

22nd August 2013

Chief Executive Officer
Nairobi Securities Exchange
Nation Centre
Kimathi Street
Nairobi

Attention: Mr Peter Mwangi

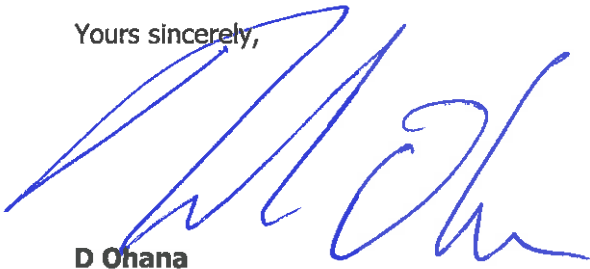
Dear Sir

KenolKobil Ltd – 2013 June six months results

Please find attached the un-audited results for KenolKobil Limited for the six months ended 30th June 2013 to be published in the media on 23rd August 2013.

We would appreciate acknowledgement of receipt of this by signing the attached copy of the letter.

Yours sincerely,



D Ohana
GROUP MANAGING DIRECTOR

KenolKobil Group Results for 6 months ended 30 June 2013

The Directors of KenolKobil Limited are pleased to announce the Group's un-audited results for the 6 months ended 30 June 2013.

Consolidated income statement

For the six(6) month period ended 30th June

| | 2013 Shs'000 | 2012 Shs'000 |
|--|-------------------------------|-------------------------------|
| Sales | 65,274,760 | 103,825,177 |
| Cost of Sales | (62,932,108) | (101,992,603) |
| Gross Profit | 2,342,652 | 1,832,574 |
| Other Income | 277,735 | 95,934 |
| Administration and Operating Costs | (1,174,674) | (1,878,301) |
| Exchange Losses | (158,541) | (4,247,272) |
| EBITDA | 1,287,172 | (4,197,065) |
| Finance Costs | (801,492) | (1,136,124) |
| Depreciation and Amortization | (286,594) | (350,327) |
| Profit / (loss) before Income tax | 199,086 | (5,683,516) |
| Income tax(expense) / credit | (51,722) | 1,785,163 |
| Profit / (loss)for the period | 147,364 | (3,898,353) |

KenolKobil Group

Consolidated Statement of Comprehensive Income For the six(6) month period ended 30th June

| | 2013 | 2012 |
|---|----------------|--------------------|
| | Shs'000 | Shs'000 |
| Profit / (loss) for the period | 147,364 | (3,898,353) |
| Other comprehensive income for the period, net of tax: | | |
| Movement in hedge reserve | - | (18,213) |
| Currency translation differences | (46,859) | (66,443) |
| Total other comprehensive income / (loss) for the period | 100,505 | (3,983,009) |

KenolKobil Group

Consolidated statement of financial position

As at

| | 30 June 2013 | 31 Dec 2012 |
|--------------------------------------|-------------------|-------------------|
| | Shs'000 | Shs'000 |
| CAPITAL EMPLOYED | | |
| Share capital | 73,588 | 73,588 |
| Share premium | 5,166,350 | 5,166,350 |
| Retained earnings | 1,006,932 | 859,568 |
| Other reserves | 150,361 | 346,219 |
| Shareholders' funds | 6,397,231 | 6,445,725 |
| NON-CURRENT LIABILITIES | | |
| Deferred tax | 226,375 | 230,073 |
| Borrowings | 680,932 | 667,552 |
| Total non-current liabilities | 907,307 | 897,625 |
| CURRENT LIABILITIES | | |
| Payables and accrued expenses | 8,104,784 | 9,113,256 |
| Current income tax | 148,027 | 168,305 |
| Borrowings | 13,264,541 | 15,947,219 |
| Dividends payable | 109,198 | 112,036 |
| Total current liabilities | 21,626,550 | 25,340,816 |
| Total Equity and Liabilities | 28,931,088 | 32,684,166 |
| REPRESENTED BY | | |
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | 4,301,271 | 4,284,409 |
| Prepaid operating lease rentals | 582,141 | 608,859 |
| Intangible assets | 864,806 | 871,613 |
| Deferred tax asset | 2,402,269 | 2,358,357 |
| Available for sale investments | 2,273 | 2,344 |
| Investment in Associate | 17,187 | 18,203 |
| Total non current assets | 8,169,947 | 8,143,785 |
| CURRENT ASSETS | | |
| Inventories | 8,567,790 | 8,884,065 |
| Receivables and prepayments | 10,730,539 | 13,084,887 |
| Current income tax | 358,527 | 380,424 |
| Cash and cash equivalents | 1,104,285 | 2,191,005 |
| Total current assets | 20,761,141 | 24,540,381 |
| Total assets | 28,931,088 | 32,684,166 |

KenolKobil Group

Consolidated statement of cash flows

For the six(6) month period ended 30th June

| | 2013 Shs'000 | 2012 Shs'000 |
|---|--------------------|------------------|
| Net cash generated from Operations | 2,806,389 | (4,886,166) |
| Interest and taxes paid | (899,471) | (1,429,642) |
| Investing activities | (311,187) | (847,652) |
| Financing activities | (2,669,297) | 6,910,114 |
| Net decrease in cash and cash equivalents | (1,073,566) | (253,346) |
| Opening cash and cash equivalents | 2,191,005 | 3,271,736 |
| Net decrease in cash and cash equivalents | (1,073,566) | (253,346) |
| Effects of exchange rate changes on cash and cash equivalents | (13,154) | 15,766 |
| Closing cash and cash equivalents | 1,104,285 | 3,034,156 |

KenolKobil Group

Consolidated Statement of Changes in equity

For the six(6) month period ended 30th June

| | 2013 | 2012 |
|--------------------------------|------------------|------------------|
| | Shs '000 | Shs '000 |
| Share Capital | 73,588 | 73,588 |
| Share Premium | 5,166,350 | 5,166,350 |
| Other Reserves | 150,361 | 346,219 |
| Revenue Reserves | 859,568 | 7,144,143 |
| Profit / (loss) for the period | 147,364 | (6,284,575) |
| | <u>6,397,231</u> | <u>6,445,725</u> |

KenolKobil Limited

Commentary: Six months results to 30th June 2013

The Group's performance for the first six months of 2013 showed significant improvement over 2012 performance. The after tax profit of Ksh 147 million compares with the operational loss for the comparable period in 2012.

During the period under review, the global economic environment remained subdued with falling trends in International Oil prices. However, with better management of sales and product mix better margins have been achieved to date, than those reported during the six months to June 2012. The Group sales volumes have deliberately been reduced and this has resulted in substantially improved gross margins.

Other income improved with more effective management of the non fuel lines and depot storage handling.

The administration and operating expenses reduced by 37% resulting from the initiatives implemented with business re-engineering, restructuring and cost cutting measures. Further savings are expected with our ongoing focus in these areas.

Finance costs remain high, mainly due to high interest rates by the commercial banks. Reduction of borrowings remain a key focus to improve the gearing and to reduce financing costs.

The Kenya Shilling and local currencies in countries where we operate, depreciated against the US dollar during the six months. Due to tight management of the forex exposure, the resulting exchange loss for the group of Ksh 158 million is within expectations.

However, the exchange rate remains an exposure and area of concern.

The EBITDA of Ksh 1,3 billion achieved, demonstrates a good turnaround of the business compared to the six months ended 2012 EBITDA of negative Ksh 4,2 billion.

Shareholders equity improved with the earnings achieved during the six months.

Net borrowings reduced by Ksh 1.5 billion, which levels should reduce further with initiatives of selling idle and non-productive assets.

The Group improved cash flow, with net cash generated from Operations of Ksh 2.8 billion, compared to the negative Ksh 4.9 billion cash applied to operations during 2012 June year to date.

Management continues to focus on reducing cost of financing with substantial measures undertaken on cost cutting, better sales management, with continued inventory management and progressing with sale of idle and non-productive assets – all with the aim to improve efficiencies and shareholder value.

Going forward, the Group is optimistic that the outlook is good for achieving improved profitability during the second half of 2013 when most of the challenges from 2012 and early 2013 will have been resolved.

DIVIDEND

The Directors do not recommend the payment of an interim dividend.



By Order of the Board

David Ohana
Group Managing Director

22nd August 2013