (State Department for Public Works) initiated project winding up due to prolonged slow progress, expiry of the contractual completion period and lapse of performance security. The project was handed over "as-is" on 17th March 2026. Management is in the process of procuring a new contractor to complete the outstanding works of the project.	Not Resolved	30th June 2027
Except for the effects of the matter described above, nothing else came to the attention of, and to cause the Auditor-General believe that public resources were not applied lawfully and in an effective way.				

APPENDICES (continued)

PROGRESS ON FOLLOW-UP OF PRIOR YEARS' AUDITOR GENERAL'S RECOMMENDATIONS (CONTINUED)

Reference No.	Issue/Observation	Management Response	Status: (Resolved/Not Resolved)	Timeframe: (Date when issue is expected to be resolved)
Report on Effectiveness of Internal Controls, Risk Management and Governance				
1	Understaffing of the Authority. Despite having an approved establishment of ninety-nine (99), the Authority has only twenty-one (21) staff in post resulting in an under-staffing of seventy-eight (78). In the circumstances, the effectiveness of	As a result of the on-going state corporations reforms the government put a moratorium on recruitment of new staff in the affected state corporations. The Authority is among the affected state corporations hence has not been able to address the issue of under-staffing.	Not Resolved	30th June 2027
Except for the effects of the matter described above, nothing else came to the attention of, and to cause the Auditor-General believe that internal controls, risk management and governance in the Authority were not effective.				



Dr. Kenneth Chelule, PhD, EBS
Chief Executive Officer

Date: 06/10/2026

APPENDICES (continued)

APPENDIX II: PROJECTS IMPLEMENTED BY SPECIAL ECONOMIC ZONES AUTHORITY

Projects implemented by the Authority funded by development partners and/or the Government.

Project Title	Project Number	Donor	Period/Duration	Donor Commitment	Separate Donor Reporting Required as per the Donor Agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
Construction of the on-site office consisting of a One Stop Centre and Administration Building &	W.P ITEM D117 RV/NKU 1902 JOB NO. 10504B	N/A	52 Weeks	N/A		
Construction of the Phase III of the Naivasha SEZ Access roads.	SEZA/0315 5/2025-26	N/A		N/A		
Construction of the High- and Low-level water tanks at the Naivasha SEZ Administration Building	SEZA/0259 0/2025-26	N/A	16 weeks	N/A		

APPENDICES (continued)

STATUS OF PROJECT COMPLETION

SN	Project	Total Project Cost	Total Expended to Date	Completion % to Date	Budget	Actual	Sources of Funds
W.P ITEM D117 RV/NK U 1902 JOB NO. 10504 B	Construction of the on-site office consisting of a One Stop Centre and Administration Building & Boundary Wall	443,526,087	357,317,187	95%			GoK
SEZA/0 3155/2 025-26	Construction of the Phase III of the Naivasha SEZ Access roads.	308,831,255	63,097,835	52%			GoK
SEZA/0 2590/2 025-26	Construction of the High- and Low-level water tanks at the Naivasha SEZ Administration Building	11,590,225		40%			

APPENDICES (continued)

APPENDIX III: TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the Funds	Date Received as per Bank Statement	Nature: Recurrent / Devt' / Others	Total Amount (KShs)	Where Recorded/Recognized					Total Transfers During the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Rec.	Others	
State Dept. for Investment Promotion	05/09/2025	Recurrent	20,250,000	20,250,000					20,250,000
State Dept. for Investment Promotion	30/10/2025	Recurrent	20,250,000	20,250,000					20,250,000
State Dept. for Investment Promotion	20/11/2025	Development	250,000,000	250,000,000					250,000,000
State Dept. for Investment Promotion	10/2/2026	Recurrent	20,250,000	20,250,000					20,250,000
State Dept. for Investment Promotion	25/03/2026	Development	250,000,000	250,000,000					250,000,000
State Dept. for Investment Promotion	06/05/2026	Recurrent	20,250,000	20,250,000					20,250,000
Total			581,000,000	581,000,000					581,000,000

APPENDICES (continued)

APPENDIX IV: REPORTING OF CLIMATE RELEVANT EXPENDITURES

Projects implemented by the Authority funded by development partners and/or the Government.

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
Naivasha SEZ	Greening of the Naivasha SEZ	Increase tree cover in the zone.	Growing/planting of 25,000 trees	-	-	-	1,282,780	GoK	SEZA
National Environment Day at Teremi FYM Primary School, Bungoma County	Environmental awareness creation and tree planting initiative	Promote environmental sustainability and community involvement	Tree planting and sensitization activities	-	116,900	-	-	GoK	SEZA

APPENDICES (continued)

APPENDIX V: REPORTING ON DISASTER MANAGEMENT EXPENDITURE

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Program me	Sub-Programme	Disaster Type	Disaster Category (Response/ Recovery/ Mitigation/ Preparedness)	Expenditure Item	Amount (KShs)	Comments
N/A	N/A	N/A	N/A	N/A	N/A	N/A



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