

KenolKobil Limited Group Results for the 6 month period ended 30th June 2011

The Directors of KenolKobil Limited are pleased to announce the Group's unaudited results for the 6 month period ended 30th June 2011.

Consolidated Income Statement For six month period ended	30 th June 2011	30 th June 2010
	Shs'000	Shs'000
Sales	83,313,342	60,349,692
Cost of Sales	(76,571,167)	(56,085,214)
Gross Profit	6,742,175	4,264,479
Other income	79,493	-
Distribution Costs	(527,217)	(546,525)
Administration and Operating Costs	(1,784,790)	(1,340,008)
Operating profit	4,509,661	2,377,946
Finance Costs	(1,338,861)	(721,869)
Finance Income	47,400	76,035
Profit before Income tax	3,218,199	1,732,112
Income tax expense	(1,061,149)	(552,619)
Profit for the period	2,157,050	1,179,493

**Consolidated Statement of Financial Position
as at**

30th June 2011

31st Dec 2010

Shs'000

Shs'000

CAPITAL EMPLOYED

Capital and Reserves

Share Capital	73,588	73,588
Share Premium	5,166,350	5,166,350
Other Reserves	463,801	244,494
Retained Earnings	7,775,235	6,455,764
Proposed Dividend	838,904	765,316
	14,317,878	12,705,512

Non Current Liabilities

Borrowings	113,588	94,974
Deferred income tax	504,985	536,737
Total non-current liabilities	618,573	631,711
	14,936,451	13,337,223

REPRESENTED BY

Non current assets

Prepaid operating lease rentals	700,836	674,562
Property, plant and equipment	4,734,050	4,595,011
Intangible assets	870,025	867,069
Investment in Associate	19,219	17,920
	6,324,130	6,154,562

Current Assets

Inventories	21,570,434	12,750,781
Receivables and prepayments	7,759,733	11,122,908
Current income tax	24,141	55,288
Cash and cash equivalents	10,432,358	2,133,091
	39,786,666	26,062,068

Current Liabilities

Payables and accrued expenses	10,256,150	4,744,344
Current income tax	706,409	403,501
Borrowings	20,079,777	13,677,675
Dividend payable	132,009	53,887
	31,174,345	18,879,407

Net current assets

	8,612,321	7,182,661
	14,936,451	13,337,223

Handwritten signature or mark

Consolidated cash flow statement For six month period ended	30th June 2011	30th June 2010
	Shs'000	Shs'000
Net cash generated from Operations	4,116,437	(5,707,636)
Interest and taxes paid	(1,207,674)	(654,352)
Investing activities	(321,055)	(351,031)
Financing activities	5,733,521	6,802,176
Net increase in cash and cash equivalents	8,321,229	89,157
Opening cash and cash equivalents	2,133,091	3,806,455
Effects of exchange rate changes on cash and cash equivalents	(21,962)	13,710
Closing cash and cash equivalents	10,432,358	3,909,322

**Consolidated Statement of Changes in equity
For six month period ended 30th June 2011**

	Share capital	Share premium	Other reserves	Retained earnings	Proposed dividends	Total equity
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
At start of the year	73,588	5,166,350	244,494	6,455,764	765,316	12,705,512
Transfer of excess depreciation net of tax	-	-	(1,325)	1,325	-	-
Movement in ESOP reserve	-	-	145,644	-	-	145,644
Currency translation differences	-	-	74,988	-	-	74,988
Net gains recognised directly in equity	-	-	219,307	1,325	-	220,632
Profit for the six month period	-	-	-	2,157,050	-	2,157,050
Dividends:						
- Final for 2010 paid	-	-	-	-	(765,316)	(765,316)
- Proposed Interim for 2011	-	-	-	(838,904)	838,904	-
At end of period	73,588	5,166,350	463,801	7,775,235	838,904	14,317,878

1.6

COMMENTS FROM GROUP MANAGEMENT

The Group is pleased to announce strong 1st Half Results for the year 2011. Net Sales was up 38% to K.Shs. 83.3 Billion, while Profit before Tax (PbT) for the period was K.Shs. 3.21 Billion and Profit after Tax (PaT) of K.Shs. 2.16 Billion representing an increase of 86% and 83% respectively compared to same period in 2010.

The strong results have been achieved during a period of steep increases in International Oil prices, devaluation of all local currencies to the United States Dollar (USD) in countries we operate in and a new Regulated pricing environment in Kenya. The performance is the result of dedicated, strong and focused KenolKobil team in effective inventories management, development of niche business lines and regional growth with renewed focus on customer care.

Gross profit grew by 58% over the same period in 2010 and as percentage of Net Sales it was up from 7.1% to 8.1% in 2011. The Group has realized capital gains of K.Shs. 79 million in the period from disposal of non-key assets.

Distribution costs have continued to drop, resulting in a 4% drop over 2010 through more prudent management of the distribution chains. Administrative costs on the other hand have increased by 33% over the same period in 2010, due to provisions made by Management for a doubtful debt from a commercial client as well as due to inflation and full operational period for Kobil Burundi. The overheads have otherwise been well contained and in line with the budgets.

Financing costs have again increased and impacted the performance of the Group, mainly due to the devaluation of all local currencies to the United States Dollar (USD). The Kenya Shilling, for example depreciated by 10.6% between December 2010 and June 2011. Foreign Exchange Losses, accounted for 65% of total financing costs, while Bank interest costs also went up as a result of increased borrowing related to increased Trading activity.

The borrowing figure of K.Shs 20 Billion should be considered net of cash balance, giving a net borrowing of about K.Shs 10 Billion which is used to finance the higher inventories at the end of 1st Half 2011 compared to December 2010 of about K.Shs 8.8 Billion.

The Subsidiaries have performed well in the period and Management is bullish about their continued increased contribution to the bottom line of the Group. Kobil Burundi, that commenced operations in 2010, has shown great promise and this has led to increased investment in the country, in stations and storage facilities.

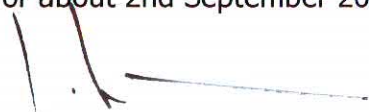
The acquisitions and expansion of storage capacity will play an important role in the Group's quest to expand its channels of Supply and Distribution within the East, Central and Southern African regions and will further reduce the

Group's reliance on the Kenyan distribution system which is still unreliable and whose inefficiencies continue to challenge the business.

Going forward, Management forecast that the 2nd Half of 2011 will be stronger than same period of 2010. Management is confident that with continuous investments and a strong, creative and innovative KenolKobil team, the company will rise above business challenges and continue to deliver strong return to shareholders in the foreseeable future.

The Directors recommend the payment of an interim dividend of Ksh 0.57 (57 cents) per share (less withholding tax where applicable), payable to the shareholders registered on the Register of Members at the close of business on 19th August 2011.

The Register of Members will be closed from 19th to 22nd August 2011 for the purposes of processing the Dividend cheques. Payment will be made on or about 2nd September 2011.



Jacob I. Segman
Chairman & Group Managing Director.

26th July 2011.