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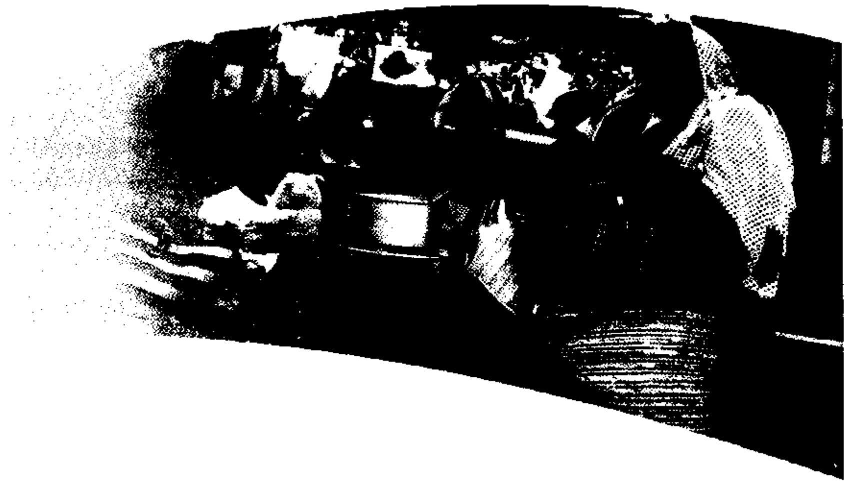


MEKO

1. Total Kenya Ltd -- Periodical

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the 50th Annual General Meeting of the Company will be held at the French Cultural Centre, Auditorium, Nairobi on Monday, 5 April 2004 at 3.00 p.m. to transact the following business:

1. To confirm the minutes of the 49th Annual General Meeting held on 29 April 2003.

2. To receive and consider the Financial Statements for the year ended 31 December 2003 together with the Chairman's Statement and the reports of the Directors and Auditors thereon.

3. To declare a dividend of KShs. 2.50 per share in respect of the financial year ended 31 December 2003.

4. To approve the Directors' Fees for the year ended 31 December 2003 as recommended by the Directors.

5. To re-elect a director:

   Mr. A. Champeaux retires in accordance with article 97 of the Company's Articles of Association and, being eligible, offers himself for re-election

6. 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 authorise the directors to fix their remuneration.

BY ORDER OF THE BOARD

J L G MAONGA
SECRETARY
NAIROBI
DATE: 26 February 2004

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 30736-00100 Nairobi or posted in time to reach not later than 3.00pm on 3 April 2004.

...ION, OUR MISSION

To be a leader in the quality...
of our products and services.

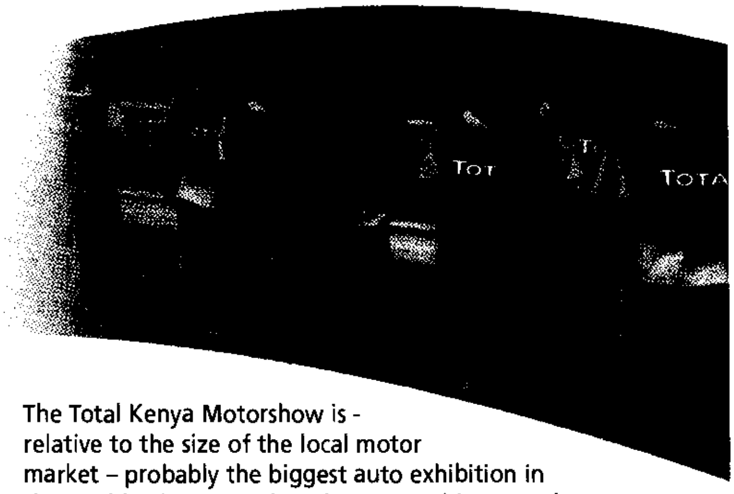
To be a leader in ...
an...

products ...
responsibly and p...
innovative way to ensure that
... public will come and
...ue to turn to

DIRECTORS & PROFESSIONAL ADVISERS

Directors	Momar Nguer*	Chairman
	Lamine Kane**	Managing (Also alternate to Momar Nguer as Chairman)
	Alain Champeaux*	
	Vincent Meary*	
	Michael Karanja	
	Lawrence Kinyanjui	(Alternate to Alain Champeaux)
	Eric Le Bouvier*	(Alternate to Lamine Kane)
	Ms Christine Atallah*	(Alternate to Vincent Meary)
	* French	
	** Mauritanian	
Secretary	J L G Maonga P.O Box 30029 Nairobi Kenya	
Head Office and Registered Office	Chai House Koinange Street P O Box 00100-30736 Nairobi Kenya	
Auditors	Deloitte & Touche "Kirungii", Ring Road, Westlands, P O Box 40092 Nairobi Kenya	
Advocates	Njoroge Regeru and Company P.O Box 46856 Nairobi Kenya	
Bankers	Citibank NA P.O Box 30711 Nairobi Kenya	

COMPANY PROFILE



SUSTAINABLE DEVELOPMENT ACTIVITIES

SUPPORT FOR THE NATIONAL FOOTBALL TEAM – HARAMBEE STARS

Kenya is renowned world wide as a sporting nation and it has been quite disturbing that whereas the country has done quite well in all other sports, with exceptional results in athletics, we have featured nowhere in the number one world sport – football.

We were able to trace the underlying problem to lack of commitment and motivation in the playing unit due to the organisational structures in place and inadequate funding. The players of the team together with the technical bench go for months before they are paid their salaries and allowances and the arrears owed to them normally run into millions of shillings. We decided to step in from June 2003 to see the team through the remaining qualifying matches up to the finals in Tunisia if they qualified.

Working closely first with the government officials and later on with the Harambee Stars Management Board, our support was directed exclusively towards meeting the players' allowances and the technical bench monthly salaries.

Going by the results so far achieved, it could safely be concluded that given the right financial backing and proper administration, football in Kenya has the potential of developing into a major sport with all the financial benefits that accrue to all stakeholders. In supporting Harambee Stars, and in particular in directing our efforts to the playing unit and the technical bench, we were convinced that we were addressing the root cause of our team's dismal performance. Equally important too, we hoped that we would lead the way and get other corporate organisations and ordinary Kenyans to join us in financially and materially supporting the team in a long-term sustainable way.

We are proud to have contributed in some way to the achievements the team has so far made and we hope there will be opportunity to develop further these relationships.

MOTORSHOW SPONSORSHIP

The success of any company depends on providing high quality products at good value and high standards of customer service. This is Total Kenya's objective and these principles are clearly seen in the Motorshow which provides an excellent and unique service to customers in exhibiting products of the highest quality at good value.

The exhibitors and the Motorshow itself represent long-term, continuous investments which sustain quality standards and give real value and assurance to the country and the customer.

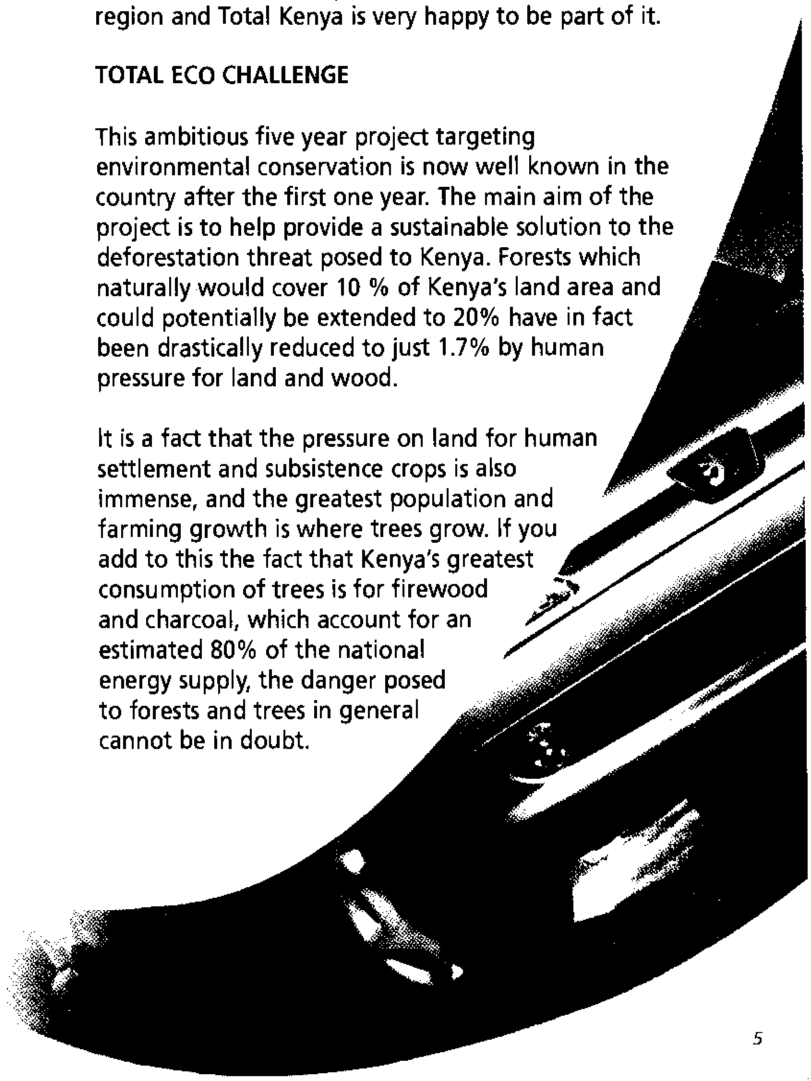
The Total Kenya Motorshow is - relative to the size of the local motor market – probably the biggest auto exhibition in the world. The Motorshow has grown bigger and better over the last eight years. There has been a sell-out of more than 100 stands, filling ALL the indoor and plaza/open grounds exhibition areas of the Kenya International Conference Centre and attracting more than 25,000 visitors – a figure not far off Kenya's total new vehicle buying population.

Total Kenya is proud to be the sponsor of a show of this magnitude. While providing a service to our customer, it illustrates our vision of professionalism and high quality and our commitment to these principles. It is the largest show of its kind in the region and Total Kenya is very happy to be part of it.

TOTAL ECO CHALLENGE

This ambitious five year project targeting environmental conservation is now well known in the country after the first one year. The main aim of the project is to help provide a sustainable solution to the deforestation threat posed to Kenya. Forests which naturally would cover 10 % of Kenya's land area and could potentially be extended to 20% have in fact been drastically reduced to just 1.7% by human pressure for land and wood.

It is a fact that the pressure on land for human settlement and subsistence crops is also immense, and the greatest population and farming growth is where trees grow. If you add to this the fact that Kenya's greatest consumption of trees is for firewood and charcoal, which account for an estimated 80% of the national energy supply, the danger posed to forests and trees in general cannot be in doubt.



COMPANY PROFILE cont'

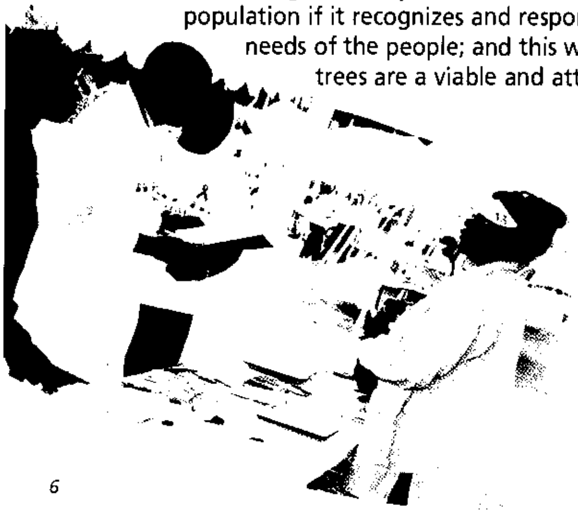
Total has concluded that the key to saving and expanding forests is not to cut less but to plant more; and that the only organization big enough to plant enough (our ambition is 100 million trees per year!) is the people themselves. The Total Eco Challenge therefore, aims to inspire people, everybody, to plant trees. If each one of us planted three each year, this would significantly begin to increase our forest cover. Research reveals a very positive predisposition throughout the population for planting trees, but a number of key inhibitors also exist, among them: -

- Lack of willing to commit precious subsistence land to trees which can take many years to grow.
- Lack of knowledge about the value of different species, and the sequence of germination, nursery, planting and husbandry techniques to maximize growth.
- Non-availability of tree seedlings, in quantity, in variety and in convenient places for the general public.

The Eco Challenge has thus set about removing these obstacles with a powerful multi-media campaign, highlighting the threat; with parallel information showing how trees can be grown without using valuable food-crop land; with abundant data about values and characteristics of different species, and ways to accelerate their growth and cash crop them, and by making all the over 100 Total Service Stations a "Tree Centre" where anybody and everybody can easily get information and seedlings.

Our role is 99% inspiration. We are supplying the message, adding the technical knowledge, building the national desire and mobilizing the skills of the experts. We are not running our own tree planting project; we are providing a platform for everybody else's tree planting projects, working with community groups, schools, corporates, NGOs, churches, clubs and individuals.

A key theme of the challenge is that trees are a great way to grow money. It recognizes that the tree planting message will only succeed across the whole population if it recognizes and responds to the needs of the people; and this will come if trees are a viable and attractive option for them. We believe they are.



HIV / AIDS AWARENESS CAMPAIGN

Driven by the heavy toll HIV /AIDS pandemic has caused to our economy (which led to its being declared a national disaster) Total Kenya has initiated an awareness campaign among its staff and their immediate families. The launch of the campaign was preceded by the development of a policy on the disease which guides our action in all cases where staff and or their immediate family members are infected.

BE ALIVE

The policy specifically prohibits any form of discrimination against any employee on the basis of their known or assumed HIV status, prohibits pre-employment testing for HIV/AIDS, encourages voluntary counseling and testing whose results are confidential and can only be revealed by the employee at their own volition. The cardinal provision of the policy is that it provides for medical assistance to the infected staff and their immediate families.

Having developed the policy in early 2003, we embarked on the training in June. The theme of the training was "BE ALIVE" and it was heavily weighted towards awareness creation, stigma reduction and behaviour change. By November, all the staff members and their families numbering some 700 people had been put through the training.
We now have 20 peer educators amongst the staff specifically trained further to keep the subject alive within the company and to induct any new employees. These peer educators have now started a community outreach programme which is directed at reaching out to the communities around us and offering HIV/AIDS awareness training as well as assisting AIDS orphans and other infected victims with donations and generally visiting them and getting to know the problems they experience. This is a staff members' initiative but which has the full backing and encouragement of the company.

In 2004, the awareness campaign is being extended to all our service stations to take the training and the message to the more than 2,000 employees of these units.

QUALITY

Total Kenya Limited was the first oil company to achieve ISO 9002 certification for its service station network. The certification upgrade to ISO 9001:2000 was achieved in November 2003. This is a confirmation of our commitment to always provide products that are consistent and which meet both customer and regulatory requirements. We are committed to the highest quality standards and always strive to address customer satisfaction through continual improvement.

CORPORATE GOVERNANCE

Corporate governance is of cardinal importance not only to Total Kenya Limited but to the Total group as a whole. Whereas the management of business affairs of the company is mainly directed towards realizing shareholders long-term value, the interests of all our other stakeholders are taken into account and respected.
The group developed a code of conduct in October 2000, underpinning our ethical commitment to all our stakeholders. In particular, the code of conduct reaffirms our commitment to the respect and fair treatment of all our shareholders, customers, employees, suppliers, industry partners and host counties.

The Board confirms that these principles have been applied in the course of our business throughout the year ended December 31st 2003. This is a very important consideration and Total Kenya became the first subsidiary of the group in eastern Africa to be subjected to an independent audit - "Ethical profiling"- to confirm compliance with the group code of conduct on corporate governance. The results of this audit which was conducted between December 2003 and February 2004 confirms that the conduct of our affairs is quite comparable to the rest of the group companies in other parts of the world considered to meet the standards. Within the local context, the outcome showed that Total performs as well or better than many local or multinational companies operating in Kenya would if they were assessed using the same criteria.
The results of the audit are going to be used to improve performance in all areas of relationships with our stakeholders.

DIRECTORS

The board of directors has the responsibility of ensuring that a qualified team of senior managers led by the chief executive officer undertakes the day to day operations of the company. The board however retains the responsibility for establishing and maintaining the company's internal control systems in financial, operational and compliance issues and monitors performance on behalf of the shareholders.

The Board consists of a chairman, Mr. M. Nguer, three non-executive directors and one executive director who is also the Managing Director, Mr. L. Kane. All the non-executive directors are considered by the board to be independent of management and free of any relationship that could in any way interfere with the exercise of their independent judgment. The full Board meets more often when issues necessitating a meeting arise, but at any rate not less than twice a year.

AUDIT COMMITTEE

This has been established with the mandate of supporting the Board in discharging its responsibility to the company and to the shareholders in its oversight role of management. This relates mainly to corporate accounting, financial reporting practices and the quality and integrity of financial reports of the company. Its mandate includes ensuring that the company complies with all legal and regulatory requirements, vetting the performance of the company's internal audit function and that of independent auditors. It also advises the Board on the appointment of the external auditors and on their remuneration, together with the scope of their audit work.

This important committee is chaired by Mr. M. Karanja, who is an independent and non-executive director and comprise the Finance Manager, the Audit Manager and a representative of the external auditors. The committee convenes at least quarterly and also before every Board meeting.

COMMUNICATION

A lot of importance is attached to the communication of relevant information to the shareholders. Shareholders usually have direct access to the company and we respond to all queries from them and other stakeholders on a wide range of issues.
The financial statements of the company are published on a quarterly basis in compliance with the regulations, and the full report and accounts are distributed to all shareholders annually.

TOTAL

CHAIRMAN'S STATEMENT
TAARIFA YA MWENYEKITI

M Nguer
Chairman/Mwenyekiti

It is my pleasure to welcome you to the 50th Annual General Meeting of Total Kenya Limited. I wish to thank all of you for your continued interest and express my gratitude to the many new shareholders who decided to invest in the Company during this past year.

2003 was a very challenging year for Total Kenya, our industry and the business across Kenya in general. In spite of high hopes of a quick economic recovery following the December 2002 general elections and although optimism is still shared among the business community and the public, the upturn in the economy has not yet materialised. The gloomy international context, including the War in Iraq, the SARS outbreak and the terrorist events which led to a several month ban on travels to Kenya, also contributed negatively to the business environment.

After 2002, our industry was again affected in 2003 by the reduced level in the demand for petroleum products in Kenya. The market was also characterised by a stiff competition from both the independent and the major operators. In spite of new efforts to try and fight against bad practices of some players in the market, dumping of duty free products could still be suspected and continued to distort the free and fair competition in our industry. As a result of that, some among the oldest and biggest players even took the strategic decision to pull out of entire areas of the country.

In 2003, Total Kenya distinguished itself as one of the most dynamic and best performing players in the petroleum industry and in view of the challenging 2003 market environment, our achievements are particularly gratifying. In a shrinking market, the Company increased its sales volumes from 427 KMT in 2002 to 523 KMT in 2003 and its inland market share from 13.7% in 2002 to

Ninafuraha kubwa sana kuwakaribisha katika Mkutano wetu Mkuu wa 50 wa kila mwaka wa kampuni ya Total Kenya Limited. Nachukua fursa hii kuwashukuru nyote kwa kuonyesha moyo mkunjufu na kuwatolea shukrani wenye hisa wapya ambao waliamua kuwekeza katika kampuni hii mwaka uliopita.

Mwaka wa 2003 ulikuwa ni mwaka wa changamoto kubwa kwa Total Kenya, kwa sekta yetu na biashara nchini kwa ujumla. Licha ya kuwa na matumaini ya haraka ya kuinua uchumi kufuatia uchaguzi wa mwezi Disemba, 2002 na hata hivyo bado kuna matumaini mengi yanayohusiana na jamii kibiashara na nchi, ijapokuwa maendeleo ya kiuchumi bado hayajatekelezeka. Hali halisi ya kimataifa isiyoridhirisha, ikiwa ni pamoja na vita vya Iraq, kuzuka kwa ugonjwa wa SARS na mashambulizi na matukio ya kigaidi ambayo yalipelekea kuvunjwa kwa safari za ndege humu nchini, kadhalika hali hii ilichangia pakubwa katika kuanguka kwa mazingira ya kibiashara.

Baada ya kumalizika kwa mwaka wa 2002, sekta yetu iliathirika kwa mara nyingine tena katika mwaka wa 2003 kwa upungufu wa mahitaji ya bidhaa za Petroli humu nchini.Kadhalika soko hili lilikumbana na ushindani mkali kutoka kwa wahusika wa kibinafsi na wale wakuu. Licha ya jitihada zetu kujikakamua kuweza kustahamili na kutafuta mbinu za kuwaondoa wale ambao huendesha biashara haramu, kuingia kwa bidhaa zisizolipiwa ushuru bado inashukiwa kuwa njia mojawapo ya kuharibu usawa wa soko huru katika sekta hii. Matokeo yake, baadhi ya wahusika wa zamani na walio wakuu walitumia mikakati imara ili kujieneza kila mahali hapa nchini.

Katika mwaka 2003, Total Kenya ilisimama imara na kujitofautisha na wengine kama mabingwa katika sekta ya Petroli wakilingania changamoto za mwaka wa 2003 na mazingira ya soko, matokeo yetu bora kwa kweli yanaridhisha.

Katika soko lililoathirika, Kampuni hii iliongeza viwango vya mauzo yake kutoka 427 KMT katika mwaka wa 2002 mpaka 523 KMT kufikia mwaka wa 2003. Hali kadhalika, mgao wake wa ndani wa kisoko ulikuwa kutoka asilimia 13.7% katika mwaka 2002 hadi kwa takribani asilimia 17.1% kufikia mwaka wa 2003.

Kampuni hii ya Total Kenya Ltd ilipata faida kamili ya Millioni 515 pesa za Kenya katika mwaka wa 2003, kipato zaidi cha asilimia 43% ukilinganisha na kile cha mwaka wa 2002. Ujira kamili wa kila hisa uliongezeka kutoka Shillingi 2.41 katika mwaka wa 2002 hadi Shillingi 3.27 mwaka wa 2003.

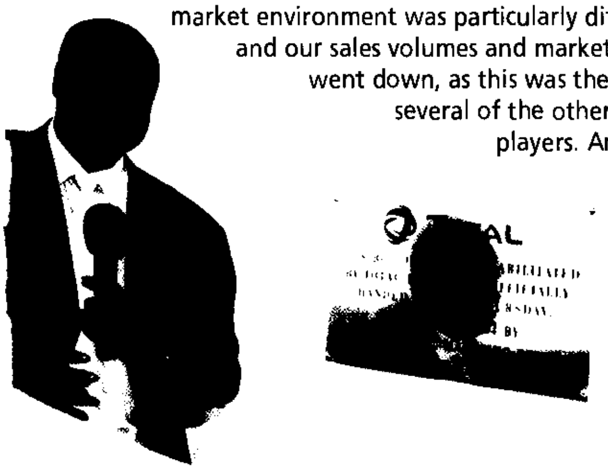
CHAIRMANS STATEMENT cont'
TAARIFA YA MWENYEKITI inaedelea

an estimated 17.1% in 2003. Total Kenya posted a net profit of 515 million Kenya shillings in 2003, an increase of 43% from 2002. Net earnings per share rose from 2.41 shillings in 2002 to 3.27 shillings in 2003.

Our goals are to set the standard not only with our financial performance, but also with our stringent requirements for quality products and services, operational safety, environmental protection and stronger ties with all parties that have a stake in our activities. Total Kenya obtained in 2003 the renewal of its ISO certification and remains as of now the only Company in the Kenyan market certified for all its processes. The Company continued to invest on operational safety at its stock points and revisited its agreements with all its transporters putting the safety requirements on top of its agenda. Last year our efforts at sustainable development increased significantly. While visibility and results of the 2002-launched tree- planting campaign named Eco Challenge were enhanced, the Company reinforced its policy and intensified its actions for prevention of HIV and AIDS in line with its strong public commitment on the subject. Total Kenya became in 2003 Harambee Stars' main supporter and sponsor. In a campaign aiming at enlarging the Kenya national team's popular support throughout the country, our service stations Network was fully mobilised until the 2004 African Cup of Nations' kick off. I cannot forget to mention here that in the second half of 2003 Total Kenya also enlarged dramatically its Kenyan shareholders' base which now holds 20.5% of the Company through the Nairobi Stock Exchange, coming from 9.6% last year. Indeed, in all aspects of its activities, Total Kenya spectacularly reinforced his links with all Kenyans.

TOTAL ECOchallenge
MITI NI MALI. MITI TOSHA!

In the Network segment which represented one fourth of Total Kenya's net turnover in 2003, the market environment was particularly difficult and our sales volumes and market share went down, as this was the case for several of the other major players. An uneven



Lengo letu kuu ni kuweka viwango vizuri vya ubora, sio tu katika kuimarika kifedha bali hata kwenye mahitaji yetu ya uzalishaji bidhaa na utoaji huduma bora, usalama wa kibiashara, ulinzi wa mazingira na ushirikiano mzuri na washikadau wengine katika shughuli zetu. Mwaka 2003, kampuni hii ya Total Kenya ilitunukiwa kwa mara nyingine stakabadhi za ubora ISO na mpaka sasa inabaki kuwa kampuni ya kipekee ya mafuta ya petroli humu nchini iliyopitishwa kuendesha shughuli zake kupitia stakabadhi hizo. Kampuni hii iliendelea kudumisha uwekezaji katika usalama wa kibiashara kwenye maeneo ya kuhifadhi bidhaa na kadhalika kurejelea swala la mikataba yake na wasafirishaji, huku wakiyashughulikia kwa kina mahitaji ya kiusalama na kuyapa kipaumbele katika Agenda.

Mwaka uliopita juhudi zetu za kujiendeleza ziliongezeka mara dufu. Huku upeo na matokeo ya mwaka wa 2002 ya uzinduzi wa kampeini ya Upanzi-wa-miti uliopachikwa jina " Eco Challenge" ukikumbukwa kwa dhati, kampuni hii iliboresha sera zake na kuimarisha kanuni zake katika mbinu za kuzuia ugonjwa hatari wa Ukimwi kulingana na taratibu zake za kujihusisha za swala hili. Total Kenya walikuwa wadhamini wakuu wa timu ya Harambee Stars katika mwaka wa 2003. Katika kampeini yetu iliyotazamiwa kuwahamasisha wakenya kwa kuishabikia timu yetu ya kitaifa, vituo vyetu vya nyanjani vilihusika hadi mwaka wa 2004 wakati wa kuanza kwa michuano ya Kombe la Mpira la Mabingwa - Barani Afrika. Itakuwa ni kosa nikisahau kutaja kwamba kufikia katikati ya mwaka wa 2003, kampuni hii ya Total Kenya kifalsafa iliongeza idadi ya wanahisa wake hapa Kenya ambayo kwa sasa ni asilimia 20.5% ya hisa za kampuni katika afisi za hisa za Nairobi (Nairobi Stock Exchange), kutoka asilimia 9.6% mwaka uliopita. Kwa kweli, katika taratibu zake zote za kikazi, Total Kenya imeuboresha zaidi uhusiano wake na wakenya wote.

Katika kitengo cha kimtandao uliowakilisha robo ya mapato kamili ya Total Kenya katika mwaka wa 2003, na mazingira ya soko kwa kiasi fulani yalikuwa magumu huku mauzo na viwango vya hisa vikishuka, hali hii ikiwa ndio kilio kikubwa kwa takribani wahusika wote wakuu. Kutokuwepo kwa usawa wa kibiashara kuliathiri kitengo hiki katika mwaka wa 2003, na hata kusababisha uamzi wa kampuni kubwa kama Shell na Caltex kujiondoa kutoka sehemu za magharibi ya Kenya jambo ambalo halijawahi kutokea humu nchini. Total Kenya ilionyesha ubora wa mikakati yake ya kubakia katika maeneo yake yote humu nchini, na licha ya utafiti kuhusu huduma kwa wateja kufanyika hapo mwaka jana na kuiweka Total Kenya mbele ya wapinzani wengine wote, bado mpango kabambe wa mradi wa miaka miwili unaopaswa kuboresha kampuni hii na kuijengea taaswira yake kamili ulipangwa.

Nembo mpya, ya kisasa na nzuri ya kupendeza ilizinduliwa katikati ya mwaka. Usimamizi bora wa matumizi ya pesa uliendelea katika kipindi chote cha mwaka jana na matumizi ya pesa katika vitengo vya

CHAIRMAN'S STATEMENT cont'
TAARIFA YA MWENYEKITI inaedelea

playing field continued to characterise this segment in 2003, leading some of our main competitors to an unprecedented decision to pull out of Western Kenya. Total Kenya confirmed its strategic choice to maintain its nationwide presence, and although an independent survey on customers' satisfaction carried out last year placed Total Kenya ahead of its competitors, an ambitious two-year program to enhance further the Company's image was decided upon. A new logo, modern and dynamic, was launched in the second half of the year. The strict monitoring of our costs continued throughout the year and the financial performance of our Network segment remained at an acceptable level, though below our expectations. Several new concepts, designed to enhance the quality and variety of our services, have been tested and will be implemented early this year. Our commercial team was restructured, highly skilled staff added and an ambitious training program carried out.

In the General Trade market which also shrank last year compared to 2002, the Company recorded an outstanding performance. The market shares (excluding LPG) of this segment which represented one fifth of the company's turnover increased significantly and its turnover recorded a high 3,552 million shillings compared to 2,372 million in 2002. In spite of a gloomy environment in that market segment, our restructured organisation and team delivered results which were from both commercial and financial points of view above our expectations for the year.

The Aviation segment also recorded sales volumes, turnover and market shares progressions, in spite of an international ban on travels to Kenya which affected the Company's activity in that segment during the first half of 2003. The financial performance was however below our expectations due to the volatility of international prices at a time when the Company increased its level of stocks to contribute to the country's efforts to build up security stocks before the War in Iraq started.

In the LPG segment, results are good both in terms of volumes sold and progression of market shares. With the success of its Meko Plus launched in 2002 and which completed the leading range of Meko products, Total Kenya proudly remained in 2003 the "Gas company of Kenya". However, occurrences of illegal refilling increased again last year, which not only affected Total Kenya as a major investor in that segment, but also and more critically increased safety threat to the public. Moreover and in many occasions, Total Kenya expressed its strong interest in contributing to the development of this market

kimtandao yalikuwa ya kuridhisha, isipokuwa yalikuwa kwa kiwango fulani chini ya matarajio yetu.

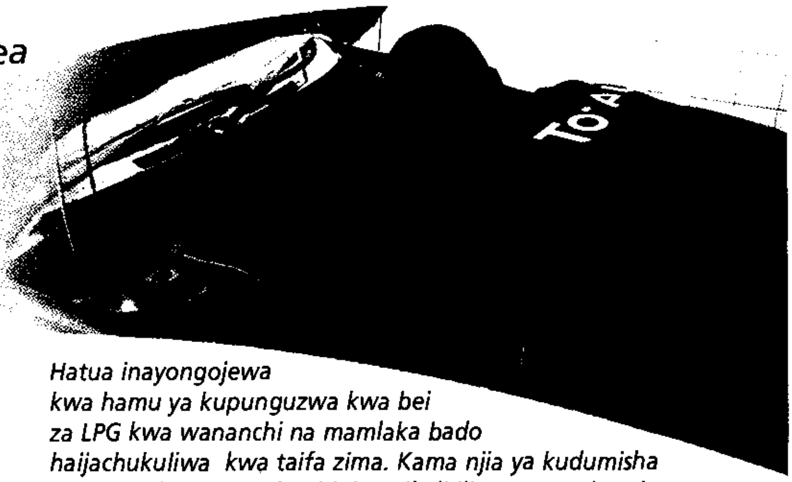
Miondoko mingine mingi inayotegemewa kuzidisha ubora na wingi wa huduma zetu tayari imefanyiwa majaribio na itaanza kutekelezwa kuanzia mapema mwaka huu. Kikundi chetu cha wahusika wa kibiashara kilibadilishwa, kisha wafanyikazi wenye taaluma zaidi wakaongezewa na tayari wakapewa mafunzo kabambe.

Katika ujumla wa soko la kibiashara, ambalo lilidumaa mwaka jana ukilinganisha na mwaka 2002, kampuni hii ilifanikiwa kufanya vyema. Viwango vya hisa za kibiashara (kuwacha LPG) vya kitengo hiki kilichowakilisha humusi moja ya mapato ya kampuni viliongezeka, na kurekodi na kutoa kiwango cha juu cha Shillingi Millioni 3,552 ukilinganisha na Millioni 2,372 katika mwaka wa 2002. Licha ya hali mbovu ya mazingira ya kibiashara katika kitengo hicho, shirika letu hili ambalo lilikarabatiwa vyema na wafanyikazi wake walitoa matokeo kutoka kwa biashara na kifedha ambayo nadhani yalikuwa zaidi ya vile tulivyokuwa tumetarajia kwa mwaka huo.

Kitengo kinachosimamia maswala ya bidhaa za vyombo vya anga kilipata mauzo bora, mapato na kuimarika kwa mgao wa soko, licha ya makatazo ya kimataifa yaliyohusisha usafiri wa ndege kutua Kenya, swala ambalo kwa kweli liliathiri shughuli za kampuni hii katika kitengo hicho kwenye kipindi cha mwanzo wa mwaka wa 2003. Mapato ya kifedha hayakufika kiwango kilichotazamiwa kufuatia kubadilika kwa bei za kimataifa wakati ambapo kampuni hii ilikuwa tayari imeweka hifadhi kubwa ya bidhaa zake, kama mbinu mojawapo ya usalama kabla vita vya Iraq kuanza.

Katika kitengo cha LPG (gesi), matokeo yake ni mazuri hasa katika mauzo yake na muongozo wake bora wa mgao wa soko. Kupitia mafanikio yake ya uzinduzi wa mwaka wa 2002 wa Meko Plus na ambao ulitimiliza na kushinda katika msururu wa bidhaa za Meko. Mwaka wa 2003, Total Kenya kwa fahari kubwa ilibakia kuwa "Kampuni ya gesi nchini Kenya". Hata hivyo maendeleo yalikuwa kinyume cha matarajio yetu. Uharamia wa ujazaji gesi wa baadhi ya wahusika ulijitokeza wazi wazi mwaka uliopiota, ambao haukuathiri tu Total Kenya kama wawekezaji wakuu katika kitengo hicho, bali pia kuongezeka kwa tisho la usalama nchini. Zaidi ya hayo na katika matukio mengine mengi,Total Kenya ilionyesha kuwa na moyo wa ari katika uchangiaji maendeleo ya soko hili hapa nchini kama kitendo cha pekee cha kuzuia uharibifu wa misitu zaidi nchini.

CHAIRMAN'S STATEMENT cont'
TAARIFA YA MWENYEKITI inaedelea



in Kenya as the best action to prevent further deforestation in the country. Awaited actions from the authorities to help in reducing the access price of LPG for the general public have not been taken yet. As a means to promote the consumption of LPG, the Government announced its intention to impose a universal valve for all the cylinders sold in Kenya. This step, if not accompanied by an efficient set of measures to fight against illegal refilling, could dangerously increase the safety threat.

The financial strategy of the Company, in a very volatile market environment, remained prudent. In spite of an increased level of working capital requirement due to significantly higher levels of activity and prices, the Company only increased its cash requirements by 65 million and cash generated from financing activity (+187 million Kenya shillings) more than compensated the cash used in investing activities (168 million Kenya shillings). At the end of 2003, the consolidated net-debt-to-equity ratio further declined to 22% from 25% in 2002.

The outlook for 2004 is quite optimistic. The strategy for economic recovery, public optimism and resumption of foreign aid should lead to a more favourable macroeconomic environment in 2004. Our industry is also expected to benefit from a fairer competition if the policy aiming at better controlling the payment of taxes and duties by all players is firmly implemented.

Thanks to our solid balance sheet, Total Kenya is well positioned to resist the fluctuations of the business cycle. The Company has a strong and competitive position that has been reinforced by measures taken over the past two years and has a large portfolio of projects in all its market segments. In that context, I wish to propose a dividend of 2.50 Kenya shillings per share.

On behalf of the board I wish to thank the Management and the staff of Total Kenya for their achievements in 2003. Their capability and innovative spirit are well known. I am confident in our ability to continue to grow this year within the framework of sustainable development and on a profitable basis.

Momar Nguer,
Chairman

Hatua inayongojewa kwa hamu ya kupunguzwa kwa bei za LPG kwa wananchi na mamlaka bado haijachukuliwa kwa taifa zima. Kama njia ya kudumisha matumizi bora ya LPG nchini, Serikali ilitangaza nia yake ya kutoa valvu ya pamoja kwa mitungi yote ya gesi inayouzwa nchini. Hatua hii ikiwa haitaambatana na taratibu kabambe za kupinga uharamia wa ujazaji gesi wa baadhi ya wahusika, inaweza kutishia hali ya usalama.

Mikakati ya kifedha ya kampuni, katika mazingara ya soko linalobadilika, ilitekelezwa kwa uangalifu. Licha ya ongezeko la mahitaji ya viwango vya mtaji wa kuendeshea kazi uliojitokeza katika shughuli na kuongezeka kwa bei, Kampuni iliongezea tu mahitaji yake kwa pesa taslim shilingi milioni 65 na kati ya shughuli zote ikazalisha (shilingi milioni +187) zaidi ya pesa taslimu zilizotolewa fidia katika shughuli za uwekezaji(shilingi milioni 168). Mwisho wa mwaka wa 2003, mgao wa utaslimu-madeni-na-usawa uliokuwepo ulipungua hadi asilimia 22% kutoka asilimia 25% mwaka wa 2002.

Tukiangalia matokeo ya mwaka wa 2004 tunaona yana matarajio mazuri. Mikakati ya kuinua uchumi, changamoto nzuri kwa umma na kuregeshwa kwa misaada unafaa kutoa muongozo bora kwa mazingira ya biashara kubwa katika mwaka 2004. Sekta yetu pia inatarajia kunufaika kutokana na usawa wa ushindani ikiwa sera zinazotarajiwa kuthibiti ubora wa malipo ya ushuru na kodi kwa wahusika wote itakarabatiwa vyema.

Nashukuru sana kwa mfumo bora wa mahesabu ya biashara yetu, Total Kenya iko katika hali nzuri ya kujikinga na mabadiliko yote ya kibiashara. Kampuni hii ina nafasi thabiti na miondoko imara ya ushindani ambayo imechangiwa na utaratibu uliowekwa miaka miwili iliyopita na ina kibabab cha miradi mingi katika vitengo vya masoko yake yote. Kwa hali hiyo, ningependelea mgao wa faida uwe shilingi 2.50 kwa kila hisa.

Kwa niaba ya halmashauri yetu, ningependa kuwashukuru wasimamizi na wafanyikazi wote wa Total Kenya kwa mafanikio bora ya mwaka wa 2003. Ustadi, uwajibikaji na ubunifu wao unajulikana vyema. Nina imani na matumaini makubwa kwamba mwaka huu tutafanya vyema zaidi katika mfumo wa kuhimili maendeleo endelezi na kuimarisha viwango vya faida yetu.

Momar Nguer,
Mwenyekiti

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements for the year ended 31 December 2003.

ACTIVITY

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

RESULTS

The group results for the year are as follows:

	Shs'000
Profit before taxation	756,645
Taxation	(241,682)
Net profit for the year transferred to revenue reserve	514,963

DIRECTORS

The present membership of the Board is set out on page 3. Stephane Dumas resigned as alternate director on 5 July 2003 and was replaced on the same date by Christine Atallah.

PROPOSED DIVIDEND

The directors are recommending for approval at the Annual General Meeting the payment of a first and final dividend of KShs 2.50 per share in respect of the year 2003, subject to withholding tax where applicable. This represents a 47% increase compared to 2002 (KShs 1.70 per share).

ANNUAL GENERAL MEETING

The 50th Annual General Meeting of Total Kenya Ltd will be held on 5 April 2004 at the French Cultural Centre, Auditorium at 3pm.

CLOSURE OF THE SHARE REGISTER

Subject to shareholders' approval at the 50th Annual General Meeting, the share register will be closed from 6 to 9 April 2004 both days inclusive for the purpose of dividend calculation.

Subject to approval at the shareholders' Annual General Meeting the dividend cheque will be posted on or about 29 April 2004

AUDITORS

Deloitte & Touche, having confirmed their willingness, continue in office in accordance with Section 159(2) of the Companies Act (Cap 486).

BY ORDER OF THE BOARD
L G Maonga, Company Secretary
26 February 2004

MANAGEMENT EXECUTIVES

from left, **Joseph Adewa,** Commercial Manager; **Joseph Kouame,** Logistics Manager; **Lamine Kane,** Managing Director; **Maurice K'Anjejo,** Corporate Affairs Manager; **Lilian Kageenu,** Human Resources Manager; **Eric le Bouvier,** Finance Manager

MANAGEMENT REPORT

OVERVIEW OF TOTAL KENYA'S FINANCIAL YEAR

The company's four business segments are:

- the Network segment, which includes the distribution of petroleum products through 101 service stations located all over the country;
- the General Trade segment, which includes sales of a broad range of products to all sizes of corporates and parastatals;
- the Aviation segment, which comprises of sales of turbine kerosene and aviation gasoline to local and international air carriers;
- the Export and Bulk segment, which comprises of sales of our full range of products to neighbouring countries and some other industry players.

The market conditions in 2003 were mixed:

- shrinking inland market linked to the low level of economic activity in the country
- difficult international context (Iraq, Sars, terrorism, etc.)
- volatility of international prices of petroleum products
- uneven playing field among market players and continued dumping of duty free products despite some actions already taken to fight against corruption and enforce rules in our industry
- high volatility of the US dollar
- optimism within the business circles and the public following the 2002 general election
- low cost of funds

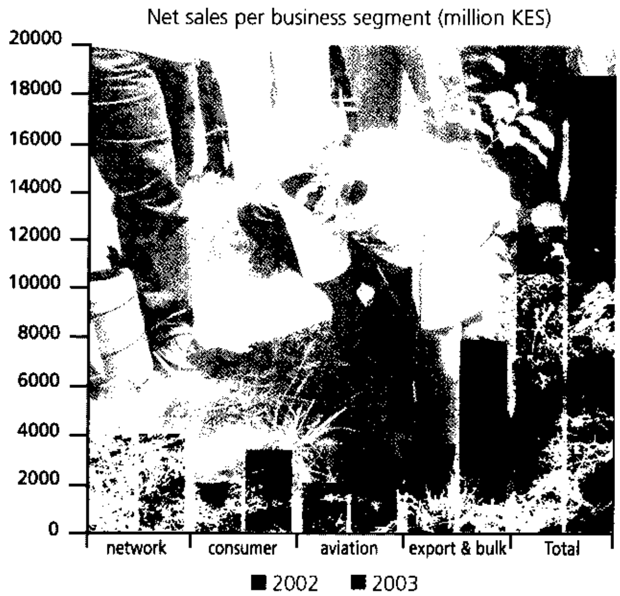
Despite the generally gloomy environment, Total Kenya performed well in 2003 and increased simultaneously its sales (both in volumes and value), market shares and profitability.

MARKET SHARES

Total Kenya inland market shares increased from 13.7% in 2002 to an estimated 17.1% in 2003. This is mainly due to our performance in the General Trade and Aviation segments whereas Network market share decreased slightly.

SALES AND RESULTS

As a combined effect of the growth in volumes sold and the increase in international prices, the consolidated net turnover rose by 48% from 12.7 billion Kenya shillings in 2002 to 18.7 billion Kenya shillings in 2003.

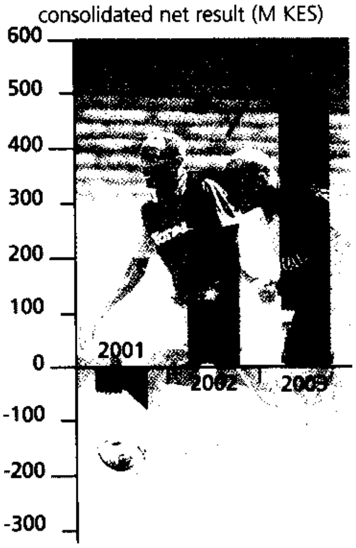


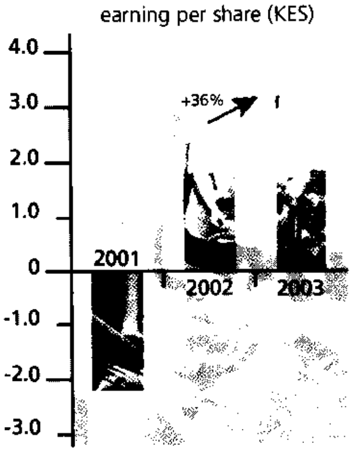
The Company's internal growth in terms of volumes and market shares was achieved on a profitable basis. The gross profit rose by 5% from 1,896 million in 2002 to 1,993 million Kenya shillings in 2003 and the operating profit by 7% from 710 million Kenya shillings in 2002 to 760 million in 2003. If some specific activities did not meet profit expectations due to specific market circumstances (Aviation segment for instance), all the Company's business segments indeed generated a positive contribution to the overall operating profit in 2003. The Company's continued efforts at credit control resulted in a significant reduction in its level of new doubtful debt, and consequently in a lower level of provisions in 2003 compared to 2002. All the business segments continued to benefit from a tightened and optimised stock management. At the same time, the Company's cost-cutting programs initiated in 2001 maintained the fixed expenses within their strict budgeted levels.

A further reduction of the Company's financial costs was also observed in 2003 with a net charge of 4 million Kenya shillings compared to 89 million in 2002. This is mainly attributable to the lower interest rates offered in the market in 2003, the Company's borrowing strategy and some foreign exchange gains recorded in 2003 as opposed to losses in 2002. Consequently, the consolidated profit before taxation rose from 605 million Kenya shillings in 2002 to 757 million Kenya shillings in 2003, an increase of 25% over one year.

MANAGEMENT REPORT cont'

The consolidated net income (after amortisation of goodwill) rose from a profit 360 million Kenya shillings in 2002 to a profit of 515 million Kenya shillings in 2003, translating into a 12.5% return on equity rate (10.5% in 2002) and a 3.27 Kenya shilling earning per share (+35% from 2002).





NETWORK

The market environment was particularly difficult in 2003. Competition stiffened in a market that shrank by an estimated 9% in 2003 compared to 2002, leading to a decline in the volumes sold by several of the main market players. On the contrary, independents' market shares continued to rise. Total Kenya sales in volumes dropped by 14% in 2003 at 101 KMT compared to 118 KMT in 2002. However, due to the trend of international prices, the net turnover remained fairly stable at 4.1 billion Kenya shillings in 2003 (4.2 billion in 2002) and in spite of the gloomy context, the profitability of the Network segment remained at an acceptable level. The Company continued to strategically rely on its nationwide presence while some major marketers recently decided to sell their assets in parts of the country where dumping of duty free products remained the suspected practice of some players. Total Kenya obtained in 2003 the renewal of its ISO certification. It also successfully launched its new logo and initiated an ambitious campaign to enhance its service stations' image. With a restructured team, the Company embarked on a nationwide sites modernisation. After testing, it will soon launch renewed concepts of services for its clientele. The Bon Voyage fuel card, launched in 2002 and which offers unique features in the Kenyan market, conquered more customers in 2003.

Network – Key figures	2003	2002	%
Number of service stations	101	101	-
Market shares* (excl. LPG)	15.9%	16.9%	-1%
Volumes sold (excl. LPG) – K MT	101	118	-14%
Turnover – net of taxes	4,139	4,209	-2%

* Market shares for 2003 are estimates based on the latest official data known

GENERAL TRADE

The General Trade market environment remained affected by a low demand in most of the main economic sectors including tourism, manufacturing and building and construction. The market shrank by an estimated 17% in 2003 compared to 2002. In that context, Total Kenya recorded an outstanding performance in this segment: volumes sold increased by 36% in 2003 at 139 KMT compared to 102 KMT in 2002 and market shares shot up from 8.9% in 2002 to an estimated 14.7% in 2003. A renewed marketing team, a more competitive supply organisation and a range of innovative solutions offered to our customers led to that result. On the specific LPG market, Total Kenya continued to increase both its sales and market shares. The Company intends to take a decisive part in the promotion of this product nationwide in 2004. Total Kenya plans to renew its logistical means, enhance security through refilling traceability and contribute, together with the Government, to a reduction in the access price for a larger public.

While the turnover increased by 50% from 2.4 billion Kenya shillings in 2002 to 3.6 billion in 2003, the financial contribution of that segment to the Company's income also met expectations.

MANAGEMENT REPORT cont'

General Trade – Key figures

	2003	2002	%
Market shares* (excl. LPG)	14.7%	8.9%	+5.8%
Volumes sold (excl. LPG) – K MT	139	102	+36%
Turnover – net of taxes	3,552	2,372	+50%

* Market shares for 2003 are estimates based on the latest official data known

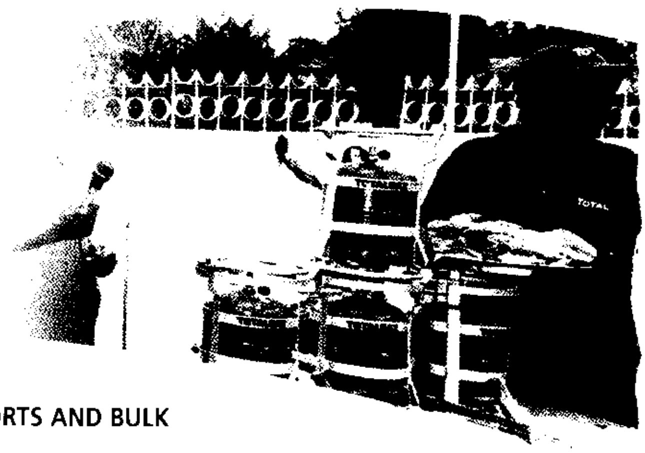
AVIATION

The aviation activity, particularly the international segment, faced an unprecedented adverse context in 2003 with the War in Iraq, the SARS crisis in Asia and the generalised terrorist threat which directly affected Kenya. However, the market volumes in Kenya are estimated to have been stable in 2003 compared to 2002. Due to its continued efforts to increase its customer base, Total Kenya recorded a 23% increase in volumes sold from 92 KMT in 2002 to 113 KMT in 2003 and an increase in its market shares from 19.4% in 2002 to an estimated 22.2% in 2003. Though this increase in volumes sold combined with high international prices led to a significant increase in this segment's turnover from 2.3 billion in 2002 to 3.1 billion Kenya shillings in 2003, the profitability did not meet expectations. The crisis faced by all international airlines added to the volatility of international prices experienced during the first half of the year affected profits in this segment in 2003.

Aviation – Key figures

	2003	2002	%
Market shares*	22.2%	19.4%	+2.8%
Volumes sold – K MT	113	92	+23%
Turnover – net of taxes	3,088	2,304	+34%

* Market shares for 2003 are estimates based on the latest official data known



EXPORTS AND BULK

Total Kenya has developed a significant export activity in East Africa where the Company supplies other Total Group companies and a portfolio of non-group corporates. It also sells, on spot basis, bulk products to other oil companies in Kenya. The turnover generated by these activities increased from 3.8 billion Kenya shillings in 2002 to 8.0 billion in 2003.

FINANCIAL POSITION

In a very volatile environment and in spite of lower interest rates, the company chose to maintain a prudent financial strategy. As a result of this approach, its financial position continued to improve in 2003.

Indeed, in spite of a higher level of activity in 2003 (+6.1 billion Kenyan shillings compared to 2002) which mechanically translated into a higher working capital requirement, the Company managed to contain its level of financial debt close to that of 2002 (+65 million Kenya shillings). This has been possible through a strict monitoring of the Company's current assets but also a maintained balance between the cash used in investing activities (168 million Kenya shillings) and the cash generated from financial activities (187 million Kenya shilling). The sale of a significant portion of the treasury shares (Total Kenya shares held by Elf Oil Kenya), within the timeframe set by the Capital market Authority also helped in that process.

With a net-debt-to-equity ratio which improved further from 25% in 2002 to 22% in 2003 and an equity-to-total liability ratio standing at 53% as at end of 2003, the Company matches the best international standards in terms of the quality and solidity of the balance sheet and is well positioned to resist the fluctuations in the business cycle, while pursuing a policy of profitable growth that has been successfully implemented in the past year.

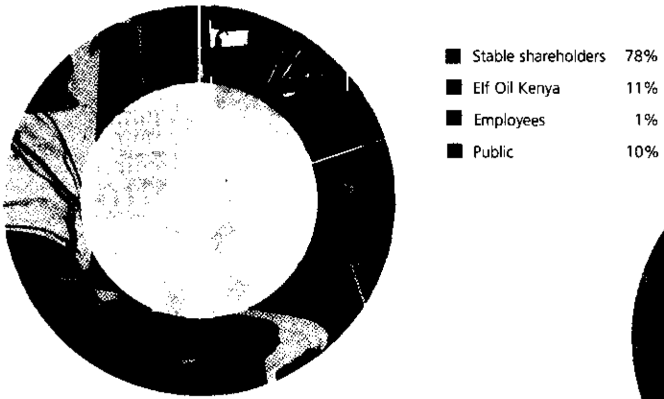
MANAGEMENT REPORT cont'

SHAREHOLDERS AND PROPOSED DIVIDEND

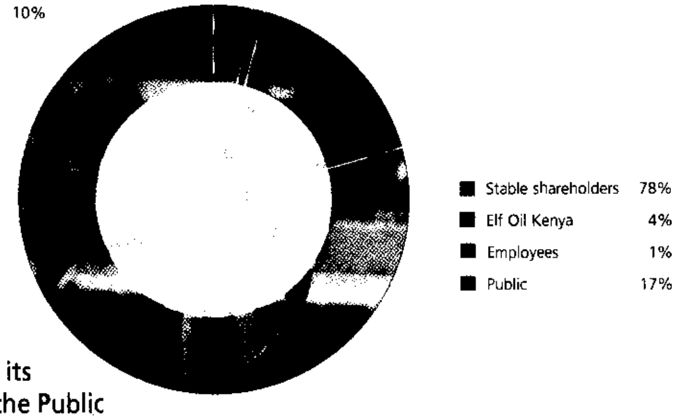
Structure

Part of the shares that Elf Oil Kenya, a subsidiary of Total Kenya Ltd, had underwritten when the Rights issue took place in 2002, were sold to the market in the course of the year 2003. The shareholding structure is represented below:

from year end 2002...



...to year end 2003



At the beginning of 2004, Elf Oil Kenya continued to sell its shares in the market and as at the end of January 2004, the Public through the Nairobi stock exchange represented 20.5% of the share capital. At that time, Elf Oil Kenya was not holding any more Total Kenya shares.

The Top Ten Shareholders of the company as at 31 dec 2003 were the following;

Total Outre-Mer	72.16%
Elf Oil Africa Ltd	6.13%
Elf Oil Kenya Ltd	4.00%
Barclays Nominees Ltd A/c 1256	0.81%
Insurance Company of East Africa Ltd	0.71%
Barclays Nominees Ltd A/c 1853	0.49%
ICEA - Life Fund	0.28%
KCB Nominee Ltd - A/c 744	0.26%
Stanbic Nominee Kenya Ltd	0.24%
Ali Mohamed Adam	0.21%

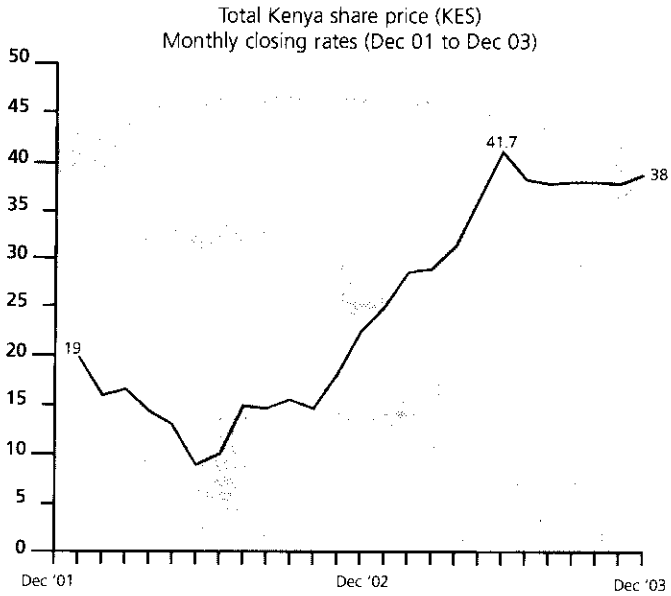
Shares Distribution Schedule

Shares ranges	Number of Members	No. of Shares
1-1000	987	520,231
1,001-100,000	1918	17,295,091
100,001 - 500,000	38	8,479,397
500,001 - 1,000,000	4	3,057,440
1,000,000 and over	7	145,712,547
Total	**2,954**	**175,064,706**

MANAGEMENT REPORT cont'

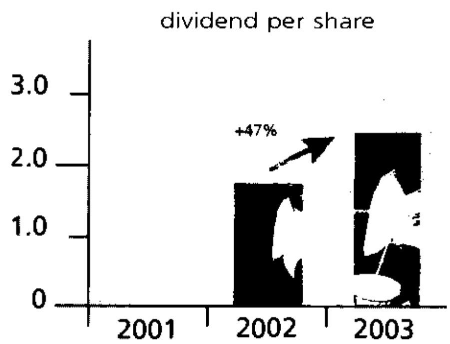
Share Price

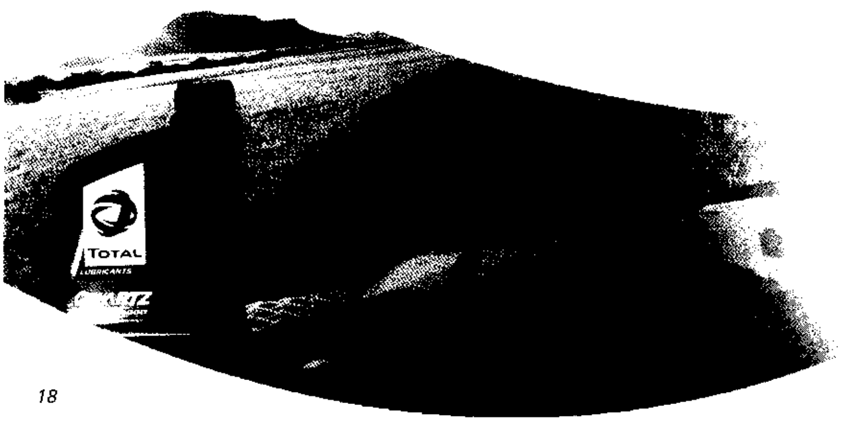
During that period, the share price rose steadily, as shown below:



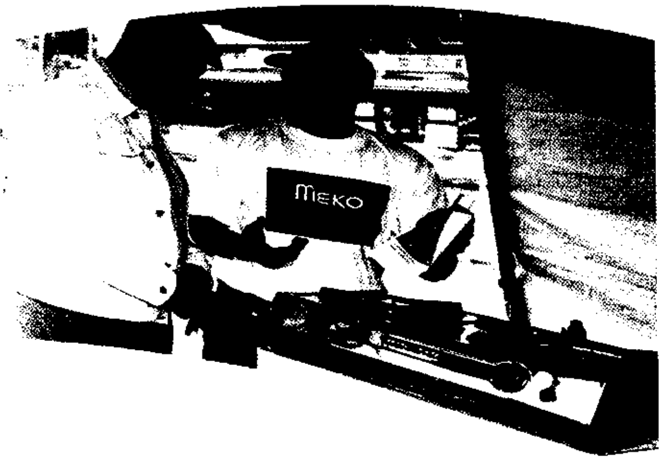
Proposed Dividend

The proposed dividend for the year is 2.50 Kenya shillings per share, a 47% increase from 2002 (1.70 Kenya shilling).





DIRECTORS ' RESPONSIBILITIES



The Companies Act 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 group as at the end of the financial year and of the group's profit or loss. It also requires the directors to ensure the group keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the group. They are also responsible for safeguarding the assets of the group.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies Act. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the group and of group's profit. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the group will not remain a going concern for at least the next twelve months from the date of this statement.

L Kane
Director
26 February 2004

M Karanja
Director
26 February 2004

REPORT OF THE AUDITORS

Certified Public Accountants (Kenya)
"Kirungii"
Ring Road Westlands
P.O Box 40092
Nairobi
Kenya
Telephone: +(254-2) 4441344/05-12
Facsimile: +(254-2) 4448966
Dropping Zone Box No. 92
E-mail: admin@dtti.co.ke

Deloitte & Touche

We have audited the financial statements on pages 21 to 48, for the year ended 31 December 2003 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 19, 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;

(a) proper books of account have been kept by the company and the company's balance sheet is in agreement therewith;

(b) the financial statements give a true and fair view of the state of affairs of the company and of the group at 31 December 2003 and of the profit and cash flows of the group for the year then ended in accordance with International Financial Reporting Standards and the Kenyan Companies Act.

Deloitte & Touche
26 February 2004

Deloitte Touche Tohmatsu

Partners:
D.M. Ndonye S.O. Onyango H. Gadhoke* J.W. Wangai D C Hodges* J M Kiarie
British*

CONSOLIDATED STATEMENT OF INCOME

	Notes	2003 Shs'000	2002 Shs'000
Gross sales		22,393,229	16,291,258
Indirect taxes and duties		(3,660,964)	(3,627,670)
Net sales	2	18,732,265	12,663,588
Cost of sales		(16,739,386)	(10,767,030)
Gross profit		1,992,879	1,896,558
Other operating income		396,879	171,314
Depreciation and amortisation		(232,797)	(207,176)
Amortisation of acquisition goodwill		(29,920)	(29,920)
Other operating expenses	3	(1,366,765)	(1,120,277)
Operating profit		760,276	710,499
Finance charges, net	4	(3,631)	(88,989)
Exceptional charges, net	5	-	(16,734)
Profit before taxation		756,645	604,776
Taxation	6	(241,682)	(244,575)
Net profit for the year		514,963	360,201
Earnings per share (Basic and diluted)	7	3.27	2.41
Dividend per share		2.50	1.70

COMPANY STATEMENT OF INCOME

	Notes	2003 Shs'000	2002 Shs'000
Gross sales		22,318,219	16,239,994
Indirect taxes and duties		(3,660,964)	(3,627,670)
Net sales		18,657,255	12,612,324
Cost of sales		(16,739,386)	(10,767,030)
Gross profit		1,917,869	1,845,294
Other operating income		378,685	165,884
Depreciation and amortisation		(211,429)	(182,281)
Other operating expenses		(1,326,769)	(1,113,994)
Operating profit		758,356	714,903
Finance charges,net		1,629	(66,434)
Profit before taxation		759,985	648,469
Taxation		(192,575)	(241,077)
Net profit for the year		567,410	407,392
Earnings per share	7	3.24	2.49
Dividend per share		2.50	1.70

CONSOLIDATED BALANCE SHEET

	Notes	2003 Shs'000	2002 Shs'000
ASSETS			
Non-current assets			
Property, plant and equipment	8(i)	1,393,145	1,474,326
Prepaid operating leases	9	413,249	406,160
Other intangible assets	10	4,983	15,385
Goodwill	11	366,524	396,444
Deferred taxation asset	12	82,737	74,655
Total non-current assets		2,260,638	2,366,970
Current assets			
Inventories	14	3,181,992	1,267,917
Accounts receivable	15	1,740,575	1,915,483
due from related companies	16	296,086	324,056
Cash and cash equivalent		380,738	237,782
Total current assets		5,599,391	3,745,238
TOTAL ASSETS		7,860,029	6,112,208
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	17	840,414	779,604
Share premium		1,741,427	1,348,226
Revenue reserves		1,102,900	994,682
Proposed dividend – gross		437,663	297,610
Shareholders' equity		4,122,404	3,420,122
Current liabilities			
Trade and other payables	18	711,972	1,231,899
Amounts due to holding company		1,619,941	303,741
Amounts due to related companies	16	34,106	6,189
Unpaid dividends		4,764	3,284
Taxation payable	6(iv)	77,687	66,180
Short term borrowings	19	1,289,155	1,080,793
Total current liabilities		3,737,625	2,692,086
TOTAL EQUITY AND LIABILITIES		7,860,029	6,112,208

The financial statements on pages 21 to 48 were approved by the board of directors on 26 February 2004 and were signed on its behalf by:

L Kane
M Karanja } Directors

COMPANY BALANCE SHEET

	Notes	2003 Shs'000	2002 Shs'000
ASSETS			
Non-current assets			
Property, plant and equipment	8(ii)	1,163,123	1,244,644
Prepaid operating leases	9	267,910	257,096
Intangible assets	10	4,983	15,385
Deferred taxation asset	12	45,953	-
Investment in a subsidiary company	13	729,981	729,981
Total non-current assets		2,211,950	2,247,106
Current assets			
Inventories	14	3,181,992	1,267,917
Accounts receivable	15	1,730,497	1,853,697
Due from related companies	16	269,303	299,899
Due from a subsidiary company		96,302	227,783
Cash and cash equivalent		373,908	222,509
Total current assets		5,652,002	3,871,805
TOTAL ASSETS		7,863,952	6,118,911
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	17	875,324	875,324
Share premium		1,597,306	1,597,306
Revenue reserves		1,217,868	1,088,121
Proposed dividend – gross		437,663	297,610
Shareholders' equity		4,128,161	3,858,361
Non current liabilities			
Deferred taxation	13	-	11,236
Current liabilities			
Trade and other payables	18	697,440	1,136,271
Amounts due to holding company		1,619,941	303,741
Amounts due to related companies	16	33,673	4,356
Unpaid dividends		4,764	3,284
Taxation payable		91,116	79,665
Short term borrowings	19	1,288,857	721,997
Total current liabilities		3,735,791	2,249,314
TOTAL EQUITY AND LIABILITIES		7,863,952	6,118,911

The financial statements on pages 21 to 48 were approved by the board of directors on 26 February 2004 and were signed on its behalf by:

L Kane
M Karanja
} Directors

STATEMENTS OF CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital Shs'000	Share Premium Shs'000	Revaluation Surplus Shs'000	Revenue Reserve Shs'000	Proposed Dividend Shs'000	Total Equity Shs'000
As of 1 January 2002	525,225	690,318	6,373	922,987	-	2,144,903
Rights share issue	254,379	657,908	-	-	-	912,287
Transfer of excess depreciation	-	-	(9,104)	9,104	-	-
Deferred taxation (note 6 iii)	-	-	2,731	-	-	2,731
Net profit for the year	-	-	-	360,201	-	360,201
Proposed dividend -2002	-	-	-	(297,610)	297,610	-
As of 31 December 2002	779,604	1,348,226	-	994,682	297,610	3,420,122
Sale of treasury shares	60,810	393,201	-	-	-	454,011
Dividends paid - 2002	-	-	-	-	(297,610)	(297,610)
Dividends paid to subsidiary	-	-	-	30,918	-	30,918
Net profit for the year	-	-	-	514,963	-	514,963
Proposed dividends - 2003	-	-	-	(437,663)	437,663	-
As of 31 December 2003	840,414	1,741,427	-	1,102,900	437,663	4,122,404

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share Capital Shs'000	Share Premium Shs'000	Revaluation Surplus Shs'000	Revenue Reserve Shs'000	Proposed Dividend 5hs'000	Total Equity Shs'000
As of 1 January 2002	525,225	690,318	6,373	969,235	-	2,191,151
Rights share issue	350,099	906,988	-	-	-	1,257,087
Transfer of excess depreciation	-	-	(9,104)	9,104	-	-
Deferred taxation (note 6 iii)	-	-	2,731	-	-	2,731
Net profit for the year	-	-	-	407,392	-	407,392
Proposed dividend - 2002	-	-	-	(297,610)	297,610	-
As of 31 December 2002	875,324	1,597,306	-	1,088,121	297,610	3,858,361
Dividends paid -2002	-	-	-	-	(297,610)	(297,610)
Net profit for the year	-	-	-	567,410	-	567,410
Proposed dividends – 2003	-	-	-	(437,663)	437,663	-
As of 31 December 2003	875,324	1,597,306	-	1,217,868	437,663	4,128,161

CONSOLIDATED CASH FLOW STATEMENT

	Notes	2003 Shs'000	2002 Shs'000
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	20(i)	163,866	386,131
Interest paid		(15,567)	(60,095)
Interest received		5,228	4,060
Taxation paid		(238,257)	(563)
Net cash (used in)/generated from operating activities		(84,730)	329,533
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(192,204)	(190,182)
Purchase of intangible assets		(316)	(2,378)
Proceeds on disposal of property, plant and equipment		24,525	26,335
Net cash used in investing activities		(167,995)	(166,225)
CASH FLOW FROM FINANCING ACTIVITIES			
5ale of shares		454,011	912,287
Dividends paid		(266,692)	-
Net cash generated from financing activities		187,319	912,287
Net (decrease)/increase in cash and cash equivalent		(65,406)	1,075,595
Cash and cash equivalent as at 1 January		(843,011)	(1,918,606)
Cash and cash equivalent as at 31 December	20(ii)	(908,417)	(843,011)

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with International Financial Reporting Standards, issued by the International Accounting Standards Board (IASB), interpretations issued by the Standing Interpretations Committee of the IASB and applicable requirements of the Kenyan Companies Act.

The principal accounting policies adopted remain unchanged from the previous year and are set out below:

a. Basis of accounting

The financial statements have been prepared on the historical cost basis of accounting, modified by the revaluation of certain property, plant and equipment. The financial statements are presented in Kenya Shillings thousands(KES).

b. Consolidation

The consolidated financial statements incorporate the financial statements of Total Kenya Limited and its wholly owned subsidiary, Elf Oil Kenya Limited, both of which have been made up to 31 December 2003.

All inter-company transactions, balances and unrealised surpluses and deficits on transactions between group companies have been eliminated and, where necessary, the accounting policies of the subsidiary have been changed to ensure consistency with the policies adopted by the group.

c. Revenue recognition

Turnover, which represents sales to external customers during the year, is recognised upon delivery of products and customer acceptance and is stated net of value added tax, returns and rebates.

Interest income is recognised when it accrues, by reference to the principal outstanding and the interest rate applicable. All other revenues are recognised at the time goods are supplied or services are provided.

d. Property, plant and equipment

Property, plant and equipment are 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
Buildings	2% - 15%
Plant, motor vehicles and Other equipment	5% - 25%
Furniture, fittings and Office equipment	10% - 33 1/3%

Additional depreciation, as a result of revaluation of property, plant and equipment over depreciation based on historical cost is transferred annually from revaluation reserve to revenue reserve.

NOTES TO THE FINANCIAL STATEMENTS *Cont'*

1. ACCOUNTING POLICIES *(Continued)*

k. 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.

l. Bank borrowings

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period they arise.

m. Trade payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether billed or not.

n. 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 into Kenya Shillings at the rates ruling on the transaction dates. Gains and losses on conversion and translation are dealt with in the income statement.

o. 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 year in which termination takes place.

p. 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 tax. Deferred tax assets are recognised for all deductible temporary differences, carry forward of unusual tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and the unused tax credits can be utilised.

NOTES TO THE FINANCIAL STATEMENTS *Cont'*

1. ACCOUNTING POLICIES *(Continued)*

q. Employee benefit costs

The group 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 group. Benefits are paid to retiring staff in accordance with the scheme's rules.

The group 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 KES 200 per employee per month.

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

Employees' entitlements to annual leave are charged to the income statement as they fall due.

r. Dividends

Dividends on ordinary shares are charged to equity in the period in which they are declared. Proposed dividends are shown as a separate component of equity until declared.

s. Cash and cash equivalents

Cash on hand and in banks and short term deposits which are held to maturity are carried at cost plus interest earned but not yet received at the balance sheet date.

t. Treasury shares

Treasury shares are offset from share capital on consolidation. Proceeds on sale of treasury shares are recognised as a change in equity.

u. Impairment of assets

At each balance sheet date, the company reviews the carrying amount of its financial, tangible and intangible assets to determine whether there is any indication that the assets have suffered impairment. If any such indication exists, the assets recoverable amount is estimated and an impairment loss is recognised in the income statement whenever the carrying amount of the asset exceeds its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS *Cont'*

2. NET SALES

i) Primary reporting format – Business segments

	Notes	2003 Shs'000	2002 Shs'000
Net work		4,138,810	4,209,327
Consumers		3,552,174	2,371,584
Aviation		3,088,270	2,304,116
Export and bulk		7,953,011	3,778,561
Total net sales		18,732,265	12,663,588

ii) Secondary reporting format – Geographical segments

93% (2002 – 83%) of the group sales are made in the local market (Kenya).

3. OPERATING EXPENSES

	Notes	2003 Shs'000	2002 Shs'000
Directors' emoluments - fees		1,600	637
- other emoluments		8,522	9,148
Auditor's emoluments		3,000	3,000
Salaries and wages	25	328,667	336,424
Repairs and maintenance		148,417	163,539
Technical assistance		98,903	73,448
Provision for doubtful debts		44,026	134,990
Other operating expenses		733,630	399,091
Total operating expenses		1,366,765	1,120,277

4. FINANCIAL CHARGES, NET

		2003 Shs'000	2002 Shs'000
Financial charge on borrowings		15,567	60,095
Financial income		(5,228)	(4,060)
Net (gain)/loss on foreign exchange		(6,708)	32,954
Financial charges, net		3,631	88,989

5. EXCEPTIONAL CHARGES, NET

		2003 Shs'000	2002 Shs'000
Land write off		-	(16,734)

NOTES TO THE FINANCIAL STATEMENTS *Cont'*

6. TAXATION

	Notes	2003 Shs'000	2002 Shs'000
(i) Taxation charge			
Current taxation based on adjusted profit for the year at 30%		252,653	150,506
Prior year overprovision		(2,889)	-
Deferred taxation charge	12	(8,082)	94,069
		241,682	244,575
(ii) Reconciliation of taxation charge to expected tax based on accounting profit			
Accounting profit before taxation		756,645	604,776
Tax at the applicable rate of 30%		226,994	181,433
Tax effect of expenses not deductible for tax		44,738	63,197
Tax effect of income not subject to tax		(65,515)	(55)
Prior year overprovision		(2,889)	-
Deferred tax not recognised		38,354	-
Taxation charge		241,682	244,575
(iii) Deferred taxation relating to items charged to capital reserve			
Deferred tax on transfer of excess depreciation to revaluation reserves		-	2,731
(iv) Taxation payable			
Balance brought forward		(66,180)	83,763
Prior year overprovision		2,889	-
Charge for the year		(252,653)	(150,506)
Payments during the year		238,257	563
Balance at 31 December		(77,687)	(66,180)

NOTES TO THE FINANCIAL STATEMENTS *Cont'*

7. EARNINGS PER SHARE

Basic earnings per share is calculated on the profit for the year divided by the weighted average number of ordinary shares in issue during the year.

	Group		Company	
	2003	2002	**2003**	2002
	Shs'000	Shs'000	**Shs'000**	Shs'000
Profit after taxation	514,963	360,201	567,410	407,392
Weighted average number of ordinary shares on issue (Thousands) – basic	157,712	149,651	175,065	163,395
Earnings per share (Shs)	3.27	2.41	3.24	2.49

Diluted earnings per share

The 6,981,595 Total Kenya Limited shares held by Elf Oil Kenya Limited as at 31 December 2003 were sold to the public after the balance sheet date at market price and are therefore neither dilute nor anti-dilute. Consequently, the diluted earnings per share is the same as basic.

NOTES TO THE FINANCIAL STATEMENTS *Cont'*

8 (i) PROPERTY, PLANT AND EQUIPMENT - Group

	Land & buildings Shs'000	Plant, motor vehicles & other equipment Shs'000	Furniture, fittings & office equipment Shs'000	Work in Progress Shs'000	Total Shs'000
COST OR VALUATION					
1 January 2003	620,302	1,559,299	183,332	118,373	2,481,306
Additions	13,469	74,064	19,767	84,904	192,204
Disposals	(17,505)	(50,788)	(35,782)	(2,744)	(106,819)
Transfers	24,267	67,914	8,990	(126,026)	(24,855)
Reclassifications	115,460	(132,225)	18,701	-	1,936
31 December 2003	755,993	1,518,264	195,008	74,507	2,543,772
DEPRECIATION					
1 January 2003	123,048	740,372	143,560	-	1,006,980
Charge for the year	30,232	150,621	32,091	-	212,944
Disposals	(5,432)	(38,201)	(30,626)	-	(74,259)
Reclassifications	54,684	(45,216)	(4,506)	-	4,962
31 December 2003	202,532	807,576	140,519	-	1,150,627
NET BOOK VALUE					
31 December 2003	553,461	710,688	54,489	74,507	1,393,145
31 December 2002	497,254	818,927	39,772	118,373	1,474,326

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 reserves.
As of 31 December 2003, the book value can be analysed as follows:

	Land and buildings	Plant, motor vehicles and other equipment	Furniture, fittings and office equipment	Work in Progress	Total
At cost	699,078	1,420,380	190,779	74,507	2,384,744
At valuation - 1986	56,915	97,884	4,229	-	159,028
Total book value	755,993	1,518,264	195,008	74,507	2,543,772

NOTES TO THE FINANCIAL STATEMENTS *Cont'*

(i) PROPERTY, PLANT AND EQUIPMENT - Group *(continued)*

At 31 December 2003, the net book value of property, plant and equipment based on original cost was KES 1,393,145,000(2002 – KES 1,474,326,000). The revaluation reserve has been fully amortised.

Property, plant and equipment with a cost of KES 387,480,665 (2002 – KES 360,741,356) were fully depreciated at 31 December 2003. The notional depreciation charge in respect of these property, plant and equipment amount to KES 42,786,670 (2002 – KES 39,834,043).

(ii) PROPERTY, PLANT AND EQUIPMENT - Company

	Land & buildings Shs'000	Plant, motor vehicles & other equipment Shs'000	Furniture, fittings & office equipment Shs'000	Work in Progress Shs'000	Total Shs'000
COST OR VALUATION					
1 January 2003	487,380	1,471,895	156,382	79,934	2,195,591
Additions	8,826	68,451	9,297	84,904	171,478
Disposals	(17,505)	(50,788)	(35,782)	-	(104,075)
Transfer from WIP	24,267	66,983	8,990	(125,095)	(24,855)
Reclassification	115,460	(132,225)	18,701	-	1,936
31 December 2002	618,428	1,424,316	157,588	39,743	2,240,075
DEPRECIATION					
1 January 2003	110,147	718,443	122,357	-	950,947
Charge for the year	27,952	139,404	27,946	-	195,302
Disposals	(5,432)	(38,201)	(30,626)	-	(74,259)
Reclassification	54,684	(45,216)	(4,506)	-	4,962
31 December 2003	187,351	774,430	115,171	-	1,076,952
NET BOOK VALUE					
31 December 2003	431,077	649,886	42,417	39,743	1,163,123
31 December 2002	377,233	753,452	34,025	79,934	1,244,644

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

NOTES TO THE FINANCIAL STATEMENTS *Cont'*

(ii) PROPERTY, PLANT AND EQUIPMENT – Company *(Continued)*

The resulting revaluation surplus was credited to the revaluation reserves.

As of 31 December 2003, the book value can be analysed as follows:

	Land and buildings Shs'000	Plant, motor vehicles & other equipment Shs'000	Furniture, fittings and office equipment Shs'000	Work in Progress Shs'000	Total Shs'000
At cost	561,513	1,326,432	153,359	39,743	2,081,047
At valuation - 1986	56,915	97,884	4,229	-	159,028
Total book value	618,428	1,424,316	157,588	39,743	2,240,075

At 31 December 2003, the net book value of property, plant and equipment based on original cost was KES 1,163,123,000(2002 – KES 1,244,644,000). The revaluation reserve has been fully amortised.

Property, plant and equipment with a cost of KES 387,480,665 (2002 – KE5 360,741,356) were fully depreciated at 31 December 2003. The notional depreciation charge in respect of these property, plant and equipment amount to KE5 42,786,670 (2002 – KES 39,834,043).

9. PREPAID OPERATING LEASES

	Group Shs'000	Company 5hs'000
COST		
At 1 January 2003	479,100	303,892
Additions	24,855	24,855
Disposals	(27,331)	(27,331)
Reclassifications	(1,851)	(1,851)
At 31 December 2003	474,773	299,565
AMORTISATION		
At 1 January 2003	72,940	46,796
Amortisation for the year	8,533	4,808
Disposal	(15,674)	(15,674)
Reclassification	(4,275)	(4,275)
At 31 December 2003	61,524	31,655
NET BOOK VALUE		
At 31 December 2003	413,249	267,910
At 31 December 2002	406,160	257,096

NOTES TO THE FINANCIAL STATEMENTS *Cont'*

10. INTANGIBLE ASSETS

	Group Computer Software	**Company** Computer Software
COST		
At 1 January 2003	28,327	27,132
Additions	316	316
Reclassifications	(85)	(85)
At 31 December 2003	28,558	27,363
AMORTISATION		
At 1 January 2003	12,942	11,747
Charge for the year	11,320	11,320
Reclassifications	(687)	(687)
At 31 December 2003	23,575	22,380
NET BOOK VALUE		
At 31 December 2003	4,983	4,983
At 31 December 2002	15,385	15,385

The intangible assets relates to accounting, payroll and other computer software acquired by the group.

11. GOODWILL - GROUP

	2003 Shs'000	2002 Shs'000
COST		
At 1 January and 31 December	448,804	448,804
AMORTISATION		
At 1 January	52,360	22,440
Amortisation for the year	29,920	29,920
At 31 December	82,280	52,360
NET BOOK VALUE		
At 31 December	366,524	396,444

The goodwill arose from the acquisition of a subsidiary, Elf Oil Kenya Limited, in March 2001.

NOTES TO THE FINANCIAL STATEMENTS *Cont'*

12. DEFERRED TAXATION

(i) The net deferred taxation (asset)/liability is made up as follows:

	Group		Company	
	2003	2002	**2003**	2002
	Shs'000	5hs'000	**Shs'000**	5hs'000
Property, plant and equipment	(8,997)	21,418	(10,170)	20,283
Tax losses available for offset against future profits	(76,100)	(87,053)	-	-
Unrealised exchange differences	1,541	(1,175)	1,752	(1,175)
General provisions	(37,535)	(7,845)	(37,535)	(7,872)
Net deferred taxation	(121,091)	(74,655)	(45,953)	11,236
Deferred tax not recognised	38,354	-	-	-
Net deferred taxation recognised	(82,737)	(74,655)	(45,953)	11,236

(ii) Movement on the deferred tax account is as follows:

At 1 January	(74,655)	(165,993)	11,236	(76,604)
Credited to revaluation surplus	-	(2,731)	-	(2,731)
Income statement charge(credit)	(8,082)	94,069	(57,189)	90,571
At 31 December	(82,737)	(74,655)	(45,953)	11,236

Deferred taxation is estimated on all temporary differences under the liability method using the enacted rate of 30% (2002 -30%).

Deferred taxation asset in respect of tax losses carried forward has not been fully recognised as the directors are of the opinion that the ability of the subsidiary company to generate sufficient taxable prof its in the foreseeable future to utilise the tax losses fully is uncertain.

13. INVESTMENT IN SUBSIDIARY

	2003	2002
	Shs'000	5hs'000
Elf Oil Kenya Limited	729,981	729,981

Elf Oil Kenya Limited is a company incorporated in Kenya whose principal activity is the sale of petroleum products. Total Kenya Limited has 100% shareholding of the company.

In the opinion of the directors, the value of the company's investment in the subsidiary undertaking is not less than the amount which it is stated in the company balance sheet.

NOTES TO THE FINANCIAL STATEMENTS *Cont'*

14. INVENTORIES

	2003	2002
	Shs'000	Shs'000
Raw materials and crude oil	1,765,010	428,823
Refined products	1,279,631	468,005
Consumables and accessories	234,907	426,189
Provision for obsolete and defective stocks	(97,556)	(55,100)
Total inventories	3,181,992	1,267,917

15. ACCOUNTS RECEIVABLE

	Group		Company	
	2003	2002	**2003**	2002
	Shs'000	Shs'000	**Shs'000**	Shs'000
Trade receivables	2,057,379	2,339,316	1,941,088	2,178,983
Other receivables and prepayments	320,400	360,808	316,346	348,707
Provision for doubtful debts	(637,204)	(784,641)	(526,937)	(673,993)
Total receivables	1,740,575	1,915,483	1,730,497	1,853,697

NOTES TO THE FINANCIAL STATEMENTS *Cont'*

16. RELATED PARTIES

(i) Due from related parties

	Group		Company	
	2003	2002	**2003**	2002
	Shs'000		**Shs'000**	
Total Uganda	79,362	102,133	79,362	102,133
Total Tanzania	27,702	15,782	27,702	15,782
Total International	6,728	-	6,728	-
Air Total International	-	126,478	-	126,478
Other Total related companies	182,294	79,663	155,511	55,506
	296,086	324,056	269,303	299,899

(ii) Due to related parties

	Group		Company	
	2003	2002	2003	2002
	Shs'000		Shs'000	
Air Total International	14,383	-	14,383	-
Other Total related companies	19,723	6,189	19,290	4,356
	34,106	6,189	33,673	4,356

17. SHARE CAPITAL

Number of shares

	In thousand of shares			
	Group		Company	
	2003	2002	2003	2002
Authorised ordinary shares	181,630	181,630	181,630	181,630
Issued and fully paid ordinary shares				
Ordinary shares	166,031	153,869	173,013	173,013
Ordinary Class A shares	2,052	2,052	2,052	2,052
Total issued shares	168,083	155,921	175,065	175,065

NOTES TO THE FINANCIAL STATEMENTS *Cont'*

17. SHARE CAPITAL *(continued)*

Issued capital

	Group		Company	
	2003	2002	**2003**	2002
	Shs'000	Shs'000	**Shs'000**	Shs'000
Authorised share capital	**908,150**	908,150	**908,150**	908,150
Issued and fully paid				
As at 1 January				
Ordinary shares	**865,067**	516,225	**865,067**	516,225
Class 'A' ordinary shares	**10,257**	9,000	**10,257**	9,000
Issued during the year	-	-	-	-
Ordinary shares	-	348,842	-	348,842
Class 'A' ordinary shares	-	1,257	-	1,257
Less: Treasury shares				
6,981,595 (2002-19,144,300)	**(34,910)**	(95,720)	-	-
Issued and fully paid				
As at 31 December	**840,414**	779,604	**875,324**	875,324
Ordinary shares	**830,157**	769,347	**865,067**	865,067
Class 'A' ordinary shares	**10,257**	10,257	**10,257**	10,257

Shareholding structure

	In thousand of shares	
	2003	2002
Total Outre Mer	**126,327**	126,327
Elf Oil Africa Limited	**10,733**	10,733
Total stable shareholders	**137,060**	137,060
Elf Oil Kenya Limited	**6,982**	19,144
Class A shares (employees)	**2,052**	2,052
Other shareholders	**28,971**	16,809
Total issued shares	**175,065**	175,065

Class A ordinary shares relate to the shares held by the Employees of the company and are not traded at the stock exchange.

NOTES TO THE FINANCIAL STATEMENTS *Cont'*

18. TRADE AND OTHER PAYABLES

	Group		Company	
	2003	2002	**2003**	2002
	Shs'000	Shs'000	**Shs'000**	Shs'000
Trade payables	135,522	499,329	129,396	411,248
Other payables and accruals	576,450	732,570	568,044	725,023
Total payables	711,972	1,231,899	697,440	1,136,271

19. SHORT TERM BORROWINGS

	Group		Company	
	2003	2002	**2003**	2002
	Shs'000	Shs'000	**Shs'000**	Shs'000
Bank overdrafts	191,105	458,393	190,807	271,997
Short term loans	1,098,050	622,400	1,098,050	450,000
Total short term borrowings and bank overdraft	1,289,155	1,080,793	1,288,857	721,997

Interest rates

The borrowings are repayable on demand or within three months and are unsecured. These facilities are primarily contracted with international banks. Interest on borrowings is based on prevailing money market rates. The weighted average interest rates paid on borrowings during the year were as follows:

For the year ended December 31,	**2003**	2002
Average interest rate on short term borrowings	2.49%	6.62%

Analysis by currency

	Group		Company	
	2003	2002	**2003**	2002
	Shs'000	Shs'000	**Shs'000**	Shs'000
Kenya Shilling	899,828	906,922	899,530	720,526
United States dollar	389,327	173,871	389,327	1,471
Total short term borrowings	1,289,155	1,080,793	1,288,857	721,997

NOTES TO THE FINANCIAL STATEMENTS *Cont'*

20. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

Cash and cash equivalents

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.

(i) Reconciliation of group operating profit to cash generated from operations

	2003 Shs'000	2002 Shs'000
Group operating profit	760,276	710,499
Adjustments for:		
Net gain/ (loss) on foreign exchange	6,708	(32,954)
Depreciation	212,944	191,973
Amortisation - goodwill	29,920	29,920
Amortisation – prepaid operating rentals	8,533	9,779
Amortisation – intangible assets	11,320	5,424
Loss on disposal of property, plant and equipment	19,692	24,343
Operating profit before working capital changes	1,049,393	938,984
(Increase)/decrease in inventories	(1,914,075)	897,557
Decrease in trade and other receivables	174,908	70,438
Decrease in trade and other payables	(519,927)	(771,008)
Increase in unpaid dividends	1,480	3,284
Increase/(decrease) in amount due to holding company	1,316,200	(651,341)
Movement in balances with related companies	55,887	(101,783)
Cash generated from operations	163,866	386,131

(ii) Analysis of the balances of cash and cash equivalents as shown in the balance sheet

	2003 Shs'000	2002 Shs'000
Bank and cash balances	380,738	237,782
Bank overdrafts	(191,105)	(458,393)
Short term loans	(1,098,050)	(622,400)
Cash and cash equivalents	(908,417)	(843,011)

NOTES TO THE FINANCIAL STATEMENTS *Cont'*

21. RELATED PARTY TRANSACTIONS

During the year the group made purchases amounting to KES 6,942 million (2002 – KES 2,262 million) from the holding company and other companies related to it by virtue of common shareholding. The group also earned revenue of KES 1,326 million (2002 - KES 2,861 million) from related companies.

The group purchased plant and equipment amounting to KES 48.7 million (2002- KES 32.9 million) from the holding company. The company also has a technical assistance agreement with the holding company for which it paid fees for the year amounting to KES 98 million (2002- KES 73 million).

22. COMMITMENTS AND CONTINGENCIES

(i) Guarantees and bonds

	2003 Shs'000	2002 Shs'000
Total commitments given	540,907	495,442
Total commitments received	233,667	220,406

Commitments given include primarily customs bonds. The bonds are held in the ordinary course of business. No losses are anticipated in respect of these contingent liabilities.

Commitments received include primarily customer guarantees.

(ii) Capital commitments

Commitments related to construction work and purchase of assets at the year end for which no provision has been made in these financial statements are as stated below:

	2003 Shs'000	2002 Shs'000
Land and building	140,450	107,430
Plant, motor vehicles and other equipment	128,226	123,080
Furniture, fittings and office equipment	4,200	21,510
Others	200,409	-
Total capital commitments	473,285	252,020

(iii) Foreign currency agreements

Commitments and contingencies related to the company's financial derivatives activities are stated below. These amounts set the levels of notional involvement by the company and are not indicative of an unrealized gain or loss.

	2004	**2005 & after**
Forward exchange contract – Notional amount	-	-
Currency swaps – Notional amount	-	-

NOTES TO THE FINANCIAL STATEMENTS *Cont'*

(iv) Legal claims

Two legal claims have been made against the company, one by a former employee and the other by a customer. The plaintiffs are suing for some specific and general damages which the company has disputed. The cases are on going and the likely outcome is unknown. However, based on information currently available, the directors are of the opinion that the ultimate resolution of these cases would not have a material effect on the group's operations, financial position or liquidity.

23. OPERATING LEASE COMMITMENTS

	2003	2002
	Shs'000	Shs'000
Within one year	4,786	2,189
Over one year to five years	17,196	7,682
After five years	6,330	-
Total operating lease commitments	28,312	9,871

All the commitments relate to future rent payable for the head office (Chai House) based on the existing contracts.

24. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The directors consider that the fair values of financial assets and liabilities are not significantly different from their carrying values.

25. PAYROLL AND STAFF

	2003	2002
	Shs'000	Shs'000
Personnel expenses		
Wages and salaries	245,384	257,911
Pension costs – defined contribution plans	20,393	21,596
Provision for accrued leave	2,093	19,210
Other costs	60,797	37,707
Total personnel expenses	328,667	336,424
Average number of employees	**263**	**228**

The average number of employees includes only the permanent staff.

NOTES TO THE FINANCIAL STATEMENTS *Cont'*

26. 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 the total income. Sales by business segments are shown on note 2.

27. INCORPORATION

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

28. CURRENCY

The financial statements are presented in Kenya Shillings thousands.

29. COMPARATIVE FIGURE

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

30. CONSOLIDATED COMPANIES

ELF OIL KENYA LIMITED SIMPLIFIED INCOME STATEMENT

	2003 Shs'000
Net sales	551,366
Operating income	90,038
Exceptional income	164,189
taxation	(10,573)
Net income	243,654

ELF OIL KENYA LIMITED SIMPLIFIED BALANCE SHEET

	2003 Shs'000
Fixed assets	538,017
Current assets	50,290
Cash and cash equivalent	6,830
Total assets	595,137
Equity	483,571
Current liabilities	111,268
Borrowings	298
Total liabilities	595,137

NOTES TO THE FINANCIAL STATEMENTS *Cont'*

31. FIVE-YEAR SUMMARIZED CONSOLIDATED BALANCE SHEET AND INCOME STATEMENT

(i) Consolidated Income Statement

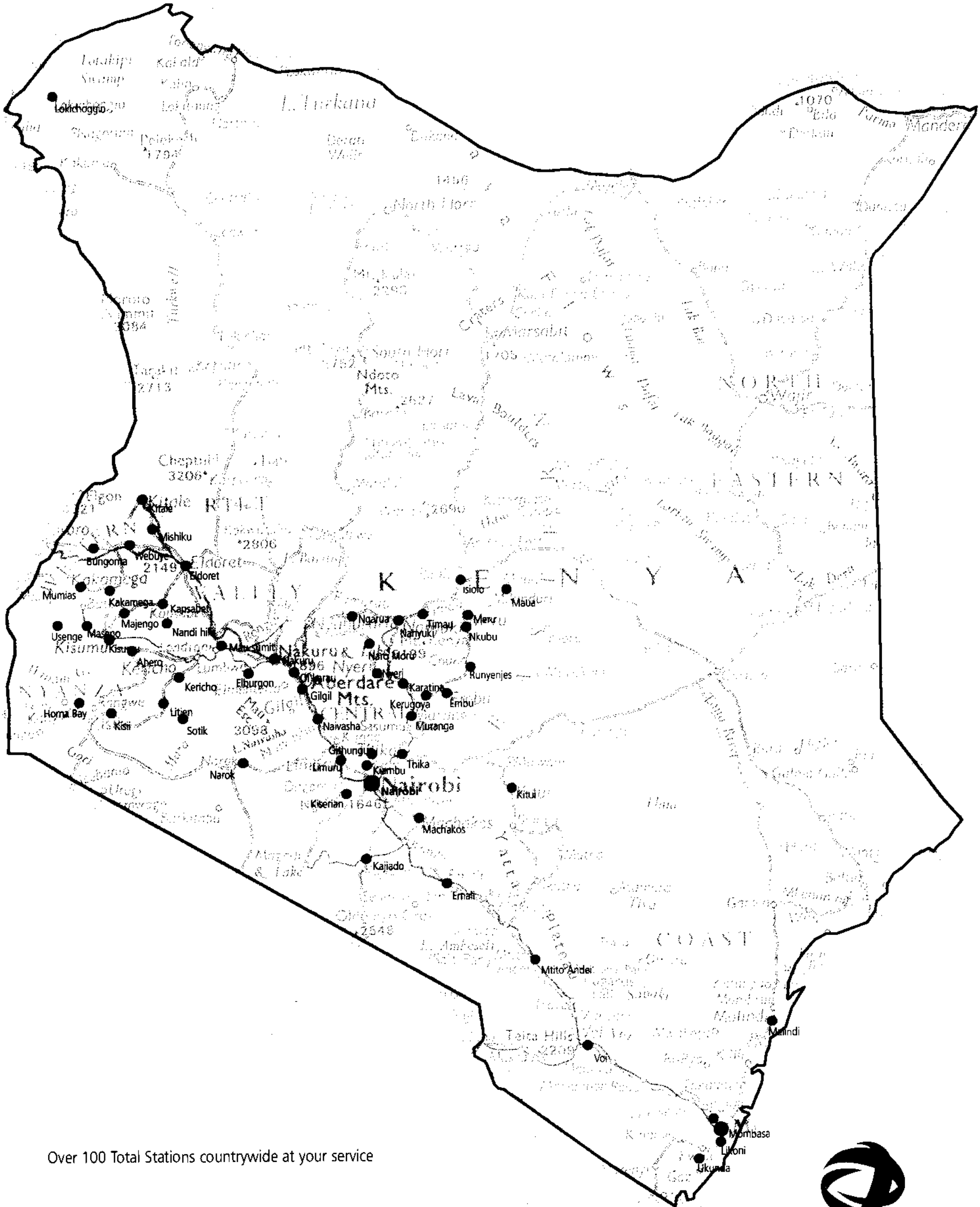
	In million 5hs				
	2003	2002	2001	2000	1999
Gross sales	22,393.2	16,291.3	17,926.0	23,157.1	14,715.8
Indirect taxes and duties	(3,660.9)	(3,627.7)	(3,652.6)	(4,761.3)	(4,296.8)
Net sales	18,732.3	12,663.6	14,273.4	18,395.8	10,419.0
Cost of sales	(16,739.3)	(10,767.1)	12,893.1)	(16,594.3)	(8,305.6)
Operating expenses and other income	(1,232.8)	(1,186)	(1,131.4)	(1,051.5)	(924.5)
Operating income	760.2	710.5	248.9	750.0	1,188.9
Interest charges, net	(3.6)	(89.0)	(567.8)	(416.5)	(332.2)
Exceptional charges, net	-	(16.7)	-	-	-
Income before taxation	756.6	604.8	(318.9)	333.5	856.7
Taxation	(241.7)	(244.6)	96.8	(127.0)	(305.3)
Net income	514.9	360.2	(222.1)	206.5	551.4

NOTES TO THE FINANCIAL STATEMENTS *Cont'*

(ii) Consolidated Balance Sheet

	In million Shs				
	2003	2002	2001	2000	1999
ASSETS					
Non-current assets					
Property, plant and equipment, leases	1,806.5	1,880.5	1,959.5	1,519.0	1,212.8
Goodwill	366.5	396.4	426.4	-	-
Other intangible assets	4.9	15.4	18.4	-	-
Deferred taxation	82.7	74.7	166.0	-	-
Total non-current assets	2,260.6	2,367.0	2,570.3	1,519.0	1,212.8
Current assets					
Inventories	3,181.9	1,268.0	2,165.5	3,334.0	1,301.0
Other current assets	2,036.8	2,239.5	2,287.2	4,494.3	2,682.4
Cash and cash equivalent	380.7	237.7	107.2	726.1	428.7
Total current assets	5,599.4	3,745.2	4,559.9	8,554.4	4,412.1
TOTAL ASSETS	7,860.0	6,112.2	7,130.2	10,073.4	5,624.9
EQUITY AND LIABILITIE5					
Capital and reserves					
Share capital	840.4	779.6	525.2	280.0	280.1
5hare premium	1,741.4	1,348.2	690.3	30.5	30.5
Revaluation surplus	-	-	6.4	11.1	13.2
Revenue reserve	1,103.0	994.7	923.0	1,313.4	1,101.2
Proposed dividends – gross	437.6	297.6	-	-	190.4
Total capital and reserves	4,122.4	3,420.1	2,144.9	1,635.0	1,615.4
Current liabilities					
Trade and others	2,448.5	1,611.3	2,959.5	3,766.5	1,510.7
Short term borrowings	1,289.1	1,080.B	2,025.B	4,671.9	40,095.0
Total current liabilities	3,737.6	2,692.1	4,985.3	8,43B.4	3,988.5
TOTAL EQUITY AND LIABILITIES	7,860.0	6,112.2	7,130.2	10,073.4	5,624.9

OUR NETWORK DISTRIBUTION COUNTRYWIDE



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YOUR NOTES