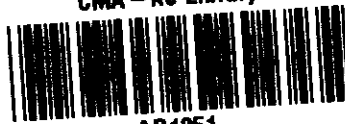


C O N T E N T S

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NOTICE OF THE MEETING

Notice is hereby given that the 46th Annual General Meeting of the company will be held at the French Cultural Centre, Theatre Room, Nairobi on Thursday, 27 April 2000 at 3.00 p.m. for the following purposes:

ORDINARY BUSINESS

- 1 To confirm the minutes of the 45th Annual General Meeting held on 13 April 1999.
- 2 To receive and consider the financial statements for the year ended 31 December 1999 together with the reports of the Directors and Auditors thereon.
- 3 To approve the payment of a first and final dividend of Shs 3.40 per share as recommended by the Directors.
- 4 To re-elect the following directors, who retire in accordance with Article 97 of the Company's Articles of Association and, being eligible, offer themselves for re-election:

Mr. D Harel
Mr. M S Nguer
Mr. C G Chammas
Mr. H de Wendel.
- 5 To approve the Directors' fees for the year ended 31 December 1999.
- 6 To note that Murdoch McCrae & Smith continue in office as the Auditors by virtue of Section 159 (2) of the Companies Act (Cap 486) and to authorise the directors to fix their remuneration.

By order of the Board

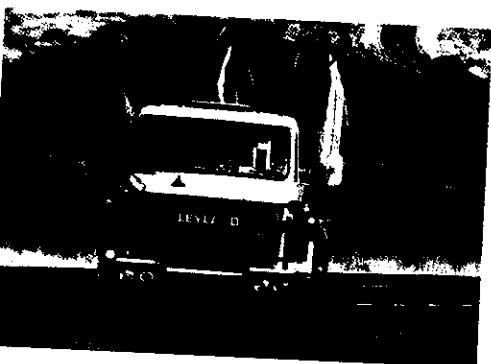
J L G Maonga

Secretary

P. O. Box 30736, Nairobi
29 February 2000

Note: A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on his or her behalf. A proxy need not be a member of the company. To be valid, a form of proxy, which is provided with this report, must be duly completed by the member and must be lodged at the Registered Office of the Company, Chai House, Koinange Street, P O Box 30736 Nairobi, or posted in time to reach not later than 3.00 p.m. on 23 April 2000.

2007/1051



OFFICERS AND PROFESSIONAL ADVISERS

Directors D Harel* Chairman
 M S Nguer* Managing (Also alternate to D Harel)
 C G Chammas*
 H de Wendel*
 J W Sitati

 E Chabanne* (Alternate to M S Nguer)
 B de Mones* (Alternate to H de Wendel)
 K M Ikiara (Alternate to C G Chammas)

* French

Secretary J L G Maonga

Head Office and Chai House
Registered Office Koinange Street
 P O Box 30736
 Nairobi
 Kenya

Auditors Murdoch McCrae & Smith
 P O Box 40092
 Nairobi
 Kenya

Advocates Robson Harris & Co
 P O Box 30423
 Nairobi
 Kenya



VISION

**To be a leader in the quality of staff,
products and services.**

**To be a leader in the profitability and
returns to our shareholders.**

**To be the most responsible and
preferred company in the region.**

MISSION

**The purpose of TOTAL Kenya Limited is to
market quality petroleum products and
service its customers responsibly and
profitability in an innovative way to ensure
that the public will continue to come to
TOTAL BY CHOICE.**

CHAIRMAN'S STATEMENT

Fellow shareholders, this is the second time that I meet you to present, on behalf of the Board, the results of our company. Once again, I welcome you and thank you for your continued interest in the performance of Total Kenya.

Since our last meeting, our business has gone through turbulent times.

As regards the external environment, crude prices, which had dropped to below \$10 per barrel in February 1999, soared to \$25 per barrel by December. At the same time the Kenya Shilling weakened against the US Dollar from 62 in January to reach 76 in September. Both of these factors put very heavy pressure on our costs in a market that is both price conscious and highly competitive due to the growing presence of new players. Moreover, the working capital requirements of your company have, as a result, substantially increased by some 64.3% from end 1998 to end 1999, despite our relentless effort to reduce customer credit outstanding and to optimise stock levels.

The economy, with a net GDP growth of 1.4%, provided few new opportunities for growth. The global retail network market, that remains the flagship of our business, shrank by 5%. In terms of volume, this drop was mitigated by a 12% growth in the lower margin consumer market mainly attributable to additional petroleum product supplies to the new infrastructure projects in power generation where a new 75MW power plant burning fuel oil was commissioned, and in road rehabilitation where there was increased demand for bitumen.

On a more positive note, the government of Kenya, with the active support of the oil industry in general, played its part towards making progress in establishing a level playing field for all actors in the petroleum industry. Anti dumping efforts made in 1998 were sustained throughout 1999, and defaulters were prosecuted. A new petroleum standards lobby group, the Petroleum Institute of East Africa was registered, and the government recognised its contribution. Early this year, the government published new guidelines for the establishment and licensing of retail sites. We laud all of these efforts aimed at ensuring that the oil sector remains sustainable and continues to actively and efficiently accompany the growth of the economy.

The performance of your company in the two main channels of sale was globally satisfactory, despite additional difficulties brought about by the renewed incidence of power blackouts. Our overall market share increased from 15.2% to 15.8% in 1999.

Turning briefly to our internal plans of action, I am personally pleased and satisfied with the scope of projects undertaken to improve the quality of your investment during this year. A new accounting and management information software and new hardware equipment installed during the year helped the business to ride smoothly over the potential year 2000 computing problem, as well as contributing to further enhance accounting and internal controls. Additionally, a new LPG product, the Baby Meko, was launched towards the end of the year as the 1200 ton LPG import storage was being completed. It was an instant success and placed your company in the lead on the range of LPG appliances offered. The diversification program on the network benefited from three new convenience shops at Tosheka in Kisumu, Sotik in Kericho and Outer Ring Road in Nairobi. To improve customer service, the company made a successful bid for ISO 9002 certification on the critical order fulfilment process, and became the first to be so certified on this process in the oil industry in Kenya. During the year, your company also launched a successful short-term note program that helped to keep our financial expenses between 3 to 4 per cent below market rates on Kshs. 1bn of our borrowings.

These efforts, together with high responsiveness to market price movements, plus a strong focus on controlling operating costs and customer debt, enabled your company to increase its net income by 72% over 1998 to Kshs. 551 million. May I, on your behalf and that of the directors commend all the staff warmly for this excellent result obtained in a very difficult environment.

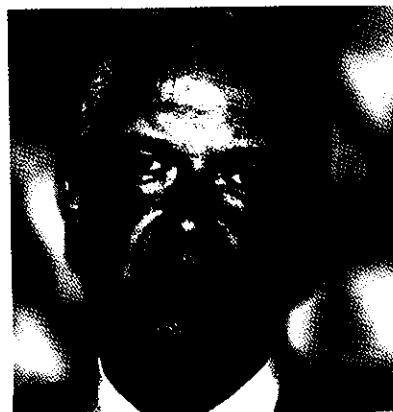
I wish, however, to remind you, at the same time of our continuing structural handicap regarding our high level of financial gearing and to propose a first and final dividend of Kshs 3.40 per share which will go some way in improving the balance sheet and placing your company in a better position to compete as the market becomes tighter.

For the year ahead, I anticipate the same challenges as we have faced last year. Although there is some hope regarding Kenya's recovery from the recession, this is likely to be slow. New business opportunities will continue to be few and specific to infrastructure development. Nevertheless I have every confidence that our staff will once again prove themselves equal to the task and I therefore give them my unqualified support as they rise up to the challenge.

In conclusion, I wish to touch on some changes that have taken place within the group.

Some of you may already know that during the year, the principal shareholder of Total Kenya, the TotalFina Group moved to strengthen its global business through a successful merger bid with Elf Aquitaine. The combined group TOTALFINA-ELF is the fourth largest oil group in the world. The synergies brought about by such a large conglomerate will no doubt improve the business prospects of Total Kenya Ltd.

D. Harel
Chairman
Nairobi, February 25, 2000



Wanahisa wenzangu, hii ni mara ya pili kukutana nanyi, kwa niaba ya halmashauri ya wakurugenzi, ili kuwaeleza matokeo ya biashara ya kampuni yetu. Kwa mara nyengine, nawakaribisha na pia kuwashukuru nyote kwa ji mnavyoendelea kuonyesha hamu ya kutaka kujua vile biashara ya Total Kenya inavyoendelea.

Tangu mkutano wetu wa mwisho, kwa hakika biashara yetu imekumbwa na matatizo mengi.

Katika soko la kimataifa la mafuta, mtaona kwamba bei ya mafuta ambayo hayajasafishwa ilikuwa imeshuka hiki kufikia chini ya dola 10 kwa pipa mnamo mwezi wa Februari. Lakini kufikia mwezi wa Desemba bei ilipanda hadi ikafika dola 25 kwa pipa moja. Wakati huo huo shilingi ya Kenya ilipoteza thamani yake mbele ya dola ya ki-Marekani kutokana shilingi 62 katika mwezi wa Januari hadi kufikia shilingi 76 katika mwezi wa Septemba. Sababu zote hizi ziliongeza uz mkubwa katika gharama zetu bila kusahau kwamba soko letu lina watu wanaozifahamu bei vizuri na pia soko lenye linaushindani mkubwa kutokana na kuongezeka kwa wafanyi biashara wapya. Zaidi ya hayo kampuni yetu ilila zimi kuongeza rasilimali ya kufanyia biashara kiasi asilimia 64.3% mwisho wa 1999 ukilinganishwa na 1998, huku juhi kali zikiendelea kupunguza madeni ya wateja na kuwa na kiwango nafuu cha bidhaa za petroli.

Hali ya uchumi ilikua kwa kiasi kidogo na ilionyesha ongezeko la asili mia 1.4% katika mapato ya nchi (yaani GD Ongezeko hili lilitoa nafasi kidogo mpya katika maendeleo. Biashara ya rejareja ambayo ndiyo nguzo yetu ilishuka k asili mia tano (5%); ilapokuwa tukiangalia kwa kiwango kikubwa kushuka huko kulionyesha ongezeko la asili mia ku na mbili (12%) katika soko la watumizi wa bidhaa zetu kwa jumla. Soko hili huhudumia miundo misingi mipya kama v utoaji nishati na utengenezaji barabara. Katika utoaji nishati, tuliona uanzishwaji wa kiwanda Kipya cha nguvu umeme cha kutumia mafuta kilicho na uwezo la kutoa megawati 75 za umeme. Na katika urekebishaji wa barabara kulikuwa na ongezeko la mahitaji ya lami.

Kitu cha kupendeza zaidi ni kwamba serikali ya Kenya ikishirikiana na makampuni ya mafuta yote kwa ujumla, ilijihusisi kikamilifu katika kuhakikisha kwamba kila mshiriki katika biashara hii anauhuru ya sawa na mwengine. Kampeni kupinga uagizwaji wa bidhaa duni ilianzishwa mnamo mwaka 1998 iliendelea katika mwaka 1999 ambapo baadhi wahalifu walishikwa na wakafunguliwa mashtaka mahakamani. Kuliandikishwa chama kipya ambacho kazi yake kuhakikisha usawa wa viwango vya mafuta nchini. Chama hichi kinaitwa "The Petroleum Institute of East Africa". Kwa sababu ya kazi yake nzuri serikali imeanza kukitambua chama hichi. Mwanzoni mwa mwaka huu serikali ilichapish miongozo mipya juu ya uanzishaji na uombaji leseni kwa vituo vya rejareja. Tunaisifu serikali kwa hatua hii kwa sabab hii ni njia moja ya kuhakikisha kwamba biashara ya mafuta inalindwa ili kuiendeleza na hatimaye kuendeleza uchur

Mafanikio ya kampuni yetu katika zile njia mbili muhimu za wateja wenu, yalikuwa yakuridhisha ilapokuwa kulikuwa r shida ya kukatika nguvu za umeme mara kwa mara. Kulikuwa na ongezeko la uuzaji kutoka asili mia 15.2 (15.2% katika mwaka wa 1998 hadi kufikia asili mia 15.8 (15.8%) katika mwaka wa 1999.

Tukiangalia upande wa wafanyi kazi wetu, mimi mwenyewe binafsi, nimefurahia sana na nimeridhika na hatu zilizochukuliwa na wafanyi kazi hawa katika kuimarisha na kuiendeleza kampuni yetu katika mwaka uliopita. Vifa vipya vya kuwekea hesabu na pia mitambo mipya ya viwandani iliyowekwa ili iwezesha kampuni hii kuvuka mwak 2000 bila matatizo ya ki-kompyuta, na kudumisha zaidi utunzi wa rasilimali. Zaidi ya hivyo bidhaa mpya ya kutumi gesi (LPG), kwa jina la "Baby Meko", ilianzishwa kufikia mwisho wa mwaka. Wakati huo huo ujenzi wa tangi lenye uwez wa kujaa tani 1200 za gesi (LPG) inapoagizwa kutoka nchi za nje ndio ulikuwa unakamilika. Haya ni mafanikio ambay yanaifanya kampuni yako iwe ndiyo inayoongoza katika ustawishaji wa matumizi ya gesi.

Mpango huu wa kupanua biashara ulifaidi kutoka kwa maduka matatu: Tosheka huko Kisumu, Sotik huko Kericho na Outer Ring Road mjini Nairobi.

Kwa kutaka kuendeleza huduma kwa wateja, kampuni ilifaulu kupata cheti cha ISO 9002 kwa idara ya kujaza order z wateja. Kwa kupata cheti hichi kampuni hii ndio ya kwanza kabisa katika kampuni zote za mafuta nchini Kenya kupat tuzo hilo.

Pia katika mwaka huo kampuni yako ilijipangia mpango wa muda mfupi ambao ulipunguza gharama za mkopo wak kwa kati ya asili mia 3 mpaka 4 (3 to 4%) kwenye shilingi bilioni moja za mkopo.

Taratibu hizi pamoja na ubadilikaaji wa haraka wa masoko yetu, zikiongezewa nguvu na utunzaji mzuri wa matumizi r madeni yetu, kulifanya kampuni yako iweze kuyaongeza mapato yake kwa asili mia sabini na mbili (72%) ikilinganishw na mwaka wa 1998, kufika shilingi milioni 551.

Kwa niaba yenu, na niaba ya bodi ya wakurugenzi, nachukua nafasi hii kuwasifu wafanyi kazi wote kwa mafanikio hay yaliyopatikana wakati ambapo nchi yote inapigana na hali ngumu ya uchumi.

Hata hivyo ningependa kuwakumbusha kwamba, wakati tunapoendelea na uhaba wa upatikanaji wa rasilimali, mi naonelea kuwe na mgako wa shilingi 3.40 kila hisa. Mgawo huu utasaidia kusawazisha hesabu zetu na pia kuifan kampuni yako iwe na uwezo wa kushindana ki-biashara katika hali hii ngumu ya uchumi.

Katika mwaka unaokuja, nafikiria kwamba mitihani au mashindano tutakayoyapata yatakuwa sawa na ya mwaka uliopir ilapokuwa ziko dalili zinazoonyesha kwamba Kenya itajitoa katika hali hii mbaya ya uchumi hata kama itakuwa pe pole. Nafasi mpya za maendeleo zitakuwa chache hasa kwa miundo msingi. Ingawa hivyo, mimi ninaamini kwamt wafanyi kazi wetu kwa mara nyengine tena wataonyesha juhudi zao kukabiliana na shida zote watakazokumbana na ili kupata mafanikio. Mimi nitawaunga mkono kwa hali na mali kufanikisha pia zao.

Kwa kukamilisha hotuba hii, ningependa niwaeleze mabadiliko yaliyofanyika katika shirika hili.

Pengine, wengine wenu tayari mnajua kwamba, katika kipindi cha mwaka uliopita shirika la TotalFina, ambalo ndilo mwanahisa mkuu wa Total Kenya, lililingana na kampuni ya Elf Aquitaine ili kuimarisha biashara zake kote ulimwenguni. Muungano wa makampuni haya mawili yamezaa shirika la TOTALFINA-ELF ambalo ndilo shirika nne la mafuta kwe ukubwa duniani. Bila shaka muungano huu wa makampuni haya mawili makubwa utaimarisha mwelekeo wa ki-biashara wa Total Kenya Ltd.

D. Harel
Mwenyekiti
Nairobi 25 February 2000



REPORT OF THE DIRECTORS

The directors present their annual report together within the audited financial statements for the year ended 31 December 1999.

ACTIVITY

The principal activity of the company is the sale of petroleum products.

RESULTS

The results for the year ended 31 December 1999 are as follows:

	Sh'000
Profit after taxation	551,420
Retained profit brought forward	732,210
	<hr/>
	1,283,630
Dividend proposed (gross)	(190,400)
Transfer from revaluation surplus	7,957
	<hr/>
Retained profit carried forward	1,101,187
	=====

DIVIDENDS

The directors recommend a first and final dividend of Shs 3.40 (1998 Shs 3.00) per share for the year ended 31 December 1999.

DIRECTORS

The present membership of the Board is set out on page 3.

In accordance with Article 97 of the Articles of Association of the company, Messrs D Harel, M S Nguer, C G Chammas and H de Wendel retire by rotation and, being eligible, offer themselves for re-election.

AUDITORS

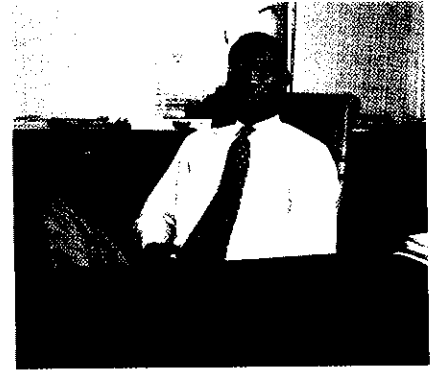
Murdoch McCrae & Smith continue in office in accordance with section 159 (2) of the Companies Act (Cap. 486).

BY ORDER OF THE BOARD

J L G Maonga

Secretary

Nairobi
29 February 2000



STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS
TO THE MEMBERS OF TOTAL KENYA LIMITED

**Murdoch
McCrae & Smith**



Certified Public Accountants (Kenya)
"Kirungii", Ring Road, Westlands
P.O.Box 40092
Nairobi, Kenya
Telephone: 254-2-442344/05-12
Facsimile: 254-2-448966
Telex: 22966
Dropping Zone Box No. 92

We have audited the financial statements on pages 10 to 22 and have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

Respective responsibilities of directors and auditors

As described on page 8, the directors are responsible for the preparation of the financial statements. Our responsibility is to express an opinion on those financial statements based on our audit.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the directors, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, proper books of account have been kept by the company and the financial statements, which are in agreement therewith, comply with the Companies Act and give a true and fair view of the state of affairs of the company at 31 December 1999 and of its profit and cash flows for the year ended on that date.

Murdoch McCrae & Smith

29 February 2000

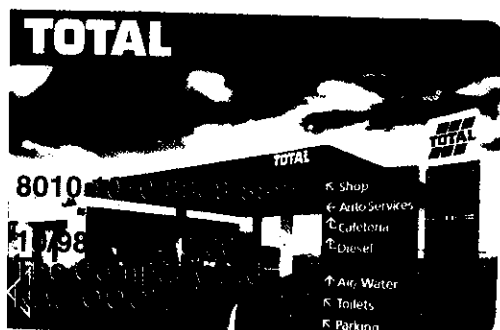
**Deloitte Touche
Tohmatsu
International**

Partners:
D.M. Ndonye V.M.Allen* H. Gadhoke*
N.R. Hira S.O. Onyango J.W.Wangai
British*

I N C O M E S T A T E M E N T

for the year ended 31 December 1999

	Note	1999 Sh'000	1998 Sh'000
REVENUE			
Gross		14,715,766	14,068,135
Indirect taxes and duties		(4,296,781)	(4,203,851)
Net		10,418,985	9,864,284
COST OF SALES		(8,305,617)	(7,853,120)
GROSS PROFIT		2,113,368	2,011,164
OTHER OPERATING INCOME		242,328	97,114
ADMINISTRATIVE EXPENSES		(795,247)	(737,949)
OTHER OPERATING EXPENSES		(371,607)	(527,005)
OPERATING PROFIT	2	1,188,842	843,324
FINANCE COSTS	4	(332,156)	(328,303)
PROFIT BEFORE TAXATION		856,686	515,021
TAXATION	5	(305,266)	(193,958)
PROFIT AFTER TAXATION	12	551,420	321,063
EARNINGS PER SHARE	7	Sh 9.85	Sh 5.73



B A L A N C E S H E E T

for the year ended 31 December 1999

	Note	1999 Sh'000	1998 Sh'000
ASSETS			
Non current assets			
Property, plant & equipment	8	1,212,754	981,492
Current assets			
Inventories	9	1,300,956	977,162
Trade and other receivables	10	2,682,390	1,875,045
Short term deposits, bank and cash balances		428,756	208,895
		<u>4,412,102</u>	<u>3,061,102</u>
Total assets		<u>5,624,856</u> =====	<u>4,042,594</u> =====
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	11	280,000	280,000
Reserves	12	1,144,674	792,198
		<u>1,424,674</u>	<u>1,072,198</u>
Non current liabilities			
Deferred taxation	13	21,399	-
Current liabilities			
Trade and other payables	14	1,408,583	1,262,385
Taxation payable		81,144	107,832
Short term loans (unsecured)		1,861,400	861,498
Proposed dividend (gross)		190,400	168,000
Bank overdrafts (unsecured)		637,256	570,681
		<u>4,178,783</u>	<u>2,970,396</u>
Total equity and liabilities		<u>5,624,856</u> =====	<u>4,042,594</u> =====

The financial statements on pages 10 to 22 were approved by the board of directors on 29 February 2000 and were signed on its behalf by:

M S Nguer)
) Directors
J W Sitati)



C A S H F L O W S T A T E M E N T
for the year ended 31 December 1999

	Note	1999 Sh'000	1998 Sh'000
CASH GENERATED FROM OPERATIONS	15(a)	204,019	865,580
Interest paid		(245,777)	(278,219)
Interest received		27,791	13,746
Taxation paid		(319,099)	(62,652)
		<u> </u>	<u> </u>
NET CASH (USED IN)/FROM OPERATING ACTIVITIES		(333,066)	538,455
		<u> </u>	<u> </u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(348,516)	(312,170)
Proceeds on disposal of fixed assets		2,966	2,823
		<u> </u>	<u> </u>
NET CASH USED IN INVESTING ACTIVITIES		(345,550)	(309,347)
		<u> </u>	<u> </u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(168,000)	(145,600)
		<u> </u>	<u> </u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	15(b)	(846,616) =====	83,508 =====

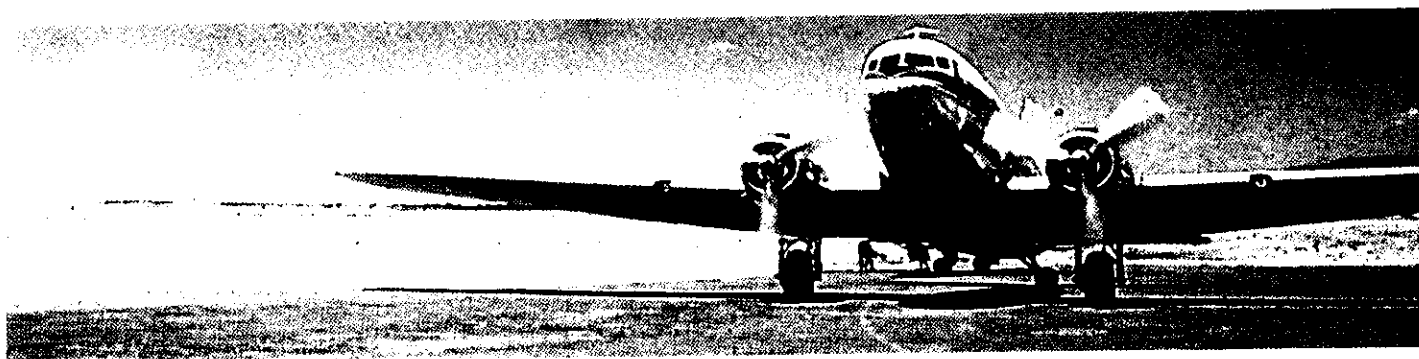


STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 1999

Share
Share
Revaluation
Revenue
Total

	capital Sh'000	premium Sh'000	reserve Sh'000	reserve Sh'000	equity Sh'000
Balance at 1 January 1998	280,000	30,487	36,169	572,479	919,135
Transfer	-	-	(6,668)	6,668	-
Profit after taxation	-	-	-	321,063	321,063
Dividends (note 6)	-	-	-	(168,000)	(168,000)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 1998	280,000	30,487	29,501	732,210	1,072,198
	=====	=====	=====	=====	=====
Balance at 1 January 1999	280,000	30,487	29,501	732,210	1,072,198
Transfer	-	-	(7,957)	7,957	-
Profit after taxation	-	-	-	551,420	551,420
Deferred taxation	-	-	(8,544)	-	(8,544)
Dividends (note 6)	-	-	-	(190,400)	(190,400)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 1999	280,000	30,487	13,000	1,101,187	1,424,674
	=====	=====	=====	=====	=====



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1999

1 ACCOUNTING POLICIES

The principal accounting policies of the company, which are set out below, conform with International Accounting Standards. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain assets.

REVENUE RECOGNITION

Sales are recognised upon delivery of products and customer acceptance and are stated net of value added tax, returns and rebates.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost or as professionally valued less accumulated depreciation.

Depreciation is not provided on freehold land. Other assets are depreciated to write off the cost or valuation of the assets in equal annual instalments over their estimated useful lives. The annual rates generally in use are:

Leasehold land	Over the life of the lease
Buildings	2% - 15%
Plant, motor vehicles and other equipment	5% - 25%
Furniture, fittings and office equipment	10% - 25%

TRADE RECEIVABLES

Trade receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on the review of all outstanding amounts at the year end. Bad debts are written off when all reasonable steps to recover them have failed.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost 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. Specific provision is made for obsolete, slow moving and defective inventories.

FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currency are translated into Kenya shillings at the rates of exchange ruling at the balance sheet date. Transactions during the year are translated at the rates ruling on the transaction dates. Differences on exchange are dealt with in the income statement.



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1999

1 ACCOUNTING POLICIES (Continued)

OPERATING LEASES

Payments made under operating leases are charged to the income statement on a straight line basis over the period of the lease. Any payment required to be made to the lessor by way of penalty, for termination of lease before the expiry of the lease period, is recognised in the period in which termination takes place.

TAXATION

Current taxation is provided on the basis of the results for the year as shown in the financial statements, adjusted in accordance with the tax legislation.

Deferred taxation is provided, under the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax.

The principal temporary differences arise from accelerated capital allowances, unrealised exchange differences, general provisions and revaluation surplus.

This is a change in accounting policy to comply with International Accounting Standard 12 (Revised). Previously, deferred taxation was provided for when, in the opinion of the directors, a liability or asset was expected to crystallize in the foreseeable future. The change in policy does not have a material effect and, therefore, prior year adjustments have not been made in the financial statements.

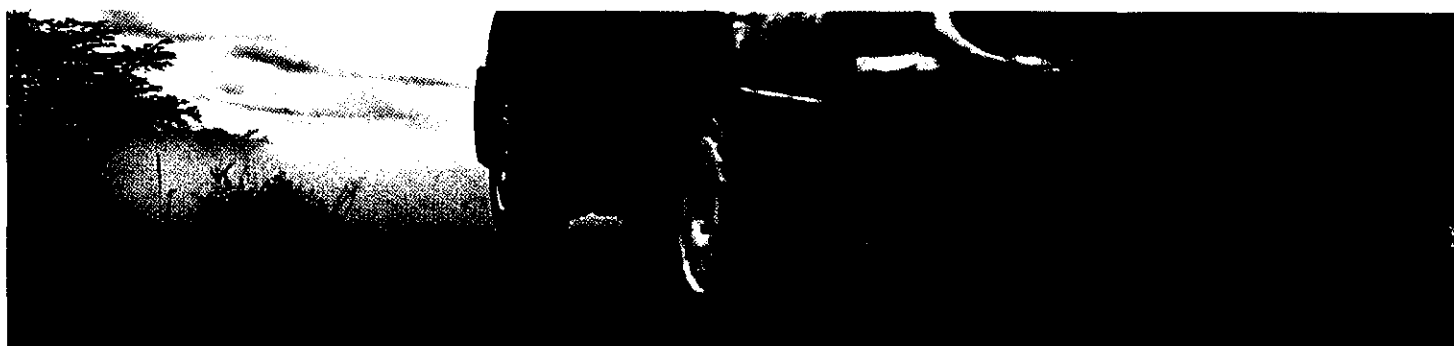
RETIREMENT BENEFITS

The company operates a defined contribution provident fund for its employees. The assets of this scheme are held in a separate trustee administered fund. The scheme is funded by payments from both the employees and the company.

The company also contributes to a statutory defined contribution pension scheme, the National Social Security Fund (NSSF). Contributions are determined by local statute and are currently limited to a maximum of Sh 80 per employee per month.

Contribution by the company are expensed when they accrue.

	1999 Sh'000	1998 Sh'000
2 OPERATING PROFIT		
The operating profit is arrived at after charging:		
Staff costs (note 3)	239,097	218,171
Directors' emoluments		
Fees	-	-
Other emoluments	9,816	8,658
Auditors' remuneration	2,400	2,200
Depreciation	113,693	100,324
Loss on sale of property, plant and equipment	595	1,523
Operating lease rentals - property	30,975	22,611
	=====	=====



NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1999

	1999 Sh'000	1998 Sh'000
3 STAFF COSTS		
Wages and salaries	200,230	185,189
Pension costs – defined contribution plans	18,470	14,361
Other	20,397	18,261
	<u>239,097</u>	<u>218,171</u>
	=====	=====

The average number of employees during the year was 209 (1998 - 206).

4 FINANCE COSTS		
Interest payable on short term loans and bank overdrafts	245,777	278,219
	<u>245,777</u>	<u>278,219</u>
Net loss on foreign exchange	114,170	63,830
	<u>114,170</u>	<u>63,830</u>
Interest receivable:		
Bank accounts and deposits	(13,686)	(13,746)
Other	(14,105)	-
	<u>(27,791)</u>	<u>(13,746)</u>
	<u>332,156</u>	<u>328,303</u>
	=====	=====

5 TAXATION		
(a) TAXATION EXPENSE		
Current taxation at 32.5%	292,411	193,958
Deferred taxation	12,855	-
	<u>305,266</u>	<u>193,958</u>
	=====	=====



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1999

	1999 Sh'000	1998 Sh'000
5 TAXATION (Continued)		
(b) RECONCILIATION OF TAXATION EXPENSE TO EXPECTED TAX BASED ON ACCOUNTING PROFIT		
Accounting profit before taxation	856,686 =====	515,021 =====
Tax at the applicable rate of 32.5%	278,423	167,382
Deferred tax relating to prior periods	11,337	-
Tax effect of expenses not deductible for tax	16,378	26,576
Effect of tax rate differential on deferred tax	(872)	-
	-----	-----
Taxation expense	305,266 =====	193,958 =====

In June 1999, the income tax rate was reduced from 32.5% to 30% for accounting periods beginning 1 January 2000. Consequently, the reduced rate of 30% has been applied to calculate the deferred tax liability for the year ended 31 December 1999.

(c) DEFERRED TAXATION RELATING TO ITEMS CHARGED TO CAPITAL RESERVE.

	1999 Sh'000	1998 Sh'000
Deferred tax on revaluation surplus	8,544 =====	- =====

6 DIVIDEND (gross)

First and final dividend of Sh 3.40 (1998 - Sh 3.00) per share	190,400 =====	168,000 =====
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7 EARNINGS PER SHARE

Earnings per share is calculated on the profit after tax of Sh 551,420,000 (1998 - Sh 321,063,000) and the number of shares in issue as at 31 December 1999. The number of shares used is 56,000,000 shares (1998 - 56,000,000 shares).

Diluted earnings per share is the same as basic earnings per share.



NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1999

8 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings Sh'000	Plant, motor vehicles and other equipment Sh'000	Furniture, fittings and office equipment Sh'000	Total Sh'000
COST OR VALUATION				
1 January 1999	552,619	761,639	131,449	1,445,707
Additions	120,490	206,021	22,005	348,516
Disposals	-	(6,132)	(1,234)	(7,366)
	<hr/>	<hr/>	<hr/>	<hr/>
31 December 1999	673,109	961,528	152,220	1,786,857
Analysed as:				
At cost	578,901	863,644	147,991	1,590,536
At valuation - 1986	94,208	97,884	4,229	196,321
	<hr/>	<hr/>	<hr/>	<hr/>
	673,109	961,528	152,220	1,786,857
	<hr/>	<hr/>	<hr/>	<hr/>
DEPRECIATION				
1 January 1999	72,254	345,998	45,963	464,215
Charge for the year	24,861	67,087	21,745	113,693
Disposals	-	(2,689)	(1,116)	(3,805)
	<hr/>	<hr/>	<hr/>	<hr/>
31 December 1999	97,115	410,396	66,592	574,103
	<hr/>	<hr/>	<hr/>	<hr/>
NET BOOK VALUE				
31 December 1999	575,994	551,132	85,628	1,212,754
	=====	=====	=====	=====
31 December 1998	480,365	415,641	85,486	981,492
	=====	=====	=====	=====

Included in fixed assets is capital work in progress amounting to Sh 150,977,000 (1998 - Sh 31,470,000).

Land and buildings comprise:

	Sh'000
Freehold properties	43,102
Long leasehold properties	322,949
Short leasehold properties	209,943
	<hr/>
	575,994
	=====



NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1999

	1999 Sh'000	1998 Sh'000
9 INVENTORIES		
Raw materials	-	7,687
Refined products	1,078,343	763,255
Consumables	222,613	206,220
	<u>1,300,956</u>	<u>977,162</u>
	=====	=====

10 TRADE AND OTHER RECEIVABLES

Trade receivables	1,826,163	1,187,711
Due from related companies	296,958	183,127
Other receivables and prepayments	559,269	504,207
	<u>2,682,390</u>	<u>1,875,045</u>
	=====	=====

11 SHARE CAPITAL

Authorised, issued and fully paid:

54,800,000 ordinary shares of Sh 5 each	274,000	274,000
1,200,000 class 'A' ordinary shares of Sh 5 each	6,000	6,000
	<u>280,000</u>	<u>280,000</u>
	=====	=====

12 RESERVES

	Share premium Sh'000	Revaluation reserves Sh'000	Revenue reserves Sh'000	Total Sh'000
At 1 January 1999	30,487	29,501	732,210	792,198
Transfer	-	(7,957)	7,957	-
Profit after taxation	-	-	551,420	551,420
Deferred taxation	-	(8,544)	-	(8,544)
Dividend (gross)	-	-	(190,400)	(190,400)
	<u>30,487</u>	<u>13,000</u>	<u>1,101,187</u>	<u>1,144,674</u>
	=====	=====	=====	=====
At 31 December 1999	30,487	13,000	1,101,187	1,144,674
	=====	=====	=====	=====



NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1999

	1999 Sh'000	1998 Sh'000
13 DEFERRED TAXATION		
The net deferred taxation liability is made up as follows:		
Property, plant and equipment	30,760	-
Unrealised exchange differences	13,726	-
General provisions	(23,087)	-
	<u>21,399</u>	<u>-</u>
	=====	=====
14 TRADE AND OTHER PAYABLES		
Trade payables	612,012	642,717
Due to holding company	50,863	60,760
Due to related company	137	162,516
Other payables and accruals	745,571	396,392
	<u>1,408,583</u>	<u>1,262,385</u>
	=====	=====
15 NOTES TO THE CASH FLOW STATEMENT		
(a) CASH GENERATED FROM OPERATIONS		
Reconciliation of operating profit to cash generated from operations:		
Operating profit	1,188,842	843,324
Adjustments for:		
Net loss on foreign exchange	(114,170)	(63,830)
Depreciation	113,693	100,324
Loss on sale of property, plant and equipment	595	1,523
	<u>1,188,960</u>	<u>881,341</u>
Operating profit before working capital changes	1,188,960	881,341
Increase in inventories	(323,794)	(238,307)
(Increase)/decrease in trade and other receivables	(807,345)	34,560
Increase in trade and other payables	146,198	187,986
	<u>204,019</u>	<u>865,580</u>
	=====	=====
Cash generated from operations	204,019	865,580



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1999

15 NOTES TO THE CASH FLOW STATEMENT (Continued)

(b) ANALYSIS OF DECREASE IN CASH AND CASH EQUIVALENTS

	1999 Sh'000	1998 Sh'000	Change in the year Sh'000
Short term deposit, bank balances and cash	428,756	208,895	219,861
Bank overdrafts	(637,256)	(570,681)	(66,575)
Short term loans	(1,861,400)	(861,498)	(999,902)
	=====	=====	-----
Net decrease in cash and cash equivalents			(846,616)
			=====

For the purposes of the cash flow statement, cash equivalents include short term liquid investments which are readily convertible to known amounts of cash and which were within three months of maturity when acquired, less bank overdrafts and short term loans repayable within three months from the date of disbursement.

16 RELATED PARTY TRANSACTIONS

During the year the company made purchases amounting to Sh 3,847 million from companies related to it by virtue of common shareholding. These transactions were at arm's length and in the normal course of business.

17 RETIREMENT BENEFIT OBLIGATIONS

The company makes contribution to a defined contribution provident scheme and to a statutory defined pension scheme, the National Social Security Fund. Contributions to the provident scheme are determined by the rules of the scheme while contributions to the statutory scheme are determined by local statute. Total contribution by the company during the year was Sh 18,470,000 (1998 - Sh 14,361,000).

	1999 Sh'000	1998 Sh'000
18 CAPITAL COMMITMENTS		

Commitments at the year end for which no provision has been made in these financial statements:

Authorised and contracted	159,321	232,922
	=====	=====



NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1999

19 CONTINGENT LIABILITIES

Guarantees and bonds in the ordinary course of business	330,000 =====	402,080 =====
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No losses are anticipated in respect of these contingent liabilities.

20 INCORPORATION

The company is incorporated in Kenya under the Companies Act. The ultimate holding company is TotalFina S.A. which is incorporated in France.

P R O X Y F O R M

The Secretary
Total Kenya Limited
P O Box 30736
Nairobi

I/Weof address.....
being a member/members of Total Kenya Limited hereby appoint
of address..... whom failing
..... of address
as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held
on 27 April 2000 at the French Cultural Centre, Theatre Room, Nairobi and at any adjournment thereof.

Signed thisday of2000.

- Notes:
1. This proxy is to be delivered to the Company's registered office not later than 3.00 p.m. on 23 April 2000 failing which it will be invalid.
 2. In case of a Corporation, the proxy must be under its Common Seal.

