

# TOTAL KENYA LIMITED

## AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2008

### INCOME STATEMENT

For the year ended December 31,	In thousand of KES	
	2008	2007
Gross sales	54,807,521	44,109,728
Indirect taxes and duties	(10,246,596)	(9,351,985)
<b>Net sales</b>	<b>44,560,925</b>	<b>34,757,743</b>
Cost of sales	(41,667,514)	(32,322,298)
<b>Gross profit</b>	<b>2,893,411</b>	<b>2,435,445</b>
Other income	76,180	75,055
Depreciation	(271,593)	(274,425)
Amortisation of prepaid operating leases	(6,059)	(6,107)
Amortisation of intangible assets	(28,167)	(26,248)
Other operating expenses	(1,271,094)	(1,243,279)
Net finance charges	(361,310)	(178,506)
<b>Profit before taxation</b>	<b>1,031,368</b>	<b>781,935</b>
Taxation	(327,474)	(257,745)
<b>Profit for the year</b>	<b>703,894</b>	<b>524,190</b>
<b>Earnings per share (basic and diluted)</b>	<b>KES 4.02</b>	<b>KES 2.99</b>

### BALANCE SHEET

As at December 31,	In thousand of KES	
	2008	2007
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	2,023,560	1,992,896
Prepaid operating leases	297,871	308,741
Intangible assets	26,218	53,302
Goodwill	336,604	336,604
Deferred tax asset	78,950	46,086
<b>Total non-current assets</b>	<b>2,763,203</b>	<b>2,737,629</b>
<b>Current assets</b>		
Inventories	4,051,552	3,438,874
Trade and other receivables	5,523,718	5,017,520
Due from related companies	639,428	472,596
Taxation recoverable	-	12,397
Bank and cash balances	1,548,883	833,737
<b>Total current assets</b>	<b>11,763,581</b>	<b>9,775,124</b>
<b>TOTAL ASSETS</b>	<b>14,526,784</b>	<b>12,512,753</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	875,324	875,324
Share premium	1,967,520	1,967,520
Revenue reserve	2,174,978	1,908,747
<b>Shareholders' equity</b>	<b>5,017,822</b>	<b>4,751,591</b>
<b>Current liabilities</b>		
Trade and other payables	3,433,391	4,764,986
Due to holding company	827,881	59,705
Due to related companies	77,928	147,777
Unpaid dividends	15,392	12,162
Short term bank borrowings	5,041,553	2,776,532
Tax payable	112,817	-
<b>Total current liabilities</b>	<b>9,508,962</b>	<b>7,761,162</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>14,526,784</b>	<b>12,512,753</b>

### CASH FLOW STATEMENT

For the year ended December 31,	In thousand of KES	
	2008	2007
<b>OPERATING ACTIVITIES</b>		
Cash (used in)/generated from operations	(218,324)	2,937,272
Taxation paid	(235,124)	(197,251)
<b>Net cash (used in)/from operating activities</b>	<b>(453,448)</b>	<b>2,740,021</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(305,468)	(247,522)
Purchase of leasehold land	-	(777)
Purchase of intangible assets	(1,083)	(7,355)
Proceeds on disposal of property, plant and equipment	2,398	14,968
Proceeds on disposal of prepaid operating lease	7,000	26,100
<b>Net cash used in investing activities</b>	<b>(297,153)</b>	<b>(214,586)</b>
<b>FINANCING ACTIVITIES</b>		
Interest paid	(380,306)	(287,102)
Interest received	15,465	730
Dividends paid	(434,433)	(432,247)
<b>Net cash used in financing activities</b>	<b>(799,274)</b>	<b>(718,619)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,549,875)</b>	<b>1,806,816</b>
<b>Cash and cash equivalents as at 1 January</b>	<b>(1,942,795)</b>	<b>(3,749,611)</b>
<b>Cash and cash equivalents as at 31 December</b>	<b>(3,492,670)</b>	<b>(1,942,795)</b>

### COMMENTS FROM THE MANAGEMENT

#### OVERVIEW

The 2008 results were achieved under a business environment full of uncertainty and volatility, especially of the international oil prices. The first quarter of the year was particularly trying for the oil industry, as the post election violence had a very negative effect on key sectors like transport and tourism that are some of our key customers. There was also some damage to installations and infrastructure that affected the industry's supply chain.

Crude oil prices rose sharply in the second half of the year, reaching an all time high of US\$ 147 per barrel. The effect of this in the local market was that the price of premium petrol touched over Kshs. 100 per litre for the first time. In the last quarter of the year, world oil prices began to decline, with crude prices plummeting to an average of about US\$ 45 per barrel. This led to intense pressure on the industry players from the government and the general public to reduce pump prices with calls for reintroduction of price controls.

The industry still experienced supply constraints arising from storage capacity limitations and pipeline throughput. These together with unreliable Refinery performance hampered our ability to meet customer supply expectations.

In this very volatile environment, our turnover increased by 28% driven mainly by the increase in international oil prices. Gross profit grew by 19%, mainly as a result of increased sales volumes in the segments with better margins. There was also better control of operating expenses which increased by only 2% over the previous year in spite of the marked increase in inflation. There was, however, a significant increase in net finance cost, explained mainly by more borrowing to finance increased working capital requirements arising from the steep rise in world oil prices.

Profit for the year rose to Kshs. 704 million from Kshs. 524 million in 2007 which is a commendable result under the circumstances.

2009 promises to be a tough year full of challenges to businesses, with global economic crisis expected to reduce economic growth. In the oil industry, the

volatility in the international prices is always present, while supply constraints of the local refinery coupled with storage and pumping capacity inadequacies alluded to earlier have already affected sales in the early part of the year when product shortages have been common. These and other conditions that negatively impact on our performance are expected to remain going forward in 2009, calling for a very cautious approach.

#### PROPOSED DIVIDEND

The Directors are recommending for the approval at the Annual General Meeting, the payment of a first and final dividend of Kshs. 2.50 per share for the year ended December 31st 2008, subject to withholding tax where applicable. Subject to approval at the shareholder's Annual General Meeting, the dividend cheques shall be posted on or about June 8th 2009.

#### ANNUAL GENERAL MEETING

The 55th Annual General Meeting will be held on 19th May 2009 at the KICC, Nairobi.

#### CLOSURE OF THE SHARE REGISTER

Subject to shareholders approval at the 55th Annual General meeting, the share register will be closed on May 20th 2009 for the purposes of dividend calculation.

#### By order of the Board

**J.L.G. Maonga**  
Company Secretary  
April 2, 2009



# TOTAL