

2021

RUDEVIT HOLDINGS PLC

ANNUAL REPORT – 2021

RURAL DEVELOPMENT INVESTMENT HOLDINGS PLC, P O BOX 31666 CHICHIRI BLANTYRE 3,

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Report of the Board of Directors on the Company's performance to the date of Annual General Meeting

In line with Article 37 of the Memorandum and Articles of Association of RUDEVIT Holdings Plc, we present below.

The performance of the company and its prospects in the short and long term should be understood in the context of the Malawi macroeconomic performance in the year and ensuing year.

The Malawi economy – macroeconomic performance in 2021 and prospects for 2022 and beyond

According to the Ministry of Finance and Economic Planning report 2022, The Malawi GDP grew by 0.8% in 2020, the lowest growth rate since the recession of 2011. Growth was hampered by the on-set of COVID 19 pandemic which prompted the Malawi Government and countries worldwide to impose strict measures to limit the spread of the virus. These measures which included lockdowns, social distancing, and travel bans reduced local and cross border economic activities and transactions resulting in negative demand and supply shocks which adversely affected most sectors of the economy. The most affected sectors were the accommodation and food services sector, transportation sector, education, wholesale and retail, health, and manufacturing. Output from these areas declined from the levels attained in 2019.

In 2021, the economy rebounded and grew by 3.9 percent. This up stick followed the relaxation of the Covid 19 preventive measures as countries worldwide, including Malawi started administering vaccines to vulnerable groups and those of working age in a bid curb

transmission. Implementing vaccines drive gave governments enough confidence to open up their economies thereby allowing both domestic and international economic activities to resume. Consequently, the resumption of economic activities boosted growth in most sectors including those that were affected. Growth during the year was driven by the following sectors: mining and quarrying, accommodation and food services sector, transportation, wholesale and retail health agriculture, electricity water and gas manufacturing. Aside from relaxation of COVID-19 preventing measures, growth during the year was driven by the following factors: improvement in energy production with the coming in of the solar farm in Salima, maintenance works carried out on hydro-electric power plants, favorable weather, and the AIP interventions significantly increased crop production as it allowed a substantial number of farming households to access good quality seed and fertilizer.

In 2022, while the economy was expected to rebound, the country has experienced challenges that will significantly hamper the economic growth. On 27 May 2022, the country devalued Malawi Kwacha by 25% thereby increasing the cost of imports. The country is experiencing challenges with stabilizing its foreign reserves exacerbated by the non-approval of the extended credit facility with the International Monetary Fund (IMF). As a result of lack of forex certain imported commodities have become scarce thereby significantly derailing economic growth. Shortage of forex has led to lack of fuel on the market. Such challenges have a bearing on the expected growth of the economy especially from the second half of the year.

ABOUT RUDEVIT HOLDINGS PLC - INCORPORATION AND BENEFITS

Rural Development Investment Holdings Plc is a non-listed public company that was incorporated on 31 January 2020. It was incorporated in a style as a subsidiary company of Rural Development Investment Initiatives Limited, (RUDEVIT Limited a company limited by guarantee), specifically incorporated to commercially spearhead the innovative rural economic development through exploitation of rural wealth potential. It is a private sector response towards implementation and fulfilment of the United Nations Sustainable Development Goals (SGDs), to which Malawi is a signatory. The set up is such that RUDEVIT Limited (company limited by guarantee) holds 60% of the RUDEVIT Holdings Plc, while 40% is held by the public and institutional investors. This shareholding is prescribed in the memorandum and articles of association with a sole objective of creating a strong anchor company for the benefit of Malawi at large. The RUDEVIT Investment presents the following benefits to members:

Benefit Number 1:

Unlike other investments, it is highly diversified, investing in various sectors of the economy with wholly owned subsidiary companies, hence self-de-risking.

Benefit Number 2

Unlike other investments, it is the only investment whose going concern is technically guaranteed by its own members further eliminating the risk of failure. The company is anchored by a company limited by guarantee which has wide access to other forms of financing such as grants, guarantees, and donations.

Benefit Number 3

RUDEVIT is a National Pride that brings together Malawians from all walks of life to invest together in Malawi thereby reducing capital flight.

Benefit Number 4

It encourages patriotism as it becomes a unifying factor as the only Malawian company for Malawians by Malawians in Malawi.

Benefit Number 5

RUDEVIT creates an avenue for implementing the **BEST BUY MALAWIAN** Campaign introduced by the Malawi Government.

Benefit Number 6

It is the only investment where a shareholder gets a double return from his investment. Directly as a dividend paid from investment, and indirectly through the charitable activities of the company limited by guarantee and indirectly through capital gains.

Benefit Number 7

RUDEVIT as a public company whose securities are transferable it provides an opportunity for easy divesture by any investor, at any time.

Benefit Number 8

It provides an avenue to preserve the country's foreign currency requirements through its drive for import substitution.

Benefit Number 9

RUDEVIT creates a culture of philanthropy among Malawians to start to believe that they can donate for their cause thereby internally uplifting and empowering the lives of fellow Malawians living in abject poverty.

RUDEVIT CAPITAL RAISE

Since its incorporation, the company has been involved in capital raising. The company registered its securities with the Registrar of Financial Institutions to raise MK10 billion for the purpose on investments in sectors of the economy that have largely been shunned by individuals and private companies owing to the capital-intensive nature of such investments. The set up of RudevIt Holdings as a public company is such that it has access to a wide financing base of both risk-free capital and debt. The inclusion of a company limited by guarantee gives the group access to guarantees, grants, and donations which are invested as equity in RUDEVIT Holdings Plc.

During the period, the company continued to raise capital for its various intended projects in the different sectors of the economy. As at the reporting date, the company had 103 million shares taken up with the minimum 20,000 together with a joining fee of MK20,000 each. The members meeting of 20 February 2021 had resolved to keep the share price of Mk1.00 per share up to 31 December 2021. Following the resolution of Directors on 1st February 2022, the share price was revised to MK3.00 per share, and that the minimum number of shares be 10,000. No adjustment was made to the joining fees. In respect of the new share price, during the ensuing period, we have more than 21 million shares have been taken up.

The company continues to receive inquiries for its shares as it presents a credible greenfield (start-up) investment providing opportunities to a historic ownership of shares in an innovative, self-de-risking public company first

Benefit Number 10

Above all, it improves agricultural productivity, creates new markets, and accelerates industrialization and in return creates employment, eliminates hunger, and reduces poverty through improving peoples' livelihoods.

of its kind in Malawi. We believe that through increased marketing efforts in trying to reach out to the wider community, RUDEVIT will continue to grow.

Fertilizer project

Members will be aware that the company embarked on a granulated organic fertilizer project. We are in the construction phase starting with the perimeter fence. The meeting is being held in the company's own premises which are part of the balance sheet. To date, we have spent around MK48 million to construct this perimeter fence covering the 1 hectare of land. We have completed our environmental impact assessment for the construction of factory in the premises, as we prepare to start the actual construction of the factory. The machinery is set to produce 3 Metric Tons Per Hour. Based on working of full capacity the machinery can produce around 25,000 MT per annum. Given the current challenges to importation of fertilizers, it is likely that given the right marketing our product will occupy a significant market share. Our source of materials is varied that include: Agricultural waste such as straw, rice bran. Animal waste: chicken manure, pig, cattle, and sheep manure. Industrial waste: sugar residue, Household waste: kitchen waste, vegetable market and slaughterhouse waste. Municipal sludge: river silt, sewage sludge.

We have engaged a consultant that is developing our formula for granulated organic fertilizer exclusive to RUDEVIT.

Machinery

Members are updated that due to the country forex challenges, payments to the manufacturer were delayed leading to us missing the earliest shipping date which was scheduled for 15 September 2022. We have been scheduled for a shipment of the machinery on 19th October 2022, with arrival date estimated after 40 days.

Utilities

We are working with ESCOM to provide power to this place. We are informed by ESCOM that they did not have a suitable transformer to supply us with power. As such, we included that transformer in our shipment of the machinery from China which we expect to arrive by end November 2022.

In respect of water supply, we were given a quotation by Blantyre Water Board. We will however in the interim prepare for a borehole with solar pump which we believe will suffice our requirements.

Other projects

We were given approval by Malawi government through Power Market Limited to develop electricity with hydro technology. We are still in the process of identifying an Engineering, Procurement Contractors to run with the project. Some shareholders have joined in this realizing how technical the projects can be and looking for additional finance.

We have entered a Memorandum of Understanding with the North America Development Group that is providing clean energy in Africa. The memorandum entails the starting point of our delivering energy solutions through our would be subsidiary RUDEVIT Energy Limited.

We already incorporated RUDEVIT Fund Limited, a financial institution that we are looking eventually evolve into a rural bank all

other things being equal. We are working around the modalities of securing a suitable license then we proceed to finance it. As RUDEVIT is rural based, we believe that using this financial institution, we will be able to reach out to the rural masses and create this as a financial institution of people's choice in the rural areas.

Our desire to invest in energy sector will target to help to solve the country's forex challenges as such we will be in both fuels and electricity. We realise that RUDEVIT is a company for life, as such there is need to engage in all sectors that are required for the rest of our lives.

RUDEVIT is for forward looking minds as such we continue to evaluate all possible opportunities that will easily the best buy Malawian campaign.

Prospects

The company shows very positive prospects. It is receiving overwhelming support from both old and new shareholders wishing to be part of the history of this prestigious group. RUDEVIT Group provides the future of the private sector in Malawi, given the fact that most existing entities have matured. RUDEVIT provides an alternative investment for both the public and institutional investors. The share price is at MK3.00, it is likely that given the bright prospects of the company, the benefits that it brings to its members are enormous hence the share price will be revisited at the end of the year, to recognize the capital gain and time value of money in respect of the early investors. We continue to update members of most current developments through our set up communication channels of social media.



HASTINGS BOFOMO NYIRENDA
BOARD CHAIRMAN

**RUDEVIT HOLDINGS PLC
FINANCIAL STATEMENTS
For the 23-month period ended
31 December 2021**

RUDEVIT Holdings Plc

Financial statements for the 23-month period ended 31 December 2021

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RUDEVIT Holdings Plc

Directors and statutory information

For the 23-month period ended 31 December 2021

Registration No: TMBRS 1011250

Nature of operations: Rural Development Investment Holdings Plc (RUDEVIT Holdings Plc) is an investment company incorporated under the Companies Act 2013 to invest in high impact sectors of the Malawi economy.

Directorate

The following directors and secretary served in the office during the period:

Name	Position	Residence
1. Hastings Nyirenda	Chairman	Malawi
2. Dr. Francis Gondwe	Director	Malawi
3. Allans Muhome	Director	Malawi
4. Patrick Chingati Phiri	Director	Malawi
5. John Robson Kamanga	Director	Malawi
6. Isaac Maliba Mvula	Director	Canada
7. Patricia Mwase	Director	Malawi
8. Dina Kamowa	Director	Malawi
9. Martin Siwu	Director	Malawi
10. Brian Kapito	Director	Malawi
11. Wezzie Moyo	Director	Malawi
12. Beatrix Mosiwa	Director	Malawi
13. Kelvin Nyirenda	Director/Company Secretary	Malawi

REGISTERED OFFICE

Grant Thornton, Masm House
Lower Sclater Road
P.O. Box 508, Blantyre

BANKERS

National Bank of Malawi,
Victoria Avenue Branch,
P.O. Box 945, Blantyre

CDH Investment Bank Limited
P.O. Box 1444, Blantyre

MyBucks Banking Corporation Limited,
P.O. Box 520, Blantyre
NBS Bank Plc,
Blantyre Branch, P.O. Box 3036,
Blantyre

ATTORNEYS

Wilson & Morgan
Victoria Avenue
P O Box 9 Blantyre

Golden & Law
Private Bag 444
Chichiri, Blantyre 3

AUDITORS

Ernst & Young
Chartered Accountant and Business Advisors
Kidney Crescent
P.O. Box 530
Blantyre, Malawi

RUDEVIT Holdings Plc

Directors and statutory information

For the 23-month period ended 31 December 2021

Corporate governance

Attendance of meetings for the Directors throughout the period

No	Name of Board Member	Second Meeting	Third Meeting	Fourth Meeting	Fifth Meeting	Sixth Meeting	Seventh Meeting	Eighth Meeting	Ninth Meeting	Tenth Meeting	Eleventh Meeting
		30/6/2020	16/07/2020	7/9/2020	19/10/2020	23/11/2020	23/12/2020	1/2/2021	29/3/2021	3/6/2021	19/11/2021
1	Hastings B. Nyirenda	P ¹	P	P	P	P	P	P	P	P	P
2	Dr. Francis Gondwe	AP ²	P	P	P	P	P	AP	A ³	P	P
3	Isaac Maliba Mvula	P	P	P	P	P	AP	P	P	A	P
4	Allans Muhome	P	AP	P	P	P	AP	AP	P	A	P
5	Patrick Chingati Phiri	AP	AP	P	P	P	P	P	P	P	P
6	John Robson Kamanga	-----	-----	P	P	AP	AP	P	A	P	A
7	Martin Siwu	P	AP	AP	P	P	P	P	P	A	P
8	Dina Kamowa	-----	-----	P	P	AP	P	P	P	P	P
9	Brian Kapito	-----	-----	AP	AP	P	AP	AP	A	P	A
10	Patricia Mwase	-----	-----	P	AP	P	AP	P	P	P	P
11	Wezzie Moyo	P	P	AP	P	P	AP	AP	A	A	A
12	Beatrix Mosiwa	-----	-----	-----	-----	-----	P	P	P	P	P
13	Kelvin Nyirenda	P	P	P	P	P	P	P	P	P	P

Incorporation

RUDEVIT Holdings Plc was incorporated on 31 January 2020. It is held as an investment company with shareholding of 60% by Rural Development Investment Initiative Limited and 40% members of the public.

The Rural Development Investment Initiative Limited is a company limited by guarantee. It does not have share capital. The company's objective is a private sector initiative to support the national development agenda. By its nature, Rural Development Investment Initiative Limited will receive grants, donations, guarantees and subscriptions all of which form its capital to invest in RUDEVIT Holdings Plc. It is a precondition that for one to buy shares in RUDEVIT Holdings Plc, he/she must pay a once-off joining fee to Rural Development Investment Initiative Limited, a company limited by guarantee as determined in the Memorandum and Articles of Association.

Registration of Company Securities

¹ P - Present

² AP - Apologies

³ A - Absent

The Securities of RUDEVIT Holdings Plc are registered with the Registrar of Financial Institutions in compliance with the Financial Services Act 2010 and Securities Act 2010 initially to raise K10 billion (Ten billion kwacha) through issuance of 10,000,000,000 which constitutes the authorized capital of the company. The objective of RUDEVIT Holdings Plc is to invest in the various sectors of the economy requiring significant capital outlay which cannot be attained by individuals or private companies among others. The company continues to engage itself with the public and institutional investors to raise the required capital.

Share Price

RUDEVIT Holdings Plc is a public limited liability company whose securities are transferable. The company's share price from its inception was at K1.00 up to 31 December 2021. Subsequent to period end, the directors carried out a valuation based on the prospects of the company and determined a new price of K3.00 per share thereby allowing its early investors to recognize capital gains taking into account the time value of money.

RUDEVIT Holdings Plc

Directors' report

For the 23-month period ended 31 December 2021

The directors have pleasure in submitting their report together with the audited financial statements for the 23-month period ended 31 December 2021 which disclose the state of affairs of the Company.

Principal activities

The company's principal activity is investing in major economic sectors of Malawi with particularity to exploiting rural wealth potential. The company continues to raise capital that will be invested in the identified areas and subsidiary companies from time to time. The company is yet to launch its business activities and during the reporting period, it concentrated on raising capital.

The results for the period	K'000
Interest income	5,448
Total comprehensive loss for the period	(8,837)

Dividend

The directors do not recommend the payment of a dividend as there are no distributable profits.

Property and equipment

During the period, the company acquired land in Title Number 94674 in Chileka, Blantyre, which has since been registered in the company name and has been earmarked for installation of a granulated organic fertilizer manufacturing plant. Subsequent to period end, the company has already commenced construction of its factory on the site.

Number of employees and remuneration


Since its establishment, the company had only employed one person as Chief Executive Officer to oversee the membership drive who voluntarily vacated the position. Subsequent to resignation, all tasks which largely concentrated on capital raise have been carried out by the company directors. There are plans for recruitment of full time employees following implementation of the company's first project which is manufacturing of granulated organic fertilizer in the subsequent period.

Auditors

Messer's Ernst & Young, the company's auditors were appointed during the period ending, following the resolution of the Board. Messer's Ernst & Young have expressed willingness to continue in office. A resolution will be proposed at the annual general meeting for their reappointment for the year ending 31 December 2022.

Going concern

The Board has satisfied itself that the company has a bright future and will have adequate resources to continue in operation for the foreseeable future. The financial statements have accordingly been prepared on a going concern basis.



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Director



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Director

30 September 2022

Statement of Directors' Responsibilities

For the 23-month period ended 31 December 2021

The Companies Act, 2013 requires Directors to prepare financial statements for each financial year which give a true and fair view of the affairs of the company as at the end of the financial period and of the operating results for that period. The directors are responsible for preparing the financial statements in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 2013.

The Act also requires Directors to ensure that the Company keeps proper accounting records which disclose with reasonable accuracy at any time, the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act.

In preparing the financial statements, the Directors accept responsibility for the following:

- Maintenance of proper accounting records that correctly record and explain the transactions of the company;
- Selection of suitable accounting policies and applying them consistently;
- Making judgments and estimates that are reasonable and prudent;
- Compliance with applicable accounting standards, when preparing financial statements, subject to any material departures being disclosed and explained in the financial statements;
- Enable the financial statements to be readily and properly audited; and
- Preparation of financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors also accept responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to maintain adequate systems of internal control to prevent and detect fraud and other irregularities.

The Directors are of the opinion that the financial statements for the 23-month period ended 31 December 2021 give a true and fair view of the state of the financial affairs of the company and of its operating results.

Approval of financial statements

The financial statements of RUDEVIT Holdings Plc, as identified in the first paragraph were approved by the Board of Directors on 19 September 2022 and were signed on its behalf by:



.....

Director



.....

Director

Independent auditors' report to the shareholders of RUDEVIT Holdings Plc

Opinion

We have audited the financial statements of RUDEVIT Holdings Plc set out on pages 7 to 23 which comprise the statement of financial position as at 31 December 2021 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the 23-month period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of RUDEVIT Holdings Plc as at 31 December 2021, and its financial performance and cash flows for the 23-month period then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2013.

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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Malawi. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report and statement of Directors' responsibilities. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 obtained prior to the date of this auditor's 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.

Responsibilities of the Directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2013, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 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 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 auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

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



Chartered Accountants (Malawi)
MacDonald Kamoto - Partner
Registered Practicing Accountant

30 September 2022

RUDEVIT Holdings Plc

**Financial statements for the 23-month period ended 31 December 2021
Statement of financial position as at 31 December 2021**


In thousands Malawi Kwacha

	<u>Note</u>	<u>2021</u>
Assets		
Non-current assets		
Property, plant, and equipment	5	64,280
Total non-current assets		<u>64,280</u>
Current assets		
Trade and other receivables	6	1,003,275
Cash and cash equivalents	7	61,415
Total Current assets		<u>1,064,690</u>
Total assets		<u>1,128,970</u>
Equity and liabilities		
<i>Equity</i>		
Share capital	8	1,111,836
Revaluation reserve	9	36,918
Accumulated loss		(45,755)
Total equity		<u>1,102,999</u>
Non-current liabilities		
Deferred tax	11	15,822
Total Non-current liabilities		<u>15,822</u>
Current liabilities		
Trade and other payables	10	10,149
Total Current liabilities		<u>10,149</u>
Total liabilities		<u>25,971</u>
Total equity and liabilities		<u>1,128,970</u>

These financial statements were approved by the company's board of directors on 19 September 2022 and were signed on its behalf by:



.....
Director



.....
Director

RUDEVIT Holdings Plc

Financial statements for the 23-month period ended 31 December 2021

Statement of profit or loss and other comprehensive income for the 23-month period ended 31 December 2021

In thousands Malawi Kwacha

	<u>Note</u>	<u>2021</u>
Interest income	12	5,448
Expenditure	13	(51,208)
		<hr style="width: 100%; border: 0.5px solid black;"/> (45,760)
Other income		5
Loss before tax		<hr style="width: 100%; border: 0.5px solid black;"/> (45,755)
Income tax expense		-
Loss for the period		<hr style="width: 100%; border: 0.5px solid black;"/> (45,755)
Other comprehensive income		
Surplus on revaluation of land	5	52,740
Deferred tax on revaluation	11	(15,822)
Other comprehensive income		<hr style="width: 100%; border: 0.5px solid black;"/> 36,918
Total comprehensive loss for the period		<hr style="width: 100%; border: 0.5px solid black;"/> (8,837)
Earnings per share (EPS)		(0.45)

RUDEVIT Holdings Plc

Financial statements for the 23-month period ended 31 December 2021

Statement of changes in equity for the 23-month period ended 31 December 2021

In thousands Malawi Kwacha

<u>2021</u>	Share capital	Revaluation reserve	Accumulated loss	Total
As at 1 January 2021	-	-	-	-
Capital introduced	1,111,836	-	-	1,111,836
Loss for the period	-	-	(45,755)	(45,755)
Other comprehensive income	-	36,918	-	36,918
At 31 December 2021	1,111,836	36,918	(45,755)	1,102,999

RUDEVIT Holdings Plc**Financial statements for the 23-month period ended 31 December 2021****Statement of cashflows for the 23-month period ended 31 December 2021***In thousands Malawi Kwacha*

	<u>Note</u>	<u>2021</u>
Cash flows from operating activities		
Loss before tax		(45,755)
Adjustments for non-cash items:		
Depreciation	5	70
		<hr style="width: 100%; border: 0.5px solid black;"/> (45,685)
Movements in working capital		
Increase in trade and other receivables		(1,003,275)
Increase in trade and other payables		10,149
		<hr style="width: 100%; border: 0.5px solid black;"/> (1,038,811)
Investing activities		
Purchase of land	5	(11,260)
Purchase of fixtures and fittings	5	(350)
		<hr style="width: 100%; border: 0.5px solid black;"/> (11,610)
Financing activities		
Proceeds from share capital	8	1,111,836
		<hr style="width: 100%; border: 0.5px solid black;"/> 1,111,836
Net increase in cash and cash equivalents		
		61,415
Cash and cash equivalents at beginning of the period		-
		<hr style="width: 100%; border: 0.5px solid black;"/> 61,415
Cash and cash equivalents at end of the period		<hr style="width: 100%; border: 1.5px solid black;"/> 61,415

Financial statements for the 23-month period ended 31 December 2021

Notes to the financial statements for the 23-month period ended 31 December 2021

1. Corporate Information

Rudevit Holdings Plc ("the company") is a company incorporated and domiciled in Malawi.

It is involved in investing in various sectors of the economy exploiting the rural wealth potential in Malawi and developing various industries in a diversified manner.

The registered office of the company is situated at Grant Thornton Malawi, Masm House, Lower Sclater Road, Blantyre.

2. Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Malawi Companies Act 2013.

2.2 Basis of measurement

The company's financial statements have been prepared on a historical cost basis except for lands and buildings which are carried at revaluation model and financial instruments which are measured at amortized cost.

2.3 Functional and presentation currency

The company financial statements are presented in Malawi Kwacha, which is the company's functional currency. Unless specifically expressed, all financial information is presented in thousand Malawi Kwacha.

2.4 Going concern basis of accounting

The financial statements have been prepared on a going concern basis, which assumes that the company will be able to meet the repayment of its liabilities as they fall due from time to time.

2.5 Use of estimates and judgements

The preparation of company financial statements in conformity with IFRS, requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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 estimate is revised and in any future periods affected. Judgements made by management in the application of IFRSs that have significant effect on the financial statements and estimates with significant risk of material adjustment are discussed in note 4.

2.4 Changes in accounting policies

Unless stated otherwise, the company has consistently applied the accounting policies as set out in note 3 to all periods presented in these financial statements.

Financial statements for the 23-month period ended 31 December 2021

Notes to the financial statements for the 23-month period ended 31 December 2021

2. Basis of preparation (continued)

2.6 Comparative information

Where necessary and applicable, comparative figures are adjusted to conform to changes in presentation in the current period in accordance to IAS 1.41

2.7 Changes in accounting policies and disclosures

New and amended standards and interpretations

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the financial statements of the company. The company intends to use the practical expedients in future periods if they become applicable.

Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

On 28 May 2020, the IASB issued *Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases*. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, the company has not received Covid-19-related rent concessions but plans to apply the practical expedient if it becomes applicable within allowed period of application.

Financial statements for the 23-month period ended 31 December 2021

Notes to the financial statements for the 23-month period ended 31 December 2021

2. Basis of preparation (continued)

Standards and Interpretations in issue, not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Company.

2.7 Changes in accounting policies and disclosures (continued)

Standards and Interpretations in issue, not yet effective (continued)

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current.

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the company.

Notes to the financial statements for the 23-month period ended 31 December 2021

Financial statements for the 23-month period ended 31 December 2021

2. Basis of preparation (continued)

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16 (a) of IFRS 1. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the company.

2.7 Changes in accounting policies and disclosures (continued)

Standards and Interpretations in issue, not yet effective (continued)

IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the company.

IAS 41 Agriculture – Taxation in fair value measurements

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41. An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the company.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of ‘accounting estimates’. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the entity.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements*, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The entity is currently assessing the impact of the amendments to determine the impact they will have on the entity's accounting policy disclosures.

3. Significant accounting policies

3.1 Property and equipment

(I) Recognition and measurement

Items of property and equipment are initially recognized at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Freehold land and buildings are subsequently carried at fair value, based on periodic valuations by a professionally qualified valuer.

These revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Changes in fair value are recognized in other comprehensive income and accumulated in the revaluation reserve except to the extent that any decrease in value more than the credit balance on the revaluation reserve, or reversal of such a transaction, is recognized in profit or loss.

(II) Depreciation

Freehold land is not depreciated. Depreciation is provided on all other items of property and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Buildings	50 years
Freehold property	25 years
Furniture and fittings	10 years
Office equipment	5 years
Computer equipment	5 years
Motor vehicles	4 years

At the date of revaluation, the accumulated depreciation on the revalued property and equipment is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The excess depreciation on revalued property and equipment, over the amount that would have been charged on a historical cost basis, is transferred from the revaluation reserve to retained earnings when freehold land and buildings are expensed through the statement of comprehensive income (e.g., through depreciation, impairment). On disposal of the asset the balance of the revaluation reserve is transferred to retained earnings.

3.2 Impairment of non-financial assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. If there is any such 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 is the higher of its fair value less costs to sell and value in use.

Financial statements for the 23-month period ended 31 December 2021

If the recoverable amount of an asset is less than the carrying amount, the asset is reduced to its recoverable amount. That reduction is an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

The reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortization is recognized immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

Financial statements for the 23-month period ended 31 December 2021

Notes to the financial statements for the 23-month period ended 31 December 2021

3. Significant accounting policies (continued)

3.3 Application of consolidation exemption

The financial statements presented are not consolidated financial statements as the entity qualifies for the consolidation exemption in IFRS 10 paragraph 4(a) Consolidated Financial Statements. The exemption is allowed provided that all of the following criteria are complied with:-

- It is a wholly owned subsidiary or is a partially owned subsidiary of another entity and its other owners, including those not otherwise entitled to vote, have been informed about, and do not object to, the parent not presenting consolidated financial statements.
- Its debt or equity instruments are not traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets).

- It did not file, nor is it in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market.

- It's ultimate or any intermediate parent of the parent produces financial statements available for public use that comply with IFRSs, in which subsidiaries are consolidated or are measured at fair value through profit or loss in accordance with IFRS 10.

Rudevit Limited (Parent), incorporated in Malawi, is a company limited by guarantee and all shareholders subscribe to it through the joining fees paid as subscription before acquisition of shares in the holding company, RUDEVIT Holdings Plc.

3.4 Financial instruments

3.4.1 Financial assets

The company's financial assets comprise trade and other receivables and cash and cash equivalents in the statement of financial position. These financial assets are measured at amortised cost and are accounted for as follows:

Loans and receivables

Loans and receivables are recognised on the date they are originated, all other financial assets are recognised initially on the trade date, which is the date that the company becomes a party to the contractual provisions of the instrument.

Amortised cost

These assets arise principally from the provision of products to customers, but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables.

For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in the statement of comprehensive income on confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not

Financial statements for the 23-month period ended 31 December 2021

Notes to the financial statements for the 23-month period ended 31 December 2021

increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised.

The company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position. Cash and cash equivalents include cash in hand, deposits held at call with banks and financial assets at fair value through profit and loss.

3.4.1 Financial assets (continued)

Derecognition of financial assets

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

Impairment of financial assets

A financial asset is deemed to be impaired when its carrying amount is greater than its estimated receivable amount, and there is evidence to suggest that the impairment occurred subsequent to the initial recognition of the asset in the financial statements. Impairment loss is recognised in expenditure.

3.4.2 Financial liabilities

Trade and other payables

These financial liabilities are initially measured at fair value and subsequently carried at amortised cost using the effective interest rate method.

Borrowings and related party loan

Borrowings and related party loan are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

3.5 Related parties

Transactions with related parties are at arm's length basis. Amounts outstanding from related party companies are unsecured and settled in cash.

3.6 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case it is recognised in other comprehensive income.

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except: Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures where the timing of the reversal of the temporary differences can be controlled and it is probable that

3. Significant accounting policies (continued)

reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised except:

3.6 Taxation

where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and in respect of deductible temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures. Deferred tax assets are recognised only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets at each reporting date are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised, or the liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax relate to the same taxable entity and the same taxation authority.

3.7 Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Revenue represents rendering of services net of discounts provided in the normal course of business and are recognized by reference to the stage of completion of the contract provided the amount of the contract. Revenue is derived from logistics, freight forwarding and project forwarding and rental income.

To determine whether to recognize revenues, the company follows a 5 step process:-

- Identify the contract(s) with a customer;
- Identify the performance obligation in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognise revenue when (or as) the entity satisfies a performance obligation.

According to IFRS 15, an entity recognizes revenue when (or as) a performance obligation is transferred to the customer.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and effective interest rate applicable.

Other income

Other income consists of income earned from activities that are not related to the entity's main business. For example, gain on disposal of fixed assets and exchange gain on translation of a foreign currency bank.

3. Significant accounting policies (continued)

3.8 Operating expenses

Operating expenses are recognized in profit or loss upon utilization of the service or at the date of their origin.

3.9 Provisions

Provisions are recognized when the company has a present legal or constructive obligation because of past events and reliable estimate of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, considering the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Notes to the financial statements for the 23-month period ended 31 December 2021

3. Significant accounting policies (continued)

3.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs on general borrowings are capitalized by applying a capitalization rate to construction or development expenditures that are financed by general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred using the effective interest method.

3.11 Post employment

Retirement benefits are provided for company employees through independently administered defined contribution funds. Contributions to defined contribution pension schemes are charged to the statement of profit or loss in the year to which they relate.

3.12 Foreign currency transactions

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transactions.

3.13 Leased assets

Assets held by the company under leases are recognized in the company books under IFRS 16 – leases. The distinction between the operating and finance leases is eliminated for the lessees, and new lease asset, which represent the right to use the leased asset for the lease term; and the lease liability, which represents the obligation to pay rentals. These are recognized for all leases.

The leased asset is initially recognized as a right of use asset and lease liability based on the discounted payments as required under the lease in consideration of the lease term.

All liabilities are measured with reference to an estimated of the lease term, which includes optional lease periods if there is expectation that the lease term may be extended.

The recognition of the right of use asset in the company books is limited to assets whose lease period extends more than 12 months. All the leases that are less than 12 months are recognised through profit and loss as an expense rather than an asset and a liability. The recognition also applies to limited low value assets.

3.14 Share-based payments

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense with a corresponding increase in equity. Over the period that the employees unconditionally become entitled to the awards, the amounts recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related services and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payments is measured to reflect such conditions, and there is no true up for the differences between expected and actual outcomes.

The fair value of the amount payable to the employees in respect of share appreciation rights which are settled in cash, is recognised as an expense with the corresponding increase in liabilities over the period that the employee unconditionally become entitled to the payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as a personnel expense in statement of comprehensive income.

Share-based payments to nonemployee in respect of goods and services are recognized as goods and services are received and capitalized to respective assets or expensed to a related amounts in the statement of comprehensive income.

4. Significant Judgements in applying the Company's accounting policies

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts presented in the financial statements and related disclosures. Use of available information and the application of judgment is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include: -

Impairment testing

The company is required to test, on an annual basis, whether an asset has suffered any impairment. Impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. The determination of value in use requires the estimation of future cash flows and of a discount rate.

Trade and other receivables

The company assesses its trade and other receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in the statement of profit or loss, the company makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Valuation of land and buildings

The company carries its land and buildings at revaluation model.

Estimated New Replacement Cost basis of valuation is interpreted as the current cost of reinstating property lost or destroyed which in the case of a building means the rebuilding thereof, or in the case of property other than a building, the replacement thereof by similar property or that of a modern equivalent, in either case in a condition equal to, but not better or more extensive than, its condition when new.

The fair value measurements have been categorised as Level 3 for value based on inputs to the valuation techniques used.

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Notes to the financial statements for the 23-month period ended 31 December 2021

In thousands Malawi Kwacha

5. Property, plant and equipment
See accounting policy 3.1

<u>2021</u>	<u>Land and Buildings</u>	<u>Furniture and fittings</u>	<u>Total</u>
Cost or valuation			
At beginning of period	-	-	-
Additions during the period	11,260	350	11,610
Revaluation surplus on the land	52,740	-	52,740
At 31 December 2021	<u>64,000</u>	<u>350</u>	<u>64,350</u>
Accumulated depreciation and impairment losses:			
At beginning of period	-	-	-
Charge for the period	-	70	70
At 31 December 2021	<u>-</u>	<u>70</u>	<u>70</u>
Carrying Amount			
At 31 December 2021	<u>64,000</u>	<u>280</u>	<u>64,280</u>

6. Trade and other receivables

2021

See accounting policy 3.6.1

Call Capital (Note 8)	1,002,000
Withholding tax receivable	1,275
	<u>1,003,275</u>

Call Capital represents amounts receivable from the subscribers to the memorandum and articles of association in compliance with the Companies Act 2013. The Withholding tax relates to tax deducted from interest income.

7. Cash and cash equivalents

See accounting policy 3.6.1

Money market investments	43,406
Cash at bank	18,009
	<u>61,415</u>

The cash and cash equivalents represent the amounts which the company has been receiving over the period on the capital raise. It also represents investments and interest received on investments in money markets. There have been no receipts from the trading activities as the company is not yet in operations to start generating sales revenue into the bank accounts.

8. Share capital

Authorized share capital

10,000,000,000 ordinary shares of MK1 each	10,000,000
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Issued and fully paid

103,578,072 ordinary shares of MK1 each	109,836
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Call capital

1,002,000,000 ordinary shares MK1.00 each	1,002,000
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Total Capital	<u>1,111,836</u>
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The call capital represents subscribed capital in the memorandum and articles of association in compliance with Companies Act 2013. The called-up capital will be paid for at the company's determined share price from time to time. The excess of capital over the nominal value is credited to the non-distributable share premium account.

Notes to the financial statements for the 23-month period ended 31 December 2021

In thousands Malawi Kwacha

9. Revaluation reserve	<u>2021</u>
Surplus on revaluation of land	52,740
<p>The surplus on revaluation of land arises from the difference in value of land from the initial purchase price of K11,260,000 to the revalued amount of K64,000,000 thereby generating a revaluation gain of K52,740, 000. The land was revalued by Samuel Nhlane of SMN Property Valuation Professionals and Estates Managers as at 31 December 2021 on an open market value basis.</p>	
10. Trade and other payables	<u>2021</u>
<i>See accounting policy 3.6.2</i>	
Audit fees	2,500
Advertising	2,000
Administration	5,629
Other	20
	<u>10,149</u>
<p>The carrying value of trade and other payables classified as financial liabilities measured at amortized cost approximates fair value.</p>	
11. Deferred tax liability	<u>15,822</u>
<p>The amount has arisen on revaluation surplus of property, plant and equipment.</p>	
12. Interest income	
<i>See accounting policy 3.9</i>	
Interest income from investments	<u>5,448</u>
13. Expenditure	
<i>See accounting policy 3.10</i>	
Administration expenses	5,829
Advertising and promotion	3,919
Audit fees	2,500
Bank service charges	168
Depreciation	70
Directors' fees and honorarium	26,500
Directors sitting allowances	1,350
Internet website hosting	120
Office supplies	105
Payroll expenses	2,266
Pre-incorporation expenses**	8,125
Travel expenses	256
	<u>51,208</u>

RUDEVIT Holdings Plc

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In thousands Malawi Kwacha

Directors' fees and sitting allowances

No	Name	2021	
		Honorarium	Sitting allowances
1	Hastings B. Nyirenda	2,500	160
2	Dr. Francis Gondwe	2,000	105
3	Isaac Maliba Mvula	2,000	105
4	Allans Muhome	2,000	70
5	Patrick Chingati Phiri	2,000	140
6	John Robson Kamanga	2,000	70
7	Martin Siwu	2,000	105
8	Dina Kamowa	2,000	140
9	Brian Kapito	2,000	35
10	Patricia Mwase	2,000	140
11	Wezzie Moyo	2,000	-
12	Beatrix Mosiwa	2,000	140
13	Kelvin Nyirenda	2,000	140
		<hr/>	
		26,500	1,350

Directors are responsible for the running of the day-to-day affairs of the company since its inception. They attend to scheduled and ad hoc meetings to direct the company operations. At the company's General Meeting held on 20th February 2021, members resolved the remuneration of directors and further resolved that in view of the company's financial position, given that the company is in its formative stage, the company should apply a share-based payment for the period up to 31 December 2021. It was resolved that all initial directors' remuneration should be paid through issue of shares. The expense is recognised in the statement of comprehensive income in line with *IFRS 2: Share-based payments*.

**Pre-incorporation expenses relate to preliminary expenses incurred in the development of the initial concept, road shows to various stakeholders, development of information memorandum, preparation of memorandum and articles of association, incorporation of the companies, travel expenses, promotional materials. All these expenses were paid for out of initial directors/promoters' personal funds and these expenses have been capitalized to reflect the equivalent of the cash spent during the pre-incorporation of the companies.

All the pre-incorporation expenses were paid by issuance of shares of the company and accounted for under *IFRS2: Share-based payments*.

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14. Financial risk management

The main risks facing the company are treasury risk, credit risk, exchange rate, market risk and cash flow risk.

In common with all other businesses, the company is exposed to risks that arise from its use of financial instruments. This note describes the company's objectives, policies, and processes for managing those risks and methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements. There have been no substantive changes in the company's exposure to financial instrument risks, its objectives, policies, and processes for managing those risks or the methods used to measure them throughout the period unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the company, from which financial instrument risk arises are as follows:

- a) Trade and other receivables
- b) Cash at bank
- c) Trade and other payables
- d) Related party payable
- e) Related party receivable

General objectives, policies, and processes

The Board has overall responsibility for the determination of the company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the company's finance function.

14.1 Treasury risk

The Board of Directors meets regularly to consider and analyze, among other issues, currency, and interest rate exposures and to re-evaluate treasury risk management strategies against prevailing economic forecasts. Compliance with company policies and exposure limits is reviewed at regular board meetings.

14.2 Credit risk

Financial assets which potentially subject the company to concentrations of credit risk consist mainly of trade receivables, bank balances and cash. The company's receivables are presented net of expected credit loss where this is considered necessary.

14.3 Exchange risk

The company is exposed to foreign currency fluctuations as it accrues foreign currency-denominated payments and receipts in its business activities. It is exposed to such foreign currency fluctuations to the extent that such payments are not matched by foreign currency receipts from operations.

14.4 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the company's short, medium, and long-term funding liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves and continuously monitoring forecast and actual cash flows.

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14.5 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

b) Price risk

The company is exposed to equity securities price risk because of investments held by the company and classified on the statement of financial position at fair value through profit or loss. To manage the price risk arising from investments in equity securities, the company diversifies its portfolio, and the Board sets an upper limit of the total amount of equity investments that the company can hold, which is periodically reviewed. Profit for the period would increase or decrease because of gains or losses on equity securities classified as at fair value through profit or loss, should market prices change.

14.6 Capital risk management

- The company's objectives when managing capital are:-
- To safeguard the company's ability to continue operating as a going concern for the benefit of shareholders and other stakeholders.
- Provision of adequate return to shareholders by pricing contracts at levels commensurate with the level of risks.
- Safeguard Company's capital by arranging adequate cover with credible securities.

The capital of the Company comprises of both reserves and share capital.

Share capital	1,111,836
Revaluation reserve	36,918
Accumulated loss	(45,755)
	1,102,999

15. Contingent liabilities

There were no contingent liabilities requiring disclosure.

16. Exchange and inflation rates

The foreign currencies most affecting the performance of the Company are United States Dollars, British Pound, and South African Rand. The exchange rates together with the National Consumer Price Index which represents an official measure of inflation were: -

	<u>2021</u>
United States Dollar (USD)	817.30
British Pound (GBP)	1,194.09
South African Rand (ZAR)	58.71
Inflation	11.50%
At the time of approval of these financial statements, exchange rates were as follows: -	
United States Dollar (USD)	1,036.25
British Pound (GBP)	1,230.75
South African Rand (ZAR)	61.36

17. Subsequent Events

Subsequent to period-end, the company entered into a supply agreement for the machinery for processing granulated organic fertilizer with Zhengzhov Shunxin Engineering Equipment Company Limited of the Republic of China at US\$ 297,481.00. At the same time, the company obtained a financing facility amounting to K391,000,000 to support the procurement and installation of the machinery in Malawi. The facility is secured by the landed property Plot 168 Chisuse Title Number 86591 registered in the name of H B Nyirenda in Blantyre District Registry. The company commenced the construction of the factory building on its plot located in Chileka in Blantyre.

On 29 April 2022, the company received approval from Malawi Government through Power Market Limited to conduct a full feasibility study to develop 100 Megawatts through a run on the river hydro power technology. The company proceeded to incorporate RUDEVIT Energy Limited, a subsidiary company through which the company intends deliver the energy solutions.

The Reserve Bank of Malawi announced a devaluation of the Malawi kwacha against its major trading currencies by 25%.

The above events are non-adjusting to these financial statements.