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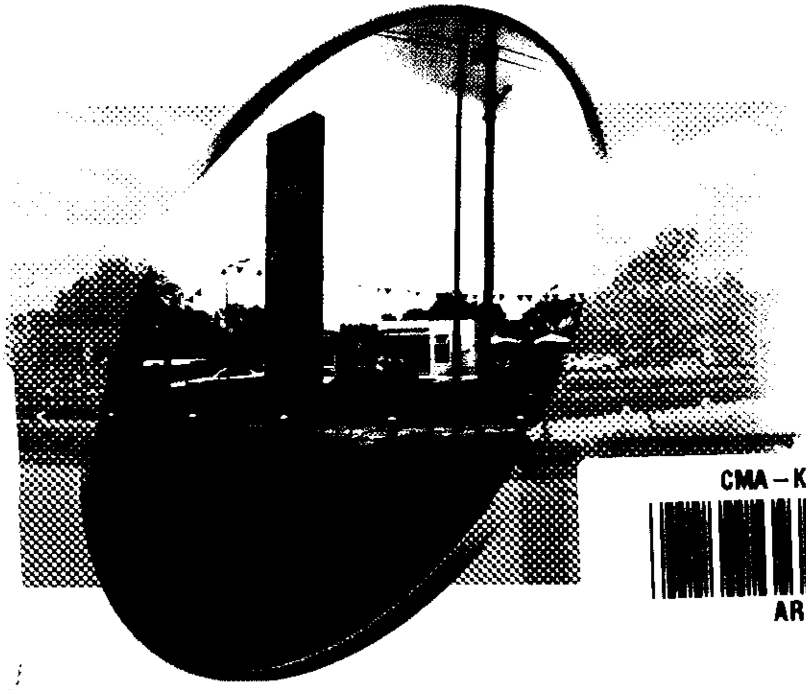
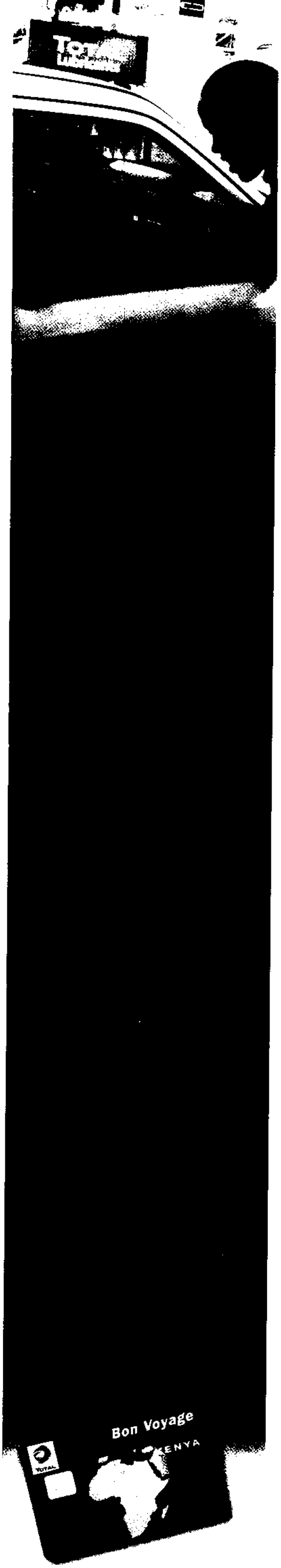


"Leadership in Innovation, Profitability, Service and Social Responsibilities"

TOTAL



notice of the annual general meeting

Notice is hereby given that the 51st Annual General Meeting of the Company will be held at the French Cultural Centre, Theatre Room, Nairobi on Monday, 11th April 2005 at 3.00 p.m. to transact the following business:

1. To confirm the minutes of the 50th Annual General Meeting held on 5th April 2004.
2. To receive and consider the Financial Statements for the year ended 31st December 2004 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 31st December 2004.
4. To approve the Directors' fees for the year ended 31st December 2004.
5. To re-elect Directors:-
   (i) Mr. Lamine Kane retires in accordance with Article 97 of the Company's Articles of Association and, being eligible, offers himself for re-election.
   (ii) Mr. Michael Karanja 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 authorize the Directors to fix their remuneration.

SPECIAL BUSINESS

7. **MERGER BETWEEN TOTAL KENYA LIMITED AND ELF OIL KENYA LIMITED**

   To consider and, if thought fit, to pass the following resolution which shall be proposed as a Special Resolution:-

   "That Total Kenya Limited be and is hereby authorized to take over the assets and liabilities of Elf Oil Kenya Limited with effect from 1st January 2005".

8. **CONVERSION OF CLASS A SHARES TO ORDINARY SHARES**

   To consider and, if thought fit, to pass the following resolution which shall be proposed as a Special Resolution:-

   (i) "That the Class A ordinary shares be converted to ordinary shares and that the converted shares shall for all purposes be considered as ranking pari passu with the existing ordinary shares of the Company".

   (ii) "That the conversion shall be on the basis of one ordinary share for every Class A ordinary share then held".

   (iii) "That subject to receipt of the relevant approvals by the Capital Markets Authority and the Nairobi Stock Exchange, the converted shares be listed on the Nairobi Stock Exchange as additional ordinary shares".

   (iv) "That the conversion date and the listing date shall be 1st January 2006".

   (v) "That any reference to Class 'A' ordinary shares in the Company's Memorandum and Articles of Association be amended accordingly to reflect the intended conversion with effect from 1st January 2006".

BY ORDER OF THE BOARD

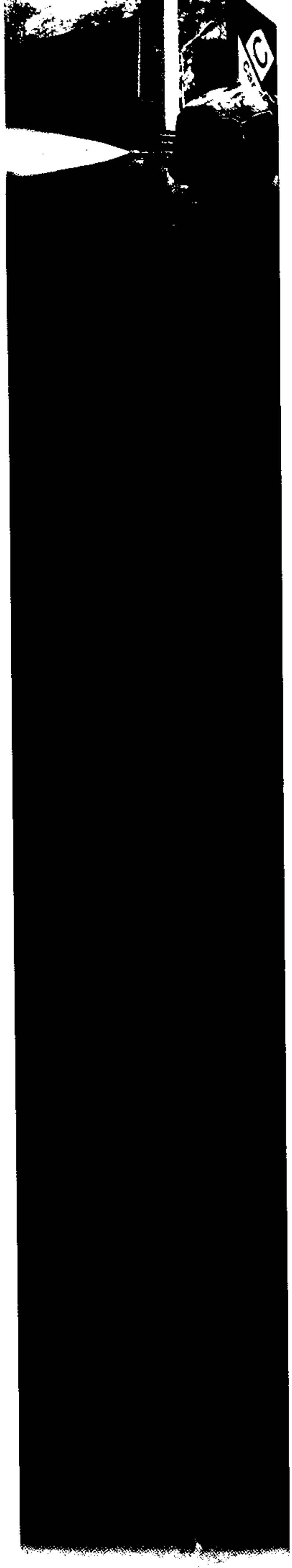
2007/1063

J L G Maonga
Secretary

2nd March 2005

Note: A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on his 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 3.00 p.m. 8 April 2005.

directors & professional advisers



Directors

Momar Nguer*	Chairman
Lamine Kane**	Managing (Also alternate to Momar Nguer as Chairman)
Alain Champeaux*	
Julien Maumont*	
Michael Karanja	
Emmanuel Morand-Fehr*	(Alternate to Lamine Kane)
Christine Atallah*	(Alternate to Julien Maumont)
Franklin Juma	(Alternate to Alain Champeaux)

*French
**Mauritanian

Secretary

J L G Maonga
P O Box 30029
Nairobi
Kenya

Head Office and Registered Office

Chai House Koinange Street Office
P O Box 30736-00100
Nairobi
Kenya

Auditors

Deloitte & Touche
"Kirungi", 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

Registrars

Comprite Kenya Limited
P O Box 63428-00619
Nairobi
Kenya

Lavage auto clean deluxe

1. Total Kenya Ltd -- periodicals
2. petroleum industry and trade -- Kenya -- periodicals

directors

MOMAR NGUER

Mr. Momar Saliou Nguer aged 48 has a Masters Degree in Finance / Marketing from Essec France. He also holds a Master Degree in International Law from the University of Paris X France. He has held various positions in Total both in Europe and Africa from 1984 to 1995. He was thereafter the Managing Director of Total Cameroun for two years. From 1997 till 2000 he was the Managing Director of Total Kenya Limited.He has been the Executive Vice President of East African and Indian Ocean of Total Outre Mer since then.

LAMINE KANE

Mr. Lamine Kane aged 53 holds a Masters Degree in General Mathematics and Physics from the Faculty of Science of University of Algiers. He workad in various positions in BP since April, 1972. He joined Elf Oil Africa and Overseas in 1992. He worked in several positions in the Audit and Information Technology Departments till July 2002 when he was appointed the Managing Director of Total Kenya Limited.

ALAIN CHAMPEAUX

Mr. Alain Champeaux aged 55 holds an Engineering Degree from Ecole Nationale Supérieure des Mines de Paris, France as well as a Masters of Arts in Economics from Standford University, USA. He joined the Total Group in 1976. He has worked in several positions in Planning / Budget / Investment Projects as well as in the Network Sector in Europe. He became the Senior Vice President Markeling Europe in 1995 and has been the Senior Vice President Overseas since 2002.

MICHAEL KARANJA

Mr. M Karanja aged 65, has a Bsc Degree from Makerere and a Diploma in Brewing from Heriot-Watt University-Edinburgh. He has worked with Kenya Breweries for 36 years rising to the position of Deputy Chairman East African Breweries. He is the Chairman of Cooper Kenya Limited and Rhino Ark Trustees. He is also a Director of I&M Bank and several other companies.

JULIEN, PIERRE-MARIE MAUMONT

Mr. Julien Maumont aged 31 works in the Finance Department of the Total Group as the Corporate Finance Coordinator for downstream subsidiaries and he is based in Paris. He is also a Director of Total Côte d'Ivoire.

irectors

Mr. Emmanuel Morand-Fehr aged 38, is a
Etudes Commerciales) and has a degree
joined the Group Total in 1992. He worked in
Paris between 1992 and 1999. He worked
as the Finance Manager. He was appoint

CHRI

Christine Atallah, aged 38, holds a Masters in Law and diploma in Political Science from Sc
Paris. Joined Total group in London, and has since then, always handled sales and purchase
Africa. Currently she is the Bulk and Exports Manager at Total Kenya Limited. She has been livi
Kenya for 7 year

FRANKLIN JUMA

Mr. Franklin Juma aged 33 has a B.A degree from Panjab University, India and LLB degree from Goa University,India. He is an Advocate of the High Court of Kenya and is a Certified Public Secretary. He is a member of the Law Society of Kenya and the Institute of Certified Public Secretaries of Kenya. He joined the company in 2000 and was appointed Legal Manager in 2004

MAONGA

SECRETARY

Mr Maonga aged 44, has
nd is a Certified
rs experience in
pointed Company
1st February 1999.

report of the

The directors present their report together with the audited financial statements for the year ended 31st December 2004.

ACTIVITY

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

RESULTS

The group results for the year are as follows:

	Kshs'000
Profit before taxation	931,638
Taxation	(354,631)
Net profit for the year transferred to revenue reserve	577,007

DIRECTORS

The present membership of the Board is set out on page 3. The changes in directorship during the year were as follows:

- Vincent Meary resigned as a director on 8th March 2004 and was replaced on the same date by Julien Maumont.
- Eric Le Bouvier resigned as an alternate director on 9th August 2004 and was replaced on the same date by Emmanuel Morand-Fehr.
- Lawrence Kinyanjui resigned as an alternate director on 7th October 2004 and was replaced on the same date by Franklin Juma.

DIVIDEND

The directors recommend a dividend of Kshs 2.50 (2003 Kshs 2.50) per share in respect of the year. The dividend is subject to withholding tax at a rate of 5% for residents and 10% for non-residents, unless specifically exempted.

AUDITORS

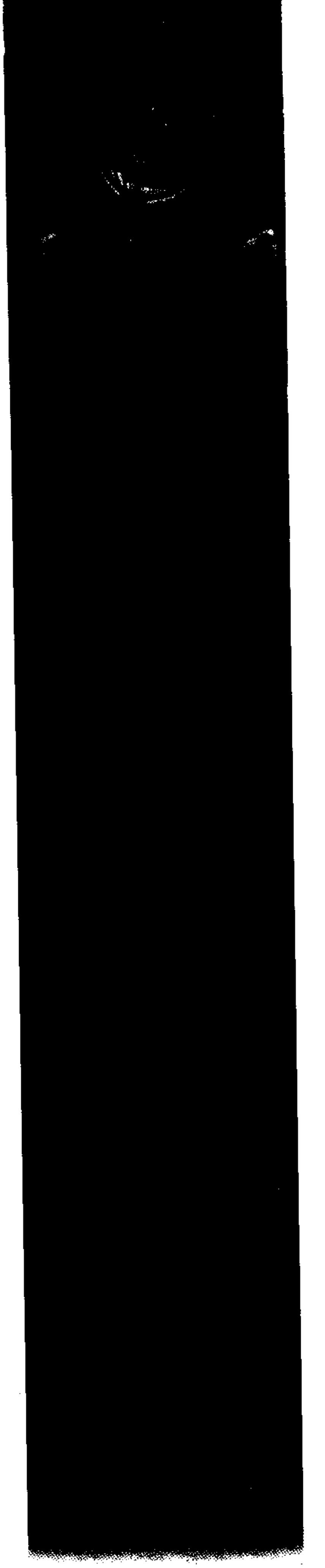
Deloitte & Touche, having confirmed their willingness, continue in office in accordance with Section 159(2) of the Kenyan Companies Act (Cap 486).

BY ORDER OF THE BOARD

J L G Maonga, Company Secretary

2nd March 2005

TOTAL



HISTORICAL BACKGROUND

It appears to be a perfect opportunity to remind you, our shareholders and other stakeholders, of where we have come from, with a small historical background of your company.

The company currently trading under the name of Total Kenya Limited was first registered in Kenya on June 13, 1955 as OZO East Africa Petroleum Company Limited. Actual business operations, however, began in 1959.
The name was changed to Total Oil Products East Africa Limited on January 1, 1963. The first Initial Public Offering (IPO) was made in 1988 and Total Oil Products East Africa Limited became the first multinational oil company to be quoted on the Nairobi Stock Exchange. It remains the only one to this day.

In keeping with the global strategy of the group, the last change of name to Total Kenya Limited was registered on June 11, 1991. This is therefore a company that has had a long presence in Kenya; a truly Kenyan company that is here to stay and continue to do business in the country and grow from strength to strength.

SUSTAINABLE DEVELOPMENT ACTIVITIES

TOTAL ECO CHALLENGE MAKES AN IMPACT

After one full year of sustained effort on this reafforestation initiative, there is a lot that has been achieved that makes us proud to have envisaged the project and started its implementation.
From the very beginning, our message has been very clear: the subject is trees; the project is the "Total Eco Challenge" and the target is to inspire every man, woman and child in Kenya to plant trees. The national target is to plant 100 million trees per year – to restore forest cover while meeting demand for charcoal and other wood products. This capacity must be built firmly in the social culture, for to restore Kenya's devastated forests to the desired 10% of total land area will require 5 billion more trees in all.
The path to this achievement has also been clear in our message: The people themselves can make it happen. They do not need new policy or permission. They do not need any subsidy either. It is in their own power, in their own hands. Anyone can do it; everyone can do it; abundant species of trees exist and will grow almost anywhere. And the natural market forces will always make tree planting pay – handsomely. And in reality, the daunting target of planting 100 million trees per year requires each person to plant and nurture....just three.

The response to our message has been country-wide and emphatic. In the first year, 800 projects from every corner of the country have registered with the Eco Challenge, and more than 10 million trees have been planted – in town and country, along roadsides and farms, in school grounds and factory yards, around dams, between crops and along fence-lines – even in the middle of Industrial area and in a desert!
And behind this clearly visible surge of interest and action, even more is happening. Some 70 million tree seedlings have been nurtured, many by small-scale self-help groups, ready for planting in the rainy season of 2005.
The issue of forest degradation is not new in Kenya; nor are the efforts to promote tree planting, from Government, NGOs, private companies and self help communities. But the fact has always been that overall plantings were greatly out-performed by the axe! The Total Eco Challenge appears to have added a vital ingredient which is not only turning the tide, but also promising to become a turning point in tree growing.

Part of this renewed interest and impetus may lie in the campaign slogan – miti ni mali, miti tosha (trees are wealth/valuable, trees are everything). Though that holds an underlying message of long term conservation, its up-front statement is that growing trees is a way to make money. Not the familiar prohibition to save the environment, but an open invitation to use the resource by maximizing it – a clear and deliberate shift in tactics.

The Eco Challenge does not replace or usurp any existing tree planting effort; on the contrary, it promotes them all, in their own right through a publicity and awards system. Even the smallest tree planting project, hitherto alone and invisible, now knows and feels that it is a part of something massive. It counts and it will be recognized. This bigger voice also gives small and remote communities access to big business support. The Eco Challenge is a matchmaker between corporate budgets looking for social projects and communities looking for resources. Every one of the 800 projects registered so far, and dozens are added every month, has an inspiring story of initiative and determination to tell.

One example that perfectly illustrates the sort of linkage the Eco Challenge platform can achieve is at Budalangi, one of the poorest communities in Western Kenya. Their denuded hill and valley landscape is attacked by alternating floods and droughts. Reafforestation of the hills would solve both problems. Through the Eco Challenge, Unilever Tea Kenya donated 17,000 seedlings; the giant transporter SDV Transami provided a truck to carry the 30-tonne consignment from the tea estates in Kericho to Budalangi, and the Total Eco Challenge's field officers showed the people how to best plant and care for the trees, and how to start their own nurseries. In this particular case, all the necessary need, willing and resource was already there, like a loaded cannon. The Total Eco Challenge pulled the trigger.
Total's role, declared and observed from the outset, has been and remains to inspire action – by creating awareness of the problem and belief in the solution, and then making sure the necessary information and knowledge is available to all. "Our commitment is to make sure everyone knows what must be done, knows why and knows how," says Total Kenya Managing Director Lamine Kane.

We have mobilized all our 100 stations as "Tree Centres" for information on species and planting and care techniques and as a source of seedlings. The campaign has screened documentaries on television, and carries regular species lists, and "how to" tips in the national print media. A call-in website is being developed, a full-time forest officer visits schools and communities, linkages with business are formed and projects are publicly recognized and rewarded.
The quantity and variety of tree seedlings being raised by independent nurseries has increased ten-fold, the impact is already physical and the programme – scheduled to run for not less than five years – is gaining incremental momentum.

TOTAL ECOchallenge
MITI NI MALI. MITI TOSHA!

GREEN SCHOOLS PROJECT

Still within the ambit of the Eco Challenge, Total Kenya Limited has partnered with Bamburi Cement Company in a project that aims to instil the culture of tree planting and nurturing in young people when they are still in school. The programme targets schools in areas with marginal rainfall and in which clean drinking water is scarce.
The identified schools, which must have adequate space for the establishment of wood lots, are provided with two concrete water tanks each of 7,000 litres capacity, complete with gutters and taps. Once these facilities are provided, the companies and the schools sign a simple memorandum of understanding which establishes and formalizes a working relationship between the chosen schools and the companies.

The companies undertake to provide, besides the tanks, free seedlings for the initial planting, technical support in land use and planning and maintenance of the water tanks. The schools, on the other hand, undertake to provide among others, unencumbered land within the school compound for a woodlot able to accommodate planting 5,000 trees in two or three year period, provide security for the water tanks and woodlot, use the woodlot for the intended purpose, i.e. as a learning tool for the children in the production of food, fodder and fuel and to provide labour and proper maintenance for the woodlot. The latter requirement is normally very easily achieved because of the enthusiastic student population.

So far ten schools have benefited from this programme in Rarieda constituency where a total of 20 tanks have been built and handed over to the schools community for use. Ten other schools have been identified in Machakos district for a similar project in the course of 2005. The tanks provide the school community with clean drinking water, apart from availing water for nurturing the seedlings during the very dry spells. The programme has been a roaring success and will be replicated throughout the country in this partnership with Bamburi Cement.

PARTNERSHIP WITH COMMUNITY MUSEUMS DF KENYA

Our commitment to environmental conservation has led us to seek partnerships that will help in ensuring we get the necessary impact required to return Kenya to a respectable forest cover level. We believe partnerships and sharing of experiences will greatly enhance the chances of success.
To this end, we have towards the end of 2004, started a relationship with the Community Museums of Kenya, in which we are assisting them to start a large tree nursery at Koriema. The work involves piping water from a dam about six kilometers up the hills to the Koriema site that has been donated by the local community. Once commissioned, the nursery will produce seedlings of appropriate indigenous tree species appropriate for the area and the Tugen hills above that have been greatly affected by erosion, which in turn is threatening the continued survival of Lake Baringo.

Environmental stewardship is one of the key areas that Total group as a whole has put at the centre of its sustainable development initiatives. It will remain a centre of our focus at Total Kenya well into the future.

HIV / AIDS AWARENESS CAMPAIGN EXTENDED TO THE FORECOURT

After a successful launch of a comprehensive work place HIV /AIDS awareness campaign in 2003, complete with an accompanying policy for staff and their immediate families, in 2004, the campaign was extended to the over 800 employees of our service stations. Our firm belief is that the war against the HIV / AIDS pandemic will only be won by availing relevant and factual information about the scourge to the entire population. It is with this conviction that, as we continue to engage our staff on a continuous awareness programmes, with a quarterly in-house magazine published, highlighting topical issues on HIV/ AIDS, we have now taken the message to the service station level. Our delivery of consistent, high quality service to our customers is very much dependent on the health of these staff and their families, hence our commitment to spreading the HIV/AIDS awareness training to them and their immediate families.

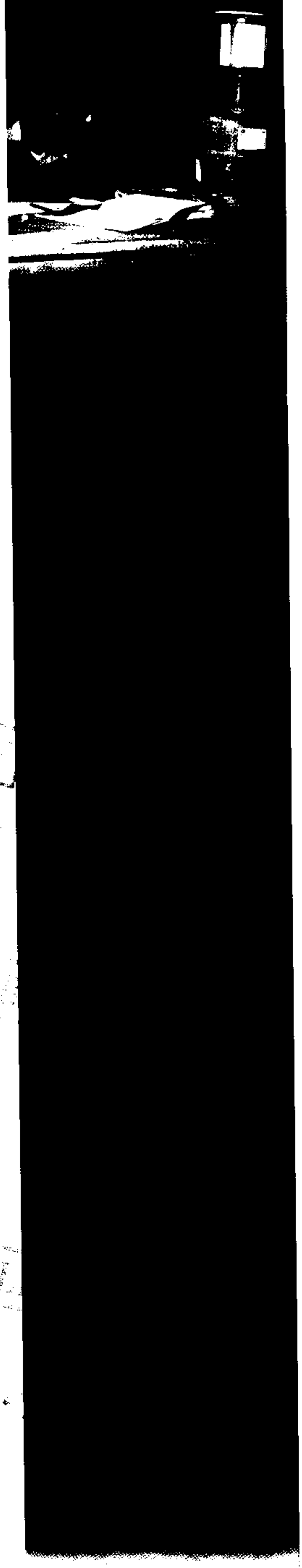
Our service stations are well distributed in the country and the impact of the training we have taken to the forecourt level is likely to reach the immediate communities in the neighbourhood of these stations. This is our modest contribution in helping the country address the serious threat posed by the HIV/AIDS pandemic.

INNOVATIONS

"BON VOYAGE" FUEL CARD

Total Kenya has always been the Leader in innovation of products in the Petroleum Industry.
It was the first oil company to introduce a fuel card which is basically a credit card for fuel and other purchases from our forecourts.
The cost of fuel has always been an issue for most motorists. It is even more of an issue for fleet owners. They are always looking out for any way in which they can effectively control and monitor their expenditure on fuel. Providing them with some sort of solution would be much appreciated and, as Total has been very innovative in the market especially when it comes to customer service, the introduction of this new technology was one more step in the same direction.
Total Kenya also wanted a product that could be offered to individual motorist. Due to the state of the economy and the difficulty of giving credit, Total Kenya had to come up with a pre-paid option card to tap the individual motorist.
The "Bon Voyage" card is based on the modern 'smart card' technology as opposed to the magnetic strip technology commonly used for credit and ATM cards.
The "Bon Voyage" card is the solution that Total has for motorists and fleet owners (post-paid and pre-paid).
Further benefits that the customers get from the "Bon Voyage" card are :

BE ALIVE



- increased security as they do not need to carry cash
- greater control and monitoring of fuel expenditure
- reports on vehicle consumption

The "Bon Voyage" card can be used to purchase a wider variety of goods and services at the service stations than was previously possible.

BRINGING MEKO TO THE PEOPLE

Total Kenya is the market leader in the retailing of Liquified Petroleum Gas (LPG) in the country. With nearly 33.5% of the market, this brand of TOTAL has positioned itself as an innovator and by this it has introduced new varieties of gas products and accessories and currently has the widest range of cylinders on offer. It is indeed the "The Gas Company of Kenya".
Though Total Kenya is the market leader, the Company has made attempts to increase the volume of gas sold. The introduction of the dual-purpose 6 Kg meko gas cylinder in 1994 and then the introduction of the 6 Kg Meko Plus at the end of 2002 are some of the initiatives undertaken by the Company.

Even though these were more affordable to the low-income people of Kenya, the volume of gas sold did not increase.
In 2001, Total Kenya introduced a new concept in the retailing of gas in Kenya. This is the concept of using containers to retail LPG. Total Kenya Limited is using 20 ft containers to stock LPG and locating them close to residential areas, thereby offering people easy access to their gas needs.
This offers a very convenient alternative to the widely used charcoal and kerosene as the main source of domestic energy for cooking and lighting. By putting up these container depots, Total Kenya has managed to bring LPG and especially the popular variety of Meko i.e. one burner cooker, the lamp and Meko Plus closer to the people.

HEALTH, SAFETY, QUALITY, TRAINING AND ENVIRONMENT

QUALITY AND TRAINING

SAFETY FIRST

Total Kenya Limited is committed to the highest standards of Health, Safety, Environment and Quality in its operations. This commitment is to the prevention of accidents to personnel and property, prevention of damage to the environment, product contamination, delayed deliveries, and under deliveries in compliance with statutory legislation and with the Group's Health, Safety, Environment and Quality charters.
The management of the Company ensures the achievement of this high standard of operation by pursuing the following : continuous analysis of risk at all installations including Depots, Service Stations, Offices, Transport fleet and Customers and documentation of operating and quality procedures; training of Employees, Service Station staff, drivers, transporters, contractors and customers on Safety, Environment and Quality standards. We also have Safety, Environment and Quality audits/checks at our Depots, Service Stations and Offices and also at the premises of our bulk Customers. Prompt and systematic attendance to crises within our business operations is a crucial part of our commitment to Safety and the Environment. Total Kenya is conscious of the risks regarding Health, Safety and Environment and is alert at all times.
We were the first oil company to get their certification of ISO 9002 upgraded to ISO 9001-2000 which has been a major goal for the last two years or so. This is no mean achievement because the amount of work that goes into it is very involving. All our staff, from junior to senior have participated in one way or another because quality is the business of each and every individual within the Company and within our service stations.

Total Kenya has been keen on the quality of products and services it offers to customers. With this certification, our customers can be assured that we operate to internationally accepted standards. It is vital that Total Kenya remains fully committed to maintaining the principles of ISO 9001-2000.
Another first for Total Kenya was when we emerged the winners of the East Africa Supplier of Quality Products Award 2004 voted by consumers through the National Road Safety Agency.

SAFETY

Safety is a key consideration in all areas of Total Kenya's operation and we strive to make sure that all our installations are safe places in which to work. Our Group's Health, Safety, Environment and Quality Charter's first article states clearly that safety in operations, human health and respect for the environment are paramount priorities.
Training in First Aid is an expression of our commitment to the health and safety of our staff. Total Kenya wants the staff to have the necessary skills to be able to respond to emergencies that may threaten the physical well being of their colleagues, our customers and others who may find themselves injured.
Total Kenya embarked in a Children's Road Safety Campaign because we want to teach the children how to :

- survive the roads in the face of danger and survival tactics
- look out for each other on the roads through peer advice
- offer a helping hand to the younger ones when on the road.

Too many children are victims of road accidents and Total is committed to teach them the danger of the road through the theme "Let's Learn to Tame the Roads".
This is a national campaign targeting both rural and urban schools.

company profile cont'd

ENVIRONMENT

Total Kenya conducted an Oil Spill Response exercise in October 2004 which involved the local oil industry operators, the Oil Spill Mutual Aid Group (OSMAG) and the Government.
Prevention of oil spills is better than cure and, within Total, priority is given to maintaining and upgrading methods of spill prevention. However, should an oil spill occur, Total as well as OSMAG must be ready to deploy a rapid and effective response in order to minimize the resulting pollution.

Exercise participants responded to the situation as it unfolded, and developed appropriate responses as if it were a genuine major incident. The shoreline exercise was run in real time. Time compression was introduced at various stages during the exercise to experience the pressures typically associated with a serious oil spill.

The exercise controlling staff from England and Singapore considered that had this been a real time incident, the response by the teams would have been timely, effective and adequate. Being the main conductor of the oil spill exercise made Total Kenya very proud and as expected, valuable lessons were learned by exercise planners, external role players and delegates alike, which is a fundamental part of the constructive learning process.

ISO 9001:2000 SGS SYSTEM CERTIFICATION

UKAS QUALITY MANAGEMENT 005

Total Kenya Limited is part of a group that takes matters of corporate governance very seriously. The group code of conduct was developed in the year 2000, and this guides the way we do business and our relations with the various stakeholders. Following an independent audit in 2004 to test our compliance with the group code of conduct (ethical profiling), we were found to be largely in compliance with the provisions of the code. Any non-compliance that were noted have been worked on in the year under review and we are happy to report that we have distributed the code of conduct to our major business partners and stakeholders to make them aware that we are guided by a policy of conducting our business in an ethical manner at all times, while fully complying with all legal requirements. These principles remain cardinal in all our undertakings and will always be upheld.

DIRECTORS

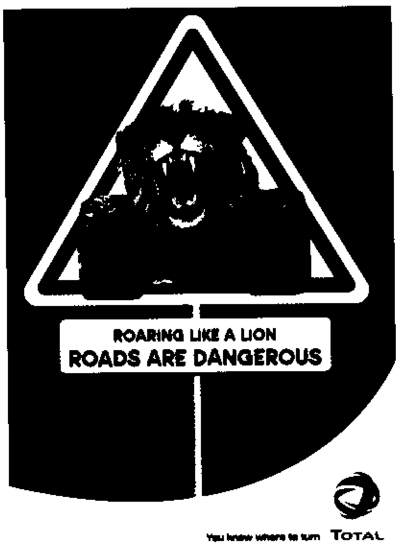
The company is headed by a board, comprising of both local and foreign directors. The board always retains the responsibility for establishing and maintaining sound internal control systems in all aspects of the operations of the company and constantly monitors compliance and performance on behalf of the shareholders. The board wishes to report that this important role has been fully exercised in 2004.

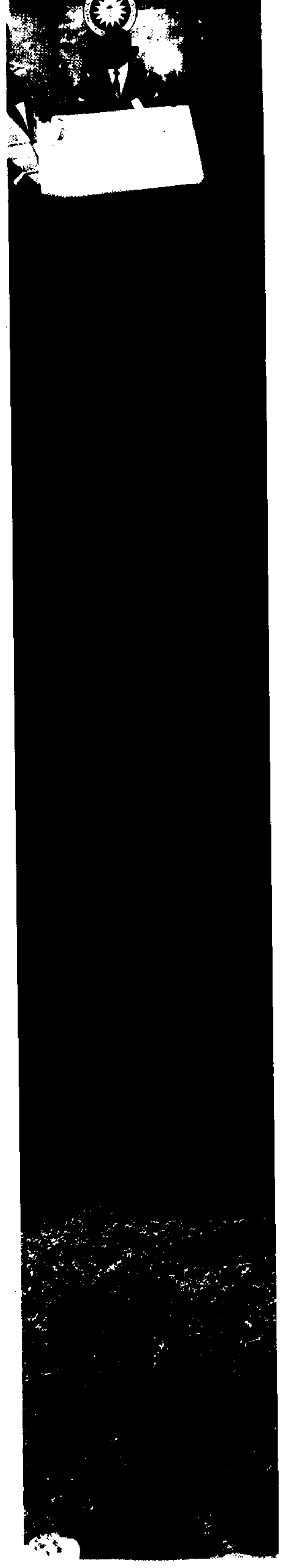
All the board members have diverse skills and experience. The independent and non-executive director, Mr. Michael Karanja, has not at any given time been employed by the company, nor is he associated to an adviser or consultant to the company or any member of the company's senior management. He is not involved in the administrative or managerial operations of the company and is therefore considered by the board to have complete independence in exercising his judgement in carrying out his responsibilities as the chairman of the board's audit committee.

COMMITMENT TO SHAREHOLDERS AND OTHER STAKEHOLDERS

The company ensures that the shareholders are kept informed of all important events that impact on the company operations. It is ensured that the shareholders participate in the approval of the major decisions of the company by providing them with relevant and timely information.

There is a policy of openness to the shareholders and other stakeholders and all enquiries made to the company on any issues of interest are responded to as appropriate and within the provisions of the law.





It is my pleasure to welcome you to the 51st 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.

2004 was a very challenging year for Total Kenya, our industry and the business across Kenya in general. The environment has deteriorated since the beginning of the year 2004. In spite of high hopes of a quick economic recovery following the December 2002 general elections, the upturn in the economy in 2004 has been lower than expected and optimism among the business community and the public has disappeared. Donors' aid resumed in 2004 but this is so far slower than expected. The very tough international context, including the still ongoing war in Iraq and the rise in crude and oil products prices which led to volatile unit margins all along the year also contributed negatively to the business environment.

After a decrease in 2002 and 2003 the inland market for petroleum products in Kenya has increased by around 15% in 2004. This strong increase is explained by the recovery in sectors like tourism, agriculture and building construction which are high consumers of oil products. The market was also characterised by stiff competition from both the independent and the major operators.

In 2004 some major events have occurred in the oil industry. The Oil Tendering System (OTS) has been set up. This means that each marketing company has to now go through the Oil Tendering System so as to import crude and refined products needs. A single entry point has also been set up in Mombasa. The objective is to curb evasion of duties and taxes and to better monitor the market shares of each company. This last change was positive because it has made competition fairer than it was before.

In 2004, Total Kenya performed very well and can be considered as one of the most dynamic and most innovative players in the petroleum industry. The company increased its sales volumes from 523 KMT in 2003 to 718 KMT in 2004, a rise by 37% over one year and its inland market share from 16.8% in 2003 to an estimated 20.7% in 2004. Total Kenya posted a net profit of Kshs 577 million in 2004, an increase of 12% from Ksh 515 million in 2003. Net earnings per share increased from Kshs 3.27 in 2003 to Kshs 3.31 in 2004.

Our goals are to set the standard not only with our financial performance, but also with our stringent requirements for quality

Nina furaha kuwakaribisha kwa mkutano mkuu wa kila mwaka wa Total Kenya Limited, huu ukiwa ni wa 51. Ningependa kuwashukuru nyote kwa kuendelea kuonyesha moyo na kutoa shukurani zangu kwa wanahisa wote wapya ambao waliamua kuwekeza katika kampuni hii mwaka uliopita.

Mwaka wa 2004 ulikuwa wenye changamoto kwa Total Kenya, katika sekta yetu na biashara kwa jumla humu nchini Kenya. Hali kadhalika, mazingira ya kibiashara yamezoroteka tangu mwanzo wa mwaka wa 2004. Licha ya kuwa na matumaini makubwa ya kufufua uchumi kutokana na uchaguzi wa mwaka wa 2002, mabadiliko ya uchumi katika mwaka wa 2004 yalikuwa ya chini kinyume na matarajio ya wengi huku uchu na tamaa ya jamii ya kibiashara na wananchi kupotea kabisa. Mpango wa wafadhili ulirudi mwaka wa 2004 lakini bado uko katika kiwango cha chini kuliko vile ilivyotarajiwa. Kumekuwa na hali ngumu katika biashara ya kimataifa, mojawapo ya sababu ikiwa ni vita vinavyoendelea nchini Iraq na kuongezeka kwa bei ya mafuta ghafi na bidhaa zingine za mafuta ambazo zilichangia kushusha kwa viwango vya mapato mwaka huu wote na kuathiri pakubwa hali ya mazingira ya kibiashara.

Baada ya upungufu wa kibiashara kati ya mwaka wa 2002 na 2003 katika masoko ya ndani ya bidhaa za petroli humu nchini Kenya, palikuwa na ongezeko la takribani asilimia 15% kwenye mwaka wa 2004. Ongezeko hili ni kielelezo kilichotokana na kufufuka kwa sekta nyingine kama vile Utalii, Ukulima na Usanifu majengo ambazo ni watumiaji wakubwa wa bidhaa za mafuta. Soko hili pia lilikumbana na ushindani mkali kutoka kwa waendeshaji biashara hii wa kibinafsi na wale mawakala wahusika.

Kuna matukio mengi yaliyotokea mwaka huu wa 2004 katika Sekta ya mafuta. Mfumo mpya wa tenda (Oil Tendering System) umewekwa. Hii ina maana kuwa kila kampuni ya utangazaji wa mafuta lazima ifuate mfumo huo na taratibu zake ili iweze kuingiza bidhaa zake ambazo hazijasafishwa na sehemu ya zile zilizosafishwa nchini. Sehemu moja maalum ya kuingizia bidhaa hizo pia imetengenezwa huko Mombasa. Lengo kamili likiwa ni kuzuia ukwepaji wa kulipa ushuru na usimamizi bora wa mgao wa soko wa kila kampuni. Mabadiliko haya ya mwisho yamekuwa mazuri mno kwani sasa hivi kuna usawa wa kibiashara kinyume na ilivyokuwa pale awali.

Katika mwaka wa 2004, Total Kenya ilifanya vizuri sana na inaweza kuchukuliwa kama kampuni yenye mabadiliko makubwa na mwelekeo bora miongoni mwa nyingine katika sekta ya mafuta ya Petroli. Kampuni hii ya Total Kenya iliongeza kiwango cha mauzo products and services, operational safety, environmental protection and stronger ties with all parties that have a stake in our activities. Total Kenya continued to invest on operational safety at its depots, its service stations and its head office, making audit checks to assess the level of safety of its processes. The company revisited its agreements with all its transporters putting the safety requirements on top of its priorities. It conducted drivers training sessions and helped its transporters acquire new vehicles in line with our safety requirements.

Last year Total Kenya made a lot of efforts for sustainable development. Our big project Total Eco Challenge grew significantly, became more visible and provided very good results. In that project our main aim is to help provide a sustainable solution to the deforestation threat posed to Kenya. For us the key to saving and expanding forests is to plant more trees and our objective is to get 100 million planted per year. 10 million trees were planted in 2004, which has provided a very positive image to Total Kenya and we are aiming for even better results in 2005. The Company also intensified its actions for prevention of HIV and AIDS in line with its strong public commitment on the subject. An internal committee was created within Total Kenya whose objective is to get all our staff informed and to provide advisers to those who are in contact with the disease. I cannot forget to mention here that in 2004 Total Kenya continued what it did in 2003 and enlarged its Kenyan shareholders' base which now holds 20.5% of the Company through the Nairobi Stock Exchange, up from 17% last year. Indeed, in all aspects of its activities, Total Kenya deeply reinforced its links with Kenya and with all Kenyans.

In the Network segment which represented one sixth of Total Kenya's net turnover in 2004, despite a still very difficult market environment, our sales and market share slightly went up. Prices of crude and oil products have sharply risen while at the same time, it was impossible for oil companies to completely transfer those increases to the pump prices, leading to very high pressure on unit margins. Our strategy in 2004 was to stop our sales decline and to regain lost market share. To achieve this goal we launched and completed rebranding and renovation of all our stations. The strict monitoring of our costs continued throughout the year and the financial performance of our Network segment improved compared to last year. Several new concepts, designed to enhance the quality and variety of our services, have been tested and implemented throughout the year. Our commercial team was also restructured with highly skilled staff added and an ambitious training program carried out.

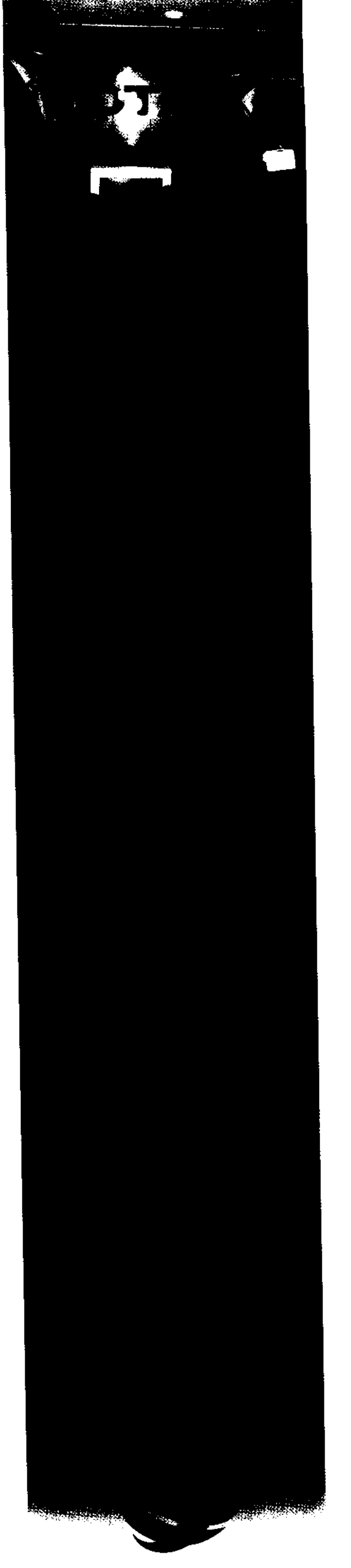
In the General Trade market, the company recorded a fantastic performance. The sales (excluding LPG) of this segment which represented a little more than one quarter of the company's turnover increased significantly from 139 KMT in 2003 to 280 KMT in 2004. As a result Total Kenya has become the market leader, our market share reaching 22.8% in

yake kutoka 523 KMT mwaka wa 2003 hadi 718 KMT mwaka wa 2004, ikiwa ni ongezeko la asilimia 37% kwa kipindi cha mwaka mmoja na katika mgao wa soko la ndani kutoka asilimia 16.8% mwaka wa 2003 hadi kwa makisio ya asilimia 20.7% mwaka wa 2004. Total Kenya ilipata faida ya shilingi milioni 577 pesa taslim mwaka wa 2004, kukiwa na ongezeko la asilimia 12% kulinganisha na mwaka wa 2003. Pato la mwisho katika kila hisa liliongezeka kuanzia shilingi 3.27 kwenye mwaka wa 2003 hadi shilingi 3.31 mwaka wa 2004.

Lengo letu ni kuweka viwango bora sio kwa matokeo bora ya kifedha tu, bali hata katika mahitaji yetu ya kuwa na bidhaa bora na huduma nzuri, usalama, kujali mazingira na kuwa thabiti na ushirikiano mwema na washika dau wote hasa katika uwajibikaji. Total Kenya iliendelea kuwekeza katika kuhudumia usalama kwenye madepo yake, katika vituo vya huduma na kwenye afisi kuu nakufanya ukaguzi wa kazi zake za kibiashara ili kuhakikisha viwango bora vya usalama. Kampuni ilibadili makubaliano na mikataba yake na wasafirishaji huku wakiweka mbele mahitaji ya kiusalama. Ilifanya mafunzo kwa madereva na kuwasaidia wasafirishaji wao kupata magari mapya kuambatana na mahitaji ya kiusalama.

Mwaka jana Total Kenya ilipiga hatua na kuweza kustahimili maendeleo endelezi. Mradi wetu mkubwa wa Total Eco Challenge uliimarika zaidi na kudhihirika wazi na hali kadhalika kutoa manufaa bora. Azimio letu kubwa la mradi huo ni kusaidia kutoa suluhisho muafaka na la kudumu katika ukataji wa miti nchini. Kwetu sisi, jambo la muhimu katika kukuza na kupanua eneo la misitu ni kupanda miti mingi zaidi na lengo kamili ni kupanda miti milioni 100 kila mwaka. Miti milioni 50 ilipandwa mwaka wa 2004, na ikaleta sifa nzuri sana kwa Total Kenya na pia tunataraji ufanisi mwema zaidi katika mwaka wa 2005. Na pia kampuni ilisisitiza na kuhimiza kanuni zake na utendakazi ili kuangamiza ugonjwa wa Ukimwi kuambatana na kujitolea kwake kwa dhati kupigana na nduli huyo. Total Kenya iliunda kamati ya ndani ambayo ilidhamiriwa kuwajulisha wafanyakazi wote na kuwashauri wale waliokumbwa na Ukimwi. Vile vile sitasahau kuwafahamisha hapa kwamba Total Kenya mwaka wa 2004 iliendelea kufanya kama ilivyofanya mwaka wa 2003 na kupanua kituo cha wanahisa wake wa Kenya ambao kwa sasa wanashikilia asilimia 20.5% ya kampuni kupitia shirika la Nairobi Stock Exchange, kutoka asilimia 17% mwaka jana. Kwa kweli katika nyanja zote za shughuli zake, Total Kenya imeimarisha sana uhusiano wake nchini Kenya na kwa wakenya kwa ujumla.

Katika kitengo cha mtandao wake ambacho kinawakilisha sudusi (1/6) ya mapato ya Total Kenya mwaka wa 2004, licha ya kuwa na ugumu wa mazingira ya kibiashara, migao yetu ya mauzo na soko ilipanda juu kwa kiasi kidogo. Bei ya mafuta ghafi na ile ya yale yaliyosafishwa ilipanda ghafla na kwa wakati



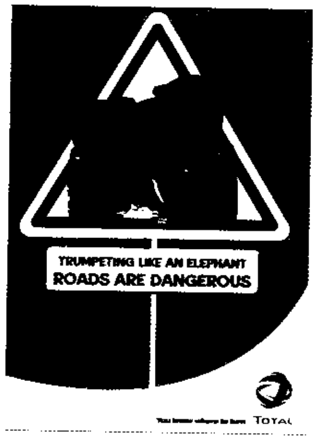
chairman's statement

cont'd

2004 from 14.6% in 2003. In spite of stiff competition in that market segment, our team delivered results which were from both commercial and financial points of view clearly above our expectations for the year.

In the Aviation segment, sales volumes slightly increased whereas our market share decreased because of the loss of Kenya Airways. The financial performance in Aviation was above our expectations because of a relevant supply policy which positively affected our unit margins. The market benefited from the growth in tourism in 2004.

In the LPG segment, results were good both in terms of volumes sold and progression of market shares. Like for General Trade, Total Kenya has become market leader, our market share reaching 34.0% in 2004 from 30.2% in 2003. Our sales, however, remained below our expectations. Illegal refilling remained a big concern and even increased 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. On many occasions, Total Kenya expressed its strong interest in contributing to the development of this market in Kenya as the best action to prevent further deforestation in the country. Awaited actions from the authorities to help in significantly reducing the access price of LPG to the general public are still to be taken. As a means to promote the consumption of LPG in Kenya, the Government announced its intention to impose a universal valve for all the cylinders sold in Kenya, which was gazetted during the second half of 2004. This step has so far not been accompanied by an efficient set of measures to fight against illegal refilling and could dangerously increase the safety threat.



The financial strategy of our Company, in a very volatile market environment, remained prudent. Because of the increase of sales and of the rise in crude and oil products prices, our working capital requirement increased by Kshs 2,200 million due mainly to stocks and debtors, which explains the increase of our cash requirements by Kshs 1,869 million. As a result our cash position went down from -Kshs 908 million in 2003 to -Kshs 2,777 million in 2004.

The outlook for 2005 is prudent but optimistic. The environment remains very uncertain with the volatility of international prices, interest rates and exchange rates and an unpredictable economic growth. The economic growth depends, at least partly, on the level of donors' aid which is linked to the speed of implementation of the reforms to be done by the government. Our industry is also expected to benefit from fairer competition if the rules and duties are fully respected by all players.

huo ilikuwa vigumu kwa kampuni za mafuta kuhamisha ongezeko hili kwa wateja wake, hivyo basi kupelekea kuwa na msukumo wa juu katika viwango vya faida. Mikakati yetu ya mwaka wa 2004 ilikuwa kusimamisha kushuka kwa mauzo na kufufua mapato ya masoko yaliyopotea. Ili kufanikisha lengo hili tulizindua na kukamilisha nembo yetu mpya na kukarabati vituo vyetu vyote vya kusambazia mafuta. Ukaguzi wa hali ya juu uliokuwa kwa gharama zetu uliendelea kwa mwaka mzima na mafanikio ya kifedha katika kitengo cha mauzo ya rejareja yaliongezeka pia ukilinganisha na mwaka uliotangulia. Kuna baadhi ya mbinu nyingi zilizoundwa ili kuboresha uthabiti ubora wa huduma zetu, na tushazifanyia majaribio na kuzirekebisha kwa kipindi cha mwaka mzima. Pia tulibadili mpangilio wa kitengo cha mauzo na kuajiri wafanya kazi waliobobea kielimu na kuwafanyia mafunzo kabambe.

Kwa ujumla, katika uuzaji kwa makampuni na mashirika makubwa, kampuni hii iliweka rekodi nzuri ya ufanisi. Mauzo (ukitowa LPG) ya kitengo ambacho kinawakilisha zaidi ya robo ya mapato ya kampuni yaliongezeka kutoka 139 KMT mwaka wa 2003 hadi 280 KMT mwaka wa 2004. Kuambatana na matokeo haya Total Kenya inaongoza katika soko, hisa za soko zinafika asilimia 22.8% mwaka wa 2004 kutoka asilimia 14.6% mwaka wa 2003. Licha ya kuwa na ushindani mkali katika kitengo cha soko hilo, wafanyakazi wetu walitoa matokeo bora yaliyokuwa na alama za juu kimauzo na kifedha dhidi ya vile tulivyotarajia.

Katika kitengo cha maswala ya ndege, mauzo yaliongezeka kidogo, wakati ambapo mgao wetu wa soko uilipopungua kutokana na kulipoteza shirika la ndege la Kenya Airways kama mteja wetu. Soko hilo kwa ujumla lilifaidika kutokana na kuboreka kwa kitengo cha utalii mwaka wa 2004. Mafanikio ya kifedha yalikuwa juu ukilinganisha na matarajio yetu kutokana na sera zilizowekwa za ugawanyaji wa kazi.

Katika kitengo cha LPG matokeo yake yalikuwa mazuri kwa upande wa ukubwa wa mauzo na katika ukuaji wa migao ya masoko. Kama ilivyo kwenye biashara yoyote kwa ujumla, Total Kenya imekuwa kiongozi, mgao wa soko letu ulifikia asilimia 34.0% mwaka wa 2004 kutoka asilimia 30.2% mwaka wa 2003. Lakini mauzo yetu yamebaki chini kinyume na matarajio yetu. Kujaza gesi kusikoruhusiwa kumekuwa tatizo kubwa sana na hata kuliongezeka mwaka jana, jambo ambalo halikuathiri tu Total Kenya kama wawekezaji wakuu katika kitengo hicho bali pia kutishia usalama wa wananchi. Zaidi ya hayo, na kwa namna mbalimbali, Total Kenya ilielekeza wajibu wake mkubwa katika maendeleo ya soko hili hapa Kenya kama-njia bora ya kukinga ukataji miti zaidi katika taifa hili. Maamuzi kutoka kwa halmashauri husika yanayofaa kusaidia kikamilifu upunguaji wa bei

Thanks to our solid balance sheet, Total Kenya is well positioned to resist the fluctuations of the business cycle. The Company has become market leader of the Kenyan oil industry in 2004 and has a large portfolio of projects in all its market segments. In that context, considering that our net profit increased by 12% but that our Treasury decreased by Kshs 1,869 million, I wish to propose a dividend at the same level as last year, that is Kshs 2.50 per share.

On behalf of the board I wish to thank the Management and the staff of Total Kenya for all their achievements in 2004. Their capability and innovative spirit have produced beautiful results and enhanced the positive image of our Company. I am confident in our ability to continue to grow this year by taking all the opportunities of the market but within the framework of sustainable development and on a profitable basis.

Momar Nguer
Chairman

ya LPG kwa umma bado yanangojewa kwa hamu. Kama njia ya kuhimiza matumizi ya LPG hapa Kenya, serikali imetangaza nia yake ya kuweka vali maalum katika kila mtungi wa gesi unaouzwa humu nchini, kama ilivyotangazwa katika gazeti rasmi la kiserekali kwenye kipindi cha pili cha nusu mwaka wa 2004.
Hatua hii mpaka sasa bado haijawekewa kanuni maalum zitakazopambana na uwekaji gesi kinyume cha sheria na kwa hivyo, inaweza kuwa tishio kubwa kwa usalama

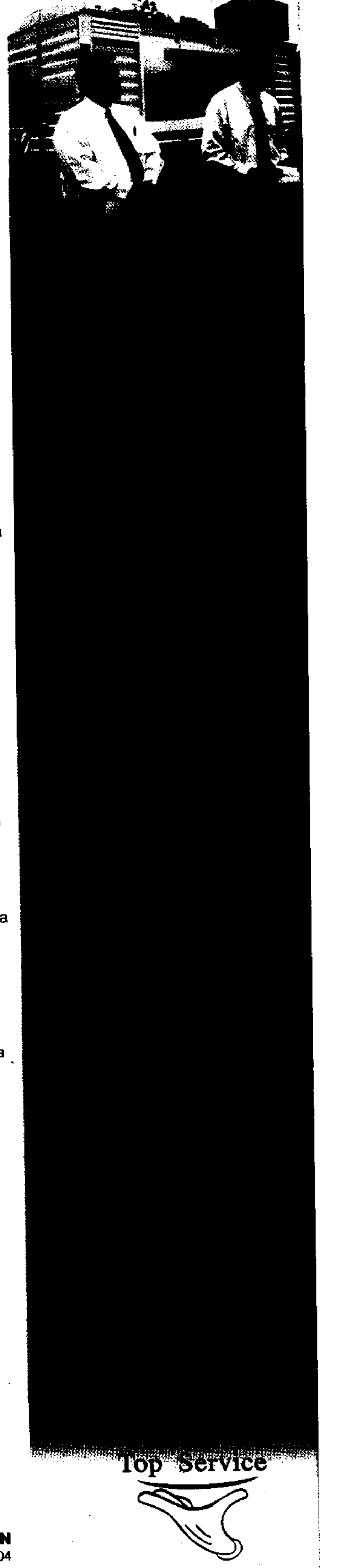
Kanuni za kifedha za kampuni yetu ziko katika hali nyumbufu hata ingawa mazingira ya soko hayajaimarika.
Kwa sababu ya ongezeko la mauzo na kuongezeka kwa bei ya mafuta ghafi na bidhaa nyingine za mafuta, mahitaji ya mtaji wetu wa kufanyia kazi yaliongezeka kwa shilingi milioni 2,200 hasa kwa bidhaa na kuongezeka kwa wateja, ambacho kinaelezea ongezeko la mapato ya pesa taslim kwa shilingi milioni 1,869. Kutokana na hilo kiwango chetu cha pesa taslim kilienda chini kutoka hasi ya shilingi milioni -908 mwaka wa 2003 hadi hasi ya shilingi milioni -2,777 mwaka wa 2004.

Mtazamo wa mwaka wa 2005 ni wa tahadhari kubwa lakini una matarajio ya matokeo mazuri. Mazingira ya kibiashara yamebaki katika hali isiyo na uhakika kutokana na mabadiliko ya bei za kimataifa, viwango vya riba na ubadilishanaji na kutotabirika kwa ukuaji wa uchumi.
Ongezeko la uchumi linategemea kwa kiasi fulani kiwango cha miradi ya wafadhili ambacho kinaunganisha kwa kasi utekelezaji wa mabadiliko yatakayofanywa na serikali. Sekta yetu pia inatarajia mafanikio mema kutokana na mashindano ya kibiashara ikiwa kanuni na sheria za haki na shughuli zote zitaheshimiwa na wahusika wote.

Kutokana na usawa na uimara wa maelezo haya ya mahesabu ya mwaka huu, Total Kenya iko katika sehemu nzuri ya kujikinga na kuhimili mabadiliko ya mzunguko wa kibiashara.
Kampuni hii iliongoza kwenye sekta ya soko la mafuta humu nchini katika mwaka wa 2004 na ina kielelezo kikubwa cha miradi katika vitengo vyote vya masoko. Katika hali hiyo, ukikumbuka kwamba kwamba faida yetu iliongezeka kwa asilimia 12% lakini hazina yetu ilipungua kwa shilingi milioni Kshs. 1,869, ningependa kupendekeza mgao wa kiwango sawa dhidi ya mwaka jana, yaani shilingi 2.50 kwa kila hisa.

Kwa niaba ya halmashauri, ningependa kutoa shukurani zangu za dhati kwa wasimamizi na wafanyakazi wote wa Total Kenya kwa ufanisi wao wa mwaka wa 2004. Uwezo, mbinu, taratibu na kanuni zao zimeleta matokeo mazuri na kuboresha hali nzuri katika kampuni yetu.
Nina hakika na imani ya kwamba tuna uwezo wa kuendelea na kukua zaidi mwaka huu kwa kuchukua nafasi zote za soko lakini katika misingi iliyowekwa ya maendeleo endelezi na faida.

Momar Nguer
Mwenyekiti



management executives

1st row from left: **Emmanuel Morand Fehr,** Finance Manager;
Lamine Kane, Managing Director;
Joseph Adewa, Commercial Manager;
2nd row from left: **Adele Tura,** Human Resources and General Administration Manager;
Lilian Kageenu, Special Projects Manager;
Maurice K'Anjejo, Corporate Affairs Manager;
3rd row: **Joseph Kouame,** Logistics Manager.

OVERVIEW OF TOTAL KENYA'S FINANCIAL YEAR

The company's four business segments are as follows:

- the Network segment, which entails the distribution of petroleum products through 100 service stations located all over the country;
- the General Trade segment, which deals with 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 entails the sale of our full range of products to neighbouring countries and other industry players.

The market conditions in 2004 were characterised by:

- increase in inland market due to economic growth especially in tourism, agriculture and construction;
- pessimism amongst the business circles and the public due to uncertainty about the economic recovery and delay in implementation of the reforms promised by the government;
- an erratic international context (Iraq war, terrorism, strikes, etc.);
- rise in international prices of crude and petroleum products;
- fairer competition than in previous years mainly due to the implementation of a single entry point in Mombasa. How ever, the industry is still facing illegal refilling in the LPG market and dumping of export products in Western Kenya. Enforcement of rules in our industry remains a concern;
- high volatility of the US dollar;
- sharp increase in interest rates.

Despite this volatile and unpredictable environment, Total Kenya performed well in 2004, recording increases in sales volumes, turnover, market share and profitability.

MARKET SHARE

The Company's inland market share increased from 16.8% in 2003 to an estimated 20.7% in 2004. This is mainly due to improved performance in the General Trade and LPG segments.

ANALYSIS OF RESULTS

The combined effect of growth in sales volumes and increase in international oil prices resulted in an increase in net turnover by 70%, i.e. from Kshs 18.7 billion in 2003 to Kshs 31.8 billion in 2004.

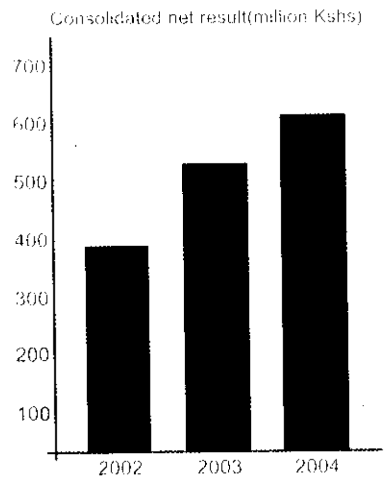
Total Kenya's internal growth in terms of volumes and market share was achieved on a profitable basis. The gross profit rose by 31% from Kshs 1,993 million in 2003 to Kshs 2,609 million in 2004 while the operating profit rose by 40% from Kshs 760 million in 2003 to Kshs 1,062 million in 2004. All the Company's business segments generated a positive contribution to the overall operating profit. The company also achieved a satisfactory level of unit margins which was supported by its effective supply strategy.

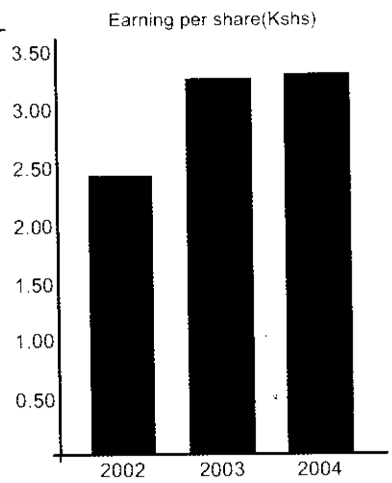
The Company's continued efforts to improve and enforce its credit control policy resulted in a significant reduction in the level of doubtful debts, and consequently, a lower level of bad debts provisions compared to previous years. Operating expenses increased by 5% compared to 2003, a rate lower than the annual inflation for 2004. The increase in expenses is partly due to the renovation campaign at all our service stations which was completed in 2004 and whose aim was to improve the quality of service provided to our customers and to enhance the positive image of the Company.

Financial costs increased significantly from Kshs 4 million in 2003 to Kshs 130 million in 2004. This is mainly attributed to the high interest rates (which went up from less than 2% at the beginning of 2004 to more than 10% at the end of 2004) and the decrease in cash position by Kshs 1,869 million. The decrease in cash position resulted from the increase in working capital requirement by Kshs 2,200 million which was necessitated by increase in customer balances in line with increase in sales, and an increase in trade stocks due to the rise in oil prices experienced throughout the year. To manage the associated uncertainties and the increase in the Company's financial requirements, management chose to maintain a flexible but prudent financial strategy which resulted in a comparatively low net finance charge.

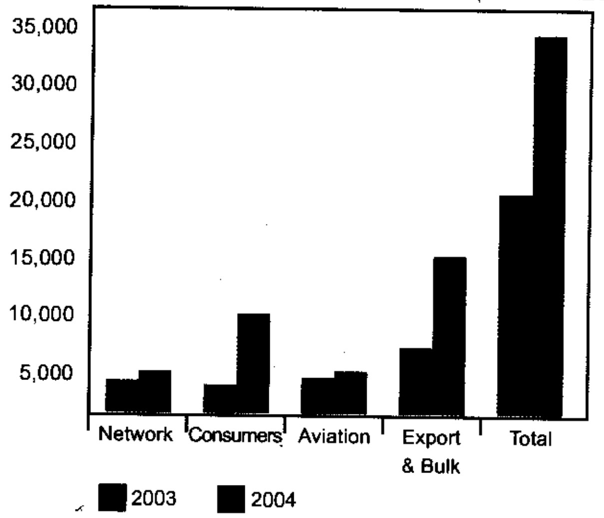
The consolidated profit before taxation (after amortisation of goodwill) rose from Kshs 757 million in 2003 to Kshs 932 million in 2004, an increase of 23%.

The consolidated net income for the year increased by 12% to Kshs 577 million compared to Kshs 515 million in 2003. Earnings Per Share (EPS) increased to Kshs 3.31 (Kshs 3.27 in 2003). It is important to note here that due to International Accounting Standards requirements that treasury shares (i.e. 19 million Total Kenya shares held by Elf Oil Kenya as at 31st December 2003) be excluded from total number of shares for the purpose of determining the EPS, the EPS for 2004 for the consolidated entity did not increase by the same percentage as the profit after tax because most of the treasury shares were sold between end of 2003 and beginning of 2004.





NET SALES PER BUSINESS SEGMENT(million KES)



NETWORK

As already noted, the business environment in 2004 was difficult with competition remaining stiff in a market that remained almost stagnant in terms of growth. Except in Western Kenya where product dumping remained prevalent, competition was fairer due to the implementation of the single entry point in Mombasa. The Company's Network volumes increased by 3% to 105 KMT in 2004 compared to 101 KMT in 2003. The increase in sales accompanied by rise in international oil prices pushed the turnover up from Kshs 4.1 billion in 2003 to Kshs 5.1 billion in 2004.

Despite the stiff competition, profitability in the Network segment remained at an acceptable level, with the company continuing to strategically optimise on its nationwide presence. Also contributing to the good results was the re-branding and renovation campaign started in 2003 and completed in 2004, which modernised our service stations thus improving their image and service provision. Our sales team has been well trained and shares the values of dynamism, pro-activity and self motivation, which improved the quality of service provided to our customers. The range of our services has also increased with the introduction of improved products and new concepts ranging from Bonjour shops, Auto Clean to Auto Express Service. The Bon Voyage fuel card launched in 2002 has been very successful and has enhanced loyalty by our customers.

Network – Key figures	2004	2003	%
Number of service stations	100	101	-1 %
Market share (excl. LPG)	15.6 %	14.7 %	+0.9 %
Volumes sold (excl. LPG) – KMT	105	101	+3 %
Turnover – net of taxes MKshs	5,082	4,139	+23 %

GENERAL TRADE

The General Trade market increased by 29% in 2004, a significant increase which more than compensated for the 17% drop in 2003. The increase is attributed to higher product demand in key economic sectors like tourism, agriculture (mainly tea and horticulture), manufacturing and building and construction. There was also reduced dumping of duty free products in Mombasa region.

The Company recorded a historical performance in this segment. Sales volumes more than doubled, increasing by 101% in 2004 to 280 KMT compared to 139 KMT in 2003. The market share shot up from 14.6% in 2003 to an estimated 22.8% in 2004. The good results can be attributed to our highly skilled marketing team, a more competitive supply and logistic organisation and a range of innovative solutions offered to our customers.

On the LPG market, the Company continued to increase both its sales and market share. The increase was however lower than projected because the reforms proposed so as to encourage consumption of gas in Kenya, which is very low compared to other African countries and which could be an effective way of preventing deforestation, have not yet been implemented.

The turnover in General Trade increased by 153% from Kshs 3.6 billion in 2003 to Kshs 9.0 billion in 2004. The financial contribution of the segment to the Company's net income was higher than projected.

General Trade - Key figures	2004	2003	%
Market share (excl. LPG)	22.8 %	14.6 %	+8.2 %
Volumes sold (excl. LPG) – KMT	280	139	+101 %
Turnover – net of taxes MKshs	8,984	3,552	+153 %

AVIATION

The aviation market increased by 9% in 2004, a significant increase considering the gloomy international environment affected by the war in Iraq, terrorist threats and a rise in international oil prices. In Kenya, the environment was more favourable mainly because of recovery in the tourism sector.

The Company's sales volumes increased from 113 KMT in 2003 to 114 KMT in 2004. This was however lower than the growth in the market resulting in a decline in the Company's market share from 23.0% in 2003 to 21.3% in 2004. The increase in sales volumes combined with the high international oil prices led to a significant increase in the segment's turnover from Kshs 3.1 billion in 2003 to Kshs 4.2 billion in 2004. This increase was achieved profitably, with actual contribution being higher than projected.

Aviation - Key figures	2004	2003	%
Market share	21.3 %	23.0%	-1.7 %
Volumes sold – KMT	114	113	+1 %
Turnover – net of taxes MKshs	4,193	3,088	+36 %

EXPORTS AND BULK

Total Kenya has developed a significant export activity in East Africa where the Company supplies TOTAL group companies and a portfolio of other customers in the region. It also sells, on spot basis, bulk products to other oil companies in Kenya. The net turnover generated by these activities increased by 70% from Kshs 7,953 million in 2003 to Kshs 13,498 million in 2004.

FINANCIAL POSITION

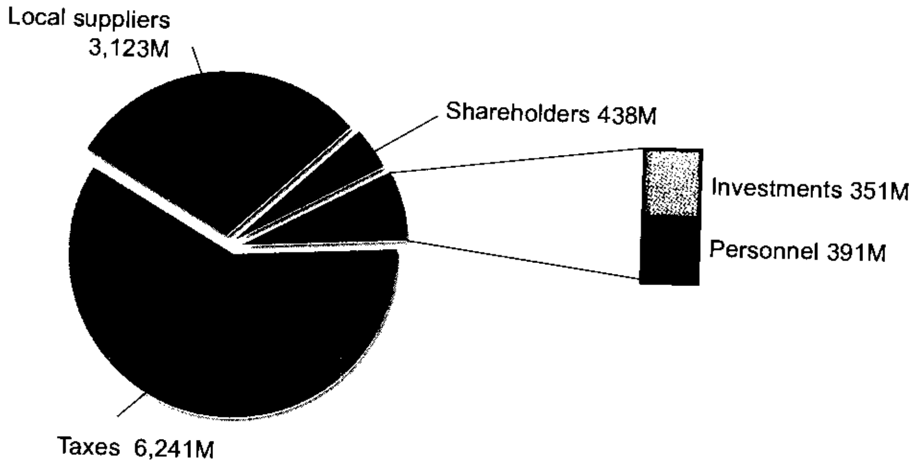
The financial position of the Company remained sound despite the increase in working capital requirement by Kshs 2,200 million. The change in working capital requirement was necessitated by increase in customer balances due to increase in sales, and an increase in trade stocks due to the rise in oil prices. The net cash position decreased by Kshs 1,869 million in 2004. The net cash used in operating activities was Kshs 1,347 million, net cash used in investing activities Kshs 344 million and net cash used in financing activities Kshs 178 million. The sale of the last portion of the treasury shares (Total Kenya shares held by Elf Oil Kenya), which was within the timeframe set by the Capital Markets Authority, compensated only partly for the dividends paid during the year.

As a result of the increase in working capital requirement, the Company's net-debt-to-equity ratio went up from 22% in 2003 to 61% in 2004 while the equity-to-total-liability ratio went down from 53% in 2003 to 43% in 2004. The Company's balance sheet however remained solid with the current ratio at the industry accepted level. The Company has a large portfolio of commercial installations in all its market segments and is well positioned to resist the effects of business fluctuations as it pursues profitable growth in 2005, as has been achieved in the last 3 years.

management report

CONTRIBUTION TO THE KENYAN ECONOMY

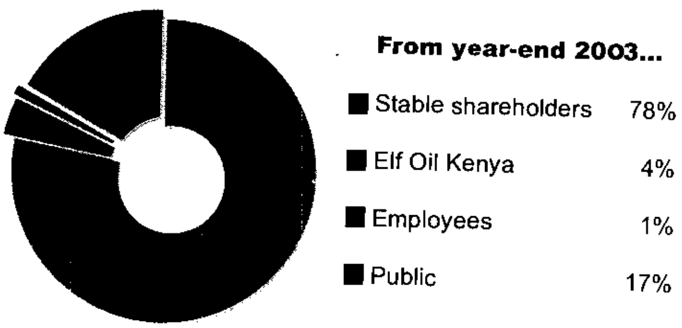
During the year, the Company continued to have a significant contribution to the Kenyan economy as it carried on with its business and corporate responsibility activities. The financial impact on the economy was Kshs 10.7 billion comprising the following:

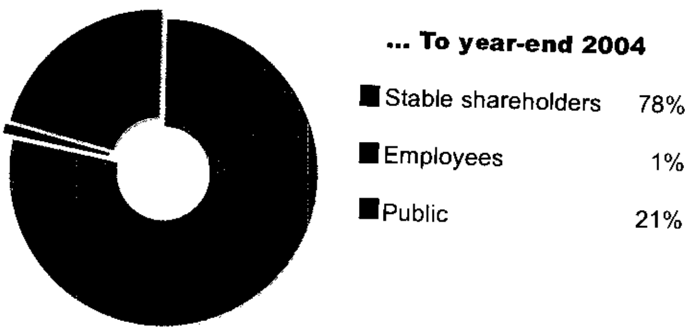


SHAREHOLDERS, SHARE PRICE AND PROPOSED DIVIDEND

Shareholders

The last part of the shares that Elf Oil Kenya Limited, a subsidiary of Total Kenya Ltd, had underwritten when the Rights issue took place in 2002, were sold to the market in the beginning of the year 2004. The shareholding structure is represented below:





Top ten shareholders

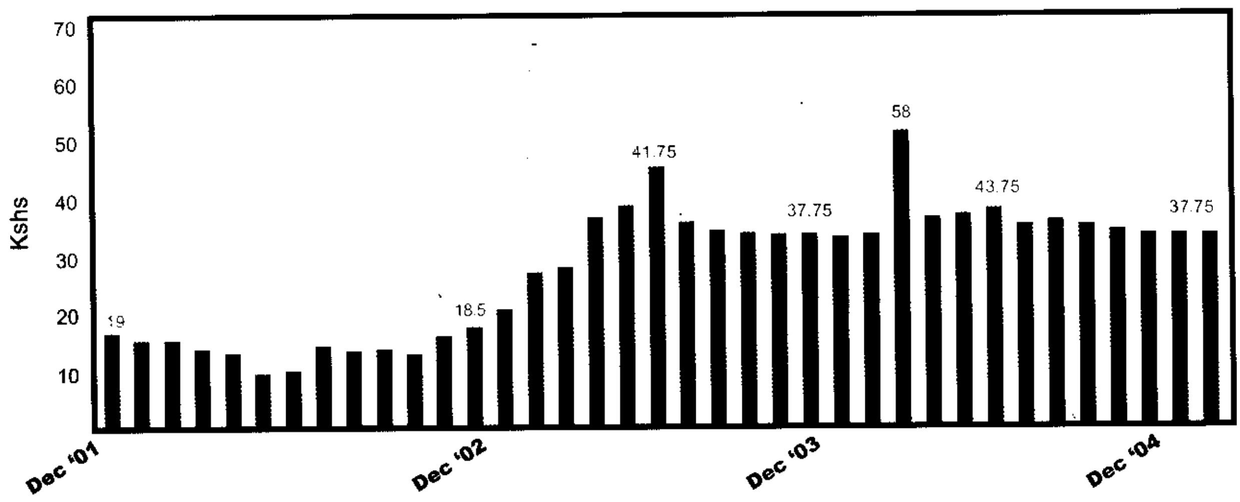
Shareholder's name	Number of shares	%
Total Outre-Mer	126,327,070	72.16%
Total Africa Ltd	10,732,950	6.13%
Barclays Nominees -A/C 1256	1,500,000	0.86%
Barclays Nominees -A/C 1853	1,055,454	0.60%
Insurance Company of East Africa Ltd	1,022,900	0.58%
The Jubilee Insurance Co.	941,890	0.54%
KCB Nominee Ltd -A/C 769G	774,390	0.44%
Patel Baloo Bhat Chotarha	657,194	0.38%
Insurance Company of East Africa Ltd - Life Fund	493,188	0.28%
Barclays Nominees -A/C 1860	467,000	0.27%

Share distribution schedule

(i) By number of shares range	Number of shareholders	Number of shares
1-1000	1,822	966,354
1,001-100,000	2,582	21,603,890
100,001-500,000	38	9,482,612
500,001-1,000,000	3	2,373,474
1,000,000 and over	5	140,638,374
Total	**4,450**	**175,064,705**
(ii) By type of shareholder		
Foreign residents	1	1,800
Foreign institutions	2	137,060,020
Local individuals	3,677	19,708,691
Local institutions	770	18,294,194
Total	**4,450**	**175,064,705**

Share Price

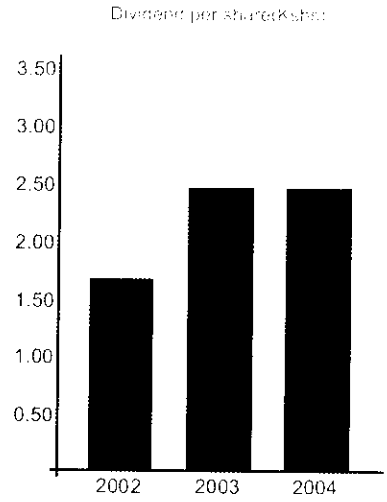
During the year 2004, the share price was stable around Kshs 40 per share, as shown below:



management

Proposed dividend

The proposed dividend for the year is Kshs 2.50 per share, the same level as in 2003. This amounts to Kshs 438 million and represents 50% of the issued share capital.



nagers

Front row from left : Habakuk Mboya, John Midwa, Chris Kasima;
Second row from left: Juliette Murugu, Christine Atallah, James Kamau, Liliane Gakunju;
Third row from left: Francis Kinuthia, John Maina and Henry Kamara.

Orlando Lyomu, Lawrence Mukundi, Lucy Kingera;
Second row from left; Waceke Muia, Caleb Apungu, Margret Wairegi, Franklin Juma;
Front row from left: Martin Mutuma, Tom Amollo and Ellon Kamau.

statement of directors' responsibilities

The Kenyan 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 for that period. 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 Kenyan 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 the 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
2nd March 2005

M. Karanja
Director
2nd March 2005

independent auditors' report

to the members of TOTAL KENYA LIMITED

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 26 to 49 for the year ended 31 December 2004 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 24 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 2004 and of the profit and cash flows of the group for the year then ended in accordance with International Financial Reporting Standards and comply with the Kenyan Companies Act.

Deloitte & Touche

2nd March 2005

Deloitte Touche Tohmatsu

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

consolidated

For the year ended December 31,	2004 Kshs'000	2003 Kshs'000
Gross sales	**37,628,109**	**22,393,229**
Indirect taxes and duties	(5,870,751)	(3,660,964)
Net sales (Note 2(i))	**31,757,358**	**18,732,265**
Cost of sales	(29,148,507)	(16,739,386)
Gross profit	**2,608,851**	**1,992,879**
Other operating income	117,130	396,879
Depreciation and amortisation	(197,081)	(224,264)
Amortisation of prepaid lease rentals	(6,479)	(8,533)
Amortisation of acquisition goodwill	(29,920)	(29,920)
Other operating expenses (Note 3)	(1,430,675)	(1,366,765)
Operating profit	**1,061,826**	**760,276**
Finance charges, net (Note 4)	(130,188)	(3,631)
Profit before taxation	**931,638**	**756,645**
Taxation (Note 6)	(354,631)	(241,682)
Net profit for the year	**577,007**	**514,963**
Earnings per share (basic & diluted)(Note 7)	**Kshs 3.31**	**Kshs 3.27**
Dividend per share	**Kshs 2.50**	**Kshs2.50**

company statement of income

For the year ended December 31,	2004 Kshs'000	2003 Kshs'000
Gross sales	37,553,206	22,318,219
Indirect taxes and duties	(5,870,751)	(3,660,964)
Net sales	**31,682,455**	**18,657,255**
Cost of sales	(29,146,021)	(16,739,386)
Gross profit	**2,536,434**	**1,917,869**
Other operating income	106,228	378,685
Depreciation and amortisation	(174,925)	(206,621)
Amortisation on prepaid lease rentals	(3,673)	(4,808)
Other operating expenses	(1,406,796)	(1,326,769)
Operating profit	**1,057,268**	**758,356**
Finance charges, net	(130,188)	1,629
Profit before taxation	**927,080**	**759,985**
Taxation	(304,418)	(192,575)
Net profit for the year	**622,662**	**567,410**
Earnings per share (Note 7)	**Kshs 3.56**	**Kshs 3.24**
Dividend per share	**Kshs 2.50**	**Kshs 2.50**

As of December 31,	2004 Kshs'000	2003 Kshs'000
ASSETS		
Non-current assets		
Property, plant and equipment (Note 8 (i))	1,529,433	1,393,145
Prepaid operating leases (Note 9)	412,710	413,249
Other intangible assets (Note 10)	1,105	4,983
Goodwill (Note 11)	336,604	366,524
Deferred taxation asset (Note 12)	50,172	82,737
Total non-current assets	**2,330,024**	**2,260,638**
Current assets		
Inventories (Note 14)	3,669,985	3,181,992
Accounts receivable (Note 15)	3,498,459	1,740,575
Amounts due from related companies (Note 16(i))	749,506	296,086
Cash and cash equivalent	300,815	380,738
Total current assets	**8,218,765**	**5,599,391**
TOTAL ASSETS	**10,548,789**	**7,860,029**
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital (Note 17 (ii))	875,324	840,414
Share premium	1,967,520	1,741,427
Revenue reserve	1,242,244	1,102,900
Proposed dividend – gross	437,663	437,663
Shareholders' equity	**4,522,751**	**4,122,404**
Current liabilities		
Trade and other payables (Note 18)	2,560,600	711,972
Amounts due to holding company	341,091	1,619,941
Amounts due to related companies (Note 16(ii))	11,622	34,106
Unpaid dividends	3,245	4,764
Taxation payable (Note 6 (iii))	31,227	77,687
Short term borrowings (Note 19)	3,078,253	1,289,155
Total current liabilities	**6,026,038**	**3,737,625**
TOTAL EQUITY AND LIABILITIES	**10,548,789**	**7,860,029**

The financial statements on pages 26 to 49 were approved by the Board of Directors on 2nd March 2005 and were signed on its behalf by:

Lamine Kane } Directors
Michael Karanja

company balance sheet

As of December 31,	2004 Kshs'000	2003 Kshs'000
ASSETS		
Non-current assets		
Property, plant and equipment (Note 8(ii))	1,309,919	1,163,123
Prepaid operating leases (Note 9)	269,637	267,910
Intangible assets (Note 10)	1,105	4,983
Deferred taxation asset (Note 12)	50,172	45,953
Investment in a subsidiary company (Note 13)	729,981	729,981
Total non-current assets	**2,360,814**	**2,211,950**
Current assets		
Inventories (Note 14)	3,669,985	3,181,992
Accounts receivable (Note 15)	3,443,250	1,730,497
Amounts due from related companies (Note 16 (i))	749,506	269,303
Amounts due from a subsidiary company	32,151	96,302
Cash and cash equivalent	260,109	373,908
Total current assets	**8,155,001**	**5,652,002**
TOTAL ASSETS	**10,515,815**	**7,863,952**
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital(Note 17(ii))	875,324	875,324
Share premium	1,597,306	1,597,306
Revenue reserve	1,402,867	1,217,868
Proposed dividend – gross	437,663	437,663
Shareholders' equity	**4,313,160**	**4,128,161**
Current liabilities		
Trade and other payables (Note 18)	2,549,421	697,440
Amounts due to holding company	340,035	1,619,941
Amounts due to related companies (Note 16 (ii))	200,474	33,673
Unpaid dividends	3,245	4,764
Taxation payable	31,227	91,116
Short term borrowings (Note 19)	3,078,253	1,288,857
Total current liabilities	**6,202,655**	**3,735,791**
TOTAL EQUITY AND LIABILITIES	**10,515,815**	**7,863,952**

The financial statements on pages 26 to 49 were approved by the Board of Directors on 2nd March 2005 and were signed on its behalf by:

Lamine Kane
Michael Karanja } Directors

consolidated

	Share Capital	Share Premium	Revenue Reserve	Proposed Dividend	Total Equity
	Kshs'000	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**
As of 1 January 2003	**779,604**	**1,348,226**	**994,682**	**297,610**	**3,420,122**
Sale of treasury shares	60,810	393,201	-	-	454,011
Dividend paid - 2002	-	-	-	(297,610)	(297,610)
Dividend paid to subsidiary	-	-	30,918	-	30,918
Net profit for the year	-	-	514,963	-	514,963
Proposed dividend - 2003	-	-	(437,663)	437,663	-
As of 31 December 2003	**840,414**	**1,741,427**	**1,102,900**	**437,663**	**4,122,404**
Sale of treasury shares	34,910	226,093	-	-	261,003
Dividend paid - 2003	-	-	-	(437,663)	(437,663)
Net profit for the year	-	-	577,007	-	577,007
Proposed dividend - 2004	-	-	(437,663)	437,663	-
As of 31 December 2004	**875,324**	**1,967,520**	**1,242,244**	**437,663**	**4,522,751**

company

for the year ended 31 December 2004

	Share Capital	Share Premium	Revenue Reserve	Proposed Dividend	Total Equity
	Kshs'000	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**
As of 1 January 2003	**875,324**	**1,597,306**	**1,088,121**	**297,610**	**3,858,361**
Dividend paid -2002	-	-	-	(297,610)	(297,610)
Net profit for the year	-	-	567,410	-	567,410
Proposed dividend – 2003	-	-	(437,663)	437,663	-
As of 31 December 2003	**875,324**	**1,597,306**	**1,217,868**	**437,663**	**4,128,161**
Dividend paid -2003	-	-	-	(437,663)	(437,663)
Net profit for the year	-	-	622,662	-	622,662
Proposed dividend – 2004	-	-	(437,663)	437,663	-
As of 31 December 2004	**875,324**	**1,597,306**	**1,402,867**	**437,663**	**4,313,160**

consolidated cash flow statement

For the year ended December 31,	2004 Kshs'000	2003 Kshs'000
OPERATING ACTIVITIES		
Cash (used in)/generated from operations (Note 20(i))	(911,797)	163,866
Interest paid	(67,384)	(15,567)
Interest received	1,285	5,228
Taxation paid	(368,526)	(238,257)
Net cash used in operating activities	**(1,346,422)**	**(84,730)**
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(351,837)	(192,204)
Purchase of leasehold land	(6,017)	-
Purchase of intangible assets	-	(316)
Proceeds on disposal of property, plant and equipment	13,434	24,525
Net cash used in investing activities	**(344,420)**	**(167,995)**
FINANCING ACTIVITIES		
Sale of treasury shares	261,003	454,011
Dividends paid	(439,182)	(266,692)
Net cash (used in)/generated from financing activities	**(178,179)**	**187,319**
Net decrease in cash and cash equivalent	**(1,869,021)**	**(65,406)**
Cash and cash equivalent as at 1 January	**(908,417)**	**(843,011)**
Cash and cash equivalent as at 31 December (Note 20 (ii))	**(2,777,438)**	**(908,417)**

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(Kshs) thousands.

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.

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 & 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 reserves to revenue reserves.

e) Leasehold land

Payments to acquire leasehold interests on land are treated as prepaid operating lease rentals and amortised over the period of the lease.

f) Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the fair value of the group's share of the net assets of the acquired subsidiary as at the date of acquisition. Goodwill is recognised as an asset and amortised on a straight line method over its estimated economic life of 15 years.

The carrying amount of goodwill is reviewed annually and written down for permanent impairment where it is considered necessary.

g) Intangible assets

Intangible assets represent computer software which is stated at cost less amortisation. Amortisation is calculated to write off the cost of the assets on a straight line basis over their estimated useful life of 3 years.

h) Investment in a subsidiary company

Investment in subsidiary company is stated at cost.

i) 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.

j) Financial instruments

Financial assets and liabilities are recognized on the group's balance sheet when the group has become a party to the contractual provisions of the instrument.

In connection with international trading activities, the company uses derivative instruments to adjust its exposure to expected fluctuations in the prices of crude oil and refined products. In order to hedge against this risk, the company uses various instruments such as currency swaps and forward exchange contracts on organized markets. All derivative contracts are market-to-market and the related realized gains and losses are recorded in the income statement.

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. Interest and other finance charges are recorgnised as an expense in the period which they are incurred.

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.

q) Employee 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 group. Benefits are paid to retiring staff in accordance with the scheme's 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 Kshs 200 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. 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 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.

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 held by the subsidiary company in its individual accounts have been deducted from the consolidated shareholders equity.

Proceeds on sale of treasury shares are recognised as a change in equity.

u) Earnings per share

Earnings per share are calculated by dividing the net income by the weighted average number of ordinary shares outstanding during the year. Treasury shares deducted from consolidated shareholders equity are not considered outstanding for the purpose of this calculation.

v) 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.

w) Comparatives

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

2. NET SALES

The major part of the business of the group falls under the category of sale of petroleum products with other income compromising less than 5% of the total income. Sales by business segment are shown below:

2. (i) Primary reporting format – business segments

For the year ended December 31,	2004 Kshs'000	2003 Kshs'000
Network	5,082,286	4,138,810
Consumers (General Trade)	8,983,729	3,552,174
Aviation	4,193,158	3,088,270
Export and bulk	13,498,185	7,953,011
Total net sales	**31,757,358**	**18,732,265**

2. (ii) Secondary reporting format – Geographical segments

90% (2003 – 92%) of the group sales are made in the local market (Kenya).

3. OTHER OPERATING EXPENSES

For the year ended December 31,	2004 Kshs'000	2003 Kshs'000
Directors' emoluments – fees	1,600	1,600
- other emoluments	8,522	8,522
Auditor's emoluments	3,300	3,000
Salaries and wages (Note 5)	333,053	328,667
Repairs and maintenance	208,513	148,417
Technical assistance	129,099	98,903
Operating lease rentals	70,626	47,546
Provision for doubtful debts	39,069	44,026
Other operating expenses	636,893	686,084
Total other operating expenses	**1,430,675**	**1,366,765**

4. FINANCIAL CHARGES, NET

For the year ended December 31,	2004 Kshs'000	2003 Kshs'000
Financial charge on borrowings	67,384	15,567
Financial income	(1,285)	(5,228)
Net loss/(gain) on foreign exchange	64,089	(6,708)
Financial charges, net	**130,188**	**3,631**

5. PAYROLL AND STAFF

For the year ended December 31,	2004 Kshs'000	2003 Kshs'000
Personnel expenses		
Wages and salaries	231,927	245,384
Pension costs – defined contribution plans	20,107	20,393
Provision for accrued leave	9,851	2,093
Other costs	71,168	60,797
Total personnel expenses	**333,053**	**328,667**
Average number of employees	**283**	**263**

The average number of employees includes only the permanent staff.

6. TAXATION

For the year ended December 31,	2004 Kshs'000	2003 Kshs'000
6. (i) Taxation charge		
Current taxation based on adjusted profit for the year at 30%	323,909	252,653
Prior year overprovision	(1,843)	(2,889)
	322,066	**249,764**
Deferred taxation charge /(credit)(Note 12(ii))	32,565	(8,082)
Taxation charge	**354,831**	**241,682**
6. (ii) Reconciliation of taxation charge to expected tax based on accounting profit		
Accounting profit before taxation	931,638	756,645
Tax at the applicable rate of 30%	279,491	226,994
Tax effect of expenses not deductible for tax	40,675	44,738
Tax effect of income not subject to tax	(476)	(65,515)
Prior year overprovision	(1,843)	(2,889)
Deferred tax written-off	36,784	38,354
Taxation charge	**354,631**	**241,682**
6. (iii) Taxation payable		
Balance brought forward	(77,687)	(66,180)
Prior year overprovision	1,843	2,889
Charge for the year	(323,909)	(252,653)
Payments during the year	368,526	238,257
Balance at 31 December	**(31,227)**	**(77,687)**

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	
For the year ended December 31,	**2004**	**2003**	**2004**	**2003**
Profit after taxation (Kshs' 000)	577,007	514,963	622,662	567,410
Weighted average number of ordinary shares in issue (thousands) – basic	174,483	157,712	175,065	175,065
Earnings per share (Kshs)	3.31	3.27	3.56	3.24

Diluted earnings per share

The 6,981,595 Total Kenya Limited shares held by Elf Oil Kenya Limited were sold to the public during the year at market price and there were no potentially dilute shares outstanding at year end. Consequently, the diluted earnings per share is the same as basic.

8. (i) PROPERTY, PLANT AND EQUIPMENT - Group

	Land and buildings	Plant, motor vehicles and other equipment	Furniture, fittings and office equipment	Work in progress	Total
COST OR VALUATION	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**
1 January 2004	726,642	1,560,202	183,834	74,507	2,545,185
Additions	21,645	130,106	38,512	161,574	351,837
Disposals	(6,651)	(34,661)	(3,597)	-	(44,909)
Transfer from work in progress	41,466	52,500	-	(93,966)	-
31 December 2004	**783,102**	**1,708,147**	**218,749**	**142,115**	**2,852,113**
DEPRECIATION					
1 January 2004	206,757	813,647	131,636	-	1,152,040
Charge for the year	21,358	144,803	27,042	-	193,203
Disposals	(2,428)	(17,557)	(2,578)	-	(22,563)
31 December 2004	**225,687**	**940,893**	**156,100**	**-**	**1,322,680**
NET BOOK VALUE					
31 December 2004	**557,415**	**767,254**	**62,649**	**142,115**	**1,529,433**
31 December 2003	**519,885**	**746,555**	**52,198**	**74,507**	**1,393,145**

8. (i) PROPERTY, PLANT AND EQUIPMENT - Group (cont')

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 2004, 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
	Kshs'000	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**
At cost	726,187	1,610,263	214,520	142,115	2,693,085
At valuation - 1986	56,915	97,884	4,229	-	159,028
Total book value	**783,102**	**1,708,147**	**218,749**	**142,115**	**2,852,113**

At 31 December 2004, the net book value of property, plant and equipment based on original cost was Kshs 1,529,433,125 (2003 – Kshs 1,393,145,380). The revaluation reserve has been fully amortised.

Property, plant and equipment with a cost of Kshs 454,504,665 (2003 – Kshs 387,480,665) were fully depreciated at 31 December 2004. The notional depreciation charge in respect of these property, plant and equipment amount to Kshs 47,722,989 (2003 – Kshs 42,786,670).

8. (ii) PROPERTY, PLANT AND EQUIPMENT - Company

	Land and buildings	Plant, motor vehicles and other equipment	Furniture, fittings and office equipment	Work in progress	Total
	Kshs'000	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**
COST OR VALUATION					
1 January 2004	618,428	1,424,316	157,588	39,743	2,240,075
Additions	17,148	116,042	35,944	161,574	330,708
Disposals	(6,651)	(25,180)	(3,597)	-	(35,428)
Transfer from WIP	9,854	49,348	-	(59,202)	-
31 December 2004	**638,779**	**1,564,526**	**189,935**	**142,115**	**2,535,355**
DEPRECIATION					
1 January 2004	187,351	774,430	115,171	-	1,076,952
Charge for the year	24,518	124,250	22,279	-	171,047
Disposals	(2,428)	(17,557)	(2,578)	-	(22,563)
31 December 2004	**209,441**	**881,123**	**134,872**	**-**	**1,225,436**
NET BOOK VALUE					
31 December 2004	**429,338**	**683,403**	**55,063**	**142,115**	**1,309,919**
31 December 2003	**431,077**	**649,886**	**42,417**	**39,743**	**1,163,123**

8. (ii) PROPERTY, PLANT AND EQUIPMENT – Company (cont')

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 2004, 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
	Kshs'000	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**
At cost	581,864	1,466,642	185,706	142,115	2,376,327
At valuation - 1986	56,915	97,884	4,229	-	159,028
Total book value	**638,779**	**1,564,526**	**189,935**	**142,115**	**2,535,355**

At 31 December 2004, the net book value of property, plant and equipment based on original cost was Kshs 1,309,919,220 (2003 – Kshs 1,163,123,099). The revaluation reserve has been fully amortised.

Property, plant and equipment with a cost of Kshs 408,153,165 (2003 – Kshs 387,480,665) were fully depreciated at 31 December 2004. The notional depreciation charge in respect of these property, plant and equipment amount to Kshs 42,856,082 (2003 – Kshs 42,786,670).

9. PREPAID OPERATING LEASES

	Group Kshs'000	Company Kshs'000
COST		
At 1 January 2004	474,773	299,565
Additions	6,017	5,477
Disposals	(100)	(100)
At 31 December 2004	480,690	304,942
AMORTISATION		
At 1 January 2004	61,524	31,655
Amortisation for the year	6,479	3,673
Disposal	(23)	(23)
At 31 December 2004	67,980	35,305
NET BOOK VALUE		
At 31 December 2004	**412,710**	**269,637**
At 31 December 2003	**413,249**	**267,910**

10. INTANGIBLE ASSETS

	Group Kshs'000	Company Kshs'000
COST		
At 1 January and 31 December 2004	28,558	27,363
AMORTISATION		
At 1 January 2004	23,575	22,380
Charge for the year	3,878	3,878
At 31 December 2004	27,453	26,258
NET BOOK VALUE		
At 31 December 2004	**1,105**	**1,105**
At 31 December 2003	**4,983**	**4,983**

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

11. GOODWILL - GROUP

	2004 Kshs'000	2003 Kshs'000
COST		
At 1 January and 31 December	448,804	448,804
AMORTISATION		
At 1 January	82,280	52,360
Amortisation for the year	29,920	29,920
At 31 December	112,200	82,280
NET BOOK VALUE		
At 31 December	**336,604**	**366,524**

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

12. DEFERRED TAXATION

12. (i) The net deferred taxation asset is made up as follows:

	Group		Company	
	2004 Kshs'000	2003 Kshs'000	2004 Kshs'000	2003 Kshs'000
Property, plant and equipment	(4,936)	(8,997)	(4,936)	(10,170)
Tax losses available for offset against future profits	-	(76,100)	-	-
Unrealised exchange differences	(16,543)	1,541	(16,543)	1,752
General provisions	(28,693)	(37,535)	(28,693)	(37,535)
Net deferred taxation	**(50,172)**	**(121,091)**	**(50,172)**	**(45,953)**
Deferred tax not recognised	-	38,354	-	-
Net deferred taxation recognized	**(50,172)**	**(82,737)**	**(50,172)**	**(45,953)**

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

At 1 January	(82,737)	(74,655)	(45,953)	11,236
Income statement charge/(credit)	32,565	(8,082)	(4,219)	(57,189)
At 31 December	**(50,172)**	**(82,737)**	**(50,172)**	**(45,953)**

Deferred taxation is estimated on all temporary differences under the liability method using the enacted rate of 30% (2003 -30%).

The deferred taxation asset in respect of tax losses from the subsidiary company has not been recognized as the subsidiary's operations are in the process of being merged with those of the Company. The tax losses will therefore not be available for offset against the Group's future profits.

13. INVESTMENT IN SUBSIDIARY

	2004	2003
	Kshs'000	Kshs'000
Elf Oil Kenya Limited	**729,981**	**729,981**

Elf Oil Kenya Ltd is a company incorporated in Kenya whose principal activity is the sale of petroleum products. Total Kenya Ltd 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.

On 16th September 2004, the board recommended for approval at the 2005 AGM the merger between Total Kenya Ltd and Elf Oil Kenya Ltd. The merger will be through a business sale agreement which will result in the transfer of all Elf Oil Kenya Ltd business, assets and liabilities to Total Kenya Ltd.

14. INVENTORIES

	Group and Company	
As of December 31,	**2004 Kshs'000**	**2003 Kshs'000**
Raw materials and crude oil	504,792	1,765,010
Refined products	2,964,195	1,279,631
Consumables and accessories	289,965	234,907
Provision for obsolete & defective stocks	(88,967)	(97,556)
Total inventories	**3,669,985**	**3,181,992**

15. ACCOUNTS RECEIVABLE

	Group		Company	
As of December 31,	**2004 Kshs'000**	**2003 Kshs'000**	**2004 Kshs'000**	**2003 Kshs'000**
Trade receivables	3,594,106	2,057,379	3,434,965	1,941,088
Other receivables and prepayments	541,136	320,400	536,314	316,346
Provision for doubtful debts	(636,783)	(637,204)	(528,029)	(526,937)
Total receivables	**3,498,459**	**1,740,575**	**3,443,250**	**1,730,497**

16. RELATED PARTIES

16. (i) Amounts due from related parties

As of December 31,	Group 2004 Kshs'000	Group 2003 Kshs'000	Company 2004 Kshs'000	Company 2003 Kshs'000
Total Uganda	123,075	79,362	123,075	79,362
Total Tanzania	14,775	27,702	14,775	27,702
Total International	218,333	6,728	218,333	6,728
MASI Djibouti	228,892	25,246	228,892	25,246
Other Total related companies	164,431	157,048	164,431	130,265
	749,506	**296,086**	**749,506**	**269,303**

16. (ii) Amounts due to related parties

As of December 31,	Group 2004 Kshs'000	Group 2003 Kshs'000	Company 2004 Kshs'000	Company 2003 Kshs'000
Total Cameroon	6,148	-		-
Elf Oil Kenya	-	-	195,000	-
Air Total International	-	14,383	-	14,383
Other Total related companies	5,474	19,723	5,474	19,290
	11,622	**34,106**	**200,474**	**33,673**

17. SHARE CAPITAL

17. (i) Number of shares

As of December 31,	Group 2004	Group 2003	Company 2004	Company 2003
	In thousands of shares			
Authorised ordinary shares	**181,630**	**181,630**	**181,630**	**181,630**
Issued and fully paid ordinary shares:				
Ordinary shares	173,013	166,031	173,013	173,013
Ordinary Class A shares	2,052	2,052	2,052	2,052
Total issued shares	**175,065**	**168,083**	**175,065**	**175,065**

Class A 2,051,399

17. SHARE CAPITAL (cont')

17. (ii) Issued share capital

As of December 31,	Group 2004 Kshs'000	Group 2003 Kshs'000	Company 2004 Kshs'000	Company 2003 Kshs'000
Authorised ordinary share capital	**908,150**	**908,150**	**908,150**	**908,150**
Issued and fully paid				
As at 1 January	**875,324**	**875,324**	**875,324**	**875,324**
Ordinary shares	865,067	865,067	865,067	865,067
Class 'A' ordinary shares	10,257	10,257	10,257	10,257
Less: Treasury shares				
None (2003 - 6,981,595)	-	(34,910)	-	-
As at 31 December	**875,324**	**840,414**	**875,324**	**875,324**
Ordinary shares	865,067	830,157	865,067	865,067
Class 'A' ordinary shares	10,257	10,257	10,257	10,257

17. (iii) Shareholding structure

As of December 31,	2004	2003
	In thousands of shares	
Total Outre Mer	126,327	126,327
Total Africa Limited	10,733	10,733
Total stable shareholders	**137,060**	**137,060**
Elf Oil Kenya Limited	-	6,982
Class A shares (employees)	2,052	2,052
Other shareholders	35,953	28,971
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 Nairobi Stock Exchange.

18. TRADE AND OTHER PAYABLES

	Group		Company	
As of December 31,	**2004 Kshs'000**	**2003 Kshs'000**	**2004 Kshs'000**	**2003 Kshs'000**
Trade payables	2,370,054	135,522	2,357,385	129,396
Other payables and accruals	190,546	576,450	192,036	568,044
Total payables	**2,560,600**	**711,972**	**2,549,421**	**697,440**

19. SHORT TERM BORROWINGS

	Group		Company	
As of December 31,	**2004 Kshs'000**	**2003 Kshs'000**	**2004 Kshs'000**	**2003 Kshs'000**
Bank overdrafts	5,303	191,105	5,303	190,807
Short term loans	3,072,950	1,098,050	3,072,950	1,098,050
Total short term borrowings and bank overdraft	**3,078,253**	**1,289,155**	**3,078,253**	**1,288,857**

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,	**2004**	**2003**
Average interest rate on short term borrowings	3.39%	2.49%

Analysis by currency	Group		Company	
As of December 31,	**2004 Kshs'000**	**2003 Kshs'000**	**2004 Kshs'000**	**2003 Kshs'000**
Kenya Shilling	2,226,303	899,828	2,226,303	899,530
United States dollar	851,950	389,327	851,950	389,327
Total short term borrowings and bank overdraft	**3,078,253**	**1,289,155**	**3,078,253**	**1,288,857**

proxy form

The Secretary
Total Kenya Ltd.
P O Box 30736-00100
Nairobi

I/We...of address..

being a member of Total Kenya Limited hereby appoint...

of address...whom failing..

....of address..

as my/our proxy to vote for me/us on my behalf at the Annual General Meeting of the Company to be held on 11th April 2005 at the French Cultural Centre and at any adjournment thereof.

Signed..............................this..............................day of..2005

NOTE:

1. This proxy is to be delivered to the Company's registered office not later than 3.00pm on 8 April 2005 failing which it is invalid.

2. In case of corporation, the proxy must be under its common seal.

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.

20. (i) Reconciliation of group operating profit to cash (used in) / generated from operations.

For the year ended December 31,	2004 Kshs'000	2003 Kshs'000
Group operating profit	**1,061,826**	**760,276**
Adjustments for:		
Net (loss)/gain on foreign exchange	(64,089)	6,708
Depreciation	193,203	212,944
Amortisation - goodwill	29,920	29,920
Amortisation – prepaid operating rentals	6,479	8,533
Amortisation – intangible assets	3,878	11,320
Loss on disposal of property, plant and equipment	8,989	19,692
Operating profit before working capital changes	**1,240,206**	**1,049,393**
Increase in inventories	(487,993)	(1,914,075)
(Increase)/decrease in accounts receivables	(1,757,884)	174,908
Increase/(decrease) in trade and other payables	1,848,628	(518,447)
(Decrease)/increase in amount due to holding company	(1,278,850)	1,316,200
Movement in balances with related companies	(475,904)	55,887
Cash (used in)/ generated from operations	**(911,797)**	**163,866**

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

As of December 31,	2004 Kshs'000	2003 Kshs'000
Bank and cash balances	300,815	380,738
Bank overdrafts	(5,303)	(191,105)
Short term loans	(3,072,950)	(1,098,050)
Cash and cash equivalents	**(2,777,438)**	**(908,417)**

21. RELATED PARTY TRANSACTIONS

During the year the group made purchases amounting to Kshs 12,504 million (2003 – Kshs 6,942 million) from the holding company and other companies related to it by virtue of common shareholding. The group also earned revenue of Kshs 1,048 million (2003 - Kshs 1,326 million) from related companies.

The group purchased plant and equipment amounting to Kshs 12.5 million (2003- Kshs 48.7 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 Kshs 129 million (2003- Kshs 98 million).

The amount due to the holding company in relation to these transactions is Kshs 341 million (2003 – Kshs 1,620 million). Other amounts due to/from related companies are shown on Note 16.

Sales and purchases to/from related parties were made on terms and conditions similar to those offered to major customers or available from major suppliers.

22. COMMITMENTS AND CONTINGENCIES

Guarantees and bonds

As of December 31,	**2004 Kshs'000**	**2003 Kshs'000**
Total commitments given	491,965	540,907
Total commitments received	240,834	233,667

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.

Commitments received/given are all held with local banks.

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:

As of December 31,	**2004 Kshs'000**	**2003 Kshs'000**
Network and commercial installations	218,572	188,030
Plant and equipment	410,804	249,159
Accounting software	70,641	-
Office equipment, furniture and fittings	83,061	36,096
Total capital commitments	**783,078**	**473,285**

22. COMMITMENTS AND CONTINGENCIES (cont')

Foreign currency agreements

In connection with international trading activities, the company uses derivative instruments to adjust its exposure to expected fluctuations in the prices of crude oil and refined products. In order to hedge against this risk, the company uses various instruments such as currency swaps and forward exchange contracts on organized markets.

Commitments and contingencies related to the company's financial derivatives activities as at year-end were nil. Any amounts that would be outstanding would normally indicate the levels of notional involvement by the company and are not indicative of an unrealized gain or loss.

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.

Industry dispute

The company is involved in a dispute with other oil companies over the price to be applied for the re-invoicing of November 2004 industry crude import which was shipped by the company under the contractual arrangements of the Open Tender System (OTS). The matter is currently before court for arbitration. The company directors and legal advisers are of the opinion that the final decision will be in the company's favour. No margin has been recognized in the financial statements in relation to this transaction.

23. OPERATING LEASE COMMITMENTS

As of December 31,	**2004 Kshs'000**	**2003 Kshs'000**
Within one year	4,786	4,786
Over one year to five years	39,472	36,826
After five years	4,521	15,167
Total operating lease commitments	**48,779**	**56,779**

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. ASSETS PLEDGED AS SECURITY

As at 31 December 2004, there were no assets pledged by the group to secure liabilities.

26. INCORPORATION

Total Kenya Ltd is a limited liability company incorporated and domiciled in Kenya under the Kenyan Companies Act. The parent Company is Total Outre Mer while the ultimate holding company is Total S.A, both incorporated in France.

27. CURRENCY

The financial statements are presented in Kenya Shillings (Kshs) thousands

28. CONSOLIDATED COMPANIES

ELF OIL KENYA LIMITED SIMPLIFIED INCOME STATEMENT

For the year ended December 31, 2004	Kshs'000
Net sales	612,422
Cost of sales	(540,006)
Gross profit	**72,416**
Other operating income	10,906
Profit on sale of shares	135,130
Operating expenses	(48,842)
Income before taxation	**169,610**
Taxation	(50,213)
Net income	**119,397**

ELF OIL KENYA LIMITED SIMPLIFIED BALANCE SHEET

As of December 31, 2004

	Kshs'000		Kshs'000
Non current assets	362,588	Equity	602,968
Current assets	250,208	Current liabilities	50,534
Cash and cash equivalent	40,706	Borrowings	-
Total assets	**653,502**	**Total equity &liabilities**	**653,502**

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

29. (i) CONSOLIDATED INCOME STATEMENT

Kshs Millions

For the year ended December 31,	2004	2003	2002	2001	2000
Gross sales	37,628.1	22,393.2	16,291.3	17,926.0	23,157.1
Indirect taxes and duties	(5,870.7)	(3,660.9)	(3,627.7)	(3,652.6)	(4,761.3)
Net sales	**31,757.4**	**18,732.3**	**12,663.6**	**14,273.4**	**18,395.8**
Cost of sales	(29,148.5)	(16,739.3)	(10,767.1)	(12,893.1)	(16,594.3)
Expenses and other income	(1,547.1)	(1,232.8)	(1,186.0)	(1,131.4)	(1,051.5)
Operating income	**1,061.8**	**760.2**	**710.5**	**248.9**	**750.0**
Interest charges, net	(130.2)	(3.6)	(89.0)	(567.8)	(416.5)
Exceptional charges, net	-	-	(16.7)	-	-
Income before taxation	**931.6**	**756.6**	**604.8**	**(318.9)**	**333.5**
Taxation	(354.6)	(241.7)	(244.6)	96.8	(127.0)
Net income	**577.0**	**514.9**	**360.2**	**(222.1)**	**206.5**

29. (ii) CONSOLIDATED BALANCE SHEET

Kshs Millions

As of December 31,	2004	2003	2002	2001	2000
ASSETS					
Non-current assets					
Property, equipment and leases	1,942.1	1,806.4	1,880.5	1,959.5	1,519.0
Goodwill	336.6	366.5	396.4	426.4	-
Other intangible assets	1.1	5.0	15.4	18.4	-
Deferred taxation	50.2	82.7	74.7	166.0	-
Total non-current assets	**2,330.0**	**2,260.6**	**2,367.0**	**2,570.3**	**1,519.0**
Current assets					
Inventories	3,670.0	3,182.0	1,268.0	2,165.5	3,334.0
Other current assets	4,247.9	2,036.7	2,239.5	2,287.2	4,494.3
Cash and cash equivalent	300.8	380.7	237.7	107.2	726.1
Total current assets	**8,218.7**	**5,599.4**	**3,745.2**	**4,559.9**	**8,554.4**
TOTAL ASSETS	**10,548.7**	**7,860.0**	**6,112.2**	**7,130.2**	**10,073.4**
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	875.3	840.4	779.6	525.2	280.0
Share premium	1,967.5	1,741.4	1,348.2	690.3	30.5
Revaluation surplus	-	-	-	6.4	11.1
Revenue reserve	1,242.2	1,102.9	994.7	923.0	1,313.4
Proposed dividend – gross	437.7	437.7	297.6	-	
Total capital and reserves	**4,522.7**	**4,122.4**	**3,420.1**	**2,144.9**	**1,635.0**
Current liabilities					
Trade and others	2,947.8	2,448.5	1,611.3	2,959.5	3,766.5
Short term borrowings	3,078.2	1,289.1	1,080.8	2,025.8	4,671.9
Total current liabilities	**6,026.0**	**3,737.6**	**2,692.1**	**4,985.3**	**8,438.4**
TOTAL EQUITY & LIABILITIES	**10,548.7**	**7,860.0**	**6,112.2**	**7,130.2**	**10,073.4**

notes