

PARENT COMPANY
ACCOUNTS FOR
PRECIS (2696) LTD
06201956

RIFT VALLEY HOLDINGS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

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RIFT VALLEY HOLDINGS LIMITED

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RIFT VALLEY HOLDINGS LIMITED
DIRECTORS AND ADMINISTRATION

DIRECTORS

Robert William Jack Strong*	(Group Chief Executive Officer)	Appointed on: 14 March 2014
Laura Elliah-Rouget		2 February 2021
Neil Hagelthorn		1 July 2020
Paul Murray West* (Alternate to Robert Strong)	(Group Chief Executive Officer)	2 April 2021

* *Executive director*

REGISTERED OFFICE

Block 1C Unicity Business Park
Cascavelle
Mauritius

COMPANY SECRETARY

ICECAP (Mauritius) Limited
Block 1C Unicity Business Park
Cascavelle
Mauritius

ATTORNEYS

Bere Brothers Legal Practitioners (Zimbabwe)
Honey and Blanckenberg Legal Practitioners (Zimbabwe)
Makombe and Associates Legal Practitioners (Zimbabwe)
Mawere and Sibanda Legal Practitioners (Zimbabwe)
Wintertons Legal Practitioners (Zimbabwe)
Kantor Immerman Legal Practitioners (Zimbabwe)
Velma Law (Tanzania)

BANKERS

First Capital Bank of Zimbabwe Limited
ABSA Bank of Mauritius Limited
CABS, Zimbabwe
CBZ Bank Limited, Zimbabwe
CRDB Bank PLC, Tanzania
Nedbank Zimbabwe Limited
NMB Bank Limited, Zimbabwe
Stanbic Bank Zimbabwe Limited
Standard Finance Isle of Man Limited
Standard Chartered Bank Zimbabwe Limited
Standard Chartered Bank PLC
Standard Bank Mauritius Limited

INDEPENDENT AUDITORS

Deloitte & Touché	Deloitte Mauritius
West Block	7th-8th Floor Standard Chartered Tower
Borrowdale Office Park	19-21 Bank Street
Borrowdale Road	Cybercity
Harare	Ebené 72201
Zimbabwe	Mauritius

RIFT VALLEY HOLDINGS LIMITED
DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the maintenance of adequate accounting records, and the preparation and integrity of the consolidated financial statements. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the Mauritius Companies Act 2001 in so far as applicable to companies holding Global Business Licence. The Company's independent external auditors, Deloitte Mauritius, have audited the consolidated financial statements.

In preparing the consolidated financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- comply with International Financial Reporting Standards; and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

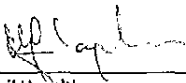
The Directors are also responsible for the systems of internal control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the consolidated financial statements and to safeguard, verify and maintain accountability of assets and to prevent and detect material misstatements and losses. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties.

Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The consolidated financial statements have been prepared on the going concern basis. The Directors have assessed the ability of the Company to continue to operate on a going concern basis for the next 12 months after the sign off of these financial statements. On the basis of this review and an assessment of the current financial position, nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for the foreseeable future.


Some of the Group's subsidiaries operate in Zimbabwe, whose local currency is in hyperinflation. The entities whose functional currency is ZWL have prepared hyperinflated financials in local currency converted at the official closing rate to the United States dollar.

The consolidated financial statements for the year ended 30 June 2022 were approved by the Board of Directors and signed on its behalf by:



Neil Hagelthorn
NON-EXECUTIVE DIRECTOR

12 December 2022



Laura Elliah-Rouget
NON-EXECUTIVE DIRECTOR

12 December 2022

**RIFT VALLEY HOLDINGS LIMITED
COMPANY SECRETARY CERTIFICATE**

Certificate from the Secretary under Section 166 (d) of the Mauritius Companies Act 2001

We certify, to the best of our knowledge and belief, that we have filed with the Registrar of Companies all such returns as are required of the International Limited, under the Mauritius Companies Act 2001, in terms of Section 165(d), during the financial year ended 30 June 2022.



for ICECAP(Mauritius) Limited
Company Secretary

Registered office:

Block 1C, Unicity Business Park
Cascavelle
Mauritius

12 December 2022

**Independent auditor's report to the Shareholder of
Rift Valley Holdings Limited**

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Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Rift Valley Holdings Limited (the "Company") and its subsidiaries (collectively referred as the "Group") set out on pages 7 to 91, which comprise the consolidated and separate statements of financial position as at 30 June 2022, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of the Group and the Company as at 30 June 2022, and of their consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and comply with the requirements of the Mauritius Companies Act 2001 in so far as applicable to Global Business Licence companies.

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 Consolidated and Separate Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standard Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The consolidated and separate financial statements for the year ended 30 June 2021 were audited by another auditor, who on 21 December 2021 expressed an unmodified opinion thereon.

Other information

The directors are responsible for the other information. The other information comprises the Directors and Administration, Director's responsibility for financial reporting and the Company Secretary Certificate, but does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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 directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001 in so far as applicable to Global Business Licence companies and they are also responsible for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditor's report to the Shareholder of
Rift Valley Holdings Limited (continued)

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Responsibilities of directors for the consolidated and separate financial statements (continued)

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and 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 Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's and the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and 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 consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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



7th-8th floor, Standard Chartered Tower
19-21 Bank Street
Cybercity
Ebène 72201
Mauritius

Independent auditor's report to the Shareholder of
Rift Valley Holdings Limited (continued)

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Report on other legal and regulatory requirements

Mauritius Companies Act 2001

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

- we have no relationship with, or interest in, the Company and its subsidiaries other than in our capacity as auditor;
- we have obtained all information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

Use of this report

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

Deloitte

Deloitte

Chartered Accountants

12 December 2022

Vishal Agrawal

Vishal Agrawal, FCA

Licensed by FRC

RIFT VALLEY HOLDINGS LIMITED
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

COMPANY			Note	GROUP	
2021 US\$'000	2022 US\$'000			2022 US\$'000	2021 US\$'000
		Continuing operations			
-	-	Revenue	28	162 053	165 400
-	-	Cost of sales	32	(130 654)	(132 838)
-	-	Gross profit		31 399	32 562
307	(508)	Other gains/(losses) - net	30	48 450	2 394
(648)	(1 003)	Administration expenses	32	(34 952)	(32 615)
-	-	Selling and distribution expenses	32	(1 049)	(1 066)
668	947	Other income	29	4 817	4 118
327	(564)	Operating profit		48 665	5 393
(511)	(511)	Finance costs	37	(13 439)	(11 122)
326	666	Finance income	37	5 538	5 012
-	-	Monetary gain on IAS 29 Adjustment		8 577	-
-	-	Share of (loss)/profit of a joint venture accounted for using the equity method	10.2	(705)	26
142	(409)	Profit/(loss) before income tax		48 636	(691)
-	-	Income tax credit/(expense)	31	2 195	(6 060)
142	(409)	Profit/(loss) from continuing operations		50 831	(6 751)
		Discontinued operations			
-	-	Profit from discontinued operations (attributable to equity holders of the Company) (net of tax)	38	99	-
142	(409)	PROFIT/(LOSS) FOR THE YEAR		50 930	(6 751)
		Other comprehensive income			
		Items that will not be reclassified subsequently to profit or loss:			
-	-	Gain/(loss) on revaluation of property, plant and equipment	8	10 054	(1 818)
-	-	Share of other comprehensive income of joint venture accounted for using the equity method	10.2	702	-
-	-	Income tax relating to items that will not be reclassified subsequently to profit or loss	19	(973)	-
-	-	Gain on fair value through OCI		13	-
-	-			9 796	(1 818)
		Items that may be reclassified subsequently to profit or loss:			
-	-	Exchange differences on translating foreign operations	19	(968)	3 585
-	-	Monetary loss on IAS 29 Adjustment		-	(1 398)
-	-			(968)	2 187
-	-	Other comprehensive income for the year		8 828	369
142	(409)	TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		59 758	(6 382)

RIFT VALLEY HOLDINGS LIMITED
 STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)
 FOR THE YEAR ENDED 30 JUNE 2022

COMPANY			GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
		PROFIT/(LOSS) FOR THE YEAR		
		Attributable to:		
142	(409)	Owners of the Company	49 893	(6 455)
-	-	Non-controlling interests	1 037	(296)
<u>142</u>	<u>(409)</u>		<u>50 930</u>	<u>(6 751)</u>
		TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		
		Attributable to:		
142	(409)	Owners of the Company	58 298	(6 273)
-	-	Non-controlling interests	1 460	(109)
<u>142</u>	<u>(409)</u>		<u>59 758</u>	<u>(6 382)</u>

The above statements of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

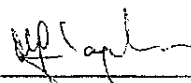
RIFT VALLEY HOLDINGS LIMITED
STATEMENTS OF FINANCIAL POSITION
AT 30 JUNE 2022

COMPANY		Note	GROUP	
2021 US\$'000	2022 US\$'000		2022 US\$'000	2021 US\$'000
ASSETS				
Non-current assets				
-	-	7	38 632	142
-	-	8	64 939	53 801
-	-	8.1	4 734	2 415
-	-	9	820	440
-	-	12	805	670
-	-	10.2	323	326
-	-	11	1 704	1 706
-	-	15	9 020	2 460
-	-	16	7 063	5 795
8 439	8 439	10.1	-	-
26 623	27 243	36.1	-	-
35 062	35 682		128 040	67 755
Current assets				
-	-	7	5 523	635
-	-	14	75 862	78 408
-	-	15	48 708	39 530
1 913	2 430	16	48 515	60 586
-	-	31	841	67
300	84	17	7 883	9 903
2 213	2 514		187 332	189 129
-	-	38	20 968	-
37 275	38 196		336 340	256 884
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent				
95	95	18	95	95
78 192	78 192	18	78 192	78 192
-	-	19	19 015	9 816
-	-	19	1 556	1 543
-	-	19	(4 149)	(3 181)
94 958	97 462	26	97 462	94 958
(156 292)	(156 701)		(63 091)	(112 239)
16 953	19 048		129 080	69 184
-	-	20	13 286	4 738
16 953	19 048		142 366	73 922

RIFT VALLEY HOLDINGS LIMITED
STATEMENTS OF FINANCIAL POSITION (continued)
AT 30 JUNE 2022

COMPANY			GROUP	
2021	2022		2022	2021
US\$'000	US\$'000	Note	US\$'000	US\$'000
Non-current liabilities				
1 297	1 345	25.4	5 802	6 036
12 667	13 128	26	13 303	12 794
-	-	24.2	3 931	1 408
4 161	2 476	24.1	2 476	4 297
-	-	22	-	9 095
-	-	23	9 038	6 316
600	600	36.2	-	-
18 725	17 549		34 550	39 946
Current liabilities				
1 397	1 599	21	25 696	17 617
-	-	24.1	-	23
-	-	24.2	980	974
-	-	25	113 815	117 705
200	-	27	2 993	5 196
-	-	34.1	124	1 501
1 597	1 599		143 608	143 016
-	-	38	15 816	-
20 322	19 148		193 974	182 962
37 275	38 196		336 340	256 884

The notes on pages 15 to 91 are an integral part of these consolidated financial statements.
The above statements of financial position should be read in conjunction with the accompanying notes.
2021 comparatives have been rearranged to reflect fair presentation and be consistent with 2022 presentation and disclosures.


Neil Hagalthorn
NON-EXECUTIVE DIRECTOR
12 December 2022


Laura Elliah-Rouget
NON-EXECUTIVE DIRECTOR
12 December 2022

RIFT VALLEY HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

Attributable to equity holders of the parent

	Share capital US\$'000	Share premium US\$'000	FCTR US\$'000	Other reserves US\$'000	Shareholder loans US\$'000	Accumulated losses US\$'000	Total Attributable to owners of the parent US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
Balance at 30 June 2020	95	78 192	(6 766)	13 284	96 288	(104 400)	76 693	5 143	81 836
Loss for the year	-	-	-	-	-	(6 455)	(6 455)	(296)	(6 751)
Transfer to retained earnings	-	-	-	(217)	-	217	-	-	-
Loss on disposal of interest in subsidiary	-	-	-	-	-	(203)	(203)	-	(203)
Shareholder loan receipts	-	-	-	-	2 170	-	2 170	-	2 170
Shareholder loan repayments	-	-	-	-	(3 500)	-	(3 500)	-	(3 500)
Other comprehensive income/(loss) for the year, net of tax	-	-	3 585	(1 708)	-	(1 398)	479	(109)	369
Total comprehensive income for the year	-	-	3 585	(1 925)	(1 330)	(7 839)	(7 509)	(405)	(7 514)
Balance at 30 June 2021	95	78 192	(3 181)	11 359	94 958	(112 239)	69 184	4 738	73 322
Profit for the year	-	-	-	-	-	49 893	49 893	1 037	50 930
Transfer to retained earnings	-	-	-	(161)	-	161	-	-	-
Share of NCI on regain of control of BTL (33.2)	-	-	-	-	-	-	-	6 182	6 182
Shareholder loans	-	-	-	-	2 504	-	2 504	-	2 504
Other comprehensive (loss)/income for the year, net of tax	-	-	(968)	9 373	-	-	8 405	423	8 328
Transfer to NCI	-	-	-	-	-	(906)	(906)	906	-
Total comprehensive income for the year	-	-	(968)	9 212	2 504	49 148	59 896	8 548	68 444
Balance at 30 June 2022	95	78 192	(4 149)	20 571	97 462	(63 091)	129 080	13 286	142 366

RIFT VALLEY HOLDINGS LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	Share capital US\$'000	Share premium US\$'000	Shareholder loans US\$'000	Accumulated losses US\$'000	Total US\$'000
Balance at 1 July 2020	95	78 192	96 288	(156 434)	18 141
Profit for the year	-	-	-	142	142
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	142	142
Transactions with owners					
Shareholder loans	-	-	(1 330)	-	(1 330)
Total transactions with owners recognised directly in equity	-	-	(1 330)	-	(1 330)
Balance at 30 June 2021	95	78 192	94 958	(156 292)	16 953
Loss for the year	-	-	-	(409)	(409)
Total comprehensive loss for the year	-	-	-	(409)	(409)
Transactions with owners					
Shareholder loans	-	-	2 504	-	2 504
Total transactions with owners recognised directly in equity	-	-	2 504	-	2 504
Balance at 30 June 2022	95	78 192	97 462	(156 701)	19 048

RIFT VALLEY HOLDINGS LIMITED
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

COMPANY			GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
142	(409)	<i>Profit/(loss) before income tax</i>	48 636	(691)
-	-	Adjustments for:		
-	-	Write back on BTL loans	(1 003)	-
-	-	Depreciation of property, plant and equipment	3 847	3 575
-	-	Depreciation on right of use asset	2 176	1 603
-	-	Amortisation of intangible assets	132	165
-	-	Share of loss/(profit) of a joint venture	705	(26)
-	-	Income from amortisation of grants classified as investing cash flows	(680)	(396)
-	-	Dividend income classified as investing cash flows	-	(85)
-	-	Monetary gain on IAS adjustment	(8 577)	-
-	-	Fair value loss on financial assets at fair value through profit or loss	18	29
-	-	Fair value (gain)/loss on investment property	(135)	22
-	-	Change in fair value of biological assets	(259)	10
-	-	Change in fair value of agriculture produce	455	1 173
-	-	Impairment loss on property, plant and equipment	314	843
-	-	Profit on disposal of property, plant and equipment	(201)	(16)
-	-	Loss on disposal of subsidiary	2 470	203
(307)	347	Unrealised foreign exchange gains	(4 739)	(4 648)
(81)	-	Other gains	(45 071)	(55)
511	511	Finance costs recognised in profit or loss	13 439	11 122
(326)	(666)	Finance income recognised in profit or loss	-	-
-	-	Impairment losses recognised on:		
-	-	Contract grower receivables	32.2	1 589
-	-	Trade and other receivables	(113)	(72)
(61)	(217)	Operating cash flows before working capital changes	13 003	6 842
-	-	Decrease/(increase) in inventories	2 547	(8 677)
-	-	Increase in current biological assets	(4 888)	(395)
-	-	Increase in contract grower receivables	(15 738)	(10 320)
(991)	(517)	Decrease/(increase) in trade and other receivables	10 803	(32 757)
(383)	202	Increase/(decrease) in trade and other payables	8 079	(6 580)
-	(200)	Decrease in provisions	(2 203)	(1 210)
(1 435)	(732)	Cash generated from/(used in) operations	11 603	(53 097)
-	-	Interest paid	25	(11 826)
-	-	Income taxes paid	34.1	(2 836)
(1 435)	(732)	Net cash used in operating activities	(3 213)	(64 752)
-	-	Cash flows from investing activities		
-	-	Proceeds from disposal of property, plant and equipment	8	378
-	-	Cash and cash equivalents on acquired subsidiary		35
-	-	Purchase of property, plant and equipment	8	(2 957)
-	-	Purchase of intangible assets	9	(324)
-	-	Grants received	22	27
139	-	Net proceeds on disposal of subsidiary	33.1	591
-	-	Dividends received	-	85
139	-	Net cash used in investing activities	(2 250)	(1 151)

RIFT VALLEY HOLDINGS LIMITED
STATEMENTS OF CASH FLOWS (continued)
FOR THE YEAR ENDED 30 JUNE 2022

COMPANY			GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
		Cash flows from financing activities		
(1 485)	(1 823)	Deferred consideration payment	24.1	(1 823)
-	-	Proceeds from short-term bank loans	25	158 926
-	-	Repayment of short-term bank loans	25	(153 721)
-	-	Repayment of lease liabilities	34.2	(2 687)
2 170	2 504	Proceeds from shareholder loans	26	2 504
(3 500)	-	Repayment of shareholder loans	26	-
3 442	(620)	Increase in other amounts due from group companies		-
463	461	Increase in non-current shareholder loans		509
1 090	522	Net cash generated from financing activities	3 708	63 296
(206)	(210)	Net decrease in cash and cash equivalents	(1 755)	(2 607)
496	300	Cash and cash equivalents at beginning of year	9 012	12 442
10	(6)	Effects of exchange rate changes on cash and cash equivalents	(792)	(823)
300	84	Cash and cash equivalents at end of year	6 465	9 012

The above statements of cashflows should be read in conjunction with the accompanying notes.

RIFT VALLEY HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

1 GENERAL INFORMATION

Rift Valley Holdings Limited (the "Company"), is a limited liability company incorporated in Mauritius as a Global Business Licence 2 on 11 August 2005. The company changed regime and was issued a Global Business Licence on 30 June 2021. Its shares are not publicly traded. Its ultimate controlling party is Rift Valley Corporation.

Rift Valley Holdings Limited, through its subsidiaries and a joint venture, (together the "Group") has operations in Zimbabwe and Tanzania across various platforms: agriculture and trading; forestry; tobacco and energy.

The principal activities of the Group are as follows:

Agriculture and Trading

Makandi Estates (Private) Limited, incorporated and domiciled in Zimbabwe, produces quality macadamia nuts and avocados for export. It also produces maize for the domestic market.

Chipinge Banana Company (Private) Limited, incorporated and domiciled in Zimbabwe, produces bananas for the local and export markets. The Group jointly controls the company with another party.

Forestry

Border Timbers Limited is incorporated and domiciled in Zimbabwe. It primarily grows and mills hard and softwood timber and supplies poles for agricultural and electricity concerns. It is also listed on the Zimbabwe Stock Exchange.

The Group lost control of Border Timbers Limited after the company was placed under judicial management on 29 January 2015. On 2 May 2016, Border Timbers Limited was placed under Final Judicial Management and as a result was only consolidated as part of the Group up to 31 December 2014.

Subsequently Border Timbers Limited exited judicial management on 1 March 2022 and was consolidated for the four months to June 2022.

Energy

Rift Valley Energy Limited ("RVE") incorporated in Mauritius (and operating through various subsidiaries in Tanzania), facilitates, develops and operates energy projects. Combining a sustainable supply of electricity with the provision of clean energy to the surrounding communities and the Tanzanian national grid, RVE actively contributes to the economic and social development in the regions of its operations.

At the beginning of the financial year, Rift Valley Holdings Limited Board decided to de-invest in the Energy business and is actively seeking to dispose of the Tanzanian operations which have been classified as Held for Sale at 30 June 2022.

Tobacco

Northern Tobacco (Private) Limited incorporated and domiciled in Zimbabwe, is a tobacco contractor which provides finance, inputs and agronomy advice to contracted farmers, then purchases and processes the tobacco from these contracted farmers.

Disposals during the year ended 30 June 2022

The Group disposed of its subsidiary Northern farming (Private) Limited to a related party Cicada Plantations Zimbabwe Limited on 1 July 2021 and its results are not consolidated for the year ended 30 June 2022.

Northern Farming (Private) Limited, incorporated and domiciled in Zimbabwe, is an agricultural produce merchant.

2.1 STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the Mauritius Companies Act 2001 in so far as applicable to companies holding Global Business Licence.

RIFT VALLEY HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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2.2 BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Basis of preparation of Financial Statements for the Significant Subsidiaries

All entities whose functional currency is primarily ZWL (previously "RTGS") have prepared financial statements in accordance to IAS 29 Financial reporting in Hyperinflationary Economies.

The historical cost information has been adjusted for changes in the general purchasing power of the Zimbabwe Dollar and appropriate adjustments and reclassifications have been made.

IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of a measuring unit current at the end of the reporting period end, and that corresponding figures for previous periods be stated in the same terms to the latest financial statements date.

The adjustment has been calculated by means of conversion factors derived from the consumer price index (CPI) prepared by the Zimbabwe Central Statistical Office. The restated statements of financial position numbers were converted to USD using the closing rate.

RIFT VALLEY HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

3 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

3.1 In the current year, the Group and the Company have adopted all of the new and revised standards and interpretations issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to the Group's and Company's operations and effective for accounting periods beginning on 1 July 2021.

3.1.1 New standards, amendments and interpretations issued and effective but with no material effect on the financial statements

The following relevant revised standards have been applied in the financial statements. Their application has not had any significant impact on the amounts reported for current and prior periods but may affect the accounting for future transactions or arrangements.

IAS 39 Financial Instruments - Recognition and Measurement - Amendments regarding replacement issues in the context of the IBOR reform

IFRS 7 Financial Instruments - Disclosures - Amendments regarding replacement issues in the context of the IBOR reform

IFRS 9 Financial Instruments - Amendments regarding replacement issues in the context of the IBOR reform

IFRS 16 Leases - Amendments regarding issues in the context of the IBOR reform

IFRS 16 Leases - Amendments to extend the exemption from assessing whether COVID-19 related rent concession is a lease modification

3.1.2 Relevant new and revised Standards in issue but not yet effective

At the date of authorisation of these financial statements, the following relevant new and revised standards were in issue but effective on annual periods beginning on or after the respective dates as indicated:

IAS 1 Presentation of Financial Statements - Amendments regarding the classification of liabilities (effective 1 January 2024)

IAS 1 Presentation of Financial Statements - Amendments regarding the disclosure of accounting policies (effective 1 January 2023)

IAS 1 Presentation of Financial Statements - Amendments regarding the classification of debt with covenants (effective 1 January 2024)

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of accounting estimates (effective January 1, 2023)

IAS 12 Income Taxes - Amendments regarding deferred tax on leases and decommissioning obligations (effective 1 January 2023)

IAS 16 Property, Plant and Equipment - Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use (effective 1 January 2022)

IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous (effective 1 January 2022)

IFRS 9 Financial Instruments - Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (fees in the '10 per cent' test for derecognition of financial liabilities) (effective 1 January 2022)

IFRS 16 Leases - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions (effective 1 January 2024)

The directors anticipate that these Standards and Interpretations will be applied on their effective dates in future periods. The directors have not yet had an opportunity to consider the potential impact of the application of these amendments.

RIFT VALLEY HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries.

Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In the separate financial statements, investments in subsidiaries are carried at cost. The carrying amount is reduced to recognise any impairment in the value of the individual investments.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

RIFT VALLEY HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Basis of consolidation (continued)

(a) Subsidiaries (continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9: "Financial instruments" either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of the consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of profit or loss and other comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions amongst Group companies are eliminated. Unrealised losses are also eliminated.

(b) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control in a subsidiary, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(d) Common control transactions

A combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. Common control transactions are excluded from the scope of IFRS 3: "Business Combinations". The Directors made a policy choice to use predecessor accounting for common control transactions. No assets or liabilities are restated to their fair values, the acquirer incorporates predecessor carrying values. These are the carrying values that are related to the acquired entity. They are generally the carrying amounts of assets and liabilities of the acquired entity from the consolidated financial statements of the highest entity that has common control for which consolidated financial statements are prepared. These amounts include any goodwill recorded at the highest consolidation level in respect of the acquired entity. If no consolidated financial statements are produced, the values used are those from the financial statements of the acquired entity.

The acquired entity's results and statement of financial position are incorporated retrospectively from the date on which the business combination between entities under common control occurred. Consequently, the financial statements reflect the results of the acquired entity for the period before the transaction occurred.

RIFT VALLEY HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Basis of consolidation (continued)

(e) Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture.

When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IFRS 9 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IFRS 9 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IFRS 9 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities.

Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities. When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

RIFT VALLEY HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Basis of consolidation (continued)

(f) Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a Group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its share of the revenue from the sale of the output by the joint operation; and
- its share of the expenses by the joint operation.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses. When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation. When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

(g) Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale. When the Group is committed to a sale plan involving disposal of an investment in an associate or, a portion of an investment in an associate, the investment, or the portion of the investment in the associate, that will be disposed of is classified as held for sale when the criteria described above are met. The Group then ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method.

4.2 Foreign currencies

In preparing the financial statements of the Group, transactions in currencies other than each subsidiary or entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Foreign currencies (continued)

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into United States of America Dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Group are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in the United States of America Dollar ("US\$") which is the Company's functional and presentation currency and the Group's presentation currency.

At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Nonmonetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

4.3 Segment reporting

As neither the Group nor its ultimate parent has its debt or equity traded in a public market, the Group is not required to disclose information on operating segments per the requirements of IFRS 8 'Operating Segments'.

4.4 Property, plant and equipment

Land and buildings comprise land for agricultural purposes, factories, offices and residential buildings for staff.

Property, plant and equipment are shown at fair value, based on periodic valuations by independent professional valuers, less subsequent accumulated depreciation and accumulated impairment losses. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Bearer plants are included in property, plant and equipment. Before maturity, bearer plants are measured at their accumulated cost. After maturity bearer plants are measured at deemed cost less accumulated depreciation and any recognised impairment recognised in profit or loss. The useful life of the bearer plants is determined in order to depreciate them and this is re-evaluated at each reporting date.

The Group's bearer plants at year end comprise macadamia and avocado trees. These each have expected useful lives of 30 years. The useful lives are reviewed at the end of each reporting period to determine whether events and circumstances continue to support these useful lives. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statements profit or loss during the financial period in which they are incurred. Cost includes expenditure that is directly attributable to the acquisition of the items.

RIFT VALLEY HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Property, plant and equipment (continued)

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to the revaluation reserve through other comprehensive income. Decreases that offset previous increases of the same asset are charged against the revaluation reserve through other comprehensive income, all other decreases are charged to the statement of comprehensive income.

Capital work in progress comprises assets pending installation and not yet ready for intended use. Assets are transferred from capital work in progress to the relevant classes at the date they are available for the intended use.

Land and capital work in progress are not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts (less their residual values), over their estimated useful lives as follows:

Buildings and improvements	4 - 30 years
Plant and machinery	5 - 33 years
Motor vehicles and tractors	5 - 10 years
Furniture, fittings and office equipment	3 - 15 years
Avocado and macadamia trees	30 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses from disposal are determined by comparing the proceeds from disposal with the carrying amount, and are recognised in the statement of comprehensive income. When revalued assets are sold, the amounts included in revaluation reserves are transferred to retained earnings.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

4.5 Biological assets

Biological assets are living animals or plants (that are not bearer plants) that are managed by the Group. They comprise wheat, unharvested macadamia nuts and avocados, and livestock. Macadamia and avocado trees are bearer plants and therefore presented and accounted for as property, plant and equipment. However, the macadamia nuts and avocados growing on the trees are accounted for as biological assets until the point of harvest. *Harvested macadamia nuts and avocados are transferred to inventory at fair value less costs to sell when harvested.* At initial recognition, biological assets are valued at cost. Thereafter, biological assets are measured at fair value less cost to sell. Costs to sell include the incremental selling costs, including auctioneers' fees, commission paid to brokers and dealers and estimated costs of transport to the market but excludes finance costs and income taxes.

Wheat is classified as immature until it is ready for harvest and then as agricultural produce at the point of harvest. Harvested wheat is transferred to inventory at fair value less costs to sell.

Changes in fair value of livestock and unharvested wheat, macadamia nuts and avocados are recognised in statements of profit or loss.

4.6 Agricultural produce

Agricultural produce represents biological assets, specifically macadamia nuts, avocados and maize crops awaiting sale. Agricultural produce is measured at fair value at date of harvesting, less estimated point-of-sale costs incurred in bringing it to its present location and condition to be sold.

The fair value of agriculture produce is not discounted as the produce is expected to sold within twelve (12) months after reporting date. The effect of discounting is therefore not considered to be material.

RIFT VALLEY HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Intangible assets

(a) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(b) Computer software

Software is measured at cost less accumulated amortisation and impairment. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred. Amortisation is calculated over the cost (or other amount substituted for cost) of the asset, less its residual value. Amortisation is recognised in profit or loss on a straight line basis over the estimated useful life, from the date the software is available for use, since this most closely reflects the pattern of consumption of future economic benefits embodied in the software. The estimated useful life is 3 years. Useful lives and residual values are reviewed at each financial year-end and adjusted, if appropriate.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of property, plant and equipment and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

4.8 Financial instruments

Financial assets and financial liabilities are recognised in the statements of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

RIFT VALLEY HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Financial instruments (continued)

4.8.1 Financial assets

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

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

(ii) Debt instruments classified as at FVTOCI

The corporate bonds held by the Company are classified as at FVTOCI. Fair value is determined in the manner described in note 2. The corporate bonds are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these corporate bonds as a result of foreign exchange gains and losses, impairment gains or losses, and interest income calculated using the effective interest method are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these corporate bonds had been measured at amortised cost. All other changes in the carrying amount of these corporate bonds are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When these corporate bonds are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

RIFT VALLEY HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Financial instruments (continued)

4.8.1 Financial assets (continued)

(iii) Equity instruments designated as at FVTOCI

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9 unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'Finance income - Other' line item in profit or loss.

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI (see (i) to (iii) above) are measured at FVTPL. Specifically:

Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition (see (iii) above)

Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria (see (i) and (ii) above) are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instruments as at FVTPL

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy). The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'Other gains and losses' line item (note 30). Fair value is determined in the manner described in note 2.

4.8.1.1 Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other gains and losses' line item.

For debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss. For debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the 'Other gains and losses' line item (note 30). As the foreign currency element recognised in profit or loss is the same as if it was measured at amortised cost, the residual foreign currency element based on the translation of the carrying amount (at fair value) is recognised in other comprehensive income in the investments revaluation reserve

For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other gains and losses' line item as part of the fair value gain or loss.

For equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

RIFT VALLEY HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Financial instruments (continued)

4.8.1 Financial assets (continued)

4.8.1.2 Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime expected credit losses (ECL) for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

4.8.1.3 Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations
- An actual or expected significant deterioration in the operating results of the debtor
- Significant increases in credit risk on other financial instruments of the same debtor
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Financial instruments (continued)

4.8.1 Financial assets (continued)

4.8.1.3 Significant increase in credit risk (continued)

Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Company considers the following as constituting an event of default:

- The financial asset is unlikely to pay its credit obligations to the Company in full

The definition of default is appropriately tailored to reflect different characteristics of different types of assets. When assessing if the borrower is unlikely to pay its credit obligation, the Company considers both qualitative and quantitative indicators. The information assessed depends on the type of the asset and sources of information to assess default which are either developed internally or obtained from external sources.

The Group monitors all financial assets, contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than 12-month ECL. The Group's accounting policy is to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, The Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including Historical effort, based on the Group's Historical financial statements.

4.8.1.4 Write-off

Financial assets are written off when the Group has no reasonable expectations of recovering the financial asset. This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event.

4.8.1.5 Presentation of allowance for ECL in the statements of financial position

Loss allowances for ECL, if any, are presented in the statements of financial position for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets.

4.8.1.6 Derecognition

The Group derecognises financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statement of comprehensive. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within the accumulated other comprehensive (loss)/income.

RIFT VALLEY HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Financial instruments (continued)

4.8.2 Financial liabilities and equity

4.8.2.1 Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments

4.8.2.2 Measurement

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Company, are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship (see Hedge accounting policy). The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other gains and losses' line item (note 10) in profit or loss.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

4.8.2.3 Derecognition of financial liabilities

The Company derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in statements of profit or loss.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Cost is determined on the following basis:

- a) Raw materials are valued at cost using the weighted average cost method;
- b) Finished goods and work-in-progress are valued at cost using the weighted average cost method. Cost includes materials, direct labour, direct expenses
- c) related production overheads, and
- d) Consumables are valued at cost using the first-in, first-out ("FIFO") method.

Obsolete and slow moving stocks are stated, where necessary, at their estimated net realisable values.

4.10 Trade receivables

Trade receivables are amounts due from customers for goods and services provided in the ordinary course of business. If collection is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less allowance for impairment.

4.11 Contract grower receivables

Contract grower receivables are classified as trade and other receivables. These are amounts representing the minimum expected value of tobacco, wheat, maize or soya bean crop due from growers for loans advanced in the ordinary course of business. The loans advanced are for financing the crops which the growers are obliged to deliver to the Group per the contractual terms. As the Group intends to take physical delivery of the crops, contract grower receivables are not classified as financial instruments.

If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Contract grower receivables are recognised initially at fair value and subsequently measured at historical cost plus interest charges, less provision for impairment.

4.11.1 Provision for impairment on contract growers

The Group reviews its assessment on contract growers' profitability on a seasonal basis. The Group uses a provision matrix to look at the estimated yield for each grower, expected prices to be realised by the grower based on agronomists' crop assessments, and market conditions. If a grower is expected not to realise enough sales proceeds to cover the debt to the Group, the amount expected not to be recovered (expected credit loss) is provided for in full, after adjusting for the market value of the security pledged by the grower and held by the Group. The Group only takes into account 60% of the value of immovable property and 40% of the value of movable property as this is the value that is expected to be realised from a forced-sale situation. If a grower is expected to be in default for the current season, all the advances made for the next and future seasons as at the reporting date are also provided for.

The Group considers the forecasted weather patterns and the historical performance of the grower in coming up with the yields and quality to be obtained by the grower.

4.12 Cash and cash equivalents

In the statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statements of financial position.

4.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

RIFT VALLEY HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

4.15 Grants

Grants are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, it is recognised as deferred income and released to income in equal annual amounts over the expected useful life of the asset. A grant that becomes repayable is accounted for as a revision to an accounting estimate and is derecognised.

4.16 Borrowings

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.

To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognised in other comprehensive income and reclassified to profit or loss when the qualifying asset affects profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalised borrowing costs reflect the hedged interest rate.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

4.17 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

(a) Current income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

(b) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill. Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

RIFT VALLEY HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.17 Taxation (continued)

(b) Deferred tax (continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The directors of the Group reviewed the Group's investment property portfolios and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors have determined that the 'sale' presumption set out in the amendments to IAS 12 'Income Taxes' is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of the investment properties as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(c) Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4.18 Employee benefits

(a) Defined contribution plan

The Group's employees are members of defined contribution plans in Zimbabwe and Tanzania. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Group's subsidiaries and employees in Zimbabwe also contribute to the National Social Security Authority Scheme. This is a social security scheme which was promulgated under the National Social Security Act (Chapter 17:04) and Statutory Instrument 393 of 1993 of Zimbabwe. The Group's obligations under the scheme are limited to specific contributions as legislated from time to time. The contributions are recognised as employee benefit expenses in statements of profit or loss when they are due. There is similar legislation for the Group's subsidiaries and employees in Tanzania with the National Social Security Fund which operates in a similar manner.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed, formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting date are discounted to their present value.

(c) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

RIFT VALLEY HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 Employee benefits (continued)

(d) Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

4.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When 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 (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

4.20 Revenue recognition

The Group recognises revenue from the sale of agricultural produce, agricultural commodities, processing of tobacco and distribution of electricity.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Revenue from sale of agricultural produce and agricultural commodities is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the produce.

Revenue for the sale and distribution of electricity (and associated services) is recognised over time as the various performance obligations are discharged. The transaction price allocated to these services is recognised as a contract liability at the time of the initial sales transaction and is released on a straight-line basis over the period of service (i.e. the term of the electricity distribution licence).

Energy charges

This is electricity sold by the Group through a distribution license in Tanzania. The power is supplied to customers under various service agreements. Revenue from energy is recognised at a point in time.

Connection fees

These are standard connection charges where the Group installs service lines to provide power to their customers. Revenue from connection of fees is recognised at a point in time.

Application fees

These are fees charged by the Group to process applications for connection to the Group's service lines. Revenue is recognised at installation.

The Group considers that there are no other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

Revenue is measured at the amount of the transaction price that is allocated to the performance obligation taking into account the effects of variable consideration and the existence of significant financing component.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 Revenue recognition (continued)

IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue'. The Group has adopted this terminology to describe such balances. The application of IFRS 15 has not had a significant impact on the financial position and financial performance of the Group with the exception of the disclosure of deferred revenue of US\$152 000 (note 38) at 30 June 2022.

4.21 Other income

(a) Interest income

Interest income on financial assets at amortised cost (contract growers and loans and receivables) calculated using the effective interest method is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable (note 25). Effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the instrument,

(b) Dividend income

Dividends are received from financial assets measured at fair value through profit or loss (FVPL). Dividends are recognised as other income in profit or loss when the right to receive payment is established.

4.22 Cost of sales

Cost of sales includes the purchase price of products sold and other costs incurred in bringing the inventories to the location and condition ready for sale. These costs may include costs of growing crops and rearing animals, purchasing, storing, rent, depreciation of property, plant and equipment and salaries.

4.23 Investments in subsidiaries

The Group uses IAS 27 'Separate Financial Statements' to account for investments in Group companies in its financial statements, and elected to account for investments in subsidiaries at cost.

4.24 Investment property

Investment properties are properties held to earn rentals and/or capital appreciation. Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair values. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the fair value model. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

4.25 Leases

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value (<US\$5 000) assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

RIFT VALLEY HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.25 Leases (continued)

The Group as lessee (continued)

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Group and the lease does not benefit from a guarantee from the Group.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the Statements of financial position. The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Other expenses' in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

RIFT VALLEY HOLDINGS LIMITED
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4.26 Related parties

If there have been transactions between related parties, the group discloses the nature of the related party relationship as well as information about the transactions and outstanding balance necessary for an understanding of the potential effect of the relationship on the financials statements. These disclosures are made separately for each category of related parties and include:

- The amount of the transactions;
- The amounts of outstanding balances, including terms and conditions and guarantees;
- Provision for doubtful debts related to the amount of outstanding balances;
- Expense recognised during the period in respect of bad and doubtful debts from related parties.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by management under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. The Group does not enter into or trade financial instruments for speculative purposes.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices.

The Group's market risks arise from open positions in,

- (i) foreign currencies,
- (ii) market prices, and
- (iii) interest bearing assets and liabilities - to the extent that these are exposed to general and specific market movements.

(i) Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenues or expenses are denominated in foreign currency). The Group holds foreign currency-denominated liabilities and is therefore exposed to foreign exchange risk. The principal technique of the Group to mitigate this risk is to match assets to the liabilities denominated in foreign currency by investing in equity instruments that track the movement in specific major currencies. For each distinct category of liabilities, a separate portfolio of assets is maintained.

The Group trades internationally and is exposed to foreign exchange risk arising from various currencies. The main exposure is primarily with respect to the Tanzanian shilling ('TZS'), Zimbabwean dollar ('ZWL'); and British pound sterling ('GBP') for the Group.

The Group's primary method of managing foreign currency risk is to match the Group's principal cash outflows to the currency in which the principal cash inflows are denominated. Management monitors exposure to exchange rate fluctuations on an ongoing basis.

The sensitivity analysis below shows the effect of 10% strengthening / weakening of the Tanzanian shilling and Zimbabwean dollar on profit before tax, current assets and current liabilities.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

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NOTES TO THE FINANCIAL STATEMENTS
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5 FINANCIAL RISK MANAGEMENT (continued)

5.1 Financial risk factors (continued)
(a) Market risk (continued)
(i) Foreign exchange risk (continued)

Group	2022 ZWL US\$'000 equivalent	2021 ZWL US\$'000 equivalent	2022 TZS US\$'000 equivalent	2021 TZS US\$'000 equivalent
Base currency				
Assets				
Trade and other receivables	1 787	1 324	1 219	1 482
Cash and bank balances	531	1 921	35	35
Total assets	2 318	3 245	1 254	1 517
Liabilities				
Trade and other payables	(9 821)	(10 698)	(1 966)	(1 966)
Total liabilities	(9 821)	(10 698)	(1 966)	(1 966)
Net currency position	(7 503)	(7 453)	(712)	(449)

Currency sensitivity analysis

Currency exchange rates to USD	2022	2021		
Tanzanian shilling ("TZS")	2 332.99	2 319.00		
Zimbabwean dollar ("ZWL")	370.96	95.56		
Impact of 1% increase in exchange rates	ZWL US\$'000	ZWL US\$'000	TZS US\$'000	TZS US\$'000
For the year ended 30 June				
Assets	2022 2 295	2021 2 872	2022 1 433	2021 1 433
Liabilities	(9 723)	(9 469)	(1 964)	(1 964)
Net position	(7 428)	(6 597)	(531)	(531)

USD to currency exchange rates

	2022	2021
Great Britain pound ("GBP")	1.23	1.37

The sensitivity analysis below shows the effect of 10% strengthening / weakening of the Great Britain pound on profit before tax, current assets and current liabilities.

COMPANY		% increase/(decrease) in foreign exchange rate	GROUP	
2021 +10	2022 +10		2022 +10	2021 +10
US\$'000	US\$'000		US\$'000	US\$'000
±(219)	±(197)	Effect on profit before income tax	-	-
±(219)	±(197)	Effect on equity	-	-

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5 FINANCIAL RISK MANAGEMENT (continued)

5.1 Financial risk factors (continued)

(a) Market risk

(i) Foreign exchange risk (continued)

COMPANY		Base currency	GROUP	
2021 GBP US\$'000 equivalent	2022 GBP US\$'000 equivalent		2022 GBP US\$'000 equivalent	2021 GBP US\$'000 equivalent
		Assets		
3 313	2 851	Amounts due from group companies	-	-
3 313	2 851	Total assets	-	-
		Liabilities		
-	-	Trade and other payables	-	-
-	-	Total liabilities	-	-
3 313	2 851	Net currency position	-	-

(ii) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group, classified on the statements of financial position as financial assets at fair value through profit or loss. To manage the price risk arising from investments in equity securities, the Group uses an asset manager whose mandate is to hold a diversified portfolio. The Group holds quoted securities that are listed on the Zimbabwe Stock Exchange ("ZSE").

The table below summarises the impact of decreases of the ZSE index on the Group's post-tax other comprehensive income for the year and on equity. The analysis is based on the assumption of a 10% increase/(decrease) in the equity index, with all other variables held constant and all the Group's equity instruments moved according to historical correlation with the index.

COMPANY			GROUP	
2021 US\$'000	2022 US\$'000		2022 US\$'000	2021 US\$'000
-	-	Impact on pre-tax profit of loss	± 170	± 7
		- 10% increase/(decrease) in the ZSE index		

Fair value hierarchy

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, and unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1 - Quoted prices (unadjusted) in active market for identical assets or liabilities. This level includes listed equity securities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This level includes non-listed equity investments.

The hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

The following table presents the Group's financial assets that are measured at fair value at 30 June.

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5 FINANCIAL RISK MANAGEMENT (continued)

5.1 Financial risk factors (continued)

(a) Market risk (continued)

Fair value hierarchy (continued)
2022

	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
Fair value through profit or loss				
- Listed equity securities in Zimbabwe (note 11)	48	-	-	48
Fair Value through other comprehensive income				
- Unlisted shares (note 11)	-	-	153	153
	<hr/>	<hr/>	<hr/>	<hr/>
2021	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
Fair value through profit or loss				
- Listed equity securities in Zimbabwe (note 11)	66	-	-	66
Fair Value through other comprehensive income				
- Unlisted shares (note 11)	-	-	140	140
	<hr/>	<hr/>	<hr/>	<hr/>

The above financial assets were held by the Group's subsidiaries.

a) Financial Instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market prices used for financial assets held by the Group is the current bid price. These instruments includes equity investments on the Zimbabwe Stock Exchange classified as financial assets at fair value through profit or loss.

b) Financial Instruments in Level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. Specific valuation techniques used to value financial instruments include inputs other than quoted prices that are observable for the asset, such as fair value for similar assets in markets that are not active. The Group had no financial instruments measured at Level 2 (2021: nil).

c) Financial Instruments in Level 3

The fair value of financial instruments is determined by unobservable inputs for the asset. The value of the unlisted equities shown as Level 3 was determined by reference to a property independently valued by a valuer using observable inputs as far as practicable and using the best information available in the circumstances, including the Group's own data, and taking into account all information about market participant assumptions that was reasonably available.

(iii) Interest rate risk

The Group's interest rate risk arises from short term and long-term borrowings. Borrowings issued at variable interest rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed interest rates expose the Group to fair value interest rate risk. At 30 June 2022, the Group had long term borrowings of US\$6 805 270 (2021: US\$6 036 000) and short term borrowings of US\$113 815 000 (2021: US\$117 705 000) (note 25).

The Group analyses its interest risk exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Group calculates the impact on the profit or loss of a defined interest rate shift.

The scenarios are run only for liabilities that represent major interest-bearing positions.

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NOTES TO THE FINANCIAL STATEMENTS
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5 FINANCIAL RISK MANAGEMENT (continued)

5.1 Financial risk factors (continued)
(a) Market risk (continued)
(iii) Interest rate risk (continued)

Interest rate risk sensitivity analysis

The table below indicates sensitivity of the Group's profit or loss to a 5% change in the interest rates, with all other variables held constant:

COMPANY			GROUP	
Effect on profit before tax 2021 US\$'000	Effect on profit before tax 2022 US\$'000		Effect on profit before tax 2022 US\$'000	Effect on profit before tax 2021 US\$'000
(511)	(511)	Interest expense	(13 439)	(11 122)
±(511)	±(511)	5% increase/(decrease) in interest rate	±(13 439)	±(8 433)
<hr/>				
326	666	Interest income	5 538	5 012
± 326	± 666	5% increase/(decrease) in interest rate	± 2 130	± 1932

(b) Credit risk

Credit risk is the risk that one party to a transaction will cause financial loss to the other party by failing to discharge an obligation. Credit risk is managed at a subsidiary level. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. If independent ratings for customers, banks and financial institutions are available, then these are used. Otherwise, management assesses the credit quality of the customers, banks and financial institutions, taking into account their financial position, past experience and other factors. Individual risk limits are based on internal ratings in accordance with limits set by management. The utilisation of credit limits is regularly monitored. Such risks are subject to a quarterly review.

COMPANY		GROUP	
2021 US\$'000	2022 US\$'000	2022 US\$'000	2021 US\$'000
The maximum exposure to credit risk by class of financial asset is as follows:			
Gross trade receivables, before impairment allowances:			
-	-	38 157	52 134
1 913	2 430	5 630	3 959
-	-	3 945	4 517
300	84	7 883	9 903
<hr/>		<hr/>	
2 213	2 514	55 615	70 513
<hr/>		<hr/>	

Total neither past due nor impaired

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group manages the credit risk through vetting of contract growers, monitoring of operations and in some cases obtaining collateral from the growers.

The financial institutions holding the cash and cash equivalents of the Group have the following external credit ratings as published by the Global Credit Rating Group:

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NOTES TO THE FINANCIAL STATEMENTS
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5 FINANCIAL RISK MANAGEMENT (continued)

5.1 Financial risk factors (continued)
(b) Credit risk (continued)

COMPANY		Rating	Rating	GROUP	
2021 US\$'000	2022 US\$'000			2022 US\$'000	2021 US\$'000
-	-	AA	AA	2 528	4 947
-	-	A+	A+	4 274	2 198
-	-	A	A	743	2 180
300	84	BB+	B+	84	300
-	-	BB	BB	1	175
-	-	BB-	BB-	151	42
-	-	Unrated	Unrated	102	61
<u>300</u>	<u>84</u>			<u>7 883</u>	<u>9 903</u>

(c) Liquidity risk

Prudent liquidity risk management principles imply maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining availability under committed credit lines. The Group's policy is to negotiate borrowing facilities with approved financial institutions based on the existing asset base of the Group sufficient for its purposes.

Undiscounted contractual maturity

The table below analyses the Group's financial liabilities into relevant maturity groupings:

A maturity analysis of financial instruments at 30 June 2022 is as follows:

	On demand and less than one month US\$'000	From 1 to 6 months US\$'000	From 6 months to 1 year US\$'000	From 1 year to 5 years US\$'000	Total US\$'000
Assets					
Cash and cash equivalents (note 17)	7 883	-	-	-	7 883
Trade and other receivables (excluding prepayments) (note 16)	-	38 700	5 630	9 493	53 823
Investment in a joint venture (note 10.2)	-	-	-	323	323
Financial assets at fair value through profit and loss (note 11)	48	-	-	-	48
Financial assets at fair value through other comprehensive income (note 11)	-	-	153	-	153
Fixed term deposit (note 11)	-	-	-	1 503	1 503
Total assets	<u>7 931</u>	<u>38 700</u>	<u>5 783</u>	<u>11 319</u>	<u>63 733</u>
Liabilities					
Trade and other payables (excluding statutory liabilities) (note 21)	(11 679)	(13 442)	-	-	(25 121)
Borrowings (note 25)	(1 418)	(112 397)	-	(5 802)	(119 617)
Shareholders' loans (note 26)	-	-	-	(13 303)	(13 303)
Lease liabilities	-	-	(980)	(3 931)	(4 911)
Total liabilities	<u>(13 097)</u>	<u>(125 839)</u>	<u>(980)</u>	<u>(23 036)</u>	<u>(162 952)</u>
Liquidity gap	<u>(5 166)</u>	<u>(87 139)</u>	<u>4 803</u>	<u>(11 717)</u>	<u>(99 219)</u>
Cumulative gap	<u>(5 166)</u>	<u>(92 305)</u>	<u>(87 506)</u>	<u>(99 219)</u>	<u>-</u>

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5 FINANCIAL RISK MANAGEMENT (continued)

5.1 Financial risk factors (continued)
(c) Liquidity risk (continued)
Undiscounted contractual maturity (continued)

A maturity analysis of financial instruments at 30 June 2021 is as follows:

	On demand and less than one month US\$'000	From 1 to 6 months US\$'000	From 6 months to 1 year US\$'000	From 1 year to 5 years US\$'000	Total US\$'000
Assets					
Cash and cash equivalents (note 17)	9 903	-	-	-	9 903
Trade and other receivables (excluding prepayments) (note 16)	-	55 566	3 959	5 795	65 320
Investment in a joint venture (note 10.2)	-	-	-	326	326
Financial assets at fair value through profit and loss (note 11)	66	-	-	-	66
Financial assets at fair value through other comprehensive income (note 11)	-	-	140	-	140
Fixed term deposit	-	-	-	1 500	1 500
Total	9 969	55 566	4 099	7 621	77 255
	On demand and less than one month US\$'000	From 1 to 6 months US\$'000	From 6 months to 1 year US\$'000	From 1 year to 5 years US\$'000	Total US\$'000
Liabilities					
Trade and other payables (excluding statutory liabilities) (note 21)	(11 979)	(4 945)	-	-	(16 924)
Borrowings (note 25)	(891)	(116 818)	-	(6 036)	(123 745)
Shareholders' loans (note 26)	-	-	-	(12 794)	(12 794)
Lease liabilities	-	-	(974)	(1 408)	(2 382)
Total liabilities	(12 870)	(121 763)	974	(20 238)	(155 845)
Liquidity gap	(2 901)	(66 197)	3 125	(12 617)	(78 590)
Cumulative gap	(2 901)	(69 098)	(65 973)	(78 590)	-

The major contributor to the liquidity gap is Northern Tobacco (Private) Limited with borrowings of US\$110 799 963 at 30 June 2022 (2021: US\$114 538 493) because of the financing required for contracted growers for inputs for the next season's tobacco crop, but before starting to ship the processed tobacco to their customers and generating revenue.

The Group has sufficient headroom on its committed borrowing facilities to meet its operational cash needs in the event own cash resources are inadequate. In addition, the Group's working capital cycle has historically provided enough cover for both current and non-current obligations as they arise.

Cash flow forecasting is performed in the operating entities of the Group and monitored and managed by Group management, who monitor the rolling forecasts of the Group's liquidity requirements to ensure that it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn, committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal statement of financial position ratio targets and, if applicable external regulatory or legal requirements. The Group's policy is to negotiate borrowing facilities with approved financial institutions based on the existing asset base of the Group sufficient for its purposes.

RIFT VALLEY HOLDINGS LIMITED
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5 FINANCIAL RISK MANAGEMENT (continued)

5.1 Financial risk factors (continued)

A maturity analysis of financial instruments for the Company at 30 June 2022 is as follows:

On demand and less than one month US\$'000	From 1 to 6 months US\$'000	From 6 months to 1 year US\$'000	From 1 year to 5 years US\$'000	Total US\$'000	
Assets					
84	-	-	-	84	Cash and cash equivalents (note 17)
-	-	2 430	-	2 430	Trade and other receivables (excluding prepayments)
-	-	-	27 243	27 243	Amounts due from group companies
84	-	2 430	27 243	29 797	
Liabilities					
(1 599)	-	-	-	(1 599)	Trade and other payables (excluding statutory liabilities) (note 21)
-	-	-	(13 128)	(13 128)	Shareholder loans (note 26)
-	-	-	(600)	(600)	Amounts due to group companies
-	-	-	(1 345)	(1 345)	Borrowings
(1 599)	-	-	(15 073)	(16 672)	
(1 515)	-	2 430	12 169	13 085	Liquidity gap
(1 515)	(1 515)	915	13 085	-	Cumulative gap

A maturity analysis of financial instruments for the Company at 30 June 2021 is as follows:

On demand and less than one month US\$'000	From 1 to 6 months US\$'000	From 6 months to 1 year US\$'000	From 1 year to 5 years US\$'000	Total US\$'000	
Assets					
300	-	-	-	300	Cash and cash equivalents (note 17)
-	-	1 913	-	1 913	Trade and other receivables
-	-	-	26 623	26 623	Amounts due from group companies
300	-	1 913	26 623	28 836	

RIFT VALLEY HOLDINGS LIMITED
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5 FINANCIAL RISK MANAGEMENT (continued)

5.1 Financial risk factors (continued)

Liabilities					
(1 123)	-	-	(274)	(1 397)	Trade and other payables (excluding statutory liabilities) (note 21)
-	-	-	(12 667)	(12 667)	Shareholders' loans (note 26)
-	-	-	(600)	(600)	Amounts due to group companies
-	-	-	(1 297)	(1 297)	Borrowings
(1 123)	-	-	(14 838)	(15 961)	
(823)	-	1 913	11 785	12 875	Liquidity gap
(823)	(823)	1 090	12 875	-	Cumulative gap

The Group's liquidity gap in the period beyond 1 year is a result of shareholder loans, which are however not repayable any time in the near future (note 26).

5.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

COMPANY		The gearing ratios at 30 June were as follows:	GROUP	
2021	2022		2022	2021
US\$000	US\$000		US\$000	US\$000
-	-	Short term borrowings (note 25)	113 815	117 705
1 297	1 345	Long term borrowings (note 25.4)	6 805	6 036
-	-	Less liabilities	4 911	2 382
1 297	1 345	Total borrowings	125 531	126 123
(300)	(84)	Less cash and cash equivalents (note 17)	(7 883)	(9 903)
997	1 261	Net borrowings	117 648	116 220
16 953	19 048	Total equity	142 366	73 922
6%	7%	Gearing ratio	82%	157%

5.3 Risk management - agricultural activities

The Group is exposed to risks arising from climate changes, commodity prices and financing risk due to the nature of its operations. It manages this risk through insurance cover, where possible. For example, approximately 40% of tobacco grown for the Group is grown under irrigation, and compared to other crops, tobacco prefers drier weather conditions. Funding is therefore negotiated prior to the growing season on the back of good quality, corporate guarantees. Demand and prices are also discussed and agreed with the customers prior to the growing season. In addition, there is a risk of side marketing by contract growers, which the Group manages by timing the purchases from these growers at the same time as the tobacco auction floors, and by offering competitive prices to dissuade this practice.

6 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Group are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

6.1 Critical judgements in applying accounting policies

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition, seldom equal the related actual results. The critical judgements that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the current financial year are discussed below:

6.1.1 Assumptions for determining fair value of biological assets

As required by IAS 41, 'Agriculture', the Group shows the carrying value of biological assets in the statements of financial position determined according to the provisions of IAS 41 with the net valuation movements shown in the statements of profit and loss.

6.1.2 Consideration of hyperinflation reporting

Several of the Group's material subsidiaries operate in Zimbabwe. In light of the high inflation rate in the country (191.6% in June 2022) (106% in June 2021) all the entities whose functional currency is ZWL prepared financial statements in accordance to IAS 29, Financial Reporting in Hyperinflationary Economies.

The historical cost information has been adjusted for changes in the general purchasing power of the Zimbabwe Dollar and appropriate adjustments and reclassifications have been made. IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of a measuring unit current at the statement of financial position date, and that corresponding figures for previous periods be stated in the same terms to the latest statement of financial position date. The adjustment has been calculated by means of conversion factors derived from the consumer price index (CPI) prepared by the Zimbabwe Central Statistical Office. The adjusted statements of financial position numbers were converted to USD using the closing rate.

6.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

6.2.1 Impairment losses on trade and other receivables

Trade receivables

The Group uses a provision matrix to calculate the expected credit losses (ECLs) for trade receivables. The provision matrix is initially based on the Group's historical observed default rate, which is an estimate of the likelihood of default over a given time horizon. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

The Group considers the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.

It considers available reasonable and supportive forward-looking information.

The forward-looking information is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate.

The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions.

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6 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

6.2 Key sources of estimation uncertainty (continued)

6.2.1 Impairment losses on trade and other receivables (continued)

Contract grower receivables

The Group bases its provision on the contracted grower's profitability on a seasonal basis. The Group's agronomists exercise significant judgement in estimating the yield, expected prices to be realised by the growers, based on periodic crop assessments and market conditions. The agronomists look at the forecast weather patterns and the historical performance of the grower in coming up with the yields and quality to be obtained by the grower.

In addition, the Group only considers 60% of the value of immovable security and 40% for movable security for the defaulting growers in arriving at the irrecoverable amount due to the uncertainty around realising the full value of the security in a forced sale situation.

The impairment allowance for ZWL denominated grower receivables is fundamentally impacted by estimation uncertainty stemming from the future volatility of the ZWL/USD exchange rate which impacts the USD value that can be recovered.

6.2.2 Income taxes

The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax liabilities in the period in which such determination is made.

6.2.3 Useful lives and values of property, plant and equipment

Management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on projected lifecycles for these assets. Management will increase the depreciation charge where useful lives are less than previously estimated, or it will write off or write down, technically obsolete or non-strategic assets that have been abandoned or sold.

6.2.4 Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The board of directors of the Group has delegated responsibility to the Chief Financial Officer of the Group to determine the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available.

Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The CFO works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer reports the findings to the board of directors of the Group every year to explain the cause of fluctuations in the fair value of the assets and liabilities.

6.2.5 Determination of lease terms

In determining the lease terms, management considers all the facts and circumstances that create an economic incentive to exercise an extension option. The assessment is reviewed if a significant event or change in circumstances occurs which affect his assessment. To that end, the Group assessed that, in terms of the business models in effect, no leased premises would be closed and as such the entity will likely to exercise every renewal option. Pursuant to the assessment, the renewal options were considered for each lease.

6.2.6 Determination of the Incremental Borrowing Rate

In determining the appropriate discount rate to be used in the calculation of the lease liability and right of use asset, management considered a number of important factors, many of which needs data points in order to reliably quantify any necessary adjustments to arrive at the final discount rates. The discount rate used originate from a reference rate selected by management which reflect the economic environment and the lease term and this was adjusted by lease specific adjustments as well as forecast economic environment.

RIFT VALLEY HOLDINGS LIMITED
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7 BIOLOGICAL ASSETS

Biological assets comprise livestock, planted wheat, avocados and unharvested timber.

7.1 Analysis by group of biological assets

At 30 June 2022, biological assets were as follows:

	GROUP 2022				
	Timber	Livestock	Wheat	Unharvested produce	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Carrying amount at 1 July 2021	17	142	618	-	777
Increase in unharvested produce	-	-	-	559	559
Increase due to acquisition	43 495	-	-	-	43 495
Decrease due to disposal	-	-	(618)	-	(618)
Change in fair value due to biological transformation	135	124	-	-	259
Transfer to inventories	(317)	-	-	-	(317)
Carrying amount at 30 June 2022	43 330	266	-	559	44 155

At 30 June 2021, biological assets were as follows:

	GROUP 2021				
	Timber	Livestock	Wheat	Unharvested produce	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Carrying amount at 1 July 2020	17	152	223	-	392
Increase due to purchases	-	-	1 849	-	1 849
Change in fair value due to biological transformation	-	(10)	-	-	(10)
Transfer to inventories	-	-	(1 454)	-	(1 454)
Carrying amount at 30 June 2021	17	142	618	-	777

RIFT VALLEY HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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7 BIOLOGICAL ASSETS (continued)

7.1 Analysis by group of biological assets (continued)

COMPANY			GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
		Non-current		
-	-	Timber	38 366	-
-	-	Livestock	266	142
-	-		38 632	142
		Current		
-	-	Unharvested produce	559	-
-	-	Wheat	-	618
-	-	Timber	4 964	17
-	-		5 523	635
-	-	Total	44 155	777

7.2 Measuring biological assets at fair value

Livestock are measured at fair value less costs to sell, based on market prices of livestock of similar age and breed, with adjustments, where necessary, to reflect the differences. Market prices are obtained from auctioneers, which is considered the principal market for the purpose of the valuation. The fair value of growing avocados and wheat is determined using cash flow models based on the expected avocado tree and planted wheat to maturity. The level 2 fair value of the Group's wheat is determined by using market prices of harvested produce at 30 June 2022, less estimated additional production costs and costs to sell.

7.3 Fair value hierarchy

The following table represents the Group's biological assets that were measured at fair value at 30 June 2022;

	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
Livestock				
Mature	-	-	266	266
Unharvested produce				
Avocados	-	-	559	559
Timber	-	-	43 330	43 330
	-	-	44 155	44 155

The following table represents the Group's biological assets that were measured at fair value at 30 June 2021;

	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
Livestock				
Mature	-	-	142	142
	-	-	142	142
Unharvested produce				
Wheat	-	618	-	618
Timber	-	-	17	17
	-	618	159	777

RIFT VALLEY HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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7 BIOLOGICAL ASSETS (continued)

7.4 Valuation inputs and relationship to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in the fair value measurements of the livestock, unharvested avocados on trees, unharvested timber and immature wheat. The fair values are determined based on discounted cash flows where the effect of discounting is material. The entity does not pledge biological assets as security.

Description	Fair value at		Unobservable inputs	Range of inputs		Relationship of unobservable inputs to fair value
	2022 US\$'000	2021 US\$'000		2022	2021	
Unharvested timber	43 330	-	Yield - t/ha	(11-13) m3	-	The higher the yield, the higher the fair value
			Timber price/m3 (US\$)	179	-	The higher the market price, the higher the fair value
			Discount rate (%)	N/A	N/A	Effect of discounting is not material
Unharvested Avocado	559	17	Yield - kg/ha	15 000	15 000	The higher the yield, the higher the fair value
			Avocados price/kg (US\$)	1.78 - 2.95	1.78-2.95	The higher the market price, the higher the fair value
			Discount rate (%)	0.00%	0.00%	Effect of discounting is not material

7 BIOLOGICAL ASSETS (continued)

7.4 Valuation inputs and relationship to fair value (continued)

Description	Fair value at		Unobservable inputs	Range of inputs		Relationship of unobservable inputs to fair value
	2022 US\$'000	2021 US\$'000		2022	2021	
Immature wheat	-	618	Yield - tonnes/ha	-	8.34	The higher the yield, the higher the fair value
			Wheat price/tonne (US\$)	-	538	The higher the market price, the higher the fair value
			Discount rate (%)	N/A	N/A	Effect of discounting is not material
Livestock	266	142	Average weight (kg)	182	182	The higher the mass, the higher the fair value
			Price/tonne (US\$)	3 580	3 580	The higher the market price, the higher the fair value
			Breed	N/A	N/A	Pedigree breeds have higher fair values than cross breeds

RIFT VALLEY HOLDINGS LIMITED
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8 PROPERTY, PLANT AND EQUIPMENT

GROUP	Bearer plants US\$'000	Immature plantations US\$'000	Land and buildings US\$'000	Plant and machinery US\$'000	Motor vehicles and tractors US\$'000	Fixtures, fittings and computers US\$'000	Capital work in progress US\$'000	Total US\$'000
Cost or valuation								
At 1 July 2020	1 367	5 022	23 492	30 567	3 288	1 596	852	66 184
Additions	-	219	40	801	369	429	368	2 226
Transfers in	141	-	47	313	-	-	-	501
Transfers out	-	(141)	-	-	-	-	(357)	(498)
Revaluation	-	-	-	123	41	108	265	537
Disposals	-	(4 356)	(527)	(1 137)	(410)	(204)	-	(6 634)
Exchange differences	-	-	1 610	306	(170)	(46)	1	1 701
At 30 June 2021	1 508	744	24 662	30 973	3 118	1 883	1 129	64 017
Additions	-	233	339	1 144	458	475	308	2 957
Acquisition of subsidiary	-	-	21 701	5 394	259	18	407	27 779
Transfers in	273	-	260	256	-	-	-	789
Transfers out	-	(273)	-	-	-	-	(516)	(789)
Transfer out to Intangible assets	-	-	-	-	-	-	(478)	(478)
Reclassified as held for sale	-	-	(2 888)	(16 149)	(92)	(403)	(351)	(19 883)
Revaluation	2 728	-	4 423	2 329	366	208	-	10 054
Disposals	-	-	-	(964)	(821)	(52)	-	(1 837)
Exchange differences	-	-	(1 164)	(3 451)	4	(1)	-	(4 612)
At 30 June 2022	4 509	704	47 333	19 532	3 292	2 128	499	77 997
Comprising								
At cost	4 509	704	-	-	-	-	499	5 712
At valuation	-	-	47 333	19 532	3 292	2 128	-	72 285
	4 509	704	47 333	19 532	3 292	2 128	499	77 997

RIFT VALLEY HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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8 PROPERTY, PLANT AND EQUIPMENT (continued)

Accumulated depreciation
and impairment

	Bearer plants US\$'000	Immature plantations US\$'000	Land and buildings US\$'000	Plant and machinery US\$'000	Motor vehicles and tractors US\$'000	Fixtures, fittings and computers US\$'000	Capital work in progress US\$'000	Total US\$'000
At 1 July 2020								
Charge for the year	(670)	-	(560)	(1 735)	(647)	(279)		(3 891)
Impairment loss	(35)	-	(516)	(1 966)	(687)	(371)		(3 575)
Disposals	-	-	(1 474)	(1 636)	(30)	(58)		(3 198)
	-	-	-	339	42	57		448
At 30 June 2021	(705)	-	(2 550)	(4 998)	(1 322)	(641)		(10 216)
Charge for the year								
Disposals	(44)	-	(682)	(2 156)	(521)	(444)		(3 847)
Impairment loss	-	-	-	14	346	21		381
Reclassified as held for sale	-	-	-	(312)	-	(2)		(314)
	-	-	38	796	33	71		938
At 30 June 2022	(749)	-	(3 194)	(6 656)	(1 464)	(995)		(13 058)
Carrying amount								
At 30 June 2022	3 760	704	44 139	12 876	1 828	1 133	499	64 939
At 30 June 2021	803	744	22 112	25 974	1 797	1 242	1 129	53 801

RIFT VALLEY HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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8 PROPERTY, PLANT AND EQUIPMENT (continued)

The Group tests whether property, plant and equipment has suffered any impairment whenever events or changes in circumstances indicate that the carrying amount may not be recovered.

Assets pledged as security

The following table presents the carrying amount of property, plant and equipment pledged as collateral for borrowings (note 25); (some of the Group's property, plant and equipment are unencumbered).

COMPANY			GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
-	-	Land and buildings		
		- Tanzania operations	2 834	2 884
		Plant and machinery		
-	-	- Tanzania operations	15 740	16 334
-	-	- Zimbabwe operations	1 752	3 031
-	-		17 492	19 365
-	-		20 326	22 249

Valuation process

According to the Group policy, property, plant and equipment are revalued at least once in every three years or sooner where Group management believes there have been significant movements in fair value, as has been the case over the past two years with asset valuations in Zimbabwe. The fair value measurements of property, plant and equipment at 30 June 2022 were performed by Tunmer Ridley, independent valuers not related to the Group. Tunmer Ridley are licenced property brokers, and they have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations.

The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

The fair value measurements of property, plant and equipment at 30 June 2022 were determined by management, with reliance on independent valuers (including Tunmer Ridley), where necessary, and following a similar valuation approach to licenced, independent valuers. Valuations were made on the basis of recent market transactions on arm's length terms, or close estimates for specialised and limited markets. Prior to that, property, plant and equipment had been revalued at 30 June 2019.

If property, plant and equipment were stated on the historical cost basis, the amounts would be as follows:

COMPANY			GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
-	-	Cost	36 257	55 301
-	-	Accumulated depreciation and impairment	(4 271)	(10 258)
-	-	Net carrying amount	31 986	45 043

Fair values of property, plant and equipment

Fair value measurements for property, plant and equipment are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable, reliable, and the significance of the inputs to the fair value measurement in its entirety, which are described as follows;

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

RIFT VALLEY HOLDINGS LIMITED
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8 PROPERTY, PLANT AND EQUIPMENT (continued)

Fair values of property, plant and equipment (continued)

The revaluation surplus net of applicable deferred income taxes was credited to other comprehensive income and is shown in the Other reserves (note 19).

Fair value hierarchy

The following table analyses the fair values of property, plant and equipment at 30 June 2022:

	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
Property, plant and equipment				
- Land and buildings	-	-	66 910	66 910
- Plant and machinery	-	-	14 700	14 700
- Motor vehicles and tractors	-	-	2 215	2 215
- Fixtures, fittings and computers	-	-	1 287	1 287
	-	-	85 112	85 112

The following table analyses the fair values of property, plant and equipment at 30 June 2021:

	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
Property, plant and equipment				
- Land and buildings	-	-	22 112	22 112
- Plant and machinery	-	-	25 974	25 974
- Motor vehicles and tractors	-	-	1 797	1 797
- Fixtures, fittings and computers	-	-	1 242	1 242
	-	-	51 125	51 125

Non-financial assets in Level 3

The values of the property, plant and equipment shown as Level 3 were determined by the independent valuers using observable inputs as comparable prices in the local economies. However, an adjustment factor for the age and condition was effected.

Asset class	Key inputs
Land and buildings	- location and size of land - the age and condition of the buildings - comparable prices in the local economy - reconstruction costs of the buildings to come up with replacement costs per square metre
Plant and machinery	- production capacity - the age and condition of the equipment - comparable prices in the local economy - technology obsolescence of the plant and machinery
Vehicles	- the age and condition of the vehicles - comparable prices in the local economy
Furniture and fittings	- the age and condition of the furniture - comparable prices in the local economy

Bearer plants and immature plantations

Bearer plants, immature plantations and capital work in progress are measured at cost less accumulated depreciation and impairment. The area under plantation for each type of bearer biological assets was as shown below for each year end.

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8 PROPERTY, PLANT AND EQUIPMENT (continued)

	Bearer plants			Immature plantations		
	Macadamia Hectares	Avocado Hectares	TOTAL Hectares	Macadamia Hectares	Avocado Hectares	TOTAL Hectares
Year ended 30 June 2021						
Balance at 1 July 2020	393	74	467	175	53	228
Additions	22	23	45	22	-	22
Maturing plants	-	-	-	(22)	(23)	(45)
Balance at 30 June 2021	415	97	512	175	30	205
	Bearer plants			Immature plantations		
	Macadamia Hectares	Avocado Hectares	TOTAL Hectares	Macadamia Hectares	Avocado Hectares	TOTAL Hectares
Year ended 30 June 2022						
Balance at 1 July 2021	415	97	512	175	30	205
Additions	73	-	73	7	-	7
Maturing plants	-	-	-	(73)	-	(73)
Balance at 30 June 2022	488	97	585	109	30	139

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8 PROPERTY, PLANT AND EQUIPMENT (continued)

The carrying amount for each type of bearer biological assets was as shown below at 30 June 2021.

	Bearer plants		
	Macadamia US\$'000	Avocado US\$'000	TOTAL US\$'000
Balance at 1 July 2020	549	149	698
Additions	-	-	-
Reclassification	58	82	140
- depreciation and impairment	(26)	(9)	(35)
Balance at 30 June 2021	581	222	803

	Immature plantations		
	Macadamia US\$'000	Avocado US\$'000	TOTAL US\$'000
Cost or valuation	707	266	973
Accumulated depreciation and impairment	(126)	(44)	(170)
Net book amount	581	222	803

	Immature plantations		
	Macadamia US\$'000	Avocado US\$'000	TOTAL US\$'000
Cost or valuation	434	159	593
Accumulated depreciation and impairment	192	100	292
	(59)	(82)	(141)
	-	-	-
	567	177	744

	Immature plantations		
	Macadamia US\$'000	Avocado US\$'000	TOTAL US\$'000
Cost or valuation	567	177	744
Accumulated depreciation and impairment	-	-	-
	567	177	744

RIFT VALLEY HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

8 PROPERTY, PLANT AND EQUIPMENT (continued)

The carrying amount for each type of bearer biological assets was as shown below at 30 June 2022.

	Bearer plants		
	Macadamia US\$'000	Avocado US\$'000	TOTAL US\$'000
Balance at 1 July 2021	581	222	803
Additions	-	-	-
Transfers	273	-	273
Revaluation	2 281	447	2 728
Depreciation and impairment	(35)	(9)	(44)
Balance at 30 June 2022	3 100	660	3 760

	Immature plantations		
	Macadamia US\$'000	Avocado US\$'000	TOTAL US\$'000
	567	177	744
	214	19	233
	(273)	-	(273)
	-	-	-
	-	-	-
	508	196	704

Macadamia US\$'000	Avocado US\$'000	TOTAL US\$'000
3 261	714	3 975
(161)	(54)	(215)
3 100	660	3 760

Macadamia US\$'000	Avocado US\$'000	TOTAL US\$'000
507	196	704
-	-	-
507	196	704

Cost or valuation
Accumulated depreciation
and impairment
Net book amount

RIFT VALLEY HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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8 PROPERTY, PLANT AND EQUIPMENT (continued)

8.1 Leases

Right of use assets

The statements of financial position shows the following amounts relating to leases of land and buildings:

	2022 US\$'000	2021 US\$'000
Cost		
At 1 July	5 270	3 387
Modifications	2 679	1 444
Additions	2 026	1 126
Disposal of subsidiary	-	(687)
Reclassified as held for sale	(210)	-
At 30 June	9 765	5 270
Accumulated depreciation		
At 1 July	(2 855)	(1 252)
Charge for the year	(2 176)	(1 603)
At 30 June	(5 031)	(2 855)
Carrying amount		
At 30 June 2022	4 734	2 415

The Group leases several assets including land and buildings. The average lease term is 5 years (2021: 5 years). Amount recognised in profit or loss. Lease modification arose from lease remeasurements in years under review.

	GROUP	
	2022 US\$'000	2021 US\$'000
Depreciation expense on right-of-use assets	(2 176)	(1 603)
Interest expense on lease liabilities	(599)	(315)

RIFT VALLEY HOLDINGS LIMITED
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9 INTANGIBLE ASSETS

COMPANY			GROUP	
2021 US\$'000	2022 US\$'000		2022 US\$'000	2021 US\$'000
		Computer Software		
		Cost		
-	-	At 1 July	796	710
-	-	Additions	324	22
-	-	Transfer in from Capital work in progress	478	-
-	-	Translation differences	-	64
-	-	Reclassified as held for sale	(48)	-
		Disposal	(246)	-
-	-	At 30 June	1 304	796
		Accumulated amortisation		
-	-	At 1 July	(356)	(191)
-	-	Reclassified as held for sale	4	-
-	-	Charge for the year	(132)	(165)
-	-		(484)	(356)
-	-	At 30 June		
-	-	Carrying amount at 30 June	820	440

10 INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES

10.1 Investments in subsidiaries

COMPANY			GROUP	
2021 US\$'000	2022 US\$'000		2022 US\$'000	2021 US\$'000
500	500	Streamcourse Limited (note 35)	-	-
7 309	7 309	Precis (2696) Limited (note 35)	-	-
630	630	Rift Valley Energy Investments Limited (note 35)	-	-
8 439	8 439		-	-

10.2 Investment in a joint venture

The Group has a 50% interest in Chipinge Banana Group (Private) Limited ("CBC"), a banana producer, and this is jointly controlled with Matanuska (Private) Limited.

COMPANY			GROUP	
2021 US\$'000	2022 US\$'000		2022 US\$'000	2021 US\$'000
-	-	At 1 July	326	300
-	-	Share of (loss)/profit for the year	(705)	26
-	-	Equity-accounted share of other comprehensive income	702	-
-	-	Gain on revaluation of property, plant and equipment	702	-
-	-	At 30 June	323	326

The Group's share of net profit from the jointly controlled entity has been equity accounted in the Group's financial statements.

RIFT VALLEY HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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10 INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES (continued)

10.2 Investment in a joint venture (continued)

Summarised joint venture's statement of profit or loss and comprehensive income

	2022	2021
	US\$'000	US\$'000
Revenue	2 341	2 536
Cost of sales	(654)	(1 152)
Fair value gain on biological assets	695	642
Other operating income	1	10
Administration expenses	(1 534)	(600)
Other expenses	(2 183)	(1 341)
Net finance costs	(36)	(110)
Income tax (expense)/credit	(40)	68
(Loss)/profit for the year	(1 410)	53
Other comprehensive income	1 404	-
Total comprehensive (loss)/income	(6)	53
Reconciliation of summarised financial information		
Opening net assets 1 July	652	599
(Loss)/profit for the year	(1 410)	53
Other comprehensive income for the year	1 404	-
Closing net assets	646	652
Interest in joint venture (%)	50%	50%
Carrying amount of interest in joint venture (US\$'000)	323	326

11 INVESTMENTS IN FINANCIAL ASSETS

COMPANY		GROUP	
2021	2022	2022	2021
US\$'000	US\$'000	US\$'000	US\$'000
		Non-Current	
-	-	Investments in equity instruments designated as at FVTOCI Shares	153 140
-	-	Financial assets mandatorily measured at FVTPL Shares	48 66
-	-	Financial assets measured at amortised cost Fixed term deposit	1 503 1 500
-	-	Total Investments	1 704 1 706

RIFT VALLEY HOLDINGS LIMITED
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11 INVESTMENTS IN FINANCIAL ASSETS (continued)

Fair values of financial assets at fair value through other comprehensive income

Financial assets at FVTOCI consist of an investment in unlisted equities held in Alkopo (Private) Limited which is 100% owned by Northern Tobacco (Private) Limited. Alkopo has a single building held by the company for capital appreciation no other transactions are processed other than the valuation of the building and the corresponding Fair valuation in the investment.

A valuation was performed by independent valuers Tummer & Ridley to determine the fair value of the investment property at 30 June 2022. Tummer & Ridley have over 6 years' experience revaluing similar assets.

The table below summarises the Group's financial assets at fair value through other comprehensive income as at 30 June:

		Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Unlisted equities	2022	-	-	153 109	153 109
Unlisted equities	2021	-	-	140 000	140 000

Fair values of financial assets at fair value through profit or loss

The financial instruments at fair value through profit or loss comprise securities listed on the Zimbabwe Stock Exchange. The fair values of all equity securities is based on their current bid prices in an active market. Changes in fair values of financial assets at fair value through profit or loss are recorded in "other income" in the statements of profit or loss.

The fair value of financial instruments traded in an active market (Zimbabwe Stock Exchange) is based on quoted market prices at 30 June 2022. These instruments are included in Level 1.

		Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Listed equities	2022	47 714	-	-	47 714
Listed equities	2021	66 934	-	-	66 934

12 INVESTMENT PROPERTY

COMPANY			GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
-	-	Balance as at 1 July	670	692
-	-	Fair value gain/(loss) (note 30)	135	(22)
-	-	Balance as at 30 June	805	670

Rental income from the investment property was US\$32 130 for the year ended 30 June 2022 (2021: US\$7 371). There were no direct operating expenses on the investment property recognised in the year ended 30 June 2022 (2021: nil).

Measuring investment property at fair value

Investment properties (commercial warehouses and residential properties) is not occupied by the Group and is held for capital appreciation. It is leased out, and is not pledged as security on any loans.

The Group carries investment property at fair value. Changes in fair value are presented in the statements of profit or loss and other comprehensive income as part of other gains and losses. Fair valuation was performed by Tummer & Ridley independent valuer with over 6 years' experience.

Fair value hierarchy

The fair value was determined based on the market-comparable approach that reflects recent transaction prices for similar properties, similar to the valuation approach for property under IAS 16 (note 8). Rental income is based on the income based approach. An independent valuation was obtained, using observable inputs such as quoted prices for similar buildings in the same location and cost price per square metre for land in the same area, for market transactions on an arm's length basis. The valuation was based on international valuation standards.

RIFT VALLEY HOLDINGS LIMITED
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12 INVESTMENT PROPERTY (continued)

Fair value hierarchy (continued)

The table below summarises the Group's investment property that is measured at fair value at 30 June:

	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
2022				
Investment property	-	-	805	805
2021				
Investment property	-	-	670	670

The group recognises Investment property at fair value using level 3 inputs and this has not changed from prior year. Valuation technique utilised is determined per Key inputs table.

Non-financial assets in Level 3

The values of the investment property shown as Level 3 were determined by the independent valuers using observable inputs as comparable prices in the local economy as far as practicable at 30 June 2022 and 30 June 2021, as well as the best information available in the circumstances, adjusted for the below;

Key inputs

	Valuation technique	Significant unobservable input	Sensitivity
Commercial property units located in Harare	Market comparable	Comparable market information of investment which makes evidence to be scarce or difficult to obtain, hence there tend to be informal exchange of information	An increase in investment would result in an increase in fair value and vice-versa

13 FINANCIAL INSTRUMENTS BY CATEGORY

Assets as per statements of financial position

COMPANY			GROUP	
2021 US\$'000	2022 US\$'000		2022 US\$'000	2021 US\$'000
Amortised cost			Amortised cost	
1 913	2 430	Trade and other receivables (excluding prepayments and statutory)	16	51 445
-	-	Investment in a joint venture	10.2	323
300	84	Cash and cash equivalents	17	7 883
-	-	Fixed term	11	1 503
2 213	2 514		61 154	74 233
Financial assets at fair value through profit or loss			Financial assets at fair value through profit or loss	
COMPANY			GROUP	
2021 US\$'000	2022 US\$'000		2022 US\$'000	2021 US\$'000
-	-	Listed equities	11	48
				66

RIFT VALLEY HOLDINGS LIMITED
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13 FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Financial assets at fair value through
other comprehensive income

COMPANY	
2021	2022
US\$'000	US\$'000
-	-

Unlisted equities

Financial assets at fair value through
other comprehensive income

GROUP	
2022	2021
US\$'000	US\$'000
11 153	140

Liabilities as per statements of financial position

COMPANY	
2021	2022
US\$'000	US\$'000
Amortised cost	
1 397	1 599
12 667	13 128
1 297	1 345
-	-
15 361	16 072

Trade and other payables (excluding statutory liabilities)
Shareholder loans
Borrowings (including overdrafts)
Lease liabilities

GROUP	
2022	2021
US\$'000	US\$'000
Amortised cost	
21 25 121	17 027
26 13 303	12 794
25 119 617	123 741
24 4 911	2 382
162 952	155 944

14 INVENTORIES

COMPANY	
2021	2022
US\$'000	US\$'000
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-

Consumables
Finished goods
Agricultural produce
Raw materials
Work in progress

Total inventories at the lower of cost and net realisable value

The amount of inventories expensed and included in cost of sales is
US\$112 006 937 (2021: US\$113 138 353).

The amount of write down of inventories recognised in expenses is
US\$40 884 (2021: US\$367 272).

GROUP	
2022	2021
US\$'000	US\$'000
13 034	10 220
13 392	17 873
3 806	4 612
45 146	45 703
484	-
75 862	78 408

15 CONTRACT GROWER RECEIVABLES

COMPANY	
2021	2022
US\$'000	US\$'000
-	-
-	-
-	-
-	-

Non-current
Contract grower receivables

Current
Contract grower receivables

Total

GROUP	
2022	2021
US\$'000	US\$'000
9 020	2 460
48 708	39 530
57 728	41 990

RIFT VALLEY HOLDINGS LIMITED
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15 CONTRACT GROWER RECEIVABLES (continued)

COMPANY			GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
-	-	Gross contract grower receivables	61 148	43 699
-	-	Less: allowance for credit losses	(3 836)	(2 247)
-	-	Net contract grower receivables	57 312	41 452
-	-	Contract grower receivables from related parties (note 35(b)(i))	416	538
-	-	Non-current contract grower	(9 020)	(2 460)
-	-	Current contract growers	48 708	39 530

The gross contract grower receivables relate to finance capital provided to contracted farmers in contract-grower schemes. Interest is charged on the loans at 9% - 14% p.a. and the loans have a repayment period of one to three years.

At 30 June 2022, contract grower receivables of US\$59 780 990 (2021: US\$41 720 660) were fully performing.

At 30 June 2022, contract grower receivables of US\$170 317 (2021: US\$268 868) were past due but not impaired. These relate to a number of independent counter parties for whom there is no recent history of default. The ageing of these receivables was as follows:

COMPANY			GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
-	-	The ageing of these receivables is as follows:		
-	-	Up to one year	170	269
-	-		170	269

At 30 June 2022 contract grower receivables of US\$3 836 356 (2021: US\$2 247 059) were impaired.

COMPANY			GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
-	-	The ageing of these contract growers was as follows:		
-	-	Up to one year	3 836	2 247
-	-	Greater than one year	-	-
-	-		3 836	2 247

RIFT VALLEY HOLDINGS LIMITED
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15 CONTRACT GROWER RECEIVABLES (continued)

Movements on the allowance for impairment of contract grower receivables is as follows:

COMPANY			GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
-	-	Balance at 1 July	2 247	8 161
-	-	Utilisations in respect of permanent-write offs on balances previously covered by impairment allowances	(300)	(6 567)
-	-	Increase in provision impairment allowance	1 733	353
-	-	Impairments arising from a weakened ZWL/USD exchange rate as at year end that may lead to reduced USD recoverable on ZWL denominated grower advances	156	300
-	-	Balance at 30 June	3 836	2 247

The creation and release of allowance for impaired receivables have been included in administration expenses (note 32.2) in the statements of profit or loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovery.

The maximum exposure to credit risk at the reporting date is the carrying value of the receivables. The Group holds collateral against contract grower receivables as security amounting to US\$2 314 836 (2021: US\$1 334 869). A haircut of 60% on the valuation of properties, and 40% on the other assets values was applied. Short terms loans (note 25.2) are secured by all inventories, trade and other receivables, and contract grower receivables.

16 TRADE AND OTHER RECEIVABLES

COMPANY			GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
-	-	Non-current (contract grower)	7 063	5 795
-	-	Current		
-	-	Trade receivables	38 157	52 134
-	-	Loss allowance	(972)	(1 085)
-	-	Trade receivables - net	37 185	51 049
-	-	Prepayments	1 755	1 057
1 913	2 430	Receivables from related parties (note 35(b)(i))	5 630	3 959
-	-	Staff loans	252	1
-	-	Value added tax ("VAT") recoveries	2 378	2 823
-	-	Other receivables	1 315	1 697
1 913	2 430		48 515	60 586
1 913	2 430	Total	55 578	66 381

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16 TRADE AND OTHER RECEIVABLES (continued)

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

COMPANY			GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:				
1 913	2 430	United States of America Dollar	52 572	63 575
-	-	Zimbabwe Dollar	1 787	1 324
-	-	Tanzanian Shilling	1 219	1 482
<u>1 913</u>	<u>2 430</u>		<u>55 578</u>	<u>66 381</u>

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable.

The Group's historical credit loss experience does not show any loss patterns.

The following table details the risk profile of trade receivables based on the Group's provision matrix.

2022

	Not past due	<30	61-90	91-120	>120	Total
Expected credit loss rate	0%	0%	0%	0%	3%	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Estimated total gross carrying amount at default	3 359	700	208	2 137	32 400	38 804
Expected credit losses	-	-	-	-	972	972

2021

	Not past due	<30	61-90	91-120	>120	Total
Expected credit loss rate	3%	0%	0%	0%	3%	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Estimated total gross carrying amount at default	33 222	378	284	11	2 945	36 840
Expected credit losses	997	-	-	-	88	1 085

The following table shows the movement in lifetime ECL that has been recognised for trade and other receivables in accordance with the simplified approach set out in IFRS 9.

	2022	2021
	US\$'000	US\$'000
Balance as at 1 July	1 085	1 157
Impairment (note 32.3)	(113)	(72)
Balance as at 30 June	<u>972</u>	<u>1 085</u>

RIFT VALLEY HOLDINGS LIMITED
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17 CASH AND CASH EQUIVALENTS

COMPANY			GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
-	-	Cash on hand	140	460
-	-	Mobile money balances	-	3
300	84	Cash at banks	7 743	9 440
<u>300</u>	<u>84</u>		<u>7 883</u>	<u>9 903</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates.
For the purpose of the statements of cash flows, cash and equivalents comprise the following at 30 June.

Reconciliation to statements of cash flows

The above figures reconcile to the amount of cash shown in the statements of cash flows at the end of the financial year as follows:

COMPANY			GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
300	84	Cash at banks and on hand	7 883	9 903
-	-	Bank overdrafts (note 25.1)	(1 418)	(891)
<u>300</u>	<u>84</u>		<u>6 465</u>	<u>9 012</u>

18 SHARE CAPITAL

COMPANY			GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
95	95	Issued share capital	95	95
78 192	78 192	Share capital	78 192	78 192
		Share premium		
<u>78 287</u>	<u>78 287</u>		<u>78 287</u>	<u>78 287</u>

Issued share capital comprises 95 381 fully paid ordinary shares (2021: 95 381) of US\$1 each. Rift Valley Corporation owns 100% of the ordinary shares.

The Company has one class of ordinary shares which carry no right to fixed income, shareholders enjoy voting rights, attend general meetings of the Company and are also entitled to the Company's surplus profits.

19 FOREIGN CURRENCY TRANSLATION RESERVE AND OTHER RESERVES

COMPANY		Foreign currency translation reserve	GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
-	-	Balance at 1 July	(3 181)	(6 766)
-	-	Exchange differences arising on translation of foreign operations	(968)	3 585
<u>-</u>	<u>-</u>	Balance at 30 June	<u>(4 149)</u>	<u>(3 181)</u>

RIFT VALLEY HOLDINGS LIMITED
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19 FOREIGN CURRENCY TRANSLATION RESERVE AND OTHER RESERVES (continued)

COMPANY		Revaluation reserve	GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
-	-	Balance at 1 July	9 816	11 742
-	-	Increase/(decrease) on revaluation of property, plant and equipment	10 054	(1 818)
-	-	Deferred tax liability arising on revaluation	(973)	-
-	-	Share of joint venture increase on revaluation of property, plant and equipment	702	-
-	-	Share of non-controlling interests	(423)	109
-	-	Transfer to retained earnings	(161)	(217)
-	-	Balance at 30 June	19 015	9 816

COMPANY		Other reserves	GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
-	-	Balance at 1 July	1 543	1 543
-	-	Gain through fair value through OCI	13	-
-	-		1 556	1 543

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. United States Dollar), are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

Exchange differences previously accumulated in the foreign currency translation reserve in respect of translating the net assets of foreign operations are reclassified to profit or loss on the disposal of the foreign operation.

When the revalued items are sold, the proportion of the revaluation reserve that relates to that asset is transferred directly to retained earnings. Items of other comprehensive income included in the property, plant and equipment revaluation reserve will not be reclassified subsequently to profit or loss.

The non-distributable reserve of US\$1 543 812 arose on currency adjustment from the net effect of restatement in United States of America Dollars of assets and liabilities previously denominated in the now de-monitized Zimbabwean Dollar currency on 1 February 2009.

20 NON-CONTROLLING INTERESTS

	GROUP	
	2022	2021
	US\$'000	US\$'000
Balance as at 1 July	4 738	5 143
Share of profit/(loss) for the year	1 037	(296)
Share of other comprehensive income	423	(109)
Other adjustments	906	-
Regain of control of Border Timbers Limited	6 182	-
Balance as at 30 June	13 286	4 738

Transactions with non-controlling interests

During the year ended 30 June 2022 the group regained 87.94% control in Border Timbers Limited when it exited judicial management on the 1st March 2022.

RIFT VALLEY HOLDINGS LIMITED
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21 TRADE AND OTHER PAYABLES

COMPANY			GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
-	-	Trade payables	11 679	11 979
-	-	Social security and other taxes	575	590
-	-	Related parties (note 35(b)(ii))	38	-
1 397	1 599	Other payables	13 404	5 048
<u>1 397</u>	<u>1 599</u>		<u>25 696</u>	<u>17 617</u>

Trade payables are non-interest bearing and are normally settled within 100 days.
Other payables are also non-interest bearing and have varying settlement terms.

22 GRANTS

COMPANY			GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
-	-	Balance at 1 July	9 095	9 317
-	-	Received during the year	27	149
-	-	Recognised in the statements of profit or loss (note 29)	(680)	(396)
-	-	Exchange losses (note 38)	(36)	25
-	-	Reclassified to liabilities held for sale	(8 406)	-
<u>-</u>	<u>-</u>	Balance at 30 June	<u>-</u>	<u>9 095</u>

Grants were received from the Africa Enterprise Challenge Fund, European Union, Rural Energy Agency and Energy for Impact for the development of electricity generating plants of the Rift Valley Energy group at Mwenga, Luponde and Tukuyu in Tanzania. During FY22, this business has been discontinued and disclosed in Note 39. They are released to the statements of profit or loss income as income when the project starts generating electricity and over the expected useful life of the asset.

23 DEFERRED TAX

The analysis of deferred tax assets and deferred income tax liabilities is as follows:

COMPANY			GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
-	-	Deferred tax assets:		
-	-	- Deferred tax assets to be recovered after more than 12 months	1 372	2 368
<u>-</u>	<u>-</u>		<u>1 372</u>	<u>2 368</u>
-	-	Deferred tax liabilities:		
-	-	- Deferred tax liabilities to be recovered after more than 12 months	(10 410)	(8 684)
<u>-</u>	<u>-</u>		<u>(10 410)</u>	<u>(8 684)</u>
-	-	Deferred tax liabilities (net)	(9 038)	(6 316)

RIFT VALLEY HOLDINGS LIMITED
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23 DEFERRED TAX (continued)

COMPANY			GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
		The gross movement on the deferred tax account is as follows:		
-	-	Balance at beginning of year	(6 316)	(5 613)
-	-	Tax charged relating to components of other comprehensive income	(973)	-
-	-	Tax charged to statements profit or loss (note 31)	3 808	(1 656)
-	-	At acquisition of Border Timbers Limited (note 33.2)	(14 516)	-
-	-	Disposal of a subsidiary (note 33.1)	207	-
-	-	Discontinued operations (note 38)	2 017	-
-	-	Exchange differences	6 735	953
-	-	Balance at end of year	(9 038)	(6 316)
		Analysis of deferred tax:		
-	-	Revaluation of property, plant and equipment	(1 178)	(780)
-	-	Assessable tax losses	(30)	(31)
-	-	Expected credit losses	(1 184)	(820)
-	-	Other timing differences	(6 646)	(4 685)
-	-		(9 038)	(6 316)

24 CONTRACT LIABILITIES

24.1 Deferred Revenue and Deferred Consideration

COMPANY			GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
4 161	2 476	Non-current	2 476	4 297
-	-	Current	-	23
4 161	2 476		2 476	4 320
		Non-current assets consist of funds owed for acquisition of Precis (2696) Limited a subsidiary.		
COMPANY			GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
5 689	4 161	Balance at 1 July	4 320	5 832
-	-	Additions	157	-
(43)	138	Amortised to income	(25)	-
(1 485)	(1 823)	Paid during the year	(1 823)	(1 485)
-	-	Reclassified to liabilities held for sale	(152)	-
-	-	Translation differences	(1)	(27)
4 161	2 476	Balance at 30 June	2 476	4 320

RIFT VALLEY HOLDINGS LIMITED
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24 CONTRACT LIABILITIES

24.2 Lease liabilities

	GROUP	
	2022	2021
	US\$'000	US\$'000
The statement financial position shows the following amounts relating to leases:		
Year 1	2 327	1 094
Year 2	1 347	1 092
Year 3	1 030	294
Year 4	678	207
Year 5	274	29
Onwards		
Less: unearned interest	(745)	(334)
	<u>4 911</u>	<u>2 382</u>
<i>Analysed as</i>		
Non-current	3 931	1 408
Current	980	974
At 30 June	<u>4 911</u>	<u>2 382</u>

25 BORROWINGS

Short term borrowings

COMPANY			GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
-	-	Bank overdrafts (25.1)	1 418	891
-	-	Short term loans (25.2)	112 397	116 814
<u>-</u>	<u>-</u>		<u>113 815</u>	<u>117 705</u>

The reconciliation below details changes in the Group's liabilities arising from facilities used to finance working capital.

COMPANY			GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
-	-	Opening balance	117 705	64 566
-	-	Proceeds received during the year	158 926	184 063
-	-	Bank overdraft utilisation	-	616
-	-	Finance costs (note 37)	12 614	9 364
-	-	Principal repayments	(153 721)	(117 643)
-	-	Interest repayments	(11 826)	(8 819)
-	-	Disposal of a subsidiary (note 33.1)	(54)	-
-	-	Discontinued operations (note 38)	(4 102)	-
-	-	Exchange differences on borrowings denominated in ZWL	(5 727)	(14 442)
<u>-</u>	<u>-</u>	Closing balance	<u>113 815</u>	<u>117 705</u>

RIFT VALLEY HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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25 BORROWINGS (continued)

25.1 Overdrafts, conditions and status at 30 June 2022

	2022 US\$'000	2021 US\$'000
- Border Timbers Limited had a 12 months ZWL revolving overdraft facility with ZB Bank Limited equivalent to US\$84 702 at 30 June 2022 at an interest rate of 54.78% The facility is not secured and expires on 31 December 2022.	85	-
- Northern Farming (Private) Limited had an overdraft facility with CABS Limited equivalent to US\$ 54 406 at 30 June 2021.	-	54
- Makandi Estates (Private) Limited had an overdraft facility with CABS limited equivalent to US\$42 194 at 30 June 2021.	-	42
The Facilities expired 31 January 2022 and were not renewed.		
- Mwenga Hydro Limited overdraft was US\$210 000, charged interest at a floating rate of the Weighted Average Time Deposit Rate (WATDR) published by the Bank of Tanzania plus a fixed margin of 500 basis points (subject to a minimum rate of 12% per annum). The average rate for the year was 13.5% pa (2019: 13.5% pa).	-	210
The total facility of US\$330 000 is unsecured.		
-Tobacco Processors Zimbabwe ZWL overdraft and short term facility equivalent to US\$323 485 with Nedbank Zimbabwe has an interest rate of 46% per annum. The facility is secured by shareholder guarantee. The facility expires on 30 April 2023.	508	-
-Tobacco Processors Zimbabwe ZWL overdraft and short term facility equivalent to US\$754 798 with Stanbic Bank Zimbabwe has an interest rate of 55% per annum (2021: 40%). The facility is secured by shareholder guarantee. The facility expires on 31 July 2023.	588	585
-Tobacco Processors Zimbabwe ZWL overdraft and short term facility equivalent to US\$269 571 with CABS Limited has an interest rate of 50% per annum. The facility is secured by shareholder guarantee. The facility expires on 30 November 2022.	237	-
	<u>1 418</u>	<u>891</u>

RIFT VALLEY HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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25 BORROWINGS (continued)

25.2 Short term loans, conditions and status at 30 June 2022

	GROUP	
	2022	2021
	US\$'000	US\$'000
- Northern Tobacco (Private) Limited had a loan balance of US\$51 913 000 (2021: US\$49 001 081) with Standard Chartered Bank Plc. This is secured by a corporate guarantee by Great Lakes Tobacco Group Limited and a notarial general covering bond over all movable assets including a cession of book debts and assignment of income and insurances.	51 913	49 001
Interest on this facility is at LIBOR plus 4% per annum, with drawdown fees of 2% per annum. The loan has a tenure of 180 days and can be rolled over but not to a period beyond 360 days from the original drawdown date.		
The facility expired on 31 October 2022 and was renewed to 31 October 2023.		
- Northern Tobacco (Private) Limited had a loan balance of US\$2 233 178 (2021: US\$4 807 856) with Standard Chartered Bank Zimbabwe under the same facility and terms and conditions with Standard Chartered Bank Plc highlighted above, except for the interest charge. Interest on this loan was 45% per annum (2021: 45% per annum.)	2 233	4 808
The facility expired on 31 October 2022 and was renewed to 31 October 2023.		
- Northern Tobacco (Private) Limited had a loan balance of US\$30 588 000 (2021: US\$29 694 533) with Standard Bank Isle of Man Limited, also secured by a corporate guarantee by Great Lakes Tobacco Group Limited, a notarial general covering bond, assignment of income and insurances, and cession of offshore balances held.	30 588	29 695
The interest rate was LIBOR plus 4% per annum, with arrangement fees of 2% per annum.		
The facility expired on 31 October 2022 and was renewed to 31 October 2023.		
- Northern Tobacco (Private) Limited had a loan balance of US\$4 134 000 (2021: US\$25 665 889) with ABSA Bank Mauritius Limited, guaranteed by Great Lakes Tobacco Group Limited and a cession of own, and Great Lakes Tobacco Group Limited's income. The interest rate was at LIBOR plus 6% per annum. The loan had a tenure of 180 days and can be rolled over to the maturity date but not to a period beyond 545 days from the original drawdown date.	4 134	25 666
The facility expired on 31 October 2022 and was renewed to 31 October 2023.		
- Northern Tobacco (Private) Limited had a ZWL loan balance of US\$1 397 910 (2021: US\$4 212 222) with CABS Limited, guaranteed by Great Lakes Tobacco Group Limited and cession of own and Great Lakes Tobacco Group Limited's income.	1 398	4 212
The interest rate was 47% per annum (2021: 43% per annum), with establishment fees of 2% per annum. The loan had a tenor of 180 days and can be rolled over to the maturity date.		
The facility expires on 30 November 2022.		
- Northern Tobacco (Private) Limited had an unsecured loan balance of US\$355 214 (2021: US\$1 156 904) with NMB Bank Limited. Interest rate was 55% per annum (2021: 40% per annum).	355	1 157
The facility expires on 30 November 2022.		
- Northern Tobacco (Private) Limited had a USD loan balance of US\$20 179 000 with CABS Limited, guaranteed by Great Lakes Tobacco Group Limited and cession of own and Great Lakes Tobacco Group Limited's income.	20 179	-
The interest rate was 8% per annum, with establishment fees of 2.5% per annum.		
The loan had a tenor of 180 days and can be rolled over to the maturity date.		
The facility expires on 30 November 2022.		

RIFT VALLEY HOLDINGS LIMITED
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25 BORROWINGS (continued)

25.2 Short term loans, conditions and status at 30 June 2022 (continued)

	GROUP	
	2022	2021
	US\$'000	US\$'000
- The current portion of Rift Valley Energy Limited Tanzania's CRDB Bank Limited loan was US\$234 000. The facility had an interest rate of 13.5% per annum. It was secured on a mortgage against land, a charge over the entire assets of Rift Valley Energy Limited, a corporate guarantee from the Group, as well as Mwenga Hydro Limited's power plants.	-	234
- Suma Hydro Limited loan on a US\$2 400 000 facility with AgDevCo Tanzania Limited. The facility was acquired to develop Suma Hydro power plant in Tukuyu (Mbeya region, Tanzania) and has an interest rate of 8.5% per annum.	-	456
- Makandi Estates (Private) Limited had a loan of US\$471 400 (2021: US\$500 000) and ZWL80 683 200 (2021: ZWL 80 683 200) with Ecobank Zimbabwe Limited. The loan is secured by offshore cash collateral of USD500 000 placed with Ecobank Kenya Limited, NGCB for USD1 000 000 over movable assets. The loan matures on 31 December 2022.	732	1 200
- Border Timbers Limited had a short-term USD loan facility with Ecobank Zimbabwe Limited equivalent to US\$74 991 at 30 June 2022 at an interest rate of 8%. The facility expires on 31 December 2022.	75	-
- The current portion of Rift Valley Energy Limited Tanzania's TDB & REPP loans being interest accrued. The loan was under the same facility as the long term loan in 25.4.	-	385
- Short term portion of Border Timbers Limited loan received from Deutsche Investitions - und Entwicklungsgesellschaft mbH ("DEG"). The loan is secured by Rift Valley Corporation guarantee of USD3 800 000 in favour of DEG	790	-
Total short term loans	112 397	116 814

25.3 Compliance with loan covenants

The Group has complied with the financial covenants of its borrowing facilities during the years ended 30 June 2022 and 30 June 2021.

25.4 Long term borrowings

COMPANY			GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
1 297	1 345	Long term loans	5 802	6 036
Long term borrowings, conditions and status as at 30 June 2022				
COMPANY			GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
998	1 035	The loan from Matanuska Mauritius Limited has interest at a fixed rate of 5% p.a., is unsecured and repayable in 2028.	1 035	998
299	310	During the year ended 30 June 2020, HCP Africa Limited ceded part of its loan to the Group to Guy Lafferty, with no changes to all other terms and conditions. The loan is unsecured, interest rate at 5% per annum and repayable on 30 June 2028.	310	299
-	-	The non-current portion of the Rift Valley Energy Limited (Tanzania) CRDB Bank loan facility of TZS 6,9 million (US\$3 million). The loan was acquired to develop a 4MW hydro power project at Mwenga River (Iringa, Tanzania) and matured on 6 September 2020. Interest is charged at the weighted average time deposit Rate (WATDR) published by the Bank of Tanzania + 5% (minimum 12% pa), and average 13.5% pa in 2022 (2021: 13.5%).	-	121

RIFT VALLEY HOLDINGS LIMITED
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25 BORROWINGS (continued)

25.4 Long term borrowings (continued)

COMPANY			GROUP	
2021 US\$'000	2022 US\$'000		2022 US\$'000	2021 US\$'000
-	-	Long term loan received from Deutsche Investitions - und Entwicklungsgesellschaft mbH ("DEG")	2 904	-
		The loan is secured by Rift Valley Corporation guarantee of USD3 800 000 in favour of DEG.		
		The loan matures in 2026. Average interest rate as at 30 June 2022 was 3.54% per annum.		
-	-	Rift Valley Energy Tanzania has a US\$8 000 000 facility with Trade Development Bank (TDB). The facility was obtained in September 2020 to develop two separate 2.55MW wind and hydro projects in Iringa region.	-	2 293
		The facility has a tenure of 13 years with 3 years grace period on loan principal repayments. Effective interest rate is 8.8% per annum.		
-	-	Rift Valley Energy Tanzania has a US\$1 200 000 facility with Renewable Energy Performance Platform (REPP). The facility was obtained in March 2020 to develop 2.55MW wind projects in Iringa region. The facility has a tenure of 10 years with 3 years grace period on loan principal repayments. Interest rate was 8% per annum.	-	898
-	-	Makandi Estates Cicada Loan An offshore loan extended to Makandi Estates by Cicada Plantations Investments Limited in Mauritius for a tenure of sixty months from May 2025.	1 553	1 427
		Interest is charged on the outstanding amount at a rate of 12 month LIBOR +5.5% per annum.		
1 297	1 345		5 802	6 036

RIFT VALLEY HOLDINGS LIMITED
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26 SHAREHOLDER LOANS

COMPANY			GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
12 667	13 128	Non-current	13 303	12 794
94 958	97 462	Non-current - classified as equity	97 462	94 958
<u>107 625</u>	<u>110 590</u>		<u>110 765</u>	<u>107 752</u>

There was a restructuring of shareholder loans amounting US\$87 420 000 on 1 July 2015, from total loans of US\$96 746 000. The restructured loans became interest free and were payable after 1 July 2022.

As a result of the new terms, these loans were reclassified from liabilities to equity.

During the year ended 30 June 2018, US\$243 284 was reclassified from non-current liabilities in shareholders loans to equity (note 37(b)(ii)). During the year ended 30 June 2020, an additional amount of US\$113 145 from shareholders was recognised.

At 30 June 2022 shareholders' loans not classified as equity were US\$13 303 446 (2021: US\$12 794 000). These loans were from Rift Valley Corporation Limited and HCP Africa Limited ("HCP"), all unsecured, interest at 5% per annum and repayable on 30 June 2028.

COMPANY			GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
108 475	107 625	Balance at 1 July	107 752	108 602
2 170	2 504	Additional borrowings	2 504	2 170
480	461	Interest accrued	509	480
(3 500)	-	Principal repayments	-	(3 500)
<u>107 625</u>	<u>110 590</u>	Balance at 30 June	<u>110 765</u>	<u>107 752</u>

27 PROVISIONS

COMPANY			GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
200	200	Balance at 1 July	5 196	6 406
-	-	Additions	1 635	3 254
-	(200)	Utilised	(3 760)	(4 492)
-	-	Reversals	(78)	-
-	-	Translation differences	-	28
<u>200</u>	<u>-</u>	Balance at 30 June	<u>2 993</u>	<u>5 196</u>

Provision for leave pay

The provision relates to vesting leave pay to which employees may become entitled to on leaving employment of the Group. The provision arises as employees render their services that increase their entitlement to future compensated absences and is calculated at current remuneration rates. The provision is utilised when employees take leave or are paid accumulated leave pay.

Provision for bonus

The provision consists of an annual bonus based on set performance criteria.

RIFT VALLEY HOLDINGS LIMITED
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28 REVENUE

COMPANY			GROUP	
2021 US\$'000	2022 US\$'000		2022 US\$'000	2021 US\$'000
-	-	Revenue from sale of goods	134 519	134 045
-	-	Tobacco	4 671	-
-	-	Timber	5 659	4 428
-	-	Macadamia and Avocado	-	3 094
-	-	Grains		
-	-		144 849	141 567
-	-	Revenue from rendering of services		
-	-	Tobacco processing and other services	17 204	23 833
-	-	Revenue comprises net sales and services rendered to customers, sale of electricity, and various fees charged to contract growers.		
-	-	Total	162 053	165 400

29 OTHER INCOME

COMPANY			GROUP	
2021 US\$'000	2022 US\$'000		2022 US\$'000	2021 US\$'000
-	-	Mark up on sale of commodities	1 465	1 942
-	-	Grants (note 22)	-	396
-	-	Profit on disposal of property, plant and equipment	201	16
-	-	Rental income	23	157
587	587	Management fees	927	523
81	360	Other items	1 198	999
-	-	Write back on BTL Loans	1 003	-
-	-	Dividends	-	85
668	947	Other income from continuing operations	4 817	4 118

30 OTHER GAINS/(LOSSES) - NET

COMPANY			GROUP	
2021 US\$'000	2022 US\$'000		2022 US\$'000	2021 US\$'000
307	-	Unrealised exchange gains	4 739	2 887
-	-	Realised exchange gains	-	1 761
-	(508)	Unrealised exchange losses	-	-
-	-	Realised exchange losses	(967)	(232)
-	-	Change in fair value of biological assets due to biological transformation	7.1 259	(10)
-	-	Change in fair value of agricultural produce (inventories)	(455)	(1 173)
-	-	Impairment loss on revaluation of property, plant and equipment	8 (314)	(843)
-	-	Fair value gain arising on financial assets designated as at fair value through profit or loss	11 (18)	(29)
-	-	Fair value gain/(loss) on investment property	12 135	(22)
-	-	Fair value gain on regain of control of Border Timbers Limited	33.2 45 079	-
-	-	Other	(8)	55
307	(508)		48 450	2 394

RIFT VALLEY HOLDINGS LIMITED
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31 INCOME TAX CREDIT/(EXPENSE)

COMPANY			GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
-	-	Current income tax credit/(expense)	(1 613)	(4 404)
-	-	Deferred tax credit / (charge) (note 23)	3 808	(1 656)
-	-		2 195	(6 060)
COMPANY			GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
-	-	A reconciliation between tax credit/(expense) and the accounting profit/(loss)		
-	-	Accounting profit/(loss) before income tax	48 636	(691)
-	-	At tax rates applicable in country of incorporation	(1 885)	(25)
-	-	Non-deductible expenses for tax purposes	929	-
-	-	Tax effect of exempt income	-	1 656
-	-	Exchange rate differences and other items	3 151	(7 691)
-	-		2 195	(6 060)
-	-	Current tax assets		
-	-	Balance at 30 June	(841)	(67)

Current tax assets relate to amounts receivable from the Zimbabwean tax authorities.
Exchange rate differences and other arise from non deductible expenses.

32 EXPENSES BY NATURE

COMPANY			GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
-	-	Agricultural inputs, materials, consumables and related services	126 727	116 577
7	7	Employee benefit expense (note 32.1)	19 631	12 686
-	-	Depreciation (note 8)	2 909	3 575
-	-	Amortisation (note 9)	128	165
-	-	Depreciation right of use assets (note 8.1)	2 176	1 603
-	-	Loss on disposal of subsidiary (note 33.1)	2 470	203
-	-	Allowance for credit losses on contract grower receivables (note 32.2)	1 589	5 914
-	-	Impairment of receivables (note 32.3)	(113)	(72)
492	338	Legal and consultancy	581	663
-	-	Provisions (leave & bonuses)	1 383	-
-	-	Selling and distribution expenses	1 049	1 066
-	-	Repairs and maintenance	485	2 091
-	-	Licences, levies and insurance	1 060	520
-	-	Transport costs	1 196	4 623
22	-	Rent and utilities	1 356	165
7	5	Bank charges	1 437	601
-	21	Travel	93	1 074
64	178	Auditors remuneration	471	316
-	-	Fines and penalties	-	172
-	-	Operating lease payments	-	6
-	-	Inventory write downs	19	-
56	454	Other	2 008	14 570
648	1 003	Total cost of sales, distribution costs and administrative expenses	166 655	166 518

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32 EXPENSES BY NATURE (continued)

COMPANY			GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
648	1 003	Allocation of expenses	34 952	32 615
-	-	Administration expenses	1 049	1 066
-	-	Selling and distribution expenses	130 654	132 838
-	-	Cost of sales		
648	1 003		166 655	166 519

32.1 Employee benefit expense

COMPANY			GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
-	-	Salaries and wages	17 803	11 391
-	-	Termination benefits	9	-
-	-	Pension costs	1 109	189
-	-	Medical aid contributions	205	405
7	7	Other staff welfare costs	505	701
7	7		19 631	12 686

2021	2022		2022	2021
Number	Number		Number	Number
-	-	Group manning levels		
-	-	Permanent	828	529
-	-	Contract	3 130	3 116
-	-		3 958	3 645

32.2 Allowance for credit losses on contract grower receivables

COMPANY			GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
-	-	Impairments arising from a weakened ZWL/USD exchange rate as at year end that may lead to reduced USD recoverable on ZWL denominated grower advances (note 15)	(300)	6 567
-	-	Increase impairment allowances (note 15)	1 733	(353)
-	-	Also included within administration expenses are losses that arose from a weakened ZWL/USD exchange rate as at date of payment which resulted in a reduced USD being recovered on the ZWL denominated grower advances being settled (note 15)	156	(300)
-	-		1 589	5 914

RIFT VALLEY HOLDINGS LIMITED
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32 EXPENSES BY NATURE (continued)

32.3 Impairment

COMPANY			GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
-	-	Trade receivables (note 16)	(113)	(72)
-	-	Total	(113)	(72)

33 DISPOSAL AND ACQUISITION OF SUBSIDIARIES

33.1 Disposal of subsidiaries

The Group disposed of its interest in Northern Farming (Private) Limited on the 1 July 2021, and Mirror Image investments on 1 July 2020. The net assets at the date of disposal were as follows:

	2022 US\$'000	2021 US\$'000
Property, plant and equipment	1 279	5 478
Right of use asset	-	688
Intangible assets	246	-
Biological assets	618	-
Inventories	79	263
Trade receivables	2 070	-
Bank balances and cash	53	176
Total Assets	4 345	6 605
Borrowings	(54)	(707)
Lease liability	-	(659)
Trade and other payables	(904)	(105)
Deferred tax liability	(207)	-
Amounts due to group companies	(66)	(4 616)
Total Liabilities	(1 231)	(6 087)
Net assets disposed of	3 114	518
Loss on disposal (note 32)	(2 470)	(203)
Total consideration	644	315
Net cashflow arising on disposal:		
Consideration received in cash and cash equivalents	644	315
Less: cash and cash equivalents disposed of	(53)	(176)
Total consideration received	591	139

RIFT VALLEY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

33 DISPOSAL AND ACQUISITION OF SUBSIDIARIES (continued)

33.2 Acquisition of subsidiary

On 1 March 2022, the Group regained 88% control of Border Timbers Limited (BTL), which had been placed under judicial management on 29 January 2015.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out below. Property, plant and equipment and Biological assets were fair valued by Hollands an independent valuer with over 111 years of experience. The investment was fully impaired when Border Timbers Limited went into Judicial management in 2015.

	2022 US\$'000
Property, plant and equipment	27 779
Biological assets	43 495
Inventories	1 496
Trade and other receivables	2 692
Bank balances and cash	35
Total Assets	75 497
Borrowings	(4 945)
Deferred tax liability	(14 516)
Trade and other payables	(4 775)
Total Liabilities	(24 236)
Identifiable Net Assets Acquired	51 261
Non-Controlling Interest	(6 182)
Total consideration	-
Gains recognised on regain of control (note 30)	45 079

34 CASH FLOW INFORMATION

34.1 Current income tax liability

COMPANY			GROUP	
2021 US\$'000	2022 US\$'000		2022 US\$'000	2021 US\$'000
-	-	Balance at 1 July	1 501	-
-	-	Income tax charge (note 31)	1 613	4 404
-	-	Income taxes paid	(2 990)	(2 836)
-	-	Other	-	(67)
-	-	Balance payable at 30 June	124	1 501

RIFT VALLEY HOLDINGS LIMITED

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34 CASH FLOW INFORMATION (continued)

34.2 Lease liabilities

COMPANY			GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
-	-	Balance at 1 July	2 382	1 588
-	-	Modification	2 679	1 444
-	-	Interest expense on lease	599	315
-	-	Repayments during the year	(2 687)	(772)
-	-	Additions	2 026	1 126
-	-	Disposal of subsidiary	(88)	(1 318)
-	-	Translation resulting from exchange difference	-	(1)
-	-	Balance payable at 30 June	4 911	2 382

RIFT VALLEY HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

35 RELATED PARTY TRANSACTIONS AND BALANCES

The Company's immediate parent company is Rift Valley (Netherlands) B.V. a company incorporated in the Netherlands with registered office, Prins Bernhardplein 200, 1097JB Amsterdam. The Company's ultimate parent company, and the ultimate controlling party of the Group is Rift Valley Corporation Limited, a company incorporated in Jersey.

The Group trades with various fellow subsidiaries (and jointly controlled companies to a limited extent), and participates in financial transactions involving the holding Group, fellow subsidiaries, jointly owned companies and one entity with common shareholders.

Details of the Group's material subsidiaries at 30 June 2022 were as follows:

Subsidiary name	Country of incorporation/ place of business	2022 Economic interest held by the group	2021 Economic interest held by the group	Principal activities
Makandi Estates (Private) Limited	Zimbabwe	100%	100%	Avocado and macadamia growing
Rift Valley Services Zimbabwe (Pvt) Ltd	Zimbabwe	100%	100%	Management services to Group companies
Northern Tobacco (Private) Limited	Zimbabwe	100%	100%	Contract growing tobacco, and tobacco merchant
Northern Farming (Private) Limited (i)	Zimbabwe	-	100%	Contract growing maize, wheat and soya beans; and agricultural commodities trader
Tobacco Processors Zimbabwe (Private) Limited	Zimbabwe	70%	70%	Tobacco processing
Rift Valley Properties (Private) Limited	Zimbabwe	100%	100%	Investment property
Rift Valley Energy Limited (ii)	Tanzania	90%	90%	Hydro-power generation
Suma Hydro Limited (iii)	Tanzania	90%	90%	Hydro-power generation
Mwenga Hydro Limited (iii)	Tanzania	90%	90%	Hydro-power generation
Border Timbers Limited (iii)	Zimbabwe	88%	87%	Forestry
Joint venture name Chipinge Banana Group (Private) Limited	Zimbabwe	50%	50%	Growing and distribution of bananas

RIFT VALLEY HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

35 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Details of the Group's material subsidiaries at 30 June 2022 were as follows:

Subsidiary name	Country of incorporation/ place of business	2022 Economic interest held by the group	2021 Economic interest held by the group	Principal activities
Precis (2696) Limited	United Kingdom	100%	100%	Holding Company
Export Leaf Tobacco Company of Africa (Private) Limited	Zimbabwe	100%	100%	Holding Company
Saxonian Estate Limited	Jersey	100%	100%	Holding Company
Franconian Zimbabwe Investments (Private) Limited	Zimbabwe	100%	100%	Holding Company
Zambezi Limited	Malta	100%	100%	Holding Company
Limpopo Limited	Malta	100%	100%	Holding Company
Rift Valley Energy Investments Limited	Mauritius	100%	100%	Holding Company
Streamcourse Limited	United Kingdom	100%	100%	Holding Company
Makandi Estates Limited	United Kingdom	100%	100%	Holding Company
Ndolela Hydro Limited	Tanzania	90%	90%	Hydro-power generation
Rural Power Development Company	Tanzania	90%	90%	Hydro-power generation

(i) The group disposed of its interest on 1 July 2021.

(ii) On 30 June, the Board resolved to dispose of the Groups Tanzanian Energy Operation.

(iii) On 1 March 2022, the Group regained 88% control in BTL which was unconsolidated from 2015 to 2021 as it was under judicial management.

RIFT VALLEY HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

35 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

a) Key management personnel remuneration and other compensation

Key management includes directors, Group management and finance directors of operating subsidiaries. The compensation paid or payable to key management for services is shown below:

COMPANY			GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
-	-	Salaries and short-term benefits	1 817	4 241

b) Balances (owed to) / by related parties

i) Receivables from related parties

COMPANY			GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
		1) Trade and other receivables		
-	-	Border Timbers Limited - <i>unconsolidated subsidiary</i>	-	193
-	-	Chipinge Banana Group (Private) Limited - <i>joint venture</i>	287	14
		Other relationships		
1 913	2 430	Cicada Holdings Limited	2 454	3 545
-	-	Other related parties	2 889	207
1 913	2 430		5 630	3 959

COMPANY			GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
		Contract grower receivables		
-	-	Tobs Strong (Private) Limited - <i>common directorship</i>	416	538
1 913	2 430	Total receivables from related parties	6 046	4 497

ii) Loans and payables to related parties

COMPANY			GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
		Payables		
-	-	Northern Farming (Private) Limited	(38)	-
-	-		(38)	-
		Rift Valley Corporation Limited (note 26)		
(3 852)	(4 128)	Non-current liabilities	(17 431)	(3 981)
(94 958)	(97 462)	Shareholder loans	(97 462)	(94 958)
(98 810)	(101 590)		(114 893)	(98 939)
		HCP Africa Limited (note 26)		
(8 813)	(9 000)	Non-current liabilities	(9 000)	(8 813)
(107 623)	(110 590)		(123 893)	(107 752)

RIFT VALLEY HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

35 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

c) Transactions with related parties

The following transactions were carried out with related parties:

i) Purchases of goods and services

COMPANY			GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
-	-	Common directorship		
(51)	-	Tobs Strong (Private) Limited	1 458	958
		Hoegh Capital Partners Services Limited	-	(51)
(51)	-		1 458	907

ii) Sale of goods

COMPANY			GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
-	-	Other	134 519	153 162

iii) Interest on loans and other amounts from related parties

COMPANY			GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
		Common directorship		
		Interest expense on loans		
(147)	(147)	Rift Valley Corporation Limited	(147)	(147)
(328)	(328)	HCP Africa Limited	(328)	(328)
(475)	(475)		(475)	(475)
		Interest income on loans		
330	529	Rift Valley Energy Limited	-	-
-	26	Cicada Katiyo (Private) Limited	-	-
5	110	Makandi Estates (Private) Limited	-	-
335	665		-	-

RIFT VALLEY HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

36 AMOUNTS DUE FROM / TO GROUP COMPANIES

36.1 Amounts due from group companies

(a) Loans

COMPANY			GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
5 920	5 946	Rift Valley Services Zimbabwe (Private) Limited	-	-
8 273	9 008	Rift Valley Energy Limited	-	-
<u>14 193</u>	<u>14 954</u>		<u>-</u>	<u>-</u>

(b) Other balances

COMPANY			GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
11 177	11 037	Makandi Estates (Private) Limited	-	-
831	730	Streamcourse Limited	-	-
<u>12 008</u>	<u>11 767</u>		<u>-</u>	<u>-</u>

(c) Other amounts

COMPANY			GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
384	484	Rift Valley Energy Limited	-	-
38	38	Mwenga Hydro Limited	-	-
<u>422</u>	<u>522</u>		<u>-</u>	<u>-</u>
<u>26 623</u>	<u>27 243</u>	Total	<u>-</u>	<u>-</u>

36.2 Amounts due to group companies

(a) Borrowings

COMPANY			GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
500	600	Franconian Zimbabwe Investments (Private) Limited	-	-
<u>500</u>	<u>600</u>		<u>-</u>	<u>-</u>

RIFT VALLEY HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

37 FINANCE (COSTS) / INCOME

COMPANY			GROUP	
2021	2022		2022	2021
US\$'000	US\$'000		US\$'000	US\$'000
-	-	Bank borrowings	(12 103)	(8 853)
-	-	Other parties	(226)	(1 443)
-	-	Lease liabilities	(599)	(315)
(511)	(511)	Intergroup loans	(511)	(511)
(511)	(511)	Finance costs	(13 439)	(11 122)
-	-	Contract grower scheme receivables	4 598	4 161
-	-	Other trade debtors	928	810
-	-	Bank	12	41
326	666	Intergroup loans	-	-
326	666	Finance income	5 538	5 012

38 DISCONTINUED OPERATIONS

On 1st July 2021 the board resolved to dispose of the Group's Energy operations and negotiations with several interested parties have subsequently taken place. The disposal is consistent with the Group's long-term policy to focus its activities on the Group's other businesses. These operations, which are expected to be sold within 12 months, have been classified as a disposal group held for sale and presented separately in the statements of financial position. The proceeds of disposal are expected to substantially exceed the carrying amount of the related net assets and accordingly no impairment losses have been recognised on the classification of these operations as held for sale.

The results of the discontinued operations, which have been included in the profit for the year, were as follows:

	2022 US\$'000
Revenue	2 386
Expenses	(1 977)
Profit before tax	409
Attributable tax expense	(310)
Net profit attributable to discontinued operations (attributable to Owners of the Company)	99

During the year, Rift Valley Energy Tanzania Limited, Suma Hydro Limited, Ndolela Hydro, Limited Rural Power Development Plant, Ruponde Hydro Limited and Mwenga Hydro Limited contributed US\$681 000 (2021: US\$123 000) to the Group's net operating cash flows, paid US\$360 000 (2021: US\$327 000) in respect of investing activities and paid US\$301 000 (2021: received US\$721 000) in respect of financing activities.

RIFT VALLEY HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

38 DISCONTINUED OPERATIONS (continued)

The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

	2022 US\$'000
Property, plant and equipment (note 8)	18 945
Right of use asset (note 8.1)	210
Intangible assets (note 9)	44
Deferred tax asset	1
Inventories	401
Trade and other receivables	1 210
Current tax asset	53
Cash and bank balances	104
Total assets classified as held for sale	20 968
Borrowings	(4 102)
Deferred revenue	(152)
Lease liability	(88)
Grants (note 22)	(8 406)
Deferred tax liabilities	(2 017)
Trade and other payables	(1 051)
Total liabilities associated with assets classified as held for sale	(15 816)
Net assets of disposal group	5 152

39 GOING CONCERN

The consolidated financial statements have been prepared on a going concern basis, which assumes the Group will continue in operational existence for the foreseeable future.

The Group has recognised a profit after tax from continuing operations of US\$50 831 000 (2021: loss of (US\$6 751 000)), and cash flow used in operating activities for the year ended 30 June 2022 was US\$3 213 000 (2021: US\$64 752 000).

This has all resulted in a positive equity position of US\$129 080 000 for the Group at 30 June 2022 (2021: US\$69 184 000).

Moreover, on 1 July 2015 the Group's shareholders agreed to restructure (increased tenor and interest waiver) loans of US\$87 420 000 due to them (and classified as equity by the Group), and the balance of these loans was US\$97 462 000 at 30 June 2022 (note 26).

The shareholders have also committed to continue providing support to the Group, should the Group so require.

As a result of all of the above, the directors do not believe that any uncertainties exist over the Group's ability to continue as a going concern.

40 LAND DESIGNATION

(i) Border Timbers Limited

Border Timbers Limited's land was expropriated by the Government of Zimbabwe ("the Government") in 2005 and subjected to invasions before and after 2005. In addition, certain measures were taken by the Government against Border's foreign exchange. In 2010, the Group and its subsidiary companies, Hangani and Timber Products International (Private) Limited ("Timber Products") (collectively, "the Border Claimants") filed a Request for Arbitration with the International Centre for Settlement of Investment Disputes ("ICSID") against the Government under the investment treaty between Switzerland and Zimbabwe (the "Treaty"), ICSID Case No. ARB/10/25 ("the Border Arbitration"). Timber Products assigned its interest in the Border Arbitration to the Group on 16 December 2014.

Claims were also brought against the Government in separate arbitral proceedings by the Group's (then) majority shareholder, the von Pezold Family ("the VP Claimants") under the same bilateral investment treaty as well as under a bilateral treaty between Germany and Zimbabwe, ICSID Case No. ARB/10/15 ("the VP Arbitration"). The VP Arbitration extended to other expropriated land owned by the von Pezold Family through companies in which the Group held no legal or other interests. The VP Arbitration together with the Border Arbitration shall be referred to as, "the ICSID Arbitrations".

In July 2015, two separate but identically constituted Arbitral Tribunals issued two separate awards in the ICSID Arbitrations in favour of the Border Claimants ("the Border Award") and in favour of the VP Claimants ("the VP Award"), with identical relief (with certain exceptions relating to moral damages, interest and costs) for: (i) the expropriation of the properties that were owned (directly or indirectly) by the Group; (ii) the manner in which the Government responded to the invasion of those properties; and (iii) the measures that the Government took in regard to Border's foreign exchange. "The Border Award" and "the VP Award" together shall be referred to as "the Final Awards". That relief was compensation in the sum of US\$124,041,223 ("the Border Compensation") (failing restitution of the expropriated land and other damages) and pre and post award interest relating to that compensation. The Arbitral Tribunal did not determine the manner of apportionment of the Final Awards in regard to the Border Compensation but included a provision in each of the Border Award and the VP Award that prohibits double recovery.

In October 2015, the Government instituted annulment proceedings seeking to set aside the Final Awards. The ICSID arbitration proceedings concluded in November 2018 after the ICSID ad hoc Committee dismissed the Government's annulment applications in their entirety ("the Annulment Decisions"). To date, the Government has not paid any part of the Final Awards and the amounts awarded remain unsatisfied and outstanding in their entirety.

As the Final Awards expressly prohibited double recovery between the Border Claimants and the VP Claimants as to the Border Compensation, this has resulted in the Border Claimants and the VP Claimants needing to agree on the split and apportionment of the Border Compensation.

For the duration of the ICSID Arbitration, Government of Zimbabwe has respected the principle that to the extent that the Group continued to occupy and operate its forestry business on the land.

Subject to full payment of the Border Award, the Group has the right to continue operating its business on, and occupying, the land. The full terms of the Border Award are in the public domain and readily available for anyone to access.

The view therefore is that the Group will continue to occupy the unaffected parts and run and operate its business in the ordinary course until the Arbitration Award has been settled in full.

(ii) Makandi Estates (Private) Limited

Two of the Group's estates, namely Smaldeel and Christina have been under threat of compulsory acquisition under the land reform programme. Smaldeel has since 2004 encountered some moves made to occupy it while Christina was recently also subjected to the same threat.

The Christina matter was presented to the courts who granted a default judgement in the Group's favour in April 2022. In May 2022, the judgement was appealed and overthrown in the High Court. The Group has launched an appeal with the Supreme Court in Harare. This appeal is pending and is likely to be heard latest by April 2023. The effect of the noting of the appeal is that it suspends the High Court order until such time when the Supreme Court has heard and determined the appeal. As such, the status quo remains and the Group is in possession of the land.

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NOTES TO THE FINANCIAL STATEMENTS
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40 LAND DESIGNATION (continued)

(ii) Makandi Estates (Private) Limited (continued)

The Group is covered by Bilateral Investments Protection and Promotion Agreement ("BIPPA") which the Government of Zimbabwe signed on 29 September 1995 with the Federal Republic of Germany whereby the two countries agreed to promote and protect investments by nationals of the other party in its territory fairly and equitably. Per the requirements of the BIPPA agreement, all disagreements between aggrieved parties must be convened by the International Center For Settlement of Investment Disputes (ICSID), based in Washington DC, USA. The ICSID has handed down two judgements relating to the disputes in 2015 and in 2018.

Considering the period over which the dispute has been going on for with no outcomes seen in favour of the Government of Zimbabwe, management views that the chances of occupation of the land to be remote. Though remote, if the Government of Zimbabwe pays the requisite sum to occupy Smaldeel and Christina, Makandi Estates (Private) Limited will still be able to resume operations in consideration of the following:

- i- The areas under threat of occupation are areas that Makandi rents out and no revenue driving farming activity is carried out in the specific land.
- ii- No official moves to occupy Chipinge Holdings have been noted to date. Chipinge Holdings brings about 42% of the Group's revenues from avocados and macadamia.

41 IMPACT OF THE RUSSIAN INVASION OF UKRAINE

On 24 February 2022, Russia invade Ukraine. The invasion was widely condemned internationally and resulted in economic sanctions against Russia, Belarus and certain regions of Ukraine. The Group does not have employees or offices in Ukraine or Russia and our funds have very limited exposure to assets and clients based in those countries. The Group has documented and tested processes in place for situations of this nature and has been working to ensure that any potential disruption to its business is minimised and to ensure that all applicable sanctions imposed are implemented in a timely manner. The Group has also taken measures to reinforce its information security processes and systems to continue to protect its clients' assets. The invasion could also have significant impact on the global economy as the effect of sanctions could result in further inflationary pressures and have a broader impact on financial markets. Any such impacts are highly uncertain and rapidly changing and it is not possible to predict the extent to which this could adversely impact our financial results and business operations. The Group's management are monitoring the situation and the associated risks with the intention of mitigating the risks, where possible.