OLYMPIA
Capital

OLYMPIA CAPITAL HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 FEBRUARY 2012

OLYMPIA CAPITAL HOLDINGS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2012

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Board of Directors	Karen Enterprises Ltd (Chairman) – Alt: Dr. Christopher W. Obura Mr. Michael W. Matu (Chief Executive Officer) Mr. Suresh Lakhani Mr. John N. Simba Mr. Vincent H. L. Opanga Mr. David Kabeberi (Appointed 19 July 2011) Dr. Christopher W. Obura (Retired 13 Jan 2012) Mr. Paul W. Ndungu (Retired 13 Jan 2012) Ms. Nancy Mwai (Resigned 19 July 2011)
Registered Office	L.R. No. 209/5532 Off Nanyuki Road, Industrial Area P. O. Box 30102 – 00100 Nairobi.
Independent Auditors	Crowe Horwath EA Certified Public Accountants of Kenya P. O. Box 74066 - 00200 Nairobi.
Company Secretary	Commercial Registrars Lina Kantaria – CPS No. 051 Certified Public Secretaries P. O. Box 49925 – 00100 Nairobi.
Registrars	Custody and Registrars Services Ltd 6th Flr, North Wing, Bruce House Plot No. L.R. 209/6676, Standard Street P.O Box 8484-00100 Nairobi.
Bankers	NIC Bank Limited Standard Chartered Bank of Kenya Limited Equatorial Commercial Bank Limited Jamii Bora Bank Limited Fina Bank Limited Co-operative Bank of Kenya Limited Barclays Bank of Kenya Limited First National Bank of Botswana Limited First National Bank of South Africa Standard Chartered Bank of Botswana Limited Stanbic Bank of Botswana Limited

OLYMPIA CAPITAL HOLDINGS LIMITED
CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 29 FEBRUARY 2012

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

Board of Directors

The Board has continued to adopt the best governance practices outlined in the Capital Markets Act – Corporate Governance Guidelines as part of its listing obligation. The main Board's composition has diverse skills set that ensures effective decision making. The board is responsible for the long-term growth and profitability of the Olympia Group. The responsibilities of the Board members are outlined in the Board Charter. The Board is assisted in the discharge of its responsibilities by the Board Committees below:

Audit Committee

The audit committee members are Mr. Vincent Opanga and Mr. David Kabeberi (Chairman). The committee acts as the liaison between the external auditor, the Board and management and also strengthens the objectivity and independence of the auditor and acts on behalf of the Board in carrying out its responsibilities to the members and shareholders.

Investment Committee

The investment committee members are Mr. Suresh Lakhani (Chairman), Mr. Vincent Opanga and Mr. Michael Matu. The main responsibilities of this committee are to set limits for management in capital expenditure, review the budgets, review the companies' procurement and disposal policies and make recommendations on all new investments proposals.

Staff Nominations & Remuneration Committee

The committee members are Mr. John Simba (Chairman) and Mr. Michael Matu. The main responsibilities of this committee are to recommend to the Board on the recruitment, termination, promotion and other significant issues related to executive directors and general managers, review the adequacy of human resources policies and to monitor disputes and appeal procedures in the Company.

Summary of Board attendance for the financial year ended 29 February 2012

	19, July 2011	**13, Jan 2012**	**27, Jan 2012**
Dr. C.W. Obura (Chairman)	P	P	P
Mr. M. W. Matu (CEO)	P	P	P
Mr. S.A. Lakhani	P	P	P
Mr. John N. Simba	AP	P	P
Mr. Paul N. Ndungu	A	AP	NM
Mr. Vincent H.L. Opanga	AP	P	A
Mr. David. Kabeberi	NM	P	P

Key

P – Present	AP – Apology
A – Absent	NM – Not a Member

OLYMPIA CAPITAL HOLDINGS LIMITED
CORPORATE GOVERNANCE STATEMENT (CONTINUED)
FOR THE YEAR ENDED 29 FEBRUARY 2012

Major shareholders

Name	Shares	Percentage (%) S/holding
Dunlop Properties Limited	7,445,402	18.60%
First Ten Limited	2,316,036	5.80%
CFC Stanbic Nominees (K) Limited Acc: R48703	1,901,700	4.80%
CFC Stanbic Nominees (K) Limited Acc: R48704	1,389,000	3.50%
Joel Kamau Kibe	949,500	2.40%
Scottlink Limited	885,269	2.20%
Eliud Matu Wamae	619,088	1.60%
CFC Stanbic Nominees (K) Limited Acc: R48702	420,000	1.00%
CFC Stanbic Nominees (K) Limited Acc: R48701	400,000	1.00%
Croxley Properties Ltd A/c 693448	400,000	1.00%
Others	13,695,176	34.3%
	30,421,171	**76.1%**

Directors' shareholdings

Name	Shares	Percentage (%) S/holding
Paul Wanderi Ndungu	4,538,000	11.40%
Karen Enterprises Limited	3,932,832	9.80%
Michael Matu	1,093,997	2.70%
Mr. John N. Simba	14,000	0.00%
Total directors' shareholding	9,578,829	23.9%

Summary shareholdings

Name	Shares	Percentage (%) S/holding
Directors shareholdings	9,578,829	24%
Non-directors shareholdings	30,421,171	76%
Total Shareholdings	**40,000,000**	**100%**

Distribution of shareholders

Volume	No. of shares held	Percentage (%)	shareholders
1 - 500	277,702	0.69%	1,107
501 - 5,000	2,500,611	6.25%	1,311
5,001 - 10,000	1,682,903	4.21%	217
10,001 - 100,000	5,707,441	14.27%	224
100,001 - 1,000,000	7,214,376	18.04%	22
1,000,001 +	22,616,967	56.54%	7
Total	**40,000,000**	**100.00%**	**2,888**

OLYMPIA CAPITAL HOLDINGS LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 29 FEBRUARY 2012

The Directors submit their annual report together with the audited financial statements for the year ended 29th February 2012 which shows the state of affairs of the company and of its subsidiaries.

1. 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, u-PVC windows and door frames, cleaning chemicals as well as fire prevention equipment, water pumps and real estate.

2. Results

	2012 Kshs '000	2011 Kshs '000
Profit for the year	60,347	31,881
Taxation	(17,487)	3,258
Profit after taxation	42,860	35,139

3. Dividend

The Directors have proposed a dividend of Kshs 0.10 per share during the year (2010: nil).

4. Directors

The current Board of Directors is shown on page 1. In accordance with the company's Articles of Association, Mr. Vincent Opanga and Mr. Suresh Lakhani are required to retire by rotation.

5. Auditors

Crowe Horwath EA (Certified Public Accountants) were appointed as auditors during the year and have expressed their willingness to act as auditors in accordance with Section 159(2) of the Kenyan Companies Act.

By Order of the Board

Lina Kantaria
Secretary
Nairobi.
COMMERCIAL REGISTRARS
SECRETARIES ..../ 2012

OLYMPIA CAPITAL HOLDINGS LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Kenyan Companies Act requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of its operating results for that year. It also requires the directors to ensure that the companies in the Group keep proper accounting records which disclose, with reasonable accuracy, the financial position of the Group and the Company. They are also responsible for safeguarding the assets of the Group and the Company.

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and 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.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the 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 Group and of the Company and of the Group's operating results. 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 adequate systems of internal financial control.

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

These financial statements were approved by the Board on ***18th July, 2012*** and were signed on its behalf by:

....
Karen Enterprises Limited
Chairman

....
Mr. Michael W. Matu
Director

REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF OLYMPIA CAPITAL HOLDINGS LIMITED

Report on the financial statements

We have audited the accompanying consolidated financial statements of Olympia Capital Holdings Limited and its subsidiaries set out on pages 9 to 50 which comprise the consolidated statement of financial position as at 29 February 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibilities for the financial statements

The directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and 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 of material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The Kenyan Companies Act also requires the directors to ensure that the Company maintains proper books of account which are in agreement with the statement of comprehensive income and statement of financial position.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated 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 on whether the financial statements are free of material misstatement.

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

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the state of financial affairs of the Group and of the Company as at 29 February 2012 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act.

Report on other legal 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 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 company's statement of financial position and statement of income are in agreement with the books of account.

Crowe Horwath EA

Crowe Horwath EA
Certified Public Accountants
Nairobi

......18th July....../ 2012

OLYMPIA CAPITAL HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 29 FEBRUARY 2012

		Group		Company	
	Notes	2012	2011	2012	2011
		Kshs	Kshs	Kshs	Kshs
Continuing Operations		'000	'000	'000	'000
Revenue		774,286	666,629	17,245	21,130
Cost of sales		(525,036)	(442,921)	-	-
Gross profit		**249,250**	**223,708**	**17,245**	**21,130**
Other operating income		24,393	139	-	(7,296)
Distribution costs		(1,686)	(799)	-	-
Other operating expenses		(199,554)	(168,808)	(9,648)	(13,631)
Profit/(loss) from operations	6	**72,403**	**54,240**	**7,597**	**203**
Finance costs	7	(12,056)	(22,359)	(3,537)	(13,032)
Profit/(loss) before taxation		**60,347**	**31,881**	**4,060**	**(12,829)**
Taxation	8	(17,487)	3,258	(24)	4,956
Headline Profit/(loss) from continuing operations		**42,860**	**35,139**	**4,036**	**(7,873)**
Discontinuing Operations					
Loss from continuing operations		(18,613)	-	-	-
Profit/(loss) for the year		**24,247**	**35,139**	**4,036**	**(7,873)**
Non-controlling interest		(8,942)	(21,885)	-	-
Headline Profit/(loss) attributable to shareholders		**15,305**	**13,254**	**4,036**	**(7,873)**
Dividends	9				
Final & proposed		4,000	-	-	-
Dividend per share		0.10	-	-	-

Earnings/(loss) per share attributable to the equity holders of the parent company

Basic & Diluted (Kshs per share)	10	0.38	0.33	0.10	(0.20)

OLYMPIA CAPITAL HOLDINGS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 29 FEBRUARY 2012

	Group		Company	
	2012	**2011**	**2012**	**2011**
	Kshs	**Kshs**	**Kshs**	**Kshs**
	'000	**'000**	**'000**	**'000**
Profit/(loss) for the year	**42,860**	**35,139**	**4,036**	**(7,873)**
Fair value gain on property on revaluation	294,882	-	-	-
Fair value gain/(loss) on revaluation of available-for-sale financial assets	-	9,471	-	656
Taxation related to components other than comprehensive income	(47,057)	-	-	-
Exchange gains arising on translation of foreign subsidiaries	-	8,499	-	-
Total other comprehensive income for the year	247,825	17,970	-	656
Total comprehensive income for the year attributable to:	**290,685**	**53,109**	**4,036**	**(7,217)**
Owners of the parent	149,829	22,651	4,036	(7,217)
Non-controlling interest	140,856	30,458	-	-
	290,685	53,109	4,036	(7,217)

OLYMPIA CAPITAL HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 29 FEBRUARY 2012

	Notes	Group 2012 Kshs '000	Group 2011 Kshs '000	Company 2012 Kshs '000	Company 2011 Kshs
ASSETS					
Non-current assets					
Property, plant and equipment	11	596,329	329,808	77	181
Goodwill	12	79,137	107,451	-	-
Intangible assets	13	55,029	57,089	-	24
Investment in subsidiaries	14	-	-	243,367	243,376
Amounts due from related parties	15	66,487	16,867	42,137	48,924
Available for sale financial assets	17	56,390	61,864	56,390	61,190
Deferred tax	18	6,529	4,813	2,959	2,983
		859,901	**577,892**	**344,930**	**356,678**
Current assets					
Inventories	19	129,502	111,027	-	-
Amounts due from related parties	15	231,955	3,534	154,699	165,885
Amounts due from directors	16	23,028	22,533	23,026	22,533
Current tax receivable		889	90	-	-
Trade and other receivables	20	175,806	176,547	440	439
Cash and cash equivalent	21	71,930	64,943	326	335
		633,110	**378,674**	**178,491**	**189,192**
Non-current assets held for sale	22	127,944	117,670	73,343	39,059
Total assets		**1,620,955**	**1,074,236**	**596,764**	**584,929**
EQUITY AND LIABILITIES					
Capital & reserves attributable to owners of the parent company					
Share capital	24	200,000	200,000	200,000	200,000
Share premium		255,985	255,985	255,985	255,985
Other reserves		295,678	6,982	-	-
Revenue reserves		35,857	30,026	57,189	53,153
Shareholders' equity		**787,520**	**492,993**	**513,174**	**509,138**
Non-controlling interest	23	279,708	154,266	-	-
Total equity		**1,067,227**	**647,259**	**513,174**	**509,138**
Non-current liabilities					
Amounts due to related parties	15	82,622	17,174	-	-
Borrowings	25	61,966	69,591	-	-
Deferred tax	18	99,012	14,424	-	-
		243,600	**101,189**	**-**	**-**
Current liabilities					
Amounts due to related parties	15	44,999	4,574	44,835	37,677
Amounts due to directors	16	20,297	16,834	15,001	13,375
Borrowings	25	23,093	9,501	-	-
Current tax payable		11,922	15,312	1,055	1,055
Trade and other payables	27	194,054	195,113	15,658	15,968
Provisions	26	-	46,764	-	-
Dividends payable		9,319	17,141	5,319	6,619
Bank overdraft	21	6,443	20,549	1,722	1,097
		310,127	**325,788**	**83,590**	**75,791**
Total equity and liabilities		**1,620,955**	**1,074,236**	**596,764**	**584,929**

The financial statements were approved by the Board of Directors on ......18th July........../ 2012 and signed on its behalf by:

Director..............................   Director..............................

OLYMPIA CAPITAL HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 29 FEBRUARY 2012

	Ordinary Share capital	Share premium	Other reserves	Revenue reserves	Total	Non controlling interest	Total equity
	Kshs 000	Kshs 000	Kshs 000	Kshs 000	Kshs 000	Kshs 000	Kshs 000
Year ended 29 February 2012							
Balance as at 1 March 2011	200,000	255,985	6,982	30,026	492,993	154,266	647,259
Total comprehensive income for the year	-	-	149,938	15,305	165,243	125,442	290,684
Amortisation of property revaluation reserve	-	-	138,758	(5,474)	133,284	-	133,284
Dividends	-	-	-	(4,000)	(4,000)	-	(4,000)
Other adjustments	-	-	-	-	-	-	-
Balance as at 29 February 2012	**200,000**	**255,985**	**295,678**	**35,857**	**787,520**	**279,708**	**1,067,227**
Year ended 28 February 2011							
Balance as at 1 March 2010	200,000	255,985	(2,020)	19,081	473,046	125,158	598,204
Total comprehensive income for the year	-	-	9,397	13,254	22,651	30,458	53,109
Amortisation of property revaluation reserve	-	-	(395)	515	120	118	238
Dividends	-	-	-	(4,000)	(4,000)	(1,468)	(5,468)
Other adjustments	-	-	-	1,176	1,176	-	1,176
Balance as at 28 February 2011	**200,000**	**255,985**	**6,982**	**30,026**	**492,993**	**154,266**	**647,259**

OLYMPIA CAPITAL HOLDINGS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 29 FEBRUARY 2012

COMPANY	**Ordinary Share Capital**	**Share Premium**	**Fair Value Reserve**	**Revenue Reserves**	**Total**
	Kshs	**Kshs**	**Kshs**	**Kshs**	**Kshs**
Year ended 29 February 2012	**'000**	**'000**	**'000**	**'000**	**'000**
As at 1 March 2011	200,000	255,985	-	53,153	509,138
Increase in fair value of available for sale financial assets	-	-	-	-	-
Loss for the year	-	-	-	4,036	4,036
Dividends paid in the year	-	-	-	-	-
As at 29 February 2012	**200,000**	**255,985**	**-**	**57,189**	**513,174**
Year ended 28 February 2011					
As at 1 March 2010	200,000	255,985	(656)	65,026	520,355
Increase in fair value of available for sale financial assets	-	-	656	-	656
Loss for the year	-	-	-	(7,873)	(7,873)
Dividends paid in the year	-	-	-	(4,000)	(4,000)
As at 28 February 2011	**200,000**	**255,985**	**-**	**53,153**	**509,138**

OLYMPIA CAPITAL HOLDINGS LIMITED
STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 29 FEBRUARY 2012

	Notes	Group 2012 Kshs '000	Group 2011 Kshs '000	Company 2012 Kshs '000	Company 2011 Kshs '000
Cashflows from operating activities					
Profit generated from operations	28	52,353	34,327	6,521	(2,625)
Adjustments for					
Interest received		4,154	10,843	48	4,749
Finance costs paid		(7,182)	(12,367)	(3,536)	(13,032)
Taxation paid		(4,715)	(9,154)		
Dividends received		48	4	-	-
Net cash used in operating activities		44,658	23,653	3,033	(10,908)
Cashflows from investing activities					
Purchase of property and equipment		(9,105)	(57,407)	-	(42)
Intangible assets acquired		(51)	(190)	-	
Proceeds from disposal of property and equipment		-	-	-	15,393
Investment in available-for-sale financial assets		(5,474)	(448)	(4,800)	-
Proceeds from disposal of available-for-sale financial assets		-	15,463	-	-
Net cash generated from investing activities		(14,630)	(42,582)	(4,800)	15,351
Cashflows from financing activities					
Loans from shareholders		(2,968)	(5,655)	1,133	(4,564)
Net movement in long term borrowings		(5,967)	(7,065)	-	
Dividends paid to company shareholders		-	(2,544)	-	(1,000)
Net cash used in financing activities		(8,935)	(15,264)	1,133	(5,564)
Net decrease in cash and cash equivalents		21,093	(34,193)	(634)	(1,121)
Cash and cash equivalents at start of the year		44,394	70,664	(762)	359
Effect of changes in exchange rates		-	7,923	-	-
Cash and cash equivalents at end of the year	21	65,487	44,394	(1,396)	(762)

1. Incorporation and registered office

Olympia Capital Holdings Limited ("OCHL") or (the "Company") is a public limited liability company incorporated in Kenya under the Kenyan Companies Act and is domiciled in Kenya. The Company has a number of subsidiaries (together referred to as the "Group" and individually as "group entities") which are detailed in Note 14. The address of its registered office is as set out on page 1.

These financial statements will be submitted for consideration and approval at the forthcoming Annual General Meeting of the company's shareholders. The Company's shares are listed on the Nairobi Stock Exchange.

2. Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

(a) Basis of Preparation

The financial statements are prepared in compliance with International Financial Reporting Standards ("IFRS"), IFRIC interpretations and the Companies Act of Kenya. The consolidated financial statements are presented in the functional currency, Kenya Shillings and rounded to the nearest thousand shilling and are prepared under the historical cost basis, except where otherwise stated in the accounting policies below.

(b) Consolidation

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and those of all entities, which are controlled by the Company.

Subsidiaries are all entities over which the Company has the power, directly or indirectly to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights and which would qualify the Company to obtain benefits from their activities. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Adjustments are made where necessary to the financial statements of the subsidiaries to bring their accounting policies in line with those of the Company.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognized separately from the Group's interest therein, and are recognized within equity. Losses of subsidiaries attributable to non-controlling interest are allocated to the non-controlling interest even if this results in a debit balance being recognized for non-controlling interest. Transactions which result in changes in ownership levels, where the group has control of the subsidiary both before and after the transaction are regarded as equity transaction and are recognized directly in the statement of changes in equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognized in equity attributable to the owners of the parent.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognized in profit or loss as part of the gain or loss on disposal of the controlling interest.

Business combinations

The group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3, Business Combinations, are recognized at their fair values at acquisition date, except for non-current assets (or disposal group) that are classified as held-for-sale in accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, which are recognized at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date. On acquisition, the group assesses the classification of the acquiree's assets and liabilities and reclassifies them where the classification is inappropriate for Group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Non-controlling interest arising from a business combination is measured either at their share of the fair value of the assets and liabilities of the acquiree or at fair value. The treatment is not an accounting policy choice but is selected for each individual business combination, and disclosed in the note for business combinations.

In cases where the group held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to fair value is included in profit or loss for the year. Where the existing shareholding was classified as an available-for-sale financial asset, the cumulative fair value adjustments recognized previously to other comprehensive income and accumulated in equity are recognized in profit or loss as a reclassification adjustment

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree. Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

(c) Translation of foreign currencies

Functional & presentation currency

Items included in the financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates (functional currency).

The consolidated financial statements are presented in Kenyan Shilling which is the Group functional and presentation currency.

Functional currency transactions

A foreign currency transaction is recorded on initial recognition in Kenyan Shillings, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and,
- Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognized in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognized to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognized to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognized in statement of comprehensive income, any exchange component of that gain or loss is recognized in the statement of comprehensive income

Cash flows arising from transactions in a foreign currency are recorded in Kenyan Shillings by applying to the foreign currency amount the exchange rate between the Kenyan Shilling and the foreign currency at the date of the cash flow.

Investments in subsidiaries, joint ventures and associates

The results and financial position of a foreign operation are translated into the functional currency using the following procedures:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each item of profit or loss are translated at exchange rates at the dates of the transactions; and,
- All resulting exchange differences are recognized to other comprehensive income and accumulated as a separate component of equity.

Exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are recognized initially to other comprehensive income and accumulated in the translation reserve. They are recognized in profit or loss as a reclassification adjustment through to other comprehensive income on disposal of net investment.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of the foreign operation.

The cash flows of a foreign subsidiary are translated at the exchange rates between the functional currency and the foreign currency at the dates of the cash flows.

(d) 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 set out in Note 5.

(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 Group or Company's activities. Revenue is shown net of value-added tax (VAT), returns, rebates and trade discounts. Revenue is recognized as follows:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and,
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognized in the statement of financial performance, using the effective interest rate method.

Dividends are recognized, in the statement of financial performance, when the Company's right to receive payment has been established.

(f) Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognized in the period in which the service is rendered and are not discounted.

Defined contribution plans

Payments to defined contribution retirement benefit plans are expensed as they fall due. Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the Group's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

(g) Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognized as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognized as an asset.

Current tax liabilities/ (assets) for the current and prior periods are measured at the amount expected to be paid to/ (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognized for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit/ (tax loss).

A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognized when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit/ (tax loss).

A deferred tax asset is recognized for the carry forward of unused tax losses and unused withholding tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused withholding tax credits can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognized as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- A transaction or event which is recognized, in the same or a different period, to other comprehensive income, or;
- A business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income. Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

(h) Property, plant & equipment

The cost of an item of property, plant and equipment is recognized as an asset 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.

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognized in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognized.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Land and buildings are carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

Any increase in an asset's carrying amount, as a result of a revaluation, is recognized to other comprehensive income and accumulated in the revaluation surplus in equity. The increase is recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss. Any decrease in an asset's carrying amount, as a result of a revaluation, is recognized in profit or loss in the current period. The decrease is recognized in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognized in other comprehensive income reduces the amount accumulated in the revaluation surplus in equity.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognized.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	**% Rate per annum**
Buildings	2.0 - 2.5
Plant & machinery	7.5 - 25
Furniture & fixtures	20
Motor vehicles	20

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognized in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognized. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

(i) Investment property

Investment property is recognized as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognized at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognized in the carrying amount of the investment property, the carrying amount of the replaced part is derecognized.

Fair value

Subsequent to initial measurement, investment property is measured at fair value.
A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

(j) Intangible assets

An intangible asset is recognized when:
- It is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and,
- The cost of the asset can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortized over its useful life.

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.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	**Useful life**
Brand names	Indefinite
Computer software	3-5 years

(k) Financial instruments

Classification

The group classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Available for sale financial assets.

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition.

A financial asset classified as available-for-sale that would have met the definition of loans and receivables may be reclassified to loans and receivables if the entity has the intention and ability to hold the asset for the foreseeable future or until maturity.

Initial recognition and measurement

Financial instruments are recognized initially when the group becomes a party to the contractual provisions of the instruments.

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in equity until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets calculated using the effective interest method is recognized in profit or loss as part of other income. Dividends received on available-for-sale equity instruments are recognized in profit or loss as part of other income when the group's right to receive payment is established.

Changes in fair value of available-for-sale financial assets denominated in a foreign currency are analysed between translation differences resulting from changes in amortised cost and other changes in the carrying amount. Translation differences on monetary items are recognized in profit or loss, while translation differences on non-monetary items are recognized in other comprehensive income and accumulated in equity.

Impairment of financial assets

At each reporting date the Group assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired. For amounts due to the Group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognized in the statement of comprehensive income - is removed from equity as a reclassification adjustment to other comprehensive income, and recognized in the statement of comprehensive income.

Impairment losses are recognized in the statement of comprehensive income.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognized, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognized.

Reversals of impairment losses are recognized in the statement of comprehensive income except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognized in the statement of comprehensive income within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

(i) Loans to/(from) group companies

These include loans to and from fellow subsidiaries, joint ventures, associates and directors and are recognized initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables while loans from group companies are classified as financial liabilities measured at amortized cost.

Loans to/ (from) directors are considered financial assets and are classified as loans and receivables.

(ii) Loans to/(from) directors

These financial assets are classified as loans and receivables.

(iii) Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognized in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial re-organization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognized is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the statement of comprehensive income within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the statement of comprehensive income.

Trade and other receivables are classified as loans and receivables.

(iv) Trade and other payables

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

(v) Cash and cash equivalent

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

(vi) Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

(vii) Share capital and equity

Ordinary shares are classified as equity.

(viii) Inventories

Inventories are measured at the lower of cost and net realisable value on the weighted average. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realisable value and all losses of write-down of inventories, arising from an increase in net realisable value, are recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

(I) Impairment of assets

The Group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.
Irrespective of whether there is any indication of impairment, the Group also:

- Tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- Tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognized immediately in the statement of comprehensive income. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

An impairment loss is recognized for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognized in the periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognized immediately in the statement of comprehensive income. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

(m) Provisions and contingencies

Provisions are recognized when:

- the Group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and,
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Provisions are not recognized for future operating losses.

Contingent assets and contingent liabilities are not recognized. Contingencies are disclosed in note 26.

(n) Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases – lessor
The Group recognizes finance lease receivables in the statement of financial position.

Finance income is recognized based on a pattern reflecting a constant periodic rate of return on the group's net investment in the finance lease.

Finance leases – lessee

Finance leases are recognized as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Operating leases - lessor

Operating lease income is recognized as an income over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in the statement of financial position.

Operating leases – lessee

Operating lease payments are recognized as an expense over the lease term. The difference between the amounts recognized as an expense and the contractual payments are recognized as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

(o) Comparatives

Where necessary, prior year comparatives have been adjusted to conform with changes in presentation in the current year. These changes did not have any impact on the profit/ (loss) for the year, or the net asset position.

(p) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 29 February 2012 and have not been applied in preparing these financial statements. These are summarized below:

- IFRS 9 *'Financial Instruments'*. IFRS 9 will become mandatory for the Group's 2015 consolidated financial statements.
- IFRS 10 *'Consolidated Financial Statements'* (effective for annual periods beginning on or after 1 January 2013).
- IFRS 11 *'Joint Arrangements'* (effective for annual periods beginning on or after 1 January 2013).
- IFRS 12 *'Disclosure of Interests in Other Entities'* (effective for annual periods beginning on or after 1 January 2013).
- IFRS 13 *'Fair Value Measurement'* (effective for annual periods beginning on or after 1 January 2013).
- IAS 19 *'Employee Benefits (Amended)'* (effective for annual periods beginning on or after 1 January 2013).
- IAS 27 (2011) *'Separate Financial Statements'* (effective 1 January 2013).
- IAS 28 (2011) *'Investments in Associates and Joint Ventures'* (effective 1 January 2013).
- Amendments to IAS 1 *'Presentation of items of other comprehensive income'* (effective 1 July 2012).
- Amendments to IFRS 7 *'Disclosures – Transfer of financial assets'* (effective for annual period beginning 1 July 2011).

The Group does not plan to adopt any of the above standards early and the extent of the impact has not been determined.

3. Going concern

As at 29 February 2012, Dunlop Industries Limited, a wholly owned subsidiary of Olympia Capital Holdings Limited, had cumulative losses of Kshs 36,548,074 (2011: Kshs 35,147,801) and that the company's total liabilities exceed its assets by Kshs. 25,048,074 (2011; 23,647,801).

The financial statements of the subsidiary, Dunlop Industries Limited, have however been prepared on the going concern basis, the validity of which depends on the success of new operational strategies and the company continuing to receive adequate financial support from its shareholders and bankers to enable it to pay its liabilities as they fall due and ultimately return to profitable operations.

4. Risk management

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 benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of debt, which includes the borrowings, cash and cash equivalents, and equity as disclosed in the statement of financial position.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

The gearing ratio at 2012 and 2011 respectively were as follows:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	Kshs	**Kshs**	**Kshs**	**Kshs**
	'000	**'000**	**'000**	**'000**
Total borrowings				
Amounts due to related parties	127,621	21,748	44,835	37,677
Amounts due to directors	20,297	16,834	15,001	13,375
Borrowings	85,059	79,092	-	-
	232,977	**117,674**	**59,836**	**51,052**
Less: Cash and cash equivalents	65,487	44,394	(1,396)	(762)
Net debt	167,490	73,280	61,232	51,814
Total equity	1,141,748	647,259	513,174	509,138
Total capital	**1,309,238**	**720,539**	**574,406**	**560,952**
Gearing ratio	13%	10%	11%	9%

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The Group's risk to liquidity is a result of the funds available to cover future commitments. The Group manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilized borrowing facilities are monitored.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Group

	2012		2011	
	Kshs '000 Less than 1 year	Kshs '000 Over 1 year	Kshs '000 Less than 1 year	Kshs '000 Over 1 year
Borrowings	23,093	61,966	9,501	69,591
Amounts due to related parties	44,999	82,622	4,574	17,174
Amounts due to directors	20,297	-	16,834	-
Trade and other payables	194,054	-	195,113	-
Overdraft	6,443	-	20,549	-

Company

	2012		2011	
	Kshs '000 Less than 1 year	Kshs '000 Over 1 year	Kshs '000 Less than 1 year	Kshs '000 Over 1 year
Borrowings	-	-	-	-
Amounts due to related parties	44,835	-	37,677	-
Amounts due to directors	15,001	-	13,375	-
Trade and other payables	15,658	-	15,968	-
Overdraft	1,722	-	1,097	-

Interest rate risk

As the Group has no significant interest-bearing assets, the Group's 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 29 February 2012, if interest rates on Kenyan Shilling-denominated borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been Kshs 0.45 million (2011: Kshs 0.57 million lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

Credit risk

Credit risk is managed on a Group basis.

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The Group only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. Management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards.

	Group		Company	
	2012	**2011**	**2012**	**2011**
	Kshs '000	**Kshs '000**	**Kshs '000**	**Kshs '000**
Financial instruments				
Cash and cash equivalent	71,619	64,632	15	24
Trade and other receivables	175,806	176,547	440	439
Amounts due from related parties and directors	321,470	42,934	219,862	237,342

Foreign exchange risk

The group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

At 29 February 2012, if the currency had weakened/strengthened by 10% against the following with all other variables held constant, the consolidated post-tax loss for the year would have been higher by Kshs 4,344,788, mainly as a result of Botswana Pula-denominated monetary assets and liabilities.

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).

At 29 February 2012, 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. 1,160 (2011: Kshs 5,840) higher/lower.

5. Segmental reporting

IFRS 8, Operating Segments, 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

Year ended 29 February 2012	Investment holding	Property	Building & construction materials & fire prevention equipment		Geographical totals		Total
	Kenya	Kenya	Kenya	Botswana	Kenya	Botswana	
	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Sales/Revenues	48	32,626	217,173	524,438	249,847	524,438	**774,286**
Operating profit/(loss) from operations	7,597	8,289	7,503	49,013	23,390	49,013	**72,403**
Profit/(loss)	4,036	(6,662)	363	45,123	5,234	45,123	**42,860**
Total assets	596,455	472,812	252,920	436,358	1,322,188	436,358	**1,758,545**
Less: Intercompany consolidation adjustments							**(137,590)**
Consolidated group assets							**1,620,955**
Non-current assets excluding financial assets and deferred tax	285,582	453,621	49,915	142,094	789,117	142,094	**931,211**
Less: Intercompany consolidation adjustments					-	-	**(221,686)**
Consolidated group non-current assets							**709,525**

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FOR THE YEAR ENDED 29 FEBRUARY 2012

5. Segmental reporting (continued)

Year ended 28 February 2011	**Investment holding**	**Property**	**Building & construction materials & fire prevention equipment**		**Geographical totals**		**Total**
	Kenya	**Kenya**	**Kenya**	**Botswana**	**Kenya**	**Botswana**	
	Kshs '000	**Kshs '000**	**Kshs '000**	**Kshs '000**	**Kshs '000**	**Kshs '000**	**Kshs '000**
Sales/Revenues	4,721	31,642	212,363	417,903	248,726	417,903	**666,629**
Operating profit/(loss) from operations	(17,458)	10,856	17,689	41,898	11,087	41,898	**52,985**
Profit/(loss)	(10,372)	5,319	7,920	32,272	2,867	32,272	**35,139**
Total assets	729,291	205,121	236,866	449,958	1,171,278	449,958	**1,621,236**
Less: Intercompany consolidation adjustments							**(547,000)**
Consolidated group assets							**1,074,236**
Non-current assets excluding financial assets and deferred tax	437,780	185,080	49,793	199,206	672,653	199,206	**871,859**
Less: Intercompany consolidation adjustments							**(360,644)**
Consolidated group non-current assets							**511,215**

6. Operating profit

Operating profit/ (loss) for the year is stated after accounting for the following:

	Group		Company	
	2012 Kshs '000	2011 Kshs '000	2012 Kshs '000	2011 Kshs '000
Profit on sale of property, plant and equipment	1,090	67	-	-
Auditors' remuneration	3,040	4,071	683	1,102
Depreciation & amortization	20,138	15,020	128	-
Directors' remuneration	13,677	10,032	482	612
Employee costs	91,342	30,985	5,651	5,598

7. Finance costs

	Group 2012	Group 2011	Company 2012	Company 2011
Interest on intercompany	(17,616)	5,772	3,537	3,471
Foreign currency fluctuations	(486)	9,992	-	9,561
Bank overdraft	2,983	4,178	-	-
Current borrowings	27,175	2,417	-	-
	12,056	22,359	3,537	13,032

8. Taxation

__Current taxation__

	Group 2012	Group 2011	Company 2012	Company 2011
Income tax - current period	17,487	14,049	-	-
overprovision in prior periods	-	(22)	-	-
Total current tax	**17,487**	**14,027**	**-**	**-**
__Deferred tax__				
Timing differences	(19)	(11,771)	24	(25)
Leave provisions	(210)	(233)	-	-
Unrealised exchange differences	28	(5,259)	-	(4,931)
Translation adjustment	201	(22)	-	-
Total deferred tax	**-**	**(17,285)**	**24**	**(4,956)**
	17,487	**(3,258)**	**24**	**(4,956)**

Reconciliation between accounting profit and tax expense.

	Group		Company	
	2012	**2011**	**2012**	**2011**
	Kshs	**Kshs**	**Kshs**	**Kshs**
	000	**000**	**000**	**000**
Reconciliation of tax expense				
Reconciliation between accounting profit & tax expense				
Accounting profit/(loss)	60,347	31,881	4,060	(12,829)
Tax at applicable rates	18,105	9,564	1,218	(3,848)
Tax effect of adjustments on taxable income				
Non allowable expenses	8,509	2,616	40	2,374
Non-taxable incomes	(4,004)	(351)	(15)	(1,102)
Effect of tax losses	(5,123)	(3,093)	(1,219)	(2,380)
Adjusted tax expense	17,487	8,736	24	(4,956)
Other movements in deferred tax account				
Deferred tax movement	2,508	989		-
Tax relating to other components of income	4,509			
Originating & reversing temporary differences	40,040	(12,983)	-	-
	47,057	(11,994)	-	-
	64,544	**(3,258)**	**24**	**(4,956)**

The applicable tax rate for the Kenyan companies was 30% (2011: 30%), while that for the subsidiary in Botswana, Kalahari Floor Tiles (Pty) Ltd was 15% (2011: 25%).

9. Dividends per share

The directors have proposed a first and final dividend payout of Kshs 4 million (10 cents per share) for the year ended 29 February 2012 (2011 nil). No interim dividend was paid during the year (2011 nil).

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

10. Headline earnings per share

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

	Group		Company	
	2012	2011	2012	2011
	Kshs	Kshs	Kshs	Kshs
	'000	'000	'000	'000
Profit/(loss) attributable to shareholders	15,305	13,254	4,036	(7,873)
Ordinary shares in issue('000')	40,000	40,000	40,000	40,000
Basic earnings per share (Kshs)	**0.38**	**0.33**	**0.10**	**(0.20)**

The basic and diluted earnings per share are the same as there were no potentially dilutive shares outstanding at 29 February 2012 and 28 February 2011.

11. Property, plant and equipment

(a) Group

	Land & Buildings	Plant & Machinery	Furniture & Equipment	Motor Vehicles	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
Cost/Valuation	'000	'000	'000	'000	'000
At 1 March 2011	348,165	109,049	25,228	22,960	505,402
Additions	327	2,485	1,384	4,909	9,105
Revaluations	294,882	-	-	-	294,882
Disposals	-	-	-	(1,071)	(1,071)
At 29 February 2012	**643,374**	**111,534**	**26,612**	**26,798**	**808,318**
Depreciation					
At 1 March 2011	49,255	96,416	17,449	12,474	175,594
Charge for the year	12,475	2,604	1,219	3,664	19,962
Translation adjustment	13,533	984	1,168	748	16,433
At 29 February 2012	75,263	100,001	19,836	16,886	**211,989**
Net Book Value					
At 29 February 2012	**568,111**	**11,533**	**6,776**	**9,912**	**596,329**
Net Book Value					
At 28 February 2011	**298,910**	**12,633**	**7,779**	**10,486**	**329,808**

11. Property, plant and equipment

(b) Company

	Furniture Fittings & Equipment Kshs '000	Total Kshs '000
Cost & valuation		
At 1 March 2011	841	841
Additions	-	-
Disposals	-	-
At 29 February 2012	**841**	**841**
Depreciation		
At 1 March 2011	660	660
Charge for the year	104	104
At 29 February 2012	**764**	**764**
At 29 February 2012	**77**	**77**
At 28 February 2011	**181**	**181**

Notes:

Land and buildings include the following:

— Land and buildings in Botswana consisting of Industrial Buildings on leasehold land located at Lots 44, 45, on units 4 & 5 and residential property on lot 61818. These valuations were performed by Home Safe Inspection on 19 April 2011. The valuation was based on an open market basis, supported by market evidence in accordance with IAS 16, Property, Plant and Equipment.

— Land in Nairobi, Kenya, L.R No 209/5532/1 occupied by the tile factory in industrial area. The valuation was performed by Kiragu and Mwangi. The valuation was based on an open market basis, supported by market evidence in accordance with IAS 16, Property, Plant and Equipment.

12. Goodwill

(a) Group

	Group 2012 Kshs '000	Group 2011 Kshs '000	Company 2012 Kshs '000	Company 2011 Kshs '000
As at the start of the year	107,451	106,583	-	-
Retirement of goodwill in OCCL	(26,957)			
Translation adjustment	(1,357)	868	-	-
As at the end of the year	**79,137**	**107,451**	-	-

Movement in goodwill

Year end 29 February 2012	**At 28 Feb 2011 Kshs '000**	**Amortized in the year Kshs '000**	**Translation adjustment Kshs '000**	**At 29 Feb 2012 Kshs '000**
Kalahari Floor Tiles (Pty) limited	15,562	-	(1,357)	14,205
Olympia Capital Corporation Ltd	26,957	(26,957)	-	-
Avon Rubber Company Ltd	61,832	-	-	61,832
Mather & Platt Ltd	3,100	-	-	3,100
	107,451	**(26,957)**	**(1,357)**	**79,137**

Year end 28 February 2011	**At 28 Feb 2010 Kshs '000**	**Amortized in the year Kshs '000**	**Translation adjustment Kshs '000**	**At 28 Feb 2011 Kshs '000**
Kalahari Floor Tiles (Pty) limited	14,694	-	867	15,562
Olympia Capital Corporation Ltd	26,957	-	-	26,957
Avon Rubber Company Ltd	61,832	-	-	61,832
Mather & Platt Ltd	3,100	-	-	3,100
	106,583	-	**867**	**107,451**

13. Intangible assets

	Group		Company	
Intangible assets	**2012 Kshs '000**	**2011 Kshs '000**	**2012 Kshs '000**	**2011 Kshs '000**
Cost/Valuation				
As at the start of the year	71,537	71,114	283	283
Additions	51	190	-	-
Adjustments for foreign currency translations	(775)	233	-	-
As at the end of the year	**70,814**	**71,537**	**283**	**283**
Accumulated Amortisation				
As at the start of the year	14,448	11,339	259	174
Charge for the year	1,337	3,109	24	85
As at the end of the year	15,785	14,448	283	259
Net Book value				
As at the end of the year	**55,029**	**57,089**	**-**	**24**

Intangible assets relates to patents & trademarks, operating leases and computer software acquired by the holding company and its subsidiaries during the ordinary course of business.

14. Investment in subsidiaries

Name of company	**% voting power 2012**	**% voting power 2011**	**% holding 2012**	**% holding 2011**	**Carrying amount 2012**	**Carrying amount 2011**
Olympia Capital Corporation (Pty) Ltd	50.50%	50.50%	50.50%	50.50%	91,926	91,926
Dunlop Industries Limited	100.00%	100.00%	100.00%	100.00%	11,500	11,500
Avon Rubber Company Ltd	47.50%	47.50%	47.50%	47.50%	118,286	118,286
Mather and Platt	48.46%	48.46%	48.46%	48.46%	21,654	21,654
Rampa Ltd	100.00%	100.00%	100.00%	100.00%	-	10
Total					**243,366**	**243,376**

Subsidiaries with less than 50% voting powers

Although Olympia Capital Holdings Limited hold less than 50% of the voting powers in Avon Rubber Company Limited and Mather and Platt Limited, the investment is considered a subsidiary by virtue of board control. Olympia Capital Holdings acquired a 48.46% stake in Mather & Platt (Kenya) Limited in the financial year 2008/9. However, its results are consolidated by virtue of board control.

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

Name of company	Share capital	Country of incorporation	Principal activity
Olympia Capital Corporation (Pty) Ltd (50.5)	Pula 286,000	Botswana	Investment holding company
Dunlop Industries Limited (100%)	Kshs 610,000	Kenya	Manufacture & sale of vinylex floor tiles and adhesives
Avon Rubber Company Ltd (47.5%)	Kshs 17,660,300	Kenya	Investment property
Mather and Platt (48.46%)	Kshs 14,800,000	Kenya	Manufacture of fire systems, water services and mechanical installations
Kalahari Floor Tiles (100%)	Pula 15,336,320	Botswana	Manufacture & sale of vinylex floor tiles and adhesives, cleaning chemicals, PVC windows and doors
Gaborone Enterprises (Pty) Ltd (100%)	Pula 450,000	Botswana	Industrial investment property holding
Rampa Limited (100%)	Kshs 10,000	Kenya	Special Purpose Entity to facilitate the restructuring of the Group's structure in Botswana.

(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, OCHL was capitalized in the books of Dunlop Industries Limited by means of an issue of 110 shares of face value Kshs 1,000 each at a premium of Kshs 99,000 per share.

(ii) Olympia Capital Corporation (Proprietary) Limited (OCCL)

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 1 January 2007, to 27%. OCHL subsequently increased its shareholding to 50.5% in August 2007.

(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.

(v) Avon Rubber Company Ltd

Olympia Capital Holdings Limited (OCHL) acquired a 27.5% equity stake in this company on 31 December 2006. Post-acquisition profits for the year ended 31 December 2006 were not consolidated as these were not material. During the period ended 28 February 2009, a further 20% was acquired, bringing the total shareholding to 47.5%. In the period ended 28 February 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 Limited acquired a 48.46% stake in this company in the financial year 2008/9. This entity was accounted for on an equity basis in the consolidated financial statements of 2008/9. In the year ended 28 February 2010, OCHL effectively controlled the Board of Mather & Platt (Kenya) Ltd due to which the Directors elected to consolidate this entity.

15. Loans due (to)/ from group companies

	Group		Company	
	2012 Kshs '000	**2011 Kshs '000**	**2012 Kshs '000**	**2011 Kshs '000**
Dunlop Properties Ltd	(958)	(958)	(1,155)	(1,155)
Avon Rubber Co Ltd	(17,172)	-	(16,415)	(11,797)
Tiespro (171) Trading Pty Ltd	16,536	-	-	-
Dunlop Industries Ltd	42,136	-	42,136	75,444
Scottlink Ltd	3,919	3,919	3,046	3,046
Mt. Kenya Investments Ltd	7,632	7,632	6,784	6,784
Croxley Properties Ltd	(30)	(30)	(30)	(30)
Dunlop Kenya Ltd	(162)	-	-	-
Olympia Capital Corporation Ltd	109,912	-	136,413	49
Meatons Kenya Ltd	7,967	7,967	7,967	7,967
Mather & Platt (K) Ltd	(324)	-	(324)	907
Kalahari Floor Tiles (Pty) Ltd	(4,691)	-	(23,521)	(21,306)
Geoffrey Kimaru	488	488	488	488
Countryside Investments Ltd	(1,945)	(1,945)	(1,945)	(1,945)
Taboo Trading Pty Ltd	4,279	-	-	-
Central Kenya Wholesalers Ltd	(1,444)	(1,444)	(1,444)	(1,444)
L.D. Lekalake (Director of OCCL)	-	(16,976)	-	-
OCC Kshs 10M Working Capital loan	-	-	-	-
Gaborone	4,679	-	-	-
Rampa Limited	-	-	-	120,124
	170,821	**(1,347)**	**152,000**	**177,132**

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 relate parties are in respect of transactions arising in the normal course of business, including investment activities.

		Group		Company
	2012 Kshs '000	2011 Kshs '000	2012 Kshs '000	2011 Kshs '000
Non-current assets	66,487	16,867	42,137	48,924
Current assets	231,955	3,534	154,699	165,885
Non-current liabilities	(82,622)	(17,174)	-	-
Current liabilities	(44,999)	(4,574)	(44,835)	(37,677)
	170,821	**(1,347)**	**152,000**	**177,132**

16. Loans due (to)/ from directors

Loans due from directors	23,028	22,533	23,026	22,533
Loans due to directors	(20,297)	(16,834)	(15,001)	(13,375)
	2,731	**5,699**	**8,025**	**9,158**
Current assets	23,028	22,533	23,026	22,533
Current liabilities	(20,297)	(16,834)	(15,001)	(13,375)
	2,731	**5,699**	**8,025**	**9,158**

17. Available for sale financial assets

Quoted shares			-	-
Kenya Commercial Bank Ltd	-	137	-	-
Housing Finance Bank Ltd	-	-	-	-
Olympia Capital Holdings Ltd	-	448	-	-
	-	**585**	**-**	**-**
Unquoted shares				
Heri Limited	54,965	59,765	54,965	59,765
Funguo Investments Ltd	1,425	1,425	1,425	1,425
	56,390	**61,190**	**56,390**	**61,190**

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

	Group		Company	
	2012	2011	2012	2011
	Kshs	Kshs	Kshs	Kshs
	'000	'000	'000	'000
Beginning of year	61,864	76,120	61,190	75,927
Additions	-	448	-	-
Disposals	(5,474)	(14,737)	(4,800)	(14,737)
Revaluation surplus on transfer to equity	-	33	-	-
	56,481	61,864	56,390	61,190

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).

18. Deferred tax

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 25% - 30%. The movement in the deferred tax account is as follows:

	Group		Company	
	2012	2011	2012	2011
	Kshs	Kshs	Kshs	Kshs
	'000	'000	'000	'000
At start of year	9,611	23,843	(2,983)	1,973
Income statement charge	(64,544)	(15,603)	24	(4,956)
Attributable to OCCL	(37,773)	-	-	-
Translation adjustment	223	1,371	-	-
Deferred tax liability/(asset) at year end	(92,483)	9,611	(2,959)	(2,983)
Tax losses not recognized	35,423	50,605	21,720	24,727

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

	Group		Company	
	2012	**2011**	**2012**	**2011**
	Kshs	**Kshs**	**Kshs**	**Kshs**
	'000	**'000**	**'000**	**'000**
Tax losses not recognized	35,423	50,605	21,720	24,727
Tax losses	1,547	(15,182)	(3,943)	(7,418)
Accelerated tax depreciation	(15,337)	-		(114)
Provisions	1,251	(1,042)	-	-
Temporary timing differences	495	12,432	-	-
Unrealized exchange gains	3,236	(3,151)	(9,303)	(2,869)
Translation adjustment	-	1,372	-	-
	(8,808)	(5,571)	(13,246)	(10,401)
Tax losses not recognized	30,791	15,182	10,287	7,418
	21,983	9,611	2,959	(2,983)

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

	Group		Company	
	2012	**2011**	**2012**	**2011**
	Kshs	**Kshs**	**Kshs**	**Kshs**
	000	**000**	**000**	**000**
Deffered tax assets				
Olympia Capital Holdings Ltd	(2,959)	(2,983)	(2,959)	(2,983)
Dunlop Industries Ltd	(2,523)	(1,088)		
Mather & Platt (Kenya) Ltd	(1,024)	(716)		
Avon Rubber Company Ltd	(23)	(26)	-	-
	(6,529)	(4,813)	(2,959)	(2,983)
Deffered tax liabilities				
Avon Rubber Company Ltd	70,520	-		-
Olympia Capital Corporation(Pty) Ltd	-	14,424		-
Kalahari Floor Tiles	15,065	-	-	-
Gaborone Enterprises (Pty) Ltd	13,427	-	-	-
	99,012	14,424	-	-
Deferred tax liability/(asset)	92,483	9,611	-	-

19. Inventories

	Group		Company	
	2012	2011	2012	2011
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Raw material	5,701	5,952	-	-
Work in progress	22,106	8,800	-	-
Finished goods	86,476	77,796	-	-
Consumables	15,219	16,153	-	-
Held by third parties	-	2,326	-	-
	129,502	111,027	-	-

Inventory classified as held by third parties relate to aluminum tubes that are being held by the clearing agent pending the payment of customs duty and taxes.

20. Trade and other receivables

	Group		Company	
	2012	2011	2012	2011
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Trade receivables	127,396	149,478	141	141
Other receivables	48,410	27,069	298	298
	175,806	176,547	440	439

In the opinion of the directors, the carrying amounts of trade and other receivables approximate their fair values.

21. Cash and cash equivalents

	Group		Company	
	2012	2011	2012	2011
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Cash and cash equivalents consist of:				
Funds held in trust in Botswana	311	311	311	311
Bank balances	71,619	64,632	15	24
Bank overdraft	(6,443)	(20,549)	(1,722)	(1,097)
	65,487	44,394	(1,396)	(762)
Current assets	71,930	64,943	326	335
Current liabilities	(6,443)	(20,549)	(1,722)	(1,097)
	65,487	44,394	(1,396)	(762)

22. Non-current assets held for sale

	Group		Company	
	2012 Kshs '000	**2011 Kshs '000**	**2012 Kshs '000**	**2011 Kshs '000**
Non-current assets held for sale				
Property, plant and equipment	88,773	54,600	34,173	-
Loans to related parties				
Loan and advances to Tiespro 171 (Pty) Limited	38,445	56,203	38,445	38,333
Loan and advances to Taboo 179 (Pty) Limited	726	6,867	726	726
	39,171	**63,070**	**39,171**	**39,059**
	127,944	**117,670**	**73,344**	**39,059**

In the period 2007/8, Dunlop Industries Limited acquired a new vinyl tile manufacturing plant. By the current year end, this plant had not been installed. Management is in the process of renewing a sale mandate with an external firm, which had been appointed to seek buyers for the plant on behalf of the Group. The directors are of the opinion that continuing to carry this asset as "held for sale" is appropriate as they are still in the process of searching for a buyer either through a joint venture agreement, or outright sale. On this basis, the Directors are of the opinion that the conditions imposed by IFRS 5, Non-Current Assets Held for Sale, for extending the time period for which an asset is held for sale, have been met. The directors are also of the opinion that the plant, which is stated at cost, would realize at least the amount at which it is stated if sold. Management have further confirmed that in the absence of receiving a concrete offer within 120 days of the current year end, the plant will be installed and be brought to use within the next 12 months.

Tiespro 171 (Pty) Limited and Taboo Trading 179 (Pty) Limited are companies that were incorporated in the Republic of South Africa with Mr. Michael Matu (Managing Director) holding shares of 80% and 100% respectively. These entities are therefore treated as related parties. Over the past two financial years, advances have been made to these entities arising in the normal course of its investment activities with the approval of the Board of Directors of the Company.

23. Non-controlling interest

	Group		Company	
	2012 Kshs '000	2011 Kshs '000	2012 Kshs '000	2011 Kshs '000
At beginning of year	154,266	125,158	-	-
Changes in respect of existing consolidated entities				
Share of revaluation reserve	46,158	(387)	-	-
Share of fair value gain	-	4,365	-	-
Translation adjustment	3,436	4,208	-	-
Share of profit for the year	75,847	22,390	-	-
Dividends paid	-	(1,468)	-	-
	279,708	**154,266**	-	-

24. Share capital

	Group 2012	Group 2011	Company 2012	Company 2011
Authorised, issued and fully paid				
40,000,000 Ordinary shares of Kshs 5 each	200,000	200,000	200,000	200,000
Issued				
Ordinary shares	200,000	200,000	200,000	200,000
Share premium	255,985	255,985	255,985	255,985
	455,985	**455,985**	**455,985**	**455,985**

25. Borrowings

	Group 2012	Group 2011	Company 2012	Company 2011
Held at amortised cost				
Barclays Bank of Kenya Limited	27,972	29,069	-	-
City Finance Bank Limited	9,421	8,771	-	-
Equatorial Commercial Bank Limited	309	817	-	-
NIC Bank Limited	2,723	1,238	-	-
Co-operative Bank Limited	15,655	4,833	-	-
Stanbic Botswana Limited	28,979	34,364	-	-
Total	**85,059**	**79,092**	-	-

(i) The loan from Barclays Bank of Kenya Limited to Avon Rubber Company (K) Limited is secured by a debenture supported by a first charge over property LR 209/6336 stamped to cover the sum of Kshs 35 million. Avon Rubber Company (K) Limited intends to acquire a loan of Kshs 50 million to demolish the current factory go-down and build rental property on those grounds.

(ii) The loan from City Finance Bank Limited was advanced to Avon Rubber Company Ltd and is secured by marketable securities of Dunlop Properties Ltd

(iii) The Equatorial Commercial Bank loan is a hire purchase facility taken by Dunlop Industries Limited (DIL) for the purchase of a motor vehicle and is secured by the 4 ton Isuzu truck, registration number KBD 957 P.

(iv) Dunlop Industries Limited (DIL) has an overdraft facility of Kshs 5 million with Fina Bank Limited. The facility is secured by a first legal charge for Kshs 14 million on property L.R. No. 209/5532/1 in the name of Dunlop Industries Ltd.

(v) Mather & Platt (K) Limited has a hire purchase facility acquired from NIC Bank Limited for the purchase of a motor vehicle and is secured by Mather & Platt (K) Limited assets.

(vi) The Co-operative Bank Limited loan is secured by a fixed and floating debenture of Kshs 28 million each over the Mather & Platt (K) Limited assets and by a first legal charge over L.R. No 209/4727.

(vii) The Stanbic Botswana Limited bank loan is secured by first continuing covering mortgage loan of Kshs 17,598,318 (Pula 1,563,100) over section 4 of plot 10223 Gaborone and a first continuing and covering mortgage bond for Kshs 17,480,102 (Pula 1,552,600) over section 5 of plot 10223 Gaborone and unlimited suretyship by Olympia Capital Corporation Limited and Michael Matu.

(viii) The finance lease in Kenya, with a balance of Kshs 308,732 at the year-end is in respect of Dunlop Industries Ltd and comprises a hire purchase agreement for the purchase of a commercial motor vehicle for business purposes. The agreement is subject to an effective interest rate of 16%, which is reset by the lessor as market rates change. The facility is secured by a fixed debenture and joint registration, together with blank transfer forms signed by the client over the purchased vehicle, as well as joint and several personal guarantees of the Company's directors.

	Group		Company	
	2012 Kshs '000	**2011 Kshs '000**	**2012 Kshs '000**	**2011 Kshs '000**
The maturity of borrowings is as follows:				
Non-Current	61,966	69,591	-	-
Current	23,093	9,501	-	-
Total	**85,059**	**79,092**	**-**	**-**

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

Kenya Shillings	56,080	9,501	-	-
Pula	28,979	69,591	-	-
Total	**85,059**	**79,092**	**-**	**-**

The fair values of all financial instruments are substantially identical to the carrying values reflected in the balance sheet. No valuation methods have been used to measure the fair values since the carrying amounts of both non-current and current borrowings approximate the fair value.

26. Provisions

	Group		Company	
	2012 Kshs '000	**2011 Kshs '000**	**2012 Kshs '000**	**2011 Kshs '000**
Provisions				
Non-current liabilities	-	-	-	-
Current liabilities	-	46,764	-	-
Total	**-**	**46,764**	**-**	**-**

There were no provisions made in the current year. Non-current provision in the prior year pertains to guarantees by Olympia Capital Corporation (Pty) Limited to Nedbank of South Africa for any shortfall in the amounts of loans recovered from the liquidation of Plush Products (Pty) Ltd. The amount was based on the forced sale values of assets as provided by Ned Bank of South Africa. Olympia Capital Corporation (Pty) Limited was not consolidated in the current year.

27. Trade and other payables

	Group		Company	
	2012 Kshs '000	**2011 Kshs '000**	**2012 Kshs '000**	**2011 Kshs '000**
Trade payables	114,452	91,197	-	-
Other payables	79,602	103,916	15,658	15,968
Total	**194,054**	**195,113**	**15,658**	**15,968**

The carrying amounts of trade and other payables approximate their fair value.

28. Cash generated from/(used in) operations

	Group		Company	
	2012	2011	2012	2011
	Kshs	Kshs	Kshs	Kshs
Cash generated from operations	000	000	000	000
Profit/(loss) before tax	60,347	31,881	4,060	(12,829)
Adjustments for:				
Depreciation & amortization	20,138	14,558	128	274
Impairment loss	-	(4)	-	-
Investment income	(4,154)	(10,843)	(48)	(4,749)
Finance costs	7,182	12,367	2,691	13,032
(Profit)/loss on sale of PPE	(1,071)	(67)	-	-
Increase in provisions	(46,764)	6,969	-	-
	35,678	54,861	6,831	(4,272)
Changes in working capital				
Movement in inventories	18,475	(7,154)	-	-
Movement in trade & other receivables	(741)	(39,409)	(1)	(41)
Movement in trade & other payables	(1,059)	26,029	(310)	1,688
Cash generated from/(used in) operations	**52,353**	**34,327**	**6,521**	**(2,625)**

29. Contingent liabilities

Guarantees

(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) Kalahari Floor Tiles bankers have guaranteed the deferred duty amount for VAT on imports amounting to Kshs 900,688 (Pula 80,000). This amount is claimable if it defaults in its payments to Botswana Unified Revenue Services (BURS);

(iii) A guarantee of Kshs 1,688,790 (Pula 150,000) is held with the supplier of the fuel for the Kalahari Floor Tiles to cover any faults in payments.