flame tree
GROUP

2020 FTG Annual Report

ROTO TANKS

JOJO Tank

RINO Tanques

CIRRUS

BM Buildmart

Zoe

ALANA

cErro

Beauty Plus

Miss Africa

Blackangel

SuzieBeauty
BY SNW

NATURE'S OWN

Chigs

Honey Comb

gonuts

Happy's golden

PolyPlay
Great Fun For Every One

Sylva

Contents

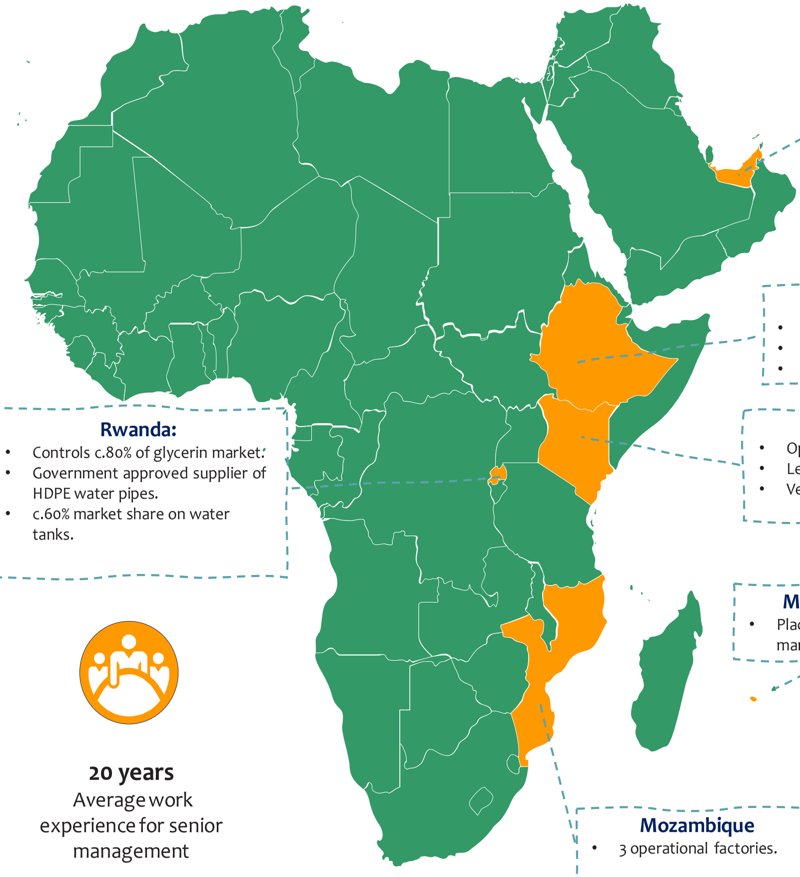
Pan-African Footprint and Key Statistics

14
subsidiaries present in 5 countries

19
African consumer brands under one roof

1000+
staff

20 years
Average work experience for senior management



UAE
- Group procurement office.

Ethiopia
- Operational for over 20 years.
- Leader in the water tanks market.
- Strong household Brand.

Kenya
- Operating headquarters.
- Leader in water tanks market.
- Very strong FMCG brands.

Rwanda:
- Controls c.80% of glycerin market:
- Government approved supplier of HDPE water pipes.
- c.60% market share on water tanks.

Mauritius
- Place of effective management.

Mozambique
- 3 operational factories.

KES2.91bn
Revenue for FY20

39%
GoP margin for FY20

3.2x
Interest coverage (EBITDA) for FY20

0.62:1
Gearing ratio for FY20

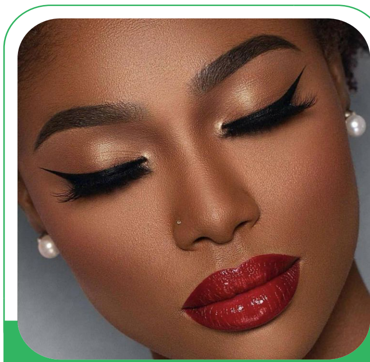
OUR BRANDS

Enriching lives through our brands

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

Water and Sanitization products

Child Play



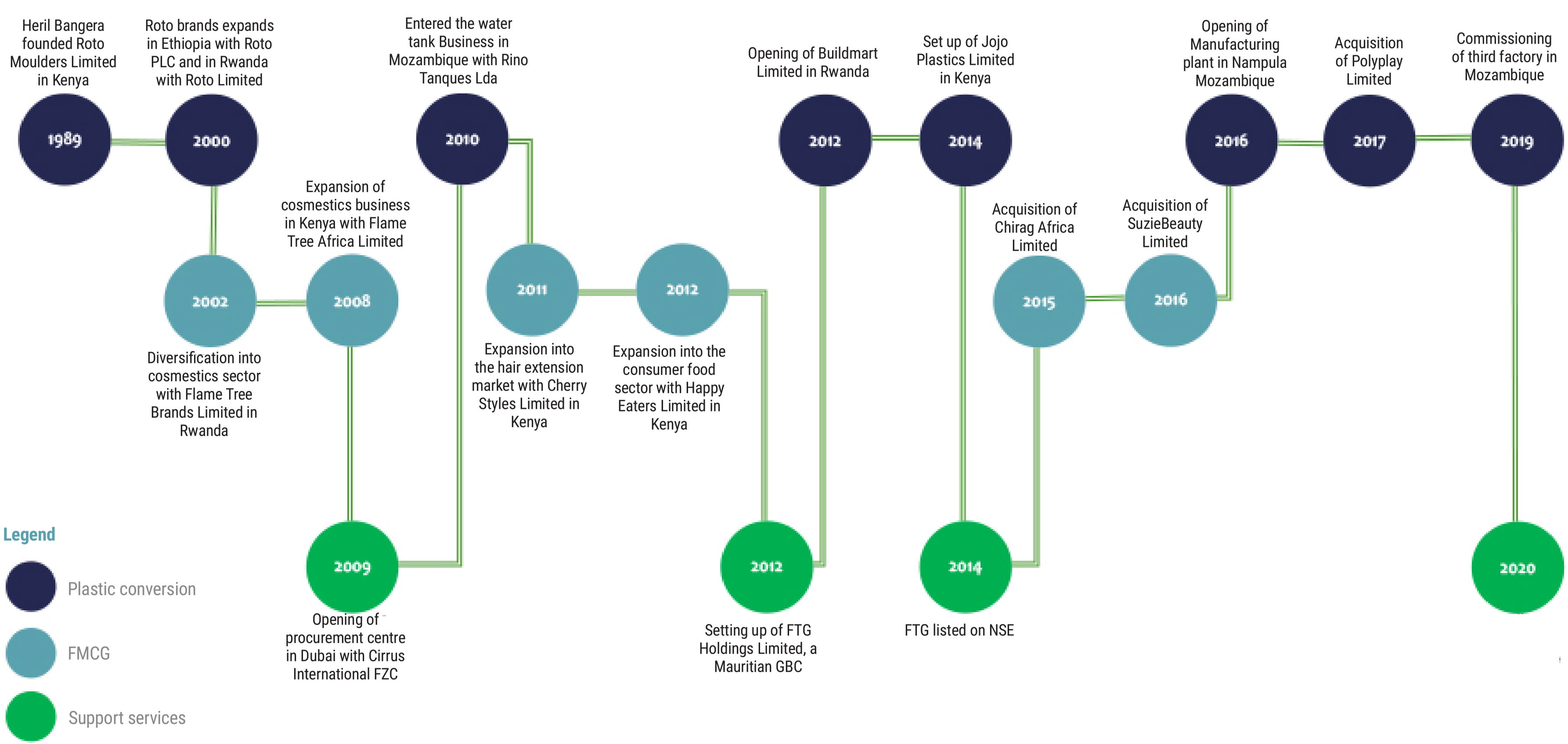
Beauty

Spices

Food and Nutrition

Trade

Company Evolution and Key Milestones



About Flame Tree Group

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

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

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

Our VISION

Creating world class African brands

Our MISSION

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

Our CORE VALUES

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


ROTO
MADE HEAVIER TO LAST LONGER
EXTRA TOUGH
100%
GUARANTEED QUALITY
JOJO
Tank
Happy's
golden
Zoe
Naturals
MEN
Energy
Extreme Sport
Velvet Caramel
Crystal Clear
Shampoo
PERFECT LASHES
FULL VOLUME
with essential natural oils
400ml
WILLS
Germ PROTECTION
Antiseptic Disinfectant
250ml
Hand and body lotion
with Shea Butter & Olive Oil
Intense moisture for dry skin
Protection

RINO Tanques
ROTO
Happy's
Chigs
CRAZY
Chigs
Zoe Naturals
African Cocoa Butter
Hand and body lotion with Cocoabutter & Vitamin E
Intense moisture for dry skin
Protection
Zoe Naturals
Strawberry Kisses
Hand and body lotion with Sheabutter and Olive Oil
Intense moisture for dry skin
Protection
Zoe
MEN
2 in 1
Shampoo & Conditioner
Active Energy
Zoe Naturals
Vintage Lace
Zoe Naturals
MILK
for dry skin
hand & body lotion
for petal soft skin
600ml
NATURE'S OWN
GROUND SPICE
CHILLI
gonuts
gonuts
Fried Peanuts
Honey Comb


Zoe Naturals
Velvet Caramel
Hand and body lotion
with Shea Butter & Jojoba Oil
Intense moisture for dry skin
24
Protection
Zoe Naturals

Company Information

Board of Directors
Heril Bangera
Gilles Kichenin
Frank Ireri
Imalambaal Kichenin
George Theobald

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

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

Principal Bankers

SBM Bank Mauritius Limited
Port Louis
SBM Bank Kenya Limited
Nairobi
Diamond Trust Bank Kenya Limited
Nairobi

Auditors
Crowe ATA
2nd Floor Ebene Esplanade
24, Bank Street, Cybercity,
Ebene 72201,
Republic of Mauritius

Tax Advisors
Roedl & Partner
PO Box 2087 - 00606
Nairobi
KENYA

Nominated Advisor
Faida Investment Ltd
P.O. Box 45236 - 00100
Nairobi
KENYA

Legal Governance Auditor
Soita and Associates Advocates
PO Box 14641 - 00800
Nairobi
KENYA

Corporate Governance Auditor
Scribe Registars
P.O. Box 3085 – 00100 GPO
Nairobi
KENYA

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

Board of Directors

George Carmichael Theobald
Chairman

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

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

Heril Colbert Bangera
Founder and CEO

Heril Bangera began the first subsidiary of the Issuer, Roto Moulders Limited in 1989 and has since supported the growth of the Group by steering it to its current status. He is responsible for the overall running and strategic planning for the Group. Heril holds a Bachelor's Degree in Mechanical Engineering, a BMSCE from Bangalore University and has over 30 years of business experience. He has also pursued the Owners Management Program at Strathmore University.

Gilles Kichenin
Executive Director

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

Frank Ireri
Non-Executive Director

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

Imalambaal Kichenin
Executive Director

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

Senior Management Biographies

Heril Bangera,
Group Chief Executive Officer

Heril Bangera began the first subsidiary of the Flame Tree Group, Roto Moulders Ltd in 1989 and has since supported its growth by steering the group to its current status. He is responsible for overall running and strategic planning of the Group. Heril holds a Bachelor's degree in Mechanical Engineering, at BMSCE from Bangalore University and has over 30 years of business experience.

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

Beatriz Meijide,
Group Financial Officer

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

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

Sonia Bangera,
Group Marketing Director

Sonia Bangera is the current Group Marketing Director of FTG. A marketer with close to 25 years of experience gained in managing Business Development and Strategy Formulation. She holds a Master's degree in Business Administration-Marketing from Mt. Carmel Institute, Bangalore. She also holds a Bachelor's degree in Computer Science from Bangalore University.

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

Dee-Vona Quadros,
Group Human Resource Manager

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

Senior Management

Teamwork

Name	Designation	Work Experience
Heril Bangera	Chief Executive Officer	Over 30 years
Beatriz Meijide	Group Finance Officer	Over 20 years
Sonia Bangera	Group Marketing Director	Over 24 years
Dee-Vona Quadros	Group Human Resource Manager	Over 10 years
Shiva Sankara Kurup Gopinadha	General Manger, Roto Ltd - Rwanda, Flame Tree Brands Ltd - Rwanda and Buildmart Ltd, Rwanda	Over 20 years
Balachandra Shukla	General Manager, Chirag Africa Ltd, Kenya	Over 30 years
Raymond Goes	General Manager, Roto Moulders, Kenya	Over 30 years
Charles Shashidhar K Ananda	Country Manager, Roto Plc - Ethiopia	Over 30 years
Kuldeep Kaul	General Manager, Polyplay Ltd, Kenya	Over 30 years

Chairman's Message

GEORGE THEOBALD

CHAIRMAN

Dear fellow shareholders and partners,

The World Health Organization declared Covid-19 a pandemic on March 11th 2020, over one year ago, hitting the economies around The World like a ton of bricks. Most of the global economy went into lockdown, with strict restrictions on activity and mobility imposed. Airplanes stopped flying, many supply chains were disrupted, most business models were impacted, and the global economy went into shock. The IMF's growth forecast plummeted to a greater degree than in 2008 and the growth map of the world turned almost entirely bleak. The fear was, "COVID 19 is going to leave millions of deaths on the streets of African cities." Covid19 arrived, yes, and in some countries such as South Africa, Egypt or Morocco it hit with intensity, but in general it was not the hecatomb announced. With unfortunate exceptions, practically all the countries adopted drastic measures, ranging from partial confinement to curfews, through limits on mobility, suspension of all school activities, markets and religious ceremonies. Limiting the movements implied cutting off the main livelihood of the population, so the confinements were relaxed earlier than in the rest of the world. Attention to the pandemic meant diverting resources and personnel, which weakened other essential health services. The economic impact has been tremendous. In fact, Africa is experiencing its first recession in 25 years. Unequal access to vaccines, already evident in the first quarter of 2021, could further slow the recovery in Africa. The continent is today, a year after the start of the pandemic, far from the initial apocalyptic forecasts but COVID19 is still biting fiercely and the road to recovery is long and full of challenges.

We were reminded about humility in 2020 because so much of what happened was out of our control, but the progress we made on our performance goals, showcases the strength of our people, our Company and our strategy. As I look back, it's clear that because we had a strategy in place well before the pandemic hit, it gave our efforts a focus during this crisis. At Flame Tree Group we kept focused on strategies to support the growth and profitability of our business: financial stability; flexibility to change; access to new markets and customers; a stable supply chain; strong customer engagement; a healthy workforce; and a robust post-crisis strategy, in line with our 5-year strategic plan.

Adapting quickly to the crisis we encountered, we leveraged technology to reach new customers, through e-commerce and social media, and like

> **We are very thankful to all our clients, suppliers, investors and stakeholders at large for their confidence and trust, and we keep committed to our mission of creating the best products – world class African brands**

most of the companies in this Covid era, we held many meetings, presentations and trainings via Zoom, Meet and other apps and never lost contact with our staff working remotely. We also held our last AGM via online digital connection for the first time.

We have worked towards driving efficiency as well as increasing sales and managing cash as priorities. Operational efficiencies achieved through the investment in new equipment over the last 2 years created increased capacity in the business; continuous monitoring of KPIs; improved visibility into areas that may impact the gross margin of the company; implementation and monitoring of Kaizen principles; strict control of expenses and a better ability to focus team efforts on solving problems have driven further our competitiveness to support sales .

At Flame Tree Group the development of team skills and capabilities to empower leadership is also a key focus point. We are supporting our teams with training on adopting a leadership mindset and we empower the management team by making more financial data available to them so that they can better understand and take ownership of the results of the business.

Banks and financial institutions have supported our Group during these trying months, through the suspension of loan repayments or the reworking of principal repayments. We want to recognise their assistance and express our gratitude for their support.

All in all, the performance of Flame Tree Group has been outstanding and the positive results we are sharing today are a reflection of the tremendous effort and hard work of all the staff and a proof that the strategic plan is laid on very solid foundations.

We are very thankful to all our clients, suppliers, investors and stakeholders at large for their confidence and trust, and we keep committed to our mission of creating the best products – world class African brands – as we shall continue to support our communities to the best of our ability, and keep enforcing good corporate governance and management.

Looking forward to a better year for everyone and hoping we shall see much progress in 2021 and prosperity for all.

Sincerely,

George Theobald
Chairman, Flame Tree Group

CEO's Message

HERIL BANGERA

CEO

2020 was extraordinary in so many ways. Throughout my more-than-30 years of entrepreneurship, there have always been disruptions, but this year saw a healthcare crisis that had a personal impact on millions and created a complex environment for all of us at Flame Tree Group to navigate. The pandemic put enormous strain on everyone, from families caring for relatives they couldn't visit in person to small-business owners forced to cut back their livelihoods. As I write this letter, we're still working to get past the pandemic, but we feel encouraged by what we see. Several vaccines have been approved for use, and though the rollout is slow, we continue to make progress. The global economy has recovered considerably since its decline last spring, and now life after the pandemic is coming into view, even if in Africa the recovery could be slower due to a delayed provision of vaccines and lack of resources. We had to adapt, with remarkable speed, to the new and unexpected, with the hard work and support of all our staff in 2020 showing creativity and resilience. As a result, I'm proud to report that, even during a tumultuous and at times deeply trying year, our company delivered strong financial performance, while also supporting the larger COVID-19 relief effort for the communities in which we live. We demonstrated the core values that have always guided us: integrity, respect, humility, team-work and continuous improvement.

For our people, overcoming the immense challenges of 2020 was close to heroic, and so I owe them a great deal of gratitude. My thanks go out to our management and, most of all, to the people at every level who make Flame Tree Group a true family. They truly went above and beyond in 2020. We made good progress on nearly all of our goals during 2020. Our performance this year proved that plans sometimes are worthless, but planning is everything: funding, supplier relations, customer trust, teams and management systems, can't be improvised in a day, but are the foundation for the company to be able to stay in business and perform even in such trying circumstances.

We put our people first. From the moment we put in place our business-continuity plan, we made sure to preserve employment above all and support our staff and their families as much as possible, so we cut all possible costs in every area and preserved our cash so we could resume again with our teams as soon as the government confinements were removed. We held meetings, trainings and presentations through Zoom and still managed to celebrate together special achievements, birthdays and to remember some colleagues that we lost.

Second, we were there for our clients, no matter what happened, we adjusted our production and logistics schedules to reach them and delivered many Covid19 related products, even if it meant extra costs to supply.

Third, we helped take care of our communities. We donated water tanks and hand washing stations to many communities.

This is a marathon, not a sprint, and though progress is never a straight line, this year we have seen that when your strategy is clear — even in a crisis — you've got to stay the course, stay calm, remain hard at work as I stated last year, show resilience and weather the storm. The hashtag #komeshacorona is also a reflection of this spirit, all together we shall overcome.

2020 Financial Performance

In 2020, economic activity dropped suddenly in the first half of the year before recovering in the second, causing turmoil in the markets, especially in the spring. Net revenues grew by 20% to Ksh 2.910 million, net profit raised 67%, ROE (on Ebitda) grew from 19% to 36%, and Net Debt Ebitda ratio went down from x2.7 to x1.7, showing a strong financial position, while we continued to honor our commitments with banks and investors.

During 2020, the Group recorded net provisions for debt impairment for Ksh 36.5 million reaching a total amount of 116 million in the Balance sheet. We increased sales across all three business lines, but not in every company though. Our highest growth was in our \spices & snacks lines, followed by cosmetics and plastics. However, we saw a drop of sales in our business in Ethiopia and Polyplay took the hardest hit, as it manufactures children's playgrounds and related products; practically their entire client portfolio were closed or out of business for most part of the year.

Staying the Course

The pillars of our 5-year strategy remain the same: First, to grow and strengthen our existing business in each product line and capture higher sales across a wider range of clients; Second, to diversify our products; Third, to operate more efficiently so that we can drive higher margins and returns across the organization.

Though the economic waters were especially choppy in 2020, all three of our core business lines not only weathered the downturn, but saw real growth. We also continued to seek out opportunities for growth, by creating new products - several of them designed to fight COVID-19- and adding new customers. We improved returns by pursuing expense and resource optimization, increase capital efficiency and we are working to enhance our funding mix by raising capital from different sources and launching a corporate bond. We are also laying out the base to optimize our tax strategy in the coming years, and we have started to roll out a new management and reporting system.

With the savings achieved, we partially offset the investments made and ensure business continuity with no disruptions.

Our experience over the past year has given us even greater confidence in several of the key elements of our plan. In particular, we are already seeing important benefits from our investments in new factory equipment and vehicles, as well as the automation of our reporting system. In addition, we continue to generate efficiencies by the realignment of some of our employee base and new management in some of the key positions.

The Path Ahead

After a difficult year, we are cautiously optimistic about 2021. Much depends on the effort to slow the spread of the virus, how quickly vaccines are distributed, whether monetary and fiscal stimulus is maintained, and whether geopolitical risks intensify. But Flame Tree Group will continue to serve an ever-widening range of clients and develop more products for them. I am proud of the progress we made in 2020, and we never would have done it without the extraordinary efforts of our people. I am humbled by the commitment I see across our companies every day. This year had its fair share of challenges, but I am optimistic about the potential for Flame Tree Group in the coming years. I believe in our strategic plan, our leadership team, our culture, and in the talent and commitment of our people.

Heril Bangera,

Chief Executive Officer

SuzieBeauty

THE MATTE EDITION

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www.suziebeauty.com

info@suziebeauty.com

The Directors' Remuneration Report

FTGH is pleased to present the Director's remuneration report for the year ended 31 December 2020.The Board is committed to full compliance of all the relevant laws including, The code of Corporate Governance Practices for issuers of securities to the public in Kenya issued by the Capital Markets Authority in December 2015 under Cap. 485A of the Capital Markets Authority Act, and reflects the disclosure requirements under IFRS.

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

Directors' remuneration as key management for the year ended 31 December 2020

The following table shows a summary of remuneration for the Non-Executive and Executive Directors. This is in respect of qualifying services for the year ended 31 December 2020, together with comparative figures:

Executive Directors	Gross Salary		
	Kshs '000		
	2020	2019	2018
Heril Colbert Bangera	20,105	21,801	22,107
Imalambaal Kichenin	72	72	72
Giles Kichenin	72	72	72

Non-Executive Directors	Fixed Retainer			Sitting Allowance		
	Kshs '000			Kshs '000		
	2020	2019	2018	2020	2019	2018
George Theobald	1,064	1,018	1,015	109	352	495
Frank Ireri	500	500	500	500	571	1,071

Corporate Governance

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

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

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

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

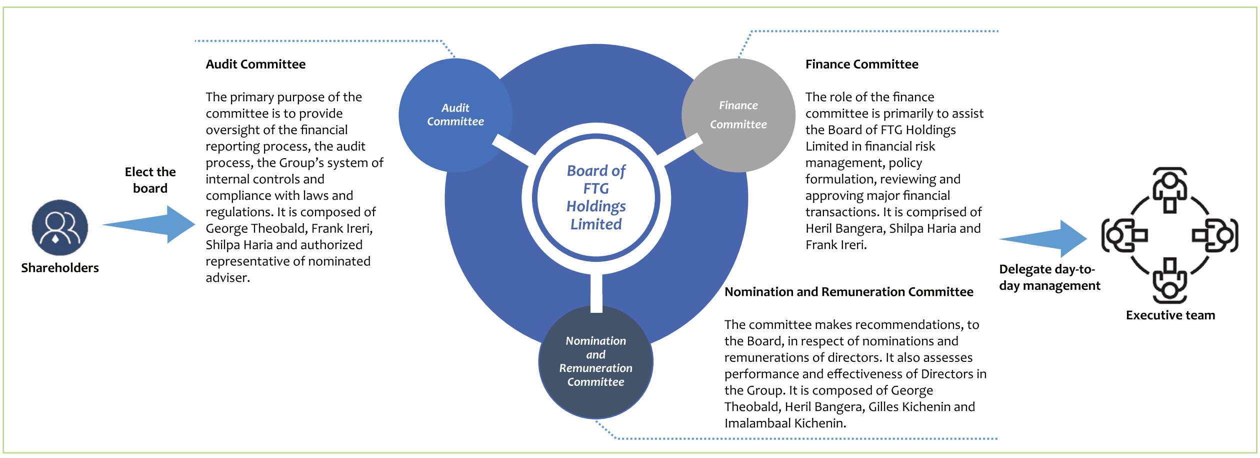
The quorum necessary for the transaction of the business of the board is at least three executive directors present either personally or by alternate.

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

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

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

The Corporate Governance Framework



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

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

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

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

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

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

Composition of the Board of Directors

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

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

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

Board Effectiveness and Evaluation

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

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

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

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

Remuneration of the Directors

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

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

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

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

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

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

Responsibilities of the Board

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

The Board must specifically:

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

- Ensure that the Group's organizational structure and capability are appropriate for implementing the chosen strategies.
- Determine monitoring criteria to be used by the Board.
- Set policies on internal control and obtain regular assurance that the system is functioning effectively and is effective in managing risks.
- Nominate board members who will add value to the board processes and arrange for their induction.
- Appoint the Managing Director, senior staff, external auditors and other consultants.
- Discuss, agree and approve annual accounts and reports
- Communicate key policies and strategy issues to senior management.
- Identify all stakeholders and ensure effective communication with Shareholders and stakeholders.

Board Committees

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

i. Audit Committee

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

The composition of the committee is as follows:

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

ii. Finance Committee

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

The composition of the committee is as follows:

- Heril Bangera
- Shilpa Haria
- Frank Ireri

iii. Nomination and Remuneration Committee

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

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

The composition of the committee is as follows:

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

Shareholding Profiles

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

Distribution of Shareholders as at 31-Dec-2020

No.	Range	Shares	Shares %	Shareholders	Shareholders %
1	1 - 500	160,947	0.09	1,021	53.20
2	501 - 5000	1,019,820	0.57	561	29.23
3	5001 - 10000	738,338	0.41	102	5.32
4	10001 - 100000	5,749,645	3.23	192	10.01
5	100001 - 1000000	8,281,837	4.65	35	1.82
6	>1000000	162,102,899	91.04	8	0.42
Totals		**178,053,486**	**100.00**	**1,919**	**100.00**

Shareholder Analysis by Domicile as at 31-Dec-2020

Industry	Shares	Shares %	Shareholders	Shareholders %
East African Community Partner States Individuals	167,070,730	93.83	1,841	95.94
East African Community Partner States Institutions	5,853,072	3.29	62	3.23
Foreign Individual	2,630,950	1.48	15	0.78
Foreign Institutions	2,498,734	1.40	1	0.05
Totals	**178,053,486**	**100.00**	**1,919**	**100.00**

Top 20 Shareholders

No	Holder Names	Shares	% Holding
1	Bangera,Heril Colbert	149,577,242	84.01
2	Mukumbu, Japheth Mulinge	2,939,500	1.65
3	Stanbic Nominees Ltd A/C Nr1030823	2,498,734	1.40
4	Dawid, Dominikus Johannes	1,982,600	1.11
5	Kestrel Capital Nominees Limited A/C 009	1,551,060	0.87
6	Shah, Ramesh Chandra G.	1,368,933	0.77
7	Mwaniki, Njuki	1,173,800	0.66
8	Gichuki, Simon Gachira	1,011,030	0.57
9	Sbm Bank Nominees Ltd A/C 0042	958,210	0.54
10	Stanbic Nominees Limited A/C R88601	939,410	0.53
11	Standard Chartered Nominees A/C 9675C	684,411	0.38
12	Gichamba, Gerald Chege	584,470	0.33
13	Burbidge, Edward Lyndon Lovell	424,930	0.24
14	Gacheru, Charles Kiai	332,523	0.19
15	Gadani, Rakesh Prakash	231,100	0.13
16	Standard Chartered Kenya Nominees Ltd A/C Ke004504	225,893	0.13
17	Tole, Mwakio Peter	210,000	0.12
18	Khan, Imtiaz	205,810	0.12
19	Mugo, Maurice Murage	200,000	0.11
20	Njoroge Engineering Works Limited	200,000	0.11

Year 2020 in pictures

We have kept busy through 2020 thinking up and launching various new products and installing new machines to increase our production.

JANUARY


- Installed a plastic automatic machine

FEBRUARY


- Happys and Chigs new packaging launched

MARCH


- Roto hand - free hand washing stations

APRIL



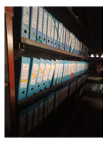
- Gonuts New Packets
- Zoe Hand Sanitizer

MAY


- Roto Covid testing booth

JUNE





- Jojo Pedal Wheel bins
- Zoe clear shampoo launched
- Kaizen projects done (Roto Kenya)

JULY

- Zoe Hand wash
- Roto rain water collector introduced

AUGUST

- Zoe Hand Sanitizer
- Spice Nature's Own pouches

SEPTEMBER

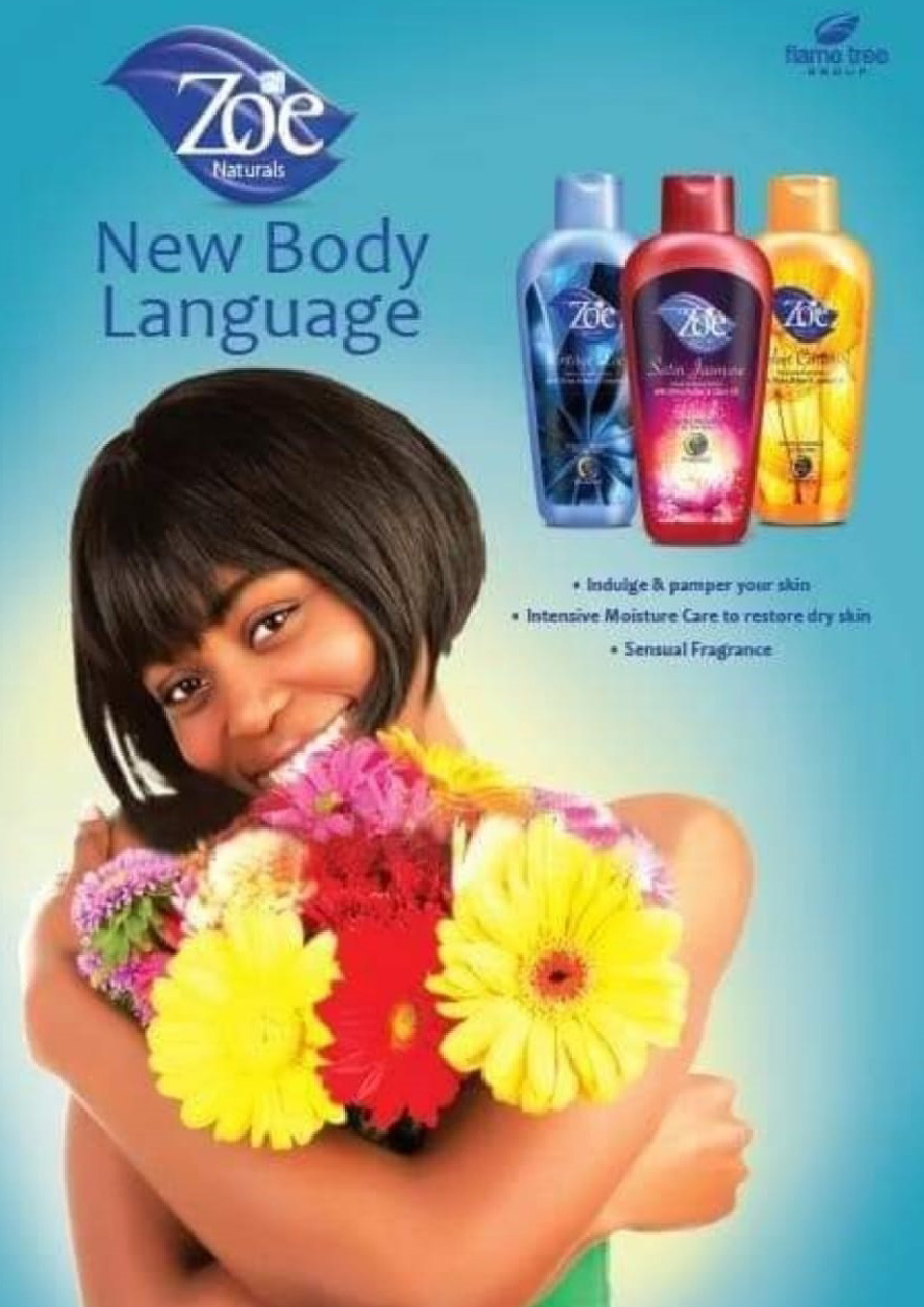
- Zoe Scents Range of Lotions
- Zoe Velvet Caramel, Zoe Vintage Lace, Zoe Satin Jasmine, Zoe Floral Fantasy, Zoe Starlit Sky

NOVEMBER

- Zoe African Cocoabutter
- Roto new plastic machine installed

DECEMBER

- Zoe Strawberry Kisses lotion launched
- Happys New flavor introduced
- Suzie beauty christmas promotion


flame tree
GROUP
Zoe
Naturals
New Body Language
• Indulge & pamper your skin
• Intensive Moisture Care to restore dry skin
• Sensual Fragrance

Our Business Today

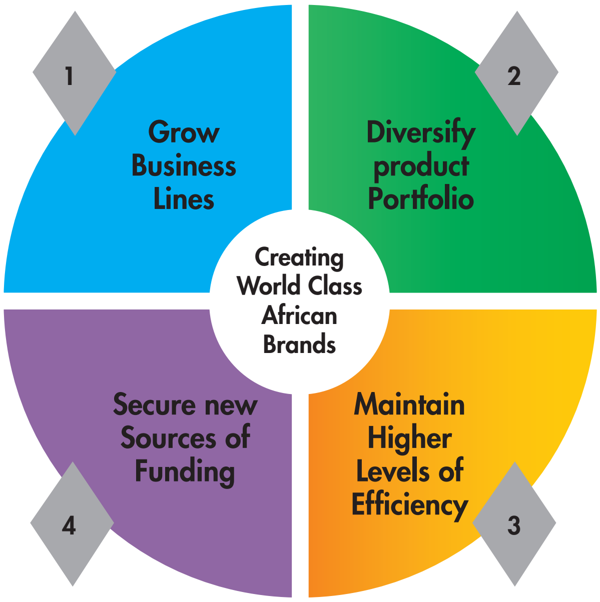
Flame Tree Group continues to be invested in its vision to Create World Class African Brands for its customers across the countries the Group presently operates and other prospective geographical reach.

1. **Grow business lines** – strengthen existing business in each product line and capture higher sales across a wider range of clients. The financial performance of the Group in the past 3 years shows FTG is being trusted by an increasing number of customers each year.

2. **Diversify product portfolio** – FTG continues to seek out opportunities for growth, by creating new products - several of them designed to fight COVID-19 like new sanitising cabins, handwashing stations, pedaled wheel bins, furniture and toys in the plastics line, 3 new product ranges in cosmetics (hand sanitizers, handwashes and fragrance-based lotions) and new formats and flavors in our snacks and spices line.

3. **Maintain higher levels of efficiency** – as the varying effects of the pandemic are still sensed through the economic backdrop, FTG remains resilient to uphold higher efficiency levels across every segment: reduction of waste in production processes, more efficient use of raw materials and labor costs with new machines & equipment that allows to further stretch its maximum output, enhanced quality controls across many areas of the company with new Kaizen projects and KPI being added every year, new management system – rolled-out Oracle Net suite for financial & analytical reporting. Insource of activities that were done by third parties driving cost savings and better control in packaging and logistics. Realignment of some of its employee base and regular performance appraisals and trainings. A specific plan in place towards expense and resource optimization.

4. **Secure new sources of funding** – Finding new financial partners to secure capital at competitive rates to fuel the growth plans of the group whilst providing attractive return on investment. Additionally, a tax optimization strategy will benefit the Group in the years to come.



Company Overview

"Every storm runs out of rain," Maya Angelou.

Year 2020: The Pandemic making history

World View

There is no question that this pandemic, among many other things in 2020, has hit the world hard. Consumers, brands, and retailers are all behaving in new ways, and flexibility, tenacity, and resilience have become the new success metrics. In the world consumer behavior has shifted in ways no one could have predicted. As we look ahead into year two of the 2020's, there are several key indicators we are watching that could have profound effects on our industries.

Africa

Many African countries have been praised for waging an effective campaign to combat the spread of coronavirus despite their reputation for having fragile state health systems.

The continent, which has a population of more than one billion, has had about 1.5 million cases, according to data compiled by the John Hopkins University. These figures are far lower than those in Europe, Asia or the Americas, with reported cases continuing to decline.

The first case on the continent was confirmed in Egypt on 14 February 2020. There were fears that the new virus could quickly overwhelm largely fragile health systems on the continent. So, right from the beginning, most African governments took drastic measures to try and slow the spread of the virus and public health measures - including avoiding handshakes, frequent hand-washing, social distancing and wearing of face masks - were swiftly introduced.

The age of the population in most African countries is also likely to have played a role in containing the spread of Covid-19. Globally, most of those who have died have been aged over 80, while Africa is home to the world's youngest population with a median age of 19 years, according to UN data. The population density in rural areas is lower and therefore maintaining social distance much easier. Furthermore, an underdeveloped transport system within and between countries appears to have been a blessing in disguise. It means that Africans do not travel as much as people do in more developed economies, minimizing contact.

Climate is also a factor to take into account: a study conducted by researchers in the University of Maryland in the US found a correlation between temperature, humidity and latitude, and the spread of Covid-19.

African countries away from the tropics have been worse off, but as it became warmer, the number of cases dropped significantly, impacting the continental outlook, as South Africa accounts for almost half the total number of cases and deaths on the continent.

Several West African states - which battled the world's worst ever outbreak of Ebola from 2013-16 - had also mastered the public health measures that have been used to prevent Covid-19, including isolating the infected, tracing their contacts and then getting them quarantined while they get tested.

So, while hospital infrastructure in much of Africa is less developed than in other parts of the world, the continent's strength lay in its tried and tested community health systems.

But all this doesn't mean that people in Africa can afford to relax.

Africa's GDP contracted 2.1 percent in 2020, the continent's first recession in half a century.

The continent is projected to grow by 3.4 percent in 2021. The economic impact has been tremendous. Unequal access to vaccines is already evident in the first quarter of 2021, could further slow the recovery in Africa. The continent is today, a year after the start of the pandemic, far from the initial apocalyptic forecasts...but COVID19 is still biting fiercely and the road to get out of the woods is long and full of challenges.

Plastics

The covid-19 pandemic that shook the world in 2020 has transformed the way we live as evidenced by the role plastics are playing in modern life. As a result, the plastic industry will most likely continue to grow over the next three years, with new types of plastics developed to meet future needs. This will be helped by a recovery in the global economies, particularly in downstream industries including packaging, electrical appliances, construction, auto parts and medical devices.

However, there are lingering challenges for the industry over the next three years. These include the fluctuation of prices of crude oil, which is the primary input in the production of plastic resins; rising labor costs; and the environmental movement across the world.

Roto Kenya

With the onset of covid-19 being announced by WHO around March 2020, the Management and employees of Roto Moulders Ltd immediately embarked on ways of keeping the company in operation as the need for water tanks, hand washing stations and sanitising stations was going to become a vital part of fighting the pandemic.

By thinking outside the box, the company was able come up with innovative products that resulted in manufacturing new items like Rototizer, converting normal tanks to handwash both manual/pedalled and pedalled wheelbin dustbin for handsfree use, thus supporting the government in fighting the spread of corona virus. We were able to achieve a growth in sales and actively pushed down expenses to ensure a minimum impact from this situation.

All this was carried out with all aspects of Covid protection in place at our factory. Handwash stations were setup, masks compulsory, sanitisers

available at every desk, social distanced seating were all put in place. We also provided our teams with hot water lemon mixed with ginger on daily basis as it was said to boost immunity.

Despite the government restrictions and regulations set to help reduce the spread of corona virus, like cessation of some areas, curfews and closure of social places, we were able to carry out operations and distribute the water tanks and sanitising stations which were classifiled by the government as essential goods.

RINO Tanques Mozambique

Rino Tanques Lda has more than a decade old operations in Mozambique. We produce Plastic water tanks, toilets and dust bins. Our factories are operational at Maputo and Tete with a supply chains all over the country.

During the covid 19 pandemic we designed and manufactured an automated hands free sanitizing cabin that was well received in the market.

We also produced touch free automatic hand washing stations, four outlet hand washing stations and normal hand wash cans with taps that were key to ensure the hygiene of the public during the pandemic.

We also supported various NGOs in supplying our products and so helping in reducing the impact of covid-19 in our communities.

ROTO PLC Ethiopia

Economically, Ethiopia started off strong. But as was seen all over the continent and the world, the arrival of the pandemic meant everything took a hit. But the country did take several steps to keep covid-19 infections at bay thereby mitigating the impact on its economy, notes the World Bank.

Although Ethiopia continued to enjoy strong support from foreign donors and most of its regional neighbors, due to its role as host of the African Union, its contributions to United Nations peacekeeping and regional negotiations, regional counterterrorism efforts, and migration partnerships with Western countries. Ethiopia has ended the year on a very awkward and troubling note. From the arrival of the pandemic, the upsurge in protests across Oromio to the war in Tigray. One thing is certain: the country is going into 2021 entirely changed.

We started the year 2020 very slow as per the budget 2020. However faced large shortages of raw material due to the currency problem to import raw material and labour issues due to the pandemic. Apart from this Ethiopia also faced political unrest in the Tigery region and various roads were closed. All these factors had a compounding effect on Sales performance.

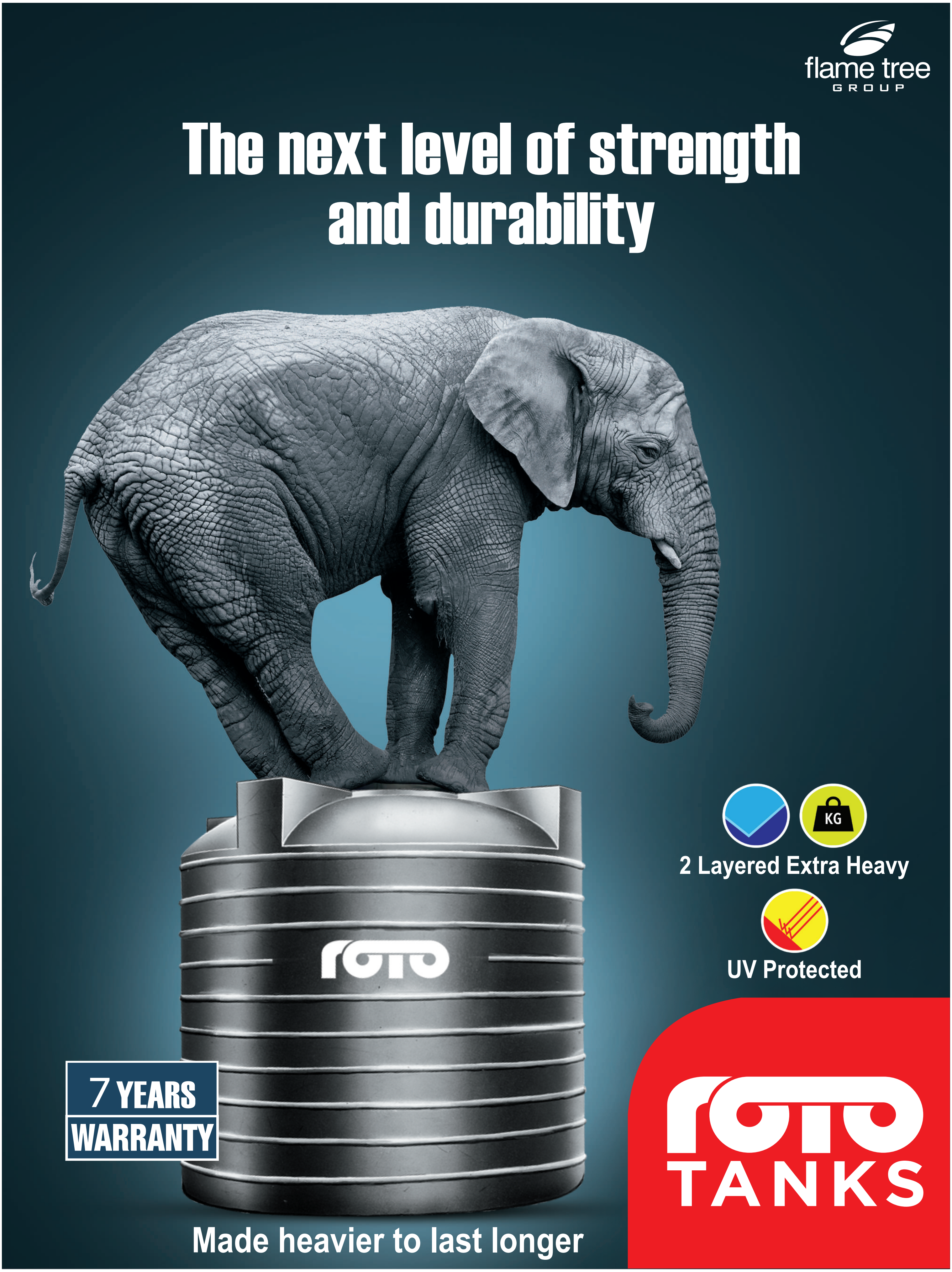
We were however able to get various bank allocations of currency and a grace period on repayments to be able to sustain the long term effects on our business. This will help us improve our sales in the coming year.

Roto Ltd, Rwanda

Despite the country initiating a complete lockdown of 2 months the effect of this pandemic was felt through the rest of the year. However pushing through with innovative hand-wash stations we were able to sustain our sales and achieve a major improvement on our targets.

Compared to 2019 we were able to increase our sales by profit margin 2020. Production tonnage also increased to a great extent. We were also able to secure additional land & electricity with support from the Rwandan Government.

Following depressed conditions in 2020, According to Krungsri Research, global demand for plastic products over 2021-2023 will rise by an annual average of 2.0-3.0% in line with the steady recovery of the global economy.


flame tree
GROUP
The next level of strength and durability
KG
2 Layered Extra Heavy
UV Protected
7 YEARS
WARRANTY
roto
roto
TANKS
Made heavier to last longer

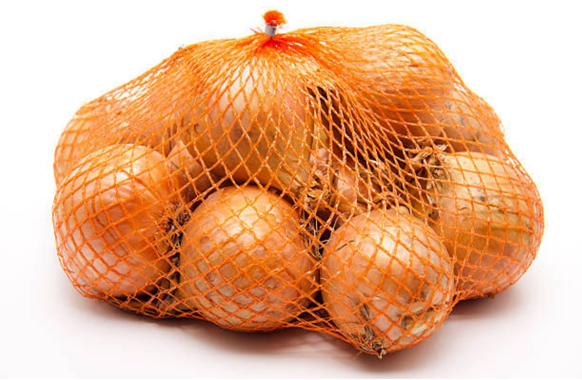
Packaging

Jojo Plastics Ltd

The global plastic packaging market size was valued at USD 348.08 billion in 2020 and is expected to grow at a compound annual growth rate (CAGR) of 4.2% from 2021 to 2028. High growth key industries including food & beverages, pharmaceuticals, and personal & household care are driving the product demand. Moreover, the rising penetration of organized as well as e-retail across the world is fueling the growth of the market.

Jojo Plastics in addition to selling water tanks, we also manufacture smaller bottles for the FMCG industry: cosmetic bottles and spice jars. This is has helped us effectively backward integrate and we are able to supply our sister FMCG companies with the products they require, thus keeping the profits in-house. Jojo also manufactures fruit/vegetable nets for use at wholesale and retail markets.

Jojo offers both flexible & rigid, transparent, and lightweight forms of packaging. Clean and safe plastic packaging is still in demand. Our products can survive in extreme environments and does not degrade in extreme temperatures, thus preserving the integrity of products, such as food & beverages and cosmetics. All our packaging solutions are useful, and safely protects and delivers a quality product from the manufacturer to the consumer. Our food and cosmetic packaging products are 100% recyclable. We have also increased our recycling capacitiy for bottles and containers year on year.



Playgrounds

CHILDREN'S PLAYGROUNDS industry demand declined drastically from the end of Q1 2020 following the global impact of the pandemic (COVID-19) that had especially hard effects on our main client categories: schools, hotels, restaurants, malls and other private/residential clients at large. Most of them were severely affected by temporary or permanent lockdowns for safety reasons, in accordance with the guidelines of the government. Declined demand led to a drastic reduction in sales, disrupting the 2-digit growth year on year that the company had been reporting in the previous fiscal years.

To compensate the adverse impact of the COVID-19 the company launched alternative products like plastic furniture for hospitals, schools, confinement centers, foot operated hand washing systems – including a special range tailor made for children, garden products and toys that are distributed through retailers. Some of the new products introduced in 2020 were: The rope swing, school seating & swings. Several economies are now opening and easing travel restrictions, factory operations and lockdowns. This will increase plastics demand and impact our performance positively.

We expect an increase of demand for **our products** once this pandemic is contained and the schools and travel/hotel industry open up fully so Polyplay will continue to report growth and profit as before.

ALANA

For all your Skin and
Hair Care needs,
Alana got you covered.

Cosmetics

Cosmetics Products Market is predicted to grow. According to the report published by Allied Market Research, the global cosmetics market garnered $380.2 billion in 2019, and is projected to reach $463.5 billion by 2027, manifesting a CAGR of 5.3% from 2021 to 2027. Increase in need for skin care products, demand for products made from natural ingredients, and attractive packaging fuel the growth of the global cosmetics market.

Flame Tree Africa

Flame Tree began producing hand sanitizers, personal care products, and cleaning agents with surge in demand for these products during the pandemic. We were able to launch 3 new products ranges in Year 2020.

Zoe

Zoe Hand Sanitizers, Zoe Liquid Handwashes and our sensational new range of fragrance based lotions: Zoe Scents lotions enriched with Shea butter. However, some of the cosmetic products underwent challenges in production, distribution, and supply of raw materials.

Supermarket/hypermarket stores were closed down due to the lockdown imposed by governments for prevention of the spread of the coronavirus. Flame tree activated its ecommerce presence in various online platforms including its' website, Jumia, ShopZetu etc

We also increased our advertisements on social media for the essential products as health consciousness among people surged during the pandemic.

Our Zoe brand targets kids, school going children to the adults in the mass market. The new development especially lotions target youth in the modern market. The new scented variants are the top selling body lotion variants in most of the modern trade and general market and has also helped rejuvenate the Zoe brands in all our ranges including sanitizers and shampoos etc.

Alana

Alana the brand was invented in Kenya over 15yrs ago with only 2 variant of lotions but through research and development the management has been able to develop various new products within the brand. By the year 2020 the brand had grown to 19 SKUs range of products. The brand targets the middle class customers who want to feel unique.

Colour Cosmetics

Having been hit with low footfall at our retail outlets, SuzieBeauty was able to gain some ground through our online listings. We were also able to re-open our shops when restrictions were relaxed and operated with all protocols in place.

Looking forward 2021 remains unpredictable as far as Covid-19 and its ramifications on the Beauty industry specifically on colour cosmetics remains to be seen.

Industry experts opinions vary with some predicting a recovery by September 2021 and others with more pessimistic predictions even till 2022. If any semblance of normal life returns, they anticipate consumers will enthusiastically embrace their beauty regimes adorning fun beauty looks that bring joy and self-expression.


flame tree
...naturally
Zoe
Naturals
For Healthy
Glowing Skin
Zoe
Naturals
PURE
OLIVE OIL
Pure & Natural
Zoe Olive Oil
Moisturizes, Nourishes &
Repairs damaged skin
for petal soft skin
Flame Tree Africa Ltd. P.O. Box 27621- 00506 Nairobi. Tel: 554015, Cell: 0711737079, Fax: 554013. E-mail: info@flametreebrands.com

Food Industry

The Africa food flavor market is projected to register a CAGR of 6.18%. As flavors are region- and country-specific, manufacturers are constantly innovating to capture a larger market share. Globalization and modernization also play a crucial role in creating interest among individuals for buying new products.

Chirag Africa Limited

As said "TOGETHER WE ACHIEVE MORE," the Team Chirag worked together as a team, though Year 2020 was full of challenges, we put our best efforts to find solution for every challenge at every stage. Though many companies and industries struggled to survive with the challenges of lockdown, cessation of movement etc. Every team member came out with their innovative ideas and turned the tables towards growth in Chirag Africa. We were able to control expenses and at the same time increased over market reach step by step to achieve growth at every level from general to modern trade. Branding & promotions during seasons also helped boost our shelf presence & off take.

Chirag was able to push sales to achieve an improved top line growth. Our Chigs brand grew by 83%. Our Nature's Own spices range also showed marked growth in sales. Our new pouches were positively received in the market and supported the growth. Corn Crunch snacks launched during the year was well received. With the increase of the working population, the need for processed and ready-made food products associated with interesting flavors and enhanced taste is on the rise. As a company producing snack food items, we are introducing varied food flavors to differentiate our product from the competitors. Happys has launched our foil packs in unique flavors of Fruit Chutney & Sour Cream.

The brand "Chigs" catering mainly the snacks and sub grouped as crisps and snacks. After introducing the new pack in a phased manner during the last quarter of 2019, the brand regained its strength, built back the confidence among the consumers and registered excellent growth.

Chigs

Potato Chips

Nature's Own Spice

This is the leading brand in our portfolio and is our growth engine and occupies bigger shelf space in most of the top and tier two super markets. Nature's Own spices is growing from strength to strength.

Honeycomb

This is a brand having its own niche in the market. This brand comprises of Homemade cookies which is positioned as a specialised product with organic and natural ingredients instead of flavors. The chevdas Honeycomb brand has its loyal customers in its basket.

Gonuts & Happys

The brand Happys is our fast growing brand. The attractive package becomes the first choice of customers. The unique stories at the back of each pack makes it a fun reading activity for children.

Introduced its new clear packaging which is a market trend in Kenya. The new packaging has helped improve the brand shelf off take and we hope to see positive growth in the year to come.

Trading

Cirrus International FZC is our general trading company in the Middle East. We deal in plastic raw material and various other materials as per our customer requirements. Cirrus is a trusted company, backed by over 30 years of valuable group experience. We pride ourselves in value creation for our clients and suppliers. We are able to source quality products at competitive rates strategically. As a leader in the field, we enjoy a reputation for reliability internationally.

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

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

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

NATURE'S OWN

Let your Senses Come Alive

Trainings

At FTG we calendarise trainings throughout the year to inculcate new skills in our employees. However this year as result of the protocols involved with the pandemic these were restricted as much as possible and others conducted using technology. We were able to conduct few trainings in Q1 and later trained personnel in ZOOM so that all are able to effectively function even in a work-from-home environment.

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

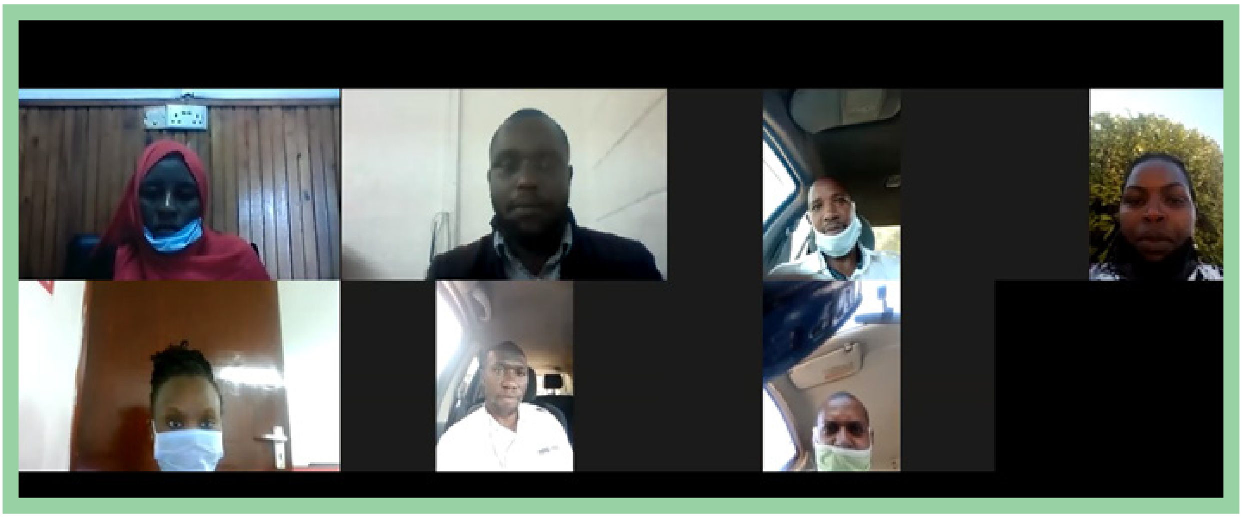
These trainings also leads to better relations between management and the employees. When the staff is good at what they do, there is little room for conflict between employers and employees. Trainings also contributes to growth because well trained employees are more likely to offer great services to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

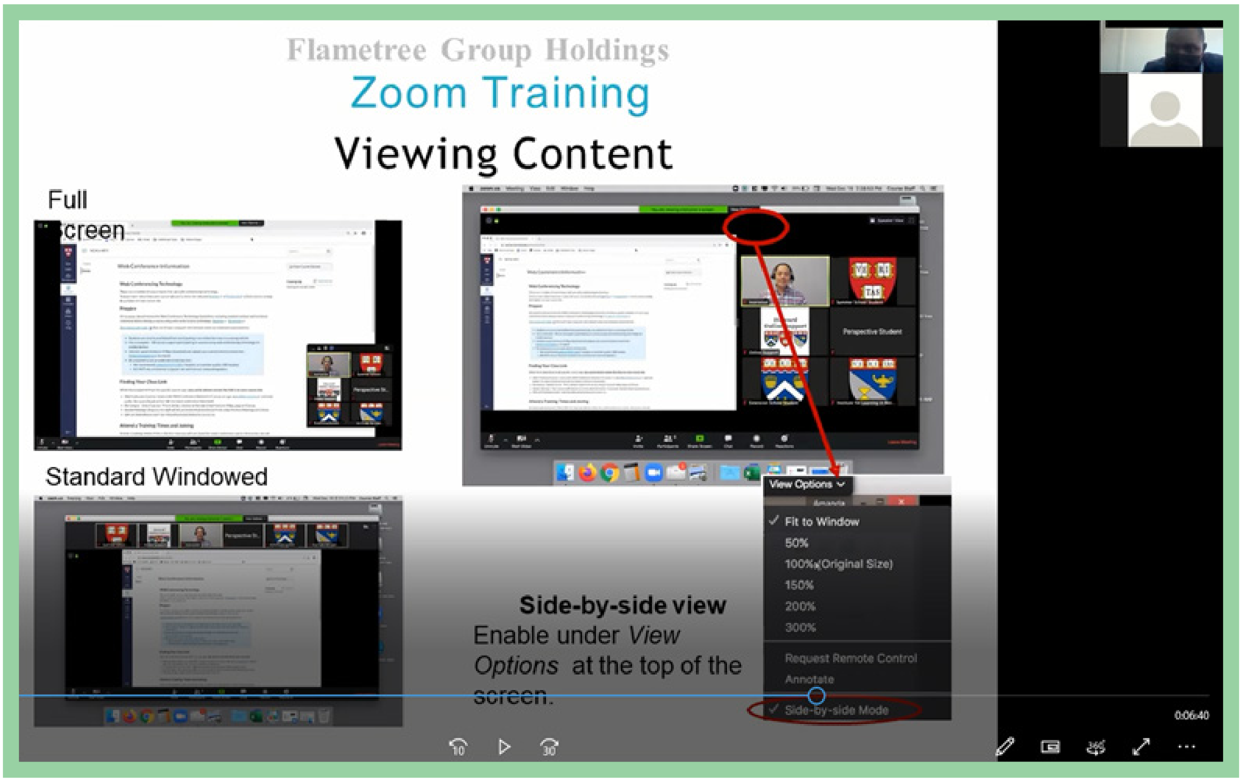
List of Trainings done

Training Type/Name	Trainers	Venue
Kaizen Trainning	George Akule	All companies
Introduction Program and Art of Sales	Sujomon Jose	Rino Tanques Lda
Motivation and Positive Attitude Training	Balakrishna Hegde	Flame Tree Africa Ltd
Innovation Training	Shukla B	Chirag Africa Ltd
First Aid Training	George Akule	Chirag Africa Ltd
Logical thinking Training	Shukla B	Chirag Africa Ltd
Zoom Cloud Meeting	Raymond Bett	All companies
Netsuite Training	Aravina Khilnani	Roto PLC
Quality Control	Rewat Kumar	Chirag Africa Ltd
Time Management	Rejith Pillai	Chirag Africa Ltd
Mail Merge	Scholasticah Matutu	Roto Moulders Ltd
Analytical Thinking	Shukla B	Roto Moulders Ltd
Critical Thinking	Bhalachandra Shukla	Chirag Africa Ltd
NM ISO 9001: 2015	Haider Julaya	Rino Tanques Lda via Zoom
Driver's Refresher Training	Martin Osaka, Daniel Mbai: Trainers from SimbaColt	Roto Moulders Drivers on SimbaColt Colt Offices

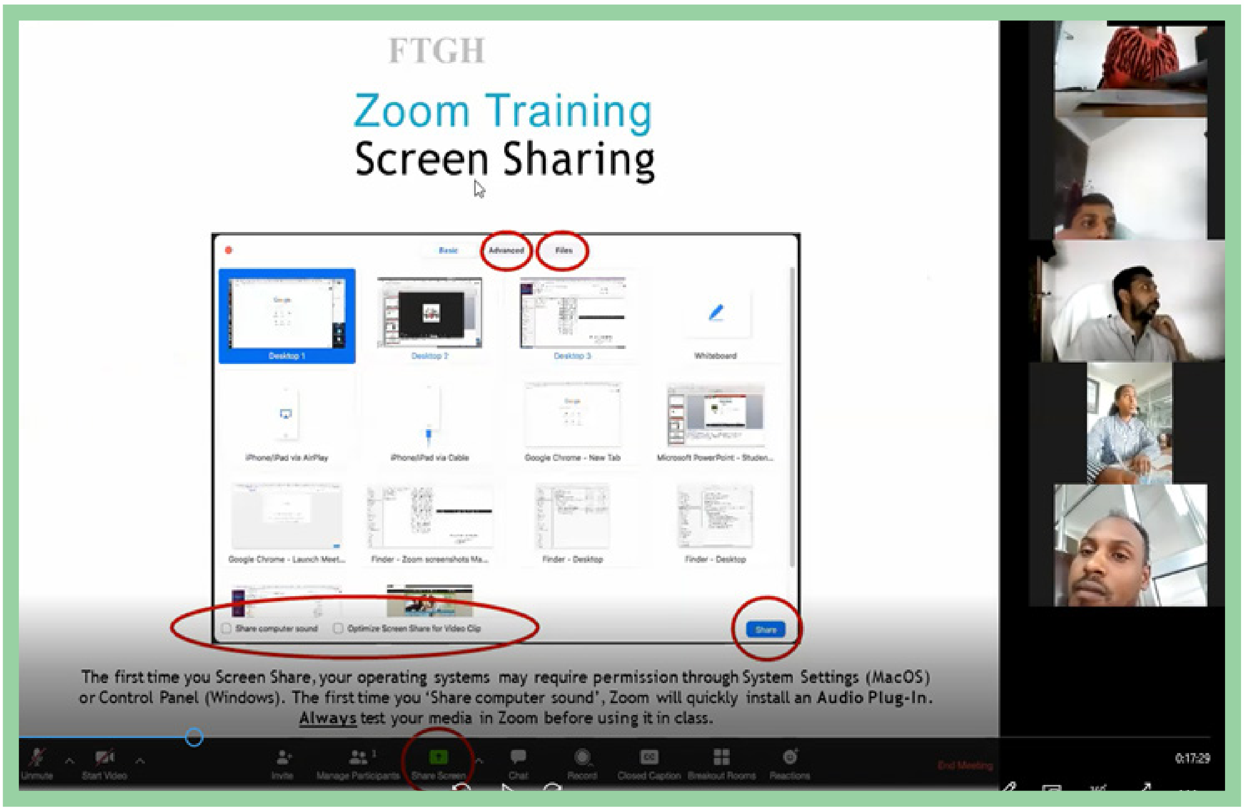
Training of Zoom Conducted by Raymond Bett-IT Supervisor

On the onset of Covid 19, the Company saw the need to reduce one on one meetings and move with technology. Therefore training was conducted via Zoom on how to use Zoom to carry out meetings and presentations online. This was conducted to the whole of FTG Group by the IT Supervisor Mr. Raymond Bett. Below are some of the photos that were taken during the session.





Roto Moulders Limited employees being taken through various components of zoom presentation by Raymond Bett



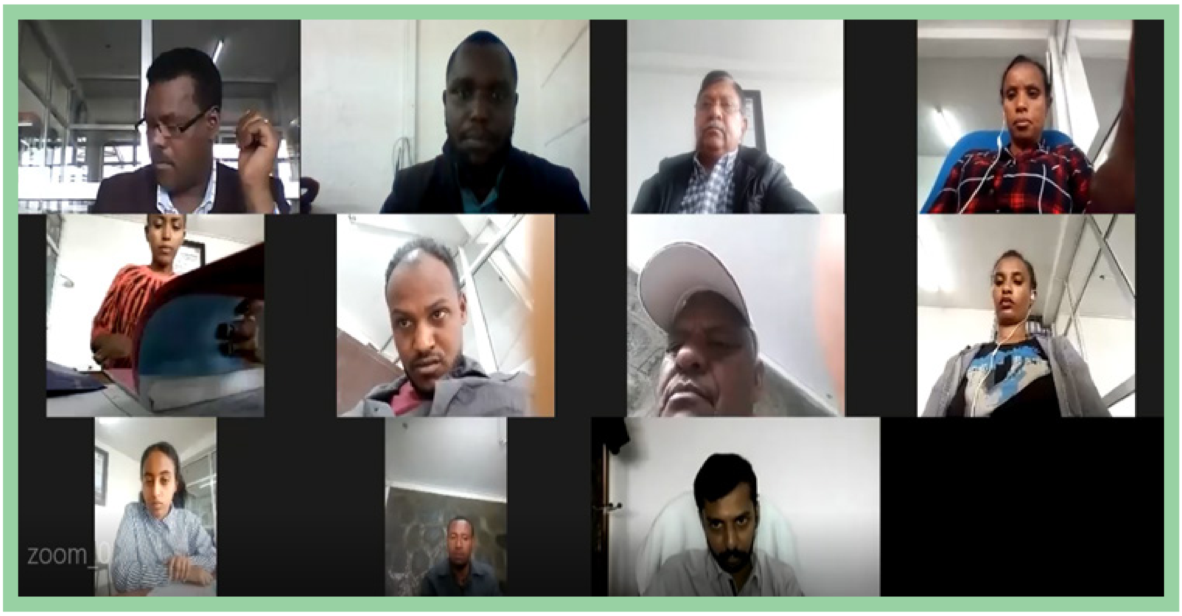


Photo taken during Zoom Training for Ethiopia Team

Kaizen

We formed the Kaizen Steering Committee to take up the projects of Kaizen. Mr. Akule has conducted the Kaizen training in the presence of our CEO.

This Steering committee has done a wonderful job in completing the 80% of the projects like

- Maintaining the minimum stock of raw material
- Upgrading the wash rooms at factory
- Painting of factory, office, finished goods godown
- Upgrading the purchase manager's office
- Category wise Demarcation in finished goods etc.

KAIZEN Project 2020 Q2

Constructed a water tower

gonuts

Have a taste of our GoNuts Peanuts! A delicacy and an excellent crowd-pleasing snack or appetizer!

#Gonuts WithGoNuts

Corporate Social Responsibility (CSR)

500 and 100 litres ROTO handwash station donated to Buru Buru Police station

500 litres ROTO handwash station donated to Makongeni Police station

Charles Mathenge -Driver presenting 5,000 litres to St Joseph of Tarbes School that was donated by ROTO

Employees of Roto & Members of GIVE Foundation, presenting donation of Sanitary Pads and writing materials to students of Bararget Secondary School-Olenguruone in Nakuru County.

Gatuanyaga Artisans Jua Kali self-Help group, pose as they receive a donation of 5,000 litre & 500 litre ROTO handwash station to help them them comply with MOH protocols for fighting Covid-19

In collaboration with Indian business council & Liga Juventude Hindu de Gaza we provided "Rinotizer" (our automated sanitizing station) in Mozambique

In collaboration with Indian business council and Liga Juventude Hindu de Gaza we provided "Rinotizer" (our automated sanitizing station) in Mozambique

Nature's Own supplied our Turmeric powder through Carrefour to Kenyatta Hospital's drive to boost immunity of the patients.

Paul Mururu, Daniel Wanyama from Roto pose for a photo as they present a 5,000 Litres water tank to Githunguri Utawala Police post.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12 ቀጠና 6 ወጣቶች ማህበር

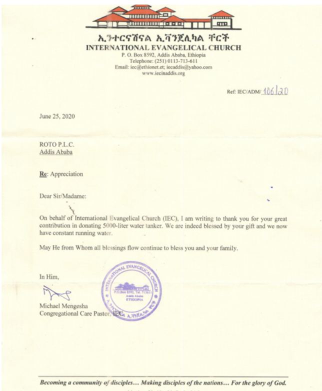
የምስጋና ምስክር ወረቀት

ለ ROTO P.L.C

በ 2013 የዘመን መለወጫ በዓልን ምክንያት በማድረግ ባዘጋጀነው የማዕድ ማጋራት ፕሮግራም ላይ ላበረከቱልን ከፍተኛ አስተዋፅኦ ይህን የምስክር ወረቀት በታላቅ አክብሮት ስንሰጥዎ በቀጣይም ለሚኖሩን እነዚህን የመሰሉ በጎ ተግባራት ላይ ከጎናችን እንደሚሆኑ በመተማመን ነው ::

የወረዳ 12 ፅ /ጉላፊ

Roto Ethiopia donated a tank to Akaki kality subcity


ኢንተርናሽናል ኢቫንጀሊካል ቸርች
INTERNATIONAL EVANGELICAL CHURCH
P. O. Box 8592, Addis Ababa, Ethiopia
Telephone: (251) 0113-713-611
Email: iec@ethionet.et; iecaddis@yahoo.com
www.iecinaddis.org

Ref: IEC/ADM/ 106/20

June 25, 2020

ROTO P.L.C.
Addis Ababa

Re: Appreciation

Dear Sir/Madame:

On behalf of International Evangelical Church (IEC), I am writing to thank you for your great contribution in donating 5000-liter water tanker. We are indeed blessed by your gift and we now have constant running water.

May He from Whom all blessings flow continue to bless you and your family.

In Him,

Michael Mengesha
Congregational Care Pastor, IEC

Becoming a community of disciples… Making disciples of the nations… For the glory of God.
Matthew 28: 18 – 20; Psalm 96:3

Roto Ethiopia made a donation to IEC church

Zoe donated hampers to the Light a Candle Foundation

Roto Ethiopia renovated the community police station

The Tank was donated to the Police post by Roto Moulders Limited to help in water harvesting preservation and to help in covid 19 control measures.

Our Environment and Us

Across FTG, we reduce and recycle. All our sites have recycling machinery in place. We aim to improve our environment while growing our business. By educating the future generations on healthier practices to strengthening our inhouse management of recycling and reduction by implementing Kaizen through all our sites and by investing in machinery, technology and culture change to effectively reduce working towards recycling 100% of all plastic waste generated towards zero environmental impact in our operations.

Annual Report and Consolidated Financial Statements

For the year ended 31 December 2020

Report of the Directors

The Directors are pleased to present their report on the business of FTG Holdings Ltd (the "Company") along with the consolidated and separate financial statements of the Company and its subsidiaries for the year ended 31 December 2020.

Principal activities and operations

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

Key performance indicators

	Group		Company	
	2020	2019	2020	2019
	Shs	Shs	Shs	Shs
Profit/(loss) before tax	148,413,415	90,530,157	(1,550,097)	(37,099,876)
Tax	(73,232,982)	(45,593,913)	-	-
Profit/(loss) for the year	**75,180,433**	**44,936,244**	**(1,550,097)**	**(37,099,876)**

Dividend

The directors do not recommend the declaration of a dividend for the year FY2020. (2019: Nil).

Legal status of the Kenyan Branch

The Kenyan branch is not an incorporated company so it does not have its own share capital or directors, as the activity is consolidated within FTG Holdings Ltd. Only for tax purposes, the branch is registered in Kenya.

Its activity is to support the Group in terms of management, technical and financial assistance. This is reflected as well in the Transfer Price Policy of the Group. It is considered to be a cost centre and does not generate any revenue or sales on its own.

Report of the Directors (Contd.)

Subsidiaries

The Company's investment in its subsidiaries as at 31 December 2020 is summarized in the table below:

Entity	Country of incorporation	Holding	No. of shares
Roto Moulders Limited	Kenya	100%	955,814
Flame Tree Africa Limited	Kenya	100%	138,749
Happy Golden Foods Limited	Kenya	100%	10,999,999
Cherry Styles Limited	Kenya	100%	64,438
Jojo Plastics Limited	Kenya	100%	40,000
Chirag Africa Limited	Kenya	100%	97,299
Polyplay Limited	Kenya	100%	60,199
Roto Ltd	Rwanda	100%	99
Flame Tree Brands Ltd	Rwanda	100%	2,458
Build Mart Limited	Rwanda	100%	4,999
Rino Tanques Lda	Mozambique	100%	1
Flame Tree Mozambique Lda	Mozambique	100%	1
Roto Private Limited Company	Ethiopia	100%	278,566
Cirrus International FZC	UAE	100%	199

Report of the Directors (Contd.)

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

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

Flame Tree Africa Limited

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

Happy Golden Foods Limited

Happy Golden Foods Ltd was acquired in 2016. It is engaged in the sales of potato and peanut base snacks.

Cherry Styles Limited

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

Jojo Plastics Limited

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

Chirag Africa Limited

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

Polyplay Limited

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

Report of the Directors (Contd.)

Build Mart Limited

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

Rino Tanques Lda

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

Flame Tree Mozambique Lda

Flame Tree Mozambique Lda started operations in 2019, it is offering ZOE products branded in Portuguese for the local market. Important growth is expected from 2021 onwards.

Flame Tree Brands Limited

Based in Rwanda, Flame Tree Brands Limited imports cosmetics products from Flame Tree Africa Kenya and sells them in Rwanda.

Cirrus International FZC

Based in UAE, Cirrus International FZC is an importer, distributor and exporter of petroleum products, backed by over 20 years of valuable group experience. The company trades in commodities and polymers.

The Company and its subsidiaries have same accounting year end i.e. 31 December.

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

Overall Performance

Below tables show the Group overall performance for the year ended 31 December 2020:

Activity	% Turnover total	%Gross profit total	% Operating profit total
Manufacturing	96%	93%	93%
Trade	4%	7%	21%
Holding	0%	0%	-14%

Report of the Directors (Contd.)

Overall Performance (continued)

Activity	% Turnover total	%Gross profit total	% Operating profit total
Region			
Africa	96%	93%	79%
Middle East	4%	7%	21%

Director fees

There was no payment due to any director as at 31 December 2020.

Contracts with subsidiaries

The Company did not have any contract of significance with its subsidiaries and shareholders at 31 December 2020.

Other matters

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

None of the senior officers of the Company holds any rights to subscribe in the equity instruments of the Company.

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

There have not been any amounts of interest capitalised by the Company and its subsidiaries during the year.

There are no unexpired service contracts during the year.

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

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

Report of the Directors (Contd.)

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

The below table shows the Company's and its subsidiaries debts as at 31 December 2020:

Subsidiary companies	Bank Debt loans	< 1 year	>1 year < 2 years	>2 years < 3 years	> 3 years	Interco debt
	Shs	Shs	Shs	Shs	Shs	Shs
Roto Moulders	239,216,004	131,701,990	27,812,836	27,812,836	27,812,836	131,332,148
Polyplay	2,483,157	827,719	827,719	827,719	-	(893,180)
Jojo Plastics	56,877,650	56,877,650	-	-	-	(4,478,592)
Happy Golden Foods	-	-	-	-	-	(9,874,695)
Flame Tree Africa	9,808,266	9,808,266	-	-	-	(87,305,629)
Chirag	1,076,316	1,076,316	-	-	-	(146,786,777)
Cherry Styles	-	-	-	-	-	(22,320,264)
Rino Tanques Mozambique	1,869,111	623,037	623,037	623,037	-	23,124,426
Flame Tree Mozambique	-	-	-	-	-	(23,115,961)
Roto PLC Ethiopia	96,260,228	19,252,046	19,252,046	19,252,046	38,504,091	8,655,906
Buildmart	-	-	-	-	-	(973,945)
Flame Tree Rwanda	-	-	-	-	-	(5,312,887)
Roto Rwanda	24,075,506	24,075,506	-	-	-	(10,579,396)
Cirrus AED	-	-				456,596,564

The parent company and its branches	Bank Debt loans	< 1 year	>1 year < 2 years	>2 years < 3 years	> 3 years	Interco debt
	Shs	Shs	Shs	Shs	Shs	Shs
FTG Holdings Mauritius, parent company	-	-	-	-	-	302,650,448
FTG Holdings Mauritius, Kenya branch	8,482,571	5,191,217	3,291,354	-	-	-

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

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

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

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

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

Auditors

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

By order of the Board

Director

Date: 7th April 2021

Secretary's Certificate

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

We, JurisTax Ltd, being the Company Secretary of FTG Holdings Ltd (the "Company"), hereby certify that the Company has filed with the Registrar all such returns as are required by the Company under the Companies Act 2001, for the year ended 31 December 2020.

…………………………………………………

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

Date: 07 April 2021

JurisTax Ltd
Level 1, Ebene House, Hotel Avenue, 33 Cybercity, Ebene, 72201, Republic of Mauritius
Tel: (+230) 465 5526 | (+230) 5943 5526 | Fax: (+230) 468 1886 | Email: contact@juristax.com | Website: www.juristax.com
BRN: C08080123 | VAT: 20455368

Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF FTG Holdings Ltd

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of **FTG Holdings Ltd** (the "Company") which include the financial statements of its subsidiaries together referred as the "Group" and as set out on pages 17 to 53, which comprise the consolidated and separate statement of financial position as at 31 December 2020, and the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and the notes to the consolidated and separate financial statements.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and of the Company as at 31 December 2020, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and in compliance with the Mauritius Companies Act 2001.

Basis for opinion

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

Independent Auditors’ Report (Contd.)

Crowe

INDEPENDENT AUDITORS’ REPORT (CONTINUED)

TO THE SHAREHOLDERS OF FTG Holdings Ltd

Report on the audit of the consolidated and separate financial statements (continued)

Key audit matters

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

(a) Revenue Recognition - Group

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

(b) Impairment of investment in subsidiaries - Company

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

Independent Auditors' Report (Contd.)

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE SHAREHOLDERS OF FTG Holdings Ltd

Report on the audit of the consolidated and separate financial statements (continued)

Key audit matters (Continued)

d) Impairment of intangibles – Group

Key Audit Matter	How our audit addressed the Key Audit Matter
At 31 December 2020, the goodwill amounted to Ksh 71,851,809 and trademarks having an indefinite useful lives acquired through one of its subsidiary amounted to Ksh 52,000,000. The annual impairment test for goodwill and the trademarks is significant to our audit because the assessment process involves significant management judgment and is based on assumptions that are affected by expected future market and economic conditions, revenue growth, margin developments, the discount rates and terminal growth rates. Based on the annual impairment test carried out for goodwill and trademarks, management concluded that no impairment was necessary.	Our audit procedures included, among others, an assessment of the information we received from management. We evaluated the assumptions and methodologies used in the annual impairment test prepared by management. We have discussed with management, primarily on their assumptions applied to which the outcome of the impairment test on goodwill is the most sensitive, in particular, the projected revenue growth, margin developments, discount rates and terminal growth rates. We have taken note from our review of audit work paper of one of the component auditors of their independent testing performed on trademark and challenged management by comparing the assumptions to historic performance of the subsidiary. We also focused on the adequacy of the Company's disclosures in the consolidated and separate financial statement concerning those key assumptions to which the outcome of the impairment test is most sensitive.

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

Key Audit Matter	How our audit addressed the Key Audit Matter
The group has property, plant and equipment which represents a significant portion of the total assets of the group as at 31 December 2020. Management believes no impairment provision is required as the fair valuation of the property, plant and equipment provides a better reflection of the carrying amounts in the current market.	Our procedures in relation to management's impairment assessment of the property, plant and equipment included: Assessing the methodologies used by management to estimate values in use; Checking on a sample basis the accuracy and relevance of the input data used by management to estimate values in use; Assessing management's key assumptions including physical deterioration and functional obsolescence which used to estimate values in use of the plant and equipment and also the physical conditions of the properties and comparing the market value in the neighbourhood and comparing with the insurance value of the property.

Independent Auditors' Report (Contd.)

Crowe

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE SHAREHOLDERS OF FTG Holdings Ltd

Report on the audit of the consolidated and separate financial statements (continued)

Key audit matters (Continued)

(f) Trade debtors' recoverability – Group

Key Audit Matter	How our audit addressed the Key Audit Matter
The group has trade receivables which represents a significant portion of the total assets of the group as at 31 December 2020. The recoverability of trade receivables and the level of provisions for impairment of receivables are considered to be a significant risk due to the pervasive nature of these balances to the financial statements, and the importance of cash collection with reference to the working capital management of the business.	We have:- assessed the design and implementation of key controls around the monitoring of recoverability; discussed with management regarding the level and ageing of trade receivables, along with the consistency and appropriateness of receivables provisioning by assessing recoverability with reference to cash received in respect of debtors. considered the consistency of judgments regarding the recoverability of trade receivables made year on year to consider whether there is evidence of management bias through discussion with management on their rationale and obtaining evidence to support judgement areas. We have noted that in-house resources have been deployed for credit control and debt follow up and also appointment of a debt collector for collection of debts exceeding 5 months for kenyan subsidiaries.

Other information

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

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

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

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

Independent Auditors' Report (Contd.)

Crowe

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE SHAREHOLDERS OF FTG Holdings Ltd

Report on the audit of the consolidated and separate financial statements (continued)

Responsibilities of the directors for the consolidated and separate financial statements

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

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

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

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

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

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

Independent Auditors' Report (Contd.)

Crowe

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE SHAREHOLDERS OF FTG Holdings Ltd

Report on the audit of the consolidated and separate financial statements (continued)

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

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Report on other legal and regulatory requirements

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

- We have no relationship with, or any interests in, the Company other than in our capacity as auditors;

- We have obtained all the information and explanations that we required; and

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

Use of this report

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

Crowe ATA

Crowe ATA
Public Accountants

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

Date: 7 April 2021
Ebene, Mauritius

Statement of profit or loss and other comprehensive income

	Note(s)	Group 2020 shs	Group 2019 shs	Company 2020 shs	Company 2019 shs
Revenue	16	2,910,676,573	2,424,753,503	-	-
Cost of sales	17	(1,769,160,997)	(1,602,069,716)	-	-
Gross profit		**1,141,515,576**	**822,683,787**	**-**	**-**
Other operating income	18	1,634,879	6,682,401	59,308,880	-
Other operating gains	19	831,226	1,615,351	-	-
Selling and distribution expenses	31	(272,077,918)	(287,598,171)	-	-
Administrative expenses	31	(496,077,842)	(320,153,759)	(45,127,649)	(28,044,856)
Other operating expenses	31	(68,991,741)	(57,485,493)	(1,674,283)	(627,804)
Operating profit/(loss)		**306,834,180**	**165,744,116**	**12,506,948**	**(28,672,660)**
Finance cost	21	(158,420,765)	(75,213,959)	(14,057,045)	(8,427,216)
Profit/(loss) before taxation		**148,413,415**	**90,530,157**	**(1,550,097)**	**(37,099,876)**
Current tax	22	(46,203,702)	(30,415,764)	-	-
Deferred tax	22	(27,029,280)	(15,178,149)	-	-
Profit/(loss) for the year		**75,180,433**	**44,936,244**	**(1,550,097)**	**(37,099,876)**
Other comprehensive income:					
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations		(42,020,911)	(6,020,710)	-	-
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:					
Gains on property revaluation		-	229,670,444	-	-
Income tax relating to items that will not be reclassified		-	(45,145,397)	-	-
Other comprehensive income for the year net of tax		**(42,020,911)**	**178,504,337**	**-**	**-**
Total comprehensive income/(loss) for the year		**33,159,522**	**223,440,581**	**(1,550,097)**	**(37,099,876)**
Basic earnings per share					
Earnings per share -– On profit/(loss)	32	0.42	0.25	(0.01)	(0.21)
Earnings per share -– On total comprehensive income	32	0.19	1.25	(0.01)	(0.21)

The notes on pages 76 to 108 form an integral part of the consolidated and separate financial statements.

flame tree GROUP

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

Statement of Financial Position as at 31 December 2020

		Group		Company	
Assets	**Note(s)**	**2020 shs**	**2019 shs**	**2020 shs**	**2019 shs**
Non-current assets					-
Property, plant and equipment	3	1,060,685,487	1,043,842,107	19,189	-
Right-of-use assets	4	107,002,950	-	-	-
Goodwill	5	71,851,809	71,851,809	-	-
Intangible assets	6	92,638,637	86,145,049	7,814,541	1,076,676
Investments in subsidiaries	10	-	-	545,531,392	545,531,392
		1,332,178,883	**1,201,838,965**	**553,365,122**	**546,608,068**
Current assets					
Inventories	8	500,574,015	341,685,344	-	-
Trade and other receivables	9	582,902,974	641,869,089	68,971,276	214,459,305
Current tax receivable		13,476,353	7,033,454	-	-
Cash and cash equivalents	11	59,917,048	88,741,088	16,188,645	618,702
		1,156,870,390	**1,079,328,975**	**85,159,921**	**215,078,007**
Total Assets		**2,489,049,273**	**2,281,167,940**	**638,525,043**	**761,686,075**
Equity and Liabilities					
Equity					
Share capital	12	146,894,092	146,894,092	146,894,092	146,894,092
Share premium		152,450,453	152,450,453	152,450,453	152,450,453
Revaluation reseres		347,121,399	347,121,399	-	-
Legal reserve		3,665,461	3,665,461	-	-
Translation reserve		(52,184,317)	(10,163,406)	-	-
Retained earnings/ (accumulated losses)		486,975,706	417,174,377	(89,228,324)	(87,678,227)
		1,084,922,794	**1,057,142,376**	**210,116,221**	**211,666,318**
Liabilities					
Non-Current Liabilities					
Borrowings	13	211,417,865	284,947,082	306,341,669	883,422
Lease liabilities	14	88,098,285	-	-	-
Deferred tax liabilities	7	62,317,757	48,905,214	-	-
		361,833,907	**333,852,296**	**306341669**	**883,422**
Current Liabilities					
Trade and other payables	15	495,759,465	540,822,020	22,605,405	443,422,558
Borrowings	13	242,109,428	314,246,832	3,291,354	105,713,777
Lease liabilities	14	26,159,717	-	-	-
Bank overdrafts	11	278,263,962	22,321,819	96,170,394	-
Current tax payable		-	12,782,597	-	-
		1,042,292,572	**890,173,268**	**122,067,153**	**549,136,335**
Total Liabilities		**1,404,126,479**	**1,224,025,564**	**428,408,822**	**550,019,757**
Total Equity and Liabilities		**2,489,049,273**	**2,281,167,940**	**638,525,043**	**761,686,075**

The consolidated and separate financial statements and the notes on pages 17 to 53, were approved by were signed on it behalf by:

Directors

Directors

The notes on pages 76 to 108 form an integral part of the consolidated and separate financial statements

Statement of changes in equity

Group	Share Capital Shs	Share premium Shs	Legal reserve Shs	Translation reserve Shs	Revaluation reserve Shs	Retained income Shs	Total Shs
As at 01 January 2019	146,894,092	152,450,453	3,665,461	(4,142,696)	141,929,031	372,238,133	813,034,474
Translation reserve	-	-	-	(6,020,710)	-	-	(6,020,710)
Revaluation for the year	-	-	-	-	205,192,368	-	205,192,368
Profit for the year	-	-	-	-	-	44,936,244	44,936,244
As at 31 December 2019	**146,894,092**	**152,450,453**	**3,665,461**	**(10,163,406)**	**347,121,399**	**417,174,377**	**1,057,142,376**
As at 01 January 2020	**146,894,092**	**152,450,453**	**3,665,461**	**(10,163,406)**	**347,121,399**	**417,174,377**	**1,057,142,376**
Translation reserve	-	-	-	(42,020,911)	-	-	(42,020,911
Adjustment previous years	-	-	-	-	-	(5,379,104)	(5,379,104)
Profit for the year	-	-	-	-	-	75,180,433	75,180,433
As at 31 December 2020	**146,894,092**	**152,450,453**	**3,665,461**	**(52,184,317)**	**347,121,399**	**486,975,706**	**1,084,922,794**

The notes on pages 76 to 108 form an integral part of the consolidated and separate financial statements.

Statement of changes in equity

Company	Share Capital Shs	Share premium Shs	Accumulated losses Shs	Total Shs
As at 01 January 2019	**146,894,092**	**152,450,453**	**(50,578,351)**	**248,766,194**
(Loss) for the year	-	-	(37,099,876)	(37,099,876)
As at 31 December 2019	**146,894,092**	**152,450,453**	**(87,678,227)**	**211,666,318**
As at 01 January 2020	**146,894,092**	**152,450,453**	**(87,678,227)**	**211,666,318**
(Loss) for the year	-	-	(1,550,097)	(1,550,097)
As at 31 December 2020	**146,894,092**	**152,450,453**	**(89,228,324)**	**210,116,221**

The notes on pages 76 to 108 form an integral part of the consolidated and separate financial statements.

Statement of cashflows

	Note(s)	Group		Company	
Cash flows from operating activities					
Cash generated from operations	23	248,479,626	240,887,732	(262,604,100)	(35,033,767)
Finance costs		(158,420,765)	(75,213,959)	(14,057,045)	(7,558,423)
Interest paid on lease liabilities	21	(12,444,662)	-	-	-
Tax paid	24	(65,169,585)	(32,442,236)	-	-
Net cash (used in)/from operating activities		**12,444,614**	**133,231,537**	**(276,661,145)**	**(42,592,190)**
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(82,729,419)	(253,163,591)	(21,930)	-
Payments for right-of-use assets	14	(28,638,842)	-	-	-
Proceeds from sale of property, plant and equipment	3	1,110,000	2,758,621	-	-
Purchase of other intangible assets	6	(5,149,188)	(2,707,420)	(6,953,200)	(1,076,676)
Net cash used in investing activities		**(115,407,449)**	**(253,112,390)**	**(6,975,130)**	**(1,076,676)**
Cash flows from financing activities					
(Repayment of)/proceeds from borrowings		(145,666,621)	287,848,789	203,035,824	25,934,961
Payments of principal portion of the lease liability	14	(16,194,180)	-	-	-
Net cash (used in)/from financing activities		**(161,860,801)**	**287,848,789**	**203,035,824**	**25,934,961**
Net movements in cash and cash equivalents		**(264,823,636)**	**167,967,936**	**(80,600,451)**	**(17,733,905)**
Cash and cash equivalents at the beginning of the year		66,419,269	(101,548,667)	618,702	18,352,607
Effects of foreign currency translations		(19,942,547)	-	-	-
Cash and cash equivalents at end of the year	11	**(218,346,914)**	**66,419,269**	**(79,981,749)**	**618,702**

The notes on pages 76 to 108 form an integral part of the consolidated and separate financial statements.

Notes

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

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

1. Significant accounting policies

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

1.1 Basis of preparation

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

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

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

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

1.2 Segmental reporting

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

Notes (Contd.)

1.3 Critical judgements in applying accounting policies

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

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

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

- **Measurement of expected credit losses (ECL)**

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

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

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

- Stage 1 - If, at the reporting date, the credit risk of non-impaired financial instruments has not increased significantly since initial recognition, these financial instruments are classified in Stage 1, and a loss allowance t hat i s measured, at each reporting date, at an amount equal to 12-month expected credit losses is recorded.

- Stage 2 - When there is a significant increase in credit risk since initial recognition, these non-impaired financial instruments are migrated to Stage 2, and a loss allowance that is measured, at each reporting date, at an amount equal to lifetime expected credit losses is recorded. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the ECL model requires reverting to recognition of 12-month expected credit losses.

Notes (Contd.)

1.3 Critical judgements in applying accounting policies (continued)

When one or more events that have a detrimental impact on the estimated future cash flows of a finance asset have occurred, the financial asset is considered credit-impaired and is migrated to Stage 3, and and allowance equal to lifetime expected losses continues to be recorded or the financial asset is written off.

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

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

When one or more events that have a detrimental impact on the estimated future cash flows of a finance asset have occurred, the financial asset is considered credit-impaired and is migrated to Stage 3, and and allowance equal to lifetime expected losses continues to be recorded or the financial asset is written off.

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

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

- **Impairment of trade and other receivables**

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

- **Useful lives of property, plant and equipment and intangible assets**

  Management reviews the useful lives and residual values of the items of property, plant and equipment intangible assets on a regular basis. During the financial year, the directors determined that there were significant changes in the useful lives and residual values.

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

Notes (Contd.)

1.3 Critical judgements in applying accounting policies (continued)

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

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

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

- **Impairment of goodwill** - Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. Management is on it assessment satisfied that no provision for impairment for goodwill as at 31 December 2020. Suzie Beauty is trademark on which goodwill is linked. The investment was Ksh 52 Million and the present value of EBT discounted at 6% is KES 124,8 million which is higher than goodwill amount of KES 52 million

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

- **Impairment of investment in subsidiaries**

  Management has made an impairment assessment on the various subsidiaries by comparing the net assets against the cost of investments. Although the cost of the investments are higher than the net assets of the subsidiaries, management is satisfied after carrying out an analysis of the current key performance indicators for each of the entities and of the next 5 years projections that no provision for impairment is required to be made.

Notes (Contd.)

1.4 Property, plant and equipment

Property, plant and equipment are tangible assets which the group holds for its own use or for rental to others and which are expected to be used for more than one year. An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the group, and the cost of the item can be measured reliably.

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

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

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

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

	Rate %
Building	2 - 5 (Straight Line)
Plant and machinery	8.33%
Furniture and fixtures	12.50%
Motor vehicles	12.50%
Computer equipment	30%

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset. Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

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

Notes (Contd.)

1.5 Intangible assets

Computer software

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

Trade mark

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

Goodwill

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

1.6 Financial instruments

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

Financial assets which are equity instruments:

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

Financial assets which are debt instruments:

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

Notes (Contd.)

1.6 Financial instruments (continued)

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

Derivatives which are not part of a hedging relationship:

- Mandatorily at fair value through profit or loss.

Financial liabilities:

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

Note 28 Financial instruments and risk management presents the financial instruments held by the group based on their specific classifications.

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

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

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 9).

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

Trade and other receivables denominated in foreign currencies

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

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

Notes (Contd.)

1.6 Financial instruments (continued)

Trade and other payables Classification

Trade and other payables (note 15), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Cash and cash equivalents

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

1.7 Tax

Current tax assets and liabilities

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

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

Deferred tax assets and liabilities

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

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

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

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

Notes (Contd.)

1.7 Tax(continued)

Tax expenses

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

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

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

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

1.8 Right of use asset

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

1.9 Inventories

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

1.10 Impairment of assets

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

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

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

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

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

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

Notes (Contd.)

1.10 Impairment of assets (continued)

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

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

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss.

Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.11 Share capital and equity

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

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

1.12 Employee benefits

Short-term employee benefits

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

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.13 Dividends

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

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

Notes (Contd.)

1.14 Revenue from contracts with customers

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

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

i) Sales of goods are recognised upon delivery of products and customer acceptance.

ii) Sales of services are recognised upon performance of the services.

1.15 Borrowing costs

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

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

The capitalisation of borrowing costs commences when:

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

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

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

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

Notes (Contd.)

1.16 Translation of foreign currencies

Foreign currency transactions

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

At the end of the reporting period:

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

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

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

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

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

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

2 New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

IFRS 16 Leases

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

Notes (Contd.)

2.1 Standards and interpretations effective and adopted in the current year (continued)

IFRS 16 Leases (continued)

Group as lessee:

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

Notes (Contd.)

2.1 Standards and interpretations effective and adopted in the current year (continued)

IFRS 16 Leases (continued)

- Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases.

Group as lessor:

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

Modifications to operating leases are required to be accounted for as new leases from the effective date of the modification. Changes have also been made to the disclosure requirements of leases in the lessor's financial statements.

Sale and leaseback transactions:

- In the event of a sale and leaseback transaction, the requirements of IFRS 15 are applied to consider whether a performance obligation is satisfied to determine whether the transfer of the asset is accounted for as the sale of an asset.
- The lease asset during the year was included in property, plant and equipment due to its value. The management will carry out assessment every year. There is hence no material impact on the financial statements.
- If the transfer meets the requirements to be recognised as a sale, the seller-lessee must measure the new right-of-use asset at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained. The buyer-lessor accounts for the purchase by applying applicable standards and for the lease by applying IFRS 16
- If the fair value of consideration for the sale is not equal to the fair value of the asset, then IFRS 16 requires adjustments to be made to the sale proceeds. When the transfer of the asset is not a sale, then the seller-lessee continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds. The buyer-lessor recognises a financial asset equal to the transfer proceeds.

Notes (Contd.)

2.1 Standards and interpretations effective and adopted in the current year (continued)

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

Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after January 1, 2021 or later periods:

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

IAS 1 - "Presentation of Financial Statements"

On 23 January 2020, the IASB issued 'Classification of Liabilities as Current or Non-current (Amendments to IAS 1)' providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022, however, their effective date has been delayed to 1 January 2023

IAS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors"

IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" is applied in selecting and applying accounting policies, accounting for changes in estimates and reflecting corrections of prior period errors. The standard requires compliance with any specific IFRS applying to a transaction, event or condition, and provides guidance on developing accounting policies for other items that result in relevant and reliable information.

Changes in accounting policies and corrections of errors are generally retrospectively accounted for, whereas changes in accounting estimates are generally accounted for on a prospective basis. The amendments are effective for annual periods beginning on or after January 1, 2023.

IAS 16 - "Property, Plant and Equipment"

IAS 16 "Property, Plant and Equipment" outlines the accounting treatment for most types of property, plant and equipment. Property, plant and equipment is initially measured at its cost, subsequently measured either using a cost or revaluation model, and depreciated so that its depreciable amount is allocated on a systematic basis over its useful life. The amendments are effective for annual periods beginning on or after January 1, 2022.

IAS 37 - "Provisions, Contingent Liabilities and Contingent Assets"

IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" outlines the accounting for provisions (liabilities of uncertain timing or amount), together with contingent assets (possible assets) and contingent liabilities (possible obligations and present obligations that are not probable or not reliably measurable). The amendments are effective for annual periods beginning on or after January 1, 2022.

Notes (Contd.)

3. Property, plant and equipment

	2020			2019		
	Cost or revaluation	Accummulated depreciation	Carrying Value	Cost or revaluation	Accumulated depreciation	Carrying Value
Buildings	417,105,391	(33,216,398)	383,888,993	417,105,391	(22,560,111)	394,545,280
Plant and machinery	703,304,581	(198,315,727)	504,988,854	638,316,717	(167,766,193)	470,550,524
Furniture and fixtures	49,050,237	(27,532,033)	21,518,204	44,049,342	(19,101,831)	24,947,511
Motor vehicles	194,681,994	(62,342,931)	132,339,063	189,391,267	(51,913,919)	137,477,348
Computers	12,761,234	(9,041,999)	3,719,235	9,458,668	(8,727,775)	730,893
Leasehold land	15,953,712	(2,816,850)	13,136,862	15,648,403	(57,852)	15,590,551
Capital work in progress	1,094,276	-	1,094,276	-	-	-
Total	**1,393,951,425**	**(333,265,938)**	**1,060,685,487**	**1,313,969,788**	**(270,127,681)**	**1,043,842,107**

Reconciliation of property, plant and equipment - Group - 2020

	Carrying amount at start of year	Additions	Disposals	Revaluations	Impairment	Depreciation	Carrying amount at end of year
Buildings	302,170,928	-	-	-	-	(10,656,287)	291,514,641
Plant and machinery	563,291,320	65,107,864	(120,000)	-	-	(30,549,534)	597,729,650
Furniture and fixtures	24,581,066	5,722,487	(721,592)	-	-	(8,430,202)	21,151,759
Motor vehicles	137,477,348	6,790,727	(1,500,000)	-	-	(10,429,012)	132,339,063
Computers	730,893	3,708,756	(406,190)	-	-	(314,224)	3,719,235
Leasehold land	15,590,552	305,309	-	-	-	(2,758,998)	13,136,863
Capital work in progress	-	1,094,276	-	-	-	-	1,094,276
Total	**1,043,842,107**	**82,729,419**	**(2,747,782)**	**-**	**-**	**(63,138,257)**	**1,060,685,487**

Notes (Contd.)

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2019

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

Property, plant and equipment (company)

	Carrying amount at start of year	Additions	Disposals	Revaluations	Impairment	Depreciation	Carrying amount at end of year
Office equipment	-	21,930	-	-	-	(2,741)	19,189

4. Right-of-use assets

Cost	**Buildings Shs**	**Plant and machinery Shs**	**Total Shs**
As at 01 January 2020	-	-	-
Additions	115,889,138	14,563,044	130,452,182
As at 31 December 2020	115,889,138	14,563,044	130,452,182
Depreciation			
As at 01 January 2020	-	-	-
Charge for the year	21,379,962	2,069,270	23,449,232
As at 31 December 2020	21,379,962	2,069,270	23,449,232
Carrying amount as at 31 December 2020	**94,509,176**	**12,493,774**	**107,002,950**

Notes (Contd.)

5. Goodwill

Reconciliation of goodwill - Group - 2020	Opening balance	Total
Goodwill	71,851,809	71,851,809
Reconciliation of goodwill - Group - 2019	**Opening balance**	**Total**
Goodwill	71,851,809	71,851,809

Polyplay Limited

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

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

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

6. Intangible assets - Group

	2020			2019		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Trademarks	83,300,000	-	83,300,000	83,300,000	-	83,300,000
Software	8,310,237	1,028,400	9,338,637	3,161,049	(316,000)	2,845,049
	91,610,237	1,028,400	92,638,637	86,461,049	(316,000)	86,145,049

Intangible assets - Company

	2020			2019		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Software	8,029,876	(215,335)	7,814,541	1,076,676	-	1,076,676

Reconciliation of intangible assets - Group - 2020

	Opening balance	Additions	Amortisation	Total
Trademarks	83,300,000	-	-	83,300,000
Software	2,845,049	5,149,188	(1,028,400)	6,965,837
	86,145,049	5,149,188	(1,028,400)	90,265,837

Notes (Contd.)

6. Intangible assets (continued)

Reconciliation of intangible assets - Company - 2020

	Opening balance	Additions	Amortisation	Total
Softwares	1,076,676	6,953,200	-	8,029,876

7. Deferred tax asset/(liability)

	Group		Company	
	2020 shs	2019 shs	2020 shs	2019 shs
Deferred tax	(62,317,757)	(48,905,214)	-	-

Deferred tax asset/(liability)

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

Deferred tax	(62,317,757)	(48,905,214)	-	-

8. Inventories

	Group		Company	
	2020 shs	2019 shs	2020 shs	2019 shs
Raw materials, components	395,247,892	314,864,422	-	-
Finished goods	105,326,123	26,820,922	-	-
	500,574,015	341,685,344	-	-

9. Trade and other receivables

Financial instruments:				
Trade receivables	589,029,753	428,225,543	-	192,404,232
Trade receivables - related parties	2,994,240	244,810,261	58,693,714	20,189,044
Trade receivables at amortised cost	592,023,993	673,035,804	58,693,714	212,593,276
Deposits	11,510,878	31,118,129	-	-
Employee cost in advance	-	144,689	-	-
Other receivables	-	607,388	130,351	-
Non-financial instruments:				
Value added tax	55,828,579	72,252,914	370,413	-
Employee costs in advance	6,665,352	7,873,131	-	1,866,029
Prepayments	32,953,533	2,639,635	9,776,798	-
Impairment	(116,079,361)	(145,802,601)	-	-
Total trade and other receivables	582,902,974	641,869,089	68,971,276	214,459,305

Notes (Contd.)

9. Trade and other receivables (continued)

Split between non-current and current portions

	Group		Company	
	2020 shs	2019 shs	2020 shs	2019 shs
Current assets	582,902,974	641,869,089	68,971,276	214,459,305

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

At amortised cost	487,455,510	559,103,409	58,824,065	212,593,276
Non-financial instruments	95,447,464	82,765,680	10,147,211	1,866,029
Current assets	582,902,974	641,869,089	68,971,276	214,459,305

It is the group's policy to provide sales credit of up to three months. Trade receivables that are aged past three months are considered past. As at the reporting date, trade receivables amounting to Shs. 47,295,039 (2019: Shs. 24,935,323) were past due but not impaired. These relates to a number of independent customers for whom there is no recent history of default.

The aged analysis of these trade receivable is as follows

	Shs
Less than 6 Months	541,734,714
Between 6 – 12 Months	47,295,039
	589,029,753

10. Investment in subsidiaries

Investment in subsidiaries	Group		Company	
Investments held by the group which are measured at cost less impairment, are as follows:	2020 shs	2019 shs	2020 shs	2019 shs
Investment in subsidiaries	-	-	545,531,392	545,531,392

Amount invested and capitalised by subsidiaries

Roto Moulders Limited	Kenya 100%	-	-	95,580,900	95,580,900
Flame Tree Africa Limited	Kenya 100%	-	-	158,502,683	158,502,683
Happy Eaters Kenya Limited	Kenya 100%	-	-	10,999,999	10,999,999
Cherry Styles Limited	Kenya 100%	-	-	32,219,000	32,219,000
Jojo Plastics Limited	Kenya 100%	-	-	20,000,000	20,000,000
Chirag Africa Limited	Kenya 100%	-	-	48,650,000	48,650,000
Polyplay Limited	Kenya 100%	-	-	80,000,000	80,000,000
Roto Limited	Rwanda 100%	-	-	612,612	612,612
Flame Tree Brands Limited	Rwanda 100%	-	-	14,457,228	14,457,228

Notes (Contd.)

10. Investment in subsidiaries (continued)

Build Mart Limited	Rwanda	-	-	3,191,552	3,191,552
Roto Private Limited Company	Ethiopia	-	-	98,457,242	98,457,242
Rino Tanques LDA	Mozambique	-	-	10,296,555	10,296,555
Flame Tree Mozambique, Lda	Mozambique	-	-	71,734	71,734
Cirrus International FZC	Cirrus International FZC UAE	-	-	4,710,887	4,710,887
Impairment		-	-	(32,219,000)	(32,219,000)
		-	-	545,531,392	545,531,392

Split between non-current and current portions	**Group**		**Company**	
	2020 shs	**2019 shs**	**2020 shs**	**2019 shs**
Non-current assets	-	-	545,531,392	545,531,392

11. Cash and cash equivalents

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

	Group		**Company**	
Cash and cash equivalent	**2020 shs**	**2019 shs**	**2020 shs**	**2019 shs**
Cash at bank and in hand	59,917,048	88,741,088	16,188,645	618,702
Bank overdraft	(278,263,962)	(22,321,819)	(96,170,394)	-
	(218,346,914)	66,419,269	(79,981,749)	618,702

12. Share capital

Authorised				
178,053,486 ordinary shares of Shs 0.8250 each	146,894,092	146,894,092	146,894,092	146,894,092

All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at the general meetings of the Company.

The number of ordinary shares in issue at period end was 178,053,486. Upon the winding up of the Company, the assets, if any, remaining after payment of the debts and liabilities of the Company and the costs of winding up (the surplus assets), shall be distributed among the shareholders in proportion to their shareholding.

Notes (Contd.)

12. Share capital (continued)

Reconciliation of share capital:

	Group		Company	
	2020 shs	**2019 shs**	**2020 shs**	**2019 shs**
Reported as at 01 January 2020	146,894,092	146,894,092	146,894,092	146,894,092
Share premium	152,450,453	152,450,453	152,450,453	152,450,453
	299,344,545	299,344,545	299,344,545	299,344,545
Issued				
Ordinary	299,344,545	299,344,545	299,344,545	299,344,545

13. Borrowings

	Group		Company	
Non-Current	**2020 shs**	**2019 shs**	**2020 shs**	**2019 shs**
Shareholders loan (Note 28)	-	28,326,917	788,009	883,422
Bank loans	211,417,865	256,620,165	5,191,217	-
Loans from related parties (Note 28)	-	-	300,362,443	-
	211,417,865	284,947,082	306,341,669	883,422
Current				
Bank loans	228,730,944	175,373,532	3,291,354	37,295,652
Bills discounted	-	70,455,175	-	-
Commercial paper	13,378,484	68,418,125	-	68,418,125
	242,109,428	314,246,832	3,291,354	105,713,777
	453,527,293	599,193,914	309,633,023	106,597,199

FTG Holdings Ltd works with different banks SBM being the main banking partner. The cost of capital with SBM is the base lending rate 3.1% for KES loans and the Libor 3 months 7.27% for USD loans.

The debt is secured by a charge on all the assets of the group, a general debenture on assets and a personal guarantee from the main shareholder.

Commercial paper borrowings are unsecured and repayable at an interest rate of 13%.

The loans from shareholders and related parties are unsecured, interest free and not repayable within the next twelve months.

Notes (Contd.)

14. Lease liabilities

	Group		Company	
	2020 shs	2019 shs	2020 shs	2019 shs
Current	26,159,717	-	-	-
Non-current	88,098,285	-	-	-
	114,258,002	-	-	-
The total cash outflow for leases in the year was:				
Payments of principal portion	16,194,180	-	-	-
Interest paid on lease liabilities	12,444,662	-	-	-
	28,638,842	-	-	-

15. Trade and other payables

Trade and other payables	Group		Company	
	2020 shs	2019 shs	2020 shs	2019 shs
Financial instruments:				
Trade payables	420,790,337	494,249,220	-	-
Amounts due from related parties	-	13,375,475	-	437,584,610
Accrued expenses	74,969,128	27,275,617	22,605,405	5,837,948
Non-financial instruments:				-
Value Added Tax	-	5,921,708	-	
	495,759,465	540,822,020	22,605,405	443,422,558

16. Revenue

	Group		Company	
	2020 shs	2019 shs	2020 shs	2019 shs
Revenue from contract with customers				
Sales	2,910,676,573	2,424,753,503	-	-

17. Cost of Sales

Sale of goods	1,769,160,997	1,602,069,716	-	-

18. Other Operating Income

Other income	1,634,879	6,682,401	59,308,880	-

Notes (Contd.)

19. Other Operating gains

	Group		Company	
	2020 shs	2019 shs	2020 shs	2019 shs
Gains on disposal				
Non-current assets held for sale & disposal	831,226	-	-	-
Foreign Exchange Gains				
Net foreign exchange gains	-	1,615,351	-	-
Total Other Operating Gains	**831,226**	**1,615,351**	**-**	**-**

20. Operating profit/(loss)

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

	Group		Company	
	2020 shs	2019 shs	2020 shs	2019 shs
Auditor's remuneration - external				
Audit fees	6,806,424	5,209,948	1,526,166	1,511,750
Remuneration, other than to employees				
Administrative and managerial services	18,362,076	11,462,652	1,574,306	211,405
Consulting and professional services	18,422,315	17,450,510	15,086,642	6,088,001
	36,784,391	**28,913,162**	**16,660,948**	**6,299,406**
Employee costs				
Salaries	292,634,384	257,065,287	25,737,988	16,464,188
Wages	-	4,021,512	-	-
Total Employee Costs	**292,634,384**	**261,086,799**	**25,737,988**	**16,464,188**
Depreciation and amortization				
Depreciation on:				
- property, plant and equipment (Note 3)	63,138,251	30,307,297	218,076	-
- right-of-use assets (Note 4)	23,449,232	-	-	-
Amortisation of intangible assets	-	79,000	-	-
Total depreciation and amortization	**86,587,483**	**30,386,297**	**-**	**-**

Notes (Contd.)

21. Finance costs

	Group		Company	
	2020 shs	**2019 shs**	**2020 shs**	**2019 shs**
Foreign exchange loss	33,746,794	11,878,031	724,999	82,793
Lease liabilities (Note 14)	12,444,662	5,389,789	-	-
Bank overdraft interest	21,080,699	16,137,249	-	-
Interest on bank loans	91,148,610	41,808,890	13,332,046	8,334,423
Total finance Costs	**158,420,765**	**75,213,959**	**14,057,045**	**8,427,216**

22. Taxation

Major components of the tax expense

	Group		Company	
	2020 shs	**2019 shs**	**2020 shs**	**2019 shs**
Current				
Current tax	46,203,702	30,415,764	-	-
Deferred tax	27,029,280	15,178,149	-	-
	73,232,982	**45,593,913**	**-**	**-**
Profit/(loss) before tax	148,413,415	92,041,908	(1,550,097)	(35,588,126)
Tax calculated at a tax rate of 25% (2019:30%)	37,103,354	30,415,764	-	-
Tax effect of:				
- differential tax rates	-	-	-	-
-expenses not deductible for tax purposes	(112,283,787)	15,178,149	-	-
Tax charge	73,232,982	45,593,913	-	-

The deferred tax arose due to the differences between the carrying amount of assets /liability and their tax base. The deferred tax for 2020 has significantly increased because investment allowance on the oven which was bought in the course of the year was claimed at 100%, thus making the tax base to be much lower than the written down value.

Notes (Contd.)

23. Cash generated from/(used in) operations

	Group		Company	
	2020 shs	**2019 shs**	**2020 shs**	**2019 shs**
Profit/ (loss) before taxation	148,413,415	90,530,157	(1,550,097)	(37,099,876)
Adjustments for:				
Depreciation and amortisation	63,138,251	30,386,297	218,076	-
Depreciation on right-of-use asset	23,449,232	-	-	-
Losses/(gains) on disposals	43,076	6,020,710	-	-
Gains on foreign exchange	-	(1,615,351)	-	-
Interest income	-	-	-	-
Finance costs	158,420,765	75,213,959	14,057,045	7,531,423
Changes in working capital				
Inventories	(158,888,671)	(2,778,396)	-	-
Trade and other receivables	58,966,113	93,944,009	145,488,029	(64,758,192)
Trade and other payables	(45,062,555)	(50,813,653)	(420,817,153)	59,292,878
	248,479,626	**240,887,732**	**(262,604,100)**	**(35,033,767)**

24. Tax paid

Balance at beginning of the year	(32,442,236)	(6,692,010)	-	-
Current tax for the year recognised in profit or loss	(46,203,702)	(31,499,369)	-	-
Balance at end of the year	13,476,353	5,749,143	-	-
	(65,169,585)	**(32,442,236)**	**-**	**-**

25. 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.

26. Contingent liabilities

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

27. Comparative figures

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

Notes (Contd.)

28. Related party transactions

i) Outstanding balances	Group 2020 shs	Group 2019 shs	Company 2020 shs	Company 2019 shs
Loans from shareholders (Note 13)	-	28,326,917	788,009	883,422
Loans from related parties (Note 13)	-	-	300,362,443	-

29. Financial instruments and risk management

Capital risk management

The group's objectives when managing capital are:

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

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

The Group is not subject to externally imposed capital requirements.

The gearing ratio as at 31 December 2020 and 31 December 2019 were as follows:

		Group 2020 shs	Group 2019 shs	Company 2020 shs	Company 2019 shs
Borrowings	13	453,527,293	599,193,914	309,633,023	106,597,199
Bank overdrafts	11	278,263,962	22,321,819	96,170,394	-
Total borrowings		**731,791,255**	**621,515,733**	**405,803,417**	**106,597,199**
Cash and cash equivalents	11	(59,917,048)	(88,741,088)	(16,188,645)	(618,702)
Net borrowings		**671,874,207**	**532,774,645**	**389,614,772**	**105,978,497**
Equity		1,084,922,794	1,057,142,376	210,116,221	211,666,318
Gearing ratio		62%	50%	185%	50%

Notes (Contd.)

29. Financial instruments and risk management (continued)

Financial risk management

Credit risk

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

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

If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, management assesses the credit quality of the customer, taking into account their financial position, past experience and other factors.

Individual limits are set based on internal or external information in accordance with limits set by the management. The utilisation of credit limits is regularly monitored.

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

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

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

- type of instrument;
- industry in which the debtor operates; and
- nature of collateral.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired include observable data about the following events:

- significant financial difficulty of the debtor
- a breach of contract
- it is probable that The debtor will enter bankruptcy
- The disappearance of an active market for the financial asset because of financial difficulties.

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

Notes (Contd.)

29. Financial instruments and risk management (continued)

Financial risk management (continued)

Credit risk (continued)

As a result of the Covid-19 pandemic, the expected credit loss could be higher than we had estimated based on our historical information and previous forecasts. However, our payment terms range from 30 to 90 days (for big supermarkets), and in any case the Group policy is to collect postdated cheques on delivery. Collections in 2020 improved vs. 2019, as we created a new team of credit controllers and effective early 2020 outsourced debt collection services to a specialized company. Our client base is quite diversified: hardware shops, NGO, supermarkets, public institutions, schools, hospitals. We think the impact of the pandemic will be transitory, and shall be more related to a decrease of sales in the next months, as companies and people follow the quarantine directions set out by Governments.

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

		2020			2019		
Group		**Gross carrying amount**	**Credit loss allowance**	**Amortised cost/ fair value**	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost/ fair value**
Trade and other receivables	8	603,534,871	(116,079,361)	487,455,510	787,671,691	(145,802,601)	641,869,090
Cash and cash equivalents	11	(218,346,914)		(218,346,914)	66,419,269	-	66,419,269
		385,187,957	**(116,079,361)**	**269,108,596**	**854,090,960**	**(145,802,601)**	**708,288,359**

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

Liquidity risk

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

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

Notes (Contd.)

29. Financial instruments and risk management (continued)

Financial risk management (continued) Liquidity risk (continued)

Group - 2020		2020 Carrying amount	2019 Carrying amount
Non-current liabilities			
Borrowings	13	211,417,865	284,947,082
Current liabilities			
Trade and other payables	14	495,759,465	540,822,020
Borrowings	13	242,109,428	314,246,832
Bank overdraft	11	278,263,962	22,321,819

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

Foreign currency risk

Foreign currency sensitivity analysis

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

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.

Notes (Contd.)

29. Financial instruments and risk management (continued)

Foreign currency sensitivity analysis (continued)

Market risk (continued)

(i) Foreign exchange risk (continued)

Group	UAE Dirham Shs	Other currencies Shs	Total
Effect on profit - Decrease			
Year ended 31 December 2020	7,700,134	1,183,931	8,884,065
Year ended 31 December 2019	15,725,534	2,609,171	18,334,705

(ii) Interest rate risk

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

30. Going concern

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

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

i) FTG Holdings has a low net debt EBITDA ratio, and at the end of 2020 the banking facility with SBM was renewed to finance the growth of the Group as well as the working capital.

ii) The company is planning to issue Corporate Bonds in Mauritius and raise additional capital in USD

iii) Assets: The subsidiary's property, plant and equipment were revalued in 2019 by an independent valuer, with the effect of revaluation reflected in the 2019 group figures which also gives an indication that impairment are required to be made to the group's property, plant and equipment. The group has in the last two years acquired new machines, equipment and vehicles to diversify the products offered, insource some productive process and increase capacity. Management believes that no additional investment in property, plant and equipment are required to continue with the with the normal operations with the risk of obsolescence considered very low in view of the factories using low technology and the equipment mantained in good conditions on a regular basis.

Notes (Contd.)

31. Detailed classification of expenses

	Group		Company	
	2020 Shs	2019 Shs	2020 Shs	2019 Shs
SELLING AND DISTRIBUTION				
Commission paid	2,959,496	2,216,547	-	-
Rent expense	32,436,647	27,523,331	-	-
Motor vehicle running expense	51,793,931	53,773,561	-	-
Promotion	52,704,979	123,159,146	-	-
Transport and freight	119,242,114	54,296,692	-	-
Telephone	2,279,876	3,228,487	-	-
Office expense	6,663,314	20,320,573	-	-
MV branding	-	1,641,834	-	-
Postage	262,582	565,266	-	-
Work permits	3,734,979	872,734	-	-
	272,077,918	**287,598,171**	**-**	**-**
ADMINISTRATIVE EXPENSES				
Administration and management fee	18,362,076	11,462,652	1,574,306	211,405
Auditors remuneration	6,806,424	5,209,948	1,526,166	1,511,750
Professional fees	18,422,315	17,450,510	15,086,642	6,088,001
Travelling and entertainment	-	-	518,768	12,593
IT Expenses	231,386	1,398,822	-	-
Employees costs	292,634,384	237,320,049	25,737,988	16,464,188
Depreciation and amortization	63,138,251	9,056,912	218,076	-
Depreciation on right-of-use asset	23,449,232	-	-	-
Bank charges	13,666,001	9,499,890	290,827	872,998
Miscellaneous expenses	22,782,041	28,754,976	174,876	2,883,921
Impairment on trade receivables	36,585,732	-	-	-
	496,077,842	**320,153,759**	**45,127,649**	**28,044,856**
OTHER OPERATING EXPENSES				
Cleaning	541,934	503,951	-	-
Debt collection	244,423	65,451	-	-
Donations	175,664	125,908	-	-
Local conveyance	4,315,129	196,861	-	-
Fines and penalties	4,277,323	597,814	39,220	-
Insurance	15,118,232	6,612,687	703,162	-
Licenses	10,103,367	5,424,096	925,624	-
Medical expenses	234,951	1,275,655	-	-
Electricity and water	614,766	3,813,665	-	-
Printing and stationery	3,814,730	3,926,839	6,277	624,784
Repairs and maintenance	22,106,504	27,773,547	-	-
Security	7,444,718	6,104,423	-	-
Subscription	-	552,504	-	-
Training	-	512,092	-	3,020
	68,991,741	**57,485,493**	**1,674,283**	**627,804**

Notes (Contd.)

32. Basic earnings per share

	Group		Company	
	2020 Shs	2019 Shs	2020 Shs	2019 Shs
Total number of shares	178,053,486	178,053,486	178,053,486	178,053,486
Total profit/(loss) for the year	75,180,433	44,936,244	(1,550,097)	(37,099,876)
Total comprehensive for the year	33,159,522	223,440,581	(1,550,097)	(37,099,876)
Earning per share – On profit/(loss) for the year	0.42	0.25	(0.01)	(0.21)
Earnings per share – On total comprehensive income(loss) for the year	0.19	1.25	(0.01)	(0.21)

Notice of AGM

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

Date: 27th May 2021

To: The Shareholders of the Company

From: JurisTax Ltd, Secretary

Subject: Notice of the Seventh Annual General Meeting of Shareholders of the Company to be held on Wednesday, 30th June 2021 at 11.00 hours (Kenyan Time).

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

Notice is hereby given that the Seventh Annual General Meeting of the Shareholders of the Company will be held via electronic communication on Wednesday, 30th June 2021 at 11.00 hours (Kenyan Time) to transact the following business:

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

2. To read the notice convening the meeting;

3. To receive the auditor's report and consider the adoption of the financial statements for the year ended 31 December 2020;

4. Election of the Board of Directors

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

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

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

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

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

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

6. Appointment of Auditors

   To consider the re-appointment of Crowe ATA as the auditors of the Company who have expressed their willingness to continue in office for the financial year ending 31 December 2021 and to authorize the Directors to fix their remuneration in accordance with Section 196 of the Companies Act 2001.

7. Amendment in the Articles of Association

   To amend the articles of association of the Company by altering the clause 11.3.2 by the below clause to allow the Company to conduct AGM virtually in the future.

   "11.3.2 by means of radio, telephone, closed circuit television, video-conferencing or other electronic, digital or audio/visual communication, or a combination of any of such means ("virtual meeting"). Notwithstanding that the members are not present together in one place at the time of the virtual meeting, a resolution passed by the members constituting a quorum at such a meeting shall be deemed to have been passed at a general meeting held on the day on which and at the time at which the virtual meeting was held. The provisions of these articles relating to proceedings of members apply in so far as they are capable of application mutatis mutandis to such a meeting. Such a general meeting shall be deemed to have been held at the registered office of the Company."

8. Any Other Business

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

Quorum Requirement:

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

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

By order of the Board

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

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

Note:

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

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

3. Any shareholders wishing to participate in the meeting should register for the virtual AGM by using either of the following:

   (a) Through the web portal:

   By logging onto https://escrowagm.com/ftg/signup.aspx and filling in the registration form. In order to complete the registration process, shareholders will need to have their ID/Passport Numbers which were used to purchase their shares and/or their CDSC or Share Account Number at hand. For assistance shareholders should dial the following helpline number: (+254) 710 888 000 between 9:00 a.m. to 4:00 p.m. from Monday to Friday.

   (b) Unstructured Supplementary Service Data (USSD)

   By dialing *483*560# and following the prompts. In order to complete the registration process, shareholders will need to have their ID/Passport Numbers which were used to purchase their shares and/or their CDSC or Share Account Number at hand. For assistance shareholders should dial the following helpline number: (+254) 710 888 000 between 9:00 a.m. to 4:00 p.m. from Monday to Friday. The USSD service cost will be borne by FTG Holdings Limited.

   The registration to the virtual AGM shall be open on 17th June 2021 at 09:00 hours and shall close on 28th June 2021 at 17:00 hours.

4. Shareholders are entitled to appoint a proxy to vote on their behalf. A proxy form must be signed by the appointor or his attorney duly authorized in writing. If the appointor is a corporate body, the proxy form shall be given under its common seal or under the hand of an officer or duly authorized attorney of such body corporate. A completed form of proxy should be emailed to registrar@cdscregistrars.com or delivered to CDSC Registrars offices at 1st Floor, Occidental Plaza, Westlands, P.O. Box 6341-00100 Nairobi, so as to be received not later than Tuesday, 22nd June 2021 at 09:00 hours. Any shareholder appointing a proxy must provide the phone number, Identity Card Number and e-mail address of the proxy on the proxy form. Any proxy registration that is rejected

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

will be communicated to the shareholder concerned no later than 25th June 2021 at 11.00 hours to allow time to address any issues;

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

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

7. Shareholders having questions prior the virtual AGM date should address them to the Company via email on agm2020@flametreegroup.com by indicating their names, CDSC Account and phone number. All questions received by 24 June 2021 will be responded to and answers shall be made available in the Company's website www.flametreegroup.com.

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

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

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

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

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

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

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Longonot Road, Upper Hill
P. O. Box 74800 - 00200, Nairobi, Kenya
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Email: ceoffice@cma.or.ke
Web: www.cma.or.ke

CAPITAL MARKETS AUTHORITY
Promoting the Integrity and Growth of the Capital Markets

Chief Executive's Office

Our Ref: CMA/CMD/066

May 26, 2021

Mr. Heril Bangera
Group CEO
Flame Tree Group Holdings Ltd
Off Enterprise Road, Opposite Road A,
Industrial Area,
NAIROBI

Dear Mr. Bangera,

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

We refer to your letter dated May 18, 2021 on the above matter.

The Authority has reviewed your application for a No Objection to conduct a virtual AGM scheduled for June 30, 2021. We have noted your confirmation of how you will comply with the terms set by the High Court under Miscellaneous Application No. E680 of 2020 (the High Court Order) on the conduct of virtual AGMs. We have also reviewed your AGM notice and agenda, the proxy form and the step-by-step experience.

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

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

Kindly note that it is the responsibility of the directors to ensure that the virtual AGM substantively complies with all the legal and regulatory requirements. Please facilitate the attendance of the Authority's relationship manager to the AGM as an observer.

Yours sincerely

Wyckliffe Shamiah
CHIEF EXECUTIVE

Proxy Form

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

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

....

of ....

Or failing whom

....

of ....

As my / our proxy, to vote for me / us and on my / our behalf at the Virtual Annual General Meeting of the Company to be held on **30 June 2021 at 11.00 a.m** and at any adjournment thereon.

Number of Shares held ....

Account number of member ....

Signed this .... day of 2021

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 emailed to registrar@cdscregistrars.com or lodged at the registered office of the Company's Shares Registrars, CDSC Registrars Limited (1st Floor, Occidental Plaza, Westlands, P.O. Box 6341-00100 Nairobi) not later than 22 June 2021 at 9.00 a.m.

ROTO TANKS

JOJO Tank

RINO Tanques

CIRRUS

BM Buildmart

Zoe

ALANA

cErro

Beauty Plus

Miss Africa

Blackangel

SuzieBeauty
BY SNW

NATURE'S OWN

Chigs

Honey Comb

gonuts

Happy's golden

PolyPlay
Great Fun For Every One

Sylva

flame tree
GROUP

FTG HOLDINGS LIMITED

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