2022

RUDEVIT HOLDINGS PLC

ANNUAL REPORT – 2022

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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 director's report for the period ended 31 December 2022 and the prospects of the company for the ensuing period. The performance of the company and its prospects in the short and long term should be understood in the context of the Malawi Macro economic performance in the year and ensuing year.

The Malawi economy – macroeconomic performance in 2022 and prospects for 2023 and beyond

According to the African Development Bank analysis on the Malawi economy, despite the reopening of the economy after almost two years of COVID-19 containment measures, GDP growth fell to 0.8% in 2022 from 2.2% in 2021. Russia's invasion of Ukraine, global logistical challenges, and climate shocks dampened growth. The largest contributor to 2022 GDP growth was agriculture (22.1%), followed by wholesale and retail trade (12.6%) and real estate and construction (6.5%). The downward trend in manufacturing's contribution to growth reversed to 12.7% in 2022. Monetary policy was tightened, with the key policy rate hiked to 18% in October 2022 from 12% in 2021. Inflation jumped from 9.3% in 2021 to 21.0% in 2022 on account of higher food and nonfood prices. The local currency was devalued in May 2022, dropping from 824.8 Malawi kwacha per US dollar to 1,036.2. Banking sector liquidity tightened in 2022, and nonperforming loans ratio rose to 6.1% from 4.5% at the end of 2021.

In 2022, the fiscal deficit narrowed marginally, to an estimated 7.2% of GDP from 7.4% in 2021 due to fiscal consolidation. Malawi continues to face structural balance of payments challenges on account of COVID-19-induced economic weaknesses in China and Russia's invasion of Ukraine, the country's key tobacco export destinations. Foreign currency shortages reduced imports, narrowing the current account deficit to 12.9% of GDP in 2022 from 13.8% in 2021.

Outlook and risks

GDP growth is projected to rebound to 2.0% in 2023 and 3.5% in 2024, driven by a recovery in agriculture, tourism and exports, and foreign direct investment. Headwinds include weather-related shocks and the prolongment of Russia's invasion of Ukraine. Despite tight monetary policy, inflation is expected to rise to 22.8% in 2023 before falling to 15.4% in 2024. The current account deficit is projected to narrow to 11.7% of GDP in 2023 and 12.3% in 2024 due to weak growth and domestic demand. Fiscal consolidation to achieve medium-term debt sustainability was expected to narrow the fiscal deficit, but a mixed picture is emerging. In 2023, the fiscal deficit is projected to rise to 7.8% of GDP due to the impact of Cyclone Freddy before falling to 7.7% in 2024. Using the baseline assumptions, the debt-to-GDP ratio is likely to fall to 72.6% by 2026 from 76.6% in 2022.

Climate change issues and policy options

Natural resource rents fell from 10.9% of GDP in 2016 to 4.0% in 2020. Malawi updated its Nationally Determined Contribution, prioritizing agriculture, water resources, health, infrastructure, land-use planning, transport, population and human settlements, and disaster risk management for adaptation. The financing needed for mitigation and adaptation in these sectors through 2040 is an estimated $46.3 billion. Private sector credit averaged $3.3 billion a month in 2022, only 15% of which was allocated to climate-related sectors. Estimated costs for damage and loss caused by climate events in 2019 alone amounted to $220 million. The public sector's dominance in climate-related sectors also crowds out the private sector, which grapples with the lack of clear frameworks for involvement. With the help of development partners, government capacity to develop frameworks for private sector participation in climate-related activities would be required.

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 to 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 economic outlook for 2023 provides an opportunity for investment by RUDEVIT to supplement the various sectors performance being a new investment in the market. 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. By investing is these economies RUDEVIT provides a self derisking investment opportunity upon full implementation of its strategies.

***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. As a public company it is able to attract beyond the borders.

Benefit Number 4

It encourages patriotism as it becomes a unifying factor as the only Malawian company for Malawians by Malawians in Malawi yet it has the further benefits to attract wider risk free capital apart from debt

Benefit Number 5

RUDEVIT creates an avenue for implementing the **BEST BUY MALAWIAN** Campaign introduced by the Malawi Government as ably supported by the Control of Goods Act

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 provides an opportunity for easy divesture by any investor, at any time.

Benefit Number 8

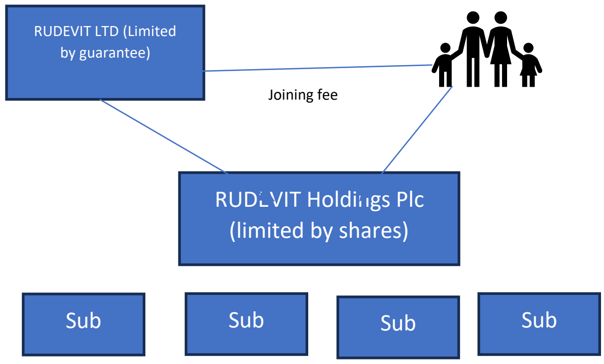
It provides an avenue to preserve the country's foreign currency requirements through its drive for import substitution.

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 especially in the rural areas through the RUDEVIT Limited, a company limited by guarantee which presents itself as the anchor company in Rudevit Holdings Plc

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.



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 MK10billion for the purpose of onward 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 reporting period, the company continued to raise capital for its various intended projects. Effective 1st February 2022, the company has revised its share price to MK3.00 per share with a minimum of 10,000 shares. New members continue to pay a joining fees of MK20,000.00. During the reporting period, the company raise MK177million. As at the reporting date, the company had 152.889 million shares taken up by its members.

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 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. The company completed the perimeter fence as at 31 October 2022, which has increased the size of the balance sheet. In early 2023, the company received the machinery for the granulated organic fertilizer now at the factory premises. In the subsequent period the company commenced construction of the factory starting with the substructure. The machinery is set to produce 3Metric Tons Per Hour. Based on working to full capacity the machinery can produce around 25,000MT per annum. Given the current challenges to importation of fertilizers, it is likely that with the right marketing efforts, our product will secure a significant market share. Our source of materials are varied that include: agricultural waste such as straw, rice bran. Animal waste: chicken droppings, pig, cattle and sheep manure. Industrial waste: sugar residue, Household waste: kitchen waste, vegetable market and slaughterhouse waste. Municipal sludge: river silt, sewage sludge all these are fermented to some level of specifications to manufacture the required product.

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

Machinery

The fertilizer machinery arrived in early 2023, and is expected to be fully installed by the the end of the firt quarter of 2023. However due to the challenges with Cyclone Freddy which damaged the access road to factory the project has had to be deferred to the subsequent periods. The company is also working with capacity challenges of the contractor following the revisions in pricing of the project arising from the devaluation of the Kwacha.

Utilities

We are working with ESCOM to provide power to this place. We selected a contractor to connect the factory from a 2.4kms distance. This will be completed in the first quarter of 2024 just in readiness for the completion of the construction of the factory on the revised dates.

Other fundings requirements

During the subsequent period, the company reduced its share price from MK5,00 to 3.50 for a period of 45 days to 31 August 2023. This was done so in order to attract risk free capital before getting into deby for the construction of the company. The campaign for the MK3.50 shares raised MK46Million only which was far below the required amountvto complete the construction of the factory which was pegged at MK500Million then. As a result the company resolved to enter into a debt arrangement with Export Development Fund. The facility was approved in 2023 and at the publication of the statement, it was yet to get disbursed to the company. The facility is secured by the same property which was pledged by the directors, v=creating a secondary charge ranking *pari pasu* with that of NBM Development Bank, together with charges on the landed property that is under construction at the Company's Chileke premises. Once the facility is disbursed, it will accelerate the constructions works in order to meeting the deadlines that have been set by which production should commence.

Other projects

RUDEVIT is a diversified investment. While We are working on implementation of the fertilizer program, the company continues to be forward looking to other potentially viable projects. Members will be updated on any new project that come to fruition aftwr completing full feasibility studies in which RUDEVIT will be investing. As was previously reported, already the company has interests in energy by which an approval was already given by the then Power Market Limited to proceed to full feasibility studies. However, these have been put on hold until we fully implement the fertilizer project. The memorandum of understanding that we entered into with the North American Group for delivering energy products is still in place although it has been made dormant until we fully implement the Fertilizer project.

Members are reminded that the company already incorporated a subsidiary RUDEVIT Fund Ltd a financial institution that will in future evolve into a rural bank, subject to obtaining all licensing requirements. 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 a rural based financial institution we will be able to reach out to the rural masses and create a new market niche to fulfil the broad-based objectives of the company.

RUDEVIT is for forward looking minds as such we continue to evaluate all possible opportunities that will easily fulfil 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. During the subsequent period to 2023, the share price is at MK5.00, 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 every reporting period, as has been tradition to recognise 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.

It is expected that the first batch of the fertilizer will be on the market in the second quarter of 2024 all other things being equal. The RUDEVIT Fertilizer will be priced competitively for its type so that it just does not benefit the rural Malawians but also provide a good return to the company's shareholders.

HASTINGS BOFOMO NYIRENDA
BOARD CHAIRMAN

RUDEVIT HOLDINGS PLC

FINANCIAL STATEMENTS

For the year ended

31 December 2022

RUDEVIT Holdings Plc

Financial statements for the year ended 31 December 2022

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RUDEVIT Holdings Plc

Directors and statutory information

For the year ended 31 December 2022

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
Hastings Bofomo Nyirenda	Chairman	Malawi
Dr Francis Gondwe	Director	Malawian (up to 16 August 2022 deceased)
Allans Muhome	Director	Malawi (up to 10 December 2022)
Patrick Chingati Phiri	Director	Malawi
John Robson Kamanga	Director	Malawi
Dr Isaac Maliba Mvula	Director	United States of America
Patricia Mwase	Director	Malawi
Dina Kamowa	Director	Malawi
Eugenio Tebulo	Director	Malawi
Brian Kapito	Director	Malawi (up to 15 October 2022)
Wezzie Moyo	Director	Malawi (up to 15 October 2022)
Beatrix Mosiwa	Director	Malawi
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

Centenary Bank 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 Accountants and Business Advisors
P.O. Box 530
Blantyre, Malawi

RUDEVIT Holdings Plc

Directors and statutory information

For the year ended 31 December 2022

Corporate governance

Attendance of meetings for the Directors throughout the period 1 January 2022 to 31 December 2022

No	Name of Board Member	1st Meeting	2nd Meeting	3rd Meeting	4th Meeting	5th Meeting
		1/2/2022	14/04/2022	20/5/2022	19/9/2022	15/10/2022
1	Hastings B. Nyirenda	P	P	P	P	P
2	Isaac Maliba Mvula	P	AP	P	P	AP
3	Allans Muhome	AP	AP	P	P	P
4	Patrick Chingati Phiri	AP	P	P	P	P
5	John Robson Kamanga	P	AP	AP	P	AP
6	Dina Kamowa	AP	AP	P	P	P
7	Patricia Mwase	P	AP	AP	P	P
8	Eugenio Tebulo	….	AP	P	P	P
9	Beatrix Mosiwa	P	P	P	P	P
10	Kelvin Nyirenda	P	P	P	P	P

KEY:

P = Present.

AP = Apologies

-- = Before Combined meetings and for Eugenio Tebulo, this was prior to appointment.

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 implementation of the Sustainable Development Goals (SDGs) in Malawi. By its nature as a company limited by guarantee, 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

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 its securities to the general public. The authorized capital of the company is 10billion ordinary shares. By its memorandum and articles of association, 60% of the authorized share capital is reserved for subscription by Rural Development Investment Initiatives Trust Limited, a company limited by guarantee, whose objective is to enhance rural economic development in Malawi through its support of the Sustainable Development Goals (SDGs). In the event of full subscription of the remaining 40% of the shares, the directors have mandate to increase the authorized capital of the company to always maintain the ratio of 60% :40%. At the time of incorporation of the company, Rural Development Investment Initiatives Trust Limited subscribed for one billion shares. The shares are issued to the company to the extent of paid-up capital, at the ruling share price. 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

During the year, the company traded its shares at MK3.00 each. Subsequent to year end, the directors carried out a valuation of the company's shares based on the prospects of the company and other market dynamics. They determined a new price of K5.00 per share thereby allowing its early investors to recognize capital gains considering the time value of money.

RUDEVIT Holdings Plc

Directors' report

For the year ended 31 December 2022

The directors have pleasure in submitting their report together with the audited financial statements for the year ended 31 December 2022 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. During the year, the company continued to raise capital for its investment.

The results for the period	K'000	K'000
Interest income	7,721	5,448
Total comprehensive loss for the year/period	(52,402)	(8,837)

Dividend

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

Property and equipment

During the year, the company completed construction of the perimeter fence around its land on Title Number 94674, Chileka, Blantyre. Furthermore, the company took delivery of its fully automated granulated organic fertilizer machinery awaiting completion of factory building and installation. The machinery with capacity of 3MTH is expected to be installed and commissioned during the first half of 2024.

Number of employees and remuneration

During the year, the company employed a Projects Manager to coordinate the activities of building and preparation of the installation of the granulated organic fertilizers. The directors continued their supervisory role and the roles of Chief Executive Officer, Financial Controller and Company Secretary have been performed by selected directors in executive capacity until the appointment of substantive job holders. Apart from the projects manager, the executive directors are remunerated through a share-based payment arrangement.

Auditors

Messer's Ernst & Young, were appointed at the conclusion of the annual general meeting held on 15th October 2022. Messer's Ernst & Young have expressed willingness to continue in office.

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 Director

17 November 2023

RUDEVIT Holdings Plc

Statement of Directors' Responsibilities

For the year ended 31 December 2022

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 the directors to ensure the company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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;
- 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 controls to prevent and detect fraud and other irregularities.

The directors also confirm that they have complied with the Companies (Corporate Governance) regulations 2016 with respect to corporate governance.

The Directors are of the opinion that the financial statements for the year ended 31 December 2022 give a true and fair view of the state of the financial affairs of the company and of its operating results.

……………………………………	……………………………………
Director	Director

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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 28 which comprise the statement of financial position as at 31 December 2022 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year 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 2022, and its financial performance and cash flows for the year 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 Directors and statutory information for the year ended 31 December 2022; 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.

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Blantyre, Malawi

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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 skepticism 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

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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.

- 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)

Ernst & Young

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

8 January 2024

RUDEVIT Holdings Plc

Statement of financial position as at 31 December 2022

In thousands Malawi Kwacha

	Note	2022	2021
Assets			
Non-current assets			
Property, plant, and equipment	5	539,264	64,280
Intangible – Patents, rights, and royalties	6	3,500	-
Total non-current assets		542,764	64,280
Current assets			
Trade and other receivables	7	991,698	1,003,275
Cash and cash equivalents	8	82,713	61,415
Total Current assets		1,074,411	1,064,690
Total assets		1,617,175	1,128,970
Equity			
Share capital	9	1,289,007	1,111,836
Revaluation reserve	10	36,918	36,918
Accumulated loss		(98,157)	(45,755)
Total equity		1,227,768	1,102,999
Non-current liabilities			
Deferred tax	13	15,822	15,822
Borrowings	13	323,584	-
Total Non-current liabilities		339,406	15,822
Current liabilities			
Trade and other payables	11	26,853	10,149
Other current liabilities	12	23,148	-
Total Current liabilities		50,001	10,149
Total liabilities		389,406	25,971
Total equity and liabilities		1,617,175	1,128,970

These financial statements were approved by the company's board of directors on **17 November 2023** and were signed on its behalf by:

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Director Director

Statement of profit or loss and other comprehensive income for the year ended 31 December 2022

In thousands Malawi Kwacha

	Note	2022	2021
Interest income	14	7,721	5,448
Expenditure	15	(59,933)	(51,208)
		(52,212)	(45,760)
(Other expenses) /other income		(190)	5
Loss before tax		(52,402)	(45,755)
Income tax expense		-	-
Loss for the period		(52,402)	(45,755)
Other comprehensive income			
Surplus on revaluation of property Plant & Equipment	5	-	52,740
Deferred tax on revaluation	13	-	(15,822)
Other comprehensive (loss)/income		(52,402)	36,918
Total comprehensive loss for the period		(52,402)	(8,837)

RUDEVIT Holdings Plc

Statement of changes in equity for the year ended 31 December 2022

In thousands Malawi Kwacha

2021	Share capital	Revaluation reserve	Accumulated loss	Total
As at 1 January 2022				
Opening balance	1,111,836	36,918	(45,755)	1,102,999
Additional share capital	177,171	-	-	177,171
Loss for the period	-	-	(52,402)	(52,402)
At 31 December 2022	1,289,007	36,918	(98,157)	1,227,768
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

Statement of cashflows for the year ended 31 December 2022

In thousands Malawi Kwacha

	Note	2022	2021
Cash flows from operating activities			
Loss before tax		(52,402)	(45,755)
Adjustments for non-cash items:			
Depreciation	5	280	70
		(52,122)	(45,685)
Movements in working capital			
Decrease /(increase) in trade and other receivables	7	11,577	(1,003,275)
Decrease in trade and other payables	11/12	39,852	10,149
Net cashflows utilised in operating activities		(693)	(1,038,811)
Investing activities			
Patents, rights and royalties	6	(3500)	(11,260)
Purchase of fixtures and fittings	5	-	(350)
Purchase of property, plant, and equipment	5	(475,264)	-
Net cashflows utilised in investing activities		(478,764)	(11,610)
Financing activities			
Proceeds from share capital	9	177,171	1,111,836
Acquisition of long-term loans	13	323,584	-
Net cashflows generated from financing activities		500,755	1,111,836
Net increase in cash and cash equivalents		21,298	61,415
Cash and cash equivalents at beginning of the period		61,415	-
Cash and cash equivalents at end of the period	8	82,713	61,415

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.

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. Basis of preparation (continued)

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 2022. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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

An onerous contract is a contract under which the unavoidable of meeting the obligations under the contract costs (i.e., the costs that the Company cannot avoid because it has the contract) exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). 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 Company applied the amendments to the contracts for which it had not fulfilled all of its obligations at the beginning of the reporting period.

Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 *Business Combinations* 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 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. In accordance with the transitional provisions, the Company applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

These amendments had no impact on the financial statements of the Company as there were no contingent assets, liabilities or contingent liabilities within the scope of these amendments that arose during the period.

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

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of 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.

In accordance with the transitional provisions, the Company applies the amendments retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment (the date of initial application).

These amendments had no impact on the financial statements of the Company as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

2. Basis of preparation (continued)

2.7 Changes in accounting policies and disclosures (continued)

New and amended standards and interpretations (continued)

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

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.
These amendments had no impact on the financial statements of the Company as it is not a firsttime adopter.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
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. There is no similar amendment proposed for *IAS 39 Financial Instruments: Recognition and Measurement.*
In accordance with the transitional provisions, the Company 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 date of initial application). These amendments had no impact on the financial statements of the Company as there were no modifications of the Company's financial instruments during the period.

IAS 41 Agriculture – Taxation in fair value measurements

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.

These amendments had no impact on the financial statements of the Company as it did not have assets in scope of IAS 41 as at the reporting date

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
Machinery	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.

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.

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 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. Significant accounting policies (continued)

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 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. Significant accounting policies (continued)

3.6 Taxation (continued)

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.

3.8 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 pre sent 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.

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.

RUDEVIT Holdings Plc

Notes to the financial statements for the year ended 31 December 2022

In thousands Malawi Kwacha

5. **Property, plant, and equipment**

See accounting policy 3.1

2022	Land and Buildings	Furniture and fittings	WIP Fencing	WIP Machinery	WIP Water Works	Total
At beginning of period	64,000	350	-	-	-	64,350
Additions during the period	40,743	-	47,709	377,129	9,683	475,264
Revaluation surplus on the land	-	-	-	-	-	-
At 31 December 2022	104,743	350	47,709	377,129	9,683	539,614
Accumulated depreciation and impairment losses:						
At beginning of period	-	70	-	-	-	70
Charge for the period	-	280	-	-	-	280
At 31 December 2022	-	350	-	-	-	350
Carrying Amount						
At 31 December 2022	104,743	-	47,709	377,129	9,683	539,264
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	64,000	350	-	-	-	64,350
Accumulated depreciation and impairment losses:						
At beginning of period	-	-	-	-	-	-
Charge for the period	-	70	-	-	-	70
At 31 December 2021	-	70	-	-	-	70
Carrying Amount						
At 31 December 2021	64,000	280	-	-	-	64,280

	2022	2021
6. Intangibles: Patents, rights, and royalties		
Patents, rights, and royalties on fertilizer formula	3,500	-
7. Trade and other receivables		
Call Capital (Note 9)	988,881	1,002,000
Withholding tax receivable	2,817	1,275
Total trade and other receivables	991,698	1,003,275

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.

In thousands Malawi Kwacha

8. **Cash and cash equivalents**

Money market investments	43,484	43,406
Cash at bank	39,229	18,009
	82,713	61,415

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 registering sales revenue into the bank accounts.

9. Share capital

Authorized share capital		
10,000,000,000 ordinary shares of MK1 each	10,000,000	10,000,000
Issued and fully paid		
152,889 ordinary shares	300,126	109,836
Call capital		
1,002,000 ordinary shares	988,881	1,002,000
Total Capital	1,289,007	1,111,836

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. In terms of Companies Act 2013, the excess amount above the nominal price is credited to the capital account as part of capital.

10. Revaluation reserve

	2022	2021
Surplus on revaluation of land	36,918	52,740
Deferred tax	-	(15,822)
Net amount	36,918	36,918

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 as at 31 December 2021. 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. There was no revaluation done as at 31 December 2022.

11. Trade and other payables

	2022	2021
Audit fees	9,967	2,500
Advertising	700	2,000
Administration	5,036	5,629
Other	11,150	20
	26,853	10,149

The carrying value of trade and other payables classified as financial liabilities measured at amortized cost approximates fair value.

In thousands Malawi Kwacha

12. Other current liabilities	2022	2021
Withholding tax payable	929	-
Loan interest account – NBM Development Bank	22,219	-
	23,148	-

The amount of loan interest arises from the bridging finance secured by Rudevit Holdings Plc from NB Bank to purchase the full equipment for the manufacture of organic granulated fertilizer. In terms of the l the interest is capitalized to the period of moratorium.

The interest is capitalized to the Machinery in line with IAS23: *Borrowing Costs*

13. Long term liabilities

Deferred tax liability	15,822	15,822
Loan account – NBM Development Bank	323,584	-
	339,406	15,822

The amount of deferred tax has arisen on revaluation surplus of property, plant and equipment.

NBM Development Bank Limited- Loan 1

In May 2022, the company obtained a loan amounting K237,250,00 payable in 3 years in equal instalments after a principal and interest moratorium of 12 months from NBM Development Bank Limited to facilitate procurement and installation of a granulated organic fertilizer plant. Interest shall be capitalised on a monthly basis from the date of the drawdown till the end of the moratorium.

In June 2022, the moratorium period was revised from 12 months to 18 months.
The loan attracts interest of 8% above the floating base ending rate to be computed monthly based on the guidelines provided by the Reserve bank of Malawi.
<u>Security</u>

- Board resolution authorising the company to borrow K237,250,000 from the Bank
- Hypothecation of stocks of fertilizers
- Lien over cash in hand and cash balances held in all financial institutions in Malawi
- Registration over the existing equipment and equipment to be purchased as per the Personal Property Securities Registry (PPSR) to the full value of the equipment.
- The equipment to be insured with the bank's interest noted as first loss payee.
- Charge by Surety over a lodge situated in Lunzu registered in the name of Hastings Bofomo Nyirenda valued at K407,000,000.
- The charged property to be insured with the bank's interest noted as first loss payee.

NBM Development Bank Limited- Loan 2

In May 2022, the company obtained a loan amounting K24,750,000 payable in 3 years in equal instalments after a principal and interest moratorium of 12 months from NBM Development Bank Limited to facilitate procurement and installation of a granulated organic fertilizer plant. Interest shall be capitalised on a monthly basis from the date of the drawdown till the end of the moratorium.In June 2022, the moratorium period was revised from 12 months to 18 months. The loan attracts a fixed interest rate of 11% per annum.

In thousands Malawi Kwacha

13. Long term liabilities (continued)

NBM Development Bank Limited- Loan 2 (continued)

Security

- Board resolution authorising the company to borrow K24,750,000 from the Bank
- Hypothecation of stocks of fertilizers
- Lien over cash in hand and cash balances held in all financial institutions in Malawi
- Registration over the existing equipment and equipment to be purchased as per the Personal Property Securities Registry (PPSR) to the full value of the equipment.
- The equipment to be insured with the bank's interest noted as first loss payee.
- Charge by Surety over a lodge situated in Lunzu registered in the name of Hastings Bofomo Nyirenda valued at K407,000,000.
- The charged property to be insured with the bank's interest noted as first loss payee.

In August 2022, the Company obtained an additional loan facility for K129,000,000, making a total of K153,750,000. This additional loan is repayable over a period of 3 years in equal instalments after a principal and interest moratorium of 9 months.

The additional loan attracts a fixed interest rate of 11% per annum and the security charges are similar to the one for K24.7 million loan above.

All related charges in attending to the property are capitalised as part of Borrowing costs in line with IAS 23.

14. Interest income

	2022	2021
Interest income from investments	7,721	5,448

15. Expenditure

	2022	2021
Administration expenses	-	5,829
Advertising and promotion	155	3,919
AGM expenses	782	-
Audit fees	10,000	2,500
Bank service charges	807	168
Business licenses and permits	36	-
Depreciation	280	70
Directors' fees, honorarium, and management expenses	20,837	26,500
Directors sitting allowances	1,285	1,350
Executive Directors remuneration	18,000	-
Internet website hosting	275	120
Office supplies	156	105
Payroll expenses	6,799	2,266
Pre-incorporation expenses	-	8,125
Professional fees	521	-
Travel expenses	-	256
	59,933	51,208

In thousands Malawi Kwacha

16. Directors' remuneration

No	Name	2022 Honorarium	2022 Sitting allowance	2021 Honorarium	2021 Sitting allowance
	Hastings B. Nyirenda	2,500	200	2,500	160
	Dr. Francis Gondwe	-	-	2,000	105
	Isaac Maliba Mvula	2,000	105	2,000	105
	Allans Muhome	2,000	105	2,000	70
	Patrick Chingati Phiri	2,000	140	2,000	105
	John Robson Kamanga	2,000	70	2,000	140
	Martin Siwu	-	-	2,000	105
	Eugenio Tebulo	2,000	105	-	-
	Dina Kamowa	2,000	105	2,000	140
	Brian Kapito	-	-	2,000	35
	Patricia Mwase	2,000	105	2,000	140
	Wezzie Moyo	-	-	2,000	-
	Beatrix Mosiwa	2,000	175	2,000	140
	Kelvin Nyirenda	2,000	175	2,000	140
		20,500	1,285	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. At the AGM held on 15th October 2022 the members upheld the resolution and continue to remunerate directors through a share-based payment at the ruling share price as at the close of the reporting period. 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.* The Board considered the management roles performed by three directors being roles that could have been performed by management in full time position. The Board realised that it is not possible to hold management on share-based payments and accordingly authorised that the three directors continue to perform those roles until recruitment of full-time employees, and that those management roles be compensated by issuance of shares to the directors in line with IFRS2: Share Based payments. It is envisaged that full time management will be in place as soon as the Factory gets erected.

17. 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

17. Financial risk management

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.

17.1 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.

17.2 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.

17.3 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.

17.4 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.

17.5 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.

In thousands Malawi Kwacha

17.6 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.

	2022	2021
Share capital	1,289,007	1,111,836
Revaluation reserve	36,918	36,918
Accumulated loss	(98,157)	(45,755)
	1,227,768	1,102,999

18. Contingent liabilities

There were no contingent liabilities requiring disclosure.

19. Standards issued but not yet effective

The new and amended 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 new and amended standards and interpretations, 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 date it first applies IFRS 17. This standard is not applicable to the Company.

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 does 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 practice and whether existing loan agreements may require renegotiation.

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 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 Company's financial statements.

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 Company is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

In thousands Malawi Kwacha

19. Standards issued but not yet effective (Continued)

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. The Company is currently assessing the impact of the amendments.

20. 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: -

	2022	2021
United States Dollar (USD)	1,026.43	817.30
South African Rand (ZAR)	62.35	58.71
Inflation	25.4%	11.5%

At the time of approval of these financial statements, exchange rates were as follows: -

United States Dollar (USD)	1,068.72
South African Rand (ZAR)	62.32
Inflation rate (September 2023)	26.9%

21. Subsequent Events

Subsequent to year end there are no events that have occurred warranting adjustments to these financial statements.

The Reserve of Malawi increased the policy rate to 24% in July 2023, the effects of which will be recognised in the financial statements for the year ending 31 December 2023.