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OLYMPIA CAPITAL HOLDINGS LIMITED

FINANCIAL STATEMENTS

31ST DECEMBER 2005

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1. Olympia Capital Holdings Limited - 2005
2. Olympia Capital Holdings Limited - 2005

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2005**

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COMPANY INFORMATION

DIRECTORS	:	Dr. C. W. Obura (Chairman) Mr. M. W. Matu (Managing Director) Mr. P. N. Ndetei (resigned: February 28, 2005) M. M. Kunyiha Mr. S. A. Lakhani Mr. E. M. Wamae
REGISTERED OFFICE	:	LR No. 209/5532 Off Nanyuki Road Industrial Area P. O. Box 30102 GPO 00100 Nairobi
COMPANY SECRETARY	:	Lina Kantaria Certified Public Secretary P. O. Box 49925 GPO 00100 Nairobi
TAX ADVISORS	:	Wachira N Associates P. O. Box 58991 – 00200 Nairobi
AUDITORS	:	DCDM Associates Certified Public Accountants P. O. Box 10032 GPO 00100 Nairobi
BANKERS	:	Standard Chartered Bank Kenya Limited Barclays Bank of Kenya Limited Southern Credit Banking Corporation Limited First National Bank of Botswana Limited Standard Chartered Bank of Botswana Limited First National Bank Limited – South Africa
REGISTRARS	:	Barclays Advisory & Registrar Services Limited P. O. Box 30120, GPO 00100 Nairobi

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the Thirty-Sixth General Meeting of the Company will be held at the Nairobi Club on Friday 28th July 2006 at 12.00 noon for the following purposes:

ORDINARY BUSINESS

1. To approve the minutes of the Thirty-Fifth Annual General Meeting held on 5th August 2005.
2. To receive, consider and adopt the Financial Statements of the financial year ended 31st December 2005 and the Directors' and Auditors' reports thereon.
3. To note that the Directors do not recommend payment of a dividend for the financial year ended 31st December 2005.
4. To re-elect a Director:
 - (i) In accordance with Article 99 of the Companies Articles of Association, Mr. E. M. Wamae retires by rotation and being eligible, offers himself for re-election.
5. To confirm appointment of DCDM, Certified Public Accountants as Auditors of the Company, appointed by the Directors of the Company under section 159 (6) in place of Grant Thornton, Certified Public Accountants.
6. To authorise the Directors to fix the remuneration of the Auditors.

SPECIAL BUSINESS

7. To consider the following resolution, which will be proposed as an ordinary resolution.

"That the Directors' fee shall be Kshs 600,000.00 for the financial year ended 31st December 2005".

BY ORDER OF THE BOARD

L. A. KANTARIA
COMPANY SECRETARY
OLYMPIA CAPITAL HOLDINGS LIMITED

Date: 28th April 2006

Note:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote in his stead and a proxy need not be a member of the Company.
2. In the case of a member being a corporation this form must be completed under its common seal or under the hand of an officer or attorney duly authorized in writing.
3. Proxies must be in the hands of the Secretary not later than 48 hours before the meeting.

CORPORATE GOVERNANCE STATEMENT

The Board is accountable to the Company's shareholders for good Governance and the statement set out below describes how the principles identified in the Capital Markets Act – Corporate Governance Guidelines, are applied by the Group.

DIRECTORS

The main Board consists of Chairman, Mr. C. W. Obura, the Managing Director, Mr Michael Matu and three non-executive Directors.

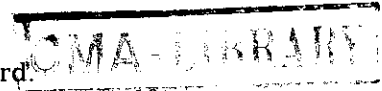
The Group has four subsidiary Boards, each of which comprises the Chairman and at least one non-executive main Board member and two non-executive members.

OTHER BOARD INFORMATION

The key functions of the Chairman are to conduct board meetings and meetings of shareholders and to ensure that all Directors are properly briefed in order to take a full and constructive part in board discussions. The Chairman is required to develop and lead business strategies and processes to enable the Group's business to meet the requirements of its shareholders.

BOARD APPOINTMENTS

Appointments to the board of directors are considered by the main board.

**RE-ELECTION OF DIRECTORS**

Any Director appointed during the year is required, under the provisions of the company's Articles of Association, to retire and seek re-election by shareholders at the next Annual General Meeting. The articles also require that one third of the Directors retire by rotation each year and seek re-election at the Annual General Meeting. The Directors required to retire will be those in the office longest since their previous re-election and this will usually mean that each Director retires at least every three years, although there is no absolute requirement to this effect. In order to comply with the Corporate Governance Guidelines, but avoid the expense of amending the Company's articles to deal with this single point, the Board has resolved that each Director will retire at least once every three years, even if this is not strictly required by application of the provisions of the Articles.

BOARD COMMITTEES

It has been decided that owing to the investment holding nature of the Company, where operational details are handled by the subsidiary Boards of the Company, the functions of the Audit Committee, Remuneration Committee and Nomination Committee be handled by the main Board. The Accounting function of the Companies in Kenya has been out-sourced to AAM Resources Limited. There is however no internal auditor in Kenya. The Group is in the process of setting up the internal audit department.

CORPORATE GOVERNANCE STATEMENT (Cont.)

MAJOR SHAREHOLDERS

The top ten major shareholders, based on the company's share register as at 31 December 2004 were as follows:

Name of Shareholder	Number of Shares Held	Percentage (%) Shareholding
Dunlop Properties Limited	3,799,900	38.00
Croxley Properties Limited	816,844	8.17
Karen Enterprises Limited	692,830	6.93
CFCFS Nominees AA/C K 14	529,500	5.30
Nairobi Nominees Ltd. A/c Rakesh Gadani	424,257	4.24
Prakash Kantilal Gadani	232,400	2.32
Daniel Karanja Ndungu	208,393	2.08
Subodh K. Gadani	202,635	2.03
Eluid Matu Wamae	200,000	2.00
Scottlink Limited	173,900	1.77

DISTRIBUTION OF SHAREHOLDERS

	Number of Shares Held	Number of Shareholders	Percentage (%) Shares Held
Less than 500	58,837	225	0.59
501 – 5,000	738,388	355	7.38
5,001 – 10,000	305,020	41	3.05
10,001 – 100,000	1,135,026	51	11.35
100,001 – 1,000,000	2,277,649	7	22.78
above 1,000,000	5,485,080	2	54.85
	<u>10,000,000</u>	<u>681</u>	<u>100.00</u>

Chairman's Statement

In 2005, our top line was stagnant; there was a significant downturn in Botswana sales for our Botswana plant, which was offset with an upturn in sales to South Africa, albeit at lower margins. There was a 30% reduction in profitability of our Botswana operations. Our Kenyan manufacturing operations despite contributing to our group profitability in 2004 experienced a difficult 2005, which resulted in a net loss position. This dampened our group profitability and resulted in a 50% reduction in profits as compared to the previous year.

During 2005 there was a 12.5% devaluation of the Botswana Pula. This had a negative effect on our consolidated results. We anticipate parity to the South African Rand in the near future.

Botswana

During the year under review, we acquired for cash a chemical operation in Botswana known as Botswana Fine Industrial Chemicals (BOTFIC); this company is now run as a division of Kalahari Floor Tiles. We expect this unit to contribute to our bottom line in the course of the 2006.

In early 2006 we entered into an agreement to purchase another Botswana based chemical operation known as Chemdol, again for cash. We expect to have completed the acquisition in the second quarter of 2006 and merge the two chemical operations.

Also in early 2006, our Botswana listed subsidiary issued a cautionary statement to the market in relation to a pending regional acquisition that would require shareholder approval and funding. Upon successful completion of negotiations, we expect our subsidiary to raise acquisition funding by way of both debt and equity funding. This acquisition, if successful, will have a significant effect on the size and prospects of your company. Our aim will be to meet our rights to ensure we maintain majority shareholding in our Botswana listed subsidiary.

Kenya

We have also made a decision to upgrade our Kenyan plant which we feel has done it's time and are in the process of looking into funding options for this. We are of the opinion that the new plant we have identified would significantly improve the prospects of our Kenyan operations.

Board

There have been no changes to the Board in the current year.

May I take this opportunity to thank the Board and Management for their dedication during the year.

Dr. C. W. Obura
Chairman
Nairobi

REPORT OF THE DIRECTORS

The directors submit herewith their report to the members with the financial statements for the year ended December 31, 2005.

PRINCIPAL ACTIVITY

The principal activities of the group are the manufacture and sale of floor tiles and adhesives.

RESULTS FOR THE PERIOD

The results for the year ended December 31, 2005 are shown on page 10.

ORDINARY SHARE DIVIDEND

No dividend payment is being proposed for the year ended December 31, 2005.

DIRECTORS

The present membership of the Board is set out on page 1.

AUDITORS

The Auditors, DCDM Associates, will continue in office in accordance with section 159(2) of the Companies Act (Cap 486).

By order of the Board

Lina Kantaria
SECRETARY
NAIROBI
28th April 2006

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 that year. It also requires the directors to ensure 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 accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and 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.

Dr. C.W. Obura
CHAIRMAN

M. M. W. Matu
DIRECTOR

REPORT OF THE AUDITORS TO THE MEMBERS OF DUNLOP KENYA LIMITED

1. We have audited the accounts of Olympia Capital Holdings Limited as set out on pages 10 – 34 which have been prepared on the basis of the accounting policies set out in Note 1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit and to provide a reasonable basis for our opinion. The accounts of the company are in agreement the books of accounts.
2. This report is made solely to the company's members, as a body, in accordance with the Companies Act. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

3. RESPECTIVE REPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that accounts comply with the Companies Act. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

4. BASIS OF OPINION

We conducted our audit in accordance with International Auditing Standards. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the management in the preparation of the accounts and of whether the accounting policies are appropriate to the company's circumstances consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

5. EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to Note 4 to the financial statements, which gives disclosures concerning the going concern basis of the financial statements of the group.

6. OPINION

In our opinion, the accounts give a true and fair view of the state of affairs of the company as at December 31, 2005 and of its losses and cash flows for the year then ended in accordance with the International Financial Reporting Standards and comply with the Companies Act.

DCDM Associates
Certified Public Accountants
Nairobi, Kenya

28th April 2006

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2005**

	Note	2005 Shs. '000	2004 Shs. '000
Sales		291,225	291,887
Cost of Sales		(198,191)	(184,824)
Gross Profit		93,034	107,063
Other Operating Income		12,831	9,136
Distribution costs		(2,391)	(2,859)
Administrative expenses		(75,698)	(64,017)
Other Operating Expenses		(3,478)	(3,904)
Profit from operations	4	24,298	45,419
Finance Cost	5	(1,102)	3,287
Profit (loss) before Tax and Minority Interest		23,196	48,706
Tax	6	(164)	(9,376)
Net Profit before Minority Interest		23,032	39,330
Minority Interest	7	(11,589)	(16,400)
Net profit/(loss) attributable to Shareholders		11,443	22,930
		=====	=====
Earnings Per Share	8	1.14	2.29
- Basic & Diluted		=====	=====

The notes on pages 15 to 34 form part of these financial statements.

Auditors report on page 8

BALANCE SHEETS AS AT THE YEAR ENDED 31 DECEMBER 2005

		Group		Company	
	Note	2005	2004	2005	2004
		Shs. '000	Sh '000	Sh '000	Sh '000
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	12, 13	81,296	85,013	26,781	27,433
Prepaid Operating Lease Rental	14	-	10,458	-	503
Goodwill	15	5,772	12,501	-	-
Investments	16	-	-	21,641	10,641
Deferred Tax	21	1,139	-	-	-
Other Non Current Assets	26	69,803	59,648	69,803	-
		158,010	167,620	118,225	38,577
Current Assets					
Inventories	17	32,917	37,245	-	-
Trade and other receivables	18	62,694	55,840	5,937	84,647
Cash and cash equivalents	24	23,637	50,298	684	56
		119,248	143,383	6,621	84,703
TOTAL ASSETS		277,258	311,003	124,846	123,280
		=====	=====	=====	=====
EQUITY AND LIABILITIES					
Capital and Reserves					
Share Capital	19	50,000	50,000	50,000	50,000
Reserves		72,808	87,121	45,863	41,114
Shareholders' equity		122,808	137,121	95,863	91,114
Minority Interest		56,889	61,342	-	-
Non-Current Liabilities					
Borrowings	20	3,835	8,483	-	-
Deferred Tax	21	10,440	12,911	7,635	7,833
		14,275	21,394	7,635	7,833
Current Liabilities					
Trade and other payables	22	64,574	67,295	13,886	16,718
Borrowing	20	4,225	12,003	-	152
Dividends payable		5,850	5,851	5,850	5,851
Taxation		8,637	5,997	1,612	1,612
		83,286	91,146	21,348	24,333
TOTAL LIABILITIES		97,561	112,540	28,983	32,166
TOTAL EQUITY AND LIABILITIES		277,258	311,003	124,846	123,280
		=====	=====	=====	=====

The financial statements on pages 10 to 34 were approved by the Board of Directors on 28th April 2006 and signed on its behalf by:

Dr. C.W. Obura.
DIRECTOR

M. M. W. Matu.
DIRECTOR

The notes on pages 15 to 34 form part of these financial statements.

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2004**

	Ordinary Share Capital Shs. '000	Share Premium Shs. '000	Translation Reserve Shs. '000	Property Revaluation Reserve Shs. '000	Revenue Reserve Shs. '000	Total Shs. '000
At 1 January 2004 – as originally stated	50,000	-	5,463	17,870	22,649	96,082
Under-provision of Deferred Tax in Earlier years	-	-	-	(842)	-	(842)
At 1 January 2004 – as re-stated	50,000	-	5,463	17,870	22,649	96,082
Surplus arising from changes in shareholding in Subsidiary	-	-	-	-	7,516	7,516
Increase in minority shareholding	-	-	-	(280)	(2,357)	2,637
Revaluation in the year	-	-	-	12,941	-	12,941
Deferred tax on revaluation	-	-	-	(3,180)	-	(3,180)
Transfer of excess depreciation	-	-	-	(1,124)	1,124	-
Deferred tax on transfer	-	-	-	308	(308)	-
Translation adjustment	-	-	319	154	-	473
Minority interest share of Net Revaluation Surplus	-	-	-	(4,171)	-	(4,171)
Net profit for the year	-	-	-	-	22,921	22,921
Issue of shares by capitalisation of shareholders loan	-	9,455	-	-	-	9,455
6% in Kalahari Floor Tiles Property Limited	-	13,163	-	-	-	13,163
Share issue expenses	-	(7,801)	-	-	-	(7,801)
Minority share	-	(6,519)	-	-	-	(6,519)
At 31 December 2004	50,000	8,298	5,782	21,493	51,545	137,121

Year ended December 31, 2005:

At 1 January 2005 –	50,000	8,298	5,782	21,493	51,545	137,121
Consolidation adjustment	-	(45,000)	6,606	-	-	-
Translation adjustment	-	(1,688)	(43,990)	2,145	(140)	(43,673)
Net profit for the year	-	-	-	-	23,032	23,032
Minority share	-	-	18,111	168	(11,589)	6,699
Transfer of excess depreciation	-	-	-	500	(550)	-
Deferred tax on transfer	-	-	-	(450)	165	-
Amortisation of revaluation reserve	-	-	-	(357)	-	(357)
Dividends	-	-	-	-	-	-
At 31 December 2005	50,000	8	(13,491)	22,896	62,464	122,868

Further explanations on the components of shareholders' equity are in Note 19

The notes on pages 15 to 34 form part of these financial statements

Auditors report on page 8

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2005**

	Ordinary Share Capital Shs. '000	Property Revaluation Reserve Shs. '000	Revenue Reserve Shs. '000	Total Shs. '000
Year ended December 31, 2004:				
At 1 January 2004	50,000	14,465	27,792	92,257
Transfer of Excess Depreciation	-	(550)	550	-
Deferred Tax on Transfer	-	165	(165)	-
Net Loss for the Year	-	-	(1,143)	(1,143)
At 31 December 2004	<u>50,000</u>	<u>14,080</u>	<u>27,034</u>	<u>91,114</u>
	=====	=====	=====	=====
Year ended December 31, 2005:				
At 1 January 2001	50,000	14,080	27,034	91,114
Transfer of Excess Depreciation	-	(550)	550	-
Deferred Tax on Transfer	-	165	(165)	-
Net profit for the Year	-	-	(4,749)	4,749
At 31 December 2004	<u>50,000</u>	<u>13,695</u>	<u>32,168</u>	<u>95,863</u>
	=====	=====	=====	=====

The notes on pages 15 to 34 form part of these financial statements

Auditors' report on page 8

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2005**

	Note	2005 Shs. '000	2004 Shs. '000
Operating Activities			
Cash Generated from Operations	23	20,018	37,981
Interest received		1,093	2,876
Interest paid		(2,469)	(3,471)
Tax Paid		(3,362)	(10,280)
Dividends paid to minority shareholders		(4,924)	(338)
		<hr/>	<hr/>
Net Cash Generated from Operating Activities		10,355	26,768
		<hr/>	<hr/>
Investing Activities			
Purchase of Property, Plant and Equipment		(8,393)	(12,364)
Proceeds from disposal of property, plant and equipment		709	2,368
Acquisition of subsidiaries		-	-
Increase in investment in subsidiary		(11,000)	-
Disposal of subsidiaries		-	-
Increase in non-current assets		-	-
		<hr/>	<hr/>
Net Cash used in Investing Activities		(18,684)	(9,996)
		<hr/>	<hr/>
Financing Activities			
Capital raised		6,201	-
Proceeds from long-term borrowings		-	1,767
Net repayment of long-term borrowings		(12,145)	(6,613)
		<hr/>	<hr/>
Net Cash Generated in Financing Activities		(5,944)	(4,846)
		<hr/>	<hr/>
Net Increase/(Decrease) in Cash and Cash Equivalents		(14,273)	11,926
Cash and cash equivalents at beginning of year		48,425	34,655
Effects of Exchange Rate Changes		(12,107)	1,844
		<hr/>	<hr/>
Cash and cash equivalents at the End of Year	24	22,045	48,425
		=====	=====

The notes on pages 15 to 34 form part of these financial statements.

Auditors' reports on page 8

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

1 CORPORATE PROFILE

Olympia Capital Holdings Limited is a public company incorporated in Kenya under the Companies Act (Cap 486) and is domiciled in Kenya. The group has a number of subsidiaries, which are detailed in Note 16. The address of its registered office is LR No: 209/5532, Off Nanyuki Road, Industrial Area, P. O. Box 30102, GPO 00100 Nairobi.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements are prepared in accordance with and comply with International Financial Reporting standards (IFRS). The Financial statements are prepared under the historical cost evaluation as adjusted by the revaluation of certain items of property, plant and equipment.

The preparation of accounts in accordance with IFRS requires the use of estimates and assumptions that affect the reported amounts of the assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these events are based on the director's best knowledge of current events and actions, actual results ultimately differ from those results.

The accounts are presented in thousands of Kenya Shillings (Kshs '000)

(b) Property, plant and equipment

Property, plant and equipment is stated at historical cost or valuation less accumulated depreciation.

Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the assets carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Increases in the carrying amount arising on revaluation are credited to the revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against revaluation reserve directly in equity; all other decreases are charged to the income statement.

Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from revaluation reserve to revenue reserves.

Depreciation is calculated on the straight-line basis to write off the cost of the assets over their estimated useful lives as follows:

	% Rate per annum
- Buildings	2.0 – 2.5
- Plant & Machinery	7.5 – 20.0
- Furniture, fittings and equipment	20.0
- Motor vehicles	20.0

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (Cont.)**2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(b) Property, plant and equipment (cont'd)**

Depreciation is provided for the full year in the year of acquisition of the asset and no depreciation is provided in the year of disposal.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with their carrying amounts and are included in the income statement. On disposal of revalued assets, the amounts included in the revaluation reserve are transferred to revenue reserves.

(c) Intangible assets**(i) Goodwill**

Goodwill represents the excess of cost of acquisition over the Group's interest in the fair value of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill (arising on consolidation) is amortised over a five year period.

(d) Investments in subsidiaries*Separate financial statement of the investor*

Investments in subsidiary companies are carried at cost.

Consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company (its subsidiaries) made up to December 31, each year. Control is achieved directly or indirectly, where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities. The results of subsidiaries are included in the consolidated income statement from the effective date of their acquisition up to the effective date of their disposal.

The income statements of subsidiaries are translated at average exchange rates for the year and balance sheets at the year end rates. All significant intercompany transactions, balances and unrealised gains on transactions between group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

A list of the Group's subsidiaries is set out in Note 16.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (Cont.)**2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(e) Leasehold Land**

Under IAS 17 on leases, cost of acquiring leasehold land are treated as prepaid operating lease rentals and amortised over the lease period.

(f) Leases

(i) Leases are classified as finance issues where the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(ii) **Accounting for leases** – where the Company is the Lessor Finance leases are capitalised at the lease's inception at the lower of the fair value of the lease property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement unless they are attributed to qualifying assets in which case, they are capitalised in accordance with the policy on borrowing costs. (see note 2j)

(iii) **Accounting for leases** – where the Company is the Lessee When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

(iv) **Operating Leases Assets** leased out under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar fixed assets. Rental income is recognised on a straight line basis over the lease term.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value.

Basis of cost

The cost of inventories comprises all the costs of purchase, costs of conversion and other costs incurred in bringing the product to its present location and condition. Cost is determined by the weighted average method.

Basis of net realisable value:

Net realisable is the estimated selling price in the ordinary course of business, less the costs of completion and the estimated selling expenses.

Stock provisions

Specific provisions for stocks is made when stocks are considered damaged, slow-moving or obsolete.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (Cont.)**2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(h) Trade receivables**

Trade receivables are carried at original invoice amounts less provision for doubtful receivables. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the end of the accounting period, when there is objective evidence that the company will not be able to collect all amounts due to the original terms of the receivables.

(i) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and deposits held at call with banks, net of bank overdrafts are included under borrowings in current liabilities.

(j) Borrowings

Borrowings are recognised initially at fair value being their issue proceeds net of transaction costs incurred.

Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after balance sheet date.

(k) Deferred income taxes

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income taxes arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred income tax is determined using tax rates that have been enacted at the balance sheet date and are expected to apply in the period when the related deferred tax asset is realised or the deferred income tax liability is settled.

The principal provisions are made in respect of depreciation on property, plant and equipment, unrealised exchange gains or losses, and tax losses carried forward.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (Cont.)

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Retirement Benefit obligations

The Group contributes to a statutory defined contribution pension scheme, the National Social Security Fund ("NSSF"). The Group'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.

The Group also operates an optional contribution scheme for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating too employee service in the current and prior periods.

The Group's obligations to the retirement benefit schemes are recognised in the Income Statements as they fall due.

(m) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes on circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the higher of an asset's net selling value and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash generating units).

Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements (of each of the Group's entities) are measured using Kenyan Shillings ("Kshs"), the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Kenyan Shillings, which is the company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions during a month are converted into Kenya Shillings at the exchange rates ruling at the end of the previous month. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cashflow hedges and qualifying net investment hedges.

Non-monetary items that are measured at historical cost in foreign currency are translated using the exchange rates at the date of the transmission.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (Cont.)**2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(n) Foreign currencies (cont'd)***(iii) Group Companies*

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.
- (b) Income and expenses for each income statement are translated at average exchange rates; and
- (c) All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity.

(o) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Employee entitlements to annual leave and gratuity where applicable are recognised when they accrue to employees.

(p) Revenue recognition

Revenue comprises the fair value for the sale of goods and services, net of value-added tax, rebated and discounts and after eliminating sales within the Group. Sales are recognised when goods are delivered and title has passed.

Other revenues earned by the Group are recognised on the following bases:

- Interest income is recognised as it accrues, taking into account the effective yield on the asset, unless collectibility is in doubt.
- Rental income is recognised on an accruals basis in accordance with the substance of the relevant agreements
- Dividend income is recognised when received.

(q) Comparatives

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (Cont.)**3 Financial Risk Management**

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest risk and price risk, credit risk, liquidity risk and cash-flow interest rate risk).

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

A description of the significant risk factors is given below together with the risk management policies.

(a) Market Risk**Currency risk**

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Botswana Pula. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

(b) Credit Risk

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and the current economic environment.

(c) Cash flow and fair value interest rate risk

As the Group has no significant interest bearing assets, the Group's income/operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

(d) Fair values

The carrying amounts of trade and other receivables, cash and cash equivalents, trade and other payables, amounts due to group companies and loans from shareholder approximately their fair values. Financial assets and liabilities which are accounted for a historical cost are carried at values that may differ from their fair values.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (Cont.)

4. FINANCIAL SUPPORT

As at December 31, 2005, the current liabilities of Dunlop Industries Limited, a wholly owned subsidiary of Olympia Capital Holdings Limited, exceed its current assets by Kshs. 18,719,034/= (2004: Kshs 19,505,629/=) and it had a shareholders' deficit of Kshs. 17,108,662/= (2004: 27,615,699/=) due to trading losses incurred in previous years.

Satisfactory liquidity levels are dependent on improved operations and/or injection of additional capital. The holding company has given its commitment to continue supporting the subsidiary to improve its operations and financial position and has undertaken to provide the necessary financial support to enable it to pay its liabilities as they fall due.

In view of the above, the directors consider it appropriate to consolidate the financial statements of Dunlop Industries Limited in the group financial statements on a going concern basis.

Olympia Capital Holdings Limited, the company, has a negative working capital position. However, no qualification has been made to that effect since it is an investment holding company and its largest investment, the Botswana subsidiaries, are showing positive net worth.

5. SEGMENTAL REPORTING

(a) Primary reporting format – business segments.

The directors regard all group activities as relating to the manufacture and sale of floor tiles and adhesives. Primary segmental reporting is therefore not considered to be of any real value to the financial statement users.

(b) Secondary reporting format – geographical segments.

The Group's revenues are derived from sales in two main geographical markets. Kenya is the home country of the company.

	Sales	
	2005	2004
	Kshs '000	Kshs '000
Kenya	52,734	44,300
Botswana	238,491	247,497
	291,225	291,887

Sales are allocated based on the country in which the sale is made.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (Cont.)

		2005	2004
		Shs. '000	Shs. '000
6	PROFIT FROM OPERATIONS		
	Profit from operations is stated after charging:		
	Depreciation on property, plant & equipment	7,524	8,368
	Impairment of property, plant & equipment	10,458	-
	Amortisation on intangible assets	3,585	-
	Lease rentals (property, plant & equipment)	3,184	3,483
	Staff Costs (See Note 7)	26,057	22,039
	Directors' emoluments	4,374	3,457
	Audit fees	2,420	1,224
	Other services from auditors	400	-
		=====	=====
	and after crediting:		
	Profit on disposal of property, plant & equipment	258	72
		=====	=====
		2005	2004
		Shs. '000	Shs. '000
7	STAFF COSTS		
	Wages and salaries	18,979	14,612
	Social security costs (NSSF)	22	18
	Pension and retirement benefits	237	168
	Gratuity	2,105	1,830
	Leave pay and bonuses	2,359	2,827
	Write off of Minority Interest on Increase in investment in		
	Other staff welfare costs	2,356	2,584
		-----	-----
		26,057	22,039
		=====	=====

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (Cont.)

8 FINANCE COSTS

	2005 Shs. '000	2004 Shs. '000
Interest payable on:		
Bank loans	-	(2,148)
Bank overdrafts	(560)	(384)
Finance leases	(1,664)	(846)
Others	(245)	(93)
	=====	=====
	(2,469)	(3,471)
Interest income	1,093	2,876
Net foreign exchange gain	274	3,882
	-----	-----
	(1,102)	3,287
	=====	=====

9. TAXATION

Corporation tax charge	(4,683)	10100
Deferred tax (charge)/credit	3,001	(724)
Prior year adjustment	1,518	-
	-----	-----
	(164)	9,376
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (Cont.)

10. MINORITY INTEREST

	2005	2004
	Shs. '000	Shs. '000
At 1 January	61,342	39,939
Dividends paid	(3,794)	-
Share of revaluation amortisation	(166)	4,171
Translation adjustment	(18,111)	(817)
Consolidation adjustment	(172)	-
Share of share premium	6,201	6,519
Write-off of minority interest on increase in investment in Kalahari Floor Tiles (Proprietary) Limited	-	(7,516)
Increase in minority (Pre-acq reserves)	-	2,637
Share of profit for the year	11,589	16,409
	-----	-----
At 31 December	56,889	61,342
	=====	=====
	(2,469)	(3,471)

11. EARNINGS PER SHARE

The basic earnings per share is calculated by reference to the net profit attributable to shareholders, based on the number of ordinary shares in issue during the year.

Net profit attributable to shareholders	11,443	22,921
	=====	=====
Number of ordinary shares in issue	10,000	10,000
Basic earnings per share	1.14	2.29
	=====	=====

The basic and diluted earnings per share are the same as there were no potentially dilutive shares outstanding at December 31, 2005 or December 31, 2004.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (Cont.)

12 a PROPERTY, PLANT AND EQUIPMENT

	Buildings Shs. '000	Plant and Machinery Shs. '000	Furniture Fittings & Equipment Shs. '000	Motor Vehicles Shs. '000	Total Shs. '000
COST AND VALUATION					
At 1 January 2005	66,674	127,234	16,726	10,765	221,399
Additions	-	3,026	1,270	4,097	8,393
Disposals	-	-	-	(451)	(451)
Translation Adjustment	713	(29,980)	(3,535)	(1,762)	(34,584)
At 31 December 2005	<u>67,387</u>	<u>100,280</u>	<u>14,461</u>	<u>12,649</u>	<u>194,777</u>
DEPRECIATION					
At 1 January 2005	6,098	112,990	12,865	4,433	136,386
Charge for the Year	1,125	3,212	638	1,991	6,966
Translation Adjustments	(425)	(26,488)	(2,043)	(915)	(29,871)
At 31 December 2005	<u>6,798</u>	<u>89,714</u>	<u>11,460</u>	<u>5,509</u>	<u>113,481</u>
NET BOOK VALUE					
At 31 December 2005	<u>60,589</u>	<u>10,566</u>	<u>3,001</u>	<u>7,140</u>	<u>81,296</u>
At 31 December 2005	<u>60,576</u>	<u>14,244</u>	<u>3,861</u>	<u>6,332</u>	<u>85,013</u>

Notes:

- (i) Included above are assets with an original cost of Shs. 19,944,554/- (2004: Shs. 13,156,903/-), which were fully depreciated. The notional depreciation of the assets would have been Shs. 3,988,911/- (2004: Shs. 2,576,489/-).
- (ii) Included in motor vehicle are vehicles with an original cost of Shs. 875,000/- (2004: Shs. 300,000/-) whose registration documents are in the names of related companies.
- (iii) Included above are capitalised finance leases with a net book value of Shs. 5,087,577/- (2004: Shs. 6,488,000/-).
- (iv) Buildings consists of land and buildings in Botswana consisting of Industrial Buildings on leasehold land located at Lots 44, 45, 51 and 53 Mogoditshane. These were valued by Roscoe Bonna Valuers, independent property valuers on 10 December 2003 and the cost reflects this valuation plus subsequent improvements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (Cont.)

12 b PROPERTY, PLANT & EQUIPMENT – GROUP – Prior year comparatives

	Buildings	Plant and Machinery	Furniture Fittings & Equipment	Motor Vehicles	Total
	Shs. '000	Shs. '000	Shs. '000	Shs. '000	Shs. '000
COST AND VALUATION					
At 1 January 2003	52,983	116,932	15,915	6,140	191,970
Additions	515	4,693	597	6,589	12,394
Disposals	(673)	(584)	(409)	(2,482)	(4,148)
Revaluations	12,641	-	-	-12,641	
Translation Adjustment	1,208	6,193	623	518	8,542
At 31 December 2004	<u>66,674</u>	<u>127,234</u>	<u>16,726</u>	<u>10,765</u>	<u>221,399</u>
	=====	=====	=====	=====	=====
DEPRECIATION					
At 1 January 2003	4,675	104,647	11,338	3,022	123,682
Charge for the Year	1,545	3,071	1,283	2,458	8,357
Disposals	(214)	(209)	(188)	(1,242)	(1,853)
Translation Adjustments	92	5,481	432	195	6,200
At 31 December 2004	<u>6,098</u>	<u>112,990</u>	<u>12,865</u>	<u>4,433</u>	<u>136,386</u>
	=====	=====	=====	=====	=====
NET BOOK VALUE					
At 31 December 2004	<u>60,576</u>	14,244	<u>3,861</u>	6,332	<u>85,013</u>
	=====	=====	=====	=====	=====
At 31 December 2003	<u>48,308</u>	12,285	<u>4,577</u>	3,118	<u>68,288</u>
	=====	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (Cont.)

13 a PROPERTY, PLANT & EQUIPMENT - COMPANY

	Buildings Shs. '000	Total Shs. '000
COST & VALUATION		
At January 1, 2005 and December 31, 2005	31,921	31,921
DEPRECIATION		
At January 1, 2005	4,488	4,488
Charge for the year	652	652
At December 31, 2005	5,140	5,140
NET BOOK VALUE		
At December 31, 2005	26,781	26,781
At December 31, 2004	27,433	27,433

13 b PROPERTY, PLANT & EQUIPMENT - COMPANY - Prior year comparatives

	Buildings Shs. '000	Total Shs. '000
COST & VALUATION		
At January 1, 2004 and December 31, 2004	31,921	31,921
DEPRECIATION		
At January 1, 2004	3,836	3,836
Charge for the year	652	652
At December 31, 2004	4,488	4,488
NET BOOK VALUE		
At December 31, 2004	27,433	27,433
At December 31, 2003	28,085	28,085

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (Cont.)

14. PREPAID OPERATING LEASE RENTAL

	Group		Company	
	2005	2004	2005	2004
	Shs. '000	Shs. '000	Shs. '000	Shs. '000
Net book value at January 1	10,458	9,925	515	515
Translation adjustment	-	545	-	-
	<u>10,458</u>	<u>10,470</u>	<u>515</u>	<u>515</u>
Amortisation for the year	-	(12)	(12)	(12)
Asset Impairment	(10,458)		(503)	
	=====	=====	=====	=====
Net Book Value at December 31	-	10,458	-	503
	=====	=====	=====	=====

15. INTANGIBLE ASSETS – GOODWILL

Kalahari Floor Tile (Proprietary) Limited

	2005	2004
	Shs. '000	Shs. '000
At January 1	12,501	9,983
On acquisition during the year	-	5,305
Translation adjustment	(3,310)	696
Amortisation for the year	(3,419)	(3,483)
	<u>5,772</u>	<u>12,501</u>
At December 31	=====	=====

	2005	2004
	Shs. '000	Shs. '000

16. INVESTMENT IN SUBSIDIARY COMPANIES

Unquoted investments:

Dunlop Industries Limited –100% Equity Interest

Shareholding at cost	11,500	500
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Olympia Capital Corporation (Proprietary) Limited

- 56% Equity Interest Shareholding at cost	10,141	10,141
--	--------	--------

	<u>21,641</u>	<u>10,641</u>
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (Cont.)**16. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)**

The details of the subsidiary companies are as follows:

Company	Share Capital	Country of Incorporation	Principal Activity
Dunlop Industries Limited	Kshs. 610,000	Kenya	Manufacture and sale of Vinylex floor tiles adhesive
Olympia Capital Corporation (Proprietary) Limited	Pula 135,660	Botswana	Investment holding Company
Kalahari Floor Tiles Manufacture and	Pula 15,336,320		Botswana sale of Vinylex floor tiles adhesive
Gaborone Enterprises	Pula 450,000	Botswana	Investment property

(i) Dunlop Industries Limited

Dunlop Industries Limited is a wholly owned subsidiary of Olympia Capital Holdings Limited. During the year, an amount of Kshs 11 million payable by a subsidiary, Dunlop Industries Limited to the parent company Olympia Capital Holdings Limited was capitalised in the books of Dunlop Industries Limited by means of an issue of 110 shares of face value Kshs 1000 each at a premium of Kshs 99,000 per share.

(ii) Olympia Capital Corporation (Proprietary) Limited

The Company now holds 53% equity interest in Olympia Capital Corporation (Proprietary) Limited. During the year, the subsidiary offered 734,000 ordinary shares of Pula .01 each by way of an initial public offering ("IPO") on the Botswana Stock Exchange at an issue price of Pula 0.80 representing 5.4% of the share capital prior to the IPO. The IPO of the shares closed on January 31, 2005, by which date the IPO was oversubscribed by 73.28%

(iii) Kalahari Floor Tiles (Proprietary) Limited

This is a fully owned subsidiary of Olympia Capital Corporation (Proprietary) Limited

(iv) Gaborone Enterprises (Proprietary) Limited

This is a fully owned subsidiary of Kalahari Floor Tiles (Proprietary) Limited.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (Cont.)

		Group		Company	
		2005	2004	2005	2004
		Shs. '000	Shs. '000	Shs. '000	Shs. '000
17	INVENTORIES				
	Raw materials	9,039	14,265	-	-
	Finished goods	14,072	14,757	-	-
	Consummables	9,807	8,223	-	-
		-----	-----	-----	-----
		32,917	37245	-	-
		=====	=====	=====	=====
18.	TRADE AND OTHER RECEIVABLES				
	Trade receivables	57,979	35,912	-	-
	Other receivables	4,343	5,806	613	1,846
	Due from related parties (Note 25)	50	12,259	5,324	82,801
	Due from directors	322	1,863	-	-
		-----	-----	-----	-----
		62,694	55,840	5,937	84,647
		=====	=====	=====	=====
	Current	(12,003)	(5,761)	(152)	(28)
		=====	=====	=====	=====
19.	SHARE CAPITAL				
	Authorised				
	40,000,000 Ordinary shares of Kshs. 5/= each	200,000	200,000	200,000	200,000
		=====	=====	=====	=====
	Issued and fully paid				
	10,000,000 Ordinary shares of Kshs. 5/= each	50,000	50,000	50,000	50,000
		=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (Cont.)

	Group		Company	
	2005	2004	2005	2004
	Shs. '000	Shs. '000	Shs. '000	Shs. '000
20. BORROWINGS				
Loans:				
Standard Chartered Bank Botswana Ltd	1,960	5,979	-	-
Rikett Asia Limited	-	7,317	-	-
	<u>1,960</u>	<u>13,296</u>	<u>-</u>	<u>-</u>
Bank overdrafts	1,592	1,873	-	152
Finance Leases	4,508	5,317	-	-
	<u>8,060</u>	<u>20,486</u>	<u>-</u>	<u>152</u>
Total Borrowings	8,060	20,486	-	152
	=====	=====	=====	=====
Current	4,225	5,000	-	(152)
	=====	=====	=====	=====
Non current	3,835	15,486	-	-
	=====	=====	=====	=====

(a) Details of securities on loans and overdrafts

- (i) The loan from Standard Chartered Bank Botswana Limited is secured by a mortgage bond over lot 51, 52 and 53 Mogodishane for Kshs, 1,497,128 (Pula 112,500).
- (ii) The loan from Rikett Asia Limited was fully repaid during 2005.
- (iii) The loan and overdraft facilities from Standard Chartered Bank Kenya Limited are secured by a debenture of Kshs 15,700,000 over the assets of Dunlop Industries Limited and is supported by a legal charge of the same amount over L.R. No. 209/5532, Industrial Area, Nairobi, in the name of Olympia Capital Holdings Limited and a guarantee by the later of Kshs 15,700,000.
- (iv) Finance leases in Botswana are secured on the assets leased and are repayable in annual instalments of Kshs 182,264 (Pula 13,696) and carries an interest rate varying between prime rate plus 1% to 3% per annum.
- (v) Finance lease in Kenya is by means of a hire purchase agreement for motor vehicle. The agreement is subject to an effective interest rate of 14.50%, which is reset by the lessor as market rates change.

	Group		Company	
	2005	2004	2005	2004
	Shs. '000	Shs. '000	Shs. '000	Shs. '000
(b) Maturity of Non-current borrowings				
The maturity of non-current borrowings is as follows:				
After one year and before five years	3,835	3,835	-	-
After five years	-	-	-	-
	<u>3,835</u>	<u>3,835</u>	<u>-</u>	<u>-</u>
	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (Cont.)

20. BORROWINGS

(c) Analysis of borrowings by currency.

The carrying amounts of the Group's borrowings are denominated in the following currencies.

	Kenya Shillings		Botswana Pula	
	2005 Shs. '000	2004 Shs. '000	2005 Shs. '000	2004 Shs. '000
Bank loans	-	-	1,960	735
Bank overdrafts	1,592	1,873	-	-
Finance leases	4,507	-	-	294
	<hr/>	<hr/>	<hr/>	<hr/>
	6,099	1,873	1,960	1,029
	=====	=====	=====	=====

(d) The carrying amounts of non-current borrowings are not materially different from the fair value

The carrying amounts of short term borrowings approximate their fair value

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (Cont.)**21 DEFERRED TAX**

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 30% (2004: 30%). The movement in the deferred tax account is as follows:

	Group		Company	
	2005 Shs. '000	2004 Shs. '000	2005 Shs. '000	2004 Shs. '000
At January 1	12,911	11,179	7,833	7,184
Underprovision of deferred tax	-	842	-	842
As restated	12,911	12,021	7,833	8,026
Income statement charge/(credit) (Note 1)	1,462	(724)	(198)	(193)
Reversal of deferred capital gains tax	(4,181)	2,660	-	-
Translation adjustment	(892)	(1,046)	-	-
At December 31	9,301	12,911	7,635	7,833
Tax losses not recognised	1,798	8,168	489	5,847

Deferred tax assets liabilities, deferred tax charge/(credit) in the income statement and deferred tax charge/(credit) equity are attributable to the following items:

Losses	1,964	(2,518)	489	(1,754)
Accelerated tax depreciation	6,074	539	7,635	432
Capital allowances	2,639	12,088	-	7,401
Leave pay provisions	-	(79)	-	-
Unrealised exchange gains	10	281	-	-
Translation adjustment	(218)	170	-	-
Tax losses not recognised	11,099	10,461	8,124	8,079
	(1,798)	2,450	(489)	1,754
Deferred tax liability	9,301	12,911	7,635	7,833

A portion of the deferred tax asset attributable to tax losses has not been recognised. This is in line with IAS 12 which requires the deferred tax assets relating to the unused tax losses carried forward be recognised only to the extent that it is probable that future taxable profit will be available against which the unutilised tax losses can be used.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (Cont.)

	Group		Company	
	2005	2004	2005	2004
	Shs. '000	Shs. '000	Shs. '000	Shs. '000
22. TRADE AND OTHER PAYABLES				
Trade payables	40,532	27,656	-	-
Other payables	20,869	26,245	10,592	6,362
Due to directors	2,510	3,284	2,241	1,793
Due to related parties (Note 25)	663	10,110	1,053	8,563
	64,574	67,295	13,886	16,718
	=====	=====	=====	=====
			2005	2004
			Shs. '000	Shs. '000
23. NOTES TO THE CASH FLOW STATEMENT				
(a) Cash generated from operations				
Net profit before tax			24,196	45,419
ADJUSTMENTS				
Depreciation and amortisation			10,385	8,368
Interest income			(1,093)	-
Investment Income			(4,996)	-
Finance costs			2,469	3,483
Profit on sale of property, plant and equipment			(258)	(72)
Net exchange gain			274	3,892
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES			29,978	61,090
			=====	=====
Movement in Other Non Current Assets			(10,155)	
Movement in inventories			4,328	(6,899)
Movement in debtors			(6,854)	(5,715)
Movement in creditors			2,721	12,987
			20,018	61,463
			=====	=====
24. CASH AND CASH EQUIVALENTS				
			2005	2004
			Shs. '000	Shs. '000
Cash and cash equivalents included in the cash flow statements comprise:				
Cash and Bank Balances			23,637	50,298
Bank Overdraft			(1,592)	(1,873)
			22,045	48,425
			=====	=====

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (Cont.)**25 RELATED PARTY TRANSACTIONS**

	Group		Company	
	2005 Shs. '000	2004 Shs. '000	2005 Shs. '000	2004 Shs. '000
(a) Due to related parties				
Arco Industries Limited	-	105	-	105
Avon Financial Services Limited	-	177	-	177
Avon Marketing Services Limited	-	140	-	140
Avon Rubber Company Limited	663	1,337	1,053	1,337
Croxley Properties Limited	-	706	-	706
	<u>663</u>	<u>2,465</u>	<u>1,053</u>	<u>2,465</u>
	=====	=====	=====	=====
(b) Due To Directors	2,510	3,284	2,242	1,793
	=====	=====	=====	=====
(c) Due from Directors	332	1,863	-	-
	=====	=====	=====	=====
(d) Due from Related Parties				
Current:				
Arco Industries Limited	-	602	-	-
Avon Financial Services Limited	-	380	-	-
Avon Rubber Company Limited	-	-	-	-
Dunvon Tanzania Limited	120	120	-	-
Provision for related party receivables	(120)	-	-	-
Accrued interest receivable	-	10,119	-	10,119
Dunlop Industries Limited	-	-	3,542	-
Olympia Capital Corporation Ltd	-	-	1,733	-
Kalahari Floor Tiles (Proprietary) Ltd	50	1,038	50	1,038
	<u>50</u>	<u>12,259</u>	<u>5,324</u>	<u>11,157</u>
	=====	=====	=====	=====
Non-Current:				
Dunlop Properties Limited (formerly Maniple Limited)	63,019	53,850	63,019	53,850
Mt Kenya Investment Limited	6,784	5,798	6,784	5,798
	<u>69,803</u>	<u>59,648</u>	<u>69,803</u>	<u>59,648</u>
	=====	=====	=====	=====

A related party for the purpose of these financial statement is a company, which directly or indirectly has common ownership with Olympia Capital Holdings Limited. The amounts due from and due to related parties are in respect of transactions arising in the normal course of business.

The above includes current and non-current related-party balances.

26 OTHER NON CURRENT ASSETS

Other non current assets were previously classified under Trade and Other Receivables. They represent related party balances which are intended to be converted into investments in the related party in the foreseeable future. The balances are therefore more appropriately disclosed under non current assets. The prior year comparative has been re-stated accordingly.

OLYMPIA CAPITAL HOLDINGS

PROXY

I/WE _____

OF _____

Being a member of the above Company, hereby appoint:

OF _____

Whom failing _____

OF _____

Of failing him, the Chairman of the Meeting as our/my proxy, to vote for us/me and on our/my behalf at the Annual General Meeting of the Company to be held at noon on Friday, 28th July 2006, at the Nairobi Club and at any adjournment thereof.

As witness our/my hand this _____ day of _____ 2005

Signed _____

Note:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote in his stead and a proxy need not be a member of the Company.
2. In the case of a member being a limited Company this form must be completed under its common seal or under the hand of an officer or attorney duly authorised in writing.
3. Proxies must be in the hands of the Secretary not later than 48 hours before the time of holding the meeting.

