



## PRESS RELEASE

- *H1 2018 Revenues remained flat at KES1.265 billion from KES1.260 billion in H1 2017*
- *The gross profit for H1 2018 dropped by 6.5% to KES 403.84 million, compared to gross profit of KES 432.05 million in H1 2017.*
- *H1 2018, profit after tax dropped 40.0% to KES 39.92 million, from KES 66.49 million in H1 2017*

**Nairobi, August 16 2018** – Diversified manufacturer and trading Group, Flame Tree Group (NSE: FTGH) today reported robust performance for the 6 month period ended June 30<sup>th</sup> 2018. The gross profit margins dropped slightly to 31.9% from a similar period margin of 34.3% in H1 2017, with the Group's gross profit at KES 403.84 million.

The Group posted finance cost savings in the period with a 20.9% decrease to KES 34.61 million. Provision for tax increased from KES 12.36 million to KES 14.93 million in 1H2018. As a result of these and the impact on the Gross profit margins in the period, profit after tax declined 40.0% from KES 66.49 million in H1 2017 to KES 39.17 million, representing earnings per share of KES 0.22.

According to Mr. Heril Bangera, CEO Flame Tree Group "we have seen an improvement in the business environment compared to 2017, half year figures albeit low, is still higher than 2017 performance. We continues to invest in new ranges of products to strengthen the top line, ultimately with a positive bearing on shareholders earnings. Despite experiencing tight cash environment we are continuously taking requisite measures to improve the same."

For a copy of Flame Tree Group's financial statements, please visit [www.flametreegroup.com](http://www.flametreegroup.com)

### **About Flame Tree Group:**

Flame Tree is a leading regional manufacturing Group – listed on the Nairobi Securities Exchange (NSE: FTGH) – with operations in Mauritius, Kenya, Rwanda, Ethiopia, Dubai and Mozambique. It operates in fmcg, plastics and trading, with a brand portfolio that includes Roto Tanks, Jojo Plastics, Rino Tanques, Polyplay, Zoe, Cerro, Alana Skin, Suzie Beauty, Happy's, Chigs, Nature's Own, gonuts, Honeycomb and Buildmart. It was founded in 1989 and now employs over 1,000 people, who are focused on delivering quality, value and innovation to improve their customer's lives.



## Unaudited Financial Results for the half year to June 2018

### Consolidated statement of profit or loss and other comprehensive income

	6 months to 30 June 2018	12 months to 31 December 2017	6 months to 30 June 2017
	Shs	Shs	Shs
Revenue	1,265,671,964	2,425,090,214	1,260,489,157
Cost of Sales	(861,833,396)	(1,626,812,792)	(828,443,235)
<b>Gross Profit</b>	<b>403,838,568</b>	<b>798,277,422</b>	<b>432,045,922</b>
Other operating income	4,894,212	18,315,442	2,173,368
Selling and distribution costs	(182,639,627)	(321,826,823)	(176,051,633)
Administrative expenses	(116,695,930)	(335,379,894)	(114,672,411)
Other operating expenses	(19,933,230)	(59,685,127)	(18,788,835)
<b>Operating profit before gain on disposal of PPE</b>	<b>89,463,993</b>	<b>99,701,020</b>	<b>124,706,411</b>
Gain on disposal of PPE	-	2,697,049	(2,110,842)
<b>Operating profit after gain on disposal of PPE</b>	<b>89,463,993</b>	<b>102,398,069</b>	<b>122,595,569</b>
Finance costs	(34,613,987)	(60,988,214)	(43,733,080)
<b>Profit before tax</b>	<b>54,850,006</b>	<b>41,409,855</b>	<b>78,862,490</b>
Tax	(14,932,944)	(1,655,346)	(12,368,890)
<b>Profit for the period</b>	<b>39,917,062</b>	<b>39,754,509</b>	<b>66,493,600</b>
<b>Other comprehensive income:</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translation of foreign operations	(20,585,804)	(29,610,039)	1,244,989
<b>Total comprehensive income for the period</b>	<b>19,331,258</b>	<b>10,144,470</b>	<b>67,738,589</b>
Earnings per share	0.22	0.22	0.41
Earnings per share - total comprehensive income for the period	0.11	0.06	0.42



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 June 2018 Shs	As at 31 December 2017 Shs	As at 30 June 2017 Shs
<b>Assets</b>			
Non-current assets	540,620,410	539,165,983	402,986,685
Current assets	1,217,960,892	1,141,603,805	1,155,067,867
<b>Total Assets</b>	<b>1,758,581,302</b>	<b>1,680,769,788</b>	<b>1,558,054,552</b>
<b>Shareholders' funds and liabilities</b>			
Share capital	146,894,092	146,894,092	133,540,084
Share premium	152,450,453	152,450,453	152,450,453
Legal reserves	3,665,461	3,665,461	3,665,461
Retained earnings	459,662,042	419,744,981	457,689,168
Translation reserve	(11,880,608)	8,705,196	39,560,224
<b>Shareholders' Funds</b>	<b>750,791,440</b>	<b>731,460,183</b>	<b>786,905,390</b>
Current liabilities	904,897,680	884,513,247	693,873,997
Non-current liabilities	102,892,182	64,796,358	77,275,165
<b>Total Shareholders' Funds and liabilities</b>	<b>1,758,581,302</b>	<b>1,680,769,788</b>	<b>1,558,054,552</b>

CONSOLIDATED STATEMENT OF CASH FLOWS

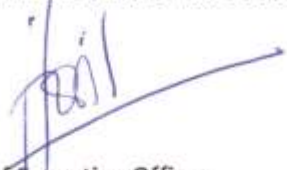
	6 months to 30-Jun-18 Shs	12 months to 31-Dec-17 Shs
<b>Operating activities</b>		
Net cash (used in) / from operating activities	(24,027,675)	142,944,383
Net cash (used in) investing activities	(31,151,049)	(169,278,450)
Net cash (used in) financing activities	119,991,248	(119,182,109)
<b>Increase/(Decrease) in cash and cash equivalents</b>	<b>64,812,524</b>	<b>(145,516,176)</b>
<b>Movement in cash and cash equivalents</b>		
Cash and cash equivalents at 1 January	(252,215,397)	(101,713,065)
Increase/(Decrease) in cash and cash equivalents	64,812,524	(145,516,176)
Effect of exchange rate changes	(2,411,803)	(4,986,156)
<b>Cash and cash equivalents at 31 December</b>	<b>(189,814,676)</b>	<b>(252,215,397)</b>



	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY					
	Share capital Shs	Share premium Shs	Legal reserves* Shs	Retained earnings** Shs	Translation reserve*** Shs	Total equity Shs
<b>Year ended 31 December 2017</b>						
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)		
On 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>
<b>Period ended 30 June 2018</b>						
At start of year	146,894,092	152,450,453	3,665,461	419,744,981	8,705,196	731,460,183
Total comprehensive income/(loss) for the period	-	-	-	39,917,061	(20,585,804)	19,331,257
At end of period	<u>146,894,092</u>	<u>152,450,453</u>	<u>3,665,461</u>	<u>459,662,042</u>	<u>(11,880,608)</u>	<u>750,791,440</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.

For and on behalf of the Board

  
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Heril Bangera

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