TOTAL KENYA LIMITED
AUDITED RESULTS AS AT 31 DECEMBER 2009

BALANCE SHEET

AS AT	31 Dec 2009 KSh'000	31 Dec 2008 KSh'000
ASSETS		
Non current assets		
Property plant and equipment	4,118,515	2,347,649
Deferred taxation	113,444	78,950
Deferred expenditure	154,145	-
Goodwill	6,396,651	336,604
Total non-current assets	**10,782,755**	**2,763,203**
Current assets		
Inventories	7,876,468	4,051,552
Accounts receivable and other assets	12,359,319	6,163,146
Cash and bank balances	509,654	1,548,883
Total current assets	**20,745,441**	**11,763,581**
TOTAL ASSETS	**31,528,196**	**14,526,784**
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	4,774,771	875,324
Share premium	1,967,520	1,967,520
Revenue reserve	2,219,900	2,174,978
Shareholders' equity	**8,962,191**	**5,017,822**
Non Current Liabilities		
Medium Term Loan	4,680,000	-
Total Non Current Liabilities	**4,680,000**	**-**
Current liabilities		
Trade and other payables	8,703,410	4,467,409
Short term borrowings	9,182,595	5,041,553
Total current liabilities	**17,886,005**	**9,508,962**
TOTAL EQUITY AND LIABILITIES	**31,528,196**	**14,526,784**

STATEMENT OF CASH FLOWS

AS AT	31 Dec 2009 KSh'000	31 Dec 2008 KSh'000
CASH FLOW FROM OPERATING ACTIVITIES		
Cash generated from (used in) operations	688,345	(218,324)
Taxation paid	(310,851)	(235,124)
Net cash generated from / (used in) operating activities	**377,494**	**(453,448)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(138,017)	(305,468)
Purchase of Intangible assets	(1,913)	(1,083)
Proceeds on disposal of property, plant and equipment	1,513	2,398
Proceeds on disposal of prepaid operating lease	-	7,000
Net cash outflow on Acquisition of Total Marketing Kenya Ltd	(12,872,281)	-
Net cash used in investing activities	**(13,010,698)**	**(297,153)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(538,000)	(380,306)
Interest received	11,614	15,465
Dividend paid	(445,983)	(434,433)
Medium Term Loan Received	4,680,000	-
Proceeds from Issuance of redeemable preference shares	3,899,447	-
Deferred Expenditure	(154,145)	-
Net cash generated from / (used in) financing activities	**7,452,933**	**(799,274)**
Net decrease in cash and cash equivalents	**(5,180,271)**	**(1,549,875)**
CASH AND CASH EQUIVALENTS		
At 1 January	(3,492,670)	(1,942,795)
As at 31 December	**(8,672,941)**	**(3,492,670)**

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED	31 Dec 2009 KSh'000	31 Dec 2008 KSh'000
Share Capital	875,324	875,324
Issued share capital during the year	3,899,447	-
	4,774,771	875,324
Share Premium	1,967,520	1,967,520
Revenue Reserves	2,174,978	1,908,747
Net Profit	482,585	703,894
Dividends Declared	(437,663)	(437,663)
At end of period	**8,962,191**	**5,017,822**

STATEMENT OF COMPREHENSIVE INCOME

	31 Dec 2009 KSh'000	31 Dec 2008 KSh'000
Turnover	41,311,598	54,807,521
Indirect taxes	(8,634,405)	(10,246,596)
Net turnover	**32,677,193**	**44,560,925**
Cost of sales	(29,868,162)	(41,667,514)
Gross profit	**2,809,031**	**2,893,411**
Other income	283,285	76,180
Depreciation and armotisation	(395,863)	(305,819)
Operating expenses	(1,387,542)	(1,271,094)
Operating profit	**1,308,911**	**1,392,678**
Finance costs - net	(526,386)	(364,841)
Foreign currency exchange differences	(48,826)	3,531
Profit before taxation	**733,699**	**1,031,368**
Taxation	(251,114)	(327,474)
Net Profit	**482,585**	**703,894**
Earnings Per Share (Basic & diluted)		
Kshs per share	**1.62**	**4.02**

COMMENTS FROM THE MANAGEMENT

Results

The year 2009 marked a turning point for the company after the successful acquisition of the business of Total Marketing Kenya Limited (formerly Chevron Kenya Limited). This acquisition was approved by shareholders at an Extraordinary General Meeting held on 19th October 2009, with the merger of the two companies' operations taking effect from 1st November 2009 with resultant significant increase in both assets and liabilities as disclosed in the Balance Sheet.

The results for the year under review include two months performance of the acquired business. Crude prices fell sharply from a high of over USD 100 per barrel in 2008 to USD 42 per barrel at the beginning of the year. This sharp drop in international petroleum prices led to a steep decline in prices especially in the Network segment resulting in negative margins in the first quarter of the year. However, crude prices were less erratic in the other three quarters of the year thus enabling the company to recover the losses suffered in the first quarter.

The usual constraints experienced in the oil industry namely, pipeline pumping capacity limitation and the unreliability of the refinery continued to persist sometimes occasioning stock outs in upcountry markets.

Under this difficult and challenging environment, the company recorded a profit before tax of Kshs 734 million representing a decrease of 29% compared to 2008. This decrease is mainly accounted for by the negative margins recorded in the first quarter of 2009 which arose from holding expensive stocks at a time when prices were falling. Fixed costs increased by 15% compared to 2008 mainly due to merger related expenses. Finance costs on the other hand increased by 44% (Kshs 162 million) on account of increased financing needs resulting from increased working capital requirements and interest charged on medium term loan. Consequently, net profit for the year was Kshs 483 million, down from Kshs 704 million realised in 2008.

Future Prospects

The full effect of the merged business will be realised in 2010 and the subsequent years. The Directors are confident that the company has positioned itself to register improved performance especially in the Network and General Trade market segments. However, this performance will depend on economic recovery, stability of world crude prices and concerted effort by the Government and other parties to address the supply constraints experienced in the oil industry.

Balance sheet

As a result of the merger, the company's assets increased significantly and goodwill of Kshs 6,060 million was created. Share capital also increased by Kshs 3,899 million resulting from issuance of preference shares while non-current liabilities went up due to a medium term loan of Kshs 4,680 million. The proceeds from the preference shares issued and the medium term loan partly financed the acquisition of Total Marketing Kenya Limited business.

Proposed Dividend and closure of register

The directors recommend the payment of a first and final dividend of Kshs 1.00 per share (2008- Kshs 2.50 per share). Subject to approval by the shareholders, payment will be made on or about 21 June 2010. Subject to shareholders' approval at the 56th Annual General Meeting, the share register will be closed on 3 June 2010 for the purposes of dividend calculation.

Annual General Meeting

The 56th Annual General Meeting will be held on 2 June 2010.

By Order of the Board
J. L. G. Maonga
Company Secretary
4 March 2010

TOTAL