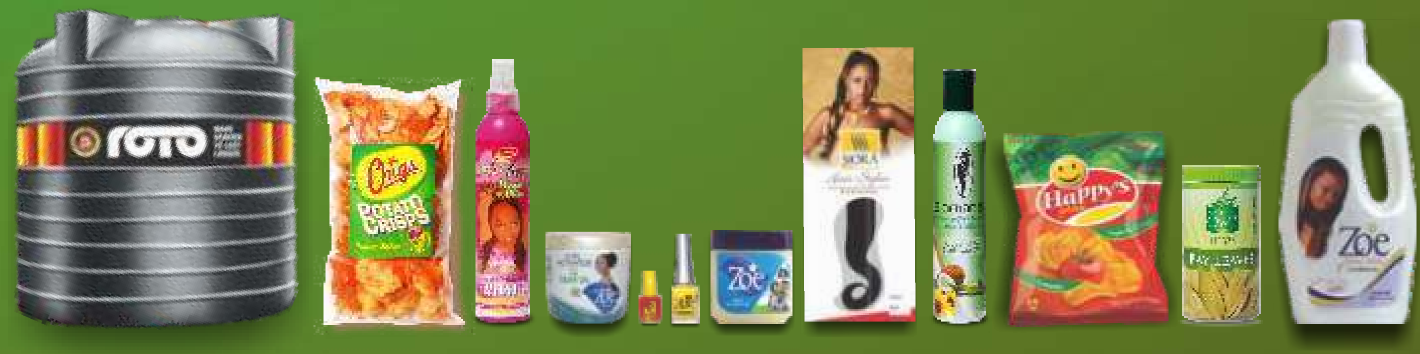
flame tree
GROUP

Annual report 2015



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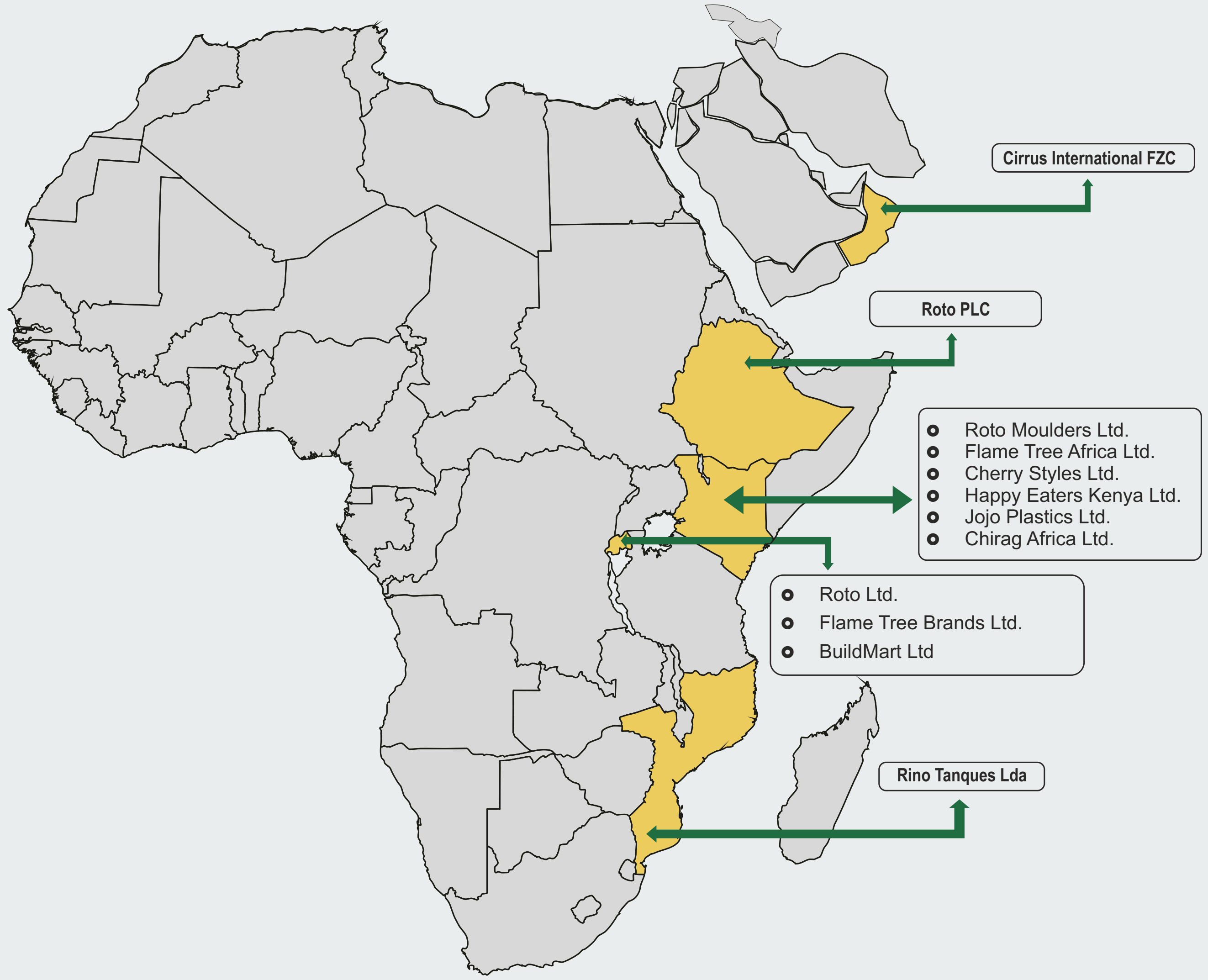
flame tree GROUP

Map



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	: JurisTax Ltd. : Level 12, NeXTeracom Tower II : Ebene : MAURITIUS	
INDEPENDENT AUDITOR	: 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	
COMPANY REGISTRAR	: CDSC Registrars Ltd	


RINO Tanques
roto
MADE HEAVIER TO LAST LONGER
JOJO Tank
Happy's
Honey Comb
Mild
Chevda
NATURE'S OWN
HERBS
OREGANO
GARLIC POWDER
Braid Spray
Blackand
ALANA
ANTI-DANDRUFF SHAMPOO
Zoe
HAIR FOOD
OLIVE OIL
ALANA Skin
SIORA
Hair Styles
Extensions
natural honey
gonuts
Chigs
POTATO CRISPS

Board of Directors

Board of Directors

George Theobald - Tanzanian

Heril Colbert Bangera - Kenyan

Imalambaal Kichenin - Mauritian

Gilles Kichenin - French

Frank Ireri - Kenyan

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.

Managing Director & CEO

Heril Bangera began the first subsidiary of the Group, 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, at BMSCE from Bangalore University and has over 25 years of business experience. He has also pursued the Owners Management Program at Strathmore University.

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.

Executive Director

Gilles Kichenin has over 20 years 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.

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.

George Theobald - Tanzanian
Non-Executive Director (Chairman)

Dear Shareholders, Employees and Partners,

A team's commitment, dedication, and fortitude are tested when times are challenging and business conditions necessitate change. 2015 has been a year of resilience for Flame Tree Group Holdings, it was also a year of growth and acquisition.

Against a backdrop of a challenging macroeconomic environment during the year, our overall operations have responded well. And, I couldn't be more pleased with how our team of over 1,000 employees spread across 6 countries executed against this backdrop.

During fiscal 2015, FTGH delivered revenues of Kshs 2.28 billion.

It is with pleasure that I present to you, on behalf of the Board of Directors of Flame Tree Group Holdings Ltd (FTGH), our annual report for the full year ended 31 December 2015 ("FY2015").

An Improved Bottom-Line

Our financial performance has been resilient and our revenue increased by 29% to Kshs 2.28 billion in FY2015, largely led by increased sales from manufacturing. Comparatively, revenue in the previous corresponding full year ("FY2014") was Kshs 1.76 billion.

Manufacturing remained the largest contributor of revenue to the business at 76% and sales grew 32% to Kshs1.73 billion. Trading operations grew 21% to Kshs 551 million during the year largely helped by the acquisitions.

We achieved a 42% rise in gross profit to Kshs 806 million whilst operating profit - before gain on disposals - increased by 86% to Kshs 259 million from Kshs 139 million in FY2014.

Profit before tax improved 37% to Kshs 198 million from Kshs 144 million. Our overall operating profit also grew though at a slower pace to Kshs 261 million from Kshs 200 million, thus, contributing to the 17% rise in our net profit after tax to Kshs178 million in FY2015 from Kshs 153 million in FY2014.

2016: Navigating Cautiously

Given the headwinds brought on by weaknesses in the economies we operate in (a spill-over from 2014) coupled with the volatility in commodity prices, currencies and stock markets, we expect a softer global macroeconomic outlook in 2016.

As a specialty FMCG provider with a wide base of customers across a diverse range of industries and geographical regions, our operations are inextricably tied to the health of the global economy. As such, market conditions over the short-term are challenging, but we remain confident of our growth prospects over the mid-to-longer-term.

Going forward, we intend to pursue a refined strategic approach, including further diversification of our business portfolio, to fortify our position in the market.

Words of Appreciation

To our management team, staff, bankers and business associates, I would like to express my gratitude and acknowledgment for the hard work in enabling FTGH to achieve success. I would also like to give thanks to my fellow Directors for their immense contribution in formulating and steering the Group's strategy.

I am confident that with our stakeholders' support, FTGH will remain on track to achieve greater heights in the years to come.

Yours Sincerely,

George Theobald

Chairman Flame Tree Group

CEO’s Message

Heril Colbert Bangera - Kenyan
Managing Director and CEO

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 continue 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 RINO Tanques 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 brands we 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 and stylish extensions, wigs, weaves and braids products 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.

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

CEO’s Message

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

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Statement of Corporate Governance (Contd.)

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.

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.

Statement of Corporate Governance (Contd.)

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 Remuneration 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.

flame tree GROUP

Statement of Corporate Governance (Contd.)

• 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.

Statement of Corporate Governance (Contd.)

• Communicate key policies and strategy issues to senior management.

• Identify all stakeholders and ensure effective communication with shareholders and stakeholders.

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

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

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

ii. Finance committee
The Finance 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

TOTO TANKS · RINO Tanques · JOJO Tank · BM Buildmart · Zoe · ALANA · cErro · SIORA · Miss Africa · Beauty Plus · Blackangel · Nature's Own · Happy's · Crisps · Gonuts · Honey Comb

Statement of Corporate Governance (Contd.)

SHARE HOLDING PROFILES

The company, through its Registrar, files returns regularly in line with Capital Markets Authority and the Nairobi Securities Exchange under the listing regulations on transactions related to shareholders.

a) Principal Shareholders

The top 10 major shareholders, based on the company's share register as at 31 December 2014, are as follows:-

Name	No of Shares	%
HERIL COLBERT BANGERA	137,579,311	85.00
AMARJEET BALOOBHA PATEL;BALOOBHAI PATEL	3,019,939	1.87
STANDARD CHARTERED NOMINEES A/C 9389	1,632,917	1.01
CFC STANBIC NOMINEES LTD A/C R88601	1,331,147	0.82
NIC CUSTODIAL SERVICES A/C 020	1,209,175	0.75
OLD MUTUAL LIFE ASSURANCE COMPANY LTD	1,209,175	0.75
KENYA COMMERCIAL BANK NOMINEES LTD A/C 923A	1,209,175	0.75
GOODWILL(NAIROBI)LIMITED A/C 95319	684,500	0.42
KENYA COMMERCIAL BANK NOMINEES LIMITED A/C 900A	665,046	0.41
STANDARD CHARTERED NOMINEES A/C 9675C	664,646	0.41
OTHERS	12,661,773	7.82
TOTAL	**161,866,804**	**100.00**

b) Distribution of Share Holders Schedule

i) by no of shares range

Range	No of Share holders	No of Shares	%
1 - 500	267	57,528	0.04
501 - 5000	252	491,569	0.30
5001 - 10000	65	525,246	0.32
10001 - 100000	83	2,871,403	1.77
100001 - 1000000	38	10,730,219	6.63
>1000000	07	147,190,839	90.93
TOTAL	**712**	**161,866,804**	**100.00**

ii) by category of shareholders

Domicile	No of Share holders	No of Shares	%
EAST AFRICAN COMMUNITY PARTNER STATES INDIVIDUALS	635	146,584,441	90.56
EAST AFRICAN COMMUNITY PARTNER STATES INSTITUTIONS	67	14,617,190	9.03
FOREIGN INDIVIDUAL	09	638,573	0.39
FOREIGN INSTITUTIONS	01	26,600	0.02
TOTAL	**712**	**161,866,804**	**100.00**

flame tree GROUP

Report of the Directors

The directors submit their report and the audited consolidated financial statements for the year ended 31 December 2015, 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, snacks, spice products general trading and construction related activities.

The company is an investment holding company.

	Group		Company	
RESULTS	**2015**	**2014**	**2015**	**2014**
	Shs	**Shs**	**Shs**	**Shs**
Profit/(loss) before tax	198,387,446	144,798,997	(11,598,050)	6,814,686
Tax	(19,539,360)	8,327,201	-	-
Profit/(loss) for the year	178,848,086	153,126,198	(11,598,050)	6,814,686

The subsidiary companies are:

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

DIVIDEND

During the year, the group paid a dividend of Shs. Nil (2014: Shs. 122,983,160).

Report of the Directors (Contd.)

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:

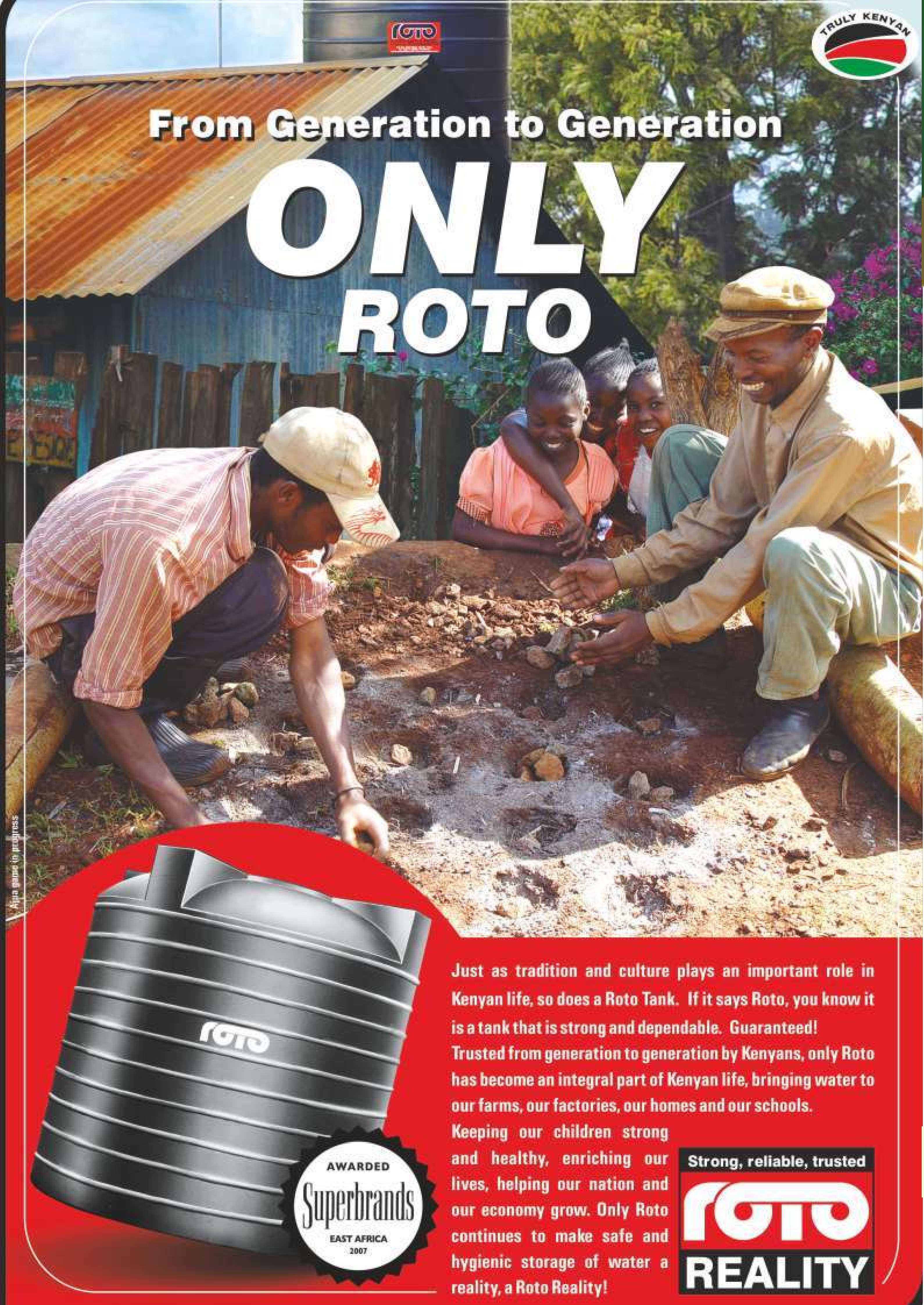
. Select suitable accounting policies and then apply them consistently;
. Make judgements and estimates that are reasonable and prudent;
. State whether International Financial Reporting Standards have been followed subject to any material
. Departures disclosed and explained in the financial statements; 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 consolidated 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 safe guarding 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, PKF Mauritius have indicated willingness to continue in office until the next Annual Meeting.



Certificate from the Secretary

JurisTax

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

We, JurisTax Ltd, being the Secretary of FTG Holdings 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 Mauritius Companies Act 2001, for the financial year ended 31 December 2015.

....
Varounen Goinden
For and on behalf of JurisTax Ltd
Secretary

Date: 26 April 2016

flame tree GROUP

Report of the Independent Auditor

PKF (Mauritius)

PKF
Accountants & business advisers

FTG HOLDINGS 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 2015 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.

Report of the Independent Auditor (Contd.)

PKF (Mauritius)

PKF
Accountants & business advisers

FTG HOLDINGS 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 2015, 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.

EMPHASIS OF A MATTER - UNCERTAINTY IN RESPECT OF RECOVERABILITY OF BANK BALANCES

In forming our opinion, we have considered the adequacy of the disclosures made in the group financial statements concerning the bank balances of one subsidiary ***Flame Tree Africa Limited*** carried at Shs. 10,128,628 as at 31 December 2015 which represent amounts on current account with Imperial Bank Limited which was placed under receivership on 13 October 2015. It is not possible to predict with certainty at this time the recoverability of such balances. Our opinion is not qualified in the respect.

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.

PKF (Mauritius)

PKF (MAURITIUS)
PUBLIC ACCOUNTANTS

A. SEK SUM, FCCA
(LICENSED BY FRC)

Port Louis

Date: 26 APR 2016

flame tree GROUP

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Consolidated Statement of Profit or Loss and other Comprehensive Income

	Notes	2015 Shs	2014 Shs
Revenue	3	2,283,151,865	1,764,847,673
Cost of sales		(1,476,312,127)	(1,197,755,467)
Gross profit		806,839,738	567,092,206
Other operating income	4	1,501,921	7,383,007
Selling and distribution costs		(260,515,766)	(150,530,394)
Administrative expenses		(244,278,863)	(219,906,436)
Other operating expenses		(44,531,016)	(64,667,058)
Operating profit before gain on disposal of property, plant and equipment		259,016,014	139,371,325
Gain on disposal of property, plant and equipment		2,086,323	61,338,464
Operating profit after gain on disposal of property, plant and equipment	5	261,102,337	200,709,789
Finance costs	7	(62,714,891)	(55,910,792)
Profit before tax		198,387,446	144,798,997
Tax	8	(19,539,360)	8,327,201
Profit for the year		178,848,086	153,126,198
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
- Exchange differences on translation of foreign operations		40,985,924	7,027,966
Total comprehensive income for the year		219,834,010	160,154,164
Dividend: Dividend paid during the year	23	-	122,983,160
Total comprehensive income attributable to equity shareholders arises from: - Continuing operations		219,834,010	160,154,164
Earnings per share - profit for the year	26	1.10	0.95
Earnings per share - total comprehensive income	26	1.36	0.99

Company Statement of Profit or Loss and other Comprehensive Income

	Notes	2015 Shs	2014 Shs
Revenue	3	-	-
Cost of sales		-	-
Gross profit		-	-
Other operating income	4	14,634	10,809,301
Administrative expenses		(11,296,662)	(2,170,387)
Operating (loss)/profit	5	(11,282,028)	8,638,914
Finance costs	7	(316,022)	(1,824,228)
(Loss)/profit before tax		(11,598,050)	6,814,686
Tax	8	-	-
(Loss)/profit for the year		(11,598,050)	6,814,686
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		(11,598,050)	6,814,686

Consolidated Statement of Financial Position

	Notes	2015 Shs	2014 Shs
Equity			
Share capital	9	133,540,084	133,540,084
Share premium		152,450,453	152,450,453
Legal reserves		3,665,461	2,549,637
Retained earnings		291,913,572	114,181,310
Translation reserve		46,050,797	5,064,873
Shareholders' funds		627,620,367	407,786,357
Non-current liabilities			
Borrowings	10	102,609,427	128,173,741
		730,229,794	535,960,098
Non-current assets			
Deferred tax	11	50,504,562	44,886,437
Property, plant and equipment	12	251,038,631	203,846,151
Intangible assets	13	17,182,333	-
		318,725,526	248,732,588
Current assets			
Inventories	15	184,079,752	124,534,878
Trade and other receivables	16	771,261,159	601,826,328
Cash and cash equivalents	17	92,793,427	68,153,707
Tax recoverable		5,369,889	11,207,304
		1,053,504,227	805,722,217
Current liabilities			
Borrowings	10	129,483,162	85,139,409
Trade and other payables	18	512,516,797	433,355,298
		641,999,959	518,494,707
Net current assets		411,504,268	287,227,510
		730,229,794	535,960,098

The financial statements on pages 7 to 42 were approved and authorised for issue by the Board of Directors on 26 APRIL 2016 and were signed on its behalf by:

DIRECTOR DIRECTOR

Company Statement of Financial Position

	Notes	2015 Shs	2014 Shs
Equity			
Share capital	9	133,540,084	133,540,084
Share premium		152,450,453	152,450,453
Retained earnings		(5,702,886)	5,895,164
Shareholders' funds		280,287,651	291,885,701
Non-current liabilities			
Borrowings	10	2,477,315	-
		282,764,966	291,885,701
Non-current assets			
Investment in subsidiaries	14	293,095,004	129,894,004
Current assets			
Trade and other receivables	16	100,264,149	153,101,409
Cash and cash equivalents	17	6,249,971	11,489,805
		106,514,120	164,591,214
Current liabilities			
Borrowings	10	2,771,349	-
Trade and other payables	18	114,072,809	2,599,517
		116,844,158	2,599,517
Net (liabilities)/current assets		(10,330,038)	291,885,701
		282,764,966	291,885,701

The financial statements on pages 7 to 42 were approved and authorised for issue by the Board of Directors on 26 APRIL 2016 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	Share capital Shs	Share premium Shs	Legal reserves* Shs	Retained earnings Shs	Translation reserve** Shs	Total equity Shs
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
Year ended 31 December 2015							
At start of year		133,540,084	152,450,453	2,549,637	114,181,310	5,064,873	407,786,357
Total comprehensive income for the year		-	-	-	178,848,086	40,985,924	219,834,010
Transfer between reserves		-	-	1,115,824	(1,115,824)	-	-
At end of year		133,540,084	152,450,453	3,665,461	291,913,572	46,050,797	627,620,367

* 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.

Company Statement of Changes in Equity

	Notes	Share capital Shs	Share premium Shs	Retained earnings Shs	Total equity Shs
Year ended 31 December 2014					
At start of year		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
Year ended 31 December 2015					
At start of year		133,540,084	152,450,453	5,895,164	291,885,701
Total comprehensive (loss) for the year		-	-	(11,598,050)	(11,598,050)
At end of year		133,540,084	152,450,453	(5,702,886)	280,287,651

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Consolidated Statement of Cash Flows

Operating activities	Notes	2015 Shs	2014 Shs
Cash from operations	19	141,033,603	60,264,424
Interest paid		(29,670,229)	(48,911,035)
Tax paid		(19,320,070)	(22,564,303)
Net cash from/(used in) operating activities		92,043,304	(11,210,914)
Investing activities			
Purchase of property, plant and equipment	12	(79,583,295)	(71,673,379)
Purchase of intangible assets	13	(17,218,800)	-
Proceeds from disposal of property, plant and equipment		4,733,353	66,314,508
Net (cash used) in investing activities		(92,068,742)	(5,358,871)
Financing activities			
Repayment of borrowings		(29,237,850)	(11,819,524)
Issue of shares at a premium	9	-	194,300,000
Dividend paid		-	(77,854,038)
Payment of listing expenses		-	(21,812,365)
Increase in restricted cash balances		(10,128,628)	-
Net cash (used in)/generated from financing activities		(39,366,478)	82,814,073
(Decrease)/increase in cash and cash equivalents		(39,391,916)	66,244,288
Movement in cash and cash equivalents			
At start of year		47,190,220	(20,068,452)
(Decrease)/increase		(39,391,916)	66,244,288
Foreign exchange loss and effects of foreign exchange movements		(33,044,662)	(6,999,757)
Effect of translation reserves		38,930,381	8,014,141
At end of year	17	13,684,023	47,190,220

Company Statement of Cash Flows

Operating activities	Notes	2015 Shs	2014 Shs
Cash from/(used in) operations	19	153,028,524	(141,908,802)
Net cash from/(used in) operating activities		153,028,524	(141,908,802)
Investing activities			
Investment in subsidiaries	14	(163,201,000)	(17,276,073)
Net cash (used in) investing activities		(163,201,000)	(17,276,073)
Financing activities			
Proceeds from borrowings		2,477,315	-
Issue of shares	9	-	194,300,000
Payment of listing expenses		-	(21,812,365)
Net cash generated from financing activities		2,477,315	172,487,635
(Decrease)/increase in cash and cash equivalents		(7,695,161)	13,302,760
Movement in cash and cash equivalents			
At start of year		11,489,805	11,273
(Decrease)/increase		(7,695,161)	13,302,760
Effect of exchange rate changes		(316,022)	(1,824,228)
At end of year	17	3,478,622	11,489,805

Notes

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 TreeAfrica 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
Chirag Africa Limited	Kenya	100	Manufacture and trade of snacks and spice 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

Going concern

The financial performance of the group is set out in the report of directors and 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 and risk management are set out in Notes 21 and 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
Revised Standards and Interpretations adopted in the current year:
New standards or Amendments

The following new standards or Ammendments became effective as of 1 January 2015:

- Defined Benefits Plans: Employee Contributions (Amendments to IAS 19)

- Annual improvements to IFRSs 2010-2012 Cycle

- Annual improvements to IFRSs 2011-2013 Cycle

Notes (Contd.)

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

a) **Basis of preparation (continued)**
New and Amended standards adopted by the group (continued)
Revised Standards and Interpretations adopted in the current year (continued):

New standards or amendments (continued)

None of these standards or amendments has had any impact on the financial statements of the company for the year ended 31 December 2015, except for this listed below:

Annual improvements to IFRSs 2010-2012 Cycle

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The adoption of the amended standard does not have any material impact on the financial statements of the company except for the additional disclosures required.

New standards, amendments and interpretations issued but not effective

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

- Amendments issued in December 2014 to IAS 1 'Presentation of Financial Statements' which will be effective for annual accounting periods beginning on or after 1 January 2016 clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

- Amendments issued in June 2014 to IAS 16 'Property, Plant and Equipment' and IAS 41 'Agriculture' which will be effective for annual periods beginning on or after 1 January 2016 define bearer plants and include them within IAS 16's scope, while the produce growing on bearer plants remain within the scope of IAS 41.

- Amendments issued in May 2014 to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible Assets' which will be effective for annual periods beginning on or after 1 January 2016 and clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate; however, this presumption can be rebutted in certain limited circumstances.

- Amendment (Annual improvements to IFRSs 2012-2014 Cycle, issued in September 2014) to IAS 19 'Employee Benefits' which will be effective for annual periods beginning on after 1 January 2016, clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.

- Amendments issued in August 2014 to IAS 27 'Separate Financial Statements' which will be effective for annual periods beginning on or after 1 January 2016 reinstate the equity method option to account for investments in subsidiaries, joint venture and associates in separate financial statements.

- Amendment (Annual Improvements to IFRSs 2012-2014 Cycle, issued in September 2014) to IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' which will be effective for annual periods beginning on or after 1 January 2016 adds specific guidance when an entity reclassifies an asset (or company) from held for sale to held for distribution to owners, or vice versa, and for cases where held-for-distribution accounting is discontinued.

ROTO TANKS RINO Tanques JOJO Tank BM Buildmart Zoe ALANA cErro SIORA Miss Africa Beauty Plus Blackangel NATURES OWN Happy's Chips Gonuts Honey Comb

Notes (Contd.)

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

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

New standards, amendments and interpretations issued but not effective (continued)

- Amendment (Annual Improvements to IFRSs 2012-2014 Cycle, issued in September 2014) to IFRS 7 'Financial Instruments: Disclosures' which will be effective for annual periods beginning on or after 1 January 2016, adds guidance to clarify whether a servicing contract is continuing involvement in a transferred asset.

- IFRS 9 'Financial Instruments'(Issued in July 2014) will replace IAS 39 and will be effective for annual periods beginning on or after 1 January 2018. It contains requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and de-recognition.

IFRS 9 requires all recognised financial assets to be subsequently measured at amortised cost or fair value (through profit or loss or through comprehensive income), depending on their classification by reference to the business model within which they are held and their contractual cash flow characteristics.

- In respect of financial liabilities, the most significant effect of IFRS 9 where the fair value option is taken will be in respect of the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch.

- In respect of impairment of financial assets, IFRS 9 introduces an "expected credit loss" model based on the concept of providing for expected losses at inception of a contract. In respect of hedge accounting, IFRS 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and non-financial risks.

- Amendments issued in September 2014 to IFRS 10 'Consolidated Financial Statements' and IAS 28 ' Investments in Associates and Joint Ventures' which will be effective for annual periods beginning on or after 1 January 2016 address a current conflict between the two standards and clarify that gain or loss should be recognised fully when the transaction involves a business, and partially if it involves assets that do not constitute a business.

- Amendments issued in December 2014 to IFRS 10, IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 which will be effective for annual periods beginning on or after 1 January 2016, clarify guidance on the application of the consolidation exception for investment entities and their subsidiaries.

- Amendments issued in May 2014 to IFRS 11 'Joint Arrangements' which will be effective for annual periods beginning on or after 1 January 2016, require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 'Business Combinations') to apply all of the business combinations accounting principles and disclosures in IFRS 3 and other IFRSs, except for those principles that conflict with guidance in IFRS 11.

- IFRS 14 'Regulatory Deferral Accounts' (issued in January 2014) which will be effective for annual periods beginning on or after 1 January 2016 defines a regulatory deferral account balance and allows entities continue apply their existing policy for regulatory deferral account balances, but requires certain disclosures.

- IFRS 15 'Revenue from Contracts with Customers' (issued in May 2014) effective for annual periods beginning on or after 1 January 2018, replaces IAS 11 'Construction Contracts', IAS 18 'Revenue' and their interpretations (SIC-31 and IFRIC 13,15 and 18).It establishes a single and comprehensive framework for revenue recognition based on a five-step model to be applied to all contracts with customers, enhanced disclosures, and new or improved guidance.

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Notes (Contd.)

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

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

New standards, amendments and interpretations issued but not effective (continued)

- IFRS 16 'Leases' (issued in January 2016) effective for annual periods beginning on or after 1 January 2019, replaces IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement Contains a Lease' and their interpretations (SIC-15 and SIC-27). IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions.

The directors expect that the future adoption of IFRS 9, may have a material impact on the amounts reported. The directors do not expect that adoption of the Standards or Interpretations will have a material impact on the consolidated financial statements in future periods. The entity plans to apply the changes above from their effective dates noted above.

b) **Key sources of estimation uncertainty**

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

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

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

- **Useful lives of property, plant and equipment** - Management reviews the useful lives and residual values of the items of property, plant and equipment on a regular basis. 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 make 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.

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

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

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 statements are presented in Kenyan Shillings. IFRS requires that the presentation currency can be in any currency in which management wants to report the annual/interim financial statements. Therefore, management have adopted Kenyan shillings as presentation currency.

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, it has power over the investee when the voting rights 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 group's 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

Notes (Contd.)

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

d) **Investment in subsidiaries/consolidation (continued)**

- 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.

e) **Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods 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 in the previous year because during 2014 the group 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 was applied retrospectively.

The company has presented in Kenya Shillings a consolidated statement of profit or loss and a consolidated statement of cash flows, together with the consolidated statement of financial position as at 31 December 2015 and 31 December 2014.

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 2015 and 2014, 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.

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

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 2015	Year ended 31 December 2014
Closing rate	102.3290	85.5943
Average rate	98.2356	83.2052

Translation of 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.

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.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) **Investment in subsidiaries - company financial statements**

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
	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.

i) **Computer software**

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives which are estimated to be 3 years.

j) **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.

flame tree GROUP

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

j) **Financial instruments (continued)**

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. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expenses in profit or loss.

The company's financial assets 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 company 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 company 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 company 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.

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

Financial liabilities

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

Financial liabilities measured at amortised cost: These include current tax, borrowings and trade and other payables. 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.

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.

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

j) **Financial instruments (continued)**

Financial liabilities (continued)
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 company 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 company'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 enforceable right to offset the amounts and there 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.

i) **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.

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.

flame tree GROUP

Notes (Contd.)

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

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 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.

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.

Notes (Contd.)

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

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 2015 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.

flame tree GROUP

Notes (Contd.)

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 2015

	Manufacturing Shs	Trading Shs	Total Shs
Gross revenue	2,167,069,535	689,300,696	2,856,370,231
Eliminated on consolidation	(435,806,825)	(137,411,541)	(573,218,366)
Net sales	1,731,262,710	551,889,155	2,283,151,865
Gross profit	592,914,506	213,925,232	806,839,738
Profit before tax	44,962,390	153,425,056	198,387,446
The Group operates in 2 continents. The revenue by continent is as follows:			
Africa	1,731,262,710	196,584,101	1,927,846,811
Asia	-	355,305,054	355,305,054
	1,731,262,710	551,889,155	2,283,151,865

Consolidated statement of financial position as at 31 December 2015

	Manufacturing Shs	Trading Shs	Total Shs
Total equity	104,827,318	519,074,819	623,902,137
Non-current liabilities	91,503,822	11,105,605	102,609,427
Total equity and non-current liabilities	196,331,140	530,180,424	726,511,564
Non-current assets	301,866,779	16,858,747	318,725,526
Current assets	776,951,318	272,834,681	1,049,785,999
Current liabilities	589,939,804	52,060,155	641,999,959
Net current assets	187,011,514	220,774,526	407,786,040
Non-current assets and net current assets	488,878,293	237,633,267	726,511,560
Other segment information:			
Depreciation on property, plant and equipment	30,891,960	907,368	31,799,328
Additions to property, plant and equipment	79,294,090	289,205	79,583,295

Notes (Contd.)

2. **Segment reporting (continued)**

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
	(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

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

	Group 2015 Shs	Group 2014 Shs	Company 2015 Shs	Company 2014 Shs
3. Revenue				
Sale of goods and services	2,283,151,865	1,764,847,673	-	-
4. Other operating income				
Miscellaneous income	680,952	7,346,798	-	32,557
Bad debts recovered	342,577	-	-	-
Dividend income	-	-	-	10,776,744
Interest income	945	36,209	5,580	-
Foreign exchange gain	477,447	-	9,054	-
	1,501,921	7,383,007	14,634	10,809,301
5. Operating profit/(loss)				
The following items have been charged/(credited) in arriving at the operating profit/(loss):				
Depreciation on property, plant and equipment (Note 12)	31,799,328	25,095,484	-	-
Amortisation of intangible assets (Note 13)	36,467	-	-	-
Repairs and maintenance	4,935,017	5,609,340	-	-
Operating lease rentals	51,281,557	37,976,653	-	-
(Gain) on disposal of property, plant and equipment	(2,086,323)	(61,338,464)	-	-
Auditors' remuneration				
- Current year	4,388,248	2,862,586	2,063,164	1,151,680
- Under provision in prior years	-	42,815	-	-
Provision for bad debts	17,684,506	34,864,665	-	-
Staff costs (Note 6)	236,883,652	203,665,072	-	-
6. Staff costs				
Salaries and wages				
- direct costs	118,264,229	77,646,796	-	-
- administrative expenses	111,621,315	114,987,710	-	-
Other staff costs	6,998,108	11,030,566	-	-
	236,883,652	203,665,072	-	-
7. Finance costs				
Finance lease interest	634,084	788,481	-	-
Bank loan interest	18,976,195	35,907,895	-	-
Bank overdraft interest	10,059,950	12,214,659	-	-
Foreign exchange loss	33,044,662	6,999,757	316,022	1,824,228
	62,714,891	55,910,792	316,022	1,824,228
8. Tax				
Current tax	25,157,485	14,115,398	-	-
Deferred tax credit (Note 11)	(5,618,125)	(22,442,599)	-	-
	19,539,360	(8,327,201)	-	-

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 2015 Shs	Group 2014 Shs	Company 2015 Shs	Company 2014 Shs
Profit/(loss) before tax	198,387,446	144,798,997	(11,598,050)	6,814,686
Tax calculated at a tax rate of 3% (2014: 3%)	5,951,623	4,343,970	(347,942)	204,441
Tax effect of:				
- differential tax rates	1,963,174	(9,464,114)	-	-
- expenses not deductible for tax purposes	7,591,961	12,876,130	347,942	-
- utilisation of previously unrecognised tax losses		(503,886)	-	-
- deferred tax assets not recognised	4,032,602	2,954,154	-	-
- income not subject to tax	-	(18,533,455)	-	(204,441)
Tax charge/(credit)	19,539,360	(8,327,201)	-	-

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 2015 Shs	Group 2014 Shs	Company 2015 Shs	Company 2014 Shs
161,866,804 (2014: 161,866,804) shares of Shs. 0.8249 each (2014: Shs. 0.8249 each)	133,540,084	133,540,084	133,540,084	133,540,084

10. **Borrowings**	Group 2015 Shs	Group 2014 Shs	Company 2015 Shs	Company 2014 Shs
Non-current				
Loan from directors (Note 20)	46,623,842	62,159,669	2,477,315	-
Bank loans	34,058,966	66,014,072	-	-
Finance leases	21,926,619	-	-	-
	102,609,427	128,173,741	2,477,315	-
Current				
Finance leases	5,679,089	2,021,250	-	-
Bank loans	54,823,297	62,154,672	-	-
Bank overdraft (Note 17)	68,980,776	20,963,487	2,771,349	-
	129,483,162	85,139,409	2,771,349	-
Total borrowings	232,092,589	213,313,150	5,248,664	-

10. **Borrowings (continued)**

Weighted average effective interest rates at the reporting date were:	Group 2015 %	Group 2014 %
Loan from directors	Nil	Nil
Bank loans	18	18
Bank overdraft	18	18
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 group's and company's borrowings to interest rate changes and the contractual repricing dates at the reporting date are as follows:

	Group		Company	
	2015 Shs	2014 Shs	2015 Shs	2014 Shs
12 months or less	185,468,747	151,153,481	-	-

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		Company	
	2015 Shs	2014 Shs	2015 Shs	2014 Shs
Kenya Shilling	193,831,469	134,223,772	5,248,664	-
Other Currencies	38,261,120	79,089,378	-	-
	232,092,589	213,313,150	5,248,664	-
Maturity of non-current borrowings Between 2 to 5 years	102,609,427	128,173,741	2,477,315	-

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

11. **Deferred tax**

Deferred tax is calculated on all temporary differences under the liability method using a principal tax rate of 30% (2014: 30%). The movement on the deferred tax account is as follows:

	Group 2015 Shs	Group 2014 Shs
At start of year	(44,886,437)	(22,443,838)
(Credit) to profit or loss (Note 8)	(5,618,125)	(22,442,599)
At end of year	(50,504,562)	(44,886,437)

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

Year ended 31 December 2015	**At start of year Shs**	**(Credit) to profit or loss Shs**	**At end of year Shs**
Deferred tax (asset)			
Tax losses carried forward	(40,561,668)	(20,564,955)	(61,126,623)
Provisions	-	(4,524,613)	(4,524,613)
Excess depreciation over capital allowances	(4,372,239)	24,862,988	20,490,749
Unrealised exchange differences	47,470	(5,391,545)	(5,344,075)
Net deferred tax asset	(44,886,437)	(5,618,125)	(50,504,562)

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)

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 2015

	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	4,512,500	49,533,113	297,367,379	21,031,390	76,435,431	7,480,740	456,360,553
Additions	-	-	49,087,667	562,057	29,161,324	772,247	79,583,295
Disposals	-	-	(2,272,050)	(1,877)	(4,537,567)	-	(6,811,494)
Translation	-	1,100,002	4,745,319	253,489	1,153,993	91,944	7,344,747
At end of year	4,512,500	50,633,115	348,928,315	21,845,059	102,213,181	8,344,931	536,477,101
Accumulated depreciation							
	809,661	1,236,242	169,613,942	14,274,539	60,261,790	6,318,228	252,514,402
On disposal	-	-	(255,901)	(783)	(3,907,780)	-	(4,164,464)
Translation	-	97,172	4,245,879	175,194	719,500	51,459	5,289,204
Charge for the year	57,582	633,277	19,291,060	1,047,114	10,149,227	621,068	31,799,328
At end of year	867,243	1,966,691	192,894,980	15,496,064	67,222,737	6,990,755	285,438,470
Net book value	3,645,257	48,666,424	156,033,335	6,348,995	34,990,444	1,354,176	251,038,631

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:

	2015 Shs	2014 Shs
Motor vehicles	24,703,175	1,813,008
Motor cycles	336,206	448,275
	25,039,381	2,261,283

Notes (Contd.)

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

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

13. **Intangible Assets**

	Copyright Shs	Computer Software Shs	Total Shs
Cost			
At start of year	-	-	-
Additions	17,000,000	218,800	17,218,800
At end of year	17,000,000	218,800	17,218,800
Amortisation			
At start of year	-	-	-
Charge for the year	-	36,467	36,467
At end of year	-	36,467	36,467
Net book value	17,000,000	182,333	17,182,333

Amortisation costs of Shs. 34,467 (2014: Shs. Nil) are included in other operating expenses in profit or loss.

14. Investment in subsidiaries	Country of incorporation	Ultimate Holding	Company 2015 Shs	Company 2014 Shs
Roto Moulders Limited	Kenya	100%	95,580,900	38,999,900
Flame Tree Africa Limited	Kenya	100%	53,502,683	34,752,683
Happy Eaters Kenya Limited	Kenya	100%	10,999,999	999,999
Cherry Styles Limited	Kenya	100%	32,219,000	22,949,500
Jojo Plastics Limited	Kenya	100%	20,000,000	49,500
Roto Limited	Rwanda	100%	612,612	612,612
Flame Tree Brands Limited	Rwanda	100%	612,612	612,612
Build Mart Limited	Rwanda	100%	618,181	618,181
Roto Private Limited Company	Ethiopia	100%	25,446,497	25,446,497
Rino Tanques LDA	Mozambique	100%	141,633	141,633
Cirrus International FZC	United Arab Emirates	100%	4,710,887	4,710,887
Chirag Africa Limited	Kenya	100%	48,650,000	-
			293,095,004	129,894,004

15. Inventories	Group 2015 Shs	Group 2014 Shs
Raw materials	82,402,861	70,774,636
Work in progress	3,439,426	22,997,834
Finished goods	96,990,270	27,161,295
Goods in transit	1,247,195	3,601,113
	184,079,752	124,534,878

16. Trade and other receivables	Group 2015 Shs	Group 2014 Shs	Company 2015 Shs	Company 2014 Shs
Trade receivables	414,690,983	358,271,524	-	-
Other receivables	158,588,614	60,360,544	87,963	107,746
Receivable from related parties (Note 20)	197,981,562	183,194,260	100,176,186	152,993,663
	771,261,159	601,826,328	100,264,149	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 2015 Shs	Group 2014 Shs	Company 2015 Shs	Company 2014 Shs
Kenya Shilling	454,535,229	246,038,523	100,264,149	152,993,663
UAE Dirham	199,105,420	173,666,520	-	-
Other Currencies	117,620,510	182,121,285	-	107,746
	771,261,159	601,826,328	100,264,149	153,101,409

Notes (Contd.)

16. **Trade and other receivables (continued)**

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

As of 31 December 2015, trade receivables amounting to Shs. 311,018,237 (2014: Shs. 67,471,991) 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 2015 Shs	Group 2014 Shs	Company 2015 Shs	Company 2014 Shs
3 to 12 months	311,018,237	67,471,991	-	-

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.

17. Cash and cash equivalents	Group 2015 Shs	Group 2014 Shs	Company 2015 Shs	Company 2014 Shs
Cash at bank and in hand	92,793,427	68,153,707	6,249,971	11,489,805

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

	Group 2015 Shs	Group 2014 Shs	Company 2015 Shs	Company 2014 Shs
Cash at bank and in hand	92,793,427	68,153,707	6,249,971	11,489,805
Bank overdraft (Note 10)	(68,980,776)	(20,963,487)	(2,771,349)	-
Less: Restricted cash balances - bank under receivership	(10,128,628)	-	-	-
	13,684,023	47,190,220	3,478,622	11,489,805

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

	Group 2015 Shs	Group 2014 Shs	Company 2015 Shs	Company 2014 Shs
Kenya Shilling	5,630,361	26,435,198	6,249,971	11,489,805
UAE Dirham	14,882,736	13,712,681	-	-
Other Currencies	72,280,330	28,005,828	-	-
	92,793,427	68,153,707	6,249,971	11,489,805

18. **Trade and other payables**

Current	Group 2015 Shs	Group 2014 Shs	Company 2015 Shs	Company 2014 Shs
Trade payables	431,213,677	307,352,451	-	-
Other payables	68,813,304	96,857,271	2,072,659	2,599,517
Payable to related parties (Note 20)	12,489,816	29,145,576	112,000,150	-
	512,516,797	433,355,298	114,072,809	2,599,517

18. Trade and other payables (continued)

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		Company	
	2015 Shs	2014 Shs	2015 Shs	2014 Shs
Kenya Shilling	422,896,793	308,570,924	-	-
UAE Dirham	37,117,962	44,425,917	-	-
Other Currencies	52,502,042	80,358,457	114,072,809	2,599,517
	512,516,797	433,355,298	114,072,809	2,599,517

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

Group - Year ended 31 December 2015	0 - 1 month Shs	2 - 3 months Shs	4 - 12 months Shs	Total Shs
Trade payables	35,934,473	107,803,419	287,475,785	431,213,677
Other payables	-	68,813,304	-	68,813,304
Payable to related parties	-	-	12,489,816	12,489,816
	35,934,473	176,616,723	299,965,601	512,516,797

Group - Year ended 31 December 2014				
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

Company - Year ended 31 December 2015	0 - 1 month Shs	2 - 3 months Shs	4 - 12 months Shs	Total Shs
Trade payables	-	-	-	-
Other payables	-	2,072,659	-	2,072,659
Payable to related parties	-	-	112,000,150	112,000,150
	-	2,072,659	112,000,150	114,072,809

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

19. Cash from/(used in) operations

Reconciliation of profit/(loss) before tax to cash from/(used in) operations:

	Group		Company	
	2015 Shs	2014 Shs	2015 Shs	2014 Shs
Profit/(loss) before tax	198,387,446	144,798,997	(11,598,050)	6,814,686
Adjustments for:				
Depreciation on property, plant and equipment (Note 12)	31,799,328	25,095,484	-	-
Amortisation of intangible assets (Note 13)	36,467	-	-	-
Interest expense (Note 7)	29,670,229	48,911,035	-	-
(Gain) on disposal of property, plant and equipment	(2,086,323)	(61,338,464)	-	-
Foreign exchange loss	33,044,662	6,999,757	316,022	1,824,228
Changes in working capital:				
- trade and other receivables	(169,434,831)	(69,468,885)	52,837,260	(153,101,409)
- inventories	(59,544,874)	(1,210,806)	-	-
- trade and other payables	79,161,499	(33,522,694)	111,473,292	2,553,693
Cash from/(used in) operations	141,033,603	60,264,424	153,028,524	(141,908,802)

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		Company	
	2015 Shs	2014 Shs	2015 Shs	2014 Shs
Sales	347,799,544	430,408,396	-	-
Purchases	13,510,551	172,056,878	-	-
Key management compensation	114,072,995	92,265,507	-	-
Balances				
Payable to related parties (Note 18)	12,489,816	29,145,576	112,000,150	-
Receivable from related parties (Note 16)	197,981,562	183,194,260	100,176,186	152,993,663
Loan from directors (Note 10)	46,623,842	62,159,669	2,477,315	-

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

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

21. **Capital management (continued)**

The gearing ratio as at 31 December 2015 and 31 December 2014 were as follows:

	Group		Company	
	2015 Shs	2014 Shs	2015 Shs	2014 Shs
Total borrowings (Note 10)	232,092,589	213,313,150	2,771,349	-
Less: cash and cash equivalents (Note 17)	(92,793,427)	(68,153,707)	(6,249,971)	(11,489,805)
Net debt	139,299,162	145,159,443	(3,478,622)	(11,489,805)
Total equity	627,620,367	407,786,357	280,287,651	291,885,701
Total debt and capital	766,919,529	552,945,800	276,809,029	280,395,896
Gearing ratio	0.23:1	0.36:1	N/A	N/A

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.

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

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

	UAE Dirham Shs	Other Currencies Shs	Total Shs
Effect on profit - (decrease)/increase			
Year ended 31 December 2015	(12,380,914)	(6,939,637)	(19,320,551)
Year ended 31 December 2014	(10,006,730)	(3,547,549)	(13,554,279)

Notes (Contd.)

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 2015, 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	
	2015 Shs	2014 Shs
Effect on profit - (decrease)	(2,076,916)	(3,423,772)

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 18 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 2015

	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	212,551,196	299,965,601	-	-	512,516,797
Loan from director	0	-	-	-	46,623,842	46,623,842
Interest bearing liabilities						
Bank overdraft	17.5 - 18	-	81,052,412	-	-	81,052,412
Finance leases	9	1,547,552	4,642,655	-	-	6,190,207
Bank borrowings	17.5 - 18	16,104,343	48,313,030	16,007,714	24,011,571	104,436,659
		230,203,091	433,973,699	16,007,714	70,635,413	750,819,917

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 shareholder	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	672,948,502

23. **Dividend**

Dividends have been paid by the following entities:

Entity	**Country of incorporation**	**2015 Shs**	**2014 Shs**
Roto Private Limited Company	Ethiopia	-	22,081,598
Cirrus International FZC	United Arab Emirates	-	100,901,562
		-	122,983,160

flame tree GROUP

Notes (Contd.)

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.

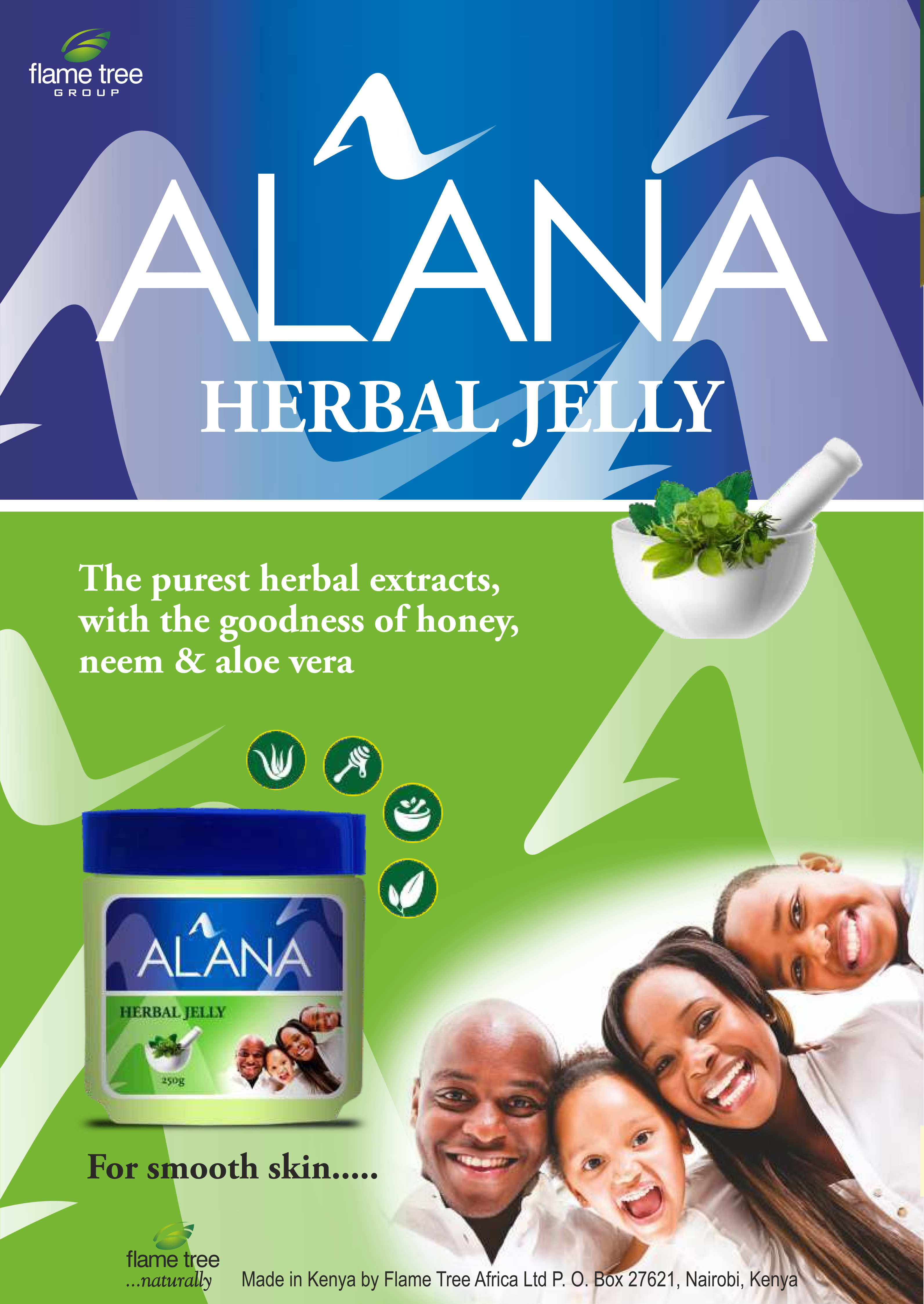
25. **Retirement benefit obligations**

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

26. **Earnings per share**	**2015 Shs**	**2014 Shs**
Total number of shares (Note 9)	161,866,804	161,866,804
Total profit for the year	178,848,086	153,126,198
Total comprehensive income for the year	219,834,010	160,154,164
Earnings per share - profit for the year	1.10	0.95
Earnings per share - total comprehensive income	1.36	0.99

27. **Events after the reporting date**

Subsequent to the reporting date, the group incorporated an additional subsidiary in Mozambique (Flame Tree Mozambique, LDA) on 1 February 2016. The group also acquired a brand in Kenya by the name of 'Suzie Beauty' and inventories for Shs. 45,000,000 subsequent to the year end.



JOJO TANKS

JOJO is our youngest brand in the plastic division. JOJO began in 2009 in Kenya, and 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.

Roto Plastics

ROTO TANKS (Slogan: Real value for money)

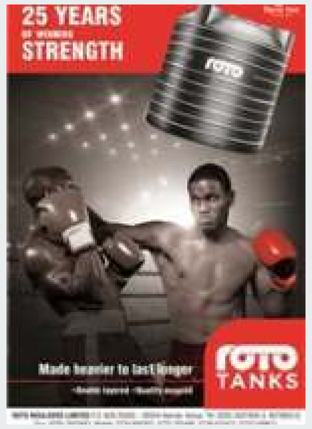
ROTO began in 1989 in Kenya under Roto Moulders Limited manufacturing water storage and sanitation solutions, with a product offering that includes water storage tanks, septic tanks, garbage disposal bins, materials handling containers, toilet huts and other custom made products.

In over 25 years ROTO has grown steadily to become a market leader in the Eastern African 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 introduce 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.



Rino Tanques

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

Rino Tanque 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, Rino Tanques is one of the top plastic tank brand in the market. Rino Tanque has lockable lids to ensure extra safety and are completely leak proof and distributed all over Mozambique. Our water tanks are in demand for a vast variety of uses e.g. for household, agriculture, farm and industrial to name a few.

Buildmart

Buildmart Rwanda started in 2012 as an industrial trading company, having its offices in 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 customized 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 affordability. 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 on prompt deliveries and personalized service.

Cirrus

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 offer customized solutions to meet their individual needs. We work to establish strong, long term relationships with our valued clients, while making 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.

Cerro Nail Polish

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

Cerro was launched in 2004. It's one of the few locally manufactured nail polishes available in the country. Formulated with 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.

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 it's 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.

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. It's 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 African customers in every nook & corner of the country. We also export to Rwanda.

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Zoe Hair Care Range

Under the Zoe brand, Flame Tree manufactures various hair care products.

Today Zoe under its wings has added an extensive hair care range as well as nail polishes.

With Zoe you are assured of a quality product. We cater to the common wananchi and ensure we can give them the best quality at an affordable price. With our hair care range Zoe gives you beautiful and soft hair leaving you glowing with confidence.

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

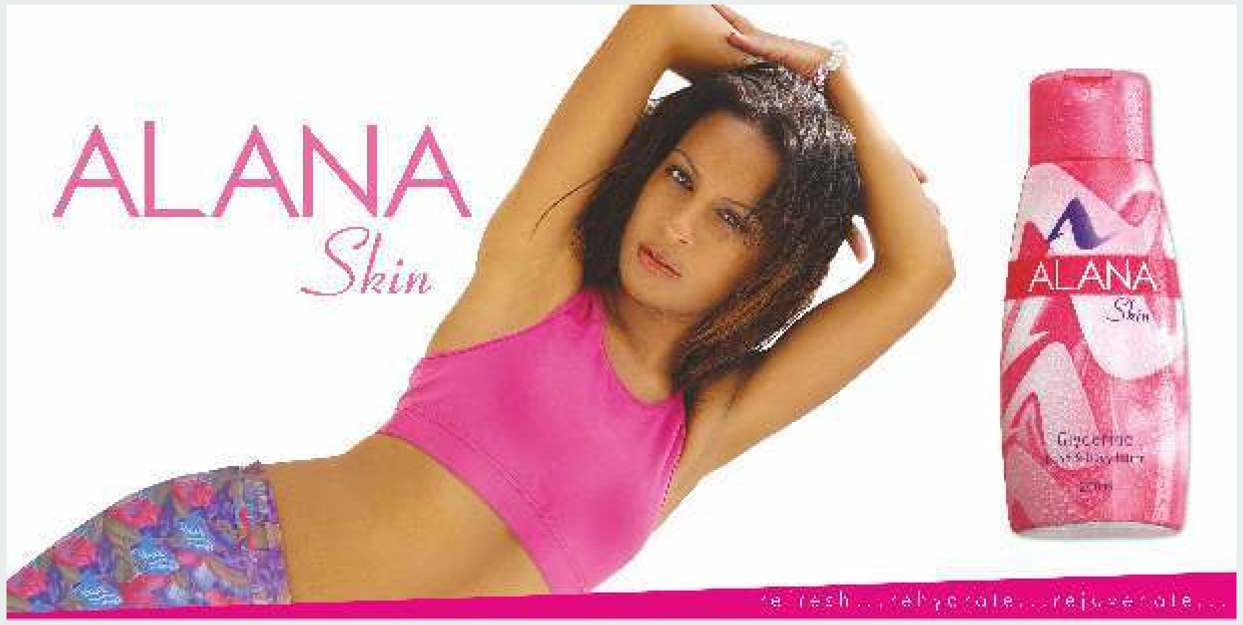
Our unique selling proposition is the promise of quality without compromise! We offer the best quality products at affordable prices for Africa. Zoe hair care introduced its OLIVE OIL range to bring gorgeous, shinier, stronger looking haircare within reach.

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 selling proposition for Alana is in offering the best quality products at affordable prices for Africa. Alana lotions keep your skin perfectly moisturised with long lasting fragrances. Alana's distribution is country wide selling to our customers in super markets and dukas in every corner of the country.



Alana Hair Care Range

We have introduced the Alana hair care range with the goodness of jojoba oil. Which is readily accepted by the scalp and does not upset the scalps natural balance they Include:-shampoos, conditioners, hair food and pomade, curl activators and braid sprays.

SHAMPOOS

1. APPLE SHAMPOO - Formulated with natural extracts it removes dirt and excess oils without removing natural oils. It cleanses the scalp or hair leaving it soft and healthy.

2. ANTI-DANDRUFF SHAMPOO - It has active ingredients which cleanses and controls flakes and soothes your scalp leaving it refreshed and healthy.

CONDITIONER

1. WHITE CONDITIONER & YELLOW CONDITIONER - It enriches and replenishes lost proteins and vitamins after shampooing.

LEAVE-IN

1.) Leave-in Treatment conditioning hair cream.
Has jojoba oils, it softens and moisturize the hair cuticle by preventing split ends and detangling it.

2.) Anti-breakage leave-in treatment spray
Formulated to soften and moisturize your hair and strengthening it from the inside making it more flexible and stronger avoiding breakage.

MAYONNAISE TREATMENT

Mayonnaise contains oils which help nourish and moisturize your hair from deep within. It is considered very useful for dry and damaged hair and stops hair breakage.

HAIR FOOD

Specially formulated with softening lanolin and nourishing olive oil which feeds the roots of the hair and promotes hair growth, leaving hair manageable and healthy.

HAIR SHEEN

Formulated to give instant shine and softness to dull, dry hair without weighing it down or making it stiff.

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Alana Hair Care Range (Contd.)

ALANA BRAID AND WEAVES POMADE

It adds sheen to braids, weaves, dreads, extensions, natural and synthetic hair.

CURL ACTIVATOR

It enhances your natural curls and also moisturizes it to make it tangle free and easy to comb.

BRAID SPRAYS ANTI-DANDRUFF

Controls flakes and soothes your scalp leaving it refreshed and healthy. It is suitable for natural and synthetic hair.

BRAID SPRAY 4-1

- Extra sheen
- Moisturizes and conditions
- Anti-itch and anti-flaking
- Anti-frizz and anti-breakage

ALANA HERBAL JELLY

Made from the purest herbal extracts with goodness of honey, neem and aloe, it moisturizers your skin protecting it from rash, itching and keep it free from bacteria.

Beauty Plus

A brand that has three products to choose from;

- Hair food
- Braid Spray
- Pink Lotion

We are happy to offer good quality and a pocket friendly Olive Oil – deep conditioning treatment and solution to dandruff.

Attractive packaging and good quality is maintained as we seek to meet our customers through availability in most supermarkets and cosmetic shops countrywide. This in turn has given us customer loyalty and all inclusive satisfaction.

Black Angel

This line is specifically manufactured to meet multiple hair-care needs with considerations made to weaves and braided hair.

The manufacturing process includes coconut and sunflower extract and has specifically been made with a mild scent. Because these products give the user instant result, this makes it the most preferred brand.

flame tree
GROUP

Miss Africa

Hair care is made easier with the range of braid sprays made available in this brand; together with non-sticky hair food products and lotions.

This is the only brand among the few, which has kids braid spray. It is also the only brand to incorporate Olive oil, Jojoba Oil and Castor Oil in the production process. We have gone to great lengths to give our customers a wide variety with various benefits in each product.

Chigs

Our Chigs brand uses the highest manufacturing standards, with the best quality ingredients and we continuously keep improving them. We provide great tasting packs for a few moments of pure taste indulgence.

Our Chigs Flavors are:

- Funky Chilli Lemon
- Awesome Cheese
- Yummy Salt & Vinegar
- Naughty Masala Treat
- Original Salted
- Crazy Cheese & Onion
- Pure Barbeque

Happy's

Happy's 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. Happy's 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 Happy's and finding happiness has a lot to do with relationships both in business and personal levels.

flame tree GROUP

HoneyComb

Grandma's secret is out and it's in every rich, crunchy, melt in your mouth.

Honeycomb cookies

Made from a delicious mixture of quality, handpicked ingredients, years of experience and lots of love, our tasty, heartwarming treats charm you with flavor and fulfillment.

Our Cookies flavors include:

- Oat and Coconut Cookies
- Original butter cookies
- Ginger cookies
- Cinnamon Cookies
- Cardamom Cookies

Honeycomb Chevdas

Our chevdas are a tasty treat for your 'anytime' snack. Reach for your Honeycomb chevdas when those munchy tasty cravings begin.

Our tasty flavors include:

- Original Chevda
- Mild Chevda
- Fruit 'n' Nut Chevda
- Hot Chevda

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Nature's Own

Our Nature's Own spices and spice mixes are a cook's gateway to culinary delight. They add flavor to a variety of dishes. They are carefully prepared to give every dish an appetizing flavor and tantalizing taste, turning it into a delicacy.

Spice Mixes

Premixed spices make you a culinary expert with every dish you serve! pilau masala ground, tea masala, chat masala, chicken masala, curry powder, fish masala, garam masala, tandoori masala , beef masala.

Herbs

Pure & natural goodness & aroma served up with our Nature's Own Herbs: basil, marjoram, mint, mixed herbs, oregano, parsley, rosemary, sage, tarragon, thyme, bay leaves.

Pure Whole & Ground Spices

With guaranteed best quality ingredients, sealed in the aroma and flavor: black pepper, cardamoms, cayenne pepper, chilli, cinnamon, dhana jeera, garlic powder, turmeric, cloves, coriander, cumin, ginger, mixed spices, mustard, nutmeg, spanish paprika, white pepper, cayenne pepper.

Gonuts

Gonuts is our nuts brand; we handpick the freshest nuts to tickle your taste buds in salted and masala' flavors.

"Go nuts with Gonuts"

Our Gonuts Flavors are:

- Gonuts Roasted
- Gonuts Fried
- Gonuts Fried Roasted Skinned in Peanuts & Cashewnuts.

Proxy Form

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

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

....

of ....

or failing whom

....

of ....

As my / our proxy, to vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held on **10th June 2016 at 10 am, Louis Leakey Auditorium, National Museum, Nairobi** and at any adjournment thereon.

Number of Shares held ....

Account number of member ....

Signed this .... day of 2016

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 8th June 2016 at 10 a.m.

FTG Holdings Limited
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