# OLYMPIA CAPITAL CORPORATION LIMITED

## PROSPECTUS COVER

## 2004

This Prospectus, dated Friday 10 December 2004, accompanied by the documents referred to under "Registration of Prospectus" in paragraph 14 of Part F of this Prospectus, was registered with the Registrar of Companies on Monday 20 December 2004 in terms of Section 41 of the Companies Act [Chapter 42:01] of Botswana, as amended.

Reference is made to paragraph 14 of Part F of this Prospectus which deals with the consents of experts, and to paragraph 9 of Part F of this Prospectus which deals with material contracts.

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD IMMEDIATELY SEEK ADVICE FROM YOUR LEGAL ADVISER, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER.**

# OLYMPIA CAPITAL CORPORATION LIMITED

**Previously Yeti Holdings (Proprietary) Limited**

**(A public company incorporated in the Republic of Botswana on 14 October 2002 under company registration number 2002/3073)**

# PROSPECTUS

**relating to**

**an initial public offering ("IPO") for the subscription of 734,000 ordinary shares of a nominal value of 1 thebe each in the share capital of Olympia Capital Corporation Limited ("OCC" or "the Company") at an offer price of 80 thebe per share;**

**and**

**the listing of 14,300,000 shares of 1 thebe par value in the capital of Olympia Capital Corporation Limited on the Venture Capital Market Board ("VCM") of the Botswana Stock Exchange ("BSE").**

## WARNING - AS OLYMPIA CAPITAL CORPORATION LIMITED WILL BE LISTED ON THE VCM OF THE BSE, THE SHARE IS THEREFORE CONSIDERED SPECULATIVE.

This Prospectus is being made available to investors for the purpose of providing certain information about an investment in OCC, a public company incorporated in the Republic of Botswana and to be listed on the VCM of the BSE.

**Although its principle investment has been in existence since 1988, OCC was incorporated in October 2002 and does not meet the criteria for a main board listing in terms of a three year audited profit history. In addition, a fair proportion of its future growth depends upon new developments. Accordingly, investments in its shares are considered speculative.**

**As any forward-looking information is based on assumptions concerning future events, actual results may vary materially from the profit expectations which have been presented. Consequently, no assurances can be given on whether or not the predictions given herein will be achieved. Accordingly, prospective investors are urged to closely examine their financial position and to make every effort to familiarise themselves with the implications and the consequences of the non-attainment of objectives and profit estimates outlined in this Prospectus. It may be advisable and would certainly be prudent to seek independent financial advice on these matters. Investment is not advised for any person or entity dependent upon a guaranteed fixed return.**

Application has been made to the Listings Committee of the BSE, which has agreed to grant conditional approval for a listing of shares in OCC on the VCM of the BSE on conclusion of the proposed IPO, subject to compliance with the BSE's minimum listing requirements.

It is expected that such listing will become effective and that dealings in shares in OCC will commence from Monday 7 February 2005. The listing, for the purposes of the BSE, will be under the abbreviated name, "OCC".

**DISCLOSURES REQUIRED IN TERMS OF SECTION 6.6(B) OF THE BSE LISTING RULES**

**Responsibility**

The Directors, whose names are given under paragraph 1.3 of Part D of this Prospectus, collectively and individually accept full responsibility for the accuracy of the information given in this Prospectus, and certify that, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement false or misleading, that they have made all reasonable enquiries to ascertain such facts, and that the Prospectus contains all information required by law.

The Directors confirm that the listing particulars include all such information within their knowledge (or which it would be reasonable for them to obtain by making enquiries) as investors and their professional advisers would reasonably require and reasonably expect to find for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of Olympia Capital Corporation Limited and of the rights attaching to such securities to which the listing particulars relate.

**Registration**
(BSE 7.C.9)

This Prospectus, dated Friday 10 December 2004, accompanied by the documents referred to under "Registration of Prospectus" in paragraph 14 of Part F of this Prospectus, was registered with the Registrar of Companies on Monday 20 December 2004 in terms of Section 41 of the Companies Act [Chapter 42:01] of Botswana, as amended.

**Particulars of the securities being offered**

| | |
|---|---|
| Class of security | Ordinary shares |
| Nominal value of securities | 1 thebe |
| Total number of securities in issue before the Offer | 13,566,000 |
| Total number of securities to be issued in terms of the Offer | 734,000 |
| Total number of securities in issue after the Offer | 14,300,000 |
| Offer Price per OCC Share | 80 thebe |
| Total funds to be raised from the Offer gross of estimated expenses | P587,200 |

All existing authorised and issued OCC Shares, including those to be issued in terms of this Prospectus, will be of the same class and will rank *pari passu* in every respect. Appendix 8 contains the relevant provisions of the Articles of OCC relating to OCC Shares. All OCC Shares in issue on conclusion of the Offer will rank *pari passu* in respect of all dividends declared in respect of the financial year ending 31 December 2004 and all dividends declared thereafter.

**Important dates:**
(BSE 7.C.4 and 7.C.5)

| | |
|---|---|
| Signature and registration of the Prospectus | Monday 20 December 2004 |
| Issue of the Prospectus | Monday 20 December 2004 |
| Opening date of the Offer (9:00 hours) | Monday 20 December 2004 |
| Publication of an abridged pre-listing statement | Tuesday 14 December 2004 |
| Last date for delivery of applications and closing date of the Offer (15:00 hours) | Monday 31 January 2005 |
| Last date for receipt of postal applications (15:00 hours) | Monday 31 January 2005 |
| Allotment of new shares in Olympia Capital Corporation Limited and submission of results to the BSE | Friday 4 February 2005 |
| Confirmation of listing by the BSE and announcement of the results of the Offer | Monday 7 February 2005 |
| Proposed listing date of shares in Olympia Capital Corporation Limited on the VCM of the BSE from | Monday 7 February 2005 |
| Proposed starting date for the dispatch of share certificates and refund cheques from | Monday 7 February 2005 |

These dates are subject to change. Any substantive change will be notified in the press. Applications for the IPO will be considered from all members of the public.

**Financial Advisers**
**Logo**

**Imara Botswana Limited**

**Underwriter of the IPO**
**Logo**

**Kingdom Finance (Proprietary) Limited**

**Sponsoring Broker**
**Logo**

**Stockbrokers Botswana Limited**
**Member of the Botswana Stock Exchange**

**Auditors and Independent Reporting Accountants**
**Logo**

**Grant Thornton Acumen**
**Certified Public Accountants (Botswana)**

**Attorneys**
**Logo**

**Armstrongs**
**Attorneys, Notaries and Conveyancers**
**Logo**

**Transfer Secretaries**
**Logo**

**PricewaterhouseCoopers (Proprietary) Limited**

**Logo**

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# CORPORATE INFORMATION AND ADVISERS

**Registered Office:**
RK Accountants (Pty) Ltd
Plot 50370
Fairground Office Park
(PO Box 1157)
Gaborone
(BSE 7.A.1, CA 3rd Sch s 1)

**Parent Company's Registered Office:**
Olympia Capital Holdings Limited
2nd Floor, Avon House
Enterprise
(PO Box 30102-0100)
Nairobi

**Board of Directors:**
L D Lekalake (Non-executive Chairman)
M M W Matu (Chief Executive officer)
S Bhavani (Director of Operations)
P K Muiruri (Non-executive Director)
S A Lakhani (Non-executive Director)

**Company Secretary:**
R K Accountants (Pty) Ltd
(PO Box 1157)
Gaborone
(BSE 7.B.7)

**Financial Advisers:**
Imara Botswana Limited
Unit 2, Plot 117
Millennium Office Park
(Private Bag 00186)
Gaborone

**Auditors and Independent Reporting Accountants:**
Grant Thornton Acumen
Plot 50370
Fairground Office Park
(PO Box 1157)
Gaborone
(BSE 7.B.8, CA 3rd Sch s 3(2))

**Attorneys:**
Armstrongs
5th Floor
Barclays House
Khama Crescent
(PO Box 1368)
Gaborone
(BSE 7.B.8)

**Transfer Secretaries:**
PricewaterhouseCoopers (Pty) Ltd
Plot 50371
Fairground Office Park
(PO Box 294)
Gaborone

**Sponsoring Broker:**
Stockbrokers Botswana Limited
Members of the BSE
Ground Floor
Barclays House
Khama Crescent
(Private Bag 00113)
Gaborone
(BSE 7.B.8)

**Underwriters to the IPO:**
Kingdom Finance (Pty) Ltd
133 Independence Avenue
(PO Box 45078, River Walk)
Gaborone
(BSE 7.B.8)

**Commercial Bankers:**
Standard Chartered Bank of Botswana Limited
Hemamo Centre
Broadhurst
(PO Box 40611)
Gaborone
(BSE 7.B.8)

**Independent Property Valuer:**
Rosco Bonna Valuers
Unit 3, Hemamo Centre
Broadhurst
(PO Box 60035)
Gaborone
(BSE 7.B.8)

Reference is made to paragraph 14 of Part F of this Prospectus which deals with the consents of experts.

## DEFINITIONS

The following definitions apply throughout this Prospectus and the Appendices hereto, unless otherwise stated or the context requires otherwise. In this Document, unless otherwise indicated, the words or phrases in the first column bear the meaning stipulated in the second column, cognate expressions shall bear corresponding meanings, words in the masculine shall import both the feminine and the neuter, words in the singular shall include the plural and *vice versa*, and words importing natural persons shall include juristic persons (whether corporate or incorporate and *vice versa*), including corporations and associations of persons.

| | |
|---|---|
| "Act" or "Companies Act" | The Companies Act [Cap. 42:01] of Botswana, as amended. |
| "Applicant" or "Subscriber" | A person, including juristic persons, applying for OCC Shares pursuant to the Offer, on the terms and conditions set out in this Prospectus. |
| "Application Forms" | The forms of application attached to this Prospectus relating to the Offer, being the only method of application to be used by Applicants in connection with the Offer. |
| "Armstrongs" or " Attorneys" | Armstrongs, legal advisers to the Company, particularly in connection with the Offer. |
| "Articles" | The articles of association of OCC and its subsidiary companies, where relevant. |
| "Auditors" or "Independent Reporting Accountants" | Grant Thornton Acumen, Certified Public Accountants (Botswana), Auditors of the Company and Independent Reporting Accountants in connection with the Offer. |
| "Board" | The board of Directors of OCC. |
| "Botswana" | The Republic of Botswana. |
| "BSE" | The Botswana Stock Exchange, constituted in terms of the Botswana Stock Exchange Act 11 of 1994, as amended. |
| "Directors" or "the Board" | The executive and non-executive Directors of OCC. |
| "Executive Committee" | A committee of the Board comprising executive Directors of the Company and certain managers of OCC's subsidiaries. |
| "GE" | Gaborone Enterprises (Proprietary) Limited, a private company incorporated in Botswana on 10 March 1983 under company registration number 83/4397, a property holding subsidiary of KFT. |
| "Imara" or "Financial Advisers" | Imara Botswana Limited, a subsidiary of Imara Holdings Limited and financial advisers to OCC regarding the Offer and Listing. |
| "Initial Public Offering", "IPO" or "Offer" | The proposed initial public offering by OCC of the IPO Shares in terms of this Prospectus. |
| "IPO Shares" or "Offer Shares" | 734,000 OCC Shares being offered in terms of the IPO at the Offer Price of 80 thebe per OCC Share. |
| "Issue" | The issue by the Company of the Offer Shares, pursuant to the Offer. |
| "Listing" | The proposed listing of the entire issued share capital of OCC on the VCM of the BSE, on or about Monday 7 February 2005. |
| "KFT" | Kalahari Floor Tiles (Proprietary) Limited, a private company incorporated in Botswana on 17 November 1988 under company registration number 88/1183, a subsidiary of OCC engaged in the manufacture of vinyl floor tiles and uPVC window and door frames in Botswana. |
| "Listing Requirements" | The Listing Requirements of the BSE for the listing of a company on the VCM, as amended. |

| | |
|---|---|
| "Memorandum" | The memorandum of association of OCC, or its subsidiaries, as relevant. |
| "NAV" | Net asset value. |
| "OCC", "Olympia Capital Corporation" or "Company" | Olympia Capital Corporation Limited, a public company incorporated in Botswana on 14 October 2002 under company registration number 2002/3073, the holding company for the OCC Group, whose entire issued share capital is to be quoted on the VCM of the BSE on conclusion of the Offer. |
| "OCC Businesses" | Those business units through which OCC's operations are conducted, details of which are more fully set out in Appendix 1 – "Statutory information on OCC and its subsidiaries". |
| "OCC Group" or "Group" | Olympia Capital Corporation and its subsidiary companies. |
| "OCH" | Olympia Capital Holdings Limited, a public company incorporated in Kenya and listed on the Nairobi Stock Exchange and the ultimate holding company of OCC. |
| "OCC Shares", "Ordinary Shares" or "Shares" | Ordinary shares of a nominal value of 1 thebe (one thebe) each in the issued share capital of OCC. |
| "OCC Shareholders" or "Shareholders" | The existing holders of OCC Shares, together with new Applicants who become Shareholders in the Company pursuant to the Offer. |
| "Offer Price" | 80 thebe (eighty thebe) per OCC Share. |
| "Promoters" | The Promoters of this listing, as referred to in the Listing Requirements, which include Messrs Matu and Muiruri in their personal capacities and Olympia Capital Holdings Limited in its corporate capacity. |
| "Prospectus" or "Document" | This Prospectus containing the terms and conditions of the Offer as well as the requisite statutory, regulatory and general information relating to OCC, inclusive of the appendices and attached Application Forms. |
| "Pula" or "P" | The legal tender of Botswana, in which certain monetary amounts in this Prospectus are expressed. |
| "South Africa" | The Republic of South Africa. |
| "Region" | Sub-Saharan Africa. |
| "Stockbrokers Botswana" or "Sponsoring Broker" | Stockbrokers Botswana Limited, a company registered under the Companies Act, a licensed stockbroker in terms of the Botswana Stock Exchange Act 11 of 1994, as amended, and regulations, and Sponsoring Broker to OCC in connection with the Offer and Listing. |
| "Thebe" or "t" | The legal tender of Botswana, representing one hundredth of a Pula. |
| "Transfer Secretaries" | PricewaterhouseCoopers (Proprietary) Limited, a company incorporated in Botswana which provides transfer secretarial services to OCC. |
| "Underwriter" or "Kingdom Finance" | Kingdom Finance (Pty) Ltd, a company incorporated in Botswana, and the underwriter of the IPO. |
| "Underwriting Agreement" | The agreement between OCC and Kingdom Finance (Pty) Ltd dated 17 November 2004, regarding the provision of underwriting services by Kingdom Finance (Pty) Ltd to the Company pursuant to the IPO. |
| "VCM" | The Venture Capital Market board of the BSE, on which OCC seeks a listing of 14,300,000 Shares pursuant to the Offer, in compliance with paragraph 4.22 of the BSE Listing Rules. |
| "ZAR" or "R" | South African Rand, the official currency of South Africa. |

| | |
|---|---|
| “$” or “USD” | United States Dollar, the official currency of the United States of America. |

## PART A: SALIENT FEATURES OF THE OFFER

This Prospectus is issued for the subscription of Shares in OCC by way of the Offer.

### 1. RISK OF INVESTMENT

In making an investment decision, investors must rely on their own or their advisers' examination of OCC and the terms of the Offer, including the merits and risks involved. Prospective investors should not treat the contents of this Prospectus as advice relating to legal, taxation or investment matters and are advised to consult their own professional advisers concerning the acquisition, holding or disposal of OCC Shares. Any forward-looking information is based on assumptions concerning future events, and actual results may vary materially from the expectations which have been presented. Consequently, no assurances can be given on whether or not the predictions given herein will be achieved. Accordingly, prospective investors are urged to closely examine their financial position and to make every effort to familiarise themselves with the implications and the consequences of the non-attainment of objectives and estimates outlined in this Prospectus. It may be advisable and would certainly be prudent to seek independent financial advice on these matters. Investment is not advised for any person or entity dependent upon a guaranteed fixed return.

The following information, which is presented to provide summary background details on OCC and the proposed Offer, is derived from, and should be read in conjunction with, the full text of this Prospectus.

### 2. BACKGROUND TO THE OFFER

OCC was established in Botswana in 2002 as a holding company for Kalahari Floor Tiles (Pty) Ltd, the sole manufacturer of vinyl floor tiles in Botswana. OCC intends to become an industrial holding company by making further acquisitions in the local and regional building supplies and allied services market. The Offer and Listing of OCC on the BSE is an integral part of this strategy.

### 3. SALIENT FEATURES OF OCC

OCC's executives have a proven track record in identifying and acquiring undervalued assets in the Region and specifically in the building supplies and allied services market. In 2001, OCC acquired a loss making KFT from Rikett International AS and began the process of turning the company around. Today, KFT is profitable, has a dominant share of the vinyl floor tile market in Sub-Saharan Africa and has expanded its product line to include uPVC and aluminium window and door frames.

OCC's current management structure has sufficient capacity to manage further business units and therefore a key strategy for OCC is to grow the business by obtaining "bolt on" product lines, either by funding start-up projects or by making acquisitions, without significantly increasing management composition and/or cost.

From a management perspective, the two executive directors have clearly divided roles to ensure maximum achievement of the Company's strategy. Michael Matu, the Chief Executive Officer, concentrates on identifying potential projects and targets and leads the team that pursues these opportunities on a full time basis. Shyamal Bhavani, the director of operations and managing director of KFT, concentrates on leading the operating staff and meeting budget for the Company's existing products and businesses.

The model for identifying target businesses or business processes that have a significant future upside adopts the process of clearly outlining the management changes required subsequent to acquisition and identifies seasoned management to manage those assets, ensuring that they are challenged and well rewarded to execute the identified management changes. This model has worked well in changing the fortunes of KFT since acquisition. A meaningful portion of management's remuneration in KFT is linked to achievement of budgets.

### 4. DETAILS OF THE OFFER

(BSE 7.A.4)

Olympia Capital Corporation is seeking to raise a total of P587,200 by way of an initial public offer ("IPO") for subscription of 734,000 Ordinary Shares at a price of 80 thebe per Share.

Salient details of the Offer are as follows:

| | |
|---|---|
| Class of security offered | Ordinary shares |
| Nominal value of securities offered | 1 thebe |
| Total number of securities in issue before the Offer | 13,566,000 |
| **Total number of securities to be issued in terms of the Offer** | **734,000** |
| Total number of securities in issue after the Offer | 14,300,000 |
| **Offer Price per OCC Share** | **80 thebe** |
| Total funds to be raised from the Offer gross of estimated expenses | P587,200 |

The timetable for the Offer is detailed at the front of this Prospectus.

## 5. REASONS FOR THE OFFER AND RATIONALE FOR THE LISTING

(BSE 7.C.1)

The main reasons for the Offer and Listing are to:

- Afford the investing public the opportunity to participate directly in the income stream derived by the Company, as well as the future capital growth of its assets;
- Provide greater diversification and choice of investments to investors wanting exposure to the BSE;
- Attract and retain staff of high calibre and afford the employees of the Group the opportunity to participate in the future growth of OCC through the introduction and implementation of share incentive schemes;
- Provide OCC with an additional source from which permanent capital can be raised to facilitate future growth;
- Enhance investor and general public awareness of OCC; and
- Provide enhanced liquidity to the existing shareholders of OCC in the medium term.

As a result of OCC only being incorporated in October 2002, it has a short historical audited track record and accordingly its introductory listing will be on the VCM, with an intention to migrate the listing to the main board of the BSE after 2006. The BSE listing will be OCC's primary and sole listing as Botswana meets OCC's business model criteria for access to emerging market capital. In addition, flexible exchange controls facilitate the funding of future acquisitions.

All of the capital raised from the Offer will however be used to settle the listing costs as no further capital is required at this time. On conclusion of the Listing, it is intended that future acquisitions and projects will be funded with a mixture of cash and new OCC Shares, depending on the circumstances pertaining to each transaction.

## 6. FINANCIAL HIGHLIGHTS AND PERFORMANCE INDICATORS

The following abridged financial information is for illustrative purposes only and has been extracted from the audited financial statements of OCC for the years ended 31 December 2002 and 31 December 2003, the unaudited financial statements of OCC as at 30 June 2004 and the Directors' profit estimate for the year ending 31 December 2004.

Detailed financial information on the Company is contained in Part C of this Document and the Independent Reporting Accountant's reports are contained in Appendices 2 and 3.

Your attention is drawn to the disclaimer regarding forward-looking information is set out in paragraph 3 of Part C of this Prospectus.

### 6.1. Profit history and earnings estimate

| P'000 | Audited 12 months to 31 Dec 2002 | Audited 12 months to 31 Dec 2003 | Unaudited 6 months to 30 Jun 2004 | Estimate 12 months to 31 Dec 2004 |
|---|---|---|---|---|
| **Turnover** | **13,978** | **14,825** | **7,385** | **14,469** |
| **Profit before taxation** | **1,606** | **2,242** | **1,697** | **2,915** |
| Taxation | (303) | 572 | 286 | 519 |
| **Profit after taxation** | **1,909** | **1,670** | **1,411** | **2,396** |
| Minority interest | **(132)** | **(108)** | **(76)** | - |
| **Profit for the year** | **1,777** | **1,562** | **1,335** | **2,396** |
| Dividends paid | - | - | - | 628 |
| | | | | |
| **Financial ratios and statistics:** | | | | |
| Ordinary Shares in issue | | | | |
| - weighted | 1,000 | 1,000 | 1,000 | 2,119,370 |
| - end of year | 1,000 | 1,000 | 1,000 | 14,300,000 |
| Weighted earnings per Share (thebe) | 177,700 | 156,200 | 133,500 | 113 |
| Headline earnings per Share (thebe) | 211,258 | 198,588 | 157,000 | 139 |
| Dividend per Share (thebe) | - | - | - | 4.39 |
| Dividend cover (times) | - | - | - | 3.82 |

Note:

Financial ratios and statistics for the year ended December 2004 have been prepared for illustrative purposes on the assumption that the Offer is fully subscribed and had been allotted as at 31 December 2004.

### 6.2. Pre-and post-Listing balance sheets

The audited balance sheet and the pro-forma post-Listing balance sheet of the Company are set out below. The pro-forma information contained in the table below is for illustrative purposes only. Details of the pro forma financial position of the Company are contained in paragraph 2 of Part C of this Prospectus.

| P'000 | Audited<br>31 Dec 2003 | Audited<br>Pro forma<br>31 Dec 2003<br>Post the Offer |
|---|---|---|
| Share capital | 1 | 143 |
| Share premium | - | 1,926 |
| Non-distributable reserve | 315 | 315 |
| Accumulated profit | 3,339 | 3,000 |
| **Share capital and reserves** | **3,655** | **5,384** |
| **Minority interests** | **415** | **-** |
| | | |
| Interest bearing debt | 1,187 | 1,150 |
| Shareholders' loans | 1,171 | 7 |
| Deferred taxation | 182 | 182 |
| **Non-current liabilities** | **2,540** | **1,339** |
| | | |
| Trade and other payables | 1,948 | 1,595 |
| Current portion of interest bearing liabilities | 184 | 175 |
| Taxation | 166 | 166 |
| Dividends | - | - |
| **Current liabilities** | **2,298** | **1,936** |
| **Capital employed** | **8,908** | **8,659** |
| | | |
| Property plant and equipment | 2,776 | 2,677 |
| Deferred taxation | - | - |
| Goodwill | 584 | 771 |
| Investment in subsidiaries | - | - |
| **Non current assets** | **3,360** | **3,448** |
| Inventories | 1,406 | 1,381 |
| Trade and other receivables | 1,843 | 1,578 |
| Taxation | 88 | 88 |
| Loans to directors and managers | 48 | 48 |
| Cash and cash equivalents | 2,163 | 2,116 |
| **Current assets** | **5,548** | **5,211** |
| **Employment of capital** | **8,908** | **8,659** |
| | | |
| **Net asset value per share (thebe)** | **365,500.00** | **37.65** |

# 7. LISTING ON THE BSE

Subject to obtaining an acceptable spread of Shareholders pursuant to the Offer, the BSE has granted approval for the listing of 14,300,000 OCC Shares on the VCM of the BSE under the name "OCC", with effect from the commencement of business on Monday 7 February 2005.

# 8. PARTICULARS OF THE OFFER

## 8.1. Details of the Offer

A total of 734,000 new Ordinary Shares are being made available to Applicants in terms of the IPO, at an offer price of 80 thebe each. Applicants are invited to apply for Offer Shares by completing the attached Application Form.

## 8.2. Offer Price and premium

(BSE 7.C.6)

The Offer Price of 80 thebe carries a share premium of 79 (seventy nine) thebe above the nominal value of 1 (one) thebe per OCC Share. The share premium arising from the Offer will be credited to the share premium account of the Company, from which the expenses of the

Offer will be deducted. In the opinion of the Directors, this premium fairly represents the underlying NAV of OCC as at 31 December 2003, the profits of the Group for the six months ended 30 June 2004 and the ability to generate and earn future profits.

### 8.3. Acceptance and refusal of applications

(BSE 16.10(g))

The Directors of OCC reserve the right to accept or refuse any application, either in whole or in part, or to accept some applications in full and others in part, or to abate any or all applications in such manner as they may determine, in their discretion, but subject to the overriding requirement that, to the extent possible, as many Applicants and Placees as possible are allocated all the Shares allocated or offered to them.

The Underwriting Agreement that has been concluded regarding the IPO Shares is irrevocable from 27 November 2004. The Directors reserve the right to withdraw the Offer and cancel the IPO should the Underwriting Agreement be cancelled for any of the reasons stated therein.

### 8.4. Investors' diary

(BSE 7.C.4)

The Offer is subject to the timing parameters detailed at the front of this Prospectus.

### 8.5. Terms and conditions of acceptance of applications for OCC Shares

Applications for Shares will only be accepted on the following conditions:

- Only one Application Form can be submitted by any one Applicant. The Directors reserve the right to reject multiple applications.
- Applications for OCC Shares in terms of the IPO may only be made on the Application Form attached to this Document.
- No photocopies or other reproductions of Application Forms will be accepted.
- The Application Forms must be completed in accordance with the provisions of this Prospectus and the attached instructions, and the requirements, terms and conditions contained in the Application Form must be complied with. The Directors reserve the right to accept or reject, in whole or in part, any application which is incomplete or incorrectly completed.
- Applications must be for a minimum of 100 (one hundred) Shares and thereafter must be in multiples of 100 (one hundred) Shares.
- Applications are irrevocable and may not be withdrawn once they have been received by Stockbrokers Botswana or PricewaterhouseCoopers (Pty) Ltd.
- Each application will be regarded as a single application, except when received from a nominee company. Such applications must state the number of principals covered by the application in the appropriate block on the Application Form and must be completed in the manner prescribed therein.
- Applications will only be regarded as complete when the cheque/banker's draft rendered in payment has been received, deposited and the funds cleared.
- No receipts will be issued for Application Forms, application monies or supporting documentation.
- Applicants may be called upon to furnish satisfactory evidence of their authority or capacity to sign the Application Form.
- Shares may not be accepted in the name of an unassisted minor, a deceased estate, a partnership, a trust, or anyone who requires legal assistance in entering into legal contracts.

### 8.6. Submission of Application Forms and payment for Shares

Completed Application Forms, together with the requisite payment, must be submitted as follows:

- If lodged by hand, must be delivered to Stockbrokers Botswana Limited, Ground Floor, Barclays House, Khama Crescent, Gaborone or PricewaterhouseCoopers (Pty) Ltd, Plot 50371, Fairground Office Park, Gaborone, by no later than 15:00 hours on Monday 31 January 2005. Any Application Forms received after this time will be rejected; or
- If posted, must reach the address of PricewaterhouseCoopers (Pty) Ltd, PO Box 294 Gaborone, by no later than 15:00 hours on Monday 31 January 2005. Any Application Forms received after this time will be rejected, regardless of the date of postmark. Any delay on the part of Botswana Postal Services will not obligate OCC to consider any late applications.

Each Application Form must be accompanied by payment of the total price of the Offer Shares applied for, by way of cheque, crossed "not transferable", or bankers' draft, drawn in favour of "PricewaterhouseCoopers OCC - IPO". Payment may only be made by cheque or bank draft in Botswana Pula or by direct or electronic debit in accordance with the provision made on the Application Form. Postal orders, cash or telegraphic transfers will not be accepted. Application Forms received without payment will be rejected.

Applications will be regarded as complete only when the relevant cheque or bank draft has been paid. The cheques accompanying each Application Form will immediately be deposited for payment and the funds will be held by the Transfer Secretaries pending compliance with the condition set out in paragraph 8.10 below. If such condition is not fulfilled, application monies will be refunded by cheque drawn on Standard Chartered Bank of Botswana, in Botswana currency, posted by ordinary mail at the risk of the Applicant, within 7 (seven) days of the condition not being fulfilled, to the address furnished on the Application Form by the Applicant. No interest will be paid on any amounts refunded. In the event of any cheque or bank draft being dishonoured, the Directors may, in their discretion, treat the application as revoked or take such other steps as they may deem fit.

### 8.7. Minimum subscription

(BSE 7.C.8; CA 3rd Sch s 4(a))

The minimum amount of capital required to be raised is P587,200.

### 8.8. Utilisation of proceeds arising from the Offer

The total amount of P587,200 to be raised through the Offer will be used to settle the costs of the Offer and the Listing, details of which are more fully set out in paragraph 8.9 below:

### 8.9. Costs of the Offer and pre-listing expenses

(BSE 7.B.12, CA 3rd Sch s 4(a)(ii))

The costs of the Offer and the pre-listing expenses are estimated at approximately P600,000, (including VAT where applicable). OCC will, as far as possible, pay the costs of the Offer out of the proceeds of the Offer. The costs of the Offer include BSE fees, printing, publication and distribution costs of the Prospectus and fees payable to professional advisers.

An approximate breakdown of the estimated costs of the Offer and pre-listing expenses is shown below:

| **Estimated costs of the Offer and pre-listing expenses** | **Amount (P'000)** |
|---|---|
| BSE inspection and listing fees | 30 |
| Professional advisers' fees | 346 |
| Independent Reporting Accountant's fees | 80 |
| Underwriting and Receiving Bank fees | 24 |
| Publication, advertising, origination, printing, and postage costs and associated charges | 40 |
| Sponsoring Broker's fees | 60 |
| Transfer Secretary's fees | 20 |
| **Total** | **600** |

### 8.10. Acceptance conditional upon Listing

It is intended that the entire issued share capital of the Company be listed on the VCM of the BSE on conclusion of the Offer. Towards this end, the Directors have applied to the BSE for the listing of 14,300,000 Ordinary Shares in the issued share capital of OCC on or about Monday 7 February 2005.

The BSE has given approval in principle to the Listing, subject to compliance by OCC with the Listing Requirements on completion of the Offer, particularly with regard to the attainment of the minimum requirements relating to the requisite Shareholder spread and liquidity for a VCM listing.

Acceptance of applications for the Offer Shares and the allotment and issue of OCC Shares pursuant thereto are accordingly subject to the required spread of Shareholders being achieved in terms of the Listings Requirements, and will be conditional upon the Listings

Committee of the BSE granting a listing of the entire issued ordinary share capital of OCC on the VCM on or about Monday 7 February 2005, but by no later than Friday 11 February 2005.

Pending the BSE's approval of the Listing, the Company will hold all monies received with Application Forms. Should the condition precedent set out above not be fulfilled as contemplated, or if, for any reason, approval for the Listing is not given by the BSE, the application monies will be refunded, without interest, to Applicants. Such refunds will be posted on or before a date seven (7) days after the decision of the BSE has been notified to the Company.

### 8.11. Allotment policy, over-subscriptions and preferential allocations

(BSE 7.C.18)

In the event of an over-subscription, the Directors reserve the right to allot applications as they deem equitable, provided that an Applicant will not, in respect of his application, receive an allotment of a lesser number of securities than any other Applicant who applied for a lesser number.

All OCC Shares offered in terms of the Offer set out in this Prospectus will be allotted at the discretion of the Directors, are issued in terms of the Memorandum and Articles of OCC, and will rank *pari passu* with existing issued OCC Shares.

### 8.12. Share certificates and refund cheques

Share certificates will be posted by ordinary post at Shareholders' risk. Refund cheques for amounts, without interest, for unsuccessful and partially successful applications will be posted by ordinary mail to Applicants, at each Applicant's risk, by the Transfer Secretaries, to the address stated in the Application Form, from Monday 7 February 2005.

OCC and the Transfer Secretaries accept no liability for share certificates, which may be lost or destroyed in the post. Written requests to the Transfer Secretaries for the issue of replacement certificates will be considered, accompanied by an appropriate indemnity.

## 9. UNDERWRITING

(BSE 7.B.10)

Kingdom Finance (Pty) Ltd has underwritten the IPO, in full, in terms of the Underwriting Agreement, at a cost of P23,488 being 4% of the IPO Proceeds. Details of the Underwriter appear in Appendix 6.

## 10. COPIES OF PROSPECTUS

Copies of this Prospectus with the attached Application Form can be obtained free of charge, during business hours, from 9:00 am on Monday 20 December 2004 to 12:00 noon on Monday 31 January 2005, from the following:

**Sponsoring Brokers:**
Stockbrokers Botswana Limited
Ground Floor
Barclays House
Khama Crescent
Gaborone

**Financial Advisers:**
Imara Botswana Limited
Unit 2, Plot 117
Millennium Office Park
Gaborone

**Transfer Secretaries:**
Pricewaterhouse Coopers (Pty) Ltd
Plot 50371
Fairground Office Park
Gaborone

**Underwriters:**
Kingdom Finance (Pty) Ltd
133 Independence Avenue
Gaborone

# PART B: OVERVIEW OF OCC

## 1. HISTORY

(BSE 7.D.1)

### 1.1 OCC

OCC was established in Botswana in October 2002 by Messrs Matu and Muiruri in their personal capacities and Olympia Capital Holdings Limited ("OCH"), previously Dunlop Kenya Limited, in its corporate capacity (together, "the Promoters"), to act as an industrial holding company focusing on both local and regional investments in the building supplies, industrial and allied services market. OCH, the parent company, is listed on the Nairobi Stock Exchange ("NSE").

The Promoters acquired 100% of KFT from Rikett International AS ("Rikett") in 2001 and transferred their holding to OCC in 2002. KFT was incorporated in Botswana on 17 November 1988.

In 2002, OCC sold 6% of KFT to Mr Lawrence Lekalake so as to incorporate citizen shareholding in the Botswana business. In 2004, Mr Lekalake elected to swap his holding in KFT for an equivalent shareholding in OCC making KFT a 100% held subsidiary. On Monday 8 November 2004, the shareholders of OCC passed a special resolution converting OCC from a private to a public company, which resolution was registered with the Registrar of Companies on Friday 12 November 2004.

The salient statutory information on OCC's subsidiary companies is contained in Appendix 1.

### 1.2 KFT

KFT was initially conceived by four Botswana resident investors to service domestic demand for vinyl floor tiles. Although incorporated in November 1988, KFT only commenced production in January 1991 after various delays were experienced in obtaining the necessary finance for the project and in obtaining delivery of the plant and equipment from Rikett International AS (previously a division of Reiber and Sons) of Norway.

For the first ten years of operation, the business reported losses. In the early years, there were several factors which contributed negatively to the performance of the business but the principle factors were over-gearing and a lack of support from the machinery supplier which impacted negatively on quality of the product. The teething problems with the machinery were eventually resolved and by 1994, the plant was producing and selling 525,000 square metres of vinyl product per annum.

Unfortunately, these levels of production were insufficient to service the level of gearing within the company and in 1998 the business was re-financed by way of an equity injection by the original equipment supplier. This funding was used primarily to settle the company's debt obligations and resulted in the original shareholders diluting their holding to just 6% of the issued share capital of the Company. Despite the re-financing of the company, profitability remained elusive and by December 2000, accumulated losses for KFT peaked at P12 million.

The Promoters acquired the company in September 2001 and immediately went to work to turn it around. By the end of 2001, the new management posted an increase in production to 548,000 per annum and, coupled with the implementation of a stringent cost reduction programme, the business reported a maiden profit of P490,000.

There have been minimal changes to the management team that were responsible for the turn around of the company. Whilst the business model has not changed materially, it has been extremely beneficial to the business that the primary competitor in the South African market, Marley Flooring, has experienced various operational shortcomings which have allowed KFT to gain market share in the Region. In addition, increased focus on operating costs and tighter control of the credit policy of the business has resulted in an improvement in cash flow and profitability whilst careful cash flow management over the period has generated a much stronger balance sheet.

In 2003, KFT invested R350,000 to expand its product base to include the manufacture and distribution within Botswana of uPVC and aluminium window and door frames with the acquisition and installation of the requisite plant at its Mogoditshane facility. It is expected that this investment will have an eighteen month payback.

As at 30 June 2004, KFT had reduced its accumulated losses by P6 million and had improved net asset value sixteen fold to P8 million.

## 2. OCC'S BUSINESS MODEL

(BSE 7.D.2)

### 2.1 OCC

OCC is an investment holding company with the mandate to grow its portfolio of investments in the building, industrial and allied services sector. At present, OCC has one investment, that being a 100% holding of KFT. KFT in turn has a property holding subsidiary, Gaborone Enterprises (Pty) Ltd ("GE") which holds the property on which the vinyl factory and offices are located in Mogoditshane.

### 2.2 KFT

KFT manufactures vinyl floor tiles and fabricates uPVC and aluminium window and door frames for sale into the local and regional export markets. KFT's plant is situated on owned premises in Mogoditshane and employs 67 people, 4 of whom are expatriate. KFT is an approved manufacturing concern in terms of the Manufacturing Development Approval Order, allowing for a concessionary tax rate of 15%.

#### 2.2.1 Floor tiles

KFT is the sole manufacturer of vinyl floor tiles in Botswana, producing approximately 55,000 square metres of floor tiles per month. The plant is capable of producing up to 75,000 square metres per month.

KFT produces 5 different thicknesses of vinyl floor tiles under the "Kalahari Quartz" brand, spanning 1,2 mm to 3,2mm. In addition, they produce vinyl floor sheeting under the Multi Quartz brand and DIY floor tiles for a specific client in the South African market.

Approximately 30% of KFT's production is sold into the domestic market. Major customers include private contractors, Government departments, Botswana District Councils, Gaborone City Council, Ministry of Local Government, hardware retailers and flooring contractors.

Majority of the balance of production is exported to the South African market. Major customers in South Africa include MultiFlo and Safloor. A small amount of production has also been exported in the past to Zimbabwe, Swaziland, Namibia, Nigeria and Mauritius.

KFT also has the sole local distribution rights of "Plasitwenty", a South African injection-moulded tile designed for high traffic areas. This product has received the endorsement of the local councils and architects and is offered as a floor covering option to the construction industry.

#### 2.2.2 uPVC and alluminium

KFT has recently commissioned a R350,000 uPVC and aluminium window and door frame fabrication unit at its factory premises in Mogoditshane. This unit operates as a division of KFT and manufactures either uPVC or aluminium window and door frames to client specifications, using pre-moulded sections imported from South Africa.

This product offering was launched in Botswana in August last year and has had a positive response from the domestic market. The target client base for this product mirrors that for the floor-tile product enabling the business unit to leverage off KFT's existing marketing and distribution base and brand name. The unit is managed by a production manager and employs one salesman and four factory staff.

#### 2.2.3 Management

The abbreviated curriculum vitae of senior management of KFT are detailed below:

| Name and nationality | Position | Age | Abbreviated curriculum vitae |
|---|---|---|---|
| Shyamal Bhavani (Indian) | Managing Director | 43 | Bsc in Chemical Technology from Osmania University, India. Mr Bhavani has been with KFT since 1993 where he began as the factory manager. Prior to that, Mr Bhavani has been production manager at Supreme Industries in Bombay, Process Engineer at XPRO India in New Delhi and manager at Ravkin Floors in Gaborone. |

| Name and nationality | Position | Age | Abbreviated curriculum vitae |
|---|---|---|---|
| Anthony Kiiru (Kenyan) | Business Development Manager | 37 | B Comm and Honours Diploma in Systems Management, Informatics and Computer Systems from Lucknow University, India. Mr Kiiru has been with KFT since October 2001, prior to which he was employed in various accounting and systems administration roles in Kenya. |
| Alex Kimani (Kenyan) | Finance Manager | 29 | Chartered Accountant. BA in Economics from the University of Nairobi. Mr Kimani has been with KFT since October 2001 prior to which he held accounting posts with Triple A Capital Nairobi, Equitea Export Processing Mombassa and Nairobi Hospital. |
| Menzi Notha (Motswana) | Factory Manager (Vinyl) | 39 | Higher Diploma in Chemical Engineering, Southbank Polytechnic, London. Mr Notha has been with KFT since 1991 and had been promoted over that period from Production Supervisor to Factory Manager. |
| Lloyd Litswa (Kenyan) | Production Manager (uPVC) | 32 | Diploma In Civil Engineering. Lloyd assumed this position in May 2003. Between 2000 and 2003, Lloyd was Technical Manager of a Weiss uPVC fabricating plant in Nairobi, Kenya. Prior to that, he was employed as Production Manager with Toucan Windows + Doors, Nairobi, Kenya, a uPVC window and door fabricating plant fabricating in conjunction with Veka Ag of Germany. |

### 2.2.4 Markets and customer profile

KFT's target market is the lower to middle segments of the building industry which are the volume driven segments of the Southern African markets. Accordingly, these markets are price sensitive and susceptible to fluctuations in the regional economy. KFT's primary source of domestic demand has been derived and is likely to continue to come from government projects. The balance of demand is from a range of flooring distributors in the Region, but predominantly South Africa, with nearly 70% of demand coming from the export market.

### 2.2.5 Distribution channels and network

KFT's product is used primarily in government and parastatal projects and accordingly the bulk of the product sold domestically is distributed through contractors and other professionals associated with the construction industry. The balance is supplied to the market through the building wholesale and retail trade. In South Africa, KFT has developed relationships with independent third party distributors in Johannesburg, Durban, East London, Port Elizabeth and Cape Town, where finished goods are warehoused and distributed on behalf of the Company. In each of these areas, salesmen are retained by KFT on a commission basis to move the product.

Plasrik SA remains a supplier of logistic services to KFT in SA in terms of a Service Agreement entered into on 1 November 2004, the salient features of which are detailed in paragraph 9 of Part F of this Prospectus. In terms of this agreement, KFT reimburses Plasrik SA for all logistics, distribution and administration costs incurred in South Africa on behalf of KFT.

### 2.2.6 Regulatory issues

(BSE 7.D.3)

KFT operates as a licensed factory in terms of the Factories Act 1973 and is a licensed manufacturer in terms of the Industrial Development Act 1988. Accordingly, KFT enjoys a concessionary tax rate in Botswana of 15% in terms of the Manufacturing Development Approval Order dated 6 November 2003. KFT's manufacturing liscence is valid until 31 December 2005 and is renewable annually.

### 2.2.7 Operating infrastructure and supply chain

KFT manufactures its entire product range at its premises in Mogoditshane. Domestic orders are supplied ex factory whilst distribution to regional export customers is contracted out to professional road transporters.

## 3 GENERAL DESCRIPTION OF THE OCC BUSINESSES

### 3.1 Statutory information relating to OCC and its subsidiaries

Statutory details relating to the incorporation, registration, main businesses, listing and share capital details for each of the OCC Businesses are set out in Appendix 1 to this Prospectus.

### 3.2 OCC legal structure

As at Monday 10 December 2004, being the last practicable date before the publication of this Prospectus, OCC held 100% of the issued share capital of KFT which in turn held 100% of the issued share capital of GE.

The ownership structure of OCC before and after the Offer and Listing is detailed in paragraph 1 of Part F of this Document.

### 3.3 OCC organisational structure

From a management perspective, the two executive directors of OCC have clearly divided roles to ensure maximum achievement of the company's strategy.

The Chief Executive Officer, Michael Matu, concentrates on identification of potential targets and leads the team that pursues such acquisitions on a full time basis.

Shyamal Bhavani, who is the director of operations and managing director of KFT, is responsible for operations and it is his responsibility to ensure that all of the Group's assets are meeting budget. All of the existing KFT management report directly to Mr Bhavani.

### 3.4 OCC property portfolio

OCC's property portfolio comprises two long term leasehold properties in Mogoditshane, one of which is owned by KFT and the other by GE. Both of these properties are currently being used by KFT's operations and comprise factory, warehouse and office space. Full details of the properties and the valuation prepared by an independent property valuer are set out in Appendix 5, respectively.

## 4 KEY STRENGTHS

The current management structure has sufficient excess capacity to manage further business units and therefore a key strength of OCC is the ability to "bolt on" additional product lines by way of start-up projects and acquisitions without any significant increase in management composition and/or cost. This key strength has been evidenced from the recent investment in uPVC products and the closure of the South African operation, which is now handled by the management team in Gaborone.

As the business is in a healthy cash position and it is predicted to generate significant free cash flow going forward, it is anticipated that new investments are likely to be financed internally in the short term. Accordingly, there is expected to be minimal dependence on the financial markets to finance the short-term strategy.

From a management perspective, the two executive directors have clearly divided roles to ensure maximum achievement of the company's strategy. The Chief Executive Officer, who also serves as the Chief Executive Officer of OCH, concentrates on identification of potential targets and leads the team that pursues such acquisitions on a full time basis. The other executive director who is the managing director of KFT concentrates on meeting budget for the company's existing products and businesses.

The model for identifying acquisition targets that have a significant future upside adopts the process of clearly outlining the management changes required subsequent to acquisition and identifies seasoned management who are challenged and well rewarded to execute the identified management changes. This model has worked well in changing the fortunes of KFT since acquisition. A meaningful portion of management's remuneration is linked to achievement of budgets.

As it is expected that bulk of the future growth of the Company will be achieved by way of mergers and acquisitions, it is important to demonstrate the ability of management to achieve this objective. Michael Matu has been involved in merger and acquisition activity on a permanent basis in Kenya for the last fourteen years and branched out to the Southern African market with the acquisition of KFT three years ago. Over the last fourteen years Mr Matu has been involved in excess of eleven mergers, acquisitions and disposals with a deal value in excess of US$ 12 million. He has developed a small family investment company into a regional industrial business which controls OCH and also OCC. It is his intention to focus future acquisitions in the Southern African market by using OCC as the acquisition vehicle.

The board is very confident that once identified and acquired, Mr Bhavani and his management team will be able to ensure that the set-out post acquisition strategy and expected profitability from the new business is achieved.

A dividend policy of 4 times cover will ensure that as the business continues to grow as free cash generated will be applied firstly to finance potential acquisitions. As OCC is a holding company it is intended for the company to seeks membership to the International Financial Services Centre ("IFSC") once its income from other countries outside of Botswana becomes meaningful.

## 5 FUTURE PROSPECTS AND EXPANSION OPPORTUNITIES

(BSE 7.D.5)

### 5.1 Short term consolidation strategy

In the short term, the key development strategy for the business is the expansion of the export market for vinyl tiles. KFT currently exports approximately 68% of it's production to South Africa and 2% of its production to Nigeria, Namibia, Mauritius and other Southern African countries. The company aims to grow exports primarily by improving its penetration of the South African market. To this end, the company has developed relationships with independent third warehousing operations in Johannesburg, Durban, East London, Port Elizabeth and Cape Town, where finished goods are warehoused and distributed on behalf of the company. In each of these areas, salesmen are retained by KFT on a commission basis to move the product.

Another key development for the business in the short term is the development of the "Value" range of vinyl floor tiles which will compete effectively for the price sensitive sector of the market, both domestically and in the export market. The combination of a high value and a lower value range should ensure further penetration of the product in the market place.

Development of the market for the company's uPVC product will take place by developing similar production and distribution facilities in Northern Botswana and Gauteng as this product requires production facilities to be placed close to the prospective markets.

### 5.2 Longer term strategy

Once KFT has reached maturity in terms of product range and market penetration, it is the Company's longer term strategy to develop into an industrial holding company by making strategic industrial acquisitions in industries aligned to that of KFT i.e. manufacturing and distribution. The principle objective of this strategy is to diversify sector risk and to maximise returns with horizontal and vertical integration.

The company acknowledges that to achieve both it's medium and long term and growth prospects; it will have to actively and aggressively look at acquisition targets, initially in the building material sector and later in the diversified industrial sector. It is envisaged that these acquisitions will be financed with a combination of cash, debt and shares, with the key guidance being confirmation that each acquisition will be earnings and cash flow enhancing.

From the company's initial analysis, it is anticipated that in excess of 75% of the future growth will come from acquisitions in the various markets where the Company operates.

## PART C: FINANCIAL INFORMATION

### 1. GENERAL FINANCIAL INFORMATION

(BSE 7.E.3 and 7.E.4)

The following abridged financial information has been extracted from the Company's latest audited consolidated financial statements.

In addition, the financial information contains the interim financial information on the Company for the six months ended 30 June 2004, which information has not been audited, but for which the Directors are responsible and which has been prepared in accordance with the Company's accounting policies and practices.

#### 1.1 Consolidated income statement

(BSE 7.E.3.(a))

The audited consolidated income statement of the OCC Group for the year ended 31 December 2003 is set out below, together with the unaudited consolidated income statement at 30 June 2004:

| **Income Statement (P'000)** | **Unaudited 30 Jun 2004** | **Audited 31 Dec 2003** |
|---|---|---|
| Revenue | 7,385 | 14,825 |
| Cost of sales | -5,006 | -10,099 |
| **Gross profit** | **2,379** | **4,726** |
| Other operating income | 12 | 492 |
| Administrative expenses | -992 | -2,775 |
| **Profit from operations** | **1,399** | **2,443** |
| Finance costs / income | 298 | -201 |
| **Profit before taxation** | **1,697** | **2,242** |
| Income tax expense | -286 | -572 |
| **Profit after taxation** | **1,411** | **1,670** |
| Minority Interest | -76 | -108 |
| **Net profit for the year** | **1,335** | **1,562** |
| **Weighted earnings per share (thebe)** | **133,500** | **156,200** |
| **Headline earnings per share (thebe)** | 157,000 | 198,588 |
| **Dividend per share (thebe)** | - | - |

**Notes:**

<u>Taxation</u>

As an approved manufacturing operation, KFT will be taxed at the maximum effective tax rate of 15% in terms of the Manufacturing Development Approval Order dated 6 November 2003.

<u>Impairment provision</u>

As at 31 December 2003, KFT held 100% of the equity in Plasrik SA (Pty) Ltd, a vinyl floor tile distributor in South Africa, which investment had a carrying value of P714,287 at that date. Due to the poor historic performance of this subsidiary and due to the lack of future prospects for it as a stand alone business, the directors and the auditors agreed to provide fully against the investment made by KFT into Plasrik. This resulted in the auditors passing a once-off impairment provision against the investment of P714,287 which was reflected in the profit and loss for the year ended 31 December 2003.

Effective 1 January 2004, this business was sold to the existing shareholders of OCC pro-rata to their shareholdings in OCC for ZAR1.00. Details of the transaction are contained in paragraph 7 of Part F of this Document.

## 1.2 Consolidated balance sheet

(BSE 7.E.3.(b))

The audited consolidated balance sheet of the OCC Group for the year ended 31 December 2003 is set out below, together with the unaudited consolidated balance sheet at 30 June 2004:

| **Balance Sheet (P'000)** | **Unaudited 30 Jun 2004** | **Audited 31 Dec 2003** |
|---|---|---|
| Share capital | 1 | 1 |
| Share premium | - | - |
| Non-distributable reserve | - | 315 |
| Revaluation reserve | 966 | - |
| Accumulated profit | 4,463 | 3,339 |
| **Share capital and reserves** | **5,430** | **3,655** |
| **Minority interests** | **491** | **415** |
| | - | - |
| Interest bearing debt | 1,378 | 1,187 |
| Shareholders' loans | 1,171 | 1,171 |
| Deferred taxation | 401 | 182 |
| **Non-current liabilities** | **2,950** | **2,540** |
| Trade and other payables | 3,733 | 1,948 |
| Current portion of interest bearing liabilities | 195 | 184 |
| Taxation | 365 | 166 |
| Dividends | - | - |
| **Current liabilities** | **4,293** | **2,298** |
| **Capital employed** | **13,164** | **8,908** |
| Property plant and equipment | 3,977 | 2,776 |
| Deferred taxation | - | - |
| Goodwill | 486 | 584 |
| Investment in subsidiaries | - | - |
| **Non current assets** | **4,463** | **3,360** |
| Inventories | 1,787 | 1,406 |
| Trade and other receivables | 3,752 | 1,843 |
| Loans to directors and managers | 124 | 48 |
| Taxation | 231 | 88 |
| Cash and cash equivalents | 2,807 | 2,163 |
| **Current assets** | **8,701** | **5,548** |
| **Employment of capital** | **13,164** | **8,908** |
| **Net asset value per share (thebe)** | **543,000.00** | **365,500.00** |

**Notes:**

Minority interests

The minority interest in KFT has been acquired with effect 31 October 2004. KFT is now a 100% held subsidiary.

Interest bearing debt

Interest bearing debt comprises:

- KFT's medium term facilities with Standard Chartered Bank of Botswana Limited, and finance lease commitments with Wesbank, a division of First National Bank of Botswana Limited, as set out in Paragraph 4 of Part F.

- A loan outstanding to Rikett International AS of US$145,000 for the remainder of the purchase consideration of KFT, which amount is to be settled in three semi annual instalments of US$50,000 on 31 December 2004, US$ 50,000 on 30 June 2005 and US$45,000 on 31 December 2005. This loan carries an interest rate of 5%. Security for this loan is provided by way of a pledge of 21% of OCC's shareholding in KFT.

### 1.3 Cash flow statement

(BSE 7.E.3.(c))

The audited consolidated cash flow statement of the OCC Group for the year ended 31 December 2003 is set out below, together with the unaudited consolidated cash flow statement at 30 June 2004:

| **Cash Flow Statement (P'000)** | **Unaudited 30 Jun 2004** | **Audited 31 Dec 2003** |
|---|---|---|
| Cash (absorbed) generated from operations | 1,833 | 3,536 |
| Other operating income | 69 | - |
| Tax paid | (156) | (113) |
| Dividends paid | (23) | (35) |
| Interest paid | (87) | (201) |
| **Cash flows from operating activities** | **1,636** | **3,187** |
| Acquisition of property, plant and equip | (487) | (751) |
| Proceeds on disposal of property, plant and equip | - | 35 |
| Purchase of intangible assets | - | - |
| Purchase of financial assets | - | - |
| Acquisition of shares | - | - |
| Proceeds on disposal of financial assets | - | - |
| **Cash flows from investing activities** | **(487)** | **(716)** |
| Proceeds from issue of share capital | - | - |
| Movements in foreign exchange fluctuation reserv es | - | (45) |
| Proceeds from interest bearing loans | (505) | (1,536) |
| Dividends paid to minorities | - | - |
| Payment of related company loans | - | - |
| **Cash flows from financing activities** | **(505)** | **(1,581)** |
| Net increase/(decrease) in cash equivalents | 644 | 890 |
| Cash Beginning of year | 2,163 | 1,273 |
| **Cash End of year** | **2,807** | **2,163** |

### 1.4 Significant accounting policies

(BSE 7.E.3.(f))

The accounting policies of the Company are contained in the Independent Reporting Accountant's Report in Appendix 2.

## 2 PRO FORMA NET ASSET STATEMENT

(BSE 7.E.18)

### 2.1 Pro forma financial information

(BSE 8.35)

The pro forma net asset statement of the Company contained in this part of the Document has been extracted from the audited financial position of the Company as at 31 December 2003 and the unaudited financial position of the Company for the six months ended 30 June 2004, which accounts have been prepared in accordance with the Company's accounting policies and practices, and which have been adjusted for the following:

- The alternations to the structure of the share capital of the Company pursuant to the Offer and Listing;
- The financial effects of the Offer;
- The disposal of Plasrik SA (Pty) Ltd effective 1 January 2004; and
- The purchase of 6% of KFT effective 31 October 2004.

The pro forma financial statements of the Company have been prepared for illustrative purposes only and therefore cannot be relied upon to give a complete financial picture of the Company.

### 2.2 Pro forma consolidated net asset statement

(BSE 7.E.3.(b))

The unaudited pro forma consolidated net asset statement of the OCC Group for the year ended 31 December 2003 is set out below, together with the unaudited pro forma consolidated net asset statement of the Group as at 30 June 2004:

| Pro forma Balance Sheet (P'000) | Unaudited Pro forma 30 Jun 2004 Post the Offer | Audited Pro forma 31 Dec 2003 Post the Offer | Pro forma adjustments | Audited 31 Dec 2003 |
|---|---|---|---|---|
| Share capital | 143 | 143 | 142 | 1 |
| Share premium | 1,926 | 1,926 | 1,926 | - |
| Non-distributable reserve | 966 | 315 | - | 315 |
| Accumulated profit | 4,299 | 3,000 | -339 | 3,339 |
| **Share capital and reserves** | **7,334** | **5,384** | **1,729** | **3,655** |
| **Minority interests** | **-** | **-** | **-415** | **415** |
| Interest bearing debt | 606 | 1,150 | -37 | 1,187 |
| Shareholders' loans | 7 | 7 | -1,164 | 1,171 |
| Deferred taxation | 401 | 182 | - | 182 |
| **Non-current liabilities** | **1,014** | **1,339** | **-1,201** | **2,540** |
| Trade and other payables | 4,401 | 1,595 | -353 | 1,948 |
| Current portion of interest bearing liabilities | 195 | 175 | -9 | 184 |
| Taxation | 365 | 166 | - | 166 |
| Dividends | - | - | - | - |
| **Current liabilities** | **4,961** | **1,936** | **-362** | **2,298** |
| **Capital employed** | **13,309** | **8,659** | **-249** | **8,908** |
| Property plant and equipment | 3,977 | 2,677 | -99 | 2,776 |
| Deferred taxation | - | - | - | - |
| Goodwill | 645 | 771 | 187 | 584 |
| Investment in subsidiaries | - | - | - | - |
| **Non current assets** | **4,622** | **3,448** | **88** | **3,360** |
| Inventories | 1,787 | 1,381 | -25 | 1,406 |
| Trade and other receivables | 3,752 | 1,578 | -265 | 1,843 |
| Taxation | 231 | 88 | - | 88 |
| Loans to directors and managers | 124 | 48 | - | 48 |
| Cash and cash equivalents | 2,793 | 2,116 | -47 | 2,163 |
| **Current assets** | **8,687** | **5,211** | **-337** | **5,548** |
| **Employment of capital** | **13,309** | **8,659** | **-249** | **8,908** |
| **Net asset value per share (thebe)** | **51.3** | **37.7** | | **365,500.00** |

### 2.3 Notes to pro forma adjustments:

The adjusted consolidated pro forma consolidated net assets statements comprise the audited balance sheet of the Company as at 31 December 2003 and the unaudited balance sheet of the Company as at 30 June 2004, adjusted for the following transactions.

#### 2.3.1 Sale of Plasrik SA (Proprietary) Limited

Effective 1 January 2004, this business was sold to the existing shareholders of OCC pro-rata to their shareholdings in OCC for ZAR1.00. Details of the transaction are contained paragraph 7 of Part F of this Document. Had this sale taken place on 31 December 2003, it would have had the following impact on the financial statements of OCC as at 31 December 2003:

| **Accounts** | **Increase / (Decrease)**<br>**Pula** |
|---|---|
| **Assets** | |
| Property, plant and equipment | (99,296.00) |
| Inventories | (25,090.00) |
| Trade and other receivables | (265,564.00) |
| Cash and cash equivalents | (33,890.00) |
| **Liabilities** | |
| Accumulated losses | (194,474.00) |
| Interest bearing borrowings | (37,655.00) |
| Trade and other payables | (182,826.00) |
| Current portion of interest bearing borrowings | (8,885.00) |

#### 2.3.2 Capitalisation of shareholders loans

The Extraordinary General Meeting of OCC held on 8 November 2004 approved a resolution to convert the loans made by the Messrs Matu and Muiruri and Olympia Capital Holdings Limited, together amounting to P 1,225,932, to equity as at 31 October 2004. This resulted in the share capital and share premium of the Company increasing by P 119 and P 1,218,881 respectively, with a corresponding reduction in the shareholders loans.

#### 2.3.3 Acquisition of 6% of Kalahari Floor Tiles (Proprietary) Limited, a 94% subsidiary, making Kalahari Floor Tiles (Proprietary) Limited a 100% subsidiary

On 8 November 2004, the directors of KFT and the shareholders of OCC resolved that OCC should acquire 6% of the issued share capital of KFT from Mr L D Lekalake, effective from 31 October 2004, for a total consideration of P 727,303. In consideration, 71 shares in OCC were issued to Mr L D Lekalake at a premium. These shares were valued at P 10,243.80 each by the financial advisers of the Company.

This acquisition had the following impact on financial statements of OCC as at 31 December 2003:

| **Account** | **Increase / (Decrease)**<br>**Pula** |
|---|---|
| Goodwill | 187,231.02 |
| Share capital | 71.00 |
| Share premium | 727,231.70 |
| Accumulated losses | (124,820.68) |
| Minority interest | (415,251.00) |

#### 2.3.4 Goodwill arising on acquisition of 6% of Kalahari Floor Tiles (Proprietary) Limited

The acquisition of Mr L D Lekalake's share in KFT, as detailed in the note above, resulted in goodwill arising of P 312,051 in OCC on consolidation. This goodwill is charged off in an accelerated manner in the pro forma financials for the year ended 31 December 2003 in order for the goodwill to match the amortization pattern of the earlier goodwill on acquisition of 94% interest in KFT.

### 2.3.5 Capitalisation award

The Extraordinary General Meeting of OCC held on 8th November 2004 resolved to issue 134,470 shares to the existing shareholders in terms of a capitalisation award by debiting the retained income of the Company. This resulted in an increase in the share capital of the Company of P 134,470 with a corresponding reduction in the retained earnings of the Company.

### 2.3.6 Royalty write back

In terms of an letter 17 November 2004, Rickett International AS agreed that the royalty due by OCC in terms of the original purchase of KFT could be settled by a once-off net payment of USD 20,000. This resulted in a write back of previous provisions of P 114,884.65 with a corresponding increase in the retained earnings of the Group.

### 2.3.7 Impact of the Offer

In terms of a resolution of the shareholders of OCC dated 8 November 2004, which resolution was lodged with the Registrar of Companies on Friday 12 November 2004, the Company was converted into a public company and 734,000 ordinary shares were placed under the control of the directors to be issued in terms of the Offer. The authorised share capital was increased from 3,000 ordinary shares of P 1 each to 22,000,000 ordinary shares of 1 thebe each. Correspondingly, the issued share capital was increased from 1,000 ordinary shares of P 1 each to 13,566,000 ordinary shares of 1 thebe each. The issue of a further 734,000 ordinary shares in terms of the Offer at a price of 80 thebe per share, 79 thebe of which is share premium, would result in a further increase of P 7,340 in share capital and an increase of P 579,860 in share premium. It has been assumed that this would be a cash transaction with a corresponding increase in cash of P 587,200.

Consequently, the issue expense estimated at P 600,000 has also been given effect in these pro forma financial statements. This has the effect of reducing the cash balance by an amount of P 600,000 with a reduction in the share premium account of an equivalent amount.

## 3 PROFIT EXPECTATION, FORWARD-LOOKING INFORMATION AND ASSUMPTIONS

(BSE 7.E.17, CA 3rd Sch s18 (1) 9)

The profit projection of OCC for the year ending 31 December 2004 and the profit expectations for the years ending 31 December 2005 and 2006 are set out below and should be read in conjunction with the Independent Reporting Accountants' Report on the profit estimate set out in Appendix 3.

### 3.1 Forward-looking information

This section contains certain forward-looking statements with respect to the future performance of operations of OCC which, by their nature, involve risk and uncertainty because they relate to events and depend on circumstances that may occur in the future. Factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, global, national and regional economic conditions, levels of securities markets, interest rates, credit or other risks of lending and investment activities, and competitive and regulatory factors. The Company does not undertake any obligation to release publicly the results of any revision of these forward-looking statements that may be made to reflect events or circumstances after the date hereof, or to reflect the occurrence of unanticipated events.

### 3.2 Profit estimate

The profit estimate for the year ending 31 December 2004 in the table below has been arrived at after considering audited accounts of OCC and its subsidiaries for the twelve months to 31 December 2003, the unaudited accounts of OCC and its subsidiaries for the six months ended 30 June 2004 and the estimated turnover and operating costs of the Group for the remainder of the 2004 financial year. The profit estimates for the years ending 31 December 2005 and 2006 are based on the assumptions detailed in paragraph 3.2.1 below.

For comparative purposes, the abridged audited consolidated income statement for the year ending 31 December 2003 is set out below, together with the unaudited consolidated income statement for the six months ended 30 June 2004.

| P'000 | Audited<br>12 months to<br>31 Dec 2003 | Unaudited<br>6 months to<br>30 Jun 2004 | Projected<br>12 months to<br>31 Dec 2004 | Estimate<br>12 months to<br>31 Dec 2005 | Estimate<br>12 months to<br>31 Dec 2006 |
|---|---|---|---|---|---|
| **Turnover** | **14,825** | 7,385 | 14,469 | 15,077 | 16,155 |
| **Profit before taxation** | **2,242** | 1,697 | 2,915 | 2,743 | 3,251 |
| Taxation | -572 | 286 | 519 | 482 | 538 |
| **Profit after taxation** | **1,670** | **1,411** | **2,396** | **2,261** | **2,713** |
| Minority interest | -108 | -76 | - | - | - |
| **Profit for the year** | **1,562** | **1,335** | **2,396** | **2,261** | **2,713** |
| Dividends paid | - | - | 628 | 565 | 678 |
| **Financial ratios and statistics:** | | | | | |
| Ordinary Shares in issue | | | | | |
| - weighted | 1,000 | 1,000 | 2,119,370 | 14,300,000 | 14,300,000 |
| - end of year | 1,000 | 1,000 | 14,300,000 | 14,300,000 | 14,300,000 |
| Weighted earnings per Share (thebe) | 156,200 | 133,500 | 113.00 | 15.81 | 18.97 |
| Headline earnings per Share (thebe) | 198,588 | 157,000 | 139.00 | 19.90 | 23.42 |
| Dividend per Share (thebe) | - | - | 4.39 | 3.95 | 4.74 |
| Dividend cover (times) | - | - | 3.82 | 4.00 | 4.00 |

**Note 1 -** The headline earnings per share for the year ended 31 December 2003 has been calculated by adding back to profit after tax the loss of P714,287 attributable to the write-off of Plasrik SA (Pty) Ltd in the accounts of KFT.

**Note 2 -** The weighted earnings per share figure has been calculated by dividing the reported profit after tax by the weighted number of shares in issue at the end of each financial period.

### 3.2.1 Profit estimate assumptions

(BSE 8.32)

The profit estimate for the 12 months ending 31 December 2004 has been based on the following assumptions on matters which are outside the control of the Directors:

- Demand for vinyl floor tiles will remain at budgeted levels for remainder of the financial year;
- Demand for uPVC product will remain at budgeted levels for remainder of the financial year;
- KFT margins will remain unchanged during the second half of the year to 31 December 2004;
- Botswana inflation will not materially exceed 6.7% year on year for the remainder of the calendar year; and
- The Botswana Pula will not devalue materially against the South African Rand for the remainder of the calendar year.

The profit estimates for the 12 months ending 31 December 2005 and 2006 have been based on the following assumptions on matters which are outside the control of the Directors:

- Demand for vinyl floor tiles and uPVC product will remain static in 2005 an will increase by 3.5% in 2006;
- Prices for all products will remain unchanged in 2005 but will increase by 3.5% in 2006;
- KFT margins will remain unchanged in 2005 and 2006 from those achieved in the year to 31 December 2004;
- Botswana inflation will not materially exceed 7% per annum in 2005 and 2006; and
- The Botswana Pula will not devalue materially against the South African Rand in 2005 and 2006.

#### 3.2.2 Accountant's report on the profit estimate

The Independent Reporting Accountant's Report on the on the profit estimate of the Company appears in Appendix 3.

## 4 DIVIDEND POLICY

(BSE 7.A.6(c), 7.C.11, 7.E.7)

Subject to OCC's cash requirements for on-going expansion of the Group, a dividend policy of four times cover is considered as appropriate in view of OCC's acquisition-driven growth strategy. This policy will be reviewed by the Directors from time to time. It is envisaged that any dividends declared will be declared once a year by no later than 30 March and paid no later than 30 June.

The exact timing and extent of each dividend payable will be determined by the financial position and results of the Company, from time to time, and taking into account the Company's funding requirements, will be such as the Directors consider to be prudent in the light of prevailing circumstances.

All OCC Shares in issue on conclusion of the Offer will rank *pari passu* in respect of all dividends declared in respect of the financial year ending 31 December 2005 and all dividends declared thereafter.

In terms of the Company's Articles, dividends unclaimed for three years may be forfeited and retained by the Company.

## 5 INTERCOMPANY FINANCE

(BSE 7.D.7)

As at 31 December 2003, Gaborone Enterprises (Pty) Ltd had an intercompany liability with KFT in the amount of P661,419 for an amount owed to KFT for the acquisition from KFT of Tribal Lots 51,52 and 53 Mogoditshane. On 8 July 2004 this loan was extinguished by way of an issue of 661 new ordinary shares in Gaborone Enterprises (Pty) Ltd to KFT at an issue price of P1,000 per share and a cash payment of P419.

As at 31 December 2003 OCC had an intercompany loan from KFT in the amount of P1,209,532 . This liability attracts no interest and has no fixed term of repayment.

As at 31 December 2003, OCC was due an amount of P227,885 from KFT in respect of royalties payable to OCC for the year ending 31 December 2003.

As these amounts are all intercompany balances, they are eliminated upon consolidation and do not appear in the audited consolidated financial statements of OCC as at 31 December 2003.

## 6 INVESTMENTS

(BSE 7.E.8)

At the date of this Prospectus, other than its investment in subsidiary KFT, OCC does not have any other investments exceeding 10% of its total assets.

## 7 CAPITAL ADEQUACY

(BSE 7.E.12)

The Directors of OCC are of the opinion that the working and issued capital available to OCC, after taking into account the funds raised by the Offer and existing facilities, is sufficient for the Company's requirements for the foreseeable future.

## 8 MATERIAL CHANGES

(BSE 7.E.16)

Since 31 December 2003, the following material changes have occurred to the financial position of the Company, the financial effects of which are detailed in paragraph 2 of Part C of this Prospectus:

**Sale of Plasrik SA (Proprietary) Limited**

Effective 1 January 2004, this business was sold to the existing shareholders of OCC pro-rata to their shareholdings in OCC for ZAR1.00. Details of the transaction are contained paragraph 7 of Part F of this Document.

**Capitalisation of shareholders loans**

At an Extraordinary General Meeting of OCC held on 8 November 2004, the Shareholders approved a resolution to convert the loans made by Messrs Matu and Muiruri and Olympia Capital Holdings Limited, together amounting to P 1,225,932, to equity as at 31 October 2004. This resulted in the share capital and share premium of the Company increasing by P 119 and P 1,218,881 respectively, with a corresponding reduction in the shareholders loans.

**Acquisition of 6% of Kalahari Floor Tiles (Proprietary) Limited, a 94% subsidiary, making Kalahari Floor Tiles (Proprietary) Limited a 100% subsidiary**

On 8 November 2004, the directors of KFT and the shareholders of OCC resolved that OCC should acquire 6% of the issued share capital of KFT from Mr L D Lekalake, effective from 31 October 2004, for a total consideration of P 727,303. In consideration, 71 shares in OCC were issued to Mr L D Lekalake at a premium. These shares were valued at P 10,243.80 each by the financial advisers of the company.

**Goodwill arising on acquisition of 6% of Kalahari Floor Tiles (Proprietary) Limited**

The acquisition of Mr L D Lekalake's share in KFT, as detailed in above, resulted in goodwill arising of P 312,051 in OCC on consolidation. This goodwill is charged off in an accelerated manner in the pro forma financials for the year ended 31 December 2003 in order for the goodwill to match the amortization pattern of the earlier goodwill on acquisition of 94% interest in KFT.

**Capitalisation award**

The Extraordinary General Meeting of OCC held on 8th November 2004 resolved to issue 134 470 shares to the existing shareholders in terms of a capitalisation award by debiting the retained income of the Company. This resulted in an increase in the share capital of the Company of P 134,470 with a corresponding reduction in the retained earnings of the Company.

**Royalty write back**

In terms of a letter dated 17 November 2004, Rickett International AS agreed that the royalty due by OCC in terms of the original purchase of KFT could be settled by a once-off net payment of USD 20,000. This resulted in a write back of previous provisions of P 114,884.65 with a corresponding increase in the retained earnings of the Group.

## 9 ACCOUNTANT'S REPORT

(BSE 7.E.1)

The Independent Reporting Accountant's Report on the pro-forma financial statements of OCC appears in Appendix 2 and has been issued without qualification.

## PART D: BOARD, DIRECTORS, MANAGEMENT AND EMPLOYEES

### 1. BOARD

#### 1.1 Overview

The primary responsibility of the Board of Directors is to discharge its fiduciary responsibility to the Company. The Board is accordingly the highest policy organ of the Company and also acts to direct strategy. Meeting regularly, with a minimu m of four scheduled meetings annually, the Board receives key information pertaining to the operations of OCC from the Executive Committee.

#### 1.2 Composition

The Board consists of two executive Directors and three non-executive Directors, comprising a cross-section of professionals and major shareholder representatives. The executive Directors have responsibility for the following executive functions:

- Chief Executive Officer: Projects, mergers and acquisitions.
- Director of Operations: Operations.

The non-executive Directors of OCC, who are independent of the Company, comprise individuals with proven track records and a wide range of different skills and experience, which they employ for the Company's benefit, and who also provide crucial independence and guidance to the Company's corporate decision making process.

#### 1.3 Details of Directors

(BSE 7.B.1, CA 3rd Sch s3 (1))

The full names, addresses and positions of the Directors of OCC are set out below:

| Name and nationality | Position | Age | Physical Address | Abbreviated curriculum vitae and occupation |
|---|---|---|---|---|
| Lawrence Diphetogo **Lekalake** (Motswana) | Chairman. (Appointed 8 November 2004) | 71 | Plot 5259, Phofu Close, Extension 9, Gaborone. | Chairman of Kgalagadi Breweries (Pty) Ltd, non-executive director of Standard Chartered Bank of Botswana Limited, non-executive director of Komatsu Botswana (Pty) Ltd, Kalahari Floor Tiles (Pty) Ltd and 21st Century Holdings (Pty) Ltd. |
| Michael Maina Wamae **Matu** (Kenyan) | Chief Executive Officer. (Appointed 14 October 2002) | 36 | 3 Rosewood, Berger Street, Midrand, South Africa. | BA Management and Economics, University of Guelph, Canada. Graduate Diploma in Applied Management, McGill University, Canada. MBA USIU – Nairobi, Kenya. 1992 to date, Executive Director – Mt Kenya Investments Limited, family owned investment company specializing in mergers and acquisitions for growth. Chief Executive of Olympia Capital Holdings Limited, formerly Dunlop Kenya Limited, which is quoted on the Nairobi Stock Exchange. Director of Kalahari Floor Tiles (Pty) Ltd. |
| Peter Kihanya **Muiruri** (Kenyan) | Non Executive. (Appointed 14 October 2002) | 43 | 46067 Kitsuru Road, Nairobi, Kenya. | BA Economics from Puna University in India. Kenyan businessman and director of Dial-a-cab Limited (Kenya), Highland Beverages Limited (Kenya) and Kalahari Floor Tiles (Pty) Ltd. |
| Suresh Amritlal **Lakhani** (Kenyan) | Non Executive. (Appointed 14 October 2002) | 56 | 46067 Kitusuru Road, Nairobi, Kenya. | LLB - London School of Economics. MBA Cornell University. Director of Kenya Marble Quarries Limited, Mineral Mining Corporation (1965) Limited (Kenya), Global Marble & Granite Limited (UK) and Kalahari Floor Tiles (Pty) Ltd. |

| | | | | |
|---|---|---|---|---|
| Shyamal **Bhavani** (Indian) | Director of Operations. (Appointed 8 November 2004) | 43 | Plot 51, Mogoditshane, Gaborone | Bsc in Chemical Technology from Osmania University, India. Mr Bhavani has been with KFT since 1993 where he began as the factory manager. Prior to that, Mr Bhavani has been production manager at Supreme Industries in Bombay, Process Engineer at XPRO India in New Dehli and manager at Ravkin Floors in Gaborone. Managing Director of Kalahari Floor Tiles (Pty) Ltd. |

## 1.4 Directors' appointment, qualification, remuneration, borrowing and voting powers, and retirement information

### 1.4.1 Extracts from the Articles of OCC and its subsidiaries

(BSE 7.B.3 and 7.B.4)

The relevant provisions in OCC's Articles concerning the appointment, qualification, remuneration, borrowing and voting powers and retirement information relating to the Directors are set out in Appendix 8.

### 1.4.2 Directors' remuneration

#### 1.4.2.1 Executive Directors' service agreements

(CA 3rd Sch s3 (3), BSE 7.B.5)

Details of the term for which any present Directors hold office and the manner in which any future Directors will be appointed, including any information as to any exclusive or special right held in respect of the appointment of any Director are set out in the Articles, the relevant provisions of which are contained in Appendix 8.

Service contracts are in place with the executive Directors, in terms of which they have agreed to serve in their stipulated roles, for fixed periods in each instance of between 3 and 5 years, at current aggregate annual salaries of approximately P341,544 and aggregate emoluments and benefits in a further amount of P154,354. In the year ended 31 December 2003, the Company paid Mr Matu, as its sole executive director, a total of P126,599 comprising P12,000 in directors' fees and P114,599 in salaries.

The salaries of the executive Directors are subject to a performance based review in January of each year. Each of the executive Directors is also entitled to a variable performance related bonus, which bonus is determined by the remuneration committee but which is capped at 30% of their then current annual salary. In addition to the basic remuneration payable under the abovementioned service agreements, each of the executive Directors is entitled to private health provision, as well as travel, car and subsistence allowances. The salient features of the executive Directors' service contracts are contained in paragraph 9.1 of Part F of this Document.

Details of the Directors' shareholdings arising as a result of their entitlement as OCC Management are set out in paragraph 4 of this Part D.

Apart from their potential future participation in any incentive scheme, which may be established in the future, there will be no variation in the remuneration package to be received by any of the executive Directors as a result of the Offer and the Listing.

The executive Directors' service agreements are terminable by either the executives or the Company.

Save as disclosed above, there are no other service contracts, existing or proposed, with any Directors of OCC which are not terminable by the Company within one year without payment of compensation (other than statutory compensation).

#### 1.4.2.2 Non-executive Directors' remuneration

By letters of appointment dated 8 November 2004, Messrs Lekalake, Muiruri and Lakhani have confirmed their agreement to serve as non-executive Directors. The non-executive Directors each receive a sitting fee of P12,000 per annum and are re-imbursed for the travel costs for attending each meeting, amounting to an annual aggregate of approximately P63,000 per annum. In the year ended 31 December 2003, the Group paid its non-executive director's a total of P13,527 comprising P12,000 in directors' fees and P1,527 in reimbursable expenditure for travel and accommodation.

### 1.4.3 Directors' interests

(BSE 7.B.15)

#### 1.4.3.1 Direct and indirect interests in securities

Assuming the Offer and Listing is successful, as at Monday 10 December 2004, (being the last practicable date before the publication of this Prospectus), the Directors, directly and indirectly, will hold beneficial interests aggregating approximately 6,199,933 OCC Shares representing approximately 43.4% of the issued share capital of the Company post the Offer. Details of the direct and indirect interests held by the OCC Directors in OCC Shares, before and after the Offer, are set out below:

| | Pre-Listing | | Post Offer and Listing | |
|---|---|---|---|---|
| **Name of Director** | **OCC Shares (direct)** | **OCC Shares (indirect)** | **OCC Shares (direct)** | **OCC Shares (indirect)** |
| L D Lekalake | 809,400 | - | 809,400 | - |
| M M W Matu | 2,200,200 | 465,733 | 2,200,200 | 465,733 |
| P K Muiruri | 2,724,600 | - | 2,724,600 | - |
| S A Lakhani | - | - | - | - |
| S Bhavani | - | - | - | - |
| **Totals** | **5,734,200** | **465,733** | **5,734,200** | **465,733** |

In due course, it is intended that the executive Directors will be entitled to participate in OCC Shares through an incentive scheme, to an extent to be determined by the Remuneration Committee.

Save as disclosed at the date of this Prospectus, none of the Directors held any beneficial interest (direct or indirect) in the Company's ordinary share capital.

#### 1.4.3.2 Other interests

Mr Matu's immediate family control 87,5% of Mount Kenya Investments Limited, a Kenyan company controlling 51% of Dunlop Properties Limited, a Kenyan company which in turn holds approximately 44% of OCH, a listed Kenyan company which in turn holds 7,603,800 OCC shares. Accordingly, Mr Matu's immediate family will effectively control approximately 10.4% of the issued share capital of the Company post the Offer.

Save as disclosed in this paragraph and paragraph 1.4.3.1 of this Part, neither OCH nor any of its subsidiaries, nor any of the Directors of OCC nor any member of their immediate families nor any person acting in concert with OCC, controls or is interested (beneficially or otherwise) in any OCC or other securities convertible to rights to subscribe for OCC Shares.

#### 1.4.3.3 Movement in Directors' interests in securities

Details of movements in the Directors' interests in OCC's share capital since the Company's incorporation are as follows:

| Applicable date and allocation details | Direct shareholdings of Directors (number of OCC Shares) | | |
|---|---|---|---|
| | Mr Matu | Mr Lekalake | Mr Muiuri |
| **Opening balance on 14 October 2002** | **-** | **-** | **-** |
| Transfer from Messrs Boaka and Maniki on 14 October 2004 | 10 | - | 30 |
| Issue for subscription on 31 October 2002 | 87 | - | 274 |
| Sale from Mr Muiruri to Mr Matu on 17 August 2004 | 80 | - | -80 |
| Sale from Mr Muiruri to Karen Enterprises Limited on 17 August 2004 | - | - | -20 |
| Conversion of shareholders' loan accounts to equity on 8 November 2004 | 16 | - | 35 |
| Issue to Mr Lekalake on acquisition of 6% of KFT on 8 November 2004 | - | 71 | - |
| Capitalisation award on 8 November 2004 | 21,809 | 8,023 | 27,007 |
| Issued in terms of share split on 8 November 2004 | 2,178,198 | 801,306 | 2,697,354 |
| **Closing balance on Monday 10 December 2004 *** | **2,200,200** | **809,400** | **2,724,600** |

**Note:**

* Being the last practicable date before publication of this Prospectus.

### 1.4.4 Directors' interest in transactions

(BSE 7.B.13 and 7.B.16)

With effect from 31 October 2004, Mr Lekalake sold his 6% shareholding in KFT to OCC, the consideration of which amounted to P727,303 which was settled by way of an issue of 71 ordinary shares in the share capital of OCC.

Mr Lekalake, Mr Muiruri and Mr Matu have direct and indirect shareholdings in Plasrik SA (Pty) Ltd, a former subsidiary of KFT. Since its disposal to the existing shareholders of OCC effective 31 October 2004, Plasrik SA (Pty) Ltd has become administrative office for KFT in South Africa and which is reimbursed for all marketing expenditure by KFT in terms of a Service Agreement, the salient features of which are contained in paragraph 9 of Part F of this Document.

Other than the interests disclosed above, the Directors have had no beneficial interest, whether direct or indirect, in transactions effected by the Company for the past three years to date, which are were unusual in their nature or material to the business of the Company.

### 1.4.5 Directors' interests in contracts and services rendered by third parties to OCC

(BSE 7.B.14)

Mr Lekalake, as an indirect shareholder and a director of Stockbrokers Botswana Limited, has an interest in the advisory fees earned by Stockbrokers Botswana pursuant to the Offer and Listing, details of which are more fully set out in paragraph 8.9 of Part A.

During the year ended 31 December 2002, Mr Matu received a commission from the Company of USD20,000 for services rendered by Mr Matu in connection with the acquisition of KFT.

Other than the interests disclosed above, the Directors have had no beneficial interest, whether direct or indirect, in services offered by third parties to the Company for the past three years.

#### 1.4.6 Directors' interests in promotion of the Offer

(BSE 7.B.9)

Save for the remuneration disclosed in 1.4.2 above, the Directors have not been awarded any Shares by the Company nor awarded any further compensation to induce them in the promotion of the sale of OCC Shares.

#### 1.4.7 Directors' interests in property

Appendices 4 and 5 set out details of OCC's movable and immovable property interests respectively. No Directors have any current interest in any movable or immovable property owned by the Company.

### 1.5 Corporate governance

OCC is committed to the principles of transparency, integrity and accountability and promotes principles of good corporate governance and business ethics. In this regard, the Board assesses, on an on-going basis, the Company's compliance with generally accepted corporate governance practice, particularly as established in the King I and II Reports (South Africa). The Company intends to be substantially compliant therewith by January 2005.

Such compliance is co-ordinated through the following strategic Board Committees, which supervise the Company's management team regarding the formulation of key policies:

#### 1.5.1 Executive Committee

(Michael Matu, Shyamal Bhavani, Alex Kimani, Anthony Kiiuru)

Due to the potential number of operations which may comprise OCC's portfolio over time, OCC has chosen to place the executive control of the Company in the hands of its two executive Directors and two of KFT's senior managers, who at present form the Executive Committee to the Board. Ultimately this committee will also incorporate certain senior management of future acquisitions and / or projects.

It is expected that the Executive Committee meets at least monthly. Major areas of responsibility will include the implementation of a decentralised organisation structure, preparation of annual budgets together with re-forecasts where necessary to reflect changing circumstances, the identification of key risks and opportunities, and the preparation of detailed monthly management accounts.

The Executive Committee members are also responsible for the Company's internal control system, which incorporates procedures that have been designed to provide sufficient assurance that assets are safeguarded, proper accounting records are maintained and financial information is reliably reported.

#### 1.5.2 Audit Committee

(Suresh Lakhani (Chairman), Lawrence Lekalake, Peter Muiruri, Audit Partner of the incumbent Independent Auditor (as invitee))

The Audit Committee ensures that there is compliance with laid down procedures, accounting principles and financial controls. The Committee is chaired by a non-executive Director and reports to the Board at least bi-annually. The Committee reviews the Company's compliance with various regulations, financial statements and accounting policies, the effectiveness of internal control procedures, management of information and other information systems and discussion of the external Auditors' findings, and reports to the Board.

#### 1.5.3 Remuneration Committee

(Peter Muiruri, (Chairman), Suresh Lakhani, Michael Matu)

The Committee's primary objective is to ensure that the appropriate calibre of management is attracted and retained by ensuring that the Directors, senior management and other staff are appropriately rewarded for their contributions to the Company's performance. The Committee is also responsible for the Company's Human Resources Policy issues and terms and conditions of service. Non-executive Directors are remunerated by fees and do not participate in any performance-related scheme. A non-executive Director chairs this Board Committee, meetings of which are held annually and which reports to the Board.

## 2 MANAGEMENT

### 2.1 Key management profiles

(BSE 7.B.1)

OCC's prospective success will be derived, in part, from the ability of its management team to access and utilise information, identify and capitalise on market opportunities and formulate and execute business plans in an efficient and effective manner. OCC's executive management team accordingly comprises appropriately qualified, widely experienced and highly motivated professionals who employ their broad knowledge of the local operating environment for the benefit of the Company.

As detailed under paragraph 1.5.1 of this Part, OCC formed an Executive Committee to the Board comprising, which committee will be expanded with the inclusion of senior management of newly acquired entities or new projects as and when they are added to the Company's existing portfolio in the future.

The composition of OCC's Executive Committee is as follows:

#### 2.1.1 Executive Directors who are members of the Executive Committee

Biographical details of Messrs Matu and Bhavani, being those Executive Directors who are members of the Executive Committee, are set out in paragraph 1.3 of this Part D.

#### 2.1.2 Other members of the Executive Committee

Details of the remaining members of the Executive Committee, who are not executive Directors, are set out hereunder:

- **Anthony Kiiru (37) Business Development Manager of KFT**

Mr Kiiru represents KFT on the executive committee. He has a B Comm and Honours Diploma in Systems Management, Informatics and Computer Systems from Lucknow University, India. Mr Kiiru has been with OCC since October 2001, prior to which he was employed in various accounting and systems administration roles in Kenya.

- **Alex Kimani (29) Group Finance Manager**

Mr Kimani is the group financial manager reporting to the executive committee on all matters financial. He is a Chartered Accountant and has a BA in Economics from the University Of Nairobi. Mr Kimani has been with KFT since 2001 prior to which he held accounting posts with Triple A Capital Nairobi, Equitea Export Processing Mombasa and Nairobi Hospital.

### 2.2 Management remuneration

#### 2.2.1 Service contracts, remuneration and incentivisation arrangements

The aggregate of the remuneration and benefits in kind received by those members of the Executive Committee, excluding the executive Directors, who were employed for the past year was approximately P18,564 per month.

Service contracts are in place with the members of the Executive Committee (who are not executive Directors) under which they agree to serve, in each instance, for a period of two years, at current aggregate monthly salaries of approximately P15,575. The agreements are terminable by either the executives or the Company, providing three months written notice is given, such notice not to be given before the expiry of three months from the Listing.

Service contracts relating to those members of the Executive Committee who are not Directors are subject to the same review and additional benefits as the executive Directors, details of which are set out in paragraph 1.4.2 of this Part D.

All other members of the Company's senior management team receive basic annual salaries which are subject to the same reviews as those of the Executive Committee and to the same range of additional benefits.

Save as disclosed above and those disclosed in paragraph 9.1 of Part F, there are no other service contracts, existing or proposed, between any member of senior management of the Company which are not terminable by the Company within one year without payment of compensation (other than statutory compensation).

#### 2.2.2 Management shareholdings

Members of OCC's management team comprising the Executive Committee, excluding the executive Directors, do not hold any OCC Shares (directly or indirectly) before the Offer. Management however will not be precluded from participating in the IPO and therefore may well hold OCC shares post the Offer.

It is intended that qualifying members of the broader management team of OCC will be entitled to participate in additional OCC Shares through the Company's employee share participation scheme, the salient features of which are dealt with in paragraph 4 below, to the extent determined by the Remuneration Committee.

Save as disclosed in this Prospectus at the date of the Prospectus, no manager held any beneficial interest in the Company's ordinary share capital.

## 3 EMPLOYEES

OCC currently employs 67 permanent employees within the Group, 66 of which are currently employed by KFT.

The short term strategy will be to employ tried and tested management in the key areas of production and sales. In the medium term, the strategy will be to develop local management internally by employing fresh graduates and developing them through an adequately funded internal management training program.

OCC will seek to employ skills from the domestic market where possible to manage its various business units. Expatriate management will only be used where absolutely necessary and where the expatriate staff member is preparing themselves for more challenging assignments in their home countries within the group.

## 4 INCENTIVISATION AND SKILLS RETENTION ARRANGEMENTS

The Group subscribes to the generally accepted principle that employees be incentivised to promote the interests and continued growth of the Group, pursuant to which, the Company has adopted an employee bonus scheme at KFT and a Group employee share participation scheme, the salient features of which are contained below:

### 4.1 Employee Bonus Scheme at KFT

The current employee bonus scheme at KFT allows for all full time staff, including the executive directors, to receive a bonus equivalent to 20% of their basic salary if the approved profit budget is achieved and 30% of their basic salary if budget profit is exceeded by 20%.

In the case where the profit budget is exceeded by more than 20%, then any further bonus will be at the discretion of the board, on application by the managing director of the respective operation. In terms of the current bonus scheme, bonuses are adjudicated and awarded by the Group's Remuneration Committee quarterly.

### 4.2 Employee Share Participation Scheme

In a resolution by the shareholders of OCC dated 8 November 2004, which resolution was registered with the Registrar of Companies on Friday 12 November 2004, 1,430,000 ordinary shares of the Company's authorised but unissued share capital have been set aside for future allotment and issue to employees in terms of a BSE approved employee share participation scheme. In terms of the scheme, the remuneration committee may issue up to 1,430,000 new ordinary shares to an Employee Share Trust for the purposes of incentivising OCC group employees. The Trustees of the Employee Share Trust comprise the three non-executive Directors.

## PART E: SHARE CAPITAL

### 1. SHARE CAPITAL STRUCTURE

The Company's share capital before and after the Offer is illustrated below:

#### 1.1 Pro forma share capital before the Offer

(BSE 7.A.4)

Details of the Company's share capital before the Offer, is as follows:

| | Amount (P) |
|---|---|
| **Authorised share capital:** | |
| 22,000,000 ordinary Shares of 1 thebe nominal value each | 220,000 |
| **Total authorised share capital before the Offer** | **220,000** |
| **Issued and fully paid:** | |
| 13,566,000 ordinary Shares of 1 thebe nominal value each | 135,660 |
| **Total issued share capital before the Offer** | **135,660** |

#### 1.2 Pro forma share capital after the Offer

The authorised and issued share capital of OCC after the Offer is expected to be as follows:

| | Amount (P) |
|---|---|
| **Authorised share capital:** | |
| 22,000,000 ordinary Shares of 1 thebe nominal value each | 220,000 |
| **Total authorised share capital before the Offer** | **220,000** |
| **Issued and fully paid:** | |
| 14,300,000 ordinary Shares of 1 thebe nominal value each | 143,000 |
| **Total issued share capital before the Offer** | **143,000** |

#### 1.3 Authorised but unissued share capital

(BSE 7.A.10)

The authorised but unissued Shares in the share capital of the Company remaining after the Offer are under the control of the Directors.

#### 1.4 Authorisations for the Offer and Listing

(BSE 7.C.10)

Pursuant to the Offer and to give effect to the Listing, various ordinary and special resolutions were passed at the following meetings:

### 1.4.1 At a meeting of OCC Shareholders held on 8 November 2004:

Authorisation was granted for the following:

- the conversion of OCC from a private to a public company;
- the adoption of new, BSE-compliant Articles for OCC and its subsidiaries, subject to the successful conclusion of the Listing;
- the adoption of the employee share participation scheme and the reservation of 1,430,000 of the Company's authorised but unissued share capital for future allotment to the scheme;
- the adoption of the service contracts of the executive Directors;
- the issue of the letters of appointment for the non-executive Directors;
- the increase in authorised share capital of the Company from 3,000 ordinary shares of P1,00 each to 220,000 ordinary shares of P1,00 each;
- a capitalisation award of 134,470 ordinary shares of P1,00 each at par to the shareholders registered in the share register of the Company as at 8 November 2004 pro-rata to their shareholding on that date;
- the proposed 100:1 share split resulting in the issue of a further 13,430,340 ordinary shares of 1 thebe each in the capital of the Company pro-rata to the shareholders registered in the share register of the Company as at 8 November 2004;
- placing of 734,000 Shares under the control of the Directors to be issued in terms of the IPO;
- the conclusion of underwriting arrangements with the Underwriter and entering into the Underwriting Agreement;
- the offering of OCC Shares to the public in terms of the IPO between November 2004 and March 2005 at a price to be determined by the Directors; and
- an application to the BSE Listings Committee for the listing of the Company's entire issued share capital on the BSE and for making the requisite undertakings in connection therewith.

### 1.4.2 At a meeting of OCC Directors held on 8 November 2004:

Authorisation was granted for the following:

- the allotment of up to 734,000 OCC Shares to the public in terms of subscriptions pursuant to the IPO;
- entry into and ratification of signature of the Underwriting Agreement;
- the registration, issue and publication of the Prospectus;
- the appointments of Messrs Lekalake and Bhavani and the re-appointments of Messrs Matu, Muiruri, and Lakhani to the Board with effect from 8 November 2004; and
- the re-appointment of R K Accountants (Pty) Ltd as the company secretary for the ensuing year;
- the appointment of Mr Matu as Public Officer; and
- the placing of the unissued share capital of the Company in the hands of the Directors for future acquisitions in compliance with the terms and conditions of the Company's Memorandum and Articles of Association.

## 2 OPTIONS OR PREFERENTIAL RIGHTS IN RESPECT OF SHARES

(BSE 7.A.24)

There are no OCC Shares with options or preferred rights in respect of the Company's share capital.

## 3 VOTING RIGHTS AND RIGHTS ON LIQUIDATION OR DISTRIBUTION OF CAPITAL ASSETS

(BSE 7.A.6 (c))

All existing authorised and issued OCC Shares, including those to be issued in terms of this Prospectus, will be of the same class and will rank *pari passu* in every respect. Appendix 8 contains the relevant provisions of the Articles of OCC relating to OCC Shares including ordinary Shareholders' rights on liquidation or distribution of capital assets.

## 4 ALTERATIONS TO SHARE CAPITAL

The alterations to OCC's share capital and share premium since its incorporation in October 2002, up to and including Monday 10 December 2004, are detailed in paragraph 4.2 of this Part E and in the Independent Reporting Accountants' Report contained in Appendix 2.

### 4.1 Consolidations and sub-divisions

(BSE 7.A.9)

In a resolution of the Shareholders of the Company dated 8 November 2004, the authorised and issued ordinary share capital of the Company was subdivided from 220,000 and 135,660 ordinary shares of 100 thebe each respectively into 22,000,000 and 13,566,000 ordinary shares of 1 thebe each respectively.

Apart from this subdivision, there have been no other consolidations or sub-divisions of OCC's share capital between the date of its incorporation in October 2002 and the date of publication of this Prospectus.

### 4.2 Summary of movements in share capital

(BSE 7.A.8)

Details of the movements in OCC's share capital since the Company's incorporation and alterations to the share capital and share premium of OCC which have occurred in the period from the date of incorporation of the Company to Monday 29 November 2004, being the last practicable date before the publication of this Prospectus, are as follows:

| | Nominal value (P) | Share premium (P) | Number of OCC Shares |
|---|---|---|---|
| **Opening balance on 14 October 2002** | **0** | **0** | **0** |
| Issued upon subscription at par to Messrs Boaka and Maniki, as nominees for OCH (previously Dunlop Kenya Limited), P K Muiruri and M M W Matu on 14 October 2002. | 100 | - | 100 |
| Transfer of shares from Messrs Boaka and Maniki to Messrs P K Muiruri and M M W Matu and OCC on 14 October 2002 | - | - | - |
| Issued upon subscription at par by Messrs Matu and Muiruri and OCH on 31 October 2004. | 900 | - | 900 |
| Issued upon subscription at P10,243.70 per share by Messrs Matu and Muiruri and OCH on 8 November 2004 in settlement of shareholders' loan accounts. | 119 | 1,218,881 | 119 |
| Issued to Mr L D Lekalake at P10,243.70 per share in settlement for the purchase consideration of 6% of KFT on 8 November 2004. | 71 | 727,232 | 71 |
| Issued at par in terms of a 113:1 capitalisation award on 8 November 2004. | 134,470 | - | 134,470 |
| Issued at par in terms of a 100:1 share split on 8 November 2004. | - | - | 13,430,340 |
| **Closing balance on Monday 10 December 2004 *** | **135,660** | **1,946,113** | **13,566,000** |

**Note:**

* Being the last practicable date before publication of this Prospectus.

Save for issues of Shares detailed above, there have been no other issues or offers since OCC's incorporation.

### 4.3 Shares issued for a consideration other than cash

Details of OCC Shares issued since inception other than for cash are set out below:

| Name of Shareholder | Circumstance | OCC Shares | Nominal value (P) | Share premium (P) |
|---|---|---|---|---|
| L D Lekalake | Acquisition of 6% of KFT | 71 | 71 | 727,232 |
| L D Lekalake | Capitalisation award on 8 November 2004 | 8,023 | 8,023 | - |
| L D Lekalake | Share split on 8 November 2004 | 801,306 | - | - |
| M M W Matu | Capitalisation award on 8 November 2004 | 21,809 | 21,809 | - |
| M M W Matu | Share split on 8 November 2004 | 2,178,198 | - | - |
| P K Muiruri | Capitalisation award on 8 November 2004 | 27,007 | 27,007 | - |
| P K Muiruri | Share split on 8 November 2004 | 2,697,354 | - | - |
| OCC | Capitalisation award on 8 November 2004 | 75,371 | 75,371 | - |
| OCC | Share split on 8 November 2004 | 7,527,762 | - | - |
| Karen Enterprises (Pty) Ltd | Capitalisation award on 8 November 2004 | 2,260 | 2,260 | - |
| Karen Enterprises (Pty) Ltd | Share split on 8 November 2004 | 225,720 | - | - |
| **Total as at Monday 10 December 2004** | | **13,564,881** | **134,541** | **727,232** |

Save as disclosed herein, there have been no OCC Shares issued for a consideration other than cash since the Company's incorporation in October 2002.

### 4.4 Consents necessary for the variation of rights

(BSE 7.A.7)

The consents required for the variation of rights attaching to OCC Shares are governed in the Articles of Association of the Company which stipulate that without prejudice to any special rights previously conferred on the holders of existing Shares in the Company, any shares whether in the initial or in any increased capital may be issued with such preferred, deferred or other special rights, or such restrictions, whether in regard to dividend, voting, return of capital or otherwise, as the Company may from time to time by special resolution determine.

# PART F: GENERAL AND STATUTORY INFORMATION

## 1. MAJOR SHAREHOLDERS

### 1.1 Current Shareholder profile

(BSE 7.A.28)

The existing shareholders of OCC prior to the Offer comprise the following:

| OCC Shareholder | OCC Shares held | Nominal value (P) | OCC Shareholding (%) |
|---|---|---|---|
| Olympia Capital Holdings Limited | 7,603,800 | 76,038 | 56.10 |
| P K Muiruri | 2,724,600 | 27,246 | 20.00 |
| M M W Matu | 2,200,200 | 22,002 | 16.20 |
| L D Lekalake | 809,400 | 8,094 | 6.00 |
| Karen Enterprises Limited | 228,000 | 2,280 | 1.70 |
| **Totals** | **13,566,000** | **135,660** | **100.00** |

### 1.2 OCC Promoters

(BSE 4.22 b(ii))

In terms of the BSE Listing Rules, Messrs Matu and Muiruri and OCH have resolved not to dispose of more than 25% of their respective shareholdings for two years from the date of the listing being granted by the BSE.

### 1.3 Shareholder profile on conclusion of the Offer

(BSE 7.A.28)

Details of the shareholders of OCC on conclusion of the Offer are set out hereunder:

| Name of OCC Shareholder | Number of OCC shares | Nominal Value (P) | Share premium (P) | OCC Shareholding (%) |
|---|---|---|---|---|
| Olympia Capital Holdings Limited | 7,603,800 | 76,038 | | 53.20 |
| P K Muiruri | 2,724,600 | 27,246 | | 19.10 |
| M M W Matu | 2,200,200 | 22,002 | | 15.40 |
| L D Lekalake | 809,400 | 8,094 | | 5.70 |
| Karen Enterprises Limited | 228,000 | 2,280 | | 1.60 |
| Public in terms of the IPO | 734,000 | 7,340 | 726,660 | 5.00 |
| **Totals** | **14,300,000** | **143,000** | **672,448** | **100.00** |

### 1.4 Voting pool arrangements

The Directors are not aware of any voting pool agreement or arrangement in place between any of the OCC Vendors or other Shareholders.

### 1.5 Minority Shareholder positions

There will be no minority shareholders in any of the OCC subsidiaries on conclusion of the Listing.

### 1.6 Controlling shareholder

(BSE 7.A.26 and 7.A.27)

Pre and post the Offers, OCH will hold a controlling stake of not less than 53.2% of the issued share capital of OCC.

### 1.7 Major shareholders

(BSE 7.A.28)

On conclusion of the Offer, OCH will hold 53.2% of the issued share capital in OCC. Mount Kenya Investments Limited, a Kenyan company controlled by Mr Matu's immediate family, will indirectly hold an effective 10.4% of the issued share capital of OCC post the Offer. Save as disclosed in this paragraph, no other shareholder, other than a director, will have either a direct or indirect beneficial interest in more than 5% of OCC's capital.

## 2 INDEPENDENT REPORTING ACCOUNTANTS' REPORT

The information set out in Part C, "Financial Information" should be read in conjunction with the Independent Reporting Accountants' report incorporating a statement of changes in equity, set out in Appendix 2.

## 3 CAPITAL COMMITMENTS, LEASE COMMITMENTS AND CONTINGENT LIABILITIES

(BSE 7.A.17)

### 3.1 Capital commitments

OCC has no capital commitments as at the date of this Document.

### 3.2 Lease commitments

As at 31 December 2003, OCC had capitalised finance leases with Wesbank, a division of First National Bank of Botswana Limited, for certain vehicles totalling P207,457 (2002 – P201,377) which are secured by the assets leased. As at 31 December 2003 the net book value of the assets under capitalised leases was P223,862 (2002 - P244,417).

### 3.3 Contingent liabilities

OCC has pledged 21% of its shareholding in KFT to Rikett Asia Limited, an associate company of Rikett International AS, the erstwhile holding company of KFT. This pledge is to remain in effect until such time as the balance of the purchase consideration for the acquisition of the investment is fully paid to Rikett Asia Limited.

In addition, as at 31 December 2003, the Company had extended a guarantee to Standard Chartered Bank of Botswana Limited, in respect of loans taken by its subsidiary company, KFT, which at 31 December 2003 stood at P270,500 (2002 – P597,500).

### 3.4 Advances

Save for the advances made to related-parties disclosed in paragraph 6 below, as at 31 December 2003 there were no material amounts which had been advanced to parties outside of the Group.

## 4 BORROWINGS

(BSE 7.A.12 and 7.A.13)

### 4.1 Borrowing powers

In terms of Article 77 of the Company's Articles, the Directors may raise or borrow for the purposes of the Company's business, such sum or sums of money as in aggregate at any time do not exceed twice the value of the shareholders funds or such other sum as the Company may, by ordinary resolution in General Meeting determine.

The borrowing powers of the Directors have not been exceeded since OCC's incorporation in October 2002.

### 4.2 Material borrowings

(7.A.15)

As at 31 December 2003, OCC had group borrowings totalling P1,371,035 (2002 – P2,802,994), the salient features of which are detailed below:

| Facility | Provider | Amount Outstanding (P) | Repayment Period | Maturity | Security |
|---|---|---|---|---|---|
| Pula denominated medium term loan at in interest rate of prime plus 3%. | Standard Chartered Bank of Botswana Limited. | 270,500 | 60 months commencing July 2002. | 30 Aug 2006. | First surety mortgage bond over Tribal Lots 51,52,53 Mogoditshane. |
| Pula denominated finance leases at interest rates of between prime plus 1.02% and 3.03%. | Wesbank, a division of First National Bank of Botswana Limited. | 207,457 | Between 29 and 54 months. | Various. | Assets leased. |
| US$ denominated medium term loan at an interest rate of 5% per annum. | Rikett Asia Limited. | 893,078 | 24 months commencing January 2003. | 31 Dec 2005. | 21% of the issued share capital in KFT. |
| **TOTAL** | | **1,371,035** | | | |

The Standard Chartered loan and the Wesbank capital finance leases represent ongoing working capital and asset financing in KFT. The loan from Rikett Asia Limited was incurred as part of the financing for the acquisition by OCC of KFT in 2003.

Loan payments falling due within the 12 months ended 31 December 2004 will be paid from internal cash resources, which resources are expected to be sufficient to meet these requirements.

### 4.3 Subsequent borrowings

In March 2004 KFT entered into an additional finance lease with Wesbank in South Africa, a division of FirstRand Bank Limited, for a principal amount of ZAR216,354, which loan is repayable over 52 installments concluding on 12 August 2008. This loan carries an interest rate of South African prime plus 0.248%. Loan payments falling due within the 12 months ended 31 December 2004 will be paid from internal cash resources, which resources are expected to be sufficient to meet these requirements.

### 4.4 Debenture and preference share capital

(BSE 7.A.16)

The Company has neither preference share nor debenture capital.

### 4.5 Details of any off-balance sheet financing of OCC and the OCC Subsidiaries

(BSE 7.A.18)

There are no off-balance sheet matters relating to the OCC Group requiring disclosure of any financing obligations.

## 5 LOANS

### 5.1 Material loans receivable

(BSE 7.A.21)

Save for the loans made to related-parties disclosed in Part 6 below, as at 31 December 2003 there were no material amounts receivable from parties outside of the Group.

## 6 RELATED PARTY TRANSACTIONS

From time to time, amounts may be owed to or owed by certain related parties during a financial period. Related parties are classified by the Auditors as parties who are either Shareholders of the Company, directors of the Company or its subsidiaries, or companies in which the Directors or Shareholders may have an interest and in which their interest is sufficient to influence transactions therein.

During the year ended 31 December 2003, OCC held the following balances with related parties, identified as such by the Auditors of the Company:

| Related party | Amount due to OCC (P) | Amount due from OCC (P) | Financial statement allocation |
|---|---:|---:|---|
| Olympia Capital Holdings Limited. | 751 | | Other receivables |
| Olympia Capital Holdings Limited. | | 130,271 | Other payables |
| Olympia Capital Holdings Limited. | | 701,600 | Shareholders' loans |
| Dunlop Industries Limited | 6,762 | | Other receivables |
| M M W Matu | 12,674 | | Directors' current account |
| M M W Matu | | 113,616 | Shareholders' loan account |
| P K Muiruri | 35,454 | | Directors' current account |
| P K Muiruri | | 356,071 | Shareholders' loan account |
| **TOTAL** | **55,641** | **1,301,504** | |

In terms of a shareholders' resolution dated 8 November2004, the net amounts owing by the Company to OCH and Messrs Matu and Muiruri as at 31 October 2004 totalling P1,225,932 were converted to ordinary shares at the Offer price. The financial effect of this transaction was to convert P1,225,932 of liabilities to P119 of share capital and P1,218,881 of share premium. The amount owed by Dunlop Industries Limited represents miscellaneous expenses paid by OCC on behalf of the company and this amount is expected to be repaid in the current financial year.

## 7 PROPERTY OR SUBSIDIARIES ACQUIRED OR DISPOSED OF, WITHIN THE LAST THREE YEARS, OR TO BE ACQUIRED OR DISPOSED OF, PRINCIPAL IMMOVABLE PROPERTY OWNED AND LEASED AND DETAILS OF SUBSIDIARY COMPANIES

Details of the immovable properties owned and leased by the Company are set out in Appendix 5 of this Document. Details of subsidiary companies are contained in Appendix 1.

### 7.1 Acquisitions

(BSE 7.D.9)

With effect 26 September 2001, OCC acquired 100% of the issued share capital of KFT from Rikett International AS, the consideration of which amounted to P4,536,476 and which was to be settled by way of a loan from the vendor at an interest rate of 5% per annum in USD. The valuation of the shares acquired was derived by the Directors which resulted in goodwill arising on acquisition of P972,437. Goodwill arising on consolidation of 100% of KFT has been accounted for in the pro-forma consolidated financial statements of the Company as detailed in Part C of this Prospectus.

With effect from 31 October 2004, OCC acquired 6% of the issued share capital of KFT from Mr Lekalake, the consideration of which amounted to P727,303 and which was settled by way of an issue of 71 ordinary shares in the share capital of OCC at a premium of P727,232. The valuation of the shares acquired was derived from the proposed IPO price which resulted in goodwill arising on consolidation of P312,051. Goodwill arising on consolidation of 100% of KFT has been accounted fro in the pro-forma consolidated financial statements of the Company as detailed in Part C of this Prospectus.

### 7.2 Disposals

(BSE 7.D.9)

With effect from 1 November 2002, the Board of OCC ratified the disposal of 6% of the issued share capital of KFT to Mr Lekalake, the consideration of which amounted to USD44,560 and which was settled in cash. The valuation of the shares disposed of was derived by applying the initial purchase consideration per share in terms of the original KFT acquisition which resulted in a cash inflow to OCC of USD44,560.

With effect from 31 October 2004, the Board of KFT ratified the disposal of 100% of the issued share capital of Plasrik SA (Pty) Ltd to the shareholders of OCC recorded in the share register of the Company on 8 November 2004 pro-rata to their shareholding in OCC for a total consideration of ZAR1.00 (One Rand), settlement of which was in cash. The valuation of the shares disposed of was derived by the Company's auditors. Provision against the investment of P714,287 was made in the financial statements of the Company for the year ended 31 December 2003 and has been accounted for in the pro-forma consolidated financial statements of the Company as detailed in Part C of this Prospectus. As a result of this transaction, the pro-forma financial information contained in this Prospectus excludes the financial results of Plasrik SA (Pty) Ltd on a pro-forma basis.

## 8 VENDORS

(BSE 7.H)

The salient features the purchase and sale contracts with the vendors of KFT are contained in Appendix 7 to this document. The detailed contracts are available for inspection on the conditions detailed in paragraph 15 of this Part F below.

## 9 MATERIAL CONTRACTS

(BSE 7.F.1)

As at the date of this Prospectus, the following represent material contracts entered into by the Company outside the ordinary course of its business and/or those which require disclosure by the BSE:

- The Purchase and Sale Agreement pertaining to the acquisition of KFT from Rikett International AS dated 6 August 2001;
- The letter pertaining to the disposal of 6% of KFT to Mr L D Lekalake dated 1 November 2002;
- The Purchase and Sale Agreement pertaining to the acquisition of 6% of KFT from Mr L D Lekalake dated 25 November 2004;
- The Underwriting Agreement dated 17 November 2004;
- The Purchase and Sale Agreement pertaining to the disposal of Plasrik SA (Pty) Ltd dated 9 November 2004;
- The Service Agreement entered into between KFT and Plasrik SA (Pty) Ltd, dated 8 November 2004.

### 9.1 Service contracts

(BSE 7.D.9)

The salient features of the service contracts of the executive directors and senior management of OCC and its subsidiary are as follows:

| Employee | Start date | Period | Annual Salary (P) | Benefits | Share Options | Bonus |
|---|---|---|---|---|---|---|
| M M W Matu | 01.11.2004 | 5 years | 172,944 | Private health<br>Car allowance<br>Travel allowance | Participation in employee share participation scheme | Performance bonus |
| S Bhavani | 01.03.2004 | 2 years | 168,600 | Private health<br>Car allowance<br>Housing allowance<br>Education allowance<br>Gratuity | Participation in employee share participation scheme | Performance bonus |
| A Kimani | 01.11.03 | 2 years | 76,500 | Private health<br>Car allowance<br>Housing allowance<br>Education allowance<br>Gratuity | Participation in employee share participation scheme | Performance bonus |
| A Kiiru | 02.10.03 | 2 years | 110,400 | Private health<br>Car allowance<br>Housing allowance<br>Education allowance<br>Gratuity | Participation in employee share participation scheme | Performance bonus |

### 9.2 Royalties

(BSE 7.F.4)

In terms of a letter dated 17 November 2004, Rickett International AS agreed that the royalty due by OCC in terms of the original purchase of KFT will be limited to a once off payment of USD20,000, which amount will be settled in the 2005 financial year and which amount is provided for in the accounts of the Company. This settlement resulted in a write back of previous provisions of P114,884.65 with a corresponding increase in the retained earnings of the Group.

### 9.3 Service Agreement

In terms of an agreement dated 8 November 2004 , Plasrik SA (Pty) Ltd has agreed to provide administrative services in South Africa to KFT for a period of 3 years. In terms of the agreement, Plasrik SA (Pty) Ltd will undertake this service free of charge for the duration of the agreement.

## 10 COMMISSIONS

(BSE 5.2.4)

Commission at the rate of 0,85% will be paid on OCC Shares allotted in respect of any Application Form bearing the stamp of either the Sponsoring Broker or any other registered member of the BSE, to the Sponsoring Broker and to such members of the BSE.

## 11 RISK MANAGEMENT

### 11.1 Risk management policy

Despite the diverse economic environment in countries across the Region and their respective prevailing macroeconomic fundamentals, OCC has in place a pro-active risk identification and management system to ensure that the Company is well positioned should there be any significant changes to these fundamentals. The salient components of this policy are as follows:

#### 11.1.1 Investment risk

Investment risk will be mitigated with asset and country diversification and by ensuring that investments made are free cash generative.

#### 11.1.2 Currency risk

A sizable portion of the Groups purchases and income are denominated in South African Rand. To this end, the Group maintains Rand bank accounts in both South Africa and Botswana and actively works to match Rand denominated liabilities (creditors) with Rand based assets (stock, debtors). Any differential is covered with a transfer the Rand bank account. All other cash balances are maintained in Botswana Pula.

#### 11.1.3 Interest rate risk

The Group maximises returns on excess cash balances by holding these in interest bearing accounts in both South Africa and Botswana. USD borrowings are at fixed rates of 5% and are secured with 21% of the issued equity in KFT. Extremely conservative borrowing policies are adopted in Botswana where interest rates are relatively expensive and to this end, overdraft facilities are avoided in preference of fixed term borrowings for specific projects.

#### 11.1.4 Credit risk

In the normal course of business, the Group incurs credit risk from customers. The credit risk is however managed by the implementation of strict credit policies. The group has no significant concentration of credit risk, with exposure spread over a large number of customers.

### 11.2 Investment risk

The investment considerations discussed below apply to the majority of companies carrying on business in the Region, particularly in Botswana, in the current environment:

#### 11.2.1 Forward-looking information

Certain statements, such as those concerning expected future revenues, and other statements contained in this Prospectus regarding the effect of market conditions and matters that are not historical facts, are forward-looking statements. As such statements include risks and uncertainties, actual results may differ materially from those expressed in or implied by such forward-looking statements.

Factors that could cause actual results to differ materially include, but are not limited to risks relating to the following:

- risks relating to operating a business in the Region, particularly in Botswana, and in any future countries in which OCC may establish operations in the Region, which involve political risks, economic risks, risks related to currency exchange and procurement and Government regulatory considerations;
- risks relating to the building and allied services sector in the Southern African Region, particularly in Botswana, and in any future countries in which OCC may establish operations in the Region, such as regulatory and market risks; and
- risks relating to OCC specifically, which include *inter alia* change in the economic climate of Botswana and South Africa, where short term earnings growth is likely to emanate from, the regulatory environment in the Region, competition and dependence on key personnel and control by insiders.

The Company does not undertake any obligation to release publicly the results of any revision of its forward-looking statements that may be made to reflect events or circumstances after the date hereof, or to reflect the occurrence of unanticipated events.

#### 11.2.2 Control by insiders

On completion of the Offer, the existing shareholders will hold approximately 95% of the Company's Shares, of which Mr Matu will have effective control over 18.6% acting alone and 29% acting in concert with his family.

The Directors are not aware of any voting arrangements amongst the Company's existing Shareholders. Apart from the BSE restriction on the sale of shares of the Promoters, there are no restrictions currently in place with any other Shareholder regarding the tradability of their Shares.

#### 11.2.3 Dependence upon key personnel

The Company's success depends to a large extent upon the continued contribution of the executive management team. The Company's business could be adversely affected by the loss of services of, or a material reduction in the amount of time devoted to the Company, by its key executive officers. This situation is mitigated with the benefits accruing to eligible staff in terms of their individual shareholdings and in terms of any future incentive scheme whose value will rely upon the continuity of the Company's business.

#### 11.2.4 Corporate governance and disclosure

The corporate affairs of the Company are governed by its Articles and by the laws governing companies incorporated in Botswana.

On the initiative of the Shareholders, the Company has reviewed its corporate governance procedures and has adopted as a guideline the principles set out in the South African King Reports (I and II). Arrangements in this regard are set out in paragraph 1.5 of Part D of this Document.

#### 11.2.5 Market liquidity

Trading on the BSE can be affected by a narrow domestic shareholder base and closely held core shareholdings, which result in lower trading volumes and liquidity of listed shares in comparison with other major markets. The ability of a shareholder to dispose of major tranches of shares on the BSE in a timely manner, especially with respect to a large block trade, may be restricted by the limited liquidity of shares listed on the BSE.

Unfortunately, this risk will not be mitigated in the short term as the BSE's free float stipulation on conclusion of the Offer is only 5% of the issued share capital of the Company. However, as more acquisitions are funded with the issue of new Shares in the Company, this situation is likely to improve.

## 12 LITIGATION STATEMENT

(BSE 7.D.11)

Save as disclosed in this Document, the Company is not involved in any litigation or arbitration proceedings which may have, or which have had, during the 12 months preceding the date of this Prospectus, a significant effect on the financial position of the Company, nor is the Company aware that any such proceedings are pending or threatened.

## 13 ADVISERS' INTERESTS

None of the advisors, whose names are set out on the "Corporate and Advisors Information" section at the beginning of this Document, hold any shares in or have agreed to acquire any shares in OCC at the date of issue of this Prospectus.

## 14 REGISTRATION OF PROSPECTUS AND EXPERTS' CONSENTS

(BSE 7.F.5)

This Prospectus, dated Friday 10 December 2004, has been issued in compliance with the provisions of the Companies Act, as amended, and the Listing Requirements, respectively.

In terms of the provisions of Section 41(1) of the Companies Act, a copy of this Prospectus was registered with the Registrar of Companies on Monday 20 December 2004, accompanied by:

- the written consents of the Attorneys, Financial Advisers, Transfer Secretaries, Property Valuers, Underwriters, Auditors and Independent Reporting Accountants and Sponsoring Broker to act in the capacities stated and to their names being stated in this Prospectus, which consents have not been withdrawn prior to registration; and

- the written consents of the Independent Reporting Accountants and property valuers to the inclusion in this Prospectus of their reports in the forms and contexts in which they appear, which consents have not been withdrawn prior to registration.

## 15 DOCUMENTS AND CONSENTS AVAILABLE FOR INSPECTION

(BSE 7.G.1)

Whilst the Offer is open, specifically between Monday 20 December 2004 and Monday 31 January 2005, copies of the following documents will be available for inspection, during normal business hours, at the offices of Armstrongs and at the registered office of the Company, at the addresses set out at in the "Corporate Information and Advisers" section at the beginning of this Prospectus:

- The Memorandum and Articles of Association of OCC;
- The material contracts detailed in paragraph 9 of Part F of this Prospectus;
- The written consents detailed in paragraph 14 of Part F of this Prospectus;
- The audited financial statements of the OCC Group companies referred to in the Independent Reporting Accountants' Report, for the years ended 31 December 2002 and 2003, which are set out in Appendix 2;
- The Independent Reporting Accountant's Report on the financial statements of the Company which is set out in Appendix 2;
- The Independent Reporting Accountants' Report on the profit estimate, set out in Appendix 3;
- The valuation of the Group's moveable assets by the Directors, details of which are set out in Appendix 4;
- The valuation of the Group's immovable properties by the independent property valuer which is set out in Appendix 5; and
- The OCC share register.

## 16 DIRECTORS' RESPONSIBILITY STATEMENT

(BSE 7.B.17)

The Directors, whose names are given under paragraph 1.3 of Part D of this Document, collectively and individually accept full responsibility for the accuracy of the information given in this Document, and certify that, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement false or misleading, that they have made all reasonable enquiries to ascertain such facts, and that the Prospectus contains all information required by law.

The Directors confirm that the Prospectus includes all such information within their knowledge (or which it would be reasonable for them to obtain by making enquiries) as investors and their professional advisers would reasonably require and reasonably expect to find for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of OCC and of the rights attaching to such securities to which the Prospectus relates.

**Signed at Gaborone, on Friday 10 December 2004, in their personal capacities and under power of attorney on behalf of the other Directors:**

| | | |
|---|---|---|
| **L D Lekalake** | **Chairman** | **...............................................................** |
| **M M W Matu** | **Chief Executive Officer** | **...............................................................** |

# APPENDIX 1: STATUTORY INFORMATION ON OCC AND ITS SUBSIDIARIES

| Company | Incorporation and registration details | Subsidiary Holding | Status | Business | Issued share capital |
|---|---|---|---|---|---|
| **Olympia Capital Corporation Ltd** | Incorporated in Botswana as Yeti Holdings (Proprietary) Limited on 14th October 2002 under registration number 2002/3073.<br><br>Name changed to Olympia Capital Corporation (Pty) Ltd on 5th June 2003.<br><br>Converted to public company on 8 November 2004. | Holding | Active | Investment holding company. | 13,566,000 ordinary shares of 1 thebe each. |
| **Kalahari Floor Tiles (Pty) Ltd (Unlisted)** | Incorporated in Botswana as Vinylax (Botswana) (Proprietary) Limited on 17 November 1988 under registration number 88/1183.<br><br>Name changed to Rikvin Floors (Proprietary) Limited on 20 February 1992.<br><br>Name changed again to Kalahari Floor Tiles (Proprietary) Limited on 14 April 1993. | 100% subsidiary of OCC with effect 8 November 2004. | Active | Vinyl Floor Tile and uPVC and alluminium door and window frame manufacturer. | 15,336,324 ordinary shares of 1 Pula each. |
| **Gaborone Enterprises (Pty) Ltd (Unlisted)** | Incorporated in Botswana as Gaborone Enterprises (Proprietary) Limited on 10 March 1983 under registration number 83/4397. | 100% subsidiary of KFT with effect 30 March 1990. | Active | Property holding company. | 450,000 ordinary shares of 1 Pula each. |

## APPENDIX 2: INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON OCC'S FINANCIAL INFORMATION

(BSE 7.E.1, CA 3RD SCH S18)

Grant Thornton Acumen

10 December 2004

The Directors
Olympia Capital Corporation Limited (formerly Yeti Holdings (Proprietary) Limited)
P O Box 2166
Gaborone
Botswana

Gentlemen

We set out below our report in connection with the proposed listing of Olympia Capital Corporation Limited ("the Company") formerly known as Yeti Holdings (Proprietary) Limited on the Venture Capital Market Board of Botswana Stock Exchange by way of an initial public offering ("IPO"). Our report has been prepared in terms of section 18 of the Third Schedule of the Companies Act (CAP 42:01) and the Botswana Stock Exchange Listing Requirements.

### 1. NAME OF COMPANY AND INCORPORATION

Yeti Holdings (Proprietary) Limited was incorporated in Botswana on 14 October 2002 as a private company with limited liability under the registration number 2002/3073. The company changed its name to Olympia Capital Corporation (Proprietary) Limited on 5 June 2003. The Company was converted from a private company to a public company with the passing of a special resolution at a meeting of Shareholders on Monday 8 November 2004, which resolution was lodged with the Registrar of Companies on Friday 12 November 2004.

### 2. SUBSIDIARIES

At 31 December 2003, the Company had the following investments in subsidiary companies:

| Company | % Holding |
|---|---|
| Kalahari Floor Tiles (Proprietary) Limited | 94% |

At 31 December 2003, Kalahari Floor Tiles (Proprietary) Limited had the following investments in subsidiary companies:

| Company | % Holding |
|---|---|
| Gaborone Enterprises (Proprietary) Limited (a property holding company registered in Botswana) | 100% |
| Plasrik SA (Proprietary) Limited ( a trading company registered in the Republic of South Africa) | 100% |

### 3. DIRECTORS RESPONSIBILITY

The directors are responsible for the financial statements from which we have prepared our report and also for the preparation of the prospectus and the financial information contained therein.

### 4. BASIS OF PREPARATION OF FINANCIAL INFORMATION

The financial information covered by the accountants report has been prepared on the following basis:

a) The income statement for the period 31 December 2002 and for the year ended 31 December 2003 are prepared on a consolidated basis.

b) The balance sheet as at 31 December 2002 and 31 December 2003 are prepared for the Company and also on a consolidated basis.

c) The statement of changes in equity for the period 31 December 2002 and for the year ended 31 December 2003 are prepared on a consolidated basis.

d) The cash flow statement for the year ended 31 December 2002 and for the year ended 31 December 2003 are prepared on a consolidated basis.

e) The notes to the financial information have been prepared according to the basis of the respective income statement, balance sheet and cash flow statements to which they relate.

## 5. SCOPE OF EXAMINATION

We have examined the audited results of the Company and its subsidiaries (the group) for the period ending 31 December 2002 and year ended 31 December 2003 being the date to which the last audited financial statements were prepared. The interim financial information for the six months ended 30 June 2004 contained within the body of this prospectus does not form part of this accountants report. Our examination was conducted in accordance with the Companies Act (CAP 42:01) and International Standards on Auditing. Our audit opinion in respect of these financial statements was unqualified.

## 6. ACCOUNTING POLICIES

The group financial statements are prepared on the historical cost basis. The principal accounting policies, set out below, comply in all material respects with International Financial Reporting Standards. The accounting policies are in all material aspects consistent with those of the previous year, except for commercial property which is stated at valuation. The financial statements are prepared on a going concern basis. No information is given to reflect the impact of changing prices on the financial position of the group or the results of its operations.

### 6.1 Basis of consolidation

A subsidiary undertaking, which is a company in which the group directly or indirectly has voting rights or power to exercise control over the operations, has been consolidated. Subsidiaries are consolidated from the date on which effective control is transferred to the group and are no longer consolidated from the date of disposal. All intercompany transactions and balances between Group companies have been eliminated.

### 6.2 Property, plant and equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation. Property, plant and equipment are depreciated on the straight line basis so as to amortise the cost of the assets over their expected useful lives at the following rates:

| | |
|---|---|
| Leasehold land and buildings | 2.5 % |
| Plant and equipment | 15 % |
| Motor vehicles | 25 % |
| Furniture and fittings | 10 % |
| Office equipment | 15 % |
| Computer equipment | 25 % |

### 6.3 Foreign currency translation

Foreign currency transactions are accounted for at exchange rate prevailing at the date of the transaction. Gains and losses resulting from the settlement of such transactions are recognised in the income statement. Monetary assets and liabilities denominated in such currencies are retranslated at the rates ruling on the balance sheet date duly approximated. Profits and losses arising on such retranslation are dealt with in the income statement.

### 6.4 Capitalised leased assets

Assets held under finance leases are capitalised at its capital value at the inception of the lease. The corresponding liability of the lessor is recognised at an equivalent amount. The monthly lease payments are apportioned between the reduction in liabilities and the interest charges. The interest charges are ascertained on an effective rate of interest basis and are charged to income statement.

Capitalised leased assets are included with the property, plant and equipment in the balance sheet and are depreciated as per note 6.2.

### 6.5 Intangible assets

The excess of the cost of acquisition over the group's interest in the fair value of the net identifiable assets acquired as at the date of the exchange transaction is recorded as goodwill and is recognised as an asset in the balance sheet. Goodwill is carried at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life.

### 6.6 Inventories

Inventories are valued at the lower of cost and estimated net realisable value. Cost is determined on weighted average cost basis.

### 6.7 Provisions

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

### 6.8 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on or at call with banks, other short-term highly liquid investments, and short-term borrowings consist of bank overdraft.

### 6.9 Income tax and deferred taxation

The charge for current tax is based on the results for the year as adjusted for items, which are non-assessable or disallowed. It is calculated using tax rates that have been enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which unused tax losses (and unused tax credits) can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

### 6.10 Revenue

Revenue represents sales to customers net of returns.

### 6.11 Financial instruments

#### Initial recognition and measurement

Financial instruments are recognised when the group becomes a party to the transaction.

#### Financial assets

The principal financial assets are cash and bank balances, trade and other receivables. These assets are originated by the enterprise and are accounted for at trade date.

*Trade and other receivables*

Trade and other receivables originated by the enterprise are stated at fair value of consideration receivable less provision for doubtful debts.

*Cash and cash equivalents*

Cash and cash equivalents are measured at fair value.

**Financial liabilities and equity instruments**

Financial liabilities are classified according to the substance of the contractual arrangements entered into. The principal financial liabilities include interest bearing borrowings, trade and other payables.

*Interest bearing borrowings*

Interest bearing borrowings are recorded at the proceeds received. Finance charges are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

*Trade and other payables*

Trade and other payables are stated at their fair values.

*Equity instruments*

Equity instruments comprise of share capital, which are recorded at the proceeds received.

### 6.12 Staff Benefit Scheme

The group implemented the provisions of Botswana Labour Act and provided for severance benefit for all citizen employees. Provision has been made for gratuity and leave salary for expatriate employees as per the terms and conditions of the respective employment contracts.

## 7. INCOME STATEMENT

Consolidated income statement for the financial year ended 31 December 2003 and 31 December 2002 are as follows:

| | | GROUP | |
|---|---|---|---|
| | | **2003** | **2002** |
| | **Note** | **Pula '000** | **Pula '000** |
| Revenue | | **14 825** | 13 978 |
| Cost of sales | | **(10 099)** | (9 349) |
| Gross profit | | **4 725** | 4 628 |
| Other operating income | **11.14** | **492** | 566 |
| Administrative expenses | | **(2 775)** | (3 545) |
| Profit from operations | | **2 443** | 1 650 |
| Finance cost | **11.16** | **(201)** | (43) |
| Profit before taxation | | **2 242** | 1 607 |
| Income tax expenses | **11.17** | **(572)** | 302 |
| Profit after taxation | | **1 669** | 1 909 |
| Minority interest | | **(108)** | (132) |
| Net profit for the year | | **1 561** | 1 778 |
| **Basic earnings per share** | | **156 100** | **177 800** |

## 8. BALANCE SHEET

The balance sheets at 31 December 2003 and 31 December 2002 are as follows:

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | | **2003** | **2002** | **2003** | **2002** |
| | | **Pula '000** | **Pula '000** | **Pula '000** | **Pula '000** |
| **ASSETS** | **Note** | | | | |
| **Non-current assets** | | **3 360** | 2 990 | 4 264 | 4 293 |
| Property, plant and equipment | **11.1** | **2 777** | 1 879 | - | - |
| Goodwill | **11.2** | **583** | 778 | - | - |
| Deferred taxation | **11.3** | **-** | 333 | - | 29 |
| Investments | **11.4** | **-** | - | 4 264 | 4 264 |
| **Current assets** | | **5 548** | 4 644 | 232 | 133 |
| Inventories | **11.5** | **1 406** | 1 155 | - | - |
| Trade and other receivables | **11.6** | **1 843** | 2 159 | 228 | 133 |
| Loans to directors and managers | | **48** | 57 | - | - |
| Taxation | | **88** | - | - | - |
| Cash and cash equivalents | | **2 163** | 1 273 | 4 | - |
| **Total assets** | | **8 908** | 7 634 | 4 497 | 4 427 |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity capital and reserves** | | **4 070** | 2 169 | 518 | (91) |
| Shareholders' interest | | **3 654** | 1 824 | 518 | (91) |
| Issued capital | **11.7** | **1** | 1 | 1 | 1 |
| Non-distributable reserves | **11.8** | **315** | 46 | - | - |
| Accumulated profits/(losses) | | **3 339** | 1 778 | 517 | (92) |
| **Minority interest** | | **415** | 345 | - | - |
| **Non-current liabilities** | | **2 540** | 3 894 | 2 087 | 3 175 |
| Interest bearing borrowings | **11.9** | **1 187** | 2 723 | 893 | 2 004 |
| Shareholders' loans | **11.10** | **1 171** | 1 171 | 1 171 | 1 171 |
| Deferred taxation | **11.11** | **182** | - | 22 | - |
| **Current liabilities** | | **2 298** | 1 571 | 1 892 | 1 342 |
| Trade and other payables | **11.12** | **1 948** | 1 460 | 1 837 | 1 342 |
| Taxation | | **166** | 31 | - | - |
| Current portion of interest bearing borrowings | | **184** | 80 | - | - |
| Loans from directors | | **-** | - | 55 | - |
| Total equity and liabilities | | **8 908** | 7 634 | 4 497 | 4 427 |
| **Net asset value per share (Thebe)** | | **365 400** | **182 400** | | |

## 9. STATEMENT OF CHANGES IN EQUITY

| | Share capital Pula '000 | Revaluation reserve Pula '000 | Foreign currency translation reserve Pula '000 | Accumulated Profits/losses Pula '000 | Total Pula '000 |
|---|---|---|---|---|---|
| Net movements during the period | | | 45 | | 45 |
| Net profit for the period | | | | 1 778 | 1 778 |
| Issue of share capital | 1 | | | | 1 |
| **Balance as at 1 January 2003** | **1** | **0** | **45** | **1 778** | **1 824** |
| Additions during the year | | 311 | | | 311 |
| Net movements during the year | | | -42 | | -42 |
| Net profit for the year | | | | 1 561 | 1 561 |
| **Balance as at 31 December 2003** | **1** | **311** | **3** | **3 339** | **3 654** |

## 10. GROUP CASH FLOW STATEMENT

| | Note | GROUP 2003 Pula '000 | GROUP 2002 Pula '000 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | **3 187** | 1 693 |
| Cash generated from operations | **11.20.2** | **3 536** | 1 737 |
| Interest paid | | **(201)** | (43) |
| Dividends paid to minority shareholders | | **(35)** | - |
| Income tax paid | **11.20.3** | **(113)** | - |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | **(716)** | (4 549) |
| Purchase of property, plant and equipment | | **(751)** | (1 145) |
| Proceeds on disposal of property, plant and equipment | | **35** | 865 |
| Purchase of investments | | **-** | - |
| Acquisition of subsidiary, net of cash acquired | **11.20.4** | **-** | (4 536) |
| Proceeds on disposal of investments | | **-** | 267 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | **(1 581)** | 3 916 |
| Proceeds from issue of share capital | **11.20.5** | **-** | 1 |
| Movement in foreign exchange fluctuation reserves | | **(45)** | 49 |
| Payment of interest bearing borrowings | | **(1 536)** | 3 866 |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | | **890** | 1 060 |
| Cash and cash equivalents at the beginning of the year | **11.20.6** | **1 273** | 214 |
| **Cash and cash equivalents at the end of the year** | **11.20.6** | **2 163** | 1 273 |

## 11. NOTES TO THE FINANCIAL STATEMENTS

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2003** | **2002** | **2003** | **2002** |
| | **Pula '000** | **Pula '000** | **Pula '000** | **Pula '000** |
| **11.1 PROPERTY, PLANT AND EQUIPMENT** | | | | |
| **Cost or valuation** | | | | |
| Leasehold land and buildings | **1,801** | 1,355 | - | - |
| Plant and equipment | **6,002** | 5,454 | - | - |
| Motor vehicles | **308** | 376 | - | - |
| Furniture and fittings | **253** | 231 | - | - |
| Office equipment | **357** | 255 | - | - |
| Computer equipment | **16** | 16 | - | - |
| Loose tools | **8** | - | - | - |
| | **8,745** | 7,688 | - | - |
| **Accumulated depreciation** | | | | |
| Leasehold land and buildings | **49** | 31 | - | - |
| Plant and equipment | **5,404** | 5,326 | - | - |
| Motor vehicles | **133** | 123 | - | - |
| Furniture and fittings | **192** | 187 | - | - |
| Office equipment | **183** | 138 | - | - |
| Computer equipment | **8** | 4 | - | - |
| Loose tools | **1** | - | - | - |
| | **5,968** | 5,809 | - | - |
| **Net carrying value** | | | | |
| Leasehold land and buildings | **1,752** | 1,323 | - | - |
| Plant and equipment | **599** | 128 | - | - |
| Motor vehicles | **175** | 254 | - | - |
| Furniture and fittings | **61** | 44 | - | - |
| Office equipment | **174** | 117 | - | - |
| Computer equipment | **8** | 12 | - | - |
| Loose tools | **7** | - | - | - |
| | **2,777** | 1,879 | - | - |

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2003 | 2002 | 2003 | 2002 |
| | Pula '000 | Pula '000 | Pula '000 | Pula '000 |
| **11.1.1 Movement for the year** | | | | |
| **Capital expenditure** | **751** | 1,145 | - | - |
| Leasehold land and buildings | **45** | 785 | - | - |
| Plant and equipment | **548** | 105 | - | - |
| Motor vehicles | **63** | 188 | - | - |
| Furniture and fittings | **35** | 11 | - | - |
| Office equipment | **54** | 50 | - | - |
| Computer equipment | **-** | 6 | - | - |
| Loose tools | **8** | - | - | - |
| **Disposals** | **(110)** | (1,256) | - | - |
| Leasehold land and buildings | **-** | (958) | - | - |
| Motor vehicles | **(97)** | (298) | - | - |
| Furniture and fittings | **(13)** | - | - | - |
| **Revaluations** | **415** | - | - | - |
| Leasehold land and buildings | **415** | - | - | - |
| Depreciation | **(257)** | (162) | - | - |
| On deletions | **98** | 481 | - | - |
| | **898** | 208 | - | - |

**11.1.2** The gross carrying value of property, plant and equipment comprises:

| | | | | |
|---|---|---|---|---|
| At cost | **7,995** | 7,688 | - | - |
| At valuation (Refer note 11.8) | **750** | - | - | - |
| | **8,745** | 7,688 | - | - |

**11.1.3** The net book value of assets under capitalised finance leases is P 223 862 (PY: 244 417)

**11.1.4 Assets pledged as security:**
Leasehold land and buildings are secured for the banking facilities as stated in note 11.9

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2003 | 2002 | 2003 | 2002 |
| | Pula '000 | Pula '000 | Pula '000 | Pula '000 |
| **11.2 GOODWILL** | | | | |
| **Cost** | | | | |
| Goodwill | **972** | 972 | - | - |
| **Accumulated amortisation** | | | | |
| Goodwill | **389** | 194 | - | - |
| **Net carrying value** | | | | |
| Goodwill | **583** | 778 | - | - |

**11.2.1 Movement for the year**

| | | | | |
|---|---|---|---|---|
| Goodwill (arising on acquisition) | **-** | 972 | - | - |
| Amortisation | **(194)** | (194) | - | - |
| | **(194)** | 778 | - | - |

During 2001 year the Company acquired 100% of the share capital of Kalahari Floor Tiles (Proprietary) Limited. The Company took over net asset of P 3 501 968 for a purchase consideration of P 4 536 476. Subsequently, the Company disposed off 6% of its investments in Kalahari Floor Tiles (Proprietary) Limited. Accordingly, the net goodwill on consolidation of the subsidiary, Kalahari Floor Tiles (Proprietary) Limited, as at year end was P 972 437. The directors of the company have agreed to write off this goodwill over a period of 5 years or earlier if so required, upon evaluation of useful life of this goodwill starting, from the year ended 31 December 2002.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2003** | **2002** | **2003** | **2002** |
| | **Pula '000** | **Pula '000** | **Pula '000** | **Pula '000** |

## 11.3 DEFERRED TAXATION

| | | | | |
|---|---|---|---|---|
| Tax losses available for future set offs | **-** | 518 | - | 100 |
| On property, plant and equipment | **-** | (139) | - | - |
| On unrealised exchange losses | **-** | (45) | - | (71) |
| **Deferred taxation asset** | **-** | 333 | - | 29 |

## 11.4 INVESTMENTS

Unquoted, stated at cost

| | | | | |
|---|---|---|---|---|
| Kalahari Floor Tiles (Proprietary) Limited (a 94% subsidiary company) | **-** | - | 4,264 | 4,264 |

## 11.5 INVENTORIES

| | | | | |
|---|---|---|---|---|
| Raw materials | **457** | 376 | - | - |
| Spare parts | **371** | 451 | - | - |
| Finished goods | **578** | 329 | - | - |
| | **1,406** | 1,155 | - | - |

## 11.6 TRADE AND OTHER RECEIVABLES

| | | | | |
|---|---|---|---|---|
| Trade receivables | **1,433** | 1,546 | 228 | - |
| Other receivables | **410** | 613 | - | 133 |
| | **1,843** | 2,159 | 228 | 133 |

Refer note 11.18 for disclosures on related party balances and transactions.

## 11.7 ISSUED CAPITAL

| | | | | |
|---|---|---|---|---|
| Authorised<br>3 000 ordinary shares of P 1.00 each | **3** | 3 | 3 | 3 |
| Issued<br>1 000 ordinary shares of P 1.00 each | **1** | 1 | 1 | 1 |

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2003** | **2002** | **2003** | **2002** |
| | **Pula '000** | **Pula '000** | **Pula '000** | **Pula '000** |
| **11.8 NON-DISTRIBUTABLE RESERVES** | | | | |
| **Revaluation surplus** | | | | |
| - Arising during year (net of deferred taxation) | **311** | - | - | - |
| **Foreign currency translation reserve** | **4** | 46 | - | - |
| - At beginning of period | **46** | - | - | - |
| - Arising during period | **(42)** | 46 | - | - |
| | **315** | 46 | - | - |

**11.8.1** Leasehold land and buildings were valued by Roscoe Bonna Valuers, independent property valuers, on 22nd January 2004, representing open market value for P 750 000.

**11.8.2** The foreign currency translation reserve arises from the adjustment of the investments and other carrying amounts in foreign subsidiaries or entities on account of foreign exchange fluctuations.

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2003** | **2002** | **2003** | **2002** |
| | **Pula '000** | **Pula '000** | **Pula '000** | **Pula '000** |
| **11.9 INTEREST BEARING BORROWINGS** | | | | |
| - Non current | | | | |
| **Secured loans** | | | | |
| Capitalised finance leases | **207** | 201 | - | - |
| Leases are secured by assets leased and are repayable over a period of 29 to 54 months in equated monthly instalments of P 8 795 (PY: P 6 427) and carries an interest rate varying between prime plus 1% to 3% per annum. | | | | |
| Standard Chartered Bank Botswana Limited | **271** | 598 | - | - |
| The above loan carries an interest rate at prime plus 3% and is repayable in equated monthly installments of P 12 500 (PY: P 12 500) over a period of 60 months commencing July 2002 and is secured as follows:<br><br>- First surety mortgage bond over lots 51, 52 and 53 Mogoditshane, for P 750 000.<br>- Guarantee by M N W Matu for P 750 000 | | | | |
| Rikett Asia Limited | **893** | 2,004 | 893 | 2,004 |
| The Company has pledged the shares of its investments in Kalahari Floor Tiles (Proprietary) Limited to Rikett Asia Limited, an associate company of Rikett International AS, the erstwhile holding company of Kalahari Floor Tiles (Proprietary) Limited to secure this loan. The loan carries an interest rate of 5% and is repayable in instalments of $ 100 000 per year. | | | | |
| | **1,371** | 2,803 | 893 | 2,004 |
| - Current portion of interest bearing borrowings | **(184)** | (80) | - | - |
| | **1,187** | 2,723 | 893 | 2,004 |

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | | **2003** | **2002** | **2003** | **2002** |
| | | **Pula '000** | **Pula '000** | **Pula '000** | **Pula '000** |
| **11.10** | **SHAREHOLDERS' LOANS** | **1,171** | 1,171 | 1,171 | 1,171 |

The amount owing is unsecured, interest free and there is no fixed date for repayment.

## 11.11 DEFERRED TAXATION

| | 2003 Group | 2002 Group | 2003 Company | 2002 Company |
|---|---|---|---|---|
| Net timing difference on account of property, plant and equipment | **36** | - | - | - |
| On revaluation of property, plant and equipment | **104** | - | - | - |
| On other timing differences | **47** | - | 26 | - |
| Tax losses available for set off against | **-** | - | - | - |
| future taxable income | **(4)** | - | (4) | - |
| Deferred taxation liability | **182** | - | 22 | - |

## 11.12 TRADE AND OTHER PAYABLES

| | 2003 Group | 2002 Group | 2003 Company | 2002 Company |
|---|---|---|---|---|
| Trade payables | **1,147** | 917 | 228 | - |
| Other payables | **801** | 543 | 1,609 | 1,342 |
| | **1,948** | 1,460 | 1,837 | 1,342 |

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2003** | **2002** | **2003** | **2002** |
| | **Pula '000** | **Pula '000** | **Pula '000** | **Pula '000** |
| **11.13 CONTINGENCIES** | | | | |
| **11.13.1** The company has pledged the shares of its investments in Kalahari Floor Tiles (Proprietary) Limited to Rikett Asia Limited, an associate company of Rikett International AS, the erstwhile holding company of Kalahari Floor Tiles (Proprietary) Limited. The pledge is to remain until such time the purchase consideration for the acquisition of the investments is fully paid to Rikett Asia Limited. | | | | |
| The balance outstanding at the year end | **893** | 2,004 | 893 | 2,004 |
| **11.13.2** The company extended its guarantee to Standard Chartered Bank Botswana Limited in respect of loan taken by subsidiary company, Kalahari Floor Tiles (Proprietary) Limited. | | | | |
| The amount outstanding at year end is | **-** | - | 271 | 598 |
| | **893** | 2,004 | 1,164 | 2,602 |
| **11.14 OTHER OPERATING INCOME** | | | | |
| Profit on disposal of property, plant and equipment | **24** | 90 | - | - |
| Realised exchange gains | **169** | 469 | 169 | 285 |
| Interest received | **59** | 8 | - | - |
| Unrealised exchange gains | **241** | - | 105 | - |
| | **492** | 566 | 274 | 285 |

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| | | **2003** | **2002** | **2003** | **2002** |
| | | **Pula '000** | **Pula '000** | **Pula '000** | **Pula '000** |
| **11.15** | **ADMINISTRATIVE EXPENSES** | | | | |
| | Administrative expenses are inclusive of: | | | | |
| | Auditors' remuneration | | | | |
| | - Audit fees | **25** | 54 | 2 | 7 |
| | - Other services | **60** | 47 | - | - |
| | Bad debts | **96** | 111 | - | - |
| | Depreciation | **257** | 162 | - | - |
| | Directors emoluments | **163** | 458 | - | - |
| | Goodwill amortised | **194** | 194 | - | - |
| **11.16** | **FINANCE CHARGES** | | | | |
| | Bank and other short term borrowings | **158** | 30 | 64 | 4 |
| | Finance leases | **43** | 13 | - | - |
| | | **201** | 43 | 64 | 4 |
| **11.17** | **INCOME TAX EXPENSES** | | | | |
| **11.17.1** | **Major components of taxation expense** | | | | |
| | Normal company tax | **61** | 18 | - | - |
| | Additional company tax | **105** | 12 | - | - |
| | | **166** | 31 | - | - |
| | Additional company tax recovered | **(5)** | - | - | - |
| | Deferred tax charge | **412** | (333) | 51 | (29) |
| | | **572** | (302) | 51 | (29) |
| **11.17.2** | **Effective rate of taxation** | | | | |
| | Normal company tax | **15.00%** | 15.00% | 15.00% - | |
| | Additional company tax | **10.00%** | 10.00% | 10.00% - | |
| | | **25.00%** | 25.00% | 25.00% - | |
| | Deferred taxation | **-** | -8.21% - | | -24.00% |
| | ACT utilised - Minority interest | **-0.23%** - | - | - | |
| | Disallowances | **0.76%** | 2.03% | 0.51% - | |
| | Dividends not taxable | **-** - | | -17.75% - | |
| | | **25.53%** | 18.82% | 7.76% | -24.00% |

## 11.18 RELATED PARTIES AND RELATED PARTY TRANSACTIONS

**Related parties**

Related parties where control existed during the year are as follows:

| | |
|---|---|
| Directors | : M M W Matu |
| | : S Lakhani |
| | : P Kihanya |
| Shareholders | : Dunlop Kenya Limited |
| Companies | : Dunlop Kenya Limited |
| | : Dunlop Industries Limited |
| | : Kalahari Floor Tiles (Proprietary) Limited |
| | : Plasrik SA (Proprietary) Limited |
| | : Gaborone Enterprises (Proprietary) Limited |

Other related parties with whom the company transacted during the year are:

Dunlop Kenya Limited

| | |
|---|---|
| Other receivables | 1 |
| Other payables | 130 |
| Shareholders' loans | 702 |

Dunlop Industries Limited

| | |
|---|---|
| Other receivables | 7 |

M N W Matu

| | |
|---|---|
| Directors current account | 13 |
| Shareholders' loans | 114 |

P Kihanya

| | |
|---|---|
| Directors current account | 35 |
| Shareholders' loans | 356 |

## 11.19 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT POLICIES

Financial instruments are used to cover risks linked to the group's activity. Each instrument is tied to an asset or liability or an operational or financing transaction. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

**Foreign exchange**

In the course of business, the group enters into transactions denominated in foreign currencies and risk thus may be exposed to fluctuations in foreign currency exchange rates. The group does not hedge against this foreign currency risk because the foreign currency denominated transactions and balances are minimal.

**Interest rate risk**

Fluctuations in interest rates impact on the value of short term cash investment and financing activities, giving rise to interest rate risk. Surplus funds are invested in such a manner as to achieve maximum returns whilst minimising risks.

**Credit risk**

The financial assets of the group, which are subject to credit risk, consist mainly of cash resources and receivables. The cash resources are placed with reputable financial institutions. Where appropriate, adequate provisions are made for specific and general bad debts.

**Liquidity risk**

Liquidity risk arises from the possibility that customers may not be able to settle obligations to the group within the normal terms of trade. To manage the risk the group periodically assesses the financial viability of its customers. In order to mitigate any liquidity risk that the Company may face, the policy is to maintain adequate unutilised balances.

**Fair value risk**

At 31 December 2003, the carrying value of financial instruments reported in the financial statements approximate to their fair values, due to the short maturities of these instruments. These financial instruments are held in the ordinary course of business.

### 11.21. CASH FLOW AND WORKING CAPITAL ADEQUACY

We confirm that we have reviewed the Group's projected cash flow statements for the year ending 31 December 2004 which has been prepared by the directors. The cash flow statement is presented on a basis consistent with the accounting policies normally followed adopted by the Group. Based on the cash flows and the profit forecast assumptions as set out in Paragraph 3 of Part C of this Prospectus, we are in agreement with the Director's adequacy of capital statement as set out in Paragraph 7 of Part C of the Prospectus.

### 11.22. LOSSES IN SUBSIDIARY AND ASSOCIATED COMPANIES

Plasrik SA (Proprietary) Limited, the 100% subsidiary of Kalahari Floor Tiles (Proprietary) Limited, (a 94% subsidiary of Olympia Capital Corporation Limited) incurred a loss of P677 727 (R1 008 456) and P999 336 (R1 882 019) for the years ended 31 December 2003 and 31 December 2002 respectively. Other than this no subsidiary company incurred a loss for this period.

### 11.23. DIVIDENDS

The Company has not paid out any dividends during the periods covered by this report.

### 11.24. PROVISION FOR DOUBTFUL DEBTS AND INVENTORY

Our audit has indicated that the Group has made adequate provision at 31 December 2003 for doubtful debts and obsolete, damaged and defective goods.

### 11.25. INTERCOMPANY PROFITS

Inter company profits have been eliminated in the amounts reflected in the above income statements.

### 11.26. POST BALANCE SHEET EVENTS

**Sale of Plasrik SA (Proprietary) Limited**

With effect from 31 October 2004, this business was sold to the existing shareholders of OCC pro-rata to their shareholdings in OCC for ZAR1. Details of the transaction are contained in Paragraph 7 of Part F of this Document. It was resolved at the meeting of the Board of Directors Held on 8 November 2004, to transfer the shares in Plasrik SA (Proprietary) Limited to the ultimate shareholders of the company, in proportion to their shareholding in the company for a sales consideration of P1.

**Capitalisation of shareholders loans**

At an Extraordinary General Meeting of the shareholders of OCC held on 8 November 2004, the shareholders approved a resolution to convert all loans made to Olympia Capital Corporation Limited by Mr. M M W Matu, Mr. P K Muiruri and Olympia Capital Holdings Limited to ordinary shares. As at 31 October 2004 these loans totalled P1 225 932 which, upon conversion, resulted in the share capital and share premium of the company increasing by P119 and P1 218 881 respectively, with a corresponding reduction in the shareholders loans.

**Acquisition of 6% of Kalahari Floor Tiles (Proprietary) Limited, a 94% subsidiary, making Kalahari Floor Tiles (Proprietary) Limited a 100% subsidiary of OCC**

It was resolved by the shareholders of Kalahari Floor Tiles (Proprietary) Limited and Olympia Capital Corporation Limited on 8 November 2004 that, with effect from 31 October 2004, Olympia Capital Corporation Limited acquire 6% of the issued share capital of Kalahari Floor Tiles (Proprietary) Limited from Mr. L D Lekalake for a total consideration of P 727 303. In settlement of the consideration, 71 ordinary shares of P1 each in the share capital of Olympia Capital Corporation Limited were issued to Mr. L D Lekalake at an issue price of P10 243.70 per share.

**Goodwill arising on acquisition of 6% of Kalahari Floor Tiles (Proprietary) Limited**

On acquisition of Mr. L D Lekalake's share of Kalahari Floor Tiles (Proprietary) Limited, goodwill of P312,051 will be recognized in the accounts of Olympia Capital Corporation Limited on consolidation.

**Bonus shares**

The Extraordinary General Meeting held on 8th November 2004, a resolution was passed for the issue of 134 470 bonus shares to the existing shareholders, to be settled by debiting the retained income of the company. This resulted in the share capital of the Company increasing by a further amount of P134 470 with a corresponding reduction in the retained earnings of the Company.

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Dinesh R *, Jayaram Karumathil *, Vijay Kalyanaraman * (* Indian)

(BSE 8.31)

Grant Thornton Acumen

10 December 2004

The Directors
Olympia Capital Corporation Limited (formerly Yeti Holdings (Proprietary) Limited)
P O Box 2166
Gaborone
Botswana

Gentlemen

We have examined the profit estimate of Olympia Capital Corporation Limited formerly known as Yeti Holdings (Proprietary) Limited for the twelve-month period ending 31 December 2004, set out in Part C of the Prospectus. The profit estimate was compiled by the Directors for which they are solely responsible.

Our examination was carried out in accordance with generally accepted standards on auditing. In carrying out our examination we have analysed the accounting policies and have checked the calculations used in the profit estimate, and we have confirmed that the underlying information used in the profit estimate has been presented on a basis consistent with the accounting policies normally adopted by the Company. We consider that our procedures were appropriate in the circumstances to enable us to express our opinion presented below.

In our opinion:

- The assumptions provide a reasonable basis for the preparation of the profit estimate;
- The profit estimate has been properly compiled on the basis of the assumptions; and
- The profit estimate is presented on a basis consistent with the accounting policies normally adopted by the company

Since the forecast is based on assumptions concerning future events, actual results may vary from the forecast, which has been presented and the variations may be material. Accordingly, we express no opinion whether or not the forecast will be achieved.

We consent to the inclusion of this letter and the reference to our opinion in the Circular in the form and context in which it appears.

Yours faithfully

**GRANT THORNTON ACUMEN**
**Certified Public Accountants**

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Dinesh R *, Jayaram Karumathil *, Vijay Kalyanaraman * (* Indian)

## APPENDIX 4: DIRECTORS' VALUATION OF MOVABLE PROPERTY

The table below reflects the Director's valuation of moveable assets of the group as at 29 November 2004, being the last practicable date before the publication of this Prospectus.

| **Moveable asset** | **Directors' valuation as at 29 November 2004 (P)** |
|---|---|
| Motor vehicles | 424,000 |
| Plant, machinery and Lab equipment | 346,500 |
| Office equipment, furniture and fittings | 117,600 |
| **Total** | **888,100** |

## APPENDIX 5: VALUER'S REPORT ON IMMOVABLE PROPERTIES

(BSE 7.D.6)

The following schedule is extracted from the report and valuation dated 21 January 2004 prepared by Roscoe Bonna BA (Land Econ), MA (Housing), MISK, MREIB, MIVSA, for Roscoe Bonna Valuers.

| **Property** | **Description** | **Title** | **Lease duration** | **Lease commencement date** | **Registered owner** | **Open Market Value (P)** |
|---|---|---|---|---|---|---|
| Tribal Lots 44,45 Mogoditshane | Warehouse and open fronted storeroom (688 sqm) | Leasehold | 50 years | 2 March 1998 | Kalahari Floor Tiles P/L | 750,000 |
| Tribal 51,52 and 53 Mogoditshane | Factory, Offices, Store (1,446 sqm) | Leasehold | 50 years | 30 July 1990 | Gaborone Enterprises P/L | 1,850,000 |

## APPENDIX 6: DETAILS OF THE UNDERWRITER OF THE IPO

| | |
|---|---|
| **Name:** | **Kingdom Finance (Proprietary) Limited** |
| **Registered office:** | 133 Independence Avenue<br>Gaborone |
| **Date of incorporation:** | 19 April 2004 |
| **Company registration number:** | 2004/4107 |
| **Directors:** | Irene Chamney, Charles Tibone, Perry Bellos, Tapiwa Shamu |
| **Company Secretary:** | Desert Secretarial Services (Pty) Ltd, c/o Deloitte & Touche |
| **Authorised share capital:** | P3,000 |
| **Issued share capital:** | P100 |
| **Directors' interest:** | Mr Tibone is a member of 21st Century Holdings Limited, which holds 50% of the issued share capital of Kingdom Finance (Pty) Ltd. |

## APPENDIX 7: STATUTORY INFORMATION RELATING TO VENDORS

| OCC asset acquired (BSE 7.H.1) | Vendors' details (BSE 7.H.1) | Consideration paid on acquisition (BSE 7.H.1) | Net asset value of asset on acquisition (BSE 7.H.5) | Standard warranties provided (BSE 7.H.2) | Standard restraint of trade (BSE 7.H.3) | Beneficial interest held by a Director (BSE 7.H.6) | Assets transferred to OCC (BSE 7.H.8) | Assets pledged (BSE7.H.8) |
|---|---|---|---|---|---|---|---|---|
| 100% of the issued share capital of KFT | Rikett International AS<br>c/o Rikett Asia Ltd<br>1207 Shanghai Central Plaza<br>727 North Huangpi Road<br>Shanghai 200003<br>China | P4,536,476 | P3,501,968 | Yes | No | Nil | Yes | 21% of the shares held in KFT |
| 6% of the issued share capital of KFT | L D Lekalake<br>Plot 5259,<br>Phofu Close, Extension 9,<br>Gaborone. | P727,303 | 415,252 | No | No | Yes | Yes | No |

# APPENDIX 8: EXTRACTS FROM OCC'S ARTICLES

**DIRECTORS**

**60.**

THE minimum number of Directors shall be four and the maximum shall be twelve, at least two of whom must be resident in Botswana.

**61.**

A Director shall not be required to hold a share qualification.

**ROTATION OF DIRECTORS**

**62.**

AT the first ordinary general meeting of the Company all the Directors for the time being shall retire. Subject to the provisions of Article 68, at every ordinary general meeting of the Company thereafter at least one-third of the Directors for the time being shall retire from office. The directors so to retire in each year shall be those who have been longest in office since their last appointment or election, but as between persons who were last elected as Directors on the same day, those to retire, unless they otherwise agree among themselves, shall be determined by lot, provided that notwithstanding anything herein contained, if, at the date of any ordinary meeting any Director shall have held office for a period of three (3) years since his last election or appointment, he shall retire at such meeting, either as one of the Directors to retire in pursuance of the aforegoing provisions, or additionally thereto. A retiring Director shall hold office until the conclusion of the meeting at which he retires.

**63.**

RETIRING Directors shall be eligible for re-election, but no person not being a retiring Director shall be eligible for election to the office of Director at any general meeting unless the member intending to propose him and the member intending to second him have at least five (5) clear days before the meeting, left at the registered office of the Company a notice in writing, duly signed signifying the intention of such members to propose and second him and the consent of the candidate to assume the office of the Director.

**64.**

THE Company in general meeting shall fill up any vacancies in the Board of Directors existing or arising at that meeting, unless it is resolved to reduce the number of Directors as set out below.

**65.**

THE period to be allowed before the date of an Annual General Meeting for the nomination of a new Director must be such as to give sufficient time after the receipt of the notice of the holding of the Meeting for nominations to reach the Company's office.

**66.**

IF at any general meeting at which an election of Directors ought to take place, the place of any retiring Director is not filled up, he shall, if willing, continue in office until the dissolution of the ordinary meeting in the next year, and so on from year to year until his place is filled up, unless it shall be determined at such meeting not to fill up such vacancy.

**67.**

SUBJECT to the provisions of Article 60 the Company by ordinary resolution in general meeting may from time to time increase or reduce the number of Directors and alter their qualifications and may also determine in what rotation such increased or reduced number is to go out of office. Whenever such increase is made the shareholders at the said meeting, or failing them, the Directors, may fill up the new seats so created.

**68.**

NOTWITHSTANDING anything to the contrary contained in Article 62, any person employed under a contract with the Company, which contract has as a condition thereof that the person shall be a director of the Board, that person shall not be subject to retirement by rotation as envisaged in Article 62, but the period for which that person shall be a director and shall hold office as such shall be determined by the terms and conditions of his contract with the Company, provided that less than half of the Directors may be appointed to any such position on the condition that they will not be subject to retirement by rotation.

## REMUNERATION OF DIRECTORS

**69.**

THE remuneration of directors shall be such sum or sums as may from time to time be approved by the Company in General Meeting. Directors shall also be paid such travelling, hotel and other expenses as may be properly and necessarily incurred by them in and about the execution of their duties as directors, including any such expenses incurred in connection with the attendance at meetings of directors or committees thereof and at General Meetings.

**70.**

A quorum of disinterested Directors may award special remuneration out of the funds of the Company to any non-executive director undertaking any work additional to that usually required of non-executive directors of a company similar to the Company, and shall approve any visit abroad by any director on business of the Company and the expenses to be met by the Company.

**71.**

THE Company shall, in accordance with the provisions of SECTION 152 of The Act, duly keep at the office, in respect of each Director, a register of the number, description and amount of any shares in or debentures of the Company and in or of other bodies corporation in which he is interested, as is required by such Section. Such Register shall be open to inspection between the hours of 10 a.m. and 12 noon during the periods prescribed by the section and shall also be produced at the commencement of each Annual General Meeting and shall remain open and accessible during the continuance of the meeting to any person attending the meeting.

## ALTERNATE DIRECTORS

**72.**

EACH Director shall have the power to appoint a person to act as Alternate Director in his place, and at his discretion to remove such Alternate Director and to appoint another in his stead, provided that the appointment of such Alternate Director shall be approved by the Directors, and on such appointment being made and approved the Alternate Director shall in all respects be subject to the terms and conditions existing with reference to the other Directors of the Company. Such Alternate Director shall be entitled to act at all meetings and in all proceedings in which and on all occasions when the Director who appointed him shall not act himself. An Alternate Director shall look for his remuneration to the Director appointing him and shall have no claim against the Company for such remuneration.

**73.**

AN Alternate Director, whilst acting in the place of the Director who appointed him, shall exercise and discharge all the duties and functions of the Director he represents. The appointment of an Alternate Director shall be cancelled and the Alternate Director shall cease to hold office whenever the Director who appointed him shall cease to be a Director or shall give notice in writing to the Secretary that the Alternate Director representing him shall have ceased to do so. A Director retiring at any Ordinary Meeting and being re-elected shall not, for the purpose of this Article, be deemed to have ceased to be a Director.

## POWERS AND DUTIES OF DIRECTORS

**74.**

THE business and management of the Company shall be managed by the Directors who may pay all expenses incurred in formation and registration of the Company, and may exercise all such powers of the Company as are not by The Act or by these Articles required to be exercised by the Company in General Meeting, subject, nevertheless, to the provisions of these Articles and of The Act, and to such regulations not being inconsistent with the aforesaid provisions, as may be prescribed by the Company in General Meeting, but no regulation made by the Company in General Meeting shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made. The general powers conferred upon the Directors by this Article shall not be deemed to be abridged or restricted by any specific power conferred upon the Directors by any other Article.

**75.**

WITHOUT prejudice to the generality of Article 74 hereof, the Directors may give or award pensions, annuities, gratuities and superannuation or other allowances or benefits to any persons who are or have at any time been Directors of, or employed by or in the service of the Company, and to the wives, widows, children and other relatives and dependents of any such persons, and may set up, establish, support and maintain pension, superannuation or other funds or schemes (whether contributory or non-contributory) for the benefit of such persons as are hereinbefore referred to, or any of them or any class of them. Any Director shall be entitled to receive and retain for his own benefit any such pension, annuity, gratuity, allowance or other benefit granted or awarded in terms of this Article to him. A Director may not vote as a Director in respect of the exercise of any of the powers by this Article conferred upon the Directors in respect of a grant or an award that may be made to him notwithstanding that he is or may be or become interested therein.

**76.**

THE Directors may from time to time and at any time by power of attorney appoint any company, firm or person or body of persons, whether nominated directly or indirectly by the Directors, to be the manager or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and may contain such provisions for the protection and convenience of persons dealing with any such manager as the Directors may think fit, and may also authorise any such manager to delegate all or any of the powers, authorities and discretions vested in him.

## BORROWING POWERS OF DIRECTORS

**77.**

THE Directors may raise or borrow for the purposes of the Company's business, such sum or sums of money as in aggregate at any time do not exceed twice the value of shareholders funds, or such other sum as the Company may, by ordinary resolution, in General Meeting determine. The Directors may secure the repayment of or raise any such sum or sums as aforesaid by mortgage or charge upon the whole or any part of the property and assets of the Company, present and future, or by the issue, at such price as they may think fit, of debentures either charged upon the whole or any part of the property and assets of the Company, or not so charged or in such other way as the Directors may think expedient.

**78.**

THE Directors shall cause a proper register to be kept in accordance with the provisions of The Act of all mortgages and charges specifically affecting the property of the Company, and they shall cause to be entered in such register in respect of each mortgage or charge a short description of the property mortgaged or charged, the amount of charge created, the name of mortgagee or person entitled to such charge and such further particulars as the provisions of The Act requires.

**79.**

IF any Director or other person shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability.

## HOLDING OF OFFICE

**80.**

A Director may hold any office or place of profit under the Company or subsidiary, other than that of Auditor, in conjunction with the office of Director of the Company or subsidiary, for such period and on such terms as to remuneration and otherwise as determined by a disinterested quorum of Directors.

**81.**

A Director may enter into or be interested in contracts or arrangements with the Company and may have or be interested in dealings of any nature whatsoever with the Company and shall not be disqualified from office thereby. No such contract, arrangement or dealing shall be liable to be avoided, nor shall any Director so contracting, dealing or being so interested be liable to account to the Company for any profit arising out of any such contract, arrangement or dealing to which he is party or in which he is interested by reason of his being a Director of the Company.

**82.**

A Director who is in any way, whether directly or indirectly interested in a contract or proposed contract which has been or is to be entered into by the Company, shall declare the nature and extent of his interest as provided by SECTION 156 of The Act. A Director shall not vote in respect of any contract or arrangement in which he is interested.

**83.**

A Director may be or continue to be or may become a Director or other officer or servant of or otherwise be interested in any other company in which this Company is or becomes in any way interested, and shall not (in the absence of agreement to the contrary) be liable to account to the Company for any emoluments or other benefits received or receivable by him as Director, or officer or servant of, or from his interest in such other Company.

**84.**

THE Directors may exercise or procure the exercise of the voting rights attached to shares in any other company in which this Company is or becomes in any way interested, and may exercise any voting rights to which they are entitled as Directors of any such other company, in such manner as they shall in their absolute discretion think fit, including the exercise thereof in favour of any resolution appointing themselves or any of them as directors, officers or servants of such other company and fixing their remuneration as such, and may vote as Directors of this Company in connection with any of the matters aforesaid.

## DISQUALIFICATION OF DIRECTORS

**85.**

THE office of a Director shall be vacated if the Director -

(a) becomes insolvent, whether by surrendering his estate or by reasons of his estate being provisionally or finally sequestrated, or compounds with his creditors generally;

(b) becomes of unsound mind;

(c) absents himself from the meetings of Directors for a period of six months without special leave of absence from the other Directors;

(d) becomes prohibited from being a Director by reason of any order made under SECTION 143 of The Act;

(e) gives the Company one month's notice in writing that he resigns his office as a Director;

(f) is removed from office as provided in these regulations; or

(g) ceases to be a Director by virtue of any of the provisions of The Act or become prohibited or disqualified from being a director by virtue or in terms of any of the provisions of The Act.

But any act done in good faith by a Director whose office is vacated as aforesaid shall be valid unless, prior to the doing of such act, written notice shall have been served upon the Company or an entry shall have been made in the Director's Minute Book stating that such Director has ceased to be a Director of the Company.

## VACANCIES, ADDITIONS AND REMOVAL OF DIRECTORS

**86.**

THE Directors shall have power at any time from time to time to appoint any other person to be a Director of the Company, to fill a casual vacancy, and such appointment must be confirmed at the next Annual General Meeting.

**87.**

THE Company may by Ordinary Resolution, of which special notice has been given in accordance with SECTION 106 of The Act, remove any Director before the expiration of his period of office (notwithstanding anything in these Articles or in any agreement between the Company and such Director) and may by an Ordinary Resolution appoint another person in his stead.

The person so appointed shall be treated for the purpose of determining the time at which he or any other Director is to retire as if he had become a Director on the day on which the Director in whose place he is appointed was last appointed a Director.

## PROCEEDINGS OF DIRECTORS

**88.**

THE Directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they think fit. One half of the Directors, at that time appointed to office, shall constitute a quorum. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes, the Chairman shall have a second or casting vote, except where only two Directors are present and constitute a quorum. A Director may, and the Secretary on the requisition of a Director shall at any time summon a meeting of the Directors. Notice of a meeting of Directors shall be given to all Directors.

**89.**

THE continuing Directors may act notwithstanding any vacancy in their body, but if and so long as the number of Directors is reduced below the number fixed by or pursuant to these Articles as the minimum number of Directors, the continuing Directors may act for the purpose of increasing the number of Directors to that number, or of summoning a General Meeting of the Company, but for no other purpose.

**90.**

THE Directors may elect a Chairman and Deputy Chairman of their meetings and determine the period for which they shall hold office. If at any meeting the Chairman be not present within five minutes after the time appointed for holding the same, the Directors present shall choose one of their number to be Chairman of such meeting.

**91.**

A memorandum in writing, signed by the majority of the Directors (or their alternates) for the time being entitled to receive notice of a meeting of Directors (not being less than the number required for a quorum) and annexed or attached to the Directors' Minute Book, shall be as effective for all purposes as a resolution of the Directors passed at a meeting duly convened, held and constituted. Any such memorandum may consist of several documents, including facsimile transmissions, in like form, each signed by one or more of such Directors (or their alternates) and shall be deemed to have been passed on the day on which it was signed by the last Director who signed it, unless a statement to the contrary is made in that resolution.

**92.**

THE Directors may delegate any of their powers to Committees, consisting of such one or more of their body as they think fit. Any Committee so formed shall in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Directors. The regulations herein contained for the meetings and proceedings of Directors shall, so far as not altered by any regulations made by the Directors, apply also to the meetings and proceedings of any Committee.

**93.**

ALL acts done by any meeting of the Directors or of a Committee of Directors or by any persons acting as Directors shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Directors or persons acting as aforesaid, or that they or any of them were appointed and was disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director.

## FULL TIME EMPLOYMENT

**94.**

THE Directors may from time to time appoint one or more of their body to full time employment with the Company, with such title as the Directors may in their absolute discretion determine and may stipulate whether or not the holding by that Director of the office of director is a condition (or otherwise) of such employment, and may fix his/her remuneration either by way of salary or commission for an amount equal to a percentage on dividends declared (not to exceed 5%) or by a combination of two or more of those modes, and if the holding of office as a director is a condition of such contract may, if the Directors deem prudent, stipulate the term of such holding of office, and may stipulate that there be paid to him or his widow or her or her widower or such other dependents, a pension or gratuity on retirement or death. The appointee shall not vote upon any resolution in respect of his/her appointment or in respect of the determination of any terms and conditions of such appointment and employment.

**95.**

EVERY Managing Director shall, subject to the provisions of any contract between himself and the Company with regard to his employment as such, be liable to be dismissed or removed by the Board of Directors, and another person may be appointed in his place.

**96.**

THE Directors may from time to time entrust to and confer upon an executive director and/or the Managing Director all or any of the powers of the Directors (excepting the power to borrow money or issue debentures) that they may think fit. The exercise of all such powers by an Executive or Managing Director shall be subject to such regulations and restrictions as the Directors may from time to time make and impose, and the said powers may at any time be withdrawn, revoked or varied.

**LOCAL COMMITTEE**

**97.**

WITHOUT prejudice to the general powers conferred by these articles, it is hereby expressly declared that the Directors shall be entrusted with the power to appoint persons resident in a foreign country to be a Local Committee for the Company in that country, and at their discretion to remove or suspend such Local Committee and any member thereof, to fix and vary their remuneration, and also to open offices of the Company where necessary and to close the same at their discretion, and to appoint and remove agents to represent the Company for the issue, sub-division and transmission of shares and for such other purposes as the Directors may subject to the provisions of these articles determine. And to give the members of such Committee or any such agents the power to appoint alternates and substitutes, to appoint others or to act again themselves as also to grant to such Committeemen or agents power to appoint other persons as co-Committeemen or joint agents. Any Director may act on the Local Committee whenever in the country for which the Committee is appointed to act and may take part in the proceedings of such Committee and may have the same rights and privileges as any member of the Committee.

**PROVISIONS RELATING TO OLYMPIA CAPITAL CORPORATION SHARES**

**RIGHTS ATTACHING TO SHARES**

**4.**

WITHOUT prejudice to any special rights previously conferred on the holders of existing shares or class of shares in the Company, any shares whether in the initial or in any increased capital may be issued with such preferred, deferred or other special rights, or such restrictions, whether in regard to dividend, voting, return of capital or otherwise, as the Company may from time to time by Special Resolution determine. Preference shares may be issued and existing shares may be converted in to preference shares on the basis that they are, or at the option of the company are liable, to be redeemed on such terms and in such manner as shall be prescribed in these Articles or the resolution authorising or effecting such issue or conversion. All shares in the same class shall rank pari passu with each other.

**NEW SHARES**

**5.**

NEW shares, that is to say shares in the capital of the Company which come about as a result of an increase of the authorised share capital of the Company and which are unissued, or shares which form part of the existent authorised share capital of the Company and which are unissued, shall be offered to shareholders pro rata the existing shareholding, of each shareholding, unless such shares are issued for the consideration for the acquisition of a specific property or a specific business or a specific company. Notwithstanding and in addition to the aforementioned, the shareholders in general meeting, by ordinary resolution place some or all new shares under the control of the directors and authorise the directors to issue such new shares and/or give options to subscribe for such new shares as the directors in their discretion may think fit, provided that such issue or grant of options shall have been approved by the Committee of the Botswana Stock Exchange.

**21.**

THE Company may by SPECIAL RESOLUTION:-

(a) sub-divide its existing shares or any of them into shares of smaller amounts than is fixed by the Memorandum of Association, (provided that in the sub-division of an existing share the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as if was in the case of the share from which the reduced share is derived);

(b) consolidate and divide all or any part of its share capital into shares of larger amount than its existing shares or consolidate and reduce the number of the issued shares;

(c) reduce its share capital and any capital redemption reserve fund and any share premium account in any manner authorised by law; and in particular, without prejudice to the generality of the power hereby conferred, may extinguish or reduce the liability on any of its shares in respect of share capital not paid-up, with or without extinguishing or reducing liability on any of its shares, cancel any paid up share capital which is lost or unrepresented by available assets, or either with or without extinguishing or reducing the liability on any of its shares, pay off any paid up share capital which is in excess of the wants of the Company;

(d) cancel shares which at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled;

(e) convert any shares (whether or not having a par value) into stock and reconvert any stock into shares of any denomination, or into shares of no par value;

(f) convert all of its ordinary or preference share capital consisting of shares having a par value into stated capital constituted by shares of no par value and vice versa; and

(g) convert any shares in the capital of the company to shares of a different class and in particular, (but without derogating from the generality of the aforegoing) convert ordinary shares or preference shares into redeemable preference shares.

**43.**

AT any General Meeting every question shall be decided in the first instance by a show of hands, and, unless a poll be (on or before the declaration of the result of the show of hands) directed by the Chairman, or demanded by at least three members entitled to vote, or by one or more members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting or holding shares in the Company conferring a right to vote at the meeting, a declaration by the Chairman that a resolution has been carried or not carried, or carried or not carried by a particular majority shall be final and an entry to that effect in the Minute Book of the Company shall be conclusive evidence of the facts without proof of the number or proportion of the votes recorded in favour of or against such resolution. The demand for a poll may be withdrawn.

**44.**

IF a poll is demanded as aforesaid it shall be taken in such manner and at such place and time as the Chairman of the meeting directs and either immediately or after an interval or adjournment (not exceeding seven (7) days). The demand for a poll may be withdrawn. Scrutineers shall be elected to count the votes and to declare the result of the poll, and their declaration which shall be announced by the Chairman of the meeting, shall be deemed to be the resolution of the meeting at which the poll was demanded. In case of any dispute as to the admission or rejection of a vote, the Chairman of the meeting shall determine the same, and the determination of the Chairman made in good faith shall be final and conclusive.

**45.**

IN the case of an equality of votes at any General Meeting, whether upon a show of hands or on a poll, the Chairman shall not be entitled to a second or casting vote.

## BORROWING POWERS OF DIRECTORS

**77.**

THE Directors may raise or borrow for the purposes of the Company's business, such sum or sums of money as in aggregate at any time do not exceed twice the value of shareholders funds as the Company may, by ordinary resolution, in General Meeting determine. The Directors may secure the repayment of or raise any such sum or sums as aforesaid by mortgage or charge upon the whole or any part of the property and assets of the Company, present and future, or by the issue, at such price as they may think fit, of debentures either charged upon the whole or any part of the property and assets of the Company, or not so charged or in such other way as the Directors may think expedient.

## WINDING-UP

**127.**

IF the Company shall be wound up, the assets remaining after payment of the debts and liabilities of the Company and the costs of the liquidation shall be applied: First, in repaying to the members the amounts paid up on the shares held by them respectively, and the balance (if any) shall be distributed among the members in proportion to the number of shares held by them respectively: PROVIDED always that the provisions hereof shall be subject to the rights of the holders of shares (if any) issued upon special conditions.

**128.**

IN a winding up, any part of the assets of the Company including any shares in or securities of other companies may, with the sanction of a SPECIAL RESOLUTION of the Company, be divided among the members of the Company in specie, or may with the like sanction, be vested in trustees for the benefit of such members, and the liquidation of the Company may be closed and the Company dissolved, but so that no member shall be compelled to accept any shares whereon there is any liability.

| BROKERAGE/ BANK STAMP IF APPLICABLE: |
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| |

# APPLICATION FORM FOR INDIVIDUALS

## OLYMPIA CAPITAL CORPORATION LIMITED

**(Incorporated in Botswana on 14 October 2002 under company registration number 2002/3073)**

Application form ("Form") for the right to allotment for 734,000 fully paid ordinary shares of a nominal value of 0,01t (one thebe) each ("OCC Shares", "Ordinary Shares" or "Shares") in the issued share capital of Olympia Capital Corporation Limited ("Company" or "OCC") by way of an initial public offering ("IPO"), as set out in the Prospectus issued by the Company and registered in terms of the Companies Act [Cap 42:01] on Monday 20 December 2004, ("Prospectus").

The directors of OCC ("Directors") reserve the right to reject an application if the conditions contained in the Prospectus and the instructions on this Form are not complied with. Multiple applications in the same name will be rejected.

**Please complete this form in block capitals and in ink.**

| | | | |
|---|---|---|---|
| Surname: Mr/ Mrs/ Miss: | | | |
| First name(s) in full: | | | |
| Postal address: (PO box/ private bag) | | | |
| | | | |
| | | | |
| (Share certificates and refund cheques (if any) will be posted to the above postal address at the risk of the Applicant). | | | |
| Residential address: | | | |
| Telephone number: (In case of query) | | Email details: | |
| Capacity: | Adult: | | |
| | Minor: | | |
| Marital status: | Married in community of property: | | |
| | Married out of community of property: | | |
| | Widowed: | | |
| | Single: | | |

I irrevocably offer to purchase ........................................................... (insert number) Ordinary Shares in the issued share capital of the Company, at an issue price of 80 thebe (Eighty thebe) per OCC Share, on the terms and conditions set out in the Prospectus, and

☐ enclose a cheque/ bankers draft in favour of "PricewaterhouseCoopers – OCC IPO"; or

☐ authorise the receiving bank to debit my/our account no.____________________ held at __________________ Bank ___________________ Branch with the sum of P_______________ (____________________________________*amount in words*).

Applications must be for a minimum of 100 (one hundred) Shares and thereafter must be in multiples of 100 (one hundred) Shares.

I/We declare that I/we:

1. am/are not acquiring Shares as the nominee(s) of any person(s).
2. agree to accept the same or smaller number of Shares in respect of which this application may be accepted upon the terms of the Prospectus and subject to the Memorandum and Articles of Association of the Company.
3. acknowledge that due completion and delivery of this Form accompanied by a cheque will constitute a warranty that the cheque will be honoured on first presentation.
4. acknowledge that the Directors may accept or reject the whole or any part of my/our application, for whatever reason, in their absolute discretion.
5. acknowledge that my/our application(s) is/are irrevocable and may not be withdrawn.
6. acknowledge that cheques for excess application money are liable to be held pending clearance of the cheque attached hereto.
7. acknowledge that I/we shall not be entitled to any interest in respect of any excess application money held by the Company.
8. authorise you to send me/us a share certificate for the number of Ordinary Shares in respect of which this application is accepted together with a cheque for any money refundable, by post at our postal address herein set out, and to procure my/our names to be placed on the register of members of the Company as the holders of the Ordinary Shares so purchased by me/us.
9. confirm that I/we have read and understood all the conditions of this issue, upon which my/our offer is based.
10. confirm that all the information supplied by me/us is true and correct.

**Signature:** ____________________ **Date:** ____________________

**Full name:** ____________________

**Assisted by:**
(If a woman married in community of property or a minor)

**Name:** ____________________

**Relationship:** ____________________

**Date:** ____________________

# APPLICATION FORM FOR LEGAL ENTITIES OTHER THAN INDIVIDUALS

## OLYMPIA CAPITAL CORPORATION LIMITED

**(Incorporated in Botswana on 14 October 2002 under company registration number 2002/3073)**

Application form ("Form") for the right to allotment for 734,000 fully paid ordinary shares of a nominal value of 0,01t (one thebe) each ("OCC Shares", "Ordinary Shares" or "Shares") in the issued share capital of Olympia Capital Corporation Limited ("Company" or "OCC") by way of an initial public offering ("IPO"), as set out in the Prospectus issued by the Company and registered in terms of the Companies Act [Cap 42:01] on Monday 20 December 2004, ("Prospectus").

The directors of OCC ("Directors") reserve the right to reject an application if the conditions contained in the Prospectus and the instructions on this Form are not complied with. Multiple applications in the same name will be rejected.

**Please complete this form in block capitals and in ink.**

| | | | |
|---|---|---|---|
| Full name of entity: | | | |
| Nature of entity: (association/ society/ company/ pension fund/ other legal entity) | | | |
| Registered office: | | | |
| Principal place of business: | | | |
| Postal address: (PO box/ private bag) | | | |
| | | | |
| | | | |
| (Share certificates and refund cheques (if any) will be posted to the above postal address at the risk of the Applicant). | | | |
| Telephone number:<br>(In case of query) | | Email details: | |
| Association/ society/ company/ pension fund/ other legal entity registration number: | | | |
| Country of incorporation/ registration: | | | |

We irrevocably offer to purchase ............................................................ (insert number) Ordinary Shares in the issued share capital of the Company, at an issue price of 80 thebe (Eighty thebe) per OCC Share, on the terms and conditions set out in the Prospectus, and

☐ enclose a cheque/ bankers draft in favour of "PricewaterhouseCoopers – OCC IPO", as appropriate; or

☐ authorise the receiving bank to debit our account no.____________________ held at __________________ Bank __________________ Branch

with the sum of P______________ (________________________________*amount in words*).

Applications must be for a minimum of 100 (one hundred) Shares and thereafter must be in multiples of 100 (one hundred) Shares.

We declare that we:

1. are properly formed and registered in accordance with the law of the country where we are registered.
2. are empowered in terms of the Memorandum of Association or other constitutional document to acquire Shares in the Company.
3. duly authorise the person(s) signing on our behalf to do so.
4. agree to accept the same or smaller number of Shares in respect of which this application may be accepted upon the terms of the Prospectus and subject to the memorandum and Articles of Association of the Company.
5. acknowledge that due completion and delivery of this Form accompanied by a cheque will constitute a warranty that the cheque will be honoured on first presentation.
6. acknowledge that the Directors may accept or reject the whole or any part of our application, for whatever reason, in their absolute discretion.
7. acknowledge that our application(s) is/are irrevocable and may not be withdrawn.
8. acknowledge that cheques for excess application money are liable to be held pending clearance of the cheque attached hereto.
9. acknowledge that we shall not be entitled to any interest in respect of any refund or excess application money held by the Company.
10. authorise you to send us a share certificate for the number of Ordinary Shares in respect of which this application is accepted together with a cheque for any money refundable, by post at our postal address herein set out, and to procure our names to be placed on the register of members of the Company as the holders of the Ordinary Shares so purchased by us.
11. confirm that we have read and understood all the conditions of this issue, upon which our offer is based.
12. confirm that all the information supplied by us is true and correct.

**Signature:** ____________________ **Date:** ____________________

**Full name:** ____________________ **Capacity:** ____________________

| **Company stamp** |
|---|
| |

| **Brokerage/ Bank Stamp**<br>**(if applicable)** |
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| |