flame tree
GROUP

Annual report 2014

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flame tree
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.........Rejuvenate
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200ml
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Skin
Glycerine
200ml
ALANA
Skin
Milk
200ml
ALANA
Skin
Cocoa Butter
hand & body lotion
200ml
ALANA
Skin
Lanolin
hand & body lotion
200ml

Company Information

			Date of Appointment
BOARD OF DIRECTORS	:	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
REGISTERED OFFICE	:	C/o JurisTax Ltd.	
	:	Level 12, NeXTeracom Tower II	
	:	Ebene	
	:	MAURITIUS	
INDEPENDENT AUDITOR	:	Lamusse Sek Sum & Co (PKF Mauritius)	
	:	5 Duke of Edinburgh Avenue	
	:	Port Louis	
	:	MAURITIUS	
ADMINISTRATOR AND COMPANY SECRETARY	:	JurisTax Ltd	
	:	Level 12, NeXTeracom Tower II	
	:	Ebene	
	:	MAURITIUS	
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	
LEGAL ADVISORS	:	Coulson Harney Advocates	
	:	P.O. Box 10643 - 00100	
	:	Nairobi	
	:	KENYA	

Board of Directors

George Theobald - Tanzanian
Non-Executive Director (Chairman)

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 a commission in the British Army and a time in London working as a stockbroker. He also serves as Managing Director of publically listed Tatepa Ltd (the largest smallholder tea and avocado producer in Tanzania), is Chairman of the Kariki Group (a group of flower farms) in Kenya and the Chairman of Nomad Group (a chain of safari lodges) in Tanzania.

Heril Colbert Bangera - Kenyan
Managing Director and CEO

Heril Colbert Bangera - Founder & 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 the Group to its current status. He is responsible for 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 25 years of business experience. He has also pursued the Owners Management Program at Strathmore University.

Board of Directors Contd.

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 & 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.

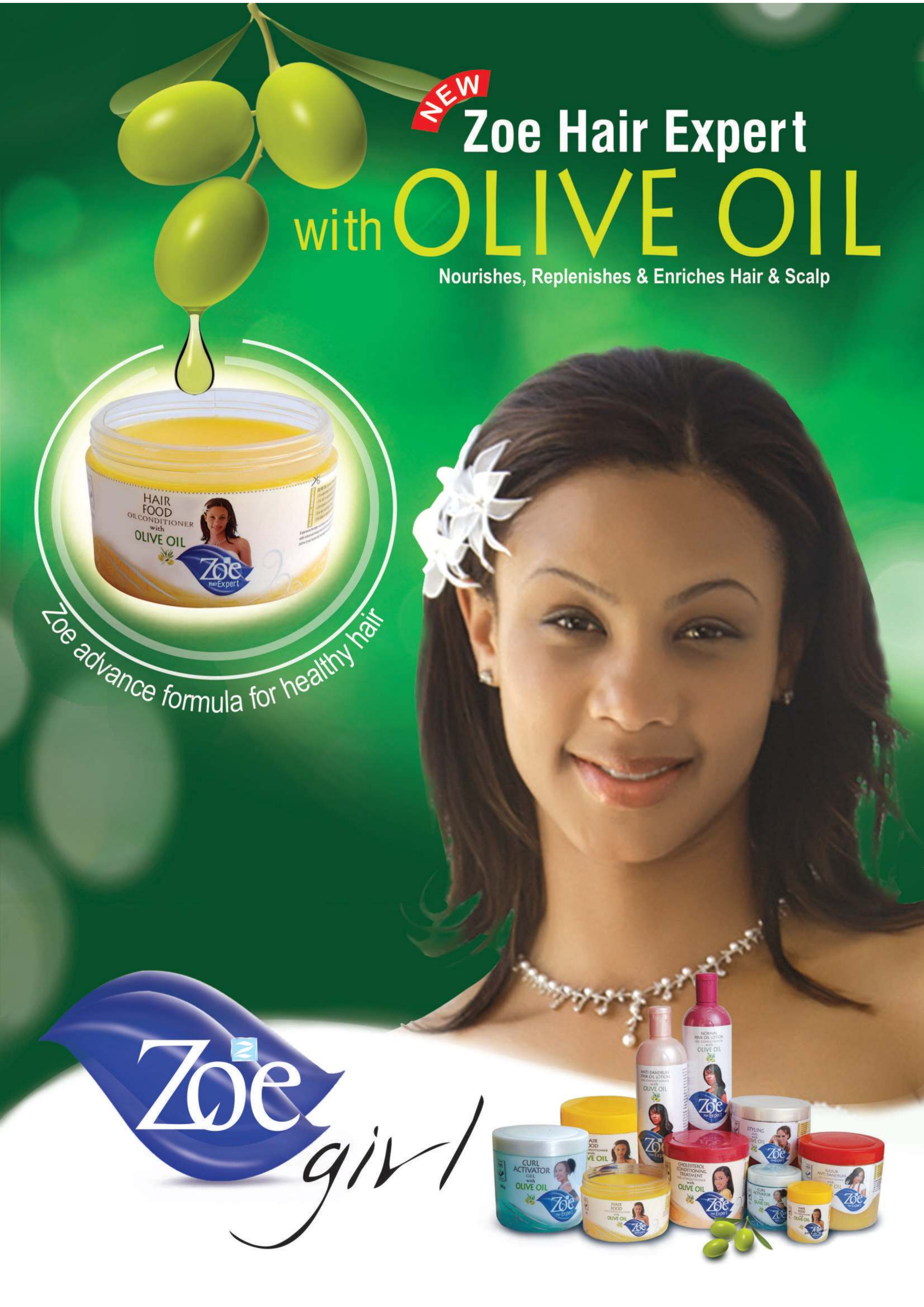
Imalambaal Kichenin – Executive Director. Imalambaal Kichenin is the Chief Executive Officer at JurisTax Ltd. She also serves as a director at Lex Communications Ltd and Turquoise Promotion Ltd. Imalambaal is a law graduate from the University of London and is additionally an associate member of the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

Frank Ireri – Non Executive Director. Frank Ireri is the Managing Director of Housing Finance. He has close to 30 years work experience in both the banking and real estate sectors, spread across various countries. He has worked for prestigious organisations such Deloitte, Haskins and Sells, Murdoch, McCrae & 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 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.

Gilles Kichenin - French
Executive Director

Imalambaal Kichenin – Mauritian
Executive Director

Frank Ireri - Kenyan
Non-Executive Director


NEW
Zoe Hair Expert
with OLIVE OIL
Nourishes, Replenishes & Enriches Hair & Scalp
HAIR FOOD
OIL CONDITIONER
with
OLIVE OIL
Zoe Hair Expert
Zoe advance formula for healthy hair
Zoe girl
CURL ACTIVATOR GEL with OLIVE OIL
CHOLESTEROL CONDITIONING TREATMENT with OLIVE OIL
STYLING GEL
NORMAL PINK OIL LOTION
ANTI DANDRUFF PINK OIL LOTION

Chairman's Statement

FLAME TREE GROUP CHAIRMAN'S STATEMENT

The Economy

Dear Shareowners,

It gives me great pleasure to address you for the first time as Chairman of your company Flame Tree Group which completed another successful and eventful financial year. Often I am asked, why am I chairman of such a diversified business, and my answer is always the same, our brands help people, they make them feel good, look good and get more out of life.

The year under review marked the beginning of a defining era for Flame Tree Group, when it transformed from a family-run private enterprise for over 2 decades into a professionally managed public-listed organisation. The latter part of the year signified the beginning of what we would call the "next stage" of our evolution, with the appointment of a new board of directors and with the commencement of our plans for strategic business development.

The Kenyan economy grew by 5.4% p.a. in 2014 and this growth trajectory is expected to continue in 2015, with GDP estimated to rise by 6% this year. Whilst, in the last two years, economic growth has been tempered by the slump in tourism, barring any further security- related incidents, this key sector of the Kenyan economy is expected to recover from next year.

The last year has seen the continuation of subdued consumer sentiment and expenditure as well as a further intensifying of the competitive environment across our plastics, snacks, FMCG and trading businesses. Against this background our progress is even more encouraging.

Results

The Company's twin strategy is to focus on growing the snacks business and the cosmetics brands, whilst we continue to invest in our core plastic portfolio to achieve a stronger emerging market penetration to better balance our historic developed market strength and create value for our shareowners.

On behalf of the Board I have pleasure in reporting that your Company delivered strong results ahead of targets for 2014. Net revenue grew by 10.21%, and net income grew by 2.74%.
At the end of 2014, Manufacturing (Cosmetics & Plastics, FMCG) brands represented 74.10% of the core portfolio and the emerging market areas of Trading represented 25.90%. This progress is pleasing but equally so were the results in our other markets including Rwanda, Ethiopia and Mozambique.

George Theobald - Tanzanian
Non-Executive Director (Chairman)

Chairman's Statement

Growth

Our acquisitions, more fully reported elsewhere in this report, contributed materially to these achievements. We delivered commitments, but we know we can do better. We need to continue to lead innovation, drive productivity, and improve execution in brand building, product innovation, selling and sourcing. When we do, we will generate stronger sales growth and more reliable value creation, profits and cash flow.

Our performance is very much dependent on the skills and enthusiasm of our colleagues, both at our factories and head office, and across our retail estate. Our supply chain partners have also all contributed and I would like to thank everyone for their continued support and commitment.

Dividend

The Board will not be recommending the payment of a dividend this year. This will be kept under review as the Company's financial performance improves and we remain committed to returning to a progressive dividend policy when the performance of the business allows and the Company has sufficient distributable reserves.

Outlook

Each of our businesses has great opportunities in their respective marketplaces together with strong and energetic management. The continued transformation of Flame Tree Group requires outstanding skills in strategic analysis and executional excellence. I believe we have these competencies in place and, as such, remain optimistic of further progress in the coming year.

George Theobald
Chairman

Flame Tree Africa Ltd. P. O. Box 27621 - 00506 Nairobi. Tel: 554013/554015, Fax: 556018. E-mail: info@siora.co.za

CEO's Message

A more powerful Flame Tree Group,

Dear Shareowner,

The past year has been particularly eventful for Flame Tree Group, the milestone being listing on the Nairobi Securities Exchange (NSE), our brands continues to be market leaders in all our key markets. Flame Tree Group brands continue to stand for 'Manufactured in Africa for Africa'.

There is no doubt that the Group is going through challenging and exciting times, prior to listing on the NSE we undertook a comprehensive restructuring of the Group to create a more logical, simpler organisation. We have grouped our operations into two business verticals, Manufacturing and Trading. This enables our business to operate more efficiently and be able to deliver value for our shareowners.

Within manufacturing we have Plastics, Cosmetics and Snacks.
Under plastics we have brands - ROTO Tanks, JOJO Tanks and RINOTanques that manufacture plastic tanks and various sanitation products for different segments of the market. We believe that our plastic business is well positioned to capitalize on the current situation. Our brands have helped improve sanitation, households, education, industrialization, farming, construction and even conservation efforts. They continue to enable millions save hours and access water and sanitation at their convenience.

Under cosmetic brandswe manufacture high quality brands that include various skin care and beauty enhancing brands such as ZOE, ALANA and CERRO as well as natural looking, comfortable stylish extensions, wigs, weaves and braidsproducts under the brand SIORA.FMCG continues to show very positive growth with industry statistics showing that our brands are among the leading locally manufactured cosmetic brands for lotions and skin care. Our famous brands have been passionately embraced in all households across the different markets we operate in. We continue to see significant growth in our SIORA hair extensions and believe that this is a reflection of a growing customer base that has an increase in disposable income.

Heril Colbert Bangera - Kenyan
Managing Director and CEO

Under food snacks we have HAPPY'S that makes potato crisps and roasted nuts. We also make various snack products in this brand such as mixtures, chilli sticks etc. The addition of the food and snack brands to our FMCG portfolio provides the Group an established platform for growth in the snacking space. These strategic initiatives are important for our operational development, boosting our business volumes among existing customers and reaching new ones.

Trading

Our trading business **Cirrus** and **Buildmart** witnessed growth opportunities in the last year. Consumption led growth through property and infrastructure development in the continent saw a progressive increase in demand for both construction materials including pipes, water tanks, gate valves and various other plumbing and construction materials and polymers in the region.

Our trading markets are largely driven by increased household incomes and a propensity for increased consumer spending. The urbanization and infrastructure development in Africa has resulted in changing spending patterns with a trend towards aspirational lifestyles. While consumers in this markets continue to be value conscious and are looking for a good mix of assortment and price in their buying choices, we are seeing an increase in demand for construction materials from the retail market. This presents our trading business with growth opportunities to supply our materials at competitive rates.

CSR

Flame Tree Group will continue to partner with other organisations in initiatives that seek to impact lives and inspire change in marginalized communities.

As we embrace a new year, I am confident about the company's growth prospects in the future and have the utmost faith in our team and all the people who have worked to the bone to make Flame Tree Group the unique entity that it is today.

Growth

As a business we will continue to make products which are healthier, make life simpler and easier to enjoy and which our customers can be proud of displaying on their store shelves. We aim to ensure that Flame Tree Group products are tomorrow's favourites too.

As a growing branded consumer goods company with substantial resources, we are well positioned to contribute to creating growth and profitability for our customers and a good return for our shareholders. As morale runs high throughout our business, we are also anticipating increased growth in all product categories, with plans to expand our product line into related categories.

"We have products that are greatly appreciated by consumers. Flame Tree Group products can be found in virtually every home throughout the Kenyan and Eastern African region. Many of the products have been with them for generations."

Heril Bangera
CEO Flame Tree Group

Statement of 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 3 executive 3 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.

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

Statement of Corporate Governance

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.

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. All the directors of FTG Holdings 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.

• Define and chart out the Group's vision, mission and values and has ultimate responsibility for the attainment of the Group's values.

Statement of Corporate Governance

- 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.

Statement of Corporate Governance

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 & 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 & Remuneration Committee
The Nomination & Remuneration Committee is a standing Committee of the Board and its purpose is to assist the Board of FTG Holdings Limited to propose new nominees for the board as and 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

Plastics

ROTO TANKS (Slogan: Real value for money)

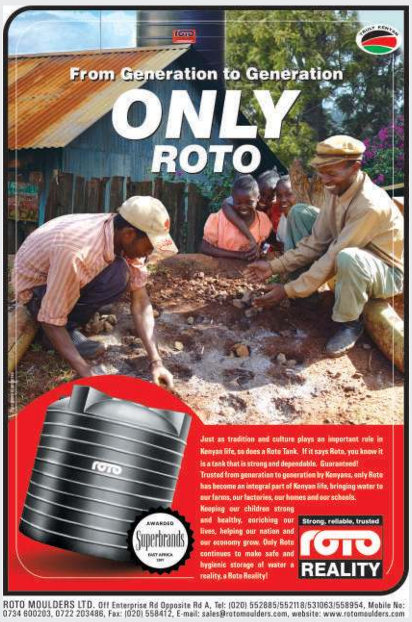
ROTO began in 1989 in Kenya under Roto Moulders Limited manufacturing water storage and sanitation solutions, with a product offering that includes water storage tanks, septic tanks, garbage disposal bins, materials handling containers, toilet huts and other custom made products.

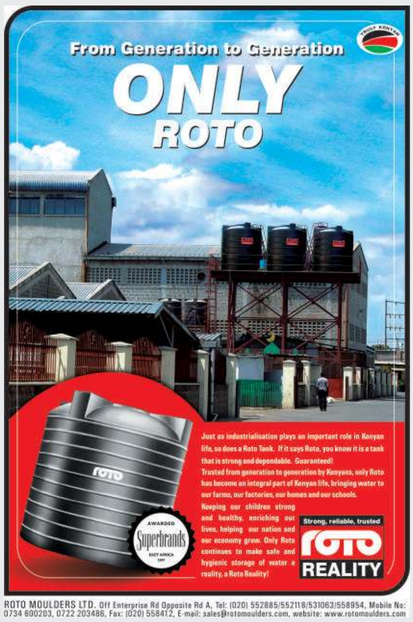
In over 25 years ROTO has grown steadily to become a market leader in the Eastern Africa region. The Roto brand now has factories in Kenya, Rwanda and Ethiopia, and is known for its innovation. In tune with changing market trends ROTO has built a reputation for providing outstanding quality and service.

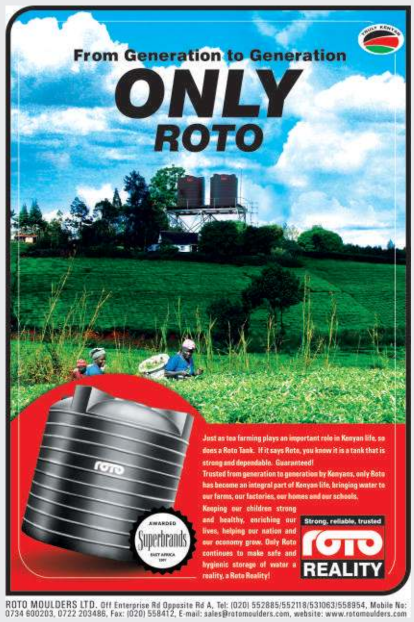
ROTO has continually maintained high standards by its commitment to its brand values that demand the best plastic tanks and real value for money. In terms of originality and creativity, the company was the first to introduced double layered tanks, hinge-type lockable lids, plastic septic tanks and ball-shaped plastic underground tanks.

ROTO was the first brand to sell its products though hardware networks, provide door-to-door deliveries, and manufacture a variety of container capacities.

ROTO success is credited largely to a focused marketing strategy that has seen it increase its market share and increase turnover. As one of the oldest brands in the market, the company has succeeded in garnering consumer loyalty and satisfaction by providing excellent service delivery.







flame tree GROUP

Plastics

JOJO TANKS

JOJO is our youngest brand in the plastic division. JOJO began in 2009 in Kenya, has grown to become a recognized leader in the design and manufacturing of plastic bulk storage, processing and transportation tank.

JOJO is committed to provide the most practical, strong and long lasting products possible. The technology used in production ensures that every JOJO product is consistently of the highest standard. All products are quality controlled and manufactured from the highest quality polyethylene. This is a food grade material that ensures it leaves no taste or smell to the water and gives the tank longer product life.

All JOJO products are made to the minimum 3.5 times safety factor which is the highest standard. This ensures that each tank is thicker than the minimum standards. The tanks are made from virgin polyethylene in computer machines which control the temperature and speed of rotation at all times to ensure such high standards. Random checks are done to double check that the tank meets the best safety standards.

JOJO guarantees efficient and friendly service, with a wide distribution network and contact center accessible six days a week for prompt service. The tanks also come with lockable lids to ensure your water is kept safe.

Plastics

RINO TANQUES

Rino Tanques based in Mozambique manufactures and produces water storage tanks, toilets, load protectors and drums. The high quality Rino Tanks are made of 100% approved materials that does not transmit any taste or residues, thus complying with the requirements for the safe storage of drinking water. The Rino Tanks are made of polyethylene material, and have a food grade approved LLDPE.

Rino Tanks have tough and durable outer walls, which are resistant to moisture, chemicals, sun rays, and electric current. The tanks are made from polyethylene plastic material making them long lasting. The ribbed design is to make the tanks extra strong.

In Mozambique market, Rino Tanques are one of the top plastic tanks brands in the market. Rino Tank has lockable lids to ensure extra safety and are completely leak proof and distributed all over Mozambique. Water tanks are in demand for a vast variety of uses. For house hold, agriculture, farm and industrial to name a few.

Report of the Directors

The directors submit their report and the audited consolidated financial statements for the year ended 31 December 2014, which disclose the state of affairs of the company and the group.

PRINCIPAL ACTIVITIES AND OPERATIONS

The principal activities of the group are those of manufacturing of plastic water tanks, mobile toilets, septic tanks, PVC pipes, paints, fibre glasses, iron products, cosmetic products, synthetic hair, general trading and construction related activities.

The company is an investment holding company.

RESULTS	Group 2014 Shs	Group Restated 2013 Shs	Company 2014 Shs	Company Restated 2013 Shs
Profit/(loss) before tax	144,798,997	173,236,259	6,814,686	(68,837)
Tax	8,327,201	(24,188,870)	-	-
Profit/(loss) for the year	153,126,198	149,047,389	6,814,686	(68,837)

The subsidiary companies are:

COUNTRY	NAME OF COMPANY
Kenya	Roto Moulders Ltd
Kenya	Flame Tree Africa Ltd
Kenya	Happy Eaters Kenya Ltd
Kenya	Cherry Styles Ltd
Kenya	Jojo Plastics Ltd
Rwanda	Roto Ltd
Rwanda	Flame Tree Brands Ltd
Rwanda	Build Mart Ltd
Mozambique	Rino Tanques Lda.
Ethiopia	Roto Private Ltd Company
United Arab Emirates	Cirrus International FZC

DIVIDEND

During the year, the group paid a dividend of Shs. 122,983,160 (2013: Shs. 89,597,728).

Report of the Directors

STATEMENT OF DIRECTORS RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires directors to prepare 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 these financial statements, they 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 have been followed subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the 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 financial statements comply with the Mauritian Companies Act 2001. They are also responsible for safeguarding the assets of the Group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS

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

INDEPENDENT AUDITOR

The Group's auditors, Lamusse Sek Sum & Co (PKF Mauritius), were appointed during the year and have indicated their willingness to continue in office until the next Annual Meeting.

Certificate from the Secretary

JurisTax

Corporate, Trust & Fiduciary Services

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

We, JurisTax Ltd, being the Company Secretary of FTG Holdings Ltd (formerly known as KVM International Ltd)(the "Company"), hereby certify, to the best of our knowledge, that the Company, has filed with the Registrar all such returns as are required by the Company under the Companies Act 2001, for the financial year ended 31 December 2014.

………………………………

Varounen Goinden
For and on behalf of JurisTax Ltd
Secretary

Date: 29 April 2015

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F: +230 468 1886
VAT: 20455368
E: admin@juristax.com
W: www.juristax.com
BRN: C08080123

Report of the Independent Auditor

Lamusse Sek Sum & Co
Public Accountants

PKF
Accountants &
business advisers

FTG HOLDINGS LTD
(FORMERLY KNOWN AS KVM INTERNATIONAL LTD)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

This report is made solely to the company's members, as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of FTG Holdings Ltd and its subsidiaries ("the group") and the company's separate financial statements set out on pages 7 to 42 which comprise the statements of financial position as at 31 December 2014 and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of these financial statements in compliance with the requirements of the Companies Act 2001 and in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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5 Duke of Edinburgh Ave | Port Louis | Mauritius

Report of the Independent Auditor

Lamusse Sek Sum & Co
Public Accountants

PKF
Accountants & business advisers

FTG HOLDINGS LTD
(FORMERLY KNOWN AS KVM INTERNATIONAL LTD)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS (cont'd)

OPINION

In our opinion, the financial statements on pages 7 to 42 give a true and fair view of the financial position of the group and the company as at 31 December 2014, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

OTHER MATTER

The separate financial statements of FTG Holdings Ltd (formerly known as KVM International Ltd) for the years ended 31 December 2012 and 2013 were audited by predecessor auditors who expressed unmodified opinions on these financial statements on 27 May 2013 and 26 June 2014 respectively.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Mauritius Companies Act 2001

We have no relationship with, or interests in the company, other than in our capacity as auditors.

We have obtained all information and explanations we have required.

In our opinion, proper accounting records have been kept by the company as far as it appears from our examination of those records.

Lamusse Sek Sum & Co

LAMUSSE SEK SUM & CO
PUBLIC ACCOUNTANTS

Christine Sek Sum

CHRISTINE SEK SUM, CPA
(LICENSED BY FRC)

Port Louis

Date: 29 April 2015

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2014 Shs	2013 Shs
Revenue	3	1,764,847,673	1,601,356,664
Cost of sales		(1,197,755,467)	(1,018,821,135)
Gross profit		567,092,206	582,535,529
Other operating income	4	7,383,007	1,074,535
Selling and distribution costs		(150,530,394)	(136,768,829)
Administrative expenses		(219,906,436)	(165,574,079)
Other operating expenses		(64,667,058)	(62,077,147)
Operating profit before gain on disposal of property, plant and equipment		139,371,325	219,190,009
Gain on disposal of property, plant and equipment		61,338,464	-
Operating profit after gain on disposal of property, plant and equipment	5	200,709,789	219,190,009
Finance costs	7	(55,910,792)	(45,953,750)
Profit before tax		144,798,997	173,236,259
Tax	8	8,327,201	(24,188,870)
Profit for the year		153,126,198	149,047,389
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
- Exchange differences on translation of foreign operations		7,027,966	(2,875,680)
Total comprehensive income for the year		160,154,164	146,171,709
Dividend: Dividend paid during the year	23	122,983,160	89,597,728
Total comprehensive income attributable to equity shareholders arises from: - Continuing operations		160,154,164	146,171,709
Earnings per share	26	0.99	1.06

Report of the independent auditor - pages 5 and 6.

The notes on pages 15 to 42 form an integral part of the consolidated financial statements.

Company Statement of Profit or Loss & other Comprehensive Income

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2014 Shs	Restated 2013 Shs
Revenue	3	-	-
Cost of sales		-	-
Gross profit		-	-
Other operating income		10,809,301	-
Administrative expenses		(2,170,387)	(68,837)
Operating profit/(loss)	5	8,638,914	(68,837)
Finance costs	7	(1,824,228)	-
Profit/(loss) before tax		6,814,686	(68,837)
Tax	8	-	-
Profit/(loss) for the year		6,814,686	(68,837)
Total comprehensive income/(loss) for the year		6,814,686	(68,837)

Report of the independent auditor - pages 5 and 6.

The notes on pages 15 to 42 form an integral part of the consolidated financial statements.

Consolidated Statement of Financial Position

	Notes	2014 Shs	2013 Shs
Equity			
Stated capital	9	133,540,084	113,502,902
Share premium		152,450,453	-
Legal reserves		2,549,637	1,595,016
Retained earnings		114,181,310	84,992,893
Translation reserve		5,064,873	(1,963,093)
Shareholders' funds		407,786,357	198,127,718
Non-current liabilities			
Borrowings	10	128,173,741	105,490,545
		535,960,098	303,618,263
Non-current assets			
Deferred tax	11	44,886,437	22,443,838
Property, plant and equipment	12	203,846,151	163,230,475
		248,732,588	185,674,313
Current assets			
Inventories	14	124,534,878	123,324,072
Trade and other receivables	15	601,826,328	532,357,443
Cash and cash equivalents	16	68,153,707	31,695,148
Tax recoverable		11,207,304	2,758,399
		805,722,217	690,135,062
Current liabilities			
Borrowings	10	85,139,409	105,313,120
Trade and other payables	17	433,355,298	466,877,992
		518,494,707	572,191,112
Net current assets		287,227,510	117,943,950
		535,960,098	303,618,263

The financial statements on pages 7 to 42 were approved and authorised for issue by the Board of Directors on__________________________ 2015 and were signed on its behalf by:

_____________________ DIRECTOR _____________________ DIRECTOR

Report of the independent auditor - pages 5 and 6.

The notes on pages 15 to 42 form an integral part of the consolidated financial statements.

Company Statement of Financial Position

	Notes	2014 She	Restated 2013 Shs	Restated 2012 Shs
Equity				
Stated capital	9	133,540,084	884,971	884,971
Share premium		152,450,453	-	-
Retained earnings		5,895,164	(919,522)	(856,200)
Shareholders' funds		291,885,701	(34,551)	28,771
Non-current assets				
Investment in subsidiaries	13	129,894,004	-	-
Current assets				
Trade and other receivables	15	153,101,409	-	-
Cash and cash equivalents	16	11,489,805	11,273	224,428
		164,591,214	11,273	224,428
Current liabilities				
Trade and other payables	17	2,599,517	45,824	195,657
Net current assets/(liabilities)		161,991,697	(34,551)	28,771
		291,885,701	(34,551)	28,771

The financial statements on pages 7 to 42 were approved and authorised for issue by the Board of Directors on____________________________ 2015 and were signed on its behalf by:

_______________________ DIRECTOR _______________________ DIRECTOR

Report of the independent auditor - pages 5 and 6.

The notes on pages 15 to 42 form an integral part of the consolidated financial statements.

Consolidated statement of changes in Equity

	Notes	Stated capital Shs	Share premium Shs	Legal reserves* Shs	Retained earnings Shs	Translation reserve** Shs	Total equity Shs
Year ended 31 December 2013							
At start of year		113,502,902	-	1,595,016	25,543,232	912,587	141,553,737
Total comprehensive income for the year		-	-	-	149,047,389	(2,875,680)	146,171,709
Transactions with owners:							
Dividend paid	23	-	-	-	(89,597,728)	-	(89,597,728)
At end of year		113,502,902	-	1,595,016	84,992,893	(1,963,093)	198,127,718
Year ended 31 December 2014							
At start of year		113,502,902	-	1,595,016	84,992,893	(1,963,093)	198,127,718
Total comprehensive income for the year		-	-	-	153,126,198	7,027,966	160,154,164
Transfer between reserves		-	-	954,621	(954,621)	-	-
Transactions with owners:							
Issue of share capital	9	20,037,182	174,262,818	-	-	-	194,300,000
Listing expenses		-	(21,812,365)	-	-	-	(21,812,365)
Dividend paid	23	-	-	-	(122,983,160)	-	(122,983,160)
At end of year		133,540,084	152,450,453	2,549,637	114,181,310	5,064,873	407,786,357

* The legal reserve relates to a portion of retained earnings that have been put into a separate reserve as required by the Companies Act of Ethiopia. The reserve is not distributable.

** On consolidation of the financial statements, the translation reserve arises from translation of foreign currency balances of the group companies. This reserve is not distributable.

Report of the independent auditor - pages 5 and 6.

The notes on pages 15 to 42 form an integral part of the consolidated financial statements.

flame tree
GROUP

Zoe and Alana Hand & Body Lotion

ZOE HAND AND BODY LOTION

Under the Zoe brand Flame Tree manufactures various skin care and hair care products. Lotions, Shampoos, Nail Polish among others.

Zoe began in 2001 with the launch of its skin care range of products: Zoe Lotions in 3 variants: glycerine, lanolin & cocoa butter. The product hit the ground running, with brand ambassadors like Nameless who helped take the brand to greater heights. 'Zoe girl' became a household name. Today Zoe under its wings has added a hair care range as well as nail polishes.

With Zoe you are assured of a quality product at the best price. We cater to the common wananchi and ensure we can give them the best quality at prices they can afford. With our skincare Zoe gives you beautiful, soft, hydrated skin. Its moisturising goodness leaves you glowing with confidence.

Zoe is among the local top skin care brands competing with international brands on the same stage.

Our unique selling proposition is the promise of quality without compromise! We offer the best quality products at affordable prices for Africa. Zoe hair care introduced its OLIVE OIL range bring gorgeous shinier stronger looking haircare within reach. Zoe's distribution is country wide selling to our customers in every nook & corner of the country. We also export to Rwanda.

ALANA HAND AND BODY LOTION

Under the Alana brand Flame Tree manufactures various skin care products. Lotions in glycerine, lanolin, cocoa butter etc. Alana moisturises your skin all day long keeping it fresh, sexy and totally irresistible. Alana is made from the purest ingredients that are long lasting, keeping your skin soft, supple and irresistible all day long.

Alana is among the local top skin care brands competing with international brands on the same stage. The unique seling proposition for Alana is in offering the best quality products at affordable prices for Africa. Alana lotions keeps your skin perfectly moisturised with long lasting fragrances. Alana's distribution is country wide selling to our customers in super markets, dukas in every corner of the country.

Zoe & Cerro Nail Polish

Cerro sold under Fame Tree Africa manufactures 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. Its one of the few locally manufactured nail polishes available in the country. Formulated with European technology to give you colors with a long lasting gloss that do not fade or chip easily. Cerro nail colors are dermatologically tested and therefore non toxic. Its stable formulation ensures a smooth and uniform application, leaving your nails looking beautiful. Cerro's distribution is country wide. Cerro is of international quality and excellence.

Company statement of changes in Equity

	Notes	Stated capital Shs	Share premium Shs	Retained earnings Shs	Total equity Shs
Year ended 31 December 2013					
At start of year (Restated)		884,971	-	(850,685)	34,286
Total comprehensive loss for the year		-		(68,837)	(68,837)
At end of year (Restated)		884,971	-	(919,522)	(34,551)
Year ended 31 December 2014					
At start of year (Restated)		884,971	-	(919,522)	(34,551)
Total comprehensive income for the year		-	-	6,814,686	6,814,686
Transactions with owners:					
Issue of shares	9	112,617,931	-	-	112,617,931
Issue of shares	9	20,037,182	174,262,818	-	194,300,000
Listing expenses		-	(21,812,365)	-	(21,812,365)
At end of year		133,540,084	152,450,453	5,895,164	291,885,701

Report of the independent auditor - pages 5 and 6.

The notes on pages 15 to 42 form an integral part of the consolidated financial statements.

Consolidated Statements of Cash Flows

Operating activities	Notes	2014 Shs	2013 Shs
Cash from operations	19	60,264,424	155,235,816
Interest paid		(48,911,035)	(33,056,610)
Tax paid		(22,564,303)	(14,995,612)
Net cash (used in)/generated from operating activities		(11,210,914)	107,183,594
Investing activities			
Purchase of property, plant and equipment	12	(71,673,379)	(9,799,379)
Proceeds from disposal of property, plant and equipment		66,314,508	-
Net cash used in investing activities		(5,358,871)	(9,799,379)
Financing activities			
Repayments of borrowings		(11,819,524)	(32,481,932)
Proceeds from borrowings		-	32,135,500
Issue of shares at a premium	9	194,300,000	-
Payment of listing expenses		(21,812,365)	-
Refund of deposit for shares	18	-	(9,500,000)
Dividend paid	23	(77,854,038)	(89,597,728)
Net cash generated from/(used in) financing activities		82,814,073	(99,444,160)
Increase/(decrease) in cash and cash equivalents		66,244,288	(2,059,945)
Movement in cash and cash equivalents			
At start of year		(20,068,452)	(6,016,060)
Increase/(decrease)		66,244,288	(2,059,945)
Foreign exchange loss and effects of foreign exchange movements		(6,999,757)	(12,897,140)
Effect of translation of opening cash and cash equivalents		986,175	3,780,373
Translation reserve		7,027,966	(2,875,680)
At end of year	16	47,190,220	(20,068,452)

Report of the independent auditor - pages 5 and 6.

The notes on pages 15 to 42 form an integral part of the consolidated financial statements.

Company Statements of Cash Flows

Operating activities	Notes	2014 Shs	Restated 2013 Shs
Cash used in operations	19	(141,908,802)	(213,155)
Net cash used in operating activities		(141,908,802)	(213,155)
Investing activities			
Investment in subsidiaries	13	(17,276,073)	-
Net cash used in investing activities		(17,276,073)	-
Financing activities			
Issue of shares	9	194,300,000	-
Payment of listing expenses		(21,812,365)	-
Net cash generated from financing activities		172,487,635	-
Increase/(decrease) in cash and cash equivalents		13,302,760	(213,155)
Movement in cash and cash equivalents			
At start of year		11,273	224,428
Increase/(decrease)		13,302,760	(213,155)
Effect of exchange rate changes		(1,824,228)	-
At end of year	16	11,489,805	11,273

Report of the independent auditor - pages 5 and 6.

The notes on pages 15 to 42 form an integral part of the consolidated financial statements.

1. **SIGNIFICANT ACCOUNTING POLICIES**

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

a) **Basis of preparation**

The consolidated financial statements have been prepared under the historical cost convention and are in accordance with International Financial Reporting Standards (IFRS).

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

Entity	Country of incorporation of entity	% shares of FTG Holdings Ltd	Principal activity
Roto Moulders Limited	Kenya	100	Manufacture and trade of plastic products
Flame Tree Africa Limited	Kenya	100	Manufacture and trade of cosmetic products
Happy Eaters Kenya Limited	Kenya	100	Food industry
Cherry Styles Limited	Kenya	100	Manufacture and trade of cosmetic products
Jojo Plastics Limited	Kenya	100	Manufacture and trade of plastic products
Roto Limited	Rwanda	100	Manufacture and trade of plastic products
Flame Tree Brands Limited	Rwanda	100	Trading in cosmetics
Build Mart Limited	Rwanda	100	Trading in construction material
Rino Tanques LDA	Mozambique	100	Manufacture and trade of plastic products
Roto Private Limited Company	Ethiopia	100	Manufacture and trade of plastic products
Cirrus International FZC	United Arab Emirates	100	Trading in commodities

FTG Holdings Ltd acquired 100% of the share capital of each of the companies shown above on various dates ranging from 1 August 2014 to 4 September 2014. The consideration for the shares was issuance of equivalent shares in FTG Holdings Ltd to the previous shareholders of the respective companies above. All the companies above, including FTG Holdings Ltd were under the control of common shareholders,

none of whose respective shareholdings or other rights changed as a result of this transaction. As a result, the acquisition by FTG Holdings Ltd of the companies above has been accounted for under the merger basis of accounting as per the accounting policy (t).

Going concern

The financial performance of the group is set out in the consolidated statement of profit or loss and other comprehensive income. The financial position of the group is set out in the consolidated statement of financial position. Disclosures in respect of capital management are set out in Note 21. Disclosures in respect of risk management are set out in Note 22.

Based on the financial performance and position of the group and its risk management policies, the directors are of the opinion that the group is well placed to continue in business for the foreseeable future and as a result the financial statements are prepared on a going concern basis.

New and amended standards adopted by the group

The following new and revised Standards and Interpretations have been adopted in the current year. Unless otherwise disclosed, their adoption has had no material impact on the amounts reported in these financial statements:

- Amendments to IFRS 2 in respect of definitions.
- Amendments to IFRS 3 in respect of accounting for contingent consideration.
- Amendments to IFRS 10,12 and IAS 27 in respect of definition of Investment Entity and the requirements for an entity that meets this definition not to consolidate it's subsidiaries but instead measure them at fair value through profit or loss.

1. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

a) **Basis of preparation (continued)**

- Amendments to IAS 32 - Offsetting Financial Assets and Financial Liabilities clarifying the meaning of current legal enforceable right of set off and simultaneous realisation and settlement.
- Amendments to IAS 36 in respect of recoverable amount disclosures for non financial assets.
- Amendments to IAS 39 in respect of Novation of Derivatives and Continuation of Hedge Accounting.
- IFRIC Interpretation 21 - Levies which deals with recognition of liability to pay imposed by a Government.

New standards, amendments and interpretations issued but not effective

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

- IFRS 5 in respect of guidance on reclassifications which will be effective for the accounting periods beginning on or after 1 July 2016.
- IFRS 7 in respect of guidance on service contracts representing continuing involvement in a transferred asset which will be effective for the accounting periods beginning on or after 1 July 2016.
- IFRS 9 in respect of Financial Instruments which will be effective for the accounting periods beginning on or after 1 January 2018.
- Amendments to IFRS 11 in respect of Accounting for Acquisitions of Interest in Joint Operations which will be effective for accounting periods beginning on or after 1 January 2016.
- IFRS 14 in respect of Regulatory Deferral Accounts which will be effective for accounting periods beginning on or after 1 January 2016.
- IFRS 15 in respect of Revenue from Contracts with Customers which will be effective for accounting periods beginning on or after 1 January 2017.
- Amendments to IAS 16 and IAS 38 in respect of Clarification of Acceptable Methods of Depreciation and Amortisation which will be effective for accounting periods beginning on or after 1 January 2016.
- Amendments to IAS 16 and IAS 41 in respect of Bearer Plants which will be effective for accounting periods beginning on or after 1 January 2016.
- Amendments to IAS 19 in respect of Defined Benefit Plans: Employee Contributions which will be effective for accounting periods beginning on or after 1 July 2014.

Annual improvements to IFRS's which will be effective for accounting periods beginning on or after 1 July 2014 as follows:

- IFRS 2 - Definition of vesting conditions.
- IFRS 3 - Accounting for contingent consideration in a business combination.
- IFRS 8 - Aggregation of operating segments and reconciliation of total reportable segment assets to entity's assets.
- IFRS 13 - Carrying of short term receivables and payables at invoiced amounts.
- IAS 16 and IAS 38 - Proportionate restatement of depreciation/amortisation accumulated on revaluation.
- IAS 24 - Management fee paid to a management entity.
- IFRS 3 - Scope exclusions for joint ventures.
- IAS 40 - Application of IAS 40 vs. IFRS 3 on acquisition of investment property.

1. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

b) **Key sources of estimation uncertainty**

In the application of the accounting policies, the directors are required to exercise 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 estimates that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- **Impairment of receivables** - The group reviews their portfolio of receivables at the reporting date. 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 -** Management reviews the useful lives and residual values of the items of property, plant and equipment at each reporting date. During the financial year, the directors determined no significant changes in the useful lives and residual values.

c) **Significant judgements made by management in applying the group's accounting policies**

Directors have made the following judgements that are considered to have the most significant effect on the amounts recognised in the 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 makes judgement as to whether these will be utilised before they are forfeited. The forfeiture is dependent on the requirements of the respective laws 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 ('Shs') 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 statments 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.

1. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

d) **Investment in subsidiaries/consolidation**

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies. Control is achieved when the company has power over the subsidiary; is exposed or has right to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.

The group also assesses the existence of control where it does not have a majority of the voting rights power but is able to govern the financial and operating policies of a subsidiary. Control may arise in certain circumstances where including the size of the group's voting rights relative to the size and dispersion of holdings of other shareholders give the group the power to govern the financial and operating policies, where potential voting rights are held by the company and rights from other contractual arrangements etc.

When the company has assessed and has less than a majority of the voting rights of an investee has power over the investee when the voting rights , it are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of controls listed above.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the company gains control until the date the company ceases to control the subsidiary.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss from the effective date of acquisition and up to the effective date of disposal as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Intra-group balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary adjustments are made to financial statements of subsidiary to bring their accounting policies into line with the groups accounting policy.

- Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

- Disposal of subsidiaries

When the group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

1. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

d) **Investment in subsidiaries/consolidation**

- Disposal of subsidiaries (continued)

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss from the effective date of acquisition and up to the effective date of disposal as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Intra-group balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary adjustments are made to financial statements of subsidiary to bring their accounting policies into line with the groups accounting policy.

e) **Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and/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.

f) **Translation of foreign currencies**

Presentation and functional currency

The company maintains the books of accounts in Kenya Shillings (Shs), which is a currency of the primary economic environment of the company (functional currency).

The company has changed its presentation currency from US Dollars to Kenya Shillings for the year ending 31 December 2014 because during 2014 the group (FTG Holdings Ltd, of which the company is the parent) was listed in Kenya and it is a requirement of Kenyan regulations that the financial statements are presented in Kenya Shillings. In accordance with IAS 8 on 'Accounting Policies, Changes in Accounting Estimates and Errors' this change in presentation currency will be applied retrospectively.

The Company has presented in Kenya Shillings a statement of profit or loss and other comprehensive income and a statement of cash flows, together with the statement of financial position as at 31 December 2013 and 31 December 2012 and selected accompanying notes for comparative purposes.

In accordance with the provisions of IAS 21 'The effects of Changes in Foreign Exchange rates' in respect of changes in presentation currency, the financial information as reported for the years ended 31 December 2013 and 2012, has been restated from US Dollars to Kenya Shillings using the procedures below:

Share capital, share premium, and other equity items were translated at the historic rates as on 31 December 2012 or the subsequent rates prevailing on the date of each relevant transaction.

1. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

f) **Translation of foreign currencies (continued)**

Presentation and functional currency (continued)

Assets and liabilities are translated at closing exchange rate prevailing at the reporting date.

Non-Kenyan Shilling income and expenditure were translated into Kenya Shillings using the average rates of exchange over the relevant period.

Non-Kenyan Shilling cash flows were translated into Kenya Shillings using the average rates of exchange with the exception of share capital and other equity transactions which were translated at the rates prevailing on the date of the relevant transaction.

Currency translation adjustments arising on the restatement of opening net assets and income and expense statement translated at average rates versus closing rates are taken directly to other comprehensive income.

The exchange rates used were as follows:

KES / USD exchange rate	Year ended 31 December 2014	Year ended 31 December 2013	Year ended 31 December 2012
Closing rate	85.59	86.31	86.03
Average rate	83.21	86.13	85.05

Translations for consolidation

Transactions in foreign currencies during the year are converted into the respective currencies of the various jurisdictions the group's entities operate in at the rates ruling at the transaction dates.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The resulting differences from conversion and translation are dealt with in profit or loss in the year in which they arise except:

- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

1. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

f) **Translation of foreign currencies (continued)**

Group companies

For the purposes of preparing the consolidated financial statements the functional and presentation currency is Kenya Shillings.

The results and financial position of the group companies that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that reporting date.
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates.
- all resulting exchange differences are recognised under a separate component of equity.

Upon consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to other comprehensive income.

g) **Investment in subsidiaries**

The investment in the subsidiaries is shown at cost and provision is only made where, in the opinion of the directors, there is a permanent diminution in the value. Where there has been a permanent diminution in value, it is recognised as an expense in the period in which the diminution is identified.

h) **Property, plant and equipment**

All property, plant and equipment is initially recorded at cost and thereafter stated at historical cost less depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Leasehold land is depreciated over the remaining period of the lease.

Depreciation on all other assets is calculated on the reducing balance basis method to write down the cost of each asset to its residual value over its estimated useful life using the following annual rates:

	Rate %
Buildings	2 - 5 (Straight line basis)
Plant and machinery	12.5 - 20
Furniture, fixtures and office equipment	12.5 - 20
Motor vehicles	20 - 40
Computer equipment	30 - 45

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit.

flame tree
GROUP

Zoe Hair Care Range

Under the Zoe brand Flame Tree manufactures various skin care and hair care products. Lotions, Shampoos, Nail Polish among others.

Zoe began in 2001 with the launch of its skin care range of products: Zoe Lotions in 3 variants: glycerine, lanolin & cocoa butter. The product hit the ground running, with brand ambassadors like Nameless who helped take the brand to greater heights. 'Zoe girl' became a household name. Today Zoe under its wings has added a hair care range as well as nail polishes.

With Zoe you are assured of a quality product at the best price. We cater to the common wananchi and ensure we can give them the best quality at prices they can afford. With our skincare Zoe gives you beautiful, soft, hydrated skin. Its moisturising goodness leaves you glowing with confidence.

Zoe is among the local top skin care brands competing with international brands on the same stage.

Our unique selling proposition is the promise of quality without compromise! We offer the best quality products at affordable prices for Africa. Zoe hair care introduced its OLIVE OIL range bring gorgeous shinier stronger looking haircare within reach.

Zoe's distribution is country wide selling to our customers in every nook & corner of the country. We also export to Rwanda.

Siora

SIORA began in 2008. Siora makes high quality, beauty enhancing products that are natural looking. Siora makes comfortable stylish extensions, wigs, weaves and braids. They are made from synthetic hair, through fiber and constructed using advanced lace front technology.

Siora is currently a strong #3 in the market with improvement on packaging underway to increase our competitive edge. Siora offers a wide range of products, and delivers in attractive alternatives. Our products are available in major beauty & cosmetics outlets countrywide, meeting our targeted customers of both young and old women in their specific areas of preference. The brand is well received and our customers are left feeling good during and after use.

Our brand values include; Affordable, Available, Trusted, Recommended and Quality guaranteed

flame tree GROUP

Notes Contd.

1. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

i) **Financial instruments**

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument. Management determines all classification of financial assets at initial recognition.

j) **Financial instruments**

- **Financial assets**

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

The group's financial assets which include trade and other receivables, cash and cash equivalents and tax recoverable fall into the following category:

- **Loans and receivables:** financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are classified as current assets where maturities are within 12 months of the reporting date. All assets with maturities greater than 12 months after the reporting date are classified as non-current assets. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method. Changes in the carrying amount are recognised in profit or loss.

Purchases and sales of financial assets are recognised on the trade date i.e. the date on which the group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. Impairment of financial assets is recognised in profit or loss under administrative expenses when there is objective evidence that the group will not be able to collect all amounts due per the original terms of the contract. Significant financial difficulties of the issuer, probability that the issuer will enter bankruptcy or financial reorganisation, default in payments and a prolonged decline in fair value of the asset are considered indicators that the asset is impaired.

The amount of the impairment loss is calculated as the difference between the assets carrying amount and the present values of expected future cash flows, discounted at the financial instrument's effective interest rate. Impairment losses are recognised in profit or loss.

Subsequent recoveries of amounts previously written off/impaired are credited to profit or loss in the year in which they occur.

- **Financial liabilities**

The group's financial liabilities which include borrowings and trade and other payables fall into the following category:

- **Financial liabilities measured at amortised cost**:These are initially measured at fair value and subsequently measured at amortised cost, using the effective interest rate method.

Any difference between the proceeds (net of transaction costs) and the redemption value is recognised as interest expense in profit or loss under finance costs under the effective interest rate method.

1. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

j) **Financial instruments (continued)**

- **Financial liabilities (continued)**

Borrowings are initially recognised at fair value, net of transaction costs incurred and are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised as interest expense in profit or loss under finance costs.

Fees associated with the acquisition of borrowing facilities are recognised as transaction costs of the borrowing to the extent that it is probable that some or all of the facilities will be acquired. In this case the fees are deferred until the drawn down occurs. If it is not probable that some or all of the facilities will be acquired the fees are accounted for as prepayments under trade and other receivables and amortised over the period of the facility.

All financial liabilities are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Financial liabilities are derecognised when, and only when, the group's obligations are discharged, cancelled or expired.

- **Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

k) **Impairment of non-financial assets**

At the end of each reporting period, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

l) **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.

1. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

m) **Cash and cash equivalents**

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.

n) **Share capital**

Ordinary shares are classified as equity.

o) **Taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss.

Current tax
Current tax is provided on the results for the year, for each of the entities in the group as per the requirements of the tax legislation where each of the entities operate.

Deferred tax
Deferred tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary timing differences can be utilised.

p) **Accounting for leases**

Leases of property, plant and equipment, where the group assumes substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at cost. Each lease payment is allocated between the liability and finance charges. The interest element is charged to profit or loss over the lease period and is included under finance costs. Such property, plant and equipment is depreciated over its useful life.

Leases of assets under which a significant portion of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

q) **Dividends**

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

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

r) **Segment 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 group, who will be responsible for allocating resources, assessing performance of the operating segments and making strategic decisions.

1. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

s) **Employee entitlements**

The estimated monetary liability for employees' accrued annual leave entitlement at the reporting date is recognised as an expense accrual.

t) **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.

u) **Merger basis of accounting**

As disclosed in the basis of preparation, the merger basis of accounting has been applied in accounting for the acquisition of the subsidiaries of the company. Under the merger basis of accounting, the acquisitions are accounted for using values that are different from the nominal value of shares issued of the various companies acquired and any difference between the nominal value of shares issued and the nominal value plus share premium of the shares in the subsidiaries that are acquired is recognised as a merger reserve. Where the nominal value of shares issued is greater than the nominal value plus share premium of shares

acquired, the difference is adjusted against accumulated retained earnings of the merged group. As the relative rights of the ultimate shareholders have remained unchanged before and after the acquisition, using globally accepted accounting practice under the merger accounting basis as permitted by International Accounting Standard 8, the financial statements have been prepared assuming that the group in its composition as at 31 December 2014 was in place as at 1 January 2013.

v) **Comparatives**

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

2. **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:

Manufacturing
Trading

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2014.

	Manufacturing Shs	**Trading Shs**	**Total Shs**
Gross revenue	1,405,537,478	525,397,010	1,930,934,488
Eliminated on consolidation	(97,748,880)	(68,337,935)	(166,086,815)
Net sales	1,307,788,598	457,059,075	1,764,847,673
Gross profit	376,797,478	190,294,728	567,092,206
(Loss)/profit before tax	(21,719,332)	166,518,329	144,798,997

The Group operates in 2 continents. The revenue by continent is as follows:

Africa	1,307,788,598	109,828,422	1,417,617,020
Asia	-	347,230,653	347,230,653
	1,307,788,598	457,059,075	1,764,847,673

2. **Segment reporting (continued)**

Consolidated statement of financial position as at 31 December 2014

	Manufacturing Shs	Trading Shs	Total Shs
Total equity	153,764,212	254,022,145	407,786,357
Non-current liabilities	105,070,254	23,103,487	128,173,741
Total equity and non-current liabilities	258,834,466	277,125,632	535,960,098
Non-current assets	239,615,383	9,117,205	248,732,588
Current assets	547,942,705	257,779,512	805,722,217
Current liabilities	440,241,051	78,253,656	518,494,707
Net current assets	107,701,654	179,525,856	287,227,510
Non-current assets and net current assets	347,317,037	188,643,061	535,960,098
Other segment information:			
Depreciation on property, plant and equipment	24,557,112	538,372	25,095,484
Additions to property, plant and equipment	71,387,797	285,582	71,673,379

2. **Segment reporting (continued)**

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2013

	Manufacturing Shs	Trading Shs	Total Shs
Gross revenue	1,205,006,413	586,199,403	1,791,205,816
Eliminated on consolidation	(38,782,624)	(151,066,528)	(189,849,152)
Net sales	1,166,223,789	435,132,875	1,601,356,664
Gross profit	428,068,313	154,467,216	582,535,529
Profit before tax	40,285,841	132,950,418	173,236,259

The Group operates in 2 continents. The revenue by continent is as follows:

Africa	1,166,223,789	69,020,628	1,235,244,418
Asia	-	366,112,246	366,112,246
	1,166,223,789	435,132,875	1,601,356,664

Consolidated statement of financial position as at 31 December 2013

	Manufacturing Shs	Trading Shs	Total Shs
Total equity	102,642,642	95,485,076	198,127,718
Non-current liabilities	101,504,136	3,986,409	105,490,545
Total equity and non-current liabilities	204,146,777	99,471,486	303,618,263
Non-current assets	176,186,404	9,487,909	185,674,313
Current assets	529,659,401	160,475,661	690,135,062
Current liabilities	501,699,028	70,492,084	572,191,112
Net current assets	27,960,373	89,983,577	117,943,950
Non-current assets and net current assets	204,146,777	99,471,486	303,618,263
Other segment information:			
Depreciation on property, plant and equipment	25,314,959	533,345	25,848,304
Additions to property, plant and equipment	8,999,412	799,967	9,799,379

	Group		Company	
	2014	2013	2014	Restated 2013
3. Revenue	Shs	Shs	Shs	Shs
Sale of goods and services	1,764,847,673	1,601,356,664	-	-
4. Other operating income				
Miscellaneous income	7,346,798	1,074,535	32,557	-
Dividend income	-	-	10,776,744	-
Interest income	36,209	-	-	-
	7,383,007	1,074,535	10,809,301	-
5. Operating profit/(loss)				
The following items have been charged in arriving at the operating profit/(loss):				
Depreciation on property, plant and equipment (Note 12)	25,095,484	25,848,304	-	-
Repairs and maintenance	5,609,340	5,099,283	-	-
Operating lease rentals	37,976,653	33,022,471	-	-
(Gain) on disposal of property, plant and equipment	(61,338,464)	-	-	-
Auditors' remuneration				
- Current year	2,862,586	1,848,337	44,507	42,382
- Under provision in prior years	42,815	149,221	-	-
Provision for bad debts	34,864,665	68,162	-	-
Staff costs (Note 6)	203,665,072	170,345,858	-	-
6. Staff costs				
Salaries and wages				
- direct costs	77,646,796	71,266,607	-	-
- administrative expenses	114,987,710	93,004,983	-	-
Other staff costs	11,030,566	6,074,268	-	-
	203,665,072	170,345,858	-	-
7. Finance costs				
Finance lease interest	788,481	720,022	-	-
Bank loan interest	35,907,895	15,538,119	-	-
Bank overdraft interest	12,214,659	16,798,469	-	-
Foreign exchange loss	6,999,757	12,897,140	1,824,228	-
	55,910,792	45,953,750	1,824,228	-
8. Tax				
Current tax	14,115,398	15,855,560	-	-
Deferred tax (credit)/charge (Note 11)	(22,442,599)	8,333,310	-	-
	(8,327,201)	24,188,870	-	-

8. **Tax (continued)**

The tax on the group's/company's profit/(loss) before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	Group		Company	
	2014 Shs	2013 Shs	2014 Shs	Restated 2013 Shs
Profit/(loss) before tax	144,798,997	173,236,259	6,814,686	(68,837)
Tax calculated at a tax rate of 3% (2013: 3%)	4,343,970	5,197,088	204,441	(2,065)
Tax effect of:				
- differential tax rates	138,512,091	46,773,790	-	-
- expenses not deductible for tax purposes	12,874,461	10,838,760	-	2,065
- unrecognised deferred tax asset	2,954,154	-	-	-
- utilisation of previously unrecognised tax losses	(503,886)	-	-	-
- income not subject to tax	(166,507,991)	(38,620,768)	(204,441)	-
Tax (credit)/charge	(8,327,201)	24,188,870	-	-

The domestic tax rates applicable to profits in the respective countries is as follows:

Country	Tax rate on taxable profits	Withholding tax on dividend payments	Tax rate on taxable profits	Withholding tax on dividend payments
Kenya	30%	5%	30%	5%
Rwanda	30%	15%	30%	15%
Mozambique	32%	20%	32%	20%
Ethiopia	30%	10%	30%	10%
Mauritius	3%	0%	3%	0%
United Arab Emirates	0%	0%	0%	0%

9. **Share capital**

	Group		Company		
	2014 Shs	2013 Shs	2014 Shs	2013 Shs Restated	2012 Shs Restated
161,866,804 (2013: 22,700,586) shares of Shs. 0.825 each (2013: Shs. 5 each)	133,540,084	113,502,902	133,540,084	884,971	884,971

The company had 22,700,586 shares of Shs. 5 each and during the year these were split at the ratio of 6.06 shares for every 1 share held. As a result, the number of shares post split were 137,579,311. In November 2014, the company was listed on the Growth Enterprise Market Segment (GEMS) on the Nairobi Stock Exchange (NSE). The listing resulted in 24,287,493 shares being issued at a price of Shs. 8 per share (whose par value was Shs. 0.825) and as a result a premium of Shs. 174,262,818 was realised from the listing. Expenses directly attributable to the listing amounting to Shs. 21,812,365 have been debited to the share premium account.

10. **Borrowings**

	Group	
	2014 Shs	Restated 2013 Shs
Non-current		
Loan from directors (Note 20)	62,159,669	17,030,547
Bank loans	66,014,072	88,125,509
Finance leases	-	334,489
	128,173,741	105,490,545
Current		
Finance leases	2,021,250	303,996
Bank loans	62,154,672	53,245,524
Bank overdraft (Note 16)	20,963,487	51,763,600
	85,139,409	105,313,120
Total borrowings	213,313,150	210,803,665

10. **Borrowings (continued)**

Weighted average effective interest rates at the reporting date were:	Group 2014 %	2013 %
Loan from directors	Nil	Nil
Bank loans	18	21
Bank overdraft	18	21
Finance leases	9	9

The bank loans, bank overdraft and finance leases are secured as follows:

a) Fixed and floating debenture over the assets of the group.
b) Supplemental legal charge over L.R. 209/8918, Nairobi, Kenya.
c) Directors personal guarantees.
d) A right over the leased assets.

Loans from directors are unsecured, interest free and have no fixed repayment date.

The borrowing facilities (except shareholders loans) expiring within one year are subject to review at various dates during the next financial year.

The exposure of the company's borrowings to interest rate changes and the contractual repricing dates at the reporting date are as follows:

	Group 2014 Shs	2013 Shs
12 months or less	151,153,481	193,773,118

The fair values of current borrowings equal to their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using the weighted average rates mentioned above.

In the opinion of the directors, it is impracticable to assign fair values to the group's long-term liabilities due to inability to forecast interest rate and foreign exchange rate changes.

The carrying amounts of borrowings are denominated in the following currencies:

	Group 2014 Shs	2013 Shs
Kenya Shilling	134,223,772	209,402,480
Other Currencies	79,089,378	1,401,185
	213,313,150	210,803,665
Maturity of non-current borrowings		
Between 2 to 5 years	128,173,741	105,490,545

The group has letters of credit facilities amounting to USD 500,000 from its bankers to finance the importation of raw materials for manufacturing.

Food

HAPPYS

Happys our youngest brand in FMCG launched in 2012 and is one of Kenya's favourite snack food brand that has steadily established itself as an indispensable part of our snacking culture. Happys has established itself as a youth brand and continues to grow in the hearts and mind of its Kenyan consumers. The brand includes - Crisps, Peanuts, Chevdo, Gathia & Fried Peas. Our Brand Advantage is - Its 100% vegetarian.

Our snack products are manufactured in a food safety environment and the manufacturing process has adequate controls to track products. Our manufacturing processes are also certified to ensure that the safety of products, processes, environment and people is maintained at a very high level.

Our brand value includes fun, trust and passion. These ingredients forms the basis of Happys and finding happiness has a lot to do with relationships both in business and personal levels.

11. **Deferred tax**

Deferred tax is calculated on all temporary timing differences under the liability method using a principal tax rate of 30% (2013: 30%). The movement on the deferred tax account is as follows:

	Group 2014 Shs	2013 Shs
At start of year	(22,443,838)	(30,777,148)
(Credit)/charge to profit or loss (Note 8)	(22,442,599)	8,333,310
At end of year	(44,886,437)	(22,443,838)

Deferred tax (asset) in the statement of financial position and deferred tax (credit)/charge to profit or loss are attributable to the following items:

Year ended 31 December 2014	**At start of year Shs**	**(Credit) to profit or loss Shs**	**At end of year Shs**
Deferred tax (asset)			
Tax losses carried forward	(20,229,401)	(20,332,267)	(40,561,668)
Excess depreciation over capital allowances	(2,622,669)	(1,749,570)	(4,372,239)
Unrealised exchange differences	408,232	(360,762)	47,470
Net deferred tax asset	(22,443,838)	(22,442,599)	(44,886,437)

Year ended 31 December 2013	**At start of year Shs**	**Charge/(credit) to profit or loss Shs**	**At end of year Shs**
Deferred tax (asset)			
Tax losses carried forward	(30,333,666)	10,104,265	(20,229,401)
Excess depreciation over capital allowances	(203,004)	(2,419,665)	(2,622,669)
Unrealised exchange differences	(240,478)	648,710	408,232
Net deferred tax asset	(30,777,148)	8,333,310	(22,443,838)

These principal amount equivalent to the deferred tax asset recognised on tax losses expire as follows:

	Shs	**Expiry**
- tax losses arising in 2012	67,431,337	2016
- tax losses arising in 2014	67,774,223	2017

No deferred tax liability is recognised on temporary differences relating to unremitted earnings of subsidiaries, as the group is able to control the timing of reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future.

12. **Property, plant and equipment**

Group - Year ended 31 December 2014

	Leasehold land Shs	Buildings Shs	Plant and machinery Shs	Furniture, fixtures and office equipment Shs	Motor vehicles Shs	Computer equipment Shs	Total Shs
Cost							
At start of year	9,244,535	50,616,415	234,335,105	19,658,980	82,142,390	7,195,277	403,192,702
Additions	-	-	65,777,191	1,406,816	4,203,873	285,499	71,673,379
Disposals	(4,732,035)	(887,860)	(48,751)	(34,406)	(9,799,046)	-	(15,502,098)
Translation	-	(195,442)	(2,696,166)	-	(111,786)	(36)	(3,003,430)
At end of year	4,512,500	49,533,113	297,367,379	21,031,390	76,435,431	7,480,740	456,360,553
Accumulated depreciation							
At start of year	1,911,158	1,104,876	153,754,477	13,315,825	64,088,701	5,787,190	239,962,227
On disposal	(1,159,349)	(307,763)	-	-	(9,058,942)	-	(10,526,054)
Translation	-	(156,355)	(1,711,082)	(150,881)	200	863	(2,017,255)
Charge for the year	57,852	595,484	17,570,547	1,109,595	5,231,831	530,175	25,095,484
At end of year	809,661	1,236,242	169,613,942	14,274,539	60,261,790	6,318,228	252,514,402
Net book value	3,702,839	48,296,871	127,753,437	6,756,851	16,173,641	1,162,512	203,846,151

A fixed and floating debenture over the group's assets has been used as a security over the bank loans, bank overdraft and finance leases. The net book values of assets held under finance leases are analysed as follows:

	2014 Shs	2013 Shs
Motor vehicles	2,021,250	638,484

12. **Property, plant and equipment (continued)**

Group - Year ended 31 December 2013

	Leasehold land Shs	Buildings Shs	Plant and machinery Shs	Furniture, fixtures and office equipment Shs	Motor vehicles Shs	Computer equipment Shs	Total Shs
Cost							
At start of year	9,468,605	51,171,098	230,630,240	19,230,866	83,342,965	8,211,181	402,054,955
Additions	-	703,628	7,630,505	649,906	203,360	611,980	9,799,379
Transfers	-	-	1,607,344	-	-	(1,607,344)	-
Translation	(224,070)	(1,258,311)	(5,532,984)	(221,792)	(1,403,935)	(20,540)	(8,661,632)
At end of year	9,244,535	50,616,415	234,335,105	19,658,980	82,142,390	7,195,277	403,192,702
Accumulated depreciation							
At start of year	1,825,602	455,385	139,055,473	12,411,450	58,948,397	6,298,875	218,995,182
Transfers	-	-	1,077,968	-	-	(1,077,968)	-
Translation	(52,878)	(56,199)	(3,772,715)	(163,692)	(822,250)	(13,525)	(4,881,259)
Charge for the year	138,434	705,690	17,393,751	1,068,067	5,962,554	579,808	25,848,304
At end of year	1,911,158	1,104,876	153,754,477	13,315,825	64,088,701	5,787,190	239,962,227
Net book value	7,333,377	49,511,539	80,580,628	6,343,155	18,053,689	1,408,087	163,230,475

13. **Investment in subsidiaries**

	Country of incorporation	Ultimate Holding	Company 2014 Shs	Company 2013 Shs
Roto Moulders Limited	Kenya	100%	38,999,900	-
Flame Tree Africa Limited	Kenya	100%	34,752,683	-
Happy Eaters Kenya Limited	Kenya	100%	999,999	-
Cherry Styles Limited	Kenya	100%	22,949,500	-
Jojo Plastics Limited	Kenya	100%	49,500	-
Roto Limited	Rwanda	100%	612,612	-
Flame Tree Brands Limited	Rwanda	100%	612,612	-
Build Mart Limited	Rwanda	100%	618,181	-
Roto Private Limited Company	Ethiopia	100%	25,446,497	-
Rino Tanques LDA	Mozambique	100%	141,633	-
Cirrus International FZC	United Arab Emirates	100%	4,710,887	-
			129,894,004	-

14. Inventories

	Group 2014 Shs	Group 2013 Shs
Raw materials	70,774,636	75,180,870
Work in progress	22,997,834	23,186,038
Finished goods	27,161,295	24,957,164
Goods in transit	3,601,113	-
	124,534,878	123,324,072

15. Trade and other receivables

	Group 2014 Shs	Group 2013 Shs	Company 2014 Shs	Company Restated 2013 Shs	Company Restated 2012 Shs
Trade receivables	358,271,524	378,304,328	-	-	
Other receivables	60,360,544	61,577,229	107,746	-	-
Receivable from related parties (Note 20)	183,194,260	92,475,886	152,993,663	-	-
	601,826,328	532,357,443	153,101,409	-	-

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

The group's credit risk arises primarily from trade receivables. The directors are of the opinion that the group's exposure is limited because the debt is widely held.

The carrying amounts of the group's trade and other receivables are denominated in the following currencies:

	Group 2014 Shs	Group 2013 Shs	Company 2014 Shs	Company 2013 Shs Restated	Company 2012 Shs Restated
Kenya Shilling	246,038,523	246,787,249	152,993,663	-	-
UAE Dirham	173,666,520	145,859,656	-	-	-
Other Currencies	182,121,285	139,710,538	107,746	-	-
	601,826,328	532,357,443	153,101,409	-	-

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 due.

As of 31 December 2014, trade receivables amounting to Shs. 67,471,991 (2013: Shs. 117,695,054) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The ageing analysis of these trade receivables is as follows:

	Group 2014 Shs	Group 2013 Shs	Company 2014 Shs	Company 2013 Shs	Company 2012 Shs
3 to 12 months	67,471,991	117,695,054	-	-	-

No classes within trade and other receivables contain impaired assets.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The group does not hold any collateral as security.

16. Cash and cash equivalents

	Group 2014 Shs	Group 2013 Shs	Company 2014 Shs	Company 2013 Shs Restated	Company 2012 Shs Restated
Cash at bank and in hand	68,153,707	31,695,148	11,489,805	11,273	224,428

For the purposes of the statement of cash flows, the year-end cash and cash equivalents comprise the following:

	Group 2014 Shs	Group 2013 Shs	Company 2014 Shs	Company 2013 Shs Restated	Company 2012 Shs Restated
Cash at bank and in hand	68,153,707	31,695,148	11,489,805	11,273	224,428
Bank overdraft (Note 10)	(20,963,487)	(51,763,600)	-	-	-
	47,190,220	(20,068,452)	11,489,805	11,273	224,428

The carrying amounts of cash at bank and in hand are denominated in the following currencies:

	Group 2014 Shs	Group 2013 Shs	Company 2014 Shs	Company 2013 Shs Restated	Company 2012 Shs Restated
Kenya Shilling	26,435,198	3,239,210	11,489,805	-	
UAE Dirham	13,712,681	6,379,126	-	-	
Other Currencies	28,005,828	22,076,812	-	11,273	224,428
	68,153,707	31,695,148	11,489,805	11,273	224,428

17. Trade and other payables

Current	Group 2014 Shs	Group 2013 Shs	Company 2014 Shs	Company 2013 Shs Restated	Company 2012 Shs Restated
Trade payables	307,352,451	381,904,527	-	-	-
Other payables	96,857,271	81,887,678	2,599,517	45,824	195,657
Payable to related parties (Note 20)	29,145,576	3,085,787	-	-	-
	433,355,298	466,877,992	2,599,517	45,824	195,657

In the opinion of the directors, the carrying amounts of trade and other payables approximate to their fair value.

The carrying amounts of trade and other payables are denominated in the following currencies:

	Group 2014 Shs	Group 2013 Shs	Company 2014 Shs	Company 2013 Shs	Company 2012 Shs
Kenya Shilling	308,570,924	232,564,310	-	-	-
UAE Dirham	44,425,917	49,575,938	-	-	-
Other Currencies	80,358,457	184,737,744	2,599,517	45,824	195,657
	433,355,298	466,877,992	2,599,517	45,824	195,657

17. **Trade and other payables (continued)**

The maturity analysis of trade and other payables is as follows:

Group - Year ended 31 December 2014	**0 - 1 month Shs**	**2 - 3 months Shs**	**4 - 12 months Shs**	**Total Shs**
Trade payables	25,612,704	76,838,113	204,901,634	307,352,451
Other payables	-	96,857,271	-	96,857,271
Payable to related parties	-	-	29,145,576	29,145,576
	25,612,704	173,695,384	234,047,210	433,355,298

Group - Year ended 31 December 2013				
Trade payables	31,825,377	95,476,132	254,603,018	381,904,527
Other payables	-	81,887,678	-	81,887,678
Payable to related parties	-	-	3,085,787	3,085,787
	31,825,377	177,363,810	257,688,805	466,877,992

Company - Year ended 31 December 2014	**0 - 1 month Shs**	**2 - 3 months Shs**	**4 - 12 months Shs**	**Total Shs**
Trade payables	-	-	-	-
Other payables	-	2,599,517	-	2,599,517
Payable to related parties	-	-	-	-
	-	2,599,517	-	2,599,517

Company - Year ended 31 December 2013 (Restated)	**0 - 1 month Shs**	**2 - 3 months Shs**	**4 - 12 months Shs**	**Total Shs**
Trade payables	-	-	-	-
Other payables	-	45,824	-	45,824
Payable to related parties	-	-	-	-
	-	45,824	-	45,824

Company - Year ended 31 December 2012 (Restated)	**0 - 1 month Shs**	**2 - 3 months Shs**	**4 - 12 months Shs**	**Total Shs**
Trade payables	-	-	-	-
Other payables	-	195,657	-	195,657
Payable to related parties	-	-	-	-
	-	195,657	-	195,657

18. **Deposit for shares**

	Group 2014 Shs	**Group 2013 Shs**
At start of year	-	9,500,000
Refund during the year	-	(9,500,000)
At end of year	-	-

The deposit for shares relates to money put in by the shareholders of one of the entities. This has been capitalised subsequently.

19. Cash from/(used in) operations	Group 2014 Shs	Group 2013 Shs	Company 2014 Shs	Company 2013 Shs
Reconciliation of profit/(loss) before tax to cash from/(used in) operations:				Restated
Profit/(loss) before tax	144,798,997	173,236,259	6,814,686	(68,837)
Adjustments for:				
Depreciation on property, plant and equipment (Note 12)	25,095,484	25,848,304	-	-
Interest expense (Note 7)	48,911,035	33,056,610	-	-
(Gain) on disposal of property, plant and equipment	(61,338,464)	-	-	-
Foreign exchange loss	6,999,757	12,897,140	1,824,228	-
Changes in working capital:				
- trade and other receivables	(69,468,885)	(136,389,049)	(153,101,409)	-
- inventories	(1,210,806)	(28,681,730)	-	-
- trade and other payables	(33,522,694)	75,268,282	2,553,693	(144,318)
Cash from/(used in) operations	60,264,424	155,235,816	(141,908,802)	(213,155)

20. **Related party transactions and balances**

Related parties are entities that are under common control or have similar shareholders or directors.

The following transactions were carried out with related parties:

Volume of transactions	Group 2014 Shs	Group Restated 2013 Shs	Company 2014 Shs	Company Restated 2013 Shs
Sales	430,408,396	263,685,593	-	-
Purchases	172,056,878	32,223,607	-	-
Key management compensation	92,265,507	68,596,753	-	-
Balances				
Payable to related parties (Note 17)	29,145,576	3,085,787	-	-
Receivable from related parties (Note 15)	183,194,260	92,475,886	152,993,663	-
Loan from directors (Note 10)	62,159,669	17,030,547	-	-

21. **Capital management**

The group's objectives when managing capital are:

- to provide an adequate return to shareholders by pricing products and services commensurate with the levelof risk;
- to safeguard the group's ability to continue as a going concern, so that it can continue to provide returns forshareholders 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 toshareholders 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.

21. **Capital management (continued)**

The gearing ratio as at 31 December 2014 and 31 December 2013 were as follows:

	Group		Company	
				Restated
	2014	2013	2014	2013
	Shs	Shs	Shs	Shs
Total borrowings (Note 10)	213,313,150	210,803,665	-	-
Less: cash and cash equivalents (Note 16)	(68,153,707)	(31,695,148)	(11,489,805)	(11,273)
Net debt	145,159,443	179,108,517	(11,489,805)	(11,273)
Total equity	407,786,357	198,127,718	291,885,701	(34,551)
Total debt and capital	552,945,800	377,236,235		
Gearing ratio	0.36:1	0.90:1	N/A	N/A

The decrease in the gearing ratios is due to additional capital raised by the listing of the group on GEMS and repayment of debt.

22. **Risk management objectives and policies**

Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

Risk management is carried out by the management under policies approved by the Board of Directors. Management identifies, evaluates and hedges financial risks.

a) **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.

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.

	UAE Dirham	Other Currencies	Total
	Shs	Shs	Shs
Effect on profit - (decrease)/increase			
Year ended 31 December 2014	(10,006,730)	(3,547,549)	(13,554,279)
Year ended 31 December 2013	(7,186,399)	1,704,611	(5,481,788)

22. **Risk management objectives and policies (continued)**

Financial risk management (continued)

(ii) **Interest rate risk**

The groups exposure to interest rate risk arises from borrowings

At 31 December 2014, if interest rates at that date had been 100 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.

	Group	
	2014 Shs	2013 Shs
Effect on profit - (decrease)	(3,423,772)	(2,313,963)

b) **Credit risk**

Credit risk arises from cash and cash equivalents and deposits with banks 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 information in accordance with limits set by the management.

The utilisation of credit limits is regularly monitored.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

None of the financial assets that are fully performing has been renegotiated in the last year.

Exposure to this risk has been quantified in each financial asset note in the financial statements along with any concentration of risk.

c) **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 10 and 17 disclose the maturity analysis of borrowings and trade and other payables respectively.

The table below disclose the undiscounted maturity profile of the groups financial liabilities:

The key assumptions made in the maturity profile are:

- changes in interest rates have not been accounted for as these cannot be predicted;
- changes in foreign exchange rates have not been accounted for as these cannot be predicted; and
- the borrowings will be repaid based on the repayment schedule agreed with the lenders.

22. **Risk management objectives and policies (continued)**

Financial risk management (continued)

The table below disclose the undiscounted maturity profile of the groups financial liabilities (continued):

c) **Liquidity risk (continued)**

Year ended 31 December 2014

	Interest rate %	Between 1 - 3 months Shs	Between 3 months - 1 year Shs	Between 1 - 2 years Shs	Between 3 - 5 years Shs	Total Shs
Non-interest bearing liabilities:						
Trade and other payables	0	199,308,088	234,047,210	-	-	433,355,298
Loan from director	0	-	-	-	62,159,669	62,159,669
Interest bearing liabilities						
- Bank overdraft	17.5 - 18	-	24,632,097	-	-	24,632,097
- Finance leases	9	550,791	1,652,372	-	-	2,203,163
- Bank borrowings	17.5 - 18	18,257,935	54,773,805	31,026,614	46,539,921	150,598,274
		218,116,814	315,105,484	31,026,614	108,699,590	672,948,501

Year ended 31 December 2013

	Interest rate %	Between 1 - 3 months Shs	Between 3 months - 1 year Shs	Between 1 - 2 years Shs	Between 3 - 5 years Shs	Total Shs
Non-interest bearing liabilities:						
Trade and other payables:	0	209,189,187	257,688,805	-	-	466,877,992
Loan from shareholder	0	-	-	17,030,547	-	17,030,547
Interest bearing liabilities						
- Bank overdraft	17.5 - 18	-	60,822,230	-	-	60,822,230
- Finance leases	9	331,356	-	-	364,593	695,949
- Bank borrowings	17.5 - 18	20,854,497	46,922,618	41,418,989	62,128,484	171,324,588
		230,375,040	365,433,653	58,449,536	62,493,077	716,751,306

23. **Dividend**

Dividends have been paid by the following entities:

Entity	**Country of incorporation**	**2014 Shs**	**2013 Shs**
Roto Private Limited Company	Ethiopia	22,081,598	-
Cirrus International FZC	United Arab Emirates	100,901,562	89,597,728
		122,983,160	89,597,728

Buildmart Rwanda

Buildmart Rwanda started in 2012 as an industrial trading company. Having its offices 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 Rwanda market.

Our warehouse facilities are conveniently located in Rwanda key market streets a fast growing hub. Most of the standard products we offer are delivered ex-stock while the non-standard and customised products are imported against specific orders received. A dedicated team of young and energetic sales personnel are always at the service of our clients.

The brand values for Buildmart is quality and aforadability.Towards building a better tomorrow Buildmart endeavors to become the number one company for the supply of top quality and affordable products with a focus of prompt deliveries and personalized service.

flame tree GROUP

Cirrus FZC

Cirrus is an importer, distributor and exporter of petroleum products, backed by over 20 years of valuable group experience. A leader in the field, we enjoy a reputation for reliability internationally.

CIRRUS endeavors to become the number one company for the supply of top quality products with a focus of prompt deliveries and personalized service. We aim to reach this position by anticipating and meeting requirements, while keeping pace with technological advances and confirming to high quality standards

Cirrus's clientele includes manufacturers and trading companies in the african continent. Based on our belief that clients deserve the best possible service, our dedication to excellence is reflected in high quality standards that we set, meet and exceed. We are top suppliers to these customers and offered customized solutions to meet their individual needs. We work to establish strong, long term relationships with our valued clients, while continuous efforts to offer them the highest level of service. Geographically our focus remains on the Middle East, African subcontinent.

The value creation for both principals and clients is our ability to source high quality, competitive material from strategically located producers and distributing to the door steps of a processor, and offering technical support that may be required.

23. Dividend (continued)

These dividends have been paid to the founder shareholders (before listing) with the exception of Shs. 10,776,744 which was paid by Roto Private Limited Company, after the listing had been done. This amount has been reinvested in Roto Private Company Limited (as decided by the directors) and as a result this amount shall not be paid to any shareholders.

Out of the dividend paid an amount of Shs. 45,129,122 (2013: Nil) has been reinvested in the Group in the form of loans from directors (Note 10). As a result the amount of cash dividend paid out is Shs. 77,854,038 (2013: Shs. 89,597,728).

24. Contingent liabilities

The group is a defendant in various legal actions. 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.

25. Retirement benefit obligations

No provision for gratuity and service pay has been provided for as the amounts involved are not material.

26. Earnings per share	**2014 Shs**	**2013 Shs**
Total number of shares (Note 9)	161,866,802	137,579,309
Total comprehensive income for the year	160,154,164	146,171,709
Basic earnings per share	0.99	1.06

27. Events after the reporting date

Subsequent to 31 December 2014, the group formed a new company called Chirag Africa Ltd and acquired assets worth amounting to Shs. 45,800,000. The new company shall be manufacturing spices and food items for resale.

28 Change of name

KVM International Ltd changed its name to FTG Holdings Ltd on 15 July 2014.

flame tree GROUP

Proxy Form

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

being a member / members of the above Company, hereby appoint:

………......

of ……..

or failing whom

……….................

of ……..

As my / our proxy, to vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held on **xxxxxxxxxxxxxxxxxxxxxxxxxxxxxx** and at any adjournment thereon.

Signed this………………………………..day of…………………...2015

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 Date/Month/Year…………………………………at 10.00 a.m