

TOTAL KENYA LIMITED

AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

INCOME STATEMENT

For the year ended December 31,	2007 KShs'000	2006 KShs'000
Gross sales	44,109,728	38,052,875
Indirect taxes and duties	(9,351,985)	(7,391,454)
Net sales	34,757,743	30,661,421
Cost of sales	(32,322,298)	(28,408,979)
Gross profit	2,435,445	2,252,442
Other income	75,055	274,098
Depreciation and amortisation	(274,425)	(235,006)
Amortisation of prepaid operating leases	(6,107)	(19,687)
Amortisation of intangible assets	(26,248)	(5,167)
Other operating expenses	(1,243,279)	(1,200,930)
Operating profit	960,441	1,065,750
Finance charges, net	(178,506)	(388,556)
Profit before taxation	781,935	677,194
Taxation	(257,745)	(191,116)
Profit for the year	524,190	486,078
Earnings per share (basic and diluted) – KShs	2.99	2.78

BALANCE SHEET

As of December 31,	2007 KShs'000	2006 KShs'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,992,896	2,029,452
Prepaid operating leases	308,741	325,499
Intangible assets	53,302	71,686
Goodwill	336,604	336,604
Deferred tax asset	46,086	65,876
Total non-current assets	2,737,629	2,829,117
Current assets		
Inventories	3,438,874	6,049,585
Accounts receivable	5,017,520	4,558,518
Amounts due from related companies	472,596	598,746
Tax recoverable	12,397	53,101
Bank and cash balances	833,737	1,264,389
Total current assets	9,775,124	12,524,339
TOTAL ASSETS	12,512,753	15,353,456
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	875,324	875,324
Share premium	1,967,520	1,967,520
Revenue reserve	1,908,747	1,822,220
Shareholders' equity	4,751,591	4,665,064
Current liabilities		
Trade and other payables	4,764,986	5,379,352
Amounts due to holding company	59,705	212,794
Amounts due to related companies	147,777	75,500
Unpaid dividends	12,162	6,746
Short term bank borrowings	2,776,532	5,014,000
Total current liabilities	7,761,162	10,688,392
TOTAL EQUITY AND LIABILITIES	12,512,753	15,353,456

CASH FLOW STATEMENT

For the year ended December 31,	2007 KShs'000	2006 KShs'000
OPERATING ACTIVITIES		
Cash generated from operations	2,937,272	380,438
Interest paid	(287,102)	(415,493)
Interest received	730	1,809
Taxation paid	(197,251)	(178,130)
Net cash (used in)/generated from operating activities	2,453,649	(211,376)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(247,522)	(332,780)
Purchase of leasehold land	(777)	(19,282)
Purchase of intangible assets	(7,355)	(43,431)
Proceeds on disposal of property, plant and equipment	14,968	6,149
Proceeds on disposal of leasehold land	26,100	258,735
Net cash used in investing activities	(214,586)	(130,609)
FINANCING ACTIVITIES		
Dividends paid	(432,247)	(435,386)
Net cash used in financing activities	(432,247)	(435,386)
Net increase / (decrease) in cash and cash equivalents	1,806,816	(777,371)
Cash and cash equivalents as at 1 January	(3,749,611)	(2,972,240)
Cash and cash equivalents as at 31 December	(1,942,795)	(3,749,611)

COMMENTS FROM THE MANAGEMENT

OVERVIEW

The 2007 business environment for the oil industry remained very challenging, with high and very volatile international oil prices still persisting. Supply constraints arising from the pipeline capacity limitations were also still present, with the additional hurdles brought about by the introduction of a new stocks management system by the fiscal authorities. The inability of the industry to fully pass on price increases to the consumer in the very competitive market resulted in depressed margins on the main products sales.

In spite of this difficult environment, our turnover for the year increased by 13%, benefiting from good performance in Network, General Trade and Bulk sales channels. However, lower turnover was registered in Aviation and Export sales channels, the latter mainly affected by punitive tax regulations that delay refunds of taxes paid upfront on these sales.

Although gross profit grew by 8%, operating profit registered a decline of 10% as compared to previous year. This is explained by a significant exceptional result realized on assets disposal in 2006 amounting to KShs. 157M against a similar figure of only KShs. 20M in 2007. Ignoring the effects of this exceptional result, the operating profit from normal activity grew by 4%.

Profit before tax went up by 15% as a result of a significant decrease in the finance charges as compared to previous year. A lot of attention was paid to the management of working capital, leading to less borrowing. This is a commendable result given the very difficult business environment for the oil industry in Kenya in terms of working capital requirement.

2008 should be an equally challenging year for our industry. The volatile international oil prices still prevail, with the crude prices having reached unprecedented high levels recently and still unstable. Locally, the pipeline capacity limitations are expected to remain for the greater part of the year. This, together with the refinery constraints, affects product supplies to the market. The post election unrest with the resultant disruptions to economic activities, and especially to some key sectors we serve like transport and tourism, has had a negative impact on business in general. These factors combined tend to dampen the prospects for the year, at least in the medium-term.

However, taking into consideration our strong portfolio of key customers and our policy of profitable growth with selective investments in Network, General Trade and LPG channels already underway, we have reason to look to the future with guarded optimism.

PROPOSED DIVIDEND

The Directors are recommending for the approval at the Annual General Meeting the payment of a first and final dividend of KShs 2.50 per share for the year ended 31 December 2007, subject to withholding tax where applicable. Subject to approval at the shareholders' Annual General Meeting the dividend cheques will be posted on or about 25 June 2008.

ANNUAL GENERAL MEETING

The 54th Annual General Meeting of Total Kenya Limited will be held on 28 May 2008.

CLOSURE OF THE SHARE REGISTER

Subject to shareholders approval at the 54th Annual General Meeting, the share register will be closed on 29 May 2008 and 30 May 2008 for the purpose of dividend calculation.

By order of the Board
J. L. G. Maonga
Company Secretary

March 12, 2008



TOTAL