



TOTAL KENYA PLC
ANNUAL REPORT & FINANCIAL STATEMENTS
2018



OUR AMBITION

Become the responsible energy major

OUR VISION

To be a leader in the quality of our products and services.
To be a leader in profitability and return to our stakeholders.
To be the most responsible and preferred company in the region.

OUR MISSION

The purpose of Total Kenya is to market quality petroleum products and services to its customers responsibly and profitably in an innovative way to ensure that the public will come and continue to turn to Total.

ABOUT US

Total has been operating since 1955 and plays a key role in the Kenyan economy. The Company has a widespread infrastructure for efficient and effective supply of quality products and services.



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NOTICE & AGENDA OF THE ANNUAL GENERAL MEETING

TO ALL SHAREHOLDERS

NOTICE is hereby given that the **65th Annual General Meeting** of the Company will be held at **Movenpick Hotel, Westlands, Nairobi** on **Wednesday, 26 June 2019** at **9.00 a.m.** to transact the following business:-

AGENDA ORDINARY BUSINESS

1. To read the notice convening the meeting, table proxies and confirm the presence of a quorum.
2. To confirm the minutes of the 64th Annual General Meeting held on 27 June 2018.
3. To receive, consider and adopt the Financial Statements for the year ended 31 December 2018 together with the Chairman's Statement and the reports of the Directors and the Auditors thereon.
4. To declare a first and final dividend of KShs 1.30 per share in respect of the Financial Year ended 31 December 2018, the same level as in 2017, payable to the holders of Ordinary Shares and Redeemable Preference Shares on record at the close of business on 26 June 2019.
5. To approve Directors' Remuneration Report as detailed in the Annual Report for the Financial Year ended 31 December 2018.
6. To note that there are no directors retiring by rotation at this Annual General Meeting.
7. To individually appoint the following members of the Board Audit Committee of the Company to continue to serve as members of this Committee in accordance with the provisions of Section 769 of the Companies Act, 2015:-

- a) Dr. Joe Muchekehu
- b) Mr. Joseph Karago
- c) Ms. Margaret Shava
- d) Ms. Séverine Julien

8. To re-appoint Messrs Ernst & Young LLP as Auditors of the Company in accordance with the provisions of Section 721 (2) of the Companies Act, 2015 and to authorise the Directors to fix their remuneration for the ensuing financial year.

SPECIAL BUSINESS

9. To consider and, if thought fit, to amend article 70 (1) of the Company's Articles of Association by a Special Resolution and the amended article to read as follows:-
- 70 (1) "At every Annual General Meeting of the Company, one third of the Non-Executive Directors or, if their number is not three or a multiple of three, then the number nearest to, but not exceeding one third shall retire from office. The Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became directors on the same day, those to retire shall (unless otherwise agreed amongst themselves) be determined by lot, provided that no director shall serve for a cumulative period of more than six (6) years."
10. To discuss any other business of which due notice has been given.

NOTE

1. In accordance with Section 298 of the Companies Act, 2015, a member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend, to speak and to vote on his or her behalf. A proxy need not be a member of the Company.

A Proxy Form may be obtained from the Company's website www.total.co.ke, The Registered office of the Company, Regal Plaza, Limuru Road, Nairobi, P.O. Box 30736 – 00100 GPO Nairobi, or from the offices of the Company's Shares Registrars, Comprite Kenya Limited, Crescent Business Centre, 2nd Floor, Off Parklands Road, Nairobi, email:- shares@comprite.com.

To be valid, a Form of Proxy must be duly completed by the member and must be lodged with the Shares Registrars on the above address so as to be received by not later than 9.00 a.m. on 24 June 2019, failing which, it will be invalid. In the case of a corporate body, the proxy form must be executed under its common seal.

2. In accordance with Article 111(8) of the Articles of Association of the Company, a copy of the entire Annual Report and Accounts may be viewed at the Company's website at www.total.co.ke or a printed copy may be obtained from the Registered Office of the Company, Regal Plaza, Limuru Road, Nairobi, P.O. Box 30736 – 00100 GPO Nairobi.

BY ORDER OF THE BOARD



J. L. G. MAONGA
COMPANY SECRETARY

Date: 30 May 2019.



CORPORATE INFORMATION

PRINCIPAL PLACE OF BUSINESS, HEAD OFFICE AND REGISTERED OFFICE
Regal Plaza, Limuru Road
P. O. Box 30736-00100
Nairobi, Kenya

DIRECTORS

Jean-Phillipe Torres*	Non-executive	Chairman - Appointed on 05 September 2018
Jean-Christian Bergeron*	Non-executive	Chairman - Retired on 05 September 2018
Olagoke Aluko***	Executive	Managing Director- Appointed on 01 October 2018 (Also Alternate to Jean-Phillipe Torres)
Anne-Solange Renouard*	Executive	Managing Director - Retired on 01 October 2018
Premanand Dhoomon**	Executive	Finance Director (Alternate to Olagoke Aluko and Severine Julien)
Macharia Irungu	Executive	Strategy and Corporate Affairs Director (Alternate to Stanislas Mittelman)
Stanislas Mittelman*	Non-executive	
Joseph Karago	Non-executive	Independent Director
Joe Muchekahu	Non-executive	Independent Director
Severine Julien*	Non-executive	Appointed on 01 October 2018
Margaret W.N. Shava	Non-executive	Independent Director
Jerome Burban*	Non-executive	Retired on 01 October 2018

* French | ** Mauritian | *** British

PRINCIPAL ADVOCATES

Mohammed Muigai Advocates
 MM Chambers, 4th Floor K-Rep
 Centre, Wood Avenue Off Lenana
 Road, Kilimani
 P.O. Box 613323-00200
 Nairobi, Kenya

Musyimi & Co. Advocates
 M'pulla House, Arboretum Drive Off
 State House Road P.O. Box 12502-
 00400 Nairobi, Kenya

**Waruhiu Kowade & Ng'ang'a
 Advocates**
 Taj Towers, 4th Floor, Wing B,
 Upperhill Road P.O. Box 47122-
 00100 Nairobi, Kenya

SECRETARY
J L G Maonga
 Certified Public
 Secretary (Kenya)
 Jadala Place, 3rd Floor
 P.O. Box 73248-00200
 Nairobi, Kenya

AUDITORS

Ernst & Young LLP
 Kenya Re Towers,
 Off Ragati Road, Upper Hill
 P. O. Box 44286 - 00100
 Nairobi, Kenya

Waweru Gatonye & Co.
 Timau Plaza Argwings Kodhek Rd,
 P.O. Box 55207 - 00200
 Nairobi, Kenya

**Kiarie Kariuki & Associates
 Advocates**
 Bemuda Plaza, 2nd Floor, Ngong
 Road P.O. Box 13808-00100
 Nairobi, Kenya

Hamilton, Harrison & Matthews
 Delta Office Suites,
 Waiyaki Way
 P.O. Box 30333-00100
 Nairobi, Kenya

REGISTRARS
Comprite Kenya Limited
 Crescent Business Centre,
 2nd Floor
 P.O. Box 63428-00619
 Nairobi, Kenya

PRINCIPAL BANKERS

Citibank NA
 Citibank House, Upper Hill Road
 P.O. Box 30711-00100
 Nairobi, Kenya

Barclays Bank of Kenya Limited
 4th Floor, The Westend Building
 Off Waiyaki Way, Westlands
 P. O. Box 46661-00100
 Nairobi, Kenya

Stanbic Bank Limited
 Stanbic Bank Center, Chiromo Road
 P. O. Box 72833-00200
 Nairobi, Kenya

**The Co-operative Bank of Kenya
 Limited**
 Co-operative House Haile Selassie
 Avenue P.O. Box 48231-00100
 Nairobi, Kenya

**Standard Chartered Bank Kenya
 Limited**
 Chiromo, 48 Westlands Road
 P.O. Box 30003-00100
 Nairobi, Kenya

Bank of Africa Kenya Limited
 Karuna Close
 Off Waiyaki Way
 P.O. Box 69562 - 00400
 Nairobi, Kenya

KCB Bank Kenya Limited
 Corporate Services,
 Moi Avenue
 P.O. Box 48400-00100
 Nairobi, Kenya

**Commercial Bank of Africa
 Limited**
 Mara and Ragati Roads,
 Upper Hill
 P.O. Box 30437-00100
 Nairobi, Kenya



CORPORATE INFORMATION

CORPORATE GOVERNANCE

Corporate Governance (CG) is the system of rules, practices and processes by which companies are directed, controlled and held to account. It essentially involves balancing the interests of the company's varied stakeholders. At Total Kenya, the Board of Directors is mandated to control and direct the activities, affairs, operations and property of the Company with a view to maximizing stakeholders' value, increasing profitability and guaranteeing sustainable business.

Good corporate governance practices are essential to the delivery of sustainable stakeholders' value. The Board of Directors of Total Kenya is committed to uphold to principles of Corporate Governance by ensuring full compliance with all relevant applicable laws and regulations; notably the Kenyan Capital Markets Authority (CMA), Code of Corporate Governance Practices for the Issuers of Securities to the Public 2015 (the 2015 Code).

To facilitate discharging of its obligations, the Board has established and delegated authority to various Board Committees whose membership includes independent directors with appropriate skill set and expertise to deal with specific issues falling under the various committees.

In addition, the Company has appointed a Country Ethics Officer and a Compliance Officer with specific mandates to spearhead efforts towards sensitisation and mitigating compliance risks both internally and with third parties who deal with the Company.



Code of Conduct

Our Values in Practice



THE BOARD OF DIRECTORS

A. THE BOARD OF DIRECTORS CHARTER

Total Kenya Plc has Charters in place that govern the operations of the Board and its Committees in the stewardship of the Company within the confines of the Memorandum and Articles of Association. Copies of these documents are available on the Company's website (<http://www.total.co.ke/>)

The Board fulfills its fiduciary obligations to the shareholders and other stakeholders by maintaining control over the strategic, financial, operational and compliance issues as guided by the Board Charter and other operating regulations.

The Board Charter explicitly defines the composition, role, scope, mandate, Board members selection, requirements and the duties of Board members. Any amendments to the Charter require the approval of the Board.

B. BOARD STRUCTURE AND DIVERSITY

The Board is currently composed of seven directors, three of whom are independent directors. The Independent Non-Executive Directors shall form at least one third of the total number of Board Members. All non-executive and independent directors are subject to periodic retirement and re-election to the Board, in accordance with the Articles of Association.

Diversity is of key importance to the Board's composition. The Board remains particularly attentive to its constitution by offering a diverse and synergistic range of qualifications, skills, experience, professional and industry knowledge to enable it to provide judgment, independent of management on material Board matters. The Board determines its size and composition subject to the Articles of Association, Board Charter and applicable laws. This facilitates effective discussion and decision making process.

C. ROLE OF THE BOARD

The Board of Directors is the ultimate authority of Total Kenya Plc. Its role is to define Total Kenya's strategic vision, ensure that internal controls are operating effectively and oversee the quality of the information provided to the shareholders and financial markets.

The Board has delegated authorities to two Board committees (The Audit Committee and the Risk & Governance Committee) to assist the Board in delivering its responsibilities and ensuring that there is appropriate independent oversight of internal control and risk management. Each of these committees has established terms of reference in the form of Committee Charters, which are reviewed regularly to ensure that they remain in line with the best practices and that the committees continue to have appropriate authority to fulfill their responsibilities without creating unnecessary duplication of work.

D. INDEPENDENCE

Independence is critical to performing the duties of a director as this ensures freedom of analysis, judgment, decision-making and action. All Board members have to comply with the Board's rules and declare any personal or potential conflict of interest that may arise.

Directors are expected to bring views and judgement to Board deliberations that are independent of management and free of any business relationship or circumstances that would materially interfere with the exercise of objective judgement, having regard to the best interest of the organization and its stakeholders as a whole.

All Directors of Total Kenya must avoid any situation which might give rise to a conflict between their personal interest and that of the Company. The Directors are expected to make a disclosure on an annual basis to the Company Secretary in cases of actual or potential conflict of interest situations or as soon as such a situation arises. Any Director with a material personal interest in any matter being considered during a Board or Committee meeting is expected to disclose the same and will not vote on the matter or be present when the matter is being discussed.

The Board of Directors of Total Kenya is guided by the Conflict of interest Policy and the Code of Conduct that are developed by the Group, customized and adopted by Total Kenya Plc.

E. BOARD AND DIRECTOR EVALUATION

In line with prescribed regulatory stipulations, the Board undertook an annual evaluation of its own performance, the performance of the Chairperson, individual members, the Managing Director, Board Committee Chairs and Company Secretary.

F. CHAIRMAN AND MANAGING DIRECTOR

The roles and responsibilities of the Chairman and the Managing Director are separate and clearly defined. The scope of these roles is approved and kept under regular review by the Board so that no individual has unfettered decision making powers. The Chairman is responsible for the leadership and governance of the Board while the Managing Director is responsible for the management of the Company and implementation of the strategies and policies approved by the Board.

G. ACCESS TO INFORMATION AND INDEPENDENT ADVICE

Through the Board Chairman and the Company Secretary, processes are in place to:

- Enable Directors to have access to all relevant information and to senior management
- Assist the Directors to discharge their duties and responsibilities
- Facilitate informed decision making process

Directors are expected to strictly observe the provisions of the statutes applicable to the use and confidentiality of information, including the Company's Insider Trading Policy.

H. MEETINGS

The Board meets once every quarter but may from time to time organize special meetings in response to business needs. Total Kenya has an Annual Work Plan which guide the Board on areas of focus during the year. The Chairman, in conjunction with the Managing Director and the Company Secretary, set the agenda for each meeting.

In the ordinary course of business, Board papers are circulated in good time prior to the date of the meeting. Directors are entitled to request additional information where they consider it necessary to make an informed decision.

During the year ended 31 December 2018, the Board held four Board meetings, four Board Audit Committee meetings and three Board Risk and Governance Committee meetings. The Annual General Meeting (AGM) was held on 27 June 2018 and all directors were present in person save for Mr Stanislas Mittelman who was represented by his alternate director, Dr Macharia Irungu. Details of Directors' attendance at board meetings are set out below:-

Name of Director	Eligible No. of meetings	No. of meetings attended	Overall % attendance
Chairman			
Jean-Philippe Torres (Appointed on 5 September 2018)	1	1	100%
Jean-Christian Bergeron (Resigned on 5 September 2018)	3	3	100%
Executive Director – Managing Director			
Olagoke Aluko (Appointed on 1 October 2018)	1	1	100%
Anne-Solange Renouard (Resigned on 1 October 2018)	3	3	100%
Non- Executive Directors			
Stanislas Mittelman*	4	0	-
Séverine Julien (Appointed on 1 October 2018)	1	1	100%
Jerome Burban (Resigned on 1 October 2018)	3	3	100%
Independent Directors			
Joe Muchekehu	4	4	100%
Joseph Karago	4	3	75%
Margaret Wambui Ngugi Shava	4	4	100%
Alternate Directors			
Premanand Dhoomon (Alternate to Olagoke Aluko and Séverine Julien)		4	100%
Macharia Irungu (Alternate to Stanislas Mittelman)		4	100%
Company Secretary			
John Maonga		4	100%

Note: *Stanislas Mittelman was duly represented by his Alternate Director in the 4 meetings.

BOARD COMMITTEES

A. THE BOARD AUDIT COMMITTEE

The Capital Markets Act (Cap. 485A) and regulations require that “the Company shall have an effective and properly constituted Audit Committee” and that “the Board shall establish an Audit Committee with written terms of reference.”

The Board Audit Committee assists the Board of Directors in fulfilling its Corporate Governance and oversight responsibilities for the:

- Company's process for monitoring compliance with laws, regulations and the code of conduct
- Financial reporting process
- System of internal control
- Audit function & process

The Board Audit Committee Charter clearly spells out the composition, role, scope, mandate, requirements and the duty of the Committee and its members. Any amendments to the Charter require the approval of the Board. This Committee is composed of four Directors and is chaired by an Independent Director. In selecting the members of the Committee, the Board pays particular attention to their financial and accounting qualifications and experience.

During the year 2018, members of the committee were:

Name of Member	Position
Joe Muchekahu	Independent Director- Chairman
Jerome Burban (Ceased to be a member on 1 October 2018)	Non Executive Director
S��verine Julien (Became a member from 1 October 2018)	Non-Executive Director
Margaret Shava	Independent Director
Joseph Karago	Independent Director

The Company's Internal Audit Manager is the Secretary to the Board Audit Committee. The Committee held four formal meetings in 2018 (see details below) and invited the external auditors when discussing the Company's accounts. The Committee also do invite with the Managing Director and the Finance Director to the meeting as and when required for, performs inspections and interviews company managers at any time deemed necessary.

Name of Member	Eligible No. of meetings	No. of meetings attended	Overall % attendance
Joe Muchekahu	4	4	100%
Joseph Karago	4	3	75%
Margaret Shava	4	4	100%
Jerome Burban	3	2	67%
S��verine Julien	1	1	100%

The main responsibilities of the Committee are to:

- Monitor the integrity of the financial statements including the review of half and full year results, annual reports and accounts and other significant financial announcements. It also reviews the critical accounting policies, going concern assumption and key judgmental areas contained therein.
- Consider and advise the Board in meeting its obligation to report that Annual Report is fair and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.
- Monitor auditor's independence and external auditors' plans and audit strategy, the effectiveness of the external audit process, the external auditors' qualifications, expertise and resources, and make recommendations for the re-appointment of the external auditors.
- Approve the internal annual audit plan and resources, and monitor the audit framework and effectiveness of the internal audit function.
- Monitor the effectiveness of compliance processes and controls, and performance against the Company's compliance plan.

B. THE BOARD RISKS AND GOVERNANCE COMMITTEE

The Board Risk and Governance Committee (BRGC) assists the Board of Directors of Total Kenya Plc in fulfilling its management's responsibility with regards to the uncertainties the Company may face. The Committee is mandated to provide oversight on the entity-wide risk management process and ensure integrity and effectiveness of the Company's compliance monitoring framework.

The Committee's roles and responsibilities are to:

- Ensure that the executive team has identified and assessed all the inherent risks in the Company and has established mitigating measures.
- Ensure that the division of risk-related responsibilities to each board committee as clearly as possible, performing a gap analysis and approving the Company's risk management framework.
- Assist the Board of Directors by reviewing and making recommendations on the effectiveness of the organization governance structure and general by-laws.
- Ensure that the control procedures and systems established within the Company are designed to manage rather than eliminate the risk of failure to meet business objectives. The risk framework requires that all of the Company's business and functions establish processes for identifying, evaluating and managing the key risks.
- Receive and review the Company's internal audit reports on the risk management function

Total Kenya Management had implemented a Risk Mapping and Management program since 2014. Under this program, Management has identified environmental and internal risk factors that can hinder the Company from achieving its overall objectives. Mitigation action plans have been developed and regular reviews are undertaken to track the progress of the mitigation actions and to identify any emerging risks.

This Committee comprises two (2) Independent Directors, the Managing Director and the Finance Director. Committee Members are appointed by the Board for a period of 3 years.

The Committee meets at least twice every year or more frequently as circumstances dictate. The members of the Risk and Governance Committee are as follows:

Name of Member	Position
Margaret Shava	Independent Director - Chairperson
Joseph Karago	Independent Director
Anne-Solange Renouard (Ceased to be a member from 1 October 2018)	Managing Director
Olagoke Aluko (Became a member from 1 October 2018)	Managing Director
Premanand Dhoomon	Finance Director
John Maonga	Company Secretary

In the year 2018, the BRGC met three times as shown here below.

Name of Member	Eligible No. of meetings	No. of meetings attended	Overall % attendance
Margaret Shava	3	3	100%
Joseph Karago	3	3	100%
Anne-Solange Renouard	2	2	100%
Olagoke Aluko	1	-	-
Premanand Dhoomon	3	3	100%
John Maonga	3	3	100%

In addition, meeting sessions were held to discuss specific matters to be escalated to the Board.



ELLON KAMAU
AUDIT MANAGER

Ellon Kamau has 25 years working experience in the Total Group. Prior to joining Internal Audit, he was the Chief Accountant at Total Exploration and Production Kenya (TEPK) since September 2013. Other positions held include Finance & Administration Director (Total Jamaica 2008-2013), Group Auditor (Total UK 2005-2008), Internal Audit Manager, Treasury Manager, Reporting Manager, Special Projects Manager and acting Financial Accounting Manager.

He holds a Bachelor of Science in International Business Administration (USIU), an ACCA certificate in International Auditing and a Post Graduate Diploma in Business Administration – Finance from the University of Leicester (UK). He is also a director of Kenya Oil and Gas Association (KOGA).



CHARLES WAMBUGU
RISK, GOVERNANCE AND COMPLIANCE MANAGER

Charles Wambugu holds a Bachelor of Science degree in Electrical Engineering from the University of Nairobi and is a Certified Public Accountant (CPA). Charles joined the Total Group during the Chevron take-over in 2009 and was appointed Chief Internal Auditor.

Before joining Total Kenya, he worked with Coopers & Lybrand as Senior Auditor, British Oxygen (BOC) Kenya Ltd as Audit Manager, Unga Group of companies in various roles.

Charles is currently the Risks Governance and Compliance Manager for Total Kenya.

POLICIES

ETHICS CHARTER AND CODE OF CONDUCT

Total Kenya Plc is committed to establishing high quality long-term relationships with all stakeholders: customers and distributors, suppliers and contractors, host countries, local communities, business partners, shareholders and the civil society.

Our Code of Conduct is rooted in our values, which are:

- Safety,
- Respect for Each Other,
- Pioneer Spirit,
- Stand Together
- Performance-Minded

Our two core values, Safety and Respect for Each Other, are reflected in our organizations, procedures and guidelines to provide practical guidance for upholding the Code of Conduct in our day-to-day actions.

All employees, suppliers, contractors and business partners are expected to understand, respect and apply standards and business principles outlined in the code of conduct.

Total Kenya Plc adheres to the Total Group's Compliance Program. It calls for a zero-tolerance approach to corruption, fraud and anti-competitive practices and adheres to the highest standards of integrity. Employees and all stakeholders are expected to prevent, identify, report and address situations that might cross the line as soon as they arise. Total Kenya Plc also respects all applicable national and international laws and norms. Where there is a difference between a legal requirement and our code of conduct, we seek to apply the higher standard.

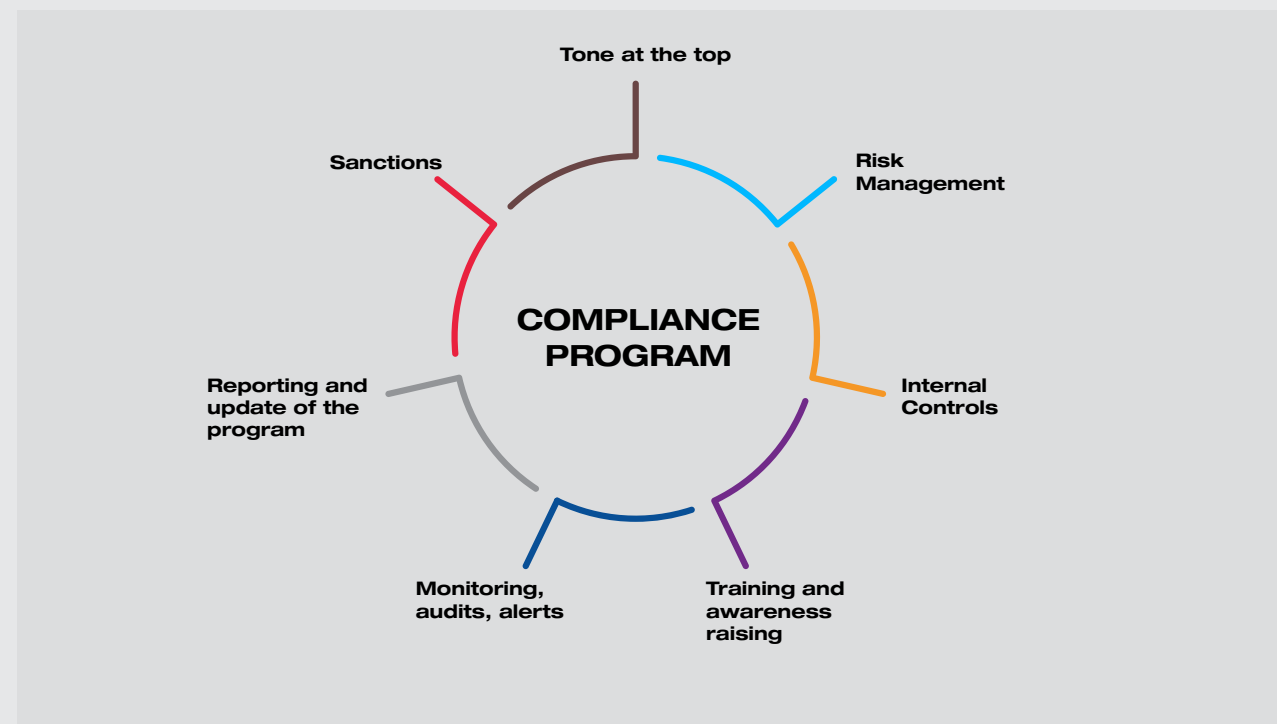
To guide relations with suppliers, contractors and third parties, anti-corruption, anti-fraud and anti-competitive clauses are included in all contracts signed. A due diligence exercise is also concluded before initiating any formal relations with any third parties. Training via e-learning is also made available to all our stakeholders.

Identifying and reporting existing or potential conflicts of interest by employees allows risks to be managed. Potential conflicts of interest can be minimized by avoiding acquiring any interest in the business of a competitor, supplier or customer without prior written approval from management. Employees are also required to declare, and in some cases seek approval for gifts, hospitality, donations and sponsorships to and from business partners. This is done through an electronic Gift and Hospitality register.

The Company is committed to respecting internationally recognized Human Rights standards especially those relating to employees' working conditions within all its diverse operations. A non-discriminatory recruitment program based solely on our requirements and the specific capabilities of individual applicants coupled with zero tolerance to harassment makes for a diverse and well-motivated workforce.

INTEGRITY COMMITTEE

The Integrity Committee is composed of the Managing Director, Finance Director, Human Resources and Administration Manager, Audit Manager and the Risk Governance and Compliance Manager. They deal with all compliance related matters. The Integrity Committee reviews cases declared by employees, customers, suppliers or any third party, via the 'Speak-Up Campaign' and ethics email of the Group and/or Total Kenya. The Integrity Committee calls for investigation if judged necessary, takes note of recommendations of the investigations and applies disciplinary actions.



COMPLIANCE WITH CMA CODE OF CORPORATE GOVERNANCE

Corporate governance continues to be a key priority of the Board in exercising its mandate as being responsible and accountable to all stakeholders. The Board has put in place procedures, systems and controls to safeguard their interests in line with the highest standards of corporate governance.

In fulfilment of the requirements of the Capital Markets Authority (CMA) Code of Corporate Governance Practices for Issuers of Securities to the Public (2015), the Company has undertaken a corporate governance audit to ascertain the robustness and effectiveness of its governance structures.

REPORT OF THE INDEPENDENT GOVERNANCE AUDITOR TO THE SHAREHOLDERS OF TOTAL KENYA PLC

INTRODUCTION

We have performed Governance Audit for Total Kenya Plc covering the year ended 31st December 2018 which comprised assessment of Governance Practices, Structures and Systems put in place by the Board.

BOARD RESPONSIBILITY

The Board is responsible for putting in place governance structures and systems that support the practice of good governance in the organisation. The responsibility includes planning, designing and maintaining governance structures through policy formulation necessary for efficient and effective management of the organisation. The Board is responsible for ensuring its proper constitution and composition; ethical leadership and corporate citizenship; accountability, risk management and internal control; transparency and disclosure; members' rights and obligations; members' relationship; compliance with laws and regulations; and sustainability and performance management.

GOVERNANCE AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the existence and effectiveness of Governance instruments, policies, structures, systems and practices in the organization within the legal and regulatory framework and in accordance with best governance practices as envisaged under proper Board constitution and composition; ethical leadership and corporate citizenship; accountability, risk management and internal control; transparency and disclosure; members' rights and obligations; members' relationship; compliance with laws and regulations; and sustainability and performance management, based on our audit.

We conducted our audit in accordance with ICPSK Governance Audit Standards and Guidelines which conform to global Standards. These standards require that we plan and perform the governance audit to obtain reasonable assurance on the adequacy and effectiveness of the organization's policies, systems, practices and processes. We believe that our governance audit provides a reasonable basis for our opinion.

OPINION

In our opinion, the Board has put in place effective, appropriate and adequate governance structures in the organisation which are in compliance with the legal and regulatory framework and in line with good governance practices in the interest of stakeholders.

CS. Mary Reba Chabeda-Ouko, ICPSK GA. No 00048

For Umsizi LLP

26th March, 2019

OUR CODE OF CONDUCT

ROOTED IN OUR VALUES

In addition to those reference standards, we are united by five values:

- Safety
- Respect for Each Other
- Pioneer Spirit
- Stand Together
- Performance-Minded

These values are the principles that must guide everything we do.

Our two core values, Safety and Respect for Each Other, are reflected in our organizations, procedures and guidelines to provide practical guidance for upholding the Code of Conduct in our day-to-day actions.



SAFETY

Safety is the core component of an industrial company's responsibility; it is also the foundation of its long-term viability. A company that is not safe or reliable is not a sustainable company. That means that we are uncompromising when it comes to Safety. Cost does not enter the equation, because Safety is a value that we respect above everything else.

Safety is a daily battle that is waged with humility and vigilance. We must never drop our guard. Accidents are not inevitable. Every accident, no matter how minor, can be avoided. All of us at Total, at every level of the organization, are mindful of our rules regarding safety, and rigorously observe those rules at all times. Each of us has a personal responsibility — and the personal authority — to step in when we observe a breach of those rules or feel a situation is unsafe.

In choosing our business partners, we give preference to those who can apply a policy equivalent to ours. Upholding our core value of Safety and putting it into practice at all times is essential for fulfilling our ambition to become the responsible energy major.

RESPECT FOR EACH OTHER

Respect for Each Other is a cornerstone of our collective principles and our way of demonstrating exemplary conduct. Respect for Each Other means listening to each other.

Respect for Each Other goes hand in hand with honesty, unwavering business integrity and, as a result, the rejection of corruption and fraud in any form. It also means honoring the contracts and agreements we sign.

Respect for Each Other is respect for human rights. We are uncompromising on this point in our operations worldwide.

Respect for Each Other includes respect for the environment and health, consistent with our strategy of responsible, sustainable development.

Respect for Each Other means making people the core focus of our collective undertaking, valuing diversity and paying attention to the quality of employee dialogue within the company

INTEGRITY – FRAUD AND CORRUPTION

We maintain a policy of zero tolerance for fraud of any kind, particularly bribery and corruption, influence peddling and violations of antitrust law.

We do not tolerate any form of corruption or influence peddling, defined as follows:

Promising or granting a payment or benefit of any kind to a public official, private individual or company, either directly or indirectly (through a third party or intermediary), despite its illegality, in return for:

- Performing, failing to perform, facilitating, delaying or expediting an action related to official or professional duties, or
- Using undue influence to obtain a favorable decision or benefit of any kind from a public authority.

Soliciting, accepting or receiving a payment or undue advantage of any kind in return for performing, failing to perform, facilitating, delaying or expediting an action related to official or professional duties.

Acts of corruption and influence peddling or violations of antitrust law shall render the culprits and the company alike liable to harsh disciplinary action, both civil and criminal, regardless of the country in which the fraudulent behavior occurred, in accordance with applicable laws and regulations. Total employees are invited to review our Anti-Corruption Compliance Program to ensure they are abiding by its principles at all times.

EXAMPLES OF UNACCEPTABLE BEHAVIOR

- Offering a payment or item of value (gifts, travel, hospitality, etc.) to a public official, a member of that official's staff or family, or any person claiming to have influence with that official in return for the issuance of a government permit that is needed to start a project.
- Receiving a gift or hospitality of value from a supplier participating in a call for tenders that could affect the impartiality of the selection process.
- Engaging a person to represent Total without first:
 - Evaluating the risks posed by that relationship.
 - Defining and delimiting that person's responsibilities.

This will help to ensure that, for example, the representative does not abuse his or her influence or promise or offer advantages of any kind to public officials to obtain an advantage in return.

Safety is a daily battle that is waged with humility and vigilance.

Respect for Each Other means listening to each other.

MANAGEMENT

THE MANAGEMENT



View of the roof of a Total service station equipped with Sun Power solar panels.

MANAGEMENT

**BOARD OF
DIRECTORS**

MANAGEMENT

DIRECTORS' PROFILES



Mr Jean-Philippe Torres
CHAIRMAN OF THE BOARD

Born in 1966, Mr Jean-Philippe Torres holds a Diploma in Economics from the University of Lille (France), a Master in Finance from The ESCEM School of Business and Management (France) and a Master of Science in Management from the IESEG School of Management (France). He is currently the Executive Vice President of East and Central Africa Division of the Marketing and Services branch of Total Group (Paris La Défense, France) and has previously served as a Senior Executive for the Total Group in various countries including but not limited to Nigeria, Panama, Germany, France, Congo, Togo, The Gambia, Senegal and Zaire.

Mr Stanislas Mittelman
NON-EXECUTIVE DIRECTOR

Mr. Stanislas Mittelman, aged 53, has served in various capacities in the Total Group from the year 1990 to date. He is currently the Senior Vice President of the Africa Division Marketing and Services Branch of the Total Group. Stanislas graduated from France's EDHEC Business School and was appointed as a Company Director on 9th June 2016.

Mr Olagoke Aluko
MANAGING DIRECTOR

Mr Olagoke Aluko, aged 44, holds a Master of Science degree in Finance and Accounting from London School of Economics. He has 19 years experience in the Downstream Oil & Gas sector within Total Group with Management, Operations, HR, Finance & Accounting, Mergers & Acquisition, Information Systems as well as Audit and Internal Controls experience. He has held several cross functional roles within the Group including: CFO Total Guinea, General Manager HR & Corporate Affairs Total Nigeria Plc, and prior to this appointment, he was the General Manager Operations at Total Nigeria Plc.



FCPA, Dr Joe Muchekhehu
INDEPENDENT DIRECTOR

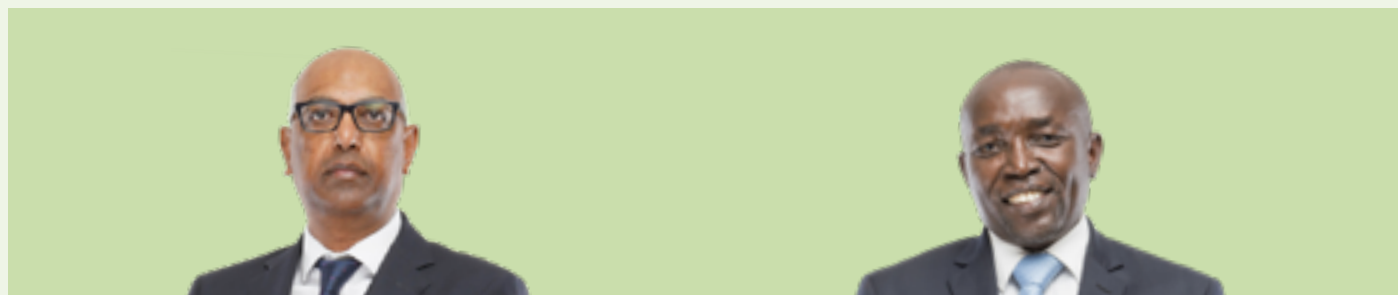
Dr. Joe Muchekhehu, aged 68, has over 40 years' experience in Accounting, Auditing, Consulting and Financial Management Services and has been instrumental in the development of the Accountancy Profession in East Africa having been a past chairman of ICPAK council, the founder Chairman and Trustee of KCA University. He served in IFAC Ethics Committee and was the first Country representative at the International Assembly of Chartered Certified Accountants. He was a fellow of the Association of Chartered and Certified Accountants (UK), a Certified Public Secretary of Kenya and a member of the Institute of Chartered Accountants of Nigeria. Dr. Muchekhehu was appointed as a Director of the Company on 9 June 2016. He is the Chairman of the Audit Committee of the Board.

Mr Joseph Karago
INDEPENDENT DIRECTOR

Mr. Joseph Karago aged 56, is a Registered Practicing Architect, and has expertise in strategy & policy formulation, programme & project formulation, technical audit project management, general management and team building. He holds a Bachelor of Architecture degree from the University of Nairobi and is a member of the Institute of Directors. He was appointed as a director of the Company on 9th June 2016 and is currently a member of both the Audit and the Risks and Governance Committees of the Board.

Ms Margaret Shava
INDEPENDENT DIRECTOR

Ms Margaret Shava, aged 54, is an advocate of the High Court of Kenya, a practicing advocate, an independent consultant and a Certified Public Secretary (Kenya). Margaret has over 25 years working experience in law, management, legal consultancy and peace building & transitional justice. She has worked in various economic sectors, United Nations organization and national & international non-governmental organizations. Margaret is a holder of a Master of Arts degree in Democratic Studies from the University of Leeds, UK, a Bachelor of Laws degree from the University of Buckingham, UK, a Certificate in Oil & Gas from Strathmore University and a Certificate in Competition Law from the Kenya School of Law. She is a Member of Committee on Budget and Finance at the International Criminal Court (ICC) and the Vice Chairperson of the Audit Committee of ICC. She was appointed a director of the Company on 9 June 2016. She is the Chairperson of Risks and Governance Committee of the Board and also a member of the Audit Committee of the Board.

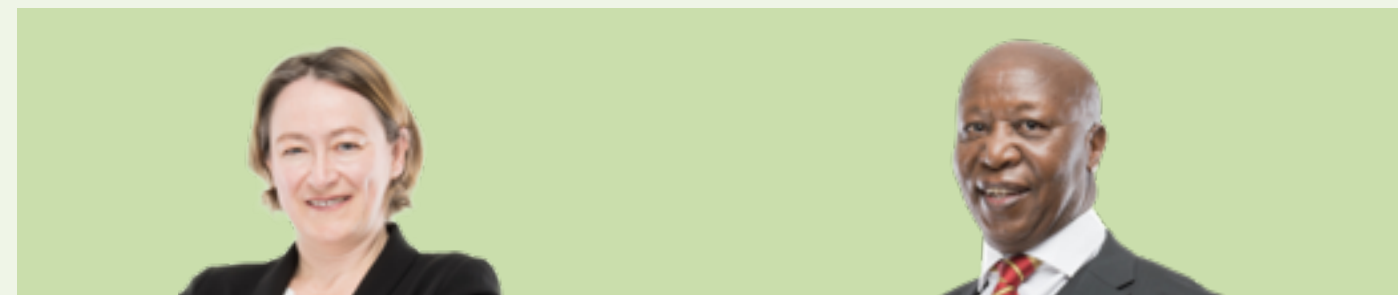


Premanand Dhoomon
FINANCE DIRECTOR

Mr. Premanand Dhoomon (FCCA), aged 56, is a fellow member of the Chartered Association of Certified Accountants. After five years in auditing practice with Arthur Andersen in Mauritius, he joined the Finance Department of Esso Mauritius Limited as Chief Accountant and thereafter was appointed as Finance Manager and holding this responsibility for both Mauritius and Reunion affiliates. Following the acquisition of Esso assets by Total Group in 2005, he was appointed as Finance Manager of Total Mauritius Limited. In 2009, he moved to Paris to join the Group Audit Department as Corporate Auditor and in 2012 he was appointed as the Fraud Risk Prevention Coordinator of the Marketing & Services Branch. In May 2015 he took the position as Finance Director of Total Kenya Plc. Premanand is also the Country Ethics Officer and an alternate Director of the Board of Directors as well as a member of the Risks and Governance Committee of the Board. He also holds the role of the Treasurer of the Safe-Way-Right-Way NGO.

Dr. Macharia Irungu
STRATEGY & CORPORATE AFFAIRS
DIRECTOR

Dr. Macharia Irungu, aged 53 years, holds a Doctorate of Philosophy in Strategic Management and a Bachelor of Science in Industrial Chemistry from the University of Nairobi along with a Masters in Business Management (Marketing) from Newport University (USA). He joined the Strategy and Corporate Affairs department in November 2017. He is also the Managing Director of Gulf Africa Petroleum Corporation (GAPCO) Kenya Ltd. He has over 28 years' experience in different Senior Management roles in the Oil Industry in and outside Kenya. He is also a member of the American Chamber of Commerce, the Kenya Institute of Management and Institute of Directors. He has held several Director positions in charitable and government organizations as well as guiding and supervising Masters and PhD Candidates in his area of expertise. He is the current CEO of Safe Way Right Way (SWRW), an NGO handling road safety.



Ms Séverine Julien
NON-EXECUTIVE DIRECTOR

Born in 1973, Ms Séverine Julien graduated from French Business School HEC Paris and holds a Master in International Tax Law from University of Paris-XI and the French Certificate of Lawyer Profession. She is currently a Corporate and Project Finance Manager of the Total Group; she is in charge of African Marketing & Services entities. Previously she served as the Risk Manager of Total S.A. She also worked in Singapore, Vietnam and France in various tax and risk management positions including Regional Tax Manager of Total Oil Asia-Pacific, Compliance and Risk Manager of Schneider Electric Vietnam and Tax Lawyer in Paris.

Mr. John Maonga
COMPANY SECRETARY

Mr. John Maonga, aged 58, is a holder of B. A. Degree from the University of Nairobi and is a Certified Public Secretary. He is a registered Practising Company Secretary and a fellow of the Institute of Certified Public Secretaries of Kenya. He is a Member of the Institute of Directors and an Accredited Practising Governance Auditor. He has over 30 years of experience in Company Secretarial, Share Registration and Trustee Services. He was appointed Company Secretary of Total Kenya Plc on 1st February 1999.

MANAGEMENT
**THE MANAGEMENT
COMMITTEE**



MANAGEMENT THE MANAGEMENT EXECUTIVES



Mr Olagoke Aluko
MANAGING DIRECTOR

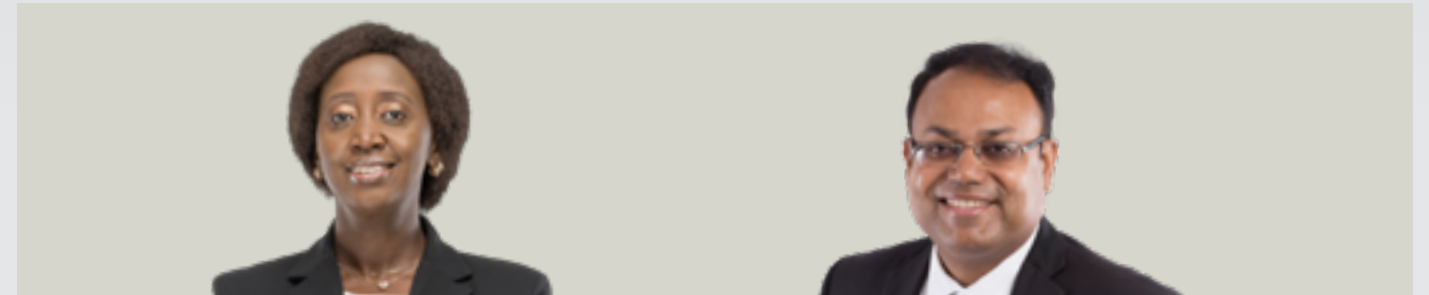
Mr Olagoke Aluko, aged 44, holds a Master of Science degree in Finance and Accounting from London School of Economics. He has 19 years experience in the Downstream Oil & Gas sector within Total Group with Management, Operations, HR, Finance & Accounting, Mergers & Acquisition, Information Systems as well as Audit and Internal Controls experience. He has held several cross functional roles within the Group including; CFO Total Guinea, General Manager HR & Corporate Affairs Total Nigeria Plc, and prior to this appointment, he was the General Manager Operations at Total Nigeria Plc.

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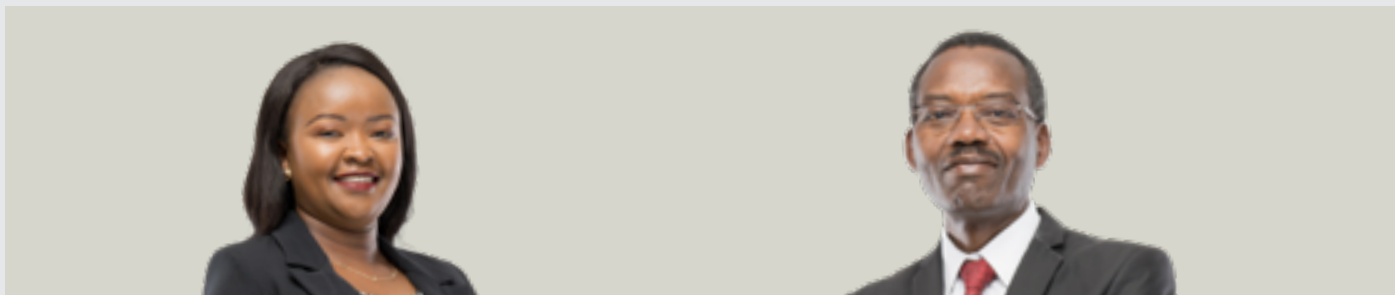


Irene Muinde
**HUMAN RESOURCES AND
ADMINISTRATION MANAGER**

Mrs Irene Muinde joined Total Kenya Plc in September 2013 and has diverse experience spanning over 20 years acquired from manufacturing and banking industries. She holds an Executive MBA in Human Resources from Moi University, Bachelor of Arts from the University of Nairobi, Diploma in HRM from Kenya Institute of Management and is a Certified Psychometric Tester and Prince2 Practitioner (Project Methodology).

Sandip Mukherjee
COMMERCIAL MANAGER B2B

Mr. Sandip Mukherjee joined Total Kenya as the Commercial Manager B2B in February, 2018. He holds an MBA from the Indian Institute of Management, Calcutta (IIMC) and a Bachelor of Science in Physics. Previously he has been associated with the GAPCO Group for seventeen years in various roles in East Africa. His last position was General Manager – Sales for GAPCO Kenya Ltd. He had also worked in India with MNCs like ESAB and has varied experience across engineering, management consultancy and international business development.

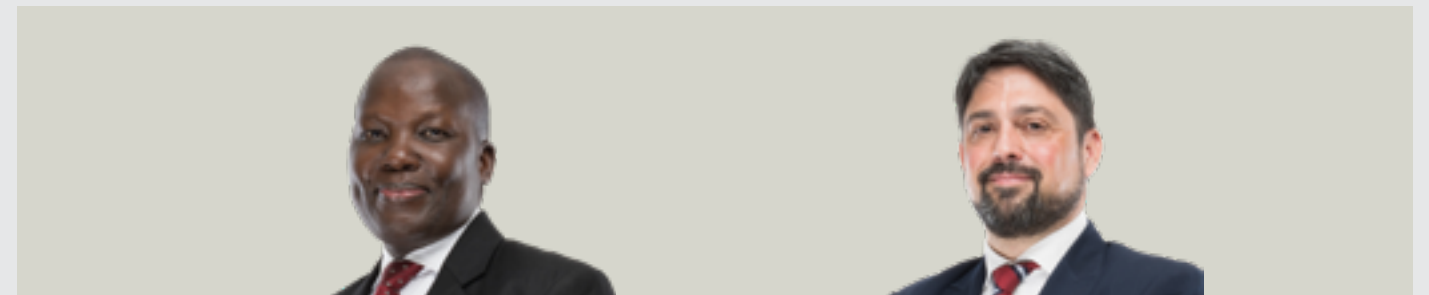


Ms Susan Gacheru
PLANNING AND SUPPLY MANAGER

Ms. Susan Gacheru joined Total Kenya as the Supply Manager in July 2017. She holds a Bachelor of Commerce degree in Accounting from Catholic University of East Africa and a Diploma in Supply and Purchasing from the Chartered Institute of Procurement and Supply. Previously she worked at GAPCO Kenya Ltd where she was the Supply & Trading Manager for a period of 3 years. Other positions she has held include Supply & Trading Coordinator at Hashi Energy Ltd between January 2012 and April 2014, Supply Planning Supervisor at Libya Oil Kenya Limited from December 2010 to December 2011 and previously held various roles within the Finance department at ExxonMobil (now Libya Oil Kenya Ltd) since January 2004.

John Muchunu
**HEALTH, SAFETY, SECURITY,
ENVIRONMENT AND QUALITY MANAGER**

Mr. John Muchunu has worked for the Total Group for thirty years. During his tenure, he has held the following positions: Technical Marketing Representative (2 years), Senior Marketing Representative (3 years), Area Retail Sales Manager (4yrs), Customer Services Manager (2 years), Aviation Manager (2 years). He was expatriated to Total Zambia in 2001 and appointed to the position of the Commercial Manager, he then moved to Total Uganda in 2004 the same position, Commercial Manager. In October 2009, John came back to Kenya as Commercial Development Manager for one year. He took over the position of Network Sales Manager in October 2010. In November 2014 he was appointed HSEQ Manager, a position held to date. Prior to joining Total Group, Mr. Muchunu worked for BOC Kenya as Assistant Application Engineer for one year five months. He holds a Bachelor's Degree in Mechanical Engineering from the University of Nairobi.



Joshua Ouma
OPERATIONS MANAGER

Mr Joshua A. Ouma holds a Bachelor of Science degree in Mechanical Engineering, FCH from the University of Nairobi along with a CPA. He joined Total Kenya in 1996 as Depots & Distribution Assistant and rose to the ranks of Joint Venture Depot Manager and Depots & Distribution Manager respectively. He has served the Total Group in several countries, in 2004 as Operations Manager at Total Malawi, 2006 as Operations Manager at Total Mozambique and 2011 as Operations Manager at Total Tanzania. He was appointed Operations Manager of Total Kenya Limited in July 2015, a position he holds to date.

Francois-Xavier - Ruenes
**COMMERCIAL MANAGER RETAIL
AND LUBRICANTS**

Mr. Francois-Xavier Ruenes holds a Degree in Marketing from EDHEC Business School (Lille). He joined the Total Group in 1997 and has worked in France, Latin America and Africa in different positions including Territory Director, Business Developer, Communication and Promotion Manager, Exports Manager and Product Manager. He was the Sales & Marketing Director of Total Cameroon until August 2017 when he was appointed as Total Kenya Commercial Manager Retail & Lubricants.

CORPORATE INFORMATION

SUSTAINABILITY REPORT



The TOTAL Eco Challenge Program inspires tree planting all over Kenya. It also promotes Total Kenya Staff participation in various tree planting activities including the marking of the annual World Environment Day.

1. INTRODUCTION

1.1. Message from our Managing Director

I am pleased to present our 2018 corporate sustainability report. The report was developed in accordance with the Global Reporting Initiative (GRI) Standards: Core option, which is an internationally recognized best practice for sustainability reporting. It is the first GRI sustainability report for the organization and enhances our previous corporate citizenship reports, which can be found on our website.

The theme, “Powering Sustainability, Improving Lives,” defines Total Kenya’s commitment to making the world a better, safer place. Total has adopted a broad view of sustainability, encompassing Environmental, Social, Governance, and Economic (ESG+E) topics. The company worked with a third party, MK-Africa Consultancy, to complete a formal materiality assessment to identify and prioritize the sustainability topics that are most important to its key stakeholders and where it can have the most impact. This report reflects the critical inputs of that materiality assessment.

We believe the work we are doing is truly improving the lives of our employees, our customers, those in the communities where we operate, and the end users of our products. While we are proud of the progress we are making, there is always more to do on this journey to maximize our positive impact. Significant areas of focus in the report include: Total Kenya’s environmental performance; workplace health and safety; product health and safety; employee attraction, engagement and retention; diversity and inclusion; community involvement and governance.

We continue to make investments in the communities where we operate. In 2018, the company invested KShs. 2.0 billion to heighten our core values and tap into sustainable business opportunities. We supported initiatives in road safety, the environment, education, health and entrepreneurship. We believe that our sustainability lies in positively touching the lives of the societies within which we operate in.

I invite you to explore our report to learn more about what sustainability means to us; and the opportunities we have as we continue to grow.



Olagoke Aluko
Managing Director



1.2. Executive Summary

Total Kenya Plc. is part of the global Total Group, which is the fourth largest integrated international energy company in the world. We began our journey in Kenya in 1955 and became the first multinational oil company to be listed in the Nairobi Securities Exchange in 1988. Over the years, we have grown to be one of the leading oil marketers in the country. Our scope of operation includes over 200 service stations located all over Kenya with an expansion plan of about ten service stations per year. Our investment value in Kenya stands at Ksh. 2Bn per year.

Our key areas of operation include a long-term investment in fuel depots, Liquefied Petroleum Gas (LPG) filling plants, a lubricant blending plant and aviation depots. All our facilities are managed in line with international safety and quality standards. Our key products and brands and products include: Total Excellium fuel, Total lubricants, Liquid Petroleum Gas (LPG) and Total Solar range. We also offer pre-paid card services. In addition, we have Bonjour Shops, which offer groceries, coffee, drinks and snacks and are running of Mugg & Bean On-The-Move outlets under franchise in Kenya. These offer specialty coffee, famous giant muffins among others. Our service delivery points include 197 Total service stations, 2 fuel depots, 1 lubricant blending plant, 2 LPG filling plants and 6 aviation depots. We also have lubes and LPG warehouses.

Total Kenya demonstrates strong safety and environmental performance in all its operations. We are committed to upholding our five core values of Safety, Respect for Each Other, Pioneer Spirit, Stand Together and Performance Minded. Our people drive our success; and we aim to attract, develop and retain a diverse, high-performing workforce. We recognize that long-term, meaningful relationships with communities are fundamental to maintaining our license to operate. We help create stronger communities through programs that improve knowledge, build resilience and create shared opportunities.

1.3. Understanding our stakeholders

Maintaining consistent and productive relationships with our stakeholder groups is a key priority for our business. We know that fostering these relationships and addressing any stakeholder issues are fundamental to protecting our reputation, our investment proposition, and our ability to understand and support the communities and environments in which we operate.

We encourage transparent communications and feedback with our stakeholder groups. The table below identifies our key stakeholder groups across the business, their key interests and concerns, and examples of how we engage with them.

To assist in the compilation of this report, we consulted representatives from key stakeholder groups and identified issues of material concern.

STAKEHOLDER GROUP	DESCRIPTION
Customers Accounts	Over 6000
Employees	Total Kenya has the following: - • Long-term employees - 397 • Contract employees – 21
Regulators	• Energy Petroleum Regulatory Authority (EPRA) • Ministry of Petroleum and Mining • Kenya Bureau of Standards (KBS) • Kenya Revenue Authority (KRA) • Kenya Airports Authority (KAA) • National Environmental Management Authority (NEMA) • Kenya Maritime Authority (KMA)
Investors	• Shareholders
Communities	• Community Support Beneficiaries • Media • Advocacy Groups

1.4. Our Approach to Sustainability

We are committed to conducting our business responsibly at every level of our company. This is fundamental to maintaining our social license to operate as a leader in the oil and gas industry in Kenya. We are focused on delivering energy solutions that provide sustainable value for shareholders, partners and the communities in which we operate.

In 2018 we began examining our impacts as a business and considering the principles that matter to us as a company. We made a commitment towards ensuring that we are here for the long term, we look after each other, our communities and the environment and we keep each other safe.

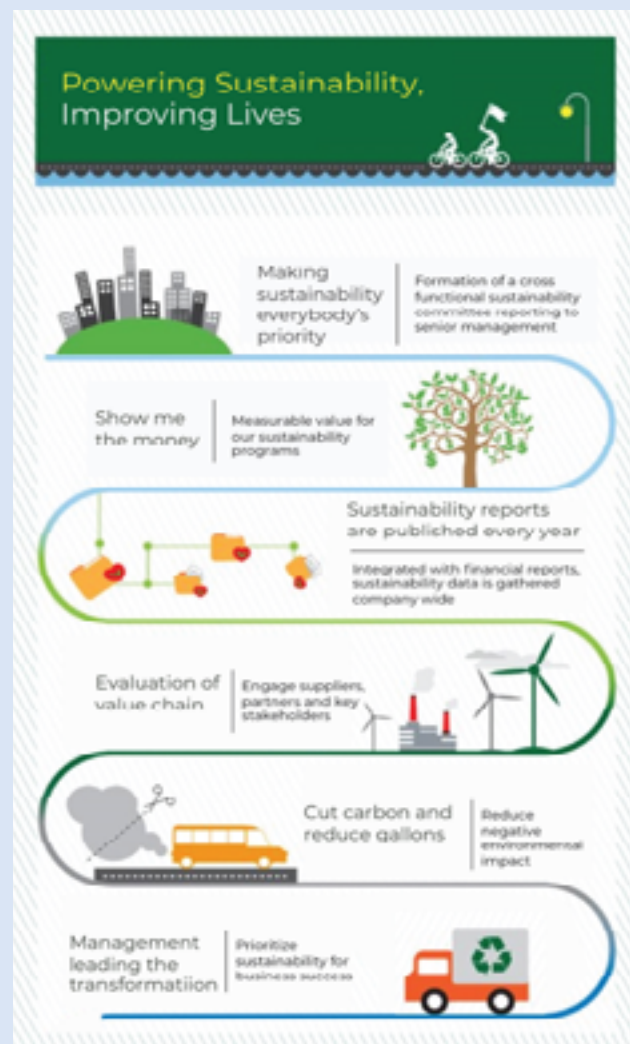
We have started the process of crafting a set of goals that will engage a broad group of stakeholders across our business. While we have not yet determined exactly how we will measure each of these goals, Total Kenya's sustainability performance corporate scorecard will be reviewed regularly to ensure that we are able to track our progress as we continue to report on metrics that are reflective of our commitment. Our sustainability agenda for 2019 and beyond is focused on driving further engagement with our stakeholders, continuing to provide innovative solutions that enhance performance and minimize risk. Building on our strong history of corporate citizenship, this additional focus enables us to identify sustainability initiatives that already exist within our businesses and embed best practices throughout the organization. We recognize that we need to have a strong corporate culture, processes and tools that enable us to share best practices, set goals and track progress.

Our Sustainability Champions

We appointed MK-Africa sustainability consultants to guide our sustainability strategy process. We also identified a cross-functional team of Sustainability Champions who underwent a sustainability training session. This team is set up to create sustainability plans, strategies, and proactively determine new sustainability opportunities for Total Kenya. At the same time, we continue to value the operational and local community expertise of our branch network and the market insights of each of our individual customer-facing businesses.

The Sustainability Champions will meet regularly and has responsibilities to the company's management as well as the entire company.

The Sustainability Champions objectives are to facilitate and oversee the implementation of Total Kenya's overarching sustainability strategy based on our corporate priorities.



Measurement driven approach and reporting

In the coming months, we will identify the performance measures that we believe are material for Total Kenya's sustainability reporting. Within these measures, we will identify what we consider Key Performance Indicators (KPIs) for the sustainability of our business. These measures will include KPIs for environmental and social sustainability. They will be clearly identified as KPIs in future sustainability reports. Performance measures for financial results will be presented in our Annual Report.

We intend to use generally accepted or industry-standard metrics and measurement protocols so that our reported results will be directly comparable across our industry and with other companies outside our industry.

In this first report, we have not yet established our KPIs and therefore will not make any further reference to them.

Scope and Boundary

Total Kenya presents its 2018 Sustainability report. For the first time, Total Kenya has collected all relevant non-financial information on its environmental, social, governance and ethics, and economic impact in one standalone report. This marks the start of our journey as we progress in our commitment towards more responsible and sustainable business practices.

This report presents data for 2018, accompanied by prior-year results for context. It has been prepared in accordance with the **GRI Standards: Core option**. We have not sought any external assurance for this report. Previously, we published corporate social responsibility reports, which we published along with our annual financial statements.

Please visit our website, <http://www.total.co.ke>, to find this report, our archived corporate citizenship reports and additional information regarding Total Kenya and our sustainability journey. We provide compliance data that relate to Kenyan law and regulations.

The Sustainable Development Goals



The 17 SDGs aim to tackle some of the world's most pressing economic, environmental and social issues. To align ourselves to the global sustainable development agenda, we will map our activities and impacts across our value chain against the SDGs and their targets. In the coming months, we will undertake an exercise to determine which SDGs are most relevant to us, and highlight opportunities for further contribution. We will consider:

- Our impacts across the value chain
- The alignment between the SDGs and our future business direction
- The potential to leverage our strengths to ensure our contribution would be meaningful

The next step will be to have internal stakeholder discussions to articulate how our commitment to sustainability fits within our business strategy and make specific contributions towards each of the selected SDGs. We commit to report on our progress on an annual basis. This will part of our sustainability strategy.

1.5. How materiality was determined

Total Kenya considers sustainability topics to be material if they reflect our significant economic, environmental and social impacts, or if they significantly influence the assessments and decisions of our stakeholders. In this first year of our sustainability reporting, we conducted a materiality assessment to identify and understand the sustainability topics of significance to our key stakeholders and our business.

Our Sustainability Champions worked with MK-Africa Consultants to evaluate our significant sustainability topics. Our materiality assessment is a 4-step process outlined below.

MATERIALITY PROCESS STEPS	DESCRIPTION	KEY INPUTS
Identify	To identify the material issues, an initial desktop study of corporate documents and relevant global sustainability reports was undertaken, followed by meetings with key stakeholders. Sources of information at the 'identify' step are summarized in key inputs.	- Company strategy - Emerging risks - Internal stakeholder interviews - External Stakeholder interviews - National and global reports
Prioritize	Identified issues were prioritized using defined threshold criteria based on Global Reporting Initiative (GRI) materiality principles. A clear description of the issues, including their boundaries and impacts, was defined and included in our materiality survey. The survey was sent to all internal and external stakeholders identified as part of the materiality process providing an opportunity to rank issues from greatest to least concern.	Internal - Survey employees on key issues - Company strategy, policies and commitments External - Survey stakeholders on key issues - Sustainability Champions' input - Peer benchmarking - Media analysis
Validate	Our top material issues, as identified in the 'prioritize' step, were validated by the management's Executive Committee	Committee meetings
Review	Each year we will review the Sustainability Report and material issues with our internal and external stakeholders, and identify how our performance can be improved.	Benchmarking report

We will update our materiality assessment in the coming months to include diverse stakeholder perspectives. These will be reviewed in a rational, methodical way to make sure it reflects changes in our business and the external environment.

Materiality Matrix

The outcome of the materiality process informs the development of this report to ensure we are adequately responding to key internal and external stakeholders' issues. The materiality matrix below illustrates the output from the materiality process, specifically the 'prioritize' and 'validate' steps.

Our assessment identified five material topics: Health and safety performance, Employment, education and training, Energy efficiency and greenhouse gas emissions, Our impact on communities and the Code of Ethics.



These are covered in this report. The rest of the issues raised are key and will be considered when determining our sustainability roadmap. They are however not covered in this first sustainability report.

Sustainability Targets

In the coming months, we will set sustainability targets in order to measure our annual performance and to help us monitor and deliver our commitment to sustainable business. Total Kenya's sustainability targets will be reviewed each year during our performance appraisal process.

2. GOVERNANCE, ETHICAL BEHAVIOUR AND COMPLIANCE PROGRAM

We believe that adopting good governance, ethical behavior and a robust compliance program is essential for our commercial sustainability and value creation.

It is for this reason that the Strategy & Corporate Affairs Department exists. The main objectives of the Strategy & Corporate Affairs Department are to provide efficient support to the business units within the fields of expertise for which it is responsible, to set out the rules and regulations in order to strengthen governance, and to reduce the risk level that each unit is facing. The Strategy Corporate & Affairs Department is composed of Communication, Public Relations, Risk, Governance & Compliance and Legal sections.

Governance

The Board of Directors of Total Kenya has the overall responsibility for the definition and implementation of the governance framework of the company in its normative aspects, management tools and Internal Control. The role of governance and risk management rests with the Risk & Governance Committee of the Board.

In order to align our operations to the optimum allowed universal and local standards, we adhere to the following legal directives: Code of Conduct, Ethics and Business Integrity, Health Safety Environment and Quality, Universal Declaration of Human Rights, Drug and Alcohol, HIV-AIDS, Fire, Transport and Whistle Blowing.

Ethical Behaviour

Our ethics and values are the guiding principles of our behavior as employees and individuals. Total Kenya is run in a transparent and accountable manner with structures in place along with clear lines of responsibility.

We share our Code of Conduct with all our stakeholders as a way of encouraging high standards of integrity in our business dealings.

Compliance Program

Total Kenya has a rigorous Compliance Program adopted from the Total Group, which is designed to prevent and detect violations of applicable anti-fraud, anti-corruption and anti-trust laws worldwide. The Compliance Program is based on a "zero tolerance" principle.

In certain circumstances, Total can be held liable for corrupt activities committed by third parties or Total employees. For instance, Total can suffer a financial and/or reputational damage for corrupt activities committed by third parties when Total merges or partners with, or acquires interest in a company or asset, or when Total sells goods and products through intermediaries (service station dealers, resellers, etc).

With regard to our suppliers, service providers, customers, and other third parties, we work in the interests of each party, in accordance with clear, fairly negotiated contract terms. We believe that lasting relationships are built on dialogue, professionalism and respect for our commitments, as well as shared standards. In this respect we conduct due diligence reviews before we formalize the engagements.

We also conduct regular ethics awareness sessions with staff and during our seminars with 3rd parties. During the year we held awareness sessions with our suppliers & contractors, service station dealers and transporters.





Dealers' seminar held 15th-16th March, 2018 at the Safari Park Hotel, Nairobi.



Transporters' seminar held in February, 2018 at Safari Park Hotel, Nairobi

3. HEALTH AND SAFETY PERFORMANCE

Total Kenya's health and safety performance is essential to our business success and growth. We are committed to managing our activities to protect our people and our host communities.

Total Kenya's management system provides a comprehensive set of requirements for managing risks from all our activities. This includes Health and Safety processes, guidelines and tools that have supported continuous improvement in performance.

As a company involved in the manufacture, storage and distribution of petroleum products, industrial hygiene, employee health and product quality are a priority for us. We are focused on ensuring the work place health for our employees and service providers, people living and working near our facilities or likely to be exposed to them and products, for our customers and throughout the life cycles of our products.

Total Kenya is fully ISO 9001:2015 certified.

Our Approach

Fundamental to our approach is Total Kenya's safety framework ONE MAESTRO, which identifies the behavioral expectations required at all levels of the organization to build and sustain an effective safety culture. This is internal system developed by the global Total team and is a common approach used by all Total affiliates. ONE MAESTRO is a single management system integrating: -

- The group Health, Safety and Environment requirements and guidelines
- The requirements of the ISSRS HSE management Systems
- The requirements of the 14001 Environment Management System

The ONE MAESTRO system is guided by 10 principles each with its own designated leadership team to ensure that it is fully being implemented. The leadership team for each of 10 systems is as follows: -

Principle 1: Management, Leadership, Communication and Commitment

The Managing Director of Total Kenya leads this principle through adoption of an HSE Policy, setting of applicable objectives, communication of the Policy and objectives at all levels of the organization and allocation of the resources necessary for their implementation.

Principle 2: Compliance with laws, regulations and group requirements

Led by the Legal and Quality Manager, this principle ensures that in all activities, all entities within Total Kenya act in compliance with applicable laws, regulations, relevant industry standards, the Total Group's voluntary commitments, and other specific principles and requirements at the Group and branch level.

Principle 3: Risk Management

Led by the Logistics Manager's (Aviation & Specialties Depots), this principle ensures that for any activity, the hazards to which people, the environment and assets are exposed, are systematically identified, the associated risks assessed and the measures for reducing them defined and implemented.

Principle 4: Operational Accountability

Led by the Logistics (Fuels) and the Engineering Manager's. This principle ensures that each and every one, at their own particular level, manage the risks and limit the impacts inherent to their specific activity and to the activities of their own teams.

Principle 5: Contractors and suppliers

This principle is led by the Purchasing Manager and it ensures that contractors and suppliers are assessed and selected by considering their HSE performance, their ability to implement an HSE policy conforming to the Total Kenya's one, and that there is control of the risks inherent to the activities under contract.

Principle 6: Competencies and training

This principle is led by the Talent Development Manager who ensures that for all activities, the competencies required are defined, taking into account HSE aspects. The Principle also ensures that competencies of personnel are regularly assessed, and training and development plans are implemented to ensure that competencies are appropriate for the tasks to be performed.

Principle 7: Emergency preparedness

This principle is led by the HSEQ Manager and it ensures that all emergency situations potentially critical for people, the environment and assets are identified based on a risk assessment.

Principle 8: Learning from events

Led by the HSEQ Facilities Manager this principle ensures that all incidents are reported and analyzed in depth to determine their root causes. All corrective actions and preventive measures are defined and appropriately prioritized. The results of the analyses are reported to all interested parties that may benefit from the lessons learned.

Principle 9: Monitoring, audit and inspection

This principle is led by the Compliance and Governance Manager and it ensures the implementation and regularly assessment of the performance of the HSE policy, through monitoring, audits and inspections.

Principle 10: Performance improvement

Led by the Environment Manager & HSE System Coordinator this principle ensures that the HSE management system effectiveness is analysed during management reviews and monitored through key performance indicators, both quantitative and qualitative.

Apart from our global health and safety system, we also have HSE strategies in compliance with relevant local regulations, that is, The Occupational Health and Safety Act (OSHA 2007), The Environmental Management and Co-ordination Act (EMCA 2015) and The Energy Act (2012).

The HSEQ management systems cover all our employees both permanent and part time. They do not apply to third parties such as contractors and sub-contractors however; we ensure that there is a working health and safety system in place before engaging them. Our HSEQ systems also covers all of our areas of work including all service stations directly owned by the company, our office stations and depots countrywide.

We believe that safety is a collective core responsibility of each staff member at Total Kenya. We however have a HSEQ team led by an HSEQ manager who is directly answerable to the managing director.

Our Performance

Our aim is to continuously improve towards a goal of industry leading HSE performance. Total Kenya's HSE performance is measured by the number of recordable and high consequence injuries and ill related cases reported to the HSEQ team through our safety reporting forms and our online reporting system – RAMSES.

We had no recordable injury cases in 2018.

Through our annual assessment of training needs done after our employees 2017 annual appraisal the following HSEQ trainings were completed in 2018: -

- Internal safety pass training to all our 50 new employees.
- Product specific knowledge training
- Refresher work site course training to all our depots and service station employees
- Basic fire and first aid training to all our field staff facilitated by St. John ambulance.

We complete an annual online occupational hygiene report for our head office in Paris. We also have an annual medical surveillance report. In 2018, no anomalies were reported from the two surveillance reports.

4. ORGANIZATION AND CULTURE

Delivering superior shareholder returns depends on Total Kenya's ability to attract and retain an engaged and enabled workforce that thrives in an inclusive, values-based culture. Our overall workforce size is over 400 direct employees and over 3000 indirect employees.

Our Approach

Our People Strategy focuses on growing outstanding leaders, building diverse capability, driving an inclusive, high-performing culture and optimizing workforce performance. The Board's Human Resources & Compensation Committee oversees the company's human resources and compensation policies.

Our Performance

In 2018, we concentrated on optimizing workforce performance by maintaining a stable workforce, enhancing employee engagement, driving a values-led, high-performing culture and applying leading-edge technology.

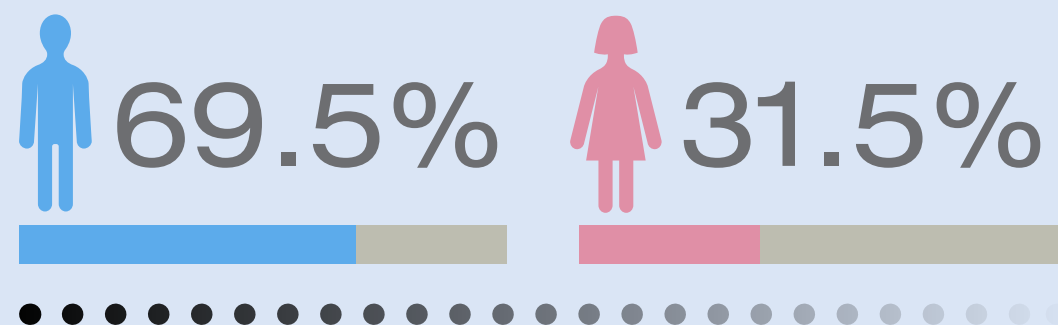
Our annual performance appraisals allow us to execute talent management activities and have better visibility of employee performance and goals, which helps maintain our strong performance culture and ensures key deliverables are being met. Our employees have also been able to input and increase their qualifications and experience, which has given us a better understanding of the capabilities and diversity across our workforce.

Gender Balance

We recognize that a key contributor to our success is an inclusive culture that promotes diversity and a sense of belonging. We are committed to an inclusive and diverse workplace.

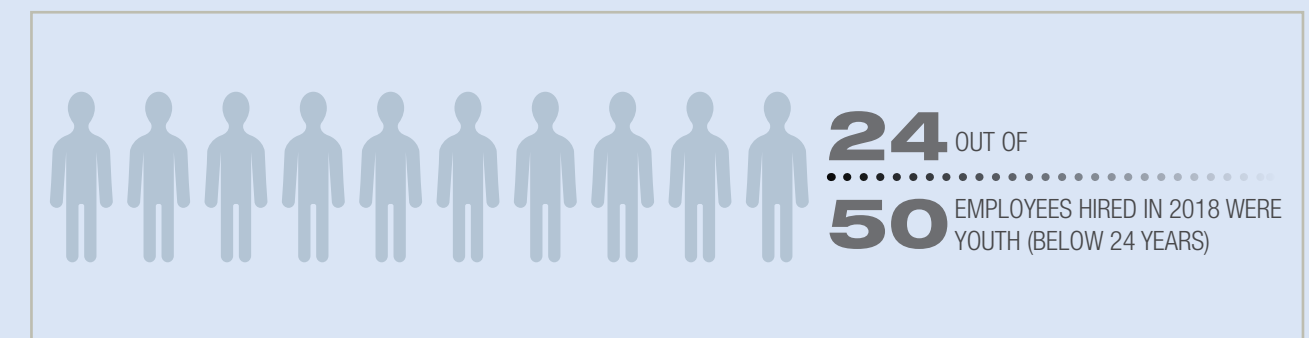
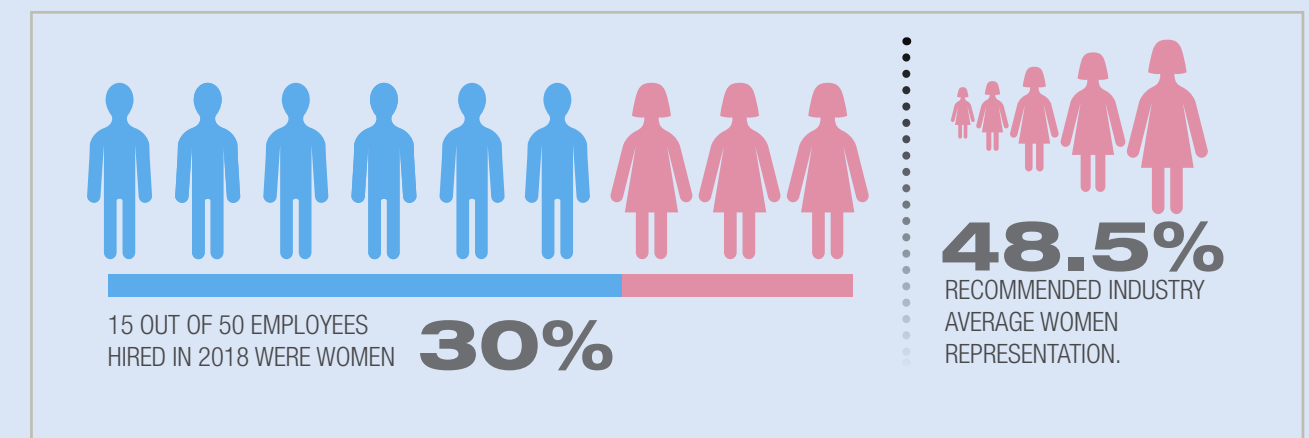
In 2018, women representation in our workforce remained steady at 31.5% for permanent employees.

Conversely, in 2018, we hired 50 new employees and 30% (15) of these were women. We continue to build our female talent pool through our recruitment and development programs.



Women representation in our workforce remained steady at 31.5% for permanent employees in 2018.

We also recognize the ability, energy, creativity and talent that the young people bring into the workforce. Of the 50 new employees hired within the reporting period, 24 were below 30 years of age. Through our training department, we put in place staff development programs to ensure career advancement for young people working at Total Kenya.



Capability

Total Kenya is committed to building diverse capability by providing all employees with high-quality learning experiences. The company continues to support employees further developing their capability in their discipline through additional tertiary education qualifications. This results in higher performance delivered in current roles and opportunities to progress into larger and more significant positions.

In 2018, a total of 257 male employees and 127 female employees were trained compared to 2017 when we trained 262 male employees and 122 female employees. We believe that an equipped and empowered employee is the key to our achieving the objective we have set as a company. We will continue incorporating more training programs within our annual training plan as we continue seeking for a more empowered and well-equipped workforce for better service delivery and continuously performance improvement.

Environmental Initiatives

We have a responsibility to reduce our negative environmental impact. We therefore give high priority to the support of environmental programs, as we believe that a healthy environment underpins the prospects of all other activities.

As a company, our environmental responsibility starts from the design and conduct of our own processes and facilities including product shipment and storage, waste management, pollution preventions and safeguards, public education on fuel efficiency, staff training and outreach to their families as well as communities.

Performance

Energy Consumption

Within the reporting period, we have consumed 1879 MWhrs of electricity power in all our areas of operations including our depots, offices, service stations and manufacturing plant. As a company that puts environmental protection at the core of its activities, we have embraced the use of sustainable energy sources. Our commitment is that our energy consumption levels today should not compromise the ability of future generations to enjoy the same privileges as we do today.

In 2018, we therefore made the decision to use solar energy in all our service stations and achieved 16 Total solarized service stations in the period under review.

Our strategic focus is also to reduce the amount of non-renewable energy consumed by the company. We have therefore adopted the following control measures:

- The use of LED lighting systems at our plants.
- Use of talking walls i.e. employees being reminded to conserve energy via notices placed at strategic places at all our working stations.

We are planning to conduct an energy audit to determine the effectiveness of these programs and to set a baseline for our energy consumption performance indicators.

Emissions

The Environmental Management (Air quality) Regulations, 2014 guides the management on our emissions. In 2018, our operations which include fuel loading gantries at the depots, fuel offloading operations at service stations, LPG filling plant, generator and boiler emissions have produced 89.0 metric tons of volatile organic compounds and 89.0 metric tons of biogenic gases of carbon dioxide equivalent to the atmosphere. These measurements have been taken using the guidelines in the 2014 Regulations and our emissions are below the stipulated legal limit.

We have also put in place operational control measures, which we shall use to monitor key performance indicators of future emission levels for continuous performance improvement. These include installing high quality double coated underground equipment to reduce the risk of pollution, as well as designing of our facilities and processes in line with set environmental regulations and policies.

Our Commitment

An urgent need for Kenya today is to plant more than 100 million trees per year in perpetuity. As a company, we have taken up this challenge through our Total Eco Challenge program. Our motto in Kiswahili is “**Miti ni Mali, Miti Tosha**” which translates to “Trees are a source of wealth, Trees suffice”. Our staff members have therefore been participating, in partnership with other stakeholders, in the annual Total eco-challenge programs where we have planted trees in various areas in Kenya that have severe environmental degradation.

We also sponsor the Rhino Ark Kenya Charitable Trust through their annual event dubbed ‘The Rhino Charge’. This is an initiative that seeks to conserve and protect Kenya’s mountain range ecosystems i.e. Kenya’s eco towers.

Total Kenya’s economic sustainability starts with helping other businesses become more sustainable. We do this through our products and services. In addition, we create direct economic value by compensating our employees well, paying taxes and regulatory fees, paying out dividends to our shareholders and contributing to our communities through various social responsibility initiatives.

Approach

The economic sustainability of Total Kenya is inextricably linked to the sustainability of the Kenyan economy. Our products and services play such a key role in the country’s economic development. The reality of our interconnectedness drives our management approach to economic sustainability - when the country’s economy thrives, we thrive. Therefore, our objective is to deliver value to our customers, shareholders, and stakeholders in a responsible manner. We aim to report on our actions and results transparently, so that customers and other stakeholders can compare Total Kenya to other companies. This Report and its application of the standards of the Global Reporting Initiative (GRI) is just one example of that transparency. We also continue to enhance our investor relations program for shareholders and publish comprehensive annual financial reports.

6. ECONOMIC IMPACT

At the same time, we will continually strive to increase the energy and emissions efficiency of our operations, so we can leverage that efficiency into the value chains of our customers. We understand how an inefficient value chain can limit our customers’ growth and profitability while adding to the carbon footprint. We continue to manage our operations in such a way as to strategically address these two issues.

We plan to use our purchasing power to create sustainable opportunities for others by choosing, as much as possible, to source from businesses that offer more sustainable options for the goods and services we need. This includes directing more of our procurement spending to small and diverse businesses. We recognize how small businesses improve the lives of people all over the country. Among other factors, small businesses are also a powerful opportunity for women to increase their economic and financial literacy and with it, the well being of their families and their communities.

Performance

As a leading player in our industry, we offer innovative products and services across our value-chain. We served more than 6,000 accounts customers in 2018. Our financial goals and performance are documented extensively online and in our 2018 Annual Report and Financial Statements.

Total Kenya Plc pension obligations are discussed in detail in our Annual Report, primarily in Notes 28 to the Consolidated Financial Statements beginning on page 104 of the Annual Report. In 2018, we made contributions totaling KShs. 143M to pension and social security plans. We met the funding contribution requirements for all of the defined benefit plans that we maintain.

Total Kenya Plc does not receive financial assistance from Government or any Non-Governmental Organisations.

Direct Economic Benefits

Compensation

Good jobs and compensation packages make employed workers a positive economic force. Our workforce of 418 people includes full-time and part-time employees. In 2018, our expense for full-time and part-time employees was KShs. 1.5B in wages and benefits. While our compensation and benefit programs vary based upon the competitive market, our broad performance goal is to compensate our workers well so that they will view Total Kenya as an employer of choice. Our investment in Total Kenya employees generally includes competitive wages and salaries, training, health care and incentive programs.

Note that Total Kenya Plc pays the same standard salaries to both genders depending on their pay grades. We take this in line with our business and compensation policies.

Dividends

In 2018, Total Kenya Plc distributed KShs.818M in dividends to its shareholders.

Taxes

The taxes and fees that Total Kenya Plc pays to county and national governments around the country help fund schools, community infrastructure, and services. In 2018, Total Kenya paid KShs. 30B in taxes.



Contribution to our local communities

As a company, we believe that the communities in the areas where we operate expect us to be a responsible corporate leader. We have therefore strived to positively influence them through a number of key initiatives: -

Total Kenya Young Dealers program

The Young Dealers program promotes pump and/or shop attendants who have been employed in one of our service stations for at least two years. Total Kenya Plc then provides the necessary support to the young dealers, who shares Total’s values, to empower, equip and train them with the necessary skills required to build up their working capital and financial independence. As at 2018 there were 95 Young Dealers in the Total Kenya Plc network as a result of this program.

Road safety

We have partnered with Safe Way Right Way (SWRW), a non-profit organization that aims to reduce the number of road traffic casualties along the Northern Corridor. We also train our drivers and have invested in technology to monitor and manage road safety behavior. We are also members of the National Road Safety Trust, a partnership between cross-section of Kenyan companies and the media that aims to promote road safety awareness.

Health

We have had a comprehensive HIV/AIDS in work place program since 2003. Our "Be Alive" program provides peer educators and Voluntary Counseling and Testing (VCT) throughout the company, with outreach to staff families and the wider community. This program also promotes staff wellness through regular health tips and clinics. The yearly wellness week in October is recognized by all staff who under-go various medical check-ups organized by the Company.

Access to alternative lighting solutions

We offer solar lanterns in our business portfolio through the "Beba Stima Bila Bills" which translates to "Carry light without bills" campaign. The Total Solar lamps provide lighting and income generating activities for low-income communities who do not have

reliable electricity supply and rely on kerosene lamps for lighting. We re-sell the lamps through our extensive service station network and reseller outlets. Over 390,000 Solar lanterns sold as at end of 2018 impacting over 1.7 million people in Kenya.

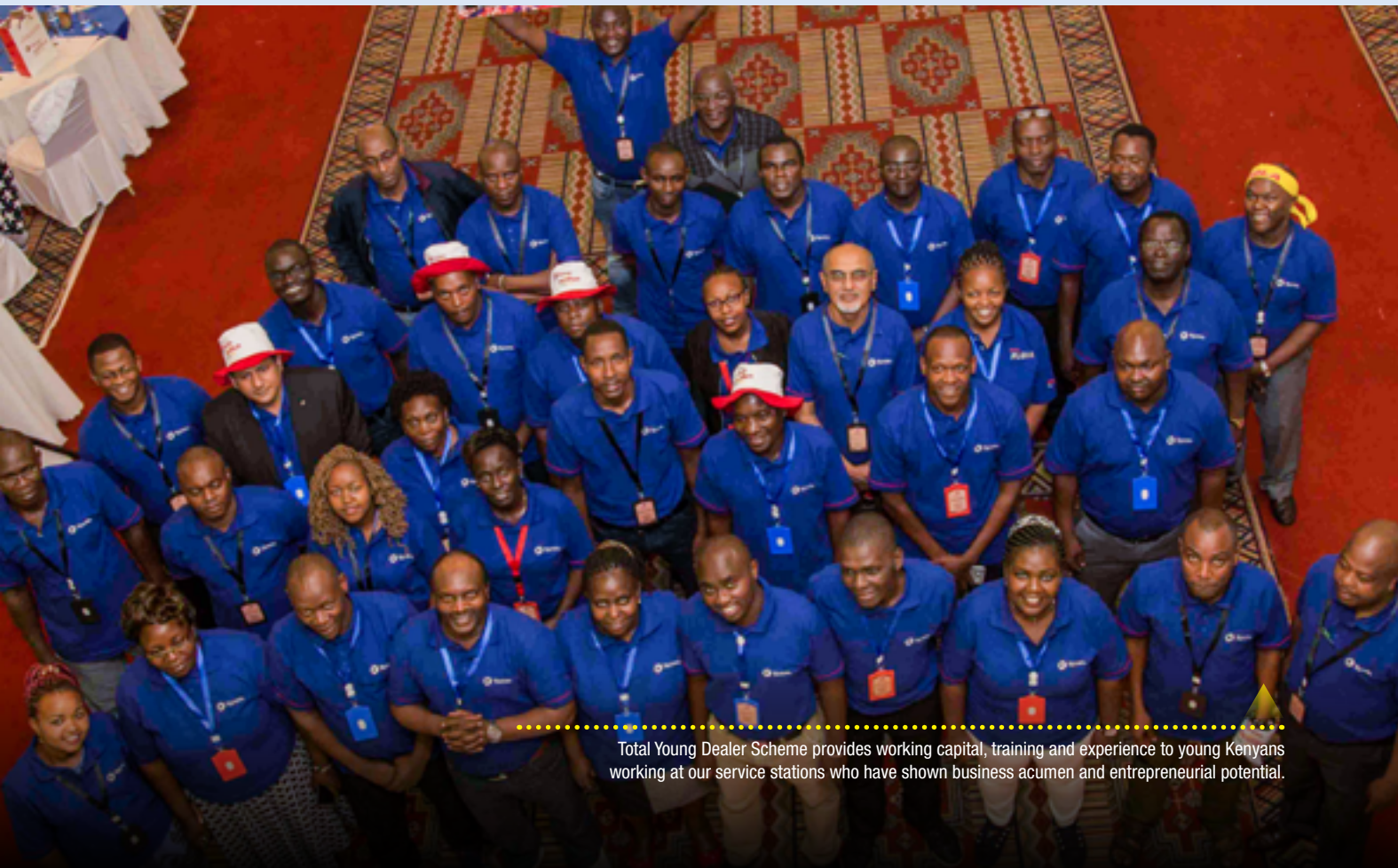
Education and mentorship

Every year, we admit ambitious young people from universities all over Kenya into our Young Graduate Program.

We set up this program to stretch and inspire ambitious, commercially savvy graduates, opening up a world of future opportunities. We introduce them to global networks so that they can experience different cultures and build valuable contacts. Depending on the opportunities available, graduates may be able to spend part of the program living and working in another country. We are passionate about building thriving communities. As part of the program, graduates also have the opportunity to take part in projects in society that make a far-reaching difference.

We also mentor various youth in different programs every year.

Total Kenya also partners with SOS Children's Villages to support the upkeep of orphans. Through this initiative, both Total Kenya employees and the company sponsor four houses in Nairobi, Kisumu and Mombasa.



Total Young Dealer Scheme provides working capital, training and experience to young Kenyans working at our service stations who have shown business acumen and entrepreneurial potential.

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MANAGEMENT

CHAIRMAN'S STATEMENT

“

The Board is confident and fully supports the action plans set by management to grow the business while mitigating risks. The Company is well positioned to take advantage of identified profitable opportunities and will continue to perform safely in line with the growth strategy.

”

Mr Jean-Philippe Torres
CHAIRMAN OF
THE BOARD



CHAIRMAN'S STATEMENT

As the new Chairman of Total Kenya Plc, it is with great pleasure to welcome you to the 65th Annual General Meeting (AGM), and to present to you the Annual Report and Financial Statements for the year ended 31 December 2018.

In the context of ongoing changes within the organisation, I am delighted to introduce to you, dear shareholders, the new Managing Director, Mr. Olagoke Aluko, who replaced Ms. Anne-Solange Renouard on 1st October 2018. In addition, Ms. Severine Julien replaced Mr. Jerome Burban as non-executive Director.

Distinguished shareholders, this gathering provides you with an opportunity to review the activities and the performance of your Company. Furthermore, it provides a platform to build the future with your unwavering support.

Distinguished shareholders, I wish to reiterate that all our activities are guided by the Company's core values; **Safety, Respect for each other, Pioneer spirit, Stand together and Performance minded.**

Economic Environment and Outlook

After a challenging 2017, the country experienced an improved macro-economic environment. The Gross Domestic Product (GDP) is estimated to have grown by 6.3% in 2018 compared to 4.9% in 2017. Political stability, improved business confidence and strong private consumption and good weather contributed to this economic growth. It is also worth noting that Kenya's ranking in the Ease of Doing Business as published by the World Bank improved to 61 in 2018 from 80 in 2017.

Inflation eased to 4.7% in 2018 from 8% in 2017. This was due to favourable weather conditions and prudent macro-economic policies. The Kenya Shilling appreciated against the US Dollar mainly resulting from a disciplined monetary policy by the Central Bank of Kenya as well as increased foreign currency remittances by the diaspora.

The fight against corruption has been intensified and the efforts undertaken by the authorities are commendable. It is key to maintain this momentum to continue attracting Foreign Direct Investment.

The government continued to invest massively in infrastructural projects with the second phase of the Standard Gauge Railway (SGR), power generation and roads constructions to generate economic growth. The Government's focus on the 4 pillars of the economy (Manufacturing, Food Security, Universal Healthcare and Affordable Housing) as well as a conducive environment in the tourism sector will spur the economic growth in 2019.

Petroleum Environment

As part of the continued effort to curb adulteration of petroleum products and ensure quality products to fellow Kenyans, the Government introduced an anti-adulteration levy on Kerosene through the price structure. In addition, an 8% Value Added Tax (VAT) on petroleum products (Petrol, Diesel and Kerosene) became effective in September 2018. This introduction of VAT and anti-adulteration levy increased the Working Capital of the industry and a decrease in product consumption in the fourth quarter 2018.

The new Energy Act and Petroleum Act assented on 13th March 2019 are expected to play key roles in improving the business environment and realization of energy plans as envisioned in the Energy policies.

As an industry we are happy to note that these Acts provide for development and publishing of a National Petroleum Policy and Plan which lays the foundation for the development of the Oil sector. In addition, the Acts seek to improve the business environment by providing for enhanced regulations, consideration for the environment as well as local content development and capacity building.

They substantively provide for development of numerous regulations for downstream petroleum. This includes determining of maximum wholesale and retail prices, tariffs for common user facilities, OTS operations, Licensing and standards guidelines, minimum operation and strategic stocks, provision of national oil spill plan, business dealings in lubricants and handling of petroleum products in aviation just to mention a few.

Kenya Pipeline Corporation (KPC) continued with the implementation of its strategic plan for the period 2016 - 2025 dubbed 'KPC Vision 2025'. Notable achievements include the completion and commissioning of the new 20" pipeline and the increased storage capacity in Nairobi. KPC continued with the rehabilitation of storage and pipeline capacities at Kipevu Oil Storage Facility (KOSF) and at Kenya Petroleum Refinery Limited (KPRL) for both fuels and LPG. Realization of this strategic plan will significantly improve product supply in the country as well as reduce demurrage costs.

The LPG Technical Committee chaired by the Energy and Petroleum Regulatory Authority (EPRA) reviewed the legal framework of the LPG business by revising Legal Notice No 121 to address key issues relating to LPG safety, accessibility and exchange. This new legal notice is expected to reduce illegal LPG business and promote the usage of the product. As highlighted in the report of our external auditor EY as a Key Audit Matter, recovery of the fuel inventories at KPRL was still pending at year end 2018. Discussions are ongoing between the Industry and the Ministry of Petroleum and Mining and EPRA, to agree on the recovery modalities.

It is with great pleasure to announce that the discussions on the review of the industry margins have reached an advanced stage and we look forward to a positive outcome soon. We would like to appreciate and recognise the key contributions of the Petroleum Institute of East Africa (PIEA) and the EPRA on this important matter.

TAARIFA YA MWENYEKITI

Nikiwa mwenyekiti mpya wa kampuni ya Total Kenya Plc, ni furaha mno kuwakaribisha nyote kwa awamu ya 65 ya mkutano mkuu wa kampuni yetu, na pia kuwasilisha kwenu ripoti ya kila mwaka na taarifa ya kifedha ya kampuni yetu kwa kipindi kilichomalizika tarehe 31 mwezi Disemba mwaka 2018.

Na kwa kuzingatia mabadiliko yanayoendelea katika kampuni, nina furaha kumjulisha kwenu mkurugenzi mkuu mpya Bw. Olagoke Aluko, ambaye alichukua mahali pa Bi. Anne-Solange Renouard mnamo tarehe 1 mwezi Oktoba mwaka 2018 na pia Bi. Severine Julien aliyechukua mahali pa Bw. Jerome Burban katika wadhifa wa mkurugenzi asiye kuwa na mamlaka.

Wapendwa wenye hisa, mkutano huu unawapatia fursa ya kipekee kuchunguza shughuli na utendaji wa kampuni yenu, na kwa pamoja kuweka msingi thabiti kwa ukuaji wa kampuni katika siku za usoni.

Wapendwa wenye hisa, pia ningependa kusesitiza kwamba shughuli zetu zote hutekelezwa kuambatana na amali kuu za kampuni ambazo ni Usalama, Kuheshimiana, Ubunifu, Ushirikiano na Utendaji wa kazi bora.

Mazingira ya kiuchumi na matarajio

Baada ya changamoto za mwaka 2017, nchi hii ilishuhudia mazingira yalioimarika kiuchumi na ndio sababu uchumi wa taifa hili unakisiwa ulikua kwa asilimia 6.3 mnamo mwaka 2018, ikilinganishwa na asilimia 4.9 katika mwaka 2017. Ukuaji huo umechangiwa na hali nzuri ya hewa, utulivu wa kisiasa, pamoja na kuimarika kwa mazingira ya biashara. Pia, ni muhimu kukumbuka kwamba kulingana na ripoti ya utafiti wa Benki ya Dunia, nchi ya Kenya ilipanda kutoka nafasi ya 80 kutoka mwaka 2017 hadi nafasi ya 61 katika mwaka 2018 kwenye orodha ya nchi zenye mazingira bora na rahisi ya kufanya biashara.

Gharama ya maisha pia ilipunguka hadi asilimia 4.7 katika kipindi cha mwaka 2018 kutoka asilimia 8.0 mnamo mwaka 2017. Hii ilitokana na hali nzuri ya hewa na sera nzuri za kiuchumi. Thamani ya shilingi ya nchi yetu tukufu pia iliimarika dhidi ya dola ya Marekani, hii ikiwa ni kutokana na sera nzuri za usimamizi wa maswala ya fedha zilizotekelezwa na Benki kuu ya Kenya pamoja na ongezeko la pesa za kigeni zilizoletwa hapa nchini na Wakenya wanaoishi ng'ambo.

Vita dhidi ya ufisadi pia vimeimarishwa, na inatia moyo kuona juhudi za idara zinazo husika zikimakinika. Hata hivyo, vita hivyo vyapasa kudumishwa ili kuvutia uwekezaji hasa kutoka nchi za kigeni.

Serikali katika kipindi hicho iliendelea kuwekeza kiasi kikubwa cha pesa kwa miradi ya muundo msingi, kama vile awamu ya pili ya reli ya kisasa almaarufu SGR, miradi ya kuzalisha nguvu za umeme na ujenzi wa barabara, kama baadhi tu ya vichocheo vya ukuzi wa uchumi. Uamuzi wa serikali wa kuangazia ajenda nne kuu za ki-maendeleo, ambazo ni Ukuaji wa viwanda, Utoshelezo wa chakula, Afya kwa wote na Makazi bora. Huu mfumo unatarajiwa kutoa msukumo mkubwa kwa ukuzi wa uchumi katika kipindi cha mwaka wa 2019, na kuendelea.

Mazingira ya sekta ya petroli

Kama sehemu ya juhudi za kukabiliana na uchafuzi wa bidhaa za petroli na kuhakikisha kuwa Wakenya wanapata bidhaa bora na salama za petroli, serikali ilianzisha ada ya uchafuzi wa mafuta taa. Zaidi ya hiyo, ushuru ziada wa thamani ya asilimia 8 dhidi ya bidhaa za petroli pia ulianza kutekelezwa mwezi Septemba mwaka 2018. Ushuru huo wa VAT na ada ya uchafuzi wa mafuta taa zimeathiri kiwango cha mtaji utendaji katika sekta ya Petroli, na kupunguza matumizi ya mafuta.

Sheria mpya kuhusu kawi na Petroli zilizotiwa sahihi tarehe 13 mwezi Machi mwaka 2019, pia zinatarajiwa kutekeleza wajibu muhimu katika kuboresha mazingira ya biashara na kuafikiwa kwa mipango ya utosheleshaji wa mahitaji ya kawi hapa nchini, kuambatana na sera kuhusu kawi.

Kama sekta, tutazitambua na kufurahia sheria hizi zinazotoa mwelekeo kwa maendeleo na uchapishaji wa sera za kitaifa kuhusu sekta ya petroli ambayo inaweka msingi wa ustawi wa sekta ya mafuta. Kando na hayo, sheria hizi zinalenga kuboresha mazingira ya kufanya biashara kwa kuimarisha udhibiti kwa kutilia maanani mazingira na vile vile kuimarisha ukuaji wa sekta hii na ushirikiano mwema wa hapa nchini.

Pia, sheria hizi zinatoa mwelekeo kuhusu mbinu tofauti za udhibiti wa usambazaji wa bidhaa za mafuta hapa nchini. Pia zitasaidia kwa maamuzi na kuweka viwango vya juu vya bei za jumla na za rejareja, mfumo sawia wa ushuru kwa watumiaji, shughuli za OTS, mwongozo wa bei na utoaji wa leseni, kiwango cha mapato ya mafuta kwa wana biashara, mpango wa kitaifa wa usambazaji mafuta, biashara ya mafuta laini (Lubricants), na ushughulikiaji wa bidhaa za petroli katika sekta ya uchukuzi wa ndani kati ya mambo mengineo.

Kampuni ya Kenya Pipeline Corporation (KPC) iliendelea na utekelezaji wa mikakati yake kwa kipindi cha mwaka 2016-2025, umaharufu "Maono ya KPC 2025". Baadhi ya mafanikio yaliopatikana chini ya mikakati hiyo ni pamoja na kukamilishwa na kuzinduliwa kwa bomba la kusafirisha mafuta la upana wa inchi 20, na kupanuliwa kwa kituo cha kuhifadhi mafuta cha Nairobi. Kampuni ya KPC pia iliendelea na ukarabati wa kituo cha kuhifadhi mafuta cha Kipevu (Kipevu Oil Storage Facility - KOSF) na kiwanda cha kusafisha mafuta na gesi ya kupika cha Kenya (Kenya Petroleum Refinery Limited - KPRL). Utekelezaji wa mikakati hii bila shaka itaimarisha pakubwa usambazaji wa mafuta, na hivyo kupunguza gharama ya uhifadhi na uchukuzi.

Kamati ya ushauri kuhusu gesi ya kupika (LPG Technical Committee) chini ya uongozi wa halmashauri ya kudhibiti sekta ya kawi, Energy and Petroleum Regulatory Authority (EPRA) ilifanyia marekebisho mfumo wa sheria kuhusu biashara ya gesi ya kupika, kwa kubadilisha arifa ya kisheria namba 121 kushughulikia maswala msingi kuhusu usalama, upatikanaji na ubadilishaji wa mitungi ya gesi. Arifa hiyo mpya ya kisheria inatarajiwa kupunguza biashara haramu ya gesi hapa nchini, na kuhimiza matumizi ya salama.

Kama ilivyoangaziwa kwenye ripoti ya mkaguzi kutoka nje, kufikia mwisho wa mwaka wa 2018 bado kuna swala ambalo halijatatuliwa kuhusu mafuta yaliyosalia kwenye kampuni ya usafishaji mafuta

CHAIRMAN'S STATEMENT

Performance

A very competitive environment and high volatility in oil prices in 2018 negatively impacted the regulated business line and the overall performance of the Company. In order to mitigate the impact of volatility of petroleum prices, the Company has implemented a price risk management model which enables us to closely monitor the market and to adapt pricing offers. While Management continues to implement the strategic plan to grow the business in profitable segments, a special focus has been put on an effective working capital management.

During the year under review, gross profit slightly increased to KShs. 8.4 billion driven by increased sales in Retail and B2B channels. Operating expenses were closely managed in line with inflation. Net finance result remained positive at KShs. 130 million (2017: KShs 274 million) as a result of effective cash management. The foreign exchange loss decreased significantly in the year to KShs 1.3 million (2017: KShs 77.5 million) thanks to the stability of the Kenya shilling against the US Dollar and management of transactions in foreign currencies. The Company recorded Profit of KShs 2.3 billion (KShs 2.7 billion in 2017). The decrease in profit in 2018 was mainly attributed to lesser revenue generated from non-trading activities.

Investments

As communicated during the AGM of 2018, we continue to make significant investments in long-term assets in line with our strategic plan. Indeed, I am pleased to announce that the Company invested KShs 2.0 billion during the year to strengthen in our core activities in order to harness business opportunities for sustained future growth. We are also investing in previously remote locations to get closer to our customers. Key investments during the year include the construction of new service stations integrated with service offers, revamping of existing stations, expansion and modernization of our Lubricants warehouses and Blending Plant to meet local and regional customer demands.

In line with Total's commitment to road safety, we partnered with Essilor (a global leader in eye care and eye wear products) to address the challenge of poor eyesight with a special focus on truck drivers. As part of a pilot, Total Kenya created space in three Bonjour shops in Nairobi to offer free vision checks and affordable quality eyewear at Mombasa Road, Survey and Mountain View Service Stations.

Sustainability and Corporate Social Responsibility

It is with great pleasure that I present Total Kenya's Sustainability Report 2018, included in this annual report. This is the company's first sustainability report and is a transparent and voluntary disclosure of the company's economic, social and environmental performance. It encapsulates Total Kenya's commitment and

pro-active action in contributing meaningfully to the country's sustainable and inclusive development. Total Kenya's sustainability initiatives also support the global community's efforts in building a secure future for the generations to come.

Through our new sustainability strategy, we aim to make our contribution to society more meaningful, scalable and sustainable. The focus of our sustainability reporting is on outcomes that enhance the business context and simultaneously add value to the social dimension.

Notwithstanding, Total Kenya has been and remains a responsible corporate citizen whose operations over the past 64 years have been geared towards the benefit of the country and its people. Our activities are undertaken within the communities, hence our understanding of their needs and aspirations to continue to be the Responsible Energy Major.

Over the years we have supported initiatives in the key pillars of road safety, environment, education, health and entrepreneurship among others.

We work with the relevant government agencies and our partners in Safe Way Right Way, an organization for championing road safety advocacy, among the key stakeholders that include motorists, motorcyclists, pedestrians and the general public. Through Safe Way Right Way, we concluded 2018 with the identification and mapping of 199 Black Spots along the Northern Corridor and 73 in Nairobi roads.

The Second Edition of the Startupper of the Year Challenge, an entrepreneurship initiative launched at corporate level to identify and motivate our young and talented entrepreneurs with innovative ideas for business development, received massive support in Kenya. This initiative was conducted in 55 countries worldwide. In Kenya, we received 807 applications of which ten finalists were selected in early 2019. These are being coached and mentored with the aim of ensuring that their nascent businesses grow and create employment opportunities. The top three winners are supported by Total Kenya.

We are equally proud of our other entrepreneurship programme dubbed "Young Dealer Scheme" that develops the careers of young service station employees to become independent dealers. This was further expanded in 2018. This endeavour has resulted in creating successful business people in our industry who will continue to receive our support as a way of investing in the skills of the local community.

We remain committed to environmental protection through the Eco Challenge programme, through which we involve more and more partners to promote tree planting. Further, Total Kenya has been consistently championing conservation efforts and remains a key sponsor of the annual Rhino Charge; an initiative that raises funds for the conservation of some of the most important water towers in the country.

TAARIFA YA MWENYEKITI

(KPRL). Hata hivyo majadiliano yanaendelea kati ya kampuni za mafuta, wizara ya mafuta na madini na tume ya kudhibiti petroli na kawi (EPRA), ambayo awali ilifahamika kama tume ya kudhibiti kawi (ERC), kuhusu malipo ya mafuta yaliyosalia.

Nina furaha kutangaza kwamba majadiliano kuhusu viwango vya faida kupitia mfumo wa bei katika sekta hii yamepiga hatua kubwa na tunatarajia matokeo mazuri. Pia, tunatambua mchango wa taasisi ya mafuta ya Afrika mashariki (PIEA) na tume ya EPRA kuhusu swala hili muhimu. Kwa hivyo tuna hakika kwamba kutokana na ushirikiano mwema kati ya sekta hii na mamlaka nyingine husika, ufanisi mkubwa utaafikiwa na kisha kuvutia uwekezaji zaidi katika sekta hii.

Matokeo

Mazingira ya ushindani wa bei za mafuta katika kipindi cha mwaka 2018 uliathiri matokeo ya kampuni kibiashara kwa ujumla. Na ili kudhibiti athari za kutobashirika kwa bei ya mafuta, kampuni inatekeleza mfumo wa kukabiliana na athari za biashara unaoiwezesha kufwatilia kwa karibu yanayoajiri kwenye soko na kanuni za kubaini bei. Huku wasimamizi wakiendelea kutekeleza mikakati ya kukuza biashara, wanaangazia zaidi udhibiti wa mtaji wa kuendeleza shughuli za kampuni.

Wakati wa kipindi kinachoangaziwa, faida jumla ya kampuni iliongezeka hadi shilingi bilioni 8.4 kutokana na ongezeko la mauzo ya rejareja na mfumo wa biashara wa B2B. Gharama ya matumizi ilithibitiwa kwa kuzingatia gharama ya maisha. Matokeo halisi ya kifedha yalisalia KShs milioni 130 (2017: KShs milioni 274) kutokana na usimamizi bora wa pesa. Hasara kutokana na viwango vya ubadilishanaji pesa pia ilipungua kwa kiwango kikubwa hadi shilingi milioni 1.3 (2017: KShs milioni 77.5) kutokana na uthabiti wa shilingi ya Kenya dhidi ya Dola, na usimamizi bora katika shughuli za biashara zinazohusu pesa za kigeni. Kampuni ilipata faida baada ya kulipa ushuru ya shilingi bilioni 2.3 (KShs bilioni 2.7 katika mwaka wa 2017). Kupungua wa faida ya mwaka 2018 ilikuwa hasa kutokana na shughuli zisizo za kibiashara.

Uwekezaji

Kama mlivyo fahamishwa kwenye mkutano mkuu wa mwaka uliopita, tunaendelea kuwekeza katika raslimali za kudumu, kuambatana na mikakati yetu ya biashara. Hakika nina furaha kutangaza kwamba kampuni ilitumia shilingi bilioni 2 katika kipindi kinachoangaziwa kuboresha shughuli zetu msingi na kupanua biashara ili kuendeleza ukuaji wake. Kadhalika, tunasambaza huduma zetu katika maeneo ya mashinani ili kupeleka huduma karibu na wateja wetu. Maekezo muhimu katika kipindi hicho ni pamoja na ufunguzi wa vituo vipya, kurekebisha na kuboresha vile vilivyoko, kupanua na kuimarisha mabohari ya kuhifadhi mafuta laini yaani Lubricants na kuimarisha utendakazi wa kiwanda cha kuchanganya mafuta ili kukidhi mahitaji ya hapa nchini na pia kimataifa.

Na ili kudhihirisha kujitolea kwetu kuchangia usalama barabarani, tulishirikiana na shirika la Essilor (linafahamika kimataifa kwa huduma za macho na uuzaji wa miwani) kusaidia kukabiliana na changamoto zinazowakumba wale walio na matatizo ya macho haswa madereva wa lori. Kama sehemu ya mpango wa majaribio, kampuni ya Total Kenya ilitenga nafasi katika maduka yake matatu ya Bonjour jijini Nairobi kutoa huduma ya uchunguzi wa macho bila malipo na miwani ya bei nafuu katika vituo hivyo vilivyoko barabara ya Mombasa, Survey na Mountain View.

Uendeleu na uwajibikaji wa uhusiano bora kwa jamii

Nina furaha kuu kuwasilisha ripoti ya uendeleu ya kampuni ya Total Kenya katika kipindi cha mwaka 2018, ambayo inapatikana katika ripoti hii. Hii ndiyo ripoti ya kwanza endelevu na inaweka bayana utendaji wa kampuni katika maswala ya kiuchumi, jamii na mazingira. Inaangazia kujitolea kwa kampuni ya Total Kenya kuchangia kikamilifu maendeleo endelevu yanayolenga kuwafaidi wote. Kampuni ya Total Kenya kadhalika, haijaachwa nje katika mipango ya kijamii inayodhamiria kuweka msingi wa uthabiti na usalama kwa vizazi vijavyo.

Kupitia mikakati wetu endelevu, pia tunalenga kuhakikisha kwamba michango yetu inafaidi jamii. Juhudi endelevu za kunakili wajibu wetu kwa jamii, sasa zitaangazia zaidi matokeo na manufaa ya michango yetu kwa jamii katika muktadha wa biashara.

Hata hivyo, kampuni ya Total Kenya imekuwa na itaendelea kuwa kampuni adilifu na inayowajibika, ambayo shughuli zake za zaidi ya miaka 64 zimekuwa zinalenga kuinufaisha sio tu nchi bali pia raia wake. Kwa vile shughuli zetu zinatekelezwa katika jamii, tunafahamu kikamilifu mahitaji na maazimio yao.

Kwa miaka mingi tumeunga mkono miradi mbali mbali, ikiwemo usalama barabarani, uhifadhi wa mazingira, elimu, afya na ujasiriamali miongoni mwa mambo mengine.

Tunafanya kazi kwa ushirikiano na mashirika mengine ya serikali na kupitia mpango Safe Way Right Way, ambao unaendeleza kampeni ya usalama barabarani, ukiwalenga wenye magari, wahudumu wa boda boda, watembeaji na wananchi kwa ujumla. Kupitia mpango huo, tulikamilisha mwaka 2018 kwa kutambua maeneo 199 hatari barabarani katika maeneo ya kaskazini na mengine 73 katika barabara za jiji la Nairobi.

Makala ya pili ya shindano la kila mwaka la Startupper (Startupper of the Year Challenge), ambalo linahimiza ujasiria mali lililoanzishwa na kampuni ili kuwatambua na kuhamasisha vijana walio na kipaji cha ubunifu katika maswala ya biashara hapa nchini, liliungwa mkono kwa njia kubwa hapa nchini. Shindano hilo liliandaliwa katika nchi 55 kutoka kote duniani. Hapa nchini, tulipokea maombi 807 ambapo watu 10 walichaguliwa kwa fainali mapema mwaka 2019. Wanaendelea kupokea mafunzo kwa lengo la kuhakikisha kuwa azma zao kibiashara zinakuzwa ili wabuni nafasi za ajira. Washindi wa kwanza watatu wataungwa mkono kifedha na kampuni ya Total Kenya.

Pia, tunajivunia mpango wetu mwingine wa ujasiriamali unaoitwa "Young Dealer Scheme", ambao unawasaidia wafanyabiashara chipukizi wa kuuza mafuta ili kuwawezesha kujitegemea, uliopanuliwa mwaka 2018. Mpango huo umesaidia katika kuwakuza wafanya biashara wa kutegemewa katika sekta hii, na ambao wataendelea kupokea usaidizi wetu, kama moja ya njia za kuwekeza katika ujuzi na ubunifu katika jamii.

Aidha, tumejitolea kwa uhifadhi wa mazingira kupitia mpango wa Eco Challenge ambapo tunahamasisha na kuhusisha washirika zaidi katika upanzi wa miti. Kampuni ya Total Kenya daima inashiriki katika kampeni za uhifadhi wa mazingira, na ndiyo sababu imeendelea kuwa mfadhili mkuu wa mashindano ya magari ya kila mwaka ya Rhino Charge, ambayo hutumika kuchangisha pesa za kusaidia kuhifadhi vyanzo muhimu vya maji hapa nchini.

CHAIRMAN'S STATEMENT

Impacting the society through Corporate Social Responsibility will continue to be an important and active element of Total Kenya's objectives.

Outlook for 2019

The Board is confident and fully supports the action plans set by management to grow the business while mitigating risks. The Company is well positioned to take advantage of identified profitable opportunities and will continue to perform safely in line with the growth strategy.

Dividends

The Board is pleased to recommend at this Annual General Meeting and request for your approval for the payment of a first and final dividend of KShs. 1.30 per share, for the year ended 31 December 2018. This level of dividend is being recommended despite a lower profit compared to 2017. Dividend will be payable to shareholders on the register of members at the close of business on 26 June 2019, subject to withholding tax, where applicable.

Acknowledgements

The stability of the economic environment in which we operated for the year under review was commendable and we thank the government for such steady stewardship.

I am indebted to our customers, dealers, transporters and other key stakeholders for their continued support for our mutual benefits.

On behalf of the Board, I also wish to thank the management and the staff for their commitment, dedication and significant contribution towards the performance in 2018. To you Shareholders, I thank you for the confidence you have demonstrated by choosing to invest in Total Kenya Plc.

Finally, I wish to thank our Board of Directors for their able support that has helped your Company to remain a major player in our economy.

Jean-Phillipe TORRES

Chairman

TAARIFA YA MWENYEKITI

Kwa ujumla, kusaidia kuboresha maisha ya jamii kupitia mpango wetu wa kuajibikia jamii utaendelea kuwa moja ya malengo msingi ya kampuni ya Total Kenya.

Matarajio katika mwaka 2019

Bodi ya kampuni hii ina imani na inaunga mkono kwa dhati mipango iliyoratibiwa na wasimamizi, kwa lengo la kukuza biashara na wakati huo huo kupunguza biashara. Kampuni imejiandaa kujiendeleza sambamba na mikakati yake wa ukuaji kwa kuchukua fursa iliyomo ya kibiashara.

Mgao wa faida

Bodi ina furaha kupendekeza katika mkutano mkuu, huu mwaka, idhini yenu kwa malipo ya mgao wa kwanza na wa mwisho wa shilingi 1 na senti 30 kwa kila hisa kwa kipindi cha mwaka uliomalizika tarehe 31 mwezi Disemba mwaka 2018. Mgao huu wa faida unapendekezwa licha ya faida kupungua ikilinganishwa na mwaka 2017. Mgao huo wa faida utalipwa kwa wenye hisa waliokuwa kwenye sajili ya wenye hisa kufikia tarehe 26 mwezi Juni mwaka 2019, baada ya kutozwa ushuru wa mapato.

Shukrani

Tunashukuru serikali kwa uongozi bora uliohakikisha kuwepo kwa mazingira thabiti ya kiuchumi katika kipindi kinachoangaziwa. Kadhalika, siwezi kuwasahau wateja wetu, wauzaji bidhaa zetu, wachukuzi na wadau wengine muhimu kwa usaidizi wao kwa kampuni hii.

Kwa niaba ya bodi, pia nawashukuru wasimamizi na wafanyakazi wetu kwa bidii na mchango wao mkubwa ambao umeiwezesha kampuni hii kunakili ukuaji katika kipindi cha mwaka 2018. Na kwa wenye hisa, kwa uaminifu ambao mumeonyesha kwa kuchagua kuwekeza katika kampuni ya Total Kenya Plc.

Mwisho kabisa, nashukuru bodi ya wakurugenzi kwa juhudi zao ambazo zimewezesha kampuni yetu kuendelea kuchangia pakubwa katika uchumi wa taifa hili.

Jean-Phillipe TORRES

Mwenyekiti



Workers setting Sun Power solar panels on one of Total service station's canopy.

MANAGEMENT REPORT

Operational Performance

The Company continues to invest heavily to tap growth in the local and regional markets. During the year, the Company embarked on the modernization of the Lubricants Blending Plant in Mombasa with the aim of doubling blending capacity. In addition, the Company is investing in additional warehousing facilities to avail products to our customers in a timely manner.

Retail business which includes the distribution of petroleum products through service stations located across the country is key to the performance of the Company and defines our Brand. The Company opened new service stations and revamped existing ones to enhance service delivery and safety.

The Company continued to diversify on the services which include Convenient stores "Bonjour shops", partnership with third parties, Restaurants, Auto Clean for Car wash and Auto express service for pit-stop to meet customer needs. During the year, the Company opened 3 Mugg and Bean at Hurlingham, Ngong Road and State House Road service stations.

The Company is focused in providing innovative solutions to enhance customer experience on our service stations. In 2018, the Company launched a one stop payment solution at the retail sites which integrates a wide range of digital services. Total Card solution has continued to grow due to its adapted offerings and reliability. During the year, the Company implemented a real time mobile top-up solution which improved the time for recharge of the Card, thus improving convenience to our customers.

Retail Key figures	2018	2017	% CHANGE
Number of service stations	197	191	3%
Volumes Sold in KMT	505	483	5%

The Company also offers a range of fuel products and services to the industrial consumer segment which includes manufacturing, service industry, agriculture, energy, building and construction and transport.

We remain the market leader in the supply of Liquefied Petroleum Gas (LPG) under Total Gaz brand in the country. The Company ensures safety of the gas supplied to customers by investing heavily in the LPG installations and anti-counterfeit campaigns.

Highlights of Financial Performance

Net sales: The decrease in Net sales was majorly due to decreased sales in Bulk and Aviation segments which are very competitive with low margins and had minimal impact on the profitability of the Company.

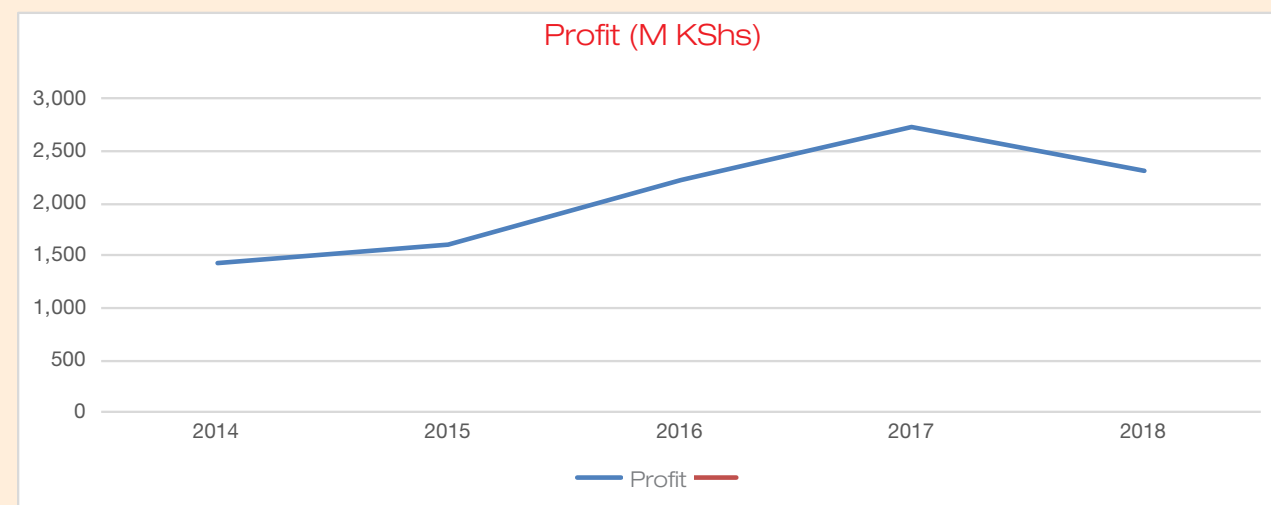
Gross Profit: The Company recorded an increase in gross margins to KShs 8.35 billion (2017: KShs 8.25 billion) driven by increased sales in Retail and Consumer segments.

Operating expenses: The operating expenses were controlled within inflation through effective cost management. Depreciation of property, plant and equipment increased by KShs 149 million emanating mainly from investments in the Network and Depots.

Finance income: The Company continued 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.

Foreign Exchange Loss: The foreign exchange loss decreased significantly in the year and amounted to KShs 1.3 million (2017: KShs 77.5 million) thanks to the stability of the Kenya Shilling against the US Dollar and proactive management of transactions in foreign currency.

Investments amounted to KShs 2.0 billion (2017: KShs 2.3 billion) in line with the business strategy to enhance safety standards in our operations and continue to develop profitable business lines.



MANAGEMENT REPORT

Risks and Challenges

The Company faces several risks and challenges in the operating environment and has implemented adequate measures to mitigate them. The main ones include:

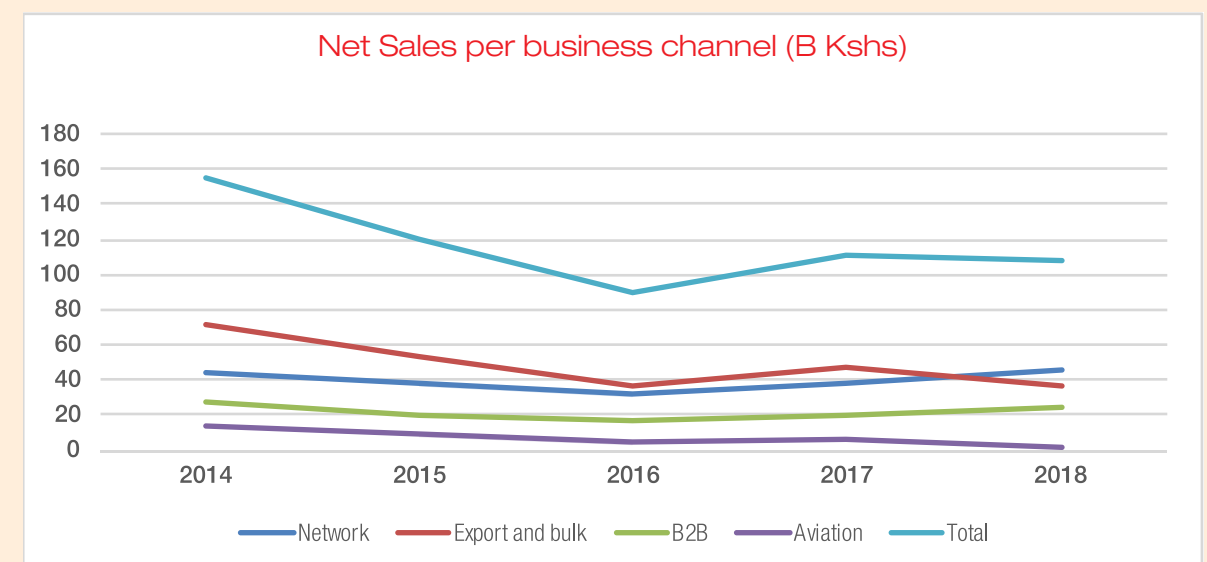
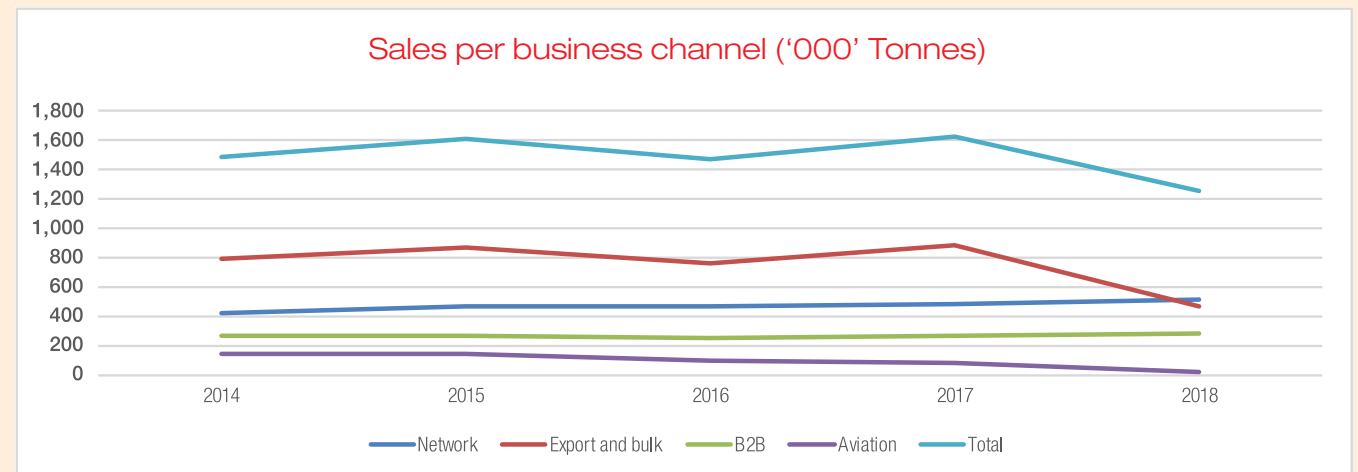
Safety: This is a core value for the Company and as such implements various preventive and detective measures to avoid major accidents. We continue to train and sensitise our staff, contractors and transporters to enforce the safety culture and promote reporting of near misses. We do not compromise on safety.

Ethics and Compliance is another key area where the Company invests heavily in sensitization of staff and stakeholders. The Company has implemented a zero-tolerance policy towards fraud and corruption.

Price risk: The Company implemented a price risk management model which enables to closely monitor the market and to adapt pricing offers to our customers. Furthermore, the Company minimizes the price lag effect through effective supply planning.

Supply Constraints: Through optimization on the usage of our assets and engagements with our partners to ensure consistent flow of products.

Regulated market: The price is controlled, and the margins have remained at the same level since 2011 despite inflation impact on the cost of service and supply. The Government of Kenya launched a study in 2017 to review the retail price structure whose outcome is still being awaited by the industry.



MANAGEMENT REPORT

Human Capital

The Company is an equal opportunity employer and has a diverse and skilled workforce. We have invested heavily in employee training, development and welfare.

The career management system, through mobility, lies at the heart of the human resource management policy of Total. The size and diversity of the organization and the trend towards longer careers in a changing environment mean that staff, especially managerial staff, must be mobile.

The career management policy is structured around the following key points:

- Removal of barriers between jobs and sectors of activity.
- Staff diversity: policy of internationalisation, feminisation, and diversification of profiles.
- Implementation of a consistent integrated recruitment policy.
- Consistency in compensation and training policies.
- Making careers more attractive by outlining job-specific career paths.
- Identification and management of staff with potential, to be able to prepare the taking over of key positions
- Identification and management of experts.

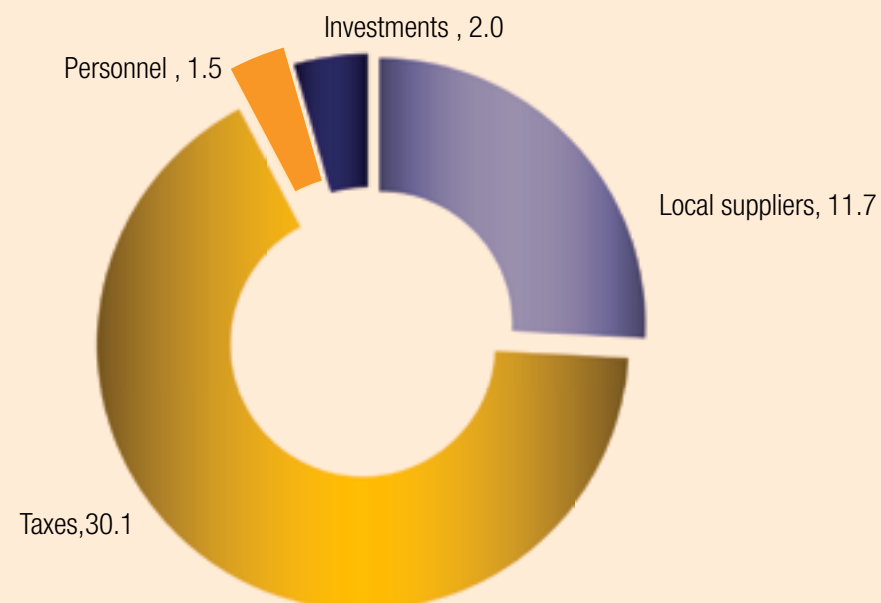
Communication to our employees plays a vital role in promoting a conducive environment. We achieve this through staff forums, seminars, surveys, staff bulletins, intranet and newsletters.

On an annual basis, each employee undergoes an individual performance review which provides feedback on performance, career plan and skills development.

Contribution to the Kenyan economy

Total Kenya remains one of the biggest contributors to the Kenyan economy via payment of direct and indirect taxes of over KShs 30.1 billion in 2018. In addition, KShs 13.7 billion was paid to local suppliers for investments and for goods and services. Total pay-out to employees amounted to KShs 1.5 billion during the year.

Contribution to the Kenyan economy 2018 (B KShs)



MANAGEMENT REPORT

Future Outlook

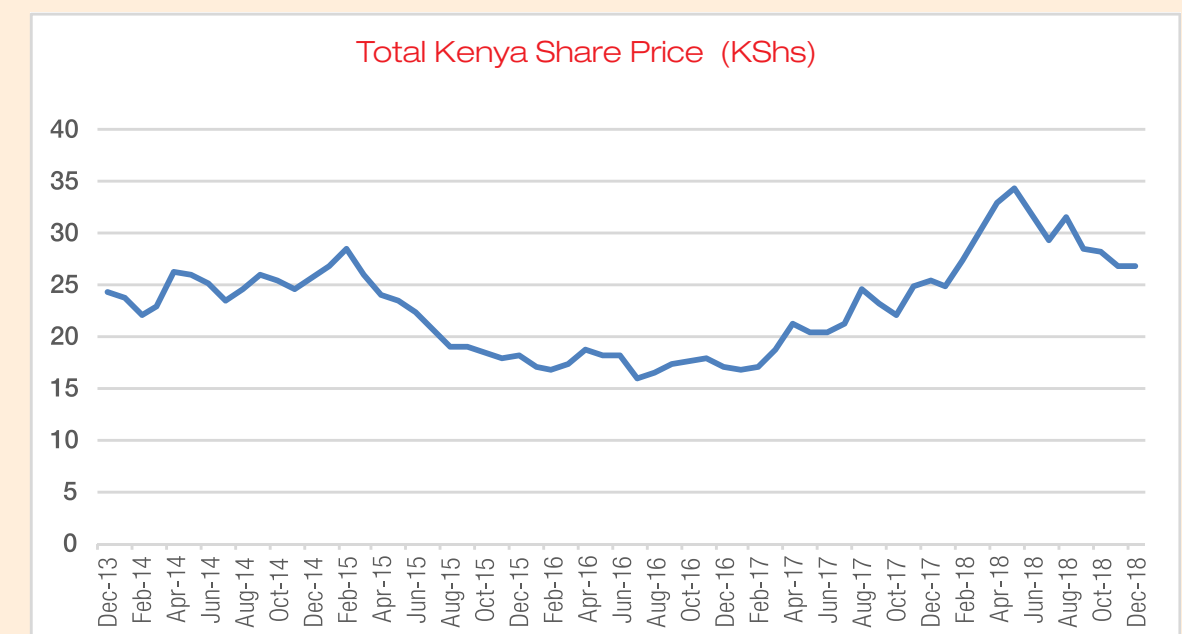
In line with an ambitious long-term strategy which is geared towards capturing growth opportunities in the Kenyan and regional markets, the Company will continue to invest in safety of our operations, logistics and commercial activities. The Board is confident that the Company is well positioned to register positive performance in all the business segments, while capitalising on the continued economic growth and stable macro-economic factors.

Management will focus on:

- Ensuring safety standards at all Company installations and operations
- Providing innovative solutions and diversification of its offers in various segments
- Capturing opportunities arising to enhance profitable growth
- Attracting, developing and retaining best talents
- Reinforcing the brand awareness through expansion, physical image, external recognition and community commitment.

Share Price

In 2018, Total Kenya Plc share price gained significantly to close at an average of KShs 27.0 per share as compared to KShs 25.5 at the end of December 2017.





Bottles move along the conveyor belt through the capping machine at the small pack filling line in the Total plant.

TOP 10 SHAREHOLDERS (including redeemable preference shares)

Rank	Name	Shares Held	Percent
1	TOTAL OUTRE-MER*	580,804,822	92.26%
2	TOTAL AFRICA LIMITED	10,732,950	1.70%
3	BID PLANTATIONS LTD	4,050,000	0.64%
4	BENJAMIN, EMMETT JOSEPH	2,506,400	0.40%
5	SHAH, RAJESH DHARAMSHI	1,674,813	0.27%
6	STANDARD CHARTERED KENYA NOMINEES LTD A/C KE001966	1,630,000	0.26%
7	SAYANI INVESTMENTS LTD	1,249,700	0.20%
8	STANDARD CHARTERED KENYA NOMINEES LTD A/C KE002670	864,400	0.14%
9	THE JUBILEE INSURANCE COMPANY OF KENYA LTD	566,736	0.09%
10	RAHIM, AHMED MIAN ABDUR	462,960	0.07%
		604,542,781	96.03%

SHARE DISTRIBUTION SCHEDULE

i) By number of Share Range

Share Range	No. Of Members	No. Of Shares Held	% of issued Share Capital
1 - 500	2,692	551,818	0.0877%
501 - 1,000	892	770,561	0.1224%
1,001 - 5,000	1,393	3,546,512	0.5633%
5,001 - 10,000	362	2,691,020	0.4275%
10,001 - 50,000	298	6,189,549	0.9832%
50,001 - 100,000	62	4,328,720	0.6876%
100,001 - 500,000	37	7,384,457	1.1730%
500,001 - 1,000,000	2	1,431,136	0.2273%
1,000,001 - 999,999,999,999	7	602,648,685	95.7280%
TOTAL	5,745	629,542,458	100.00%

ii) By category of Shareholder

Group	No. Of Members	No. Of Shares Held	% of issued Share Capital
Foreign Investors	87	595,123,909	94.533%
East Africa Individual Investors	5,276	25,550,362	4.059%
East Africa Institutional Investors	382	8,868,187	1.408%
TOTAL	5,745	629,542,458	100.00%

*Includes 454,477,752 authorised redeemable preference shares (see note 21).

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors submit their annual report together with the audited financial statements for the year ended 31 December 2018, which show the state of the affairs of Total Kenya Plc ("the Company").

1. INCORPORATION

The Company is domiciled in Kenya where it is incorporated as a public company limited by shares under the Kenyan Companies Act, 2015. The address of the registered office is set out on page 8.

2. PRINCIPAL ACTIVITY

The principal activity of the Company is the marketing and sale of petroleum products.

3. FINANCIAL RESULTS

The results for the year are as follows:

	2018	2017
	KShs '000	KShs '000
Profit before tax	3,598,524	4,131,816
Tax charge	(1,285,942)	(1,393,600)
Profit for the year	2,312,582	2,738,216

4. DIVIDENDS

Subject to the approval of the shareholders at the Annual General Meeting, the directors recommend payment of a first and final dividend of KShs 1.30 (2017: KShs 1.30) per share equivalent to a total amount of KShs 818 million (2017: KShs 818 million).

5. DIRECTORS

The directors who served during the year and to the date of this report are set out on page 8.

6. BUSINESS REVIEW

Total Kenya Plc continues to serve its customers in an efficient and effective manner in the provision of quality products and services with the ultimate goal of satisfying customer needs, increasing shareholders' value and meet other stakeholders demands.

The Company has continued to invest substantially to tap business opportunities, enhance safety in its operations and increase shareholders' return. The Company has invested in the expansion of the Lubricant Oil Blending Plant and warehousing capacities to meet the growing demand locally and in the regional market.

During the year, the Company continued to expand its network by opening 7 new petrol stations. This is aimed at capturing new markets as well as the growing customer needs.

The Company continued to diversify its activities by opening 3 Mugg and Bean shops, after it became a franchisee of the South African Mugg & Bean On-The-Move brand last year.

The Company with its strong belief in safety for its stakeholders, partnered with Essilor, the world leader in corrective lenses targeting drivers and their families with top quality glasses at affordable prices, opened 3 sites at the Company's service stations.

The Company prides in its skilled workforce and continues to invest in employees through training and development and provides overseas posting opportunities. Communication through staff forums, seminars, surveys, staff bulletins, intranet, newsletters and individual performance reviews, management keeps the employees informed of the Company's strategy, objectives and performance.

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2018

Risks and challenges

The Company has taken steps to mitigate the impact of volatility of petroleum prices at the international market through the implementation of a price risk management model. This model which was implemented in 2018 enables close follow up to minimize risks related to the volatility of prices.

The long outstanding item on inventories between Kenya Petroleum Refinery Limited (KPRL) and oil marketing companies (OMCs) after decommissioning of the refinery remains unresolved. In 2017, KPRL partially compensated the OMCs through cash from export proceeds of some of the stocks. The Company and other OMCs continue to take steps to recover what KPRL owes through collaborative agreements with the Energy and Petroleum Regulatory Authority (EPRA) and the Ministry of Petroleum and Mining.

To address the challenges relating to supply and flow of products in the country, the Kenya Pipeline Corporation (KPC) adopted a new strategic plan for the period 2017-2025 to increase pipeline capacity by laying a new "20 inch" refined fuel pipeline along the existing 14" line as well as expanding the storage capacity by taking over KPRL facilities. The line was commissioned in 2018 thereby improving the flow of product to Nairobi and western region.

The regulated margins in the Network channel by EPRA, formerly the Energy Regulatory Commission (ERC) have remained at the same level since 2011 despite the inflation impact on the costs. The Government of Kenya launched a study in 2017 to review the retail price structure whose outcome is still being awaited for by the industry. The company looks forward to an increase in margin in 2019.

The industry is awaiting the implementation of the Legal notice 121 on the LPG Exchange Pool which resulted from the LPG Technical Committee chaired by EPRA that was set up to review the legal framework of LPG business and address issues concerning LPG safety; more particularly illegal refilling of LPG cylinders and challenges affecting management of LPG Exchange Pool.

Performance

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.

For the year ended 31 December 2018, the Company recorded a drop in profit for the year 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.

Entrepreneurial Programmes

The Company continues to support local entrepreneurship initiatives to promote innovation, tap top talent and promote start-up, coming up with original ideas and create new products.

The Company is also actively involved in various educational and mentorship programmes with the aim of enriching young people's talents. This is achieved through the Young Graduate Management Trainee program, annual Youth Arcade, the TOTAL Summer School, TOTAL career days and other staff mentorship initiatives.

The Company gives business opportunities to young Kenyans with capital support for station dealership while they gain experience and build financial strength to stand on their own. The Young Dealer scheme which is an entrepreneurship programme that develops service station employees to become independent dealers has successfully produced businessmen in our industry and will continue to receive our support as a way of investing in the skills of the local community.

The Company is a key participant in the Group "start upper" of the year challenge yet another vibrant entrepreneurship initiative that was launched by the Group towards the end of 2015 to identify and motivate young people with innovative ideas for business development. The winners and finalists for the first challenge in 2016 are constantly being coached and mentored with the aim of ensuring that their innovative businesses grow and create opportunities towards the development of our economy. The second challenge was held in the first quarter of 2019.

Social Programmes

The Company is a major partner and contributor of the Safe Way Right Way (SWRW) an NGO promoting road safety along the Northern Corridor. The organization champions road safety advocacy among the key stakeholders including motorists, motorcyclists, pedestrians and the general public.

The Company continues to run an initiative to improve the lives of people without access to the power grid by offering cost-effective solar solutions. The Company is involved in the distribution and sales of competitively priced solar lanterns through its wide network of service stations.

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2018

Outlook for 2018

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.

7. STATEMENT AS TO DISCLOSURE TO THE COMPANY'S AUDITOR

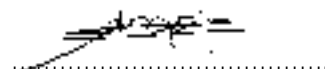
With respect to each director at the time this report was approved:

- a) there is, so far as the person is aware, no relevant audit information of which the Company's auditor is unaware; and,
- b) the person has taken all the steps that the person ought to have taken as a director so as to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

8. AUDITORS

Ernst & Young LLP continues in office in accordance with the Company's Articles of Association and Section 719 of the Kenyan Companies Act, 2015. The directors approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees. The agreed auditor's remuneration of KShs 7,523,000 has been charged to profit or loss in the year as disclosed in Note 6 to the financial statements.

By Order of the Board



J L G Maonga

Secretary

26th March 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES ON FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

The Kenyan Companies Act, 2015 requires the directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the Company as at the end of the financial year and of its profit or loss for that year. It also requires the directors to ensure that the Company keeps proper accounting records that: (a) show and explain the transactions of the Company; (b) disclose, with reasonable accuracy, the financial position of the Company; and (c) enable the directors to ensure that every financial statement required to be prepared complies with the requirements of the Kenyan Companies Act, 2015.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

- (i) designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- (ii) selecting suitable accounting policies and applying them consistently; and,
- (iii) making accounting estimates and judgements that are reasonable in the circumstances.

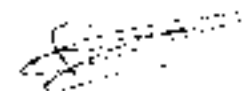
Having made an assessment of the Company's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Company's ability to continue as a going concern.

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the Board of Directors on 26th March 2019 and signed on its behalf by:



Director: Olagoke Aluko



Director: Premanand Dhoomon

DIRECTORS' REMUNERATION REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors' Remuneration Report sets out the policy that the Company has applied to remunerate executive and non-executive directors. The report has been prepared in accordance with the relevant provisions of the Capital Markets Authority (CMA) Code of Corporate Governance and the requirements of the Kenyan Companies Act, 2015 and the Companies (General) (Amendments) (No.2) Regulations, 2017.

Executive Directors

Executive directors are remunerated in accordance with the Company's remuneration policy. Determination of the pay is based on the established salary scale. Annual objectives are set at the beginning of the year and a performance assessment carried out to determine the bonus and increment. The remuneration package comprises basic salary, pensions and other benefits. There has been no major change relating to directors' remuneration during the year under review.

Non-Executive Directors

Local non-executive/independent directors are paid a fixed annual fee plus a sitting allowance for attending board meetings. Foreign non-executive directors are not remunerated for board attendance.

The fees are approved by shareholders at Annual General Meetings.

Contract of service

In accordance with the Capital Markets Authority regulations on non-executive directors, a third of the Board is elected at every Annual General Meeting by the shareholders for a term of 3 years on rotation basis.

The executive directors have employment contracts with the Company.

The table below shows the executive and the non-executive directors in respect of qualifying services for the year ended 31 December 2018. The aggregate directors' emoluments are shown in Note 19 (vii).

Director	Role	Category	Gross earnings including pension contribution	Annual Bonus	Directors fees	Sitting allowances	Benefits*	Total
31 December 2018			KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'
Jean- Phillipe Torres	Chairman- Appointed on 05 September 2018	Non-executive	-	-	-	-	-	-
Jean-Christian Bergeron	Chairman- Retired on 05 September 2018	Non-executive	-	-	-	-	-	-
Olagoke Aluko	Managing Director- Appointed on 01 October 2018	Executive	5,369	-	-	-	3,030	8,399
Anne-Solange Renouard	Managing Director- Retired on 01 October 2018	Executive	23,179	5,785	-	-	10,644	39,608
Premanand Dhoomon	Finance Director	Executive	18,055	1,014	-	-	8,503	27,572
Macharia Irungu	Strategy and Corporate Affairs Director	Executive	15,358	2,897	-	-	-	18,255
Stanislas Mittelman		Non-executive	-	-	-	-	-	-
Joe Muchekehu		Non-executive	-	-	1,600	600	-	2,200
Joseph Karago		Non-executive	-	-	1,600	900	-	2,500
Jerome Burban	Retired on 01 October 2018	Non-executive	-	-	-	-	-	-
Severine Julien	Appointed on 01 October 2018	Non-executive	-	-	-	-	-	-
Margaret W.N. Shava		Non-executive	-	-	1,600	1,000	-	2,600
Totals			61,961	9,696	4,800	2,500	22,177	101,134
Summary								
Cash emoluments			61,961	9,696	4,800	2,500	-	78,957
Non-cash emoluments			-	-	-	-	22,177	22,177
Totals			61,961	9,696	4,800	2,500	22,177	101,134

DIRECTORS' REMUNERATION REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

Jean-Christian Bergeron, Jean-Phillipe Torres, Severine Julien, Stanislas Mittelman and Jerome Burban are remunerated by Total SA, the parent company and are not re-charged to the Company. They are not remunerated as board members of Total Kenya Plc.

Anne-Solange Renouard, Olagoke Aluko and Premanand Dhoomon are paid by the parent company. These costs are recharged to Total Kenya Plc in their respective currencies (Euros and Swiss Francs). The recharged amounts are converted into Kenya shillings using the Central Bank of Kenya mean rate as at transaction date for local payroll processing, tax declaration and payments.

*Benefits include house, vehicle, telephone, utilities and domestic employees and are declared in line with the Kenyan tax laws.

Director	Role	Category	Gross earnings including pension contribution	Annual Bonus	Directors fees	Sitting allowances	Benefits*	Total
31 December 2017			KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'	KShs'000'
Jean-Christian Bergeron	Chairman	Non-executive	-	-	-	-	-	-
Anne-Solange Renouard	Managing Director	Executive	32,128	5,054	-	-	14,133	51,315
Premanand Dhoomon	Finance Director	Executive	18,841	997	-	-	9,478	29,316
Maurice K'Anjejo	Retired on 14 November 2017	Executive	11,080	598	-	-	5,207	16,885
Macharia Irungu	Strategy and Corporate Affairs Director	Executive	-	-	-	-	-	-
Stanislas Mittelman		Non-executive	-	-	-	-	-	-
Joe Muchekehu		Non-executive	-	-	1,600	900	-	2,500
Joseph Karago		Non-executive	-	-	1,600	600	-	2,200
Jerome Burban		Non-executive	-	-	-	-	-	-
Margaret W.N. Shava		Non-executive	-	-	1,600	900	-	2,500
Totals			62,049	6,649	4,800	2,400	28,818	104,716
Summary								
Cash emoluments			62,049	6,649	4,800	2,400	3,975	79,873
Non-cash emoluments			-	-	-	-	24,843	24,843
Totals			62,049	6,649	4,800	2,400	28,818	104,716

Jean-Christian Bergeron, Stanislas Mittelman and Jerome Burban are remunerated by Total SA, the parent company and thus not remunerated as board members. Macharia Irungu joined the Board of directors on 14 November 2017 and was not remunerated as a director during the year ended 31 December 2017.

The gross earnings including pension contribution and annual bonus for Anne-Solange Renouard and Premanand Dhoomon are paid by the parent company and recharged to Total Kenya Plc in Euros and Swiss Francs, respectively, through the Group's internal invoicing arrangements. For local payroll processing and local tax computation, the recharged amounts are converted into Kenya shillings using the Central Bank of Kenya mean rate as at the transaction dates.

*Benefits include house, vehicle, telephone, utilities and domestic employees.

REPORT OF THE INDEPENDENT AUDITOR TO MEMBERS OF TOTAL KENYA PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Total Kenya Plc set out on pages 69 to 110, which comprise the statement of financial position as at 31 December 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of Kenyan Companies Act, 2015.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. The matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matter	How our audit addressed the key matter
Accounting for fuel inventories held by Kenya Petroleum Refineries Limited (KPRL)	
As disclosed in Note 17 to the financial statements, the Company has significant amounts of inventories held by KPRL. These inventories relate to products and yield shifts, arose up to 2013 when KPRL operations were under toll mode. Subsequently, KPRL changed its operations to merchant mode and, most recently, to fuel hospitality services only.	We performed the following audit procedures in response to this matter: a) Reviewed the following:- - the available KPRL statement and confirmation of the inventories due to the Company; - the forensic audit report of the KPRL yield shift numbers commissioned under the direction of the Ministry of Petroleum and Mining (MoP&M); and, - the Company's reconciliations of the fuel quantities in the Company's books of account to the KPRL statement and confirmation of inventories due to the Company.
We focused on these inventories because they are material to the financial statements that arose in the period to 2013 and had not been fully recovered by year-end. The determination of whether there was sufficient supporting evidence for the continued recognition of these inventories in the financial statements involved robust discussions with management and at the Board level.	
We also considered that the disclosures on this matter in Note 17 to the financial statements are significant to the understanding of the Company's inventories account balance.	
	b) We compared the inventories quantities in the Company's books of account to the KPRL statement and confirmation and checked that the differences were reconciled.
	c) We held periodic meetings with management and checked that the correspondence between the Company, Oil Marketing Companies, KPRL, EPRA formerly the Energy Regulatory Commission and the MoP&M supported the recoverability of the inventories.
	d) We evaluated the Company's disclosures on this matter in Note 17 to the financial statements.

REPORT OF THE INDEPENDENT AUDITOR TO MEMBERS OF TOTAL KENYA PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Other Information

The directors are responsible for the other information. The other information comprises the Report of the Directors, as required by the Kenyan Companies Act, 2015, and the Directors' Remuneration Report, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, 2015, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company'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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting processes.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

REPORT OF THE INDEPENDENT AUDITOR TO MEMBERS OF TOTAL KENYA PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

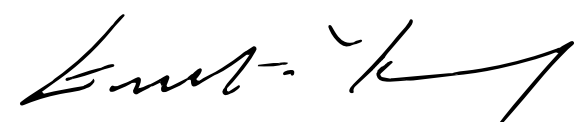
From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER MATTERS PRESCRIBED BY THE KENYAN COMPANIES ACT, 2015

As required by the Kenyan Companies Act, 2015 we report to you, based on our audit, that:

- i) in our opinion, the information given in the report of the directors on pages 60 to 62 is consistent with the financial statements; and,
- ii) in our opinion, the auditable part of directors' remuneration report on page 64 and 65 has been properly prepared in accordance with the Kenyan Companies Act, 2015.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Herbert Chiveli Wasike practicing certificate number 1485.



Nairobi, Kenya
Tuesday, 30th April 2019.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

		2018	2017
	notes	KShs'000	KShs'000
Revenue from contracts with customers		136,678,235	137,096,919
Indirect taxes and duties		(28,765,461)	(25,673,365)
Net Revenue from contracts with customers	3	107,912,774	111,423,554
Cost of sales	4	(99,560,337)	(103,171,526)
Gross profit		8,352,437	8,252,028
Other income	5	955,564	1,094,244
Operating expenses	6	(5,837,862)	(5,410,544)
Finance income	7 (a)	245,202	328,054
Finance costs	7 (b)	(115,550)	(54,520)
Net foreign exchange loss	7 (c)	(1,267)	(77,446)
Profit before tax	8	3,598,524	4,131,816
Tax charge	9	(1,285,942)	(1,393,600)
Profit for the year		2,312,582	2,738,216
Other comprehensive income, net of tax		-	-
Total comprehensive income for the year		2,312,582	2,738,216
Earnings per share (basic and diluted) (KShs)	10	3.67	4.35

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Notes	2018 KShs'000	2017 KShs'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	12	10,341,012	9,841,398
Prepaid operating leases	13	691,430	866,964
Goodwill	14	416,679	416,679
Intangible assets	15	187,585	72,805
Deferred tax asset	16	336,563	335,743
		11,973,269	11,533,589
CURRENT ASSETS			
Inventories	17	9,916,675	12,461,179
Tax recoverable	9 (iii)	289,044	240,168
Trade and other receivables	18	8,765,931	9,759,025
Amounts due from related companies	19 (i)	1,590,460	1,175,161
Cash and bank balances	25 (ii)	6,699,178	2,818,629
		27,261,288	26,454,162
Non-current assets classified as held for sale	20	24,364	24,364
		27,285,652	26,478,526
TOTAL ASSETS		39,258,921	38,012,115
EQUITY AND LIABILITIES			
EQUITY			
Share capital	21	9,974,771	9,974,771
Share premium	22	1,967,520	1,967,520
Retained earnings		10,723,752	9,474,928
		22,666,043	21,417,219
NON-CURRENT LIABILITIES			
Trade and other payables	23	966,441	856,436
Provisions	23	222,270	482,770
		1,188,711	1,339,206
CURRENT LIABILITIES			
Unclaimed dividends	11	2,290	2,290
Trade and other payables	23	8,127,215	8,117,137
Amounts due to holding company	19 (iii)	7,115,699	1,911,249
Amounts due to related companies	19 (ii)	158,963	56,661
Short term borrowings	24	-	5,168,353
		15,404,167	15,255,690
TOTAL EQUITY AND LIABILITIES		39,258,921	38,012,115

The financial statements were approved and authorised for issue by the Board of Directors on 26th March 2019 and were signed on its behalf by:

Director - Olagoke Aluko

Director - Premanand Dhoomon

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
As at 1 January 2017	9,974,771	1,967,520	7,406,999	19,349,290
Dividends declared – 2016 (Note 11)	-	-	(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
As at 31 December 2017	9,974,771	1,967,520	9,474,928	21,417,219
As at 1 January 2018	9,974,771	1,967,520	9,474,928	21,417,219
Impact of adopting IFRS 9 [Note 1(b)]	-	-	(245,353)	(245,353)
As at 1 January 2018 (restated)	9,974,771	1,967,520	9,229,575	21,171,866
Dividends declared – 2017 (Note 11)	-	-	(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
As at 31 December 2018	9,974,771	1,967,520	10,723,752	22,666,043

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018	2017
		KShs'000	KShs'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	25 (i)	12,993,585	2,175,343
Tax paid	9 (iii)	(1,230,486)	(1,794,208)
Net cash generated from operating activities		11,763,099	381,135
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	12	(1,899,234)	(2,070,412)
Purchase of prepaid operating leases	13	(36,891)	(189,138)
Purchase of intangible assets	15	(76,456)	(9,166)
Interest income on bank deposits	7 (a)	245,202	328,054
Proceeds on disposal of property, plant and equipment		8,547	211,296
Net cash used in investing activities		(1,758,832)	(1,729,366)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest expense on borrowings	7 (b)	(115,550)	(54,520)
Dividends paid	11 (a)	(818,405)	(667,997)
Net cash used in financing activities		(933,955)	(722,517)
Net increase/ (decrease) in cash and cash equivalents		9,070,312	(2,070,748)
Effect of exchange rate changes on cash and cash equivalents		(21,410)	(150)
Cash and cash equivalents as at 1 January		(2,349,724)	(278,826)
Cash and cash equivalents as at 31 December	25 (ii)	6,699,178	(2,349,724)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Kenyan Companies Act, 2015. The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The financial statements are presented in Kenya Shillings, which is also the Company's functional currency, and rounded to the nearest thousand (KShs' 000), except where otherwise stated.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions. It also requires directors to exercise judgment in the process of applying the Company's accounting policies. Although these estimates are based on the directors' best knowledge of current events and circumstances, actual results may differ from those estimates. Note 2 below on 'significant accounting judgments and key sources of estimation uncertainty' highlights the areas that involve a higher level of judgement, or where the estimates or assumptions used are significant to the financial statements.

For purposes of reporting under the Kenyan Companies Act, 2015, the balance sheet in these financial statements is represented by the statement of financial position and the profit and loss account is represented by the statement of profit or loss and other comprehensive income.

b) New and amended standards, interpretations and improvements

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRS effective as of 1 January 2018. The new standards and amendments effective of as of 1 January 2018 are listed below:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- IFRS 2 Classification and Measurement of Share-based Payment Transactions- Amendments to IFRS 2
- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4
- Transfers of Investment Property (Amendments to IAS 40)
- IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration
- AIP IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters
- AIP IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment - by - investment choice

The Company applied IFRS 15 and IFRS 9 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

The other amendments and interpretations listed above apply for the first time in 2018, but do not have an impact on the financial statements of the Company. The company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 9 "Financial Instruments"

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company applied IFRS 9 prospectively, with an initial application date of 1 January 2018.

The Company has not restated the comparative information, which continues to be reported under IAS 39. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings.

The effect of adopting IFRS 9 as at 1st January 2018 was as follows:

	1 January 2018 KShs'000
Trade and other receivables (Note 18)	(350,505)
Deferred tax asset (Note 16)	105,152
Total adjustment on equity:	
Retained earnings	(245,353)

The nature of these adjustments is described below:

(i) Classification and measurement

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Company's business model was made as of the date of initial application, 1 January 2018, and then applied prospectively to those financial assets that were not derecognised before 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of IFRS 9 did not have a significant impact on the Company. The following are the changes in the classification of the Company's financial assets:

Trade and other receivables, amounts due from related companies and cash and bank balances previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as debt instruments at amortised cost beginning 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

The Company has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Company's financial liabilities.

In summary, upon the adoption of IFRS 9, the Company had the following required or elected reclassifications as at 1 January 2018

IAS 39 measurement category		Remeasurement		IFRS 9 measurement category	
Financial assets	Category	Amount		Amount	Category
		KShs'000'	KShs'000'	KShs'000'	
Trade and other receivables*	Loans and receivables	9,049,271	(350,505)	8,698,766	Amortised cost
Amounts due from related companies	Loans and receivables	1,175,161	-	1,175,161	Amortised cost
Cash and bank balances	Loans and receivables	2,818,629	-	2,818,629	Amortised cost
Totals		13,043,061	(350,505)	12,692,556	

* The change in carrying amount is a result of additional impairment allowance. See the discussion on impairment below.

(ii) Impairment

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Company to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

Upon adoption of IFRS 9 the Company recognised additional impairment on the Company's trade and other receivables of KShs 350,505,000, which resulted in a decrease in retained earnings of KShs 245,353,000 net of deferred tax as at 1 January 2018.

Set out below is the reconciliation of the ending impairment allowances in accordance with IAS 39 to the opening loss allowances determined in accordance with IFRS 9:

	Allowance for impairment under IAS 39 as at 31 December 2017	Remeasurement	ECL under IFRS 9 as at 1 January 2018
	KShs'000'	KShs'000'	KShs'000'
Loans and receivables under IAS 39/Financial assets at amortised cost under IFRS 9	548,174	350,505	898,679

IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires relevant disclosures.

The Company adopted IFRS 15 and applied the modified retrospective method. However, there was no effect on its financial statements.

The Company is in the business of selling petroleum products.

The Company has done an assessment of the following focus areas for retail and consumer sector: rights of return, option to acquire additional goods and services, discounts, coupons and free services to customer, service type warranties, loyalty point programme and long-term advances received from customers and concluded that these characteristics are not exhibited in their contract with customers, hence the adoption of IFRS does not have any effect on its financial statements.

The disclosures relating to the sales to and receivables from customers are set out in detail in Notes 3 and 18 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

Standards issued but not yet effective

The list of standards, improvements and amendments that are effective for periods beginning on or after 1 January 2019 are listed below:

Effective for annual periods beginning on or after 1 January 2019

- IFRS 16 Leases
- IFRIC Interpretation 23 Uncertainty over Income Tax Treatments
- Prepayment Features with Negative Compensation – Amendments to IFRS 9
- Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28
- AIP IFRS 3 Business Combinations – Previously held Interests in a joint operation
- AIP IFRS 11 Joint Arrangements – Previously held Interests in a joint operation
- AIP IAS 12 Income Taxes – Income tax consequences of payments on financial instruments classified as equity
- AIP IAS 23 Borrowing Costs – Borrowing costs eligible for capitalization
- Plan Amendment, Curtailment or Settlement - Amendments to IAS 19

Effective for annual periods beginning on or after 1 January 2020

- Definition of a Business - Amendments to IFRS 3
- Definition of Material - Amendments to IAS 1 and IAS 8
- The Conceptual Framework for Financial Reporting

Effective for annual periods beginning on or after 1 January 2021

- IFRS 17 Insurance Contracts

Deferred effective date

- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The standards improvement and amendments that are issued, but not yet effective, up to the date of issuance of the Company's financial statements which are relevant to the Company are discussed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 16 Leases

On 13 January 2016 the IASB issued IFRS 16 Leases, completing the IASB's project to improve the financial reporting of leases. IFRS 16 replaces the previous leases standard, IAS 17 Leases, and related interpretations.

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The standard defines a lease as a contract that conveys to the customer ('lessee') the right to use an asset for a period of time in exchange for consideration.

The Company assesses whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time.

The standard eliminates the classification of leases as either operating leases or finance leases for a lessee and introduces a single lessee accounting model.

All leases are treated in a similar way to finance leases. Applying that model significantly affects the accounting and presentation of leases and consequently, the lessee is required to recognise:

- Assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Company recognises the present value of the unavoidable lease payments and shows them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, the Company also recognises a financial liability representing its obligation to make future lease payments.
- depreciation of lease assets and interest on lease liabilities in profit or loss over the lease term; and
- separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (typically presented within either operating or financing activities) in the statement of cash flows.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, compared to IAS 17, IFRS 16 requires a lessor to disclose additional information about how it manages the risks related to its residual interest in assets subject to leases.

The standard does not require the Company to recognise assets and liabilities for:

- short-term leases (i.e. leases of 12 months or less) and;
- leases of low-value assets

The new Standard is effective for annual periods beginning on or after 1 January 2019. Early application is permitted insofar as the recently issued revenue Standard, IFRS 15 Revenue from Contracts with Customers is also applied.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

The adoption of these changes will affect the amounts and disclosures of the Company's financial statements. The Company has performed an impact assessment of IFRS 16 adoption and is expected to be as follows:

	2018 KShs'000
Assets	
Right-of-use assets	1,378,241
Liabilities	
Lease liabilities	(1,378,241)
Net impact on equity	-
Impact on the statement of profit or loss	
Increase in interest expense	(25,361)
Increase in depreciation expense	(61,891)
Operating lease expense	65,150
Net impact on profit or loss	(22,102)

c) Revenue recognition

Policy before 01 January 2018

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent.

The Company has concluded that it is acting as a principal in all of its revenue arrangements. The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually upon delivery of products and customer acceptance and is stated net of value added tax, returns, rebates and discounts.

Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in profit or loss.

Rental income

Rental income is recognised when the Company's right to receive the rent payment is established. The Company sublets some of its station shops to dealers.

Commission income

Commission income arises from charges to stations for business provided through bon voyage customers. Commission income is recognised when the Company's right to receive the commission payment is established.

All other revenue is recognised at the time goods are supplied or services are provided.

Change in accounting policy (Policy after 01 January 2018)

Revenue from contracts with customers

The Company is in the business of sale of petroleum products and related services. Revenue from contracts with customers is recognised at the time of transfer of control at the point of delivery of the product to the customer or upon collection by the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange of the product or service.

The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls products or services before transferring them to the customer.

Sale of petroleum products

Revenue from sale of petroleum products is recognised at the point in time when control of the product is transferred to the customer, generally on collection of the petroleum products by the transporter or upon collection by the customer at the company's depot. The normal credit terms are 7 days for retail customers and 30 to 45 days on business to business customers upon delivery.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points), currently none. In determining the transaction price for the sale of the products, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

(i) Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring of products to the customer.

The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of petroleum products provide customers with volume rebates. However, there is no right of return. The rights of return and volume rebates give rise to variable consideration.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

• Rights of return

Right of return does not apply for petroleum products since the liability remains with the transporter or the customer as per sales revenue contracts. For non- petroleum products such as solar, the liability remains with the supplier covered by warranties.

• Volume rebates

The Company provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Company applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Company then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

(ii) Significant financing component

The Company has no significant financing components from its customers.

(iii) Non-cash consideration

The Company has no noncash consideration or consideration payable to the customer.

d) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at the acquisition-date fair values and the amount of any non-controlling interest in the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits, respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and,
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a gain from a bargain purchase.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration that is within the scope of IFRS 9 is measured at fair value at each reporting date and changes in fair value are recognised in profit or loss. Contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date and changes in fair value are recognised in profit or loss.

When a business combination is achieved in stages, the Company's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Company obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete.

Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

e) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit (CGU) to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

f) Leasing

(i) Determination

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

(ii) Company as a lessee

Leases which do not transfer to the Company substantially all the risk and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. Contingent rental payable is recognised as expenses in the period in which they are incurred.

Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. When an operating lease is

terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Payments to acquire leasehold interests in land are treated as prepaid operating lease rentals and amortised over the period of the lease and recognised in profit or loss under operating expenses.

(iii) Company as a lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

g) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are met. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated to write off the cost of property, plant and equipment in equal annual instalments over their estimated useful lives.

The annual rates in use are:

Freehold land	Nil
Buildings	2% - 15%
Property, plant and machinery	5% - 25%
Furniture, fittings and office equipment	10% - 33.3%

The Company reviews the estimated useful lives, the methods of depreciation and residual values of property, plant and equipment at the end of each reporting period and adjusts them prospectively, if appropriate. During the financial year, no changes to the useful lives and residual values were identified by the directors.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

h) Intangible assets acquired separately and in business combinations

Intangible assets acquired separately are measured on initial recognition at cost. Subsequently, they are reported at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category that is consistent with the function of the intangible assets. Intangible assets with indefinite useful lives and intangible assets not yet available for use are not amortised but are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. The Company did not have any intangible assets with indefinite useful lives.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal.

Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

The impairment policy on non-financial assets is discussed under Note 1 (r).

i) Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Company is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Company will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Impairment of non-current assets held for sale

The Company assesses at each reporting date whether there is objective evidence that non-current assets held for sale are impaired. Non-current assets held for sale are deemed to be impaired if fair value less costs to sell is lower than carrying amounts.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the fair value less costs to sell, and is recognised in profit or loss.

The Company recognises a gain in profit or loss for any subsequent increase in fair value less costs to sell of an asset, but not in excess of the cumulative impairment loss that has been previously recognised. The Company also recognises a gain or loss not previously recognised by the date of the sale of a non-current asset at the date of derecognition.

j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average cost basis and comprises purchase price and other costs incurred to bring the inventories to their present location and condition, together with refining costs, as appropriate. For products refined locally, costs are allocated over the refinery output in proportion to the appropriate world market prices. Net realisable value is the estimate of the selling price in the ordinary course of business less the estimated costs of completion and the estimated costs to make the sale. Specific provision is made for obsolete, slow moving and defective inventories.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

k) Financial instruments

Policy before 01 January 2018

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to the fair value of the financial assets or financial liabilities on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The Company's classification of financial assets and financial liabilities is as follows:

Description of asset/liability	Classification
Trade and other receivables and amounts due from related companies [Notes 18 & 19 (i)]	Loans and receivables
Cash and cash equivalents - Cash and bank balances [Note 25 (ii)]	Loans and receivables
Short term borrowings (Note 24)	Loans and borrowings
Trade and other payables and amounts due to related companies and amounts due to holding company [Notes 23, 19 (ii) & 19 (iii)]	Loans and borrowings

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The Company's financial assets include bank and cash balances, trade and other receivables and amounts due from related companies.

Trade receivables and amounts due from related companies

Trade receivables and amounts due from related companies are classified as 'loans and receivables'. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in profit or loss. The losses arising from impairment are recognised in profit or loss in operating expenses.

Cash and cash equivalents

Cash equivalents include short term liquid investments which are readily convertible to known amounts of cash and which are within three months of maturity when acquired, less advances from the banks and financial overdraft from related party repayable within three months from the date of advance.

Cash on hand and in banks and short-term deposits which are held to maturity are carried at cost plus interest earned but not yet received at the reporting date.

For the purpose of the statement of cash flows, cash and cash equivalents comprise bank and cash balances as are defined above, net of outstanding overdrafts from banks and related parties.

Impairment of financial assets

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that have occurred since the initial recognition of the asset (an incurred loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost, the Company first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in profit or loss.

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If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other income in profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs. The Company's equity instruments include redeemable preference shares.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

Financial liabilities are classified as financial liabilities 'at FVTPL', loans and borrowings, or 'other financial liabilities'.

The Company's financial liabilities include trade and other payables, borrowings and amounts due to holding company and related companies.

Loans and borrowings, and 'other financial liabilities'

Loans and borrowings, and 'other financial liabilities' are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Change in accounting policy (Policy after 01 January 2018)

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.

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Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective 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 amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost include trade and other receivables, amount due from related companies and bank and cash balances.

Financial assets at fair value through OCI (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling 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

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Company does not have any financial assets classified as debt instruments at fair value through OCI.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company does not have any financial assets classified as equity instruments at fair value through OCI.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading

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unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

The Company does not have any financial assets classified under this category.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

For trade receivables and bank balances, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors, banks and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, borrowings and amounts due to holding company and related companies.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

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Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs profit or loss. This category generally applies to interest-bearing loans and borrowings.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

l) Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than Kenyan shillings, the entity's functional currency, i.e. foreign currencies, are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

m) Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current tax relating to items recognised outside profit or loss is recognised outside profit or loss. Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

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Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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.

(iii) Value added tax

Expenses and assets are recognised net of the amount of value added tax, except:

- i) When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and,
- ii) When receivables and payables are stated with the amount of value added tax included

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

n) Employee entitlements

i) Retirement benefit costs

The Company operates two defined contribution pension plans: one registered locally and the other registered off-shore for its employees. The assets of the plans are held in separate trustee administered funds. The plans are funded by contributions from both the employees and the Company. Benefits are paid to retiring staff in accordance with the rules of the respective plans.

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. The Company also contributes to a statutory defined contribution pension scheme, the National Social Security Fund (NSSF). Contributions are determined by local statute.

Contributions by the Company in respect of retirement benefit costs are charged to profit or loss in the year to which they relate.

ii) Leave

Employee entitlements to annual leave are recognised when they are expected to be paid to employees. A provision is made for the estimated liability for annual leave at the reporting date.

iii) Bonus

An accrual is recognised for the amount expected to be paid under short-term cash bonus if the Company has a present legal and constructive obligation to pay this amount as a result of past service provided by the employee, the obligation can be estimated reliably and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

o) Dividends

Dividends on ordinary and redeemable preference shares are charged to equity in the period in which they are declared.

p) Earnings per share

Earnings per share are calculated by dividing the profit after tax by the weighted average number of ordinary shares and redeemable preference shares outstanding during the year.

q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

r) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised as an expense immediately.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

For all assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's

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recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, or exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

Goodwill

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying amount may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates.

When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. Further details are contained in Note 1 (e) and 2.

s) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risks and uncertainties surrounding the obligation.

t) Consolidation

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Company controls an investee if, and only if, the Company has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Company's voting rights and potential voting rights

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

The Company has two subsidiary companies, Elf Oil Kenya Limited and Total Marketing Kenya Limited. The two subsidiary companies have not been consolidated as they are dormant and insignificant having transferred their assets and liabilities to Total Kenya Plc.

2. SIGNIFICANT ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Company's accounting policies, the directors have made estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities within the next financial year.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The key areas of judgement and sources of estimation uncertainty are as set out below:

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

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The carrying amount of goodwill at 31 December 2018 was KShs 416,679,000 (2017 – KShs 416,679,000) and no impairment loss was recognised during the year. Further details on goodwill are given in Notes 1 (e) and 14.

Useful lives of property, plant and equipment

The Company reviews the estimated useful lives and residual values of property, plant and equipment at the end of each reporting period. In reviewing the useful lives of property, plant and equipment, the Company considers the remaining period over which an asset is expected to be available for use. Management also looks at the number of production or similar units expected to be obtained from the property, plant and equipment. Judgment and assumptions are required in estimating the remaining useful period and estimates of the number of production or similar units expected to be obtained from the property, plant and equipment. Further details on property, plant and equipment are given in Notes 1 (g) and 12.

Contingent liabilities

As disclosed in Note 26 to these financial statements, the Company is exposed to various contingent liabilities in the normal course of business. The directors evaluate the status of these exposures on a regular basis to assess the probability of the Company incurring the related liabilities. However, provisions are only made in the financial statements where, based on the directors' evaluation, a present obligation has been established, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Impairment of financial assets

Before 01 January 2018

The Company reviewed its trade receivables at each reporting date to assess whether an allowance for bad and doubtful debts should be recorded in profit or loss. In particular, judgement by management was required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates were based on assumptions about a number of factors and actual results may have differed, resulting in future changes to the allowance. See Note 18 for further details.

From 01 January 2018

The Company uses a provision matrix to calculate ECLs for trade receivables and bank balances. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic

product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the ECLs on the Company's trade receivables and bank balances is disclosed in Notes 18 and 25(ii).

Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Impairment exists when the carrying amount of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

In assessing whether there is any indication that the tangible and intangible assets may be impaired, the Company considers the following indications:

- there are observable indications that the asset's value has declined during the period significantly more than would be expected as a result of the passage of time or normal use.
- significant changes with an adverse effect on the entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the entity operates or in the market to which an asset is dedicated.
- market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

- iv) the carrying amount of the net assets of the entity is more than its market capitalisation.
- v) evidence is available of obsolescence or physical damage of an asset.
- vi) significant changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite
- vii) evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

Further details on property, plant and equipment are given in Note 12, goodwill in Note 14, and intangible assets in Note 15.

Income taxes

The Company is subject to income taxes in Kenya. Significant judgement is required in determining the Company's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provision in the period in which such determination is made.

Further details on income taxes are disclosed in Notes 9 and 16.

3. NET SALES

The major business of the Company is the sale of petroleum products, with other income comprising less than 5% of the total income. Net sales by business channel are shown below:-

(i) Business channels

	2018	2017
	KShs'000	KShs'000
General trade	24,545,972	19,980,138
Network	44,856,234	38,439,591
Aviation	1,589,165	5,425,416
Export and bulk	36,921,403	47,578,409
Total net sales	107,912,774	111,423,554

(ii) Geographical analysis

Local sales	99,809,819	108,034,034
Export sales	8,102,955	3,389,520
Total net sales	107,912,774	111,423,554

4. COST OF SALES

Product purchases	92,807,770	96,853,532
Other variable costs	6,752,567	6,317,994
	99,560,337	103,171,526

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5. OTHER INCOME

	2018	2017
	KShs'000	KShs'000
Rental income	648,399	580,109
Commission income	165,201	144,391
Gain on disposal of property, plant and equipment	6,482	166,914
Other income*	30,753	127,705
Doubtful debts written back (Note 18)	104,729	75,125
	955,564	1,094,244

*Sundry income mainly includes charges to customers on late payment

6. OPERATING EXPENSES

	2018	2017
	KShs'000	KShs'000
Directors' emoluments - fees [Note 19 (vii)]	7,300	7,200
- other cash emoluments [Note 19 (vii)]	71,657	71,546
- post-employment benefits [Note 19 (vii)]	-	1,127
Payroll and staff costs [Note 6 (a)]	1,481,036	1,422,009
Depreciation on property, plant and equipment (Note 12)	1,348,605	1,221,892
Amortisation of prepaid operating leases (Note 13)	212,425	180,083
Amortisation of intangible assets (Note 15)	10,626	11,140
Repairs and maintenance	531,516	504,720
General assistance [Note 19 (v)]	490,071	503,206
Utilities	371,415	320,725
Operating lease rentals	305,791	164,028
Other expenses*	219,588	183,574
Legal and other professional fees	115,889	129,770
Advertising and promotion	368,692	313,403
Increase in doubtful debt provision (Note 18)	45,912	134,295
Travelling	142,972	137,010
Insurance	106,844	97,685
Auditors' remuneration	7,523	7,131
	5,837,862	5,410,544

*Other expenses relate mainly to expensed reverse VAT, bank charges, and seminar and conference costs.

(a) PAYROLL AND STAFF COSTS

	2018	2017
	KShs'000	KShs'000
Wages and salaries	1,015,380	1,005,646
Pension costs – defined contribution plans and NSSF	143,273	124,176
Staff medical costs	38,302	42,806
Staff training costs	19,214	20,244
Staff motor vehicle, mileage and other costs	264,867	229,137
Total personnel expenses	1,481,036	1,422,009
Average number of employees (permanent staff)	397	373

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

7. (a) FINANCE INCOME

	2018	2017
	KShs'000	KShs'000
Interest income on bank deposits	245,202	328,054

(b) FINANCE COSTS

Interest expense on borrowings	115,550	54,520
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(c) NET FOREIGN EXCHANGE LOSS

Realised foreign exchange (gain)/loss	(21,441)	88,164
Unrealised foreign exchange (gain)/ loss	22,708	(10,718)
Net foreign exchange loss	1,267	77,446

8. PROFIT BEFORE TAX

The profit before tax is arrived at after charging:

	2018	2017
	KShs'000	KShs'000
Staff costs [Note 6 (a)]	1,481,036	1,422,009
Depreciation on property, plant and equipment (Note 12)	1,348,605	1,221,892
Amortisation of prepaid operating leases (Note 13)	212,425	180,083
Amortisation of intangible assets (Note 15)	10,626	11,140
Directors' emoluments (Note 6):		
- Fees	6,700	7,200
- Other emoluments	71,657	72,673
Non-cash emoluments [Note 19(vii)]	22,177	24,843
Auditors' remuneration (Note 6)	7,523	7,131
Foreign exchange loss [Note 7 (c)]	1,267	77,446
And after crediting:		
Gain on disposal of property, plant and equipment (Note 5)	6,482	166,914

9. TAX

(i) Tax charge

	2018	2017
	KShs'000	KShs'000
Current income tax:		
- Current income tax charge	1,181,610	1,310,048
- Adjustment in respect of current income tax of previous years	-	-
	1,181,610	1,310,048
Deferred tax:		
- Relating to origination and reversal of temporary differences [Note 16 (iii)]	104,332	83,552
	1,285,942	1,393,600

(ii) Reconciliation of tax charge to expected tax based on accounting profit

Accounting profit before tax	3,598,524	4,131,816
Tax at the applicable rate of 30%	1,079,557	1,239,545
Tax effect of expenses not deductible for tax	206,385	154,055
Tax charge	1,285,942	1,393,600

NOTES TO THE FINANCIAL STATEMENTS

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(iii) Tax recoverable/(payable)

	2018	2017
	KShs'000	KShs'000
Balance at 1 January	240,168	(243,992)
Charge to profit or loss	(1,181,610)	(1,310,048)
Payments during the year	1,230,486	1,794,208
Balance at 31 December	289,044	240,168

10. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the profit after tax attributable to shareholders by the weighted average number of ordinary and redeemable preference shares in issue during the year, as shown below:

	2018	2017
	KShs'000	KShs'000
Profit after tax	2,312,582	2,738,216
Basic earnings per share Weighted average number of ordinary and redeemable preference shares used in the calculation of basic earnings per share (in thousands of shares)	629,542	629,542
Basic and diluted earnings per share (KShs)	3.67	4.35

Diluted earnings per share

The diluted earnings per share is the same as basic earnings per share as there were no potentially dilutive instruments outstanding at the end of the reporting period.

11. DIVIDENDS

a) Unclaimed dividends

	2018	2017
	KShs'000	KShs'000
The movement in unclaimed dividend is as follows:		
At 1 January	2,290	-
Final dividend declared 2017 and 2016	818,405	670,287
Dividend paid	(818,405)	(667,997)
Balance at 31 December	2,290	2,290

b) Dividends declared/proposed in respect of the year

Proposed for approval at the Annual General Meeting (not recognised as a liability as at 31 December):	818,405	818,405
Dividends per share on declared/proposed dividends for the year (based on number of shares per Note 21)	KShs 1.30	KShs 1.30

In respect of the current year, the directors propose that a first and final dividend of KShs 1.30 (2017: KShs 1.30) per share amounting to KShs 818 million (2017: KShs 818 million) be paid to the shareholders.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

The dividend is subject to approval by shareholders of the Company at the Annual General Meeting and has not been included as a liability in these financial statements.

Withholding tax

Payment of dividends is subject to withholding tax at a rate of 10% for non-resident shareholders of the Company and 5% for resident shareholders. For resident shareholders of the Company, withholding tax is only deductible where the shareholding is below 12.5%.

12. PROPERTY, PLANT AND EQUIPMENT

(i) Year ended 31 December 2018

	Land and buildings	Property, plant and machinery	Furniture, fittings and equipment	Capital work-in-progress	Total
COST	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
At 1 January 2018	4,730,142	15,459,506	833,397	721,735	21,744,780
Additions	505,246	882,063	55,601	456,324	1,899,234
Transfers	144,012	396,003	8,524	(548,539)	-
Transfers to intangible assets (Note15)	-	-	-	(48,950)	(48,950)
Disposals	(378)	(203,508)	(2,102)	-	(205,988)
At 31 December 2018	5,379,022	16,534,064	895,420	580,570	23,389,076
DEPRECIATION					
At 1 January 2018	2,160,166	9,053,542	689,674	-	11,903,382
Charge for the year	244,678	1,029,391	74,536	-	1,348,605
Disposals	(328)	(201,547)	(2,048)	-	(203,923)
At 31 December 2018	2,404,516	9,881,386	762,162	-	13,048,064
NET CARRYING AMOUNTS					
At 31 December 2018	2,974,506	6,652,678	133,258	580,570	10,341,012

No items of property, plant and equipment have been pledged as security for liabilities.

(ii) Year ended 31 December 2017

	Land and buildings	Property, plant and machinery	Furniture, fittings and equipment	Capital work-in-progress	Total
COST	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
At 1 January 2017	4,309,171	14,315,777	779,998	493,822	19,898,768
Additions	331,629	1,121,982	69,976	546,825	2,070,412
Transfers	96,665	211,068	11,179	(318,912)	-
Disposals	(7,323)	(189,321)	(27,756)	-	(224,400)
At 31 December 2017	4,730,142	15,459,506	833,397	721,735	21,744,780
DEPRECIATION					
At 1 January 2017	1,956,641	8,280,971	652,435	-	10,890,047
Charge for the year	210,100	947,096	64,696	-	1,221,892
Disposals	(6,575)	(174,525)	(27,457)	-	(208,557)
At 31 December 2017	2,160,166	9,053,542	689,674	-	11,903,382
NET CARRYING AMOUNTS					
At 31 December 2017	2,569,976	6,405,964	143,723	721,735	9,841,398

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FOR THE YEAR ENDED 31 DECEMBER 2018

No items of property, plant and equipment have been pledged as security for liabilities.

(iii) Capital work-in-progress

The capital work-in-progress relates mainly to construction work (e.g. rebranding and remodelling of stations) and technical installations being undertaken by the Company.

There were no borrowing costs capitalised during the year ended 31 December 2018 (2017: Nil).

Based on an impairment review performed by the directors as at 31 December 2018, no indications of impairment of property, plant and equipment were identified (2017: none).

Commitments to acquire property, plant and equipment as at year end are included in Note 26 (e).

(iv) Impact of the Enactment of the Land Registration Act No. 3 of 2012 on the Company's Land Holding Status

The revised Constitution, enacted on 27 August 2010, introduced significant changes in the landholding by non-citizens. The Constitution no longer allows foreigners and foreign bodies to own freehold land and leasehold land in excess of 99 years. Freehold land and leasehold land of more than 99 years owned by foreigners and foreign bodies automatically became 99 year leases upon enactment of the required legislation under Articles 65 (4) of the revised constitution. These changes in the landholding took effect on 2 May 2012 upon the enactment of the Land Registration Act No. 3 of 2012.

As per the definition in Article 65 (3) of the Constitution, the Company is a non-citizen, since it is not wholly owned by Kenyan citizens, and hence the status of its freehold land changes to 99 years lease.

The Company has assessed the impact of the amended land laws, and concluded that they do not impact significantly on these financial statements. Under the International Accounting standards No. 17 (IAS 17) Leases, a 99 year lease qualifies for a finance lease classification if the lessor transfers substantially all the risks and rewards incidental to the ownership of an asset to the lessee. Accordingly, the 99 year lease would qualify as a finance lease. The Company currently accounts for its land previously classified as freehold in a similar manner to finance leases.

The Company is awaiting for the National Land Commission to issue guidelines that will operationalise the provisions of the constitution and the revised land laws. The Company will continue to reassess the impact of the revised land laws on the financial statements as the guidelines are issued.

13. PREPAID OPERATING LEASES

	2018	2017
COST	KShs'000	KShs'000
At 1 January	2,109,770	1,969,291
Additions	36,891	189,138
Disposal	-	(48,659)
At 31 December	2,146,661	2,109,770
AMORTISATION		
At 1 January	1,242,806	1,082,843
Amortisation for the year	212,425	180,083
Disposal	-	(20,120)
At 31 December	1,455,231	1,242,806
NET CARRYING AMOUNT	691,430	866,964

NOTES TO THE FINANCIAL STATEMENTS

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The prepaid operating leases relate to amounts that the Company has paid for the leased land on which most of its stations and depots stand.

14. GOODWILL

	2018	2017
	KShs'000	KShs'000
Cost		
Balance at beginning and end of year	528,879	528,879
Accumulated impairment losses		
Balance at beginning and end of year	(112,200)	(112,200)
Carrying amount	416,679	416,679

The goodwill is analysed below:

a) Goodwill arising from acquisition of Elf Oil Kenya Limited

	2018	2017
	KShs'000	KShs'000
Cost	448,804	448,804
Accumulated impairment losses	(112,200)	(112,200)
Carrying amount	336,604	336,604

Goodwill amounting to KShs 448,804,000 arose from the acquisition of a subsidiary, Elf Oil Kenya Limited, in March 2001. With effect from 1 January 2005, the operations of Elf Oil Kenya Limited were merged with those of Total Kenya Plc and this was achieved through a business sale agreement which resulted in the transfer of all Elf Oil Kenya Limited business, assets and liabilities to Total Kenya Plc.

Allocation of goodwill to cash-generating units

Goodwill has been allocated for impairment testing purposes to two cash generating units as follows:

- Network service station operations – cash flows and profits from acquired stations
- Rental fees income generation – fees paid by dealers operating acquired stations

Both units continue to generate positive cash flows and goodwill has been globally allocated to both. The recoverable amount of the cash generating units is based on value-in-use calculation which uses cash flow projections based on annual network business financial budgets and a long term business plan approved by management covering a six year period.

The Company has used a six year period in line with its six year long term strategic plan. The calculation of value in use is most sensitive to the following assumptions; throughput volumes, unit margins, rental income, gross margins on variable expenses and direct fixed costs. The projected cash flows have been reassessed to compare the assumptions at initial recognition to the current performance of the cash generating units.

The cash flows from the cash generating units are based on expected return on capital invested at between 10% to 25% and a stable market share. Management is of the opinion that any possible reasonable change in these assumptions would not cause the global carrying amount to exceed the recoverable amount.

At 31 December 2018, no impairment loss was assessed (2017: nil).

(b) Goodwill arising from acquisition of Total Marketing Kenya Limited

	2018	2017
	KShs'000	KShs'000
Goodwill - Cost	80,075	80,075

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With effect from 1 November 2009, the operations of Total Marketing Kenya Limited were merged with those of Total Kenya Plc. This was achieved through a business sale agreement which resulted in the transfer of all Total Marketing Kenya Limited business, assets and liabilities to Total Kenya Plc. Goodwill amounting to KShs 6,060,047,000 arose from this acquisition of Total Marketing Kenya Limited.

Goodwill amounting to KShs 5,979,972,000 representing the excess of fair values over the net carrying amount of assets was transferred to property, plant and equipment following results of a valuation exercise that was carried out in 2010, leaving a balance of KShs 80,075,000.

Allocation of goodwill to cash-generating units

Goodwill has been allocated for impairment testing purposes to the following cash generating unit:

Depot - cash flows and profits from acquired depot

The recoverable amount of the depot as a cash-generating unit is determined based on a value-in-use calculation which uses cash flow projections based on financial budgets approved by the directors covering a six-year period, and a discount rate of 11% per annum (2017: 11% per annum). Cash flows beyond that six-year period have been extrapolated using a steady 4% (2017: 3%) per annum growth rate in sales volume. The Company has used a six year period in line with its six year long term strategic plan. The calculation of value in use is most sensitive to the following assumptions; throughput volumes, unit margins, depot throughput costs, investment expenditure, growth rates used to extrapolate cash flows beyond the forecast period and discount rates. The projected cash flows have been reassessed to compare the assumptions at initial recognition to the current performance of the cash generating units.

The directors believe that a 4% per annum growth rate is reasonable in view of the petroleum market projections within the region and, their intention to focus the Company's operations in this market.

The directors believe that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

At 31 December 2018, no impairment loss was assessed (2017: nil).

The two subsidiary companies, Elf Oil Kenya Limited and Total Marketing Kenya Limited are dormant and no longer operational having transferred their assets and liabilities to Total Kenya Plc

15. INTANGIBLE ASSETS

COST	2018	2017
	KShs'000	KShs'000
At 1 January	470,837	461,671
Additions	76,456	9,166
Transfer from capital work-in-progress (Note 12)	48,950	-
At 31 December	596,243	470,837
AMORTISATION		
At 1 January	398,032	386,892
Charge for the year	10,626	11,140
At 31 December	408,658	398,032

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

NET CARRYING AMOUNT	187,585	72,805
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The intangible assets relate to accounting, payroll and other computer software acquired by the Company.

16. DEFERRED TAX ASSETS

(i) The net deferred tax asset is attributable to the following:

	2018	2017
	KShs'000	KShs'000
Accelerated depreciation	63,288	97,334
Unrealised exchange loss	88,272	92,017
Unrealised exchange gain	(108,802)	(122,575)
Leave provision	28,567	21,204
Provision for retirement benefits	18,214	20,103
Bonus provision	6,169	5,721
Inventory provision	33,209	23,649
Legal costs provision	66,681	144,832
Provision for doubtful debts	35,813	53,458
Adjustment on initial application of IFRS 9 [Note 1 (b)]	105,152	-
Net deferred tax assets	336,563	335,743

(ii) Movement on the deferred tax account is as follows:

	2018	2017
	KShs'000	KShs'000
At 1 January	335,743	419,295
Adjustment on initial application of IFRS 9 [Note 1 (b)]	105,152	-
Deferred tax credit/ (charge) recognized in profit or loss [Note 9 (i)]	(104,332)	(83,552)
Adjustment on initial application of IFRS 9 [Note 1 (b)]	(104,332)	(83,552)
At 31 December	336,563	335,743

Deferred tax is estimated on all temporary differences under the liability method using the currently enacted tax rate of 30% (2017 - 30%).

17. INVENTORIES

	2018	2017
	KShs'000	KShs'000
Refined products*	7,737,602	10,742,790
Raw materials	2,039,541	1,562,601
Consumables and accessories	139,532	155,788
Carrying amount	9,916,675	12,461,179

*Included in the value of refined products are balances relating to fuel inventories at the Kenya Petroleum Refineries Limited (KPRL). The carrying amount of these inventories has not been separately disclosed since there are ongoing discussions involving several other parties and doing so may compromise the Company's capacity to recover the full amount of the inventories.

In 2012, KPRL changed its mode of operations from Toll Mode to Merchant Mode and then to hospitality services where it receives, stores and delivers fuel products on behalf of its clients. At the time of the change to Merchant Mode, KPRL had fuel inventories owing to the Oil Marketing Companies (OMCs). Subsequently, in 2013, OMCs and KPRL, under the direction of Ministry of Energy (currently, Ministry of Energy and Petroleum), agreed to carry out a forensic audit of the fuel inventory balances including yield shifts with KPRL. As part of the forensic audit procedures, KPRL confirmed to the Company their fuel balances which were then reconciled to the books of account and the balances reported in the forensic audit report. The necessary adjustments were made to tally the two records.

NOTES TO THE FINANCIAL STATEMENTS

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As at 31 December 2018, the Company had taken appropriate measures together with other OMCs to recover these inventories. These measures include ongoing discussions with KPRL, the Ministry of Energy and Petroleum and the Energy Regulatory Commission to agree on the modalities of how and when these inventories will be refunded.

As part of the Company's policy, management evaluates the net realisable values of all inventories including those at KPRL, and writes down inventories to their net realisable values, if necessary, in the books of account to ensure that inventories are fairly stated and reported as per the requirements of the International Financial Reporting Standards (IFRS).

As at 31 December 2018, management is confident that the full value of the inventories under the custody of KPRL is fully recoverable and no further adjustment is required

18. TRADE AND OTHER RECEIVABLES

	2018	2017
	KShs'000	KShs'000
Trade receivables	8,828,559	9,597,445
Allowance for doubtful debts	(839,862)	(548,174)
	7,988,697	9,049,271
Recoverable taxes	742,321	627,336
Other receivables and prepayments	34,913	82,418
	8,765,931	9,759,025

Recoverable taxes relate to advance import duties on petroleum products and value added tax. Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Other receivables and prepayments relate to amounts advanced to and recoverable from staff and other advance payments. Other receivables are non-interest bearing and are generally on terms of 60- 90 days.

As at 31 December 2018, trade receivables of an initial value of KShs 840 million (2017: KShs 548 million) were impaired and fully provided for. See below for the movement in the provision for impairment of receivables.

	2018	2017
	KShs'000	KShs'000
At 1 January	(548,174)	(489,004)
Adjustment on initial application of IFRS 9 [Note 1 (b)]	(350,505)	-
Increase in doubtful debt provision in the year (Note 6)	(45,912)	(134,295)
Doubtful debts write back (Note 5)	104,729	75,125
At 31 December	(839,862)	(548,174)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

19. RELATED PARTY TRANSACTIONS AND BALANCES

The parent of the Company is Total Outre-Mer while the ultimate holding company is Total S.A, both incorporated in France.

There are other companies which are related to Total Kenya Plc through common shareholding.

Outstanding balances arising from sale and purchase of goods and services to/from related companies at the year-end are as follows:

(i) Amounts due from related companies

	2018	2017
	KShs'000	KShs'000
Air Total International	15,242	292,455
Total Uganda Limited	655,605	644,220
Gapco Kenya Limited	912,418	189,610
Total RDC S.A.R.L	7,195	35,084
Total Tanzania Limited	-	10,367
Other related companies	-	3,425
	1,590,460	1,175,161

(ii) Amounts due to related companies

Total Marketing Services	92,566	55,161
Gapco Kenya Limited	38,829	-
Total Supply	15,707	-
Others (TGI and TGP)	11,861	-
Total Middle East	-	1,500
	158,963	56,661

(iii) Amounts due to holding company

Total Outre-Mer	7,115,699	1,911,249
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(iv) Financial overdraft from related party

Financial overdraft from Total Treasury (Note 24)	-	5,168,353
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Financial overdraft from related party relates to an overdraft from Total Treasury. Additional disclosures for the financial overdraft are in Note 24

(v) Transactions with related companies

Purchases of petroleum products from the holding company	44,754,484	61,053,377
Purchases of petroleum products from other related companies	9,211,200	109,807
Revenue on sale of petroleum products to related companies	7,173,708	4,768,542
Purchases of plant and equipment from the holding company and other related companies	-	64,261
General assistance (Note 6)	490,071	503,206

(vi) Key management compensation

The remuneration of directors and other members of key management were as follows

Salaries and other short-term employment benefits	229,558	190,406
Post-employment benefits	6,968	7,667
	236,526	198,073

NOTES TO THE FINANCIAL STATEMENTS

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(vii) Directors' remuneration

	2018	2017
	KShs'000	KShs'000
Fees for services as a director	7,300	7,200
Other emoluments	-	-
Salaries and other short-term employment benefits	71,657	71,546
- Cash emoluments	22,177	24,843
- Non-cash emoluments	93,834	96,389
Post-employment benefits	-	1,127
	101,134	104,716

Non-cash emoluments mainly relate to house, vehicle, telephone, utilities and domestic employees.

Terms and conditions of transactions with related parties

Outstanding balances at year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees or commitments received or provided for any related party receivables or payables. For the year ended 31 December 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2017: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

20. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	2018	2017
	KShs'000	KShs'000
Property, plant and equipment	22,324	22,324
Prepaid operating leases	2,040	2,040
	24,364	24,364

The movement in the non-current assets classified as held for sale is as follows:

	2018	2017
	KShs'000	KShs'000
At 1 January	24,364	24,364
Disposed during the year	-	-
At 31 December	24,364	24,364

Non-current assets classified as held for sale relate to an interest in a joint facility (Nairobi Joint Depot) that is to be disposed of following the purchase of Chevron Kenya Limited by Total Kenya Plc.

There have been discussions with the partner in the joint facility to purchase the interest, which was gazetted under the Competition Authority of Kenya.

The Company is committed to its plan to dispose of these assets.

No impairment loss was recognized on assets classified as held for sale as at 31 December 2018 as the expected proceeds on disposal exceed the net carrying amounts of the assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

21. SHARE CAPITAL

	2018	2017
	KShs'000	KShs'000
Authorised ordinary shares		
181,630,000 ordinary shares of KShs 5 each	908,150	908,150
Authorised redeemable preference shares		
123,478,388 shares of KShs 31.58 each	3,899,447	3,899,447
Authorised redeemable preference shares		
330,999,364 shares of KShs 15.71 each	5,200,000	5,200,000
Issued ordinary share capital	875,324	875,324
Issued redeemable preference share capital	9,099,447	9,099,447
	9,974,771	9,974,771

Issued capital comprises:

175,064,706 fully paid ordinary shares of KShs 5 each	875,324	875,324
123,478,388 fully paid redeemable preference shares of KShs 31.58 each	3,899,447	3,899,447
330,999,364 fully paid redeemable preference shares of KShs 15.71 each	5,200,000	5,200,000
	9,974,771	9,974,771

	2018		2017	
	Number of shares	Share Capital	Number of shares	Share Capital
	KShs'000'	KShs'000	KShs'000'	KShs'000
Fully paid ordinary and preference shares				
At 1 January				
Ordinary shares	175,065	875,324	175,065	875,324
Redeemable preference shares	454,477	9,099,447	454,477	9,099,447
At 31 December	629,542	9,974,771	629,542	9,974,771

The fully paid ordinary shares, which have a par value of KShs 5, carry one vote per share and carry a right to dividends.

The redeemable non-cumulative preference shares, which have issue prices of KShs 31.58 and KShs 15.71, do not have any voting rights but have the same rights to dividends as the ordinary shares. The right to redemption of the redeemable preference shares is at the discretion of the Company hence they have been classified as equity.

22. SHARE PREMIUM

	2018	2017
	KShs'000	KShs'000
As at 1 January and 31 December	1,967,520	1,967,520

This is a non-distributable reserve as per the requirements of the Kenyan Companies Act, 2015.

The share premium is the excess of the cash received for ordinary shares above the par value of KShs 5.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

23. TRADE AND OTHER PAYABLES

	2018	2017
	KShs'000	KShs'000
Trade payables	7,945,016	7,990,908
Other payables and accruals	1,370,910	1,465,435
Total payables	9,315,926	9,456,343

Classified as:

Non-current – trade payables	966,441	856,436
Non-current – provisions	222,270	482,770
Current – trade and other payables	8,127,215	8,117,137
	9,315,926	9,456,343

Terms and conditions of the trade and other payables

Trade payables are non-interest bearing and are normally settled on a 30 day terms. Interest is only charged on trade payables due to purchase of petroleum products at rates set by the Open Tender Supply (OTS) agreement.

Other payables are non-interest bearing and have an average term of six months.

Non-current payables mainly relate to LPG cylinder deposits and legal risk provisions.

24. SHORT TERM BORROWINGS

	2018	2017
	KShs'000	KShs'000
Financial overdraft – from Total Treasury	-	5,168,353

Financial overdraft – from Total Treasury

The Company received an overdraft from a related party, Total Treasury, whose interest is pegged to the Libor plus a margin. No collateral is held for this facility.

Bank overdraft – from local banks

Bank overdraft facilities are held with various financial institutions and are unsecured. The facilities are operated within designated limits and under the terms and conditions stipulated by the financial institutions. As at 31 December 2018, the Company had not utilized the available bank overdraft facility. The facility is available as disclosed in Note 30 (iii).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

25. NOTES TO THE STATEMENT OF CASH FLOWS

(i) Reconciliation of profit before tax to cash generated from operations

Notes	2018	2017
	KShs'000	KShs'000
Profit before tax	3,598,524	4,131,816
Adjustments for:		
Effect of exchange rate changes on cash and cash equivalents	21,410	150
Finance income 7 (a)	(245,202)	(328,054)
Finance costs 7 (b)	115,550	54,520
Increase in doubtful debt provision in the year 18	45,912	134,295
Provisions for legal matters	60,000	75,000
Other provisions relating to inventories	161,086	106,019
Leave provision	24,543	10,656
Bonus provision	6,169	5,721
Depreciation on property, plant and equipment 12	1,348,605	1,221,892
Amortisation of prepaid leases and intangible assets	223,051	191,223
Gain on disposal of property, plant and equipment 5	(6,482)	(166,914)
Operating profit before working capital changes	5,353,166	5,436,324
Decrease/ (increase) in inventories	2,383,418	(486,642)
Decrease/ (increase) in trade and other receivables	596,678	(1,179,235)
Increase in trade and other payables	89,370	265,699
Increase/ (decrease) in amounts due to holding company	5,204,450	(1,634,395)
Increase in amounts due from related companies	(415,299)	(140,122)
Increase in amounts due to related companies	102,302	44,835
Legal provisions paid	(320,500)	(127,133)
Retirement benefits paid	-	(3,988)
Cash generated from operations	12,993,585	2,175,343

(ii) Analysis of cash and cash equivalents

Notes	2018	2017
	KShs'000	KShs'000
Cash and bank balances	6,699,178	2,818,629
Financial overdraft – from Total Treasury 24	-	(5,168,353)
	6,699,178	(2,349,724)

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash in hand and in banks, short term liquid investments which are readily convertible to known amounts of cash and which were within three months of maturity when acquired, net of outstanding financial and bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

26. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Legal matters

The Company is involved in a number of legal proceedings which are yet to be concluded upon. Management has evaluated the pending cases and determined that no material liabilities are likely to arise from these cases which arose in the normal course of business. The Company has an in-house Legal Department that assessed the court cases in arriving at the above conclusion.

(b) Contingent liabilities

	2018	2017
	KShs'000	KShs'000
Total commitments given	519,603	700,251
Total commitments received	1,380,120	1,480,854

Commitments given include primarily customs bonds. The bonds are held in the ordinary course of business. No losses are anticipated in respect of these contingent liabilities. Commitments received include primarily customer guarantees. Commitments received/given are all held with local banks.

(c) Contingent liability relating to parent company

An amount of KShs 247 million (USD 2,427,388) exists as at 31 December 2018 (2017: KShs 251 million (USD 2,427,388) for an unsettled invoice from the parent company, Total Outre-mer, and has not been booked in the Company's books as the goods were not received by the Company. The amount relates to shipping costs of crude oil imported by the Company from Total Outre-Mer that was rejected by Kenya Petroleum Refinery Limited (KPRL). The ultimate liability lies with KPRL and not with the Company. Management is keenly following up on the matter and is of the view that the ultimate resolution of this matter will not have any impact on the Company's financial position or liquidity.

(d) Contingent liability relating to tax matters

As per the Kenyan taxation laws, the company is subject to tax evaluations of its direct and indirect taxation affairs by the taxation authorities, and in connection with such review tax assessments can be issued.

The Kenya Revenue Authority (KRA) issued tax assessments of KShs 565 million covering the periods 2009 to 2015 in respect to withholding tax on services received from French related companies. In accordance with local tax legislation, the Company appealed to the Tax Appeal Tribunal (TAT). The basis of the Company's objection relates to the interpretation of Double Tax Treat between Kenya and France.

Management is keenly following up on the matter and is of the view that the ultimate resolution of this matter will not have any impact on the Company's financial position or liquidity and as a result, no provision has been made in these financial statements.

(e) Capital commitments

	2018	2017
	KShs'000	KShs'000
Authorised and contracted for	480,409	754,013
Authorised but not contracted for	2,159,959	2,143,562

Capital commitments relates to the approved capital expenditures to be carried out in the following year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

27. OPERATING LEASE COMMITMENTS

(a) Company as a lessee

	2018	2017
	KShs'000	KShs'000
Maturing within one year	316,888	383,000
Maturing over one year to five years	954,953	1,082,000
Maturing after five years	380,535	105,000
Total operating lease commitments	1,652,376	1,570,000

All the commitments relate to future rent payable for the head office (Regal Plaza) and leased land for the service stations based on the existing contracts and projected renewals. The lease agreements are between the Company and the landlords and have no provisions relating to contingent rent payable. The terms of renewal vary from one lease to another and may include a written notice to the lessors before the expiration of the leases and the lessors will grant to the lessee new leases of the said premises/properties for a further term as may be mutually agreed by the parties.

The escalation rate varies from property to property and is factored into the operating lease commitment values presented above.

(b) Company as lessor

	2018	2017
	KShs'000	KShs'000
Maturing within one year	534,633	474,334
Maturing over one year to five years	2,245,460	1,992,204
Maturing after five years	2,806,826	2,608,838
Total operating lease commitments	5,586,919	5,075,376

All the commitments relate to future rent payable for various properties and leased land for the service stations based on the existing contracts and projected renewals. The lease agreements are between the Company and tenants and have no provisions relating to contingent rent receivable. The terms of renewal vary from one lease to another and may include a written notice to the Company, as lessor before the expiration of the leases, and the Company will grant to the lessee new leases of the said premises/properties for a further term as may be mutually agreed by the parties.

28. RETIREMENT BENEFIT PLANS

The Company operates a defined contribution retirement plan for all qualifying employees. The assets of the plan are held separately from those of the Company in funds under the control of trustees. Where employees leave the plan prior to full vesting of the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions.

Also, the Company contributes to the statutory defined contribution pension scheme, the National Social Security Fund. Contributions to the statutory scheme are determined by local statute. Contributions to this scheme during the year amounted to KShs 4,538,591 (2017: KShs 3,803,040).

The total expense recognised in profit or loss for the year of KShs 143million (2017: KShs 124 million) represents contributions payable to the plan by the Company at rates specified in the rules of the plan.

29. CAPITAL MANAGEMENT

The Company manages its capital to ensure that it is able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from 2017.

The capital structure of the Company consists of debt, which includes borrowings disclosed in Note 24, less bank and cash balances and equity attributable to equity holders, comprising issued capital, share premium as disclosed in Notes 21 and 22 and retained earnings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

Gearing ratio

The gearing ratio at the end of the year was as follows:

	Notes	2018	2017
		KShs'000	KShs'000
Short term borrowings	24	-	5,168,353
Bank and cash balances	25 (ii)	(6,699,178)	(2,818,629)
Net borrowings		(6,699,178)	2,349,724
Equity*		22,666,043	21,417,219
Net debt to equity ratio		-	11.0%

*Equity includes capital and reserves.

30. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's financial liabilities comprise trade and other payables, amounts due to holding company, amounts due to related companies, short-term borrowings and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations and provide guarantees to support its operations.

The Company's financial assets include trade and other receivables, amounts due from related companies and cash and cash equivalents that are derived directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk.

The Company's Group corporate treasury function provides services to the business, co-ordinates access to domestic financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse exposures by degree and magnitude of risks.

The Company's treasury function reports monthly to the Group's treasury, a section of the Group that monitors risks and policies implemented to mitigate risk exposures. The Group's treasury reviews and agrees policies for managing each of these risks which are summarized below.

i) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk that affects the Company is foreign currency risk and interest rate risk.

Financial instruments affected by market risk include trade and other receivables, bank balances, trade and other payables, short term borrowings and deposits with financial institutions.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and certain monetary assets and liabilities denominated in foreign currencies mainly trade and other receivables, bank balances, short term borrowings, trade and other payables and amounts due to and due from related companies.

To manage the foreign currency risk, the Company maintains bank accounts in foreign currencies, mainly US dollars and Euro, to facilitate transactions in foreign currency. The Company also negotiates with its bankers to get favourable exchange rates when converting foreign currencies to the Kenya shilling. The Company also purchases its products mainly in US Dollars and mainly buys US Dollars via spot deals.

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

The main currency exposure relates to the fluctuation of the Kenya Shillings exchange rates against the US Dollar and Euro.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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

	EUR	USD	Total
	KShs'000	KShs'000	KShs'000
31 December 2018			
Assets			
Trade and other receivables	-	7,565,898	7,565,898
Amounts due from related companies	-	1,061,702	1,061,702
Bank balances	251,562	693,783	945,345
Total assets	251,562	9,321,383	9,572,945
Liabilities			
Trade and other payables	-	(25,071)	(25,071)
Amounts due to holding and related parties	-	(7,249,591)	(7,249,591)
Total liabilities	-	(7,274,662)	(7,274,662)
Net exposure position	251,562	2,046,721	2,298,283
31 December 2017			
Assets			
Trade and other receivables	-	1,993,644	1,993,644
Amounts due from to related companies	-	985,551	985,551
Bank balances	345,886	523,431	869,317
Total assets	345,886	3,502,626	3,848,512
Liabilities			
Short term borrowings	-	(5,168,353)	(5,168,353)
Amounts due to holding and related parties	(252,038)	(1,715,872)	(1,967,910)
Trade and other payables	-	(42,033)	(42,033)
Total liabilities	(252,038)	(6,926,258)	(7,178,296)
Net exposure	93,848	(3,423,632)	(3,329,784)

The following sensitivity analysis shows how profit and equity would (decrease)/ increase if the Kenya Shilling had depreciated against the other currencies by 10% at the end of the reporting period with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

The US Dollar impact is mainly attributable to the exposure on outstanding US Dollar trade and other receivables, bank balances, and trade payables at the year-end. The Euro impact is mainly attributable to the exposure on outstanding Euro bank and trade payables balances at the year-end.

The sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year-end exposure does not reflect the exposure during the year.

	Profit or loss before tax		Equity	
	2018	2017	2018	2017
	KShs'000	KShs'000	KShs'000	KShs'000
USD impact	204,672	(342,363)	143,270	(239,654)
Euro impact	25,156	9,385	17,609	6,569

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings.

The carrying amounts of the Company's financial instruments with exposures to interest rates risk are as below:

	2018	2017
	KShs'000	KShs'000
Short term borrowings (Note 24)	-	5,168,353

Interest rate sensitivity analysis

The analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year.

If interest rates had been 0.5% higher/lower and all other variables were held constant, the Company's profit before tax for the year ended 31 December 2018 would not be impacted (2017: by KShs 0.62 million) and the Company's equity would not be impacted (2017: by KShs 0.43 million).

ii) Credit risk

Credit risk refers to the risk of financial loss to the Company arising from a default by counterparty on its contractual obligations. The Company's policy requires that it deals only with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies where available. If not available, the Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee.

Trade receivables

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the customers' ability to service the credit advanced to them and, where appropriate, credit guarantee is requested.

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The Company defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

NOTES TO THE FINANCIAL STATEMENTS

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Cash deposits

Credit risk from balances with banks is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved banks and within credit limits assigned to each bank. Bank credit limits are reviewed by the Company's Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a bank's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2018 and 31 December 2017 is the carrying amounts of its financial assets as illustrated below. The Company's maximum exposure relating to financial guarantees is also included in the table.

	Fully performing	Past due but not impaired	Total
	KShs'000	KShs'000	KShs'000
31 December 2018			
Amounts due from related companies	1,299,362	291,098	1,590,460
Trade receivables			
Network	1,318,636	188,922	1,507,558
Non-network	5,021,953	1,459,186	6,481,139
	6,340,589	1,648,108	7,988,697
Other receivables	19,336	-	19,336
Bank balances	6,699,178	-	6,699,178
Financial guarantees given	519,603	-	519,603
	14,878,068	1,939,206	16,817,274
31 December 2017			
Amounts due from related companies	726,650	448,511	1,175,161
Trade receivables			
Network	1,005,635	141,828	1,147,463
Non-network	5,274,119	2,627,689	7,901,808
	6,279,754	2,769,517	9,049,271
Other receivables	64,822	-	64,822
Bank balances	2,817,467	-	2,817,467
Financial guarantees given	700,251	-	700,251
Financial guarantees given	10,588,944	3,218,028	13,806,972

As at 31 December, the ageing analysis of net trade receivables is as follows:

	Carrying amount	Neither pastdue nor Impaired	< 30 days	Past due but not impaired			> 120 days
	KShs'000	KShs'000	KShs'000	30-60 days	61-90 days	91-120 days	KShs'000
2018	7,988,697	6,340,589	-	331,541	351,717	90,580	874,270
2017	9,049,271	6,279,754	-	1,148,470	90,582	49,654	1,480,811

The default risk on the customers under the fully performing category is very low as they are active in paying their debts as they continue trading. The impaired amounts have been fully provided for in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

Collateral held on trade receivables

The Company holds collateral against credit advanced to customers in the form of cash deposits and bank guarantees. Estimates of fair value are based on the value of collateral assessed at the time of advancing the credit and generally are not updated except when a receivable is individually assessed as impaired.

Collateral is usually not held against bank balances and amounts due from related parties, and no such collateral was held at 31 December 2018 or 2017.

Management assessed that the fair value of the collaterals – cash deposits and bank guarantees approximate their carrying amounts largely due to the short-term maturities of these instruments.

An estimate of the fair value of collateral held against financial assets is shown below:

Fair value of collateral held against trade receivables as at 31 December 2018 was:

	2018	2017
	KShs'000	KShs'000
Cash deposit collateral		
Network	548,011	540,561
Non-Network	471,825	338,056
Bank guarantees collateral		
Network	188,185	212,235
Non-Network	1,256,369	1,270,061
Total	2,464,390	2,360,913

There is no collateral held against cash and cash equivalents.

iii) Liquidity risk

This is the risk that the Company will encounter difficulties in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Prudent liquidity risk management includes maintaining sufficient cash to meet the Company's obligations.

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in financing facilities section of this note, is a listing of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

	2018	2017
	KShs'000	KShs'000
Unsecured overdraft, including financial overdraft from Total Treasury, payable on call and reviewed annually		
Amount used	-	5,168,353
Amount unused – Total Treasury	11,068,000	5,161,647
Amount unused – Local banks	15,587,200	15,587,200

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

The following table analyses the Company's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date.

At 31 December 2018

	Up to 1 month	1-3 months	4-12 months	> 1 year	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Trade and other payables - current	7,193,559	751,457	-	-	7,945,016
Amounts due to holding and related companies	7,044,031	-	21,876	208,755	7,274,662
Financial guarantees given	-	-	519,603	-	519,603
Total financial liabilities	14,237,590	751,457	541,479	208,755	15,739,281

At 31 December 2017

	Up to 1 month	1-3 months	4-12 months	> 1 year	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Short term borrowings	5,168,353	-	-	-	5,168,353
Trade and other payables - current	8,046,456	-	-	-	8,046,456
Amounts due to holding and related companies	1,967,910	-	-	-	1,967,910
Financial guarantees given	-	-	700,251	-	700,251
Total financial liabilities	15,182,719	-	700,251	-	15,882,970

31. INCORPORATION

Total Kenya Plc is a limited liability company incorporated and domiciled in Kenya under the Kenyan Companies Act, 2015. The parent company is Total Outre-Mer while the ultimate holding company is Total S.A, both incorporated in France.

32. EVENTS AFTER THE REPORTING PERIOD

There are no events that have occurred after the reporting period which require adjustments to, or disclosure, in the financial statements.

APPENDIX 1

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER	2018 KShs'000	2017 KShs'000	2016 KShs'000	2015 KShs'000	2014 KShs'000
ASSETS					
Non-current assets					
Property, plant, equipment and leases	11,032,442	10,708,362	9,895,169	9,767,181	9,327,855
Goodwill	416,679	416,679	416,679	416,679	416,679
Intangible assets	187,585	72,805	74,779	87,498	94,006
Deferred tax asset	336,563	335,743	419,295	495,486	463,123
Total non-current assets	11,973,269	11,533,589	10,805,922	10,766,844	10,301,663
Current assets					
Inventories	9,916,675	12,461,179	12,080,556	10,017,977	11,159,064
Other current assets	10,645,435	11,174,354	9,749,124	10,800,290	10,552,539
Cash and cash equivalents	6,699,178	2,818,629	3,525,406	2,615,560	498,965
Total current assets	27,261,288	26,454,162	25,355,086	23,433,827	22,210,568
Assets classified as held for sale	24,364	24,364	24,364	24,364	29,569
	27,285,652	26,478,526	25,379,450	23,458,191	22,240,137
TOTAL ASSETS	39,258,921	38,012,115	36,185,372	34,225,035	32,541,800
EQUITY AND LIABILITIES					
Equity					
Share capital	9,974,771	9,974,771	9,974,771	9,974,771	9,974,771
Share premium	1,967,520	1,967,520	1,967,520	1,967,520	1,967,520
Retained earnings	10,723,752	9,474,928	7,406,999	5,657,455	4,483,132
Total equity	22,666,043	21,417,219	19,349,290	17,599,746	16,425,423
Non-current liabilities					
Medium term loan	-	-	-	-	-
Trade and other payables	1,188,711	1,339,206	1,426,434	1,244,627	1,192,167
Total Non-current liabilities	1,188,711	1,339,206	1,426,434	1,244,627	1,192,167
Current liabilities					
Trade and other payables	15,404,167	10,087,337	11,605,416	11,311,652	7,583,792
Short term borrowings	-	5,168,353	3,804,232	4,069,010	7,340,418
Total current liabilities	15,404,167	15,255,690	15,409,648	15,380,662	14,924,210
TOTAL EQUITY AND LIABILITIES	39,258,921	38,012,115	36,185,372	34,225,035	32,541,800

APPENDIX 2

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER	2018	2017	2016	2015	2014
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Gross sales	136,678,235	137,096,919	110,582,420	138,027,279	170,725,560
Indirect taxes and duties	(28,765,461)	(25,673,365)	(21,521,496)	(17,773,285)	(15,623,868)
Net sales	107,912,774	111,423,554	89,060,924	120,253,994	155,101,692
Cost of sales	(99,560,337)	(103,171,526)	(81,209,334)	(113,263,567)	(148,351,545)
Gross profit	8,352,437	8,252,028	7,851,590	6,990,427	6,750,147
Operating expenses and other income	(4,882,298)	(4,316,300)	(4,031,357)	(4,139,034)	(4,061,161)
Finance income (costs) and net foreign exchange gain (loss)	128,385	196,088	115,130	(232,697)	(412,981)
Profit before tax	3,598,524	4,131,816	3,935,363	2,618,696	2,276,005
Taxation	(1,285,942)	(1,393,600)	(1,701,071)	(1,003,693)	(851,917)
Profit for the year	2,312,582	2,738,216	2,234,292	1,615,003	1,424,088

PROXY FORM



The Secretary
Total Kenya Plc
P.O. Box 30736 - 00100
Nairobi.

I/WE

OF

Being a member of the above Company, hereby appoint:

.....

OFID no.....

Whom failing ID no.....

OF

my/our proxy, to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on **Wednesday, 26th June 2019** and at any adjournment thereof.

As witness my/our hand thisday of2019

Signed Signed

Notes:

1. In accordance with Section 298 of the Companies Act, 2015, a Member entitled to attend and vote is entitled to appoint a proxy to attend, to speak and to vote on his/her behalf and a proxy need not be a member of the Company.
2. In the case of a member being a Limited Company, this form must be completed under its common seal or under the hand of an officer or attorney duly authorised in writing.
3. Proxy Forms must be received by the Company's Shares Registrar, Compriate Kenya Limited, Crescent Business Centre, 2nd Floor, Off Parklands Road, Nairobi, email:- shares@comp-rite.com not less than 48 hours before the time of holding the meeting or any adjournment thereof.

NOTES

Total is a major energy player, which produces and markets fuels, natural gas and low-carbon electricity. Our 100,000 employees are committed to better energy that is safer, more affordable, cleaner and accessible to as many people as possible. Active in more than 130 countries, our ambition is to become the responsible energy major.



Marketing & Services
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