ANNUAL REPORT 2022

The Trusted Home of Agriculture
Die Betroubare Tuiste van Landbou

SALIENT FEATURES

KEY FEATURES FOR THE YEAR

EXCELLENT PERFORMANCE
against the prior year driven by our diversified business model

LISTED SUCCESSFULLY ON THE
Cape Town Stock Exchange

SIGNIFICANT TURNAROUND PERFORMANCE
in PakHouse Brands

Wool and livestock sales volumes negatively impacted by
FOOT-AND-MOUTH DISEASE ("FMD")

FINANCIALS AT A GLANCE

Value of business
R14,3 BILLION
+8%

Revenue
R6,1 BILLION
+10%

EBITDA
R309,5 MILLION
+10%

Profit before tax
R171,6 MILLION
+15%

Return on funds employed
10.7%
+0.1%

Net debt to EBITDA
2.6
IMPROVED FROM 2.8

Earnings per share
148.1 CENTS
+11%

Dividends per share
42 CENTS
+5%

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OUR 2022 ANNUAL REPORT

OUR 2022 ANNUAL REPORT

ABOUT OUR ANNUAL REPORT

SCOPE AND BOUNDARY

This Annual Report covers the BKB Group's activities for the period 1 July 2021 to 30 June 2022 ("the year or FY22"). It is prepared primarily to meet the information needs of current and prospective shareholders, providers of finance and other interested stakeholders. The BKB Group's statutory reporting responsibilities are also fulfilled by the contents of this report.

The report contains a full set of the audited Company and Group Annual Financial Statements.

BKB views its Annual Report as a way of providing insight and a basic understanding of the Group's business activities. As such, the report seeks to provide information and disclosures that are of interest to all stakeholders. The report extends beyond financial reporting and includes non-financial information. Content is informed by BKB's value-adding business model, strategies, risk assessments, opportunities, governance practices and operational and financial results.

HOW THIS REPORT WAS PREPARED

REPORTING FRAMEWORKS AND GUIDELINES

The report has been developed to meet the requirements of the Companies Act, 71 of 2008, as amended ("the Companies Act").

The Annual Financial Statements comply with International Financial Reporting Standards and the listing requirements of the Cape Town Stock Exchange ("CTSE").

As stated in the Corporate Governance Report, the Board is guided by the principles contained in the King IV Report on Corporate Governance™ for South Africa ("King IV")[1] and endeavours to adopt them as far as is practically possible.

REPORTING PROCESS

The management team and members of the Board provide oversight and guidance on the reporting approach and content planning for this report.

Information in this report is sourced from management, operational teams and internal reporting mechanisms.

Management reviews the report before it is recommended to the Board for approval.

INDEPENDENT ASSURANCE

The Company and Group Annual Financial Statements for the year ended 30 June 2022 were audited by PwC. Their unqualified report appears on page 58.

External verification of Broad-based Black Economic Empowerment ("BBBEE") performance for BKB Limited and at subsidiary level is done by Moore. Their certificate is available on our website at https://www.bkb.co.za.

APPROVAL BY THE BOARD

The Board acknowledges its responsibility for the integrity of this Annual Report. The Board confirms that it has applied its collective mind to the preparation and presentation of this report and believes that it provides a balanced representation of the performance of the BKB Group.

The Board of directors are aware of their responsibilities to comply with the listing requirments of the CTSE. The Board confirms that the BKB Group complies with these requirements.

The report was approved by the Board of Directors on 8 September 2022.

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FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements with respect to BKB's prospects and performance. These are not guarantees or predictions of future performance. These statements and forecasts involve risk and uncertainty as they relate to events and depend on circumstances that may or may not occur, as well as events which are beyond BKB's control. Actual future results may thus differ materially from those contained in this report.

Readers are advised not to place undue reliance on these forward-looking statements. We do not undertake to update or revise any of these forward-looking statements. The forward-looking statements have not been audited.

FEEDBACK AND CONTACT

We value feedback from our stakeholders and use it to ensure that we are reporting appropriately on issues that matter to them. Please direct comments and suggestions to the Company Secretary at:

Email: jo.oosthuizen@bkb.co.za

Tel: +27 41 503 3060

GEOFF KINGWILL

CHAIRMAN

CHAIRMAN'S MESSAGE

Dear shareholders

We are pleased to present the 2022 Annual Report for BKB Limited. The year presented many challenges to our way of life and ways of working and doing business as we responded to the continuing COVID-19 pandemic and its many consequences. We also faced several other very significant local and global events.

BKB's successes in FY22 are significant considering the climatic conditions and natural disasters that afflicted many parts of South Africa over multiple years, the past year being no exception. Apart from the COVID-19 pandemic, the Group and its producers and customers had to contend with the fallout from the war in Ukraine, outbreaks of foot-and-mouth disease ("FMD"), drought and floods. The financial and physical impact of these events has been enormous and tested the resolve of even our most resilient stakeholders.

During the past year, our focus remained firmly fixed on factors within our control and extracting positive outcomes from what others may see as negative forces and circumstances. All in all, the past year was one of considerable achievement for BKB. Our ability to deliver a quality financial result and continue to make significant progress against our strategy has been excellent. The results and outcomes, both financial and other, are a testament to the commitment and support of our teams, producers and customers.

FINANCIAL PERFORMANCE

BKB recorded another year of strong financial performance and delivered an excellent set of results that exceeded our expectations. The Group reported profit before tax of R171,6 million for the twelve months to 30 June 2022. This is a 15.2% increase and R22,7 million more than the R148,9 million delivered in 2021.

These results are pleasing in a year that can only be described as challenging. The strength of the results can be attributed to our diversified business model, together with management's highly disciplined approach to implementing our strategy across the business and supply chain, and also their focus on controlling costs, managing working capital, implementing profit improvement projects and prioritising capital expenditure ("capex").

We achieved good results across most of our portfolio of businesses, except for wool and fruit. The wool component of our Fibre Division was badly affected by the consequences of the FMD outbreak. Exports of wool decreased significantly following China's ban which came into effect in April 2022. The lifting of China's ban on South African wool exports on 23 August 2022 came as a huge relief for the industry. Exports to China are expected to return to normal levels as the current congested supply chain clears. BKB's Livestock Division has also been affected by FMD, the impact of which is discussed by our chief executive officer ("CEO") in his report. Our raisin business in the Northern Cape continues to be closely monitored by the Board and management to improve its operational and financial performance and we are quietly confident that we will see positive results from these interventions in the coming year.

At the close of the financial year, the Group was in a sound financial position. The Board is confident that BKB is well equipped to face the uncertainties ahead and that there is adequate capacity to fund new investment opportunities which are aligned with our growth agenda.

On the back of these results and a solid financial position, the Board proposed a dividend of 42 cents per share (2021: 40 cents per share).

The financial results for FY22 are discussed in greater detail in the CEO's report (page 21) and financial review (page 26).

LISTING ON THE CAPE TOWN STOCK EXCHANGE

On 10 March 2022 BKB successfully listed on the Cape Town Stock Exchange. It was extremely satisfying for the Board and management to have achieved this milestone. The primary rationale for the listing was to provide an effective and efficient trading platform to shareholders which among other benefits will result in buyers and sellers having a more transparent price discovery process. The process went smoothly and the listing has already resulted in higher liquidity of shares. In addition, the listing enhances the Group's public profile and facilitates improved communication with shareholders, financiers and other stakeholders.

THE BOARD AND CORPORATE GOVERNANCE

The Board strongly believes that a culture of compliance and a commitment to our core values of integrity, service excellence, entrepreneurship, driving earnings, valuing employees and conserving the environment must underpin all we do at BKB. These values are reflected in the Group's strong corporate governance and risk and compliance practices and are consistently demonstrated by our people in their day-to-day business activities.

BKB is committed to the highest standards of corporate governance and endeavours to apply the principles set out in King IV. Our ambition is to have governance processes tailored to BKB's specific needs and circumstances, equal to those demonstrated by the best companies. In the coming year, we will be reviewing and updating the terms of reference and responsibilities of the Board and its committees to enhance their focus and performance, further improve our governance processes and meet the legitimate interests and expectations of our shareholders and all other stakeholders.

The past year has been one of stability and consistency on the Board. I am satisfied that the Board is well structured with an appropriate depth and balance of skills, knowledge and experience.

Non-executive director Mr Mcebisi Jonas resigned from the Board in July, due to his many commitments. On behalf of the Board, I would like to express my thanks and appreciation for his valuable contribution to the Group.

ENVIRONMENTAL AND SOCIAL MATTERS

BKB is mindful of the importance of considering and managing environmental and social matters in addition to the above-mentioned governance aspects and risks that arise through our involvement in a variety of agri-related activities and businesses. We recognise that BKB will only be sustainable when we balance financial, environmental and social priorities.

As a result of the great initiative shown by our fibre division, BKB, through its producers, is the largest supplier of Responsible Wool Standard ("RWS") and Responsible Mohair Standard ("RMS") fibre in the world. This has resulted in significant premiums for these growers, and we intend to continue to improve our supply of Sustainably Certified products to meet the needs of the modern consumer. Consumers are increasingly concerned about these matters and are prepared to pay for these assurances.

BKB commenced with a process to develop a comprehensive sustainability strategy that ought to be finalised and released in 2023. The process will identify the key ESG risks and opportunities facing the business, assist us to identify additional measures to manage those risks, establish baselines and provide a reporting framework against which our performance can be assessed.

BKB has a policy to drive transformation in our workforce and to strive to achieve equal pay for equal work. Although we have made progress on transformation, we acknowledge that we still have a way to go. To this end, all divisions have multi-year transformation targets (for both gender and race) that we feel are challenging but achievable in an agricultural business like ours.

LOOKING AHEAD

Agriculture will continue to be impacted on a global scale by unprecedented logistical and supply-chain disruptions that have caused higher commodity and input prices and have also escalated concerns about global food security. The effects of the global events and cost pressures are being felt in South Africa and BKB and its producers and customers are not immune to these. In our country, we face other challenges as well, including loadshedding, deteriorating infrastructure, supply-chain issues (especially at our ports), socio-economic challenges, a stuttering economy and inflationary pressures.

Although the drought has largely been broken (with a few exceptions), the after-effects of the drought will continue to be felt by our Agri Divisions in terms of product supply and cash flow constraints among producers, particularly in the more extensive areas of the country.

During the year, the Board and the management team continued to develop BKB's strategy to create long-term, sustainable value for shareholders. There are essentially two key elements to BKB's strategy, namely strengthening the core business and pursuing targeted growth opportunities. We have made significant progress in strengthening our core activities and optimising our use of assets and capital. The management team and Investment Committee continually explore opportunities in sectors where we can leverage our experience and expertise. More information on strategic matters is provided in the CEO's report.

Despite the challenges of our operating context, the Board is optimistic and our management team is adapting to the rapidly changing environment with professionalism and tenacity. In the year ahead, we will continue to focus on our strategy and drive our growth initiatives to deliver value for shareholders. We will also focus on the well-being and safety of our employees, customers and clients and on supporting the communities in which we operate.

CLOSING REMARKS

I would like to take this opportunity to thank our shareholders, customers and clients for their continued commitment, loyalty and support. I also acknowledge the significant contributions of all the directors, members of the executive and leadership teams and every employee of BKB for a year of hard work and outstanding achievements. We truly do have a good team at BKB. Particular mention needs to be made of the executive team, led so capably by BKB's CEO, Johan Stumpf. In what has been a very difficult year, they have embraced the many challenges and delivered all-around excellent results.

We are proud of the determination, discipline and ingenuity that helped shape our positive FY22 results in challenging local and global environments. It is a well-earned outcome but there is always more to do. With BKB's strong asset base, sound financial position and dedicated team, we believe that we can approach the future with confidence.

Geoff Kingwill

Chairman

8 September 2022

AN OVERVIEW OF BKB LIMITED

VISION, MISSION AND VALUES

BKB Limited is a leader in the agri-industry. We are the Trusted Home of Agriculture. At its core, BKB is profit-driven in the interest of all stakeholders, with a major stake held by primary producers and agricultural groupings.

OUR VISION

To craft agri-business through trust and shared values.

OUR MISSION

Maximising value creation through innovation and efficiency.

OUR VALUES

Our values are simple, concrete, meaningful and capture the essence of our culture, who we are and how we interact with one another.

They speak of how we go to market and our commitment to delivering a culture of excellence to all stakeholders as the Trusted Home of Agriculture.

INTEGRITY

SERVICE EXCELLENCE

Service excellence is in our hands.

ENCOURAGE ENTREPRENEURSHIP

Opportunity is in our hands.

DRIVE EARNINGS

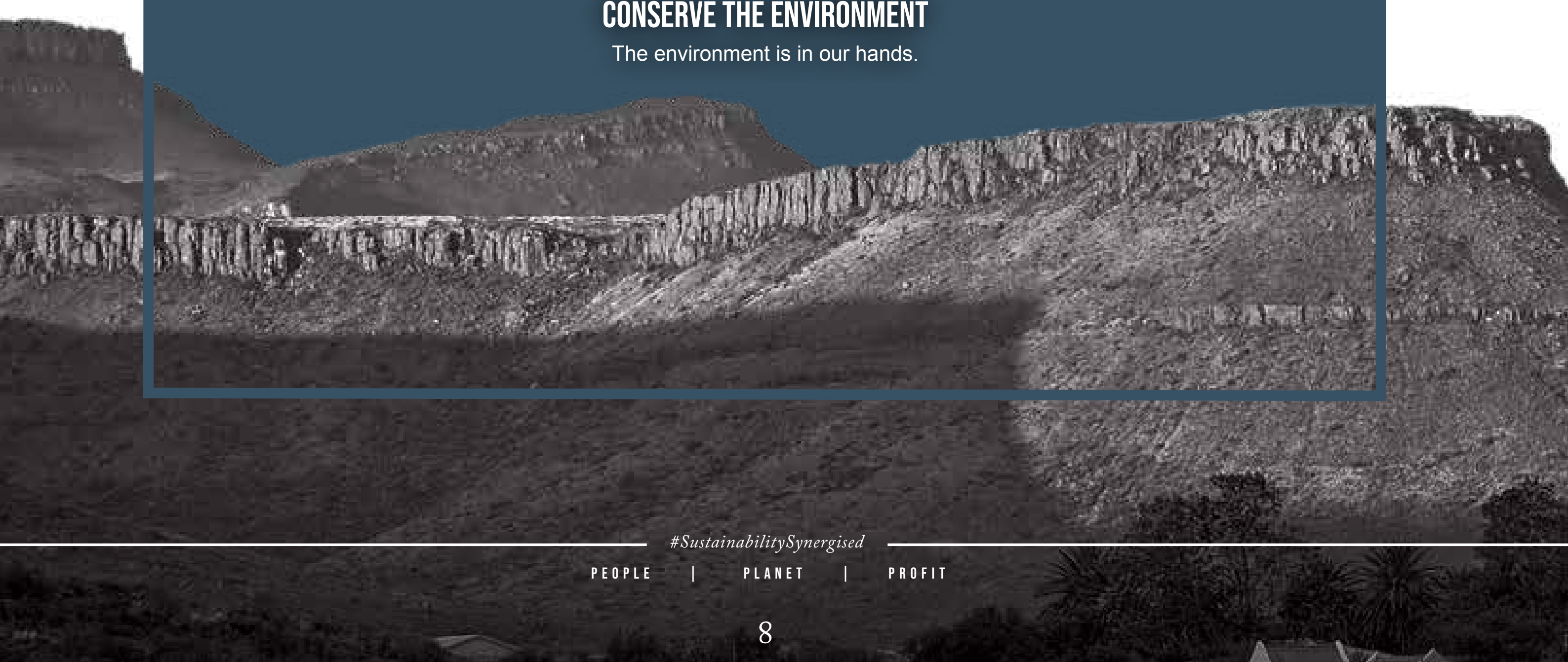
Prosperity is in our hands.

VALUE EMPLOYEES

Respect is in our hands.

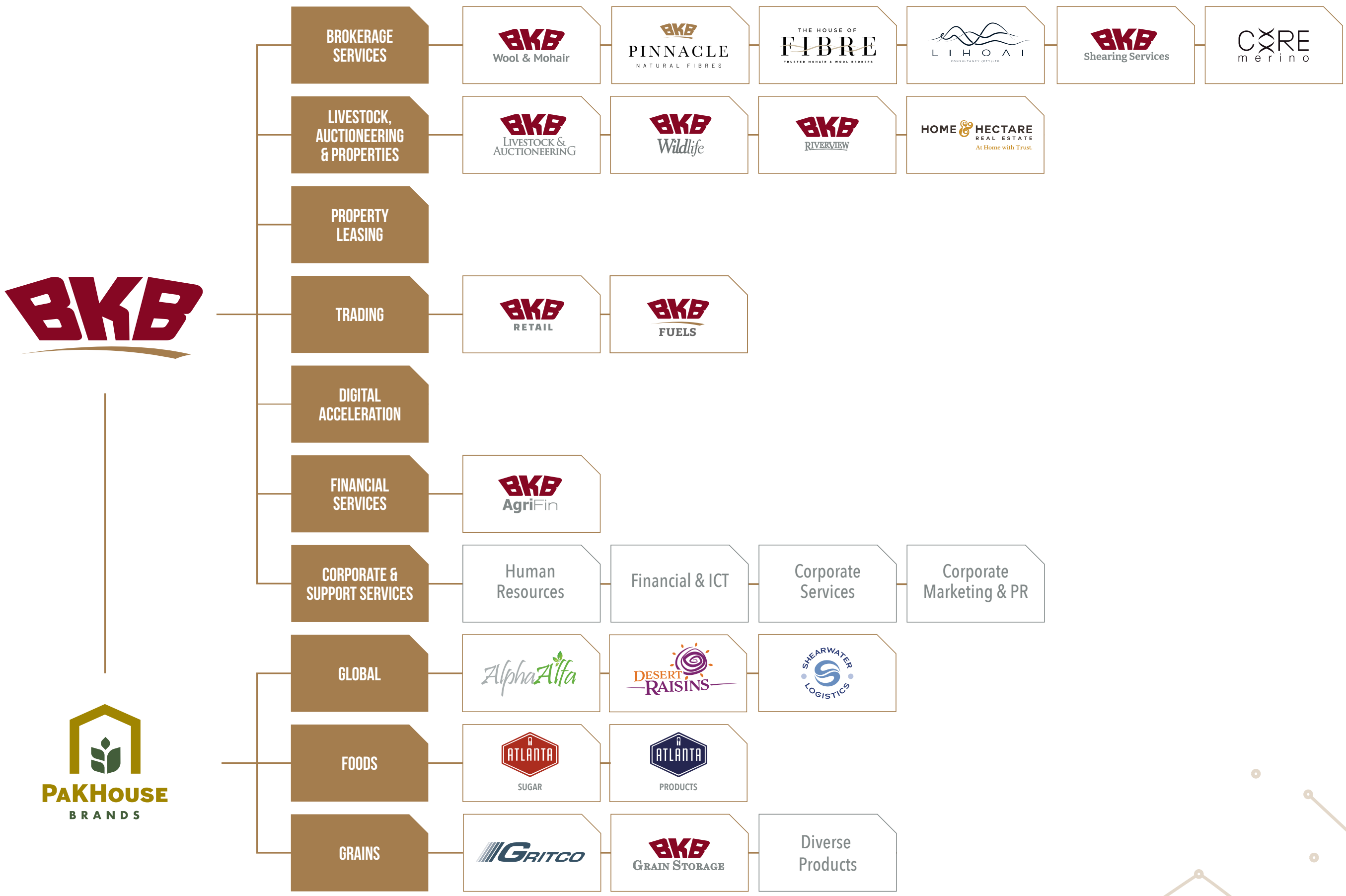
CONSERVE THE ENVIRONMENT

The environment is in our hands.



OUR ORGANISATIONAL STRUCTURE AND BRANDS[1]

Our values, core competencies and reputation ensure the sustainability of our long-term competitive advantage.



[1] For a more detailed breakdown of BKB's group structure, refer to Appendix A on page 143.

OUR BUSINESS PROFILE

We have a trusted reputation for ensuring peace of mind through our extensive range of products and services delivered by trusted professionals.

NATURAL FIBRE (WOOL AND MOHAIR)

PURPOSE	OPERATIONS	SERVICES AND PRODUCTS
The Wool and Mohair Division aims to maximise sustainable returns for producers by providing a marketplace, warehousing and logistical services as well as an advisory function.	• Warehousing • 18 shearing coordinators • 57 technical advisors	• Wool and mohair brokerage • Technical field services • Fibre trading services • Financing services • Warehousing and logistical services

RETAIL AND FUEL

PURPOSE	OPERATIONS	SERVICES AND PRODUCTS	
The Retail and Fuel Division provides a complete range of production inputs, production financing, fuel and other retail products to a broad spectrum of agricultural producers and the general public.	• 50 agri-retail shops • 3 commercial forecourts • 3 fuel depots • Distribution Centre	• Fuel • Fertiliser • Seed • Veterinary products • Animal feed • Shearing equipment • Irrigation • Wool bags • Steel	• Fencing • Building material • Hardware • Groceries • General consumer goods • Convenience stores • Production financing • Online Shopping

LIVESTOCK AND PROPERTIES

PURPOSE	OPERATIONS	SERVICES AND PRODUCTS	
The Livestock and Properties Division utilises its extended regional footprint and auction infrastructure (open-cry and online) to facilitate market access for buyers and sellers of livestock, agricultural equipment and properties.	• 5 livestock regions • 13 livestock branches • 6 property branches • 54 auction points	• Calendar auctions • Stud auctions • Liaison transactions • Digital and simulcast auctions • Agricultural implements auctions	• Farm properties • Residential properties • Commercial properties • Property rentals • Financing services

OUR BUSINESS PROFILE [CONTINUED]

PAKHOUSE BRANDS – FRUIT

PURPOSE	OPERATIONS	SERVICES AND PRODUCTS
Raisin supplier to international and local customers.	• 1 processing plant	• Procurement • Packaging • Logistics • Marketing and selling

PAKHOUSE BRANDS – GRAIN AND FEED

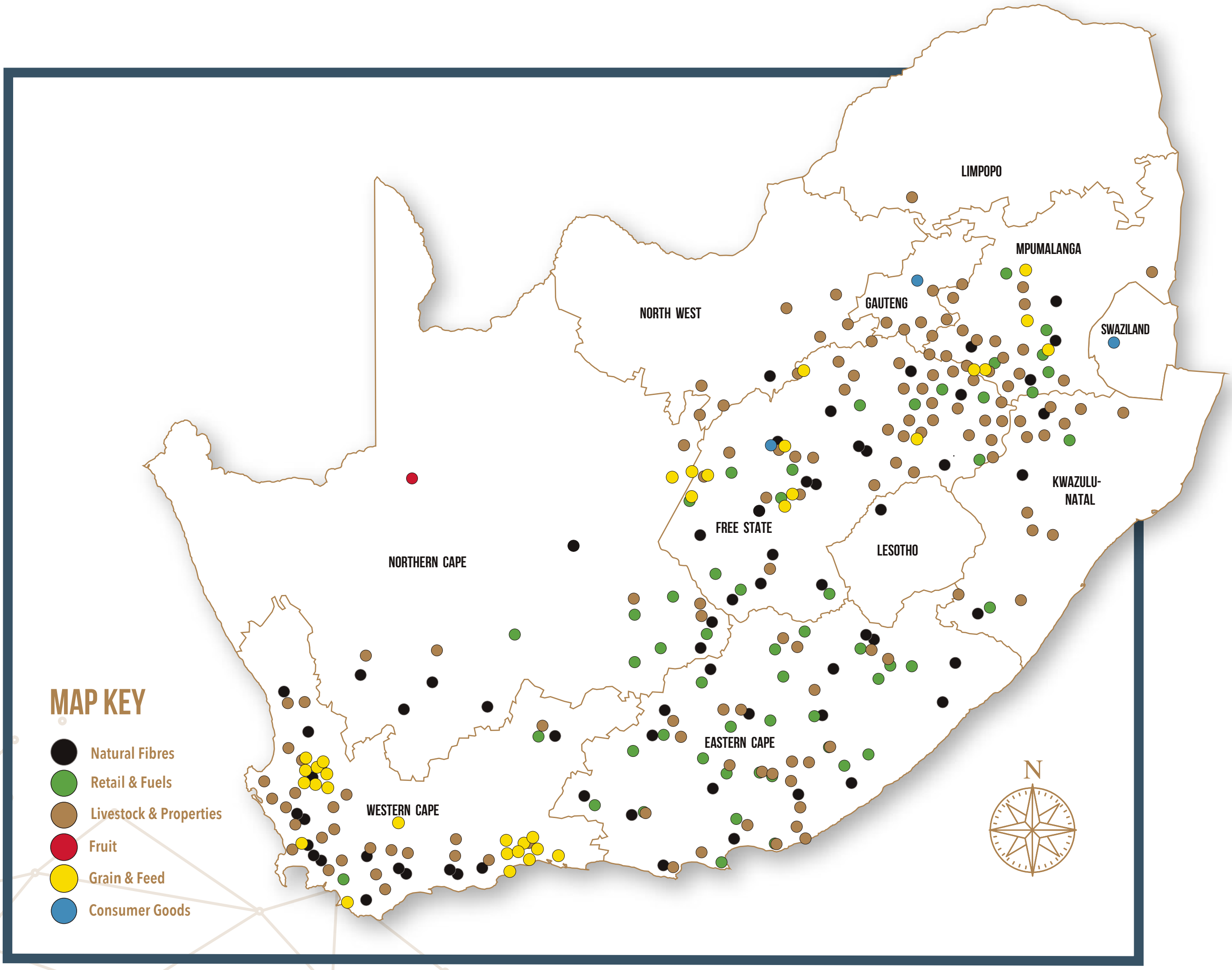
PURPOSE	OPERATIONS	SERVICES AND PRODUCTS
Service provider to South African grain and lucerne producers, millers, traders and processors. Supplier of intermediate manufactured grain products to blue chip local buyers as well as lucerne to export markets.	• 11 SAFEX accredited grain depots • 7 on-farm depots • 2 maize mills • 1 processing plant	• Storage and collateral management • Procurement, packaging, manufacturing, logistics and selling

PAKHOUSE BRANDS – CONSUMER GOODS

PURPOSE	OPERATIONS	SERVICES AND PRODUCTS
Sugar and diverse consumer products supplier to local wholesale and retail buyers.	• 2 processing plants	• Procurement • Packaging • Logistics • Selling

OUR FOOTPRINT

We pride ourselves in having secured a wide and deep-rooted footprint across our agricultural landscape.



OUR STAKEHOLDERS

BKB operates in an environment with diverse stakeholders, not only in terms of their interests, but also demographically and geographically. We will always attempt to fairly balance the needs and requirements of all stakeholders. Proactive stakeholder engagement supports sustainable value creation and assists BKB to identify and address key risks and possible opportunities.

BKB engages with a variety of stakeholders. The material relationships we disclose here are those that, for the 2022 financial year, had an interest in our business and which could have a positive or negative impact on our ability to create and preserve value.

EMPLOYEES

ENGAGEMENT, ISSUES AND CONCERNS IN 2022	BKB'S RESPONSE
Mental well-being	BKB continued with monthly "campfire" sessions, held by line managers with their respective teams. The focus is on well-being as well as relevant topics, including maintaining sound workplace relationships. Feedback gets collated and dealt with appropriately.
Bonus incentives for middle management employees in support functions	The contributions by employees in support functions are invaluable, especially during these turbulent times. This year, the Group introduced a bonus incentive to these middle management employees. This initiative shows recognition and instils further motivation.
Communication with senior and middle management, ensuring comprehension of the broader BKB business	The executive directors engage with the top 50 managers every quarter, where quarterly results and any other relevant topics impacting on the business, are discussed. It is an interactive engagement, with a Q&A session at the end. Read more about BKB's employee value proposition in the ESG impacts section on page 37

CUSTOMERS AND CLIENTS

ENGAGEMENT, ISSUES AND CONCERNS IN 2022	BKB'S RESPONSE
FMD and the related Chinese ban on South African wool, as well as the impact of FMD on the movement of livestock	BKB has made progress in searching for new, alternative markets and solutions for its wool-producing customers while continuing our advance loan offering within strict credit parameters. Our Livestock Division has developed innovative, technology-driven solutions to mitigate the risk of conglomerating animals (e.g., through online and on-the-farm auctions).
Sugar shortages	BKB was mostly able to supply the local market from its operation in Eswatini during local shortages experienced due to flooding in KwaZulu-Natal.
Listing on the Cape Town Stock Exchange	A significant number of our customers and clients are also our shareholders. Refer to the investors and shareholders engagement section below.

OUR STAKEHOLDERS [CONTINUED]

INDUSTRY BODIES

ENGAGEMENT, ISSUES AND CONCERNS IN 2022	BKB'S RESPONSE
FMD and the related Chinese ban on South African wool	BKB actively engaged with industry bodies to ensure effective lobbying and resolution of the matter. The ban was lifted on 23 August 2022.

INVESTORS AND SHAREHOLDERS

ENGAGEMENT, ISSUES AND CONCERNS IN 2022	BKB'S RESPONSE
Listing on the Cape Town Stock Exchange	The listing provides a more efficient trading platform and allows improved communication with shareholders.
Sustainability	BKB has invested in skills and resources to assist producers with sustainability initiatives on their farms. These investments include the Responsible Wool and Mohair Standards, as well as investments in new areas such as regenerative farming and the development of a one-stop solution for alternative energy at farm level. These investments will not only make their products more attractive for international markets, but they will also contribute towards mitigating the effect of failing infrastructure in South Africa.

MATERIAL BUSINESS RISKS AND OPPORTUNITIES

The BKB Group could be affected by a number of risks that might, individually or collectively, have an impact on the achievement of our business objectives.

RISK MANAGEMENT

The BKB Group continuously seeks to identify, analyse, evaluate, treat and monitor all risks, to maximise opportunities and prevent or reduce losses.

The ultimate accountability for risk governance lies with the Board. Risk oversight is delegated to the Audit and Risk Committee. At management level, risk ownership resides with executive management.

During the past year, BKB has taken steps to strengthen its internal audit and risk management functions. The development of a combined assurance model is an ongoing project under the auspices of the Audit and Risk Committee.

MATERIAL RISKS AND OPPORTUNITIES IN 2022

The following table is an overview of key risks and opportunities the BKB Group faces. These are not exhaustive and are in no particular order.

POLITICAL RISK AND WEAKENING LOCAL INFRASTRUCTURE

RISK DESCRIPTION	TREND	BKB'S RESPONSE	RELATED OPPORTUNITIES
BKB operates in an environment fraught with political uncertainty, which influences both the economy and society at large. The Group may be affected by the actions and lack of action by national and provincial government as well as local authorities. The inability to provide basic services at all levels is a major risk and concern. Lack of service delivery, including the provision of general safety, electricity, water, efficient ports, good roads and connectivity are real risks. The deterioration of infrastructure in rural South Africa is of particular concern.	↑	The Group is actively engaged with the agricultural industry and stakeholders, where these matters are taken up with all levels of government. We continue to increase our own electricity generation through solar energy and on-site generators. As regards water supply self-sufficiency, rainwater harvesting is applied wherever feasible. Exposure to this risk is further managed by seeking potential opportunities in new jurisdictions.	Enhanced environmental sustainability through renewable energy Future commercial value created through carbon credits

PANDEMIC

RISK DESCRIPTION	TREND	BKB'S RESPONSE	RELATED OPPORTUNITIES
As is the case for many businesses, pandemic conditions have the potential to severely impact the Group's ability to conduct its business. The safety of our people, clients and customers, the general community and also business continuity are placed at risk during such events.	↓	The Group continues to monitor the COVID-19 pandemic's impact on its people, operations and financial position. The impact on the Group's results and operations was limited to only certain areas of the business. Adherence to COVID-19 pandemic protocols, albeit mostly lifted, will continue to protect employees and other stakeholders, and ensure business continuity.	Digital acceleration through online auctions Enhanced focus on cost-savings

MATERIAL BUSINESS RISKS AND OPPORTUNITIES [CONTINUED]

ANIMAL WELFARE AND DISEASES

RISK DESCRIPTION	TREND	BKB'S RESPONSE	RELATED OPPORTUNITIES
The safety and welfare of livestock is of paramount importance to the BKB Group. Failure to protect the welfare of livestock under our control might result in business disruption and reputational damage. The impact of FMD limits the movement of livestock and wool exports which directly impacts our business operations.	↑	The Group is actively working on strategies and solutions to limit the impact of events such as the Chinese ban on South African wool. These solutions include accessing new, alternative markets, as well as considering local processing where feasible. Our people are trained in safe livestock handling protocols and methods and strive to exceed all government requirements. The BKB Group has a national footprint which further mitigates risk. In addition, the Group is actively engaged with the industry and other stakeholders to ensure effective lobbying as well as improving animal welfare practices.	New wool markets and solutions Reputational enhancement through industry leadership and training

CYBER THREATS

RISK DESCRIPTION	TREND	BKB'S RESPONSE	RELATED OPPORTUNITIES
Like most businesses, BKB's operations rely on information technology solutions which expose the Group to the threat of cyber disruption and loss of data. More people are working remotely or from their homes which further increases cyber-related risk. This is evident from ongoing cyber-attacks on businesse	↑	We maintain a strong focus on information technology capabilities and continue to investigate and implement stronger security measures on a continuous improvement basis. A cyber security review was conducted by PwC, which resulted in a cyber-controls enhancement project with set targets. These target measures and initiatives include, inter-alia, the use of stronger third-party backup facilities, tightly restricted access to systems, data and infrastructure, more intelligent password control, security software and user awareness campaigns.	Improved general employee awareness of cyber-related risks

CREDIT RISK

RISK DESCRIPTION	TREND	BKB'S RESPONSE	RELATED OPPORTUNITIES
Providing finance is an essential part of the BKB Group's service offering. The default of one or more significant debtors could have a material impact on the Group. Reasons for debtors defaulting include drought, crop failure, interest rate increases and lack of access to finance. The current wave of FMD further impacts recoverability of debtors.	↑	BKB has a very strong credit policy and related risk evaluation process. Its implementation is backed by a strong, expert team. There is centralised vetting which ensures that we know our clients and potential clients well. There is regular Credit Committee review and oversight. Appropriate securities are obtained and credit default insurance is in place for selected debtors.	Rigorous monitoring coupled with prudent credit provisioning helps build sustainable businesses and contributes to the strengthening of the sector.

MATERIAL BUSINESS RISKS AND OPPORTUNITIES [CONTINUED]

COMMODITY PRICING AND EXCHANGE RATES

RISK DESCRIPTION	TREND	BKB'S RESPONSE	RELATED OPPORTUNITIES
The BKB Group has exposure to commodity price fluctuations where movements in commodity prices and exchange rates could affect margins.	↑	Exposures are managed through the diversification of income streams by product and geography, controlled inventory levels, and by seeking opportunities to increase export sales. Foreign exchange exposures are carefully managed and monitored through a conservative hedging policy.	BKB managed to take advantage of the substantial fuel price increases through it's effective management of stock levels

CLIMATE CHANGE AND EXTREME CLIMATIC CONDITIONS

RISK DESCRIPTION	TREND	BKB'S RESPONSE	RELATED OPPORTUNITIES
BKB has traditionally operated in the drier parts of South Africa. Drought conditions in some of these areas led to a reduction in livestock numbers and consequently lower volumes of business for some of BKB's divisions. Although drought conditions have improved, it will take some time to rebuild livestock numbers and related business. Changing and adverse weather patterns can negatively impact crops during harvest-time as experienced in the recent raisin, lucerne, sugar, maize and soya crops.	↔	Diversification by seeking opportunities in sectors that are less dependent on natural rain. Continuing to maintain a geographical spread of operations and a diversified range of products and services.	Innovations to address climate risk as potential new products and services, for example, trading carbon credits on behalf of producers.

GLOBAL CONDITIONS

RISK DESCRIPTION	TREND	BKB'S RESPONSE	RELATED OPPORTUNITIES
The war in Ukraine and related sanctions against Russia have a negative impact on export markets which are of strategic importance to the South African agricultural sector. The ongoing war, coupled with the effects of the COVID-19 pandemic, created bottlenecks in global supply chains as well as inflated logistical costs. It has also led to a more localised view on especially the supply of food products. The phyto-sanitary regulations with regard to the fruit industry is an example of regulations being used as legitimate trade barriers. Europe's Green Deal is a further example of where climate issues could have a direct impact on markets for export products.	N	BKB focused on the pro-active sourcing and securing of products to sell. Export logistics are actively managed and shipments prioritised while aggressively focusing on cost savings across the business to mitigate increased logistical costs. BKB focuses on developing a climate neutral, sustainable supply chain, from farm to the end-consumer. BKB has appointed various specialists in this regard, and is also working with various partners to mitigate this risk.	Enhanced focus on cost savings The proactive approach followed by BKB could lead to preferential access to markets, especially in the area of neutral climate requirements being used as a trade barrier.

↑ *Increased* | ↓ *Decreased* | ↔ *Unchanged* | **N** *New/emerging*

OUR PERFORMANCE

FIVE YEAR FINANCIAL SUMMARY

	2022 R'000	2021 R'000	2020 R'000	2019 R'000	2018 R'000
STATEMENT OF PROFIT OR LOSS					
Value of business	14 277 492	13 213 136	11 100 715	11 428 667	11 318 193
Revenue/Turnover	6 093 786	5 544 979	4 992 180	4 768 499	4 422 557
EBITDA (1)	309 483	282 526	170 222	140 379	312 604
Depreciation and amortisation	72 484	67 158	65 872	51 899	46 629
Operating profit	236 999	215 368	104 350	88 480	265 975
Finance expense (net)	65 368	66 517	85 582	41 791	37 495
Income tax expense	53 785	43 934	10 200	22 402	67 222
Profit for the year	117 846	104 917	8 568	24 287	161 258
Headline earnings	105 541	104 489	29 076	26 207	165 494
STATEMENT OF FINANCIAL POSITION					
Non-current assets	1 132 568	1 134 519	1 075 674	1 064 336	982 460
Current assets	1 805 268	1 701 637	1 724 960	1 691 907	1 421 940
	2 937 836	2 836 156	2 800 634	2 756 243	2 404 400
Total liabilities	(1 581 563)	(1 548 689)	(1 625 328)	(1 571 946)	(1 021 207)
Total shareholders' equity	1 356 273	1 287 467	1 175 306	1 184 297	1 383 193
Net interest bearing debt	809 071	789 875	877 505	984 371	376 002
STATEMENT OF CASH FLOWS					
Cash flow from operating activities	92 957	188 869	177 306	(166 005)	131 628
Cash profit after tax from operations	202 549	192 070	51 011	110 632	176 677
Working capital changes	(109 592)	(3 201)	126 295	(276 637)	(45 049)
Cash flow from investing activities	(79 531)	(99 802)	(21 139)	(60 225)	(101 398)
Cash flow from financing activities	87 981	(145 229)	(44 354)	(142 966)	(58 782)
Net cash flows for the year	101 407	(56 162)	111 813	(369 196)	(28 552)
RATIOS					
ROFE (%) (2)	10.7	10.6	5.8	4.7	14.5
Return on equity (%)	8.7	8.1	0.7	2.1	11.7
Normalised price earnings ratio (times)	6.8	6.8	27.1	10.9	6.6
Dividend yield at closing price (%)	4.2	4.4	0.5	0.6	4.8
Total shareholders' equity: Total assets employed (%)	46.2	45.4	42.0	43.0	57.5
Net interest bearing debt: Total assets employed (%)	27.5	27.9	31.3	35.7	15.6
Net interest bearing debt: Total shareholders' equity (%)	59.7	61.4	74.7	83.1	27.2
Net interest bearing debt: EBITDA (times)	2.6	2.8	5.2	7.0	1.2
PERFORMANCE PER SHARE					
Number of shares in issue ('000)	88 407	88 407	88 407	88 407	93 060
Share price at 30 June (cents) (last traded price)	1 010	900	1 000	1 600	1 200
Headline earnings (cents)	134	133	37	32	184
Dividends (cents) (proposed gross)	42	40	5	10	58
Net asset value (cents)	1 534	1 456	1 329	1 340	1 486

(1) *Earnings before interest, taxation, depreciation and amortisation*
(2) *Return (operating profit) on funds employed (excludes cash, borrowings and taxation)*

JOHAN STUMPF

CHIEF EXECUTIVE OFFICER

CHIEF EXECUTIVE OFFICER'S REPORT

It is extremely satisfying to have achieved a profit before tax of R171,6 million which substantially exceeded both our target and the prior year's results. This is an excellent result given the disruption experienced in FY22.

The journey to turn BKB's results around commenced in 2020. Little did we realise then that the pandemic would continue to severely disrupt economies and businesses for the better part of two years. The strategic initiatives taken since then have been at the foundation of BKB's successes in the past two financial years. I believe that we are well positioned to deal with the challenges facing our Group and deliver ongoing and consistent quality growth..

EXTERNAL FACTORS IMPACTING OUR PERFORMANCE

BKB has direct operations in more than ten agricultural sectors across different countries. Our ability to generate value and deliver on our vision is impacted, both negatively and positively, by various factors in this diverse external environment. Complex, volatile macro-economic, socio-political, environmental and sector-specific factors continuously come into play in one way or another.

Some of these non-controllable factors have a much more direct and severe impact on agriculture-focused enterprises like BKB than on many other companies. For example, factors like animal disease cause high levels of volatility which, inevitably, present unique and serious strategic challenges for BKB's core businesses and its leadership team. Management scrupulously monitors the potential impact of the non-controllable factors affecting BKB's external environment. Through constant awareness and vigilance, coupled with embedded risk management and operational processes, BKB's management team strives to reduce reaction times to these challenges and mitigate the potential impact.

In the year under review, the main external factors that impacted BKB were:

- **Foot-and-mouth disease:**
  FMD is endemic in South Africa and has historically been successfully contained in two control areas in Limpopo and KwaZulu-Natal. There have been infrequent flare-ups outside of these control areas. To deal with outbreaks of FMD and ensure ongoing, uninterrupted trade, the natural fibre industry agreed on internationally appropriate mitigating measures which had to be applied to wool exports. BKB was a pioneer and industry leader in implementing these measures during the outbreak in 2019. At that time, we made the appropriate changes to our wool storage and handling processes and also invested substantial capex to ensure that both the Group and our producers not only met, but exceeded, the minimum international requirements to ensure a free flow of wool to export markets, including our main market, China.

  The past year has seen another FMD outbreak outside the control areas which resulted in a wider spread of the disease. This outbreak had a direct impact on BKB's Fibre, Livestock and Retail businesses. In April 2022 China, the largest market for South African wool and mohair, instituted a ban on South African wool. This ban was put in place despite the South African wool industry (and BKB specifically) adhering to all the required international protocols and mitigating measures. Wool auctions and exports were inevitably affected. The lifting of the Chinese ban on the importation of greasy wool on 23 August (after five months) came as a huge relief to the South African wool industry, and BKB in particular. In the future a different approach to our wool business may be required, especially concerning certain international markets. We have already been able to access some alternative markets for South African wool. We will continue to investigate alternative channels and markets to ensure that all natural fibres handled by BKB can be sold viably for the benefit of our producers and the Group.

  The movement of animals has been minimised and stricter bio-security measures have resulted in higher direct costs at auctions. The effect of FMD ultimately results in lower farm gate income which, in turn, places pressure on sales of BKB Retail in the longer term. The recently imposed country-wide ban on livestock movements (for 21 days) is having a severe and negative effect on the day-to-day activities of the entire livestock industry in South Africa. FMD has an impact on how animals are physically traded and the current situation is affecting our Livestock Division . However, the demand for BKB's other value-adding services remains. To assist our clients, BKB has developed alternative solutions to mitigate the risk of conglomerating animals through, for example, online and on-the-farm auctions.

  While the outbreak has not yet been contained, the livestock industry and government departments are all working very hard to bring the outbreak under control.

- **Service delivery and socio-political disruptions:**
  This continues to be one of the biggest challenges for the Group. BKB is represented widely and does business in small towns all over South Africa. Rapidly deteriorating infrastructure and lack of service delivery in these towns create serious risks for our business operations. More broadly, a myriad of other issues including the effects of rioting and civil unrest, unreliable electricity supplies, inefficiencies at our ports and borders, poor road and rail transport systems, and seemingly never-ending disruptions to supply chains present daily challenges. Some of these disruptions, such as electrical infrastructure, are partly addressed by developing our

own capabilities, e.g., solar energy. In the longer term, the quality and availability of logistics infrastructure (roads and ports) is particularly worrying as it is not easy to develop alternatives. Agriculture is heavily dependent on logistics, transport systems and well-run ports to compete and be successful. In the past year, our ports and the infrastructure around ports proved to be particularly challenging with export shipments taking as much as four weeks longer than in the past. BKB is active in various industry and business bodies where these issues are taken up with government. While there has been some improvement in the latter part of this financial year, much still has to be done to rectify the overall situation.

- **Climate change and environmental impacts:**
  BKB operates in many of the agri-sectors that are traditionally suited for the drier parts of South Africa, e.g., sheep farming in the Karoo. As mentioned in my previous report, livestock numbers are still low compared to historic levels. Although the drought has been broken in some areas, it will take some years for numbers to increase significantly. In the short term, this situation has led to an increase in livestock prices which had a positive impact on BKB's results. In the longer term this could, however, result in less arable land, which could put volume pressure on BKB's traditional businesses. On the other hand, floods occurred in KwaZulu-Natal, which had an impact on sugar production volumes. This led to severe shortages of sugar, also impacting BKB's sugar business. Part of our diversification strategy is to expand our businesses geographically to reduce concentration risks linked to climate change. An example is the diversification into sectors that are less dependent on natural rain, e.g. irrigation farming.

BKB'S STRATEGY

During FY22 the focus was on executing the strategic plan that was agreed with the Board, including the restructuring and simplification of parts of our business. It is pleasing to report that this yielded a satisfactory financial result while successfully navigating the ongoing challenges presented by COVID-19 and also dealing with the challenges referred to in the preceding paragraphs.

At the start of FY21 management implemented measures to improve performance across the Group. The three main measures and targets used in FY22 to drive behaviour and results are summarised below.

OUR MISSION IS TO MAXIMISE VALUE CREATION THROUGH INNOVATION AND EFFICIENCY

THE DRIVERS OF OUR STRATEGY

We protect and build our market-leading businesses selectively

We manage our diversified PakHouse Brands businesses for earnings and growth

We invest in businesses in the development phase and divest from non-performing businesses that are not core to our future

WHAT WE ACHIEVED IN 2022

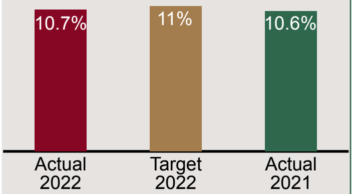
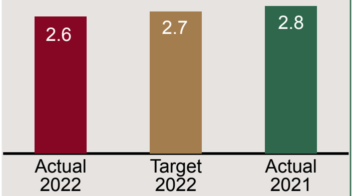
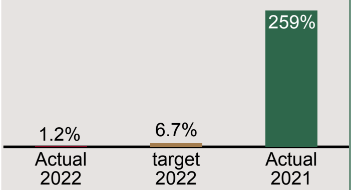
Return on funds employed ("ROFE") of 10.7%

Net debt to earnings before interest, taxes, depreciation, and amortisation ("EBITDA") of 2.6X

Increase in normalised earnings per share ("EPS")

OUR STRATEGY HELPS US ACHIEVE OUR VISION TO CRAFT AGRI-BUSINESS THROUGH TRUST AND SHARED VALUES

CHIEF EXECUTIVE OFFICER'S REPORT [CONTINUED]

STRATEGIC MEASURE	DESCRIPTION	TARGET	PERFORMANCE
ROFE	This ratio indicates how effectively management utilises all funds in the business. It is important that this should outperform the weighted average cost of capital ("WACC") in the business	Historically BKB achieved returns of between 1.5 and 3 percentage points in excess of WACC. The goal has been set to return to these levels in the next three years.	
NET DEBT TO EBITDA	This ratio is an indication of how much balance sheet risk is taken to generate returns. In strong, growing markets such as the world has seen after the 2008 financial crisis, management could be tempted to take on high debt levels to increase return on equity. When a downturn happens (such as we are currently experiencing), many companies are unable to sustain these debt levels and the business can fail from a liquidity point of view.	Traditionally BKB performed extremely well on this metric. A goal has been set to get it back to a ratio of 2.5.	
NORMALISED EPS	Growth in normalised earnings per share ensures that the business continues to grow while effectively managing funds and debt.	BKB strives to achieve growth in normalised earnings of between 1 and 4 percentage points above CPI.	

According to these metrics, BKB performed satisfactorily in FY22 and saw a slight improvement on the previous year. Profitability increased significantly for a second consecutive year. The ROFE target was however not achieved due to the increased funds employed in BKB Pinnacle Fibres and the GWK southern livestock businesses. Given the impact of FMD, the FY22 result is satisfactory. In the absence of FMD, all targets would have been met comfortably, placing BKB well among the top three of its peers on ROFE performance.

Financial metrics "show the score", but only to a certain extent. They do not present the full picture, particularly the qualitative aspects of performance and especially what was contributed and by whom it was contributed. BKB's traditional agri-businesses are service-oriented, and can only be successful if the Group has superior human capital. The resilience and dedication of our staff through this challenging year are acknowledged. It simply would not have been possible to achieve what was achieved without them having given their all.

PakHouse Brands has seen a good turnaround and the diversification strategy has delivered a long-awaited, solid contribution to operating profit. This is a result of strategies that were employed, specifically in Desert Raisins and the grain businesses. These included management changes, the closure of unprofitable businesses and various improvements in operations, resulting in increased productivity and quality. The past year's results do not reflect the full benefits expected from these changes and actions. It is anticipated that PakHouse Brands will produce an even better result in the new financial year.

BKB is optimistic for FY23 performance to get close to 2018 levels.

CHIEF EXECUTIVE OFFICER'S REPORT [CONTINUED]

STRATEGIC DRIVER	DESCRIPTION	GOAL
PROTECT AND BUILD SELECTIVELY	These are businesses that perform well and where BKB is seen as a market leader, e.g. fibre, retail and livestock.	The focus here is to make these businesses even more effective and more customer orientated through exploiting synergistic opportunities and investing in newer technology (e.g. digital platforms). Although acquisitive growth was not necessarily a focus area, this strategy has altered, and BKB will consider up and downstream opportunities in the value chain, as well as international opportunities. Some smaller acquisitions in the Livestock Division have been made, with the acquisition of GWK's southern livestock business being the largest. These are low-risk, as they are "bolt-on" and have limited capital requirements. The Competition Commission has approved the merger of BKB and VKB's Retail Divisions. The merger's focus will be to unlock value in logistics and procurement. FMD has added a new dimension, which may result in the focus being temporarily shifted towards the "protect" component of the strategy. This could include new strategies concerning value-adding and geographic areas of exports.
MANAGE FOR EARNINGS AND GROWTH	The newer businesses in PakHouse Brands fall under this category. As the acquisitions were mostly executed by leveraging the balance sheet of the target companies, bottom-line profitability is problematic for some of them. These are important businesses for BKB as they bring diversification to the Group, not only from a product and geographic perspective but also by broadening export-based earnings.	The focus is on improving earnings through efficiency, product innovation, product quality and brand development. Synergies between these businesses, as well as with external partners where BKB already has a relationship (e.g., VKB) are being investigated within the framework of prevailing Competition laws. The Competition Commission has approved the merger of BKB and VKB's grain storage businesses. This integration should unlock returns from exploiting synergies and from an improved geographic spread of facilities in the new business. New acquisitions and/or mergers could also play a role. Better results followed the improved performance of previously under-performing businesses in PakHouse Brands. We focused on getting the right management in place, who emphasised efficiency improvements as a first step in turning these businesses around. Grain assets are being restructured, with BKB exiting grain trading. Further changes that could enhance the performance of the Grain business are under consideration.
INVEST/DIVEST	These are businesses and assets that may not be performing, are not core to BKB's future, or may still be in a development phase.	These are smaller businesses which were acquired or were seed-capital funded. RFID Experts was recently sold to Datamars. BKB was unsuccessful in finding a technology partner that could benefit Shift DX and it was decided to close this business. BKB will, however, continue to leverage digital opportunities, but not in the role of a primary technology developer. Suitable primary technology partners will be identified as partners in this arena. As an example, the online auction platform has been retained and BKB is leveraging this technology to improve its livestock services offering. The clothing company, Core Merino, is not profitable. Various options are under consideration. In FY22 BKB started a new fibre trading business under BKB Pinnacle Fibres, which trades in natural fibres for its own account. This business was set up outside the traditional Fibre agency business and is treated in the same way as any external buyer of natural fibres. It will also focus on developing more direct supply chains for the luxury brand sector of the market. It had a profitable first full year of operations but has also been impacted by FMD. Management believes that this business will grow rapidly and will not only enhance the Group's profitability but also reduce BKB's risk of being solely dependent on an agency model.

CHIEF EXECUTIVE OFFICER'S REPORT [CONTINUED]

OUTLOOK

The outlook for the new financial year and beyond comes against a backdrop of an increasingly stressed global economy. The current conflict between Ukraine and Russia erupted as the global economy was on the path to recovery from the ravaging impact of the pandemic. The effects and consequences of the conflict and the international responses have been wide-ranging, particularly in terms of volatility in energy and commodity prices. While South Africa, fortunately, has a low direct exposure to Ukraine and Russia, trading less than 1% of exports and imports with these countries, our economy has felt the effects and is suffering a setback. The long- and medium-term implications are difficult to predict with any degree of certainty at this time, but we are already certainly experiencing the effects. There are positives for the South African economy, particularly the mining sector which has experienced soaring metal and commodity prices. On the flipside, disruptions to global supply chains, rising fertiliser and energy prices, rising interest rates and upward inflationary pressures (global and local) have tilted the economic outlook to the downside. Rising food and energy prices, in the absence of measures to cushion their impact, are causes for concern.

The short- to medium-term outlook is somewhat more uncertain than in the previous year. This is largely due to the ongoing adverse impact of FMD on our Livestock Division. Should the outbreak and its consequences not be resolved in the first quarter of the new year, this will have a negative impact on profitability of the Livestock Division for FY23.

Livestock prices should remain fairly strong for the next year, but volumes being traded through auctions could come under pressure as a result of movement and quarantine restrictions. BKB has developed an excellent online auction facility which could negate this. BKB has an extensive network of agents in the field who have been well trained in biosecurity management. Linking this network to our online auction facility could, in future, ensure the safe trading of livestock.

With the resumption of wool exports to China it is expected that wool prices will remain strong for the foreseeable future and the prospects for the Wool Division are good. BKB will continue to target alternative new markets for South African wool. New markets do, however, come with their own new challenges, such as longer working capital cycles.

Our Retail and Fuel Division has become a star performer and our focus will be to further enhance efficiencies, including further leveraging the opportunities presented by joining forces with VKB. The rapid increase in fuel prices, especially over the last six months of the financial year, had a large positive impact on the Retail Division's results. Fuel prices on world markets are currently extremely volatile. Price reductions in FY23 are very likely, both globally and locally, and this would mean a more challenging year for the Retail Division.

PakHouse Brands experienced good performances from its sugar and grain storage and handling businesses and it is expected that both these businesses should again perform well in the coming year. The situation with regard to sugar supply could mean pressure on sales volumes. The focus on the remaining businesses within PakHouse Brands was to turn their performance around. In this regard, a turnaround has been achieved in the lucerne export business, AlphaAlfa. Operating enhancements were implemented at Desert Raisins, which should bear fruit in the new financial year. Continued focus is placed on the grain businesses, including a restructuring of operations, closure of grain trading, and being more responsive to changes in grain prices, procurement and pricing models. It is expected that many of the initiatives will only come to full fruition in the next 18 months and a further step-up improvement in profitability is expected in the new financial year.

Our stakeholders' interests vary considerably, not only from a financial perspective, but also demographically and geographically. The Group's activities and business impact on many lives, directly and indirectly, as its producers also provide jobs, thereby supporting many families in some of the poorest areas in South Africa. BKB recognises this responsibility and always attempts to fairly balance the needs and requirements of all stakeholders. BKB supports many community projects and initiatives, including employees through bursaries for further studies and similar educational support. The Group plays a big role in a diverse number of industry bodies and non-governmental organisations, addressing issues such as the natural environment, the business environment, and the social challenges facing our communities and country

BKB is continuing on its path of returning to 2018 performance levels and saw improvement in profitability for the second year in a row. Although FMD is causing some concern, BKB's management team is innovative and resilient, and confident that they will also find solutions to manage the effects that FMD might have on the industries and sectors where BKB is active.

I would like to use this opportunity to thank the Board for the support it provided management and employees to implement initiatives that resulted in this year's improved performance. I would also like to thank the executive team, and each and every employee of BKB, as this remains a team effort going forward. Producers and their farming activities remain at the heart of BKB's success, and I would like to thank each and every producer that supported BKB in the past year.

Johan Stumpf

Chief Executive Officer

8 September 2022

FINANCIAL REVIEW

KEY MESSAGES

PROFIT BEFORE TAX growth of **15.3%**	**NEW INVESTMENTS OF R136 MILLION** in GWK livestock and **BKB PINNACLE FIBRES FUNDED INTERNALLY**
Outstanding performances in **PAKHOUSE GRAIN** and **RETAIL AND FUEL** Divisions	**NEW BANKING FACILITIES** of R1,23 billion (through SPV guarantor) finalised and in place
WOOL and **LIVESTOCK** sales volumes negatively impacted by **FMD** outbreak	**LISTED SUCCESSFULLY** on the Cape Town Stock Exchange **(CTSE)**

Profit of **R11,7 MILLION REALISED** from sales of **NON-CORE ASSETS/BUSINESSES**

OVERVIEW

The Group is proud of its performance in the financial year ended 30 June 2022. The momentum lost in the traditional wool and livestock businesses due to the impact of the FMD outbreak was made up by strong performances in the PakHouse Grain and the Retail and Fuel Divisions.

During the year considerable progress was made in optimising the Group's capital allocation. The focus on working capital management and reducing waste across the Group remained relentless.

FINANCIAL REVIEW [CONTINUED]

FINANCIAL PERFORMANCE ELEMENTS

1. TRADING AND PROFITABILITY

8%
growth in value of business to R14,3 billion
(2021: R13,2 billion)

10%
EBITDA growth to R309,5 million
(2021: R282,5 million)

R105,5MILLION
headline earnings
(2021: R104,5 million)

134 CENTS
headline earnings per share
(2021: 133 cents)

3.4 X
interest cover ratio
(2021: 2.8 X)

2. CASH AND CAPITAL ALLOCATION

10.7%
ROFE
(2021: 10.6%)

2.6 X
net debt to EBITDA
(2021: 2.8 X)

59.7%
net debt to equity ratio
(2021: 61.4%)

R136 MILLION
invested in new businesses (including working capital) while improving net debt ratios from the prior year

1. OUR CONSOLIDATED TRADING AND PROFITABILITY

VALUE OF BUSINESS

The Group uses value of business as a key measure of performance, rather than revenue, primarily due to the Natural Fibre Brokerage and Livestock Divisions which both earn their revenues through agent commissions.

Value of business grew by 8.1% to R14,3 billion, mainly driven by the new GWK livestock acquisition as well as increased fibre, livestock and fuel prices. The growth was partly offset by the effect of the FMD during the last quarter as well as a reduction of R370 million through the closure of grain trading activities which were replaced by more effective mill-door supply agreements

GROSS MARGIN AND OTHER INCOME

Gross margin as a percentage of value of business for the Group improved to 9% (2021: 8.7%). The improved margins in PakHouse Grain, following the implementation of the new procurement strategy, were substantial. Margin performance in Natural Fibres was negated by the new BKB Pinnacle Fibres trading business which attracts lower margins.

It is estimated that the negative effect of the current FMD outbreak on BKB's margins and operating profit was between R30 million and R40 million for the year.

Other income includes R6 million profit realised from the sale of properties as well as R5,7 million profit from the sale of RFID Experts. These disposals support the Group's strategy to optimise its return on funds employed.

EXPENSES

The Group's expense margin, as a percentage of value of business, increased to 7.8% (2021: 7.4%) and to 18.2% (2021: 17.7%) of revenue. Overall, expenses increased by 13.1%, mainly driven by expenses from the new GWK livestock and BKB Pinnacle Fibres businesses totalling R22,4 million and R17,7 million respectively (increasing Group expenses by approximately 4%).

Once-off expenses impacting performance include:

- R3,7 million fee relating to the newly structured banking facility
- R3,4 million impairment of software in the Group's technology company, Shift
- R11,2 million impairment of RFID Experts loan due to the sale of shares and loan account

Information technology security costs increased in line with the Group's programme to improve its overall data and cyber security. Audit fees increased due to additional assurance and review work resulting from the listing on the Cape Town Stock Exchange.

The Group constantly seeks opportunities to reduce the cost of doing business. The need for this is even more critical given the escalating fuel costs and freight charges, as well as the current uncertainty resulting from the FMD.

EARNINGS PER SHARE AND DIVIDENDS

Earnings per share and headline earnings per share increased by 11% and 1.2% to 148.1 cents and 134.1 cents respectively. Fair value gains and profit from the disposal of investment properties and RFID Experts, together with the impairment of intangible assets in the Shift business, were the main adjusting items between earnings and headline earnings.

The Board is pleased to be able to propose a gross dividend of 42 cents per share (2021: 40 cents per share), which is in line with its targeted and consistent dividend cover of approximately three times earnings.

FINANCIAL REVIEW [CONTINUED]

2. OUR CONSOLIDATED CASH AND CAPITAL ALLOCATION

The Group uses return on funds employed ("ROFE") as an internal measurement across the business. ROFE measures operating profit performance on funds employed, which excludes cash, short-term borrowings and taxation.

The Group achieved a ROFE of 10.7%, in line with the prior year (10.6%). The lost momentum in the Wool and Livestock Divisions, together with increased funds employed in the GWK livestock acquisition and BKB Pinnacle Fibres, negated overall performance. The Group remains committed to ROFE outperforming its weighted average cost of capital.

The Group made good progress in optimising its capital allocation during the year in line with its overall strategy. Besides the new investments in Livestock and BKB Pinnacle Fibres of R136 million, the Group disposed of investment properties to the value of R24,2 million and further realised R16,9 million through the sale of the RFID business.

WORKING CAPITAL

Working capital as a percentage of value of business increased marginally to 7.8% (2021: 7.6%).

Inventory levels at year-end were 9.1% higher at R775,1 million (2021: R710,4 million), the principal reasons being increased wool stock in BKB Pinnacle Fibres of R57 million (2021: Nil), as well as increased raisin stock (albeit that raisin stock levels were again limited because of the effects of flooding). Retail and fuel inventory increased by 25% to R358 million (ahead of 14.7% revenue growth) due to the substantial increase in fuel stock prices.

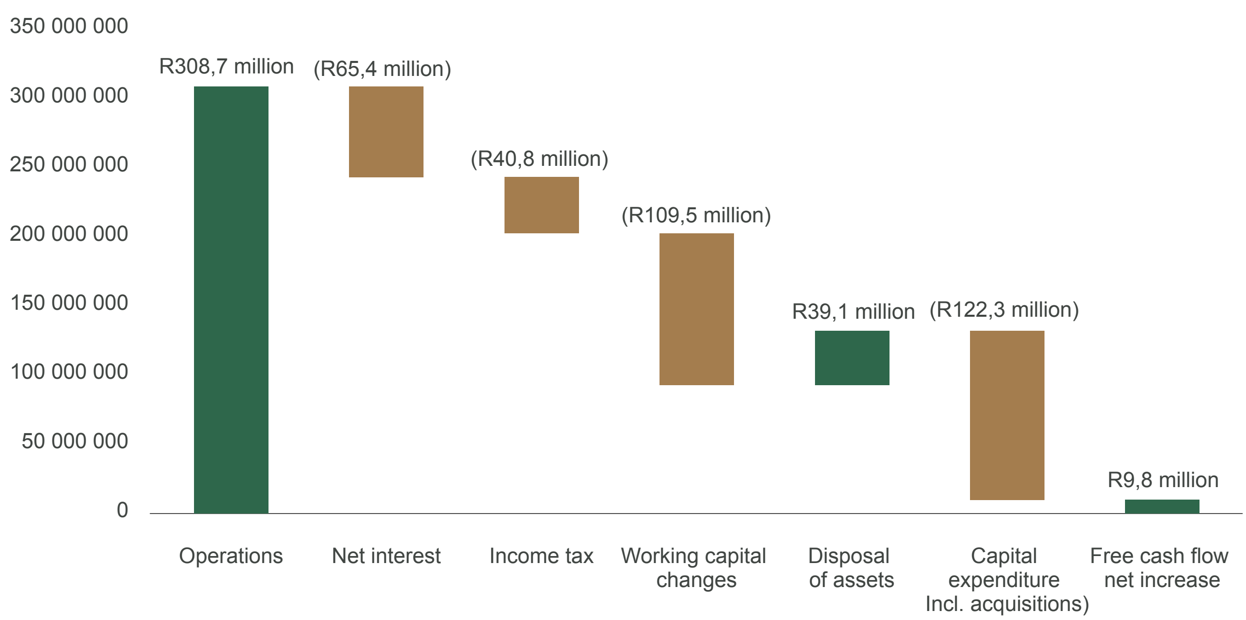
Trade receivables increased by 6.1% to R942,9 million in line with value of business growth. The year-end position was favourably supported by lower activity in livestock as well as increased collections towards year-end.

The total loss allowance for impairment, as a percentage of the gross debtors' book was 4.4% (2021: 4.6%). A conservative credit appetite and strict approval criteria remain in place as the response to the Group's assessment of the prevailing economic climate, especially regarding increased input cost pressures on producers as well as the effects of the FMD.

FREE CASH FLOW

The Group reported free cash flow generation of R9,8 million. New working capital in the GWK Livestock and BKB Pinnacle Fibres businesses had a significant impact on cash performance.

FREE CASH FLOW F2022 (R MILLION)



FINANCIAL REVIEW [CONTINUED]

CAPITAL EXPENDITURE

Capital expenditure for the year increased to R122,3 million (2021: R104,4 million) which includes the investment in business combinations of R34,4 million, mainly relating to the acquisition of the GWK livestock business. Capital expenditure was carefully managed throughout the year under review. The Group invested in its grain division while further plant upgrades in the Group's fruit operations were necessary and justified by a high return on investment.

GEARING

At 30 June 2022, the Group's net debt to equity ratio was 59.7%, down from 61.4% at 30 June 2021.

The BKB Group's new banking facilities of R1,23 billion are now in place. The facilities are secured through a special purpose vehicle ("SPV") guarantor structure which allows for easier changes to funders and funding arrangements should this become necessary. The new facilities reduced the Group's cost of debt while providing sufficient credit lines and liquidity for the foreseeable future.

The Group continues to maintain conservative debt levels while being well positioned for future growth and opportunities.

RESTATEMENT OF COMPARATIVE FIGURES

The restatement of comparative figures in the Annual Financial Statements relates to allocation changes in the Statements of Financial Position and Cash flows as well as a split in expenses by function. None of these restatements impact on retained earnings or prior year reported profits.

APPRECIATION

Thank you to the finance teams across the Group for their commitment and support in a demanding year of considerable change. I also extend my thanks and gratitude to the Board, my colleagues as well as all our stakeholders for their support during the year.

Jannie van Niekerk

Chief Financial Officer

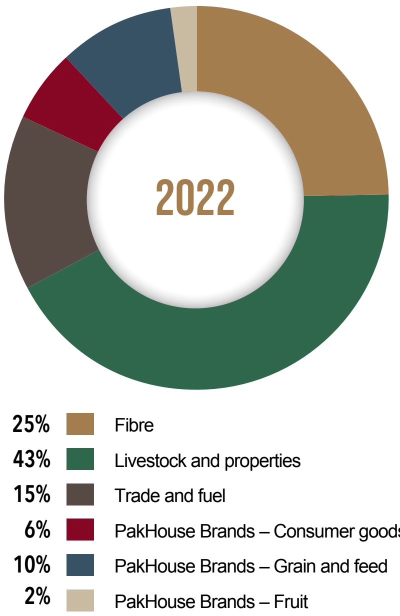
8 September 2022

OPERATIONS REVIEW

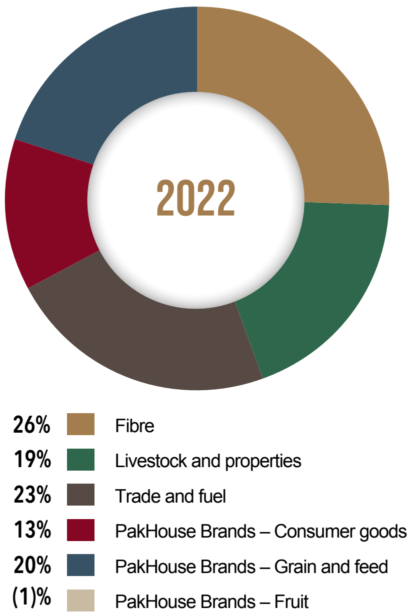
OVERVIEW

Value of business contribution by major operation

VALUE OF BUSINESS CONTRIBUTION BY MAJOR OPERATION



OPERATING PROFIT CONTRIBUTION BY MAJOR OPERATION



NATURAL FIBRE (WOOL AND MOHAIR)

PROFILE AND STRATEGIC FOCUS

The fibre team serves the wool and mohair industry by supplying brokerage, shearing, warehousing, and advisory services to producers in South Africa, Lesotho, Namibia, Australia and England, with a dedicated team of skilled professionals.

Its business strategy is to increase the profitability of its producers by:

- Ensuring an efficient and transparent marketplace for their products
- Developing and maintaining market access for our producers
- Providing efficient logistical services
- Advising producers on production efficiency, focusing primarily on genetic improvement

PERFORMANCE IN 2022

It was a challenging year for the Wool and Mohair Division. After a promising start, the FMD outbreak outside the restricted areas caused an immediate ban on exports of all South African wool to China, our biggest market. Disappointingly, the measures we put in place since the last outbreak to mitigate this risk were completely ignored by the Chinese authorities. As a result, the volumes and related value of business were lower than anticipated for the year under review. The Division's operating profit was 13% lower than the prior year.

WOOL PRICES IMPROVED SIGNIFICANTLY DURING THE YEAR. FINE WOOL DID PARTICULARLY WELL, WITH 17-TO-18-MICRON PRICE LEVELS EXCEEDING THE HIGHS OF 2018.

The higher prices for fine wool were largely caused by a shift in the retail market due to an increased demand for knitted products that are used in active wear. Demand for woven yarns used in formal attire will depend on the extent to which people will return to the office, or whether working from home will become more permanent.

MOHAIR HAD AN EXCELLENT YEAR. SEVERAL RECORD PRICES WERE ACHIEVED DURING THE YEAR.

House of Fibre, our specialist mohair business, managed to retain and improve our market share in the industry. The business has relocated to a new warehouse with world-class facilities.

The first year's operations of our new wool trading business, BKB Pinnacle Fibres, proved to be challenging. Supply chain constraints, coupled with the impact of FMD, negatively affected the cash-cycle and profitability.

The shearing services department was closed during the year. This decision was taken due to escalating overhead costs, coupled with the Department of Labour's refusal to issue work permits to Lesotho citizens, who constituted a large proportion of the shearing workforce. Alternative arrangements were put in place to ensure that our producers continued to receive a quality shearing service at an affordable price.

Operations in Lesotho have normalised and wool production is recovering to previous levels.

OUTLOOK AND PRIORITIES

The focus for 2023 will be to further develop direct market access through BKB Pinnacle Fibres. To this end, we will continue to focus on making South African wool and mohair more attractive to processors and brands in Europe, America and South America. We currently have the largest supply of certified wool and mohair in the world, through the Responsible Wool Standard and Responsible Mohair Standard programmes, which gives us unique marketing opportunities.

These initiatives and efforts will take time to produce results and for this reason, we will focus aggressively on cost reduction and efficiency in the short term.

While the Chinese ban on South African wool has recently been lifted, the ban highlighted once again the risk of undue dependence on a single market. Fortunately, the division is well positioned to make the changes necessary to adapt to new environments and trading conditions. To this end, our focus on sustainability and BKB Pinnacle Fibres will serve our producers well.

OPERATIONS REVIEW [CONTINUED]

RETAIL AND FUEL

PROFILE AND STRATEGIC FOCUS

BKB Retail and Fuel Division comprises a network of 56 business units that consist of retail shops and commercial forecourts across the country

The Division's strategic focus remains on supporting farming producers, especially in rural areas. Strategic actions include:

- Shortening the supply chain of fast-moving consumer goods by optimising the distribution centre. This will ensure standardised product ranges as well as improved stock availability at competitive prices.
- Improving the shopping experience for customers through upgrading several BKB retail shops, including an integrated point of sales and fuel system.
- Stimulating fuel volume growth through the construction of at least four new forecourts and the upgrading of the Burgersdorp forecourt.

PERFORMANCE IN 2022

THE RETAIL DIVISION CONTINUED TO PERFORM WELL, REPORTING OPERATING PROFIT GROWTH OF 22% FROM AN ALREADY HIGH BASE.

Product diversification and fuel management are the main drivers of improved performance.

Fuel prices increased substantially during the year. The division benefited from the increases by optimising stock levels and the management of procurement.

The new distribution centre in Middelburg (Eastern Cape) commenced operations at the start of the financial year. The distribution centre improved the delivery and availability of consumer goods and other products to the trading branches in the Eastern Cape, Northern Cape and Southern Free State.

Several trading branches were upgraded, while the Kroonstad branch relocated to larger premises, enabling it to increase its product offering. The Harrismith trading branch and Beaufort-West driveway were closed.

OUTLOOK AND PRIORITIES

The Division is enthusiastic about the retail shop upgrading programme for FY23 which will further expand product ranges and improve service delivery to our customers. Fuel forecourts will also be constructed at some of these branches to support volume growth.

The distribution centre will be used to further improve supply chain efficiencies and support the introduction of new products.

New initiatives for FY23 include:

- Production input financing (through a tailored bank product) and related product sales.
- Strategic digital marketing, focussing on increasing sales via the online store, increasing our digital footprint and allowing us to reach a wider range of customers beyond our traditional agriculture clients.
- Investigating the viability of a loyalty scheme across our Agri-divisions.

These initiatives all support our overall goal to improve service levels and the shopping experience for all our customers.

The prevailing higher fuel prices and higher interest rates will result in lower disposable income for consumers. The recent above-average rainfall in large parts of the Karoo will also have a negative impact on animal feed sales in the coming year. Fuel prices are expected to decrease in the later part of the year, which should bring relief, but will negatively impact retail margins in a declining price cycle.

PROFILE AND STRATEGIC FOCUS

The Division continued trading under the brands of BKB, BKB Louwid, BKB Van Wyk, BKB Riverview, BKB Wildlife and Home & Hectare Real Estate. From the 2023 financial year onwards, the Northern regions are being merged into a single unit trading as BKB Livestock.

The Division's strategic focus is on marketing activities relating to livestock, agricultural equipment, and properties (residential, farm and commercial properties) by means of auctions and through liaison transactions.

PERFORMANCE IN 2022

The Livestock Division was again confronted by an outbreak of FMD, which continues to threaten the traditional operating model. This outbreak necessitated a significant investment to implement and enforce strict biosecurity rules at all auction points. In addition to FMD, the country's summer grain areas experienced excessive rain late in the production season which delayed harvesting activities with a corresponding negative impact on livestock demand, thus reducing the number of animals on sale at our auctions. This resulted in a 14.2% decrease in the number of animals sold on auctions in the northern regions.

Despite these challenges, operating profit increased by 11%.

THE DIVISION'S PERFORMANCE WAS SUPPORTED BY THE SUCCESSFUL ACQUISITION OF GWK LIVESTOCK, WHICH ADDED SEVEN ADDITIONAL AUCTION FACILITIES AND BOOSTED COMMISSION INCOME BY R28 MILLION.

The development of the new Highveld Auction Centre, which is also used by other livestock agents, was successfully completed during the year under review.

THE PROPERTY DIVISION UNDER THE HOME & HECTARE BRAND PERFORMED WELL, WITH A SIGNIFICANT INCREASE IN MARKET SHARE.

This was mainly driven by an increase in the number of new estate agents, as well as the acquisition of GWK Properties. This acquisition expanded Home & Hectare's national footprint to include the central Free State and Northern Cape regions.

OUTLOOK AND PRIORITIES

With the current increase in FMD outbreaks, a further downward trend is expected over the next six months. Strong focus will be on managing margin performance as well as cost and expense savings by consolidating regions.

To ensure sustainability, the division will continue to invest in biosecurity measures and the development of strategic auction facilities. Well-designed infrastructure, together with improved biosecurity measures, will allow the Division to manage key risks (animal diseases, financial risk, etc.) to the benefit of both buyers and sellers of animals. These facilities also serve as important aggregation points, allowing market access to livestock producers of all scales and sizes.

We will endeavour to retain our entrepreneurial culture, with "bolt-on" acquisitions (whereby BKB acquires small livestock and property agents) and technology-driven innovations remaining as key components of our future growth strategy.

OPERATIONS REVIEW [CONTINUED]

PAKHOUSE BRANDS

PROFILE AND STRATEGIC FOCUS

PakHouse Brands is the holding company of the agri-processing subsidiaries in the BKB Group and has interests in various supply chains from producer to consumer.

The main activities of PakHouse Brands are related to grain, lucerne, raisins and sugar. These activities include procurement, storage, processing and marketing functions. The Division owns world-class processing and storage facilities, all of which are operated in accordance with various accredited standards and best practices. Production and storage facilities are strategically located throughout South Africa and Eswatini. The Group's scale and footprint ensure the sourcing of quality raw materials and products, while also providing producers access to a wide range of markets.

PakHouse Brands focuses on areas that will help BKB to achieve its strategic vision of sustainable profitable growth in the agri-processing value chain through high-performing teams and efficient operations, with our customers, consumers and the environment in mind.

PERFORMANCE IN 2022

The Division's year-on-year operating profit increased by 19.2%. The increased margin was mainly driven by a new procurement strategy for the Group's milling operations.

The improved financial performance for FY22 is noteworthy given the following headwinds:

- Global logistical services came at inflated prices.
- Unproductive and inefficient local container terminal services were further impacted by Transnet's force majeure declaration after a cyberattack caused disruptions in July 2021. Riots and public disorder during the same period compounded an already serious situation at these key terminals.
- Adverse weather patterns during harvest-time negatively influenced raisin, lucerne, sugar, maize and soya crops.
- Loadshedding caused numerous operational disruptions, including increased energy costs.

The lower revenue was expected due to the closure of our grain trading activities in June 2021. This in-house procurement function was replaced with mill-door supply agreements, while the risk and price management aspects of the business were contracted to industry specialists. This led to improved margins while also improving the capital allocation of the Division which aligns with one of the BKB Group's strategic goals.

PAKHOUSE BRANDS – FRUIT

Desert Raisins reported a marginal operating loss due to a 20% decline in volumes. Flooding during harvest in the raisin production areas had a negative impact on product availability and quality.

The business invested in new packaging technology and is already seeing the benefit from improved equipment efficiencies.

PAKHOUSE BRANDS – GRAIN AND FEED

BKB Gritco reported significant operating profit growth for its mills. Notwithstanding an overall improved performance, the Bultfontein mill underperformed due to insufficient market access for its yellow and white maize products.

The grain storage business performed very well given lower-than-expected grain volumes. While yield estimates for the current maize and soya crop were good, adverse weather conditions resulted in a longer growing period than normal. This in turn resulted in a very late harvest season and low availability of maize during the early part of the season. Operating profit was marginally lower than the excellent performance in the prior year.

The AlphaAlfa lucerne business reported operating profit growth of 23%. The growth was supported by new, direct routes to market which resulted in improved margins.

Due to ongoing rains during harvest, the actual export volumes of lucerne were 38% lower than expected. Additionally, we were unable to produce for longer storage during the off-season. The volume shortage will have a negative impact on the new financial year.

PAKHOUSE BRANDS [CONTINUED]

PERFORMANCE IN 2022 [CONTINUED]

PAKHOUSE BRANDS – CONSUMER GOODS

Atlanta Sugar reported a decrease in operating profit of 27%, from the very high performance in the prior year. Rain and cloudy weather in Eswatini during October and November 2021 impacted negatively on sugar yields. Further heavy rains during March, April and May 2022 made it impossible to harvest the new season's cane and resulted in a delay in the start-up of the sugar mills. These two events created stock shortages for nearly two months. Although alternative sugar supplies were sourced, they were insufficient to replace the lower Eswatini volumes.

OUTLOOK AND PRIORITIES

The PakHouse Division is looking forward to further improvements in efficiencies at its raisin-, mill- and lucerne plants.

The Group is currently evaluating options regarding the operational and strategic restructuring of its mills. Specific loss-making operations that are being addressed include the Bultfontein mill.

Further acquisitions by PakHouse Brands that support the Group's strategy are a priority. This includes the development of complementary supply to the current Eswatini sugar allocation.

An increase in international demand for our export lucerne is expected, while maize-grits to blue chip customers and sugar will continue to be the backbone of our local market trade.

The low volume raisin harvest is likely to limit our raisin trade in the short term.

BKB GROUP ESG IMPACTS

Social responsibility, ethics and sustainability are integral to the BKB Group's approach to creating long-term value. ESG impacts are material considerations in how we operate in the social, ecological and economic environments.

With a legacy of over 100 years, the BKB Group's sustainability journey embraces the triple-bottom-line concept of People, Planet and Profit. This concept of sustainability is built on the assumption that developing appropriate strategies benefits the Group's people, the environment and the planet, and fosters Company longevity.

As stakeholders' expectations on corporate responsibility and ESG matters rise, we recognise the need to be proactive. As such, we have committed to reducing ESG risks and improving positive impacts, in line with the United Nations (UN) Sustainable Development Goals (SDGs). The SDGs are a set of 17 goals which act as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity. The following goals are incorporated into our strategy:

ENVIRONMENTAL SUSTAINABILITY

13 CLIMATE ACTION	**TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS.** BKB implements renewable energy projects to use less electricity sourced from fossil fuels. We also facilitate the development of renewable energy projects by our suppliers.
15 LIFE ON LAND	**PROTECT, RESTORE AND PROMOTE SUSTAINABLE USE OF TERRESTRIAL ECOSYSTEMS, SUSTAINABLY MANAGE FORESTS, COMBAT DESERTIFICATION, AND HALT AND REVERSE LAND DEGRADATION AND HALT BIODIVERSITY LOSS.** We promote regenerative agricultural practices among suppliers and source contracts for products produced in this manner.

SOCIAL RESPONSIBILITY

3 GOOD HEALTH AND WELL-BEING	**ENSURE HEALTHY LIVES AND PROMOTE WELL-BEING FOR ALL AT ALL AGES.** The natural fibres which are a large part of our business have many proven properties that promote health and better sleep.
4 QUALITY EDUCATION	**ENSURE INCLUSIVE AND EQUITABLE QUALITY EDUCATION AND PROMOTE LIFELONG LEARNING OPPORTUNITIES FOR ALL.** Employee training is a priority and we promote further education opportunities for employees. We assist with access to schools in rural areas.
8 DECENT WORK AND ECONOMIC GROWTH	**PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL.** We have a policy of equal pay for equal work. Transformation and inclusivity are prioritised with goals set within the Group.

GOVERNANCE IMPACTS

17 PARTNERSHIPS FOR THE GOALS	**STRENGTHEN THE MEANS OF IMPLEMENTATION AND REVITALISE THE GLOBAL PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT.** BKB is a member of and supports local agricultural business and producer organisations and groupings. On the international front, we play a significant role at the International Wool Textile Organisation.

BKB GROUP ESG IMPACTS [CONTINUED]

HOW WE GOVERN AND MANAGE ESG

The Group Board is ultimately responsible for ESG matters at BKB. Sub-committees assist the Board to monitor the Group's progress. The Social, Ethics and Sustainability Committee oversees environmental, social and ethics-related matters while the Human Resources and Remuneration Committee is mandated to monitor and report on employee matters, including remuneration. The Audit and Risk committee is responsible for governance oversight.

At management and operational level, each business is responsible for identifying and managing ESG risks and opportunities. If material, these are escalated to Group management. The Board receives reports from management on material ESG risks and opportunities, which it deliberates on and assesses, and then provides feedback. In 2022, the material Group business risks and opportunities related to ESG were:

- Political risk and weakening local infrastructure
- Pandemic
- Animal welfare and diseases
- Climate change and extreme climatic conditions

For BKB's responses, refer to page 15.

ENVIRONMENTAL SUSTAINABILITY

ENVIRONMENTAL SUSTAINABILITY HIGHLIGHTS

BKB's Natural Fibre Division is a leader in responsible certification, regenerative agriculture and biodiversity conservation, with **12 MILLION KG** of certified wool, and **1 MILLION KG** of certified mohair

At our head office we have:
7 000 M² OF SOLAR POWER, WITH 360 KVA BATTERIES and the ability to feed power back into the grid

Our head office has:
100 000 LITRES of capacity for rainwater storage, and **8** of our retail shops do rainwater harvesting

1 MILLION nylon woolpacks are recycled annually

900 000 HECTARES WITH 200 LANDOWNERS assisted by BKB since 2018 for the protection of biodiversity through the Mountain Zebra Camdeboo Protected Environment. ("MZCPE")

BKB GROUP ESG IMPACTS [CONTINUED]

THE BKB GROUP ENVIRONMENTAL SUSTAINABILITY JOURNEY

The Group runs several programmes that focus on sustainable business practices regarding the well-being of our people, animal welfare, carbon reduction, solar energy generation, and water saving across our business divisions. Dedicated employees from all businesses and support divisions in the Group, actively participate in sustainability initiatives. Internal and external BKB Group sustainability communication campaigns provide relevant content over all electronic and digital platforms via BKB's "Down to Earth" information on sustainability.

SUSTAINABLE BUSINESS PRACTICE

RESPONSIBLE SOURCING

The BKB Group is constantly looking for new ways to support the implementation of systems that meet future global sourcing requirements. It is an immense responsibility to be the biggest South African broker, with a client base of approximately 8 000 commercial and 90 000 micro-producers. Innovation and sustainability needs are therefore at the forefront of decisions and actions. The focus is to enable more efficient and customer-based solutions through exploring and utilising synergistic opportunities in the value chain.

BKB introduced the global Responsible Wool Standard to South African wool growers in 2016, followed by the Responsible Mohair Standard for mohair growers in 2020. These global standards provide an opportunity for growers to demonstrate and reliably prove their best on-farm practices to the consumer, ensuring a strong chain of custody for certified materials as they move through the supply chain. These standards require all sites to be certified, from the farmer through to the final business-to-business transaction. Post-farm, the subsequent stages of the supply chain are certified against the Textile Exchange Content Claim Standard, ensuring complete transparency and traceability from farm to shelf.

BKB, together with its subsidiary broker, House of Fibre, is proud to be the single largest supplier of Responsible Wool Standard wool and Responsible Mohair Standard mohair in the world, with over 1 365 producers Group-wide, farming with approximately three million sheep and 494 000 Angora goats on an area of over eight million hectares. In complying with these standards, South African producers are well-positioned to continue supplying certified wool and mohair to meet the growing market demand.

BKB Group sponsors and participates in webinars and information days on regenerative farming with the Media24 Group. We also provide several media houses with articles and information on clients' success stories regarding regenerative farming and conservation.

OPERATIONAL RESOURCE EFFICIENCY

Across the Group our divisions continue to take steps to use resources sustainably while minimising environmental impacts.

At our head office in Gqeberha, we have energy-efficient infrastructure comprising 7 000 m2 of solar panels, which power 360 kVA batteries, with the ability to feed power back into the grid. All Retail and fuel Division shops are fitted with LED lights and six use 80% solar power. A further four shops will be fitted with solar power in the next year. In FY22, we installed a 100 kW solar system at our Atlanta Sugar factory at Matsapha in Eswatini. To date, this has reduced electricity costs by approximately 30% each month.

The Group's head office building also makes use of harvested rainwater, with a three-phase filtering system and 100 000 litre storage capacity. In addition, eight of our Retail and Fuel Division shops use harvested rainwater, and another three will be equipped with storage tanks and filters in FY23.

The Natural Fibre Division reduces waste by recycling approximately one million woolpacks each year. PakHouse Brands' lucerne export business, AlphaAlfa operates entirely paperless, with all transactions concluded electronically. In addition, all the plastic waste from the Company's lucerne press is recycled.

The Group's online auctions and the Retail Division's virtual retail shop reduce the need for BKB to transport stock, potentially reducing our carbon footprint.

CONSERVATION INITIATIVE

BKB Group has been contributing toward the funding of the management of the Mountain Zebra Camdeboo Protected Environment ("MZCPE") project since 2018. The project protects biodiversity in the valuable habitats between the two parks while stimulating conservation-friendly economic development in the region.

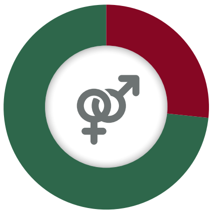
The MZCPE is a collection of private landowners who share a vision of collaborating with conservation organisations to promote the sustainable management of the area, the ecosystems that drive it and the species that call it home.

The MZCPE has become a model that effectively demonstrates a softer approach to securing conservation priority areas and is greatly enabled by its natural landscape driven by natural rangeland management. It strives to recognise landowner efforts and is guided by the needs of these landowners to unlock opportunities to assist.

SOCIAL RESPONSIBILITY

SOCIAL RESPONSIBILITY HIGHLIGHTS

2 436
Employees



651 Female employees **1 785** Male employees

37
Employees with disabilities

88%
Of our employees attest to a high level of job satisfaction

84%
Of our employees describe themselves as being motivated

6.8%
Employee turnover

811
Recipients of training

120
Learners in eight learnership initiatives

12
Employees undergoing further tertiary study

Approximately
R1 MILLION
Contributed to the BKB educational bursary trust supporting 149 children with school and tuition fees

83%
Of workforce are from designated groups

BBBEE
LEVEL 6

[1] *Designated groups are defined as previously disadvantaged employees and include African males and females, Coloured males and females, Indian males and females, employees with disabilities.*

BKB GROUP ESG IMPACTS [CONTINUED]

OUR PEOPLE

The Group's focus on employee engagement as a vital part of the employee value proposition, is evaluated every alternate year through an independent survey. The next survey will be conducted in 2023.

BKB continues to have a high retention rate for permanent employees. In FY22, turnover for permanent employees was 6.8% (FY21: 6.3%). This aligns with the high level of job satisfaction per our FY21 employee survey (88%). In FY22 the number of employees reduced to 2 436 (FY21: 3 441). The main reason for the reduction is the closure of shearing services where shearers now work for private groups and/or their own account.

The Group strives to enhance the level of interaction and relationships with all our employees. During the past year, an enhanced performance management system was successfully implemented which assisted in ensuring fair and consistent staff evaluation and increases.

COVID-19

The termination of the National State of Disaster in response to the COVID-19 pandemic was greatly welcomed by all. Since the outbreak of the pandemic in 2020, the BKB Group recorded a total of 341 positive cases. There were 20 hospitalisations and nine fatalities. BKB will continue to manage the pandemic in terms of our health and safety policies. COVID-19 vaccination remains voluntary for all employees.

BKB is proud of all our employees for their resilience, positivity and commitment throughout this challenging time.

SKILLS DEVELOPMENT

Our employees remain our greatest assets for the BKB Group. We are committed to their continued learning and development as this translates to increased productivity and is a sound investment. We invested in training and development totalling R4,3 million in FY22.

BKB's training initiatives in FY22 involved 811 employees. Our programmes covered leadership, mentoring and emotional intelligence training, marketing, client relationships, compliance training and a variety of agriculture-focused programmes. Eight learnerships accommodating 120 learners are successfully running within the BKB Group. We are proud to have 20 disabled learners on our learnership programmes.

12 employees benefited from our employee bursary programme, enabling them to further their tertiary studies. Our leadership academy supported 12 managers on a one-year leadership programme. We have provided work experience opportunities to two experiential learners and 18 interns, 16 of whom are from designated groups.

We are excited to have launched our very first e-learning management system "Stride", The system enables our employees to learn anywhere and at any time. This system has the advantage of allowing for a far greater number of employees to participate in our training programmes at a much lower cost. Training via Stride is well structured and allows for flexibility in training schedules. Stride was launched on 1 June 2022 and the initial feedback received from our employees is extremely positive.

REMUNERATION AND REWARD

BKB's remuneration strategy ensures that the organisation is seen as the employer of choice in the industry. It seeks to create the appropriate environment that attracts and retains high-performing, talented employees and motivates them to perform at their optimum levels in alignment with the Group's organisational goals.

Our remuneration structure, as underpinned by our remuneration policy and supplemented by benchmarking surveys, remains instrumental in ensuring reward parity, both internally and externally. BKB remunerates employees in line with the dynamics of the market and the context in which we operate. It aligns with the strategic direction of BKB. As such, remuneration plays a critical role in attracting and retaining high-performing individuals.

BKB GROUP ESG IMPACTS [CONTINUED]

ELEMENTS OF REMUNERATION

SALARY AND BENEFITS	SHORT TERM INCENTIVE ("STI") SCHEME	LONG-TERM INCENTIVE SHARE PARTICIPATION SCHEME
In addition to basic monthly salaries, the Group provides a variety of benefits to its employees. These range from general benefits, such as medical aid and retirement fund schemes, with generous death and disability benefits, to overall employee care.	The STI scheme is aimed at sharing the success of the organisation proportionately with key employees. The scheme aims to establish competitive earning opportunities, attract and retain high calibre staff and reinforce organisational performance. It seeks to encourage exceptional performance of employees. The STIs are based on the unique circumstances of the level of an employee and the particular division. Payment is dependent on the achievement of defined criteria at a divisional and collective business level. Targets are predominantly profit-driven together with a reasonable return on funds employed. Personal, non-financial targets are also set.	A discretionary award applied to qualifying senior key employees, as recommended by the Human Resources and Remuneration Committee and approved by the Board. The share scheme is designed to recognise service and performance and entitles eligible executive managers to participate in the potential growth of BKB. The potential earning opportunities are competitive and performance criteria include return on funds employed, debt management in relation to EBITDA as well as growth in earnings per share.

HUMAN RESOURCES PRACTICES

The BKB Group continues to offer a comprehensive wellness programme to all employees and this service is used extensively. The programme includes free trauma counselling and an HIV/Aids Insurance Protector Plan providing psychological and medical support, and free anti-retroviral treatment.

Merit and recognition awards include Long Service Awards and annual Value Awards. Our annual Chairman's Award for Excellence, a most prestigious honour, is awarded to an individual who made a difference and contributed to BKB's purpose through their talent, skill and ingenuity.

EMPLOYMENT EQUITY AND TRANSFORMATION

BKB is committed to transformation and has an Employment Equity Committee, chaired by the General Manager: Human Resources. The committee provides a forum for representatives of labour, management, and other designated groups to review the progress and discuss the direction of BKB's employment equity plans and policies. The Board's Social and Ethics and Human Resources Committees ensure conscious leadership, proper oversight and governance in respect of HR-related matters.

While 83% of our total workforce profile is representative of designated groups, we have a 12% previously disadvantaged individual ("PDI") representation at Board level, 8% PDI representation at senior management level, 12.5% at middle management and 27.2% PDI on junior management levels.

Through the BKB Empowerment Trusts, 22 000 previously disadvantaged individuals benefit from a 14.66% shareholding in the Group, demonstrating BKB's commitment to BBBEE. By empowering the Baleka Employee Energy Trust, beneficiaries will own 26% of BKB Fuel.

SOCIO-ECONOMIC DEVELOPMENT

BKB prides itself in giving back to the communities of which our employees form part. In FY22 the BKB Educational Trust spent R1 million to support 149 children with their school and tuition fees. Our Retail Division makes regular grocery donations to children's homes around the country.

GOVERNANCE

BOARD OF DIRECTORS

The BKB Board is committed to providing a satisfactory return to its shareholders and fulfilling its corporate governance responsibilities in the best interests of the company and its stakeholders. The Board aims to protect and enhance the interests of its shareholders while taking into account the interests of stakeholders including employees, producer clients and customers, suppliers and the wider community.

The Board consists of 11 members at year-end, eight of who are independent non-executive directors.

CHAIRMAN AND VICE-CHAIRMAN

GEOFF KINGWILL

Age: 60

B Mech Eng

Industry experience:
BKB Vice chairman, Cape Wools SA Chairman, International Wool Textile Organization: Chairman of Working Group, Armaments Corporation of South Africa ("Armscor") Project Engineer

Skillset:
Agriculture, management, governance

Committee membership:
Human Resources Committee (Chairman), Social, Ethics and Sustainability Committee (Chairman), Nominations Committee (Chairman)

HANSIE SWART

Age: 52

M Com Agri Economics

Industry experience:
Commercial farmer (30 years)

Skillset:
Agricultural operations, management, strategic partnerships

Committee membership:
Audit Committee, Nominations Committee

EXECUTIVE DIRECTORS

JOHAN STUMPF

CEO

Age: 54

B Eng (Industrial), B Eng Honours (Industrial), MBA

Industry experience:
Mpact Ltd Executive, Klein Karoo Group Managing Director, Sundays River Citrus Company Managing Director

Skillset:
Agriculture, manufacturing, management

Committee membership:
Investment Committee

JANNIE VAN NIEKERK

CFO

Age: 43

B Comm Acc Honours, CA(SA)

Industry experience:
Crown Food Group Financial Director, Rhodes Food Group Financial Manager

Skillset:
Finance, administration, management, fast-moving consumer goods, manufacturing

Committee membership:
Investment Committee

ANDRÉ DU TOIT

Managing Director: PakHouse Brands

Age: 50

B Agric Administration, B Agric Honours, MBA

Industry experience:
PakHouse Brands Managing Director, BKB General Manager: Trade, BKB General Manager: Livestock and Property, Kromco (Pty) Ltd Divisional Managing Director

Skillset:
Agriculture, manufacturing, international trade, management

Committee membership:
Investment Committee

BOARD OF DIRECTORS [CONTINUED]

NON-EXECUTIVE DIRECTORS

PAUL CARSHAGEN

Age: 67

B Compt Acc

Industry experience:
VKB Group Chairman, Commercial farmer

Skillset:
Finance, agriculture

KOOS JANSE VAN RENSBURG

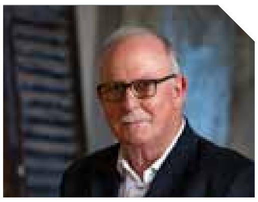
Age: 61

B Compt Hon, MBL

Industry experience:
VKB Group Managing Director, Kaap Agri Operations Director, Boland Agri Ltd Managing Director, Coopers & Lybrand Audit Partner

Skillset:
Finance, agriculture, management

Committee membership:
Audit Committee, Investment Committee



CHARLES STAPLE

Age: 70

B Com, CTA, NHEd, CA(SA)

Industry experience:
PwC – retired partner, Trustee of Ezethu Development Trust

Skillset:
Governance, assurance and risk management, finance

Committee membership:
Audit Committee (Chairman)

IVAN PILLAY

Age: 69

Management Diploma

Industry experience:
Small Business Institute of South Africa Director, South African Revenue Services Deputy Commissioner, Public Affairs Research Institute Director, The Whistleblower House Director.

Skillset:
Management, Public Administration, Investigations

Committee membership:
Human Resources Committee, Social, Ethics and Sustainability Committee

ADRIAN MEYER

Age: 60

B.Comm Honours, CA(SA)

Industry experience:
Cidel Bank & Trust Co-Founder and Director, National Trust Co Inc. (Canada) VP and Controller, Trans Canada Credit Loan Subsidiary of Norwest (now Wells Fargo) (Canada) CFO, Private Equity Investor, Farmer

Skillset:
Banking, private companies, trusts, agriculture

Committee membership:
Audit Committee, Nominations Committee, Investment Committee (Chairman)

CHRIS HOBSON

Age: 50

Nat Dip HR Management

Industry experience:
D&A Timbers (Pty) Ltd Owner and Managing Director, Iliad Africa (Pty) Ltd Managing Executive KZN, Trustee Mohair Trust, Councillor Kingswood College Council.

Skillset:
Financial management, procurement, business development, people and stakeholder management, operations management, risk and compliance management, mergers and acquisition

Committee membership:
Human Resources Committee, Social, Ethics and Sustainability Committee, Investment Committee

COMPANY SECRETARY

JOHANNETTE OOSTHUIZEN

Age: 57

B Com (Law); CIS Intermediate Diploma – The Southern African Institute Of Chartered Secretaries and Administrators; Associate Diploma – The Institute Of Bankers in South Africa

Industry experience:
Legal and Economic Analyst/Delta Motor Corporation; Senior Trust Officer/Standard Trust; Pension Fund administrator/NMBM

Skillset:
Local government, Banking, Motor industry and Agriculture

BOARD COMPOSITION

The Board is committed to ensuring that its composition includes directors who collectively bring an appropriate mix of skills, commitment, experience, expertise and diversity to Board decision-making.

The Chairman is a non-executive director and all non-executive directors are appointed for a specific period. The Board shall comprise of no fewer than six and no more than 15 directors as follows:

- A maximum of eight directors elected by the holders of the ordinary shares
- A maximum of four executive directors appointed by the abovementioned elected directors
- A maximum of three non-executive directors appointed by the elected non-executive directors based on their expertise and experience

The Board's performance is assessed internally on an annual basis. The performance of individual directors is assessed over their term of office by the Nominations Committee.

The Board is of the view that the current directors possess an appropriate mix of skills, commitment, experience, and expertise (including knowledge of the Group and relevant areas of business activity) to enable the Board to discharge its responsibilities effectively. In the coming year, a key focus area of the Board will be to improve the diversity of its membership.

DIRECTOR INDEPENDENCE

BKB's directors are expected to bring views and judgement to Board deliberations that are independent of management and free of any interest, position, business or other relationship that could materially interfere with the exercise of objective and independent judgement, having regard to the best interests of the company as a whole.

The Board has considered the position and relationships of all directors as at the date of this report and considers that all non-executive directors are independent. Further, the Board is satisfied that no individual director can exercise undue influence in its deliberations and decision making.

GOVERNANCE REPORT

BKB is committed to the highest standards of governance, ethics and integrity. The Group's sustainability, success and growth are underpinned by its values and commitment to good governance and accountability.

GOVERNANCE STRUCTURE AND MANDATES

The Board maintains ultimate responsibility for the strategy and control of BKB and its business.

BKB's governance frameworks, policies and procedures are guided by the principles outlined in King IV, which have been adopted as far as is practically possible. The Board believes that the governance policies and practices applied by BKB during the reporting period ended 30 June 2022 reflect good practice and meet stakeholder expectations.

BKB's Business Ethics and Conduct Policy provides clear guidelines to everyone who works for the Group and its subsidiaries. The policy guides behaviour and helps ensure that our business is undertaken in a safe and sustainable way and that laws, regulations and industry codes are adhered to while we conduct business fairly, honestly and ethically.

The Board established a number of committees to facilitate effective decision-making and to assist in the execution of its oversight duties and responsibilities. The committees have written terms of reference to assist and direct them in the execution of their duties. Committee chairmen report on the activities of their committees to the main Board.

In FY23, a comprehensive review will be undertaken of Board and Board committee terms of reference and charters to refine focus and enhance performance.

The Board is satisfied that both it and its committees have properly fulfilled their mandated responsibilities during the year under review.

GOVERNANCE REPORT [CONTINUED]

BOARD OF DIRECTORS

Members: 11 total, eight non-executive, three executive **Meets:** Quarterly

The role and function of the Board include:

- Approving the purpose, values and strategic direction of the BKB Group
- Setting the tone and leading the Group in an ethical, effective and responsible manner
- Guiding and monitoring the management of BKB and its businesses in accordance with the purpose, values and strategic plans
- Overseeing good governance practice
- Ensuring the sustainability and financial position of the business
- Setting the Group's risk appetite and putting appropriate risk management, internal controls and regulatory compliance policies and procedures in place
- Designating and assigning responsibility to sub-committees and providing terms of reference
- Defining levels of authority for management
- Providing governance and oversight over subsidiary companies' activities

AUDIT AND RISK COMMITTEE

Members: Four non-executive directors

Meets: Quarterly

Role and function: The Committee's roles and responsibilities are set out in its Charter, which is reviewed annually. Details can be found in the Audit and Risk Committee report on page 49. The external and internal auditors have unlimited access to the Committee, ensuring their independence is not compromised in any way.

Members of executive, senior management and internal audit attend the meetings by invitation.

The external auditors attend all meetings.

NOMINATIONS COMMITTEE

Members: Three non-executive directors

Meets: Annually

Role and function: Ensures that the recommended Board appointments are made considering the need for appropriate skills, competency, experience and diversity.

Determines the independence requirements for non-executive directors and also the appointment of a lead independent director. This Committee makes recommendations regarding composition of Board Committees. Responsible for ensuring that there is a proper evaluation of the performance of the Board, its committees and individual non-executive directors.

HUMAN RESOURCES AND REMUNERATION COMMITTEE

Members: Three non-executive directors, General Manager of Human Resources

Meets: Quarterly

Role and function: Determines the remuneration of all personnel. Ensures that the appropriate Human Resources policies and procedures are in place and aligned to BKB's values, the required talent is recruited and retained and proper development and reward structures are in place. Responsible for labour matters.

Responsible for ensuring that a proper employment equity plan is in place and actioned. Ensures sound management and application of incentive schemes.

Matters relating to the remuneration of non-executive directors are submitted to shareholders for approval at the AGM.

INVESTMENT COMMITTEE

Members: Three executive and three non-executive directors

Meets: Quarterly

Role and function: Considers new acquisitions or investments. Informs and updates the Board on new and existing opportunities. Ensures alignment between the investment and acquisition and the business strategy. Considers the alignment of funding options to investments and acquisitions.

Review of post-implementation reports relating to new investments.

SOCIAL, ETHICS AND SUSTAINABILITY COMMITTEE

Members: One executive and three non-executive directors, General Manager of Human Resources

Meets: Quarterly

Role and function: Provides guidance on social, ethical and sustainability issues to the Board. Ensures adequate codes, policies and procedures are in place to manage social, ethical and sustainability risks. Reviews and monitors Group-wide compliance with relevant policy guidelines and local and international standards and laws. Ensures management allocates adequate resources to comply with relevant policies, codes of best practice and regulations. Engages with internal and external stakeholders on social, ethical and sustainability issues. Responsible for BBEEE implementation.

GOVERNANCE REPORT [CONTINUED]

MEETING ATTENDANCE

DIRECTOR	BOARD	AUDIT COMMITTEE	HUMAN RESOURCES COMMITTEE	SOCIAL, ETHICS AND SUSTAINABILITY COMMITTEE	INVESTMENT COMMITTEE	NOMINATION COMMITTEE
Number of meetings	**7**	**5**	**5**	**4**	**4**	**1**
Non-Executive:						
GEJ Kingwill (Chair)	7/7	3/5#	5/5	4/4	2/4#	1/1
HJ Swart (Vice-Chair)	6/7	4/5				1/1
PG Carshagen	7/7					
CD Hobson	6/7		5/5	4/4	4/4	
JF Janse van Rensburg	7/7	5/5			4/4	
MH Jonas	1/7					
EA Meyer	6/7	5/5			4/4	1/1
V Pillay	7/7		5/5	4/4		
HC Staple	7/7	5/5				
Executive:						
JE Stumpf (Managing)	7/7	5/5*	5/5*	4/4*	4/4	
AS du Toit	7/7	5/5*			4/4	
JA van Niekerk (Finance)	7/7	5/5*			4/4	

**Ex officio*
#By invitation

INTERNAL CONTROL SYSTEMS

Proper internal control systems and processes are in place. They provide reasonable assurance to the Board and management on the preparation of reliable, published financial statements and the safeguarding of the Group's assets. The proper operation of internal controls is monitored internally and the findings and recommendations are reported to management and the Board. The Board exercises oversight over the financial reporting process through the Audit and Risk Committee.

EMPLOYEE PARTICIPATION

The Group employs a range of participative structures for issues that significantly and directly affect employees. These have been designed to maintain sound relationships between employer and employees through the effective communication of relevant information, consultation and the identification and resolution of conflict. The Group employs a policy of equal opportunities for all and promotes staff on merit. We provide a confidential 24/7 whistle-blowing service, which is managed by an independent party and operates 365 days a year.

AUDIT AND RISK COMMITTEE REPORT

The Committee is the Audit Committee for all companies in the BKB Group. The Committee is accountable to the Board and to the shareholders of BKB Limited. The Board is satisfied that it has an independent Audit Committee and that the members have the required knowledge and experience as set out in the Companies Act.

MEMBERSHIP AND MEETINGS

The members of the Committee are all independent non-executive directors of the Group who were appointed at the Annual General Meeting. The Committee is chaired by Charles Staple. The composition of the Committee and attendance of meetings are set out above.

The Committee held five meetings during the past financial year, with 95% attendance.

Executive directors, relevant general and senior managers, and representatives of the internal audit ("IA"), compliance and risk management functions attended meetings by invitation.

The BKB Group's external auditors, PwC, attended and reported to all meetings of the Committee. The external auditor has unrestricted access to this Committee.

The chair has regular meetings with the external auditors and the Group's CEO and CFO.

Additional closed meetings with these parties are held by the Committee.

FUNCTIONS OF THE AUDIT AND RISK COMMITTEE

The duties and responsibilities of the Committee are set out in its charter. In summary, the Committee's role is to provide independent oversight of the effectiveness of the Group's control environment, its assurance functions (both internal and external), risk management processes, appointment of external auditors, and the integrity of the Annual Report and Annual Financial Statements.

The Committee reviewed the accounting policies, significant accounting matters and the going concern assessment applicable to the Annual Financial Statements of the Group for the year ended 30 June 2022. The Committee ensured that these Financial Statements are in compliance with the requirements of the International Financial Reporting Standards and the Companies Act.

The Committee discussed the findings and results of the FY22 audit with the external auditors. The external auditor's reports were reviewed and the Committee is satisfied that appropriate actions were taken by management.

The Committee reviewed the Group's risk and control environment assessments, including IT risks. This was done to ensure that risks are properly addressed. In particular, cyber risk was a point of focus. The Committee is satisfied with management's responses to findings and the actions taken to address and mitigate material risks.

The Committee considered the adequacy and appropriateness of the controls in place to prevent, detect and monitor the occurrence of non-compliance with applicable laws and regulations. Any instances of potential non-compliance were followed up and investigated. Equally, all whistle-blower reports were followed up and investigated. No material or significant occurrences were noted during the year under review.

The Committee is satisfied that it has fulfilled its governance and statutory responsibilities.

EXTERNAL AUDITOR

The Committee satisfied itself that the external auditor, PwC, is independent of the Group, both as defined by the Companies Act and the standards stipulated by the auditing profession. Assurance was provided by the external auditor that internal governance processes within their firm support and demonstrate appropriate independence.

The Committee, in consultation with executive management, agreed to the terms of the statutory audit engagement as well as the detailed audit plan. The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, scope and extent of the work required.

The Committee considered and approved all non-audit services provided by the external auditor. The Committee ensured that the scope of non-audit services rendered by the external auditors did not impair auditor independence.

The Committee is recommending PwC for reappointment as external auditors and Mrs S Williams as the designated audit partner for the 2023 financial year.

INTERNAL AUDIT

During FY22 the Internal Audit(IA) and risk management function was strengthened with the appointment of an experienced, dedicated senior manager. This appointment is in line with the Committee's objective of enhancing IA and risk management activities across the Group. The scope of IA's activities will be expanded in FY23 to cover a number of risk areas and business activities which previously had not been subject to detailed audit. The structure, organisation and resourcing and annual work plan of the Group's IA function is a focus area which remains under review by the Committee. The further development of a suitable combined assurance model for the BKB Group is also a focus area for the Committee in FY23.

The Committee considered the results of all audits, reviews and investigations performed by IA and ensured that control processes are put in place and also that the necessary corrective action is taken where control weaknesses and deficiencies have been identified. The Committee is satisfied that appropriate actions have either already been taken, or are in progress, in respect of all significant or material findings.

FINANCIAL FUNCTION AND CHIEF FINANCIAL OFFICER

The Committee is satisfied that the Chief Financial Officer, Mr J A van Niekerk, has appropriate expertise and experience. The Committee is also satisfied with the expertise and adequacy of resources of the Group's finance function.

GOVERNANCE REPORT [CONTINUED]

RECOMMENDATION OF ANNUAL FINANCIAL STATEMENTS

The Committee reviewed the Annual Financial Statements of the Group and the Company and is satisfied that they comply with International Financial Reporting Standards in all material respects and also with the Companies Act.

The Committee recommended the Annual Financial Statements to the Board of Directors for approval on 8 September 2022.

On behalf of Audit and Risk Committee

Charles Staple

Chairman: Audit and Risk Committee

8 September 2022

ANNUAL FINANCIAL STATEMENTS

DIRECTORS RESPONSIBILITIES AND APPROVAL

The directors are responsible for the content, integrity and fair presentation of the Annual Financial Statements and related financial information included in this report. It is their responsibility to ensure that the Annual Financial Statements fairly present the state of affairs of the Company and Group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditor is engaged to express an independent opinion on the financial statements.

The Annual Financial Statements are prepared in accordance with International Financial Reporting Standards and are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Company and Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group. All employees are required to maintain the highest ethical standards in ensuring that the Group's business is conducted in a manner that is above reproach.

Risk management in the Group focuses on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion that, based on the information and explanations given by management, the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the Annual Financial Statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Company and Group's cash flow forecast for the year to 30 June 2023. In light of this review and the current financial position, they are satisfied that the Company and Group have access to adequate banking facilities and cash resources to continue their operations for the foreseeable future.

Based on the prevailing financial position of the Company and of the Group, budgets for the coming year and available banking facilities and credit lines, the directors have no reason to believe that the Company and Group will not be a going concern. The Annual Financial Statements for both the Company and the Group have therefore been prepared on a going concern basis.

The external auditors were given unrestricted access to all financial records and related data, including minutes of all meetings of the Board of Directors and committees of the Board. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate.

The external auditor is responsible for independently auditing and reporting on the Company and Group's financial statements. The financial statements have been examined by the Company and Group's external auditor and their unqualified report is presented on pages 58 to 64.

The Company and Group Annual Financial Statements on pages 65 to 141 were prepared under the supervision of Mr J A van Niekerk (CA (SA))

Approval of financial statements

The Annual Financial Statements for the year ended 30 June 2022 were approved by the Board on 8 September 2022 and signed on their behalf by:

Geoff Kingwill

Chairman: BKB Board of Directors

Johan Stumpf

Managing director

GROUP SECRETARY'S DECLARATION

In my opinion as Group Secretary, I hereby confirm, in terms of the Companies Act 71 of 2008, for the year ended 30 June 2022, that the Group has lodged with the Commissioner of Companies all returns as are required of a public company in terms of this Act and that all such returns are true, correct and up to date.

Ms J Oosthuizen

Group Secretary

8 September 2022

DIRECTOR'S REPORT

The directors have pleasure in submitting their report on the Annual Financial Statements of the Company and the Group for the year ended 30 June 2022.

NATURE OF BUSINESS

The Company is incorporated and domiciled in South Africa with interests in the Agriculture industry. The activities of the Group are undertaken through the Company and its principal subsidiaries. The Group operates in South Africa, Lesotho and Eswatini.

The Group's business broadly entails the handling and marketing of agricultural products (wool, mohair, grain, sugar, fruit and livestock), the provision of farming requisites, sale of fuel, financing and other related activities.

There have been no material changes to the nature of the Group's business from the prior year.

REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

The Group reported a profit before tax of R171,6 million (2021: R148,9 million). Total assets increased to R2,9 billion (2021: R2,8 billion) while total liabilities increased marginally to R1,58 billion (2021: R1,55 billion).

The consolidated and separate Annual Financial Statements have been prepared in accordance with the International Financial Reporting Standards and the requirements of the Companies Act. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the Company and the Group are set out in these consolidated and separate Annual Financial Statements. The results are further explained in the report of the CEO (page 21) and in the Financial Review (page 26).

SHARE CAPITAL

	2022	2021	2022	2021
	Rand		Number of shares	
Authorised ordinary shares	–	–	200 000 000	200 000 000
Issued ordinary shares	4 420 354	4 420 354	88 407 075	88 407 075

There has been no change to the authorised and issued share capital during the year under review.

AUTHORITY TO BUY BACK SHARES

At the Annual General Meeting held on 24 November 2021, shareholders gave the Company or any of its subsidiaries a general approval in terms of section 48 of the Companies Act, by way of special resolution, for the acquisition of its own shares. No shares were bought back during the year.

CONTROL OVER UNISSUED SHARES

The unissued ordinary shares are the subject of a general authority granted to the directors in terms of section 38 of the Companies Act. This general authority remains valid until the next AGM.

DIVIDENDS

The Company's dividend policy is to consider a final dividend in respect of each financial year. At its discretion, the Board may consider a special dividend, where appropriate. Depending on the need to retain funds for expansion or operating purposes, the Board may pass on the payment of dividends.

At the Board meeting on 08 September 2022, the directors proposed a gross dividend to shareholders of 42 cents per share (2021: 40 cents per share). Proposed gross dividends to be paid will amount to R37 008 667 (2021: R35 161 141).

Refer to Note 17 of the consolidated and separate Annual Financial Statements for details of the Group Share Incentive Scheme.

DIRECTORATE

The directors in office at the date of this report are as follows:

DIRECTORS	OFFICE	DESIGNATION	NATIONALITY	CHANGES
J E Stumpf	Chief Executive Officer	Executive	South Africa	
A S du Toit	Executive director	Executive	South Africa	
J A van Niekerk	Financial director	Executive	South Africa	
G E J Kingwill	Chairman	Non-executive	South Africa	
H J Swart	Vice-Chairman	Non-executive	South Africa	
P G Carshagen		Non-executive	South Africa	
C D Hobson		Non-executive	South Africa	
J F Janse van Rensburg		Non-executive	South Africa	
M H Jonas		Non-executive	South Africa	Resigned 20 July 2022
E A Meyer		Non-executive	South Africa	
V Pillay		Non-executive	South Africa	
H C Staple		Non-executive	South Africa	

DIRECTORS' INTERESTS IN SHARES

As at 30 June 2022, the directors of the Company held direct and indirect beneficial interests in 0.39% (2021: 0.36%) of its issued ordinary shares, as set out below.

	2022	2021
	Number of Shares	
Executive directors	–	–
Non-executive directors	341 454	320 660
Total	341 454	320 660

Details of directors' shares in the Company are presented in the Annual Financial Statements in Note 40.

There have been no changes in beneficial interests that occurred between the end of the reporting period and the date of this report

DIRECTORS' INTERESTS IN CONTRACTS

No contracts were entered into during the financial year in which directors or officers of the Group had an interest and which significantly affected the business of the Group or company.

INTERESTS IN SUBSIDIARIES, ASSOCIATES AND JOINT ARRANGEMENTS

Details of material interests in subsidiary companies are presented in the company Annual Financial Statements in Note 7. Apart from Atlanta Investments (Pty) Ltd, Atlanta Products (Pty) Ltd, Oceanic Swaziland (Pty) Ltd and Lihoai Consultancy (Pty) Ltd, all subsidiaries are incorporated in South Africa.

There were no significant acquisitions or divestitures during the year ended 30 June 2022.

DIRECTOR'S REPORT [CONTINUED]

EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any material events occurring after the reporting date and up to the date of this report that would have a material impact on these Annual Financial Statements.

AUDITORS

PwC continued in office as external auditors for the Company and its subsidiaries for 2022.

At the AGM, the shareholders will be requested to reappoint PwC as the independent external auditors of the Group and to confirm Mrs. S Williams as the designated lead audit partner for the 2023 financial year.

SECRETARY

The Company Secretary is Johannette Oosthuizen.

BUSINESS ADDRESS

61 Grahamstown Road
North End
Gqeberha
6001

REGISTERED OFFICE

The Company's registered office is at:

61 Grahamstown Road
North End
Gqeberha

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF BKB LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

OUR OPINION

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of BKB Limited (the Company) and its subsidiaries (together the Group) as at 30 June 2022, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

WHAT WE HAVE AUDITED

BKB Limited's consolidated and separate financial statements set out on pages 66 to 141 comprise:

- the consolidated and separate statements of financial position as at 30 June 2022;
- the consolidated and separate statements of profit or loss and other comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

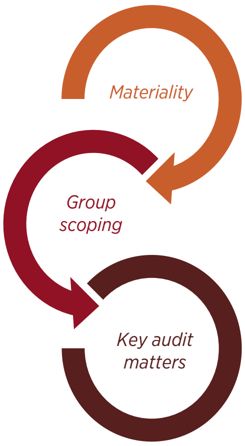
INDEPENDENCE

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

INDEPENDENT AUDITOR'S REPORT [CONTINUED]

OUR AUDIT APPROACH

OVERVIEW



OVERALL GROUP MATERIALITY

- Overall group materiality: R24,375,000, which represents 0.4% of consolidated revenue.

GROUP AUDIT SCOPE

- Full scope audits were performed on the nine financially significant components;
- Audit of one or more account balances which related to nine components; and
- Review and analytical procedures were performed over the remaining non-significant components.

KEY AUDIT MATTERS

- Impairment assessment of trade receivables.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

MATERIALITY

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

OVERALL GROUP MATERIALITY

R24,375,000

HOW WE DETERMINED IT

0.4% of consolidated revenue.

RATIONALE FOR THE MATERIALITY BENCHMARK APPLIED

We chose consolidated revenue as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users. Consolidated revenue is a key driver of the business and contributes to the overall performance. Consolidated revenue has also remained stable over the past six years. We chose 0.4% based on our professional judgement, after consideration of the range of quantitative materiality thresholds that we would typically apply when using revenue as a benchmark in calculating materiality.

INDEPENDENT AUDITOR'S REPORT [CONTINUED]

HOW WE TAILORED OUR GROUP AUDIT SCOPE

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group's consolidated financial statements comprise of thirty three components, being subsidiaries, joint ventures and dormant entities. Full scope audits were performed on nine components, which included subsidiaries. Nine components were deemed to be significant due to their financial significance to the Group based on scoping benchmarks such as the component's contribution to key financial statement line items (consolidated revenue and total consolidated assets). Audits of one or more account balances were performed for nine components. Review and analytical procedures were performed on the remaining components considered as insignificant for group reporting purposes.

In establishing the overall approach to the group audit, we determined the type of work that needed to be performed by us, as the group engagement team, or component auditors from other PwC network firms operating under our instruction. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Impairment assessment of trade receivables As at 30 June 2022, the group and company gross trade receivables amounted to R881,2 million and R418,4 million respectively. A loss allowance for expected credit losses on trade receivables of R38,4 million and R21,1 million was recognised for group and company respectively. This area required significant auditor attention and was considered to be a matter of most significance to the current year audit due to: • the significant judgements made by management in assessing the recoverability of trade receivables; and • the magnitude of the trade receivables balance. Significant judgements made by management includes the following assumptions: • Probability of default; • Forward looking information; and • Loss given default Management performs separate assessments for the specific and general provisions recognised.	Our audit procedures included the following: Through discussions with management we obtained an understanding of the process followed to determine the expected credit loss of trade receivables. With respect to the expected credit loss models used by the group, the appropriateness of the modelling policies and methodologies used was independently assessed against the requirements of IFRS 9. No inconsistencies were noted. We evaluated and challenged management's assessment for the specific provision by performing the following: • We filtered the full debtors listing for material debtors balances outstanding beyond their payment terms. • We investigated and corroborated by way of inspecting underlying documentation such as securities held or payments received after year end, and discussions with management with regard to the reasons why these debtors have not been provided for. • We tested the individual debtors' provisions on a sample basis by obtaining explanations from management and inspecting underlying documentation for the respective provision raised against the debtors balances. Based on the procedures performed, we did not note material exceptions.

INDEPENDENT AUDITOR'S REPORT [CONTINUED]

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
The general provision is based on two different methods: • Provision matrix (Trade and livestock debtors); and • 3 Stage expected credit loss ("ECL") model (Advances and production loans) Management firstly assess the trade receivables on an individual basis (specific) at the end of the financial year to determine if the group has no reasonable expectation of recovering the amount due by the debtor in full (or part thereof). Management determines the recoverability of trade receivables by assessing the total outstanding balance against the securities held for that debtor. Where management assesses that the debtor's account is not recoverable a provision is raised in this regard. The remaining balance of trade receivables are measured using the provision matrix or the 3 stage expected credit loss model. The 3 stage expected credit loss model calculates the ECL as the probability-weighted amount of credit losses using the respective risks of default as weightings. The provision matrix calculates the ECL using historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date. Refer to the following accounting policies and notes to the consolidated financial statements for disclosure: • Note 10 (Trade and other receivables); • Note 42.3.i (Credit risk); and • Note 48.10.2 (Trade and other receivables accounting policy).	We evaluated and challenged management's assessment on the appropriateness of the models used in the ECL on a collective basis by performing the following: • We tested the mathematical accuracy of the ECL calculation and found no material exceptions. • We assessed the appropriateness of the ageing categorisation by testing a sample of customers to underlying support to assess whether their outstanding debt was categorised correctly. No material exceptions were noted. • We analysed the collection of receivables in the respective ageing categorisations and independently calculated the historical loss rates, which were compared to management's loss rates. Based on our work performed, we accepted management's loss rates and the application of the loss rates in the various ageing categorisations. • We assessed the appropriateness of the default rates assigned to the advances and production loans by assessing the interest rates charged and assessing this against the 'Annual Global Corporate Default Study and Rating Transitions' Report. No material exceptions were noted. • We evaluated forward looking information by analysing management's assessment and making independent adjustments, taking into account the current industry and economic climate. No material exceptions were noted. We evaluated the disclosures relating to the impairment of trade receivables against the disclosure requirements of IFRS 9 and IFRS 7. No material exceptions were noted.

INDEPENDENT AUDITOR'S REPORT [CONTINUED]

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "Annual Report 2022", which includes the Directors' Report, the Audit and Risk Committee's Report and the Group Secretary's Declaration as required by the Companies Act of South Africa. The other information does not include the consolidated or the 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 an audit opinion or 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 identified above 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 THE 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 the requirements of the Companies Act of South Africa, and 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.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group 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.

INDEPENDENT AUDITOR'S REPORT [CONTINUED]

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 scepticism 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 the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 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 the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT [CONTINUED]

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of BKB Limited for 31 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: S Williams
Registered Auditor

Gqeberha, South Africa
09 September 2022

The examination of controls over the maintenance and integrity of the Group's website is beyond the scope of the audit of the financial statements. Accordingly, we accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

ANNUAL FINANCIAL STATEMENTS

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STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2022

		Group		Company		
			Restated**		Restated*	Restated*
		2022	2021	2022	2021	1 July 2020
	Notes	R'000	R'000	R'000	R'000	R'000
ASSETS						
Non-current assets						
Property, plant and equipment	2	920 881	887 841	432 096	410 584	405 180
Right-of-use assets	3	51 983	66 123	29 958	36 182	32 551
Investment property	4	1 312	35 323	1 312	1 312	1 517
Intangible assets	5	106 731	85 172	60 113	20 272	26 065
Investments in subsidiaries	7	-	-	294 592	312 311	311 250
Equity accounted investments	8	8 858	8 450	-	-	-
Loans to group companies	9	-	-	139 955	106 778	90 150
Trade and other receivables	10	18 168	22 322	11 681	11 977	13 823
Deferred tax assets	11	24 635	29 288	-	-	-
		1 132 568	1 134 519	969 707	899 416	880 536
Current assets						
Inventories	12	775 075	710 447	434 519	370 917	324 839
Loans to group companies	9	-	-	434 923	291 941	316 941
Trade and other receivables	10	942 876	888 499	451 811	341 020	445 040
Other financial assets	13	-	21 704	-	-	-
Current income tax assets		2 382	682	-	-	1 751
Cash and cash equivalents	14	65 778	69 348	15 401	1 488	47 227
		1 786 111	1 690 680	1 336 654	1 005 366	1 135 798
Assets classified as held for sale	15	19 157	10 957	-	10 957	-
Total current assets		1 805 268	1 701 637	1 336 654	1 016 323	1 135 798
Total assets		2 937 836	2 836 156	2 306 361	1 915 739	2 016 334
EQUITY						
Capital and reserves						
Share capital	16	4 420	4 420	4 420	4 420	4 420
Share premium		218 950	218 950	197 583	197 583	197 583
Treasury shares	16	(123 213)	(120 713)	(99 025)	(102 659)	(102 768)
Non-distributable reserves		145 372	162 111	155 208	149 488	146 778
Distributable reserves		1 108 981	1 022 905	855 817	747 364	695 473
Capital and reserves attributable to owners of the parent		1 354 510	1 287 673	1 114 003	996 196	941 486
Non-controlling interest		1 763	(206)	-	-	-
Total equity		1 356 273	1 287 467	1 114 003	996 196	941 486
LIABILITIES						
Non-current liabilities						
Borrowings	18	180 026	116 493	157 815	74 570	92 191
Lease liabilities	3	48 836	60 235	28 881	35 528	33 098
Post-retirement medical aid liabilities	19	5 808	6 302	5 808	6 302	6 802
Deferred tax liabilities	11	45 393	45 895	23 902	21 877	32 304
Provisions	20	8 809	8 295	8 809	8 295	8 086
		288 872	237 220	225 215	146 572	172 481
Current liabilities						
Trade and other payables	21	609 490	588 212	304 006	266 883	270 608
Loans from group companies	22	-	-	55 327	22 586	45 436
Borrowings	18	618 515	547 541	598 272	467 141	584 239
Other financial liabilities	13	31 738	29 622	-	483	285
Lease liabilities	3	9 509	12 014	6 156	4 783	1 799
Current income tax liabilities		5 476	1 821	3 039	230	-
Bank overdrafts	14	17 963	122 940	343	1 546	-
		1 292 691	1 302 150	967 143	763 652	902 367
Liabilities directly associated with assets classified as held for sale	15	-	9 319	-	9 319	-
Total current liabilities		1 292 691	1 311 469	967 143	772 971	902 367
Total liabilities		1 581 563	1 548 689	1 192 358	919 543	1 074 848
Total equity and liabilities		2 937 836	2 836 156	2 306 361	1 915 739	2 016 334

* Refer to Note 44 for details regarding the restatement of comparative figures.
** BKB Group has aggregated derivatives and other financial assets/liabilities due to their nature being similar.

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STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Group 2022 R'000	Group Restated* 2021 R'000	Company 2022 R'000	Company Restated* 2021 R'000
Revenue	24	6 093 786	5 544 979	2 983 318	2 778 213
Cost of sales	25	(4 809 558)	(4 389 925)	(2 305 144)	(2 135 197)
Gross profit		1 284 228	1 155 054	678 174	643 016
Other operating income	26	70 758	49 946	23 069	17 559
Operational expenses	27	(945 704)	(826 583)	(528 284)	(466 662)
Administrative expenses	27	(169 740)	(158 490)	(123 355)	(118 739)
Impairment of financial assets	27	(2 382)	(4 321)	(7 516)	(3 888)
Loss from equity accounted investments	27	(161)	(238)	-	-
Operating profit		236 999	215 368	42 088	71 286
Dividends from subsidiaries		-	-	127 414	18 437
Finance income	28	3 447	5 152	43 417	33 014
Finance costs	29	(68 815)	(71 669)	(58 438)	(55 157)
Profit before taxation		171 631	148 851	154 481	67 580
Income tax expense	30	(53 785)	(43 934)	(11 475)	(11 803)
Profit for the year		117 846	104 917	143 006	55 777
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Movement in reserve on revaluation of properties		2 468	(2 036)	1 989	-
Gains/(losses) on property revaluations		629	(2 828)	-	-
Income tax relating to items that will not be reclassified		1 839	792	1 989	-
Items that will be reclassified to profit or loss:					
Movement in cash flow hedge reserve		(22 938)	9 978	-	-
Fair value adjustments to cash flow hedge reserve		(30 746)	45 135	-	-
Reclassification to profit or loss		(2 382)	(29 622)	-	-
Income tax relating to items that may be reclassified		10 190	(5 535)	-	-
Other comprehensive (loss)/income for the year net of taxation		(20 470)	7 942	1 989	-
Total comprehensive income for the year		97 376	112 859	144 995	55 777
Profit attributable to:					
Owners of the parent		116 613	105 123		
Non-controlling interest		1 233	(206)		
		117 846	104 917		
Total comprehensive income attributable to:					
Owners of the parent		96 143	113 065		
Non-controlling interest		1 233	(206)		
		97 376	112 859		
Basic earnings per share (cents)	31	148.1	133.3		
Diluted earnings per share (cents)	31	146.6	132.8		

* Refer to Note 44 for details regarding the restatement of comparative figures.

STATEMENTS OF CHANGES IN EQUITY

	Notes	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company Restated 2021* R'000
Share capital					
Balance at the beginning and end of the year		4 420	4 420	4 420	4 420
Share premium					
Balance at the beginning and end of the year		218 950	218 950	197 583	197 583
Treasury shares					
Balance at the beginning of the year		(120 713)	(120 713)	(102 659)	(102 768)
Shares purchased by the trust		(2 500)	-	(2 500)	-
Other movement during the year		-	-	6 134	109
Balance at the end of the year		(123 213)	(120 713)	(99 025)	(102 659)
Non-distributable reserves					
Reserve on revaluation of properties					
Balance at the beginning of the year		153 204	155 624	143 322	143 706
Revaluations		629	(2 828)	-	-
Deferred tax on revaluations		(150)	792	-	-
Deferred tax: change in corporate tax rate		1 989	-	1 989	-
Transfer to distributable reserves		(127)	(384)	(127)	(384)
Balance at the end of the year		155 545	153 204	145 184	143 322
Cash flow hedge reserve					
Balance at the beginning of the year		2 741	(7 238)	-	-
Fair value adjustments to cash flow hedge reserve		(30 746)	45 136	-	-
Reclassification to profit or loss		(2 382)	(29 622)	-	-
Income tax relating to items that may be reclassified		10 190	(5 535)	-	-
Balance at the end of the year		(20 197)	2 741	-	-
Share based payment reserve					
Balance at the beginning of the year		3 094	-	3 094	-
Employee share scheme - value of employee services		4 491	3 094	4 491	3 094
Balance at the end of the year		7 585	3 094	7 585	3 094
Black economic empowerment reserve					
Balance at the beginning and end of the year		2 439	2 439	2 439	2 439
Unissued share reserve					
Balance at the beginning of the year		633	633	633	633
Transfer to distributable reserve		(633)	-	(633)	-
Balance at the beginning and end of the year		-	633	-	633
		145 372	162 111	155 208	149 488
Distributable reserves					
Retained earnings					
Balance at the beginning of the year		1 022 905	921 191	747 364	695 473
Profit for the year		116 613	105 123	143 006	55 777
Dividends		(31 542)	(3 943)	(35 363)	(4 420)
Transfer from non-distributable reserve		1 005	534	810	534
Balance at the end of the year		1 108 981	1 022 905	855 817	747 364
Non-controlling interest					
Balance at the beginning of the year		(206)	-	-	-
Profit/(loss) for the year		1 233	(206)	-	-
Acquired through business combination	36	(34)	-	-	-
Capital contribution		770	-	-	-
Balance at the end of the year		1 763	(206)	-	-
		1 356 273	1 287 467	1 114 003	996 196

* Refer to Note 44 for details regarding the restatement of comparative figures.

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STATEMENTS OF CASH FLOWS

	Notes	Group 2022 R'000	Group Restated 2021* R'000	Company 2022 R'000	Company Restated 2021* R'000
Cash flow from operating activities					
Cash receipts from customers		14 293 873	13 257 245	7 247 315	6 345 235
Cash paid to suppliers and employees		(14 094 681)	(12 948 358)	(7 229 082)	(6 191 810)
Cash generated from operating activities	32	199 192	308 887	18 233	153 425
Interest received		3 447	5 152	43 417	33 014
Interest paid		(68 815)	(71 669)	(58 438)	(55 157)
Taxation paid	33	(40 867)	(53 501)	(11 053)	(20 099)
		92 957	188 869	(7 841)	111 183
Cash flow from investing activities					
Purchase of property, plant and equipment		(86 490)	(101 128)	(24 432)	(25 049)
Sale of property, plant and equipment		14 986	10 663	5 632	5 773
Sale of investment property		24 152	-	-	-
Purchase of other intangible assets		(1 412)	(3 310)	(976)	(1 375)
Business combinations		(34 352)	-	(29 894)	-
Additions through combinations of entities under common control net of cash acquired on acquisition		-	-	(75 866)	-
Sale of other intangible assets		-	405	-	-
Decrease/(Increase) in investment in subsidiaries		-	-	19 000	(770)
Increase in investment in associate		(569)	(8 688)	-	-
Advances of non-current receivables		(2 913)	(4 447)	(2 913)	(4 447)
Repayment of non-current receivables		7 067	6 703	3 209	6 293
Loans advanced to group companies		-	-	(853 532)	(407 559)
Loans repaid by group companies		-	-	657 463	415 931
Dividends received from group companies		-	-	115 016	18 437
		(79 531)	(99 802)	(187 293)	7 234
Cash flow from financing activities					
Dividends paid	35	(31 542)	(3 943)	(35 363)	(4 420)
Cash (paid)/received on share movements		(2 500)	-	3 634	-
Proceeds from borrowings	34	1 985 400	762 848	1 985 400	648 047
Repayment of borrowings	34	(1 850 893)	(892 996)	(1 771 024)	(782 766)
Loans repaid to group companies		-	-	(281 134)	(81 136)
Loans advanced by group companies		-	-	313 875	58 286
Non-controlling interest capital contribution		770	-	-	-
Principal elements of lease payments	34	(13 254)	(11 138)	(5 138)	(3 713)
		87 981	(145 229)	210 250	(165 702)
Total cash movement for the year		101 407	(56 162)	15 116	(47 285)
Net cash and cash equivalents at the beginning of the year		(53 592)	2 570	(58)	47 227
Net cash and cash equivalents at the end of the year	14	47 815	(53 592)	15 058	(58)

* Refer to Note 44 for details regarding the restatement of comparative figures.

NOTES TO THE FINANCIAL STATEMENTS

1 Segmental information

The Group has identified reportable segments which represent the structure used by the board of directors and executive management to make key strategic and operating decisions and assess performance.

The Group has eight reportable segments within which the Group's strategic business units (SBUs) fall.

These reportable segments as well as the products and services from which each of them derive revenue are set out below:

Reportable segment	Products and services
Natural fibre	Comprises marketing by auction, trading, warehousing and logistics of wool and mohair for both the producer and buyer.
Retail and fuel	Comprises retail trading branches throughout the country specializing in agricultural requisites and the supply of fuel.
Livestock and properties	Comprises the marketing and auctioneering of livestock, general farming implements and agricultural, commercial and residential properties.
Technology	Comprises the digital transformation business units.
Leasing of properties	The leasing of warehouse, office and retail space.
Fruit	Comprises the processing, distribution and marketing of dried fruits, predominantly in foreign markets. Includes interests in logistics for exports for the Group.
Grain and feed	Comprises the grain storage and handling, maize milling and lucerne processing.
Consumer goods	Comprises the packaging, distribution and sales of sugar and agro based consumer goods.

The SBUs offer different services and are managed separately as they require different skills, technology and marketing strategies.

Segmental revenue and results

The executive directors assess the performance of the operating segments based on a measure of value of business conducted (Note 23), revenue and profit before tax.

Operating segments	Segment revenue - internal R'000	Segment revenue - external R'000	Profit/ (loss) before tax R'000	Depreciation and amortisation R'000	Human resource/ staff costs R'000	Net finance (expense)/ income R'000	Taxation R'000
2022							
Natural fibre	156 608	1 212 765	48 592	(14 375)	(137 258)	(31 904)	(13 958)
Retail and fuel	-	2 081 389	45 063	(7 772)	(100 883)	(24 438)	(12 919)
Livestock and properties	-	273 549	40 333	(11 992)	(132 406)	(14 411)	(12 147)
Technology	5 839	31 749	10 565	(913)	(10 753)	2 545	(100)
Leasing of properties	40 405	3 480	36 370	(1 232)	(398)	(1 188)	(9 640)
Fruit	11 289	292 961	(15 468)	(1 120)	(11 679)	(14 351)	3 807
Grain and feed	51 179	1 348 357	41 909	(2 739)	(41 588)	(20 602)	(12 830)
Consumer goods	691 436	846 417	36 569	(1 930)	(27 725)	(250)	(11 915)
All other segments	91 720	3 119	(72 302)	(3 167)	(58 946)	39 231	15 917
Total	1 048 476	6 093 786	171 631	(45 240)	(521 636)	(65 368)	(53 785)
2021							
Natural fibre	73 979	1 059 384	70 014	(14 947)	(157 676)	(22 270)	(19 404)
Retail and fuel	427	1 814 305	35 702	(7 553)	(95 615)	(21 221)	(9 999)
Livestock and properties	-	233 278	42 232	(9 551)	(114 063)	(9 218)	(12 082)
Technology	6 438	25 877	(9 535)	(1 030)	(13 021)	(2 211)	(965)
Leasing of properties	39 143	4 045	27 822	(829)	(451)	(1 355)	(7 672)
Fruit	-	347 573	(11 604)	(1 429)	(7 126)	(17 521)	3 401
Grain and feed	53 688	1 249 464	838	(1 977)	(42 888)	(23 160)	(478)
Consumer goods	726 311	805 614	55 810	(1 723)	(21 526)	3 424	(16 020)
All other segments	74 032	5 439	(62 428)	(3 083)	(59 218)	27 015	19 285
Total	974 018	5 544 979	148 851	(42 122)	(511 584)	(66 517)	(43 934)

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NOTES TO THE FINANCIAL STATEMENTS

1 Segmental information (continued)

Segment assets and liabilities

The amounts provided to the board of directors with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

The amounts provided to the board of directors with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

The table below provides information on segment assets and liabilities as well as a reconciliation to total assets and liabilities as per the Statements of Financial Position.

	2022		2021	
	Total assets R'000	Total liabilities R'000	Total assets R'000	Total liabilities R'000
Natural fibre	633 322	164 717	535 133	80 025
Retail and fuel	578 590	407 617	484 797	337 263
Livestock and properties	420 254	219 820	370 357	188 692
Technology	195	11 910	21 729	43 800
Leasing of properties	603 957	72 666	606 219	78 739
Fruit	387 173	422 946	277 264	324 499
Grain and feed	537 472	301 108	733 768	506 124
Consumer goods	226 928	64 995	233 061	55 702
All other segments	168 547	534 386	138 263	498 280
Total	3 556 438	2 200 165	3 400 591	2 113 124
Reconciling items				
Inter-segment loans	(618 602)	(618 602)	(564 435)	(564 435)
Total as per statements of financial position	2 937 836	1 581 563	2 836 156	1 548 689

Geographical information

	2022			2021		
	Revenue - internal R'000	Revenue - external R'000	Non-current Assets R'000	Revenue - internal R'000	Revenue - external R'000	Non-current Assets R'000
South Africa	347 355	6 083 976	1 074 277	241 043	5 542 356	1 078 803
Eswatini	691 436	9 810	58 291	726 311	2 623	55 716
Lesotho	9 686	-	-	6 664	-	-
Total	1 048 476	6 093 786	1 132 568	974 018	5 544 979	1 134 519

NOTES TO THE FINANCIAL STATEMENTS

2 Property, plant and equipment

	Land and buildings* R'000	Plant and machinery* R'000	Motor vehicles R'000	Furniture and fixtures R'000	Office equipment R'000	Computer equipment R'000	Total R'000
Group							
Year ended 30 June 2022							
Opening net book value	454 813	332 751	78 887	5 388	4 129	11 873	887 841
Additions	22 130	35 455	22 000	1 618	592	4 695	86 490
Acquired through business combinations	6 800	471	770	130	31	163	8 365
Disposals	(3 525)	(3 720)	(5 351)	(103)	(521)	(712)	(13 932)
Transfers	-	(99)	-	4	-	95	-
Revaluations	629	-	-	-	-	-	629
Depreciation	-	(30 535)	(10 277)	(1 031)	(1 150)	(5 519)	(48 512)
Closing net book value	480 847	334 323	86 029	6 006	3 081	10 595	920 881
		-					
At 30 June 2022							
Cost or fair value	480 847	476 777	135 778	13 846	12 212	38 823	1 158 283
Accumulated depreciation	-	(142 454)	(49 749)	(7 840)	(9 131)	(28 228)	(237 402)
Net book value	480 847	334 323	86 029	6 006	3 081	10 595	920 881
Year ended 30 June 2021*							
Opening net book value	425 957	328 596	72 816	4 994	4 199	8 104	844 666
Additions	31 618	35 512	22 884	1 283	1 161	8 670	101 128
Disposals	(2 225)	(1 957)	(6 549)	(43)	(17)	(374)	(11 165)
Transfers	465	(489)	-	12	12	-	-
Revaluations	(1 002)	-	-	-	-	-	(1 002)
Depreciation	-	(28 911)	(10 264)	(858)	(1 226)	(4 527)	(45 786)
Closing net book value	454 813	332 751	78 887	5 388	4 129	11 873	887 841
At 30 June 2021*							
Cost or fair value	454 813	458 970	127 336	12 446	12 897	37 231	1 103 693
Accumulated depreciation	-	(126 219)	(48 449)	(7 058)	(8 768)	(25 358)	(215 852)
Net book value	454 813	332 751	78 887	5 388	4 129	11 873	887 841

	Land and buildings R'000	Plant and machinery R'000	Motor vehicles R'000	Furniture and fixtures R'000	Office equipment R'000	Computer equipment R'000	Total R'000
Company							
Year ended 30 June 2022							
Opening net book value	324 015	40 997	29 761	4 307	3 525	7 979	410 584
Additions	3 488	4 952	11 443	1 341	431	2 777	24 432
Acquired through business combinations	6 800	314	600	-	31	105	7 850
Additions through combinations of entities under common control	-	966	6 753	163	40	119	8 041
Disposals	(525)	(512)	(3 047)	(8)	(506)	(172)	(4 770)
Depreciation	-	(5 033)	(3 521)	(773)	(1 005)	(3 709)	(14 041)
Closing net book value	333 778	41 684	41 989	5 030	2 516	7 099	432 096
At 30 June 2022							
Cost or fair value	333 778	78 761	75 308	11 865	10 766	28 395	538 873
Accumulated depreciation	-	(37 077)	(33 319)	(6 835)	(8 250)	(21 296)	(106 777)
Net book value	333 778	41 684	41 989	5 030	2 516	7 099	432 096

* Processing plant with a carrying amount of R24 726 000 was incorrectly classified as land and buildings in prior periods. The 2021 comparatives were restated accordingly.

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2 Property, plant and equipment (continued)

	Land and buildings R'000	Plant and machinery R'000	Motor vehicles R'000	Furniture and fixtures R'000	Office equipment R'000	Computer equipment R'000	Total R'000
Company							
Year ended 30 June 2021							
Opening net book value	320 242	42 553	29 786	3 885	3 690	5 024	405 180
Additions	6 166	4 698	6 269	1 044	901	5 971	25 049
Disposals	(2 225)	(1 100)	(2 176)	(10)	(8)	(64)	(5 583)
Revaluations	(168)	-	-	-	-	-	(168)
Depreciation	-	(5 154)	(4 118)	(612)	(1 058)	(2 952)	(13 894)
Closing net book value	324 015	40 997	29 761	4 307	3 525	7 979	410 584
At 30 June 2021							
Cost or fair value	324 015	71 872	58 884	10 265	10 872	26 666	502 574
Accumulated depreciation	-	(30 875)	(29 123)	(5 958)	(7 347)	(18 687)	(91 990)
Net book value	324 015	40 997	29 761	4 307	3 525	7 979	410 584

Net carrying amounts of assets under instalment sale agreements

	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
Plant and machinery	63 901	68 180	-	-
Motor vehicles	4 592	9 049	-	-
	68 493	77 229	-	-

Properties to the value of R320 770 914 serve as security for the covering bonds. Refer to Note 18.

Revaluations

Revaluations are performed every three years on the Group's office building and fibre warehouse as well on its processing and packaging plant buildings. Retail branches, residential buildings as well as shearing and auction facilities are valued every five years.

Refer to Note 43 for specific details regarding the valuation of the land and buildings.

The carrying value of the revalued assets under the cost model would have been:

	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
Land and buildings	279 760	261 155	127 012	124 049

Registers with details of land and buildings are available for inspection by shareholders or their duly authorised representatives at the registered office of the Company.

The cost of assets includes assets in progress to the value of R2 713 786 (2021: R2 170 838) for the Group and R1 938 355 (2021: R1 995 405) for the Company.

Government grants

Government grants were obtained with regard to assets purchased between May 2015 to June 2019. Total cost was R62 131 551 and the grants received amounted to R53 625 868. The carrying value of these assets are R35 603 308 and the grant remaining value is R29 739 198.

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3 Leases

The Group leases offices, warehouses, retail stores, equipment and forklifts. Rental contracts are typically made for fixed periods of two to seventeen years. These leases can be extended or early terminated. This note provides information for leases where the Group is a lessee.

Amounts recognised in the Statements of Financial Position
The statements of financial position show the following amounts relating to leases:

	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Right-of-use assets				
Buildings	40 631	58 500	26 895	31 714
Equipment	4 349	3 823	1 813	2 308
Vehicles	7 003	3 800	1 250	2 160
	51 983	66 123	29 958	36 182
Lease liabilities				
Current	9 509	12 014	6 156	4 783
Non-Current	48 836	60 235	28 881	35 528
	58 345	72 249	35 037	40 311

The maturity analysis of lease liabilities is set out in Note 42.

	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
Additions to the right-of-use assets during the year	12 558	33 022	3 607	18 482
Additions through combinations of entities under common control	-	-	2 435	-
	12 558	33 022	6 042	18 482

Amounts recognised in the Statements of Profit or Loss

The statements of profit or loss show the following amounts relating to leases:

	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
Depreciation charge of right-of-use assets				
Buildings (2 - 17 years)	11 926	11 276	5 612	5 528
Equipment (5 - 8 years)	1 317	792	495	165
Vehicles (4 - 5 years)	2 638	2 879	909	1 066
	15 881	14 947	7 016	6 759
Interest expense	6 161	6 648	3 546	4 258
Included in operating expenses:				
Expenses relating to short-term leases	6 192	4 379	2 517	1 699
Expenses relating to leases of low-value assets	5 566	5 238	988	1 010
Expenses relating to variable lease payments	7 407	8 792	3 108	1 530
Included in cost of sales:				
Expenses relating to short-term leases	-	243	-	-
Expenses relating to leases of low-value assets	7 933	7 798	-	-
Expenses relating to variable lease payments	1 432	1 573	-	-

Amounts recognised in the Statements of Cash Flows

	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
Total cash outflow for leases were:				
Included in financing activities	13 254	11 138	5 138	3 713
Included in operating activities	34 691	34 671	10 159	8 497

Variable lease payments
Some property leases contain variable payment terms that are linked to value of business generated at auctions. Lease payments are calculated on the basis of 1% of value of business. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for auctions held. Variable lease payments that depend on turnover are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

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	Group		Company	
	2022	2021	2022	2021
	R'000	R'000	R'000	R'000
4 Investment property				
Balance at the beginning of the year	35 323	35 528	1 312	1 517
Movements during the year:				
Disposals	(19 386)	-	-	-
Classified as held for sale (Note 15)	(19 157)	-	-	-
Fair value adjustments	4 532	(205)	-	(205)
Balance at the end of the year	1 312	35 323	1 312	1 312
Amounts recognised in profit and loss for the year				
Rental income	2 017	2 451	1 123	971
Direct operating expenses	(2 129)	(3 197)	(945)	(791)

Refer to Note 43 for fair value information used in fair value measurement of investment property.
Registers with details of land and buildings are available for inspection by shareholders or their duly authorised representatives at the registered office of the Company.

	Group		Company	
	2022	2021	2022	2021
	R'000	R'000	R'000	R'000
5 Intangible Assets				
Goodwill				
Balance at the beginning of the year	61 678	61 678	4 500	4 500
Movements during the year:				
Acquired through business combinations (Note 36)	15 766	-	11 721	-
Additions through combinations of entities under common control (Note 37)	-	-	16 216	-
Balance at the end of the year	77 444	61 678	32 437	4 500
Goodwill relates to the acquisitions of:				
Atlanta Products (Pty) Ltd	19 346	19 346	-	-
BKB Van Wyk (Pty) Ltd (Note 37)	16 216	16 216	16 216	-
BKBLouwid (Pty) Ltd	6 876	6 876	-	-
GWK livestock division (Note 36)	11 721	-	11 721	-
Riverview	4 500	4 500	4 500	4 500
GWK Properties (Note 36)	3 942	-	-	-
Wool and Mohair Exchange NPC	1 024	1 024	-	-
Grainco (Pty) Ltd	13 716	13 716	-	-
Shearwater Logistics (Pty) Ltd (Note 36)	103	-	-	-
	77 444	61 678	32 437	4 500
Goodwill allocation per operating segment:				
Grain and feed	13 716	13 716	-	-
Leasing of properties	1 024	1 024	-	-
Livestock and properties	43 255	27 592	32 437	4 500
Consumer goods	19 346	19 346	-	-
Fruit	103	-	-	-
	77 444	61 678	32 437	4 500
Trade rights				
Balance at the beginning of the year	6 542	10 489	6 542	10 489
Movements during the year:				
Disposals	(2 027)	-	(2 027)	-
Classified as held for sale (Note 15)	-	(2 900)	-	(2 900)
Impairment	(572)	-	(572)	-
Amortisation	(824)	(1 047)	(824)	(1 047)
Balance at the end of the year	3 119	6 542	3 119	6 542
Cost	5 152	9 072	5 152	9 072
Accumulated amortisation and impairment	(2 033)	(2 530)	(2 033)	(2 530)
	3 119	6 542	3 119	6 542

NOTES TO THE FINANCIAL STATEMENTS

5 Intangible Assets (continued)

	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
Trade rights comprises of:				
Trade rights - Beaufort West driveway	-	2 845	-	2 845
Auction rights - Riverview Trading	1 350	1 530	1 350	1 530
Auction rights - Slabbert,Verster & Malherbe	1 769	2 167	1 769	2 167
	3 119	6 542	3 119	6 542
Brand names				
Balance at the beginning of the year	1 561	1 821	-	-
Movements during the year:				
Additions through combinations of entities under common control (Note 37)	-	-	419	-
Impairment	(419)	-	(419)	-
Amortisation	(1 142)	(260)	-	-
Balance at the end of the year	-	1 561	-	-
Cost	22 819	28 022	-	-
Accumulated amortisation and impairment	(22 819)	(26 461)	-	-
	-	1 561	-	-
Brand names comprises of:				
BKB Van Wyk (Pty) Ltd	-	1 561	-	-
	-	1 561	-	-
Client lists and relationships				
Balance at the beginning of the year	3 531	4 701	3 031	3 451
Acquired through business combinations (Note 36)	19 934	-	19 934	-
Amortisation	(2 449)	(1 170)	(1 949)	(420)
Balance at the end of the year	21 016	3 531	21 016	3 031
Cost	83 286	68 874	23 945	4 011
Accumulated amortisation and impairment	(62 270)	(65 343)	(2 929)	(980)
	21 016	3 531	21 016	3 031
Client lists and relationships comprises of:				
GWK livestock division (Note 36)	17 205	-	17 205	-
Riverview Trading	2 611	3 031	2 611	3 031
RobCaw Auctioneers	1 200	-	1 200	-
Solomons & Crafford	-	500	-	-
	21 016	3 531	21 016	3 031
Computer software				
Balance at the beginning of the year	11 860	12 903	6 199	7 625
Additions	1 412	3 310	976	1 375
Additions through combinations of entities under common control	-	-	7	-
Disposals	-	(405)	-	-
Amortisation	(3 676)	(3 948)	(2 744)	(2 801)
Impairment	(4 444)	-	(897)	-
Balance at the end of the year	5 152	11 860	3 541	6 199
Cost	28 067	33 220	24 159	24 662
Accumulated amortisation and impairment	(22 915)	(21 360)	(20 618)	(18 463)
	5 152	11 860	3 541	6 199
	106 731	85 172	60 113	20 272

The cost of assets includes assets in progress to the value of Rnil (2021: R42 675) for the Group and Rnil (2021: Rnil) for the Company. The remaining useful lives for intangible assets carried at amortised cost is seven to nine years for client lists, four to eight years for trade rights and two to eight years for computer software.

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6 Impairment of assets

Value in use
Goodwill is allocated to the Group's cash-generating units (CGU's) identified according to internal Company structure and/or business segment. The recoverable amount of a cash-generating unit is determined based on value-in-use calculations. The calculations use cash flow projections based on financial budgets approved by management, and a terminal value, where applicable. The discount rates used in the impairment calculations were determined based on the weighted average cost of capital (WACC).

The period over which management has projected cash flows is based on financial budgets approved by management for the next financial year which was then further projected for another four years.

The growth rate used to extrapolate cash flow projections beyond the period covered in the calculation was based on most recent budgets.

Significant assumption used	**Livestock GWK**	**Livestock BKB Van Wyk**	**Sugar Atlanta Products**	**Grain Storage and Handling Division**
2022				
Value of business/revenue growth rate	2.5%	4.5%	6.1%	3.0%
Terminal growth rate	2.5%	4.5%	4.0%	4.0%
Gross profit percentage	-	-	5.2%	-
Commission percentage	4.3%	5.9%	-	-
Pre-tax discount rate	16.5%	16.5%	17.2%	16.5%
	R'000	**R'000**	**R'000**	**R'000**
Value in use (recoverable amount)	120 638	190 278	149 805	241 914
Value in use exceeds carrying amount by	64 790	93 508	51 852	144 774
2021				
Revenue growth rate		5.0%	7.5%	3.0%
Terminal growth rate		2.5%	3.8%	3.0%
Gross profit percentage		-	5.2%	-
Commission percentage		5.8%	-	-
Pre-tax discount rate		15.1%	15.8%	15.5%
		R'000	**R'000**	**R'000**
Value in use (recoverable amount)		134 663	181 672	217 565
Value in use exceeds carrying amount by		57 077	73 248	114 208

No impairment of goodwill arose due to the value-in-use impairment calculations, supporting current carrying values.

Sensitivity of key assumptions
The impairment tests were performed at 30 June 2022. The recoverable amounts were determined on the basis of the value-in-use using the discounted cash flow method. The basis for projecting future cash flows is the business plans prepared by management for the five years 2023 to 2027. These plans take into consideration historical empirical values and management's expectations regarding the future development of the relevant markets. The impairment tests took into account the assumptions tabled above.

The recoverable amounts of the cash-generating units would equal their carrying amounts if management assumptions were changed to the following rates or percentages:

Impact of changes in key assumptions	**Livestock GWK**	**Livestock BKB Van Wyk**	**Sugar Atlanta Products**	**Grain Storage and Handling Division**
2022				
Revenue growth rate	-6.8%	-2.5%	0.1%	-59.6%
Gross profit	-	-	4.2%	-
Commission percentage	2.9%	4.7%	-	-
Pre-tax WACC	28.0%	35.0%	24.0%	35.1%
2021				
Revenue growth rate		1.0%	1.3%	-22.2%
Gross profit		-	4.1%	-
Pre-tax WACC		24.2%	24.3%	20.3%

7 Investments in subsidiaries

The following table lists the entities which are controlled by the Group, either directly or indirectly through subsidiaries.

	Company			
	2022 % holding	2021 % holding	2022 R'000	2021 R'000
BKB Shearing (Pty) Ltd	100%	100%	-	-
Lihoai Consultancy (Pty) Ltd	100%	100%	1	1
Anzomix (Pty) Ltd	100%	100%	-	-
The House of Fibre (Pty) Ltd	100%	100%	-	-
BKB Pinnacle Fibres (Pty) Ltd	100%	100%	13	13
BKB Fuels (Pty) Ltd	100%	100%	-	-
BKB Distribution Centre (Pty) Ltd	100%	100%	-	-
Home & Hectare (Pty) Ltd	100%	100%	-	-
BKBLouwid (Pty) Ltd	100%	100%	7 338	7 338
BKB Van Wyk (Pty) Ltd	100%	100%	5	5
Hoëveld Veilingsentrum (Pty) Ltd	50%	50%	770	770
Shift Digital Acceleration (Pty) Ltd	100%	100%	1	110
RFID Africa Experts (Pty) Ltd	0%	100%	-	-
Wool & Mohair Exchange of South Africa NPC	100%	100%	3 965	3 965
Billsons Coutts (Pty) Ltd	100%	100%	18 001	37 001
PaKHouse Brands (Pty) Ltd	100%	100%	263 836	262 926
Atlanta Sugar (Pty) Ltd	100%	100%	-	-
Atlanta Sugar SA (Pty) Ltd	100%	100%	467	182
Atlanta Investments (Pty) Ltd	100%	100%	-	-
Atlanta Products (Pty) Ltd	100%	100%	-	-
Oceanic Swaziland (Pty) Ltd	100%	100%	-	-
Grainco Group Holdings (Pty) Ltd	100%	100%	-	-
AlphaAlfa (Pty) Ltd	100%	100%	-	-
BKB Grainco (Pty) Ltd	100%	100%	-	-
Grainco (Pty) Ltd	100%	100%	-	-
Gritco Properties (Pty) Ltd	100%	100%	-	-
Pakhouse Fruits Holdings (Pty) Ltd	100%	100%	-	-
Desert Raisins (Pty) Ltd	100%	100%	195	-
Shearwater Logistics (Pty) Ltd	75%	0%	-	-
			294 592	312 311

Apart from Lihoai Consultancy (Pty) Ltd in Lesotho, Atlanta Investments (Pty) Ltd, Atlanta Products (Pty) Ltd and Oceanic Swaziland (Pty) Ltd in Eswatini, all other subsidiaries are incorporated in South Africa.

8 Equity accounted investments

The following table lists the entities which the Group have significant influence over.

	Group			
	2022 % holding	2021 % holding	2022 R'000	2021 R'000
Nutopia Agri Developments (Pty) Ltd	50%	50%	8 858	8 450

Summarised financial information for associates
The tables below provide summarised financial information of the associate. The information disclosed reflects the amounts presented in the financial statements of the relevant associate and not the Group's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

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	Group 2022 R'000	Group 2021 R'000
8 Equity accounted investments (continued)		
Summarised Statement of Financial Position		
Total assets	18 170	17 529
Total liabilities	(16 527)	(15 563)
Summarised Statement of Profit or Loss and Other Comprehensive Income		
Revenue	1 657	526
Loss for the year	(322)	(534)

9 Loans to group companies

	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
BKB Pinnacle Fibres (Pty) Ltd	-	-	89 680	1 472
BKB Distribution Centre (Pty) Ltd	-	-	15 328	2 049
BKBLouwid (Pty) Ltd	-	-	13 743	44 718
Hoëveld Veilingsentrum (Pty) Ltd	-	-	14 770	9 638
Shift Digital Acceleration (Pty) Ltd	-	-	11 768	11 381
RFID Africa Experts (Pty) Ltd	-	-	-	22 813
Wool & Mohair Exchange of South Africa NPC	-	-	5 001	5 755
Billsons Coutts (Pty) Ltd	-	-	2 148	7 766
PaKHouse Brands (Pty) Ltd	-	-	-	3 630
AlphaAlfa (Pty) Ltd	-	-	45 477	-
Atlanta Sugar (Pty) Ltd	-	-	97	97
Atlanta Sugar SA (Pty) Ltd	-	-	-	661
Atlanta Products (Pty) Ltd	-	-	416	473
Grainco Group Holdings (Pty) Ltd	-	-	-	126 408
Grainco (Pty) Ltd	-	-	74 493	-
Pakhouse Fruits Holdings (Pty) Ltd	-	-	72 584	72 584
Desert Raisins (Pty) Ltd	-	-	237 275	97 181
Shearwater Logistics (Pty) Ltd	-	-	4 614	-
	-	-	587 394	406 626
Loss allowance - IFRS 9	-	-	(12 516)	(7 907)
	-	-	574 878	398 719

Loans to subsidiaries are payable on demand and interest is charged at a prime related interest rate.

	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
Non-current assets	-	-	139 955	106 778
Current assets	-	-	434 923	291 941
	-	-	574 878	398 719
Loss allowance - IFRS 9				
Opening balance	-	-	(7 907)	(6 775)
Remeasurement of loss allowance	-	-	(4 609)	(1 132)
Closing balance	-	-	(12 516)	(7 907)

The loss allowance comprise mainly of allowances on the loans to Shift Digital Acceleration (Pty) Ltd of R6 394 964 (2021: R1 553 389), Desert Raisins (Pty) Ltd of R5 293 127 (2021: R2 091 782) and RFID Africa Experts (Pty) Ltd of Rnil (2021: R3 113 828).

Subordination agreements with the following subsidiaries are in place: BKB Pinnacle Fibres (Pty) Ltd, BKB Distribution Centre (Pty) Ltd, Shift Digital Acceleration (Pty) Ltd, Billsons Coutts (Pty) Ltd and Pakhouse Fruits Holdings (Pty) Ltd.

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	Group		Company	
	2022	2021	2022	Restated 2021*
	R'000	R'000	R'000	R'000
10 Trade and other receivables				
Financial instruments				
Trade receivables	788 524	719 432	325 717	228 273
Producer advances	92 686	88 665	92 686	88 665
Loss allowance	(38 345)	(37 510)	(21 061)	(16 618)
Trade receivables at amortised cost	842 865	770 587	397 342	300 320
Loans to employees	15 405	19 215	9 427	10 134
Other receivables	43 483	37 076	34 561	18 454
Non-financial instruments				
VAT	39 410	39 360	13 693	17 721
Deposits	8 103	34 811	2 491	2 301
Prepayments	11 776	9 774	5 978	4 067
	961 042	910 823	463 492	352 997
Non-current assets	18 168	22 322	11 681	11 977
Current assets	942 876	888 499	451 811	341 020
	961 044	910 821	463 492	352 997

* Refer to Note 44 for details regarding the restatement of comparative figures.

Non-current portion include loans to employees and the non-current portion of trade and other receivables. The nature of the non-current trade receivables accounts are the same as normal trade debtors. These facilities vary in duration between two and five years, are suitably secured and bear market related interest in line with the policies regarding interest for all trade receivables. Loans to employees consist mainly of motor vehicle loans with market related terms and repayment of up to five years.

Trade and other receivables are ceded as security for borrowings as detailed in Note 18.

Exposure to credit risk

Trade receivables inherently expose the Group to credit risk, being the risk of financial loss which the Group will incur if customers fail to make payments as they fall due.

All credit extended to new and existing customers are first assessed according to the approved Group credit policy to assess the customer's credit quality as well as the credit limit which the customer qualifies for. The maximum exposure to credit risk at the reporting date is the fair value of receivables mentioned above less securities held by the Group. In addition to the above, credit guarantee insurance cover is purchased on a portion of the debtors book to compensate for possible non-payments.

The Group has no significant concentration of credit risk due to its wide spread customer base. The Group has policies in place to ensure that sale of products and services are only made to customers with an appropriate credit history, within approved credit limits and/or against appropriate securities.

Expected credit losses

Financial assets are subject to the impairment provisions of IFRS 9 Financial Instruments, which requires a loss allowance to be recognised for all exposures to credit risk. The impairment provision is monitored monthly by the Group Credit Committee, taking into account all reasonable and supportive information, including that which is forward-looking. The basis of impairment of a financial asset is dependent on the risk profile on initial recognition and on whether the credit risk of the financial asset has increased significantly since initial recognition. The Group measures the loss allowance by applying the three stage expected credit loss model to producer advances and the simplified approach, which is presented by IFRS 9, for all trade and lease receivables.

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10 Trade and other receivables (continued)

Expected credit losses (continued)

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 forwarding-looking information. The following indicators are incorporated:

- internal credit rating
- external credit rating
- actual or expected significant adverse changes in the borrower's ability to meet its obligations
- significant changes in the value of the collateral supporting the obligation
- significant changes in the expected performance and behaviour of the borrower

Producer advances represent advances and production loans which inherently expose the Company to credit risk, being the risk that the Company will incur financial loss if the customer fail to make payment as they fall due. The maximum exposure to credit risk at the reporting date is the fair value of advances mentioned above less securities held by the Group. Producer advances are assessed using a portfolio impairment assessment approach, where advances with similar credit risks and characteristics are grouped together and assessed for impairment.

In accordance with IFRS 9 Financial instruments, producer advances are classified into the following stages for impairment purposes:

Stage 1: the loss allowance measured at an amount equal to 12-month expected credit losses.
This represents advances which are within their payment terms and with no significant increase in credit risk since initial recognition.

Stage 2: the loss allowance measured at an amount equal to lifetime expected credit losses.
Advances whose credit risk have increased since initial recognition due to them falling outside of the payment terms agreed on initial recognition.

Stage 3: Producer advances that are credit-impaired
These advances have not been handed over for collection but there is an indicator of impairment and they have been provided for in full.

The producer advances are assigned to internal risk rating grades based on the credit risk assessment by Agrifin (Group financial service department) at the time of granting the advance which takes into account the inherit risk of the customer and securities provided for these advances. Internal risk rating grades are mapped to the indicative mapping methodology for corporate exposure based on information published by the rating agency Standard & Poor, adjusted for forward-looking factors applicable to the customers these advances were granted to.

Trade receivables and lease receivables follow the simplified approach, where the lifetime expected credit losses are estimated using a provision matrix.

The Group establishes a provision matrix per operating segment, based on historical observed default rates, adjusted for forward-looking factors. The historical (or forecasted) credit loss experience shows similar loss patterns for the customer in each operating segment. Within each operating segment the trade debtors are defined in different categories based on the risk profile and the days past due. Historical observed default rates are calculated within each operating segment for each of these categories. The expected credit loss percentage applied to each category depends on the forward-looking risk of default and expectations on macro-economic factors including commodity prices specifically applicable to each operating segment, animal diseases, access to international markets, the country's credit rating and economical outlook as well as political risk.

The different categories in trade debtors are defined as follows:

Normal - Accounts which are within payment terms agreed at the time of initial recognition.
Monitor - Accounts exceeding payment terms by less than 30 days, except for livestock accounts which represent accounts exceeding payment terms by less than 16 days.
Credit - Accounts exceeding payment terms by 30 to 60 days, except for livestock accounts which represent accounts exceeding payment terms by 17 to 32 days.
Risk - Accounts exceeding payment terms by more than 60 days, except for livestock accounts which represent accounts exceeding payment terms by more than 32 days.
Doubtful - Accounts where there are possibility of default or potential bad debt.
Legal - Accounts that have been handed over to the attorneys for collections.
Specific - Account with specific evidence of impairment and fully provided for.

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10 Trade and other receivables (continued)

Set out below is the Group and Company carrying amounts at default mapped to the loss allowance provided:

	2022		2021	
Group	**Gross carrying amount at default**	**Loss allowance**	**Gross carrying amount at default**	**Loss allowance**
Producer advances				
Stage 1	49 738	(252)	36 157	(309)
Stage 2	40 607	(3 563)	50 280	(3 948)
Stage 3	2 341	(2 341)	2 228	(2 228)
Trade receivables				
Normal	437 736	(2 270)	429 444	(2 674)
Monitor	131 119	(734)	130 192	(1 227)
Credit	88 147	(1 002)	79 964	(1 135)
Risk	80 579	(1 364)	41 574	(1 050)
Doubtful	21 644	(2 301)	18 449	(8 067)
Legal	6 726	(1 945)	4 379	(1 442)
Specific	22 573	(22 573)	15 430	(15 430)
Total	881 210	(38 345)	808 097	(37 510)
Company				
Producer advances				
Stage 1	49 738	(252)	36 157	(309)
Stage 2	40 607	(3 563)	50 280	(3 948)
Stage 3	2 341	(2 341)	2 228	(2 228)
Trade receivables				
Normal	181 225	(667)	156 381	(719)
Monitor	51 240	(373)	45 808	(688)
Credit	22 621	(293)	4 931	(99)
Risk	51 429	(650)	8 520	(367)
Doubtful	5 140	(1 558)	4 791	(1 833)
Legal	4 048	(1 350)	2 824	(1 409)
Specific	10 014	(10 014)	5 018	(5 018)
Total	418 403	(21 061)	316 938	(16 618)

	Group		Company	
	2022 R'000	**2021 R'000**	**2022 R'000**	**2021 R'000**
Specific loss allowance				
Opening balance	(17 658)	(22 733)	(7 246)	(10 540)
(Increase)/decrease during the year	(8 803)	1 626	(4 150)	(40)
Provisions reversed on settled trade receivables	1 547	3 449	1 541	3 334
Additions through combinations of entities under common control	-	-	(2 499)	-
Closing balance	(24 914)	(17 658)	(12 354)	(7 246)
General loss allowance				
Opening balance	(19 852)	(13 905)	(9 372)	(6 656)
Remeasurement of loss allowance	6 421	(5 947)	1 243	(2 716)
Additions through combinations of entities under common control	-	-	(578)	-
Closing balance	(13 431)	(19 852)	(8 707)	(9 372)
Total loss allowance	(38 345)	(37 510)	(21 061)	(16 618)

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10 Trade and other receivables (continued)

	2022		2021	
Concentrations of credit risk	**Gross carrying amount at default**	**Loss allowance**	**Gross carrying amount at default**	**Loss allowance**
Trade receivables and producer advances by segment:				
Group				
Natural fibre	122 234	(4 802)	111 359	(5 690)
Retail and fuel	160 672	(2 702)	136 561	(3 057)
Livestock and properties	287 857	(19 683)	277 687	(16 775)
Technology	-	-	3 727	-
Leasing of properties	911	(610)	656	(435)
Fruit	79 841	(80)	55 889	(623)
Grain and feed	134 644	(7 905)	136 935	(8 347)
Consumer goods	85 550	(1 209)	78 931	(1 253)
All other segments	9 501	(1 354)	6 352	(1 330)
	881 210	(38 345)	808 097	(37 510)
Company				
Natural fibre	95 955	(4 802)	110 753	(5 145)
Retail and fuel	163 639	(2 702)	139 956	(3 057)
Livestock and properties	148 569	(11 955)	57 836	(7 055)
Leasing of properties	521	(248)	161	(31)
All other segments	9 719	(1 354)	8 232	(1 330)
	418 403	(21 061)	316 938	(16 618)

	Group		Company	
	2022 R'000	**2021 R'000**	**2022 R'000**	**2021 R'000**
Exposure to currency risk				
Rand	726 391	697 484	397 342	275 679
Euro	24 208	-	-	-
US Dollar	92 266	73 103	-	24 641
	842 865	770 587	397 342	300 320

The net carrying amounts, in Rand, of trade receivables at amortised cost are all denominated in Euro and US Dollars. The amounts have been presented in Rand by converting the foreign currency amount at the closing rate at the reporting date.

11 Deferred tax

	Group		Company	
	2022 R'000	**2021 R'000**	**2022 R'000**	**2021 R'000**
Analysis of deferred tax asset/(liability)				
Property, plant and equipment	(134 575)	(130 751)	(67 742)	(69 623)
Leases	1 506	2 108	1 371	1 509
Intangible assets	(6 504)	(1 859)	(4 645)	-
Provisions (including inventory, receivables and payroll provisions)	27 993	29 775	22 515	22 074
Realised capital loss	24 599	22 989	24 599	22 989
Income in advance	(1 023)	1 559	-	1 174
Tax losses available for set off against future taxable income	59 776	61 101	-	-
Cash flow hedge reserve	7 470	(1 529)	-	-
	(20 758)	(16 607)	(23 902)	(21 877)

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11 Deferred tax (continued)

The Group expects the entities with tax losses to generate future taxable income based on the forecasts. The realised capital loss will be set off against future capital gains mainly in respect of land and buildings.

Deferred tax assets and liabilities have been offset at individual entity level where the income taxes relate to the same jurisdiction and the law allows net settlement.

On 23 February 2022, the Minister of Finance announced a 1% decrease in the corporate tax rate for all companies with a tax year ending on or after 31 March 2023. The new tax rate of 27% was substantively enacted by 30 June 2022 and has therefore been applied to all deferred tax balances that are expected to reverse after 1 July 2022.

	Group		Company	
	2022	**2021**	**2022**	**2021**
	R'000	**R'000**	**R'000**	**R'000**
The total net deferred tax liability comprises:				
Deferred tax asset	24 635	29 288	56 574	60 133
Deferred tax liability	(45 393)	(45 895)	(80 476)	(82 010)
	(20 758)	(16 607)	(23 902)	(21 877)
Deferred tax comprises:				
Deferred tax assets				
Deferred tax assets recoverable within 12 months	40 793	39 268	23 886	24 587
Deferred tax assets recoverable after 12 months	84 375	104 252	24 599	35 546
Deferred tax liabilities				
Deferred tax liabilities payable within 12 months	(1 023)	(1 820)	(1 881)	(1 881)
Deferred tax liabilities payable after 12 months	(144 903)	(158 307)	(70 506)	(80 129)
	(20 758)	(16 607)	(23 902)	(21 877)
Reconciliation of deferred tax asset/(liability)				
Balance at the beginning of the year	(16 607)	(24 606)	(21 877)	(32 304)
Charge to profit or loss	(10 963)	12 592	1 101	10 277
Acquired or disposed of in business combinations	(5 266)	-	(5 161)	-
Debit to other comprehensive income	12 078	(4 593)	1 989	-
Realisation of deferred tax on revaluation reserve	-	-	46	150
Balance at the end of the year	(20 758)	(16 607)	(23 902)	(21 877)

Deferred tax has been raised for all unused capital losses in the Group.

Deferred tax has not been raised for deductible temporary differences and unused tax losses in the Group, amounting to R11 838 748 (2021: R34 063 560) and Company Rnil (2021: Rnil). Included in 2021 is unrecognised deferred tax of R21 186 983 relating to tax losses in RFID Africa Experts (Pty) Ltd that was sold in 2022 financial year.

12 Inventories

	Group		Company	
	2022	**2021**	**2022**	**2021**
	R'000	**R'000**	**R'000**	**R'000**
Farming requisites and merchandise	428 972	422 386	369 209	303 660
Wool and mohair inventory	128 344	72 933	68 093	72 347
Fruit inventory	170 204	118 913	-	-
Grain inventory	5 702	53 836	-	-
Sugar inventory	24 051	34 324	-	-
Consumables	30 095	20 070	9 227	5 323
	787 368	722 462	446 529	381 330
Provision for obsolete, slow moving and defective stock	(12 293)	(12 015)	(12 010)	(10 413)
	775 075	710 447	434 519	370 917
Inventory included at net realisable value	19 147	7 283	13 797	6 887
Grain inventory included at market value	-	4 577	-	-

Inventory (excluding consumables) serve as security for the Security SPV. Refer to Note 18.

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	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
13 Other financial assets/liabilities				
Foreign exchange contracts				
Foreign exchange contracts (financial asset)	-	1 004	-	-
Foreign exchange options (financial liability)	-	(8 083)	-	-
Foreign exchange contracts (financial liability)	(17 767)	(483)	-	(483)
Other financial assets				
At fair value through profit or loss - held for trading				
Other financial assets comprise open forward contracts. Open positions are valued using market-to-market rate of a particular commodity at year end. Commodities traded include soya beans, sunflower seeds, wheat, white maize and yellow maize.	-	20 700	-	-
Other financial liabilities				
At fair value through profit or loss				
ABSA Bank Limited				
Commodities are financed by ABSA in the form of a loan. The loan is calculated on the short position that the Group transferred to ABSA. The carrying value of the loan changes with respect to the mark-to-market value of the South African Futures Exchange ("SAFEX") commodities. The loan is repayable as the short positions on SAFEX close. This loan is secured by the value of the inventory and bears interest at a rate linked to prime.	-	(21 014)	-	-
Open forward contracts				
Comprise open forward contracts on the SAFEX. Open positions are valued using the SAFEX mark-to-market rate of a particular commodity at year end.	(13 971)	(42)	-	-
Net financial (liability) / asset	(31 738)	(7 918)	-	(483)
Current assets	-	21 704	-	-
Current liabilities	(31 738)	(29 622)	-	(483)
	(31 738)	(7 918)	-	(483)

14 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprises of the following:

	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
Cash on hand	833	751	349	290
Bank balances	64 945	68 597	15 052	1 198
Bank overdrafts	(17 963)	(122 940)	(343)	(1 546)
Net cash and cash equivalents	47 815	(53 592)	15 058	(58)
Current assets	65 778	69 348	15 401	1 488
Current liabilities	(17 963)	(122 940)	(343)	(1 546)
	47 815	(53 592)	15 058	(58)

The Group has restructured its overdraft and borrowing facilities during the year through a Security SPV Guarantor. These facilities are being provided in equal proportions by First National Bank and ABSA. The Group overdraft facility is R200 000 000 of which R120 000 000 is unsecured. R80 000 000 is secured as per the Security SPV Guarantor (Refer Note 18).

Credit ratings

ABSA Bank Limited	Ba1
First National Bank (Division of FirstRand Bank Limited)	Ba1

The bank overdrafts form an integral part of the Group's cash management. Bank overdrafts are thus included as a component of cash and cash equivalents.

15 Assets/(liabilities) classified as held for sale

	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
Reconciliation of assets				
Balance at the beginning of the year	10 957	-	10 957	-
Additions	19 157	10 957	-	10 957
Derecognised	(10 957)	-	(10 957)	-
Balance at the end of the year	19 157	10 957	-	10 957
Assets classified as held for sale				
Trade rights - Hanover Driveway	-	2 900	-	2 900
Right of use asset	-	8 057	-	8 057
Cecilia Square building - Billsons Coutts	19 157	-	-	-
	19 157	10 957	-	10 957
Reconciliation of liabilities				
Balance at the beginning of the year	(9 319)	-	(9 319)	-
Additions	-	(9 319)	-	(9 319)
Lease terminated	9 319	-	9 319	-
Balance at the end of the year	-	(9 319)	-	(9 319)
Liabilities directly associated with assets classified as held for sale				
Lease obligation	-	(9 319)	-	(9 319)

The BKB Limited board of directors approved the plan to market and sell the Cecilia Square building. At year-end, seven of the units had been sold with ownership transferred. Offers on the remaining units have been received of which six have already been accepted by the board of directors. The assets were remeasured and are presented at the offer price which represents their fair value less cost to sell.

In December 2020, the directors of BKB Limited decided to sell the Hanover Driveway site and it was accordingly reclassified to held for sale.

16 Share Capital

	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
Authorised				
200 000 000 (2021: 200 000 000) Ordinary shares with no par value				
Issued				
88 407 075 (2021: 88 407 075) Ordinary shares with no par value	4 420	4 420	4 420	4 420

	Group 2022 Number	Group 2021 Number	Company 2022 Number	Company 2021 Number
Reconciliation of number of shares in issue				
Balance at the beginning and end of the year	88 407 075	88 407 075	88 407 075	88 407 075

Treasury shares
Treasury shares have arisen through the BKB Personnel Share Trust. Details of the Trust's shareholding is as follows:

	2022 Number	2021 Number
Reconciliation of number of shares in issue		
Balance at the beginning of the year	9 551 852	9 551 852
Acquired by the Trust	250 000	-
Balance at the end of the year	9 801 852	9 551 852

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17 Share based payments

The BKB Limited Bonus and Performance Share Entitlement Plan

The BKB Limited Bonus and Performance Share Entitlement Plan was approved by the board of directors on 1 April 2021. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

The plan is designed to provide long-term incentives for senior managers and executives to deliver long term sustainable returns acceptable to shareholders. Under the plan, annual conditional awards of Performance shares and Bonus shares will be allocated to eligible employees of the Group. Annual allocations of these awards are governed by BKB Limited's remuneration policies.

i. Performance shares
Annual conditional awards of performance shares will be made to participants at a zero strike price. Performance shares will vest on the fourth anniversary for their award to the extent that specified performance criteria over the intervening period (assessment period) have been met.

The board of directors will, prior to the commencement of each assessment period, set target ranges for performance criteria comprising minimum and maximum thresholds to be attained.

The performance conditions applied to the performance shares awarded in 2021 are as follows:
- 60% weighting: Return on Funds Employed (ROFE) outperforming BKB Limited's Weighted Average Cost of Capital (WACC)
- 40% weighting: Net Debt divided by Earnings Before Interest, Tax, Depreciation and amortisation (Net Debt ratio) outperforming a benchmark of peer group companies

The performance conditions applied to the performance shares awarded in 2022 are as follows:
- 50% weighting: Return on Funds Employed (ROFE) outperforming BKB Limited's Weighted Average Cost of Capital (WACC)
- 25% weighting: Net Debt divided by Earnings Before Interest, Tax, Depreciation and amortisation (Net Debt ratio) outperforming a benchmark of peer group companies
- 25% weighting: Growth in Normalised earnings per share outperforming Consumer Price Index

If an eligible employee ceases to be employed by the Group by reason of a "no fault termination" prior to vesting of performance shares, the number of performance shares available to vest, together with the settlement date, shall be determined by BKB Limited in consultation with the eligible employee and in terms of the share plan. (Ultimately at BKB Limited's discretion).

	Group		Company	
Movements in number of shares awarded	**2022 Number**	**2021 Number**	**2022 Number**	**2021 Number**
Balance at the beginning of the year	98 599	-	98 599	-
Granted	100 683	98 599	100 683	98 599
Forfeited	(4 414)	-	(4 414)	-
Balance at the end of the year	194 868	98 599	194 868	98 599
Share awards outstanding that is expected to vest in the following years, conditional on continued employment.				
Year ending 30 June 2024	112 147	98 599	112 147	98 599
Year ending 30 June 2025	82 721	-	82 721	-
	194 868	98 599	194 868	98 599

	Group		Company	
	2022 R	**2021 R**	**2022 R**	**2021 R**
IFRS 2 share based payment charge	828 704	831 815	535 047	751 447

17 Share based payments (continued)

ii. Bonus shares

Special allocations of bonus shares awarded vest after three years conditional on continued employment. Bonus shares are granted at a zero strike price.

If an eligible employee ceases to be employed by the Group by reason of a "no fault termination" prior to vesting of bonus shares, the bonus shares available to vest shall be deemed to have vested and settled to the employee in terms of the share plan with effect from the date of termination of employment.

	Group		Company	
	2022	2021	2022	2021
Movements in number of shares awarded	Number	Number	Number	Number
Balance at the beginning of the year	224 209	-	224 209	-
Granted	382 725	224 209	382 725	224 209
Forfeited	(7 067)	-	(7 067)	-
Balance at the end of the year	599 867	224 209	599 867	224 209
Share awards outstanding that is expected to vest in the following years, conditional on continued employment.				
Year ending 30 June 2024	445 171	224 209	445 171	224 209
Year ending 30 June 2025	154 696	-	154 696	-
	599 867	224 209	599 867	224 209

	Group		Company	
	2022	2021	2022	2021
	R	R	R	R
IFRS 2 share based payment charge	3 662 752	2 262 471	2 677 011	2 052 258

iii. Valuation of share incentive grants

The fair value of the shares granted in terms of the share plan is independently determined by an actuary of Financial Modelling Agency using an adjusted form of the Black-Scholes model which includes a Monte Carlo simulation model.

	Performance shares		Bonus shares	
	2022	2021	2022	2021
Spot price per share at grant date (cents)	1 110	1 000	1 090	900
Discounted cash flow (DCF) valuation per share (cents)	1 019	1 022	1 132	1 110
Risk free rate (%)	5.72%	4.56%	7.68%	5.19%
Dividend yield (%)	3.87%	2.41%	4.33%	2.89%
Option life (years)	4	4	4	4
Forfeiture rate (%)	9.09%	9.09%	9.09%	9.09%
Volatility (%)	35.24%	45.68%	40.80%	35.13%
Fair value per share at grant date (cents)	950	928	1 019	1 110

The volatility input to the pricing model is a measure of the expected price fluctuations of the BKB share price over the life of the option structure. Volatility is measured as the annualised standard deviation of historical daily price changes of selected surrogates.

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	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
18 Borrowings				
Held at amortised cost				
Secured				
ABSA Bank Limited: Borrowing base loan facility The Group restructured its borrowing facilities during the year through a Security Special Purpose Vehicle Guarantor structure (SPV). These facilities are currently being provided in equal proportions by ABSA Bank Limited and First National Bank Limited to the borrower, BKB Limited (BKB). Bears interest at a rate linked to prime and is renewed annually.	292 698	-	292 698	-
First National Bank Limited: Borrowing base loan facility The Group restructured its borrowing facilities during the year through a Security Special Purpose Vehicle Guarantor structure (SPV). These facilities are currently being provided in equal proportions by ABSA Bank Limited and First National Bank Limited to the borrower, BKB Limited (BKB). Bears interest at a rate linked to prime and is renewed annually.	292 698	-	292 698	-
ABSA Bank Limited The revolving credit facility related to BKB Limited. Bore interest at a rate linked to prime.	-	454 756	-	454 756
ABSA Bank Limited Commodity finance of lucerne stock and raw material in AlphaAlfa (Pty) Ltd. Bore interest at a rate linked to prime.	-	60 045	-	-
ABSA Bank Limited: Term loan The SPV includes a term loan which is repayable in monthly instalments of R1 093 086 (2021: Rnil) and bears interest at a rate linked to prime. The loan has a residual value of R54 000 000 and is repayable on 10 November 2026.	85 345	-	85 345	-
First National Bank Limited: Term loan The SPV includes a term loan which is repayable in monthly instalments of R1 093 086 (2021: Rnil) and bears interest at a rate linked to prime. The loan has a residual value of R54 000 000 and is repayable on 10 November 2026.	85 346	-	85 346	-
First National Bank Limited: Term loan The term loan was settled in the current year. Monthly instalments of R1 472 846 in the previous year. The term loan bore interest at a rate linked to prime.	-	86 955	-	86 955
Instalment sale agreements	42 454	62 278	-	-
	798 541	664 034	756 087	541 711
Non-current liabilities	180 026	116 493	157 815	74 570
Current liabilities	618 515	547 541	598 272	467 141
	798 541	664 034	756 087	541 711

The Group has restructured its borrowing facilities during the year through a Security SPV Guarantor . These facilities are being provided in equal proportions by First National Bank and ABSA.

The SPV facilities are secured by a guarantee issued by the Security SPV Guarantor (K2020830595 RF Pty Ltd). BKB and its Guarantors (The Obligors) indemnifies the security SPV against all claims in terms of the SPV Guarantee.

18 Borrowings (continued)

As security for the Obligors performing their indemnity obligation to the Security SPV, certain assets are bonded in security to the Security SPV:

Notarial covering bonds over movable assets (including inventory) of BKB Limited, Grainco (Pty) Ltd, AlphaAlfa (Pty) Ltd, Desert Raisins (Pty) Ltd. Refer to Note 12.

Continuous covering mortgage bonds over properties in BKB Limited and Gritco Properties (Pty) Ltd. Refer to Note 2.

Cession of trade and other receivables (BKB Limited, Grainco (Pty) Ltd, AlphaAlfa (Pty) Ltd, Desert Raisins (Pty) Ltd, Atlanta Sugar SA (Pty) Ltd, BKB Pinnacle Fibres (Pty) Ltd, The House of Fibre (Pty) Ltd, BKB Louwid, BKB Van Wyk). Refer to Note 10.

The Obligors signed unlimited surety as guarantee for the SPV facilities. The Obligors are BKB Limited, Grainco (Pty) Ltd, AlphaAlfa (Pty) Ltd, Desert Raisins (Pty) Ltd, Atlanta Sugar (Pty) Ltd, Atlanta Sugar SA (Pty) Ltd, BKB Pinnacle Fibres (Pty) Ltd, The House of Fibre (Pty) Ltd, BKB Louwid, BKB Van Wyk, Gritco Properties (Pty) Ltd, BKB Distribution Centre (Pty) Ltd, Atlanta Investments (Pty) Ltd, Atlanta Products (Pty) Ltd, Oceanic Swaziland (Pty) Ltd.

The Group has complied with the financial covenants of its borrowing facilities during the 2022 and 2021 reporting periods. Refer to Note 42.2.

Instalment sale agreements
Instalment sale agreements are payable over periods from 1 to 5 years at prime linked interest rates repayable in monthly instalments of between R5 203 and R1 611 238 (2021: R5 142 and R1 147 322).

	Group		Company	
	2022 R'000	**2021 R'000**	**2022 R'000**	**2021 R'000**
Minimum instalments due				
- within one year	21 679	23 849	-	-
- in second to fifth year inclusive	24 507	45 321	-	-
	46 186	69 170	-	-
Less: future finance charges	(3 732)	(6 892)	-	-
Present value of instalments	42 454	62 278	-	-
Present value of minimum instalments				
- within one year	20 243	20 356	-	-
- in second to fifth year inclusive	22 211	41 922	-	-
	42 454	62 278	-	-
Instalment sale security				
Motor vehicles	4 592	9 049	-	-
Plant and machinery	63 901	68 180	-	-
	68 493	77 229	-	-

Refer to Note 34 "Changes in liabilities arising from financing activities" for details of the movement in the borrowings during the reporting period and Note 42 "Financial instruments and financial risk management" for the fair value of borrowings.

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19 Retirement benefits

Defined benefit plan

The Company contributes to the medical aid costs of certain of the retired employees. The plan is a post employment medical benefit plan.

Actuarial valuations are obtained every second year, the last actuarial valuation was carried out on 30 June 2022. The annual movement in the balance is analysed as follows:

	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Balance at the beginning of the year	6 302	6 802	6 302	6 802
Interest expense	469	511	469	511
Re-measurements	98	-	98	-
Contribution payments by employer	(1 061)	(1 011)	(1 061)	(1 011)
Balance at the end of the year	5 808	6 302	5 808	6 302
The amounts recognised in the income statement are as follows:				
Interest cost	469	511	469	511
	469	511	469	511

Key assumptions used

	Group 2022	Group 2021	Company 2022	Company 2021
Discount rate used	9.47%	8.11%	9.47%	8.11%
Increase in medical costs	8.00%	8.00%	8.00%	8.00%

Currently medical aid subsidies are payable to 40 pensioners (2021: 48) with an average age of 85.8 years (2021: 84.3). The table used to determine the mortality rate is "post employment-PA90(2)". The weighted average duration of the defined benefit obligation is five years. Expected contributions for the year ending 30 June 2023 are R0.9 million.

As at valuation date, the present value of the defined benefit obligation was comprised as follows:	2022		2021	
	Number	Defined Benefit obligation R'000	Number	Defined Benefit obligation R'000
BKB members	29	3 688	36	3 774
ECAC members	11	2 120	12	2 528
	40	5 808	48	6 302

Sensitivity	2022 Change in assumption	2022 Change in Obligation	2021 Change in assumption	2021 Change in Obligation
Healthcare cost	+1%	+3.1%	+1%	+3.2%
	-1%	-2.9%	-1%	-3.0%
Mortality	+1%	-5.0%	+1%	-5.2%
	-1%	+5.6%	-1%	+5.7%

The sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practise this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

19 Retirement benefits (continued)

Risks involved in maintaining the post employment healthcare obligation:

The risks faced by the Company as a result of the post-employment healthcare obligation can be summarised as follows:
1. Inflation: The risk that future healthcare cost inflation as well as CPI inflation are higher than expected and uncontrolled.
2. Longevity: The risk that beneficiaries live longer than expected and thus their healthcare benefit is payable for longer than expected.
3. Open-ended, long-term liability: The risk that the liability may be volatile in the future and uncertain.
4. Legislative changes: The risk that changes to legislation with respect to the post-employment benefits may increase the liability for the Company.
5. Future changes in the tax environment: The risk that changes in the tax legislation governing employee benefits may increase the liability for the Company.

All risks are managed through the employer's subsidy policy and are monitored through annual valuations of the liability.

20 Provisions

	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
Long term provisions				
Provision for service bonus				
Balance at the beginning of the year	8 295	8 086	8 295	8 086
Additions	1 155	926	1 155	926
Utilised during the year	(641)	(717)	(641)	(717)
Balance at the end of the year	8 809	8 295	8 809	8 295

Certain employees are entitled to long service bonuses upon retirement as per employment contract. Provision is made for this eventuality.

21 Trade and other payables

	Group 2022 R'000	Group Restated 2021* R'000	Company 2022 R'000	Company Restated 2021* R'000
Financial Instruments:				
Trade creditors	501 055	462 759	241 980	191 541
Other accrued expenses	20 997	23 247	7 321	11 357
Other payables	21 368	27 962	19 907	25 749
Non-financial Instruments:				
Accrued bonus	26 287	30 249	17 924	20 891
Accrued leave pay	25 933	29 758	16 874	17 345
Amounts received in advance	3 200	4 189	-	-
VAT	10 650	10 048	-	-
	609 490	588 212	304 006	266 883

* Accrued bonus and leave pay have been correctly classified as Non-financial instruments.

22 Loans from group companies

	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
The House of Fibre (Pty) Ltd	-	-	2 217	530
Lihoai Consultancy (Pty) Ltd	-	-	3 748	2 887
BKB Shearing (Pty) Ltd	-	-	480	789
Home and Hectare (Pty) Ltd	-	-	9 107	9 236
BKB Van Wyk (Pty) Ltd	-	-	-	9 144
PaKHouse Brands (Pty) Ltd	-	-	6 988	-
Grainco Group Holdings (Pty) Ltd	-	-	3 684	-
Atlanta Sugar SA (Pty) Ltd	-	-	29 103	-
	-	-	55 327	22 586

Loans from subsidiaries are payable on demand and interest is charged at the prime related interest rate.

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23 Value of business conducted

	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
Natural fibre	3 577 713	3 420 684	3 040 033	3 013 612
Retail and fuel	2 069 437	1 803 593	2 069 437	1 805 243
Livestock and properties	6 074 694	5 044 777	2 196 175	1 379 383
Technology	31 749	25 873	-	-
Leasing of properties	5 030	5 780	3 690	3 456
Fruit	292 961	347 572	-	-
Grain and feed	1 347 349	1 731 607	-	-
Consumer goods	846 417	805 615	-	-
Financing	32 142	27 635	25 702	21 962
	14 277 492	13 213 136	7 335 037	6 223 656

The value of business conducted represents the value of transactions for the Group as well as those conducted in its capacity as an agent/broker.

24 Revenue

	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
Revenue from contracts with customers				
Sale of goods	5 417 049	4 901 799	2 583 661	2 410 294
Rendering of services	239 172	257 750	168 755	180 280
Commissions received	397 826	351 927	201 510	162 221
	6 054 047	5 511 476	2 953 926	2 752 795
Other revenue				
Interest received	32 142	27 635	25 702	21 962
Rental income	7 597	5 868	3 690	3 456
	39 739	33 503	29 392	25 418
Total revenue	6 093 786	5 544 979	2 983 318	2 778 213
Disaggregation of revenue from contracts with customers				
Principal revenue: Sale of goods				
Natural fibre	906 203	754 415	521 790	614 171
Retail and fuel	2 061 871	1 795 697	2 061 871	1 796 123
Technology	31 145	25 081	-	-
Fruit	292 347	347 034	-	-
Grain and feed	1 279 066	1 173 958	-	-
Consumer goods	846 417	805 614	-	-
	5 417 049	4 901 799	2 583 661	2 410 294
Principal revenue: Rendering of services				
Natural fibre	162 895	174 794	161 189	172 384
Retail and fuel	7 566	7 896	7 566	7 896
Technology	604	796	-	-
Fruit	614	539	-	-
Grain and feed	67 493	73 725	-	-
	239 172	257 750	168 755	180 280
Agent revenue: Commissions received				
Natural fibre	135 870	125 754	118 160	111 361
Livestock and properties	261 235	225 952	83 350	50 860
Grain and feed	721	221	-	-
	397 826	351 927	201 510	162 221
Total revenue from contracts with customers	6 054 047	5 511 476	2 953 926	2 752 795
Other revenue				
Interest received	32 142	27 635	25 702	21 962
Rental income	7 597	5 868	3 690	3 456
	39 739	33 503	29 392	25 418
Total revenue	6 093 786	5 544 979	2 983 318	2 778 213

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	Group		Company	
	2022	2021	2022	2021
	R'000	R'000	R'000	R'000
24 Revenue (continued)				
Timing of revenue recognition				
At a point in time				
Sale of goods	5 417 049	4 901 799	2 583 661	2 410 294
Commissions received	397 826	351 927	201 510	162 221
	5 814 875	5 253 726	2 785 171	2 572 515
Over time				
Rendering of services	239 172	257 750	168 755	180 280
Total revenue from contracts with customers	6 054 047	5 511 476	2 953 926	2 752 795
Other revenue				
Interest received	32 142	27 635	25 702	21 962
Rental income	7 597	5 868	3 690	3 456
	39 739	33 503	29 392	25 418
Total revenue	6 093 786	5 544 979	2 983 318	2 778 213

25 Cost of sales

	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
Cost of sale of goods	4 809 558	4 389 925	2 305 144	2 135 197
Cost of sale of goods				
Natural fibre	817 331	667 521	462 083	530 014
Retail and fuel	1 840 402	1 604 756	1 843 061	1 605 183
Technology	23 238	17 649	-	-
Fruit	251 514	305 011	-	-
Grain and feed	1 104 641	1 075 221	-	-
Consumer goods	772 432	719 767	-	-
	4 809 558	4 389 925	2 305 144	2 135 197

26 Other operating income

	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
Profit on sale of own use property	1 300	152	-	152
Profit on sale of investment property	4 766	-	-	-
Profit on sale of plant and equipment	-	-	1 098	39
Profit on sale of subsidiary	16 918	-	-	-
Bad debts recovered	1 547	3 449	1 541	3 334
Fair value gains on property	4 532	1 825	-	-
Cash discounts received	8 980	7 814	8 324	7 737
Foreign exchange gains	18 023	19 861	364	1 129
Gain on modification of lease liability	3 292	-	2 598	-
Tax incentives	2 189	1 714	1 336	764
Other	9 211	15 131	7 808	4 404
	70 758	49 946	23 069	17 559

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27 Operating profit

Operating profit for the year is stated after charging/(crediting) the following, amongst others:

	Group		Company	
	2022	2021	2022	2021
	R'000	R'000	R'000	R'000
Auditor's remuneration - external	6 356	4 078	3 740	2 123
Approved audit fees	5 164	4 064	2 637	1 909
Adjustment for previous year	310	(205)	291	82
Tax and advisory services	882	219	812	132
Employee costs	521 636	511 584	304 288	286 948
Salaries, wages, bonuses and other benefits	438 986	449 562	268 609	265 484
Share-based payment	4 491	2 114	3 212	2 060
Commission paid	56 182	39 526	19 502	8 418
Training and other expenses	14 498	12 015	8 271	6 590
Provision for service bonus	1 155	926	1 155	926
Retirement benefit plans: defined contribution expense	5 757	6 930	2 972	2 959
Retirement benefit plans: defined benefit expense				
Finance expense	469	511	469	511
Remeasurements	98	-	98	-

Expenses by nature
The total operational and administrative expenses are analysed by nature as follows:

	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
Advertising expense	22 078	16 145	15 210	9 676
Auditors remuneration	5 474	3 859	2 928	1 991
Bank charges	22 776	16 818	17 134	10 683
Bad debts	13 987	7 692	11 783	2 530
Commission paid	58 877	29 837	50 983	25 508
Computer expenses	31 750	26 890	25 133	22 006
Depreciation and amortisation	45 240	42 122	26 574	24 921
Employee costs	521 636	511 584	304 288	286 948
Foreign exchange losses	224	562	-	543
Impairment of intangible assets	5 435	-	1 888	-
Impairment of financial assets - specific	8 803	(1 626)	4 150	40
Impairment of financial assets - general	(6 421)	5 947	(1 243)	2 716
Impairment of loans to group companies	-	-	4 609	1 132
Loss on of disposal group previously held for sale	1 638	-	1 638	-
Insurance cost net of recoveries	7 862	7 746	(797)	(128)
Lease charges	19 165	18 409	6 613	4 239
Legal expenses	3 793	3 364	2 167	2 593
Loss from equity accounted investments	161	238	-	-
Loss on sale of plant and equipment	10	654	-	-
Loss on sale of property	236	-	236	-
Losses on products	10 092	10 539	8 265	4 921
Management fees	-	-	25 488	47 236
Non-executive directors' fees	3 211	3 153	3 211	3 153
Pressing and storage costs	33 407	23 016	10 610	12 280
Professional consulting fees	17 572	10 682	23 926	13 750
Property tax	5 621	5 179	4 531	4 286
Repairs and maintenance	38 554	35 807	15 863	15 468
Security	9 464	8 974	3 919	3 392
Shearing food allowance	2 717	6 225	2 717	6 225
Subsistence and travel	17 217	10 122	10 597	5 766
Telephone and postage	10 188	11 037	6 134	6 372
Transport	113 178	86 778	5 202	5 550
Vehicle costs	43 508	41 912	29 194	27 017
Water and electricity	13 362	13 178	10 966	10 981
Other	37 172	32 789	25 238	27 494
	1 117 987	989 632	659 155	589 289

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	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
28 Finance income				
Bank and other cash	2 267	4 249	463	2 696
Other financial assets	1 180	903	599	538
Loans to group companies:				
Subsidiaries	-	-	42 355	29 780
	3 447	5 152	43 417	33 014
29 Finance costs				
Interest paid financial institutions	62 654	65 021	52 892	49 637
Interest paid leases	6 161	6 648	3 546	4 258
Loans from group companies:				
Subsidiaries	-	-	2 000	1 262
	68 815	71 669	58 438	55 157
30 Taxation				
Current				
Local income tax - current period	40 115	55 792	12 113	21 907
Local income tax - recognised in current tax for prior periods	4	14	-	14
Withholding tax	2 703	720	463	159
	42 822	56 526	12 576	22 080
Deferred				
Originating and reversing temporary differences	10 633	(10 362)	(1 101)	(8 048)
Arising from prior period adjustments	330	(2 230)	-	(2 229)
	10 963	(12 592)	(1 101)	(10 277)
	53 785	43 934	11 475	11 803
Reconciliation of the tax expense				
Accounting profit	171 631	148 851	154 481	67 580
Tax at the applicable tax rate of 28% (2021: 28%)	48 057	41 678	43 255	18 922
Tax effect of adjustments on taxable income				
Under provision - prior year	4	14	-	14
Deferred taxation - prior year	330	(2 309)	-	(2 229)
Exempt income	(5 941)	(593)	(36 449)	(5 731)
Expenses not deductible for tax purposes	5 773	1 626	4 765	1 507
Withholding tax	2 703	719	463	159
Special income tax allowances	(1 348)	(1 009)	(1 225)	(936)
Capital gains tax rate differential	(270)	97	(3)	97
Income taxed at different rate	248	(123)	-	-
Deferred tax asset not raised	2 171	3 834	-	-
Additions through combinations of entities under common control	-	-	(435)	-
Deferred tax: change in corporate tax rate	2 059	-	1 104	-
	53 786	43 934	11 475	11 803
Estimated tax losses carried forward				
Estimated tax losses to be set off against future taxable profit	233 230	252 280	-	-

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31 Earnings per share

Basic earnings per share

The calculation of basic earnings per share is based on earnings attributable to ordinary shareholders, divided by the weighted average number of ordinary shares in issue during the year.

	Group	
	2022	**2021**
Basic earnings per share		
Basic earnings per share (c per share)	148.1	133.3

Basic earnings per share was based on earnings of R116 613 000 (2021: R105 123 000) and a weighted average number of ordinary shares of 78 731 250 (2021: 78 855 223).

	Group	
	2022 R'000	**2021 R'000**
Reconciliation of profit for the year to basic earnings		
Profit for the year	117 846	104 917
Adjusted for:		
Non-controlling interest	(1 233)	206
Profit for the year attributable to equity holders of the parent	116 613	105 123

	Group	
	2022 Number	**2021 Number**
Reconciliation of the weighted average number of ordinary shares:		
Number of shares in issue	88 407 075	88 407 075
Weighted average number of treasury shares	(9 675 825)	(9 551 852)
Weighted average number of ordinary shares	78 731 250	78 855 223

Diluted earnings per share

The calculation of diluted earnings per share is based on the earnings attributable to ordinary shareholders, divided by the weighted average number of ordinary shares in issue during the year, plus the weighted average number of dilutive potential shares resulting from share options.

	Group	
	2022	**2021**
Diluted earnings per share		
Diluted earnings per share (c per share)	146.6	132.8

Diluted earnings per share was based on earnings of R116 613 000 (2021: R105 123 000) and a weighted average number of ordinary shares of 78 131 383 (2021: 78 631 014).

	Group	
	2022 R'000	**2021 R'000**
Reconciliation of basic earnings to diluted earnings		
Basic earnings (no adjustments)	116 613	105 123

	Group	
	2022 Number	**2021 Number**
Reconciliation of weighted average number of ordinary shares to diluted shares		
Weighted average number of ordinary shares used for basic earnings per share	78 731 250	78 855 223
Adjusted for:		
Performance shares to be issued	194 868	98 599
Bonus shares to be issued	599 867	224 209
Weighted average number of ordinary shares used for basic earnings per share	79 525 985	79 178 031
Reconciliation of weighted average number of ordinary shares to diluted shares		
Weighted average number of ordinary shares used for basic earnings per share	78 731	78 855

31 Earnings per share (continued)

Headline earnings and diluted headline earnings per share

Headline earnings per share and diluted headline earnings per share are determined by dividing headline earnings and diluted headline earnings by the weighted average number of ordinary share outstanding during a period.

Headline earnings and diluted headline earnings are determined by adjusting basic earnings and diluted earnings by excluding separately identifiable re-measurement items. Headline earnings and diluted headline earnings are presented after tax and non-controlling interest.

	Group 2022	Group 2021
Headline earnings per share (c per share)	134.1	132.5
Diluted headline earnings per share (c per share)	132.7	132.0

	Group 2022 R'000 Gross	Group 2022 R'000 Net	Group 2021 R'000 Gross	Group 2021 R'000 Net
Reconciliation between earnings and headline earnings				
Profit for the year attributable to equity holders of the parent		116 613		105 123
Adjusted for:				
Net (profit)/loss on sale of property, plant and equipment	(1 054)	(759)	502	361
Loss on disposal of non-current asset held for sale	1 638	1 179	-	-
Loss on equity accounted investments	161	116	238	171
Reversal of impairment loss	-	-	(1 825)	(1 314)
Fair value (gains)/losses on investment property	(4 532)	(3 263)	205	148
Impairment of intangible assets	5 435	3 913	-	-
Gain on the sale of subsidiary	(5 679)	(8 827)	-	-
Gain on disposal of investment property	(4 766)	(3 432)	-	-
		105 541		104 489
Reconciliation between diluted earnings and diluted headline earnings				
Profit for the year attributable to equity holders of the parent		116 613		105 123
Adjusted for:				
Net (profit)/loss on sale of property, plant and equipment	(1 054)	(759)	502	361
Loss on disposal of non-current asset held for sale	1 638	1 179	-	-
Loss on equity accounted investments	161	116	238	171
Reversal of impairment loss	-	-	(1 825)	(1 314)
Fair value (gains)/losses on investment property	(4 532)	(3 263)	205	148
Impairment of intangible assets	5 435	3 913	-	-
Gain on the sale of subsidiary	(5 679)	(8 827)	-	-
Gain on disposal of investment property	(4 766)	(3 432)	-	-
		105 541		104 489

	Group 2022	Group 2021
Dividends per share		
Final (c per share)	40.0	5.0

Dividends amounting to R35 million (2021: R4 million) were paid to shareholders of the Company who were registered on 14 September 2021. Proposed dividends after the reporting period amount to R37 million (Proposed dividends per share of 42 cents).

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	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
32 Cash generated from operations				
Profit before taxation	171 631	148 851	154 481	67 580
Adjustments for:				
Bad debts	13 987	7 692	11 783	2 530
Depreciation and amortisation	72 484	67 158	26 574	24 921
Dividend income	-	-	(127 414)	(18 437)
Finance income	(3 447)	(5 152)	(43 417)	(33 014)
Finance costs	68 815	71 669	58 438	55 157
Share based payment expense	4 491	3 094	3 210	2 803
Fair value gains	-	(20 382)	-	-
Fair value (gains)/losses on investment property	(4 532)	205	-	205
Reversal of impairment loss	-	(1 825)	-	168
Loss from equity accounted investments	161	238	-	-
Impairment of intangible assets	5 435	-	1 888	-
Loss on disposal group previously held for sale	1 638	-	1 638	-
Increase in impairment of financial assets	2 382	4 321	2 907	2 756
Increase in impairment of financial assets-loans	-	-	4 609	1 132
Movement in provision for obsolete stock	278	1 310	1 597	(12)
Losses on products	9 814	9 229	6 668	4 933
Movement in retirement benefit liability	(494)	(500)	(494)	(500)
Movement in provision for service bonus	514	209	514	209
Movement in derivatives	(9 308)	25 469	(483)	198
Disposal of right of use asset and lease liability	(2 391)	-	(1 351)	-
Net (Profit)/loss on sale of property, plant and equipment	(5 620)	502	(862)	(191)
Profit on sale of subsidiary	(16 918)	-	-	-
Changes in working capital				
(Increase)/decrease in inventories	(74 720)	29 705	(71 867)	(50 999)
(Increase)/decrease in current trade and other receivables	(53 727)	(17 851)	(97 778)	97 711
Increase/(decrease) in trade and other payables	18 855	(15 055)	34 700	(3 725)
Acquisition of working capital through business combinations	(136)	-	-	-
Additions through combinations of entities under common control	-	-	52 892	-
	199 192	308 887	18 233	153 425

	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
33 Tax paid				
Balance receivable at the beginning of the year	(1 139)	1 886	(230)	1 751
Charged to profit or loss	(42 822)	(56 526)	(12 576)	(22 080)
Additions through combinations of entities under common control	-	-	(1 286)	-
Balance payable at the end of the year	3 094	1 139	3 039	230
	(40 867)	(53 501)	(11 053)	(20 099)

NOTES TO THE FINANCIAL STATEMENTS

34 Changes in liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities set out below:

	Loans from group companies R'000	Borrowings R'000	Leases R'000	Total R'000
Group - 2022				
Opening balance	-	664 034	72 249	736 283
Acquisitions - leases	-	-	12 558	12 558
Leases terminated	-	-	(13 208)	(13 208)
Other charges				
Interest expense	-	55 214	6 161	61 375
Interest payments (presented as operating cash flows)	-	(55 214)	(6 161)	(61 375)
Cash flows				
Proceeds from borrowings	-	1 985 400	-	1 985 400
Repayments	-	(1 850 893)	(13 254)	(1 864 147)
Closing balance	-	798 541	58 345	856 886
Group - 2021				
Opening balance	-	794 182	59 720	853 902
Acquisitions - leases	-	-	33 022	33 022
Leases terminated	-	-	(36)	(36)
Classified as held for sale	-	-	(9 319)	(9 319)
Other charges				
Interest expense	-	51 657	6 648	58 305
Interest payments (presented as operating cash flows)	-	(51 657)	(6 648)	(58 305)
Cash flows				
Proceeds from borrowings	-	762 848	-	762 848
Repayments	-	(892 996)	(11 138)	(904 134)
Closing balance	-	664 034	72 249	736 283
Company - 2022				
Opening balance	22 586	541 711	40 311	604 608
Acquisitions - leases	-	-	3 607	3 607
Leases terminated	-	-	(6 601)	(6 601)
Cash flows - Additions through combinations of entities under common control	-	-	2 858	2 858
Other charges				
Interest expense	2 000	52 144	3 546	57 690
Interest payments (presented as operating cash flows)	(2 000)	(52 144)	(3 546)	(57 690)
Cash flows				
Proceeds from borrowings	313 875	1 985 400	-	2 299 275
Repayments	(281 134)	(1 771 024)	(5 138)	(2 057 296)
Closing balance	55 327	756 087	35 037	846 451
Company - 2021				
Opening balance	45 436	676 430	34 897	756 763
Acquisitions - leases	-	-	18 482	18 482
Leases terminated	-	-	(36)	(36)
Classified as held for sale	-	-	(9 319)	(9 319)
Other charges				
Interest expense	1 262	47 640	4 257	53 159
Interest payments (presented as operating cash flows)	(1 262)	(47 640)	(4 257)	(53 159)
Cash flows				
Proceeds from borrowings	58 286	648 047	-	706 333
Repayments	(81 136)	(782 766)	(3 713)	(867 615)
Closing balance	22 586	541 711	40 311	604 608

Other changes include non-cash movements, including accrued interest expense which will be presented as operating cash flows in the statement of cash flows when paid.

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	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
35 Dividends paid				
Dividends	(31 542)	(3 943)	(35 363)	(4 420)

36 Business combinations

	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
Aggregated business combinations				
Property, plant and equipment	8 365	-	7 850	-
Client lists and relationships	19 934	-	19 934	-
Deferred tax liability	(5 161)	-	(5 161)	-
Trade and other payables	(136)	-	-	-
Total identifiable net assets	23 002	-	22 623	-
Non-controlling interest	34	-	-	-
Goodwill	15 766	-	11 721	-
	38 802	-	34 344	-
Acquisition date fair value of consideration paid				
Cash	(34 352)	-	(29 894)	-
Contingent consideration arrangement	(4 450)	-	(4 450)	-
	(38 802)	-	(34 344)	-

GWK livestock division

On 1 November 2021 the Group acquired the Southern Cape and Southern Free State livestock division of GWK.

Goodwill of R11 720 492 arising from the acquisition consists largely of the returns expected from incorporating the Southern Cape and Southern Free State livestock operations into BKB, where we have not previously enjoyed a significant footprint, as well as from intangible assets which did not qualify for separate recognition. Goodwill is not deductible for income tax purposes.

	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
Fair value of assets acquired and liabilities assumed				
Property, plant and equipment	8 207	-	7 850	-
Client lists and relationships	18 434	-	18 434	-
Deferred tax liability	(5 161)	-	(5 161)	-
Total identifiable net assets	21 480	-	21 123	-
Goodwill	11 721	-	11 721	-
	33 201	-	32 844	-
Acquisition date fair value of consideration paid				
Cash	(28 751)	-	(28 394)	-
Contingent consideration arrangement	(4 450)	-	(4 450)	-
	(33 201)	-	(32 844)	-

Contingent consideration arrangement

The contingent consideration arrangement requires the Company to pay GWK an amount of R4 450 000 which is conditional upon the registration of the properties.

Financial Results included in the financial statements from 1 November 2021 to 30 June 2022:

	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
Revenue	22 378	-	22 378	-
Profit before tax	4 074	-	4 074	-

36 Business combinations (continued)

GWK Properties

On 1 April 2022 the Group acquired the business of GWK Properties (excluding liabilities).

Goodwill of R3 941 883 arising from the acquisition of GWK Properties is attributable to the expansion of Home and Hectare's national footprint in the key focus areas of the central Free State and Nothern Cape regions. No intangible assets were identified which requires separate recognition. Goodwill is not deductible for income tax purposes.

	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Fair value of assets acquired and liabilities assumed				
Property, plant and equipment	158	-	-	-
Total identifiable net assets	158	-	-	-
Goodwill	3 942	-	-	-
	4 100	-	-	-
Acquisition date fair value of consideration paid				
Cash	(4 100)	-	-	-
	(4 100)	-	-	-

RobCaw Auctioneers

On 1 July 2021 the Company acquired the livestock business of RobCaw Auctioneers.

Client relationships recognised is attributable to the auction points situated at Kei Road, Stutterheim and Bolo. These are new geographical areas to the livestock division and the customer relationships attached to these points.

	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Fair value of assets acquired and liabilities assumed				
Client lists and relationships	1 500	-	1 500	-
Total identifiable net assets	1 500	-	1 500	-
Goodwill	-	-	-	-
	1 500	-	1 500	-
Acquisition date fair value of consideration paid				
Cash	(1 500)	-	(1 500)	-
	(1 500)	-	(1 500)	-

Shearwater Logistics

On 1 October 2021 the Group acquired a 75% shareholding in Shearwater Logistics (Pty) Ltd.

Goodwill of R103 394 arising from the acquisition consists largely of pre-acquisition start up costs assumed as the business had no material assets at this date. Goodwill is not deductible for income tax purposes.

	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Fair value of assets acquired and liabilities assumed				
Trade and other payables	(136)	-	-	-
Total identifiable net assets	(136)	-	-	-
Non-controlling interest 25%	34			
Goodwill	103	-	-	-
	1	-	-	-
Acquisition date fair value of consideration paid				
Cash	(1)	-	-	-
	(1)	-	-	-

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37 Transactions in respect of subsidiaries

37.1 Combinations of entities under common control

BKB Van Wyk

On 1 May 2022 the Company acquired the business of BKB Van Wyk (Pty) Ltd.

As at 1 May 2022, BKB Van Wyk (Pty) Ltd sold their business as a going concern to BKB Limited, together with the assets and liabilities, on a tax neutral basis in terms of section 45 of the Income Tax Act. BKB Van Wyk (Pty) Ltd is a wholly owned subsidiary of BKB Limited and both companies are part of the Group. The transaction is part of a restructure in the livestock division. The restructure was embarked on to ensure a more effective and efficient service delivery to its stakeholders.

	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Carrying amount of assets acquired and liabilities assumed				
Property, plant and equipment	-	-	8 041	-
Goodwill	-	-	16 216	-
Intangible assets	-	-	426	-
Right of use assets	-	-	2 435	-
Trade and other receivables	-	-	73 069	-
Cash and cash equivalents	-	-	3 769	-
Current income tax liability	-	-	(1 286)	-
Lease liability	-	-	(2 858)	-
Trade and other payables	-	-	(20 177)	-
Total identifiable net assets	-	-	79 635	-
Acquisition date fair value of consideration paid				
Cash	-	-	(79 635)	-
Cash acquired	-	-	3 769	-
Net cash paid on acquisition	-	-	(75 866)	-

37.2 Sale of subsidiary

RFID Africa Experts (Pty) Ltd

On 30 June 2022, the group disposed of 100% of its interest in RFID Africa Experts (Pty) (the Company) Ltd as well as 100% of its loan claims against the Company.

The Company is incorporated in South Africa and is engaged in specialised systems integration solutions for livestock.

	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
The carrying amounts of assets and liabilities as at date of sale 30 June 2022 were:				
Property, plant and equipment	2 786	-	-	-
Inventory	11 850	-	-	-
Trade and other receivables	3 021	-	-	-
Cash and cash equivalents	140	-	-	-
Current income tax liability	104	-	-	-
Trade and other payables	(6 881)	-	-	-
Amount due to BKB Limited	(27 938)	-	-	-
Total identifiable net assets	(16 918)	-	-	-
Net carrying value of assets sold (net liabilities)	(16 918)	-	-	-
Gain on sale	**16 918**	**-**	**-**	**-**
Loan receivable written off as bad debt	(11 239)	-	-	-
Net gain included in profit or loss before tax	**5 679**	**-**	**-**	**-**

38 Contingencies

A supplier, (Auto Tech) had instituted a claim against Atlanta Products (Pty) Ltd (Atlanta) for damages allegedly suffered as a result of a forklift contract terminated by Atlanta without sufficient notice. Management is of the view (based on legal advice) that the company will not incur any material loss in respect of the matter. A provision of R1 353 667 (50%) was provided for in respect of this matter.

39 Commitments

	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Authorised capital expenditure				
Not yet contracted for and authorised by directors	127 314	113 729	74 673	56 596

Capital expenditure will be financed by funds generated by the businesses, existing cash resources and borrowing facilities available to the Group. The expenditure further need appropriate support and justification before final approval.

40 Related parties

	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Relationships				
Subsidiaries (Note 7)				
Related party balances				
Loan accounts - Owing by related parties				
Loans to key management	5 978	9 081	83	85
Loans to group companies (Note 9)	-	-	574 878	398 719
Loans from group companies (Note 22)	-	-	(55 327)	(22 586)
Amounts included in trade receivables/(trade payables) regarding related parties				
BKB Distribution Centre (Pty) Ltd			(2 007)	-
The House of Fibre (Pty) Ltd	-	-	20	-
BKB Pinnacle Fibres (Pty) Ltd	-	-	3 616	-
BKBLouwid (Pty) Ltd	-	-	229	554
BKB Van Wyk (Pty) Ltd	-	-	-	421
Hoëveld Veilingsentrum (Pty) Ltd	-	-	(54)	-
Shift Digital Acceleration (Pty) Ltd	-	-	(19)	(357)
RFID Africa Experts (Pty) Ltd	-	-	-	(50)
Atlanta Sugar SA (Pty) Ltd	-	-	(52)	36
Atlanta Products (Pty) Ltd	-	-	11	6
Grainco (Pty) Ltd	-	-	(2 412)	(1 952)
AlphaAlfa (Pty) Ltd	-	-	82	(82)
Desert Raisins (Pty) Ltd	-	-	93	265
Shearwater Logistics (Pty) Ltd	-	-	100	-
Key management* and directors	(50)	1 214	(50)	1 214

* Key management includes the general managers of the Group.

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40 Related parties (continued)

Related party transactions

	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
Interest received from/(paid) to related parties				
Billsons Coutts (Pty) Ltd	-	-	467	630
BKB Distribution Centre (Pty) Ltd			962	6
The House of Fibre (Pty) Ltd	-	-	561	690
BKB Pinnacle Fibres (Pty) Ltd	-	-	9 112	-
Home and Hectare (Pty) Ltd	-	-	(415)	(350)
BKBLouwid (Pty) Ltd	-	-	3 737	2 710
BKB Van Wyk (Pty) Ltd	-	-	(468)	(892)
Hoëveld Veilingsentrum (Pty) Ltd	-	-	979	423
Shift Digital Acceleration (Pty) Ltd	-	-	(1 011)	678
RFID Africa Experts (Pty) Ltd	-	-	(1 534)	1 534
Wool & Mohair Exchange of South Africa NPC	-	-	400	431
PaKHouse Brands (Pty) Ltd	-	-	105	274
Atlanta Sugar SA (Pty) Ltd	-	-	626	25
Grainco Group Holdings (Pty) Ltd	-	-	5 271	9 097
AlphaAlfa (Pty) Ltd	-	-	3 527	421
Grainco (Pty) Ltd	-	-	5 477	-
Desert Raisins (Pty) Ltd	-	-	11 891	12 469
Shearwater Logistics (Pty) Ltd	-	-	335	-
BKB Personnel Share Trust	-	-	333	374
Key management* and directors	333	374	-	-
Sales to/(purchases from) related parties				
BKB Distribution Centre (Pty) Ltd	-	-	(27 873)	-
The House of Fibre (Pty) Ltd	-	-	62 203	59 155
BKB Pinnacle Fibres (Pty) Ltd	-	-	82 409	-
Hoëveld Veilingsentrum (Pty) Ltd	-	-	(649)	-
RFID Africa Experts (Pty) Ltd	-	-	(2 694)	(2 246)
Atlanta Sugar SA (Pty) Ltd	-	-	-	274
AlphaAlfa (Pty) Ltd	-	-	(5 742)	(4 308)
Grainco (Pty) Ltd	-	-	(30 625)	(8 968)
Transactions with key management* and directors	(2 593)	6 679	(2 593)	6 679
Rent (paid to)/received from related parties				
Billsons Coutts (Pty) Ltd	-	-	(246)	(238)
Home and Hectare (Pty) Ltd	-	-	4	40
BKBLouwid (Pty) Ltd	-	-	377	316
BKB Van Wyk (Pty) Ltd	-	-	172	142
Shift Digital Acceleration (Pty) Ltd	-	-	96	25
RFID Africa Experts (Pty) Ltd	-	-	362	-
PaKHouse Brands (Pty) Ltd	-	-	11	-
Wool & Mohair Exchange of South Africa NPC	-	-	(304)	(304)
Service fees received from related parties				
The House of Fibre (Pty) Ltd	-	-	(3 196)	(6 399)
Lihoai Consultancy (Pty) Ltd	-	-	(9 686)	(6 664)
Shift Digital Acceleration (Pty) Ltd	-	-	(2 056)	(2 829)

* Key management includes the general managers of the Group.

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	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
40 Related parties (continued)				
Related party transactions (continued)				
Management fees (paid to)/received from related parties				
BKB Distribution Centre (Pty) Ltd			(20)	-
The House of Fibre (Pty) Ltd	-	-	27	-
BKB Pinnacle Fibres (Pty) Ltd	-	-	149	-
BKB Shearing (Pty) Ltd - Shearer wages	-	-	(24 712)	(46 332)
BKBLouwid (Pty) Ltd	-	-	25	-
BKB Van Wyk (Pty) Ltd	-	-	8	-
Hoëveld Veilingsentrum (Pty) Ltd	-	-	150	-
Lihoai Consultancy (Pty) Ltd	-	-	208	-
RFID Africa Experts (Pty) Ltd	-	-	(409)	(904)
Wool & Mohair Exchange of South Africa NPC	-	-	-	350
Dividends received from related parties				
Lihoai Consultancy (Pty) Ltd	-	-	3 665	-
Home and Hectare (Pty) Ltd	-	-	280	1 058
BKBLouwid (Pty) Ltd	-	-	7 932	2 221
BKB Van Wyk (Pty) Ltd	-	-	96 130	2 787
PaKHouse Brands (Pty) Ltd	-	-	19 407	12 371
Rebate fees received				
Home and Hectare (Pty) Ltd	-	-	914	105
Compensation to directors and other key management				
Short-term employee benefits	37 311	40 811	29 440	31 742
Termination benefits	277	191	206	-
Share-based payment	4 491	2 114	3 212	2 060
Non-executive directors fees and expenses reimbursed	3 376	3 304	3 376	3 304
	45 455	46 420	36 234	37 106

The Companies in the Group sell products in the normal course of business to directors and all other related Companies on terms and conditions applicable to all clients.

Total number of shares held by the directors and related shareholders in which they have declared a personal financial interest	Group		Company	
	2022 Number	2022 %	2021 Number	2021 %
GEJ Kingwill	111 350	0.126	106 210	0.120
PG Carshagen	2 820	0.003	2 820	0.003
EA Meyer	200 000	0.226	200 000	0.226
V Pillay	3 130	0.004	3 130	0.004
HJ Swart	24 154	0.027	8 500	0.010

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41 Directors' emoluments

	Date of appointment	Fees	Salary & employee benefits	Expense reimbursed	Bonus	Total
2022		R'000	R'000	R'000	R'000	R'000
Executive directors						
JE Stumpf	01-Feb-20	-	5 726	-	2 648	8 374
AS du Toit	01-Oct-17	-	3 526	-	729	4 255
JA van Niekerk	01-May-20	-	3 135	-	1 125	4 260
Non-executive directors						
GEJ Kingwill	23-Oct-14	732	-	71	-	803
PG Carshagen	01-Jul-19	251	-	16	-	267
CD Hobson	23-Nov-16	276	-	14	-	290
JF Janse van Rensburg	01-Jul-19	301	-	26	-	327
MH Jonas	28-Jun-18	251	-	4	-	255
EA Meyer	31-Aug-11	301	-	10	-	311
V Pillay	28-Jun-18	276	-	2	-	278
HC Staple	28-Nov-12	405	-	-	-	405
HJ Swart	23-Oct-14	405	-	35	-	440
		3 198	12 387	178	4 502	20 265
2021						
Executive directors						
JE Stumpf	01-Feb-20	-	5 371	708	-	6 079
AS du Toit	01-Oct-17	-	3 079	24	-	3 103
JA van Niekerk	01-May-20	-	3 000	600	-	3 600
Non-executive directors						
DC Louw (Retired December 2020)	19-Nov-98	292	-	8	-	300
GEJ Kingwill	23-Oct-14	581	-	40	-	621
PG Carshagen	01-Jul-19	236	-	6	-	242
CD Hobson	23-Nov-16	260	-	20	-	280
JF Janse van Rensburg	01-Jul-19	283	-	12	-	295
MH Jonas	28-Jun-18	236	-	6	-	242
EA Meyer	31-Aug-11	283	-	17	-	300
V Pillay	28-Jun-18	260	-	2	-	262
HC Staple	28-Nov-12	381	-	2	-	383
HJ Swart	23-Oct-14	341	-	38	-	379
		3 153	11 450	1 483	-	16 086

Service contracts
Johan Edmund Stumpf was appointed as Managing Director on 1 February 2020 on a fixed term contract that will expire on 31 August 2025. All non-executive directors get re-elected at the annual general meeting after their three year term has expired.

Executive directors are subject to written employment agreements. The employment agreements regulate duties, remuneration, allowances, restraints, leave and notice periods of these executives.

Share awards allocated to executive directors
The BKB Limited Bonus and Performance Share Entitlement Plan was introduced during the 2021 financial year and set out below are the number of shares allocated to executive directors during the financial years.

	JE Stumpf Number	AS du Toit Number	JA van Niekerk Number
2022			
Cumulative number of shares at 1 July 2021	103 902	31 891	41 378
Annual award of performance shares	28 508	17 701	15 273
Annual award of bonus shares	115 205	47 254	49 170
Cumulative number of shares at 30 June 2022	247 615	96 846	105 821
2021			
Cumulative number of shares at 1 July 2020	-	-	-
Annual award of performance shares	34 160	11 976	11 460
Annual award of bonus shares	69 742	19 915	29 918
Cumulative number of shares at 30 June 2021	103 902	31 891	41 378

42 Financial instruments and risk management

42.1 Categories of financial instruments

Categories of financial assets

	Notes	Fair value through profit or loss R'000	Amortised cost R'000	Total R'000
Group - 2022				
Trade and other receivables	10	-	901 753	901 753
Cash and cash equivalents	14	-	65 778	65 778
		-	967 531	967 531
Group - 2021 (Restated)*				
Derivatives	13	21 704	-	21 704
Trade and other receivables	10	-	826 878	826 878
Cash and cash equivalents	14	-	69 348	69 348
		21 704	896 226	917 930
Company - 2022				
Loans to group companies	9	-	574 878	574 878
Trade and other receivables	10	-	441 330	441 330
Cash and cash equivalents	14	-	15 401	15 401
		-	1 031 609	1 031 609
Company - 2021 (Restated)*				
Loans to group companies	9	-	398 719	398 719
Trade and other receivables	10	-	328 908	328 908
Cash and cash equivalents	14	-	1 488	1 488
		-	729 115	729 115

Categories of financial liabilities

	Notes	Fair value through profit or loss R'000	Amortised cost R'000	Total R'000
Group - 2022				
Derivatives	13	31 738	-	31 738
Trade and other payables	21	-	543 420	543 420
Borrowings	18	-	798 541	798 541
Lease liabilities	3	-	58 345	58 345
Bank overdraft	14	-	17 963	17 963
		31 738	1 418 269	1 450 007
Group - 2021 (Restated)*				
Derivatives	13	29 622	-	29 622
Trade and other payables	21	-	513 968	513 968
Borrowings	18	-	664 034	664 034
Lease liabilities	3	-	72 249	72 249
Bank overdraft	14	-	122 940	122 940
		29 622	1 373 191	1 402 813

* Accrued bonus and leave pay have been correctly classified as Non-financial instruments. Refer Note 21.

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42 Financial instruments and risk management (continued)

42.1 Categories of financial instruments (continued)

	Notes	Fair value through profit or loss R'000	Amortised cost R'000	Total R'000
Company - 2022				
Trade and other payables	21	-	269 208	269 208
Loans from group companies	22	-	55 327	55 327
Borrowings	18	-	756 087	756 087
Lease liabilities	3	-	35 037	35 037
Bank overdraft	14	-	343	343
		-	1 116 002	1 116 002
Company - 2021 (Restated)*				
Trade and other payables	21	-	228 647	228 647
Loans from group companies	22	-	22 586	22 586
Borrowings	18	-	541 711	541 711
Lease liabilities	3	-	40 311	40 311
Derivatives	13	483	-	483
Bank overdraft	14	-	1 546	1 546
		483	834 801	835 284

42.2 Capital risk management

The Group's objective when managing capital (which includes share capital and reserves as well as borrowings less cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the Group's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain the capital structure, the Group may adjust the amount of dividends paid to the shareholders, repurchase shares currently issued, issue new shares, acquiring or repayment of debt, issue new debt to replace existing debt with different characteristics and the disposal of assets and investments to reduce debt.

The Group monitors capital using the gearing ratio. The gearing ratio is calculated as net borrowings (total borrowings less cash) divided by shareholders' equity.

The capital structure and gearing ratio of the Group at the reporting date were as follows:

	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Loans from group companies	-	-	55 327	22 586
Borrowings	798 541	664 034	756 087	541 711
Lease liabilities	58 345	72 249	35 037	40 311
Total borrowings	856 886	736 283	846 451	604 608
Cash and cash equivalents	(47 815)	53 592	(15 058)	58
Net borrowings	809 071	789 875	831 393	604 666
Equity	1 356 273	1 287 467	1 114 003	996 196
Debt/equity ratio	60%	61%	75%	61%

The Group aims to maintain a gearing ratio of between 55% and 65%. This target band equates to 35% to 40% of debt to capital [debt to capital is calculated as net borrowings divided by total capital (net borrowings plus equity)]. The calculated gearing ratio of 60% (37.5% debt to capital) shows a marginal improvement from the prior year and falls within the target band set.

The Group must ensure that the following loan conditions (financial covenants) are met on a BKB Group level, by providing an annual compliance certificate to its lenders. During the year no event or potential event of default occurred and these were the ratios at year end:

42 Financial instruments and risk management (continued)

42.2 Capital risk management (continued)

	Group 2022	Group 2021
- Interest cover to be equal or exceed 2	3.40	2.80
- Total net debt to equity ratio be less than or equal to 1	0.60	0.61
- Total long term debt to EBITDA ratio be less than or equal to 1	0.58	0.41
- EBITDA to be at least R265 (million)	309	283
- The current ratio to be equal to or exceed 1	1.40	1.31

42.3 Financial risk management

Overview

The Group is exposed to the following risks from its use of financial instruments:
- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

The board has overall responsibility for the establishment and oversight of the Group's risk management framework. The board has established the Audit and Risk Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports quarterly to the board on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group Audit and Risk Committee oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's risk exposure are considered by the committee on a quarterly basis.

i. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet their contractual obligations.

The Group is exposed to credit risk on loans receivable, trade and other receivables and cash and cash equivalents.

Credit risk for exposures other than those arising on cash and cash equivalents, is managed by making use of credit approvals, limits and monitoring. Sufficient collateral or guarantees are also obtained when necessary. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the counterparties as well as external bureau data (where available). Counterparty credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

Credit risk exposure arising on cash and cash equivalents is managed by the Group through dealing with well-established financial institutions with high credit ratings. (Note 14)

Credit loss allowances for expected credit losses are recognised for all debt instruments, but excluding those measured at fair value through profit or loss.

In order to calculate credit loss allowances, management determine whether the loss allowances should be calculated on a 12 month or on a lifetime expected credit loss basis. This determination depends on whether there has been a significant increase in the credit risk since initial recognition. If there has been a significant increase in credit risk, then the loss allowance is calculated based on lifetime expected credit losses. If not, then the loss allowance is based on 12-month expected credit losses. This determination is made at the end of each financial period. Thus the basis of the loss allowance for a specific financial asset could change year on year.

NOTES TO THE FINANCIAL STATEMENTS

42 Financial instruments and risk management (continued)

42.3 Financial risk management (continued)

i. Credit risk (continued)

When determining the risk of default, management consider information such as payment history to date, industry in which the customer is engaged, period for which the customer has been in business, external credit references etc. Credit risk is not assessed to be low simply because of the value of collateral associated with a financial instrument. If the instrument would not have a low credit risk in the absence of collateral, then the credit risk is not considered low when taking the collateral into account. Trade receivables which do not contain a significant financing component are the exceptions and are discussed below.

Where necessary, the assessment for a significant increase in credit risk is made on a collective basis. Management typically adopt this approach when information relevant to the determination of credit risk is not available on an individual instrument level. Often, the only information available on individual instruments which could indicate an increase in credit risk, is "past due" information. It is typical that more forward-looking information is generally more readily available on a collective basis. Therefore, making the determination on a collective basis, helps to ensure that credit loss allowances are determined on the basis of lifetime expected credit losses before they reach the point of being past due. Forward looking, macro-economic information is applied on a collective basis when it is readily available without undue cost or effort. When loss allowances are determined on a collective basis, management determines the loss allowances by grouping financial instruments on the basis of shared credit risk characteristics.
The maximum exposure to credit risk is presented in the table below:

	Notes	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Group - 2022				
Trade and other receivables	10	881 210	(38 345)	842 865
Cash and cash equivalents	14	65 778	-	65 778
		946 988	(38 345)	908 643
Group - 2021 (Restated)*				
Trade and other receivables	10	808 097	(37 510)	770 587
Cash and cash equivalents	14	69 348	-	69 348
		877 445	(37 510)	839 935
Company - 2022				
Loans to group companies	9	587 394	(12 516)	574 878
Trade and other receivables	10	418 403	(21 061)	397 342
Cash and cash equivalents	14	15 401	-	15 401
		1 021 198	(33 577)	987 621
Company - 2021 (Restated)*				
Loans to group companies	9	406 626	(7 907)	398 719
Trade and other receivables	10	316 938	(16 618)	300 320
Cash and cash equivalents	14	1 488	-	1 488
		725 052	(24 525)	700 527

Amounts are presented at amortised cost less credit loss allowance where applicable. The fair value is equal to the carrying amount.

ii. Liquidity risk

The Group is exposed to liquidity risk, which is the risk that the Group will encounter difficulties in meeting its obligations as they become due.

The Group manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at central banking institutions.

There have been no significant changes in the liquidity risk management policies and processes since the prior reporting period.

NOTES TO THE FINANCIAL STATEMENTS

42 Financial instruments and risk management (continued)

42.3 Financial risk management (continued)

ii. Liquidity risk (continued)

The maturity profile of contractual cash flows of non-derivative financial liabilities are presented in the following table. The cash flows are undiscounted contractual amounts.

	Less than 1 year	2 to 5 years	> 5 years	Carrying amount
Group - 2022				
Trade and other payables	543 420	-	-	543 420
Borrowings	633 308	220 018	-	798 541
Derivatives	31 738	-	-	31 738
Lease liabilities	14 556	41 487	19 337	58 345
Bank overdraft	17 963	-	-	17 963
	1 240 985	261 505	19 337	1 450 007
Group - 2021				
Trade and other payables	513 968	-	-	513 968
Borrowings	547 541	116 493	-	664 034
Derivatives	29 622	-	-	29 622
Lease liabilities	17 822	48 029	34 484	72 249
Bank overdraft	122 940	-	-	122 940
	1 231 893	164 522	34 484	1 402 813
Company - 2022				
Trade and other payables	269 208	-	-	269 208
Loans from group companies	55 327	-	-	55 327
Borrowings	611 629	195 511	-	756 087
Lease liabilities	9 002	22 278	17 893	35 037
Bank overdraft	343	-	-	343
	945 509	217 789	17 893	1 116 002
Company - 2021				
Trade and other payables	228 647	-	-	228 647
Loans from group companies	22 586	-	-	22 586
Borrowings	467 141	74 570	-	541 711
Derivatives	483	-	-	483
Lease liabilities	8 297	27 861	23 811	40 311
Bank overdraft	1 546	-	-	1 546
	728 700	102 431	23 811	835 284

The Group's borrowing base loan facility (Note 18) matures in November 2022. The Group expects to renew the facility on an annual basis.

NOTES TO THE FINANCIAL STATEMENTS

42 Financial instruments and risk management (continued)

42.3 Financial risk management (continued)

ii. Liquidity risk (continued)

The maturity analysis of gross contractual cash flows in terms of lease liabilities are as follows:

	Group		Company	
Lease liabilities	**2022 R'000**	**2021 R'000**	**2022 R'000**	**2021 R'000**
Within one year	14 556	17 822	9 002	8 297
Two to five years	41 487	48 029	22 278	27 861
Greater than five	19 337	34 484	17 893	23 811
	75 380	100 335	49 173	59 969
Less finance charges component	(17 035)	(28 086)	(14 136)	(19 658)
	58 345	72 249	35 037	40 311
Non-current liabilities	48 836	60 235	28 881	35 528
Current liabilities	9 509	12 014	6 156	4 783
	58 345	72 249	35 037	40 311

iii. Foreign currency risk

The Group operates internationally and is exposed to foreign currency risk, primarily the US dollar and Euro. Foreign currency risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the Group.

Foreign currency risk arising from future commercial transactions is measured through a forecast of highly probable future revenues ("hedged items") denominated in a foreign currency. The foreign currency exposure is hedged with the objective of minimising the volatility of the future revenues and its impact on profit or loss. The Group's exposure to other foreign currency related risk is not material.

The Group's foreign currency exposure is managed within approved risk management policy parameters utilising foreign forward exchange contracts and options contracts ("hedging instruments") where necessary. Under the Group policy, the critical terms of the hedging instruments used must align with the hedged items. The policy is to hedge highly probable future revenues at specific intervals during the business cycle. At 30 June 2022, 100% (2021: 100%) of forecast US dollar and Euro revenues qualified as highly probable forecast transactions for hedge accounting purposes.

The Group only designates the spot component of foreign forward exchange contracts in hedge relationships. The spot component is determined with reference to relevant spot market exchange rates.

There have been no significant changes in the foreign currency risk management policies and processes since the prior reporting period.

NOTES TO THE FINANCIAL STATEMENTS

42 Financial instruments and risk management (continued)

42.3 Financial risk management (continued)

iii. Foreign currency risk (continued)

Exposures in Rand
The net carrying amounts, in Rand, of the various exposures, are denominated in the following currencies. The amounts have been presented in Rand by converting the foreign currency amounts at the closing rate at the reporting date:

	Group		Company	
	2022	2021	2022	2021
US Dollar exposure	R'000	R'000	R'000	R'000
Trade and other receivables	92 266	73 103	-	24 641
Cash and cash equivalents	1 967	230	-	8
Trade and other payables	-	(4 270)	-	(4 080)
Net US Dollar exposure	94 233	69 063	-	20 569
Euro exposure				
Trade and other receivables	24 208	-	-	-
Trade and other payables	-	(4 539)	-	-
Net Euro exposure	24 208	(4 539)	-	-

The net carrying amounts, in foreign currency of the above exposure was as follows:

	Group		Company	
	2022	2021	2022	2021
US Dollar exposure	$'000	$'000	$'000	$'000
Trade and other receivables	5 616	5 123	-	1 724
Cash and cash equivalents	120	16	-	1
Trade and other payables	-	(299)	-	(286)
Net US Dollar exposure	5 735	4 840	-	1 439

	Group		Company	
	2022	2021	2022	2021
Euro exposure	€'000	€'000	€'000	€'000
Trade and other receivables	1 416	-	-	-
Trade and other payables	-	(267)	-	-
	1 416	(267)	-	-

Exchange rates				
Foreign currency per Rand				
US Dollar	16.43	14.27	-	14.27
Euro	17.09	17.02	-	-

42 Financial instruments and risk management (continued)

42.3 Financial risk management (continued)

iii. Foreign currency risk (continued)

Forward exchange contracts
The net market value of all forward exchange contracts disclosed in Note 13 is calculated by comparing the forward exchange contracted rates to the equivalent market foreign exchange rates at reporting date.

Group - 2022 Exports	Notes	Average contract rate	Contract currency amount $/€'000	Notional amount R'000
Sell US dollar - expiry July 2022 to February 2023	13	15.90	28 945	460 349
Sell Euro - expiry July 2022 to September 2022		16.94	1 653	28 005

Group - 2021 Exports	Notes	Contract rate	Contract currency amount $'000	Notional amount R'000
Sell dollars - expiry July 2020 to May 2021	13	13.74 - 15.35	19 541	268 493 - 299 950
Company - 2021 **Exports**				
Sell dollars - expiry July 2021 to September 2021	13	13.74 - 14.37	1 751	24 059 - 25 162

Foreign currency options contracts
The Group does not have any foreign currency options contracts at year end.

At 30 June 2021 open foreign currency options included Put options held by Desert Raisins (Pty) Ltd of USD12 250 000 and Call options in favour of ABSA Bank Limited of USD24 500 000. The Put options had a strike rate of R13.59 and the Call options had strike rates ranging between R13.95 and R15.35.

Hedging activity
Forward exchange contracts are designated as cash flow hedges and have a hedge ratio of 1:1 (2021: 1:1). At 30 June 2022 unrealised cash flow hedges were 100% effective (2021: 100%). The effective portion of unrealised cash flow hedges are recorded in other comprehensive income as set out in Note 48.10.11.

Foreign currency sensitivity analysis
The Group risk management policy aims to limited the impact of foreign currency movements on profit or loss to a material extent. The intervals at which exposure arise also trigger establishment of a hedging instrument. As a result, profit or loss is less sensitive to movements in the US dollar and Euro exchange rates. Equity is more sensitive to movements in the Group US dollar and Euro exchange rates in 2022 than 2021 because of the increased amount of foreign currency forwards.

Group
At 30 June 2022, if the Rand/US Dollar exchange rate had been 2% (2021: 2%) higher or lower during the period, with all other variables held constant, the Hedge Reserve would have been R5 448 139 higher (2021: R846 651 lower) and R5 448 139 lower (2021: R846 651 higher). Any change in the Rand/Euro exchange rate will not have a material impact on reported results.

42 Financial instruments and risk management (continued)

42.3 Financial risk management (continued)

iv. Interest rate risk

Interest rate risk is the risk that the Group's financial position may be adversely affected as a result of changes in the market interest rate. The Group is exposed to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Group's most significant interest bearing assets are its trade receivables, and cash and cash equivalents. The Group's most significant interest bearing liabilities are its loans with various financial institutions.

The Group manages its interest rate risk by negotiating the best possible interest rates with relevant financial institutions, and through borrowing funds at floating interest rates.

There have been no significant changes in the interest rate risk management policies and processes since the prior reporting period.

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Group

At 30 June 2022, if the prime lending rate had been 1% per annum higher or lower during the period, with all other variables held constant, profit or loss before tax for the year would have been R3.8 million (2021: R4.2 million) lower and R3.8 million (2021: R4.2 million) higher.

Company

At 30 June 2022, if the prime lending rate had been 1% per annum higher or lower during the period, with all other variables held constant, profit or loss before tax for the year would have been R1.4 million (2021: R1 million) higher and R1.4 million (2021: R1 million) lower.

v. Price risk

The Group does not use derivatives to manage operational exposures to price risks relating to changes in livestock and wool and mohair prices.

The subsidiaries involved in grain-related activities enter into forward sales and purchase contracts with their customers and suppliers, as well as stock on hand. These contracts carry market price risk when the price of the contract is fixed, as underlying commodity markets continues to fluctuate. This can have the effect that the subsidiaries would incur a loss or realise a gain depending on the movement in the market. The price risk is directly linked with the tonnage of the commodity determined in the contract with the suppliers and customers.

The grain operations manage the risk by taking out futures on the SAFEX market, thereby negating the net exposure to fluctuations in commodity prices.

The grain operations are fully hedged on the SAFEX market and changes in SAFEX fluctuation will not be significant.

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43 Fair value information

Fair value hierarchy
The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the Group can access at measurement date.
Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

Levels of fair value measurements	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Level 1				
Assets				
Other financial assets at fair value through profit or loss				
Commodity contracts: Inventory - SAFEX	-	4 577	-	-
Open forward contracts	-	20 700	-	
Total financial assets at fair value through profit or loss	-	25 277	-	-
Liabilities				
Other financial liabilities at fair value through profit or loss				
ABSA Bank Limited	-	21 014	-	-
Open forward contracts	13 971	42	-	-
Total financial liabilities at fair value through profit or loss	13 971	21 056	-	-
Level 2				
Assets				
Hedging derivatives				
Foreign exchange contracts	-	1 004	-	-
Liabilities				
Hedging derivatives				
Foreign exchange contracts	17 767	8 566	-	483
Level 3				
Recurring fair value measurements				
Assets				
Investment property				
Residential property	1 312	1 312	1 312	1 312
Office buildings	-	34 011	-	-
Total investment property	1 312	35 323	1 312	1 312
Property, plant and equipment				
Fibre warehouse (including offices)	173 535	173 535	173 535	173 535
Retail branches	131 385	128 028	131 384	128 028
Office buildings	10 223	10 223	-	-
Shearing and auction facilities	63 469	43 211	28 859	22 452
Processing and packaging plant buildings	102 235	124 542	-	-
Total property, plant and equipment	480 847	479 539	333 778	324 015
Assets classified as held for sale	19 157	-	-	-

The fair value of the following financial instruments is equal to the carrying amount: loans to group companies, trade and other receivables, cash and cash equivalents, borrowings, lease liabilities, trade and other payables and bank overdraft.

43 Fair value information (continued)

Valuation techniques used to derive level 1 fair values

The fair value of commodity derivatives are based on quoted market prices at the end of the reporting period. The quoted market price used for financial instruments held by the Group is the future price obtained from SAFEX (South African Futures Exchange).

Valuation techniques used to derive level 2 fair values

The Group's foreign currency forward contracts are valued using standard calculations/models that are primarily based on observable inputs, such as foreign currency exchange rates. The fair value of foreign exchange contracts are determined using quoted forward exchange rates at the reporting date.

Valuation techniques used to derive level 3 fair values

Retail branches, office buildings, shearing and auction facilities, processing and packaging plant buildings (including investment property)

Level 3 fair values of retail branches, office buildings, shearing and auction facilities, processing and packaging plant buildings have been generally derived using the yield method. The main Level 3 inputs used in this model are discount rates, terminal yields, expected vacancy rates, market rental rates and rental growth rates are estimated by independent external valuers based on comparable transactions and industry data.

No changes have been made to the valuation technique.

The most significant assumption used in the valuation of the properties was the capitalisation rate, vacancy rate and market rental rate which has been set out below for the various properties:

Significant assumptions	Capitalisation rate	Vacancy rate	Average rental rate R/m2
Fibre warehouse (including offices)	11%	15%	23
Retail branches	10% to 13%	5% to 10%	20
Office buildings	10% to 11%	5% to 15%	67
Shearing and auction facilities	-	-	-
Processing and packaging plant buildings	9% to 11.5%	2% to 5%	31

Valuation processes applied by the Group

The Group engages external, independent and qualified valuers to estimate the fair value of the Group's office building and fibre warehouse as well on its processing and packaging plant buildings. Retail branches as well as shearing and auction facilities are valued every five years as these are mostly in rural areas.

Andre Crouse of Koelro No57CC t/a Andre Crouse, who is a member of the South African Council of Property Valuers Profession is the independent valuer used for the valuations of the Group's properties in South Africa except for the processing plant situated in Vryburg. Mr. A Crouse qualifications include (BCom(Hons), Dip Ind Eng (USA) and Nat Dip Tech (Prod Eng)). He has more than 20 years experience in his field of expertise.

The Port Elizabeth office buildings and fibre warehouse were valued on 30 June 2021 and 30 June 2020 respectively. No adjustment was required to the current carrying value of these properties.

The Bethlehem property was valued on 30 June 2021, the valuation was based on the capitalisation of income method. Net rental income for the year was estimated to be R1 908 676 and the capitalisation rate was estimated to be 11%.

Unimproved land to the extent of 42 691 square meters was valued at R4 269 100.

43 Fair value information (continued)

Valuation processes applied by the Group (continued)

The Bultfontein property was valued on 30 June 2021. The valuation was based on the capitalisation of income method. Net rental income for the year was estimated to be R1 153 366 and the capitalisation rate was estimated to be 11.5%.

A fair value measurement was performed by an independent valuer on 22 February 2022, with an effective valuation date of 22 February 2022, for Portion 24 of Erf 455 Bloemsmond by Mr. T H Myburgh (Professional Valuer), of Equity Property Professionals. Equity Property Professionals consultants are not connected to the Company and have recent experience in the location and category of the investment property valued. The directors have familiarised themselves with the current market value of the property.

As at 30 June 2022, the fair values of the land and buildings situated at Lot 497 and 500, Matsapha Industrial Estate, Swaziland have been determined by Bongani Zwane of Sprinbok Property Valuations and Real Estate Consultants with an effective valuation date of 30 June 2022. Mr. B Zwane is a valuation surveyor with an (Hons) Degree in Property Studies, BTech Land Management (LIS), ND Land and Valuation @ Estate Management (Namibia).

Assets held for sale comprise of a building in Paarl, Western Cape. The BKB Limited board of directors approved the plan to market and sell the Cecilia Square building. At year end, seven of the units had been sold and transferred. Offers on the remaining units had been received of which six have already been accepted by the board of directors. The assets were remeasured and are stated at the offer price which represents their fair value less cost to sell.

A directors' assessment was performed for retail branches, office buildings, shearing and auction facilities as well as processing and packaging plant buildings which were not independently valued during the 2022 financial year. The directors are of the opinion that the fair values as determined by the independent valuers during the last valuations performed, for properties listed above, represent the fair value of the investment properties and land and buildings.

44 Restatement of comparative figures

i. Correction of material error in classification of the Loan receivable from BKB Personnel Share Trust - Company financial statements

During the year the Company undertook a detailed review of the substance of the Loan receivable from the BKB Personnel Share Trust.

The Trust merely acts as an agent for BKB and exists solely to provide remuneration incentives to the employees of BKB. Further the Company retains the risks of the loan receivable.

The loan provided to the BKB Personnel Share Trust has therefore been accounted for as Treasury shares within the Company financial statements and has been reclassified accordingly.

ii. Correction of material errors in classification of cash flows

The Group and Company have previously disclosed a separate line for movement in cash credit accounts on the face of the Statements of Cash flows. In the current year this has been reclassified and disclosed as Cash flows from financing activities as these Cash credit accounts were classified as Borrowings on the Statements of Financial Position and do not constitute cash and cash equivalents as previously presented in the Statements of Cash flows.

In addition, the cash flows relating to Loans from group companies have been reclassified from Cash flow from investing activities to Cash flow from financing activities to correctly reflect the nature of these loans.

Furthermore, the cash flows relating to Loans advanced to / repaid by group companies have been restated in the current year as these line items were previously incorrectly grossed up for working capital transfers effected as part of cash management activities and included in operating cash flows.

iii. Disclosure of Derivatives, Other financial assets and Other financial liabilities at fair value

In the Group Statement of Financial Position, the Derivates and Financial liabilities at fair value / Other financial assets have been aggregated in the current year due to their nature being similar and the comparatives have been amended accordingly.

In addition, the cash flows relating to these items have been reclassified from Cash flow from financing activities to Cash flow from operating activities to correctly reflect the nature of these items.

iv. Disclosure of Administrative and other expenses by function

In the Group and Company financial statements, the Administrative and other expenses line on the Statement of Profit or Loss and Other Comprehensive Income has been disaggregated in order to further disclose the expenses by function.

In addition, as a result of the disaggregation, the Impairment of financial assets line item was adjusted to reclassify amounts.

The above restatements have affected each of the following financial statement line items for the prior period as follows:

	30 June 2021 R'000	Increase / (decrease) R'000	Restated 30 June 2021 R'000	30 June 2020 R'000	Increase / (decrease) R'000	Restated 1 July 2020 R'000
Statements of Financial Position - Group (Extract)						
Financial assets at fair value	20 700	1 004	21 704			
Derivatives	1 004	(1 004)	-			
Current assets						
Financial liabilities at fair value	(21 056)	(8 566)	(29 622)			
Derivatives	(8 566)	8 566	-			
Current liabilities						

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44 Restatement of comparative figures (continued)

	30 June 2021 R'000	Increase / (decrease) R'000	Restated 30 June 2021 R'000	30 June 2020 R'000	Increase / (decrease) R'000	Restated 1 July 2020 R'000
Statements of Financial Position - Company (Extract)						
Trade and other receivables	443 679	(102 659)	341 020	547 808	(102 768)	445 040
Current assets	1 108 025	(102 659)	1 005 366	1 238 566	(102 768)	1 135 798
Treasury Shares	-	102 659	102 659	-	102 768	102 768
Total equity	(1 098 855)	102 659	(996 196)	(1 044 254)	102 768	(941 486)
Statement of Profit or Loss and Other Comprehensive Income - Group (Extract)						
Administrative and other expenses	(977 382)	977 382	-			
Operational expenses	-	(826 583)	(826 583)			
Administrative expenses	-	(158 490)	(158 490)			
Impairment of financial assets	(12 012)	7 691	(4 321)			
Statement of Profit or Loss and Other Comprehensive Income - Company (Extract)						
Administrative and other expenses	(582 871)	582 871	-			
Operational expenses	-	(466 662)	(466 662)			
Administrative expenses	-	(118 739)	(118 739)			
Impairment of financial assets	(6 418)	2 530	(3 888)			
Statements of Cash flows - Group (Extract)						
Cash generated from operating activities	314 006	(5 119)	308 887			
Cash flow from operating activities	314 006	(5 119)	308 887			
Proceeds from borrowings	114 801	648 047	762 848			
Repayment of borrowings	(130 183)	(762 813)	(892 996)			
Proceeds from financial liabilities at fair value through profit or loss	978 198	(978 198)	-			
Repayments of financial liabilities at fair value through profit or loss	(983 316)	983 316	-			
Cash flow from financing activities	(20 500)	(109 648)	(130 148)			
Total cash movement for the year	58 604	(114 766)	(56 162)			
Movement in cash credit accounts	(114 766)	114 766	-			
Statements of Cash flows - Company (Extract)						
Loans advanced to group companies	(1 557 298)	1 149 739	(407 559)			
Loans repaid by group companies	1 542 820	(1 126 889)	415 931			
Cash flow from investing activities	(14 478)	22 850	8 372			
Proceeds from borrowings	-	648 047	648 047			
Repayment of borrowings	(19 953)	(762 813)	(782 766)			
Loans repaid to group companies	-	(81 136)	(81 136)			
Loans advanced by group companies	-	58 286	58 286			
Cash flow from financing activities	(19 953)	(137 616)	(157 569)			
Total cash movement for the year	67 481	(114 766)	(47 285)			
Movement in cash credit accounts	(114 766)	114 766	-			

45 Going concern

The directors believe that the Group has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis.

The directors have satisfied themselves that the Group is in a positive net current asset position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the Group. The directors are not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Group.

The Group has restructured its borrowing facilities during the year through a Security SPV Guarantor. These new facilities provide not only sufficient cash headroom for the foreseeable future, but also allows easier entry for new financiers.

46 Events after the reporting period

The Directors are not aware of any material events occurring after the reporting date and up to the date of this report that would have a material impact on these annual financial statements.

47 New Standards and Interpretations

In the current year, the Group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

47.1 Standards and interpretations effective and adopted in the current year

Standards/Interpretations:	Effective date:	Expected impact:
Amendment to IFRS 16, COVID 19 - Related Rent Concessions.	01-Apr-21	No material impact.
Amendments to IFRS 9, 'Financial Instruments', IAS 39, 'Financial Instruments: Recognition and Measurement' and IFRS 7, 'Financial Instruments: Disclosures' and IFRS 16 'Leases' – Interest rate benchmark (IBOR) reform (Phase 2).	01-Jan-21	No material impact.

47.2 Standards and interpretations not yet effective

Standards/Interpretations:	Effective date:	Expected impact:
Annual Improvement to IFRS Standards 2018 - 2020.	01-Jan-22	Unlikely there will be a material impact.
IFRS 3: Reference to the Conceptual Framework.	01-Jan-22	Unlikely there will be a material impact.
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' on Onerous Contracts - Cost of Fulfilling a Contract.	01-Jan-22	Unlikely there will be a material impact.
Amendments to IAS 16 'Property, Plant and Equipment' on Proceeds before Intended Use.	01-Jan-22	Unlikely there will be a material impact.
Amendment to IAS 1, Classification of Liabilities as Current or Non-Current.	01-Jan-23	Unlikely there will be a material impact.
Amendment to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' on the definition of material.	01-Jan-23	Unlikely there will be a material impact.
Amendments to IAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction.	01-Jan-23	Unlikely there will be a material impact.

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ACCOUNTING POLICIES

48. Significant accounting policies

The annual financial statements for the year ended 30 June 2022 were authorized for issue by the board of directors on 8 September 2022.

The principal accounting policies applied in the preparation of these consolidated and separate annual financial statements are set out below.

48.1 Basis of preparation

The consolidated and separate annual financial statements have been prepared on the going concern basis in accordance with International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) as issued by the International Accounting Standards Board (IASB) and Interpretations as issued by the IFRS Interpretations Committee (IFRIC), and comply with the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee (APC), Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC), and effective at the time of preparing these annual financial statements, and the Companies Act 71 of 2008 of South Africa, as amended.

The annual financial statements have been prepared on the historical cost convention, unless otherwise stated in the accounting policies. They are presented in thousands of Rand, which is the Group's presentation currency and Company's presentation and functional currency.

These accounting policies are consistent with the previous period.

48.2 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that make strategic decisions.

The basis of segmental reporting has been set out in Note 1.

48.3 Consolidation

48.3.1 Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the Company and all its subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the Holding Company.

The Holding Company has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use of its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group (acquisition date) and are deconsolidated from the date that control ceases (disposal date).

The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal. Adjustments are made when necessary to the annual financial statements of subsidiaries to bring their accounting policies in line with those of the Group. All inter-company transactions, balances, and unrealised gains on transactions between Group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group's interest therein and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest. Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions and are recognised directly in the Statement of Changes in Equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the Company.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest. 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.

48.3.2 Investments in subsidiaries in the separate financial statements

In the Company's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment losses. This excludes investments which are held for sale and are consequently accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

48.3 Consolidation (continued)

48.3.3 Business combinations

The Group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed, and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Any contingent consideration is included in the cost of the business combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments. Otherwise, all subsequent changes to the fair value of contingent consideration that is deemed to be an asset or liability is recognised in either profit or loss or in other comprehensive income, in accordance with relevant IFRS's. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current assets Held For Sale and Discontinued Operations, which are recognised at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the acquiree's assets and liabilities are reassessed in terms of classification and are reclassified where the classification is inappropriate for group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Non-controlling interests in the acquiree are measured on an acquisition-by-acquisition basis either at fair value or at the non-controlling interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This treatment applies to non-controlling interests which are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by IFRS's.

In cases where the Group held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to fair value is included in profit or loss for the year.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree. If the fair value of the net assets acquired is in excess of the consideration paid, then the gain is recognised directly in profit or loss.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

48.3.4 Combination of entities under common control

Predecessor accounting are applied for combinations of entities under common control. Assets and liabilities of the acquired entity are stated at predecessor carrying values. No fair value measurement is performed and therefore no new goodwill recognised. Any difference between the consideration given and the aggregate carrying value of the assets and liabilities of the acquired entity at the date of the transaction is included in equity in a separate reserve. The acquired entity's results and balance sheet are incorporated prospectively from the date on which the business combination between entities under common control occurred.

48.4 Equity Accounting

48.4.1 Investment in associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities.

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48.4 Investments under Equity Accounting (continued)

48.4.1 Investment in associates (continued)

Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is assessed for impairment annually.

48.4.2 Investments in Joint Ventures

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is assessed for impairment annually.

48.5 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. 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 estimates are revised and in any future periods affected.

48.5.1 Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

i. Lease term: IFRS 16

In determining the lease term, management considered all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Refer to Note 3.

ii. Expected manner of realisation for deferred tax

Management have reviewed the investment property portfolio of the Group in order to determine the appropriate rate at which to measure deferred tax. Investment property is measured at fair value. The manner of recovery of the carrying amount, i.e., through use or sale, affects the determination of the deferred tax assets or liabilities. IFRS assumes that the carrying amount of investment property is recovered through sale rather than through continued use. Management considered the business model of the portfolio and concluded that the assumption is not rebutted and that the deferred taxation should be measured on the sale basis. Refer to Note 11.

iii. Deferred taxation

The Group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the end of the reporting period could be affected. Refer to Note 11.

iv. Consolidation

Judgement was applied in assessing whether the Group has control over Hoëveld Veilingsentrum (Pty) Ltd through its 50% shareholding. It was concluded that the Group has power over the investee, a right to variable returns and the ability to use the power over the investee to affect the value of returns.

48.5 Significant judgements and sources of estimation uncertainty (continued)

48.5.1 Critical judgements in applying accounting policies (continued)

iv. Consolidation (continued)

BKB Limited has the right to variable return and the power to influence the return. The power was assessed based on the significance of the portion of the Company's revenue which is dependent on contracts with BKB Limited, BKB Van Wyk (Pty) Ltd and BKBLouwid (Pty) Ltd. Both BKB Van Wyk (Pty) Ltd and BKBLouwid are controlled 100% by BKB Limited.

48.5.2 Key sources of estimation uncertainty

i. Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets. Refer to Note 9 and 10.

ii. Allowance for slow moving, damaged and obsolete inventory

Management assesses whether inventory is impaired by comparing its cost to its estimated net realisable value. Where an impairment is necessary, inventory items are written down to net realisable value. The write down is included in profit or loss.

In the Retail division of the Company an allowance is recognised against slow moving trade inventory at reporting date. Seasonal trade inventory older than twelve months is provided for at 15%. All other trade inventory older than twelve months is provided for at 25%. All trade inventory older than 24 months is provided for at 50%.

iii. Fair value estimation

Several assets and liabilities of the Group are either measured at fair value or disclosure is made of their fair values. Observable market data is used as inputs to the extent that it is available. Qualified external valuers are consulted for the determination of appropriate valuation techniques and inputs. Information about the specific techniques and inputs of the various assets and liabilities are disclosed in Note 43.

iv. Impairment testing (non-financial assets)

The Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determines the recoverable amount by performing value in use and fair value less cost of disposal calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

v. Useful life of property, plant and equipment

Management assesses the appropriateness of the useful life of property, plant and equipment at the end of each reporting period. The useful lives of motor vehicles, furniture and fittings, plant and machinery, office equipment and computer equipment are determined based on Group replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters. The useful life of property, plant and equipment is assessed annually based on factors including wear and tear, technological obsolescence, and usage requirements.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

48.6 Investment property

Investment property is recognised as an asset when it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Investment property in the Group comprises an office building and residential properties which are held for long-term rental yields and are not occupied by the Group. Investment property is carried at fair value, representing open market value determined on an annual basis by the board of directors.

Fair value is based on active market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices in less active markets or discounted cash flow projections. Valuations are conducted triennially by an independent valuer, except for residential properties in rural areas. Changes in fair values are recorded in profit or loss.

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48.7 Non-current assets (disposal groups) held for sale

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.

Non-current assets (or disposal groups) held for sale are measured at the lower of their carrying amount and fair value less cost to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as such.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in profit or loss.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

48.8 Property, plant and equipment

Property, plant and equipment are tangible assets which the Group holds for its own use and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset 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.

Property, plant and equipment is initially measured at cost except for land and buildings which are measured at fair value. Cost includes all the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major maintenance and services, additions to or replacements of parts of property, plant and equipment is capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost can be measured reliably. Day to day maintenance costs are included in profit or loss in the year in which they are incurred.

Land and buildings comprise offices, warehouses, industrial, residential and trading branch buildings. Property values are reviewed on an annual basis by the directors. Offices, warehouses and industrial buildings are valued triennially by an external, independent valuer and included in the financial statements at the fair value less subsequent depreciation for buildings. 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. All other plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Revaluations of land and buildings are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting year. Revaluations are performed every three years on the Group's office building and fibre warehouse as well on its processing and packaging plant buildings. Trading branches as well as shearing and auction facilities are valued every five years as these are mostly in rural areas.

Land and buildings are subsequently stated at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Any increase in carrying amount, as a result of a revaluation, is recognised in other comprehensive income and accumulated in the revaluation reserve in equity. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

Any decrease in carrying amount, as a result of a revaluation, is recognised in profit or loss in the current year. The decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in the revaluation reserve in equity.

The revaluation reserve related to a specific item of land and buildings is transferred directly to retained income when the asset is derecognised.

Depreciation of an asset commences when the asset is available for use. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Group. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

48.8 Property, plant and equipment (continued)

The useful life of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land and buildings	Straight line	50 years
Plant and machinery	Straight line	5 - 20 years
Furniture and fixtures	Straight line	5 - 15 years
Motor vehicles	Straight line	4 - 7 years
Office equipment	Straight line	5 - 10 years
IT equipment	Straight line	3 - 5 years

The residual value, useful life and depreciation method of each asset is reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. The directors consider the current values of properties to approximate their residual values.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

48.9 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity, and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, customer lists and items similar in substance are not recognised as intangible assets. Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Useful life
Patents, trademarks and other rights	5 - 20 years
Brand names	5 - 20 years
Client lists and relationships	5 - 20 years
Computer software	2 - 8 years

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48.10 Financial instruments

Financial instruments held by the Group are classified in accordance with the provisions of IFRS 9 Financial Instruments.

The financial instruments held by the Group, based on their specific classifications is set out in Note 42 Financial instruments and risk management.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Group are presented below:

48.10.1 Loans receivable at amortised cost

i. Classification

Loans to group companies (Note 9), loans to directors, managers and employees (Note 10 and 41), and loans receivable (Note 10) are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these loans give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding, and the Group's business model is to collect the contractual cash flows on these loans.

ii. Recognition and measurement

Loans receivable are recognised when the Group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

iii. Application of the effective interest method

Interest income is calculated using the effective interest method and is included in profit or loss in finance income (Note 28).

The application of the effective interest method to calculate interest income on a loan receivable is dependent on the credit risk of the loan as follows:

- The effective interest rate is applied to the gross carrying amount of the loan, provided the loan is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a loan is purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the loan, even if it is no longer credit impaired.
- If a loan was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the loan in the determination of interest. If, in subsequent periods, the loan is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

iv. Impairment

The Group recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The Group measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12-month expected credit losses (12-month ECL).

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

In order to assess whether to apply lifetime ECL or 12-month ECL, that is whether or not there has been a significant increase in credit risk since initial recognition, the Group considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

v. Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. The exposure at default is the gross carrying amount of the loan at the reporting date.

48.10 Financial instruments (continued)

48.10.1 Loans receivable at amortised cost (continued)

An impairment loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in impairment on financial assets in profit or loss as a movement in credit loss allowance (Note 27).

48.10.2 Trade and other receivables

i. Classification

Trade and other receivables, excluding VAT, deposits and prepayments, are classified as financial assets subsequently measured at amortised cost (Note 10). Trade and other receivables comprise trade debtors, producer advances and finance arrangements.

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Group's business model is to collect the contractual cash flows on trade and other receivables.

ii. Recognition and measurement

Trade and other receivables are recognised when the Group becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

iii. Application of the effective interest method

For receivables which contain a significant financing component, interest income is calculated using the effective interest method and is included in revenue from contracts with customers (Note 24).

The application of the effective interest method to calculate interest income on trade receivables is dependent on the credit risk of the receivable as follows:

- The effective interest rate is applied to the gross carrying amount of the receivable, provided the receivable is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a receivable is a purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the receivable, even if it is no longer credit impaired.
- If a receivable was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the receivable in the determination of interest. If, in subsequent periods, the receivable is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

iv. Trade and other receivables denominated in foreign currencies

When trade and other receivables are denominated in a foreign currency, the carrying amount of the receivables is determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss.

Details of foreign currency risk exposure and the management thereof are provided under financial instruments and risk management Note 42.

v. Impairment

The Group recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The Group measures the loss allowance by applying the three stage expected credit loss model to producer advances and the simplified approach, which is presented by IFRS 9, for all trade and lease receivables.

vi. Measurement and recognition of expected credit losses

The Group makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate. The loss allowance is calculated per segment for all trade and other receivables.

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48.10 Financial instruments (continued)

48.10.2 Trade and other receivables (continued)

An impairment loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in impairment on financial assets in profit or loss as a movement in credit loss allowance (Note 27).

48.10.3 Borrowings and loans from related parties

i. Classification

Loans from group companies (Note 22) and borrowings (Note 18) are classified as financial liabilities subsequently measured at amortised cost.

ii. Recognition and measurement

Borrowings and loans from related parties are recognised when the Group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured 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.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (Note 29).

Borrowings expose the Group to liquidity risk and interest rate risk. Refer to Note 42 for details of risk exposure and management thereof.

iii. Loans denominated in foreign currencies

When borrowings are denominated in a foreign currency, the carrying amount of the loan is determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss.

Details of foreign currency risk exposure and the management thereof are provided in the specific loan notes and in the financial instruments and risk management Note 42.

48.10.4 Trade and other payables

i. Classification

Trade and other payables (Note 21), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost. Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers.

ii. Recognition and measurement

They are recognised when the Group becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs.

They are subsequently measured 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.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (Note 29).

Trade and other payables expose the Group to liquidity risk and possibly to interest rate risk. Refer to Note 42 for details of risk exposure and management thereof.

48.10 Financial instruments (continued)

48.10.5 Financial liabilities at fair value through profit or loss

i. Classification

Financial liabilities which are held for trading are classified as financial liabilities measured at fair value through profit or loss. Refer to Note 42.

Financial liabilities which are held for trading, consisting of foreign exchange contracts and open positions on the South African Futures Exchange (SAFEX), are initially measured at fair value on contract date and are re-measured to fair value at subsequent reporting dates. Changes in the fair value of derivative financial instruments are recognised in profit or loss as they arise. Refer to hedge accounting policy below.

When a financial liability is contingent consideration in a business combination, the Group classifies it as a financial liability at fair value through profit or loss. Refer to Note 42.

ii. Recognition and measurement

Financial liabilities at fair value through profit or loss are recognised when the Group becomes a party to the contractual provisions of the instrument. They are measured, at initial recognition and subsequently, at fair value. Transaction costs are recognised in profit or loss.

For financial liabilities designated at fair value through profit or loss, the portion of fair value adjustments which are attributable to changes in the Group's own credit risk, are recognised in other comprehensive income and accumulated in equity in the reserve for valuation of liabilities, rather than in profit or loss. However, if this treatment would create or enlarge an accounting mismatch in profit or loss, then that portion is also recognised in profit or loss.

Interest paid on financial liabilities at fair value through profit or loss is included in finance costs (Note 29).

iii. Financial liabilities denominated in foreign currencies

When a financial liability at fair value through profit or loss is denominated in a foreign currency, the fair value of the instrument is determined in the foreign currency. The fair value is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised as part of the fair value adjustment in profit or loss. To the extent that the foreign exchange gain or loss relates to the portion of the fair value adjustment recognised in other comprehensive income, that portion of foreign exchange gain or loss is included in the fair value adjustment recognised in other comprehensive income.

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management Note 42.

48.10.6 Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value. For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions.

48.10.7 Bank overdrafts

Bank overdrafts are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

48.10.8 Derecognition

i. Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

ii. Financial liabilities

The Group derecognises financial liabilities when the Group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

48.10 Financial instruments (continued)

48.10.9 Reclassification

i. Financial assets

The Group only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

ii. Financial liabilities

Financial liabilities are not reclassified.

48.10.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterpart.

48.10.11 Hedge accounting

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. At the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship so that it meets the qualifying criteria again.

The Group only designates the spot component of foreign currency forwards in hedge relationships. The spot component is determined with reference to relevant spot market exchange rates. The differential between the contracted forward rate and the spot market exchange rate is defined as the forward points. The forward points are recognised in profit or loss in other operating gains (losses) as it occurs.

The fair values of various derivative instruments used for hedging purposes and detail on movements in the hedging reserve are disclosed in the statement of changes in equity in the financial statements. The fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months after the reporting date and as a current asset or liability if the remaining maturity of the hedged item is less than 12 months from this date.

i. Cash flow hedges

Cash flow hedges cover the exposure to variability in cash flows due to foreign currency risk associated with a recognised asset and/or a highly probable forecasted transaction. Cash flow hedging instruments are mainly used to manage foreign exchange risks and these instruments mainly comprise foreign exchange contracts.

The effective portion of changes in the fair value of qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in equity, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss in other operating gains (losses).

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to revenue in the statement of profit or loss in the periods when the hedged item affects profit or loss. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in other comprehensive income will not be recovered in the future, that amount is immediately reclassified to profit or loss.

48.10.11 Hedge accounting (continued)

i. Cash flow hedges (continued)

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

48.11 Tax

48.11.1 Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

48.11.2 Deferred tax assets and liabilities

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.
Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

48.11.3 Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

48.12 Leases

The Group leases offices, warehouses, retail stores, equipment and forklifts. Rental contracts are typically made for fixed periods of two to seventeen years, but may have extension options as described below.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of property for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

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48.12 Leases (continued)

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received; and
- any initial direct costs, and restoration costs.

Right-of-use assets are stated at cost less depreciation. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalued its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office equipment.

Extension and termination options are included in several property leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations.

48.13 Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of wholesale inventories is stated at the actual cost of purchase of such inventories, or net realisable value, if lower. The cost of manufactured inventories are as follows:

- Raw Materials: Actual cost determined on a first-in-first-out basis.
- Finished Goods and Work-in-progress: Raw materials, direct labour, other direct costs and related production overheads (based on normal capacity).

Trading stock is generally determined on a weighted average basis and includes transportation and handling charges.

When inventories are sold the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

48.14 Impairment of assets

The Group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

48.14 Impairment of assets (continued)

Irrespective of whether there is any indication of impairment, at the end of each financial year the Group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount.
- tests goodwill acquired in a business combination for impairment.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is so allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than an operating segment as defined by paragraph 5 of IFRS 8 Operating Segments before aggregation.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

The Group assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss on assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

48.15 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity. Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity.

Shares issued at below fair value to conclude BEE transactions, where control over the counterparty was not present, are accounted for in profit or loss at the difference between the fair value of the shares and the issue price. A BEE reserve, included in non-distributable reserves, is credited in the statement of financial position.

If the Group reacquires its own equity instruments, the consideration paid, including any directly attributable incremental costs (net of income taxes) on those treasury shares is deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any consideration paid or received shall be recognised directly in equity.

Treasury shares are shares in BKB Limited that are held by the BKB Personnel Share Trust for the purpose of issuing shares under the BKB Limited employee share scheme. Where such shares are subsequently sold or re-issued, treasury shares are credited with the cost of the shares, the difference between the consideration received and the cost of these shares is accounted for in share premium.

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.

48.16 Other reserves

Nature and purpose of other reserves

48.16.1 Reserve on revaluation of properties

The property, plant and equipment revaluation surplus is used to record increments and decrements on the revaluation of land and buildings. In the event of a sale of an asset, any balance in the reserve in relation to the asset is transferred to retained earnings.

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48.16 Other reserves (continued)

48.16.2 Hedging reserve

The hedging reserve includes the cash flow hedge reserve and the costs of hedging reserve. The cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges. Amounts are subsequently either transferred to the initial cost of inventory or reclassified to profit or loss as appropriate. The Group defers the changes in the forward element of forward contracts and the time value of option contracts in the costs of hedging reserve. These deferred costs of hedging are included in the initial cost of the related inventory when it is recognized.

48.16.3 Share based payment reserve

The share-based payments reserve is used to recognise:
• the grant date fair value of options issued to employees but not exercised
• the grant date fair value of shares issued to employees
• the grant date fair value of deferred shares granted to employees but not yet vested
• the issue of shares held by the Employee Share Trust to employees.

The Group operates an equity-settled share-based payment compensation plan. The fair value of bonus shares and performance shares granted to Group directors and senior executives are recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and expensed over the period during which the employee becomes unconditionally entitled to the equity instruments. The fair value of the instruments granted is measured using generally accepted valuation techniques, considering the terms and conditions upon which the instruments are granted excluding the impact of non-market vesting conditions.

Fair value is measured using the Monte-Carlo option pricing models where applicable. The expected life used in the models has been adjusted, based on management's best estimate, for the effects of behavioral considerations such as volatility, dividend yield and the vesting period. The fair value considers the terms and conditions on which these incentives are granted and the extent to which the employees have rendered service to the reporting date.

Non-market vesting conditions are included in assumptions about the number of shares that are expected to vest. At each reporting date, the entity revises its estimates of the number of shares that are expected to vest. It recognises the impact of the revision of original estimates, if any, for equity-settled share-based payments, in the income statement, with a corresponding adjustment to equity.

The grant by the Company of its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value of equity instruments granted, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts. The Group's net vesting impact on the vesting of share-based payment obligations is transferred to retained earnings within the statement of changes in equity.

48.16.4 Non-controlling interest

This reserve is used to record the differences which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

48.17 Employee benefits

48.17.1 Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

48.17.2 Defined contribution plans

The Group provides retirement and income protection benefits through a defined contribution plan for all of its permanent employees. The plan is administered separately from the Group and is governed by the Pension Funds Act.

A defined contribution plan is a pension plan into which the Group pays fixed contributions into a separate entity (a Fund) and will have no legal or constructive obligations to pay further contributions if the fund does not have sufficient assets to pay all employees' benefits relating to employee service in the current and prior periods.

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

48.17 Employee benefits (continued)

48.17.3 Defined benefit plans

BKB Limited provides post-retirement medical benefits to certain retired employees.

The post-retirement medical liability is valued triennially by independent, qualified actuaries. The liability is determined by discounting the future benefits payable at interest rates of government bonds with approximately the same maturity dates as the medical liability.

The expected costs of these benefits are accrued over the period of employment, using the projected unit credit method. Re-measurements arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the year in which they arise.

For defined benefit plans the cost of providing the benefits is determined using the projected unit credit method.

Past service costs are recognised immediately to the extent that the benefits are already vested and are otherwise amortised on a straight-line basis over the average period until the amended benefits become vested.

Actuarial gains and losses are recognised in the year in which they arise, in other comprehensive income.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs.

48.18 Provisions and contingencies

Provisions are recognised when:

- the Group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in Note 38.

48.19 Government grants

Government grants are recognised when there is reasonable assurance that:

- the Group will comply with the conditions attaching to them; and
- the grants will be received.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position as a reduction of the carrying amount of the asset, which results in reduced depreciation expense.

48.20 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods and services provided in the normal course of business, net of trade discounts, volume rebates and value added tax.

Revenue from contracts with customers is measured based on the consideration specified in a contract and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

The Group recognises revenue from the following major sources:

- Sale of goods - wholesale (Fibre, Fruit, Grain and Sugar)
- Sale of goods - Retail
- Rendering of services (Fibre, Retail and Grain)
- Commission received (Fibre, Livestock auctioneering, property transactions and Grain)

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48.20 Revenue (continued)

Other Revenue
- Rental income
- Interest income

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

The Group does not expect to have any contracts where the period between transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Consequently, the Group does not adjust any of the transaction prices for the time value of money.

48.20.1 Sale of goods - wholesale

For sales of goods to the wholesale market, revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the wholesaler's specific location. Following delivery, the wholesaler has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered/shipped to the wholesaler as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. No element of financing is deemed present as the sales are made in terms of credit terms, which are consistent with market practice.

Sale of wholesale goods comprises:
- Sale of processed maize and related products
- Margin on grain and related commodities
- Sale of lucerne and hay products
- Sale of surplus grain, upgradings and downgradings
- Packaging, marketing and sale of raisins
- Sale of sugar and related products
- Sale of wool and mohair

48.20.2 Sale of goods - retail

The Group sells goods directly to customers through its own retail outlets. Revenue is recognised at a point in time for sale of goods.

For sale of goods to retail customers, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the goods, or based on credit terms negotiated for account holding customers. A receivable is recognised for account holding customers. No financing element is recognised as the payment terms are less than 6 months.

48.20.3 Rendering of services

Income is recognised at an amount that reflects the consideration to which the Group expects to become entitled for providing services to a customer. Income is measured based on the consideration specified in the contract with the customer and excludes amounts collected on behalf of third parties. The Group recognises revenue over time as the service is provided to a customer.

Rendering of services comprises:
- Handling, pressing and storage of wool and mohair
- Handling and storage of grain
- Shearing of animals

48.20.4 Commission received

Commission income is recognised at an amount that reflects the consideration to which the Group expects to become entitled for providing services to a customer. Income is measured based on the consideration specified in the contract with the customer and excludes amounts collected on behalf of third parties. The Group recognises revenue at a point in time when the service is provided to a customer.

Commission received comprises:
- Commission on brokerage of wool and mohair
- Commission on sale of livestock and agricultural products
- Commission on sale of residential (urban and rural), commercial and farm properties

48.20.5 Rental income

The investment properties are leased to tenants under operating leases with rentals payable monthly. Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term.

48.20 Revenue (continued)

48.20.6 Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. Interest received from debtors is included in revenue.

48.21 Dividends received

Dividends received on equity investments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

Dividend income is recognised when the right to receive payment is established and is treated as revenue for the Company but is not considered to be revenue from contracts with customers (IFRS 15).

48.22 Dividends paid

Dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved.

48.23 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related costs of providing services recognised as revenue in the current period is included in cost of sales. Contract costs comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

Cost of sales is reduced by the amount recognised in inventory as a "right to return goods asset" which represents the Group right to recover products from customers where customers exercise their right of return under the Group returns policy.

48.24 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

BKB LIMITED AND ITS SUBSIDIARIES
(Registration number 1998/012435/06)
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ACCOUNTING POLICIES

48.25 Translation of foreign currencies

48.25.1 Foreign currency transactions

A foreign currency transaction is recorded on initial recognition in Rands by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

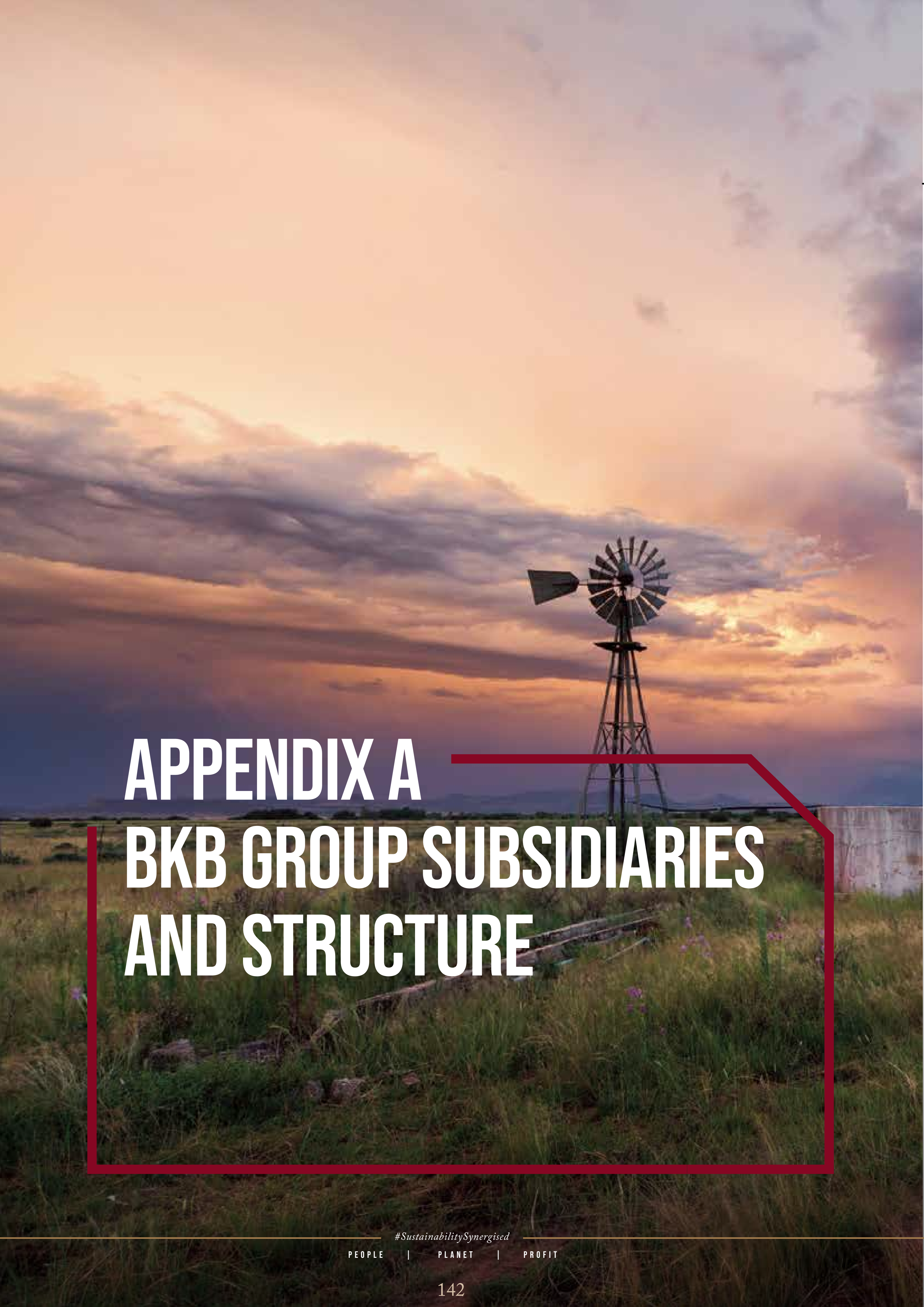
At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

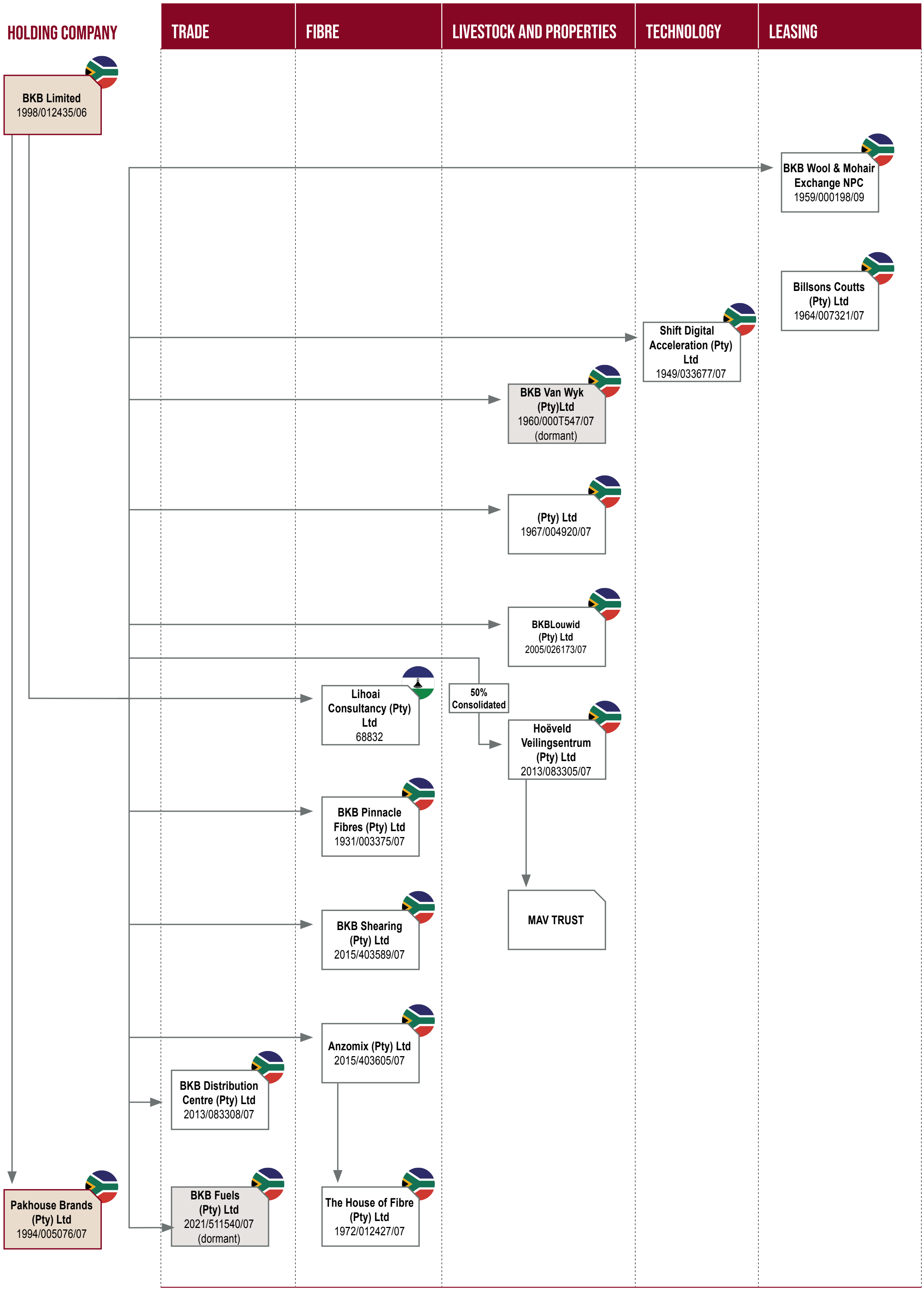
When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

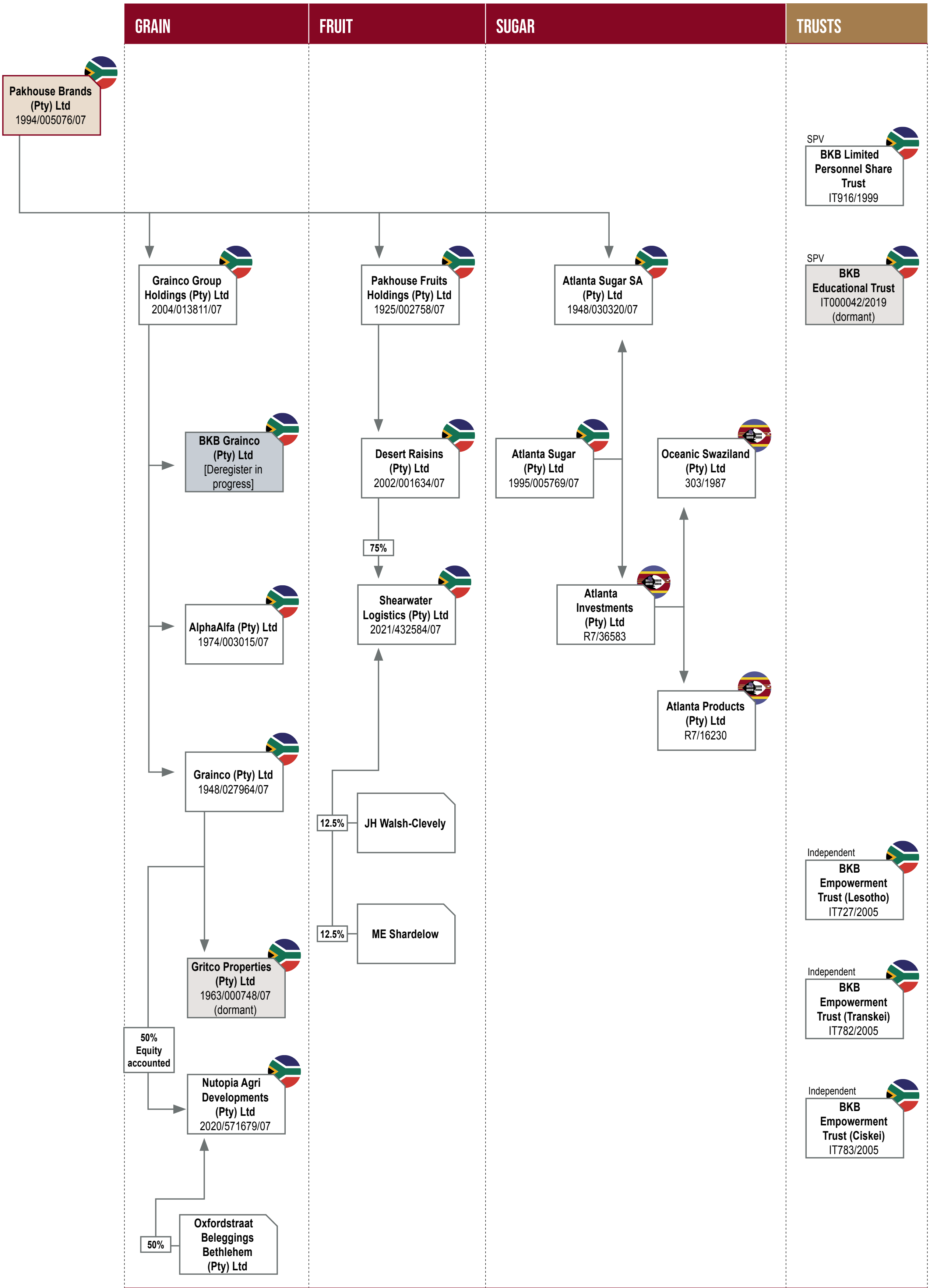


APPENDIX A
BKB GROUP SUBSIDIARIES AND STRUCTURE

BKB GROUP STRUCTURE



BKB GROUP STRUCTURE [CONTINUED]



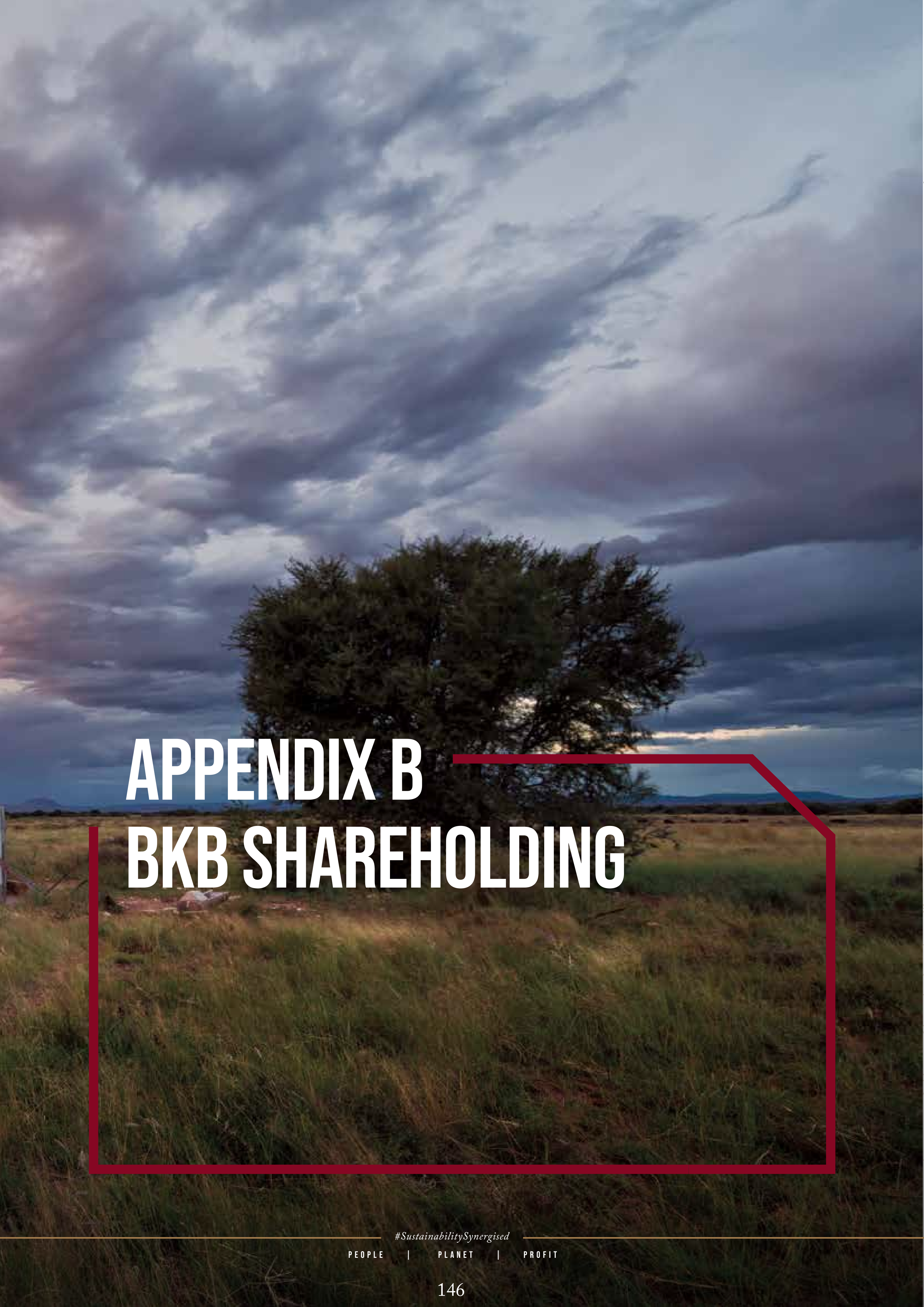
BKB SUBSIDIARIES

The following table lists the entities which are controlled by the Group, either directly or indirectly through subsidiaries

INVESTMENTS IN SUBSIDIARIES	ISSUED SHARE CAPITAL	INTEREST	DATE OF INCORPORATION
BKB Shearing (Pty) Ltd	120	100%	17/11/15
Lihoai Consultancy (Pty) Ltd	1 000	100%	23/9/19
Anzomix (Pty) Ltd	120	100%	17/11/15
The House of Fibre (Pty) Ltd	1 000	100%	14/11/72
BKB Pinnacle Fibres (Pty) Ltd	6 631	100%	8/9/1931
BKB Fuels (Pty) Ltd	74	100%	30/3/21
BKB Distribution Centre (Pty) Ltd	100	100%	22/5/13
BKB Louwid (Pty) Ltd	100	100%	26/7/05
BKB Van Wyk (Pty) Ltd	720	100%	15/2/1960
Home and Hectare (Pty) Ltd	2 000	100%	11/5/1967
Hoëveld Veilingsentrum (Pty) Ltd	100	50%	22/5/13
Shift Digital Acceleration (Pty) Ltd	2 000	100%	20/5/1949
RFID Experts Africa (Pty) Ltd *(Sold 30/06/2022)*	500	100%	14/1/14
Wool & Mohair Exchange of South Africa NPC	n/a	100%	22/1/1959
Billsons Coutts (Pty) Ltd	1 000	100%	28/9/1964
PaKHouse Brands (Pty) Ltd	178 025	100%	13/7/1994
Atlanta Sugar (Pty) Ltd	500	100%	23/6/1995
Atlanta Sugar SA (Pty) Ltd	12 000 Ordinary shares 5 000 Preference shares	100%	1/7/1948
Atlanta Investments (Pty) Ltd	2 000	100%	8/5/12
Atlanta Products (Pty) Ltd	100	100%	07/2/00
Oceanic Swaziland (Pty) Ltd	100	100%	28/7/1987
Grainco Group Holdings (Pty) Ltd	200 350 No par value 100 par value	100%	26/5/04
AlphaAlfa (Pty) Ltd	41 369 493	100%	25/9/1974
BKB Grainco (Pty) Ltd	100 000	100%	15/6/06
Grainco (Pty) Ltd	7 752 190	100%	3/1/1948
Gritco Properties (Pty) Ltd	20 440	100%	18/2/1963
Pakhouse Fruits Holdings (Pty) Ltd	4 000	100%	27/5/1925
Desert Raisins (Pty) Ltd	2 000	100%	28/1/02
Shearwater Logistics (Pty) Ltd	1 000	75%	25/2/21

Investments in Associates BKB Limited

Nutopia Agri Developments (Pty) Ltd		50%	22/7/20



APPENDIX B
BKB SHAREHOLDING

BKB SHAREHOLDING AT 30 JUNE 2022

MAJOR AND CONTROLLING BKB SHAREHOLDING

TYPE	NAME	DIRECT SHARES	INDIRECT SHARES	TOTAL SHARES	PERCENTAGE OF SHARES
Member with more than 5% shares	VKB Beleggings (Pty) Ltd	26 746 908	0	26 746 908	30,25
Member with more than 5% shares	BKB Beperk Personeel Aandeletrust	9 801 852	0	9 801 852	11,09
Member with more than 5% shares	The BKB Empowerment Trust (Transkei)	4 861 216	0	4 861 216	5,50
Member with more than 5% shares	The BKB Empowerment Trust (Ciskei)	4 861 216	0	4 861 216	5,50
	Total	**46 271 192**	**0**	**46 271 192**	**52,34**

DIRECTORS' INTEREST

As at 30 June 2022, the following Directors of BKB held the following beneficial interests, direct and indirect, in the Securities of the Company:

TYPE	NAME	DIRECT SHARES	INDIRECT SHARES	TOTAL SHARES	PERCENTAGE OF SHARES
Executive Directors	Du Toit AS	0	0	0	0,00
Executive Directors	Stumpf JE	0	0	0	0,00
Executive Directors	Van Niekerk JA	0	0	0	0,00
Non-executive Directors	Carshagen PG	0	2 820	2 820	0,00
Non-executive Directors	Hobson CD	0	0	0	0,00
Non-executive Directors	Janse Van Rensburg JF	0	0	0	0,00
Non-executive Directors	Jonas MH	0	0	0	0,00
Non-executive Directors	Kingwill GEJ	0	111 350	111 350	0,13
Non-executive Directors	Meyer EA	0	200 000	200 000	0,23
Non-executive Directors	Pillay V	3 130	0	3 130	0,00
Non-executive Directors	Staple HC	0	0	0	0,00
Non-executive Directors	Swart HJ	0	24 154	24 154	0,03
	Total	**3 130**	**338 324**	**341 454**	**0,39**

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