Announcement of Audited Group Results

The Board of Directors is pleased to announce the Group's results for the year ended 31 December 2015

KenolKobil

Group Consolidated Income Statement For the Year Ended 31 December	2015 Shs'000	2014 Shs'000
Continuing Operations		
Net sales	86,557,936	90,209,977
Cost of sales	(80,720,486)	(85,088,414)
Gross Profit	5,837,450	5,121,562
Other Income	1,411,992	851,713
Administrative and operating cost	(2,223,810)	(1,771,446)
Share of profit/(loss) in associate	1,214	(1,941)
Exchange losses	(232,064)	(288,413)
EBITDA	**4,794,782**	**3,911,475**
Finance cost	(651,344)	(1,212,792)
Finance income	83,909	67,792
Depreciation and amortisation	(863,324)	(771,759)
Profit before income tax	**3,364,023**	**1,994,716**
Income tax expense	(884,491)	(571,705)
Profit for the year from continuing operations	**2,479,531**	**1,423,011**
Discontinued Operations		
Loss for the year from discontinued operations	(464,557)	(331,727)
PROFIT FOR THE YEAR	**2,014,974**	**1,091,284**
Basic earnings (Shs per share)	1.37	0.74
Diluted earnings (Shs per share)	1.37	0.74
DIVIDENDS		
Proposed final dividend for the year 2015 Shs 0.25 and Shs 0.10 interim per share; (2014 – Shs 0.20)	515,107	294,352

Consolidated Statement of Other Comprehensive Income For the Year Ended 31 December	2015 Shs'000	2014 Shs'000
Profit for the year	**2,014,974**	**1,091,284**
Other comprehensive income: **Items that may be subsequently reclassified to profit or loss:**		
Currency translation differences	(297,559)	(224,444)
Other comprehensive (loss) / income for the year, net of tax	(297,559)	(224,444)
Total comprehensive income for the year	**1,717,415**	**866,840**
Attributable to:		
Equity holders of the Company	1,717,415	866,840
Non controlling interest	-	-
	1,717,415	**866,840**

Consolidated Statement of Cashflows For the Year Ended 31 December	2015 Shs'000	2014 Shs'000
Operating activities		
Cash generated from operations	5,851,688	6,977,501
Interest received	83,909	69,244
Interest paid	(651,344)	(1,339,503)
Income tax paid	(59,837)	(252,285)
Net cash generated in operating activities	5,224,416	5,454,957
Investing activities		
Prepayment for operating lease rentals	(773,364)	(817,307)
Purchase of property, plant and equipment	(395,661)	(428,798)
Purchase of intangible asset	(17,089)	(609)
Proceeds from disposal of subsidiary	1,641,096	-
Proceeds from disposal of property, plant and equipment	213,980	260,101
Net cash used in investing activities	(668,962)	(986,613)
Financing activities		
Net repayments of borrowings	(5,835,797)	(4,878,598)
Dividends paid	(478,018)	(191,068)
Net cash absorbed from financing activities	(6,313,815)	(5,069,666)
Net decrease in cash and cash equivalents	**(420,437)**	**(601,322)**
Movement in cash and cash equivalents		
At start of year	1,051,464	1,775,058
Effects of exchange rate changes on cash and cash equivalents	131,068	(122,272)
At end of year	762,095	1,051,464

Consolidated Statement of Financial Position as at 31 December	2015 Shs'000	2014 Shs'000
CAPITAL EMPLOYED		
Share capital	73,588	73,588
Share premium	5,166,350	5,166,350
Retained earnings	3,567,610	2,067,743
Other reserves	(619,849)	(271,537)
Proposed dividend	367,940	294,352
Shareholders' funds	**8,555,639**	**7,330,496**
NON-CURRENT LIABILITIES		
Deferred tax	210,797	197,360
Borrowings	-	88,388
Total non-current liabilities	**210,797**	**285,748**
CURRENT LIABILITIES		
Payables and accrued expenses	3,695,586	5,633,064
Current income tax	229,672	196,541
Borrowings	4,662,431	10,409,840
Dividend payable	22,978	59,477
Total current liabilities	**8,610,667**	**16,298,922**
Total Equity and Liabilities	**17,377,103**	**23,915,166**
REPRESENTED BY		
NON-CURRENT ASSETS		
Property, plant and equipment	3,544,414	4,648,477
Prepaid operating lease rentals	887,127	734,754
Intangible assets	865,428	850,086
Deferred tax asset	1,419,893	2,179,594
Available for sale investment	2,235	2,235
Investment in Associate	3,197	12,001
Total non current assets	**6,722,294**	**8,427,147**
CURRENT ASSETS		
Inventories	3,095,900	4,141,183
Receivables and prepayments	6,524,544	9,725,617
Current income tax	272,270	569,755
Cash and cash equivalents	762,095	1,051,464
Total current assets	**10,654,809**	**15,488,019**
Total assets	**17,377,103**	**23,915,166**

Consolidated Statement of Changes in Equity
Year Ended 31 December

	Share capital Shs'000	**Share premium Shs'000**	**Other reserves Shs'000**	**Retained earnings Shs'000**	**Proposed dividends Shs'000**	**Total equity Shs'000**
At start of the year	73,588	5,166,350	(271,537)	2,067,743	294,352	7,330,496
Comprehensive income for the year						
Profit for the year	-	-		2,014,974	-	2,014,974
Other comprehensive income:	-					
Currency translation differences	-	-	(297,559)	-	-	(297,559)
Total comprehensive (Loss)/ income	-	-	(297,559)	2,014,974	-	1,717,415
Transactions with owners						
Movement in ESOP reserve	-	-	(50,753)	-	-	(50,753)
Dividends						
-2014 final paid	-	-	-	-	(294,352)	(294,352)
-2015 interim paid	-	-	-	(147,167)	-	(147,167)
-2015 final proposed	-	-	-	(367,940)	367,940	-
Total transactions with owners	-	-	(50,753)	(515,107)	(73,588	(492,272)
At end of year	73,588	5,166,350	(619,849)	3,567,610	367,940	8,555,639

Report of the Independent Auditor on the Summary Financial Statements to the Members of **KenolKobil Limited**

Report on the Summary Group financial statements

The accompanying summary Group financial statements which comprise the summary consolidated statement of financial position at 31 December 2015, the statement of comprehensive income, statement of changes in equity and the summary consolidated statement of cash flows for the year then ended, are derived from audited financial statements of KenolKobil Limited for the year ended 31 December 2015. We expressed an unmodified audit opinion in our report dated 17 March 2016. Those financial statements and the summary financial statements do not reflect the events that occurred subsequent to the date of our report on those Group financial statements.

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards and in the manner required by the Kenyan Companies Act applied in preparation of the audited financial statements of KenolKobil Limited. Reading the summary financial statements therefore is not a substitute of reading the financial statements of KenolKobil Limited.

Directors' responsibility for the summary financial statements

The directors are responsible for the preparation and fair presentation of the summary Group financial statements.

Auditor's Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing (ISA) 810. "Engagements to Report on Summary Financial Statements."

Opinion

In our opinion the summary Group financial statements derived from the Group financial statements of KenolKobil Limited for the year ended 31 December 2015 are consistent in all material respects, with those Group financial statements.

The engagement partner responsible for the audit resulting in this independent auditor's report is **CPA Fred Aloo- P/No 1537**.

DELOITTE & TOUCHE
Certified Public Accountants
Nairobi.
Date: 17th March 2016

Key highlights in **2015** as compared to **2014**

Volume Growth	Gross Margin		EBITBA Growth	Net Financing Costs Reduction	Current Ratio		Gearing Ratio	
13%	2015	6.7%	23%	-50%	2015	1.24	2015	31%
	2014	5.7%			2014	0.95	2014	56%

Notice of Annual General Meeting

NOTICE is hereby given that the **57th Annual General Meeting** of the Company will be held at the **Hilton Hotel**, Nairobi, Kenya on **12th May 2016** at **11.00 a.m.**

AGENDA

ORDINARY BUSINESS

1. To table the proxies and confirm the presence of a quorum.
2. To read the notice convening the meeting.
3. To receive, consider and adopt the audited Financial Statements for the year ended 31 December 2015 together with the reports of the Chairman and Group Managing Director, Directors' and Auditor's thereon.
4. Dividend

   (a) To confirm an interim dividend of Ksh 0.10 per share which was paid during the year in respect of the financial year ended 31 December 2015
   (b) To consider and approve a final dividend of Ksh 0.25 cents per share for the year ended 31 December 2015 payable on or about 13th June 2016 to the shareholders on the Register of Members at the close of business on 16th May 2016 and to approve the closure of the Register of Members from the close of business on 16th May 2016 to the close of business on 17th May 2016 (both days inclusive) for the purpose of processing the dividend.
5. To approve the Directors' remuneration as indicated in the Financial Statements for the year ended 31 December 2015
6. Re-election of directors:
   To re-elect Mr J. Mathenge, a Director retiring by rotation in accordance with Article 96 of the Company's Articles of Association and the Capital Markets Authority Guidelines on Corporate Governance Practices by Public Listed Companies in Kenya and, being eligible, offers himself for re-election.
7. (i) To note that Messrs Deloitte & Touche were appointed as auditors during the year in accordance with Section 159 (6) of the Companies Act Cap 486 in place of Pricewaterhousecoopers who had resigned.

   (ii) To re- appoint Messrs Deloitte & Touche in office as auditors by virtue of Section 159 (2) of the Companies Act Cap 486 and to authorize the Directors to fix their remuneration for the ensuing financial year.

SPECIAL BUSINESS

Ordinary Resolution

1. To ratify the sale of the subsidiary, Kobil Tanzania Ltd and assets in the subsidiary, KenolKobil Congo SPRL.

By Order of The Board

Lawrence Kibet
Company Secretary

Date: 17th March 2016

Note:

1. In accordance with Section 298 (1) of the Companies Act 2015, every member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote on his or her behalf and a proxy need not be a member of the Company. A form of proxy may be obtained from the Company's website www.kenolkobil.com or from the Registered Office of the Company, ICEA Building, 10th Floor, Kenyatta Avenue, Nairobi. In the case of a member being a limited Company, the proxy form must be completed under its Common Seal or under the hand of an officer or attorney duly authorised in writing.
2. All proxies must be duly completed by the member and must be lodged with the Company Secretary, Image Registrars, 5th Floor Barclays Plaza, Loita Street, P O Box 9287, 00100 Nairobi, or posted in time to reach not later than 11.00 am on 5th May 2016. Alternatively, duly signed proxies can be scanned and emailed to **info@image.co.ke** in PDF format.

In accordance with Article 134 of the Companies Articles of Association a copy of the entire Annual Report and Accounts may be viewed on and obtained from the Company's website **www.kenolkobil.com** or from the Registered Office of the Company, ICEA Building, 10th Floor, Kenyatta Avenue, Nairobi. An abridged set of the Statement of Financial Position, Comprehensive Income Statement, Statement of Changes in Equity and Cashflow Statement for year ended 31st December 2015 have been published in two daily newspapers with nationwide circulation.

Comments from Management

The Board of Directors of KenolKobil Limited is pleased to announce the results for the financial year ending December 31, 2015. During this period, KenolKobil achieved a record net profit of Kshs. 2 billion, an 85% improvement over 2014 making this one of the best results recorded in the history of the KenolKobil Group.

This performance is a testimony to the actualization and achievement of the strategy crafted by the Board and Management to turn-around the business by reducing debt, simplifying the business and engaging in value adding activities, such as closing protracted lawsuits, selling underperforming assets and exiting operations in difficult, unprofitable countries.
We are particularly proud of these results achieved in a period when the oil industry was experiencing a sustained downward trend (backwardation) in oil prices representing the biggest slump in oil prices since 1999.
In the year 2015, the sales volume grew by 13% as compared to 2014. The sales revenue dropped by only 4% mainly due to a drop in international oil prices where the reference Murban Crude Oil dropped by 39% in 2015.

The year registered a 6.7% gross margin compared to 5.7% in the previous year. This is an impressive achievement following proper, focused and intensive inventory management in the face of stiff competition and declining international oil prices.
From 2013, the Group embarked on a debt restructuring program to reduce the extremely high debt levels. The debt level has reduced significantly from Kshs. 10.4 billion at the end of 2014 to Kshs. 4.6 billion at the end of 2015, a 56% reduction. As a result of this coupled with prudent management of treasury, the net finance costs have reduced drastically by 50% from Kshs. 1.14 billion in 2014 to Kshs. 567 million in 2015. The tight control of treasury shall remain a key area of focus in 2016.
The reduced debt level generated an improved Gearing Ratio of 31% in 2015 compared to 56% at the end of 2014, while the Current Ratio improved to 1.24 in 2015 up from 0.95 at the end of 2014.

The forex losses for the year was Kshs. 232 million representing a 20% reduction from Kshs. 288 million realized in 2014. This is in spite of the Kenya Shilling depreciating by 13% against the United States Dollar during the period. The other currencies in the countries where we operate depreciated even more, with the Zambia Kwacha recording the steepest depreciation of 72%. However with the decreasing debt levels, we are confident that forex losses will no longer be a significant risk to the business.
The good performance in 2015 generated an improved EBITDA of Kshs. 4.79 billion, an increase of 23% over the Kshs. 3.91 billion in 2014. Similarly Shareholders funds increased by 17% from Kshs. 7.3 billion in 2014 to Kshs. 8.6 billion in 2015.
The Administrative and Operating Costs increased by 26%. This increase is mainly attributed to an increase in the volume of trade which increased by 13%, the increase in the number of service stations within the Group by 21 in 2015 of which 12 are in Kenya and the rehabilitation and upgrade of our service stations.

In 2013, we started the process of divesting from unprofitable operations and non-performing assets within the Group. We are glad to confirm that we have successfully completed this exercise by divesting from the loss making Kobil Tanzania operation and the inactive depot asset in Congo DR (Lubumbashi). In these two countries, doing business was hampered by a lack of level playing field and unfair competition. Exiting the two businesses has the double benefit of generating funds to repay debt and eliminating persistent losses generated from these countries. It is worth noting that 30% of the forex losses suffered in 2015 was due to the business in Tanzania. The divestiture was approved by the Board of Directors and we will be seeking ratification from the shareholders in the forthcoming Annual General Meeting.

The KenolKobil Group strongly believes that our human resource base is its most important and valuable asset which we continuously train and develop. To this effect the Group shall continue with the policy of inclusivity, equal opportunity for all and gender balance. Currently the gender balance stands at 20% with a target to achieve and maintain the same at a minimum parity level of 35% within the next 2-3 years. KenolKobil believes in young people, in their energy and in their creativity. We shall therefore continue to support them as they pursue their dreams and aspirations by sponsoring them through the education system and guiding their career progression. Within the Group, we have made it a policy to give opportunities to young and talented university graduates, to mentor and develop them in the company as we solidify the human resources base..

Future Outlook

The year 2015 was characterized by dropping oil prices. The management takes the view that in 2016 oil prices will remain relatively low, but volatile and subdued, a factor that augurs well for strong results in 2016 for the Group.
The Group is optimistic that the growth in earnings and profitability will be sustained in 2016 and going into the future. This will be driven by focused expansion of the retail network by adding new service stations in the countries where we operate in. Furthermore, in partnership with various brands, we are selectively rebuilding existing and strategic service stations to enhance sales volume and revenue from Non-fuel income as has happened this year where we have completely rebuilt Kobil South-C and Kobil South-B in Kenya.

The Group has developed an effective strategy of constantly reviewing and restructuring debt and indeed repayment of the same which has enabled the Group to successfully reduce its debt burden. With the traction we gained and supported by low oil prices, we are confident that the Group will be debt free within 2016.

Annual General Meeting

The 57th KenolKobil Annual General Meeting (AGM) is to be held on May 12, 2016 at 11h00 at the Hilton Hotel, Nairobi.

Proposed Dividend

The Board of Directors has recommended a final dividend of Kshs. 0.25 per share to the AGM to be held on May 12, 2016. The final dividend together with the interim dividend already paid (0.10 per share), will total to Kshs. 0.35 per share compared to Kshs. 0.20 per share paid in 2014 representing a 75% increase. The dividend, if approved by the shareholders, will be subjected to withholding tax as applicable.

By Order of the Board

David Ohana
Group Managing Director

Date: 17th March 2016