flame tree
GROUP

2019 Annual Report

roto TANKS

JOJO Tank

RINO Tanques

CIRRUS

BM Buildmart

Zoë

ALANA

cErro

Beauty Plus

Miss Africa

Blackangel

SuzieBeauty
• BY SNW •

NATURE'S OWN

Chigs

Honey Comb

gonuts

Happy's golden

PolyPlay
Great Fun For Every One

Sylva

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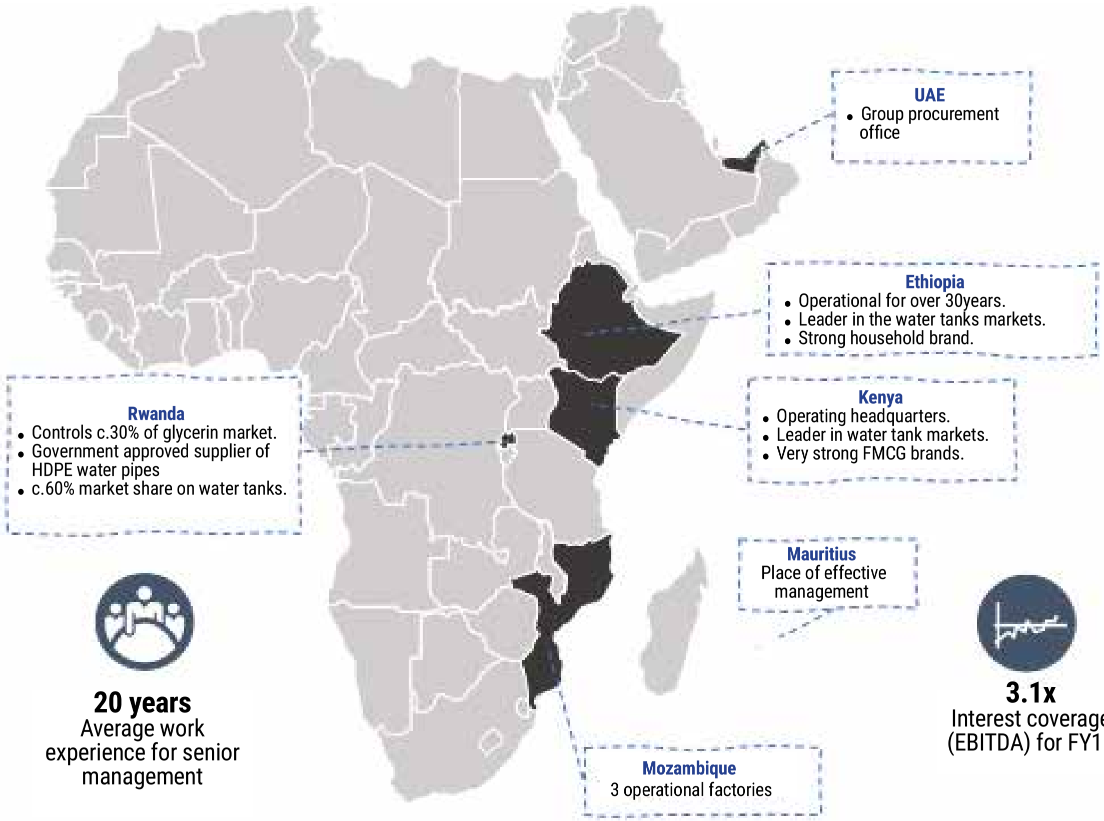
Pan-African Footprint and Key Statistics

14
subsidiaries present in 5 countries

19
African consumer brands under one roof

1000+
staff

20 years
Average work experience for senior management



3.1x
Interest coverage (EBITDA) for FY19

KES 2.42bn
Revenue for FY19

34%
GoP margin for FY19

0.50:1
Gearing ratio for FY19

OUR BRANDS

Enriching lives through our brands

As Flame Tree Group, through our wide variety of products, we connect with the African people. We offer world class quality products made in Africa for Africa. Our brands enrich their lives everyday.

Water and Sanitization products

ROTO TANKS, JOJO Tank, RINO Tanques

Child Play

PolyPlay

Beauty

Zoe, ALANA, Sylva, cErro, Blackangel, SIORA, Miss Africa

Spices

NATURES OWN

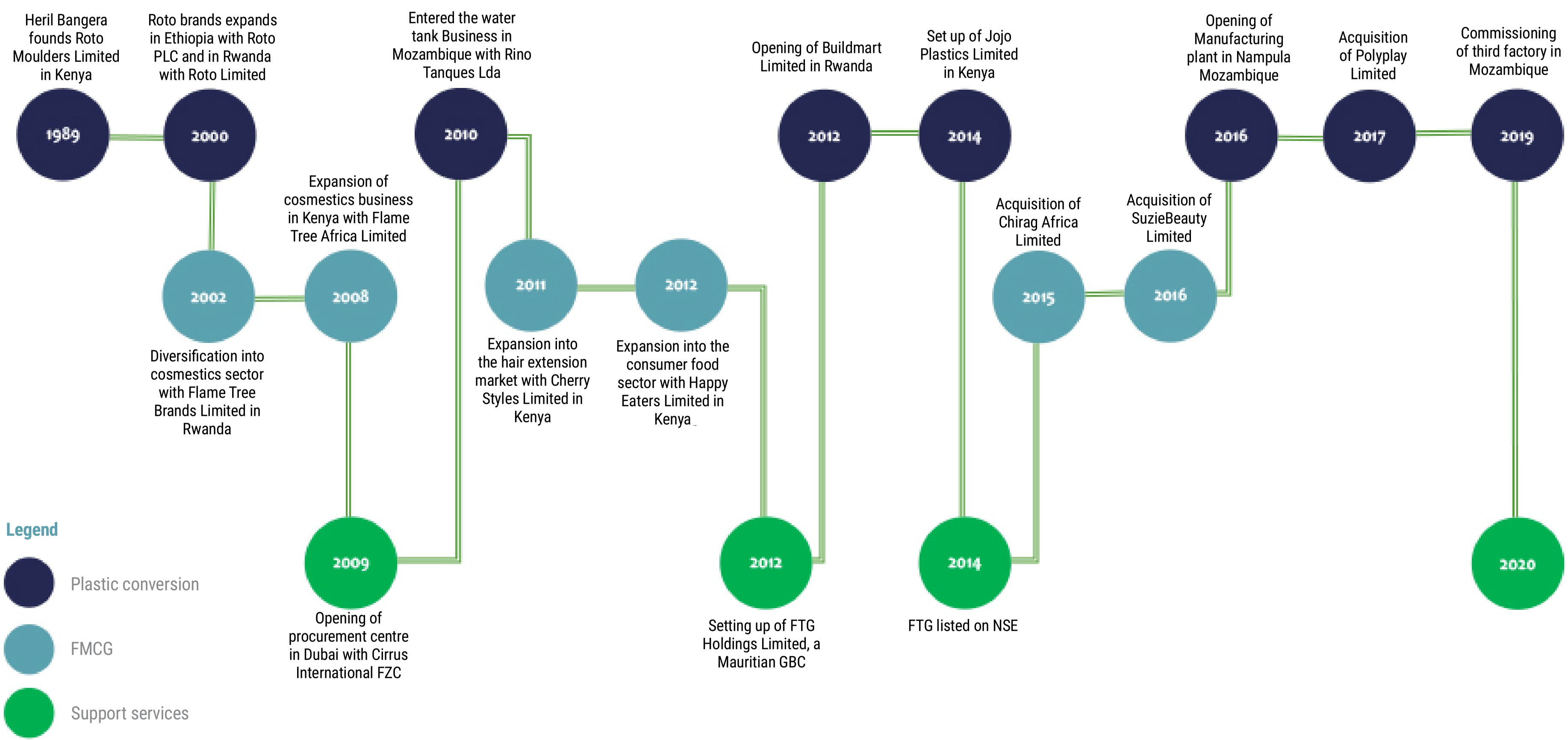
Food and Nutrition

Happy's, Chigs, Honey Comb, gonuts

Trade

BM Buildmart, CIRRUS, flame tree

Company Evolution and Key Milestones



About Flame Tree Group

Flame Tree Group (FTG) is a world class corporation in the heart of Africa developing and providing quality and affordable brands.

We are a customer centric, results driven and forward thinking company.

We build long-term relationships with our customers, our people and our shareholders.

Our VISION

Creating world class African brands

Our MISSION

Spreading the Flame Tree Group spirit of building Africa through our brands

Our CORE VALUES

1. Commitment
2. Integrity
3. Respect and humility
4. Teamwork
5. Continuous improvement


ROTO
JOJO Tank
Chigs
Zoe
ALANA
ALANA
Zoe
GLYCERINE
Zoe
natural honey
Zoe
ALOE VERA
HaPPy's
gonuts
Zoe
CASTOR OIL
HAIR FOOD
CURL ACTIVATOR
OLIVE OIL
MIXED HERBS


RINO Tanques
JOJO Tank
JOJO Tank
Zoe
ALANA
Zoe
Braid Spray
Zoe
Blackangel
Beauty Plus
Braid Spray
Dandruff Treatment for Braids
SIORA
HAIR FOOD
OLIVE OIL
Zoe


flame tree
GROUP
For the
MAN
in action
MEN
Hand & Body
Lotion
MEN
Hand & Body
Lotion
Zoe
Naturals
Intense moisture
for very dry skin
On the go

Company Information

Board of Directors	**Date of Appointment**
Heril Bangera	27 January, 2014
Gilles Kichenin	27 January, 2014
Frank Ireri	17 September, 2014
Imalambaal Kichenin	18 January, 2014
George Theobald	13 September, 2014

Administrator and Company Secretary
JurisTax Ltd
Level 3, Ebene house, Hotel Avenue
Ebene, MAURITIUS

Registered Office
C/o JurisTax Ltd
Level 3, Ebene house, Hotel Avenue
Ebene, Mauritius

Independent Auditor
Crowe ATA
2nd Floor, Ebene Esplanade
24, Bank Street, Cybercity,
Ebene 72201, Mauritius

Company Registrar
CDSC Registrars Ltd
Nairobi, Kenya

Principal Bankers
Mauritius Commercial Bank
Sir William Newton Street
Port Louis
Mauritius

Diamond Trust Bank
DTB Centre, Mombasa Road
P.O. Box 61711 - 00100
Nairobi, Kenya

NCBA Bank
Mara Road, Upper hill
P.O. Box 44599-00100,
Nairobi, KENYA

SBM Bank Kenya Ltd
Riverside Mews
Junction of Ring Road, Riverside and Riverside Westlane along Riverside Drive, Nairobi.

Nominated Advisor
Faida Investment Bank Ltd
P.O. Box 45236 - 00100
Nairobi, Kenya

Legal Governance Auditor
Soita and Associates Advocates
P.O. Box 14641 - 00800
Nairobi, Kenya

Corporate Governance Auditor
Scribe Registrars
P.O. Box 3085 - 00100,
Nairobi, Kenya

Legal Advisors
Coulson Harney Advocates
P.O. Box 10643 - 00100,
Nairobi, Kenya

Board of Directors

George Carmichael Theobald
Chairman

George ('Bimb') Theobald is currently the chairman of the Board. George has been the driving force behind the growth of a number of East African companies spread out across various sectors. George has lived in East Africa since 1983, after being commissioned in the British Army and spending time in London working as a stockbroker.

He also serves as the Managing Director of publicly listed Tatepa Ltd (the largest smallholder tea and avocado producer in Tanzania). He is also the Chairman of the Kariki Group (A group of flower farmers) in Kenya and at the same time, the Chairman of Nomad Group (a chain of safari lodges) in Tanzania.

Heril Colbert Bangera
Founder and CEO

Heril Bangera began the first subsidiary of the Issuer, Roto Moulders Limited in 1989 and has since supported the growth of the Group by steering it to its current status. He is responsible for the overall running and strategic planning for the Group. Heril holds a Bachelor's Degree in Mechanical Engineering, a BMSCE from Bangalore University and has over 29 years of business experience. He has also pursued the Owners Management Program at Strathmore University.

Gilles Kichenin
Executive Director

Gilles Kichenin has over 20 year of professional experience in related aspects of financial and management consulting. He is the financial and administrative director at Turquoise Capital Management Ltd, a Wealth and Fund Manager, and also serves as the Director General at Akshar and Services Trading Ltd. He is the former Chief Finance Officer of Apavou Group and has held various management positions at leading regional businesses.

Frank Ireri
Non-Executive Director

Frank Ireri has close to 30 years work experience in both the banking and the real estate sectors spread across various countries. He has worked for prestigious organisations such as Deloitte, Haskins and Sells, Murdoch, McCrae and Smith, Citibank NA, Citibank Poland, Commercial Bank of Africa Ltd, Barclays Bank of Kenya Ltd, Barclays Africa and Barclaycard Africa at various capacities. He has also served as Member of the Kenya National Payments Committee; Chairman of the Kenya Bankers' Association Operations' Committee; Treasurer of the Kenya Institute of Bankers; Chairman of the Kenya Institute of Bankers and Chairman of AIESEC Board of Advisors. Mr. Ireri is currently an Advisory Board Member of the Sub-Saharan Africa Chamber of Commerce, a Board member at Habitat for Humanity and also a member of the AIESEC Honorary Counsel. In 2011, he was awarded the Elder of the Burning Spear by President Mwai Kibaki in recognition of his services to the nation in his various capacities. He worked as the Managing Director for Housing Finance Corporation till 31st December, 2018.

Imalambaal Kichenin
Executive Director

Imalambaal Kichenin is the Chief Executive Officer of JurisTax Ltd. She also serves as a Director at Lex Communications Ltd and Turquoise Promotion Ltd. Imalambaal is a law graduate from the University of London and is additionally an associate member of the Institute of Chartered Secretaries and Administrators (UK), Association of Trust and Management Companies, International Fiscal Association and the Mauritius Institute of Directors.

Senior Management Biographies

Heril Bangera,
Group Chief Executive Officer

Heril Bangera began the first subsidiary of the Flame Tree Group, Roto Moulders Ltd in 1989 and has since supported its growth by steering the group to its current status. He is responsible for overall running and strategic planning of the Group. Heril holds a Bachelor's degree in Mechanical Engineering, at BMSCE from Bangalore University and has over 29 years of business experience.

He has also pursued the Owners Management Program at Strathmore University.

Beatriz Meijide,
Group Financial Officer

Beatriz joined FTG in January 2019. She has a unique mix of commercial, financial, cultural and political acumen with an interest in aid development and agriculture. Beatriz is a highly skilled CFO.
She holds a Master's in Business Administration (IESE Business School in Madrid, Spain) Master's in Business Law (University of Navarra in Pamplona, Spain) and a Bachelor's in Economics and Business Administration from University of San Pablo CEU, Madrid.

Beatriz has been in the financial industry for over 20 years. She has worked as the Chief financial Officer for Africa and Indian Ocean for CAMUSAT International. Her previous roles also include Finance Director position in IBERDROLA Engineering (Kenya), Group CFO and Corporate Business Transformation Director in ADVEO Group International (Spain), a listed company, with a total turnover of Euro 1300million and operations in six European countries. She has also contributed and project managed several initiatives in Kenya related to education, hospital management and agribusiness.

Sonia Bangera,
Group Marketing Director

Sonia Bangera is the current Group Marketing Director of FTG. A marketer with over 20 years of experience gained in managing Business Development and Strategy Formulation. She holds a Master's degree in Business Administration-Marketing from Mt. Carmel Institute, Bangalore. She also holds a Bachelor's degree in Computer Science from Bangalore University.

She brings in experience in marketing both in white goods and Fast Moving Consumer Goods (FMCG) products and handles all the digital and social media platforms across all our brands in all our countries.

Dee-Vona Quadros,
Group Human Resource Manager

Dee-Vona Quadros joined FTG in 2016. She is a senior Human Resources Executive seeking to create a high-performance culture emphasizing diversity, goal attainment and superior workforce optimization. Dee-Vona holds a Master's degree in Human Resources and Project Management. She also holds a Bachelor's degree in Commerce-Banking and Finance. Dee-Vona has previously worked with Aggreko International Projects Ltd as a HR Specialist in East Africa and Eritrea and as a HR Manager in East Africa, Mozambique and Eritrea. She has also worked as an Assistant Finance Administrator / HR at Johnnic Communications.

Senior Management

Some of our staff attending a leadership training at Strathmore Business School

Name	Designation	Work Experience
Heril Bangera	Chief Executive Officer	Over 29 years
Beatriz Meijide	Group Finance Officer	Over 20 years
Sonia Bangera	Group Marketing Director	Over 20 years
Dee-Vona Quadros	Group Human Resource Manager	Over 10 years
Shiva Sankara Kurup Gopinadha	General Manger, Roto Ltd - Rwanda, Flame Tree Brands Ltd - Rwanda and Buildmart Ltd, Rwanda	Over 20 years
Balachandra Shukla	General Manager, Chirag Africa Ltd, Kenya	Over 30 years
Raymond Goes	General Manager, Roto Moulders, Kenya	Over 30 years
Charles Shashidhar K Ananda	Country Manager, Roto Plc - Ethiopia	Over 30 years
Kuldeep Kaul	General Manager, Polyplay Ltd, Kenya	Over 30 years

Chairman's Message

George Theobald

Dear fellow shareholders and partners,

The world is experiencing a global health crisis that is putting extraordinary pressure on all of society. The Covid -19 pandemic is causing suffering and pain in every country, making us all re-evaluate the way we do business. The effect on Global Financial markets will be huge - and just as one example, the longest bull market in history as measured by the S&P 500 came to a sudden and dramatic halt on March 12th, 2020.

Even though the rate of transmission in Africa appears to be slower than that in Europe and USA, Africa's average GDP growth in 2020 could decline by between three and eight percentage points, driven by reduced household and business spending, travel bans, supply-chain disruptions, a fall-off in demand for Africa's non-oil exports, and delay or cancellation of investments from Africa's FDI partners.

In Kenya, FTG Holdings' main market, disruption of consumer spend would be the biggest driver of GDP decline.

Across the continent, leaders in the public, private, and development sectors are already taking decisive actions to secure supply chains of essential products, contain the health crisis, maintain the stability of financial systems, help businesses survive the crisis, and support households' economic welfare. To build back in a more sustainable and inclusive way should be our goal now.

This is a time when true leaders are measured by their ability to breathe energy into their teams, to manage their feelings and to withstand the pressure, while we try to limit the damage caused by the lockdowns and sudden drops in revenue, to reorganize our teams and to ensure we safeguard the operational nerve center of the company.

Being transparent in communication, looking for solutions for all stakeholders and above all, for workers, is essential for FTG Holdings, and we have put in place business continuity plans, and developed and pursued new business and strategic initiatives. We expect to continue to do so and will introduce new products, new markets and client segments, new sources of funding and a digital transformation process to keep the company´s structure flexible and agile to react faster to change.

We are proud of the resilience and resolve our staff and management is putting forth on a daily basis to chase every business opportunity, to contribute in the innovation meetings dedicated to farsighted brainstorming, launch new products to the market that help to contain the pandemic and make every effort in cost saving initiatives.

Preservation of cash is paramount. Knowing when quarantine ends, our business must be alive and ready to come back and fulfill our mission and commitments with our stakeholders. We must be part of the solution. We have a responsibility to ensure our employees have workplaces to come back to.

Company Performance

The directors consider that the period end financial position showed a remarkable improvement, in line with our Strategic Plan and expectations.

Our businesses generally produced strong net revenues, and the growth we achieved in gross margin was very encouraging. This in combination with control in indirect expenditures has led to an impressive +115% growth in earnings before tax. At the same time, strategic investments in productive assets, with a special mention of our new factory in Ethiopia, and an important investment in brand building initiatives, have greatly contributed to provide a spring board to achieve sustainable and increasing growth rates in the next years. We have defined our path forward over the past year, and we have begun to execute our long-term strategy and evolution as a company. We are working to strengthen the market-leading positions of our core Brands, and we are investing for growth in new businesses.

One pillar of our strategic direction is to achieve greater operational efficiency. We have seen continuous improvement in our Kaizen ratios and indicators that measure our productive and logistic processes, and also we have achieved great improvements in working capital management, especially by reducing our debtors days. We have also improved our funding profile with new banking partners, and we will continue to diversify our sources of funding in 2020. We specially thank all investors that have trusted FTG Holdings through our CP programs and all our shareholders.

The Path Ahead

The year 2019 was a time to define our strategic plan and financial goals. At the turn of the calendar year, we had a clear-eyed view of our plan and shared it with stakeholders, encouraged by the positive performance we have achieved. Its essential elements are now in motion.

As we look to the future, we are committed to executing our long-term strategy and strengthening our market-leading positions; investing for growth in new businesses and opportunities. As the current COVID-19 pandemic reminds us, however, the operating environment can shift overnight and so the directors continue to assess the impact of the global outbreak of the coronavirus.

Once again our appreciation goes to all our shareholders, employees, customers, consumers, suppliers, bankers and other business partners whose support has been key in enabling the transformation of our company and the achievement of our goals.

Finally, I would like to convey my best wishes and encouragement to everyone, We are in a storm that, like all storms, will pass and a new day will come. Let us all join efforts: #KomeshaCorona, #StaySafe.

Sincerely,

George Theobald
Chairman, Flame Tree Group

Letter from the CEO

Heril Bangera

We have donated many water tanks, sanitizing cabins, hand sanitizers & hand-washing stations, as we collaborate with the Government in any request and enforce compliance of all recommended measures, contributing to educate our staff and clients in best practices to avoid the spread of the virus.

The world is now facing an unprecedented calamity. While it is a time of crisis, it is also an opportunity for each of us to bring out the best in us. It is a unique opportunity to make a positive impact on society. Perhaps never before has this mission been more relevant.

The economic crisis will be dramatic almost everywhere in the world. We need to move and act decisively in order to restart and energize the economy as soon as we can. The resumption in activity is likely to be gradual as different sectors of the economy resume at different stages.

Companies today are being judged by governments and society on their responses to this crisis. We are very aware of our social mission in terms of how we treat our employees and customers, while also engaging in efforts to aid the health response. At FTG, we are making all efforts to keep employment and support so many families that depend on us, keep our commitments with suppliers and with our investors while providing best services and products to our clients and the society at large.

We have developed specific products targeting the control of this pandemic: sanitizing cabins, hand-washing stations, hand sanitizer, dust bins to separate medical or potentially infectious waste. Further to assisting in the pandemic at large, we have donated many water tanks, sanitizing cabins, hand sanitizers and hand-washing stations, as we collaborate with the Government in any request and enforce compliance of all recommended measures, contributing to educate our staff and clients in best practices to avoid the spread of the virus.

In these weeks of almost global confinement we are at a defining moment, where leadership is needed, supported by a sense of hope and remaining positive while confronting problems.

With almost all sectors affected by Covid-19, businesses are facing extremely tough situations and like other companies and institutions we had to make critical decisions in a relatively short period of time in order to ensure the viability of our companies: a moratorium of several months agreed with our main bankers, budget cuts and cost control measures, postponement of projects that were to start in quarter one and quarter two of the year. We will remain focused on innovation to capture any new market opportunity.

We have experienced during the months of Q1 2020 some positive short-term effects of Covid19: increase of sales of our hand-washing stations, increase of sales of hand sanitizers, decrease of the price of plastic raw materials in the international market, following the drastic drop of fuel prices.

FTG is financially strong and management is confident to be able to weather this storm. Being a regional group, it is however subject to the measures taken by each government in each jurisdiction to fight the pandemic which is outside the control of the Company. Nonetheless, we are already in the right path. Our performance in 2019 has shown a growth in profit before tax of +115%, with higher margins, lower indirect costs and great improvement in working capital management. Many important investments have already been done in the past two years. We acquired machines, equipment, vehicles and a new factory in Ethiopia. This will allow us to grow in the future without having any restrictions in the production capacity. We have a new banking partner, that is supporting us on the achievement of our Strategic Plan and even more so through this pandemic. We are proud of the agreement we signed with SBM, and the confidence they have put in our Group. This has increased our funding capacity by 60%.

Our debt ratios continue to be low and our net assets have grown by 30% in the last year alone, boosted by positive results and higher asset values.

Looking ahead, FTG Holdings Limited is focused on innovation and increasing sales in our markets of operation and by increasing significantly the value of our exports to other African countries, especially in the cosmetics division.

We remain hard at work.

Warm regards and best wishes to all,

Heril Bangera,
Chief Executive Officer


flame tree
...naturally
Zoe
Shampoo
...with natural extracts
*Available in 2 in 1, Anti Dandruff, Apple, Egg, Creme White & Creme Yellow in 500ml,1Ltr & 5Ltrs.

The Directors' Remuneration Report

FTGH is pleased to present the Director's remuneration report for the year ended 31 December 2019. The Board is committed to full compliance of all the relevant laws including, The code of Corporate Governance Practices for issuers of securities to the public in Kenya issued by the Capital Markets Authority in December 2015 under Cap. 485A of the Capital Markets Authority Act, and reflects the disclosure requirements under IFRS.

The group's remuneration principles is aligned to shareholders' long-term sustainable interests. The remuneration structure is designed to recognize the skills and experience of the directors in a competitive market.

Directors' remuneration as key management for the year ended 31 December 2019

The following table shows a summary of remuneration for the Non-Executive and Executive Directors. This is in respect of qualifying services for the year ended 31 December 2019, together with comparative figures:

Executive Directors	Gross Salary		
	Kshs '000		
	2019	2018	2017
Heril Colbert Bangera	21,801	22,907	22,461
Imalambaal Kichenin	72	72	72
Giles Kichenin	72	72	72

Non-Executive Directors	Fixed Retainer			Sitting Allowance		
	Kshs '000			Kshs '000		
	2019	2018	2017	2019	2018	2017
George Theobald	1,018	1,015	1,035	352	495	362
Frank Ireri	500	500	500	571	1,071	400

Corporate Governance

Governance is the means by which the affairs of an institution are directed and managed thereby promoting corporate accountability and business aptness to achieve an optimal shareholder value, whilst simultaneously taking into consideration the interests of other stakeholders. It is premised on the principles of integrity, accountability, prudence and openness.

The Board of directors of FTG Holdings Limited is at the core of the Group's system of corporate governance and is ultimately accountable and responsible for the performance and affairs of the Group. Good corporate governance is regarded as critical to the success of the business of the Group and the board is unreservedly committed to applying the fundamental principles of good governance – transparency, integrity, accountability and responsibility - in all dealings by, in respect of and on behalf of the Group.

The Board accordingly embraces the principles of good governance as set out in a number of governance frameworks including the Principles for Corporate Governance in Kenya. The board develops and maintains reporting and meeting procedures for itself and its committees. Regular board meetings are held once per quarter. Board meetings take place at the Group's offices unless otherwise decided by the board.

The Board may form committees of its members and may delegate any of its powers to any such committee. The frequency of the committee meetings are determined by the individual committee, as stated in the terms of reference for each committee.

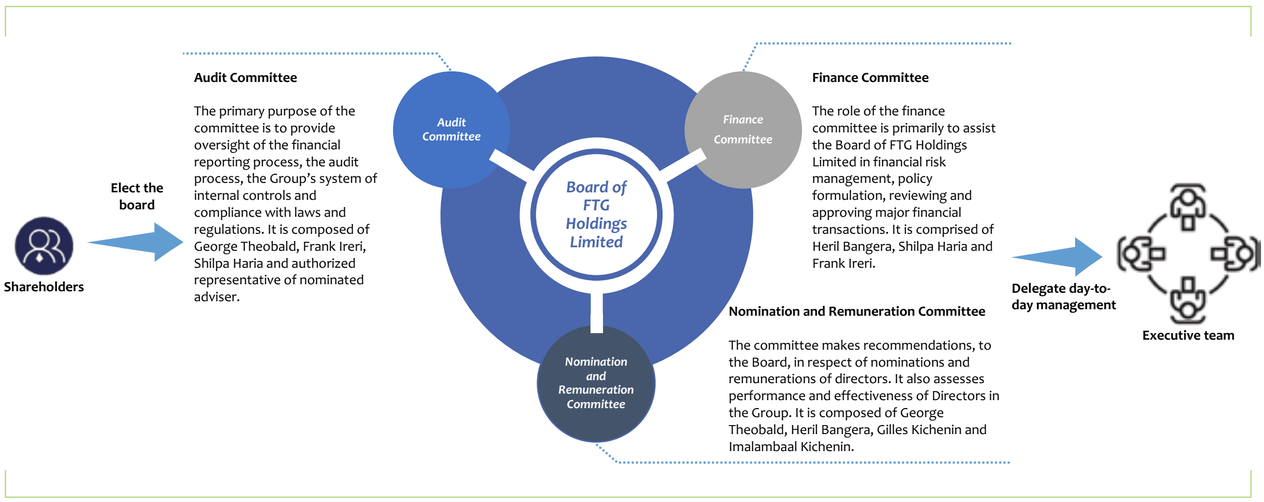
The quorum necessary for the transaction of the business of the board is at least three executive directors present either personally or by alternate.

The Annual General Meeting of members elects directors on the basis of their professional competencies, personal qualities and the contribution they can make to the governance of the organization.

In accordance with the principles of good corporate governance, each director undertakes:

- To act first, foremost and always in the best interest of the Company and not for any other collateral purpose;
- To exercise his/her power in the executive duties in good faith; and
- To act with the care a prudent person would take when acting on their own behalf.

The Corporate Governance Framework



Each director undertakes that, in arriving at a decision on any issue, he or she shall strive to ensure that the decision is in the best interest of the Company and is not driven by any other interests.

Each director is fully aware of the importance of regular attendance and effective participation at meetings. Each director undertakes to do everything with their power to attend all meetings.

Board deliberations give rise to consensus or formal votes covering matters of importance to the organization.

Each director shall be attentive to and respectful of the delineation and exercise of powers and responsibilities attributed to the Company's respective decision-making organs. Directors shall however ensure that no single person can exercise uncontrolled discretionary powers.

They shall support the proper functioning of Board Committees and pay particular attention to ensure that the Company's internal controls are effective and that its auditors perform their mission in a satisfactory manner.

All the directors of FTG Holdings Limited have completed the Directors Induction Programme as at the date of the Listing.

Composition of the Board of Directors

The Board includes a fair balance between Executive and Non-Executive Directors so that no individual or company of individuals' interests will dominate the Board's decision making process.

The following issues are considered in determining the Board's composition:

- Attaining a desirable ratio of and balance between the number of executive and non-executive directors.
- Ensuring that the board collectively contains the skills, experience and mix of personalities appropriate to the strategic direction of the Group and necessary to secure its sound performance.
- Experience, knowledge, skills and personal attributes of current and prospective Directors in relation to the needs of the Board as a whole.
- Irrespective of a Director's special expertise or knowledge and regardless of whether a Director is an Executive or Non-Executive Director, all members of the Board recognize that they are collectively responsible to Shareholders for the performance of the Group.

Board Effectiveness and Evaluation

Each director further undertakes to prepare sufficiently for meetings by carefully considering board papers and attachments thereto, and where necessary seeking clarifications. Where a director is unable to attend a meeting, each director undertakes to communicate through the Chairman or the Chief Executive Officer any concerns or issues they would wish considered.

At regular intervals, not exceeding twelve months, the Board of Directors shall undertake an evaluation of its functioning as a collective agency and as individual directors.

Where necessary, the Board may obtain the services of an external facilitator to guide the evaluation.

There are also no arrangements or understandings with the majority shareholder, customers, suppliers or others, pursuant to which any person was selected as a Director or member of senior management.

Remuneration of the Directors

The Nomination and Human Resource Committee is responsible for reviewing Non-Executive Directors' remuneration and recommending the necessary changes from time to time. In making these recommendations, due consideration must be given to the Board's expectations from

Directors in terms of time commitments, degree of responsibility and financial condition of the Group.

The Committee may request management or external consultants to provide necessary information upon which the Board may make its determination.

Directors' remuneration is presented for approval at the Annual General Meeting.

In determining the compensation for Non-Executive Directors, the Nomination and Human Resource Committee shall consider the following:

- The level of fees currently earned by Directors in their professional capacity.
- The number of hours spent by Directors in preparing for and attending meetings, as well as travel to meeting venues.
- Current market rates applicable to organizations of similar size and in the same industry.
- The complexity of the Group's operations and the extent to which directors have to incur additional cost in research on industry developments and other Group related matters.
- The number of meetings in a year.

The remuneration recommended by the Nomination and Human Resource Committee shall apply to all Directors and no Director should be involved in fixing their own individual remuneration.

Responsibilities of the Board

The Board should specifically exercise leadership, enterprise, integrity and judgment in directing the affairs of the Group in order to achieve continuing prosperity for the Group and its Shareholders, and shall at all times act in the best interests of the Group in a manner based on transparency, integrity, accountability and responsibility.

The Board must specifically:

- Define and chart out the Group's vision, mission and values and has ultimate responsibility for the attainment of the Group's values.
- Determine the business strategies and plans that underpin the corporate strategy.
- Discuss and approve strategic plans and annual budgets.
- Retain full and effective control over the Group, and monitor Management's implementation of the strategic plans and financial objectives as defined by the Board.
- Define levels of materiality, reserving specific powers to itself and delegating other matters with the necessary written authority to management.
- Continually monitor the exercise of delegated power by Management.
- Ensure that a comprehensive system of policies and procedures is in place, and that appropriate governance structures exist to ensure the smooth, efficient and prudent stewardship of the Group.
- Ensure that the business of the Group is managed with a view to ensuring that the Group is ethical in all its dealings and exercises corporate social responsibility.
- Ensure compliance by the Group with all relevant laws and regulations, audit and accounting principles and such other principles as may be established by the Board from time to time.
- Identify key risks, opportunities and strengths relating to the Group.
- Ensure that the Group's organizational structure and capability are appropriate for implementing the chosen strategies.
- Determine monitoring criteria to be used by the Board.
- Set policies on internal control and obtain regular assurance that the system is functioning effectively and is effective in managing risks.

- Nominate board members who will add value to the board processes and arrange for their induction.
- Appoint the Managing Director, senior staff, external auditors and other consultants.
- Discuss, agree and approve annual accounts and reports
- Communicate key policies and strategy issues to senior management.
- Identify all stakeholders and ensure effective communication with Shareholders and stakeholders.

Board Committees

The Board has established the following three (3) committees, whose mandates and terms of reference are spelt out as follows:

i. Audit Committee

The Audit Committee is a standing Committee of the Board and its purpose is to assist the Board in assessing the integrity of financial statements and the effectiveness of financial reporting, and to conduct risk management assessment.

The composition of the committee is as follows:

- George Theobald
- Frank Ireri
- Shilpa Haria
- Authorized Representative of the Nominated Adviser

ii. Finance Committee

The Finance and Audit Committee is a standing Committee of the Board and its purpose is to assist the Board of FTG Holdings Limited in financial risk management, policy formulation, reviewing and approving major financial transactions.

The composition of the committee is as follows:

- Heril Bangera
- Shilpa Haria
- Frank Ireri

iii. Nomination and Remuneration Committee

The Nomination and Remuneration Committee is a standing Committee of the Board. Its purpose is to assist the Board of FTG Holdings Limited to propose new nominees for the board when required and to assess the performance and effectiveness of Directors in the Group.

The Nomination and Remuneration Committee is responsible for reviewing Non-Executive Directors' remuneration and recommending the necessary changes from time to time.

The composition of the committee is as follows:

- George Theobald
- Heril Bangera
- Gilles Kichenin
- Imalambaal Kichenin

Shareholding Profiles

The Company through it's registrar files returns in line with the Capital Markets Authority and the Nairobi Securities Exchange under the listings regulations on transactions related to stakeholders.

Flame Tree Group Holdings Summary of Shareholders as at 30 April, 2020

Industry	Sum of Shares	% Holding	No. of Holders	% Holders
East African Community Partner States Individuals	160,810,843	90.32	1,377	94.06
East African Community Partner States Institutions	12,864,769	7.23	72	4.92
Foreign Institutions	3,318,994	1.86	2	0.14
Foreign Individual	1,058,880	0.59	13	0.89
Totals	**178,053,486**	**100**	**1,464**	**100**

Shareholder Analysis by Domicile as at 30 April, 2020

Industry	Shares	Shares %	Shareholders	Shareholders %
East African Community Partner States Individuals	165,342,909	92.86	1,696	95.12
East African Community Partner States Institutions	8,268,593	4.64	71	3.98
Foreign Institutions	2,498,734	1.40	1	0.06
Foreign Individual	1,943,250	1.09	15	0.84
Totals	**178,053,486**	**100.00**	**1,783**	**100.00**

Top 20 Shareholders

Holder Names	Shares	% Holding
1. Bangera Bangera, Heril Colbert	149,577,242	84.01
2. Mukumbu Mukumbu, Japheth Mulinge	2,859,600	1.61
3. Stanbic Nominees Ltd A/C NR1030823	2,498,734	1.40
4. Shah Shah, Ramesh Chandra G.	1,368,933	0.77
5. Dawid Dawid, Dominikus Johannes	1,295,000	0.73
6. Kenya Commercial Bank Nominees Limited A/C 923A	1,175,588	0.66
7. Mwaniki Mwaniki, Njuki	1,173,800	0.66
8. Stanbic Nominees Limited A/C R88601	1,020,253	0.57
9. Gichuki Gichuki, Simon Gachira	972,730	0.55
10. SBM Bank Nominees Ltd A/C 0042	958,210	0.54
11. Kestrel Capital Nominees Limited A/C 009	725,960	0.41
12. Standard Chartered Nominees A/C 9675C	684,411	0.38
13. NIC Custodial Services A/C 020	658,393	0.37
14. Kenya Commercial Bank Nominees Limited A/C 900A	541,051	0.30
15. Coop Bank Custody A/C 3005B	519,121	0.29
16. Burbidge Burbidge, Edward Lyndon Lovell	424,930	0.24
17. Gacheru Gacheru, Charles Kiai	332,523	0.19
18. NIC Custodial Services A/C 008	323,837	0.18
19. Stanbic Nominees Ltd A/C R35101	273,628	0.15
20. Gadani Gadani, Rakesh Prakash	231,100	0.13

FTG Brands Overview

FTG World Class African Brands

The Group has a wide range of products under its plastics, cosmetics and food processing business lines, that cater for different consumer segments and varying consumer needs. This enables FTG to stabilize its revenues and reduce dependency on one industry.

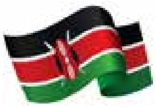
- **Roto tanks** recognised as the leading water tank manufacturer in East Africa with a reputation for long lasting quality and outstanding service levels. In Kenya, Roto was awarded the "superbrand" status in 2007. In Ethiopia, it has been recognized as a "Public Brand" has grown to become a generic name for water tanks.
- **Zoe & Alana brands** of cosmetics enjoy high visibility and are known for quality brands in the beauty industry
- **SuzieBeauty** is Kenya´s first beauty brand created for the everyday African woman, offering full range of quality colour cosmetics, skin care and accessories. SuzieBeauty is a world renowned african colour cosmetics brand severally awarded and recognized in the local and international media i.e (CNN, BBC).
- **Nature´s Own** is the leader in the spice market, with large loyal customer base attracted by the organic nature and quality offered by this brand.

ROTO TANKS JOJO Tank RINO Tanques BM Buildmart ALANA cErro Miss Africa Blackangel Happy's

- **Honeycomb** is where we make the homemade cookies of this brand, using all natural ingredients, it has has become a speciality product, available in all major supermarkets and deli outlets in Kenya. Our chevda flavours are internationally sought after.
- **Polyplay** is the leading playground manufacturer and distributor, the only one in Africa unrivalled in offering of products and services.

Sister, from the **Congregation of Sisters of Mercy** receive a donation of a tank from Charles Kithome and Sammy Mutua, employees of Roto Moulders Limited. The organisation is involved in assisting the less fortunate in the society and in providing health support.

1 Water



Kenya

With a population of 50 million, 41 percent of Kenyans still rely on unimproved water sources, such as ponds, shallow wells and rivers, while 71 percent of Kenyans use unimproved sanitation solutions. These challenges are evident in the rural areas and the urban slums.

The water and sanitation crisis in Kenya remains critical. Kenya, under Sustainable Development Goal 6, has committed itself to achieve by 2030.

ROTO TANKS

We are in a storm that, like all storms, will pass and a new day will come. Let us all join efforts: #KomeshaCorona, #StaySafe.

universal and equitable access to safe and affordable water for all; access to adequate and equitable sanitation and hygiene for all paying special attention to the needs of women and girls and those in vulnerable situations.

At Roto Moulders, we share our expertise and vision making access to safe water and sanitation possible for more people.

Through 2019, we were able to achieve key improvements targeting on increasing market share and improved efficiencies with the company. We purchased and installed a state of the art additional machine improving our operational efficiency and increasing our production capabilities. We purchased eight new vehicles for dispatch department leading to improved mode of goods distribution to customers and also improving our reliability.

We have focused on full implementation of internal audit findings through autonomous maintenance, stores & production records. This has subsequently reduced machine breakdown thus improving productivity and reduction in time loss.

Implementation of Kaizen projects that has led to reduction in machine breakdown, reduction in work-related injuries, improved staff morale (Kaizen rewards) and reduced absenteeism and employee turnover.

We also introduced three new industrial products i.e the road barriers, cone and new cattle troughs among others.

We are fortunate to work with partners who are foundations, financial institutions and women's groups. They share vividly our passion and vision as we work together to end the water crisis.

Together, we are bringing solutions to nearly every part of the country, proving that doing good is good for business.

Jojo plastics products are supplied throughout the country. We are able to make deliveries to every corner, from corporates to your mama's shamba upcountry. We deliver directly to your door step.

As we commit to improve our environment step by step, Jojo products are 100% recyclable. We have built-in facilities to recycle all the materials generated. We encourage new commitments to reduce plastic pollution and supporting the transition to a more circular economy.

We also have a buy back policy in place where we are willing to purchase back damaged products for the material. Through this we are able to effectively recycle all the plastics we are generating.

JOJO Tank

Rwanda

In Rwanda, only 57 per cent of the population access safe drinking water that is within 30 minutes of their home. When children spend time collecting water, it often keeps them out of school. This is an issue especially for girls, who are often expected to take on the majority of household tasks.

Even if water is available near the home, that water is often not safe to drink. When children drink contaminated water, they risk severe illness – and even death – from water-borne diseases.

Basic sanitation means that every household has its own toilet and does not share with another household. These toilets also keep human waste out of contact with people.

Only 64 per cent of the population in Rwanda have access to these sanitation services.

Universal access to safe Water, Sanitation and Hygiene (WASH) services are priorities in Rwanda. WASH is critically linked to improved nutrition, good health, gender equality, economic growth, and environmental management. Roto Rwanda has supplied various projects with Roto water tanks & Roto pipes. This has led to us undertaking installations deep in the interior regions of Rwanda. This initiative has led to us help achieve water and hygiene safety to some of the poorest regions of the country.

Mozambique

Water supply and sanitation in Mozambique is characterized by low levels of access to basic water source (estimated to be 47% in 2015), low levels of access to at least basic sanitation (estimated to be 24% in 2015) and mostly poor service quality.

In 2007, the government has defined a strategy for water supply and sanitation in rural areas, where 62% of the population lives. In urban areas, water is supplied by informal small-scale providers and by formal providers.

Rino Tanques Lda has more than a decade old operations in Mozambique. We produce plastic water tanks, toilets and dust bins. Our factories are operational at Maputo and Nampula with a supply chain all over the country. Rino has placed itself strategically in key locations across the wide country.

Through 2019, we were able to develop international vendors like WFP & UNICEF and executing orders across the country from Tete to Nampula to Maputo. Our new innovation in the market of the new Removable toilet tank to go with already existing toilet hut received a positive response and we were able to increase our revenue on this.

Ethiopia

Ethiopia is Africa's fastest-growing economy. For a decade, it grew at more than 10% a year and this has contributed to significant development progress. Increasing access to safely managed water and sanitation can help sustain this progress and accelerate poverty reduction.

Ethiopia continued to enjoy strong support from foreign donors and most of its regional neighbors, due to its role as host of the African Union, its contributions to United Nations peacekeeping and regional negotiations, regional counterterrorism efforts, and migration partnerships with Western countries.

In October, Prime Minister Abiy was awarded the Nobel Peace Prize for his efforts to achieve "peace and international cooperation," as a result of the peace agreement signed with Eritrea; yet many of the trickier issues around the agreement remain unsettled, including the border demarcation between the two countries. However, with human rights reforms implemented by Prime Minister Abiy Ahmed during his first year in office 2019 was threatened by communal, including ethnic, conflict and breakdowns in law and order.

Water touches every aspect of development. It is essential for food production, for example, and water and sanitation are critical to improving human capital outcomes such as reducing child mortality, tackling communicable diseases and increasing life expectancy.

Through its work on water and sanitation, Roto is helping strengthen even further the robust foundations of economic growth and human capital in Ethiopia.

Though Roto began the year 2019 in a good spirit to achieve our target. The unrest in the country drastically affected the economy with various regions being inacessible due to closure.

This also affected the availability of US dollar in the country, adversely affecting our ability to purchase raw material.

However, through all this, we managed to build our new factory and move in at the same time. Our factory is 4000 square metres, complete with fully fit-out offices and display areas. It is is fully set-up and ready for full production in 2020.

2 Packaging

Packaging trends in 2019 were dominated by sustainability action, largely fueled by rising anti-plastic sentiments. It was a year that saw widespread bans on single-use plastic items. Much of what is done in the name of sustainability is based primarily on perception rather than fact and it is expected the anti-plastics efforts to continue in 2020 and companies to respond by increasingly moving to 'non-plastic' packaging where they can.

The role of plastics in packaging will continue to dominate the industry in 2019. In the eyes of a sustainability expert, plastic packaging can deliver important sustainability benefits in terms of saving food waste by extending shelf-life, being resource efficient and enhancing product functionality. Indeed, a recently published US study identified plastics as the most environmentally-friendly packaging material in terms of energy use, water consumption, solid waste, greenhouse gas emissions, ozone depletion, eutrophication and acidification.

All our packaging solutions are useful, and safely protects and delivers a quality product from the manufacturer to the consumer. Our food and cosmetic packagings are 100% recyclable. We have seen increased recycling rates for bottle and containers every year.

Jojo Plastics

Jojo Plastics is well known for making water tanks that sells at a competitive price point fighting the price sensitive industry, we also manufacture smaller bottles for the FMCG industry i.e cosmetic bottles and spice jars. This is has helped us effectively backward integrate and we are able to supply our sister FMCG companies with the products they require, thus keeping the profits inhouse. Sales of our blow lines have grown 21% from revenues in 2018. We introduced an additional PET line injection process of machinery to further reduce our FMCG dependence on outside suppliers, through this we were able to increase our revenue as well as reduce our sister company expenses by providing packaging at competitive pricing.

Jojo NETs

Jojo NETs was launched in July 2018. This was as a result of the plastic carrier bags being phased out because of the NEMA directive. Fruit nets saw a surge in demand. From the onset, sales in the

Jojo NETs has been positive and the company has consistently grown on the same revenue and shown a growth of over 70%. We continues to produce various plastic packaging options as well as maintains an effective recycling plant to minimize any waste.

3 Food

Happys & Chigs

Snacking has become big business. The salted snack segment alone is projected to reach $109 billion in global sales by 2025. In today's fast-paced world, more consumers are eating smaller meals, more frequently out of convenience. The global snack food market is expected to gain at a CAGR of 5.34 percent from 2019 to 2024. Fueling the ready-to-eat food market is on the rise in demand for convenient, on-the-go foods brought about by rapid urbanization, improved consumer lifestyle, and high disposable income.

In 2019, the average price per unit of the snack food segment stands at $7.52. (Statista).

Nutritious and tasty snacks that you can eat on the go are new product developments driven by health-conscious consumers.

A large variety of healthy snacks continue to be the trend in the market, while busy consumers choose availability and portability.

Kenyan supermarkets stock dozens of potato chip brands, but one of the new market entrants, Happys & Chigs easily stands out with attractive packaging. The brand has proved to be popular in the market.

Chirag

Chirag as a company grew 5% in its total business including exports. Chirag faced lots of odds including the shortage of potatoes, closure of Choppies supermarkets, merger of Tumaini etc, which influenced adversely on its speed of growth.

People are living much faster lives. They do not have time and they need something to eat on the go. We also have more disposable income. Kenya has been a traditionally sweet snack market; they like biscuits and sweets. We are really trying to grow the savoury snacks segment.

Let your Senses Come Alive

NaturesOwnSpices

Variety is the very spice of life that gives it all its flavor

Honeycomb

Our Honeycomb brand of cookies target the niche premium market, made from all natural ingredients it caters to the health conscious consumer. Savory snacks contribute to more than one-fifth of snack sales in certain markets. Premiumization has been a major driver of growth in the snack industry.

Demand is primarily driven by taste and health aspects, and consumers are not willing to compromise on either. Globally, the savory snack segment has seen a rise in sales than their sweet counterparts reflecting this same trend with our chevda brand lines.

Nature's Own Spice

Global organic spice market is expected to surpass USD 40 billion by 2024. According to a research report by Global Market Insights, Inc. Rising awareness among consumers regarding the medicinal properties and health advantages of natural spices consumption will primarily drive the industry growth. Shifting preference towards chemical free ingredients owing to their notable health benefits including anti-inflammation and pain-relieving properties is expected to propel the organic spice market growth.

The global demand for a variety of spices has continued to rise in the past few years owing to the vast rise in the consumption of convenience foods, snacks and confectionary.

Nature's Own Spice is a brand leader in the country with a country-wide market presence.

Gonuts & Happys

Keeping in line with the advancing trends in packing, our Gonuts – Nuts brands was repackaged in trendy, nitrogen sealed see-through packs. This new pack in addition to its trendy look also aids in a faster packaging by automatic machines, improving the freshness and shelf time of our Gonuts. With the additional roaster and roll packaging system our nuts production capability has increased our sales revenues. Our strategic restructuring of sales team to fuel the future growth. In Nairobi office, we created the key accounts team to give total focus on these key accounts and also to ensure our shelves always carry our stock and are well merchandised. In upcountry, we carved a niche out in the new zones of Nyanza and Central to maximize the reach and get the competitive edge on sales growth. This has helped in maximizing the sales to some extent, but paved a way for future growth.

4 Beauty

The beauty and cosmetics industry has become Kenya's new hub of investment that is pulling in big money to establish new lines of business and to snap up successful enterprises through multi-million-shilling acquisition deals. This is due to the economic restructuring and regional integration measures adopted by many governments in the region which has, in turn, created a rising middle class that craves for new consumer and luxury goods.

Cosmetics play an important role in enhancing one's inherent beauty and physical features. Men have also joined this industry with a number of products designed for them lately, which was not the case before.

They are increasingly using cosmetics in their daily routine. This growing demand for cosmetic products has, in turn, led to the growth of cosmetics market not only in Kenya but also across the world.

As far as Kenya is concerned, the key drivers of the Kenyan economy include a strong population growth, a growing number of people belonging to the middle-class and an educated workforce. Increased growth of the beauty and personal care market in Kenya, combined with the fact that Kenya is recognized as the sales and distribution hub for the larger East African market, has attracted many international brands.

Improvement and change in the current lifestyles of individuals have been among the key factors to the major growth of the industry. Consumers have now become more conscious regarding the usage of cosmetics in their daily lives in an effort to step up their style quotient and overall personality.

Clearly, this is a huge market where men and women splash on themselves to look good and smell nice. Major cosmetic companies in the country have been increasing their sales in emerging markets like Kenya, where the beauty industry is valued at over 100 billion shillings, as customers become more conscious about their looks and grooming.

Kenya also benefits from a dynamic private sector in which it seems to have become the regional leader. Therefore, Kenya presents promising opportunities in the beauty and cosmetics sector by offering avenues for greater regional expansion through its well-developed infrastructure.

Zoe

Zoe was invented in Kenya over 17yrs ago with only three variants of lotions but through research and development, the management has been able to develop various new products within the brand.

By the year 2019, we have grown our range to over 51 products. In July 2019, FTG through the research and products development team, launched very unique products. These products have been received very amazingly by all customers and have led to sales improvement.

We are the first local manufacturing company to introduce Men-2-in-1 shampoo and conditioners and Our Zoe scents lotions are one of their kind enriched with Shea butter and have heavenly scents.

The brand targets kids, school going children to the adults in the mass market. Though, the management is working toward improving the brand by developing very unique products in terms of scents and variants to meet the need of

flame tree
...naturally
ALANA
Skin
Refresh.....Rehydrate...
.........Rejuvenate
ALANA
Skin
Glycarine
200ml

its customers. In 2019, FTG went an inch higher on marketing campaign, very vibrant schools and in store promotion-Below the Line promotion.

In schools, we partnered with the Ministry of Sports to reward winners from primary schools to the higher institutions during sports and drama to promote talents. This we did by giving gift hampers which contained beauty products to the winners. This was a solid platform to market our brands and also we got an opportunity to sell our products hence promoting sales growth.

FTG made use of Zoe brand ambassador – Bahati, a Kenyan artist to spice up the campaign in schools and stores and this bore good fruits. The influential brand ambassador drove volume in sales especially to the young people.

We also had above the line promotion by running our advert during Churchill show on NTV. Launching of Zoe scents lotions and Zoe Men 2 in 1 shampoo and conditioner spread awareness making them record very high sales and their movement since then has been consistent.

Advertising Zoe men lotion on Citizen TV has helped in creating awareness and making the men lotions improve greatly in sales.

SuzieBeauty
BY SNW

Colour Cosmetics

Industry watchers say the country is about to hit a growth period, especially in the colour cosmetics field, as new brands enter the market. Due to its geographical position and relative market sophistication, Kenya is generally seen as a regional hub which provides entrance into the East African Community (EAC) region.

In the coming five years, beauty and personal care market is expected to see a steady increase in volume, increased competition among local and international players and widening of product base to suit varying consumer profiles.

The year 2019 was one full of events for the SuzieBeauty Brand.

We had lots of activities throughout the year ranging from celebration of love on valentine day to celebrating the women in our society to cooperate partnerships and opening of a new shop.

Partnerships and sponsorships

Some of the partnerships we took part in successfully include Style by crystal which aired weekly on KTN. Our roll was to make sure the contestants looked their best as far as make up. This contributed highly in putting the brand on the map as well as introducing the brand to a wider clientele throughout the country.

Nothing makes us happier than the gorgeous smiles on our beautiful customers faces whenever we interact with them. That being said we took it upon ourselves to appreciate four lucky winners with gift hampers during the month of love, glammed them up during both international women's day and mother's day as we also did campaigns for brand awareness. Nothing looked better than the bright smiles on all of our faces as we had interactive session with the amazing winners and all the women at large.

The best was when we finally moved from our kiosk space and launched our main store at the Sarit Center. It was such an experience. This was on the 5th of September 2019 and it was a success of course with the great help of our sales consultants, the social media team and our amazing customers.

We were fortunate to be the official make-up sponsors for major renowned events throughout the year. Among them Mr & Miss World Kenya 2019 where our very own CCO and founder sat as a judge among other talented judges. The UN ICPD-25 Summit at KICC which attracted people from different walks of life. It was an amazing experience and we were highly honored to have been chosen to take part. The core fashion held at the KQ hanger was all about sustainable fashion.

SuzieBeauty Events

Kasha launch panelists

BBC Interview at SuzieBeauty office

Participants at the Kasha.co.ke launch

The Retail Summit, Dubai, panelist

Kenya Institute of Management, Managing in Heels talk

Suzie of SuzieBeauty at the World Retail Congress, Amsterdam, moderator and panelist

Sylva

Sylva is a premium quality white petroleum jelly that was acquired by FTG in 2017. It is available in four variations.

- **Sylva cocoa butter, white petroleum jelly**

  Sylva Cocoa Butter has become one of the fast selling petroleum jelly, and the perfume has attracted many of our customers towards it. It has many advantages especially for dry skin and can be applied by the whole family.

- **Sylva pure white petroleum jelly**

  Sylva pure jelly is without any perfume therefore it is perfect for those with allergies, sensitive skin and babies.

- **Sylva scented white petroleum jelly**

  This was our first perfumed jelly which was used to target towards the generic market and especially those who like perfume and scents.

- **Sylva strength white petroleum jelly**

  Sylva Strength was our first product aimed specifically for men. It is a very good aftershave as it soothes shaving cuts and bruises.

Cerro

Cerro sells under FTG, Africa as a kaleidoscope of vibrant nail colors. With Cerro nail polish, you will always find a shade to express exactly how you feel, rich true colors in a range of shades and textures.

Cerro was launched in 2004. It's one of the few locally manufactured nail polishes available in the country. Formulated with the European technology, it gives you colours with a long lasting gloss that do not fade or chip easily. Cerro nail polish are dermatologically tested and therefore non-toxic. It's stable formulation ensures a smooth and uniform application, leaving your nails looking beautiful. Cerro's distribution is countrywide and is of international quality and excellence.

5 Playgrounds

Play is more than just the chance to run around outside for a quarter of an hour. Play is just as important in the development of a pupil's social, emotional, intellectual and physical development as classroom learning, says Neil Coleman of Outdoor Play and Learning CIC.

School playgrounds are not merely a place for students to let off steam or hang out during recess. Rather, a fun, safe playground environment stimulates students' minds and allows for their cognitive, physical, and social development. In fact, outdoor play areas provide children with rich opportunities to grow, learn, and develop.

For younger children and students with short attention spans, the school playground provides a much-needed break from sitting in the classroom, refreshing their minds for further learning. Recent studies highlight the importance of children's play in addressing childhood obesity, while other studies show that school playgrounds allow students to:

- Improve motor skills and gain physical strength
- Improve balance and coordination
- Develop social skills
- Learn to share, communicate, and collaborate with others
- Learn to compromise and take turns
- Appreciate diversity in others
- Develop empathy
- Master new skills
- Gain independence
- Develop problem-solving skills
- Take on new challenges
- Experience success as a result of persistence and perseverance
- Expand creativity and imagination

Polyplay achieved sales increase over 2018 sales. We developed our vibrant and easy access show room of all products with a show area for small toys in the factory and live playstation outside the office. Several new colours were developed to increase our customer choices keeping in mind the adaptability of our target children. Reduced delivery time tremendously by introducing line operation and inventory of all assembling parts and ready stock of toys.

We look forward to a positive 2020 with the amount of time children spend outdoors has significantly declined in today's age of technology, providing students with an appealing and stimulating outdoor area is particularly paramount to their improved well-being.


Let your child
grow with us





6 Trading

Cirrus International FZC is our general trading companies in the Middle East. We deal in plastic raw material and various other materials as per our customer requirements. Cirrus is a trusted company, backed by over 20 years of valuable group experience. We pride ourselves in value creation for our clients and suppliers. We are able to source quality products at competitive rates strategically. As a leader in the field, we enjoy a reputation for reliability internationally.

Flame Tree, Rwanda is involved in the distribution of the brands Zoe and Alana within the Rwandan market. In 2019, FTB also introduced Nature's Own spices in the region. We were able to effectively capture the market and grow our wings in the FMCG food sector as well.

We also launched Zoe Cosmetics in Mozambique. We are targeting the young and vibrant Portuguese market and look forward to good growth in this region.

Buildmart Rwanda is a trading depot for various hardware products. We operate from three locations in Rwanda. We have HDPE pipes, the machine that has production capacity of various sizes such as PN8, PN10, PN12.5, PN16, PN20 and PN 25. We have launched all ranges of HDPE Pipes from 25 dia – 110 Dia in the local market as new ranges and this has had a positive impact on our turnover. As we work towards easy availability of materials, better price and 100% customer response, we are sure that we will make good progress in the coming years.

Corporate Social Responsibility (CSR)

CSR Activities

As FTG, we always get involved in various activities as opportunities to give back to the community. Here below are some of the communities we have visited and made it a difference.

1. Come together Widows and Orphans Organization [CTWOO]

Flame tree donated Sylva petroleum jellies to over 500 widows and orphans in Oloitoktok.

2. Nariri Primary School - Kianjai

It was a good way of FTG to work with Nariri primary school where we provided snacks, sanitary towels and also we partnered with Kenya Methodist University to give counselling sessions to class seven and eight on how to keep off from early pregnancy and trained them on good grooming.

We donated to the pupils Zoe lotions and Zoe petroleum jellies.

Ethiopia


Roto Ethiopia team participated in the 'Great Run for Charity'

Donnation of a guard Rosize in Ethiopia

In the year 2019, Roto Moulders Limited took part in several CSR activities as a way of giving back to the community and assisting the needy in the society. Here are a few pictures of the donations made by the Company to various schools, police station. Among them was part of Turkana Community.

Roto Moulders Limited employees joined GIVE Initiative in planting trees at Lelaitich Primary School in Olenguruone Mau Narok. The main agenda is to try and restore the Mau Narok forest which has suffered due do deforestation, Event took place on the 13th July 2019 where Roto Moulders Limited donated around 2,000 trees.

Roto Moulders Ltd donated a 5,000 litres tank to Lelaitich Primary School

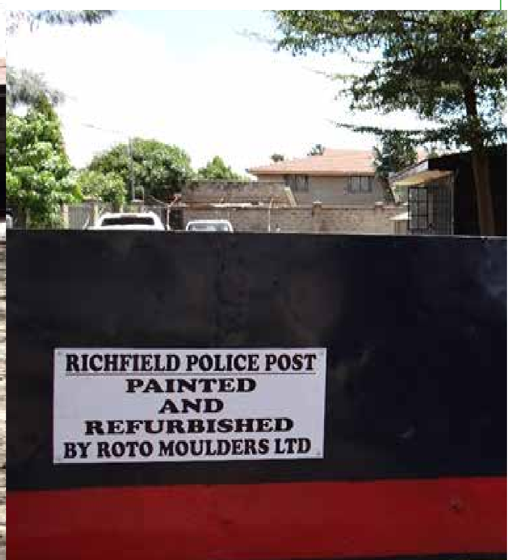
Lelaitich Primary school is situated at Mau Olenguruone in Nakuru County. Roto Moulders team including Mr. Raymond Goes, the General manager visited the school and planted a tree in the school compound.

They also donated a tank. The school Head teacher, Mr. Yegon with the PTA Member received the tank on behalf of the school. A prayer was made towards the prosperity and growth of the our company for their generous donation.

Water tanks for Turkana Community

The pictures shows a Roto Moulders Vehicle ferrying waters tanks from its premises at Industrial Area to Turkana where the Company donated water tanks to the community. Roto Moulders Limited donated several water tanks to Turkana Community, to help them in harvesting and storage rainwater. Turkana is known for having drought thus resulting to water shortage.

Repainted and refurbishing the Richfield Police Station



From the left: Mr. Oliver Salins, Samwel Muriki and Theophilus Vaati - employees of Roto Moulders Ltd pose for a photo with police from Richfield Police Station at the gate after Roto Moulders Limited repainted and refurbished the police post. The police station is situated in Industrial Area, Nairobi.

Water tanks for Goitap Kalyet Anglican Church, Bomet

Worshippers of Goitap Kalyet Anglican Church in Bomet receive a gift of water tank of 5,000 litres donated to them by FTG.

Roto Moulders Elizabeth Maingi attends Kenya Society for Blind AGM

Elizabeth Maingi, an employee in Roto Moulders Limited attended the Annual General Meeting of Kenya Society for the Blind at the Nairobi Club. The company also made a donation of Kshs. 25,000/- during Mt Longonot climbing activity. The funds are channelled towards financing the education of the visually impaired pupils from less fortunate families.


SuzieBeauty
WITH SELF-CONFIDENCE,
MAKE-UP WILL MAKE YOU
Suziebeautiful


SuzieBeauty
• BY SNW •
SPF8
Full Coverage
With self-confidence, make-up will make you Suziebeautiful

Our Performance 2019

Group Structure

Plastic conversion

- Roto Moulders Limited, Kenya
- Roto Limited, Rwanda
- Roto PLC, Ethiopia
- Rino Tanques Lda, Mozambique
- Polyplay Limited, Kenya
- Jojo Plastics Limited, Kenya

Snacks

- Chirag Africa Limited, Kenya
- Happy Golden Foods Limited, Kenya

Cosmetics

- Flame Tree Africa Limited, Kenya
- Flame Tree Brands Limited, Rwanda
- Flame Tree Mozambique Limited, Mozambique
- Cherry Styles Limited, Kenya

Support services

- FTG Holdings Limited, Mauritius
- FTG Holdings Limited, Kenya

Retail and trading

- Cirrus International FZC, Dubai
- Buildmart Limited, Rwanda

All subsidiaries are 100% owned by Flame Tree Group

Awards

FTG Holdings emerged as 1st Runner Up at the Kenya Business Awards 2019, organized by the Kenya National Chamber of Commerce & Industry (KNCCI) under the category: Most aligned to the Big Four Agenda - (Manufacturing).

SuzieBeauty was nominated in Various categories by the Kenya Beauty and Cosmetics Award 2019.

We emerged winners in the following categories:

- Best Foundation.
- Best Lipstick.
- Best Blush.
- Local Cosmetics Brand of the Year.

We were also Runners up in the

- Most Preferred Eye Shadow.
- Most Preferred Lip Gloss.
- Most Preferred Powder.
- Most Preferred Concealer.
- Most Preferred Primer.
- Most Preferred Mascara Brand of the Year.

Trainings

At FTG, we undertake trainings throughout the year to inculcate new skills in our employees. Usually, the skills are related to the job, although staff can be trained on a number of things.

These trainings keeps employees up to date with developments in their industry, in technology among others. It boosts employee's confidence as when employees learn new skills pertaining to their jobs, they are more likely to exude confidence in their work. This ultimately makes them happier with their jobs, which in turn makes them happy employees. Staff training is a great opportunity for our staff to address any weaknesses they may have with performing their jobs. Sometimes, their skills may have become a little blunt, and a training program is all they need to sharpen them.

These trainings also leads to better relations between management and the employees. When the staff is good at what they do, there is little room for conflict between employers and employees. Trainings also contributes to growth because well trained employees are more likely to offer great services to customers, which leads to immense customer satisfaction.

Some Chirag staff at an appraisal training

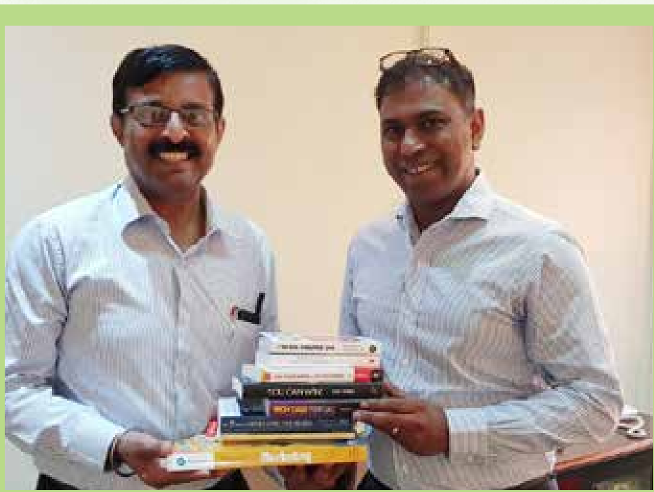
Rwanda staff in a training

List of Trainings done:

- Kaizen trainings
- Computer literacy trainings e.g Microsoft word, Excel, Powerpoint, Mail merge etc.
- Sales trainings: Planning, time management, communication etc.
- Trainings in appraisal, WIBA, managing misconduct, safety.
- Leadership trainings.

Chirag appraisal training

Staff attending a training on safety at the workplace



Books received for Flame Tree Group library

Jojo Tank staff attending a Kaizen training

Polyplay staff attending a teamwork training

Staff members at a Kaizen training in Rwanda

Mozambique sales training

Some Ethiopia staff shows their certificates after a sales training

Year 2019 Milestones

FEBRUARY

Opened a new Roto factory, Ethiopia.

MAY

Launched new Zoe Men Shampoo.

JUNE

SuzieBeauty represented Africa Cosmetics at the Cosmoprof show in India.

Launched new Roto cattle troughs

JULY

Launched Zoe scents on Churchill show and NTV campaign

AUGUST

SuzieBeauty was Mr and Miss World Kenya 2019 official sponsor

SEPTEMBER

SuzieBeauty launches the Sarit Centre shop

OCTOBER

Launch of Roto road barriers and road cones

NOVEMBER

Chigs launches corn snacks

DECEMBER

SuzieBeauty kenya beauty and cosmetics wins awards: Local brand of the year, Most preferred lipstick, most preferred foundation

Roto installs new machine

Zoe Men Shampoo and Lotions with Bahati Road campaign show

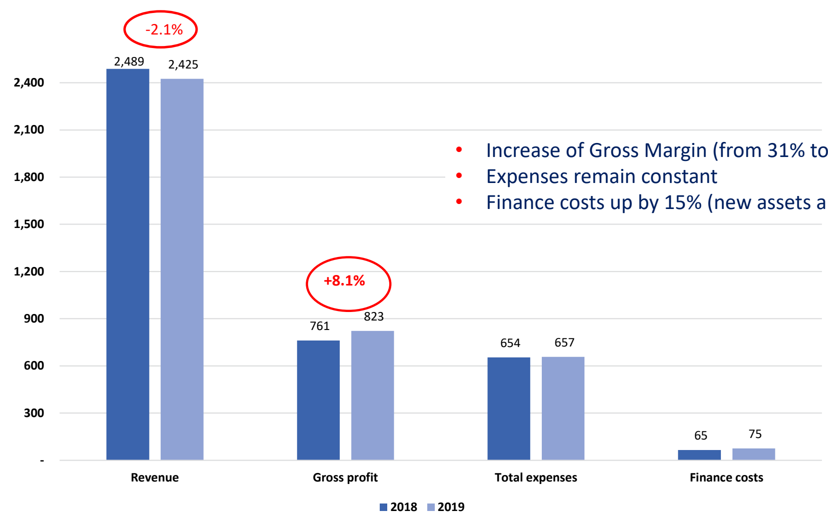
Our Business Today

FTG is among the largest manufacturers of plastic water tanks in East Africa, and has successfully positioned its brands in the cosmetics and food industries.

- Factories in Kenya, Ethiopia, Rwanda and Mozambique successfully adapted its business model to its distinct African markets, while retaining the benefits of scale in terms of procurement and transfer of best practice
- Market leader in the East African water tank products wholesale and retail markets
- Over the time the Group, in line with its vision, has been at the forefront of innovation and service delivery.

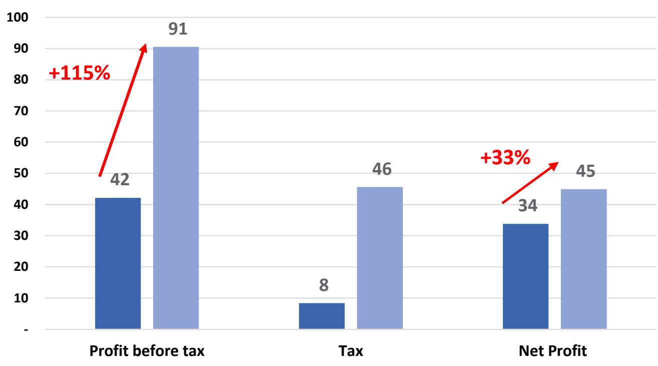
Our Performance 2019

Sales, Margin, Expenses 2019 vs. 2018 (In Million KES)



- Increase of Gross Margin (from 31% to 34%) offsets slight decrease of sales
- Expenses remain constant
- Finance costs up by 15% (new assets and new factory in Ethiopia)

Profit 2019 vs 2018 (In million KES)



- Profit Before Tax up to 90.53MM (+115% vs. LY)
- Tax of the year was impacted by deferred tax (linked to applied deduction on investments)
- Profit After Tax grew +33%

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	2018	2019	% Var.
Revenue	2,488,610,130	2,424,753,503	-2.6%
Cost of sales	(1,727,327,066)	1,602,069,716	
Gross profit	761,283,064	822,683,787	8.1%
	31%	34%	
Other operating income	15,164,548	6,682,401	
Other operating gains	1,539,014	1,615,351	
Selling and distribution costs	(314,158,975)	(305,048,681)	
Administrative expenses	(295,652,238)	(302,703,249)	
Other operating expenses	(60,856,701)	(57,485,492)	
Total expenses	(653,964,352)	(656,939,670)	0.5%
Finance costs	(65,171,401)	(75,213,959)	15.4%
Profit before tax	42,147,311	90,530,158	114.8%
Tax	(8,362,243)	(45,593,913)	
Profit for the year	33,785,068	44,936,245	33.0%
Other comprehensive income:	129,081,139	178,504,337	
Total comprehensive income for the year	162,866,207	223,440,582	37.2%

Profit Before Tax up to 90.53mm (+115% vs. LY)

- Slow down in sales (-2.6%) mainly linked to low sales in Ethiopia (-40%) due to transfer to a new factory site. Good performance in Kenya and Rwanda, Stable sales in Mozambique.
- Gross margin up by 8% or 3 p.p. which comfortably offsets the slight decrease on sales.
- Overall expenses have reduced, however we increased marketing expenses to promote our brands, including a TV campaign, to a total amount above 1mm USD
- Finance expenses grew by 15.4% due to new loans to finance new factory in Ethiopia, new machines and vehicles and higher yield paid to CP investors.
- Current Tax of the year was 30.4mm (vs. 41mm LY). The movement in deferred tax account has brought a big impact to P&L (mainly linked to acquisition of industrial machinery for which 100% deduction on investment was applied).
- PBT grew +115%.
- OCI includes revaluation of assets (+229.7mm).

Statement of Financial position as at December 31, 2019

	2018	2019	% Var.
Non-current assets			
Property, plant and equipment	529,073,548	1,043,842,107	
Goodwill	71,851,809	71,851,809	
Intangible assets	83,516,629	86,145,049	
Deferred tax	21,678,721	-	
	706,120,707	**1,201,838,965**	**70%**
Current assets			
Inventory	338,906,948	341,685,344	1%
Trade and other receivables	735,813,098	641,869,090	-13%
Current tax receivable		7,033,454	
Cash and cash equivalents	58,431,055	88,741,088	
	1,133,151,101	**1,079,328,976**	**-5%**
Total Assets	**1,839,271,807**	**2,281,167,941**	
Equity			
Share capital	146,894,092	146,894,092	
Share premium	152,450,453	152,450,453	
Revaluation reserve	141,929,031	347,121,399	
Legal reserves	3,665,461	3,665,461	
Translation reserves	(4,142,696)	(10,163,406)	
Retained earnings	372,238,133	417,174,378	
	813,034,474	**1,057,142,377**	**30%**
Non-current liabilities			
Borrowings	35,334,216	284,947,082	706%
Deferred tax		48,905,214	
	35,334,216	**333,852,296**	**845%**
Current liabilities			
Trade and other payables	596,249,416	540,822,020	-9%
Borrowings	387,961,692	314,246,832	-19%
Current tax payable	6,692,010	12,782,597	
Bank Overdraft	-	22,321,819	
	990,903,118	**890,173,268**	**-10%**
Total Equity & Liabilities	**1,839,271,808**	**2,281,167,941**	

Financial Analysis

KEY FINANCIAL RATIOS

	2018	2019	% Var.
EBT	42,147,311	90,530,158	115%
EBITDA	158,667,836	196,130,414	24%
EBIT	107,318,712	165,744,117	54%
Net Assets	813,034,474	1,057,142,377	30%
Net Debt	364,864,853	532,774,645	46%
Net Debt/EBITDA	2.3	2.7	
Net Debt/EBIT	3.4	3.2	
Net Debt/Net Assets	0.4	0.5	
Return on Equity (Ebitda)	20%	19%	
Return on Equity (Ebit)	13%	16%	
Revenue growth	2.6%	-2.6%	
Gross margin	31%	34%	
EBIT margin	4.3%	6.8%	
EBITDA margin	6.4%	8.1%	
EBIT/Interest expense	1.8	2.6	
EBITDA/Interest expense	2.6	3.1	
Total Net Debt/Total Equity	0.45	0.50	

- All profit ratios have shown major improvements vs. 2018
- Net debt increased by 46% to finance new purchase of machines, vehicles and factory in Ethiopia.
- Increased of PPE by 54% (285mm), excluding the impact of the revaluation made by independent valuer of vehicles, machines and equipment in Kenya, in line with IAS16, to reflect correct value in our Balance.
- Net debt/Ebitda ratio still remains low, under x3.
- Net assets of the company increased by 30%, boosted by earnings of the year and higher asset value

Great improvement in Working Capital Management

	2018	2019
DSO (days sales outstanding)	75	55
DIS (days of inventory)	64	71
DPO (days payable outstanding)	89	98
WC Days	**51**	**28**

Total reduction in WC days: 23

DSO: Improvement of **21** days : faster collection of client debt
DIS: slight increase of inventory days vs LY
DPO: improvement of **9** days: achieved longer payment terms to trade suppliers

Some highlights 2019

- Inauguration of new factory in Ethiopia, now fully operative.
- We bought nine trucks to reduce logistical costs in Kenya, and ensure timely transport to our clients.
- Recruited new sales teams and key sales management positions. Four new Credit Controllers joined to ensure timely payments. We also got a new General Manager for Polyplay.
- Marketing: New TV adverts with Bahati as Brand Ambassador for Zoe, several promos and marketing actions (Churchill Show, Laugh Festival), merchandising actions and focus on product prescriptors.
- New store of SuzieBeauty in Sarit Centre.
- Launch on five new products by FTG, after one year of product development. Also new Corn Crunch range in the snacks line.
- We acquired several new machines: blancher and oil filter in Chirag, PET Machine with compressor and second cap machine in Jojo, new HDPE pipe machine in Rwanda to meet demand of Government projects in agriculture, relaxer machine in Flame Tree.
- We started distributing cosmetics in Mozambique, and have increased considerably exports to Rwanda.
- Asset revaluation in Kenya (machines + vehicles) for a total added value of Kshs 229.6mm.
- Tax optimization analysis and transfer price policy review complete.
- New agreement with SBM bank in Kenya signed in December 2019 to provide funding for the Group (working capital, LC lines, asset finance) for a total amount of USD 8.5mm. This represents an increase of funding capacity of over 60% compared with the previous facility we had with NIC.

Innovation in the COVID Era

The world is experiencing this global pandemic that is putting extraordinary pressure on all of society and making us all re-evaluate the way we do business.

This is a time when our resilience is measured and how we cope when faced with lockdowns and sudden drops in revenue. We are proud of the resilience and resolve our staff and management has put forth to chase every business opportunity and to contribute in the innovation of various new products catering to this new age of Health Management during the crisis. FTG has developed a number of new products to cater specifically for this pandemic the world is faced with.

The RotoTizer

Zoe hand sanitizer

Polyplay hand washing tank

Jojo handwashing tank

Roto Covid 19 testing booth

Wheelbins

Annual Report and Consolidated Financial Statements

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Report of the Directors

The Directors are pleased to present their report on the business of FTG Holdings Ltd (the "Company") along with the consolidated and separate financial statements of the Company and its subsidiaries for the year ended 31 December 2019.

Principal activities and operations

The Company is an investment holding company. The principal activities of the group are those of manufacturing of plastics and allied products, plastic water tanks, mobile toilets, septic tanks, PVC pipes, paints, fibre glasses, iron products, cosmetic products, synthetic hair, snacks, spice products, general trading and construction related activities.

Results and dividends

	Group		Company	
	2019	2018	2019	2018
	Shs	Shs	Shs	Shs
Profit/(loss) before tax	**90,530,158**	42,147,311	**(37,099,876)**	(8,744,718)
Tax	**(45,593,913)**	(8,362,243)	**-**	-
Profit/(loss) for the year	**44,936,245**	33,785,068	**(37,099,876)**	(8,744,718)

During the year, no dividend was paid.

Legal status of the Kenyan Branch

The Kenyan branch is not an incorporated company. It does not have its own share capital or Directors, as the activity is consolidated within FTG Holdings Ltd. Its activity is to support the Group in terms of management, technical and financial assistance. This is reflected as well in the Transfer Price Policy of the Group. It is considered to be a cost centre, and does not generate any revenue or sales on its own.

Report of the Directors (Contd.)

Subsidiaries

Information about the Company's investment in its subsidiaries as at 31 December 2019 are as follows:

Roto Moulders Limited (Kenya), Roto Ltd and Roto Private Company Limited

Roto Moulders Limited (Kenya) is the first brand created by the Group. The Roto brands has expanded geographically and operates in Rwanda under Roto Limited and in Ethiopia under Roto Private Limited Company. It offers a wide range of best quality water tanks, HDPE pipes, sanitation solutions and plastic products (buckets, dustbins, traffic cones).

Flame Tree Africa Limited - Kenya, Rwanda

Headquartered in Kenya, Flame Tree Africa is a manufacturer of cosmetics and beauty products in the East African region. The company manufactures a wide range of cosmetic products including skin care, hair care, nail care and colour cosmetics. It manufactures brands such as "Zoe", "Cerro" and "Alana". These products are sold in all major retail stores in both rural and urban areas. Zoe advertises in TV and social media, and it is a best-selling brand in several categories. Flame Tree Africa recently added Suzie Beauty to their portfolio to tap into the growing make-up market segment. Suzie Beauty has 4 retail shops in some of the best malls in Kenya (Junction, Yaya, Thika Road Mall & Sarit Centre), and is also distributing through various point of sales and beauty shops in Nairobi Mombasa, Nakuru and Kisumu, Carrefour, and online through Jumia and its own web page. Suzie Beauty is looking at expanding into Western and Southern Africa regions

Happy Golden Foods Ltd

Happy Golden Foods Ltd was acquired in 2012. It is engaged in the sales of sells potato and peanut based snacks.

Cherry Styles Limited

Cherry Styles Limited was set up in November 2011 and engaged in manufacturing and trading of cosmetic products like wigs and other hair products. The company has been dormant since 2017.

Jojo Plastics Limited

Jojo Plastics limited is based in Nairobi. It was incorporated in 2009 and manufactures plastics, water tanks and blow moulding bottles, caps & closures and packaging nets while targeting the lower cost water tank market.

FTG Holdings Ltd
Annual report and consolidated financial statements
For the year ended 31 December 2019

Report of the Directors (Contd.)

Chirag Africa Ltd

It was acquired by the Flame Tree Group in 2015 and manufactures spices, snacks and savories under well-known brands which include "Nature's Own", "Chigs", "Honeycomb" and "Gonuts".

Polyplay Limited

Polyplay was acquired in 2017. It offers one of the most extensive collections of outdoor and indoor play lines in East Africa, serving multiple market segments: schools, day-care facilities, restaurants, hotels, resorts and housing developments.

Build Mart Limited

Build Mart Limited is an industrial trading company having its offices at Kigali Rwanda. The company specializes in supplying of various hardware materials including pipes, water tanks, gate valves and various other plumbing and construction materials to the Rwandan market. The management of the company has over 20 years of previous experience in the specialized field of activities. Plans are underway to source low cost hardware equipment to match the growing construction sector in Rwanda and the region.

Rino Tanques Limitada

In 2016, the Flame Tree Group opened a manufacturing plant in Nampula, northern Mozambique to cater for the growing demand in the region. Rino Tanques Limitada manufactures quality water and sanitation systems. With products in Nampula in the North and Maputo in the South, Rino has become the better option for tanks thorough out the region. Rino is commissioning a third production site in Tete to ensure country wide distribution servicing while reducing logistic costs.

Flame Tree Mozambique Limitada

Flame Tree Mozambique Limitada started operations in 2019, it is offering ZOE products branded in Portuguese for the local market. Important growth is expected from 2020 onwards.

Cirrus International FZC

Based in UAE, Cirrus International FZC is an importer, distributor and exporter of petroleum products, backed by over 20 years of valuable group experience. The company trades in commodities and polymers. The Company and its subsidiaries have same accounting year end as the Company, i.e. 31 December.

The Company and its subsidiaries did not capitalise any interest for the year ended 31 December 2019.

Mr. Heril Bangera the Group CEO and major shareholder of the Company confirms that he does not have any beneficial indirect interests in the subsidiaries.

Report of the Directors (Contd.)

Overall Performance

Below tables show the Group overall performance for the year ended 31 December 2019:

Activity	% Turnover total	% Gross profit total	% Operating profit total
Manufacturing	91%	92%	87%
Trade	9%	8%	31%
Holding			-18%
Total			

Region	%Turnover total	% Gross profit total	% Operating profit total
Africa	92%	93%	67%
Middle East	8%	7%	33%

Director fees

There was no payment due to any director as at 31 December 2019.

Contracts with subsidiaries

The Company did not have any contract of significance with its subsidiaries and shareholder at 31 December 2019.

Other matters

Mr. Heril Bangera, the Group's CEO and also the majority shareholder, directly and indirectly holds 84.01% of the shares of the Company as at the year end.

None of the senior officers of the Company holds any rights to subscribe in the equity instruments of the Company. The operating results shown by the accounts for the year under review are not materially different from those of the published forecast made by the Company.

The operating results shown by the accounts for the year under review are not materially different from those of the published forecast made by the Company.

There have not been any amounts of interest capitalised by the Company and its subsidiaries during the year; There are no unexpired service contracts during the year.

There have been no contracts of significance subsisting during or at the end of the accounting year in which a director of the Company is or was materially interested, either directly or indirectly.

There have been no contracts of significance between the Company, or one of its subsidiary companies, and a substantial shareholder.

There have been no contracts of significance for the provision of services to the Company and its subsidiaries by a substantial shareholder or any of its subsidiaries.

FTG Holdings Ltd
Annual report and consolidated financial statements
For the year ended 31 December 2019

Report of the Directors (Contd.)

Stated capital and Debts of subsidiaries, the parent and its branch

The below table shows the Company's and its subsidiaries debts as at 31 December 2019:

Subsidiary companies	Stated capital	Bank Debt loans	< 1 year	> 1 year < 2 years	>2 years <3years	> 3 years	Interco debt	Shareholder's loan
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
Roto Moulders Ltd	95,581,500	281,850,158	145,053,118	120,046,46	15,029,443	1,721,135	61,452,339	
Polyplay Ltd	6,020,000	-	-	-	-	-	(3,316,103)	
Jojo Plastic Ltd	20,000,500	25,250,495	-	25,250,495	-	-	110,348,690	
Happy Golden Foods Ltd	11,000,000		-		-	-	2,162,033	
Flame Tree Africa Ltd	138,750,000	35,011,768	35,011,768	-	-	-	80,769,863	
Chirag Africa Ltd	48,650,000	19,756,287	19,756,287		-	-	125,615,789	
Cherry Styles Ltd	32,219,500	-	-	-	-	-	12,935,596	
Rino Tanques Limitada	3,594,512			-	-	-	(7,277,656)	
Flame Tree Mozambique Ltd	50,000	-	-	-	-	-		
Roto PLC	27,857,100	97,743,515	37,463,525	24,040,065	22,298,651	13,941,275	4,600,192	
Build Mart Ltd	25,000,000	730,053	730,053	-	-	-	6,789,866	
Flame Tree Brands Ltd	122,950,000	1,282,024	1,282,024	-	-	-	62,253,049	
Roto Ltd	5,000,000	40,824,572	6,531,932	9,389,652	24,902,989	-	-	
Cirrus International FZC	200,000	-	-	-	-	-	-	28,326,917
FTG Holdings Ltd, Mauritius parent company ***	185,141,104			-	-	-		

Statement of Directors' responsibilities in respect of the consolidated and separate financial statements

The Companies Act 2001 requires the directors to prepare consolidated and separate financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the Group and the Company. In preparing those consolidated and separate financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether International Financial Reporting Standards (IFRSs) have been followed, subject to any material departures disclosed and explained in the consolidated and separate financial statements; and
- Prepare the consolidated and separate financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the consolidated and separate financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company and to enable them to ensure that the consolidated and separate financial statements have properly been prepared in accordance with IFRS and comply with Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The auditors, **Crowe ATA,** have indicated their willingness to continue in office until the next Annual meeting.

By order of the Board

Director

Date: 29th April 2020

Secretary's Certificate

JurisTax
Since 2008

9

SECRETARY'S CERTIFICATE ISSUED UNDER SECTION 166 (d) OF THE COMPANIES ACT 2001

We, JurisTax Ltd, being the Company Secretary of FTG Holdings Ltd (the "Company"), hereby certify that the Company has filed with the Registrar all such returns as are required by the Company under the Companies Act 2001, for the year ended 31 December 2019.

....
Mr. Logadarshen Rungien
For and on behalf of JurisTax Ltd
Secretary

Date: 29 April 2020

Level 1, Ebene House , Hotel Avenue , 33 Cybercity, Ebene, 72201, Republic of Mauritius
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BRN: C08080123 | VAT: 20455368

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF FTG HOLDINGS LTD

Report on the audit of the consolidated and separate financial statements

For the year ended 31 December 2019

Opinion

We have audited the consolidated and separate financial statements of FTG HOLDINGS LTD (the "Company") which include the financial statements of its subsidiaries together referred as the "Group" and as set out on pages 17 to 49, which comprise the consolidated and separate statement of financial position as at 31 December 2019, and the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and the notes to the consolidated and separate financial statements.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and of the Company as at 31 December 2019, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and in compliance with the Mauritius Companies Act 2001.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the consolidated and separate financial statements section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Mauritius and we have fulfilled other ethical responsibilities in accordance with the code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - –Events after the reporting period: The impact of the uncertainty of COVID-19

We draw attention to Note 31 to the consolidated and separate financial statements, which deals with events after the reporting period and specifically the possible effects of the future implications of COVID-19 on the Group's future prospects, performance and cash flows. Management have also described how they plan to deal with these events and circumstances. Our opinion is not modified in respect of this matter

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements. Key audit matters are selected from the matters communicated with the Board, but are not intended to represent all matters that were discussed with them. Our audit procedures relating to these matters were designed in the context of our audit of the consolidated and separate financial statements as a whole. Our opinion on the consolidated and separate financial statements is not modified with respect to any of the key audit matters described below, and we do not express an opinion on these individual matters.

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF FTG HOLDINGS LTD

Report on the audit of the consolidated and separate financial statements

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements. Key audit matters are selected from the matters communicated with the Board, but are not intended to represent all matters that were discussed with them. Our audit procedures relating to these matters were designed in the context of our audit of the consolidated and separate financial statements as a whole. Our opinion on the consolidated and separate financial statements is not modified with respect to any of the key audit matters described below, and we do not express an opinion on these individual matters.

(a) Transition as auditors including the audit of the opening balances

Key Audit Matter	How our audit addressed the Key Audit Matter
Initial audit engagements involve a number of considerations not associated with recurring audits. We identified the audit transition, including the audit of the opening balances as a key audit matter as this involves additional planning activities and considerations necessary to establish an appropriate audit plan and strategy. This includes: (i) Gaining an initial understanding of the Company, its subsidiaries and its business including its control environment and information systems, sufficient to make an audit assessment and develop the audit strategy and plan. (ii) Obtaining sufficient appropriate audit evidence regarding the opening balances including the selection and application of accounting principles.	Prior to becoming our appointment as the Company's auditors, we developed a comprehensive transition plan to understand the connection between the Company's strategy, the related business risks and the way these impact the Company's financial reporting and internal controls framework. (i) We have performed audit procedures to check whether the opening balances do not contain any material misstatements. We have checked from the consolidation workings we received whether the figures included in the individual audited financial statements for the subsidiaries are in agreement with their figures included in the consolidation workings. (ii) We have reviewed the recommendations from the Internal auditor we received from management to gain knowledge of the internal controls reviews and key findings from their work (iii) We have made an evaluation of key accounting positions and audit matters from prior years.

INDEPENDENT AUDITORS' REPORT (Cont.)

TO THE SHAREHOLDERS OF FTG HOLDINGS LTD

Report on the audit of the consolidated and separate financial statements

(b) Revenue Recognition - Group

Key Audit Matter	How our audit addressed the Key Audit Matter
Recognition of the Group's revenue is complex due to several types of customer base, including sale of plastics and allied products, plastic water tanks, mobile toilets, septic tanks, PVC pipes, paints, fibre glasses, iron products, cosmetic products, synthetic hair, snacks, spice products, general trading and construction related activities. We focused on this area as recognition of revenue involves significant judgement and estimates made by management.	We reviewed and discussed the group accounting policy including the key accounting estimates and judgements made by management. We tested the relevant internal controls used to ensure the completeness, accuracy and timing of revenue recognised.

Key audit matters (Continued)

(c) Impairment of investment in subsidiaries - Company

Key Audit Matter	How our audit addressed the Key Audit Matter
The Company carries its investments in its subsidiaries at cost, less impairment in values. Management makes the use of estimates and judgements, in particular with respect to the timing, quantity and estimation of future cash flows, in its assessment of whether an impairment provision is required to be made. In view of the significance of the investments and the above, we consider investment impairment to be a significant key audit matter.	Our procedures in relation to the impairment assessment of the investment in the subsidiaries included, among others: Ø Assessing the appropriateness of management's accounting for investments in the subsidiaries; Ø Understanding management's process for identifying the existence of impairment indicators in respect of the investment in the subsidiaries and evaluating the effectiveness of such process; Ø Where indicators of impairment have been identified, assessing the reasonableness of the recoverable amount of the subsidiaries and obtaining from management its financial position and future prospects; and Ø Assessing the reasonableness of key inputs and assumptions used by management in their estimation of recoverable amount.

INDEPENDENT AUDITORS' REPORT (Cont.)

TO THE SHAREHOLDERS OF FTG HOLDINGS LTD

Report on the audit of the consolidated and separate financial statements

(d) Impairment of intangibles – Group

Key Audit Matter

At 31 December 2019, the Company's goodwill amounted to Kshs 71,851,809 and trademarks having an indefinite useful lives acquired through one of its subsidiary amounted to Kshs 52,000,000.

The annual impairment test for goodwill and the trademarks is significant to our audit because the assessment process is complex, involves significant management judgment and is based on assumptions that are affected by expected future market and economic conditions, revenue growth, margin developments, the discount rates and terminal growth rates. Based on the annual impairment test carried out for goodwill and trademarks, management concluded that no impairment was necessary.

How our audit addressed the Key Audit Matter

Our audit procedures included, among others, an assessment of the information we received from management. We evaluated the assumptions and methodologies used in the annual impairment test prepared by management.

We have challenged management, primarily on their assumptions applied to which the outcome of the impairment test on goodwill is the most sensitive, in particular, the projected revenue growth, margin developments, discount rates and terminal growth rates.

We have taken note from our review of audit work paper of one of the component auditors of their independent testing performed on trademark and challenged management by comparing the assumptions to historic performance of the subsidiary.

We also focused on the adequacy of the Company's disclosures in Note 1.3 of the consolidated and separate financial statement concerning those key assumptions to which the outcome of the impairment test is most sensitive.

(e) Valuation of Property, plant and equipment – Group

Key Audit Matter

The group has property, plant and equipment with aggregate carrying values of Kshs 1,043,842,107 representing 46% of the total assets of the group as at 31 December 2019. Following a review of the business, management had a valuation carried out by Independent Valuers for its subsidiaries in Kenya and Rwanda to arrive at these carrying values which include a revaluation gain of Kshs 347,121,399. Management believes no impairment provision is required as the fair valuation provides a better reflection of the carrying amounts in the current market. These conclusions are dependent upon significant management judgement based on valuations initiated by a prospective lender, including in respect of:

Ø Estimated resale values, provided by the independent external valuers; and

Ø Estimated utilisation, disposal values and discount rates applied to future cash flows.

How our audit addressed the Key Audit Matter

Our procedures in relation to management's impairment assessment of the property, plant and equipment included:

Ø Assessing the methodologies used by the external valuers to estimate resale values and by management to estimate values in use;

Ø Evaluating the independent external valuers' competence, capabilities and objectivity;

Ø Considering the appropriateness of the resale values estimated by the external valuers based on publicly available information;

Ø Checking on a sample basis the accuracy and relevance of the input data used by management to estimate values in use;

Assessing management's key assumptions including physical deterioration and functional obsolescence which used to estimate values in use of the plant and equipment and also the physical conditions of the properties and comparing the market value in the neighbourhood and comparing with the insurance value of the property.

INDEPENDENT AUDITORS' REPORT (Cont.)

TO THE SHAREHOLDERS OF FTG HOLDINGS LTD

Report on the audit of the consolidated and separate financial statements

(f) Trade debtors' recoverability – Group

Key Audit Matter	How our audit addressed the Key Audit Matter
The group has trade receivables with aggregate carrying values of Kshs 428,225,543 representing 19% of the total assets of the group as at 31 December 2019. The recoverability of trade receivables and the level of provisions for impairment of receivables are considered to be a significant risk due to the pervasive nature of these balances to the financial statements, and the importance of cash collection with reference to the working capital management of the business.	We have:- Ø assessed the design and implementation of key controls around the monitoring of recoverability; Ø challenged management regarding the level and ageing of trade receivables, along with the consistency and appropriateness of receivables provisioning by assessing recoverability with reference to cash received in respect of debtors. Ø considered the consistency of judgments regarding the recoverability of trade receivables made year on year to consider whether there is evidence of management bias through discussion with management on their rationale and obtaining evidence to support judgement areas. We have noted that in-house resources are dedicated to credit control and debt follow up and in January 2020 agreement been entered into with a debt collector in January 2020 for collection of debts exceeding 5 months for 3 Kenyan subsidiaries.

Other information

The directors are responsible for the other information. The other information comprises the statutory and corporate governance information, statement of compliance, chairman's report and directors' report, which we obtained prior to the date of this auditors' report. Other information does not include the consolidated and separate financial statements and our auditors' report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT (Cont.)
TO THE SHAREHOLDERS OF FTG HOLDINGS LTD

Report on the audit of the consolidated and separate financial statements

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the consolidated and separate financial statements

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

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

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

INDEPENDENT AUDITORS' REPORT (Cont.)
TO THE SHAREHOLDERS OF FTG HOLDINGS LTD

Report on the audit of the consolidated and separate financial statements

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Report on other legal and regulatory requirements

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- We have no relationship with, or any interests in, the Company other than in our capacity as auditors;
- We have obtained all the information and explanations that we required; and
- In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Use of this report

This report is made solely for the Company's shareholders, as a body in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to the shareholders in our auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinion we have formed.

Crowe ATA

Crowe ATA
Public Accountants

K.S. Sewraz, FCCA
Signing Partner
Licensed by FRC

Date: 29 April 2020

Ebene, Mauritius

FTG Holdings Ltd
Annual report and consolidated financial statements
For the year ended 31 December 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income

		Group		Company	
	Note(s)	2019	2018	2019	2018
	K Sh	K Sh	K Sh	K Sh	
Revenue	15	2,424,753,503	2,488,610,130	-	-
Cost of sales	16	(1,602,069,716)	(1,727,327,066)	-	-
Gross profit		**822,683,787**	**761,283,064**	**-**	**-**
Other operating income	17	6,682,401	15,164,548	-	19,176,949
Other operating gains	18	1,615,351	1,539,014	-	-
Selling and distribution expenses	32	(305,048,681)	(314,158,975)	(6,235,773)	(197,023)
Administrative expenses	32	(302,703,249)	(295,652,238)	(21,809,083)	(12,352,035)
Other operating expenses	32	(57,485,492)	(60,856,701)	(627,804)	(633,606)
Operating profit/(loss)	**19**	**165,744,117**	**107,318,712**	**(28,672,660)**	**5,994,285**
Finance costs	22	(75,213,959)	(65,171,401)	(8,427,216)	(14,739,003)
Profit/(loss) before taxation		**90,530,158**	**42,147,311**	**(37,099,876)**	**(8,744,718)**
Current tax	23	(30,415,764)	(8,362,243)	-	-
Deferred tax	23	(15,178,149)	-	-	-
Profit/(loss) for the year		**44,936,245**	**33,785,068**	**(37,099,876)**	**(8,744,718)**
Other comprehensive income:					
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations		(6,020,710)	(12,847,892)	-	-
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:					
Gains on property revaluation		229,670,444	202,755,759	-	-
Income tax relating to items that will not be reclassified		(45,145,397)	(60,826,728)	-	-
Other comprehensive income for the year net of taxation		**178,504,337**	**129,081,139**	**-**	**-**
Total comprehensive income/(loss) for the year		**223,440,582**	**162,866,207**	**(37,099,876)**	**(8,744,718)**

Basic earnings per share

Earnings per share — On profit/(loss)	33	0.25	0.19	(0.21)	(0.05)
Earnings per share — On total comprehensive income	33	1.25	0.91	(0.21)	(0.05)

The accompanying notes form an integral part of the consolidated and separate financial statements.

FTG Holdings Ltd
Annual report and consolidated financial statements
For the year ended 31 December 2019

Consolidated Statement of Financial Position

	Note(s)	Group 2019 K Sh	Group 2018 K Sh	Company 2019 K Sh	Company 2018 K Sh
Assets					
Non-Current Assets					
Property, plant and equipment	3	1,043,842,107	529,073,548	-	-
Goodwill	4	71,851,809	71,851,809	-	-
Intangible assets	5	86,145,049	83,516,629	1,076,676	-
Investments in subsidiaries	9	-	-	545,531,392	545,531,392
Deferred tax asset	6	-	21,678,721	-	-
		1,201,838,965	**706,120,707**	**546,608,068**	**545,531,392**
Current Assets					
Inventories	7	341,685,344	338,906,948	-	-
Trade and other receivables	8	641,869,090	735,813,098	214,459,305	150,458,765
Current tax receivable		7,033,454	-	-	-
Cash and cash equivalents	11	88,741,088	58,431,055	618,702	18,352,607
		1,079,328,976	1,133,151,101	215,078,007	168,811,372
Total Assets		**2,281,167,941**	**1,839,271,808**	**761,686,075**	**714,342,764**
Equity and Liabilities					
Equity					
Share capital	12	146,894,092	146,894,092	146,894,092	146,894,092
Share premium		152,450,453	152,450,453	152,450,453	152,450,453
Revaluation reserves		347,121,399	141,929,031	-	-
Legal reserve		3,665,461	3,665,461	-	-
Translation reserve		(10,163,406)	(4,142,696)	-	-
Retained income		417,174,378	372,238,133	(87,678,227)	(50,578,351)
		1,057,142,377	**813,034,474**	**211,666,318**	**248,766,194**
Liabilities					
Non-Current Liabilities					
Borrowings	13	284,947,082	35,334,216	883,422	673,992
Deferred tax liabilities	6	48,905,214	-	-	-
		333,852,296	**35,334,216**	**883,422**	**673,992**
Current Liabilities					
Trade and other payables	14	540,822,020	596,249,416	443,422,558	382,631,548
Borrowings	13	314,246,832	227,981,920	105,713,777	82,271,030
Bank overdrafts		22,321,819	159,979,772	-	-
Current tax payable		12,782,597	6,692,010	-	-
		890,173,268	**990,903,118**	**549,136,335**	**464,902,578**
Total Liabilities		**1,224,025,564**	**1,026,237,334**	**550,019,757**	**465,576,570**
Total Equity and Liabilities		**2,281,167,941**	**1,839,271,808**	**761,686,075**	**714,342,764**

The consolidated and separate financial statements and the notes on pages 22 to 49, were approved by the board of directors on the 29th April 2020 and were signed on its behalf by:

Director

Director

The accompanying notes form an integral part of the consolidated and separate financial statements

FTG Holdings Ltd
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For the year ended 31 December 2019

Statement of Changes in Equity

	Share capital K Sh	Share premium K Sh	Total share capital K Sh	Legal reserves K Sh	Translation reserve K Sh	Revaluation reserve K Sh	Retained income K Sh	Total equity K Sh
Group								
Balance at January 1, 2018	**146,894,092**	**152,450,453**	**299,344,545**	**3,665,461**	**8,705,196**	**-**	**419,744,981**	**731,460,183**
Profit for the year	-	-	-	-	-	-	33,785,068	33,785,068
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**33,785,068**	**33,785,068**
IFRS 9 Adjustment	-	-	-	-	-	-	(81,291,916)	(81,291,916)
Translation reserve movement	-	-	-	-	(12,847,892)	-	-	(12,847,892)
Revaluation for the year	-	-	-	-	-	141,929,031	-	141,929,031
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**-**	**(12,847,892)**	**141,929,031**	**(81,291,916)**	**47,789,223**
Balance at January 1, 2019	**146,894,092**	**152,450,453**	**299,344,545**	**3,665,461**	**(4,142,696)**	**141,929,031**	**372,238,133**	**813,034,474**
Profit for the year	-	-	-	-	-	-	44,936,245	44,936,245
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**44,936,245**	**44,936,245**
Translation reserve	-	-	-	-	(6,020,710)	-	-	(6,020,710)
Revaluation for the year	-	-	-	-	-	205,192,368	-	205,192,368
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**-**	**(6,020,710)**	**205,192,368**	**-**	**199,171,658**
Balance at December 31, 2019	**146,894,092**	**152,450,453**	**299,344,545**	**3,665,461**	**(10,163,406)**	**347,121,399**	**417,174,378**	**1,057,142,377**

* The translation deficit represents the cumulative position of translation gains and losses arising from the conversion of the net assets of the foreign subsidiary companies, and also the long term loan to a subsidiary company, to the reporting currency.

The accompanying notes form an integral part of the consolidated and separate financial statements

Company Statement of Changes in Equity

	Share capital	Share premium	Total share capital	Retained income	Total equity
	K Sh	K Sh	K Sh	K Sh	K Sh
Company					
Balance at January 1, 2018	**146,894,092**	**152,450,453**	**299,344,545**	**(41,833,633)**	**257,510,912**
Loss for the year			-	(8,744,718)	(8,744,718)
Total comprehensive loss for the year				**(8,744,718)**	**(8,744,718)**
Balance at January 1, 2019	**146,894,092**	**152,450,453**	**299,344,545**	**(50,578,351)**	**248,766,194**
Loss for the year	-	-	-	(37,099,876)	(37,099,876)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	**-**	**-**	**-**	**(37,099,876)**	**(37,099,876)**
Balance at December 31, 2019	**146,894,092**	**152,450,453**	**299,344,545**	**(87,678,227)**	**211,666,318**

The accompanying notes form an integral part of the consolidated and separate financial statements

Consolidated Statement of Cash Flows

		Group		Company	
	Note(s)	2019	2018	2019	2018
	K Sh	K Sh	K Sh	K Sh	K Sh
Cash flows from operating activities					
Cash generated from operations	24	240,887,732	118,444,075	(35,033,767)	86,334,870
Interest income		-	83,969	-	2,692
Finance costs		(75,213,959)	(59,144,691)	(7,558,423)	(15,958,249)
Tax paid	25	(32,442,236)	(36,286,675)	-	-
Net cash from/used in) operating activities		**133,231,537**	**23,096,678**	**(42,592,190)**	**70,379,313**
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(253,163,591)	(63,236,163)	-	-
Proceeds from sale of property, plant and equipment	3	2,758,621	1,829,490	-	-
Purchase of subsidiaries					(25,158,429)
Purchase of other intangible assets	5	(2,707,420)		(1,076,676)	
Net cash used in investing activities		**(253,112,390)**	**(61,406,673)**	**(1,076,676)**	**(25,158,429)**
Cash flows from financing activities					
Proceeds from/(repayment of) borrowings		287,848,789	190,263,231	25,934,961	(45,622,010)
Net cash from financing activities		**287,848,789**	**190,263,231**	**25,934,961**	**(45,622,010)**
Net movements in cash and cash equivalents		**167,967,936**	**151,953,236**	**(17,733,905)**	**(401,126)**
Cash and cash equivalents at the beginning of the year		(101,548,667)	(253,501,903)	18,352,607	18,753,733
Cash and cash equivalents at end of the year	**11**	**66,419,269**	**(101,548,667)**	**618,702**	**18,352,607**

FTG Holdings Ltd
Annual report and consolidated financial statements
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Notes

Corporate information

FTG Holdings Ltd was incorporated on 18 January 2012 as a category 1 Global Business Company under the Companies Act 2001 and is governed by the Financial Services Act 2007.

The principal activity of the company is that of an investment holding company. The principal activities of the group are those of manufacturing of plastics and allied products, plastic water tanks, mobile toilets, septic tanks, PVC pipes, paints, fibre glasses, iron products, cosmetic products, synthetic hair, snacks, spice products, general trading and construction related activities.

1. Significant accounting policies

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

1.1 Basis of preparation

The consolidated and separate financial statements have been prepared under the historical cost convention as modified by revaluation of leasehold land and buildings, plant and equipment and inventories and are in accordance with International Financial Reporting Standards (IFRS).

The consolidated and separate financial statements comprise the results of the following entities:

COUNTRY	NAME OF COMPANY	% shares	Principal activities
Kenya	Roto Moulders Limited	100	Manufacture and trade of plastic products
Kenya	Flame Tree Africa Limited	100	Manufacture and trade of cosmetic products
Kenya	Happy Golden Foods Limited	100	Manufacture and trade of snacks
Kenya	Chirag Africa Limited	100	Manufacture and trade and snacks
Kenya	Cherry styles Limited	100	Manufacture and trade of cosmetic products
Kenya	Jojo Plastics Limited	100	Manufacture and trade of plastic products
Kenya	Polyplay Limited	100	Manufacturing plastics and allied products
Rwanda	Roto Ltd	100	Manufacture and trade of plastic products
Rwanda	Flame Tree Brands Limited	100	Trading in cosmetics
Rwanda	Build Mart Limited	100	Trading in construction materials
Mozambique	Rino Tanques Limitada	100	Manufacture and trade of plastic products
Mozambique	Flame Tree Mozambique Lda	100	Manufacture and trade of cosmetic products
Ethiopia	Roto Private Limited Company	100	Manufacture and trade of plastic products
United Arab Emirates	Cirrus International FZC	100	Trading in commodities

All shares held by the promoter of the group are on behalf of the Company.

1.2 Segmental reporting

Operating segments are reported based on the operating activity of the group companies and in a manner consistent with the internal reporting expected to be provided to the board of directors of the group, who will be responsible for allocating resources, assessing performance of the operating segments and making strategic decisions.

1.3 Significant judgements and sources of estimation uncertainty

The preparation of the consolidated and separate financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Notes (Contd.)

Critical judgements in applying accounting policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

In the application of the accounting policies, the directors are required to make the judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The directors have made the following assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- Measurement of expected credit losses (ECL)

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVTOCI is an area that requires the use of complex models and significant assumption about future economic conditions and credit behaviour. A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL

ECLs are measured as the probability-weighted present value of expected cash shortfalls over the remaining expected life of the financial instrument. The measurement of ECLs are based primarily on the product of the instrument's Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD). The ECL model applied for financial assets other than trade receivables and contains a three-stage approach that is based on the change in the credit quality of assets since initial recognition.

- Stage 1 - If, at the reporting date, the credit risk of non-impaired financial instruments has not increased significantly since initial recognition, these financial instruments are classified in Stage 1, and a loss allowance that is measured, at each reporting date, at an amount equal to 12-month expected credit losses is recorded.
- Stage 2 - When there is a significant increase in credit risk since initial recognition, these non-impaired financial instruments are migrated to Stage 2, and a loss allowance that is measured, at each reporting date, at an amount equal to lifetime expected credit losses is recorded. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the ECL model requires reverting to recognition of 12-month expected credit losses.
- When one or more events that have a detrimental impact on the estimated future cash flows of a financial asset have occurred, the financial asset is considered credit-impaired and is migrated to Stage 3, and an allowance equal to lifetime expected losses continues to be recorded or the financial asset is written off.

Assessment of significant increase in credit risk: The determination of a significant increase in credit risk takes into account many different factors including a comparison of a financial instruments credit risk or PD at the reporting date and the credit or PD at the date of initial recognition. IFRS 9 however includes rebuttable presumptions that contractual payments are overdue by more than 30 days will represent a significant increase in credit risk (stage 2) and contractual payments that are more than 90 days overdue will represent credit impairment (stage 3). The group uses these guidelines in determining the staging of its assets unless there is persuasive evidence available to rebut these presumptions

For trade receivables, the group has applied the simplified model under IFRS 9 where lifetime expected credit loss allowance is recognised on the basis of a provisioning matrix.

Impairment of trade receivables

The group reviews its portfolio of trade receivables on an annual basis. In determining whether receivables are impaired, the management makes judgement as to whether there is any evidence indicating that there is a measurable decrease in the estimated future cash flows expected.

- Useful lives of property, plant and equipment and intangible assets Management reviews the useful lives and residual values of the items of property, plant and equipment and intangible assets on a regular basis. During the financial year, the directors determined that there were no significant changes in the useful lives and residual values.

FTG Holdings Ltd
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Notes (Contd.)

1.3 Significant judgements and sources of estimation uncertainty (continued)

Directors have made the following judgements that are considered to have the most significant effect on the amounts recognised in the consolidated and separate financial statements:

Control of entities consolidated - The directors of FTG Holdings Ltd have assessed whether or not the group had and has control over each of the entities whose financial statements have been consolidated. In making their judgement, the directors considered for each entity, the shareholders of each entity and the level of influence of the directors on the operating and financial policies of each of the entities whose financial statements have been consolidated. The directors have concluded that the group has control over the entities whose financial statements have been consolidated.

Tax losses - The group has recognised deferred tax assets on tax losses. In determining whether these tax losses will be utilised, the directors make judgement as to whether these will be utilised before they are forfeited. The forfeiture is dependent on the requirements of the respective laws of the countries where the entities that have incurred tax losses operate in.

Determination of functional and presentation currency - The determination of the functional currency of the company is critical since recording of transactions and exchange differences arising thereon are dependent on the functional currency selected. The books of accounts are maintained in Kenyan shillings (' K Sh') which is also the currency of the primary economic environment in which the company operates (functional currency).

In making judgement on presentation currency, the directors have considered that the company is listed in Kenya and it is a requirement of Kenyan regulations that the financial statements are presented in Kenyan Shillings. IFRS requires that the presentation currency can be in any currency in which management wants to report the annual/interim financial statements. Therefore, management have adopted Kenyan shillings as presentation currency.

Impairment of goodwill - Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value.
The management considered the statement of financial position value of the investment, confirmed the valuation of the investment and are satisfied that no provision for impairment for investment and goodwill is required as at 31 December 2019. Suzie Beauty is really a trademark on which goodwill is linked. The investment was Ksh 52 Million and the Present value of EBT discounted at 6% is 124,8 M KES, so higher than investment value of 52 M KES

Impairment of intangibles - trademarks - Such intangibles are tested annually for impairment based on past and present performance and future business projections. Based on the projections done when assessing the performance analysis for impairment in subsidiaries, the management believes that the intangible assets will be able to generate future cash flows.

Revaluation of property, plant and equipment - Management carried out an assessment of the major components of property, plant and equipment and ascertained that the major components included Plant and machinery and motor vehicle. It is on this basis that management decided to carry out revaluation of the major components to arrive at the balances included in the consolidated and separate financial statements.

Impairment of investment in subsidiaries
The management assesses the impairment by the various subsidiaries by comparing the net assets against the cost of investment. Although the assessment shows the cost of investment being greater than the share of net assets held in the investee, the management is satisfied after carrying out analysis performance of the entities for the next 5 years that they will recover cost of investment.

1.4 Property, plant and equipment

Property, plant and equipment are tangible assets which the group holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the group, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the group. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

Notes (Contd.)

1.4 Property, plant and equipment (continued)

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

	Rate %
Building	2 - 5 (Straight Line)
Plant and machinery	12.5 - 20
Furniture and fixtures	12.5 - 20
Motor vehicles	20 - 40
Computer equipment	30 - 45

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

Intangible assets
Computer software
Computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives which are estimated to be 5 years.

Trade mark
Separately acquired trademark is shown at historical cost. Trademarks, is recognised at fair value at the acquisition date. Trade mark with indefinite useful life is subsequently assessed for any impairment losses.

Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. This goodwill is included under intangible assets. Impairment tests are carried out on goodwill annually and the carrying amount in the statement of financial position is reduced by any impairment losses. Impairment losses on goodwill are not reversed. Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

1.4 Financial instruments

Financial instruments held by the group are classified in accordance with the provisions of IFRS 9 Financial Instruments. Broadly, the classification possibilities, which are adopted by the group as applicable, are as follows:

Financial assets which are equity instruments:

- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or
- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or

Notes (Contd.)

1.6 Financial instruments (continued)

- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Derivatives which are not part of a hedging relationship:

- Mandatorily at fair value through profit or loss.

Financial liabilities:

- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

Note 29 Financial instruments and risk management presents the financial instruments held by the group based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the group are presented below:

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 8).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on trade and other receivables.

Trade and other receivables denominated in foreign currencies

When trade and other receivables are denominated in a foreign currency, the carrying amount of the receivables are determined in the foreign currency. The carrying amount is then translated to the Shillings equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in other operating gains (losses) (note 18).

Details of foreign currency risk exposure and the management thereof are provided in the trade and other receivables (note 8).

Trade and other payables Classification

Trade and other payables (note 14), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks net of bank overdrafts.

In the statement of financial position, bank overdrafts are included within borrowings in current liabilities.

Notes (Contd.)

1.7 Tax

Current tax assets and liabilities

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

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

Deferred tax assets and liabilities

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

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

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

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

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

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

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

1.8 Right of use asset

The right-of-use asset is a lessee's right to use an asset over the life of a lease. The asset is calculated as the initial amount of the lease liability, plus any lease payments made to the lessor before the lease commencement date, plus any initial direct costs incurred, minus any lease incentives received.

1.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in-first-out (FIFO) method. The cost of all inventories comprises raw materials, direct labour, other direct costs and related production overheads attributable to bringing the inventory to its present location and condition (based on normal operating capacity). Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

Notes (Contd.)

1.10 Impairment of assets

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

Irrespective of whether there is any indication of impairment, the group also:

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

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

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

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

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

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

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

1.11 Share capital and equity

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

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the group in which they are declared.

1.12 Employee benefits

Short-term employee benefits

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

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

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

1.13 Dividends

Proposed dividends are disclosed as a separate component of equity until declared.

Notes (Contd.)

Dividends are recognised as liabilities in the year in which they are approved by the company's shareholders.

1.14 Revenue from contracts with customers

Revenue comprises the fair value of the consideration received or receivable for the sale of goods or performance of services, in the ordinary course of business and is stated net of direct sales tax (as applicable in the various jurisdictions the group's entities operate in), rebates and discounts.

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the group and when the specific criteria have been met for each of the group's activities as described below. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved. The group bases its estimates on historical results, taking into consideration the type of customer, type of transaction and specifics of each arrangement.

i) Sales of goods are recognised upon delivery of products and customer acceptance.
ii) Sales of services are recognised upon performance of the services.

1.15 Borrowing costs

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

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

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.16 Translation of foreign currencies

Foreign currency transactions

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

At the end of the reporting period:

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

In circumstances where the group receives or pays an amount in foreign currency in advance of a transaction, the transaction date for purposes of determining the exchange rate to use on initial recognition of the related asset, income or expense is the date on which the group initially recognised the non-monetary item arising on payment or receipt of the advance consideration.

If there are multiple payments or receipts in advance, group determines a date of transaction for each payment or receipt of advance consideration.

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

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

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

Notes (Contd.)

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

IFRS 16 Leases
IFRS 16 Leases is a new standard which replaces IAS 17 Leases, and introduces a single lessee accounting model. The main changes arising from the issue of IFRS 16 which are likely to impact the group are as follows:

Group as lessee:
- Lessees are required to recognise a right-of-use asset and a lease liability for all leases, except short term leases or leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis.
- The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.
- The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.
- The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.
- The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications.
- Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.
- The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.
- The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.
- Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re-measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re-measures the lease liability by making a corresponding adjustment to the right-of-use asset.
- Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases.

Group as lessor:

- Accounting for leases by lessors remains similar to the provisions of IAS 17 in that leases are classified as either finance leases or operating leases. Lease classification is reassessed only if there has been a modification.
- A modification is required to be accounted for as a separate lease if it both increases the scope of the lease by adding the right to use one or more underlying assets; and the increase in consideration is commensurate to the stand alone price of the increase in scope.
- If a finance lease is modified, and the modification would not qualify as a separate lease, but the lease would have been an operating lease if the modification was in effect from inception, then the modification is accounted for as a separate lease. In addition, the carrying amount of the underlying asset shall be measured as the net investment in the lease immediately before the effective date of the modification. IFRS 9 is applied to all other modifications not required to be treated as a separate lease.
- Modifications to operating leases are required to be accounted for as new leases from the effective date of the modification.

  Changes have also been made to the disclosure requirements of leases in the lessor's financial statements.

Sale and leaseback transactions:

- In the event of a sale and leaseback transaction, the requirements of IFRS 15 are applied to consider whether a performance obligation is satisfied to determine whether the transfer of the asset is accounted for as the sale of an asset.

The lease asset during the year was included in property, plant and equipment due to its value. The management will carry out assessment every year. There is hence no material impact on the financial statements.

Notes (Contd.)

2. New Standards and Interpretations (continued)

- If the transfer meets the requirements to be recognised as a sale, the seller-lessee must measure the new right-of-use asset at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained. The buyer-lessor accounts for the purchase by applying applicable standards and for the lease by applying IFRS 16
- If the fair value of consideration for the sale is not equal to the fair value of the asset, then IFRS 16 requires adjustments to be made to the sale proceeds. When the transfer of the asset is not a sale, then the seller-lessee continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds. The buyer-lessor recognises a financial asset equal to the transfer proceeds.

The effective date of the standard is for years beginning on or after January 1, 2019. The group has not adopted the standard for the first time in the 2019 financial statements. This is because the value of lease was immaterial and hence the impact of the standard is not significant.

Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after January 1, 2020 or later periods:

At the date of authorisation of these consolidated financial statements, the following Standards and Interpretations which have not been applied in these consolidated and separate financial statements were in issue but not yet effective for the year presented:

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

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investor's interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investor's interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the consolidated and separate financial statements in future periods should such transactions arise.

Amendments to IFRS 3 Definition of a business

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

Additional guidance is provided that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

The amendments are applied prospectively to all business combinations and assets acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted.

Amendments to IAS 1 and IAS 8 Definition of material

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency.

The amendments are applied prospectively for annual periods beginning on or after 1 January 2020, with earlier application permitted.

Notes (Contd.)

2. New Standards and Interpretations (continued)

Amendments to the References to the Conceptual Framework in IFRS Standards

Together with the revised Conceptual Framework, which became effective upon publication on 29 March 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Not all amendments, however, update those pronouncements with regard to references and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020, with early application permitted.

The changes in Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

- modify specific hedge accounting requirements so that entities would apply those hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform;
- are mandatory for all hedging relationships that are directly affected by the interest rate benchmark reform;
- are not intended to provide relief from any other consequences arising from interest rate benchmark reform (if a hedging relationship no longer meets the requirements for hedge accounting for reasons other than those specified by the amendments, discontinuation of hedge accounting is required); and
- require specific disclosures about the extent to which the entities' hedging relationships are affected by the amendments.

Notes (Contd.)

Figures in Shillings

3. Property, plant and equipment

Group			2019			2018
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or evaluation	Accumulated depreciation	Carrying value
Buildings	417,105,391	(22,560,111)	302,170,928	307,403,119	(9,416,481)	236,509,652
Plant and machinery	638,316,717	(167,766,193)	563,291,320	307,581,205	(171,367,230)	194,837,495
Furniture and fixtures	43,682,897	(19,101,831)	24,581,066	40,415,455	(18,160,593)	22,254,862
Motor vehicles	189,391,267	(51,913,919)	137,477,348	109,663,934	(53,152,607)	56,511,327
Computers	9,458,668	(8,727,775)	730,893	8,784,563	(8,326,221)	3,311,808
Right for use of land	15,648,404	(57,852)	15,590,552	16,689,743	(1,041,339)	15,648,404
Total	1,313,911,936	(270,069,829)	1,043,842,107	790,538,019	(261,464,471)	529,073,548

Reconciliation of property, plant and equipment - Group - 2019

Buildings	Carrying amount at start	Additions	Disposals	Revaluations	Impairment	Depreciation	Carrying amount at end
	297,986,638	13,182,343	-	(8,998,053)	302,170,928		
Plant and machinery	136,213,975	199,111,627	-	243,945,015	-	(15,979,297)	563,291,320
Furniture and fixtures	22,254,862	4,126,027	-	-	-	(1,799,823)	24,581,066
Motor vehicles	56,511,327	35,553,587	(2,758,621)	49,186,939	1,594,826	(2,610,710)	137,477,348
Computer	458,342	1,190,007	-	-	(55,894)	(861,562)	730,893
Leasehold land	15,648,404	-	-	-	-	(57,852)	15,590,552
	529,073,548	**253,163,591**	**(2,758,621)**	**293,131,954**	**1,538,932**	**(30,307,297)**	**1,043,842,107**

Property, plant and equipment includes an amount of K shs 16,689,743 for right of use of land and K shs 732,747 representing right for use of other assets including motor vehicles.

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Figures in Shillings

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2018

	Carrying amount at start	Additions	Disposals	Translation	Revaluations	Impairment	Depreciation	Carrying amount at end
Buildings	51,390,226	4,549,420	-	(5,976,730)	190,578,516	-	(4,031,780)	297,986,638
Plant and machinery	210,436,128	22,302,595	-	(9,289,518)	-	-	(28,611,710)	136,213,975
Furniture and fixtures	14,106,156	10,370,895	-	(241,174)	-	-	(1,981,015)	22,254,862
Motor vehicles	52,123,358	23,751,149	(2,327,000)	(1,819,375)	-	(203,795)	(15,013,010)	56,511,327
Computers	2,757,524	2,262,104	(58,000)	(135,707)	-	17,400	(1,531,513)	458,342
Right for use of land	3,529,013	-	-	-	12,177,243	-	(57,852)	15,648,404
	334,342,405	63,236,163	(2,385,000)	(17,462,504)	202,755,759	(186,395)	(51,226,880)	529,073,548

4. Goodwill

Group		2019			2018	
	Cost	Accumulated impairment	Carrying value	Cost	Accumulated Impairment	Carrying value
Goodwill	71,851,809	-	71,851,809	71,851,809	-	71,851,809

Reconciliation of goodwill - Group - 2019

	Opening balance	Total
Goodwill	71,851,809	71,851,809

Reconciliation of goodwill - Group - 2018

	Opening balance	Total
Goodwill	71,851,809	71,851,809

Notes (Contd.)

4. Goodwill (continued)

Polyplay Limited

When testing for impairment, the recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five year period. Cash flows beyond the five year period are extrapolated using 6% as an estimated growth rate. The growth rate does not exceed the long term average past growth of the various subsidiaries in the group.

A discount rate of 6% was applied in discounting the cash flows mentioned above. The assumptions used in preparing the above cash flows are as follows:

- Management determine budgeted profit based on past performance and its expectations for market development.
- The weighted average growth rates used are consistent with the forecasts included in industry reports (where available). The discount rates used are post-tax and reflect specific risks relating to the relevant segments.

5. Intangible assets

Group			2019			2018
	Cost / Valuation	**Accumulated**	**Carrying value**	**Cost / Valuation Accumulated**	**Carrying value amortisation**	**amortisation**
Trademarks	83,300,000	-	83,300,000	83,300,000	-	83,300,000
Software	3,161,049	(316,000)	2,845,049	453,629	(237,000)	216,629
Total	**86,461,049**	**(316,000)**	**86,145,049**	**83,753,629**	**(237,000)**	**83,516,629**

Company		2019			2018	
	Cost / Valuation	**Accumulated**	**Carrying value**	**Cost / Valuation Accumulated**	**Carrying value amortisation**	**amortisation**
Software	1,076,676	-	1,076,676	-	-	-

Reconciliation of intangible assets - Group - 2019

	Opening balance	Additions	Amortisation	Total
Trademarks	83,300,000	-	-	83,300,000
Software	216,629	2,707,420	(79,000)	2,845,049
	83,516,629	**2,707,420**	**(79,000)**	**86,145,049**

Reconciliation of intangible assets -

	Opening balance	Amortisation	Total
Trademarks	83,300,000	-	83,300,000
Software	339,601	(122,972)	216,629
	83,639,601	(122,972)	83,516,629

Reconciliation of intangible assets - Company - 2019

	Opening balance	Additions	Total
Software	-	1,076,676	1,076,676

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	Group		Company	
	2019	2018	2019	2018
	K Sh	K Sh	K Sh	K Sh
6. Deferred tax asset/ (liability)				
Other deferred tax	(48,905,214)	21,678,721	-	-

Deferred tax asset/ (liability)

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

	2019	2018	2019	2018
Deferred tax	**(48,905,214)**	**21,678,721**	**-**	**-**
Reconciliation of deferred tax asset / (liability)				
At beginning of year	21,678,721	49,332,168	-	-
Deferred tax charge for the year	(25,438,538)	33,173,281	-	-
Revaluation of property plant and equipment	**(45,145,397)**	**(60,826,728)**	**-**	**-**
	(48,905,214)	**21,678,721**	**-**	**-**

	2019	2018	2019	2018
7. Inventories				
Raw materials, components	314,864,422	243,353,030	-	-
Finished goods	26,820,922	95,553,918	-	-
	341,685,344	**338,906,948**	**-**	**-**

	2019	2018	2019	2018
8. Trade and other receivables				
Financial instruments:				
Trade receivables	428,225,543	605,118,211	192,404,232	126,819,694
Trade receivables - related parties	244,810,261	174,219,249	20,189,044	23,639,071
Trade receivables at amortised cost	673,035,804	779,337,460	212,593,276	150,458,765
Deposits	31,118,129	32,840,007	-	-
Employee cost in advance	144,689	96,439	-	-
Other receivable	607,388	546,241	-	-
Non-financial instruments:				
Value added tax	72,252,914	76,843,238	-	-
Employee costs in advance	7,873,131	5,642,679	1,866,029	-
Prepayments	2,639,635	2,718,515	-	-
Impairment	(145,802,601)	(162,211,481)	-	-
Total trade and other receivables	**641,869,089**	**735,813,098**	**214,459,305**	**150,458,765**
Split between non-current and current portions				
Current assets	**641,869,090**	**735,813,098**	**214,459,305**	**150,458,765**

Financial instrument and non-financial instrument components of trade and other receivables

	2019	2018	2019	2018
At amortised cost	559,103,410	690,205,350	212,593,276	150,458,765
Non-financial instruments	82,765,680	45,607,748	1,866,029	-
	641,869,090	**735,813,098**	**214,459,305**	**150,458,765**

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8. Trade and other receivables (continued)

It is the group's policy to provide sales credit of up to three months. Trade receivables that are aged past three months are considered past.

As at the reporting date, trade receivables amounting to K sh 24,935,323 (2018: K sh 43,558,996) were past due but not impaired. These relates to a number of independent customers for whom there is no recent history of default.

The aged analysis of these trade receivable is as follows

	K sh
Less than 6 Months	224,417,906
Between 6 – 12 Months	24,935,323
Over 12 Months	178,872,314
	428,225,543

9. Investment in subsidiaries				Group		Company
			2019	**2018**	**2019**	**2018**
			K Sh	**K Sh**	**K Sh**	**K Sh**
Investment in subsidiaries						
Investments held by the group which are measured at fair value, are as follows:						
Investment in subsidiaries			**-**	**-**	**545,531,392**	**545,531,392**
Amount invested and capitalised by subsidiaries						
Roto Moulders Limited	Kenya	100%	-	-	95,580,900	95,580,900
Flame Tree Africa Limited	Kenya	100%	-	-	158,502,683	158,502,683
Happy Eaters Kenya Limited	Kenya	100%	-	-	10,999,999	10,999,999
Cherry Styles Limited	Kenya	100%	-	-	32,219,000	32,219,000
Jojo Plastics Limited	Kenya	100%	-	-	20,000,000	20,000,000
Chirag Africa Limited	Kenya	100%	-	-	48,650,000	48,650,000
Polyplay Limited	Kenya	100%	-	-	80,000,000	80,000,000
Roto Limited	Rwanda	100%	-	-	612,612	612,612
Flame Tree Brands Limited	Rwanda	100%	-	-	14,457,228	14,457,228
Build Mart Limited	Rwanda	100%	-	-	3,191,552	3,191,552
Roto Private Limited Company	Ethiopia	100%	-	-	98,457,242	98,457,242
Rino Tanques LDA	Mozambique	100%	-	-	10,296,555	10,296,555
Flame Tree Mozambique, Lda	Mozambique	100%	-	-	71,734	71,734
Cirrus International FZC	United Arab Emirates	100%	-	-	4,710,887	4,710,887
Impairment			-	-	(32,219,000)	(32,219,000)
			-	**-**	**545,531,392**	**545,531,392**
Split between non-current and current portions						
Non-current assets			-	-	545,531,392	545,531,392

IFRS 9 Financial Instruments was adopted in the current year and replaces IAS 39. This note reflects the application of IFRS 9 to the specified instruments. Prior year figures

10. Segment reporting

Information expected to be reported to the Board of Directors of the group for the purposes of resource allocation and assessment of segment performance is focused on manufacturing and trading and as a result the group's reportable segments under IFRS 8 are as follows:

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2019.

Group 2019	**Manufacture**	**Trading**	**Total**
	Ksh	**Ksh**	**K sh**
Gross revenue	2,230,773,222	193,980,280	2,424,753,503
Net sales	2,230,773,222	193,980,280	2,424,753,503
Gross profit	756,869,084	65,814,702	822,683,786
Profit before tax	78,761,237	11,768,921	90,530,158
The Group operates in 2 continents. The revenue by continent is as follows:	-	-	-
Africa	2,030,003,632	200,769,590	2,230,773,222
Asia	-	193,980,280	193,980,280
	2,030,003,632	**394,749,870**	**2,424,753,503**

Notes (Contd.)

10. Segment reporting (continued)

	Manufacturing Ksh	Trading Ksh	Total Ksh
Total Equity	917,015,134	137,025,250	1,054,040,384
Non - current liabilities	290,451,498	43,400,798	333,852,296
Total equity and non - current liabilities	1,207,466,632	180,426,048	1,387,892,680
Non - current assets	1,045,599,899	156,239,065	1,201,838,965
Current assets	939,016,209	140,312,767	1,079,328,976
Current liabilities	777,149,477	116,125,784	893,275,261
Net current assets	161,866,732	24,186,983	186,053,753
Non-current assets and net current assets	1,207,466,632	180,426,048	1,387,892,680
Other segmental information:	-	-	-
Depreciation on property, plant and equipment	26,436,078	3,950,219	30,386,297
Additions to non - current assets	154,858,619	23,139,794	177,998,413
	6,727,326,910	**1,005,232,756**	**7,732,559,705**

Group 2018	Manufacturing Ksh	Trading Ksh	Total Ksh
Gross revenue	2,141,684,320	346,925,810	2,488,610,130
	2,141,684,320	346,925,810	2,488,610,130
Net sales	686,154,840	75,128,224	761,283,064
Profit before tax	32,650,773	9,496,538	42,147,311
	-	-	-
The Group operates in 2 continents. The revenue by continent is as follows:	-	-	-
Africa	2,141,684,320	190,979,233	2,332,663,553
Asia	-	155,946,577	155,946,577
	2,141,684,320	**346,925,810**	**2,488,610,130**

	Manufacturing Ksh	Trading Ksh	Total Ksh
Total Equity	13,057,850	799,976,624	813,034,474
Non-current liabilities	15,887,445	19,446,771	35,334,216
Total Equity and non-current liabilities	28,945,295	819,423,395	848,368,690
Non-current assets	677,818,684	28,302,023	706,120,707
Current assets	966,898,329	166,252,772	1,133,151,101
Current liabilities	870,895,504	120,007,614	990,903,118
Net current assets	96,002,825	46,245,158	142,247,983
Non-current assets and net current assets	773,821,509	74,547,181	848,368,690
Other segment information:	-	-	-
Depreciation on property plant and equipment	50,782,279	443,873	51,226,152
Additions to non-current assets	52,043,951	280,232	52,324,183
	3,546,153,671	**2,074,925,643**	**5,621,079,341**

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	Group 2019 K Sh	Group 2018 K Sh	Company 2019 K Sh	Company 2018 K Sh
11. Cash and cash equivalents				
For the purposes of the statements of cash flows, the year end cash and cash equivalents comprise the following:				
Cash and cash equivalent				
Cash at bank and in hand	88,741,088	58,431,055	618,702	18,352,607
Bank overdraft	(22,321,819)	(159,979,772)	-	-
	66,419,269	**(101,548,717)**	**618,702**	**18,352,607**
12. Share capital				
Authorised				
178,053,486 Ordinary shares of kshs 0.8249 each	146,894,092	146,894,092	146,894,092	146,894,092

All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at the general meetings of the Company.
The number of ordinary shares in issue at period end was 178,053,486. Upon the winding up of the Company, the assets, if any, remaining after payment of the debts nd liabilities of the Company and the costs of winding up (the surplus assets), shall be distributed among the shareholders in proportion to their shareholding

	Group 2019 K Sh	Group 2018 K Sh	Company 2019 K Sh	Company 2018 K Sh
Reconciliation of number of shares issued:				
Reported as at January 1, 2019	146,894,092	146,894,092	146,894,092	146,894,092
Share premium	152,450,453	152,450,453	152,450,453	152,450,453
	299,344,545	**299,344,545**	**299,344,545**	**299,344,545**
Issued				
Ordinary	299,344,545	299,344,545	299,344,545	299,344,545
13. Borrowings				
Non-Current				
Shareholders loan	28,326,917	13,971,442	883,422	673,992
Bank loans	256,620,165	21,362,774	-	-
	284,947,082	35,334,216	883,422	673,992
Current				
Bank loans	175,373,532	50,487,913	37,295,652	-
Bills discounted	70,455,175	95,222,977	-	-
Commercial paper	68,418,125	82,271,030	68,418,125	82,271,030
	314,246,832	**227,981,920**	**105,713,777**	**82,271,030**
	599,193,914	**263,316,136**	**106,597,199**	**82,945,022**

The borrowing was obtained at group level and all the assets of the group were used as collateral for the facilities taken.

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	Group		Company	
	2019 K Sh	2018 K Sh	2019 K Sh	2018 K Sh
14. Trade and other payables				
Financial instruments:				
Trade payables	494,249,220	509,352,500	2,157,911	8,715,239
Payables related party	13,375,475	12,180,817	437,584,610	370,536,343
Other accrued expenses	27,275,617	33,535,762	3,480,037	3,379,966
Non-financial instruments:				
Value Added Tax	5,921,708	41,180,337	-	
	540,822,020	**596,249,416**	**443,222,558**	**382,631,548**
15. Revenue				
Revenue from contracts with customers				
Sale of goods	2,424,753,503	2,488,610,130	-	19,158,429
16. Cost of sales				
Sale of goods	1,602,069,716	1,727,327,066	-	-
17. Other operating income				
Dividend income			-	19,158,429
Other income	6,682,401	15,164,548	-	18,520
	6,682,401	15,164,548	-	19,176,949
18. Other operating gains (losses)				
Gains on disposals				
Non-current assets held for sale and disposal groups	-	1,539,014	-	-
Foreign exchange gains				
Net foreign exchange gains	1,615,351	-	-	-
Total other operating gains	**1,615,351**	**1,539,014**	**-**	**-**

19. Operating profit (loss)

Operating profit for the year is stated after charging (crediting) the following, amongst others:

	Group 2019 K Sh	Group 2018 K Sh	Company 2019 K Sh	Company 2018 K Sh
Auditor's remuneration - external				
Audit fees	5,209,948	3,261,756	1,511,750	2,000,000
Remuneration, other than to employees				
Administrative and managerial services	11,462,652	14,817,819	211,405	175,493
Consulting and professional services	17,450,510	13,216,809	6,088,001	4,740,036
	28,913,162	28,034,628	6,299,406	4,915,529
Employee costs				
Salaries	257,065,287	244,004,022	16,464,188	1,845,374
Wages	4,021,512	2,216,835	-	-
Total employee costs	**261,086,799**	**246,220,857**	**16,464,188**	**1,845,374**

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	Group		Company	
	2019	2018	2019	2018
	K Sh	K Sh	K Sh	K Sh
19. Operating profit (loss) (continued)				
Depreciation and amortisation				
Depreciation of property, plant and equipment - operating	30,307,297	51,226,880	-	-
Amortisation of intangible assets	79,000	122,972	-	-
Total depreciation and amortisation	**30,386,297**	**51,349,852**	**-**	**-**
20. Employee costs				
Employee costs				
Basic	144,688,626	123,780,526	-	-
Other payroll levies	112,376,661	120,223,496	16,464,188	1,845,374
Wages	4,021,512	2,216,835	-	-
	261,086,799	**246,220,857**	**16,464,188**	**1,845,374**
21. Depreciation, amortisation and impairment losses				
Depreciation				
Property, plant and equipment	30,307,297	51,226,880	-	-
Amortisation				
Intangible assets	79,000	122,972	-	-
Total depreciation, amortisation and impairment				
Depreciation	30,307,297	51,226,880	-	-
Amortisation	79,000	122,972	-	-
	30,386,297	**51,349,852**	**-**	**-**
22. Finance costs				
Foreign exchange loss/(gain)	11,878,031	5,121,351	82,793	(1,219,410)
Lease liabilities	5,389,789	6,175,510	-	-
Bank overdraft	16,137,249	20,246,065	-	-
Interest paid	41,808,890	33,628,475	8,344,423	15,958,413
Total finance costs	**75,213,959**	**65,171,401**	**8,427,216**	**14,739,003**
23. Taxation				
Major components of the tax expense				
Current				
Current tax	30,415,764	8,362,243	-	-
Deferred tax	15,178,149	-	-	-
	45,593,913	**8,362,243**	**-**	**-**
Profit/(loss) before tax	92,041,908	42,147,311	(35,588,126)	(8,744,718)
Tax calculated at a tax rate of 30%	30,415,764	1,264,419	-	(262,342)
Tax effect of:	-	-	-	-
- differential tax rates	-	(12,055,654)	-	-
- expenses not deductible for tax purposes	15,178,149	19,153,478	-	262,342
Tax charge	45,593,913	8,362,243	-	-

The deferred tax arose due to the differences between the carrying amount of assets /liability and their tax base. The deferred tax for 2019 has significantly increased because investment allowance on the oven which was bought in the course of the year was claimed at 100%, thus making the tax base to be much lower than the written down value.

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	Group 2019 K Sh	Group 2018 K Sh	Company 2019 K Sh	Company 2018 K Sh
24. Cash (used in)/generated from operations				
Profit (loss) before taxation	90,530,158	42,147,311	(37,099,876)	(8,744,718)
Adjustments for:				
Depreciation and amortisation	30,386,297	51,349,124	-	-
Losses (gains) on disposals	6,020,710	(1,539,014)	-	-
Gains on foreign exchange	(1,615,351)	(17,237,191)	-	(1,235,075)
Interest income	-	(83,969)	-	(2,692)
Finance costs	75,213,959	59,144,691	7,558,423	15,958,249
Changes in working capital:				
Inventories	(2,778,396)	(68,396,332)	-	-
Trade and other receivables	93,944,008	(18,261,763)	(64,785,192)	(44,628,967)
Trade and other payables	(50,813,653)	71,321,218	59,292,878	124,988,073
	240,887,732	**118,444,075**	**(35,033,767)**	**86,334,870**
25. Tax paid				
Balance at beginning of the year	(6,692,010)	(34,616,442)	-	-
Current tax for the year recognised in profit or loss	(31,499,369)	(8,362,243)	-	-
Balance at end of the year	5,749,143	6,692,010	-	-
	(32,442,236)	**(36,286,675)**	**-**	**-**

26. Retirement benefit obligations

Employee entitlements to long service awards are recognised when they accrue to employees. A provision is made for the estimated liability for such entitlements as a result of services rendered by employees up to the reporting date.

The group and its employees contribute to the Social Security Funds (defined contribution schemes) as required by local legislation where each of the entities operate. The group's contributions to the defined contribution schemes are charged to profit or loss in the year to which they relate.

27. Contingent liabilities

The subsidiaries are defendants in various legal actions brought by employees who have been dismissed. In the opinion of the directors and after taking appropriate legal advice, the outcome of such actions will not give rise to any significant loss.

28. Comparative figures

Where necessary, comparative figures have been restated and adjusted to conform to changes in presentation in the current year as follows:

(i) Bank overdrafts balances were wrongly classified as borrowings and comparative figures reclassified;

(ii) In the Statement of cash flows for the Company borrowings repaid were wrongly recognsied as net borrowings received in year 2018 and adjustment made to reflect the correct amount ; and

(iii) In the Statement of cash flows for the Company the opening cash and cash equivalents amount was incorrect and did not agree with the 2017 closing balance and amendment made to reflect correct amounts.

29. Financial instruments and risk management Capital risk management

The group's objectives when managing capital are:

- to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk;
- to safeguard the group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- to maintain a strong asset base to support the development of business; and
- to maintain an optimal capital structure to reduce the cost of capital.

The group sets the amount of capital in proportion to risk. The group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders or adjust the amount of capital expenditure. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Capital comprises all components of equity.

The Group is not subject to externally imposed capital requirements.

The gearing ratio as at 31 December 2019 and 31 December 2018 were as follows:

		Group		Company	
		2019 K Sh	2018 K Sh	2019 K Sh	2018 K Sh
Borrowings	13	599,193,914	263,316,136	106,597,199	82,945,022
Bank overdrafts	11	22.321,819	159,979,772	-	-
Trade and other payables	14	540.822,020	596,249,416	443,422,558	382,631,548
Total borrowings		**1,162,337,753**	**1,019,545,324**	**544,008,004**	**465,576,570**
Cash and cash equivalents	11	(88,741,088)	(58,431,055)	(618,702)	(18,352,607)
Net borrowings		**1,073,596,665**	**961,114,269**	**543,389,302**	**447,223,963**
Equity		1,057,142,377	813.034,474	211,666,318	248,766,194
Gearing ratio		102 %	118 %	257 %	180%

Notes (Contd.)

29. Financial instruments and risk management (continued)

Financial risk management

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, management assesses the credit quality of the customer, taking into account their financial position, past experience and other factors.
Individual limits are set based on internal or external information in accordance with limits set by the management. The utilisation of credit limits is regularly monitored.

In assessing whether the credit risk on a financial asset has increased significantly, the group compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the group considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort. There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

For these purpose default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor is unlikely to be able to meet its obligations. However, there is a rebuttable assumption that that default does not occur later than when a financial asset is 90 days past due.

If the group does not have reasonable and supportable information to identify significant increases in credit risk and/or to measure lifetime credit losses when there has been a significant increase in credit risk on an individual instrument basis, lifetime expected credit losses are recognised on a collective basis. For such purposes, the group's financial assets on the basis of shared credit risk characteristics, such as:
- type of instrument;
- industry in which the debtor operates; and
- nature of collateral.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired include observable data about the following events:
- significant financial difficulty of the debtor
- a breach of contract
- it is probable that the debtor will enter bankruptcy
- the disappearance of an active market for the financial asset because of financial difficulties.

Trade receivables, contract assets and lease receivables for which the loss allowance is always measured at an amount equal to lifetime expected credit losses, based, as a practical expedient, on provision matrices.

As a result of the pandemic, the expected credit loss could be higher than we had estimated based on our historical information and previous forecasts. However, our payment terms range from 30 to 90 days (for big supermarkets), and in any case the Group policy is to collect postdated cheques on delivery. Collections in 2019 improved vs. 2018, as we created a new team of credit controllers and effective early 2020 outsourced debt collection services to a specialized company. Our client base is quite diversified: hardware shops, NGO, supermarkets, public institutions, schools, hospitals. We think the impact of the pandemic will be transitory, and shall be more related to a decrease of sales in the next months, as companies and people follow the quarantine directions set out by Governments.

The maximum exposure to credit risk is presented in the table below:

Group		2019			2018		
		Gross carrying amount	**Credit loss allowance**	**Amortised cost / fair value**	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost / fair value**
Trade and other receivables	8	787,671,691	(145,802,601)	641,869,090	898,024,579	(162,211,481)	735,813,098
Cash and cash equivalents	11	66,419,269	-	66,419,269	(101,548,717)	-	(101,548,717)
		854,090,960	**(145,802,601)**	**708,288,359**	**796,475,862**	**(162,211,481)**	**634,264,381**

Notes (Contd.)

29. Financial instruments and risk management (continued)

The company is not exposed to credit risk as it trades through its subsidiaries.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the group's management maintains flexibility in funding by maintaining availability under committed credit lines. Notes disclose the maturity analysis of borrowings and trade and other payables.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

Group - 2019

		Carrying amount
Non-current liabilities		
Borrowings	13	284,947,082
Current liabilities		
Trade and other payables	14	540,822,020
Borrowings	13	314,246,832
Bank overdraft	11	22,321,819

Group - 2018

		Carrying amount
Non-current liabilities		
Borrowings	13	35,334,216
Current liabilities		
Trade and other payables		596,249,416
Borrowings	13	227,981,920
Bank overdraft	11	159,979,772

The maturity profile of contractual cash flows of derivative financial liabilities are as follows:

Foreign currency risk

Foreign currency sensitivity analysis

The following information presents the sensitivity of the group to an increase or decrease in the respective currencies it is exposed to. The sensitivity rate is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated amounts and adjusts their translation at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Notes (Contd.)

29. Financial instruments and risk management (continued)

Market risk

(i) Foreign exchange risk

The group operates in various jurisdictions and is exposed to foreign exchange risk arising from various currency exposures. The risk arises from assets and liabilities in the statement of financial position and future transactions.

Risk management is carried out by the management under policies approved by the board of directors. Management identifies, evaluates and hedges financial risks in close co-operation with various departmental heads. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

The table below summarises the effect on post-tax profit had the Kenya Shilling weakened by 10% against various currencies, with all other variables held constant. If the Kenya Shilling strengthened against each currency, the effect would have been the opposite.

Group	**UAE Dirham**	**Other Currencies**	**Total**
Effect on profit -Decrease	**K Sh**	**K Sh**	**K Sh**
Year ended 31 December 2019	15,725,534	2,609,171	18,334,705
Year ended 31 December 2018	18,869,593	3,742,323	22,611,916

(ii) Interest rate risk

The group's exposure to interest rate risk arises from borrowings

As at the reporting date, if interest rates at that date had been 10 basis points higher with all other variables held constant, post-tax profit for the year would have been lower by amounts shown below, this arising mainly as a result of higher interest expense on variable borrowings. 2019

30. Going concern

The consolidated and separate financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the company and that the subordination agreement referred to in note of these financial statements will remain in force for so long as it takes to restore the solvency of the company.

i) FTG Holdings has a low net debt EBITDA ratio, and at the end of 2019 a new banking facility from SBM has been agreed, to finance the growth of the Group and well as the working capital. In view of the pandemic, a moratorium of several months for all due payments from April. has been received from SBM and other banks This is a measure to safeguard liquidity of the group and ensure the survival of the group even with low income in the coming months, as well as to keep us ready to resume operations as the pandemic is under control, with special focus on avoiding any disruption on the supply of raw materials to our factories.

ii) There is a project ongoing to issue Corporate Bonds. Even if the amount we may reach is not as high as we target, still we are confident these new funds will come to support FTG

iii) Assets: our assets have just been revalued in 2019 by an independent valuer, and this is reflected in our 2019 Financial Statements, so our stakeholders can be assured that no impairment will be required. In terms of investment, we have been acquiring in the last 2 years new machines, equipment and vehicles to diversify our product offer, insource some productive process and increase capacity. We don't need to do any additional investment to continue with our normal operations. Risk of obsolescence is very low, as our factories are low technology, and we do good maintenance of the equipment.

31. Events after the reporting period

The pandemic and related measures to prevent it are indeed a significant event after the reporting period. However, there have been so far some positive impacts: increase of sales of water tanks, used to provide clean water for hand washing stations, increase of sales of hand sanitizer manufactured by Flame Tree Africa and decrease of the price of plastic raw materials in the international market, following the drastic drop of fuel prices. On the negative side, operations in Rwanda have been already heavily affected, and we have seen a reduction of sales in our Snacks & Spices vertical and in the Playground business (Polyplay).

We consider the measures of the government to be the major event, not the virus outbreak itself and these measures happened only after the end of 2019 and therefore they are non adjusting, so no accounting entries before the year end are required.

There were no other events after the reporting date which would require any adjustments or disclosure other than those disclosed in the consolidated financial statements.

Notes (Contd.)

	Group		Company	
	2019 K Sh	2018 K Sh	2019 K Sh	2018 K Sh
32. Detailed classification of expenses				
SELLING AND DISTRIBUTION				
Commission paid	2,216,547	2,887,329	-	-
Professional fees	17,450,510	13,216,809	6,088,001	-
Rent expense	27,523,331	44,727,104	-	-
Moto vehicle expense	53,773,561	83,246,982	-	-
Promotion	123,159,146	94,723,327	-	197,023
Transport and freight-Foreign	38,067,468	35,687,423	-	-
Transport and freight-Local	16,229,224	15,436,551	12,593	-
Telephone	3,228,487	3,029,573	-	-
Office expense	20,320,573	18,113,217	135,179	-
MV branding	1,641,834	1,693,300	-	-
Postage	565,266	582,904	-	-
Work permits	872,734	814,456	-	-
	305,048,681	**314,158,975**	**6,235,773**	**197,023**
ADMINISTRATIVE EXPENSES				
Administration and management fee	11,462,652	14,817,819	211,405	175,493
Auditors remuneration	5,209,948	3,261,756	1,511,750	2,000,000
IT Expenses	1,398,822	1,685,531	-	-
Employees costs	237,320,049	223,297,118	16,464,188	4,519,551
Depreciation and amortization	9,056,912	13,963,416	-	-
Bank charges	9,499,890	5,698,567	872,998	845,695
Other expenses	28,754,976	32,928,031	2,748,742	4,811,296
	302,703,249	**295,652,238**	**21,809,083**	**12,352,035**
OTHER OPERATING EXPENSES				
Cleaning	503,951	288,957	-	-
Debt collection	65,451	178,710	-	-
Donations	125,908	323,372	-	-
Local conveyance	196,861	196,763	-	-
Court fines and penalties	368,407	565,228	-	-
Income tax penalties	229,407	4,941,875	-	-
Insurance	6,612,687	6,302,414	-	-
Licenses	5,424,096	3,314,681	-	-
Medical expenses	1,275,655	496,696	-	-
Electricity and water	3,813,665	4,206,519	-	-
Printing and stationery	3,926,838	4,416,697	624,784.	573,486.
Repairs and maintenance	27,773,547	29,015,327	-	-
Security	6,104,423	5,798,088	-	-
Subscription	552,504	523,221	-	-
Training	512,092	288,153	3,020	60,120
	57,485,492	**60,856,701**	**627,804**	**633,606**

Notes (Contd.)

	Group		Company	
	2019	2018	2019	2018
	K Sh	K Sh	K Sh	K Sh
33. Basic earnings per share				
Total number of shares	178,053,486	178,053,486	178,053,486	178,053,486
Total profit/(loss) for the year	44,936,245	33,785,068	(37,099,876)	(8,744,718)
Total comprehensive for the year	223,440,582	162,866,207	(37,099,876)	(8,744,718)
Earning per share – On profit/(loss) for the year	0.25	0.19	(0.21)	(0.05)
Earnings per share – On total comprehensive income(loss) for the year	1.25	0.91	(0.21)	(0.05)

Notice of AGM

FTG Holdings Ltd
C/o JurisTax Ltd, Level 3, Ebene House, Hotel Avenue, 33 Cybercity, Ebene, Republic of Mauritius
Telephone: (230) 465 5526, Fax: (230) 4681886
Email: info@flametreegroup.com, Website: www.flametreegroup.com

Date: 03 July 2020

To: The Shareholders of the Company

From: JurisTax Ltd, Secretary

Subject: Notice of the Sixth Annual General Meeting of Shareholders of the Company to be held on Monday, 27 July 2020 at 11.00 hours (Kenyan Time).

As a result of the Government of Kenya's directives and restrictions on public gatherings, the Company has made arrangement for shareholders to attend this year's AGM electronically. The details of how shareholders will attend, vote and ask questions are further detailed as per the notes hereunder.

Notice is hereby given that the Sixth Annual General Meeting of the Shareholders of the Company will be held via electronic communication on Monday, 27 July 2020 at 11.00 hours (Kenyan Time) to transact the following business:

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

2. To read the notice convening the meeting;

3. To receive the auditor's report and consider the adoption of the financial statements for the year ended 31 December 2019;

4. Election of the board Directors

   a) Mr. Soubramanien Gilles Pierre Kichenin retires by rotation at the dissolution of the meeting and being eligible, offers himself for re-election in accordance with Article 12.1.2 of the Company's Constitution;

   b) Mrs. Imalambaal Kichenin retires by rotation at the dissolution of the meeting and being eligible, offers herself for re-election in accordance with Article 12.1.2 of the Company's Constitution;

   c) Mr. George Theobald retires by rotation at the dissolution of the meeting and being eligible, offers himself for re-election in accordance with Article 12.1.2 of the Company's Constitution; and

   d) Mr. Frank Ireri retires by rotation at the dissolution of the meeting and being eligible, offers himself for re-election in accordance with Article 12.1.2 of the Company's Constitution.

5. To take note that Mr. Heril Colbert Bangera will continue to serve as Managing Director of the Company;

6. Appointment of Auditors

   To consider the re-appointment of Crowe ATA as the auditors of the Company who have expressed their willingness to continue in office for the financial year ending 31 December 2020 and to authorize the Directors to fix their remuneration in accordance with Section 196 of the Companies Act 2001.

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7. Any Other Business

   To transact any other business which may be properly transacted at an annual general meeting and for which a valid notice has been issued in accordance with the Company's Constitution.

Quorum Requirement:

As per Article 11.4.1 of the Constitution, the quorum for an Annual General Meeting is as follows:

"A quorum for a meeting of members shall be present where the members or their proxies are present or have cast postal votes, who are between them able to exercise a majority of the votes to be cast on the business to be transacted by the meetings."

By order of the Board

……………………………………
Mr. Harchit Errappa
For and on behalf of JurisTax Ltd
Secretary

Note:

1. In view of the ongoing COVID-19 pandemic and the related public health regulations and directives passed by the Government of Kenya precluding inter alia public gatherings, it is impracticable for the Company to hold a physical general meeting in the manner prescribed in the Company's constitution;

2. On 29 April 2020, the High Court of Kenya in Miscellaneous Application No. E680 of 2020, made under the provisions of Section 280 of the Companies Act 2015, issued an order granting special dispensation to any company listed on the Nairobi Securities Exchange ("Public Company") to convene and conduct a virtual general meeting subject to receipt of a No Objection from the Capital Markets Authority (CMA);

3. Any shareholder wishing to participate in the meeting should register for the virtual AGM by dialing *483*560# and follow the various prompts regarding the registration process or by logging onto https://www.escrowagm.com/CDSCR/ and filling in the registration form. The registration to the virtual AGM shall be open on 15 July 2020 at 09:00 hours and shall close on 24 July 2020 at 08:00 hours;

4. In order to complete the registration process, shareholders will need to have their ID or Passport Number which were used to purchase their shares and/or their CDSC or Share Account Number at hand. For assistance shareholders should dial the following helpline number: (+254) 710 888 000 between 09:00 hours and 16:00 hours from Monday to Friday;

5. Shareholders are entitled to appoint a proxy to vote on their behalf. A proxy form must be signed by the appointor or his attorney duly authorized in writing. If the appointor is a corporate body, the proxy form shall be given under its common seal or under the hand of an officer or duly authorized attorney of such body corporate. A completed form of proxy should be emailed to registrar@cdscregistrars.com or delivered

FTG Holdings Ltd
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Email: info@flametreegroup.com, Website: www.flametreegroup.com

to CDSC Registrars offices at 1st Floor, Occidental Plaza, Westlands, P.O. Box 6341-001000 Nairobi, so as to be received not later than Tuesday, 21 July 2020 at 11.00 hours. Any shareholder appointing a proxy must provide the phone number, Identity Card Number and e-mail address of the proxy on the proxy form. Any proxy registration that is rejected will be communicated to the shareholder concerned no later than 24 July 2020 at 11.00 hours to allow time to address any issues;

6. Proxies will only be able to register for the meeting after the Proxy Form appointing them has been submitted and duly acknowledged by the Registrar. The proxy may then register using either the web portal or mobile phone, tablet or computer with internet access ("USSD platform") using their identity card/Passport Number. For further assistance, Proxies may call CDSC Registrars on +254 710 888 000;

7. As per the requirements of the Companies Act 2001, shareholders have a right to access the Company's annual accounts, a copy of the notice and proxy form. The mentioned documents are available on the following links for your consideration:
   - Annual Report: http://www.flametreegroup.com/finance.html
   - Copy of Notice & proxy form: http://www.flametreegroup.com/other.html

8. Shareholders having questions prior the virtual AGM date should address them to the Company via email on agm2019@flametreegroup.com by indicating their names, CDSC Account and phone number. All questions received by 24 July 2020 will be responded to and answers shall be made available to the Company's website www.flametregroup.com.

9. Shareholders wishing to ask a question during the virtual AGM may do so by using the chat box available on the system, and the questions shall be responded during a question and answer session.

10. The virtual AGM will be streamed live via a link to be provided to all shareholders who will have registered to participate in the annual general meeting. Duly registered shareholders and proxies shall be able to join the meeting either by logging into the system using their registration credentials or following proceedings on a link to be shared via SMS for those who register through the USSD platform;

11. Duly registered shareholders and proxies may vote (when prompted by the Chairman) for resolutions on a panel provided next to the live stream screen or via the USSD platform menu for voting. Proxies shall also vote on behalf of all the shareholders they represent.

12. Proxies successfully registered via USSD may be able to vote on USSD by dialing the short code, selecting language then picking Menu No. 3. Each resolution will auto-populate and will require the proxy to pick the option of choice. Note: A USSD platform session lasts about 25 seconds so shareholders using USSD platform need to vote with relative speed.

13. Proxies who register via web portal will get a drop-down menu against each resolution that will prompt them to vote for each of the shareholders they represent. The Proxy will select the name of the shareholder and proceed to vote for that respective shareholder. The list will stop populating once all resolutions have been voted for.

14. Results of the virtual AGM shall be published within 24 hours following conclusion of the virtual AGM. The results will be available on the Company's web portal www.flametreegroup.com and summarized results on the USSD platform menu.

Embankment Plaza, 3rd Floor
Longonot Road, Upper Hill
P. O. Box 74800 - 00200, Nairobi, Kenya
Tel: +254 (0)20 2264900
Email: ceoffice@cma.or.ke
Web: www.cma.or.ke

CAPITAL MARKETS AUTHORITY

Chief Executive's Office

Our Ref: CMA/CMD/236

July 6, 2020.

Mr. Heril Bangera
Chief Executive Officer
Flame Tree Group
Off Enterprise Road, Opposite Road A, Industrial Area
NAIROBI

Dear Mr. Heril Bangera

RE: NO OBJECTION TO FLAME TREE GROUP HOLDINGS LTD CONDUCTING A VIRTUAL AGM

Reference is made to your letter dated July 2, 2020 on the above subject matter.

The Authority has reviewed your application for a No Objection to conduct a virtual AGM. We have noted your confirmation of how you will comply with the terms set by the High Court under Miscellaneous Application No. E680 of 2020 (the High Court Order) on the conduct of virtual AGMs. We have also reviewed your AGM notice and agenda, the proxy form and the step by step user experience.

Besides, the Authority had a meeting with CDSC Registrars Ltd (your Registrars) where they demonstrated to us the capabilities and functionalities of the virtual system to be used for your AGM. During the demonstration, the Authority was satisfied with the system's ability to enhance shareholder participation in the AGM.

The Authority, therefore, grants Flame Tree Group Holdings Limited a No Objection to conduct the virtual AGM in line with the High Court Order.

Yours sincerely,

Wyckliffe Shamiah
Ag. CHIEF EXECUTIVE

We promote and facilitate the development of orderly, fair and efficient capital markets in Kenya.
All correspondence should be addressed to the Chief Executive.

Proxy Form

I / We, …………………………………………………………………………………………………… of P.O Box……………………………

being a member / s of FTG Holdings Ltd, hereby appoint:

………

of ……..

Or failing whom

………

of ……..

As my / our proxy, to vote for me / us and on my / our behalf at the Virtual Annual General Meeting of the Company to be held on **27 July 2020 at 11.00 a.m** and at any adjournment thereon.

Number of Shares held ………..

Account number of member ……………………………………………………………………………………………………….

Signed this ……………………………………………………………… day of ………………………………………… 2020

Signature (s) ………………………………………………………………………………………………

………………………………………………………………………………………………

Notes:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote in his stead and a proxy need not be a member of the Company.
2. In the case of a member being a limited Company this form must be completed under its common seal or under the hand of an officer or attorney duly authorized in writing.
3. Proxies must be lodged at the registered office of the Company's Shares Registrars, CDSC Registrars Limited (10th Floor, Nation Centre, Kimathi Street, P.O. Box 3464 – 00100 GPO Nairobi) not later than 24 July 2020 at 11 a.m.

flame tree
GROUP

FTG HOLDINGS LIMITED

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