OLYMPIA CAPITAL HOLDINGS LIMITED

ANNUAL REPORT AND

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2017

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Directors	Karen Enterprises Limited - Chairman (Alt Dr. Christopher Obura) Mr. Michael M. Matu - Chief Executive Officer and Deputy Chairman Mrs. Gladys Kamau - Finance & Administration Director Mr. Suresh Lakhani 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 3rd 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.

EQUATORIAL SECRETARIES AND REGISTRARS

Certified Public Secretaries

Kalamu House, Grevillea Grove
P O Box 47323 00100, Nairobi
Tel 254 (2) 4270000
E-mail esr@ke.esr-ea.com

Dropping Zone

Revlon Plaza, 2nd Floor
Box No. 192

OLYMPIA CAPITAL HOLDINGS LIMITED

NOTICE IS HEREBY GIVEN that the Forty-Seventh Annual General Meeting of the Company will be held at The Nairobi Club, Upper Hill, Nairobi on Monday, 14th August 2017 at 2.30 p.m. to transact the following business:

ORDINARY 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-Sixth Annual General Meeting of the Company held on 29th August 2016.
4. To receive, consider and adopt the Audited Financial Statements for the year ended 28th February 2017 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 2017.
6. To approve the Directors' fees as indicated in the Audited Financial Statements for the year ended 28th February 2017.
7. To re-elect Directors:-

   In accordance with Article 99 of the Company's Articles of Association, **Mr. Suresh Amrital Lakhani** retires by rotation and to note that he does not offer himself for re-election.
8. Pursuant to the provisions of Section 769 of the Companies Act 2015, Dr. C. W. Obura, Mr. Michael Matu, Mr. Suresh Lakhani 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.

SPECIAL BUSINESS

To consider and if appropriate, pass the following Special Resolution:

"That the name of the Company be changed from **OLYMPIA CAPITAL HOLDINGS LIMITED** to **OLYMPIA CAPITAL HOLDINGS PLC** in compliance with Section 53 of the Companies Act, 2015".

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

BY ORDER OF THE BOARD

JAMES MWANDO
COMPANY SECRETARY
OLYMPIA CAPITAL HOLDINGS LIMITED

6th July 2017

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, Deputy Chairman and Chief Executive Officer, Mr. Michael M. Matu, Finance & Administration Director, Mrs. Gladys Kamau, executive director, Mr. Alex Kimani and a non-executive director Mr. Suresh Lakhani. 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.

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.

MAJOR SHAREHOLDERS

Name	Shares	Percentage (%) S/holding
Dunlop Industries Limited	10,189,602	25.47%
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	14,631,276	36.58%
Total	**40,000,000**	**100%**

DIRECTORS' SHAREHOLDINGS

Name	Shares	Percentage (%) Shareholding
Karen Enterprises Limited	3,932,832	9.83%
Michael Maina Matu	683,197	1.71%
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**

The directors submit their report and the audited consolidated financial statements for the year ended 28 February 2017 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 15.

3. DIVIDEND

The directors do not recommend payment of a dividend in respect of the year ended 28 February 2017 (2016: 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

Company Secretary
Nairobi.

.... / 2017

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 ……………… / 2017 and were signed on its behalf by:

…………………………………….	…………………………………….
Director	Director

Parker Randall | Eastern Africa
Member firm of Parker Randall International

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

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 15 to 52, which comprise the statement of financial position as at 28 February 2017, 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.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the company as at 28 February 2017 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.

Other matters

Without qualifying our opinion, we draw attention to the following matters:

i) Note 17 to the financial statements which points out the status of Olympia Capital Corporation (Pty) Limited, a subsidiary of Olympia Capital Holdings Limited, a listed company in Botswana Stock Exchange. Botswana Stock Exchange requires listed companies to file audited financial statements. The Olympia Capital Corporation (Pty) Limited financial statements used in consolidation of group financial statements have not been audited and filed with Botswana Stock Exchange within the stipulated timeline of six months after the year-end.

ii) Note 21 to the financial statements which describe the recoverability doubt of an amount of KShs 11.6 Million (2016: KShs 25.5 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.

Our audit approach
The scope of our audit was tailored to ensure that we performed sufficient work to be able to give an opinion on the accounts, taking into account the operational structure of the group/company, the accounting systems, processes and controls.

1. 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.

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the year ended 28 February 2017; these matters comprised of:

- Significant Component
- Related Party Transactions
- Investment Property
- Regulatory Compliance

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.

Significant Component – Kalahari Floor Tiles (KFT)

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).

1. Key Audit Matters (Continued)

Significant Component – Kalahari Floor Tiles (KFT) (Continued)

A concentration risk exists as 62% of Group profit is from KFT and 77% of the consolidated profits are from 2 component audited subsidiaries. There is a risk that the component auditor may not detect misstatements in the financial information.

How our audit addressed the key audit matter: 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. 149 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 KFT that holds a large volume.

Related Party Transactions

The Group's consolidated non-current amounts due from and payable to related parties balances stood at Kshs. 282,379 million and Kshs. 31,347 million respectively as at 28 February, 2017. 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 our audit addressed the key audit matter: 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.

1. Key Audit Matters (Continued)

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 our audit addressed the key audit matter: 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.

1 Key Audit Matters (Continued)

Regulatory Compliance (Continued)

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 our audit addressed the key audit matter: 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 be 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.

Directors' responsibilities for the financial statements (continued)

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.

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Auditor's responsibilities for the audit of the financial statements (continued)

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.

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CONSOLIDATED AND COMPANY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 28 FEBRUARY 2017

		Group		Company	
		2017	**2016**	**2017**	**2016**
	Notes	**KShs 000**	**KShs 000**	**KShs 000**	**KShs 000**
Revenue	4	537,774	528,263	-	-
Cost of sales	5	(335,354)	(328,481)	-	-
Gross profit		202,420	199,782	-	-
Other operating income	6	45,403	29,753	34,071	22,960
Operating expenses	7	(169,515)	(186,430)	(11,728)	(11,084)
Operating profit		78,308	43,105	22,343	11,876
Finance costs	9	(27,264)	(15,824)	(2,765)	(2,722)
Profit before taxation		51,044	27,281	19,578	9,154
Taxation	10	(11,209)	(12,447)	(5,873)	(2,331)
Profit for the year		39,835	14,834	13,705	6,823
Attributable to:					
Owners of the parent		26,198	10,341	13,705	6,823
Non-controlling interest		12,729	4,493	-	-
		38,927	14,834	13,705	6,823
Earnings per share attributable to:					
Owners of the parent company		0.65	0.26	0.34	0.17
Number of issued shares		40,000	40,000	40,000	40,000
Profit for the year		39,835	14,834	13,705	6,823
Other comprehensive income:-					
Exchange differences on translating foreign operations		(1,329)	(24,164)	-	-
Gains on property revaluation		831	-	-	-
Total comprehensive income		**39,337**	**(9,330)**	**13,705**	**6,823**
Attributable to:					
Owners of the parent		26,406	(1,862)	13,705	6,823
Non-controlling interest		12,931	(7,468)	-	
Total comprehensive income for the year		39,337	(9,330)	13,705	6,823

		Group		Company	
		2017	2016	2017	2016
ASSETS	**Notes**	**KShs '000**	**KShs '000**	**KShs '000**	**KShs '000**
Non-current assets					
Property, plant and equipment	12	576,343	573,187	78	39
Investment property	13	76,408	76,594	-	-
Prepaid operating lease rentals	14	24,916	25,908	-	-
Intangible assets	15	-	-	-	-
Goodwill	16	20,880	79,137	-	-
Investment in subsidiaries	17	-	-	246,206	246,206
Non-current assets held for sale	18	4,735	-	-	-
Available-for-sale financial assets	19	49,700	48,365	49,700	48,365
Deferred tax asset	20(a)	133,057	133,187	2,983	2,983
Amounts due from related parties	21(a)	282,379	217,796	322,203	276,352
Amounts due from directors	21(c)	34,185	32,987	23,498	23,280
		1,202,603	1,187,161	644,668	597,225
Current assets					
Amounts due from related parties	21(a)	4,066	16,982	3,046	31,736
Inventories	22	148,917	135,862	-	-
Trade and other receivables	23	129,240	182,569	2,243	1,731
Tax recoverable	10(c)	7,501	5,603	-	-
Cash and cash equivalents	24	64,477	78,482	262	7,281
		354,201	419,498	5,551	40,748
Total assets		**1,556,804**	**1,606,659**	**650,219**	**637,973**
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		(12,447)	(11,776)	-	-
Revaluation reserve		136,857	136,437	67,405	67,405
Retained earnings		235,507	209,309	22,622	8,917
		815,902	789,955	546,012	532,307
Non-controlling interest		449,380	436,448	-	-
		1,265,740	1,226,403	546,012	532,307

		Group		Company	
		2017	2016	2017	2016
	Notes	KShs '000	KShs '000	KShs '000	KShs '000
Non-current liabilities					
Amounts due to related parties	21(b)	31,347	138,392	36,567	34,568
Deferred tax liabilities	20(a)	17,158	16,744	-	-
Borrowings	26	64,250	49,279	41,591	38,826
		112,755	204,415	78,158	73,394
Current liabilities					
Amounts due to related parties	21(b)	1,962	30	3,419	3,419
Amounts due to directors	21(c)	17,576	6,256	4,754	4,466
Borrowings	26	24,858	16,270	-	-
Trade and other payables	27	120,137	148,046	3,056	15,440
Dividend payable	28	5,224	5,224	5,224	5,224
Current tax payable	10(d)	8,552	15	9,596	3,723
		178,309	175,841	26,049	32,272
Total equity and liabilities		**1,556,804**	**1,606,659**	**650,219**	**637,973**

The financial statements and the notes on pages 15 to 55 were approved by the Board of Directors on .... /2017 and signed on its behalf by:

....

Director Director

OLYMPIA CAPITAL HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2017

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 2017							
As at 1 March 2016	200,000	255,985	(11,776)	136,437	209,309	436,448	1,226,403
Total comprehensive income for the year	-	-	(671)	420	26,198	13,390	39,337
As at 28 February 2017	200,000	255,985	(12,447)	136,857	235,507	449,838	1,265,740
Year ended 29 February 2016							
As at 1 March 2015	200,000	255,985	427	136,437	198,968	364,779	1,156,596
Prior year adjustment (16)	-	-	-	-	-	79,137	79,137
Total comprehensive income for the year	-	-	(12,203)	-	10,341	(7,468)	(9,330)
As at 29 February 2016	200,000	255,985	(11,776)	136,437	209,309	436,448	1,226,403

OLYMPIA CAPITAL HOLDINGS LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2017

Company	Share capital KShs '000	Share premium KShs 000	Revaluation reserve KShs 000	Retained earnings KShs 000	Total KShs 000
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**
Year ended 29 February 2016					
As at 1 March 2015	200,000	255,985	67,405	15,041	538,431
Interest income deferred	-	-	-	(12,947)	(12,947)
Restated opening balance	200,000	255,985	67,405	2,094	525,484
Total comprehensive income for the year	-	-	-	6,823	6,823
As at 29 February 2016	**200,000**	**255,985**	**67,405**	**8,917**	**532,307**

		Group		Company	
		2017	2016	2017	2016
	Notes	KShs'000	KShs '000	KShs'000	KShs'000
OPERATING ACTIVITIES:					
Profit before tax		51,044	27,281	19,578	9,154
Adjustment for:-		-			
Depreciation	12	16,834	176,378	33	4
Finance costs	9	27,264	14,743	2,765	2,722
Fair value gain	13	(849)	-	-	-
		94,293	218,402	22,376	11,880
Changes in working capital:-					
Inventories		(10,452)	3,496	-	-
Trade and other receivables		(15,280)	(16,674)	(512)	4,528
Trade and other payables		(8,461)	(32,713)	(12,384)	3,462
Cash flows used in operations		60,100	172,511	9,480	19,870
Finance costs		(27,264)	(14,743)	(2,765)	(2,722)
Tax paid		(10,366)	(5,642)	-	-
Net cash flows used in operating activities		**22,471**	**152,126**	**6,715**	**17,148**
INVESTING ACTIVITIES:					
Sale of prepaid operating lease		-	12,430	-	-
Purchase of property, plant and equipment		(9,751)	(508,744)	(72)	-
Available for sale assets		(1,335)	54,600	(1,335)	
Investment property development		(5,117)	403,899	-	-
Sale of financial assets		-	48,365	-	4,123
Net cash flows from investing activities		**(16,203)**	**10,550**	**(1,407)**	**4,123**
FINANCING ACTIVITIES:					
Net movement in borrowings		(4,362)	(22,527)	2,765	-
Related parties		(15,425)	(95,015)	(15,092)	(33,271)
Movement in director's loan		(770)	(55,667)	-	(15,567)
		(20,557)	**(173,209)**	**(12,327)**	**(48,838)**
Cash and cash equivalents:					
Movement during the year		(14,289)	(10,533)	(7,019)	(27,567)
Effect of foreign exchange changes		284	6	-	-
As at 1 March		78,482	89,009	7,281	34,848
As at 28 February	**24**	**64,477**	**78,482**	**262**	**7,281**

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Reporting Entity

Olympia Capital Holdings Limited is a public liability company incorporated in Kenya under the Kenyan companies Act and is domiciled in Kenya. The company has a number of subsidiaries (together referred to as "the group"). The registered office is set out on page 1.

1.2 Presentation of Financial Statements

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated

(a) Basis of preparation

The consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS). The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below.

The financial statements are presented in Kenya Shillings (Shs), rounded to the nearest thousands, except where otherwise stated. The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Directors to exercise its judgment in the process of applying the Group's accounting policies

The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Changes in accounting policy and disclosures

(i) New and amended standards adopted by the Group

IAS 27, 'Separate financial statements'. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendments are effective for annual periods beginning on or after 1 January 2016. The Group and Company has early adopted.

(ii) New standards, amendments and interpretations not yet effective and not early adopted by the Group

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and Company.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.3 Presentation of Financial Statements (Continued)

(a) Basis of preparation (Continued)

Changes in accounting policy and disclosures (continued)

(ii) New standards, amendments and interpretations not yet effective and not early adopted by the Group (Continued)

Amendments to IAS 1, 'Presentation of Financial Statements': The amendments are made in the context of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments, effective 1 January 2016, provide clarifications on a number of issues, including:

- Materiality – an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.

- Disaggregation and subtotals – line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.

- Notes – confirmation that the notes do not need to be presented in a particular order

- OCI arising from investments accounted for under the equity method – the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

- According to the transitional provisions, the disclosures in IAS 8 regarding the adoption of new standards/accounting policies are not required for these amendments.

As these amendments merely clarify the existing requirements, they do not affect the Group's accounting policies or any of the disclosures.

IFRS 10 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures'. These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.3 Presentation of Financial Statements (Continued)

(b) Basis of preparation (Continued)

Changes in accounting policy and disclosures (continued)

The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not).

A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The amendments are effective for annual periods beginning on or after 1 January 2016.

IFRS 11, 'Joint arrangements'. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions. The amendment is effective for annual periods beginning on or after 1 January 2016.

IFRS 16, "Leases". After ten years of joint drafting by the IASB and FASB they decided that lessees should be required to recognize assets and liabilities arising from all leases (with limited exceptions) on the balance sheet.

Lessor accounting has not substantially changed in the new standard. The model reflects that, at the start of a lease, the lessee obtains the right to use an asset for a period of time and has an obligation to pay for that right. In response to concerns expressed about the cost and complexity to apply the requirements to large volumes of small assets, the IASB decided not to require a lessee to recognize assets and liabilities for short-term leases (less than 12 months), and leases for which the underlying asset is of low value (such as laptops and office furniture).

A lessee measures lease liabilities at the present value of future lease payments. A lessee measures lease assets, initially at the same amount as lease liabilities, and also includes costs directly related to entering into the lease. Lease assets are amortized in a similar way to other assets such as property, plant and equipment.

This approach will result in a more faithful representation of a lessee's assets and liabilities and, together with enhanced disclosures, will provide greater transparency of a lessee's financial leverage and capital employed. One of the implications of the new standard is that there will be a change to key financial ratios derived from a lessee's assets and liabilities (for example, leverage and performance ratios).

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.3 Presentation of Financial Statements (Continued)

b) Basis of preparation (Continued)

Changes in accounting policy and disclosures (continued)

IFRS 16 supersedes IAS 17, 'Leases', IFRIC 4, 'Determining whether an Arrangement contains a Lease', SIC 15, 'Operating Leases – Incentives' and SIC 27, 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. Annual improvements 2014. These set of amendments, effective 1 January 2016, impacts 4 standards:

- IFRS 5, 'Non-current assets held for sale and discontinued operations' regarding methods of disposal,
- IFRS 7, 'Financial instruments: Disclosures', (with consequential amendments to IFRS 1) regarding servicing contracts,
- IAS 19, 'Employee benefits' regarding discount rates and
- IAS 34, 'Interim financial reporting' regarding disclosure of information.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group is assessing the impact of IFRS 15.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets:

- amortized cost,
- fair value through OCI and
- Fair value through P&L.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.3 Presentation of Financial Statements (Continued)

(c) Basis of preparation (Continued)

Changes in accounting policy and disclosures (continued)

The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset.

Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39.For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income,

for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39.The standard is effective for accounting periods beginning on or after 1January 2018. Early adoption is permitted. The Group is yet to assess IFRS 9's full impact.

The Group has assessed the above standards and believes that IFRS 9 and IFRS 15 are likely to affect the Group. Given the nature of the Group's assets and liabilities, IFRS 9 is not expected to have a significant impact to the Group. However, owing to the nature of the Group's products and sale arrangements, IFRS 15 is expected to have a significant impact on the financial information of the Group. The Group does not plan to early adopt any of the new IFRSs or IFRIC interpretations. There are no other IFRSs or IFRIC interpretations that are effective that would be expected to have a material impact on the Group or Company.

1.4 Consolidation

i) Subsidiaries

Subsidiaries are all entities (including structured and special purpose entities) over which the Group has control. The Group controls an entity when the Group 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.4 Consolidation (Continued)

(ii)Basis of consolidation

The consolidated financial statements incorporate the financial statements of the group and all entities, including special purpose entities, which are controlled by the company. Control exists when the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries are included in the consolidated financial statements from the effective date of acquisition to the effective date of disposal .Adjustments are made when necessary to the financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All intra-company transactions, balances, income and expenses are eliminated in full on consolidation. Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognized separately from the group's interest therein, and are recognized within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognized for non-controlling interest.

Transactions which result in changes in ownership levels, where the group has control of the subsidiary both before and after the transaction are regarded as equity transaction and are recognized directly in the statement of changes in equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognized in equity attributable to the owners of the parent. Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognized in profit or loss as part of the gain or loss on disposal of the controlling interest.

We have consolidated audited financial statements of respective subsidiaries as at their reporting date with exception of Olympia Capital Corporation (Pty) Limited, of Botswana which was not audited as at time of consolidation. Three of the four subsidiaries have their reporting date as 31 December.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.5 Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other income' or 'other expenses'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security.

Translation differences related to changes in amortized cost are recognized in profit or loss, and other changes in carrying amount are recognized in other comprehensive income. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale financial assets, are included in other comprehensive income and cumulated in 'available-for-sale financial assets reserve'.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.6 Property, plant and equipment (continued)

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.

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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.8 Intangible assets and goodwill (Continued)

Goodwill (Continued)

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.

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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.10 Financial instruments (continued)

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. 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. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.11 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.

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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.12 Tax (Continued)

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.

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. SIGNIFICANT ACCOUNTING POLICIES (continued)

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. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Short-term employee benefits

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

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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.17 Revenue (continued)

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.

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.

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.

1.19 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.

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.

2. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (continued)

Taxation (Continued)

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.
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	
	2017	2016	2017	2016
4. REVENUE	Kshs '000	KShs'000	KShs'000	KShs '000
Sale of goods	496,026	492,611	-	-
Rent income	41,748	35,652	-	-
	537,774	528,263	-	-
5. COST OF SALES				
Cost of goods sold	335,354	328,481	-	-
6. OTHER OPERATING INCOME				
Sundry income	8,233	13,390	-	7,770
Interest income	35,190	15,190	33,411	15,190
Discount received	489	173	660	-
Dividend income	660	1,000	-	-
Fair value gain	831	-	-	-
	45,403	29,753	34,071	22,960
7. OPERATING EXPENSES				
Administrative and operating expenses	169,515	186,430	11,728	11,084

8. OPERATING PROFIT

The following costs have been included in arriving at operating profit:

Depreciation	16,834	18,723	33	17
Audit fees	3,606	3,395	990	990
Employee costs	84,672	77,927	7,558	6,622
Directors remuneration	1,745	1,585	465	340
9. FINANCE COSTS				
Finance expenses	23,951	11,209	2,765	2,722
Gains on foreign exchange	3,313	6,069	-	-
Finance income	-	(1,454)	-	-
	27,264	15,824	2,765	2,722

10. TAXATION

	Group		Company	
	2017	2016	2017	2016
	KShs 000	KShs000	KShs000	KShs 000
a) Tax charge				
Current year charge	11,481	14,795	5,873	2,331
Deferred tax charge/credit	(272)	(2,348)	-	-
	11,209	12,447	5,873	2,331

b) Reconciliation of tax charge to accounting profit

	Group 2017	Group 2016	Company 2017	Company 2016
Accounting profit	51,044	27,281	19,578	9,154
Tax at applicable rate	15,313	8,184	5,873	2,746
Non allowable expenses	6,692	4,575	-	5
Tax losses carried forward	(10,076)	(2,093)	-	(420)
Non taxable income	(447)	2,898	-	-
	11,481	12,447	5,873	2,331

The applicable tax rate for the Kenyan Companies was 30% (2016: 30%) while that applicable to the subsidiaries in Botswana; Kalahari Floor Tiles (Pty) Limited at 15% (2016: 15%) and Gaborone Enterprises (Pty) Limited at 22% (2016: 22%).

	Group 2017	Group 2016	Company 2017	Company 2016
c) Tax recoverable				
As at 1 March	5,603	9,797	-	-
Current year charge	-	(4,194)	-	-
Paid during the year	1,898	-	-	-
As at 28 February	7,501	5,603	-	-
d) Tax payable				
At 1 March	15	9,851	3,723	1,392
Current year charge	11,499	5,642	5,873	2,331
Paid during the year	(2,962)	(15,478)	-	-
	8,552	15	9,596	3,723

11 EARNINGS PER SHARE

The calculation of basic earnings per share for the group as at 28 February 2017 was based on profit attributable to ordinary shareholders of KShs 26.2 million (2016: KShs 10.3 million) and weighted average number of shares outstanding during the year then ended of 40 million (2016: 40 million). There are no dilutive shares.

12. GROUP PROPERTY, PLANT AND EQUIPMENT

a) For the year ended 28 February 2017

	Buildings KShs'000	Work in progress KShs'000	Plant and machine KShs'000	Furn & fixtures KShs'000	Motor vehicles KShs'000	Office equip & computers KShs'000	Loose tools KShs'000	Total KShs'000
Cost								
As at 1 March 2016	643,744	1,478	98,445	15,876	22,906	12,539	328	795,316
Additions	5,254	6,732	3,719	555	3,207	522	1	19,990
As at 28 February 2017	648,998	8,210	102,164	16,431	26,113	13,061	329	815,306
Accumulated Depreciation								
As at 1 March 2016	94,734	-	89,305	12,106	16,659	9,150	175	222,129
Charge for the year	12,443	-	1,616	520	1,707	531	17	16,834
As at 28 February 2017	107,177	-	90,921	12,626	18,366	9,681	192	238,963
Net carrying amount								
As at 28 February 2017	**541,821**	**8,210**	**11,243**	**3,805**	**7,747**	**3,380**	**137**	**576,343**

12. GROUP PROPERTY, PLANT AND EQUIPMENT

b) For the year ended 28 February 2016

Cost	**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**
As at 1 March 2015	143,606	-	95,400	15,455	20,283	11,500	328	286,572
Reclassification from Investment Property	500,000	-	-	-	-	-	-	500,000
Additions	138	1,478	3,045	421	2,623	1,039	-	8,744
As at 29 February 2016	643,744	1,478	98,445	15,876	22,906	12,539	328	795,316
Accumulated Depreciation								
As at 1 March 2015	-	-	87,851	11,703	15,729	8,391	157	123,831
Charge for the year	94,734	-	1,454	403	930	759	18	98,298
As at 29 February 2016	94,734	-	89,305	12,106	16,659	9,150	175	222,129
Net carrying amount								
As at 29 February 2016	**549,010**	**1,478**	**9,140**	**3,770**	**6,247**	**3,389**	**153**	**573,187**

12. COMPANY PROPERTY, PLANT AND EQUIPMENT

	Office equipment KShs '000	Furniture and fittings KShs '000	Total KShs '000
Cost			
As at 1 January	646	285	931
Additions	72	-	72
As at 31 December	718	285	1,003
Accumulated Depreciation			
As at 1 January	607	285	892
Charge for the year	33	-	33
As at 31 December	640	285	925
Net carrying amount			
As at 28 February 2017	**78**	**-**	**78**
As at 29 February 2016	39	-	39

13. INVESTMENT PROPERTIES

	Group		Company	
	2017 Kshs '000	2016 Kshs '000	2017 Kshs '000	2016 Kshs '000
As at 1 March	76,594	480,493	-	-
Reclassification to property, plant and equipment	-	(422,848)	-	-
Additions	3,700	-	-	-
Fair value loss	849	18,949	-	-
Reclassification to held for sale	(4,735)	-	-	-
As at 28 February	76,408	76,594	-	-

14. PREPAID OPERATING LEASE RENTALS

	Group		Company	
	2017	2016	2017	2016
Cost	KShs 000	KShs 000	KShs 000	KShs 000
As at 1 March	40,750	52,188	-	-
Disposal	-	(11,438)	-	-
As at 29 February	40,750	40,750	-	-
Accumulated Amortization				
As at 1 March	14,842	13,850	-	-
Charge for the year	992	992	-	-
As at 29 February	15,834	14,842	-	-
Net carrying amount				
As at 29 February	**24,916**	**25,908**	**-**	**-**

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

15. INTANGIBLE ASSETS

	Group		Company	
	2017	2016	2017	2016
Cost	Kshs 000	Kshs 000	Kshs 000	Kshs 000
As at 1 March	2,460	2,460	-	-
As at 28 February	2,460	2,460	-	-
Accumulated Amortization				
As at 1 March	2,460	2,435	-	-
Charge for the year	-	25	-	-
As at 29 February	2,460	2,460	-	-
Net carrying amount				
As at 28 February	-	-	-	-

16. GOODWILL

	Group		Company	
	2017	**2016**	**2017**	**2016**
Cost	**KShs '000**	**KShs '000**	**KShs '000**	**KShs '000**
As at 1 March	79,137	79,137	-	-
Accumulated impairment				
As at 28 February	58,257	-	-	-
Net carrying amount				
As at 28 February	20,880	79,137	-	-

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. Goodwill opening balance of Kshs 79,137M was incorrectly omitted in the consolidation of the financial statements for 2016. The financial statements of 2016 have been restated to correct this error. The effect of the restatement on those financial statements is summarized on the statement of comprehensive income (Page 18) as increase in retained earnings. There is no effect in 2017.

17. INVESTMENT IN SUBSIDIARIES

		Company	
		2017	**2016**
	Holding %	**KShs 000**	**KShs 000**
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

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 not audited for the year ended 31 December 2016.

Botswana Stock Exchange requires all listed companies to file annual audited financial statements.

17. INVESTMENT IN SUBSIDIARIES (continued)

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 2016. There were no significant changes that affect these subsidiaries' financial statements as at 28 February 2017 for consolidation purposes.

18. NON-CURRENT ASSETS HELD FOR SALE

	Group		Company	
	2017	2016	2017	2016
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
As at 1 February	-	-	-	-
Additions	4,735	-	-	-
As at 28 February	4,735	-	-	-

19. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group 2017 Kshs '000	Group 2016 Kshs '000	Company 2017 Kshs '000	Company 2016 Kshs '000
As at 1 February	48,365	48,365	48,365	48,365
Additions	1,335	-	1,335	-
As at 28 February	49,700	48,365	49,700	48,365

The entity in 2016 classified the available for sale financial assets (Share investments in a company available to sale) of Kshs. 48,365 m as an amounts receivable from same related investment company. The financial statements of 2016 have been restated to correct properly classify this amount. There is no effect of the reclassification of this non-current asset in the financial statements.

20. DEFERRED TAX

	Group		Company	
	2017	2016	2017	2016
	KShs '000	KShs '000	KShs '000	KShs '000
a) Deferred tax assets				
As at 1 March	(133,187)	(137,825)	(2,983)	-
Credit/(charge) for the year	130	4,638	-	(2,983)
As at 28 February	(133,057)	(133,187)	(2,983)	(2,983)
b) Deferred tax liabilities				
As at 1 March	16,744	16,828	-	-
Charge/(credit) for the year	414	(84)	-	-
As at 28 February	17,158	16,744	-	-

21 RELATED PARTIES TRANSACTIONS AND BALANCES

a) Amounts due from related parties

	Group 2017	Group 2016	Company 2017	Company 2016
Olympia Capital Corporation Ltd	134,133	97,643	202,375	187,452
Dunlop Industries Limited	113,997	100,324	77,001	75,483
Croxley Properties Limited	172	-	-	-
Dunlop Properties Limited	15,868	942	14,926	13,417
Tiespro (Pty) Limited	11,573	11,573	-	-
Meatons Kenya Limited	6,593	-	6,593	6,593
Mt Kenya Investments Limited	848	848	-	-
Mather & Platt (Kenya) Limited	215	16,040	21,308	16,897
Scotlink Limited	3,046	873	3,046	3,046
Tarakuet Limited	-	5,200	-	5,200
Heri Limited	-	1,335	-	-
	286,445	234,778	325,249	308,088
Maturity:				
Non-current	282,379	217,796	322,203	276,352
Current	4,066	16,982	3,046	31,736
	286,445	234,778	325,249	308,088

21. RELATED PARTIES TRANSACTIONS AND BALANCES

	Group		Company	
	2017	2016	2017	2016
	KShs '000	KShs'000	KShs '000	KShs '000
b) Amounts due to related parties				
Kalahari Floor Tiles (Pty) Limited	26,832	109,369	-	-
Gaborone Industries	1,540	-	-	-
Mather & Platt	422			
Croxley Properties Ltd	30	30	30	30
Countryside Investments	1,945	-	1,945	1,945
Central Kenya Wholesalers	1,444	-	1,444	1,444
Avon Rubber Co	1,096	29,023	36,567	34,568
	33,309	138,422	39,986	37,987
Maturity:				
Non-current	31,347	138,392	36,567	34,568
Current	1,962	30	3,419	3,419
	33,309	138,422	39,986	37,987
c) Amounts due from/to directors				
Amounts due from directors	34,185	32,987	23,498	23,280
Amounts due to directors	(17,576)	(6,256)	(4,754)	(4,466)
	16,609	26,731	18,744	18,814
Maturity:				
Non-current assets	34,185	32,987	23,498	23,280
Current liabilities	(17,476)	(6,256)	(4,754)	(4,466)
	16,609	26,731	18,744	18,814

The amount of KShs 11.6 million (2016: 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.

22. INVENTORIES

	Group		Company	
	2017	2016	2017	2016
	KShs'000	KShs'000	KShs'000	KShs'000
Finished goods	116,678	75,126	-	-
Work in progress	32,239	40,813	-	-
Spares and consumables	-	19,923	-	-
	148,917	135,862	-	-

23. TRADE AND OTHER RECEIVABLES

	Group 2017	Group 2016	Company 2017	Company 2016
Trade receivables	106,611	176,945	-	-
Less: impairment allowance	(6,027)	-	-	-
Net trade receivables	100,584	176,945	-	-
Other receivables	28,656	5,624	2,243	1,731
	129,240	182,569	2,243	1,731

24. CASH AND CASH EQUIVALENTS

	Group 2017	Group 2016	Company 2017	Company 2016
Cash and bank balances	67,866	78,482	262	7,281
Bank overdrafts	(3,389)	-	-	-
	64,477	78,482	262	7,281

25. Share capital

	Group 2017	Group 2016	Company 2017	Company 2016
Authorized 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 2017 was KShs 200 million made up of 40 million ordinary shares of Kshs 5 each.

26. BORROWINGS

	Group		Company	
	2017	**2016**	**2017**	**2016**
	KShs000	**KShs'000**	**KShs'000**	**KShs'000**
Barclays Bank (Kenya) Limited	64,250	24,376	-	-
Kalahari Floor Tiles	-	-	41,591	38,826
Housing Finance	9,861	12,901	-	-
Stanbic Bank Botswana Ltd	639	6,731	-	-
Co-operative Bank of Kenya Ltd	14,358	21,540	-	-
	89,108	65,549	41,591	38,826
Maturity:				
Noncurrent liability	64,250	49,279	41,591	38,826
Current liability	24,858	16,270	-	-
	89,108	65,549	41,591	38,826

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.

Avon Rubber Company (Kenya) Limited has also acquired a mortgage loan from Housing Finance Company Limited to finance its investment property.

Stanbic Botswana Limited bank loan is secured by first continuing covering mortgage loan of KShs 14,761,823 (Pula 1,563,100) over property in Gaborone and a first continuing and covering mortgage bond of KShs 14,662,661 (Pula 1,552,600) over property in Gaborone and unlimited suretyship by Olympia Capital Corporation (Pty) Limited and Michael Matu.

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

The Cooperative Bank Limited loan issued to Mather and Platt (Kenya) Limited is secured by way of a fixed and floating debenture of Kshs 8 million each over Mather and Platt (Kenya) Limited assets and by first charge over a property. Mather and Platt (Kenya) Limited has an overdraft facility of KShs 15 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.

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 2.30 p.m. on 10th August 2017.

OLYMPIA CAPITAL HOLDINGS LIMITED

PROXY FORM FOR THE ANNUAL GENERAL MEETING

2017

I/We...

Of P.O. Box...

being a shareholder of **OLYMPIA CAPITAL HOLDINGS LIMITED** 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 The Nairobi Club, Upper Hill, Nairobi on 14th August 2017 at 2.30 p.m. and at any adjournment thereof.

Signature ....

Signature ....

Signed/ Sealed ....day of............................. 2017

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 2.30 pm on 10th August 2017.

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