



OLYMPIA

— Capital —

Annual Report

2000-2001

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DIRECTORS	:	<p>Dr. C.W. Obura (Chairman) M. W. Matu (Chief Executive Officer) Mr. Mwangi Wamae (Chief Operations Officer) Mr. M. Kunyiha Mr. S.A. Lakhani Mr. E.M. Wamae (alternate director to Mwangi Wamae) Mr. John P.N. Simba Mr. Paul N. Ndungu</p>
REGISTERED OFFICE	:	<p>LR No: 209/5532 Off Nanyuki Road Industrial Area P.O. Box 30102 GPO 00100 Nairobi</p>
COMPANY SECRETARY	:	<p>Lina Kantaria Certified Public Secretary P. O. Box 49925 GPO 00100 Nairobi</p>
TAX ADVISORS	:	<p>Ndettei & Associates P. O. Box 707 - 0606 Sarit Center Nairobi</p>
AUDITORS	:	<p>DCDM Associates Certified Public Accountants P. O. Box 10032 GPO 00100 Nairobi</p>
BANKERS	:	<p>Standard Chartered Bank Kenya Limited FINA Bank (Kenya) Ltd Barclays Bank of Kenya Limited Southern Credit Banking Corporation Limited First National Bank of Botswana Limited Standard Chartered Bank of Botswana Limited Stanbic Bank Botswana Limited First National Bank Limited - South Africa Nedbank Ltd - South Africa NIC Bank Limited</p>
REGISTRARS	:	<p>Custody and Registrars Services Limited 6th Floor, North Wing, Bruce House Plot Number L.R. NO. 209/6776, Standard Street P O Box 8484-00100 GPO Nairobi</p>



"Notice is hereby given that the Thirty-Ninth Annual General Meeting of the Company will be held at the Taifa Hall, KICC on Friday 25th September 2009 at 15.00 hrs to transact following business:"

ORDINARY BUSINESS

1. To table the proxies and note the presence of a quorum.
2. To read the notice convening the Meeting.
3. To approve the minutes of the Thirty-Eighth Annual General Meeting held on 31st July 2008.
4. To receive, consider and adopt the Annual Report and Financial Statements for the period ended February 28, 2009 together with Chairman's, Directors' and Auditors' reports thereon.
5. To approve a first and final dividend for the year ended February 28, 2009 of Kshs 0.10 per ordinary share subject to withholding tax where applicable.
6. To re-elect Directors:

"(i) In accordance with Article 99 of the Companies Articles of Association, Mr. Suresh A. Lakhani retires by rotation and being eligible, offer himself for re-election."
"(ii) In accordance with Article 99 of the Companies Articles of Association, Mr. Mwangi Wamae retires by rotation and being eligible, offers himself for re-election."
7. To approve Directors' remuneration.
8. To note that DCDM Associates, Certified Public Accountants will continue in office as Auditors under Section 159 (2) of the Companies Act (Cap 486) and to authorize the Directors to fix their remuneration.

Special Business

1. To consider and if accepted pass the following special resolutions:
THAT Article 140 of the Company's Articles of Association be amended by the deletion of the current Article 140 and the adoption of the following new Article 140:
"Every notice given by the Company shall be in writing. To the extent permissible by law the Company may serve any notice to be given to members by either:"
 - (a) Publishing such notice in two Kenyan daily newspapers with wide circulation for two consecutive days; or
 - (b) Sending such notice through the post addressed to such member at his registered postal address; or by facsimile transmission to such member at his registered facsimile address; or by electronic mail to such member at his registered electronic mail address, provided that where the Company elects to send such notice to any member at his registered facsimile or electronic mail address the Company shall ensure that such notice is also published in two Kenyan daily newspapers in accordance with paragraph (a) of this Article 140.
 - (c) Where the Company elects to serve any notice to members in accordance with paragraph (a) of this Article 140 the Company shall send a similar notice by post, facsimile transmission or by electronic mail as the case may be to any and every member who has their registered postal address outside of Kenya."



2. THAT Article 142 of the Company's Articles of Association be amended by the deletion of the current Article 142 and the adoption of the following new Article 142:

"(a) "Any notice which has been published in a daily newspaper in accordance with Article 140(a) shall be deemed to have been served at 9:00am on the next business day following the second day of publication"

(b) Any notice sent by post shall be deemed to have been served at the expiration of Seventy-two hours after posting.

(c) Any notice sent by facsimile or electronic mail shall be deemed to have been served at 9:00am on the business day following the date when transmitted or sent.

"(d) In proving the giving of a notice it shall be sufficient to prove that the notice was published in accordance with Article 140(a), or as the case may be that the envelope containing the notice was properly addressed, stamped and posted, or that the applicable means of telecommunication or electronic communication was properly addressed and transmitted, dispatched or sent in accordance with Article 140(b)."

(e) The failure of any person or entity to receive any notice served pursuant to this Article 142 shall not in any way invalidate any proceedings or actions taken by the Company for which the notice was given."

3. "THAT Article 136 of the Company's Articles of Association be amended by the deletion of the current Article 136 and the adoption of the following new Article 136:"

(a) "A copy of every balance sheet (including every document required by law to be annexed thereto) which is to be laid before the Company in general meeting, together with a copy of the Auditors' report, (together the "Accounts") shall not less than twenty-one days before the date of the meeting be sent, or to the extent permissible by law, be otherwise made available by electronic means, to every member of, and every holder of debentures in the Company and to every person registered under Article 33.

"(b) The Accounts may be sent by post or otherwise be made available to the extent permissible by law, by electronic means and not by post. This Article shall not require a copy of the Accounts to be sent to more than the first named of any joint holders of any shares or debentures. To the extent permissible by law the Company may send the Accounts to all persons entitled thereto by publishing, the Accounts on the Company's official website and if available on the official website of the Nairobi Stock Exchange, provided that the Company shall contemporaneously print its latest balance sheet and last profit and loss statements together with the Auditor's report in two Kenyan daily newspapers with wide circulation for two consecutive days drawing attention to the website(s) on which the Accounts in full may be read, and the address to which a request for a printed copy of the Accounts may be submitted and upon any such publication the Accounts shall be deemed to have been sent to every member or other person entitled to receive a copy of the Accounts."

4. THAT the Authorised Share Capital of the Company be increased from Forty million ordinary shares to Fifty million ordinary shares by the creation of ten million ordinary shares of Kenya Shillings five each, ranking in all respect pari passu with the existing ordinary shares in the capital of the Company.
5. THAT subject to any required authorization, including but not limited to the approval of the Capital Markets Authority, a scheme to be known as Olympia Capital Holdings Limited Employee Share Option Plan (ESOP) be established.

6. THAT the Directors of the Company be authorized to approve the Trust Deed and Rules of the ESOP and to appoint Trustees of the ESOP.
7. THAT the Directors of the Company be authorized to issue from time to time the shares created pursuant to Special Resolution 4 above for the establishment of the ESOP.
8. THAT the Directors of the Company be authorized to give, out of the Company's monies, loans, grants or other financial assistance to the ESOP as the Directors deem necessary and appropriate.
9. THAT the Directors of the Company be authorized generally to do all acts and things necessary to establish the ESOP and to carry into effect these resolutions including the making of any amendments to the Trust Deed and Rules of the ESOP as may be necessary to obtain its approval by the Capital Markets Authority pursuant to the provisions of the Capital Markets Act and the Regulations made thereunder.

BY ORDER OF THE BOARD



**"L. A. KANTARIA
COMPANY SECRETARY
OLYMPIA CAPITAL HOLDINGS LIMITED
Date: July 31, 2009"**

Note:

1. In accordance with Section 136 (2) of the Companies Act, every member entitled to attend and vote at the above meeting 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. A form of proxy is enclosed. 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 authorised in writing.
3. Duly filled proxies should be returned to P. O. Box 49925, Nairobi – 00100 and must be in the hands of the Secretary not later than 48 hours before the meeting.



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 seven directors. Five are Non Executive Directors, including the Chairman, Dr. C. W. Obura; two of the seven are Executive directors, namely the Chief Executive Officer, Michael Matu and the Chief Operations Officer, Mwangi Wamae.

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 have been considered by the main board. However an Audit and Nominations Committee was formed which is due to begin operations in the 2008/9 financial year and will handle appointments to the main, subsidiary and associate company boards.

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 to 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

In the previous financial period, two board committees were formed and were to start operating after the financial year-end. These are the Audit & Nominations Committee and the Investments Committee. Although these committees did not meet separately, matters which would normally have been considered in these committees were considered at the board meetings held during the year.

Summary of board attendance of the financial year ended February 28, 2009:

	June 12, 2008	October 30, 2008	December 9, 2008	February 17, 2009
Dr. C.W. Obura (Chairman)	✓	✓	✓	✓
Mr. M. W. Matu (CEO)	✓	✓	✓	✓
Mr. Mwangi Wamae (COO)	✓	✓	×	✓
Mr. M. Kuniyha	✓	×	✓	×
Mr. S.A. Lakhani	✓	✓	✓	✓
Mr. E.M. Wamae*	×	×	×	×
Mr. John P.N. Simba	✓	✓	✓	×
Mr. Paul N. Ndungu	✓	✓	✓	✓

- * - alternate director to Mwangi Wamae
- ✓ - Present
- ×



MAJOR SHAREHOLDERS

Name	Share	Percentage (%) shareholding
Dunlop Properties Limited	7,363,502	18.4%
Paul Wanderi Ndungu	4,870,000	12.2%
Karen Enterprises Limited	3,932,832	9.8%
I & M Nominees Limited Acc: 028950	2,357,132	5.9%
First Ten Limited	2,133,136	5.3%
Stanbic Nominees (K) Limited Acc: R48703	1,901,700	4.8%
Stanbic Nominees (K) Limited Acc: R48704	1,389,000	3.5%
Michael Matu	1,107,197	2.8%
Joel Kamau Kibe	949,500	2.4%
Scottlink Limited	885,269	2.2%
Eliud Matu Wamae	619,088	1.5%
Stanbic Nominees (K) Limited Acc: R48702	420,000	1.1%
Croxley Properties Ltd A/c 693448	400,000	1.0%
Stanbic Nominees (K) Limited Acc: R48701	400,000	1.0%
James Mwangi Wamae	353,521	0.9%
Balobhai Chhotabhai Patel	280,000	0.7%
Rakesh Gadani	240,425	0.6%
Stephen Gichohi Mwangi	200,000	0.5%
Corporate Insurance Company Limited	169,600	0.4%
Mt. Kenya Investments Ltd	169,031	0.4%
Central Kenya Wholesalers Ltd	131,167	0.3%
Others	9,727,900	24.3%
Total	40,000,000	100.0%

DISTRIBUTION OF SHAREHOLDERS

Volume	No of shares held	Percentage (%) shareholding	No of Shareholders
1-500	246,089	0.62%	971
501-5,000	2,602,988	6.51%	1,315
5,001-10,000	1,378,278	3.45%	179
10,001-100,000	5,047,182	12.62%	195
100,001 - 1,000,000	5,670,964	14.18%	17
1,000,001 +	25,054,499	62.64%	8
Total	40,000,000	100.00%	2,685



The performance of the companies we have invested in, was generally as expected except for South Africa, where our subsidiary in Johannesburg, Plush Products (pty) Limited (Plush), went into a spiral of losses following the recession in South Africa. A decision was made to close this subsidiary, sell the assets to pay off bank debt and consider re-entering the market on a significantly leaner model that does not deal with the large retail chains in South Africa.

The company had advanced loans to a Cape Town based manufacturing business called Natural Wooden Products (Pty) Limited (Natwood), in which there was a conditional offer to purchase. As at the reporting date the sale purchase agreement had not yet been effected and since the company's operations had also adversely been affected by the current recession in South Africa, and the board was of the opinion that these loans should be provided for in full.

In view of these two developments in South Africa, your board felt it prudent to provide for the worst case scenario in terms of investment loss and contingent liabilities. We have thus provided a total of Ksh 114,644,000 in our books for this. Any savings in the closure of Plush and the successful acquisition of Natwood would be written back to our books at the appropriate time.

It is important to note that neither Plush nor Natwood have contributed to the group's profitability since our involvement with them. This action has resulted in a net reduction of bank borrowings of Ksh 140 million and debtors factoring of Ksh 180 million.

In order to give our stakeholders an accurate view of the financial affairs of the group, we did not consolidate Plush and have totally provided for the investments in both.

Financials:

In comparing the period under review which is a twelve month period, we must remember that the previous period was a fourteen month period. Due to not consolidating Plush, our group turnover dropped from Ksh 1.3 billion to Ksh 502 million. Due to the reduction in turnover, profit from operations decreased by 10% from Ksh 68 million to Ksh 61.7 million.

There was a 98% reduction in interest costs from Ksh 36 million to Ksh 0.8 million. This reduction in interest costs resulted in an increase in operating profit from continuing operations by 188% from Ksh 32 million to Ksh 61 million. However due to the provision for discontinuing operations of Ksh 200 million, which has to be looked at with the credit to the minority account of Ksh 86 million, we have thus provided for Ksh 114 million due to the closure of Plush and restructuring of Natwood.

Unfortunately, the net result due to the provision is a loss of Ksh 61 million in the year under review as opposed to a profit of Ksh 20 million in the previous year. The holding company still has positive revenue reserves of Ksh 60 million.

Operational Review:

Kenya:

Our PVC tile and Adhesive operations in Kenya, Dunlop Industries Limited, only managed to turn a profit in the last two months of the financial year. The unit however made a loss in the period under review, which dampened our group results. The new plant for Dunlop has arrived in Kenya, however it is yet to be installed and we expect this to be completed in the current year.

Mather + Platt Kenya Limited (M+P), a local Fire Systems, Water Services and Mechanical Installations business that we own 48.5% off, had a slightly better year than the preceding year before our investment. We spent the year reorganising the business to enable it to grow and achieve our set targets. M+P made a positive contribution to the bottom line in its first year in our group. Introduction of new products like the fireball fire extinguisher, give us a lot of hope for this investment.

**Operational Review (Continued):****Kenya (continued):**

This was the first year we consolidated our investment in Avon. Although we own 47.5%, we essentially control the activities of the company and thus consolidated it. Avon made a positive contribution to the group.

As I had predicted in my last Chairman's report, Heri Limited, the property investment holding company that we own 12.5% off, made a significant contribution to the group profitability by way of a very generous dividend. We believe this to be a once off event and will seek to increase our shareholding in this business. The management of Olympia Capital are actively involved in the running of the affairs at Heri Limited.

South Africa:

The turn of events in South Africa was unexpected and worrisome. In mid 2008, we noticed a marked reduction in sales in both Plush and Natwood. This was due to the first recession in South Africa in seventeen years. On our end, we made reductions in operating costs to align our cost base with the reduced sales; all along we managed to maintain a break even position.

In early 2009, there was a further decline in sales and due to a policy with large retailers, where they were able to return product to us without cause, the business in Jo'burg spiralled into losses. A decision was made to exit this business, sell assets to meet our obligations to the bank and consider re-entering the business with a leaner model at a later stage.

In Natwood, we decided to retain the existing business but restructure it also, that is why we have provided for the investment in Natwood, but we are optimistic that the restructuring will succeed. We do not anticipate the group making any further investments in South Africa for the foreseeable future.

Botswana:

Kalahari Floor Tiles (Pty) Limited (KFT) had an exceptional year, improving its bottom line by 50%. All its four divisions contributed to the bottom line and KFT was very helpful both in terms of management and cash resources in assisting the group in the South African restructuring and closure. KFT added an additional line as the Botswana sole agent for a large South African aluminium manufacturer. We expect to make an investment in one of the neighbouring countries to Botswana in the course of the current year.

Dividends:

Despite the provision, the group made a profit from continuing operations; we have therefore decided to pay a dividend of Ksh 0.10 per share on 23rd October 2009 to those shareholders registered in our books at the close of business on 21st August 2009. Our books closure dates will be 20th and 21st August 2009.

Dr. C W Obura
Chairman
July 31, 2009



The directors submit herewith their report to the members together with the financial statements for the year ended February 28, 2009.

Principal activities

Olympia Capital Holdings Ltd is an investment holding company. Its main investments are in companies dealing in the manufacture and sale of products used in the construction industry, such as floor tiles, adhesives, uPVC windows and door frames, cleaning chemicals as well as real estate.

Change of financial year-end

In the prior period, the directors changed the financial reporting year-end of the company to February 28/29 of each year from December 31 of each year to conform with the Group financial reporting year end. As a result, the comparative financial statements presented herewith are for the 14-month period ended February 29, 2008. The current year financial statements are for the 12-month year ended February 28, 2009.

Results for the period

The net loss for the year of KShs. 61.4 million (2008: KShs. 20.57 million) has been added to retained earnings. The results for the year ended February 28, 2009 are shown on page 12.

Ordinary Share Dividend

An amount of KShs. 4 million (KShs. 0.10 per share) is being proposed for the period ended February 28, 2009 (2008: KShs. 8 million, KShs. 0.20 per share).

Directors

The directors who held office during the year and upto the date of this report are set out on Page 1.

Subsequent events

Plush Products (Pty) Ltd, the South African Subsidiary ceased trading after the reporting date. In the consolidated financial statements, the company has been accounted for on a break up basis. We have provided for in full for all known contingent liabilities as a result of the closure of Plush Products (Pty) Ltd. The management is aware that IAS 27 (Consolidated and Separate Financial Statements) requires that a subsidiary should be consolidated until the date that it is actually disposed off. However, the management was of the view that consolidating Plush Products (Pty) Ltd into the group accounts would not have given a fair presentation of the financial position of the group. This is because Plush deteriorated significantly after year end and Nedbank of South Africa moved in to perfect the notarial bond they had over the assets of the business. The management was therefore of the opinion that consolidating Plush into the group's statements would not give a fair representation and they therefore opted to consolidate the entity on a break up basis. The full investment made by the parent company plus all loans from the group have been fully impaired. In addition, there is an extra provision of Kshs. 32.68m (P 3.1 m) to cover for the guarantees that Olympia Capital Corporation had given Nedbank for the loans advanced to Plush. This provision is based on the balance remaining after forced sale values of the assets as provided by the bank. Whereas the full provision for any probable loss has been effected in the current year's financial statements, the focus in the coming year will be to wind down the operation in an orderly manner in order to realise the full value of the assets and reduce the loss to shareholders. In addition the company had advanced loans to Natwood (Pty) Ltd in South Africa in which there was a conditional offer to purchase. As at year end the sale purchase agreement had not been finalised and it had come to the attention of the directors that the amounts might not be recoverable. In order to be in compliance with IAS 10 (Events after the Balance Sheet Date) and IAS 36 (Impairment of Assets), the management has fully provided for these loans. Note 7 provides a full disclosure of the amounts written off due to these discontinuing operations, which totals Kshs. 200.5 (P19.1m).

Auditors

The auditors, DCDM Associates, have expressed their willingness to continue in office in accordance with Section 159 (2) of the Companies Act (Cap 486).

BY ORDER OF THE BOARD

Lina Kantaria
Secretary
July 31, 2009
Nairobi



The Kenyan Companies Act requires the directors to prepare financial statements for each financial year that gives a true and fair view of the state of affairs of the Company as at the end of the financial year and of the Company's profit or loss. It also requires the directors to ensure that the company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

The directors accept full responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with international Financial Reporting Standards and the requirements of the Kenyan Companies Act. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of the Company's profit or loss in accordance with international Financial Reporting Standards. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

Nothing has come to the attention of the directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

Dr. C.W. Obura
Chairman

Mr. M.W. Njiru
Director

Date: July 31, 2009



DCDM Associates

DCDM

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

This report is made solely to the members of Olympia Capital Holdings Limited (the "Company"), as a body, in accordance with Section 159 of the Companies Act (CAP 486). 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.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Olympia Capital Holdings Limited set out on pages 12 to 54 which comprise the balance sheet at February 28, 2009, the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

1. Directors' Responsibility for the Financial Statements

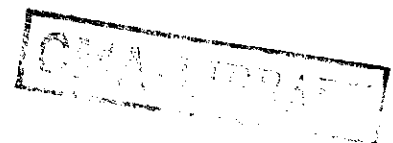
The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Kenyan Companies Act. This responsibility includes: designing, implementing and maintaining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

2. Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 auditors' 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 auditors consider internal control relevant to the Company'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 directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.





DCDM Associates



DCDM

3. Basis for Qualified Opinion

In the current year, the Group did not comply with International Financial Reporting Standards (IFRS) in that it did not consolidate a subsidiary that is about to be placed under liquidation (Plush Products Pty Ltd). Results of the subsidiary according to the requirements of International Accounting Standard (IAS) 27 (Consolidated and Separate Financial Statements) should have been included as part of the group financial results for the present financial year. However there is no net effect on the Equity of the Group, since per IFRS the Group has correctly written off all the amounts relating to the subsidiary as they do not expect to recover any amounts from the liquidation. The disclosures made in the financial statements are comprehensive and provide information regarding this matter (see the directors' report, and notes 7 and 18).

4. Opinion

In our opinion, except for the effect on the financial statements of the matter referred to in the preceding paragraph, the financial statements on pages 12 to 54 give a true and fair view of the financial position of the Company at February 28, 2009, 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 Kenyan Companies Act.

5. Report on Other Legal and Regulatory Requirements

As required by the Kenyan Companies Act we report to you, based on our audit, that:

- i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. in our opinion proper books of account have been kept by the Company, so far as appears from our examination of those books; and
- iii. the financial statements of the Company are in agreement with the books of account.

DCDM Associates

**Certified Public Accountants
Nairobi, Kenya**

July 31, 2009

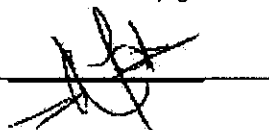


		14 months ending 28/02/08	
	Notes	2009 Kshs '000	2008 Kshs '000
Continuing operations			
Revenue		501,868	1,366,927
Cost of sales		<u>(304,575)</u>	<u>(1,001,273)</u>
Gross profit		197,293	365,654
Other operating income		5,292	6,333
Distribution costs		<u>(3,346)</u>	<u>(3,893)</u>
Administrative expenses		<u>(136,062)</u>	<u>(298,986)</u>
Other operating expenses		<u>(1,435)</u>	<u>(235)</u>
Profit from operations	7	61,742	68,873
Finance costs	9	<u>(789)</u>	<u>(36,475)</u>
Operating profit		60,953	32,398
Share of profit of associate		<u>992</u>	<u>2,477</u>
Profit before tax		61,945	34,875
Tax	10	<u>(8,680)</u>	<u>(501)</u>
Net profit from continuing operations		53,265	34,374
Discontinued operations			
Loss from discontinuing operations	7	<u>(200,496)</u>	-
Net (loss)/profit for the year		(147,231)	34,374
Non-controlling interest		<u>85,870</u>	<u>(13,804)</u>
Net (loss)/profit attributable to shareholders		(61,361)	20,570
Earnings per share			
Basic & Diluted (Kshs. per share)	12	<u>(1.53)</u>	<u>0.51</u>
Dividends:			
Final dividend proposed	25	<u>4,000</u>	<u>8,000</u>
Dividend paid		<u>(8,000)</u>	<u>-</u>
Dividend per share		<u>0.10</u>	<u>0.20</u>

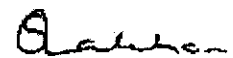
	Notes	Group		Company	
		2009 Kshs '000	2008 Kshs '000	2009 Kshs '000	2008 Kshs '000
ASSETS					
Non-current assets					
Property, plant and equipment	13, 14	210,589	117,467	553	113
Operating lease rentals	15	56,973	-	-	-
Intangible assets	16, 17	103,361	150,323	194	-
Investments	18	22,646	120,763	243,366	221,712
Available for sale investments	19	96,273	98,962	95,121	98,962
Deferred tax	26	85	3,120	85	38
Other non current assets	30	21,840	10,085	51,403	21,003
		<u>511,767</u>	<u>500,720</u>	<u>390,722</u>	<u>341,828</u>
Current assets					
Non-current assets held for sale	20	53,728	-	-	-
Inventories	21	59,803	160,684	-	-
Trade and other receivables	22	79,959	242,784	1,004	1,199
Prepayments	23	-	12,750	-	-
Amounts due from related parties	30	26,967	21,354	145,998	75,001
Cash and cash equivalents	29	54,983	67,569	2,489	20,060
Funds held in trust in Botswana	29	370	83,519	370	83,519
		<u>275,810</u>	<u>588,660</u>	<u>149,861</u>	<u>179,779</u>
Total assets		<u>787,577</u>	<u>1,089,380</u>	<u>540,583</u>	<u>521,607</u>
EQUITY AND LIABILITIES					
Capital and reserves					
Issued ordinary share capital	24	200,000	200,000	200,000	200,000
Share premium		255,985	255,985	255,985	255,985
Non-distributable reserves		(11,235)	(12,062)	-	-
Revenue reserves		14,342	94,738	60,024	39,606
Proposed dividends		4,000	8,000	-	8,000
Shareholders' equity		<u>463,092</u>	<u>546,661</u>	<u>516,009</u>	<u>503,591</u>
Non-controlling interest	11	<u>94,318</u>	<u>128,418</u>	<u>-</u>	<u>-</u>
Non-current liabilities					
Borrowings	25	33,467	76,798	-	-
Deferred tax	26	793	-	-	-
Provisions		1,700	-	-	-
Due to related parties	30	210	-	-	-
		<u>36,170</u>	<u>76,798</u>	<u>-</u>	<u>-</u>
Current liabilities					
Trade and other payables	27	110,573	198,278	13,049	8,542
Amounts due to related parties	30	9,901	5,958	7,693	5,642
Provisions		32,050	-	-	-
Borrowings	25	19,495	105,446	-	-
Dividends payable		11,376	14,629	2,220	2,220
Taxation		10,602	13,192	1,612	1,612
		<u>193,997</u>	<u>337,503</u>	<u>24,574</u>	<u>18,016</u>
Total liabilities		<u>230,167</u>	<u>414,301</u>	<u>24,574</u>	<u>18,016</u>
Total equity and liabilities		<u>787,577</u>	<u>1,089,380</u>	<u>540,583</u>	<u>521,607</u>

The financial statements on pages 12 to 54 were approved by the Board of Directors on July 31, 2009 and signed on its behalf by:

Director



Director



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Ordinary share capital Kshs '000	Share premium Kshs '000	Translation reserve Kshs '000	Property revaluation reserve Kshs '000	Revenue reserve Kshs '000	TOTAL Kshs '000
Period ended February 29, 2008						
Balance at January 1, 2007	50,000	-	(22,169)	25,177	77,443	130,451
Share capital issued in the period	150,000	-	-	-	-	420,000
Share issue costs	-	(270,000)	-	-	-	(14,015)
Fair value loss on revaluation of available-for-sale investments	-	(14,015)	-	-	-	(4,263)
Translation adjustment	-	-	(2,525)	-	-	(2,525)
Net profit for the year	-	-	-	-	-	31,897
Minority share	-	-	1,236	82	(13,804)	(12,486)
Share of profit in Associate company	-	-	-	(169)	2,477	2,477
Amortisation of revaluation reserve	-	-	-	-	86	(89)
Transfer of revaluation reserve on disposal of asset	-	-	-	(13,694)	13,694	-
Dividends	-	-	-	(4,792)	(4,792)	-
Balance at February 29, 2008	200,000	255,985	(23,458)	11,396	102,738	546,661
Period ended February 28, 2009						
Balance at March 1, 2008	200,000	255,985	(23,458)	11,396	102,738	546,661
Share capital issued in the period	-	-	-	-	-	-
Share issue costs	-	-	-	-	-	-
Fair value gain on property available-for-sale investments	-	-	-	24,667	-	24,667
Translation adjustment	-	-	(22,028)	-	(17,143)	(17,143)
Net loss for the year	-	-	-	-	-	(147,231)
Loss from discontinued operations	-	-	-	-	3,232	3,232
Minority share	-	-	10,906	(11,716)	84,240	83,430
Amortisation of revaluation reserve	-	-	-	(1,002)	506	(496)
Transfer of revaluation reserve on disposal of asset	-	-	-	-	-	-
Dividends	-	-	-	-	(8,000)	(8,000)
Balance at February 28, 2009	200,000	255,985	(34,580)	23,345	18,342	463,092

Further explanations on the components of shareholders' equity are in Note 24.

COMPANY STATEMENT OF CHANGES IN EQUITY

	Ordinary share capital Kshs '000	Share premium Kshs '000	Property revaluation reserve Kshs '000	Revenue reserve Kshs '000	TOTAL Kshs '000
Period ended February 29, 2008:					
Balance at January 1, 2007	50,000	-	13,310	32,509	95,819
Share capital issued in the period	150,000	270,000	-	-	420,000
Share issue costs	-	(14,015)	-	-	(14,015)
Transfer of revaluation reserve on disposal of asset	-	-	(13,310)	13,310	-
Fair value loss on revaluation of available-for-sale investments	-	-	-	(4,263)	(4,263)
Net profit for the year	-	-	-	6,050	6,050
Balance at February 29, 2008	200,000	255,985	-	47,606	503,591
Year ended February 29, 2009:					
Balance at March 31, 2008	200,000	255,985	-	47,606	503,591
Share capital issued in the period	-	-	-	-	-
Share issue costs	-	-	-	-	-
Transfer of revaluation reserve on disposal of asset	-	-	-	-	-
Fair value loss on revaluation of available-for-sale investments	-	-	-	(17,144)	(17,144)
Net profit for the year	-	-	-	37,562	37,562
Dividends paid in the year	-	-	-	(8,000)	(8,000)
Balance at February 28, 2009	200,000	255,985	-	60,024	516,009



		14 months ending 28/02/08	
	Notes	2009 Kshs '000	2008 Kshs '000
OPERATING ACTIVITIES			
CASH USED IN OPERATIONS	28	(85,070)	(57,281)
Interest received		23,772	6,877
Finance costs paid		(18,229)	(42,299)
Tax paid		(7,476)	(5,365)
Dividends received		58,020	3,886
Dividends paid to minority shareholders		(18,987)	(5,509)
Net cash used in operating activities		<u>(47,970)</u>	<u>(99,691)</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(17,383)	(47,408)
Intangible assets acquired		(1,119)	(9,812)
Proceeds from disposal of property, plant & equipment		616	29,064
Investment in associate company		(21,654)	(55,428)
Increase in investment in subsidiary		-	(81,785)
Investment in available-for-sale financial instruments		(30,482)	(103,224)
Proceeds from disposal of available-for-sale financial instruments		17,517	-
Investment in other non-current assets		(30,399)	(14,059)
Loans to group companies		10,860	-
Acquisition of controlling interest in Avon Rubber Company Ltd		527	-
Net cash used in investing activities		<u>(71,517)</u>	<u>(282,652)</u>
FINANCING ACTIVITIES			
Capital raised		-	513,565
Proceeds from long-term borrowings		117,867	60,290
Net repayment of long term borrowings		(19,002)	(35,368)
Net cash generated from financing activities		<u>98,865</u>	<u>538,487</u>
Net increase/(decrease) in cash and cash equivalents		<u>(20,622)</u>	<u>(30,326)</u>
Cash and cash equivalents at beginning of period		56,738	(104,351)
Effects of exchange rate changes		2,374	4,945
Cash and cash equivalents at end of period	29	<u>38,490</u>	<u>56,738</u>

1 GENERAL INFORMATION

Olympia Capital Holdings Limited ("OCHL") or (the "Company") is a public limited liability company incorporated in the Republic of Kenya under the Companies Act (Cap 486) and is domiciled in Kenya.

The Company has a number of subsidiaries (together, the "Group") which are detailed in Note 17.

The address of its registered office is L.R. No. 209/5532, Off Nanyuki Road, Industrial Area, P.O. Box 30102, GPO 00100, Nairobi.

The Company's shares are listed on the Nairobi Stock Exchange.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented other than for the non-consolidation of the South African subsidiary Plush Products (Pty) Ltd which had ceased trading after the balance sheet date.

(a) Basis of preparation

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS). The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The financial statements are presented in Kenya Shillings (Kshs), rounded to the nearest thousand.

The preparation of financial statements in conformity with IFRS requires the use of critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions are significant to the financial statements, are disclosed in Note 5.

Adoption of new and revised standards

In 2008/9, the following new and revised standards and interpretations became effective for the first time and have been adopted by the Company where relevant to its operations. The comparative figures have been restated as required, in accordance with the relevant requirements.

~ IFRIC 14 - 'IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction' - from 1 January 2008.

~ IFRIC 11 - 'IFRS 2 - Group and Treasury Share Transactions' - from 1 January 2008.

The Directors have assessed the relevance of these amendments and interpretations with respect to the Company's operations and have adopted them where applicable.

Standards and amendments adapted early by the group

IFRS 8, Operating Segments, effective for accounting periods beginning on or after January 1, 2009, was early adopted in the current financial year. Please see Note 6.

Standards, interpretations and amendments to published standards that are not yet effective

There are a number of other amendments to an existing standard and new standard and interpretations that will be mandatory for the Company's accounting periods beginning on or after 1 January 2009, but which the Company has not early adopted.



(b) Consolidation

(i) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

A list of the Group's subsidiaries is set out in Note 18.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control, generally comprising a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (see Note 16).

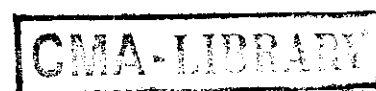
The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Functional currency and translation of foreign currencies

(i) Functional and presentation currency

Items included in the financial statements are measured in Kenya Shillings (Kshs) which is the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Kenya Shillings which is the Company's functional and presentation currency.





(c) **Functional currency and translation of foreign currencies (continued)**

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the income statement.

Monetary assets and liabilities at the balance sheet date which are denominated in foreign currencies, are translated into the functional currency at year-end exchange rates. The resulting differences from conversion and translation are recognised in the income statement in the year in which they arise.

(iii) Consolidation of Group entities

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

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;*
- (ii) income and expenses for each profit and loss account are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and*
- (iii) 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 are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the profit and loss account as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(d) **Segment reporting**

IFRS 8, Operating Segments, replaces IAS 14, Segment reporting. IFRS 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes, which is provided to the board of directors. The Group defines operating segments on the basis of key product lines. Geographical information is also important to management, and has been given below.

(e) **Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax (VAT), returns, rebates and discounts. Revenue is recognised as follows:

- (i) Sales of goods* are recognised in the period in which the Company delivers products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.
- (ii) Sales of services* are recognised in the period in which the services are rendered.
- (iii) Rental income* is recognised on an accruals basis in accordance with the substance of the relevant agreements.
- (iv) Interest income* is recognised as it accrues taking into account the effective yield on the asset, unless collectibility is in doubt.
- (v) Dividend income* is recognised as income in the period in which the right to receive payment is established.



(f) Property, plant and equipment

All categories of property, plant and equipment are initially recorded at cost and are subsequently stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's 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 Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation are credited to a revaluation surplus reserve in equity. Decreases that offset previous increases of the same asset are charged against the revaluation surplus; all other decreases are charged to the profit and loss account. Each year, the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the profit and loss account) and depreciation based on the asset's original cost is transferred from the revaluation surplus to revenue reserves.

Depreciation on property, plant and equipment is calculated using the straight-line method to write down their cost to their residual values over their estimated useful lives, as follows:

	<u>% Rate per annum</u>
Buildings	2.0 - 2.5
Plant and machinery	7.5 - 20
Furniture, fittings and equipment	20
Motor vehicles	20

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its estimated recoverable amount if the its carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with their carrying amounts and are included in arriving at operating profit. On disposal of revalued assets, amounts in the revaluation surplus relating to that asset are transferred to retained earnings.

(g) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(h) Accounting for leases

(i) Leasehold land

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

(ii) Classification of leases

Leases are classified as finance leases 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.



(h) Accounting for leases (continued)

(iii) 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 leased property and the present value of the minimum lease payments. Each 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.

(iv) 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.

(v) 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.

(i) Inventories

Inventories are initially recorded at cost and subsequently 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 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 value is the estimated selling price in the ordinary course of business, less the costs of completion and the estimated variable selling expenses.

Stock provisions

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

(j) Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

A provision for impairment of receivables is made when there is objective evidence that the Group will not be able to collect all the amounts due according to the original terms of the receivables. The amount of the provision is recognised in the income statement.

(k) Payables

Trade payables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method.



(l) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, net of bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(m) Share capital

Ordinary shares are classified as equity.

(n) Borrowings

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

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(o) Employee Benefits

(i) Post employment benefit

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 a defined contribution retirement benefit 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). The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Company's contributions to the defined contribution scheme are charged to the income statement in the year to which they relate.

(ii) Other entitlements

The estimated monetary liability for employees' accrued annual leave entitlement at the balance sheet date are recognised as an expense accrual.

(p) Income tax

Income tax expense is the aggregate of the charge to the income statement in respect of current income tax and deferred income tax.

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the relevant tax legislation.

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

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

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

(q) 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 the amount has been reliably estimated.

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

(r) 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 in 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 asset exceeds its recoverable amount which is 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).

(s) Comparatives

Where necessary, prior year comparatives have been adjusted to conform with changes in presentation in the current year. The prior financial period covered 14 months, compared to the current 12 months. The prior year period also included the results of Plush Products (Pty) Ltd.

3 GOING CONCERN

As at February 28, 2009, Dunlop Industries Limited, a wholly owned subsidiary of Olympia Capital Holdings Limited, had a shareholders' deficit of Kshs. 21,182,942 (2008: Kshs. 13,223,797) due to trading losses incurred in the current and prior financial 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. To address the shareholders' deficit, OCHL has made advances amounting to Kshs. 72,544,770 (2008: Kshs. 48,835,243) to Dunlop Industries Ltd, which are subordinated to third party debt.

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, is an investment holding company and its largest investment, Olympia Capital Corporation Limited, the Botswana subsidiary, has a positive net worth.



4 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks, including credit risk and the effects of changes in foreign currency exchange rates and interest rates. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

4 a) Market risk

(i) Foreign exchange risk

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

At February 28, 2009, if the Kenya Shilling weakened by 5% against the following currencies with all other variables held constant, the consolidated post-tax loss for the year would have been higher or lower by the following amounts, mainly as a result of foreign currency denominated monetary assets and liabilities:

US Dollar	- Kshs. 306,014 higher	(2008: Kshs. 5,011, 636 lower)
Euro	- Kshs. 2,395 lower	(2008: Kshs. 2,563 lower)
South African Rand	- Kshs. 1,991,682 lower	(2008: Kshs. 1,177 lower)
Botswana Pula	- Kshs. 3,526,283 lower	(2008: nil)

(ii) Cash flow and fair value interest rate risk

As the Group has no significant long term interest bearing assets, its income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from short-term and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

At February 29, 2008, if interest rates on total borrowings had been 1 percentage point higher with all other variables held constant, post-tax loss for the period would have been Kshs. 0.83 million (2008: Kshs. 1.53 million) higher, mainly as a result of higher interest expense on floating rate borrowings.

(iii) Price risk

The Group is exposed to equity securities price risk because of investments in quoted and unquoted shares classified as available-for-sale. The Group is not exposed to commodity price risk. All quoted shares held by the Group are traded on the Nairobi Stock Exchange (NSE). The Group is also exposed to price risk on the non-current assets held for sale.

At February 29, 2008, if the NSE Index had increased/decreased by 1% with all other variables held constant and all the Group's equity instruments moved according to the historical correlation to the index, consolidated equity reserves would have been Kshs. 232,000 (2008: Kshs 349,000) higher/lower.

4 b) Credit risk

The Group's credit risk arises from cash equivalents, deposits with banks, as well as trade and other receivables. Neither the Group nor the Company has any significant concentrations of credit risk.

The amount that best represents the Group's and Company's maximum exposure to credit risk as at February 28, 2009, is made up as follows:

	Group		Company	
	2009 Kshs '000	2008 Kshs '000	2009 Kshs '000	2008 Kshs '000
Cash equivalents	38,490	56,738	2,859	103,579
Trade receivables	79,959	242,784	1,004	1,199
Amounts due from related parties	26,967	21,354	145,998	75,001
Other receivables	-	12,750	-	-
	<u>145,416</u>	<u>333,626</u>	<u>149,861</u>	<u>179,779</u>

None of the above assets are past due or impaired except for a provision for impairment made in respect of trade receivables (which are due within 30 days of the end of the month in which they are invoiced):

	Group		Company	
	2009 Kshs '000	2008 Kshs '000	2009 Kshs '000	2008 Kshs '000
Provision for impairment of trade receivables	<u>1,596</u>	<u>10,481</u>	<u>695</u>	<u>-</u>



4 c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding from an adequate amount of committed credit facilities.

The table below analyses the Group's and Company's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet date to the expected maturity date. The amounts disclosed in the table below are the expected undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 year Kshs '000	More than 1 year Kshs '000
(a) Group:		
At February 28, 2009:		
Trade and other payables	110,573	-
Amounts due to related parties	9,901	210
Borrowings	19,495	33,467
Other payables	54,028	1,700
	193,997	35,377
At February 29, 2008:		
Trade and other payables	198,278	-
Amounts due to related parties	5,958	-
Borrowings	105,446	76,798
Other payables	27,821	-
	337,503	76,798
(b) Company:		
At February 28, 2009:		
Trade and other payables	13,049	-
Amounts due to related parties	7,693	-
Other payables	3,832	-
	24,574	-
At February 29, 2008:		
Trade and other payables	8,542	-
Amounts due to related parties	5,642	-
Other payables	3,832	-
	18,016	-

4 d) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group's gearing ratio is tabulated below. This ratio is calculated as total borrowings divided by total capital. Total borrowings comprise all loans from third parties. Total capital is calculated as shareholders' equity plus total borrowings.

The gearing ratios at February 28, 2009 and February 29, 2008 are as follows:

	Group		Company	
	2009 Kshs '000	2008 Kshs '000	2009 Kshs '000	2008 Kshs '000
Total borrowings	53,172	182,244	-	-
Total shareholders' equity	463,092	546,661	516,009	503,591
Total Capital	516,264	728,905	516,009	503,591
Gearing ratio	10%	25%	0%	0%

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

(i) Critical accounting estimates and assumptions

Management has made estimates in determining:

- ~ provision for impaired receivables;
- ~ the fair value of financial liabilities;
- ~ whether assets are impaired.

Income taxes

Significant judgement is required in determining the Company's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(ii) Critical judgements in applying the Company's accounting policies

In the process of applying the Company's accounting policies, management has made judgements in determining:

- ~ the classification of leases;
- ~ the useful lives of, or expected pattern of consumption of the future economic benefits embodied in, depreciable assets;
- ~ the value of deferred tax asset recognised

SEGMENTAL REPORTING

IFRS 8, Operating Segments, replaces IAS 14, Segment reporting. The new standard requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. The segments are reported in a manner that is consistent with the internal reporting provided to the board of directors. The Group defines operating segments on the basis of key product lines. Geographical information is also important to management, and has been given below.

Year ended February 28, 2009	Investment holding		Property		Building & construction materials		Geographical totals		Total
	Kenya Kshs '000	Kenya Kshs '000	Kenya Kshs '000	Kenya Kshs '000	Kenya Kshs '000	Kenya Kshs '000	Kenya Kshs '000	Kenya Kshs '000	
Sales									
Operating profit/(loss) from operations									
Share of profit from associate									
Net profit/(loss)									
Total assets	540,585	189,118	104,013	256,831	833,714	216,481	1,400,742	1,400,742	
Less: Intercompany consolidation adjustments									
Consolidated group assets								1,400,742	
Non-current assets excluding financial assets and deferred tax									
Less: Intercompany consolidation adjustments									
Consolidated group non-current assets								787,577	

Trading between the reporting segments is limited and the amounts are not material. Sales reported above pertain mainly to external customers. Transactions between operating segments are captured on an arm's length basis.

7 LOSS FROM OPERATIONS	2009 Kshs '000	2008 Kshs '000
a) Profit from continuing operations is stated after charging:		
Depreciation on property, plant & equipment	9,964	27,059
Amortisation of intangible assets	831	-
Lease rentals (property, plant & equipment)	3,629	16,649
Staff Costs (See Note 8)	60,159	231,883
Directors' emoluments	4,980	797
Audit fees	6,209	3,228
Other services from auditors	460	460
Research and development	-	289
and after crediting:		
Profit on sale of available for sale financial assets	(1,224)	-
Profit on disposal of property, plant & equipment	209	1,019
b) Loss from discontinued operations comprise the following:		
Investment in subsidiary (Plush products (Pty) Ltd)	85,983	-
Loans to Plush Products (Pty) Ltd	16,628	-
Provision for final audit fees relating to Plush Products (Pty) Ltd	3,352	-
Loans advanced to Natwood	62,693	-
Contingent liability for guarantees given to Nedbank for Plush Products (Pty) Ltd's Loans (Estimated at R 3,800,000 by the Nedbank of South Africa based on forced sale asset values)	31,840	-
	<u>200,496</u>	<u>-</u>
b) Prior year comparatives for discontinued operations (Plush Products (Pty) Ltd):		
Revenue	-	966,259
Cost of Sales	-	(618,466)
Gross Profit	-	347,793
Other income	-	7,168
Operating costs	-	(325,384)
Loss before finance costs and tax	-	29,577
Net finance costs	-	(32,411)
Loss before tax	-	(2,834)
Taxation	-	(2,195)
Loss for the period	-	(5,029)

8	STAFF COSTS	2009 Kshs '000	2008 Kshs '000
	Wages and salaries	50,268	210,121
	Social security costs (NSSF)	99	93
	Pension and retirement benefits	560	5,590
	Gratuity	1,841	10,474
	Leave pay and bonuses	4,642	431
	Other staff welfare costs	2,749	5,174
		<u>60,159</u>	<u>231,883</u>
9	FINANCE COSTS		
	Interest payable on:		
	Long term loans	844	8,830
	Bank overdrafts	5,643	19,323
	Finance leases	1,561	6,162
	Others	382	7,983
		<u>8,430</u>	<u>42,298</u>
	Interest income	(9,643)	(2,577)
	Net foreign exchange gain	2,002	(3,246)
		<u>789</u>	<u>36,475</u>
10	TAXATION		
	Corporation tax charge	8,449	8,471
	Deferred tax credit/ (charge)	825	(7,970)
	Prior year adjustment	(594)	-
		<u>8,680</u>	<u>501</u>



11 NON-CONTROLLING INTEREST	2009 Kshs '000	2008 Kshs '000
At beginning of year/period	128,418	70,120
<i>Changes in respect of the non-controlling interest in Olympia Capital Corporation Ltd</i>		
Effect of changes in shareholding	-	(1,470)
Dividends paid	(4,356)	(4,591)
Share of fair value gain	12,212	-
Share of revaluation amortisation	(496)	(82)
Translation adjustment	(10,906)	(1,236)
Share of share issue and premium	-	52,320
Share of (loss)/profit for the year	(85,374)	14,656
Share of losses from discontinued operations	1,600	-
Change in minority interest in Plush (Pty) Ltd - (as restated for prior year)	-	(1,299)
Write-off in respect of Plush (Pty) Ltd	(11,945)	-
<i>Changes in respect of the non-controlling interest in Avon Rubber Company Ltd</i>		
Share of capital and reserves brought forward on consolidation	65,135	-
Share of profit for the year	30	-
At end of period/year	<u>94,318</u>	<u>128,418</u>

12 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.

	2009 Kshs '000	Feb 2008 Kshs '000
Net profit attributable to shareholders	<u>(61,361)</u>	<u>20,570</u>
Number of ordinary shares in issue ('000)	<u>40,000</u>	<u>40,000</u>
Basic earnings per share (Kshs)	<u>(1.53)</u>	<u>0.51</u>

The basic and diluted earnings per share are the same as there were no potentially dilutive shares outstanding at February 28, 2009 or February 29, 2008.

13 a) PROPERTY, PLANT & EQUIPMENT - GROUP

	Buildings Kshs '000	Plant & Machinery Kshs '000	Furniture Fittings & Equipment Kshs '000	Motor Vehicles Kshs '000	TOTAL Kshs '000
COST & VALUATION					
At March 1, 2008	68,591	166,971	27,761	42,329	305,652
Reclassification to prepaid operating lease rentals (see Note 15)	(31,921)	-	-	-	(31,921)
Additions	162,947	6,371	3,304	7,229	179,851
Additions pertaining to the consolidation of Avon Rubber Company Ltd	1,623	-	35	-	1,658
Disposals- Non consolidation of Plush Pty	-	(67,963)	(11,186)	(30,047)	(109,196)
Revaluations	24,667	-	-	-	24,667
Disposals	-	-	-	(1,568)	(1,568)
Translation adjustment	(3,099)	(12,799)	(1,868)	(3,420)	(21,186)
At February 28, 2009	<u>222,808</u>	<u>92,580</u>	<u>18,046</u>	<u>14,523</u>	<u>347,957</u>
DEPRECIATION					
At March 1, 2008	8,906	136,764	19,036	23,479	188,185
Reclassification to prepaid operating lease rentals (see Note 15)	(6,315)	-	-	-	(6,315)
Charge brought forward pertaining to the consolidation of Avon Rubber Company Ltd	32,047	-	9	-	32,056
Charge for the period	3,451	2,379	1,071	2,578	9,479
Disposals- Non consolidation of Plush Pty	-	(45,913)	(6,539)	(18,646)	(71,098)
Disposals	-	-	-	(1,436)	(1,436)
Translation adjustment	(219)	(10,289)	(1,146)	(1,849)	(13,503)
At February 28, 2009	<u>37,870</u>	<u>82,941</u>	<u>12,431</u>	<u>4,126</u>	<u>137,368</u>
NET BOOK VALUE					
At February 28, 2009	<u>184,938</u>	<u>9,639</u>	<u>5,615</u>	<u>10,397</u>	<u>210,589</u>
At February 29, 2008	<u>59,685</u>	<u>30,207</u>	<u>8,725</u>	<u>18,850</u>	<u>117,467</u>



13 a) PROPERTY, PLANT & EQUIPMENT - GROUP (CONTINUED)

Notes :

i) Included above are assets with an original cost of Kshs. 20,607,670/- (2008: Kshs. 20,175,839/-), which were fully depreciated.

ii) Included in the prior year motor vehicles' balance was a vehicle with an original cost of Kshs. 875,000/- (2006: Kshs. 875,000/-) whose registration documents were in the name of a related company. This vehicle was disposed of in the year.

iii) Land and buildings include the following:

~ Land and buildings in Botswana consisting of Industrial Buildings on leasehold land located at Lots 44,45, 51, 52 and 53 Mogoditshane. These properties are stated at their fair value based on a valuation performed by Home Safe Inspection on September 19, 2008. The valuation was based on an open market basis, supported by market evidence in accordance with IAS 40, Investment Property. This valuation was at Pula 4,220,00 (Kshs. 44,489,772) and the Directors do not believe that the value has significantly altered. A fair value gain of Pula 2,339,702 (Kshs. 24,666,542) was recognised in the financial statements.

~ Residential house on lot 61818, Gaborone, acquired in May 2006, at a total cost of Pula 505,550 (Kshs. 5,329,811).

~ Land in Nairobi, Kenya, L.R No 209/5532/1 occupied by the tile factory in industrial area.

v) In the previous financial year 2007/08, the Group decided to transfer land with a Net Book Value of Kshs. 26,127,890 from the holding company, Olympia Capital Holdings Limited to the subsidiary, Dunlop Industries Limited. This transfer has been effected in the financial statements on the basis of the Board resolution passed, although the title deed had not been transferred into the name of Dunlop Industries Limited as at the date of these financial statements.

vi) The disposals refer to the discontinued operation of Plush Products (Pty) Ltd. The property, fixtures and fittings of Plush (Pty) Ltd were consolidated in the prior year. In the current year the amounts have been removed from the group's assets as the company has been consolidated on a break up basis.

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13 b) PROPERTY, PLANT & EQUIPMENT - GROUP (Prior year comparatives)

	Buildings Kshs '000	Plant & Machinery Kshs '000	Furniture Fittings & Equipment Kshs '000	Motor Vehicles Kshs '000	TOTAL Kshs '000
COST & VALUATION					
At January 1, 2007	69,690	164,745	22,770	45,978	303,183
Additions	370	8,393	5,969	6,548	21,280
Disposals	-	-	(405)	(8,675)	(9,080)
Translation adjustment	(1,469)	(6,167)	(573)	(1,522)	(9,731)
At February 29, 2008	<u>68,591</u>	<u>166,971</u>	<u>27,761</u>	<u>42,329</u>	<u>305,652</u>
DEPRECIATION					
At January 1, 2007	7,852	125,719	17,021	22,978	173,570
Charge for the period	1,134	15,364	2,855	8,139	27,492
Disposals	-	-	(384)	(6,798)	(7,182)
Translation adjustment	(80)	(4,319)	(456)	(840)	(5,695)
At February 29, 2008	<u>8,906</u>	<u>136,764</u>	<u>19,036</u>	<u>23,479</u>	<u>188,185</u>
NET BOOK VALUE					
At February 29, 2008	<u>59,685</u>	<u>30,207</u>	<u>8,725</u>	<u>18,850</u>	<u>117,467</u>
At December 31, 2006	<u>61,838</u>	<u>39,026</u>	<u>5,749</u>	<u>23,000</u>	<u>129,613</u>



14 a) PROPERTY, PLANT & EQUIPMENT - COMPANY

	Operating Lease Rentals Kshs '000	Office Equipment Kshs '000	TOTAL Kshs '000
COST & VALUATION			
At March 1, 2008	-	205	205
Additions	-	678	678
Disposals	-	-	-
At February 28, 2009	-	883	883
DEPRECIATION			
At March 1, 2008	-	92	92
Charge for the period	-	238	238
Disposals	-	-	-
At February 28, 2009	-	330	330
NET BOOK VALUE			
At February 28, 2009	-	553	553
At February 29, 2008	-	113	113

14 b) PROPERTY, PLANT & EQUIPMENT - COMPANY (Prior year comparatives)

	Operating Lease Rentals Kshs '000	Office Equipment Kshs '000	TOTAL Kshs '000
COST & VALUATION			
At January 1, 2007	31,921	70	31,991
Additions	(31,921)	135	(31,786)
At February 29, 2008	-	205	205
DEPRECIATION			
At January 1, 2007	5,792	20	5,812
Charge for the period	-	72	72
At February 29, 2008	(5,792)	-	(5,792)
NET BOOK VALUE	-	92	92
At February 29, 2008	-	113	113
At December 31, 2006	26,129	50	26,179

During the previous financial period, the Group decided to transfer land with a Net Book Value of Kshs. 26,127,890 from the holding company, Olympia Capital Holdings Limited to the subsidiary, Dunlop Industries Limited. This transfer has been effected in the financial statements on the basis of the Board resolution passed, although the title deed had not been transferred into the name of Dunlop Industries Limited as at the date of these financial statements.

15 PREPAID OPERATING LEASE RENTALS	Group Kshs '000	Company Kshs '000	TOTAL Kshs '000
COST & VALUATION			
At March 1, 2008	-	-	-
Reclassification from buildings (see Note 13)	31,921	-	31,921
Additions pertaining to the consolidation of Avon Rubber Company Ltd	40,737	-	40,737
Disposals	-	-	-
At February 28, 2009	<u>72,658</u>	<u>-</u>	<u>72,658</u>
DEPRECIATION			
At March 1, 2008	-	-	-
Reclassification from buildings (see Note 13)	6,315	-	6,315
Charge brought forward pertaining to the consolidation of Avon Rubber Company Ltd	8,105	-	8,105
Charge for the period	1,265	-	1,265
Disposals	-	-	-
At February 28, 2009	<u>15,685</u>	<u>-</u>	<u>15,685</u>
NET BOOK VALUE			
At February 28, 2009	<u>56,973</u>	<u>-</u>	<u>56,973</u>
At February 29, 2008	<u>-</u>	<u>-</u>	<u>-</u>

During the financial year 2007/08, the Group decided to transfer land with a Net Book Value of Kshs. 26,127,890 from the holding company, Olympia Capital Holdings Limited to the subsidiary, Dunlop Industries Limited. This transfer has been effected in the financial statements on the basis of the Board resolution passed, although the title deed had not been transferred into the name of Dunlop Industries Limited as at the date of these financial statements. In the prior year, this asset had been classified under buildings.



16 INTANGIBLE ASSETS - PATENTS, TRADEMARKS & GOODWILL

a) Patents and trademarks

	Plush Products Proprietary Ltd		Total	
	2009 Kshs '000	2008 Kshs '000	Feb 2008 Kshs '000	Feb 2006 Kshs '000
At January 1 (As restated)	49,995	53,610	49,995	53,610
On acquisition during the year	836	-	836	-
Discontinued operation - impairment	(45,770)	-	(45,770)	-
Translation adjustment	(4,225)	(3,615)	(4,225)	(3,619)
At end of the period	<u>836</u>	<u>49,995</u>	<u>836</u>	<u>49,995</u>

b) Goodwill

Year ended February 28, 2009

	At Feb 29, 2008 Kshs '000	Acquired in the year Kshs '000	Discontinued operations impairment Kshs '000	Translation adjustment Kshs '000	At Feb 28, 2009 Kshs '000
Kalahari Floor Tiles (Pty) Limited	63,559	-	(53,629)	3,612	13,542
Olympia Capital Corporation Ltd	26,957	-	-	-	26,957
Plush Products Proprietary Ltd	9,812	-	(9,812)	-	-
Avon Rubber Company Ltd	-	61,832	-	-	61,832
	<u>100,328</u>	<u>61,832</u>	<u>(63,441)</u>	<u>3,612</u>	<u>102,331</u>

Period ended February 29, 2008

	At Jan 1, 2007	Acquired in the year	Discontinued operations impairment	Translation adjustment	At Feb 29, 2008
Kalahari Floor Tiles (Pty) Limited	66,131	-	-	(2,572)	63,559
Olympia Capital Corporation Ltd	-	26,957	-	-	26,957
Plush Products Proprietary Ltd	-	9,812	-	-	9,812
	<u>66,131</u>	<u>36,769</u>	<u>-</u>	<u>(2,572)</u>	<u>100,328</u>

	Group Total		Company Total	
	2009 Kshs '000	2008 Kshs '000	2009 Kshs '000	2008 Kshs '000
Total patents and trademarks	836	49,995	-	-
Total goodwill	102,331	100,328	-	-
Software (See Note 17)	194	-	194	-
Total intangible assets	<u>103,361</u>	<u>150,323</u>	<u>194</u>	<u>-</u>

The write down in goodwill refers to the discontinued operation in Plush Products (Pty) Ltd (see director's report). The goodwill on acquisition has also been fully impaired and written off from the consolidated group balance sheet, since the cash generating unit to which it related has been fully impaired. The brought forward patents and trademarks relate to the trademark 'Yokota' owned by Plush Products (Pty) Ltd, which has since ceased trading. The patents have been impaired to zero in accordance with International Accounting Standards. The balance of Kshs. 835,500 (Pula 79,250) for Patents and trade mark refers to the brand name acquired from Fepchem Industries by the subsidiary Kalahari Floor Tiles. This includes formulations for Wild Rose Foam Bath, Mo-soft Fabric Softener and Flash dish washing liquid. The useful life of the intangible assets is considered indefinite. It is not bound by any expiry period as there is no foreseeable limit to the period over which the asset is expected to generate net cash flows for the company.

17 INTANGIBLE ASSETS - SOFTWARE

	Group Kshs '000	Company Kshs '000
COST & VALUATION		
At March 1, 2008	-	-
Additions	283	283
Disposals	-	-
At February 28, 2009	<u>283</u>	<u>283</u>
AMORTISATION		
At March 1, 2008	-	-
Charge for the period	89	89
Disposals	-	-
At February 28, 2009	<u>89</u>	<u>89</u>
NET BOOK VALUE		
At February 28, 2009	<u>194</u>	<u>194</u>
At February 29, 2008	<u>-</u>	<u>-</u>



18 INVESTMENT IN SUBSIDIARY AND ASSOCIATE COMPANIES

Subsidiary companies

Dunlop Industries Limited - 100% Equity Interest
Shareholding at cost (Unquoted investment)

Company
2009
Kshs '000

11,500

11,500

Olympia Capital Corporation (Proprietary) Limited - 50.5% Equity Interest
Shareholding at cost (Quoted investment)

91,926

91,926

Companies consolidated by virtue of board control

Avon Rubber Company Ltd - 47.5% equity interest
Shareholding at cost (Unquoted investment)

118,286

-

Associate company

Avon Rubber Company Ltd - 47.5% equity interest
Shareholding at cost (Unquoted investment)

-

118,286

Mather and Platt Limited - 48.46% equity interest
Shareholding at cost (Unquoted investment)

21,654

-

243,366

221,713

Associate company - Unquoted investment

Group

	2009		2008	
	Mather & Platt Limited Kshs '000	Avon Rubber Company Ltd Kshs '000	Total Kshs '000	Avon Rubber Company Ltd Kshs '000
Beginning of the year	-	-	-	62,858
Acquisition in the period	16,523	-	16,523	24,952
Premium on acquisition	5,131	-	5,131	30,476
Share of profit of associate	992	-	992	1,477
	22,646	-	22,646	120,763
Share of net assets at the year-end	17,515	-	17,515	59,169
Premium on acquisition	5,131	-	5,131	61,594
	22,646	-	22,646	120,763

Olympia Capital Holdings Ltd had a 27.5 % equity stake in Avon Rubber Company Limited (Avon) at the start of the financial period ended February 29, 2008. Effective September 25, 2007, OCHL acquired an additional 20% stake in Avon, which was transferred to OCHL by Wavon International Ltd (Wavon), a company related to OCHL by virtue of common directorship. Payment to Wavon for the 20% stake was initially made by some related shareholders, on behalf of OCHL. OCHL subsequently settled the debt to these related shareholders by way of allotment of rights in OCHL as consideration. The value of Avon's shares and the basis of the consideration was based on directors' valuation. The directors' have elected to consolidate the financial statements of Avon in FY 2009, given that OCHL had board control throughout the year.

Public notice for the acquisition of the additional 20% stake in Avon on September 25, 2007 was made after the balance sheet date of February 29, 2008.

18 INVESTMENT IN SUBSIDIARY AND ASSOCIATE COMPANIES (CONTINUED)

The details of the subsidiary and associate companies are as follows:

Company	Share Capital	Country of Incorporation	Principal Activity
Dunlop Industries Limited (100%)	Kshs. 610,000	Kenya	Manufacture and sale of Vinylex floor tiles and adhesives
Olympia Capital Corporation (Proprietary) Limited (50.5%)	Pula 286,000	Botswana	Investment holding company
Kalahari Floor Tiles (Proprietary) Limited	Pula 15,336,320	Botswana	Manufacture and sale of Vinyl floor tiles and adhesives, cleaning chemicals, PVC windows and doors
Gaborone Enterprises (Proprietary) Limited	Pula 450,000	Botswana	Industrial investment property holding
Plush (Proprietary) Limited	ZAR 100	South Africa	Manufacture of curtain tracking and related products
Avon Rubber Company Ltd (47.5%, controlling interest by virtue of board control)	Kshs. 17,660,300	Kenya	Investment property
Mather & Platt (Kenya) Ltd (48.46%)	Kshs. 14,800,000	Kenya	Manufacture of fire systems, water services and mechanical installations.

(i) Dunlop Industries Limited

Dunlop Industries Limited is a wholly owned subsidiary of Olympia Capital Holdings Limited. In 2005, an amount of KShs 11 Million payable by the 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 50.5% equity interest in Olympia Capital Corporation (Proprietary) Limited. In March 2007, the company issued a further 14.3 million shares by way of a rights issue, which resulted in OCHL's equity interest decreasing from 53.2% at January 1, 2007, to 27%. OCHL subsequently increased its shareholding to 50.5% in August 2007.



18 INVESTMENT IN SUBSIDIARY AND ASSOCIATE COMPANIES (CONTINUED)

(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.

(iv) Plush (Proprietary) Limited
 Olympia Capital Corporation (Proprietary) Ltd held a 74% equity stake in this company, which ceased trading. The total amount of the investment in Plush (Pty) Ltd and loans advanced to the subsidiary from the group have been fully written off from the parents balance sheet. These write downs are reported in the income statement under discontinued operations.

The total capital write-offs from Plush in the financial statements of Olympia Capital Corporation (Pty) Ltd include:

	2009	
	Pula	Kshs
Investment in Plush	8,209,347	85,983,059
Loans from the group	1,587,576	16,627,954
	<u>9,796,923</u>	<u>102,611,013</u>

(v) Avon Rubber Company Ltd
 Olympia Capital Holdings Ltd (OCHL) acquired a 27.5% equity stake in this company on December 31, 2006. Post acquisition profits for the year ended December 31, 2006 were not consolidated as these were not material. During the period ended February 29, 2008, a further 20% was acquired, bringing the total shareholding to 47.5%. In the period ended February 28, 2009, OCHL effectively controlled the board of Avon due to which the Directors elected to consolidate this entity.

(vi) Mather & Platt (Kenya) Limited
 Olympia Capital Holdings acquired a 48.46% stake in this company in the current financial year. This entity has been accounted for on an equity basis in the consolidated financial statements.

19 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2009 Kshs '000	2008 Kshs '000	2009 Kshs '000	2008 Kshs '000
Quoted securities:				
~ Shares in Kenya Commercial Bank	-	10,900	-	10,900
~ Shares in Pan African Insurance	15,509	24,000	15,509	24,000
~ Shares in Safaricom Ltd	7,121	-	6,059	-
~ Shares in Housing Finance Company Ltd	528	-	528	-
~ Shares in Barclays Bank of Kenya Ltd	-	-	-	-
Unquoted securities:				
~ Shares in Heri Limited	71,600	62,637	71,600	62,637
~ Shares in Funguo Investment Limited	1,425	1,425	1,425	1,425
~ Shares in Avon Financial Services Ltd	90	-	-	-
	<u>96,273</u>	<u>98,962</u>	<u>95,121</u>	<u>98,962</u>

The movement in investment financial assets may be summarised as follows:

Beginning of period	98,962	-	98,962	-
Additions	30,749	103,225	30,749	103,225
Disposals	(16,294)	-	(16,294)	-
Net losses transferred from equity on disposal	98	-	98	-
Revaluation surplus transfer to equity	(17,242)	(4,263)	(17,242)	(4,263)
End of the period	<u>96,273</u>	<u>98,962</u>	<u>96,273</u>	<u>98,962</u>

There were no impairment provisions on available-for-sale financial assets for the year.

The unquoted available-for-sale securities are stated at cost and the directors are of the opinion that these investments, if sold, would realize at least the amounts at which they are stated.

None of the available-for-sale financial assets are either past due or impaired.

Available-for-sale financial assets are denominated in Kenya Shillings (Kshs).

20 NON - CURRENT ASSETS HELD FOR SALE

	Group		Company	
	2009 Kshs '000	2008 Kshs '000	2009 Kshs '000	2008 Kshs '000
Tile plant	<u>53,728</u>	-	-	-

During the year, Dunlop Industries Limited acquired a new vinly tile manufacturing plant. By the year end, this plant had not been installed. The Directors are currently considering options to either enter into a joint venture with a third party to install and operate this plant, or its outright sale. The plant is stated at cost and the directors are of the opinion that if sold, would realize at least the amount at which it is stated.

21 INVENTORIES

	Group		Company	
	2009 Kshs '000	2008 Kshs '000	2009 Kshs '000	2008 Kshs '000
Raw materials	5,798	5,936	-	-
Work-in-progress	-	30	-	-
Finished goods	40,377	142,263	-	-
Consumables	13,628	12,455	-	-
	<u>59,803</u>	<u>160,684</u>	<u>-</u>	<u>-</u>

22 TRADE AND OTHER RECEIVABLES

Trade receivables	73,168	239,868	-	-
Other receivables	6,791	2,916	1,004	1,199
	79,959	242,784	1,004	1,199
Due from related parties (Note 30)	8,667	6,837	127,700	60,484
Due from directors	18,300	14,517	18,300	14,517
	<u>106,926</u>	<u>264,138</u>	<u>147,004</u>	<u>76,200</u>

23 PREPAYMENT FOR NON - CURRENT ASSETS

	Group		Company	
	2009 Kshs '000	2008 Kshs '000	2009 Kshs '000	2008 Kshs '000
Prepayment for the new machinery	-	12,750	-	-

The prepayment in the prior year comprises a preliminary deposit on a new vinyl tile manufacturing plant that had been ordered for Dunlop Industries Limited. In the current year, the full cost of the plant has been disclosed under non current assets held for sale (see Note 20).

24 SHARE CAPITAL

	Group		Company	
	2009 Kshs '000	2008 Kshs '000	2009 Kshs '000	2008 Kshs '000
Authorised				
40,000,000 Ordinary shares of Kshs. 5/- each.	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Issued and fully paid				
At Jan 1, 2007:				
10,000,000 Ordinary shares of Kshs. 5/- each	50,000	50,000	50,000	50,000
Rights issue:				
30,000,000 Ordinary shares of Kshs. 5/- each	<u>150,000</u>	-	<u>150,000</u>	-
At Feb 29, 2008				
40,000,000 Ordinary shares of Kshs. 5/- each	<u>200,000</u>	<u>50,000</u>	<u>200,000</u>	<u>50,000</u>

During the financial period ended February 29, 2008, the Company carried out a Rights Issue which entailed the issuance of 30,000,000 ordinary shares at a rate of 3 shares for every 1 share held in the Company at the price of Kshs. 14/- per share.

Most of the shares had been allotted on the basis of cash payment of the full amount due on application for the new shares. There were some shares that were allotted in exchange for debt owed by the Company to existing shareholders who subscribed to the rights (further details of this transaction are in Note 18).

25 DIVIDENDS PER SHARE

A first and final dividend of Kshs. 4 million (10 cents per share) is proposed for the year ended February 28, 2009 (2008: 20 cents per share amounting to a total of Kshs. 8 million). No interim dividend was paid during the year (2008: Nil).

Proposed dividends are accounted for as a separate component of equity until they have been ratified at an annual general meeting.

25	BORROWINGS	Group		Company	
		2009 Kshs '000	2008 Kshs '000	2009 Kshs '000	2008 Kshs '000
	Loans:				
	Barclays Bank of Kenya Ltd	32,231	-	-	-
	Standard Chartered Bank Botswana Ltd	-	-	(215)	-
	Standard Chartered Bank Kenya Ltd	-	242	-	-
	Nedbank Limited	-	57,394	-	-
	First National Bank Botswana Ltd	-	1,561	-	-
		32,231	58,982	-	-
	Bank overdrafts	16,863	94,350	-	-
	Finance Leases	3,867	2,353	-	-
	Liabilities under instalment sales agreement	-	26,559	-	-
	Total borrowings	52,961	182,244	-	-
	Current	19,495	105,446	-	-
	Non-current	33,467	76,798	-	-

(a) *Details of securities on loans and overdrafts*

- i) The loan from Standard Chartered Bank Botswana Limited was settled in the prior year. An extra standing order put the loan in credit, and this was reversed by the bank after the year end.
- ii) The loan from Nedbank related to Plush Products (Pty) Ltd which has been consolidated on a break up basis. It is rand denominated and bears interest at 12% p.a. and is repayable over a period of 60 months commencing December 2006. The loan is secured by a special notarial bond over specified assets of Plush, including a general clause covering all movables for Kshs. 39,805,200 (R 4 million). The loan is further secured by a pledge and cession by Olympia Capital Corporation Ltd of its 74% shares and claims against Plush together with a pledge and cession by Mr MAC Gillen of his 26% shares and claims against Plush. As at the balance sheet date, Plush had ceased trading. Olympia Capital Corporation Ltd has provided for a contingent liability of Rand 3.8 million to cover for the shortfall that may arise after the disposal of the assets.
- iv) The loan from First National Bank Botswana Limited carried an interest rate of prime p.a. repayable in monthly instalments of Kshs. 149,771 (Pula 12,500) over a period of 5 years commencing June 2006 and is secured by a first mortgage bond for Kshs. 4,638,744 (Pula 440,000) over Lot 61818, Gaborone, and a letter of suretyship for Kshs. 4,638,744 (Pula 440,000) by Olympia Capital Corporation Ltd.
- v) The overdraft facilities from Standard Chartered Bank Kenya Limited were settled in the year.
- vi) The overdraft facility of Kshs. 4 million with Fina Bank (in respect of Dunlop Industries Ltd, of Kshs. 3.7 million) is secured by (1) a legal charge for Kshs. 14 million on property LR. No. 209/5532 in the name of Dunlop Industries Ltd, (2) a corporate guarantee by Olympia Capital Holdings Ltd for Kshs. 14 million supported by a board resolution authorising issuance of the guarantee therein, and (3) board resolution authorising the borrowing of up to Kshs. 14 million and issuance of securities therein.
- vi) Finance leases in Botswana are secured on the assets leased and are repayable in annual instalments of Kshs. 182,264 (Pula 13,696) and carry an interest rate varying between prime rate plus 1% to 3% per annum.
- vii) 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 16%, which is reset by the lessor as market rates change.



25 BORROWINGS (CONTINUED)

(b) Maturity of non-current borrowings

	Group		Company	
	2009 Kshs '000	2008 Kshs '000	2009 Kshs '000	2008 Kshs '000
The maturity of non-current borrowings is as follows:				
After one year and within five years	33,467	76,798	-	-
After five years	-	-	-	-
	<u>33,467</u>	<u>76,798</u>	<u>-</u>	<u>-</u>

C Analysis of borrowings by currency

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

	Kenya Shillings		Botswana Pula		South African Rand	
	2009 Kshs '000	2008 Kshs '000	2009 Kshs '000	2008 Kshs '000	2009 Kshs '000	2008 Kshs '000
Bank loans	32,231	-	-	1,346	-	57,394
Bank overdrafts	16,863	3,146	-	91,204	-	-
Finance leases	1,622	242	2,245	2,353	-	-
Liabilities under instalment sales agreements	-	-	-	26,559	-	-
Other	-	-	-	-	-	-
	<u>50,716</u>	<u>3,388</u>	<u>2,245</u>	<u>121,462</u>	<u>-</u>	<u>57,394</u>

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



26 DEFERRED TAX

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 30% (2008: 30%). The movement in the deferred tax account is as follows:

	Group		Company	
	2009 Kshs '000	2008 Kshs '000	2009 Kshs '000	2008 Kshs '000
At start of the period	(3,120)	4,920	(38)	7,805
Income statement charge/(credit) (Note 11)	826	(8,115)	(47)	(7,843)
Non-consolidation of Plush	2,788	-	-	-
Translation adjustment	214	75	-	-
Deferred tax liability/(asset) at end of the period	<u>708</u>	<u>(3,120)</u>	<u>(85)</u>	<u>(38)</u>
Tax losses not recognised	<u>(10,134)</u>	<u>(1,775)</u>	<u>(6,217)</u>	<u>(1,775)</u>

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

Losses	(10,134)	(1,775)	(6,217)	(1,775)
Accelerated tax depreciation	(868)	(928)	(85)	(38)
Provisions	(273)	338	-	-
Timing differences	(2,120)	(2,610)	-	-
Unrealised exchange gains	1,181	5	-	-
Non-consolidation of Plush	2,788	-	-	-
Translation adjustment	-	75	-	-
	<u>(9,426)</u>	<u>(4,895)</u>	<u>(6,302)</u>	<u>(1,813)</u>
Tax losses not recognised	<u>10,134</u>	<u>1,775</u>	<u>6,217</u>	<u>1,775</u>
Deferred tax (asset)/liability	<u>708</u>	<u>(3,120)</u>	<u>(85)</u>	<u>(38)</u>

A portion of the deferred tax asset attributable to tax losses has not been recognised. This is in line with IAS 12 which requires that 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.

	Group		Company	
	2009 Kshs '000	2008 Kshs '000	2009 Kshs '000	2008 Kshs '000
27 TRADE AND OTHER PAYABLES				
Trade payables	72,971	182,414	-	-
Other payables	37,602	15,864	13,049	8,542
	110,573	198,278	13,049	8,542
Due to directors	5,684	3,889	3,476	3,573
Due to related parties (Note 30)	4,217	2,069	4,217	2,069
	120,474	204,236	20,742	14,184

	Group	
	2009 Kshs '000	2008 Kshs '000
28 NOTES TO THE CASH FLOW STATEMENT		
(a) Cash generated from operations		
Net profit before tax	60,953	32,398
ADJUSTMENTS FOR:		
Impairment of investment in subsidiary	86,548	-
Dividends	(4,356)	-
Depreciation and amortisation	10,233	27,029
Revaluation surplus	24,506	-
Impairment loss	(200,496)	-
Discontinued operations (intangible assets and property, plant and equipment)	(82,224)	-
Investment Income	(72,994)	(10,763)
Finance costs	18,229	42,299
Profit on sale of property, plant and equipment	(482)	(1,019)
Gain of sale of available for sale assets	(1,224)	-
Increase in provisions	33,530	-
Net exchange gain	-	1,566
OPERATING (LOSS)/PROFIT BEFORE WORKING CAPITAL CHANGES	(127,777)	91,510
Movement in other non current assets	(40,978)	(12,750)
Movement in inventories	88,667	8,613
Movement in debtors	150,257	30,523
Movement in related party receivables	(70,699)	(68,816)
Movement in related party payables	1,943	(492)
Movement in creditors	(86,483)	(105,869)
Cash used in operations	(85,070)	(57,281)

29 CASH AND CASH EQUIVALENTS

	Group		Company	
	2009 Kshs '000	2008 Kshs '000	2009 Kshs '000	2008 Kshs '000
Cash and cash equivalents included in the cash flow statement comprise:				
Cash and Bank balances	54,983	67,569	2,489	20,060
Funds held in trust in Botswana	370	83,519	370	83,519
Bank Overdraft (Note 25)	(16,863)	(94,350)	-	-
Cash and bank balances	38,490	56,738	2,859	103,579

30 RELATED PARTY TRANSACTIONS

	Group		Company	
	2009 Kshs '000	2008 Kshs '000	2009 Kshs '000	2008 Kshs '000
(a) Due to related parties				
<i>Current:</i>				
Central Kenya Wholesalers Ltd	1,444	1,444	1,444	1,444
Croxley Properties Ltd	30	30	30	30
Dunlop Properties Ltd	798	595	798	595
Country side investments Limited	1,945	-	1,945	-
	<u>4,217</u>	<u>2,069</u>	<u>4,217</u>	<u>2,069</u>
<i>Non-Current :</i>				
Dunlop Properties Ltd	<u>210</u>	-	-	-
(b) Due to Directors	5,684	3,889	3,476	3,573
Total due to related parties	10,111	5,958	7,693	5,642

30 RELATED PARTY TRANSACTIONS (CONTINUED)

	Group		Company	
	2009 Kshs '000	2008 Kshs '000	2009 Kshs '000	2008 Kshs '000
(C) Due from Directors	<u>18,300</u>	<u>14,517</u>	<u>18,300</u>	<u>14,517</u>
(d) Due from Related Parties				
Current:				
Arco Industries Limited	-	-	-	-
Croxley Properties Limited	-	-	-	-
Tractor Bell	-	117	-	117
Avon Financial Services Limited	-	-	-	-
Avon Rubber Company Limited	-	6,720	3,778	6,122
Dunlop Industries Limited	-	-	38,564	34,615
Olympia Capital Corporation Ltd	-	-	74,924	9,581
Kalahari Floor Tiles (Proprietary) Ltd	-	-	1,764	10,049
Scottlink Limited	3,046	-	3,046	-
Rampa Limited	5,621	-	5,621	-
Mt Kenya Investment Limited	-	-	-	-
	<u>8,667</u>	<u>6,837</u>	<u>127,698</u>	<u>60,484</u>
Total current amounts due from related parties	<u>26,967</u>	<u>21,354</u>	<u>145,998</u>	<u>75,001</u>
Non-Current :				
Avon Financial Services Limited	1,166	-	-	-
Arco Industries Limited	1,258	-	-	-
Croxley Properties Limited	268	-	-	-
Scottlink Limited	873	-	-	-
Avon Rubber Company Limited	-	3,301	-	-
Dunlop Industries Limited	-	-	33,979	14,220
Mt Kenya Investment Limited	7,635	6,784	6,784	6,784
Meatons Kenya Limited	7,800	-	7,800	-
Mather & Platt Kenya Ltd	2,840	-	2,840	-
	<u>21,840</u>	<u>10,085</u>	<u>51,403</u>	<u>21,004</u>

A related party for the purpose of these financial statements is a company, which directly or indirectly has common ownership or directorship 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, including investment activities.

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

Olympia Capital Corporation Ltd had advanced monies to a company in South Africa known as Natwood (Pty) Ltd. These amounts have been provided for in full as events after year end indicated that the amounts might not be recoverable. The total amounts of these loans amount to Pula 5,985,665 (Kshs. 63,104,472). The loan owed by Avon Rubber has been transferred to amounts owing to group companies, as this entity has been fully consolidated in the current year group financial statements.

31 CONTINGENT LIABILITIES

~ Outstanding letter of credit facilities

As at February 28, 2009, Dunlop Industries Limited had an outstanding letter of credit facility amounting to USD 21,250 in respect of Hanwa Trading Corporation. The letter of credit was from Fina Bank and was effected on 26th February, 2009.

~ Potential liabilities on winding up (Plush Products (Pty) Ltd)

Plush Products (Pty) Ltd, the South African Subsidiary ceased trading after the reporting date. The liquidation of this entity may result in liabilities in future (see Note 32).

~ Guarantees and collateral

- i) Olympia Capital Corporation Ltd has guaranteed the rental on leased premises occupied by Kalahari Floor Tiles for its chemical division. This is only payable if there is a default in monthly rental payments.
- ii) Olympia Capital Corporation Ltd has guaranteed loans from Standard Chartered Bank and First National Bank. Please refer to Note 25, Borrowings.
- iii) Olympia Capital Corporation Ltd has guaranteed advances to Plush Products (Pty) Ltd from Nedbank in South Africa. As Plush went into liquidation after the year end, a contingent liability of Pula 3.04 million (R 3.8 million) has been provided in the financial statements.
- iv) Kalahari Floor Tiles Ltd has the following guarantees: a VAT bond of Pula 80,000 and one in respect of Total Botswana (a fuel supplier) of Pula 40,000.

32 POST BALANCE SHEET EVENTS

Plush Products (Pty) Ltd, the South African Subsidiary ceased trading after the reporting date. In the consolidated financial statements, the company has been accounted for on a break up basis. We have provided for in full for all known contingent liabilities as a result of the closure of Plush Products (Pty) Ltd. The management is aware that IAS 27 (Consolidated and Separate Financial Statements) requires that a subsidiary should be consolidated until the date that it is actually disposed off. However, the management was of the view that consolidating Plush Products (Pty) Ltd into the group accounts would not have given a fair presentation of the financial position of the group. This is because Plush deteriorated significantly after year end and Nedbank of South Africa moved in to perfect the notarial bond they had over the assets of the business. Plush was therefore consolidated on a break up basis. The full investment made by the parent company plus all loans from the group have been fully impaired. In addition, there is an extra provision of Kshs. 32.68m (P 3.1 m) to cover for the guarantees that Olympia Capital Corporation had given Nedbank for the loans and advances to Plush. This provision is based on the balance remaining after forced sale values of the assets as provided by the bank. Whereas the full provision for any probable loss has been effected in the current year's financial statements, the focus in the coming year will be to wind down the operation in an orderly manner in order to realise the full value of the assets and reduce the loss to shareholders. In addition the company had advanced loans to Natwood (Pty) Ltd in South Africa in which there was a conditional offer to purchase. As at year end the sale purchase agreement had not been finalised and it had come to the attention of the directors that the amounts might not be recoverable. In order to be in compliance with IAS 10 (Events after the Balance Sheet Date) and IAS 36 (Impairment of Assets), the management has fully provided for these loans. Note 7 provides a full disclosure of the amounts written off due to these discontinuing operations, which totals Kshs. 200.5 million (Pula 19.1 million).



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 3.00p.m on 25th September 2009, at Taifa Hall KICC.

As witness our/my hand this _____ day of _____ 2009.

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 dully authorized in writing.
3. Proxies must be in the hands of the Secretary not later than 48 hours before the time of holding the meeting.

