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AR1054



NOTICE OF MEETING

Notice is hereby given that the 47th Annual General Meeting of the company will be held at the French Cultural Centre, Theatre Room, Nairobi on Monday, 30 April 2001 at 3.00 p.m. for the following purposes:

ORDINARY BUSINESS

1. To confirm the minutes of the 46th Annual General Meeting held on 27 April 2000 and the minutes of the Extraordinary General Meeting held on 9 March 2001.
2. To receive and consider the financial statements for the year ended 31 December 2000 together with the reports of the Directors and Auditors thereon.
3. To re-elect Mr. J W Sitati; a director who retires in accordance with Article 97 of the Company's Articles of Association and being eligible, offers himself for re-election.
4. To note that the directors do not recommend the payment of a dividend.
5. To note that Deloitte & Touche continue in office as the Auditors by virtue of Section 159 (2) of the Companies Act (Cap 486) and to authorize the directors to fix their remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:-

- (a) That the nominal share capital of the company be increased from sh. 372,000,000 to sh. 558,000,000 divided into 111,600,000 ordinary shares of sh. 5 each by the creation of 37,200,000 ordinary shares of sh. 5 each to rank pari passu in all respects with the existing ordinary shares of sh. 5 each of the Company provided that any ordinary shares issued to employees of the Company shall be classified as "A" ordinary shares ranking pari passu in all respects with the existing "A" ordinary shares of sh. 5 each of the Company.
- (b) That it is desirable to capitalise the sum of sh. 175,075,000 being part of the amount standing to the credit of the revenue reserve account as at 31 December 2000 and, accordingly, that such sum be capitalised and that the Directors be and are hereby authorised and directed to appropriate such sum to the holders of ordinary shares and "A" ordinary shares registered at the close of business on 26 April 2001 in proportion to the number of ordinary shares and "A" ordinary shares then held by them respectively and to apply such sum on behalf of such holders in paying up in full 34,415,000 ordinary shares of sh. 5 each and 600,000 "A" ordinary shares of sh. 5 each of the unissued ordinary shares and "A" ordinary shares in the capital of the Company, such shares to be allotted, distributed and credited as fully paid up to and amongst such holders in the proportion of one new share for every two ordinary shares and "A" ordinary shares of sh. 5 each then held, and that such shares shall rank for all purposes pari passu with the respective existing ordinary and "A" ordinary shares of the Company and the Directors be and are hereby authorised to deal with fractions of new shares as they deem fit.

BY ORDER OF THE BOARD

J L G Maonga
Secretary

Nairobi
9 March 2001

2007/1054

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 28 April 2001.



DIRECTORS AND PROFESSIONAL ADVISERS

Directors	M S Nguer*	Chairman
	J Navaron*	Managing (Also alternate to M S Nguer)
	S D Poole**	
	J W Sitati	
	V Meary*	

R Ngamau	(Alternate to S D Poole)
E Chabanne*	(Alternate to J Navaron)
B de Mones*	(Alternate to V Meary)

* French
** British

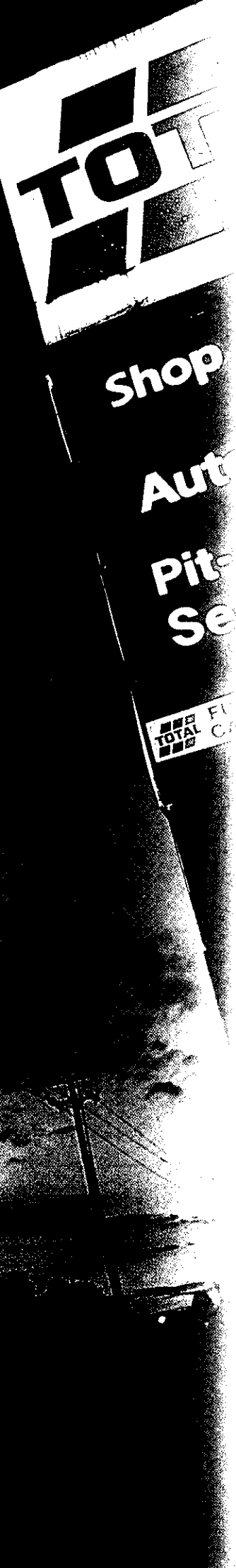
Secretary	J L G Maonga
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Head Office and Registered Office	Chai House
	Koinange Street
	P O Box 30736
	Nairobi
	Kenya

Auditors	Deloitte & Touche
	"Kirungii", Ring Road, Westlands
	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



First of all, let me welcome all of you to the 47th Annual General Meeting of TOTAL KENYA LIMITED.

It is a wonderful opportunity to see so many of you, so soon after the Extraordinary General Meeting. I thank you for your continued support to TOTAL KENYA LIMITED.

Since many of you attended our Extraordinary General Meeting on the 9th March 2001, you may already have met our new Board of Directors. For those who did not attend the Extraordinary General Meeting, kindly allow me to present the Board. Following the resignation of Mr. Didier Harel as the Chairman of TOTAL KENYA LIMITED your board elected me as chairman. Mr. Dennis Poole is the Chief Executive Officer of our majority shareholder, Total Outre Mer. Mr. Vincent Meary is a Senior Vice President Finance, Refining and Marketing Operations. It is my great pleasure to introduce to you Mr. Joel Navaron who took up my former position as Managing Director of TOTAL KENYA LIMITED. Mr. Joseph Sitati is well known to you, and Mr. Maonga as you are aware is our Company Secretary.

Looking to the last year, our business and our country have gone through challenging times. The prolonged drought resulted in the rationing of power, and the use of fuel generators to provide the much needed power. In turn, many small, middle and large-scale industrial and other businesses suffered greatly with a large number of them downsizing, relocating or closing down altogether. The reduced demand in transport and manufacturing sectors has also adversely affected our industry.

The increase of the participants in the oil industry and the attendant issues of safety, health and others also presented challenges to the industry as a whole. However, through the Petroleum Bill 2000, the Government has gone a long way towards addressing these issues.

Our global market share grew from 15.8% in 1999 to 19.3% at the end of 2000. This was due mainly to the award of several tenders to supply power plants. In particular, we had increased volumes in the sales of fuel oil, diesel and lubricants. In the consumer sales channel, we experienced a decline in the reseller sales sector.

In the retail channels, the continued price war has had an adverse effect on our margins. You will recall that in late 1999, we introduced the Baby Meko in a bid to make gas more affordable to lower income groups. Due to the power outages, there was increased demand for our Liquefied Petroleum Gas products particularly the Meko and Baby Meko range as affordable alternative sources of lighting and heating. This expansion of the product range available to our customers enabled us to increase sales of Liquefied Petroleum Gas while alleviating an acute challenge in the country. In aviation, the company has experienced limited growth.

The performance of the company was also affected by negative external factors. The 2000 environment was marked by a strong increase in crude oil prices from an average crude oil price per barrel of US\$18.0 in 1999 to an average of US\$27.7 in 2000, with a peak price of US\$31.80 per barrel in November, 2000. At the same time, the Kenya Shilling weakened against the US Dollar from an average of Kshs.70.1 to the US Dollar in 1999 to Kshs.75.8 to the US Dollar in 2000.

In a market that is very price conscious and highly competitive, both of these factors as well as the fact that these increases were not fully passed on to the end users, put tremendous pressure on costs and, therefore, on gross margins.

Throughout the year, Management continued to strictly monitor customer debts and stock levels, while developing the business. Despite these efforts, the working capital requirement of TOTAL KENYA LIMITED increased substantially by some 60% from the end of 1999 to the end of 2000. This resulted in a significant increase of the financing cost, aggravated by the increases in interest rates.

Due to the above factors, the net profit results for the year 2000 decreased by 63% from sh. 551 million in 1999 to sh. 207 million in 2000.

You will recall that last year the Chairman informed you that it was the intention of your board to merge with ELF OIL KENYA LIMITED. On the 9th March, 2001, you voted that we should proceed with the merger after obtaining all necessary government authority.

We have now begun in earnest, the process of swapping shares with ELF OIL KENYA LIMITED, in order to make it a subsidiary of TOTAL KENYA LIMITED. Thereafter, as agreed at the Extraordinary General Meeting, we shall restore the minority shareholding to 20%.

During the Extraordinary General Meeting, your Board intimated that it would recommend that the company does not pay a dividend. This is partly because, in order to complete the merger with ELF OIL KENYA LIMITED, the company shall look to its shareholders to inject more capital into the company. Instead, your Board would like to recommend that there be a bonus share issue of one share for every two shares held fractions excepted.

In 2001 we intend to continue to grow our business further. We anticipate that in the coming months we shall open a new service station in South C. We have also expanded the diversification of our business by entering into partnership with a renown restaurant chain, as well as increasing tyre centres, 'Pit stop' services and other sectors. This is in keeping with our motto to provide superior service and value to our customers. With the recent acquisition of the Agip bitumen plant, we intend to provide bitumen for industrial and development projects within and outside the country.

Our efforts in the sale of Liquefied Petroleum Gas will further be enhanced in order to cater for the growing demand in Kenya. It is anticipated that these strategies will greatly increase our portfolio and profitability.

In conclusion, I would like to express the appreciation of the Board of the management and staff of TOTAL KENYA LIMITED for their invaluable contribution to the achievements of 2000. I believe that their hard work will ensure the continued success of the company.

M. Nguer
Chairman
Nairobi, 9 March 2001

Ningependa kuwakaribisha nyote kwenye mkutano huu wa arobanne na saba (47) wa mwaka. Huu ni Mkutano Mkuu wa Mwaka wa Kampuni ya TOTAL KENYA LIMITED.

Ni fursa njema kwangu kuwaona mmefika kwa wingi, hasa ikiwa ni muda mfupi tangu tulipokutana kwenye Mkutano Mkuu Maalum. Nawashukuru kwa kuendelea kuunga mkono kampuni yetu ya TOTAL KENYA LIMITED.

Kwa vile wengi wenu mlihudhuria Mkutano Maalum uliofanyika tarehe 9 mwezi Machi mwaka huu, nataraji kuwa mnawajua wanachama wa Bodi ya Wakurugenzi wetu. Kwa wale ambao hawakuwepo, naomba nafasi hii niwajulishe wanachama wa Bodi. Kufuatia kujiuzulu kwa Bw. Didier Harel aliyekuwa Mwenyekiti wa Kampuni yetu, Bodi lilinichagua mimi kuwa Mwenyekiti. Naye Bw. Dennis Poole ndiye Mkurugenzi-Mkuu wa Kampuni mwenye kiwango kikubwa zaidi cha hisa.

Kadhalika, Bw. Vincent Meary ndiye Makamu-Mkuu wa rais wa Kampuni anayeshughulikia maswala ya fedha, uboreshaji na mauzo. Pia, ni furaha kubwa kwangu kumjulisha kwenu Bw. Joel Navaron ambaye alichukua wadhifa wangu kama Mkurugenzi-Mkuu wa TOTAL KENYA LIMITED.

Naye Bw. Joseph Sitati si mgeni kwenu ilhali Bw. Maonga, kama mnavyojua ndiye Katibu wa Kampuni.

Biashara yetu na nchi yetu pia zimekumbwa na mageuko magumu kwa mwaka mmoja uliopita. Ukame wa muda mrefu ulisababisha kupunguzwa kwa huduma za stima, na pakawa na haja ya kutumia jenereta kupata nguvu za umeme za kuendelea kazi. Kutokana na hali hiyo, biashara nyingi ndogo, za wastani na hata viwanda vikubwa vilitatizika hata vikalazimishwa kuwaachisha watu kazi. Kupunguza kiwangocha biashara ama hata kufungwa. Kutokana na haya, hata kiwango cha biashara ya usafirishaji kilipungua na kuathiri biashara yetu.

Kadhalika, ongezeko la waliolingia katika biashara ya mafuta na maswala yalioambatana na hali hiyo kama vile usalama, afya na vikwazo vingine vilithiri biashara. Kwa Mswada wa Petroli, Serikali imepiga hatua kubwa kukabiliana na matatizo yaliyopo.

Kiwango cha biashara yetu kijumba kiliongezeka kutoka asilimia 15.8 mwaka wa 1999 hadi asilimia 19.3 kufikia mwisho wa mwaka wa 2000. Ongezeko hili lilichangiwa hasa na kandarasi tulizopata za kuuzia viwanda vya kutengeneza stima kwa kutumia jenereta. Tulipata ongezeko kwenye mauzo ya mafuta ya kuendesha mitambo, dizeli na yale yanayotumiwa kwa magari kama griisi (grease, lubricants) kwa jumla, mauzo yetu yalishuka kwenye sekta ya wanunuzi wadogo wanaonunua ili nao wauze.

Kadhalika, tumeathiriwa na hali ya pato dogo katika mauzo ya rejareja, yaani kwa wenye biashara ndogo ambapo bei zimekuwa zikitatizwa na hali mbaya kibiashara katika upande wa 'network' kwa jumla.

Mnakumbuka kwamba, mnamo 1999 tulianza kutengeneza na kuuza jiko la "Baby Meko" kama hatua mahususi ya kuwawezesha watu wasio na uwezo mkubwa kiuchumi kutumia gesi. Jiko hilo lilipendelewa na wanunuzi wengi kutokana na uhaba wa stima. Mauzo ya jiko ambalo lililwapa watu mwangaza kama taa na pia kutumiwa kwa kupika yalisaidia kuongeza faida kwa kampuni na kutatua tatizo la kukatizwa kwa stima.

Katika biashara inayohusiana na usafirishaji wa ndege, kampuni yetu haikupiga hatua kubwa.

Mwaka uliopita, bei ya mafuta ambayo hayajasafishwa kwa mauzo ilipanda kutoka kiasi cha Dollar 18.0 za Marekani kwa debe mnamo 1999 hadi Dollar 27.7 na kuendelea hadi kufikia kilele cha Dollar 33 mwezi Novemba mwaka 2000.

Kadhalika, thamani ya pesa za Kenya ilishuka kutoka Ksh.70.1 kwa Dollar moja ya Marekani mnamo 1999 hadi kufika Ksh.75.8 kwa Dollar. Kushuka huku kwa thamani ya shilingi hakukuelekezwa kwa wanunuzi ilivyopasa kutokana na hali mbaya kiuchumi; na kwa hivyo kampuni ilithirika zaidi. Kutokana na hali hii, tulilazimishwa kuendelea biashara kwa kiwango kidogo kwa uhaba wa pesa.

Katika biashara yetu ambapo viwango vya bei huathiri sana mapato, na ambapo kuna mashindano makali baina ya makampuni, hali hizo mbili, na ukweli kwamba wanunuzi hawakuongezewa bei iliyo paswa, ziliathiri biashara na kushusha viwango vya faida kwa jumla.

Kwa muda wa mwaka mzima uliopita, wasimamizi wa kampuni wamehakikisha kuwa wateja wetu wanalipa madeni ili biashara iendelee ipasavyo, huku tukijaribu pia kupanua biashara. Lakini, zaidi ya hatua hizo zote, kiwango cha pesa tulizohitaji kuendelea biashara kimeongezeka kwa asilimia 60 kati ya mwisho wa mwaka wa 1999 na mwisho wa mwaka wa 2000. Ongezeko hili iliharimu kampuni pesa zaidi hasa kutokana na kupanda kwa viwango vya riba vinavyotozwa na benki.

Kutokana na sababu hizo, kiwango cha faida ya kampuni kilishuka kwa asilimia 63 kutoka Shs. 551 milioni mwaka wa 1999 hadi Shs.207 milioni mwaka wa 2000.

Mtakumbuka kwamba Mwenyekiti aliwafahamisha awali kwamba Bodi letu lina nia ya kujumuisha kampuni yetu na ile ya ELF OIL KENYA LIMITED. Mnamo tarehe 9 mwezi Machi, mlifanya uchaguzi wa kutukubalisha kuunganisha kampuni hizi pindi tupatapo idhini ya serikali.

Sasa tumeanza harakati kabambe za kubadilisha hisa za ELF OIL KENYA LIMITED ili kuifanya utanzu wa TOTAL KENYA LIMITED. Punde tutakapokamilisha mradi huo, kuambatana na makubaliano ya Mkutano Maalum tuliofanyika, tutahakikisha kwamba tumehifidhi asilimia 20 ya hisa za kampuni kama ipasavyo.

Tulipofanya Mkutano Mkuu Maalum, Bodi letu lilieleza kwamba lingependekeza pasiwe na malipo ya faida za hisa. Hatua hii ilikuwa kwa sababu, ili kukamilisha ujumlishaji wa kampuni ya TOTAL (K) na ELF OIL (K) LTD, ilitarajiwa kwamba wenye hisa wangeongeza kiwango cha fedha za kuendelea kampuni. Badala ya faida ya hisa, Bodi linapendekeza 'bonus' ama bakshishi ya hisa ambapo hisa moja ya ziada itatolewa kwa kila hisa mbili kwa wenye hisa.

Matumaini yetu katika mwaka huu wa 2001 ni kuendelea kupanua biashara yetu. Tunatarajia kufungua kituo kipa cha kuuzia petroli katika mtaa wa 'South C' hivi karibuni. Kadhalika, tumepanua biashara yetu kwa kushirikiana na wenye hoteli, kuongeza vituo vya biashara za magurudumu, huduma za marekebishi za 'Pit Stop' na katika sekta zingine. Kutokana na mapato kiwanda cha 'bitumen' cha Agip hivi majuzi, tunatarajia kuuza 'bitumen' kwa wenye viwanda na miradi mingine yaendelea humu zaidi biashara ya petroli ili kutosheleza mahitaji ya humu nchini ambayo yanaongezeka. Hatua hizi zote zitapatia upanuzi na faida zaidi.

Kwa kumaliza, ninawapa pongenzi, kwa niaba ya Bodi letu, wasimamizi na wafaya kazi wote wa TOTAL KENYA LIMITED kwa kuchangia pakubwa biashara zetu katika mwaka wa 2000. Nina imani kwamba bidii zao zitasaidia kampuni yenu kunawiri zaidi.

M. Nguer
Mwenyekiti
Nairobi, 9 Machi 2001

REPORT OF THE DIRECTORS

The directors present their annual report together with the audited financial statements for the year ended 31 December 2000.

ACTIVITY

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

RESULTS

The results for the year ended 31 December 2000 are as follows:

	Sh'000
Profit after taxation	206,509
Dividend proposed (gross)	-
	<hr/>
Retained profit transferred to revenue reserve	206,509
	=====

DIVIDENDS

The directors do not recommend the payment of a dividend (1999 - Sh 3.40) per share for the year ended 31 December 2000.

AUTHORISED SHARE CAPITAL

At an Extraordinary General Meeting held on 9 March 2001, a resolution was passed to increase the authorised share capital of the Company from sh. 280,000,000 to sh. 372,000,000 by the creation of 18,400,000 ordinary shares of sh. 5 each.

The Directors recommend that the authorised share capital of the Company be further increased from sh. 372,000,000 to sh. 558,000,000 by the creation of 37,200,000 ordinary shares of sh. 5 each.

BONUS ISSUE

The Directors recommend, subject to all relevant approvals being obtained as necessary, that a bonus issue be made to shareholders in the proportion of one new ordinary share for every two ordinary shares held and one new Class 'A' ordinary share for every two Class 'A' ordinary shares held at the close of business on 26 April, 2001. The register of members will be closed from 27 April 2001 to 30 April 2001 (both days inclusive).

DIRECTORS

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

The following changes took place on 25 October 2000:

- Messrs D Harel, C G Chammas and M de Wendel resigned as directors and Messrs M S Nguer, K M Ikiara and B de Mones ceased as their respective alternate directors on the same date.
- Mr J Navaron was appointed Managing Director in place of Mr M S Nguer who, having been approved by the Board of Directors, took over as the Chairman. Mr J Navaron was also appointed alternate director to Mr M S Nguer.
- Mr E Chabanne ceased as alternate director to Mr M S Nguer and was appointed alternate director to Mr J Navaron.
- Messrs S D Poole and V Meary were appointed as directors and Messrs R Ngamau and B de Mones were appointed as their alternate directors respectively.

In accordance with Article 97 of the Articles of Association of the company, Mr J W Sitati retires by rotation and being eligible, offers himself for re-election.

AUDITORS

Murdoch McCrae & Smith and Deloitte & Touche are operating names of the same practice. At the request of the directors, the audit report has been signed using the name Deloitte & Touche. Accordingly Deloitte & Touche 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
9 March 2001

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

Certified Public Accountants (Kenya)
"Kirungu"
Ring Road, Westlands
P.O. Box 40092
Nairobi
Kenya

Telephone: + (254-2) 441344/05-12
Facsimile: + (254-2) 448966
Dropping Zone Box No. 92
E-mail: admin@dti.co.ke

**Deloitte
& Touche**

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 5, 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, give a true and fair view of the state of affairs of the company at 31 December 2000 and of its profit and cash flows for the year then ended in accordance with International Accounting Standards and comply with the Companies Act.

DELOITTE & TOUCHE

9 MARCH 2001

**Deloitte
Touche
Tohmatsu**

Partners: D.M. Ndonye V.M. Ailen* S.O. Onyango H. Gadhoke* J.W. Wangai G.K. Fonderson**
*British **Liberian



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

for the year ended 31 December 2000

	Note	2000 Sh'000	1999 Sh'000
TURNOVER			
Gross		23,157,136	14,715,766
Indirect taxes and duties		(4,761,290)	(4,296,781)
Net		18,395,846	10,418,985
COST OF SALES		(16,594,331)	(8,305,617)
GROSS PROFIT		1,801,515	2,113,368
OTHER OPERATING INCOME		201,377	242,328
ADMINISTRATIVE EXPENSES		(850,468)	(795,247)
OTHER OPERATING EXPENSES		(402,386)	(371,607)
OPERATING PROFIT	2	750,038	1,188,842
FINANCE COSTS - NET	4	(416,540)	(332,156)
PROFIT BEFORE TAXATION		333,498	856,686
TAXATION	5	(126,989)	(305,266)
PROFIT FOR THE YEAR		206,509	551,420
EARNINGS PER SHARE	6	Sh 3.69	Sh 9.85
DIVIDEND PER SHARE (gross)	7	Sh -	Sh 3.40



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

31 December 2000

	Note	2000 Sh'000	1999 Sh'000
ASSETS			
Non current assets			
Property, plant & equipment	8	1,519,024	1,212,754
Current assets			
Inventories	9	3,334,027	1,300,956
Trade and other receivables	10	4,433,231	2,682,390
Taxation recoverable		61,074	-
Bank and cash balances		726,057	428,756
		<u>8,554,389</u>	<u>4,412,102</u>
Total assets		<u>10,073,413</u>	<u>5,624,856</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	11	280,000	280,000
Share premium		30,487	30,487
Revaluation reserve		11,117	13,000
Revenue reserve		1,313,386	1,101,187
Proposed dividend (gross)		-	190,400
		<u>1,634,990</u>	<u>1,615,074</u>
Non current liabilities			
Deferred taxation	12	9,437	21,399
Current liabilities			
Trade and other payables	13	3,757,084	1,408,583
Taxation payable		-	81,144
Borrowings	14	4,671,902	2,498,656
		<u>8,428,986</u>	<u>3,988,383</u>
Total equity and liabilities		<u>10,073,413</u>	<u>5,624,856</u>

The financial statements on pages 10 to 22 were approved by the board of directors on 9 March 2001 and were signed on its behalf by:

J Navaron)
) Directors
J W Sitati)



STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2000

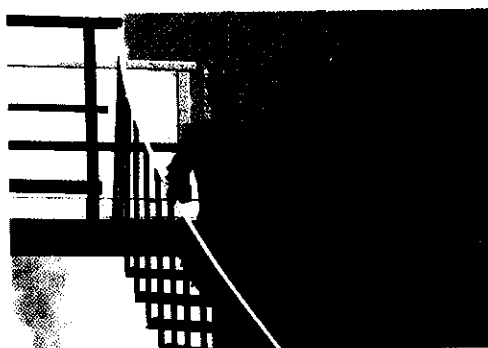
	Share capital	Share premium	Revaluation reserve	Revenue reserve	Proposed dividend	Total equity
	Sh'000	Sh'000	Sh'000	Sh'000	Sh'000	Sh'000
At 1 January 1999	280,000	30,487	29,501	732,210	168,000	1,240,198
Excess depreciation transfer	-	-	(7,957)	7,957	-	-
Profit for the year	-	-	-	551,420	-	551,420
Deferred taxation adjustment	-	-	(8,544)	-	-	(8,544)
Proposed dividend - 1999	-	-	-	(190,400)	190,400	-
1998 dividend paid	-	-	-	-	(168,000)	(168,000)
At 31 December 1999	280,000	30,487	13,000	1,101,187	190,400	1,615,074
Excess depreciation transfer	-	-	(5,690)	5,690	-	-
Profit for the year	-	-	-	206,509	-	206,509
Deferred taxation adjustment	-	-	3,807	-	-	3,807
1999 dividend paid	-	-	-	-	(190,400)	(190,400)
At 31 December 2000	280,000	30,487	11,117	1,313,386	-	1,634,990
	=====	=====	=====	=====	=====	=====



C A S H F L O W S T A T E M E N T

for the year ended 31 December 2000

	Note	2000 Sh'000	1999 Sh'000
OPERATING ACTIVITIES			
Cash (used in)/generated from operations	15(a)	(581,421)	204,019
Interest paid		(393,170)	(245,777)
Interest received		13,134	27,791
Taxation paid		(277,362)	(319,099)
		<hr/>	<hr/>
Net cash used in operating activities		(1,238,819)	(333,066)
		<hr/>	<hr/>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(450,599)	(348,516)
Proceeds on disposal of equipment		3,873	2,966
		<hr/>	<hr/>
Net cash used in investing activities		(446,726)	(345,550)
		<hr/>	<hr/>
FINANCING ACTIVITIES			
Dividend paid		(190,400)	(168,000)
		<hr/>	<hr/>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,875,945)	(846,616)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		(2,069,900)	(1,223,284)
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	15(b)	(3,945,845)	(2,069,900)
		<hr/> <hr/>	<hr/> <hr/>



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2000

1

ACCOUNTING POLICIES

The principal accounting policies of the company, which conform with International Accounting Standards, are set out below.

BASIS OF ACCOUNTING

The company prepares financial statements on the historical cost basis of accounting, modified to include the revaluation of certain property, plant and equipment.

TURNOVER

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 calculated to write off the cost or valuation of property, plant and equipment in equal annual instalments over their estimated useful lives. The annual rates generally in use are:

Freehold land	Nil
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%

Excess depreciation represents additional depreciation, following revaluation of property, plant and equipment, over depreciation based on historical cost. The amount is transferred annually from revaluation reserve to revenue reserve.

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 2000 (continued)

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 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 taxation.

RETIREMENT BENEFIT COSTS

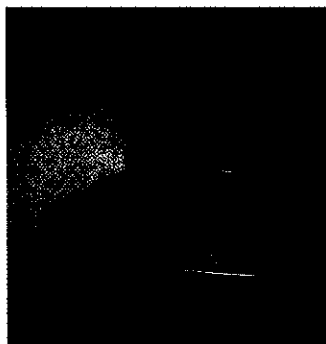
The company operates a defined contribution provident fund for its employees. The assets of this scheme are held in a separate trustee administered fund. The scheme is funded by payments from both the employees and the company. Benefits are paid to retiring staff in accordance with scheme rules.

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.

Contributions by the company in respect of retirement benefit costs are charged to the income statement in the year to which they relate.

2 OPERATING PROFIT

	2000 Sh'000	1999 Sh '000
The operating profit is arrived at after charging/(crediting):		
Staff costs (note 3)	261,573	239,097
Directors' emoluments		
Fees	-	-
Other emoluments	14,172	9,816
Auditors' remuneration	2,500	2,400
Depreciation	142,289	113,693
(Profit)/loss on sale of equipment	(1,833)	595
Operating lease rentals – property	38,126	30,975
	=====	=====



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2000 (continued)

	2000 Sh'000	1999 Sh'000
3 STAFF COSTS		
Wages and salaries	223,315	200,230
Pension costs – defined contribution plans	19,404	18,470
Other	18,854	20,397

261,573	239,097
=====	=====

Staff costs have been included in administrative expenses.

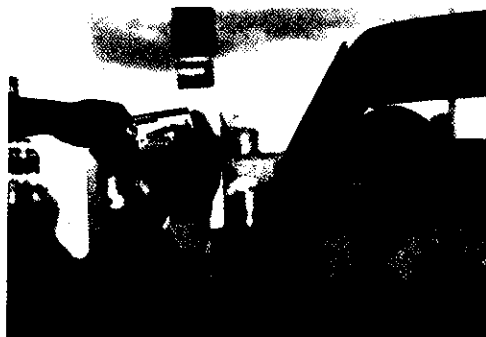
The average number of permanent employees during the year was 202 (1999 - 209).

	2000 Sh'000	1999 Sh'000
4 FINANCE COSTS - NET		
Interest payable on short term loans and bank overdrafts	404,297	245,777
Net loss on foreign exchange	25,377	114,170
Interest receivable: Bank accounts and deposits	(12,600)	(13,686)
Other	(534)	(14,105)
	(13,134)	(27,791)
	416,540	332,156
	=====	=====

5 TAXATION

(a) TAXATION EXPENSE

Current taxation at 30% (1999 - 32.5%)	135,144	292,411
Deferred taxation (credit)/charge (note 12)	(8,155)	12,855
	126,989	305,266
	=====	=====



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2000 (continued)

	2000 Sh'000	1999 Sh'000
5 TAXATION (Continued)		
(b) RECONCILIATION OF TAXATION EXPENSE TO EXPECTED TAX BASED ON ACCOUNTING PROFIT		
Accounting profit before taxation	333,498 =====	856,686 =====
Tax at the applicable rate of 30% (1999 - 32.5%)	100,049	278,423
Deferred tax relating to prior periods	-	11,337
Tax effect of expenses not deductible for tax	26,940	16,378
Effect of tax rate differential	-	(872)
	-----	-----
Taxation expense	126,989 =====	305,266 =====
(c) DEFERRED TAXATION RELATING TO ITEMS CHARGED TO EQUITY		
Deferred tax on transfer of excess depreciation	1,707	-
Deferred tax on revaluation surplus	-	8,544
Other deferred tax movement	2,100	-
	-----	-----
	3,807 =====	8,544 =====

6 EARNINGS PER SHARE

Basic earnings per share is calculated on the profit after tax of Sh 206,509,000 (1999 – Sh 551,420,000) and the number of shares in issue during the year. The number of shares used is 56,000,000 shares (1999 – 56,000,000 shares).

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

7 DIVIDEND (gross)

At the annual general meeting on 30 April, 2001, no dividend in respect of 2000 is to be proposed. Instead, a bonus share issue of 1 share for every 2 shares held [fractions excepted] is to be proposed.



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2000 (continued)

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 2000	673,109	961,528	152,220	1,786,857
Additions	132,473	313,440	4,686	450,599
Disposals	-	(4,443)	-	(4,443)
31 December 2000	805,582	1,270,525	156,906	2,233,013
Analysed as:				
At cost	711,374	1,172,641	152,677	2,036,692
At valuation - 1986	94,208	97,884	4,229	196,321
31 December 2000	805,582	1,270,525	156,906	2,233,013
DEPRECIATION				
1 January 2000	97,115	410,396	66,592	574,103
Charge for the year	23,239	83,241	35,809	142,289
Disposals	-	(2,403)	-	(2,403)
31 December 2000	120,354	491,234	102,401	713,989
NET BOOK VALUE				
31 December 2000	685,228	779,291	54,505	1,519,024
31 December 1999	575,994	551,132	85,628	1,212,754

Included in fixed assets is capital work in progress amounting to Sh 106,376,000 (1999 - Sh 150,977,000).

Property, plant and equipment were last revalued as at 31 December 1986 by Lloyd Masika Limited, Registered Valuers on the following basis:

- Property - open market value;
- Plant and equipment - depreciated replacement cost.

The resulting revaluation surplus was credited to the revaluation reserve.

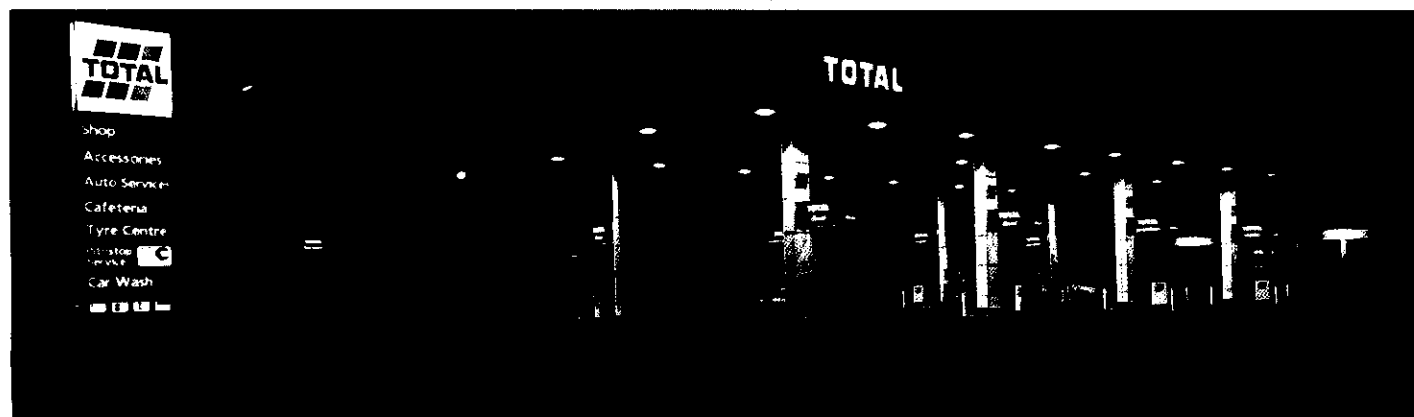
At 31 December 2000, the net book value of property, plant and equipment based on original cost was Sh 1,503,170,000 (1999 - Sh 1,191,210,000).



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2000 (continued)

	2000 Sh'000	1999 Sh'000
9 INVENTORIES		
Raw materials	341,785	-
Refined products	2,633,072	1,078,343
Consumables	359,170	222,613
	<u>3,334,027</u>	<u>1,300,956</u>
	=====	=====
10 TRADE AND OTHER RECEIVABLES		
Trade receivables	3,107,617	1,826,163
Due from related companies	775,199	296,958
Other receivables and prepayments	550,415	559,269
	<u>4,433,231</u>	<u>2,682,390</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>
	=====	=====



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2000 (continued)

12

DEFERRED TAXATION

Deferred taxation is estimated on all temporary differences under the liability method using the enacted rate of 30%:

	2000 Sh'000	1999 Sh'000
The net deferred taxation (asset)/liability is made up as follows:		
Property, plant and equipment	24,726	22,216
Unrealised exchange differences	6,946	13,726
General provisions	(26,972)	(23,087)
Revaluation surplus	4,737	8,544
At 31 December	9,437	21,399

Movement on the deferred tax account is as follows:

At 1 January	21,399	-
Revaluation reserve (credit)/charge	(3,807)	8,544
Income statement (credit)/charge	(8,155)	12,855
At 31 December	9,437	21,399

13

TRADE AND OTHER PAYABLES

Trade payables	212,163	612,012
Due to holding company	2,396,576	50,863
Due to related company	155	137
Other payables and accruals	1,148,190	745,571
	3,757,084	1,408,583

14

BORROWINGS

Bank overdrafts	724,902	637,256
Short term loans	2,147,000	861,400
Short term loan notes	1,800,000	1,000,000
	4,671,902	2,498,656

The borrowings are repayable on demand or within one year and are unsecured. Average interest rates paid on borrowings were as follows:

	2000 %	1999 %
Bank overdrafts	16.33	23.29
Short term loans	11.52	17.67
Short term loan notes	10.19	15.18



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2000 (continued)

	2000 Sh'000	1999 Sh'000
15 NOTES TO THE CASH FLOW STATEMENT		
(a) Cash generated from operations		
Reconciliation of operating profit to cash (used in)/generated from operations:		
Operating profit	750,038	1,188,842
Adjustments for:		
Net loss on foreign exchange	(25,377)	(114,170)
Depreciation	142,289	113,693
(Profit)/loss on sale of equipment	(1,833)	595
	<hr/>	<hr/>
Operating profit before working capital changes	865,117	1,188,960
Increase in inventories	(2,033,071)	(323,794)
Increase in trade and other receivables	(1,750,841)	(807,345)
Increase in trade and other payables	2,337,374	146,198
	<hr/>	<hr/>
Cash (used in)/generated from operations	(581,421) =====	204,019 =====
(b) Analysis of the balances of cash and cash equivalents as shown in the balance sheet		
Bank and cash balances	726,057	428,756
Bank overdrafts	(724,902)	(637,256)
Short term loans	(2,147,000)	(861,400)
Short term loan notes	(1,800,000)	(1,000,000)
	<hr/>	<hr/>
	(3,945,845) =====	(2,069,900) =====

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 advances from the bank repayable within three months from the date of advance.

16 RELATED PARTY TRANSACTIONS

During the year the company made purchases amounting to Sh 10,538 million (1999 - Sh 3,847 million) from the parent company and other companies related to it by virtue of common shareholding. The company also earned revenue of Sh 1,081 million (1999 - Sh 250 million) from related companies. These transactions were at arm's length and in the normal course of trading operations. The unsettled balances as at 31 December 2000 in respect of these transactions are included in notes 10 and 13.



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2000 (continued)

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 19,404,000 (1999 – Sh 8,470,000).

	2000 Sh'000	1999 Sh'000
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CAPITAL COMMITMENTS

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

Authorised and contracted	149,318 =====	159,321 =====
---------------------------	------------------	------------------

CONTINGENT LIABILITIES

Guarantees and bonds in the ordinary course of business	804,000 =====	330,000 =====
---	------------------	------------------

No losses are anticipated in respect of these contingent liabilities.

SEGMENTAL REPORTING

The major part of the business of the company falls under the category of sale of petroleum products with other income comprising less than 5% of total income. Segmental reporting is, therefore, not considered of any useful value.

INCORPORATION

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

CURRENCY

The financial statements are presented in Kenya Shillings thousands (Sh'000).



P R O X Y F O R M

The Secretary
Total Kenya Limited
P O Box 30736
Nairobi

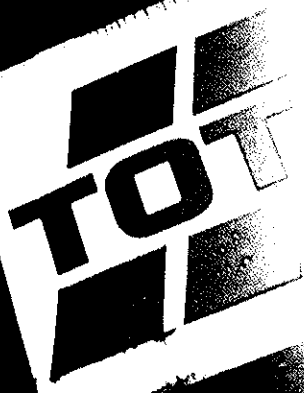
I/Weof address.....
being a member/members of Total Kenya Limited hereby appoint
of address..... whom failing
.....of address

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 30 April 2001 at the French Cultural Centre, Theatre Room, Nairobi and at any adjournment thereof.

Signed thisday of2001.

Notes: 1. This proxy is to be delivered to the Company's registered office not later than 3.00 p.m. on
28 April 2001 failing which it will be invalid.

2. In case of a Corporation, the proxy must be under its Common Seal.



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