OLYMPIA CAPITAL HOLDINGS LIMITED

ANNUAL REPORT

& CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 28 February 2018

OLYMPIA
Capital

Content

Company Information

Directors	Karen Enterprises Limited - Chairman (Alt Dr. Christopher Obura) Mr. Michael M. Matu - Chief Executive Officer Mrs. Gladys Kamau - Non Executive Director Mr. Suresh Lakhani - Resigned on 14 August 2017 Mr. Alex Kimani
Registered office	Olympia Capital Holdings Limited Addis Ababa Road, Off Enterprise Road Industrial Area P.O. Box 30102 - 00100 Nairobi, Kenya
Principal place of business	Olympia Capital Holdings Limited Addis Ababa Road off Enterprise Road Industrial Area P.O. Box 30102 - 00100 Nairobi, Kenya
Principal Bankers	NIC Bank Limited NIC House Branch P.O. Box 44599 - 00100 Nairobi, Kenya
	Guaranty Trust Bank (Kenya) Limited Industrial Area Branch P.O. Box 18647 - 00100 Nairobi, Kenya
Company Secretary	James Mwando Equatorial Secretaries and Registrars Kalamu House, Grevillea Grove P.O. Box 14077 - 00800 Nairobi, Kenya
Company Registrar	C&R Group 6th Floor, North Wing, Bruce House Standard Street P.O. Box 8484 - 00100 Nairobi, Kenya
Independent Auditor	Parker Randall Eastern Africa Certified Public Accountants Cara House, Karen Road, Karen P.O. Box 25426 - 00100 Nairobi, Kenya.
Subsidiaries	Avon Rubber Company (Kenya) Limited 3th Floor, Avon House Enterprise Road, Industrial Area P.O. Box 18270 - 00100 Nairobi, Kenya.
	Mather and Platt (Kenya) Limited Addis Ababa Road Industrial Area P.O. Box 30145 - 00100 Nairobi, Kenya.
	Olympia Capital Corporation Limited Plot 51, 52 & 53 Mogoditshane P.O. Box 2166 Gaborone, Botswana.

OLYMPIA CAPITAL HOLDINGS PLC

NOTICE IS HEREBY GIVEN that the Forty-Eighth Annual General Meeting of the Company will be held at the Nairobi Club, Nairobi on Thursday, 23rd August 2018 at 11.00 a.m. to transact the following business:

1. To table the proxies and to note the presence of a quorum.

2. To read the notice convening the meeting.

3. To confirm the minutes of the Forty-Seventh Annual General Meeting of the Company held on 14th August 2017.

4. To receive, consider and adopt the Audited Financial Statements for the year ended 28th February 2018 together with the Chairman's Statement and the reports of the Directors and Auditors thereon.

5. To note that the Directors do not recommend payment of a dividend for the financial year ended 28th February 2018.

6. To approve the Directors' fees as indicated in the Audited Financial Statements for the year ended 28th February 2018.

7. To re-elect Directors:-
   i. **Karen Enterprises Limited** retires by rotation in accordance with Article 99 of the Company's Articles of Association and, being eligible, offers itself for re-election.

   ii. **Mr. Kibuga Kariithi,** having been appointed during the year, retires in accordance with Article 106 of the Company's Articles of Association and, being eligible, offers himself for re-election.

8. Pursuant to the provisions of Section 769 of the Companies Act 2015, Dr. C. W. Obura, Mr. Kibuga Kariithi and Mrs. Gladys Kamau, being members of the Board Audit Committee, be elected to continue to serve as members of the said Committee.

9. To note that Messrs Parker Randall Eastern Africa, Certified Public Accountants, continue in office as Auditors to the Company by virtue of section 721(2) of the Companies Act, 2015 and to authorize the Directors to fix their remuneration for the ensuing financial year.

10. Any Other Business of which due notice has been received.

BY ORDER OF THE BOARD

JAMES MWANDO
COMPANY SECRETARY
OLYMPIA CAPITAL HOLDINGS PLC

5TH JULY 2018

Note: A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote on his or her behalf. A proxy need not be a member. To be valid, a form of proxy which is attached to this notice must be duly completed and signed by the member and must be lodged with the Company Secretary, James Mwando C/o of Equatorial Secretaries and Registrars, Kalamu House, Grevillea Grove, Westlands P O Box 47323, 00100-Nairobi, so as to reach not later than 11.00 a.m. on 21st August 2018.

Statement of Corporate Governance

for the year ended 28 February 2018

Corporate governance deals with the way companies are led and managed, the role of the Board of Directors and a framework of internal controls. The Board of Olympia Capital Holdings Limited is committed to upholding high standards of Corporate Governance. 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

Composition of the Board is set out on page 1.

The Board consists of the Chairman, Dr. Christopher Obura, Chief Executive Officer, Mr. Michael M. Matu, Executive Director, Mr. Alex Kimani and Non Executive Director, Mrs. Gladys Kamau. All non-executive directors are independent of the management. All directors are subject to periodic retirement and re-appointment in accordance with the company's Articles of Association.

All the directors have access to the Company Secretary who is responsible for ensuring that Board Procedures are followed and that applicable laws and regulations are complied with. The directors' responsibilities are set out in the Statement of Directors' Responsibilities on page 7.

The board is of the opinion that there is a balance between independent executive and non-executive directors as required by clause 2.1.4 of the Guidelines on Corporate Governance Practices for Public Listed Companies in Kenya.

The Board meets regularly, at least four times a year, and has a formal schedule of matters reserved for it. The directors receive appropriate and timely information so that they can maintain full and effective control over strategic, financial operational, compliance and governance issues.

The Board has continued to adopt the best governance practices outlined in the Capital Markets Act - Corporate Governance Guidelines as part of its obligation. The Board members have wide range of skills and experience and each member brings an independent judgment and considerable knowledge to the Board discussions 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 also assisted in the discharge of its responsibilities by the various Sub Committees.

Statement of Corporate Governance

For the year ended 28 February 2018 **(continued)**

Delegation of Authority

Board Sub Committees
The Board has three Sub Committees with specific delegated authorities. These are Board Audit Committee, Board Investment Committee, and Board Staff Nominations and Remuneration Committee. The Board Sub Committees assist the Board in discharging its responsibilities. These Sub Committees have clear defined roles and terms of reference and charters that have been approved by the Board. The Committees are chaired by non-executive directors.

Board Audit Committee
The committee acts as the liaison between the External Auditor, the Board and the Management. The committee 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.

Board Investment Committee
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.

Board Staff Nominations and Remuneration Committee
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.

Going Concern
The Board confirms that it is satisfied that the company has adequate resources to continue in business for the foreseeable future. For this reason, the company continues to adopt the going concern basis when preparing the financial statements.

Communication with Shareholders
The company is committed to equitable treatment of its shareholders including the non-controlling and foreign shareholders and ensures that all its shareholders receive full and timely information about its performance through distribution of the annual report and financial statements and half year interim financial report and through compliance with the relevant continuing obligations under the Capital Markets Authority Act. The company's results are advertised in the press and released to the Nairobi Securities Exchange within the prescribed period at each half-year and year end.

Statement of Corporate Governance

For the year ended 28 February 2018 **(continued)**

Major Shareholders

Name	Shares	Percentage (%) S/holding
Dunlop Properties Limited	10,321,002	25.80%
Paul Wanderi Ndungu	4,796,600	11.99%
Karen Enterprises Limited	3,932,832	9.83%
First Ten Limited	2,359,936	5.90%
Joel Kamau Kibe	949,500	2.37%
Scottlink Limited	885,269	2.21%
Michael Maina Matu	786,297	1.97%
Eliud Matu Wamae	619,088	1.55%
Mobicom Kenya Limited	449,600	1.12%
Croxley Properties Ltd A/c 693448	400,000	1.00%
Others	14,499,876	36.25%
Total	**40,000,000**	**100%**

Directors' Shareholdings

Name	Shares	Percentage (%) Shareholding
Karen Enterprises Limited	3,932,832	9.83%
Michael Maina Matu	786,297	1.97%
Total directors' shareholding	**4,616,029**	**11.54%**

Distribution of Shareholders

Volume	No. of shares held	Percentage (%)	Shareholders
1 - 500	311,357	0.78%	1,267
501 - 5,000	2,826,916	7.07%	1,495
5,001 - 10,000	1,760,813	4.40%	225
10,001 - 100,000	6,231,951	15.58%	234
100,001 - 1,000,000	8,017,693	20.04%	27
1,000,001 +	20,851,270	52.13%	4
Total	**40,000,000**	**100.00%**	**3,252**

Report of the Directors

for the year ended 28 February 2018

The directors submit their report and the audited consolidated financial statements for the year ended 28 February 2018 which show the state of the company and group affairs.

1. Principal Activity

Olympia Capital Holdings Limited is an investment holding company listed in the Nairobi Securities Exchange. Its main investments are in companies dealing in the manufacture and sale of products used in 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

The results for the year are as set out on page 13 - 15.

3. Dividend

The directors do not recommend payment of a dividend in respect of the year ended 28 February 2018 (2017: None).

4. Directors

The directors who served during the year and to the date of this report are as shown on page 1.

5. Independent Auditor

Parker Randall Eastern Africa has expressed their willingness to continue in office.

By Order of the Board

JAMES MWANDO
C.P.S
R. NO. 1990

Company Secretary
Nairobi.

25/6 / 2018

Statement of Directors' Responsibilities

for the year ended 28 February 2018

The Kenya 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 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 group keeps proper accounting records, which disclose, with reasonable accuracy, the financial position of the group. They are also responsible for safeguarding the assets of the group.

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 the 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 financial affairs of the group and of its 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 control.

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

The financial statements were approved by the board of directors on 25/6 / 2018 and were signed on its behalf by:

Director

Director

Parker Randall | Eastern Africa
Member firm of Parker Randall International

Cara House
Karen Road, Karen
P.O. Box 25426-00100
Nairobi, Kenya
Tel: +254 771 007125
info@parkerrandall-ea.com
www.parkerrandall-ea.com

Independent Auditor Report

To the Members of Olympia Capital Holdings Limited

for the year ended 28 February 2018

Opinion

We have audited the accompanying financial statements of Olympia Capital Holdings Limited (the company) and consolidated its subsidiaries together referred to as (the group), set out on pages 13 to 54, which comprise the statement of financial position as at 28 February 2018, the statement of comprehensive income, statements of changes in equity and statement of cash flows for the year then ended, and notes, including a summary of significant accounting policies.

Except for as stated in the emphasis of matter paragraph below, in our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 28 February 2018 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard and the Kenyan Companies Act, 2015.

Emphasis of Matter

Note 21 to the financial statements which describe the recoverability doubt of an amount of Kshs 11.6 Million (2017: Kshs 11.6 million) due from a related party.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the firm in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

In arriving at our audit opinion above on the Financial Statements the risks of material misstatement that had the greatest effect on our audit (key audit matters) were as set out below.

These are the matters that, in our professional judgment, had the greatest effect on: the overall audit strategy; the allocation of resources in our audit; and directing the efforts of the engagement team. We have communicated these matters to the management. Our audit procedures relating to these matters were designed in the context and solely for the purposes of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not express discrete opinions on these matters.

These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on them.

A component is identified as that individual subsidiary in the group which is of significance financial contribution to the group and is likely to include significant risks of material misstatement of the group financial accounts (IAS 600).

A concentration risk exists as consolidated 100% of Group loss is from OCCL and one component audited subsidiaries. There is a risk that the component auditor may not detect misstatements in the financial information.

How the Matter was addressed: We reviewed the account balances, classes of transactions and disclosures affected by the likely significant risks and requested the subsidiary's component auditor to perform, an audit of only those account balances, classes of transactions and disclosures that are likely to have a significant risk of material misstatement of the group financial statements.

Among other balances we identified inventory as a balance (Kshs. 65.2 million) that can have a significant risk of inventory obsolescence. To check on potentially obsolete inventory, we requested the component auditor to perform specified audit procedures on the valuation of inventory at OCCL that holds a large volume.

Related Party Transactions

The Group's consolidated amounts due from and payable to related parties balances stood at Kshs. 297 million and Kshs. 53.4 million respectively as at 28 February, 2018. We focused on this area because of the disclosures necessary to draw attention to the possibility that material related-party transactions exist that could affect the financial statements

How the Matter was addressed: We identified related parties through inquiry and review of relevant information to determine the identity of related parties so that material transactions with these parties known to be related can be examined.

We review confirmations of compensating balance arrangements and also reviewed confirmations. We checked disclose on the nature of the related party relationship as well as information about the transactions and outstanding balances necessary for an understanding of the potential effect of the relationship on the financial statements in accordance with IAS 24.

Investment Property

The group has invested significantly in investment properties held to earn rentals and for capital appreciation, which could have a significant impact on the Group & Company financial statements if the existence completeness ownership right & obligation, fair value determination presentation and disclosures of these properties is not independently ascertained.

How the Matter was addressed: We focused on these balances because of their materiality to the financial position of the Company. Our procedures included an assessment of the processes and controls procedures over purchasing & disposal. We evaluated the effectiveness of the procedures adopted by the company.

Amongst other testing we examined the cut off on ongoing construction work and being an initial audit we physically inspected all investment properties and additions during the year. To determine completeness we perform analytical procedure, reconciled general ledger and analyzed property repair & maintenance costs. To ascertain the rights & obligations we held discussions with the in-house legal officer and examined title deeds, & lease agreements and evaluated whether leases are properly recorded. To ascertain valuation & allocation we examined documentations relating to re-classifications, additions & disposals and checked depreciation was consistently applied according to company and Group's consolidated policy.

On presentation & disclosure we checked whether properties are properly presented and checked whether necessary disclosures were revealed per the relevant reporting framework.

Regulatory Compliance

The Kenyan Capital Markets Authority (the Authority) has issued a code of corporate governance known as the Code of Corporate Governance Practices for the Issuers of Securities to the Public 2015 (the 2015 Code). The 2015 Code has replaced the Guidelines on Corporate Governance Practices by Public Listed Companies in Kenya, 2002 (the "2002 Guidelines"). The 2015 Code came into force on 4 March 2016.

We focused on these regulations due to the punitive sanctions that failure may attract to the company. Issuers are required to implement the 2015 Code within a year of its publication (04 March, 2017) or disclose the reasons for their noncompliance as well as the strategy company intends to implement to come into compliance.

How the Matter was addressed: We conducted a high level review of the Company's level of implementation/ preparedness to adopt the code. Some of the Key areas we reviewed were:

- The mandatory professional training and development for directors and mandates frequent evaluation of the Board across various areas
- If the Boards is of a "sufficient size" and composition. Although what constitutes a "sufficient size" has not been prescribed as it will vary from Issuer to Issuer
- Checked conflict of interest of stakeholders as clearly defined.

Other Information

The directors are responsible for the other information. Other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

Directors' responsibilities for the financial statements

The directors' are responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with the International Financial Reporting Standard and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the firm's ability to continue as a going concern, disclosing as applicable, matters related to the going concern and using the going concern basis of accounting unless the proprietor intend to liquidate the firm or to cease operations or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material, if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the firm's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures or in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence up to the date of the auditor's report. However, future events or conditions may cause the firm to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal Requirements

As required by the Kenyan Companies Act, 2015 we report to you, based on our audit, that:

(i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

(ii) In our opinion, proper books have been kept by the company, so far as appears from the our examination of those books; and,

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

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Victor Majani - P/No 1546.

Certified Public Accountants
Nairobi.

27 | JUN | / 2018

Consolidated and Company Statements of Comprehensive Income

for the year ended 28 February 2018

		Group		Company	
	Notes	2018 Kshs '000	2017 Kshs '000 Restated	2018 Kshs '000	2017 Kshs '000
Revenue	4	500,787	518,660	-	-
Cost of sales	5	(319,493)	(319,337)	-	-
Gross profit		181,294	199,323	-	-
Other operating income	6	24,024	43,354	20,691	34,071
Operating expenses	7	(179,279)	(170,453)	(8,313)	(11,728)
Operating profit		26,039	72,224	12,378	22,343
Finance costs	9	(19,497)	(20,556)	(2,779)	(2,765)
Profit before taxation		6,542	51,668	9,599	19,578
Taxation	10	(10,030)	(12,820)	(2,880)	(5,873)
(Loss)/profit for the year		(3,488)	38,848	6,719	13,705
Earnings per share attributable to:					
Owners of the parent		1,085	26,158	6,719	13,705
Non-controlling interest		(4,573)	12,690	-	-
		(3,488)	38,848	6,719	13,705
Earnings per share attributable to:					
Owners of the parent company		0.03	0.65	0	0
Number of issued shares		40,000	40,000	40,000	40,000
(Loss)/profit for the year		**(3,488)**	**38,848**	**6,719**	**13,705**
Other comprehensive income:-					
Exchange differences on translating foreign operations		(2,053)	583	-	-
Gains on property revaluation		1,590	9,683	-	-
Income tax relating to items that will not be reclassified		(238)	(1,511)	-	-
Total comprehensive income		**(4,189)**	**47,603**	**6,719**	**13,705**
Attributable to:					
Owners of the parent		732	30,580	6,719	13,705
Non-controlling interest		(4,921)	17,023	-	
Total comprehensive income for the year		**(4,189)**	**47,603**	**6,719**	**13,705**

Consolidated and Company Statements of Financial Position

as at 28 February 2018

		Group		Company	
	Notes	2018 Kshs '000	2017 Kshs '000 Restated	2018 Kshs '000	2017 Kshs '000
ASSETS					
Non-current assets					
Property, plant and equipment	12	634,109	649,826	55	78
Investment property	13	26,087	13,332	-	-
Prepaid operating lease rentals	14	23,924	24,916	-	-
Intangible assets	15	-	-	-	-
Goodwill	16	93,594	93,594	-	-
Investment in subsidiaries	17	-	-	246,206	246,206
Non-current assets held for sale	18	4,735	4,735	-	-
Available-for-sale financial assets	19	49,700	49,700	49,700	49,700
Deferred tax asset	20 (a)	134,338	133,057	2,983	2,983
Amounts due from related parties	21 (a)	269,946	291,644	342,466	276,352
Amounts due from directors	21 (c)	18,113	30,796	23,502	23,498
		1,254,546	**1,291,600**	**664,912**	**598,817**
Current assets					
Amounts due from related parties	21 (a)	17,056	4,036	3,016	48,897
Inventories	22	122,446	140,253	-	-
Trade and other receivables	23	167,822	132,012	2,805	2,243
Tax recoverable	10 (c)	7,131	6,489	-	-
Cash and cash equivalents	24	78,833	64,406	26	262
		393,288	**347,196**	**5,847**	**51,402**
Total assets		**1,647,834**	**1,638,796**	**670,759**	**650,219**

Consolidated and Company Statements of Financial Position

as at 28 February 2018 **(continued)**

	Notes	Group 2018 Kshs '000	Group 2017 Kshs '000 Restated	Company 2018 Kshs '000	Company 2017 Kshs '000
EQUITY AND LIABILITIES					
Equity					
Attributable to parent owners:					
Share capital	25	200,000	200,000	200,000	200,000
Share premium	25	255,985	255,985	255,985	255,985
Translation reserve		(12,519)	(11,482)	-	-
Revaluation reserve		207,818	207,015	67,405	67,405
Retained earnings		264,893	263,808	29,341	22,622
		916,177	**915,326**	**552,731**	**546,012**
Non-controlling interest		384,844	389,884	-	-
		1,301,021	**1,305,210**	**552,731**	**546,012**
Non-current liabilities					
Amounts due to related parties	21 (b)	45,192	36,567	45,192	36,567
Deferred tax liabilities	20 (b)	21,483	20,179	-	-
Borrowings	26	59,280	64,250	44,371	41,591
		125,955	**120,996**	**89,563**	**78,158**
Current liabilities					
Amounts due to related parties	21 (b)	-	-	3,389	3,419
Amounts due to directors	21 (c)	4,832	25,052	4,832	4,754
Borrowings	26	16,630	24,858	-	-
Trade and other payables	27	168,315	134,198	2,544	3,056
Dividend payable	28	5,224	5,224	5,224	5,224
Current tax payable	10 (d)	25,857	23,258	12,476	9,596
		220,858	**212,590**	**28,465**	**26,049**
Total equity and liabilities		**1,647,834**	**1,638,796**	**670,759**	**650,219**

The financial statements and the notes on pages 13 to 54 were approved by the Board of Directors on 29/6/2018 and signed on its behalf by:

Finance Director

Managing Director

Consolidated Statement of Changes in Equity

for the year ended 28 February 2018

Group	Share Capital Kshs '000	Share Premium Kshs '000	Translation Deficit Kshs '000	Revaluation Reserve Kshs '000	Retained Earnings Kshs '000	Non-Controlling Interest Kshs '000	Total Kshs '000
Year ended 28 February 2018							
As at 1 March 2017	200,000	255,985	(11,482)	207,015	263,808	389,884	1,305,210
Total comprehensive income for the year	**-**	**-**	**(1,037)**	**803**	**1,085**	**(5,040)**	**(4,189)**
As at 28 February 2018	**200,000**	**255,985**	**(12,519)**	**207,818**	**264,893**	**384,844**	**1,301,021**
Year ended 28 February 2017							
Opening balance as previously reported	200,000	255,985	(11,776)	136,437	209,309	436,448	1,226,403
Prior year adjustments	-	-	-	65,688	28,341	(62,824)	31,205
Restated opening balance as at 1 March	200,000	255,985	(11,776)	202,125	237,650	373,624	1,257,608
Total comprehensive income for the year	**-**	**-**	**294**	**4,890**	**26,158**	**16,260**	**47,602**
As at 28 February 2017	**200,000**	**255,985**	**(11,482)**	**207,015**	**263,808**	**389,884**	**1,305,210**

Company Statement of Changes in Equity

for the year ended 28 February 2018

Company	Share Capital Kshs '000	Share Premium Kshs '000	Revaluation Reserve Kshs '000	Retained Earnings Kshs '000	Total Kshs '000
Year ended 28 February 2018					
As at 1 March 2017	200,000	255,985	67,405	22,622	546,012
Total comprehensive income for the year	**-**	**-**	**-**	**6,719**	**6,719**
As at 28 February 2018	**200,000**	**255,985**	**67,405**	**29,341**	**552,731**
Year ended 28 February 2017					
As at 1 March 2016	200,000	255,985	67,405	8,917	532,307
Total comprehensive income for the year	-	-	-	13,705	13,705
As at 28 February 2017	**200,000**	**255,985**	**67,405**	**22,622**	**546,012**

Consolidated and Company Statements of Cash Flows

for the year ended 28 February 2018

		Group		Company	
	Notes	2018 Kshs '000	2017 Kshs '000 Restated	2018 Kshs '000	2017 Kshs '000
OPERATING ACTIVITIES:					
Profit before tax		6,542	51,668	9,599	19,578
Adjustment for:-					
Depreciation and amortization		19,636	18,678	23	33
Finance costs	9	19,497	20,556	2,779	2,765
Gain on disposal		(142)	-	-	-
		45,533	**90,902**	**12,401**	**22,376**
Changes in working capital:-					
Inventories		24,248	(10,452)	-	-
Increase in trade and other receivables		(17,066)	(23,051)	(562)	(512)
Decrease/(increase)Trade and other payables		13,210	(3,934)	(512)	(12,384)
Cash flows used in operations		65,925	53,465	11,327	9,480
Finance costs		(19,497)	(20,556)	(2,779)	(2,765)
Tax paid		(11,060)	(10,533)	-	-
Net cash flows used in operating activities		**35,368**	**22,376**	**8,548**	**6,715**
INVESTING ACTIVITIES:					
Purchase of property, plant and equipment		(15,093)	(14,870)	-	(72)
Available for sale assets		-	(1,335)	-	(1,335)
Investment property development		-	4,735	-	-
Reclassification of investment property		-	(4,735)	-	-
Net cash flows from investing activities		**(15,093)**	**(16,205)**	**-**	**(1,407)**

Consolidated and Company Statements of Cash Flows

for the year ended 28 February 2018 **(continued)**

		Group		Company	
	Notes	2018 Kshs '000	2017 Kshs '000 Restated	2018 Kshs '000	2017 Kshs '000
FINANCING ACTIVITIES:					
Net movement in borrowings		(13,198)	(6,815)	2,780	2,765
Related parties		9,766	(15,425)	(11,564)	(15,092)
		(3,432)	(22,240)	(8,784)	(12,327)
Cash and cash equivalents:					
Movement during the year		16,843	(16,069)	(236)	(7,019)
Effect of foreign exchange changes		(2,416)	1,992	-	-
As at 1 March		64,406	78,482	262	7,281
As at 28 February	**24**	**78,833**	**64,406**	**26**	**262**

Notes to the Financial Statements

for the year ended 28 February 2018

1. Significant Accounting Policies

a) Basis of Consolidation

(i) Business Combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisitions generally measured at fair value as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on bargain purchase is recognized in the profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

(iii) Non-Controlling Interests (NCI)

NCI are measured at their proportionate share of the acquirer's identifiable net assets at the date of acquisition. Changes in the Group's interest in the subsidiary that does not result in loss of control are accounted for as equity transactions.

(iv) Loss of Control

When the Group losses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is

(v) Transactions Eliminated on Consolidation

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in that investee. Unrealised losses are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

(vi) Transactions in Foreign Currencies

Transactions in foreign currencies during the year are converted into the respective functional currencies of Group entities at rates prevailing at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rates ruling at the reporting date. The resulting differences from conversion are recognised in profit or loss in the year in which they arise. Non-monetary assets and liabilities denominated in foreign currencies that are measured based on historical cost are translated at the exchange rate ruling at the transaction date.

1. Significant Accounting Policies (continued)

b) New Standards and Interpretations

(i) New standards, amendments and interpretations effective and adopted during the year

The Group and Company has adopted the following new standards and amendments during the period/year ended 28 February 2018, including consequential amendments to other standards with the date of initial application by the Company being 1 march, 2017. The nature and effects of the changes are explained below:

New Standard or Amendments

- Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)
- Amendments to IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciations an Amortization
- Amendments to IAS 41 - Bearer Plants (Amendments to IAS 16 and IAS 41)
- Equity Method in Separate Financial Statements (Amendments to IAS 27)
- IFRS 14 Regulatory Deferral Accounts
- Investment Entities - Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12and IAS 28)
- Disclosure Initiative (Amendments to IAS 1)
- Annual Improvements Cycle (2012-2014) - various standards

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)

The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. Business combination accounting also applies to the acquisition of additional interests in a joint operation while the joint operator retains joint control. The additional interest acquired will be measured at fair value. The previously held interest in the joint operation will not be re-measured. The amendments apply prospectively for annual periods beginning on or after 1 January, 2016.The adoption of these changes did not have a significant impact on the Group and Company's financial statements as the Group and Company did not acquire any interest in joint ventures.

Amendments to IAS 41- Bearer Plants (Amendments to IAS 16 and IAS 41)

The amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture require a bearer plant (which is a living plant used solely to grow produce over several periods) to be accounted for as property, plant and equipment in accordance with IAS 16 Property, Plant and Equipment instead of IAS41 Agriculture. The produce growing on bearer plants will remain within the scope of IAS 41. The new requirements are effective from 1 January, 2016.The amendment did not have an impact on the Group and Company financial statements as the Group and Company does not have bearer plants.

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16and IAS 38)The amendments to IAS 16 Property, Plant and Equipment explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The amendments to IAS 38 Intangible Assets introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. The presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.

Notes to the Financial Statements

for the year ended 28 February 2018 **(continued)**

1. Significant Accounting Policies (continued)

Amendments to IAS 41- Bearer Plants (Amendments to IAS 16 and IAS 41) (Continued)

The amendments apply prospectively for annual periods beginning on or after 1 January, 2016.The adoption of these changes did not affect the amounts and disclosures of the Group and Company's property, plant and equipment and intangible assets.

Equity Method in Separate Financial Statements (Amendments to IAS 27)

The amendments allow the use of the equity method in separate financial statements, and apply to the accounting not only for associates and joint ventures but also for subsidiaries. The amendments apply retrospectively for annual periods beginning on or after 1 January, 2016. The adoption of these changes is not expected to affect the amounts and disclosures of the Group and Company's interest in other entities.

IFRS 14 Regulatory Deferral Accounts

IFRS 14 provides guidance on accounting for regulatory deferral account balances by fist-time adopters of IFRS. To apply this standard, the entity has to be rate-regulated i.e. the establishment of prices that can be charged to its customers for goods and services is subject to oversight and/or approval by an authorised body.

The standard is effective for financial reporting years beginning on or after 1 January, 2016The adoption of this standard is not expected to have an impact on the financial statements of the Group and Company given that it is not a fist time adopter of IFRS.

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)

The amendment to IFRS 10 Consolidated Financial Statements clarifies which subsidiaries of an investment entity are consolidated instead of being measured at fair value through profit and loss. The amendment also modifies the condition in the general consolidation exemption that requires an entity's parent or ultimate parent to prepare consolidated financial statements. The amendment clarifies that this condition is also met where the ultimate parent or any intermediary parent of a parent entity measures subsidiaries at fair value through profit or loss in accordance with IFRS 10 and not only where the ultimate parent or intermediate parent consolidates its subsidiaries. The amendment to IFRS 12 Disclosure of Interests in Other Entities requires an entity that prepares financial statements in which all its subsidiaries are measured at fair value through profit or loss in accordance with IFRS 10 to make disclosures required by IFRS 12 relating to investment entities. The amendment to IAS 28 Investments in Associates and Joint Ventures modifies the conditions where an entity need not apply the equity method to its investments in associates or joint ventures to align these to the amended IFRS 10 conditions for not presenting consolidated financial statements.

The amendments introduce relief when applying the equity method which permits a non-investment entity investor in an associate or joint venture that is an investment entity to retain the fair value through profit or loss measurement applied by the associate or joint venture to its subsidiaries.

The amendments apply retrospectively for annual periods beginning on or after 1 January, 2016.The adoption of these changes did not have a significant impact on the financial statements of the Group and Company.

Notes to the Financial Statements

for the year ended 28 February 2018 **(continued)**

1. Significant Accounting Policies (continued)

Disclosure Initiative (Amendments to IAS 1)
The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements. The amendments apply for annual periods beginning on or after1 January, 2016 and early application is permitted. The adoption of these changes did not have a significant impact on the financial statements of the Group and Company as the Group and Company is not the first time adopters of IASs

Annual Improvements Cycle (2012-2014) - Various Standards

Standard Amendments IFRS 5 Non-current Assets Held for Sale and Discontinued Operations Changes in Methods of Disposal
Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

IFRS 7 Financial Instruments: Disclosures (with consequential amendments to IFRS 1) Servicing contracts
Adds additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures required.

Applicability of the Amendments to IFRS 7 to Condensed Interim Financial Statements.
Clarifies the applicability of the amendments to IFRS 7 on offsetting disclosures to condensed interim financial statements.

IAS 19 Employee Benefits Discount Rate: Regional Market Issue
Clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds should be assessed at currency level).

IAS 34 Interim Financial Reporting Disclosure of Information 'Elsewhere in the Interim Financial Report'
Clarifies the meaning of 'elsewhere in the interim report' and requires across-reference The adoption of these changes did not have a significant impact on the financial statements of the Group and Company.

ii) New and amended standards and interpretations in issue but not yet effective for the year ended 31 March, 2017
A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 March 2017 and have not been applied in preparing these financial statements. The Group and Company does not plan to adopt these standards early.

Notes to the Financial Statements

for the year ended 28 February 2018 **(continued)**

1. Summary of Significant Accounting Policies (continued)

These are summarized below;

New Standard or Amendments Effective for Annual Periods Beginning On or After

- Disclosure Initiative (Amendments to IAS 7) 1 January, 2017
- Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12) 1 January, 2017
- IFRS 15 Revenue from Contracts with Customers 1 January, 2018
- IFRS 9 Financial Instruments (2014) 1 January, 2018
- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)1 January, 2018
- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4) 1 January, 2018
- IFRIC interpretation 22 Foreign Currency Transactions an Advance Considerations1 January, 2018
- IFRS 16 Leases 1 January, 2019
- IFRS 17 Insurance Contracts 1 January, 2021
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) To be determined

Disclosure Initiative (Amendments to IAS 7)

The amendments in Disclosure Initiative (Amendments to IAS 7) come with the objective that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The International Accounting Standards Board (IASB) requires that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary):

i) changes from financing cash flows;
ii) changes arising from obtaining or losing control of subsidiaries or other businesses;
iii) the effect of changes in foreign exchange rates;
iv) changes in fair values; and
v) other changes.

The IASB defies liabilities arising from financing activities as liabilities “for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities” It also stresses that the new disclosure requirements also relate to changes in financial assets if they meet the same definition.

The amendments state that one way to fulfill the new disclosure requirement is to provide reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclose separately from changes in other assets and liabilities.

The amendments are effective for annual periods beginning on or after 1 January, 2017, with early application permitted. Since the amendments are being issued less than one year before the effective date, entities need not provide comparative information when they fist apply the amendments. The Group and Company are assessing the potential impact of these amendments to the consolidated and separate financial statements.

Notes to the Financial Statements

for the year ended 28 February 2018 **(continued)**

1. Summary of Significant Accounting Policies (continued)

New Standard or Amendments Effective for Annual Periods Beginning On or After

Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12)

The amendments in Recognition of Deferred Tax Assets for Unrealized Losses clarify the following aspects:

- Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use;
- The carrying amount of an asset does not limit the estimation of probable future taxable profits;.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences;
- An entity assesses a deferred tax asset in combination with other deferred tax assets.

Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

The amendments are effective for annual periods beginning on or after 1 January, 2017 with early application permitted. As transition relief, an entity may recognize the change in the opening equity of the earliest comparative period in opening retained earnings on initial application without allocating the change between opening retained earnings and other components of equity. The adoption of these changes will not affect the amounts and disclosures of the Group and Company's financial statements.

IFRS 15 Revenue from Contracts with Customers

This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue - Barter of Transactions Involving Advertising Services.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The standard specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers in recognizing revenue being:

- Identify the contract(s) with a customer;
- identify the performance obligations in the contract;
- determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January, 2018, with early adoption permitted.

The Group and Company are assessing the potential impact on the consolidated and separate financial statements resulting from the application of IFRS 15

1. Summary of Significant Accounting Policies (continued)

New Standard or Amendments Effective for Annual Periods Beginning On or After

IFRS 9: Financial Instruments (2014)
On 24 July, 2014, the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. This standard introduces changes in the measurement bases of the financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model.

The standard is effective for annual period beginning on or after 1 January, 2018 with retrospective application, early adoption permitted. The Group and Company are assessing the potential impact on the consolidated and separate financial statements resulting from the application of IFRS 9.Classifiation and Measurement of Share-Based Payment Transactions (Amendments to IFRS 2)

The following clarifications and amendments are contained in the pronouncement:-Accounting for cash-settled share-based payment transactions that include a performance condition Up until this point, IFRS 2 contained no guidance on how vesting conditions affect the fair value of liabilities for cash-settled share-based payments. IASB has now added guidance that introduces accounting requirements for cash-settled share-based payments that follows the same approach as used for equity-settled share-based payments.- Classification of share-based payment transactions with net settlement features IASB has introduced an exception into IFRS 2 so that a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled in its entirety provide the share-based payment would have been classified as equity-settled had it not included the net settlement feature.-Accounting for modifications of share-based payment transactions from cash-settled to equity-settled Up until this point, IFRS 2 did not specifically address situations where a cash-settled share-base payment changes to an equity-settled share-based payment because of modifications of the terms and conditions.

The IASB has introduced the following clarifications:
- On such modifications, the original liability recognised in respect of the cash-settle share-based payment is derecognised and the equity-settled share-based payment is recognised at the modification date fair value to the extent services have been rendered up to the modification date.
- The date and the amount recognised in equity at the same date would be recognised in profit and loss immediately.

The amendments are effective for annual periods beginning on or after 1 January, 2018. Earlier application is permitted. The amendments are to be applied prospectively. However, retrospective application is allowed if this is possible without the use of hindsight. If an entity applies the amendments retrospectively, it must do so for all of the amendments described above. The adoption of these changes will not affect the amounts and disclosures of the Group's and Company's financial statements since they do not intend to enter into any share-based payment transactions.

1. Summary of Significant Accounting Policies (continued)

New Standard or Amendments Effective for Annual Periods Beginning On or After

Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)The amendments in Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4) provide two options for entities that issue insurance contracts within the scope of IFRS 4:

- An option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach; and
- An optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach;

The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied. An entity applies the overlay approach retrospectively to qualifying financial assets when it fist applies IFRS 9. Application of the overlay approach requires disclosure of sufficient information to enable users of financial statements to understand how the amount reclassified in the reporting period is calculated and the effect of that reclassification on the financial statements. An entity applies the deferral approach for annual periods beginning on or after 1 January, 2018.Predominance is assessed at the reporting entity level at the annual reporting date that immediately precedes 1 April, 2016. Application of the deferral approach needs to be disclosed together within formation that enables users of financial statements to understand how the insurer qualified for the temporary exemption and to compare insurers applying the temporary exemption with entities applying IFRS 9. The deferral can only be made use of for the three years following 1 January, 2018. Predominance is only reassessed if there is a change in the entity's activities. The amendment will not have an impact on the Group and Company financial statements as the Group and Company do not issue insurance contracts.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration.

This interpretation applies to a foreign currency transaction (or part of it) when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income (or part of it).This interpretation stipulates that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. This interpretation does not apply to income taxes, insurance contracts and circumstances when an entity measures the related asset, expense or income on initial recognition:

- At fair value; or
- At the fair value of the consideration paid or received at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability arising from advance consideration(for example, the measurement of goodwill applying IFRS 3 Business Combinations).

Notes to the Financial Statements

for the year ended 28 February 2018 **(continued)**

1. Summary of Significant Accounting Policies (continued)

New Standard or Amendments Effective for Annual Periods Beginning On or After

The amendments apply retrospectively for annual periods beginning on or after 1 January, 2018, with early application permitted. The Group and Company are assessing the potential impact on the consolidated and separate financial statements resulting from the application of these changes.

IFRS 16: Leases

On 13 January, 2016 the IASB issued IFRS 16 Leases, completing the IASB's project to improve the financial reporting of leases. IFRS 16 replaces the previous leases standard, IAS 17 Leases, and related interpretations.

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The standard defines a lease as a contract that conveys to the customer ('lessee') the right to use an asset for a period of time in exchange for consideration.

A company assesses whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time. The standard eliminates the classification of leases as either operating leases or finance leases for a lessee and introduces a single lessee accounting model. All leases are treated in a similar way to finance leases. Applying that model significantly affects the accounting and presentation of leases and consequently, the lessee is required to recognise:

a) Assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A company recognises the present value of the unavoidable lease payments and shows them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognises a financial liability representing its obligation to make future lease payments;
b) Depreciation of lease assets and interest on lease liabilities in profit or loss over the lease term; and) Separate the total amount of cash paid into a principal portion (presented within financing activities)and interest (typically presented within either operating or financing activities) in the statement of cash flows.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, compared to IAS 17, IFRS 16 requires a lessor to disclose additional information about how it manages the risks related to its residual interest in assets subject to leases. The standard does not require a company to recognise assets and liabilities for:

- Short-term leases (i.e. leases of 12 months or less); and
- Leases of low-value assets.

The new standard is effective for annual periods beginning on or after 1 January, 2019. Early application is permitted insofar as the recently issued revenue Standard, IFRS 15 Revenue from Contracts with Customers is also applied.
The Group and Company are assessing the potential impact on the consolidated and separate financial statements resulting from the application of these changes.

Notes to the Financial Statements

for the year ended 28 February 2018 **(continued)**

1. Summary of Significant Accounting Policies (continued)

New Standard or Amendments Effective for Annual Periods Beginning On or After

IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts sets out the requirements that an entity should apply in reporting information about insurance contracts it issues and reinsurance contracts it holds. An entity shall apply IFRS 17 Insurance Contracts to:

• Insurance contracts, including reinsurance contracts, it issues;

• Reinsurance contracts it holds; and) Investment contracts with discretionary participation features it issues, provided the entity also issues insurance contracts.

IFRS 17 requires an entity that issues insurance contracts to report them on the statement of financial position as the total of;

a) The fulfillment cash flows
   - the current estimates of amounts that the entity expects to collect from premiums and pay out for claims, benefits and expenses, including an adjustment for the timing and risk of those amounts; and)

b) The contractual service margin
   - the expected profit for providing insurance coverage. The expected profit for providing insurance coverage is recognized in profit or loss over time as the insurance coverage is provided.

IFRS 17 requires an entity to recognise profits as it delivers insurance services, rather than when it receives premiums, as well as to provide information about insurance contract profits that the Company expects to recognise in the future. IFRS 17 requires an entity to distinguish between groups of contracts expected to be profit making and groups of contracts expected to be loss making. Any expected losses arising from loss-making, or onerous, contracts are accounted for in profit or loss as soon as the Company determines that losses are expected. IFRS 17 requires the entity to update the fulfillment cash flows at each reporting date, using current estimates of the amount, timing and uncertainty of cash flows and of discount rates.

The Entity

a. Accounts for changes to estimates of future cash flows from one reporting date to another either as an amount in profit or loss or as an adjustment to the expected profit for providing insurance coverage, depending on the type of change and the reason for it; an-
b. Chooses where to present the effects of some changes in discount rates-either in profit or loss or in other comprehensive income.

IFRS 17 also requires disclosures to enable users of financial statements to understand the amounts recognized in the entity's statement of financial position and statement of profit or loss and other comprehensive income and to assess the risks the Company faces from issuing insurance contracts.

IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 is effective for financial periods commencing on or after 1 January 2021. An entity shall apply the standard retrospectively unless impracticable. A company can choose to apply IFRS 17 before that date, but only if it also applies IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers.

1. Summary of Significant Accounting Policies (continued)

New Standard or Amendments Effective for Annual Periods Beginning On or After

The adoption of these standard will not have an impact on the consolidated and separate financial statements since the Group and Company do not issue insurance contracts.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

The amendments require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a 'business' under IFRS 3 Business Combinations. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors' interests in the associate or joint venture is recognised. The definition of a business is key to determining the extent of the gain to be recognised. The effective date for these changes has now been postponed until the completion of a broader review. The Group and Company are assessing the potential impact on the consolidated and separate financial statements resulting from the application of these amendments.

1.6 Property, Plant and 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 group; 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 de recognized.

Property, plant and equipment, with the exception of land and buildings is carried at cost less accumulated depreciation and any impairment losses. Land and buildings are stated at fair value less accumulated depreciation and any impairment loss. They are revalued with sufficient regularity so that their carrying amounts do not materially differ from their realizable values.

Revaluation surplus is regarded as non distributable until the property is disposed off. On disposal, the net revaluation surplus is transferred to retained earnings while profit or loss on disposal based on current values are credited or charged to profit or loss.

Notes to the Financial Statements

for the year ended 28 February 2018 **(continued)**

1. Significant Accounting Policies (continued)

1.6 Property, Plant and Equipment (continued)

Item average useful life

Land	Not anticipated
Buildings	45 years
Plant and machinery	7 years
Furniture and fittings	7 years
Motor vehicles	4 years
Office equipment	7 years
IT equipment	3 years
Computer software	3 years

The residual value and the useful life of each asset are reviewed at each financial period -end. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. The depreciation charge for each period is recognized in profit and loss unless it is included in the carrying amount of another asset.

The gains or loss arising from the de-recognition of an item of property, plant and equipment is included in profit or loss when the item is de-recognized.

The gain or loss arising from de-recognition of an item of property, plant and equipment is determined as the difference between net disposal proceeds, if any and the carrying amount of the item.

1.7 Investments in Subsidiaries

Investments in subsidiaries are carried at cost less any accumulated impairment. The cost of an investment in a subsidiary is the aggregate of:

- The fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the group; plus
- Any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

1.8 Intangible Assets and Goodwill

An intangible asset is recognized when;

i) It is probable that the expected future economic benefits that are attributable to the asset will flow to the group; and
ii) The cost of the asset can be measured reliably.

Intangible assets are initially recognized at cost. Intangible assets are carried at cost less any accumulated amortization and any impairment losses.

The amortization period and the amortization method for the intangible assets are reviewed every year end.

Notes to the Financial Statements

for the year ended 28 February 2018 **(continued)**

1. Significant Accounting Policies (continued)

1.8 Intangible Assets and Goodwill

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognized as intangible assets.

The amortization is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows.

Brand names	Indefinite

Goodwill

Goodwill represents the excess of the aggregate of the fair value of compensation transferred, the acquisition date fair value of any previously held interest and any non-controlling interest over fair value of assets and liabilities acquired.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investment in associates.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity sold. Any negative goodwill arising from an acquisition is credited to the statement of comprehensive income.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

1.9 Financial Instruments

Classification

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

- Loans and receivables
- Financial liabilities measured at amortized cost

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

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.

Notes to the Financial Statements

for the year ended 28 February 2018 **(continued)**

1. Significant Accounting Policies (continued)

1.9 Financial Instruments (continued)

Subsequent Measurement
Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Net gains or losses on the financial instruments at fair value through profit or loss Dividend income is recognized in profit or loss as part of other income when the group's right to receive payment is established. Loans and receivables are subsequently measured at amortized cost, using the effective interest method, less accumulated impairment losses. Financial liabilities at amortized cost are subsequently measured at amortized cost, using the effective interest method.

Fair Value Determination
The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Amounts Due To/From Group Companies
These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognized initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortized cost.

Amounts Due From/To Shareholders, Directors, Managers and Employees
These financial assets are initially recognized at fair value plus direct transaction costs. These financial assets are classified as loans and receivables.

These financial assets are subsequently measured at amortized cost using effective rate method, less any impairment loss recognized to reflect irrecoverable amounts.

Trade and Other Receivables
Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortized 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 reorganization, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired.

1. Significant Accounting Policies (continued)

1.9 Financial Instruments (continued)

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 profit or loss 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 profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and Other Payables

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

Cash and Cash Equivalents

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

Bank Overdraft and Borrowings

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

1.10 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.

1.12 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.

1. Significant Accounting Policies (continued)

1.12 Tax (continued)

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 utilized. 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 WHT credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused WHT credits can be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized 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.

1.13 Inventories
Inventories are measured at the lower of cost and net realizable value.

Net realizable 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 of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the formula. The same cost formula is used for all inventories having a similar nature and use to the group.

Notes to the Financial Statements

for the year ended 28 February 2018 **(continued)**

1. Significant Accounting Policies (continued)

1.13 Inventories (continued)

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

1.14 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 amortization is recognized immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

A group assesses at each reporting date whether there is any indication that an impairment loss recognized in prior 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 amortization other than goodwill is recognized immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.15 Share Capital and Equity

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

1.16 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.

The expected cost of compensated absences is recognized as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognized as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.17 Revenue

Revenue from the sale of goods is recognized when all the following conditions have been satisfied:

- 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.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognized by reference to the stage of completion of the transaction at the end of the reporting period.

The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.
- When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognized only to the extent of the expenses recognized that are recoverable.

Service revenue is recognized by reference to the stage of completion of the transaction at the end of the reporting period. Stage of completion is determined by Contract revenue comprises:

- the initial amount of revenue agreed in the contract; and
- variations in contract work, claims and incentive payments:
  - to the extent that it is probable that they will result in revenue; and
  - they are capable of being reliably measured.

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 profit or loss, using the effective interest rate method.

Royalties are recognized on the accrual basis in accordance with the substance of the relevant agreements.

Dividends are recognized, in profit or loss, when the group's right to receive payment has been established.

Service fees included in the price of the product are recognized as revenue over the period during which the service is performed.

Notes to the Financial Statements

for the year ended 28 February 2018 **(continued)**

1. Significant Accounting Policies (continued)

1.18 Cost of Sales

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 realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

The related cost of providing services recognized as revenue in the current period is included in cost of sales.

1.19 Cost of Sales

Contract costs comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

1.20 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalization is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalized do not exceed the total borrowing costs incurred.

The capitalization of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- Activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization is suspended during extended periods in which active development is interrupted.

Capitalization ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. All other borrowing costs are recognized as an expense in the period in which they are incurred.

2. Significant Judgments and Sources of Estimation Uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgment is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgments include:

Trade Receivables, Held to Maturity Investments and Loans and Other Receivables

The group assesses its trade receivables for impairment at each statement of financial position date. In determining whether an impairment loss should be recorded in the income statement, the group makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows of a financial asset.

Notes to the Financial Statements

for the year ended 28 February 2018 **(continued)**

2. Significant Judgments and Sources of Estimation Uncertainty (continued)

Trade receivables, Held to Maturity Investments And Loans And Other Receivables

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Available - for - Sale Assets

The group follows the guidance of IAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgment.

In making this judgment, the group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health of and near term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financial cash flow.

Taxation

Judgment is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognizes liabilities for anticipated tax issues based on the estimates of whether additional taxes will be due.

Where the final tax and outcome of matters is different from the amounts that were initially recorded, such differences will impact the income and deferred tax provisions in which such determination are made.

The group recognizes the net future tax benefit related to deferred income tax asset to the extent that it is probable that the deductable temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets require the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and applications of existing tax laws. To the extent that the future cash flow and taxable income differ significantly from estimates, the ability of the group to realize the net deferred tax assets recorded at the statement of financial position date could be impacted.

3. Non-Current Assets Held for Sale and Discontinued Operations

The group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale or distribution rather than through continuing use. Such non-current assets and disposal groups classified as held for sale or as held for distribution are measured at the lower of their carrying amount and fair value less costs to sell or to distribute.

Costs to distribute are the incremental costs directly attributable to the distribution, excluding the finance costs and income tax expense.

Actions required to complete the distribution should indicate that it is unlikely that significant changes to the distribution will be made or that the distribution with be withdrawn. Management must be committed to the distribution expected within one year from the date of the classification. Similar considerations apply to assets or a disposal group held for sale.

Notes to the Financial Statements

for the year ended 28 February 2018 **(continued)**

3. Non-Current Assets Held for Sale and Discontinued Operations (continued)

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale or as held for distribution.

Assets and liabilities classified as held for sale or for distribution are presented separately as current items in the statement of financial position. A disposal group qualifies as discontinued operation if it is:

- a component of the Group that is a CGU or a group of CGUs
- classified as held for sale or distribution or already disposed in such a way; or
- a major line of business or major geographical area.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss. All other notes to the financial statements mainly include amounts for continuing operations, unless otherwise mentioned.

	Group		Company	
	2018 Kshs '000	**2017 Kshs '000**	**2018 Kshs '000**	**2017 Kshs '000**
4 Revenue				
Sale of goods	458,724	489,225	-	-
Rent income	42,063	29,435	-	-
	500,787	**518,660**	**-**	**-**
5 Cost of Sales				
Cost of goods sold	319,493	319,337	-	-
6 Other Operating Income				
Sundry income	1,400	7,245	-	-
Interest income	21,964	35,449	20,031	33,411
Discount received	-	-	660	660
Dividend income	660	660	-	-
	24,024	**43,354**	**20,691**	**34,071**
7 Operating Expenses				
Administrative and operating expenses	179,279	170,453	8,313	11,728

Notes to the Financial Statements

for the year ended 28 February 2018 **(continued)**

	Group		Company	
	2018 Kshs '000	2017 Kshs '000	2018 Kshs '000	2017 Kshs '000
8 Operating Profit				
Depreciation and amortisation	19,636	18,678	23	33
Audit fees	3,472	3,954	990	990
Employee costs	89,162	83,308	3,834	7,558
Directors remuneration	1,631	9,267	288	465
9 Finance Costs				
Finance expenses	20,277	23,952	2,779	2,765
Loss on foreign exchange	(780)	(3,396)	-	-
	19,497	**20,556**	**2,779**	**2,765**

The applicable tax rate for the Kenyan Companies was 30% (2017: 30%) while that applicable to the subsidiaries in Botswana; Kalahari Floor Tiles (Pty) Limited at 15% (2015: 15%) and Gaborone Enterprises (Pty) Limited at 22% (2017: 22%).

	Group 2018	Group 2017	Company 2018	Company 2017
10 Taxation				
a) Tax charge				
Current year charge	10,262	12,690	2,880	5,873
Deferred tax charge/credit	(232)	130	-	-
	10,030	12,820	2,880	5,873
b) Reconciliation of tax charge to accounting profit				
Accounting profit	6,542	51,668	9,599	19,578
Tax at applicable rate	1,963	15,500	2,880	5,873
Non allowable expenses	12,860	6,420	-	-
Tax losses carried forward	(4,118)	(8,653)	-	-
Non taxable income	(675)	(447)	-	-
	10,030	12,820	2,880	5,873

The applicable tax rate for the Kenyan Companies was 30% (2017: 30%) while that applicable to the subsidiaries in Botswana; Kalahari Floor Tiles (Pty) Limited at 15% (2015: 15%) and Gaborone Enterprises (Pty) Limited at 22% (2017: 22%).

Notes to the Financial Statements

for the year ended 28 February 2018 **(continued)**

	Group		Company	
	2018 Kshs '000	2017 Kshs '000	2018 Kshs '000	2017 Kshs '000
10 Taxation (Continued)				
c) Tax recoverable				
Balance as previously reported	6,489	5,603	-	-
Prior year adjustments	-	(23)	-	-
Restated balance as at 1 March	6,489	5,580	-	-
Paid during the year	642	909	-	-
As at 28 February	**7,131**	**6,489**	**-**	**-**
d) Tax payable				
Balance as previously reported	23,258	15	9,596	3,723
Prior year adjustments	**-**	**14,706**	**-**	**-**
Restated balance as at 1 March	23,258	14,721	9,596	3,723
Current year charge	10,107	11,499	2,880	5,873
Paid during the year	(7,508)	(2,962)	-	-
	25,857	**23,258**	**12,476**	**9,596**

11 Earnings Per Share

The calculation of basic earnings per share for the group as at 28 February 2018 was based on profit attributable to ordinary shareholders of Kshs million (2017: KShs 26.2 million) and weighted average number of shares outstanding during the year then ended of 40 million (2017: 40 million). There are no dilutive shares.

Notes to the Financial Statements

for the year ended 28 February 2018 **(continued)**

12 Property, Plant and Equipment - Group

	Buildings Kshs '000	Work in Progress Kshs '000	Plant and Machinery Kshs '000	Furniture & Fixtures Kshs '000	Motor Vehicles Kshs '000	Office Equipment & Computers Kshs '000	Loose Tools Kshs '000	Total Kshs '000
Cost								
As at 1 March 2017	733,267	8,210	84,248	10,611	23,902	11,738	4,130	876,106
Additions	95	3,621	4,732	756	5,597	292	-	15,093
Revaluation	1,610	-	-	-	-	-	-	1,610
Reclassification to investment property	(13,464)	-	-	-	-	-	-	(13,464)
Disposal	-	-	-	-	(312)	-	-	(312)
As at 28 February 2018	**721,508**	**11,831**	**88,980**	**11,367**	**29,187**	**12,030**	**4,130**	**879,033**
Accumulated depreciation								
As at 1 March 2017	120,983	-	73,004	6,807	16,155	8,358	973	226,280
Charge for the year	12,443	-	1,993	525	2,185	464	1,034	18,644
As at 28 February 2018	**133,426**	**-**	**74,997**	**7,332**	**18,340**	**8,822**	**2,007**	**244,924**
Net carrying amount								
As at 28 February 2018	**588,082**	**11,831**	**13,983**	**4,035**	**10,847**	**3,208**	**2,123**	**634,109**

Notes to the Financial Statements

for the year ended 28 February 2018 **(continued)**

12 Property, Plant and Equipment - Group (continue)

Year ended 28 February 2017	Buildings Kshs '000	Work in Progress Kshs '000	Plant and Machinery Kshs '000	Furniture & Fixtures Kshs '000	Motor Vehicles Kshs '000	Office Equipment & Computers Kshs '000	Loose Tools Kshs '000	Total Kshs '000
Cost								
Balance as previously reported	643,744	1,478	98,445	15,876	22,906	12,539	328	795,316
Prior year adjustments	78,467	2,195	(18,412)	(6,720)	(2,135)	(1,168)	3,802	56,029
Restated balance as at 1 March	**722,211**	**3,673**	**80,033**	**9,156**	**20,771**	**11,371**	**4,130**	**851,345**
Additions	1,165	4,537	4,215	1,455	3,131	367	-	14,870
Revaluations	9,891	-	-	-	-	-	-	9,891
As at 28 February 2017	**733,267**	**8,210**	**84,248**	**10,611**	**23,902**	**11,738**	**4,130**	**876,106**
Accumulated depreciation								
Balance as previously reported	94,734	-	89,305	12,106	16,659	9,150	175	222,129
Prior year adjustments	13,806	-	(17,917)	(5,819)	(2,211)	(1,323)	(175)	(13,639)
Restated balance as at 1 March	**108,540**	**-**	**71,388**	**6,287**	**14,448**	**7,827**	**-**	**208,490**
Charge for the year	12,443	-	1,616	520	1,707	531	973	17,790
As at 28 February 2017	120,983	-	73,004	6,807	16,155	8,358	973	226,280
Net carrying amount								
As at 28 February 2017	**612,284**	**8,210**	**11,244**	**3,804**	**7,747**	**3,380**	**3,157**	**649,826**

Notes to the Financial Statements

for the year ended 28 February 2018 **(continued)**

12 Property, Plant and Equipment - Company

	Office Equipment Kshs '000	Furniture and Fittings Kshs '000	Total KShs '000
Cost			
As at 1 March	718	285	1,003
Additions	-	-	-
As at 28 February	718	285	1,003
Accumulated depreciation			
As at 1 March	640	285	925
Charge for the year	23	-	23
As at 28 February	663	285	948
Net carrying amount			
As at 28 February 2018	55	-	55
As at 29 February 2017	78	-	78

	Group		Company	
	2018 Kshs '000	2017 Kshs '000	2018 Kshs '000	2017 Kshs '000
13 Investment Properties				
Balance as previously reported	13,332	76,594	-	-
Prior year adjustments	-	(56,873)	-	-
Restated balance as at 1 March	**13,332**	**19,721**	**-**	**-**
Reclassification from property, plant and equipment	13,464	-	-	-
Additions	-	-	-	-
Fair value loss	(709)	(1,654)	-	-
Reclassification to held for sale	-	(4,735)	-	-
As at 28 February	**26,087**	**13,332**	**-**	**-**

Notes to the Financial Statements

for the year ended 28 February 2018 **(continued)**

	Group		Company	
	2018 Kshs '000	2017 Kshs '000	2018 Kshs '000	2017 Kshs '000
14 Prepaid Operating Lease Rentals				
Cost				
As at 1 March	40,750	40,750	-	-
As at 28 February	**40,750**	**40,750**	**-**	**-**
Accumulated amortization				
As at 1 March	15,834	14,842	-	-
Charge for the year	992	992	-	-
As at 28 February	**16,826**	**15,834**	**-**	**-**
Net carrying amount				
As at 28 February	23,924	24,916	-	-

Prepaid operating lease rentals comprise leasehold land held by Avon Rubber Company (Kenya) Limited and Mather and Platt (Kenya) Limited.

	Group		Company	
	2018 Kshs '000	2017 Kshs '000	2018 Kshs '000	2017 Kshs '000
15 Intangible Assets				
Cost				
As at 1 March	2,460	2,460	-	-
As at 28 February	**2,460**	**2,460**	**-**	**-**
Accumulated amortization				
As at 1 March	2,460	2,460	-	-
As at 29 February	**2,460**	**2,460**	**-**	**-**
Net carrying amount				
As at 28 February	**-**	**-**	**-**	**-**

Notes to the Financial Statements

for the year ended 28 February 2018 **(continued)**

	Group		Company	
	2018 Kshs '000	2017 Kshs '000	2018 Kshs '000	2017 Kshs '000
16 Goodwill				
Cost				
Balance as previously reported	**93,594**	**79,137**	**-**	**-**
Prior year adjustments*	-	14,457	-	-
Restated balance as at 1 March	**93,594**	**93,594**	**-**	**-**
Accumulated amortization				
Balance as previously reported	-	58,257	-	-
Prior year adjustments	-	(58,257)	-	-
Restated balance as at 1 March	**-**	**-**	**-**	**-**
Net carrying amount				
As at 28 February	**93,594**	**93,594**	**-**	**-**

Goodwill arises on the acquisition of subsidiaries, associates, joint-controlled entities and on the separate purchase of businesses. The Group's and companies accounting policy is that goodwill is annually measured at cost less accumulated impairment losses.

The prior period adjustment relates to the understatement of goodwill in the consolidated financial statements of 2017 arising due to use of draft financial statements on consolidation.

17 Investment in subsidiaries		Company	
		2018 Kshs '000	2017 Kshs '000
	Holding %		
Dunlop Industries Limited	100.00	11,500	11,500
Avon Rubber Company (Kenya) Limited	47.50	118,286	118,286
Mather + Platt (Kenya) Limited	56.70	24,494	24,494
Olympia Capital Corporation Limited	50.50	91,926	91,926
		246,206	**246,206**

Notes to the Financial Statements

for the year ended 28 February 2018 **(continued)**

17 Investment in subsidiaries (continued)

The Group's Interests in Subsidiaries are as Shown Above

All subsidiaries are incorporated in Kenya except Olympia Capital Corporation (Pty) Limited which is incorporated in Botswana. The subsidiary is listed in Botswana Stock Exchange. The financial statements of this subsidiary were audited for the year ended 31 December 2017 as required by the Botswana Stock Exchange.

Indirect Interests in Other Entities

The company through Olympia Capital Corporation (Pty) Limited holds 100% interest in Kalahari Floor Tiles (Pty) Limited which in turn holds 100% of Gaborone Enterprises Limited. All of these companies are registered and domiciled in Botswana.

Subsidiaries with Less than 50% Voting Powers Held

Although the company holds less than 50% of the voting powers in Avon Rubber Company (Kenya) Limited, the investment is considered a subsidiary by virtue of effective Board control.

Reporting Period

The end of reporting period of Avon Rubber Company (Kenya) Limited, Mather and Platt (Kenya) Limited and Olympia Capital Corporation (Pty) Limited was 31 December 2017. There were no significant changes that affect these subsidiaries' financial statements as at 28 February 2018 for consolidation purposes.

	Group		Company	
	2018 Kshs '000	2017 Kshs '000	2018 Kshs '000	2017 Kshs '000
18 Non-Current Assets Held for Sale				
As at 1 February	4,735	-	-	-
Additions	-	4,735	-	-
As at 28 February	**4,735**	**4,735**	**-**	**-**

	Group		Company	
	2018 Kshs '000	2017 Kshs '000	2018 Kshs '000	2017 Kshs '000
19 Available-For-Sale Financial Assets				
As at 1 February	49,700	48,365	49,700	48,365
Additions	-	1,335	-	1,335
As at 28 February	49,700	49,700	49,700	49,700

Notes to the Financial Statements

for the year ended 28 February 2018 **(continued)**

	Group		Company	
	2018 Kshs '000	2017 Kshs '000	2018 Kshs '000	2017 Kshs '000
20 Deferred Tax				
a) Deferred tax assets				
As at 1 March	(133,057)	(133,187)	(2,983)	(2,983)
Credit/(charge) for the year	(1,281)	130	-	-
As at 28 February	**(134,338)**	**(133,057)**	**(2,983)**	**(2,983)**
b) Deferred tax liabilities				
Balance as previously reported	20,179	17,158	-	-
Prior year adjustments	-	190		
Restated balance as at 1 March	**20,179**	**17,348**	**-**	**-**
Under provision in prior year	-	-	-	-
Charge for the year	1,304	2,831	-	-
As at 28 February	**21,483**	**20,179**	**-**	**-**
21 Related Parties Transactions and Balances				
a) Amounts due from related parties				
Olympia Capital Corporation Limited	106,985	115,809	217,297	202,375
Dunlop Industries Limited	114,596	113,997	77,324	77,001
Groxley Properties Limited	165	142	(30)	-
Dunlop Properties Limited	17,376	15,868	16,434	14,926
Tiespro (Pty) Limited	11,573	11,573	-	-
Kalahari Floor Tiles (Pty) Limited	1,074	948	-	-
Meatons Kenya Limited	6,593	6,593	6,593	6,593
Mt Kenya Investments Limited	1,198	848	-	-
Mather & Platt (Kenya) Limited	24,396	26,856	24,818	21,308
Scotlink Limited	3,046	3,046	3,046	3,046
	287,002	**295,680**	**345,482**	**325,249**

Notes to the Financial Statements

for the year ended 28 February 2018 **(continued)**

	Group		Company	
	2018 Kshs '000	2017 Kshs '000	2018 Kshs '000	2017 Kshs '000
21 Related Parties Transactions and Balances (continued)				
Maturity:				
Non-current	269,946	291,644	342,466	276,352
Current	17,056	4,036	3,016	48,897
	287,002	**295,680**	**345,482**	**325,249**
b) Amounts due to related parties				
Croxley Properties Ltd	-	-	-	30
Countryside Investments	-	-	1,945	1,945
Central Kenya Wholesalers	-	-	1,444	1,444
Avon Rubber Co	45,192	36,567	45,192	36,567
	45,192	**36,567**	**48,581**	**39,986**
Maturity:				
Non-current	45,192	36,567	45,192	36,567
Current	-	-	3,389	3,419
	45,192	**36,567**	**48,581**	**39,986**

The amount of KShs 11.6 million (2017: KShs 11.6 million) has been advanced to Tiespro (Pty) Limited, a company registered and domiciled in South Africa, for the purpose of taking over the activities of Natwood (Pty) Limited. The Board is confident given the financial projections provided by Management that these funds will be recovered in the medium to long-term in cash or conversion to equity. The maximum exposure to credit risk at the reporting date is the fair value of each of amounts mentioned above. The group does not hold any collateral as security.

c) Amounts due from/to directors				
Amounts due from directors	18,113	30,796	23,502	23,498
Amounts due to directors	(4,832)	(25,052)	(4,832)	(4,754)
	13,281	5,744	18,670	18,744
Maturity:				
Non-current assets	18,113	30,796	23,502	23,498
Current liabilities	(4,83)	(25,052)	(4,832)	(4,754)
	13,281	**5,744**	**18,670**	**18,744**

Notes to the Financial Statements

for the year ended 28 February 2018 **(continued)**

	Group		Company	
	2018 Kshs '000	2017 Kshs '000	2018 Kshs '000	2017 Kshs '000
22 Inventories				
Finished goods	82,720	95,872	-	-
Provision of obsolete stocks	(971)	-	-	-
Net finished goods	81,749	95,872	-	-
Work in progress	25,526	32,239	-	-
Spares and consumables	13,433	12,142	-	-
Loose tools	1,738	-	-	-
	122,446	**140,253**	**-**	**-**
23 Trade and Other Receivables				
Trade receivables	107,028	100,636	-	-
Other receivables	60,794	31,376	2,805	2,243
	167,822	**132,012**	**2,805**	**2,243**
24 Cash and Cash Equivalents				
Cash and bank balances	97,013	67,795	26	262
Bank overdrafts	(18,180)	(3,389)	-	-
	78,833	64,406	26	262
25 Share Capital				
Authorised share capital	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**

The authorized, issued and fully paid capital of the company as at 28 February 2018 was KShs 200 million made up of 40 million ordinary shares of Kshs 5 each.

Notes to the Financial Statements

for the year ended 28 February 2018 **(continued)**

	Group		Company	
	2018 Kshs '000	2017 Kshs '000	2018 Kshs '000	2017 Kshs '000
26 Borrowings				
Barclays Bank (Kenya) Limited	59,280	64,250	44,371	41,591
Housing Finance	-	9,861	-	-
Stanbic Bank Botswana Ltd	-	639	-	-
Co-operative Bank of Kenya Limited	9,433	14,358	-	-
NIC Bank Limited	7,197	-	-	-
	75,910	**89,108**	**44,371**	**41,591**
Maturity:				
Noncurrent liability	59,280	64,250	44,371	41,591
Current liability	16,630	24,858	-	-
	75,910	**89,108**	**44,371**	**41,591**

The loan from Barclays Bank of Kenya to Avon Rubber Company (Kenya) Limited is secured by a debenture supported by a first charge over property stamped to cover the sum of KShs 35 Million.

Mather and Platt (Kenya) Limited has a hire purchase facility acquired from NIC Bank Limited secured by Mather and Platt (Kenya) Limited assets.

Mather and Platt (Kenya) Limited has an overdraft facility of KShs 9.4 million with Co-operative Bank Limited to finance working capital requirements secured by first legal charge over a property and a fixed and floating debenture over the Mather and Platt (Kenya) Limited assets.

27 Trade and Other Payables				
Trade payables	139,607	47,010	2,544	1,521
Other payables	28,708	87,188	-	1,535
	168,315	**134,198**	**2,544**	**3,056**

Trade payables are non-interest bearing and are normally settled on 30 to 90 days. Other payables are no-interest bearing.

28 Dividend Payable				
As at 1 March	5,224	5,224	5,224	5,224
As at 28 February	**5,224**	**5,224**	**5,224**	**5,224**

Notes to the Financial Statements

for the year ended 28 February 2018 **(continued)**

29 Risk Management

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 minimize 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 as result of the funds available to cover the 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.

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.

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 utilization of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards.

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.

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.

Notes to the Financial Statements

for the year ended 28 February 2018 **(continued)**

29 Risk Management (continued)

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 2018 and 2017 respectively were as follows:

	Group		Company	
	2018 Kshs '000	**2017 Kshs '000**	**2018 Kshs '000**	**2017 Kshs '000**
Total borrowings				
Amounts due to related parties	45,192	36,567	48,581	39,986
Amounts due to directors	4,832	25,052	4,832	4,754
Borrowings	75,910	89,108	44,371	41,591
	125,934	**150,727**	**97,784**	**86,331**
Less: Cash and cash equivalents	(78,833)	(64,406)	(26)	(262)
Net debt	**47,101**	**86,321**	**97,758**	**86,069**
Total equity	1,301,021	1,305,210	552,731	546,012
Total capital	1,348,122	1,391,531	650,489	632,081
Gearing ratio	3%	6%	15%	14%

30 Comparatives

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

31 Restatement

The company had initially used draft financial statements of OCCL for consolidation purposes, however after the audit of OCCL was finalised, there were material differences noted in the final audited financial statements compared to the draft financial statements used. These have since been corrected and affected items in the financial statement restated to ensure the balances are representative of the activities of the company.

Proxy Form for The Annual General Meeting

23rd August 2018

1/We……

of P.O. Box……….
being a shareholder of **OLYMPIA CAPITAL HOLDINGS PLC** hereby appoint

Please tick one only

1. Mr/ Mrs/ Ms ……………………………………………..……………………………………………………..………………….......( )

   of P O Box ………………………………………………..

   or

2. The Chairman of the Meeting ( )

   as my/our proxy to attend and on a poll vote for me/us on my /our behalf at the **Annual General Meeting** of the Company at Nairobi Club, Nairobi on Thursday, 23rd August 2018 at 11.00 a.m. and at any adjournment thereof.

Signature ....

Signature ....

Signed/ Sealed ....………..day of................................ 2018

NOTES:

1. In the case of a member being a corporation, the proxy must be under its Common Seal or under the hand of an officer or attorney duly authorised in writing.

2. To be valid this proxy form must be completed and delivered to the Company Secretary, James Mwando C/o Equatorial Secretaries and Registrars, Kalamu House, Grevillea Grove, Westlands, P O Box 47323 00100 Nairobi not later than 11.00 am on 21st August 2018.

3. A proxy need not be a member of the Company.