

TOTAL KENYA LIMITED

AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2006

INCOME STATEMENT

For the year ended December 31,

	2006 Ksh'000	2005 Ksh'000
Gross sales	38,052,875	40,547,536
Indirect taxes and duties	(7,391,454)	(6,998,039)
Net sales	30,661,421	33,549,497
Cost of sales	(28,408,979)	(31,048,530)
Gross profit	2,252,442	2,500,967
Other income	274,098	185,479
Depreciation and amortisation	(240,173)	(226,796)
Amortisation of prepaid operating leases	(19,687)	(6,164)
Impairment of prepaid operating leases	-	(16,100)
Other operating expenses	(1,200,930)	(1,354,940)
Operating profit	1,065,750	1,082,446
Finance charges, net	(388,556)	(284,256)
Profit before taxation	677,194	798,190
Taxation	(191,116)	(266,629)
Profit for the year	486,078	531,561
Earnings per share (basic and diluted) - Kshs	2.78	3.04

BALANCE SHEET

As of December 31,

	2006 Ksh'000	2005 Ksh'000
ASSETS		
Non-current assets		
Property, plant and equipment	2,054,452	1,992,632
Prepaid operating leases	300,499	405,650
Intangible assets	71,686	881
Goodwill	336,604	336,604
Deferred taxation asset	65,876	38,254
Total non-current assets	2,829,117	2,774,021
Current assets		
Inventories	6,049,585	2,902,972
Accounts receivable	4,558,518	3,209,989
Amounts due from related companies	598,746	525,223
Taxation recoverable	53,101	93,709
Call deposits	-	200,000
Bank and cash balances	1,264,389	1,067,382
Total current assets	12,524,339	7,999,275
TOTAL ASSETS	15,353,456	10,773,296
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	875,324	875,324
Share premium	1,967,520	1,967,520
Revenue reserve	1,822,220	1,773,805
Shareholders' equity	4,665,064	4,616,649
Current liabilities		
Trade and other payables	5,379,352	1,471,192
Amounts due to holding company	212,794	334,381
Amounts due to related companies	75,500	106,983
Unpaid dividends	6,746	4,469
Short term bank borrowings	5,014,000	4,239,622
Total current liabilities	10,688,392	6,156,647
TOTAL EQUITY AND LIABILITIES	15,353,456	10,773,296

CASH FLOW STATEMENT

For the year ended December 31,

	2006 Ksh'000	2005 Ksh'000
OPERATING ACTIVITIES		
Cash generated from operations	380,438	1,659,512
Interest paid	(415,493)	(345,526)
Interest received	1,809	2,291
Taxation paid	(178,130)	(379,647)
Net cash (used in)/generated from operating activities	(211,376)	936,630
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(332,780)	(719,143)
Purchase of leasehold land	(19,282)	(1,800)
Purchase of intangible assets	(43,431)	-
Proceeds on disposal of property, plant and equipment	6,149	5,807
Proceeds on disposal of leasehold land	258,735	20,143
Net cash used in investing activities	(130,609)	(694,993)
FINANCING ACTIVITIES		
Dividends paid	(435,386)	(436,439)
Net cash used in financing activities	(435,386)	(436,439)
Net decrease in cash and cash equivalent	(777,371)	(194,802)
Cash and cash equivalent as at 1 January	(2,972,240)	(2,777,438)
Cash and cash equivalent as at 31 December	(3,749,611)	(2,972,240)

COMMENTS FROM THE MANAGEMENT

OVERVIEW

In 2006, the oil industry faced a very challenging environment with high and very volatile international oil prices. Business was also affected by insufficient capacity of the pipeline leading to restrictions on importations and added logistical costs, and increased financing costs resulting from the upfront payment of taxes on petroleum products as well as from prolonged delays in repayments of tax refunds.

The industry experienced lower margins on main product sales mainly due to incapacity to pass on fully increases in oil prices and costs in a context of very stiff competition.

Turnover of the company decreased by 6%, mainly explained by drop of our exports sales affected by new tax regulations, and reduction of our reseller and aviation sales in a context of extremely depressed margins, whereas network, industrial consumers and LPG sales continued to experience satisfactory growth.

The operating profit remained stable compared to the previous year; the decrease in gross profit being compensated by a reduction of operating expenses and gains realized on disposal of idle assets.

The company's net profit however reduced by 9% due to increase in net finance costs. This can nevertheless be considered as a satisfactory result in a particularly difficult and challenging environment for oil industry in Kenya.

The financial position of the company remains strong with net current assets of Kshs 1.8 billion, same as 2005.

In 2007 environment should remain comparable, with oil prices still high and volatile, and refinery, logistic and tax

regime constraints still there, at least until upgrading of the pipe will have been effected, which is not expected before beginning 2008. In a growing market, the company intends to remain a major player through continued profitable growth, investment in network, general trade and LPG outlets and sound working capital management.

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 2006, 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 2007.

ANNUAL GENERAL MEETING

The 53rd Annual General Meeting of Total Kenya Ltd will be held on 29 May 2007.

CLOSURE OF THE SHARE REGISTER

Subject to shareholders approval at the 53rd Annual General Meeting, the share register will be closed on 30 May 2007 and 31 May 2007 for the purpose of dividend calculation.

By order of the Board

J. L. G. Maonga, Company Secretary
March 24, 2007



TOTAL