



PRESS RELEASE

- Group revenue for FY 2017 declined by 4.7%
- Gross profit declined 11.7% to KES 798.3m
- Total profit after tax dropped to KES 39.7 million,

April 20th 2018, Nairobi. Flame Tree Group Holdings (FTGH: NSE) the diversified manufacturer and distributor of plastic tanks, cosmetics and snacks is pleased to announce its financial performance for FY2017.

The Group reported annual net sales for FY 2017 of KES 2.4 billion, compared to net sales of KES 2.5 billion in FY 2016. Gross profit margins declined to 32.9% margin (35.5% during the same period the previous year) attributed to rising polymer prices in the global markets, increase in fuel and input food prices following the negative impact of the prolonged drought. Gross Profit consequently fell by 11.7% year on year to KES 798.3 million.

Overall expenses rose by KES 45.0 million compared to FY 2016, largely impacted by a KES 37.8 million increase in administrative expenses to KES 335.4 million. The Company made significant provisions against receivables from supermarkets in Kenya that have been extremely slow to pay. As a result of these factors, profit after tax declined to KES 39.8 million, representing earnings per share of KES 0.25.

According to Mr. Heril Bangera, CEO Flame Tree Group, "Year 2017 was a challenging year due to the uncertainty brought about by the prolonged election period, subdued trading activities and drought which affected our operations. Effects of the interest rate capping continued to be felt across the market, with constrained credit from the Banks affecting the overall business environment."

Business Outlook:

The Board of Directors remain optimistic on the strategies put in place to produce positive results in 2018. The key focus will be on improving efficiency, as our installed new capacity translates into increased sales across the markets and building on brand strengths. Innovations and improvements in our product mix will likely drive further gains in the year.

Dividend:

The Board of Directors do not recommend the payment of a dividend for the year ended 31 Dec. 2017.

Annual General Meeting

The 4th Annual General Meeting of the members will be held on 19th June 2018 at 11 am in Nairobi. Formal notice of the AGM will follow.

For a copy of Flame Tree Group's financial statements, please visit www.flametreegroup.com.



Audited Financial Results for the year ended 31 December 2017

Consolidated statement of profit or loss and other comprehensive Income

	2017	2016
	Shs	Shs
Revenue	2,425,090,214	2,544,628,524
Cost of Sales	(1,626,812,792)	(1,640,312,183)
Gross Profit	798,277,422	904,316,341
Other operating income	18,315,442	5,412,643
Selling and distribution costs	(321,826,823)	(329,112,443)
Administrative expenses	(335,379,894)	(297,491,883)
Other operating expenses	(59,685,127)	(45,267,509)
Operating profit before gain on disposal of PPE	99,701,020	237,857,149
Gain on disposal of PPE	2,697,049	837,365
Operating profit after gain on disposal of PPE	102,398,069	238,694,514
Finance costs	(60,988,214)	(62,719,621)
Profit before tax	41,409,855	175,974,893
Tax	(1,655,346)	(30,994,408)
Profit for the year	39,754,509	144,980,485
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(29,610,039)	(7,735,562)
Total comprehensive income for the year	10,144,470	137,244,923
Earnings per share	0.25	0.90
Earnings per share - total comprehensive income for the year	0.06	0.85



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2017	2016
	Shs	Shs
Assets		
Deferred tax	49,332,168	6,163,799
Property, plant and equipment	334,342,405	290,861,427
Goodwill on consolidation	71,851,809	-
Intangible assets	83,639,601	83,754,573
Non-current assets	539,165,982	380,779,799
Inventories	270,510,616	248,693,463
Trade and other receivables	784,335,276	787,780,329
Cash and cash equivalents	86,757,913	103,941,174
Current assets	1,141,603,805	1,140,414,966
Total Assets	1,680,769,788	1,521,194,765
Shareholders' funds and liabilities		
Share capital	146,894,092	133,540,084
Share premium	152,450,453	152,450,453
Legal reserves	3,665,461	3,665,461
Retained earnings	419,744,981	391,195,569
Translation reserve	8,705,196	38,315,235
Shareholders' Funds	731,460,183	719,166,802
Borrowings	358,141,888	280,833,729
Trade and other payables	524,928,199	459,334,471
Current tax	1,443,161	4,933,850
Current liabilities	884,513,248	745,102,050
Non-current liabilities	64,796,358	56,925,913
Tota Shareholders' Funds and liabilities	1,680,769,789	1,521,194,765

CONSOLIDATED STATEMENT OF CASH FLOWS

	2017	2016
	Shs	Shs
Operating activities		
Net cash from operating activities	62,388,254	39,908,812
Net cash (used in) investing activities	(158,002,986)	(124,503,569)
Net cash (used in) financing activities	(119,182,109)	(20,877,782)
Increase/(Decrease) in cash and cash equivalents	<u>(214,796,842)</u>	<u>(105,472,539)</u>
Movement in cash and cash equivalents		
Cash and cash equivalents at 1 January	(101,713,064)	13,684,023
Increase/(Decrease) in cash and cash equivalents	(214,796,842)	(109,718,771)
Effect of exchange rate changes	(6,747,131)	(5,678,316)
Cash and cash equivalents at 31 Decemeber	<u>(323,257,037)</u>	<u>(101,713,064)</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital Shs	Share premium Shs	Legal reserves* Shs	Retained earnings** Shs	Translation reserve*** Shs	Total equity Shs
Year ended 31 December 2016						
At start of year	133,540,084	152,450,453	3,665,461	246,215,084	46,050,797	581,921,879
Total comprehensive income/(loss) for the year	-	-	-	144,980,485	(7,735,562)	137,244,923
At end of year	<u>133,540,084</u>	<u>152,450,453</u>	<u>3,665,461</u>	<u>391,195,569</u>	<u>38,315,235</u>	<u>719,166,802</u>
Year ended 31 December 2017						
At start of year	133,540,084	152,450,453	3,665,461	391,195,569	38,315,235	719,166,802
Issue of bonus shares ****	13,354,008	-	-	(13,354,008)	-	-
Acquisition of subsidiary	-	-	-	2,148,911	-	2,148,911
Total comprehensive income/(loss) for the year	-	-	-	39,754,509	(29,610,039)	10,144,470
At end of year	<u>146,894,092</u>	<u>152,450,453</u>	<u>3,665,461</u>	<u>419,744,981</u>	<u>8,705,196</u>	<u>731,460,183</u>

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

** These represent the shareholders' funds of the various entities whose financial statements have been combined

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

**** On 29 June 2017, the shareholders approved a bonus share issue of 1 share for every 10 fully paid

For and on behalf of the Board



Chairman
George Theobald



Chief Executive Officer
Heril Bangera



About Flame Tree Group

Flame Tree Group is listed under the Growth and Enterprise Market Segment (GEMS) on the Nairobi Securities Exchange (NSE) as NSE: FTGH. Flame Tree Group is a world-class corporation in the heart of Africa that manufactures and distributes quality and affordable brands. Its strategy is to build a diversified portfolio of African-manufactured brands for African consumers, covering plastics, cosmetics and food in multiple markets and verticals.

The Group has operations in Kenya, Rwanda, Ethiopia, Mauritius, Mozambique and UAE. The company was founded in 1989 and now employs over 1,000 people, who are focused on delivering quality, value and innovation to improve customer's lives.

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