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Vision

To be a globally predominant petroleum products handling and related services provider.

Mission

We efficiently receive, store, transport and deliver petroleum products and provide related services while adhering to international standards, exceeding customer expectations and optimising value through continuous innovation.

Motto

'To do our best always'

Core Values

KPC fraternity shares the following core values:

Integrity
To maintain high standards of trust and honesty.

Transparency
To uphold openness in procedures and communication.

Accountability
To take responsibility for functions and actions.

Diligence
To work with zeal.

Team Spirit
Co-operation within the Company and with the stakeholders.

Loyalty
Devotion to the organization.

Care for the Environment
To abide by stipulated environmental laws and regulations.

1. SAMUEL M. MALUKI
BOARD CHAIRMAN

2. SELEST N. KILINDA

3. WAITHAKA KIONI

4. FAITH JEPKEMBOI BETT - BOINETT

5. NURU BWANAKOMBO MZEE

6. AUSTIN KAPERE

7. HABON BILLOW FARAH

8. FELICITY N. BIRIRI

9. JOSEPH K. KINYUA
PS MINISTRY OF FINANCE

10. PATRICK NYOIKE
PS MINISTRY OF ENERGY

11. FLORA OKOTH
COMPANY SECRETERY

FESTUS KING'ORI
ALTERNATE DIRECTOR
MINISTRY OF FINANCE

FRANCIS M. ONGAKI
ALTERNATE DIRECTOR
MINISTRY OF ENERGY

01- Charles K. Tanui
Chief Manager - Finance & Strategy

02- John N. Kithete
Business Development Manager

03- Philip K. Kimelu
Operations Manager

04- Rose A. Osiako
Human Resources Manager.

05- Bramwel J. Wanyalikha
Engineering Manager

06- Francis G. Muraya
Information Technology Manager

07- Tom K. Mailu
Corporate Planning Manager

08- Tom J. Akolo
Internal Audit Manager.

09- Elias M. Karumi
Chief Manager – Technical

10- Selest N. Kilinda
Managing Director

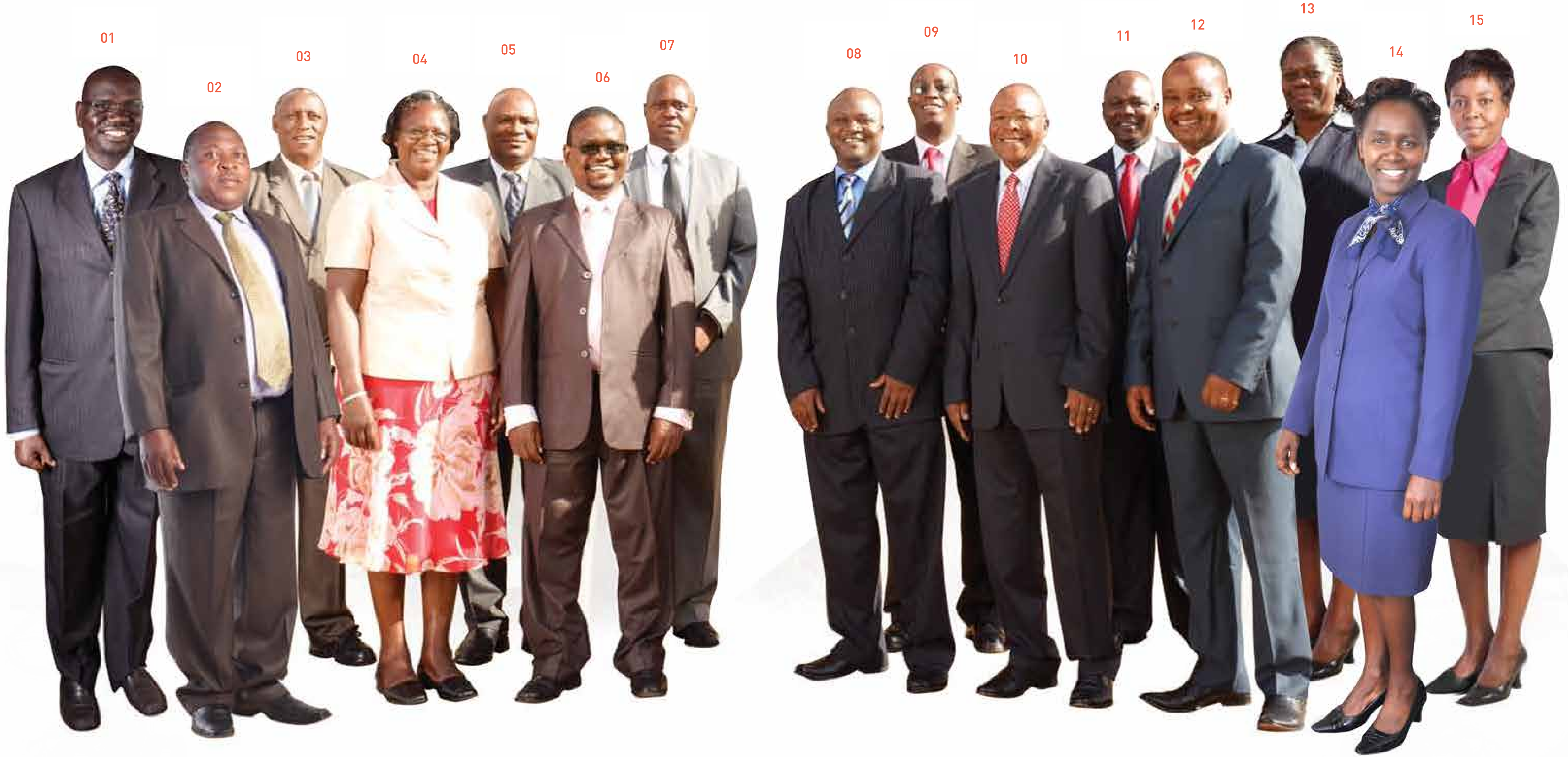
11- Samuel M. Odoyo
Finance Manager.

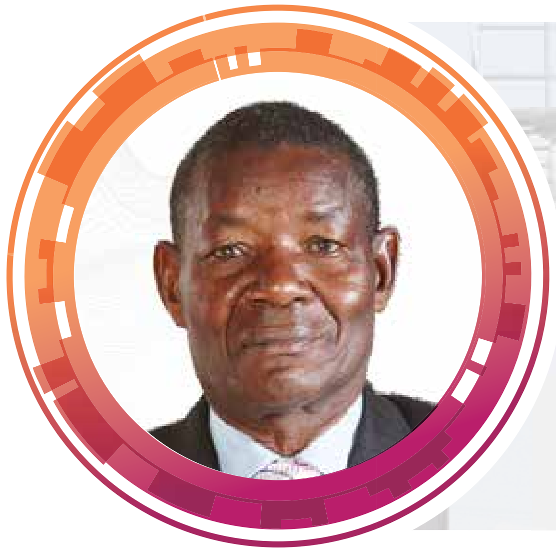
12- Nicholas G. Gitobu
Procurement Manager

13- Rose A. Ng'inja
Chief Manager – Human Resources & Administration

14- Jane Nakodony
Ag. Administration Manager

15- Flora F. Okoth
Company Secretary





Chairman's Statement

It gives me much pleasure to present the Kenya Pipeline Company's annual report and operating results for the year ended 30th June 2012. I am particularly pleased to note that once again the company achieved a major milestone during the year by completing the Nairobi to Eldoret parallel line (Line IV).

Operating Environment

Business in the 2012 financial year was affected by the negative impact of inflation, weak shilling and rising fuel prices experienced in 2011. During the first half of the year, the business environment was defined by the same negative macro-economic variables which depressed the national economic growth rate from 6% in 2010 to 4% in 2011. In the second half of the year, the macroeconomic environment improved as inflation went down from 18% in January 2012 to 3% in December 2012 as a result of reduced food and fuel price driven inflation. The Central Bank of Kenya estimated that the real GDP during the year grew by about 5%, despite the anticipated adverse effects of heightened political activity in the run-up to the last general elections.

Performance

Overall performance for the year was consistent with our expectations. Revenue and profit trends have steadily risen in the last 5 years with the current year being the most successful. Prudent financial management and sound policies have cushioned the company against the negative environmental effects of rising costs by containing total expenditure at relatively low levels.

The company's growth strategy continued to generate value as Profit Before Tax increased by 22% to Kshs 7.9 billion up from Kshs 6.5 billion reported in the previous year.

Revenue grew by 20% to Kshs 16.5 billion compared to Kshs 13.8 billion in the previous year, resulting in a remarkable growth in profitability. The export market was more vibrant than the local market after Line 4 became operational in the second half of the year. Exports increased by 30% and local sales by 9% compared to the previous year following a 10% upswing in throughput from 4.1million cubic meters to 4.6 million cubic meters.

Miscellaneous revenue increased from Kshs 271.5 million to Kshs 293 million. Total operating expenditure for the year stood at Ksh9.6 billion compared to Ksh7.6 billion in the previous year ended June 2011. Key cost drivers were electricity, maintenance and staff costs which accounted for 19%, 40% and 41% of total expenditure respectively. Included in the maintenance cost is the depreciation charge pertaining to the completion of Line IV while the increase in staff costs reflects a 9% unionisable staff salary award in the period under review.

Financial Position

A strong financial position is important in operating a safe, reliable and efficient pipeline system. It is the foundation upon which our company's mission and vision will be realized and sustained. Five years ago, the company made a bold decision to prioritize projects geared at improving pipeline capacity and reliability and a lot has been achieved in the ensuing period.

The company completed and successfully commissioned the Nairobi-Eldoret parallel pipeline (Line IV) project at a cost of Kshs 15 billion to improve capacity to meet product demands in Western Kenya and export markets. The project was partly financed by an Kshs 8.2 billion loan from a consortium of local banks while the balance was from internally generated funds.

We have managed to undertake heavy capital projects without compromising returns and liquidity and ensured that only projects with the most strategic positive cash flow returns are prioritized. Investment in fixed assets has therefore grown by 69% from Kshs 29 billion in 2008 to Kshs 49 billion as at 30th June 2012. In the current year alone, the fixed asset base increased by 11% from Kshs 44 billion in the FY 2011 to Kshs 49 billion as at 30th June 2012. Return on Investment (ROI) has improved from the 17% recorded in 2011 to 19% in 2012 while the dividend payment of Kshs 300 million in the year 2010/11 was the highest ever.

Cash Flow

The company opened the year with a strong cash position of Kshs 6.7 billion. Net cash generated from operations and other sources amounted to Kshs 9.9 billion, putting the total cash at the company's disposal during the year at Kshs 16.6 billion. These funds were applied to Corporation Tax Payments 17% (Kshs 2.9 billion), Investment in Property Plant and Equipment 31% (Kshs 5.2 billion), Payment of Dividends 1% (Kshs 150 million), and Loan Repayment 5% (Kshs 915 million). The company closed with a strong cash position of Kshs 7.5 billion.

Corporate Social Responsibility

The Company is committed to supporting projects that provide sustainable solutions to pressing social challenges to communities living along the Right of Way (ROW). We are guided in this endeavor by our Corporate Social Responsibility (CSR) Policy, which stipulates thematic areas to be funded. The company sets aside 1% of pre-tax profit annually towards this cause. Some of the major projects that we funded during this financial year include among others:

• Catholic University of East Africa's AMECEA Gaba Campus in Eldoret which received Kshs 1,000,000 towards the construction of a Library and Student Centre;
• Miritini Primary School in Changamwe which received computers, printers and water tanks worth Kshs 519,000.
• The KPC/Mukuru Promotion Centre Students Scholarship Program which had an additional Kshs 701,729 injected to enable the 30 disadvantaged scholarship students complete high school.

In sports, KPC was among corporates that feted athletes who did Kenya proud in various international events by donating Kshs 1,000,000 towards the Athletics Kenya Prize Kitty.

Health was not left out as the "Roho kwa Roho" Foundation that caters for the healthcare and education of children with Cerebral Palsy received Kshs 150,000, whilst "Gertrude's Children's Hospital Foundation" for disadvantaged children with endocrine diseases benefited from a Kshs 100,000 donation.

Appreciation

On behalf of the entire Board of Directors, I wish to laud our business partners for their continued patronage, more specifically the Oil Marketing Companies (OMCs) that continue to utilize the KPC facilities. They have enabled us to achieve our targets. I also wish to recognize the roles of various government ministries in the day-to-day running of the company. As in previous years, I would like to recognize and appreciate the support and commitment of my fellow directors throughout the year 2011/2012. As a Board we convey our gratitude to the Government and other stakeholders who did and continue to facilitate our smooth operations and success. Finally, kudos to the management and the staff who worked tirelessly to sustain uninterrupted supply of petroleum products. Once again I look forward to KPC continuing to render excellent services to our Nation and indeed the region.

Samuel M. Maluki, MBS
Board Chairman

Managing Director's Message

I take great pleasure to report that 2012 was another excellent year and KPC has once again delivered a strong performance despite challenging conditions.

Performance

The pre-tax profit for the year ended 30th June 2012 at Kshs 7.9 billion rose by 22% from the Kshs 6.5 billion recorded in the year ended June 2011. The profit was mainly attributable to the 19.5% increase in throughput revenue from Kshs 13.8 billion in the year 2011 to Kshs 16.5 billion in 2012; coupled by prudent financial management and cost containment measures. The 14 inch diameter parallel pipeline from Nairobi to Eldoret (Line-IV) project whose construction was completed and operation commenced in December 2011, significantly boosted our annual throughput from 4.1 billion litres in 2011 to 4.6 billion litres in the year ended 30th June 2012.

During the year, we continued focussing on our programme of investing and funding core projects to provide capacity for future growth. I am pleased to report that the Company has made notable progress towards meeting growing demand for oil products transportation and customer expectations. We continuously strive to enhance our pipeline capacity and improve operational efficiency, in line with our medium and long term development strategy. We remain un-waveringly committed to excellent customer service without which we would not have achieved the excellent financial performance in year 2012.

We shall continue to implement and review our strategy to remain relevant in the dynamic operating environment. To this end we shall endeavour to:

- Prudently manage and utilize our finances in value adding investments and activities;
- Identify and assess all inherent risks in what we do;
- Maintain, upgrade and expand the pipeline network;
- Improve on our business processes;
- Sustain a responsible and reputable business;
- Venture in new business lines, and
- Continuously maintain a high performing workforce.

The teamwork spirit in our staff and their dedication is very encouraging and we will continue to devote significant resources to the continuous development and training of the human resource capital.

Strategy and Future Outlook

The sustained profitability and strong financial position of our company is opening windows of opportunity to improve the quality of service, fast track strategic expansion plans and diversify into other related ventures that would benefit all stakeholders while contributing significantly towards the achievement of Kenya's Vision 2030. With our strategic focus, we are confident that in the next few years our revenues will increase and reach the Kshs 20 billion mark.

Our capacity enhancement projects mainly the replacement of the Mombasa – Nairobi pipeline and the construction of additional truck loading facilities at Eldoret are at an advanced planning stage. We are optimistic that they will be delivered successfully and on time. These projects will enable KPC to maintain its competitive position; thereby remaining a globally predominant company in the petroleum products transportation industry within the East and Central African region.

The Company's business until recently was predictable and well defined. The business environment has changed fundamentally due to the oil and gas discoveries not only in the region but in Kenya. We are keeping abreast with the developments and instigating strategies that would present business opportunities. Our resolve is to work harder to sustain and increase our market share in the region and also create new captive markets.

We are deliberately focusing on ways to position the Company to actively participate in petroleum infrastructure development and particularly in investment in pipelines linking the new sources of crude oil and refined products to the markets. Given the current development pace in the oil and gas industry, it is prime time for our Company to seriously consider having stakes in the future oil production, storage and transport infrastructure investments within and outside our national borders.

Going forward, the Company has prioritized the following key projects and programs:

- Construction of a bigger diameter pipeline from Mombasa - Nairobi to meet current and future demand. This project is at the preliminary engineering design stage.
- In-line intelligent pigging surveys and implementation of findings of previous surveys to maintain pipeline integrity.
- Reinforcing of terrestrial and aerial surveillance systems including deployment of digital administrative access controls and other acceptable industry safety applications to control and limit access to pipeline installations.
- Improving SAP and other computerised programs with a view to optimizing and integrating the existing systems.
- Constructing additional storage tanks in Nairobi to improve security of supply and provide operational flexibility.

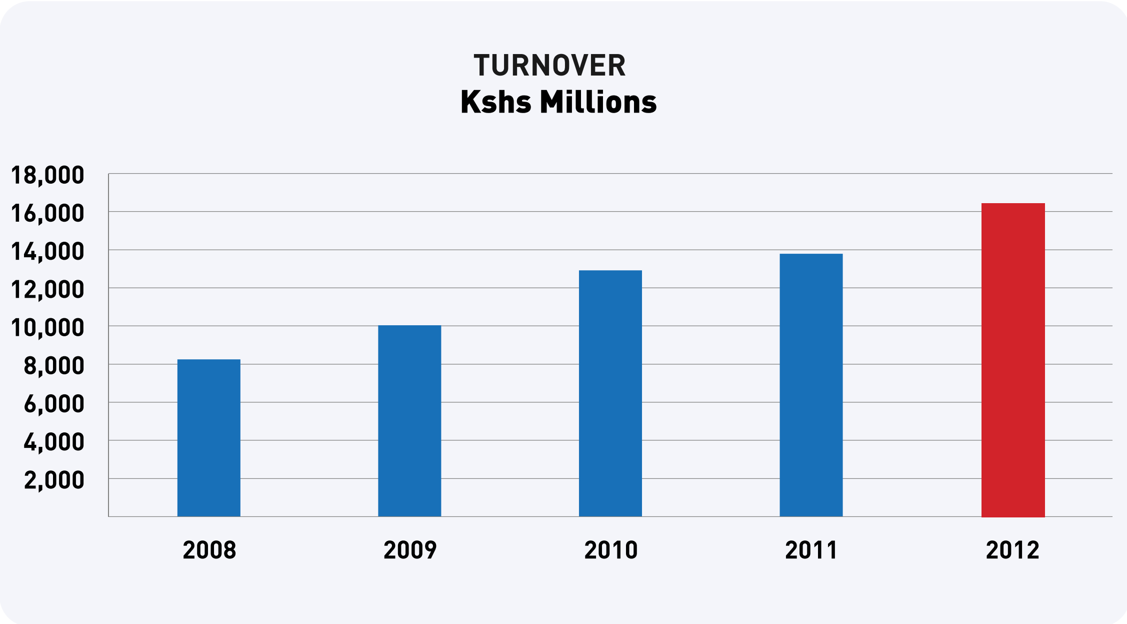
To achieve our goals, we shall continue developing our expertise and organizational capacity in financial, technical and other non-technical and financial areas. Our rallying motto 'to do our best always' shall continue to drive us to do even better and move KPC to higher levels of excellence.

Appreciation

I would like to acknowledge with gratitude, our customers, the invaluable support from the Board of Directors, the Ministries of Energy and Finance and all our stakeholders. Through their steadfast support we have been able to meet our strategic objectives.

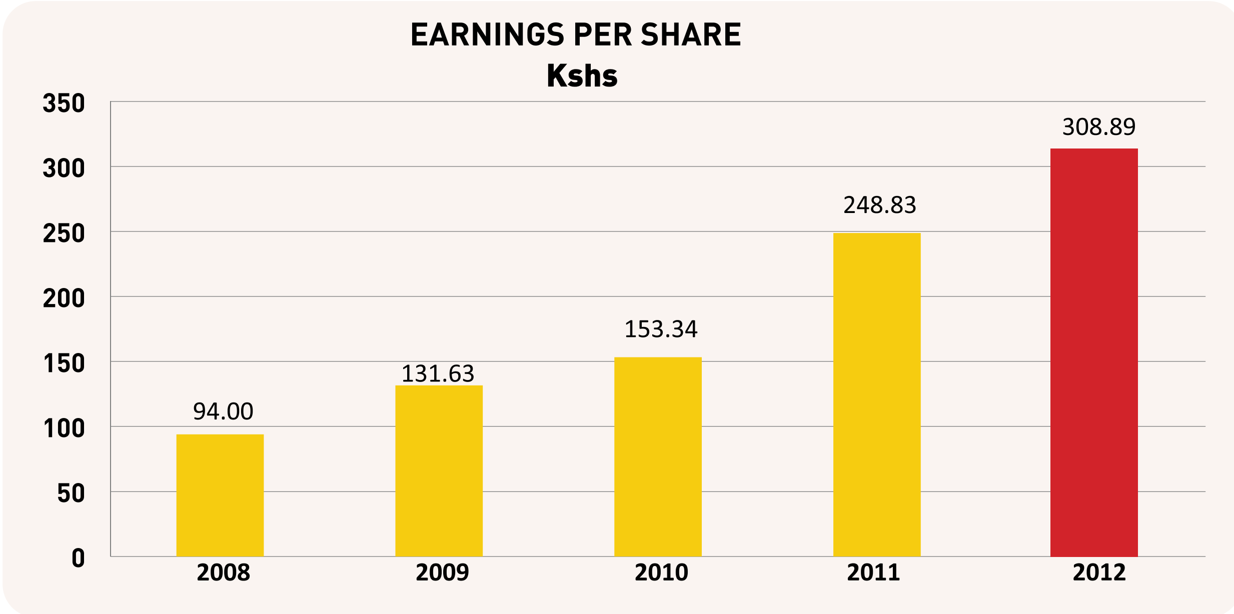
Finally, I wish to thank all the staff for their teamwork, hard work and personal dedication over the past year. I am confident that we have the drive and ability to consistently improve our future performance.

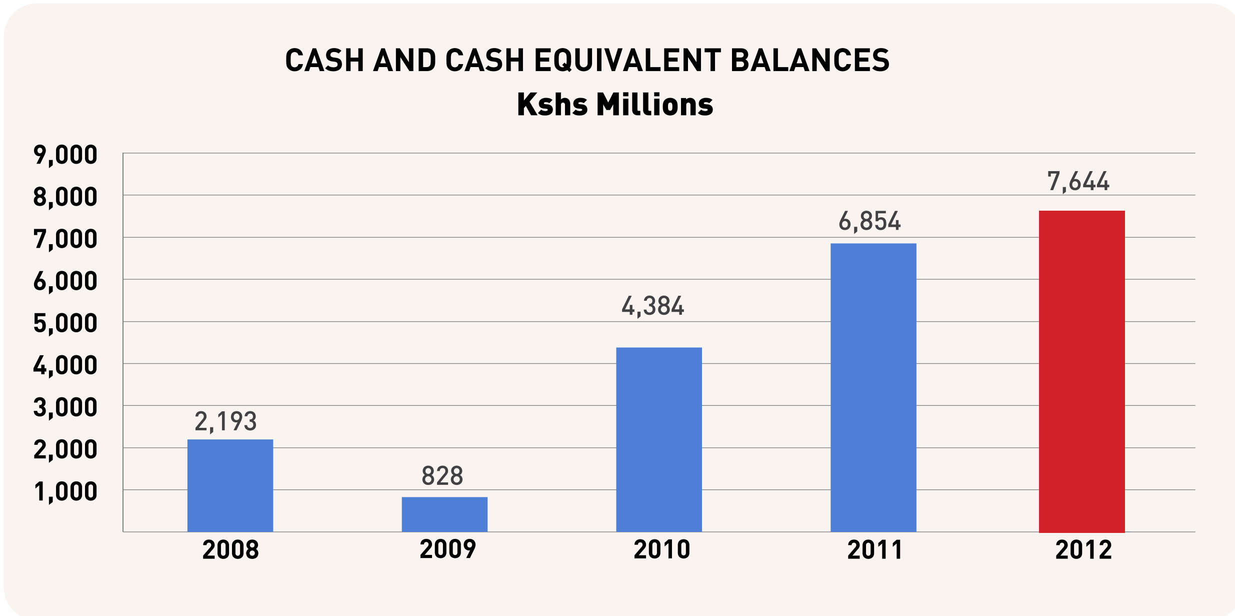
Selest N. Kilinda
Managing Director


TURNOVER
Kshs Millions
18,000
16,000
14,000
12,000
10,000
8,000
6,000
4,000
2,000
2008
2009
2010
2011
2012

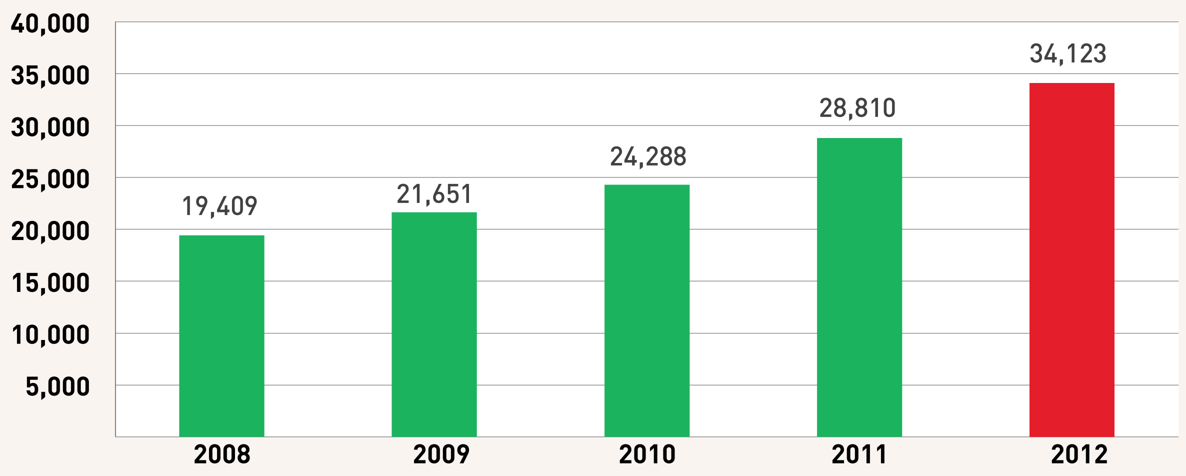

PROFIT BEFORE TAX
Kshs Millions
9,000
8,000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
2008
2009
2010
2011
2012


PROFIT AFTER TAX
Kshs Millions
6,000
5,000
4,000
3,000
2,000
1,000
2008
2009
2010
2011
2012

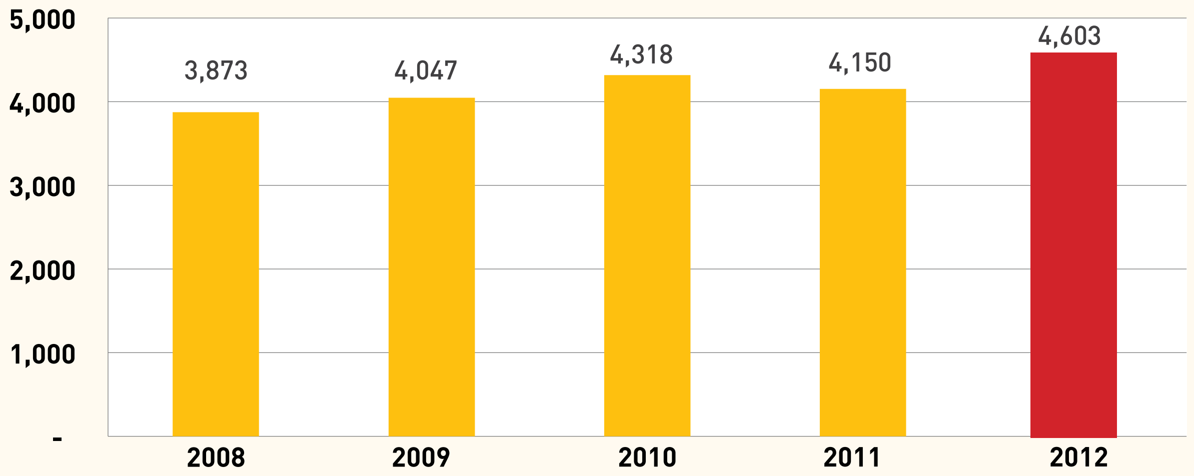

EARNINGS PER SHARE
Kshs
350
300
250
200
150
100
50
0
94.00
131.63
153.34
248.83
308.89
2008
2009
2010
2011
2012


CASH AND CASH EQUIVALENT BALANCES
Kshs Millions
9,000
8,000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
2,193
828
4,384
6,854
7,644
2008
2009
2010
2011
2012

CAPITAL & RESERVES
Kshs Millions



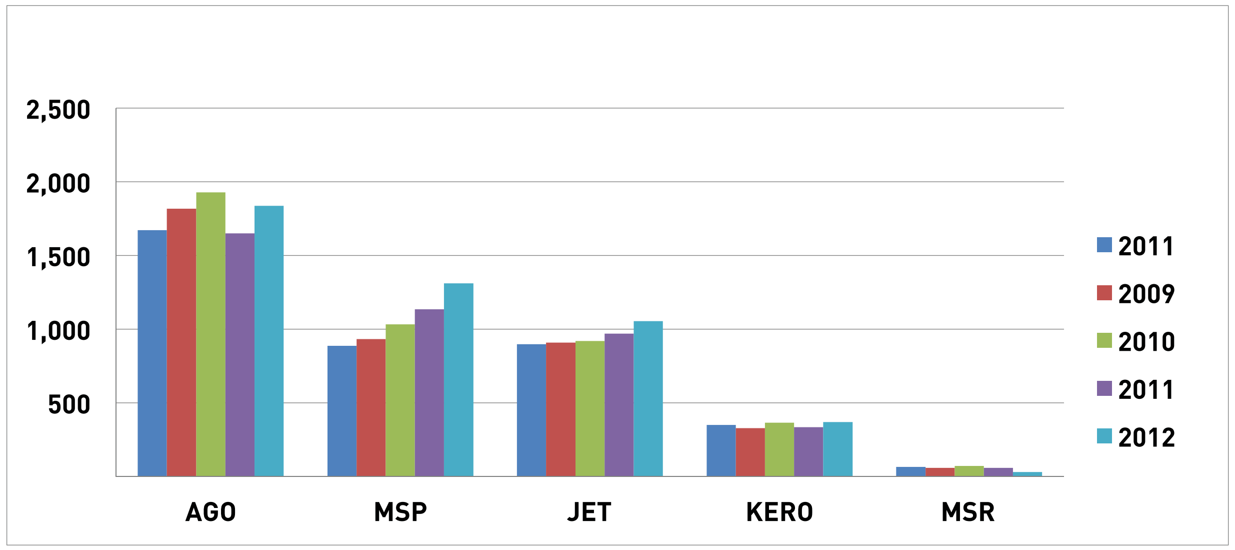
THROUGHPUT VOLUMES
'000 M³



Business Highlights (continued)

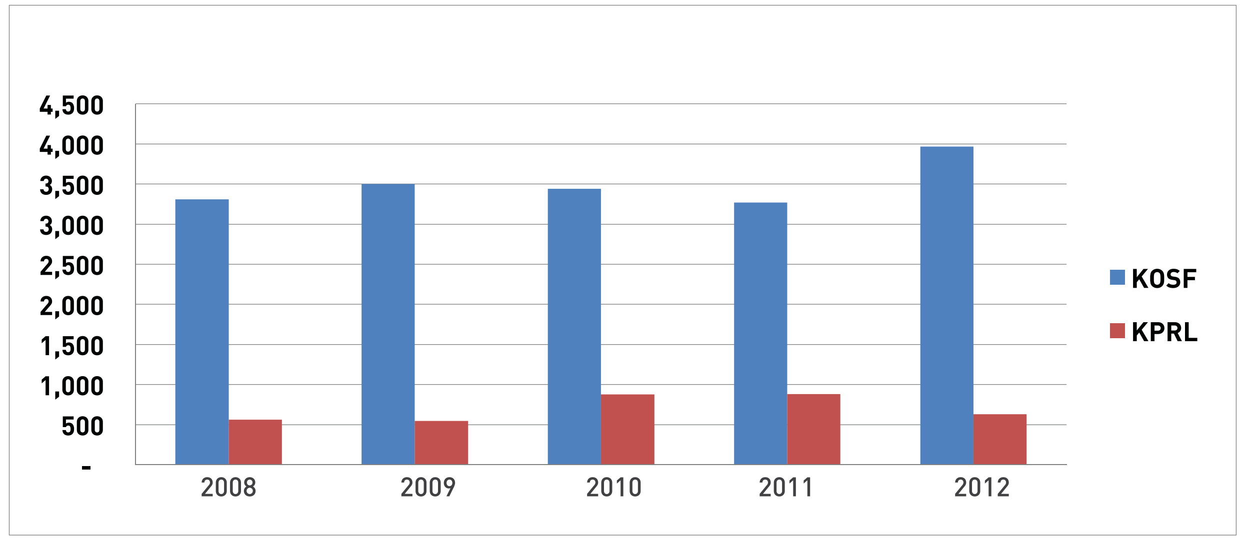
THROUGHPUT VOLUMES ('000M^3) BY PRODUCT

YEAR	AGO 000'M3	MSP 000'M3	JET 000'M3	KERO 000'M3	MSR 000'M3	TOTAL 000'M3
2008	1671	888	898	350	66	3873
2009	1818	933	909	328	59	4047
2010	1928	1033	919	366	72	4318
2011	1649	1136	970	336	59	4150
2012	1836	1310	1054	370	31	4601



THROUGHPUT PERFORMANCE ('000M^3) BY SOURCE

YEAR	KOSF 000'M3	KOSF %	KPRL 000'M3	KPRL %	TOTAL 000'M3
2008	3,309	85%	564	15%	3,873
2009	3,499	86%	548	14%	4,047
2010	3,442	80%	876	20%	4,318
2011	3,268	79%	882	21%	4,150
2012	3,969	86%	632	14%	4,601



Corporate Governance Statement

Kenya Pipeline Company Limited is committed to implementing good corporate governance principles and adheres to integrity, high ethical values and professionalism in all of its activities.

As at 30th June 2012, the Board was made up of ten (10) members comprising a non-executive Chairman, the Permanent Secretary Treasury, the Permanent Secretary Ministry of Energy, the Chief Executive Officer and six (6) independent directors with various professional backgrounds, vast experience and expertise. The Non-Executive Directors are independent of management. The Board has four committees that exercise delegated responsibilities, namely the Audit, Human Resources, Technical and Finance Committees.

The Board's skills mix and collective experience engenders healthy oversight over Management. The division of responsibilities between the Chairman and the Chief Executive is clearly established and adhered to.
The Board members are provided with necessary resources to undertake their duties. Appropriate training is available to all Directors on appointment and on an ongoing basis as required. The Terms of Reference for each of the Board Committees are available.

Board and Committee papers are supplied to members on time, in appropriate form and quality to facilitate effective deliberations. Directors have access to relevant information through the office of the Chief Executive and the Company Secretary.

Board Meetings are held in line with the annual calendar except when critical business necessitates ad hoc meetings. The following meetings were held during the year ending 30th June 2012:

Meeting	No. of Meetings	Membership	Average Attendance%
Full Board Meeting	10	10	86
Finance Committee	5	4	88
Human Resource Committee	8	4	90
Technical Committee	2	4	100
Audit Committee	6	5	83

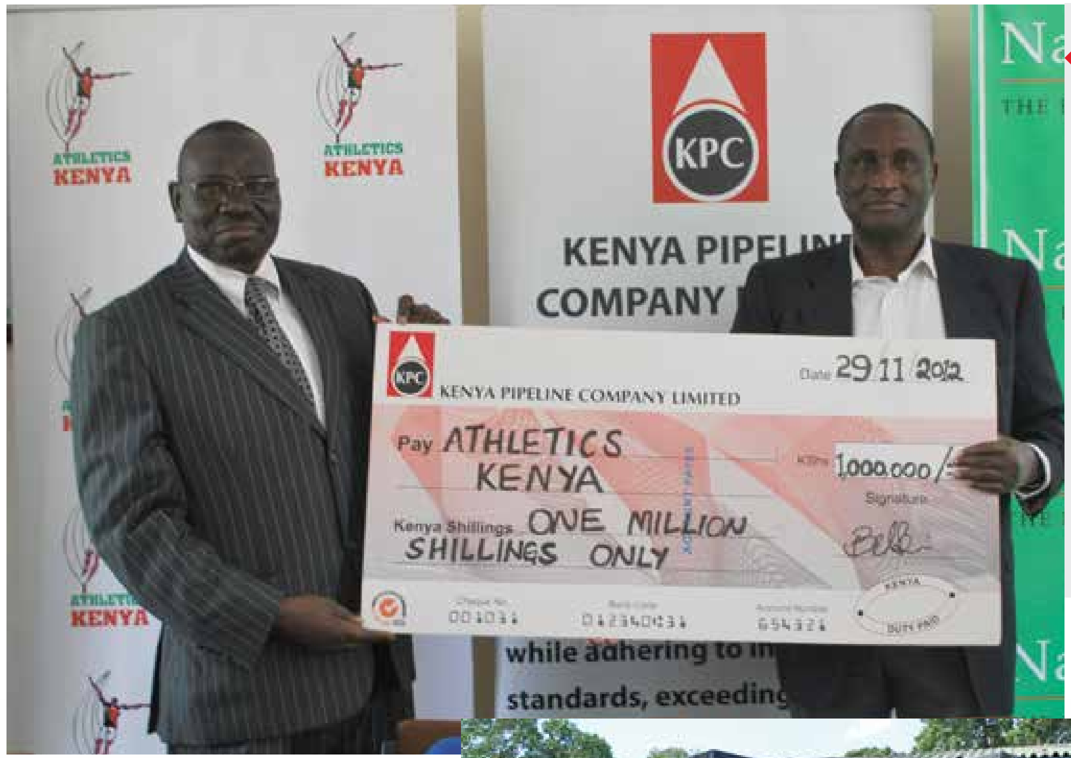
To the best of our knowledge, no situations of conflict of interest arose at the Board.

Flora Okoth
Company Secretary

Corporate Social Responsibility Activities

KPC is guided by its Corporate Social Responsibility policy which provides a formal process for charitable contributions. KPC endeavours to make a positive impact through its activities on the environment, surrounding communities, employees and stakeholders as well as the members of the public. It supports initiatives/projects that provide sustainable solutions to most pressing social challenges. The policy gives priority to communities living along the Right of Way (ROW) and supports projects in the following thematic areas namely:- Education, Health, Sports, Provision of Water, Environment and National Disasters.

During the 2011/12 financial year, KPC contributed to the following:-



ATHLETICS KENYA
KSHS. 1,000,000

KPC actively promotes sport both within the confines of the organization and beyond. It is with this spirit that we reward athletes that do well for Kenya internationally. The Chief Manager (F&S) Mr. Charles Tanui presents a cheque of Kshs 1,000,000 to Mr. Isaiah Kiplagat Chairman of Athletics Kenya to boost the Athletics Kenya Prize Kitty in support of athletes who had performed exemplarily in 2012.

MIRITINI PRIMARY SCHOOL
KSHS. 519,000

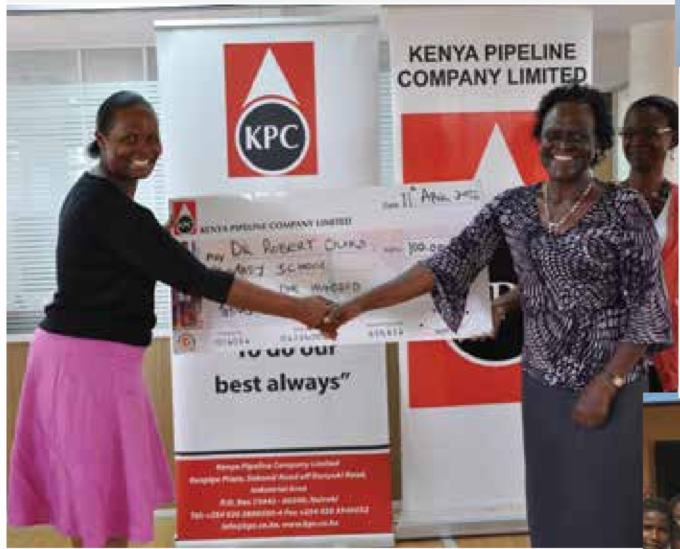
In Mombasa County, Miritini Primary School was the beneficiary of 5 desktop computers, printers and water tanks worth KShs. 519,000. The Chief Manager (HR&A) Mrs. Rose Ng'inja presents the equipment to Mr. Charo Kombo, Deputy Headmaster Miritini Primary School.

CATHOLIC UNIVERSITY OF EAST AFRICA-AMECEA GABA CAMPUS, ELDORET
KSHS. 1,000,000

The Managing Director Mr. Selest Kilinda presents a donation of Kshs. 1,000,000 to Rev. Pius Ssentumbwe, Exec. Dir. Catholic University of East Africa's AMECEA GABA Campus, Eldoret towards the construction of a library and student centre. The University which is located near the pipeline has always partnered with the company in several activities.

MARUNGU PRIMARY SCHOOL
KSHS. 519,000

Area Manager Coast Mr. Evans Nyang'aya presents laboratory equipment worth Kshs. 200,000 to Mr. Daniel Mwangi, Headmaster of Marungu Primary School - Voi.



DR. ROBERT OUKO PRIMARY SCHOOL
KSHS. 100,000

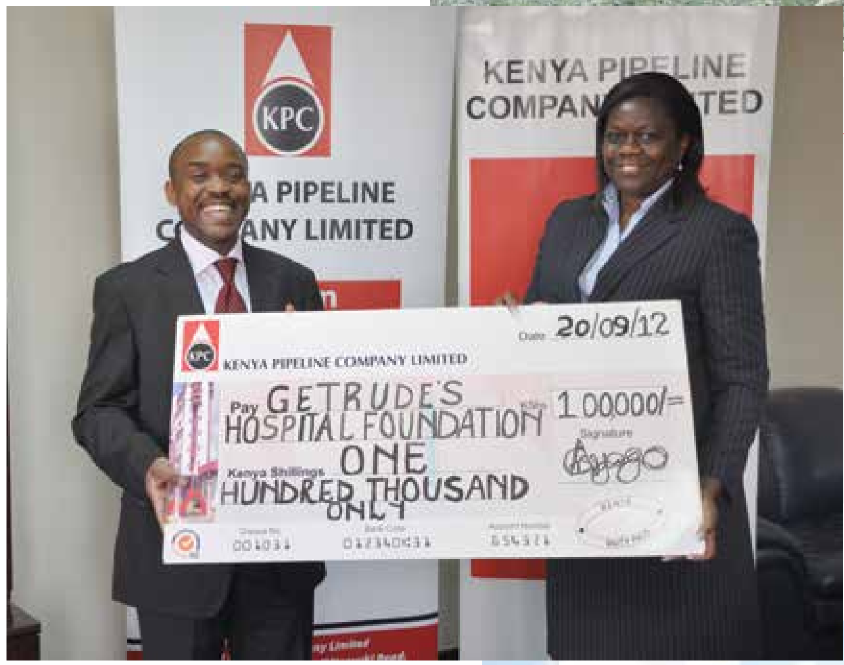
The Chief Corporate Communications Officer, Mrs. Jacinta Ochieng presents a donation of Kshs. 100,000 for books to Mrs. Christabel Ouko of the Dr. Robert Ouko Primary School, Kisumu.

VOI SECONDARY SCHOOL
KSHS.100,000

Area Manager Coast, Mr. Evans Nyang'aya presents a donation of Kshs. 100,000 to Mr. Emmanuel Wekesa Headmaster, Voi Secondary School and his Deputy for a much needed borehole.

MUKURU/KPC HIGH SCHOOL SPONSORSHIP PROGRAMME
KSHS. 701,209

In Nairobi County, 32 students under the Mukuru/KPC High School Sponsorship programme benefited from an injection of Kshs. 701,209 to assist in a shortfall in their last term fees for Form Four. This enabled them to sit for their KCSE in November 2012.



GERTRUDE'S CHILDREN'S FOUNDATION
KSHS. 100,000

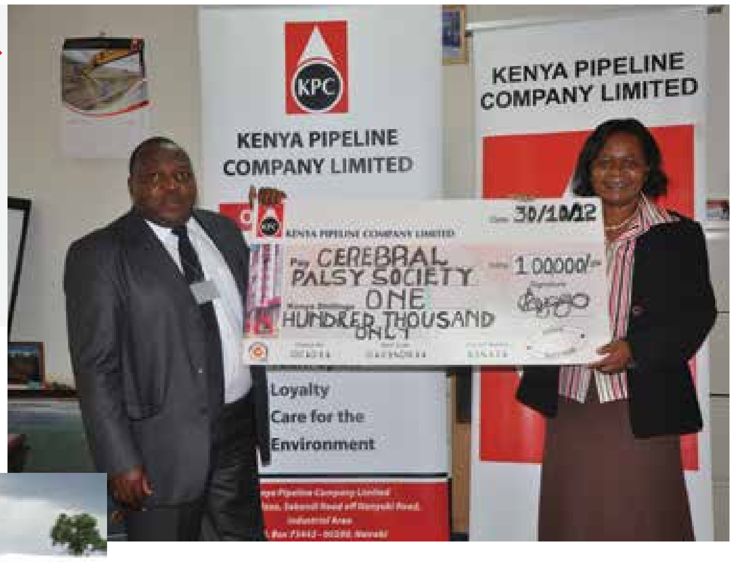
The Chief Manager (HR&A) Mrs. Rose Ng'inja presents Dr. Robert Nyarang'o of Gertrude's Children's Foundation with a Kshs. 100,000 donation. KPC recognizes the need to support health care for disadvantaged children suffering from endocrine diseases.

MASAKU SCHOOL FOR THE DISABLED

Two children from Masaku School for the Disabled in Machakos County were the beneficiaries of 2 wheelchairs donated by the company. The school was brought to KPC's attention by Mr. Joseph Macharia, a member of staff who had donated a wheelchair earlier that was now dilapidated. The company encourages initiatives taken by members of staff in identifying worthy causes.

CEREBRAL PALSY SOCIETY OF KENYA
KSHS. 100,000

Mrs Jardine Mwangeka of Cerebral Palsy Society of Kenya receives a donation of Kshs. 100,00 from Mr. John Kithete, Business Development Manager towards creating awareness on Cerebral Palsy.



ROHO KWA ROHO FOUNDATION
KSHS. 150,000

KPC donated Kshs. 150,000 towards the Roho Kwa Roho Corporate Challenge that assists in the education of children affected by Cerebral Palsy .

CANCER AWARENESS
KSHS. 25,000

Cancer has become one of the country's greatest scourges affecting men and women alike. Over the years, KPC has partnered with groups that seek to raise cancer awareness in society. Area Manager Coast Mr. Evans Nyang'aya accompanied by Mrs. Judy Gichane donated Kshs. 25,000 to Mrs. Jane Kahura of Coast Cancer Survivors.

DIABETES MANAGEMENT INFORMATION CENTRE
KSHS. 50,000

Diabetes is an illness that is growing in the community and its prevention and management is a national concern. Corporate Communications Officer Mr. Kasujaa Onyonyi hands over a Kshs. 50,000 donation to Ms. Muchemi from the Diabetes Management Information Centre.

Report of the Directors

The Directors present their report together with the audited financial statements for the year ended 30 June 2012.

ACTIVITIES

The principal activity of the company is transportation and storage of refined petroleum products.

RESULTS	**Kshs'000**
Profit before taxation	7,850,828
Tax charge	(2,237,381)
Profit for the year transferred to revenue reserve	5,613,447

DIVIDEND

The Directors recommend payment of dividend Kshs 380,000,000 (2011 – Kshs 300,000,000) in respect of the year.

DIRECTORS

The current Board of Directors is shown on page 3.

AUDITORS

The Auditor General, Kenya National Audit Office

BY ORDER OF THE BOARD

Flora Okoth
Company Secretary
Nairobi 2013

Statement Of Directors' Responsibilities

The Companies Act requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the operating results of the company for the year. It also requires the directors to ensure that the company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the company. They are also responsible for safeguarding the assets of the company.

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or errors, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Companies Act.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its operating results. 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 company will not remain a going concern for at least the next twelve months from the date of this statement.

....

Director **Director**

Product Transfer Pumps at PS 10 (Nairobi Terminal)

REPUBLIC OF KENYA

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Fax: +254-20-311482
E-mail: cag@kenyaweb.com

P.O. Box 30084-00100
NAIROBI

KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON KENYA PIPELINE COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE 2012

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Kenya Pipeline Company Limited set out on pages 6 to 29, which comprise the statement of financial position as at 30 June 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with Article 229 of the Constitution of Kenya and Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 13 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15(2) of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229(7) of the Constitution Kenya. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable

assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

1. Trade and Other Receivables

As similarly reported in 2010/2011, and disclosed under note 17 to the financial statements, the trade and other receivables balance of Kshs.6,474,012,000 recoverable within one year, includes an amount of Kshs.3.4 billion (2011-Kshs. 3.4 billion) due from an oil marketing company, and which amount has been subject of a court case. The case was determined in favour of the oil marketing company and an award of Kshs.1,864,494,783 and USD 37,909,879 granted in December 2009. However, the management on its part appealed against the judgement in the High Court. The court in January 2012 ruled in favour of the company and set aside the award and further ordered that the matter be referred back to the arbitrator's tribunal for re-consideration. However, each party has elected to file an appeal in the Court of Appeal, both of which are pending hearing and determination. Until the matter is fully concluded, the recoverability of the amount of Kshs.3.4 billion remains doubtful.

2. Liability to Financiers

(i) As previously reported, following irregular release of products to one of the oil marketing companies, six financiers represented by four international creditors and two local banks have since lodged claims for stock totalling to 122,217.57 metric tons, with an estimated value of Kshs.7,600,000,000. According to information available, two cases were arbitrated and finalized in the year 2010 and awards of Kshs.1,875,271,636 and Kshs.195,033,364 both totalling Kshs.2,070,305,000 made. Other records indicate that out of the above total of Kshs.2,070,305,000, a sum of Kshs.2,011,423, 642 was settled between July and November 2010.

(ii) Arising from the unresolved cases, and as reported in 2010/11, the Company has disclosed under Note 30, a contingent liability totalling Kshs.2,358,670,686 relating to pending law suits.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for the Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2012, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Companies Act, Cap. 486 of the Laws of Kenya.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Companies Act, I report based on my audit, that:

i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit;

ii. In my opinion, proper books of account have been kept by the Company, so far as appears from my examination of those books; and,

iii. The Company's statement of financial position and statement of comprehensive income are in agreement with the books of account.

Edward R.O. Ouko, CBS
AUDITOR-GENERAL

NAIROBI

6 March 2013

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH JUNE 2012

		2012	2011
	Note	Kshs'000	Kshs'000
Revenue	4	16,480,628	13,784,556
Direct Costs	5	(6,537,834)	(5,144,740)
Gross Profit		**9,942,794**	**8,639,816**
Other Income	6	293,050	271,512
Administration Expenses	7	(3,072,107)	(2,448,008)
Operating Profit		**7,163,737**	**6,463,320**
Net Finance Income	9	687,091	50,526
Profit Before Taxation		**7,850,828**	**6,513,846**
Taxation Charge	10	(2,237,381)	(1,991,889)
Net Profit After Taxation		**5,613,447**	**4,521,957**
Earnings Per Share (Ksh)	**11**	**309**	**249**

STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2012

ASSETS	Note	2012 Kshs'000	2011 Kshs'000
Non-Current Assets			
Property, Plant and Equipment	13	29,984,407	26,785,743
Prepaid Operating Lease Rentals	14	38,223	38,964
Intangible Assets	15	108,896	216,529
Investments	16	67,032	67,032
Trade and Other Receivables	17	155,475	192,938
		30,354,033	**27,301,206**
Current Assets			
Inventories	18	1,025,571	1,018,714
Trade and Other Receivables	17	6,474,012	6,760,025
Taxation Recoverable	19	46,719	-
Retirement Benefit Recoverable	24	152,200	95,200
Government Securities	20	100,000	100,000
Short Term Deposits	21(a)	3,567,070	4,327,685
Bank and Cash Balances	21(b)	3,977,012	2,426,372
		15,342,584	**14,727,996**
Non-Current Assets Classified As Held For Sale	22	35,361	45,058
		15,377,945	**14,773,054**
Total Assets		**45,731,978**	**42,074,260**
SHAREHOLDER'S FUNDS AND LIABILITIES			
Capital And Reserves			
Share Capital	23	363,466	363,466
Share Premium		512,289	512,289
Revenue Reserve		33,247,548	27,934,101
		34,123,303	**28,809,856**
Non-Current Liabilities			
Deferred Taxation	25	632,284	621,818
Long Term Loan	26(c)	6,450,541	8,847,938
		7,082,825	**9,469,756**
Current Liabilities			
Trade and Other Payables	26(a)	2,382,838	2,015,189
Tax Payable	19	-	646,355
Dividend Payable	26(b)	300,000	150,000
Current Loan	26(c)	1,843,012	983,104
		4,525,850	**3,794,648**
Total Shareholder's Funds And Liabilities		**45,731,978**	**42,074,260**

The financial statements on pages 25 to 46 were approved by the Board of Directors on 23rd April 2013 and signed on their behalf by:

.... **Director**

.... **Director**

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2012

	SHARE CAPITAL Kshs'000	SHARE PREMIUM Kshs'000	REVENUE RESERVE Kshs'000	TOTAL EQUITY Kshs'000
At 1st July 2010	**363,466**	**512,289**	**23,412,144**	**24,287,899**
Profit for the Year			4,521,957	4,521,957
2011 Dividends Payable				-
At 30th June 2011	**363,466**	**512,289**	**27,934,101**	**28,809,856**
At 1st July 2011	363,466	512,289	27,934,101	28,809,856
Prior year adjustment (Dividend Payable)			(300,000)	(300,000)
At 1st July 2011(Restated)	**363,466**	**512,289**	**27,634,101**	**28,509,856**
Profit for the Current Year (2012)			5,613,447	5,613,447
2012 Dividends Payable			-	-
At 30th June 2012	**363,466**	**512,289**	**33,247,548**	**34,123,303**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2012

	Note	2012 Kshs'000	2011 Kshs'000
OPERATING ACTIVITIES			
Cash Generated From Operations	27(a)	9,901,726	4,092,180
Corporation Taxes Paid	19	(2,919,989)	(2,160,555)
Net Cash Generated From Operating Activities		**6,981,737**	**1,931,625**
INVESTING ACTIVITIES			
Purchase Of Property, Plant and Equipment	13	(5,166,040)	(6,834,030)
Redemption/(Purchase) Of Government Securities –Net		-	(4,302)
Proceeds On Disposal Of Assets Held For Sale		9,100	12,813
Proceeds On Disposal Of Property, Plant and Equipment		27,293	3,300
Net Cash Flows Used In Investing Activities		**(5,129,647)**	**(6,822,219)**
FINANCING ACTIVITIES			
Dividends Paid		(150,000)	-
Dividends Received(Euro Bank)		3,000	-
Loans Received		-	7,360,276
Loans Repaid		(915,064)	-
Net Cash Flows Used In Financing Activities		**(1,062,064)**	**7,360,276**
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**790,026**	**2,469,682**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		**6,754,056**	**4,284,374**
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	27(b)	**7,544,082**	**6,754,056**

A Section of Nairobi Terminal Tank Farm

1. ACCOUNTING POLICIES

a) Statement of Compliance

The Financial statements are prepared in accordance with and comply with International Financial Reporting Standards.

b) Basis of Accounting

The company prepares its financial statements under the historical cost convention. The principal accounting policies adopted in the preparation of these financial statements are set out below:

i. Revenue Recognition

Revenue represents invoiced value of services rendered during the year in relation to transportation and storage of petroleum products, net of value added tax.

Local and export service fees are recognized based on deliveries made to customers on a monthly basis. The storage fee is recognized on an accrual basis once customer products are delivered to the company's storage facilities. Amounts become payable once sales invoices are raised and delivered to customers. Interest income is recognized as it accrues.

ii. Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on a straight line basis at annual rates estimated to write off carrying values of the assets over their expected useful lives. The annual depreciation rates used are:

Freehold Land	Nil
Buildings - Residential	3% or period of lease whichever is less
Buildings - Industrial	4% or period of lease whichever is less
Show Ground Pavilion, Wooden and Fences	20%
Pipeline and Tanks	4%
Pumps, Transformers and Switch-Gear	5%
Furniture, Fittings and Equipment	10%
Roads	20%
Helicopters	20%
Motor Vehicles	25%
Computers	33%

iii. Prepaid Operating Lease Rentals

Payments to acquire interests in leasehold land are treated as prepaid operating lease rentals. They are stated at historical cost and are amortized over the term of the related lease.

iv. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all risks and rewards of ownership to the company as the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are amortized on the straight line basis over the term of the relevant lease.

v. Impairment

At each balance sheet date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash generating unit to which the asset belongs.

1. ACCOUNTING POLICIES (continued)

b) Basis of Accounting (continued)

vi. Assets Held for Sale

Assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Assets (and disposal groups) classified as held for sale are measured at the lower of the assets previous carrying amount and fair value less costs to sell.

vii. Inventories

Inventories are valued at the lower of cost and net realizable value. Cost comprises expenditure incurred in the normal course of business, including direct material costs on a weighted average basis. Net realizable value is the price at which the stock can be realized in the normal course of business after allowing for the costs of the realization and, where appropriate, the cost of conversion from its existing state to a realizable condition. Provision is made for obsolete, slow moving and defective stocks as and when determined.

Fuel stocks belong to the shippers as per Transportation and Storage Agreement signed between company and the shippers. Fuel stocks are therefore not included in the financial statements.

viii. Intangible Assets

Expenditure on acquired computer software programs is capitalized and amortized on the straight-line basis over their expected useful lives, normally not exceeding three years.

ix. Retirement Benefit Obligation

Until 30 June 2006, the company operated a defined benefit contribution pension scheme for eligible employees. With effect from 1 July 2006, the scheme was closed to new members and a defined contribution pension scheme was established.

The assets of these schemes are held in separate trustee administered funds. The defined contribution scheme is funded by contributions from both the employees and employer.

For the defined contribution pension scheme, the cost of providing benefits is limited to the company contributions.

For the defined benefit pension scheme, the cost of providing benefits was determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial surpluses and deficits which exceed 10 per cent of the greater of the present value of the Company's pension obligations and the fair value of plan assets were amortized over the expected average remaining working lives of the participating employees. Past service cost was recognized immediately to the extent that the benefits are already vested, otherwise it was amortized on the straight-line basis over the average period until the amended benefits become vested.

The amounts recognized in the balance sheet represent the present value of the defined benefit obligations as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost, and reduced by the fair value of plan assets. The company's contributions in respect of retirement benefit costs are charged to the income statement in the year to which they relate.

The company also makes contributions to National Social Security Fund, a statutory defined contribution pension scheme. The company's obligations under the scheme are limited to specific contributions legislated from time to time and are currently limited to a maximum of KShs. 200 per month per employee.

1. ACCOUNTING POLICIES (continued)

b) Basis of Accounting (continued)

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

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

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the unused tax credits can be utilized.

xi. Dividends
Dividend income from investments is recognized when the shareholders' rights to receive payment have been established. Dividends payable are charged to equity in the period in which they are declared. Proposed dividends are not accrued for until ratified in an annual general meeting.

xii. Financial Instruments

Investments
Investments are initially measured at fair value, plus directly attributable transaction costs. At subsequent reporting dates, debt securities that the Company has the express intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortized cost using the effective interest rate method, less any impairment loss recognized to reflect irrecoverable amounts. An impairment loss is recognized in profit or loss when there is objective evidence that the asset is impaired.

Investments other than held-to-maturity debt securities are classified as either investments held for trading or as available-for-sale, and are measured at subsequent reporting dates at fair value. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in profit or loss for the period. For sale investments, gains and losses arising from changes in fair value are recognized directly to equity, until the available for-security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the profit or loss for the period.

Cash and Cash Equivalents
Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to any insignificant risk of changes in value.

Financial Liabilities and Equity
Financial liabilities and equity instruments issued by the company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

a. Borrowings
Interest-bearing loans and bank overdrafts are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized over the term of the borrowings in accordance with the company's accounting policy for borrowing costs.

1. ACCOUNTING POLICIES (continued)

b) Basis of Accounting (continued)

xii. Financial Instruments (continued)

b. Trade Payables
Trade payables are stated at their nominal value.

c. Equity Instruments
Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

xiii. Provision for Liabilities and Charges
Employees' entitlements to annual leave are recognized when they accrue to employees. Provision is made for the estimated liability in respect of annual leave on the Statement of Financial Position date.

xiv. Currency Translations
Assets and liabilities that are denominated in foreign currencies are translated into Kenya shillings at the rates of exchange ruling on the balance sheet date. Transactions during the year, which are expressed in foreign currencies, are translated at the rates ruling on the dates of the transactions. Gains and losses on exchange are dealt with in the Statement of Comprihensive Income.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Capital Risk Management
The company manages its capital to ensure that it is able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The company's overall strategy remains unchanged from 2009.

The capital structure of the company consists of cash and cash equivalents and equity attributed to equity holders comprising issued capital, share premium and revenue reserves.

Gearing ratio
The gearing ratio at the end of the year was as follows:

As of 30th June	2012 Kshs '000	2011 Kshs '000
Borrowings	(8,293,553)	(9,831,041)
Bank and cash balances	3,977,012	2,426,372
Net borrowings	**(4,316,541)**	**(7,404,669)**
Equity	34,423,303	28,809,856
Net Debt to Equity Ratio	**12.5%**	**25.7%**

Financial Risk Management Objectives
The company's Treasury function provides services to the business, co-ordinates access to domestic financial markets, monitors and manages the financial risks relating to the operations of the company.

These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis.

The company's Treasury Function, headed by the Chief Accountant - Finance and reporting to the Finance Manager, develops and monitors risks and policies implemented to mitigate risk exposures.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market Risk

The activities of the company expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. There has been no change to the company's exposure to market risks or the manner in which it manages and measures the risk.

Foreign Currency Risk Management

Exposure to exchange rate fluctuations arising from international trading commitments is minimized by utilizing foreign currency reserves to settle maturing obligations. Revenue is spread on a 50-50 basis in local and foreign currencies (USD). As at end of the year, the carrying amounts of the company's foreign currency denominated monetary assets and monetary liabilities are as follows:

	Liabilities		Assets	
	2012 Kshs'000	2011 Kshs'000	2012 Kshs'000	2011 Kshs'000
US Dollars	80,068	373,143	5,017,561	3,794,742
British Pound	10,027	2,039		-
HKD	198	211		-
Euro	2,044	18,653		-
ZAR	16	623		-

Foreign Currency Sensitivity Analysis

The main currency exposure that the company is exposed to relates to the fluctuation of the Kenya Shillings exchange rates with the US Dollar and Euro currencies.

The table below details the company's sensitivity to a 10% increase and decrease in the Kenya shilling against the relevant foreign currencies. The sensitivity analysis includes only the outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit and other equity where the Kenya shilling strengthens 10% against the relevant currency. For a weakening shilling against the relevant currency, there would be an equal opposite impact on the profit and other equity, and the balances below would be negative.

Foreign Currency Sensitivity

Analysis	USD		EURO		TOTAL	
	2012 Kshs '000	2011 Kshs '000	2012 Kshs '000	2011 Kshs '000	2012 Kshs '000	2011 Kshs '000
Profit or Loss (With 10% change)	493,749	342,160	204	1,865	493,953	344,025

The US Dollar impact is mainly attributed to the exposure on outstanding US Dollar receivables at year end while the Euro impact arises from the exposure on outstanding payables at the year end.

The sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest Risk Management

The company is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The risk is managed by the company by maintaining an appropriate mix between fixed and floating rate borrowings.

Interest Rate Sensitivity Analysis

The analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year.

If interest rates had been 0.5% higher/lower and all other variables were held constant, the company's profit before tax for the year ended 30th June 2012 would decrease/increase by Kshs 41 million (2011 – Kshs49 million). The valuated loan balance at year end was Kshs 8.3 billion.

Credit Risk Management

Credit risk refers to the risk of financial loss to the company arising from a default by counterparty on its contractual obligations. The company's policy requires that it deals only with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The company also uses other publicly available financial information and its own trading records to rate its major customers. The company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by debt control unit.

Trade receivables consist of major players in the petroleum oil industry. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee is requested.

The company is exposed to a significant credit risk by a single counterparty as disclosed in Note 17. The credit risk on liquid funds and derivative financial instruments is however limited because the counterparties are banks with high credit-ratings.

The company's maximum exposure to credit risk as at 30 June 2012 is analyzed in the table below:

	Fully Performing Kshs '000	Past due Kshs '000	Impaired Kshs '000	Gross Total Kshs '000
Trade Receivables	1,522,591	3,911,599	(210,565)	**5,223,625**
Other Receivables	1,498,019	118,408		**1,616,427**
	3,020,610	**4,030,007**	**(210,565)**	**6,840,052**

The company's maximum exposure to credit risk as at 30 June 2011 is analysed in the table below:

	Fully Performing Kshs '000	Past due Kshs '000	Impaired Kshs '000	Gross Total Kshs '000
Trade Receivables	1,680,769	3,613,779	181,145	**5,475,693**
Other Receivables	1,630,216	28,199		**1,658,415**
	3,310,985	**3,641,978**	**181,145**	**7,134,108**

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The default risk on the customers under the fully performing category is very low as they are active in paying their debts as they continue trading. The past due amounts have not been provided for because Management and the Board believe the amounts are recoverable.

Liquidity Risk Management

The company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in financing facilities section of this note, is a listing of additional un-drawn facilities that the company has at its disposal to further reduce liquidity risk.

	Within 12 Months Kshs '000	Over 12 Months Kshs '000	Total Kshs '000
At 30 June 2012:			
Due to Related Parties	154,819	81,766	**236,585**
Trade Payables	1,044,885		**1,044,885**
Other Payables and Accruals	1,101,368		**1,101,368**
	2,301,072	**81,766**	**2,382,838**
At 30 June 2011:			
Due to Related Parties	102,049	81,766	**183,815**
Trade Payables	623,093		**623,093**
Other Payables and Accruals	1,217,240	-	**1,217,240**
	1,942,382	**81,766**	**2,024,148**

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In the process of applying the company's accounting policies, management has made estimates and assumptions that affect the reported amounts of assets and liabilities within current and future financial years. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The critical areas of accounting estimates and judgments in relation to the preparation of these financial statements are as set out below:

Impairment of Assets

At each Statement of Financial Position 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 recognized in the income statement whenever the carrying amount of the asset exceeds its recoverable amount.

Impairment Losses on Trade and Other Receivables

The company reviews its trade and other receivables to assess impairment regularly. In determining whether an impairment loss should be recorded in the income statement, the company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from the receivables, before a decrease can be identified. This evidence may include observable data indicating that there has been an adverse change in the payment status of customers or local economic conditions that correlate with defaults on assets in the company. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

4. REVENUE

	2012 Kshs'000	2011 Kshs,000
Local Service Fees	6,181,229	5,971,253
Export Service Fees	8,997,786	6,897,751
Kipevu Oil Storage Facility Fees	1,123,540	915,552
Penalties On Overstayed Product	178,073	-
	16,480,628	**13,784,556**

5. DIRECT COSTS

	2012 Kshs'000	2011 Kshs,000
Pipeline Maintenance Staff Costs	1,612,682	1,516,316
Depreciation (Note 13)	1,965,844	1,363,994
Pipeline Maintenance Costs	765,239	681,895
Electricity and Fuel	1,826,270	1,287,763
Insurance	236,925	193,680
Other Maintenance Costs	22,500	76,529
Amortization of Prepaid Lease Rentals (Note 14)	741	741
Amortization Of Intangible Assets(Note 15)	107,633	23,822
	6,537,834	**5,144,740**

6. OTHER INCOME

	2012 Kshs'000	2011 Kshs,000
Helicopter Income	3,509	7,231
Rent Income	71,335	66,087
Gain on Disposal of Property, Plant and Equipment and Leasehold Land	28,163	36,917
Hydrant Income	55,585	41,981
Income From Communication Equipment	2,283	3,483
Retirement Benefit Scheme Actuarial Surplus/(Deficit)	-	27,100
Miscellaneous Income:	132,175	88,713
	293,050	**271,512**

7. ADMINISTRATION EXPENSES

	2012 Kshs'000	2011 Kshs,000
Administrative Staff Costs	2,285,082	1,990,327
Other Office and General Expenses	304,208	165,257
Travelling and Entertainment	18,256	13,252
Advertising and Printing Expenses	90,671	41,607
Rent and Rates	3,648	10,086
Consultancy Fees	80,837	623
Telephone and Postage	19,080	20,717
Legal and Professional Expenses	98,657	85,573
Court Awards	26,608	-
Motor Vehicle Expenses	101,679	83,500
Buildings Repairs and Maintenance	1,300	3,217
Bank Charges	5,112	8,592
Penalties and Interest on Taxes	-	-
Auditors Remuneration	6,703	4,179
Directors: Directors Fees & Sitting allowances	10,451	9,614
Other Emoluments (including MD)	11,415	11,464
Performance Incentive	8,400	-
	3,072,107	**2,448,008**

8. STAFF COSTS

	2012 Kshs'000	2011 Kshs'000
Salaries and Wages	3,248,586	2,986,708
Group Life and Medical Cover	256,307	220,783
Pension-Company Contribution	218,297	201,420
Staff Welfare	120,474	55,337
Training	45,848	32,483
Recruitment Costs	506	2,209
NSSF-Company Contribution	4,165	4,048
Staff Uniforms	3,581	3,655
	3,897,764	**3,506,643**
Split As Follows:		
Direct Staff Costs (Note 5)	1,612,682	1,516,316
Administrative Staff Cost (Note 7)	2,285,082	1,990,327
	3,897,764	**3,506,643**

9. NET FINANCE INCOME

	2012 Kshs'000	2011 Kshs'000
Interest Income On Deposits	388,785	117,867
Foreign Exchange Gains/(Losses)	516,012	(67,337)
	904,797	**50,530**
Less Interest Expense:		
Loan Interest	(214,736)	-
Interest On Bank Overdraft	(2,970)	(4)
	(217,706)	**(4)**
	687,091	**50,526**

10. TAXATION

	2012 Kshs'000	2011 Kshs'000
a) Tax Charge		
Current Taxation Based On Taxable (Note 19)	2,226,914	2,149,175
Profit For The Year at 30%		
Deferred Tax Charge (Note 25)	10,467	(122,733)
Prior Year Adjustment	-	(34,553)
	2,237,381	**1,991,889**
b) Reconciliation of Expected Tax Based on		
Accounting Profit to Tax		
Accounting Profit Before Tax	7,850,829	6,513,846
Tax at the Applicable Rate of 30%	2,355,249	1,954,154
Tax Effect of Expenses Not Deductible for Tax Purposes	136,920	90,124
Income Not Subject to Tax	(209)	(17,836)
Prior Year Adjustments	(254,578)	(34,553)
	2,237,381	**1,991,889**

11. EARNINGS PER SHARE – BASIC AND DILUTED

	2012 Kshs'000	2011 Kshs'000
Net Profit After Taxation	5,613,447	4,521,957
Number Of Ordinary Shares In Issue	18,173	18,173
Earnings Per Share - Ksh	**309**	**249**

Notes To The Financial Statements (Continued)

Earnings per Share are calculated based on the profit attributable to shareholders divided by the number of ordinary shares in issue.

Diluted Earnings per Share is the same as the Basic Earnings Per Share as there were no potentially dilutive instruments outstanding at statement of financial position date

12. DIVIDENDS PER SHARE

Proposed dividends are not accounted for until they have been ratified at the Annual General Meeting. A dividend of Kshs 380 Million is to be proposed in respect of 2012 (2011 – Kshs 300 Million).

13. PROPERTY, PLANT AND EQUIPMENT

COST	**Freehold Property Kshs**	**Buildings and Roads Kshs**	**Pipeline Pumps & Tanks Kshs**	**Equipment Furniture & Fittings Kshs**	**Helicopters Kshs**	**Motor Vehicles & Tractors Kshs**	**Capital Work-in-Progress Kshs**	**Total Kshs**
At 1st July 2010	30,162	9,327,073	16,069,562	6,269,941	147,586	517,895	4,998,376	**37,360,595**
Additions			20,403	138,736		176,716	6,498,175	**6,834,029**
Disposals/ Adjustments						(4,068)		**(4,068)**
Transfers from WIP		23,609	88,564	649,065			(761,238)	-
Transfers from WIP to software (Note 15)							(216,777)	**(216,777)**
Transfers from WIP to Helicopter maintenance cost							(45,728)	**(45,728)**
Revaluation error				(113)				**(113)**
At 30th June 2011	**30,162**	**9,350,682**	**16,178,529**	**7,057,629**	**147,586**	**690,543**	**10,472,808**	**43,927,938**
COST								
At 1st July 2011	**30,162**	**9,350,682**	**16,178,529**	**7,057,629**	**147,586**	**690,543**	**10,472,808**	**43,927,938**
Additions	-	-	65,658	84,624	-	93,682	4,922,075	**5,166,040**
Transfers from WIP		297,661	11,849,706	1,984,537			(14,131,904)	-
Disposals						(100,904)		**(100,904)**
At 30th June 2012	**30,162**	**9,648,343**	**28,093,893**	**9,126,790**	**147,586**	**683,321**	**1,262,979**	**48,993,074**
DEPRECIATION								
At 1st July 2010	**-**	**3,378,910**	**7,433,488**	**4,387,528**	**147,586**	**433,696**	**-**	**15,781,208**
Charge for the year		341,183	621,767	353,935		47,109		**1,363,994**
Eliminated on disposal						(3,051)		**(3,051)**
At 30th June 2011	**-**	**3,720,093**	**8,055,255**	**4,741,463**	**147,586**	**477,754**	**-**	**17,142,151**
DEPRECIATION								
Restated: overcharge on Industrial Buildings		44						**44**
At 1st July 2011	**-**	**3,720,137**	**8,055,255**	**4,741,463**	**147,586**	**477,754**	**-**	**17,142,195**
Charge for the period	-	351,331	1,001,900	532,783	-	79,830	-	**1,965,844**
Eliminated on Disposal	-	-	-	-	-	(99,372)	-	**(99,372)**
At 30TH JUNE 2012	**-**	**4,071,468**	**9,057,155**	**5,274,246**	**147,586**	**458,212**	**-**	**19,008,667**
NET BOOK VALUE								
At 30TH JUNE 2012	**30,162**	**5,576,875**	**19,036,738**	**3,852,544**	**-**	**225,110**	**1,262,979**	**29,984,407**
At 30TH JUNE 2011	**30,162**	**5,630,545**	**8,123,274**	**2,316,166**	**-**	**212,790**	**10,472,808**	**26,785,743**

Work in Progress relates to on-going capital projects. Assets with a cost of Kshs' 6,370,033,099(2011-Kshs' 5,920,634,791) which are still in use are fully depreciated. Kshs 756,663,919 (2011-Kshs 703,282,174) would have been charged to income statement in respect of these assets as depreciation. These assets were re-valued in the Financial Year 2012/2013.

14. PREPAID LEASEHOLD LAND

	2012 Kshs'000	2011 Kshs'000
COST		
Beginning of the year	351,817	351,817
Provision for loss of leasehold land	(291,671)	(291,671)
Adjusted cost at beginning of the year	**60,146**	**60,146**
AMORTIZATION		
Beginning of the year	(21,182)	(20,441)
Charge for the period	(741)	(741)
At the end of the year	(21,923)	(21,182)
NET BOOK VALUE	**38,223**	**38,964**

Payments to acquire leasehold interests in land are treated as prepaid lease rentals and amortized over the term of the lease. The provision for loss of leasehold land relates to land which is still gazetted as forest land and thus cannot be utilised or accessed by the company.

15. INTANGIBLE ASSETS

	2012 Kshs'000	2011 Kshs'000
COST		
At the Beginning of the Year	360,368	139,290
Additions : From WIP	-	216,776
Direct Purchase	-	4,302
At the End of the Year	**360,368**	**360,368**
AMORTIZATION		
At The Beginning Of The Year	(143,839)	(120,017)
Charge For The Period	(107,633)	(23,822)
At The End Of The Year	**(251,472)**	**(143,839)**
NET BOOK VALUE 30TH JUNE 2012	**108,896**	**216,529**

Intangible assets comprise cost of purchased computer software. Computer software costs are amortised over 3 years.

16. INVESTMENTS

	2012 Kshs'000	2011 Kshs'000
Petroleum Institute of East Africa	2	2
Consolidated Bank of Kenya Limited	67,030	67,030
	67,032	**67,032**

Details of the investment in Consolidated Bank of Kenya Limited are shown below:

746,500 Ordinary Shares of Kshs20 each	14,930	14,930
2,605,000 4% Non-Cumulative Irredeemable Non-Convertible Preference Shares of Ksh 20 each	52,100	52,100
	67,030	67,030

The investment in the Petroleum Institute of East Africa comprises one class "A" Redeemable Preference share of KShs 2,000. The investment is stated at cost. Investments in Consolidated Bank of Kenya Limited are stated at cost.

Notes To The Financial Statements (Continued)

17. TRADE AND OTHER RECEIVABLES

	2012 Kshs'000	2011 Kshs'000
Trade Receivables	5,652,079	5,475,693
Staff Loans and Advances	231,149	267,856
VAT Recoverable		260,416
Prepaid Construction Costs	106,656	106,656
Prepaid Expenses	8,338	361,670
Refundable Deposits	9,185	9,185
Other Debtors	832,645	652,632
	6,840,052	**7,134,108**
Provision for Bad and Doubtful Debts	(210,565)	(181,145)
	6,629,487	**6,952,963**
Recoverable as Follows:		
Within one Year	6,474,012	6,760,025
After One Year (Staff Loans)	155,475	192,938
	6,629,487	**6,952,963**

The amounts recoverable after one year relate to staff loans and advances. The interest rate on the staff loans and advances is as per prescribed basis of Fringe Benefits tax as given by Kenya Revenue Authority every quarter. Included in trade receivables is KShs 3.4billion (2011-KShs 3.4 billion) due from an Oil Marketing Company that is in dispute. No impairment loss has been recognized in respect of this amount as management has opted to wait for the final outcome of an appeal.

18. INVENTORIES

	2012 Kshs'000	2011 Kshs'000
Spare Parts and Consumables	1,191,947	1,185,089
Provision For Obsolete Stocks	(166,376)	(166,375)
	1,025,571	**1,018,714**

19. TAXATION PAYABLE/ (RECOVERABLE)

	2012	2011
At Beginning Of The Period	646,356	657,736
Charge For The Period (Note 10)	2,237,381	2,149,175
Paid In The Year:		
Installment Tax Payments	(2,868,913)	(2,152,856)
Withholding Tax On Interest Income	(51,076)	(7,700)
Deferred Tax Credit	(10,467)	
At End of the Period	**(46,719)**	**646,355**

20. GOVERNMENT SECURITIES

	2012	2011
Treasury Bonds Held to Maturity	100,000	100,000
	100,000	**100,000**

The Treasury Bond matures in 2014. The interest rate on Treasury bond is 9.75% p.a.

21. CASH AND SHORT TERM DEPOSITS

a) SHORT TERM DEPOSITS	2012 Kshs'000	2011 Kshs'000
Bank Guarantees	159,437	159,437
Fixed Deposits	3,407,633	4,168,248
	3,567,070	**4,327,685**

b) CASH BOOK BALANCES		
Barclays Bank of Kenya	2,673	2,679
Commercial Bank of Africa (KES)	107,414	33,575
Commercial Bank of Africa (USD)	2,112,501	888,711
CFC Stanbic (KES)	242,034	139,319
CFC Stanbic (USD)	1,206,771	1,169,795
Citi Bank (KES)	51,241	11,420
Citi Bank (USD)	195,618	134,720
Coop-Bank	23,967	30,824
Equity Bank	31,125	12,487
Kenya Commercial Bank	378	382
Petty Cash	3,290	2,460
	3,977,012	**2,426,372**

22. ASSETS HELD FOR SALE

In 2007, the directors resolved to dispose of some of the company's property and the leasehold land on which the properties stand. Negotiations with several interested parties took place and thus the properties were classified as held for sale. The proceeds of disposal are expected to exceed the net carrying amount of the property and, accordingly no impairment loss has been recognized on the classification of this property as held for sale.

The assets held for sale comprise:

	2012 Kshs'000	2011 Kshs'000
COST		
At The Beginning Of The Year	71,431	71,431
Prior Year Adjustment	13,474	13,474
Eliminated on Disposal	(39,847)	(39,847)
	45,058	**45,058**
DEPRECIATION		
At The Beginning Of The Year	25,284	25,284
Eliminated On Disposal	(25,284)	(25,284)
Eliminated On Disposal – current year	(9,697)	-
NET BOOK VALUE		
At 30th June	**35,361**	**45,058**

23. SHARE CAPITAL

	2012 Kshs'000	2011 Kshs'000
Authorized:		
19,369,580 Ordinary Shares of Ksh 20 each	387,392	387,392
Issued and Fully Paid:		
18,173,300 Ordinary Shares of Ksh 20 each	**363,466**	**363,466**

24. RETIREMENT BENEFIT OBLIGATIONS

Defined Benefit Scheme (Closed):
The company's contribution to the scheme during the year amounted to Kshs 57,000,000 (2011-Kshs 201,420,164). The most recent actuarial valuation of the scheme's assets and the present value of the defined benefits obligation were carried out in October 2012 by the scheme's Actuaries, Alexander Forbes Financial Services (E.A) Limited. The principal assumptions used for the purpose of the actuarial valuation were as follows:

Discount Rate	12.5%
Expected Rate of Return on Plan Assets	10%
Expected Annual Rate of Salary Increase	5%

The status of the scheme was determined to be as follows:

	2012 Kshs'000	2011 Kshs'000
Present Value Of Funded Defined Benefit Obligations	4,671,434	5,030,109
Fair Value Of Plan Assets*	5,320,107	(5,333,978)
Actuarial Deficit/ (Surplus)	**(648,673)**	**(303,869)**

*In 2011, Scheme assets were stated at 85% of their market value. Compliance with IAS 19 requires them to be stated at their market value, hence the restatement. The surplus has not been recognized in the Statement of Comprehensive Income as it is not deemed to have a realizable benefit to the sponsor i.e. KPC.

In the interest of prudence, the amount included in the Statement of Financial Position as at 30th June 2012 has been determined as follows:

	2012 Kshs'000	2011 Kshs'000
Balance at the Beginning of the year	(95,200)	178,900
Payments in the Year	(57,000)	(247,000)
Actuarial Deficit /(Surplus) (Note 6)	-	(27,100)
Balance at the End of the Year	**(152,200)**	**(95,200)**

Defined Contribution Scheme:
Contributions to the Kenya Pipeline Company Staff Retirement Benefits Scheme are at 6% and 12% from employee and employer respectively. The company's liability is limited to any unpaid contributions.

25. DEFERRED TAX

	2012 Kshs'000	2011 Kshs'000
The Net Deferred Tax Liability is attributable to the following items:		
Accelerated Capital Allowance on Property, Plant and Equipment	827,809	719,181
Deferred Tax Asset		
General Inventory Provisions	(49,913)	(49,912)
Provision for Legal Expenses	(11,041)	-
Leave Pay Provision	(34,731)	(27,384)
General Bad Debts Provision	(4,847)	(4,847)
Unrealized Exchange Losses - Trading	(278,779)	(506,780)
Unrealized Exchange Gains	183,786	491,560
	(195,525)	**(97,363)**
	632,284	**621,818**
The Movement in Deferred Tax was as follows:		
At the Beginning of the Year	621,817	779,104
Prior Year Over / (Under) Provision	-	(34,553)
Restated at the Beginning of the Year	**621,817**	**744,551**
Statement of Comprehensive Income Debit (Note 10(a))	10,467	(122,733)
At End of the Year	**632,284**	**621,818**

26. PAYABLES AND LOANS

	2012 Kshs'000	2011 Kshs'000
a) TRADE AND OTHER PAYABLES		
Trade Payables	1,281,470	614,134
Other Payables	898,816	1,217,240
Catering, Training & Tourism Development Levy	52	74
Leave Pay Provision	115,770	91,283
Withholding Tax Payable	4,964	10,692
Ministry of Energy-LPG Project	80,000	80,000
Ministry of Finance	1,766	1,766
	2,382,838	**2,015,1889**
b) DIVIDEND PAYABLE		
Dividend Payable	300,000	150,000
	300,000	**150,000**
c) LOANS		
CFC Stanbic Bank Syndicated loan -CEP Line 4	8,057,356	8,972,420
Loss /(Gain)on Valuation on 30th June. { 2012 (Ex.R 84.2333); 2011(Ex.R 89.8639)}	236,197	858,622
Loan Balance At Year End	**8,293,553**	**9,831,042**
Analyzed As:		
Long Term	6,450,541	8,847,938
Short Term	1,843,012	983,104
Loan Balance At Year End	**8,293,553**	**9,831,042**

26. PAYABLES AND LOANS (continued)

c) LOANS (continued)

The loan amount represents the loan drawn down from a credit facility of USD 109,399,240 obtained from a consortium of banks with CFC Stanbic Bank as the Facility Agent, to finance the Line 4 Capacity Enhancement Project. The loan is repayable in 20 quarterly instalments starting from March 2012, and is secured by receivables from the top five oil marketing companies.

27. NOTES TO THE CASH FLOW STATEMENT

Reconciliation of Operating Profit to Cash Generated from Operations

	2012 Kshs'000	2011 Kshs'000
Profit Before Tax	7,850,828	6,513,846
Adjustments For:		
Depreciation	1,965,844	1,363,994
Amortization Of Prepaid Leasehold Land	741	741
Amortization Of Intangible Assets	107,633	23,822
Unrealized Foreign Exchange (Gain)/Loss	-	-
Gain On Asset Disposal	(28,163)	(36,917)
Property Plant and Equipment Write-Off (Note 13)	-	45,728
Understated Depreciation Charge Prior Year	-	36,386
Un-Posted Depreciation Charge On Assets Held For Sale(Prior Year)	-	25,284
Operating Profit Before Working Capital Changes	**9,896,883**	**7,972,884**
(Increase)/Decrease In Inventories	(6,858)	(106,741)
(Increase)/Decrease In Trade &Other Receivables	323,476	(1,635,397)
Increase/(Decrease) In Trade and Other Payables	(254,775)	(1,864,466)
Increase/(Decrease) In Retirement Benefit Obligations	(57,000)	(274,100)
Cash Generated From Operations	**9,901,726**	**4,092,180**
a) Analysis Of Cash And Cash Equivalents		
Short Term Deposits (Note 21)	3,567,070	4,327,685
Cash at Bank and in Hand	3,977,012	2,426,372
	7,544,082	**6,754,057**

28. RELATED PARTIES

	2012 Kshs'000	2011 Kshs'000
a.Key Management Salaries and Benefits	277,712	210,122
b.Directors' Remuneration		
-Fees for Services	5,460	9,614
-Other Emoluments	24,806	2,215
	30,266	**11,829**
c. Value of Services Provided to National Oil Corporation (K) Ltd	1,109,566	1,183,502
d. Value of Services Received from KPLC Ltd)	1,821,651	1,284,138
e. Value of Services Received from Ministry of Energy	324,000	324,000
f. Due to Related Parties:		
- Ministry of Energy-LPG Project	80,000	80,000
- Kenya Power & Lighting Co. Ltd	178,515	154,808
- Ministry of Finance	1,766	1,766
- Ministry of Energy	27,000	27,000
	287,281	**263,574**

29. FUTURE RENTAL COMMITMENTS UNDER OPERATING LEASES

	2012 KShs'000	2011 KShs'000
a. The Company as a lessor:		
Within One Year	71,335	66,087
Between Two and Five Years	285,341	264,348
	356,676	**330,435**

The lease rental income earned during the year in respect of company property rental amounted to KShs 71,335,220(2011 - KShs66, 888,061)

	2012	2011
b. The company as a lessee:		
Within One Year	76	56
Between Two and Five Years	302	225
	378	**281**

There was no rental expense incurred during the year (2011-Nil)

30. CONTINGENT LIABILITIES

	2012 KShs'000	2011 KShs'000
Products Held on Behalf of Shippers (Note 31)	23,356,422	26,010,158
Pending Law Suits	2,358,671	2,569,301
Guarantees and Letters of Credit	1,038,954	1,134,778
	26,754,047	**29,714,237**

Pending lawsuits relate to civil suits lodged against the company by various parties.

31. FUEL STOCKS

Fuel stocks belong to the Oil Marketing Companies (OMCs) as per Transportation and Storage Agreement signed between the Kenya Pipeline Company Limited and the OMCs. Fuel stocks are therefore not included in the financial statements. As at 30 June 2012, the company held third party fuel stocks amounting to 331,790.78M3 (2011 – 353,076.05M3) worth KShs 23,356,421,974 (2011- KShs26, 010,157,599)

32. CAPITAL COMMITMENTS

	2012 KShs'000	2011 KShs'000
Authorized and Contracted For	1,181,382	3,288,532
Authorized but Not Contracted For	1,355,014	120,827

The above amounts in respect of capital expenditure are included in the approved budget for the year.

33. INCORPORATION

The company is domiciled and incorporated in Kenya under the Companies Act (Cap 486).

34. CURRENCY

Financial statements are presented in Kenya Shillings (KShs'000)

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH JUNE

	2012 Kshs '000	2011 Kshs '000	2010 Kshs '000	2009 Kshs '000	2008 Kshs '000
Revenue	16,480,628	13,784,557	12,925,838	10,036,175	8,255,544
Direct Costs	(6,548,123)	(5,144,740)	(5,115,235)	(4,536,920)	(3,887,860)
Gross Profit	**9,932,504**	**8,639,817**	**7,810,603**	**5,499,254**	**4,367,684**
Other Income	293,050	244,412	289,783	302,165	152,648
Administration Expenses	(3,061,817)	(2,448,009)	(4,380,299)	(2,295,223)	(2,005,165)
Pension Deficit(Provision)/Add-Back	-	27,100	288,500	(59,845)	(74,900)
Operating Profit	7,163,738	6,463,320	4,008,587	3,446,351	2,440,267
Net Finance Income	687,091	50,526	640,878	405,935	162,873
Profit Before Taxation	**7,850,829**	**6,513,846**	**4,649,465**	**3,852,286**	**2,603,140**
Taxation Charge	(2,237,381)	(1,991,889)	(1,862,777)	(1,460,067)	(892,990)
Net Profit After Taxation	**5,613,447**	**4,521,957**	**2,786,688**	**2,392,219**	**1,710,150**
Earnings Per share	**308.89**	**248.83**	**153.34**	**131.63**	**94.00**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE

	2012 Kshs '000	2011 Kshs '000	2010 Kshs '000	2009 Kshs '000	2008 Kshs '000
Net Cash Generated From Operating Activities	6,981,736	1,931,625	6,762,413	2,178,616	1,556,712
Net Cash from/(to) Investing Activities	(5,129,648)	(6,822,219)	(4,665,427)	(3,520,837)	(1,338,216)
Net Cash from/(to) Financing Activities	(1,062,064)	7,360,277	1,462,143	-	(150,000)
Net Increase/Decrease in Cash and Cash Equivalents	790,024	2,469,683	3,559,129	(1,342,221)	68,496

STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE

	2012 Kshs '000	2011 Kshs '000	2010 Kshs '000	2009 Kshs '000	2008 Kshs '000
ASSETS					
Non Current Assets					
Property, Plant and Equipment	29,984,407	26,785,743	21,617,989	18,339,756	15,783,198
Prepaid Operating Lease Rentals	38,223	38,964	39,707	40,447	41,187
Intangible Assets	108,896	216,529	19,272	-	8,117
Investments	67,032	67,032	67,032	4	4
Trade and Other Receivables	155,475	192,938	272,261	225,769	244,897
	30,354,033	**27,301,206**	**22,016,261**	**18,605,976**	**16,077,403**
Current Assets					
Inventories	1,025,571	1,018,713	911,972	875,227	934,002
Trade and Other Receivables	6,474,012	6,760,025	5,045,305	2,985,383	2,002,542
Taxation Recoverable	46,719	-	-	-	-
Retirement Benefit Recoverable	152,200	95,200	-	-	127,088
Government Securities	100,000	100,000	100,000	103,597	125,572
Short Term Deposits	3,567,069	4,327,685	1,676,334	483,596	378,156
Bank and Cash Balances	3,977,012	2,426,372	2,608,040	241,649	1,689,310
	15,342,584	**14,727,995**	**10,341,651**	**4,689,452**	**5,256,670**
Non Current Assets Classified as Held for Sale	35,361	45,058	46,147	46,147	94,433
	15,377,945	**14,773,053**	**10,387,798**	**4,735,599**	**5,351,103**
TOTAL ASSETS	**45,731,978**	**42,074,260**	**32,404,059**	**23,341,575**	**21,428,506**
SHAREHOLDER'S FUNDS AND LIABILITIES					
Capital and Reserves					
Share Capital	363,466	363,466	363,466	363,466	363,466
Share Premium	512,289	512,289	512,289	512,289	512,289
Revenue Reserve	33,247,548	27,934,101	23,412,143	20,775,458	18,533,241
	34,123,303	**28,809,856**	**24,287,898**	**21,651,213**	**19,408,996**
Non Current Liabilities					
Retirement Benefit Obligation	-	-	178,900	695,400	365,300
Deferred Taxation	632,284	621,817	779,104	842,648	473,728
Long Term Loan	6,450,541	8,847,938	1,612,143	-	-
	7,082,825	**9,469,755**	**2,570,147**	**1,538,048**	**839,028**
Current Liabilities					
Trade and Other Payables	2,382,838	2,015,189	4,738,278	140,306	1,180,482
Tax Payable	-	646,356	657,736	12,008	-
Dividend Payable	300,000	150,000	150,000	-	-
Current Loan Portion	1,843,012	983,104	-	-	-
	4,525,850	**3,794,649**	**5,546,014**	**152,314**	**1,180,482**
TOTAL SHAREHOLDERS FUNDS AND LIABILITIES	**45,731,978**	**42,074,260**	**32,404,059**	**23,341,575**	**21,428,506**