

## SUMMARY OF AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

## STATEMENT OF FINANCIAL POSITION

AS AT	31 Dec 2018 KShs'000'	31 Dec 2017 KShs'000'
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment, prepaid operating leases and intangible assets	11,220,027	10,781,167
Goodwill	416,679	416,679
Deferred tax asset	336,563	335,743
<b>Total non-current assets</b>	<b>11,973,269</b>	<b>11,533,589</b>
<b>Current assets</b>		
Inventories	9,916,675	12,461,179
Tax recoverable	289,044	240,168
Trade and other receivables	8,765,931	9,759,025
Amounts due from related companies	1,590,460	1,175,161
Cash and cash equivalents	6,699,178	2,818,629
<b>Total current assets</b>	<b>27,261,288</b>	<b>26,454,162</b>
<b>Non-current assets classified as held for sale</b>	<b>24,364</b>	<b>24,364</b>
<b>TOTAL ASSETS</b>	<b>39,258,921</b>	<b>38,012,115</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	9,974,771	9,974,771
Share premium	1,967,520	1,967,520
Retained earnings	10,723,752	9,474,928
<b>Total equity</b>	<b>22,666,043</b>	<b>21,417,219</b>
<b>Non-current liabilities</b>		
Trade and other payables	1,188,711	1,339,206
<b>Current liabilities</b>		
Unpaid dividends	2,290	2,290
Trade and other payables	8,127,215	8,117,137
Amounts due to holding company	7,115,699	1,911,249
Amounts due to related companies	158,963	56,661
Short term borrowings	-	5,168,353
<b>Total current liabilities</b>	<b>15,404,167</b>	<b>15,255,690</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>39,258,921</b>	<b>38,012,115</b>

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED	31 Dec 2018 KShs'000'	31 Dec 2017 KShs'000'
Gross sales	136,678,235	137,096,919
Indirect taxes and duties	(28,765,461)	(25,673,365)
<b>Net sales</b>	<b>107,912,774</b>	<b>111,423,554</b>
Cost of sales	(99,560,337)	(103,171,526)
<b>Gross profit</b>	<b>8,352,437</b>	<b>8,252,028</b>
Other income	955,564	1,094,244
Operating expenses	(5,837,882)	(5,410,544)
Finance income	245,202	328,054
Finance costs	(115,550)	(54,520)
Net foreign exchange loss	(1,267)	(77,446)
<b>Profit before tax</b>	<b>3,598,524</b>	<b>4,131,816</b>
<b>Tax charge</b>	<b>(1,285,942)</b>	<b>(1,393,600)</b>
<b>Profit for the year</b>	<b>2,312,582</b>	<b>2,738,216</b>
<b>Other comprehensive income, net of tax</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>	<b>2,312,582</b>	<b>2,738,216</b>
<b>Earnings per share (basic and diluted) (KShs)</b>	<b>3.67</b>	<b>4.35</b>

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED	31 Dec 2018 KShs'000'	31 Dec 2017 KShs'000'
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash generated from operations	12,993,585	2,175,343
Tax paid	(1,230,486)	(1,794,208)
<b>Net cash generated from operating activities</b>	<b>11,763,099</b>	<b>381,135</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment, prepaid operating leases and intangible assets	(2,012,581)	(2,268,716)
Proceeds on disposal of property, plant and equipment	8,547	211,296
Interest received	245,202	328,054
<b>Net cash used in investing activities</b>	<b>(1,758,832)</b>	<b>(1,729,366)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(115,550)	(54,520)
Dividends paid	(818,405)	(667,997)
<b>Net cash used in financing activities</b>	<b>(933,955)</b>	<b>(722,517)</b>
<b>Net increase in cash and cash equivalents</b>	<b>9,070,312</b>	<b>(2,070,748)</b>
<b>CASH AND CASH EQUIVALENTS</b>		
As at 1 January	(2,349,724)	(278,826)
Effect of exchange rate changes on cash and cash equivalents	(21,410)	(150)
<b>As at 31 December</b>	<b>6,699,178</b>	<b>(2,349,724)</b>

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018	Share Capital KShs'000'	Share Premium KShs'000'	Retained Earnings KShs'000'	Total Equity KShs'000'
<b>As at 1 January 2017</b>	<b>9,974,771</b>	<b>1,967,520</b>	<b>7,406,999</b>	<b>19,349,290</b>
Dividends declared - 2016	-	-	(670,287)	(670,287)
Profit for the year	-	-	2,738,216	2,738,216
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	2,738,216	2,738,216
<b>As at 31 December 2017</b>	<b>9,974,771</b>	<b>1,967,520</b>	<b>9,474,928</b>	<b>21,417,219</b>
<b>As at 1 January 2018</b>	<b>9,974,771</b>	<b>1,967,520</b>	<b>9,474,928</b>	<b>21,417,219</b>
Adjustment on initial application of IFRS 9 (net of deferred tax)	-	-	(245,353)	(245,353)
<b>As at 1 January 2018 - Restated</b>	<b>9,974,771</b>	<b>1,967,520</b>	<b>9,229,575</b>	<b>21,171,866</b>
Dividends declared - 2017	-	-	(818,405)	(818,405)
Profit for the year	-	-	2,312,582	2,312,582
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	2,312,582	2,312,582
<b>As at 31 December 2018</b>	<b>9,974,771</b>	<b>1,967,520</b>	<b>10,723,752</b>	<b>22,666,043</b>

The above statement of financial position, statement of profit and loss and other comprehensive income, statement of cash flows and statement of changes in equity are extracts from the company's financial statements as audited by Ernst & Young LLP and have received unqualified opinion.

## COMMENTARY

The Company recorded an increase in gross margins to KShs 8.35 billion (2017: KShs 8.25 billion) mainly driven by increased sales in Retail and Consumer segments by 6%. Overall sales volumes excluding bulk sales (OTS) increased by 2%.

Other income decreased to KShs 956 million (2017: KShs 1,094 million) as a consequence of the decrease in surplus asset disposal income of KShs 167 million in 2017.

Operating expenses increased by 8% due to increased depreciation on property, plant and equipment emanating from investments in the Network and Depots and inflation impact, though controlled by effective cost management.

The Company continues to enjoy finance income which in 2018, amounted to KShs 130 million (2017: KShs 274 million) after netting off interest paid in USD. This is the result of positive cash position in Kenya shillings arising from effective management of working capital.

The foreign exchange loss decreased significantly in the year and amounted to KShs 1.27 million (2017: KShs 77.45 million) thanks to the stability of the Kenya shilling against the US Dollar.

Total Kenya's profit for the year ended 31 December 2018 recorded a drop of 16% mainly resulting from the effect of a volatile international prices of finished products (platts) negatively impacting margins in the price regulated segment.

The Company's statement of financial position remained strong with a growth in assets by 3% from KShs 38.01 billion in 2017 to KShs 39.26 billion in 2018. Investments level continues to remain strong and in 2018 it amounted to KShs 2.01 billion (2017: KShs 2.27 billion) in line with the business strategy to enhance safety standards in our operations and continue to develop profitable business lines.

## OUTLOOK

In line with the long-term strategy of the Company and to capture growth opportunities in the Kenyan and regional markets, the Company will continue to invest in safety of our operations, logistics and commercial activities. The Board is confident that the Company is well positioned to register positive performance in all the business segments, while capitalising on the continued economic growth and stability of the local currency and of the oil prices.

## PROPOSED DIVIDENDS

The Directors recommend the payment of a first and final dividend of KShs 1.30 per share for the year ended 31 December 2018, the same level as in 2017, subject to the shareholders' approval at the 65th Annual General Meeting. If approved, the dividend will be paid on or around 22nd July 2019.

## ANNUAL GENERAL MEETING

The 65th Annual General Meeting of Total Kenya Plc will be held on 26 June 2019.

## CLOSURE OF THE SHARE REGISTER

Subject to shareholders' approval at the Annual General Meeting, the share register will be closed for one day at the close of business on 26th June 2019 for the purpose of dividend calculation.

By order of the Board  
Mr Otagoke Aluko - Managing Director,  
March 26, 2019.



**TOTAL**  
Committed to Better Energy