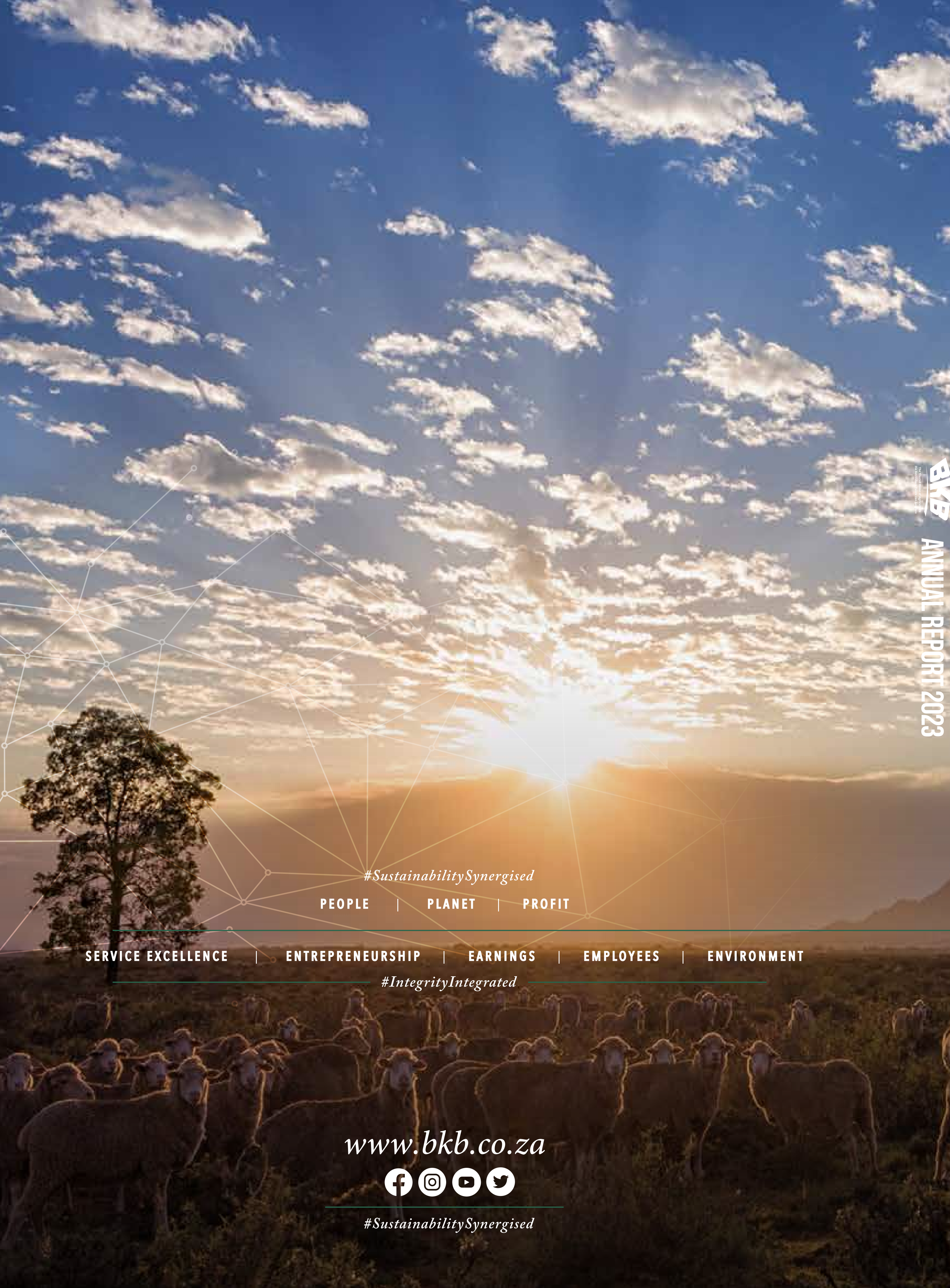

#SustainabilitySynergised

PEOPLE | PLANET | PROFIT

SERVICE EXCELLENCE | ENTREPRENEURSHIP | EARNINGS | EMPLOYEES | ENVIRONMENT

#IntegrityIntegrated

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#SustainabilitySynergised

BKB ANNUAL REPORT 2023

The Trusted Home of Agriculture
Die Betroubare Tuiste van Landbou

ANNUAL REPORT 2023

SALIENT FEATURES

EBITDA for continuing business +10.5% to R330,6 million

SUGAR AND GRAIN STORAGE divisions delivered ongoing GOOD RESULTS, driven by strong sugar demand and crop yields together with new product lines and higher commodity prices

DISCONTINUED the BULTFONTEIN maize mill, DESERT RAISINS and LUCERNE PRESS operations. These operations reported ongoing losses with no viable future prospects or strategic fit

WOOL DIVISION RECOVERED and fulfilled the backlog in auction and shipment volumes, resulting in a strong FY23 performance

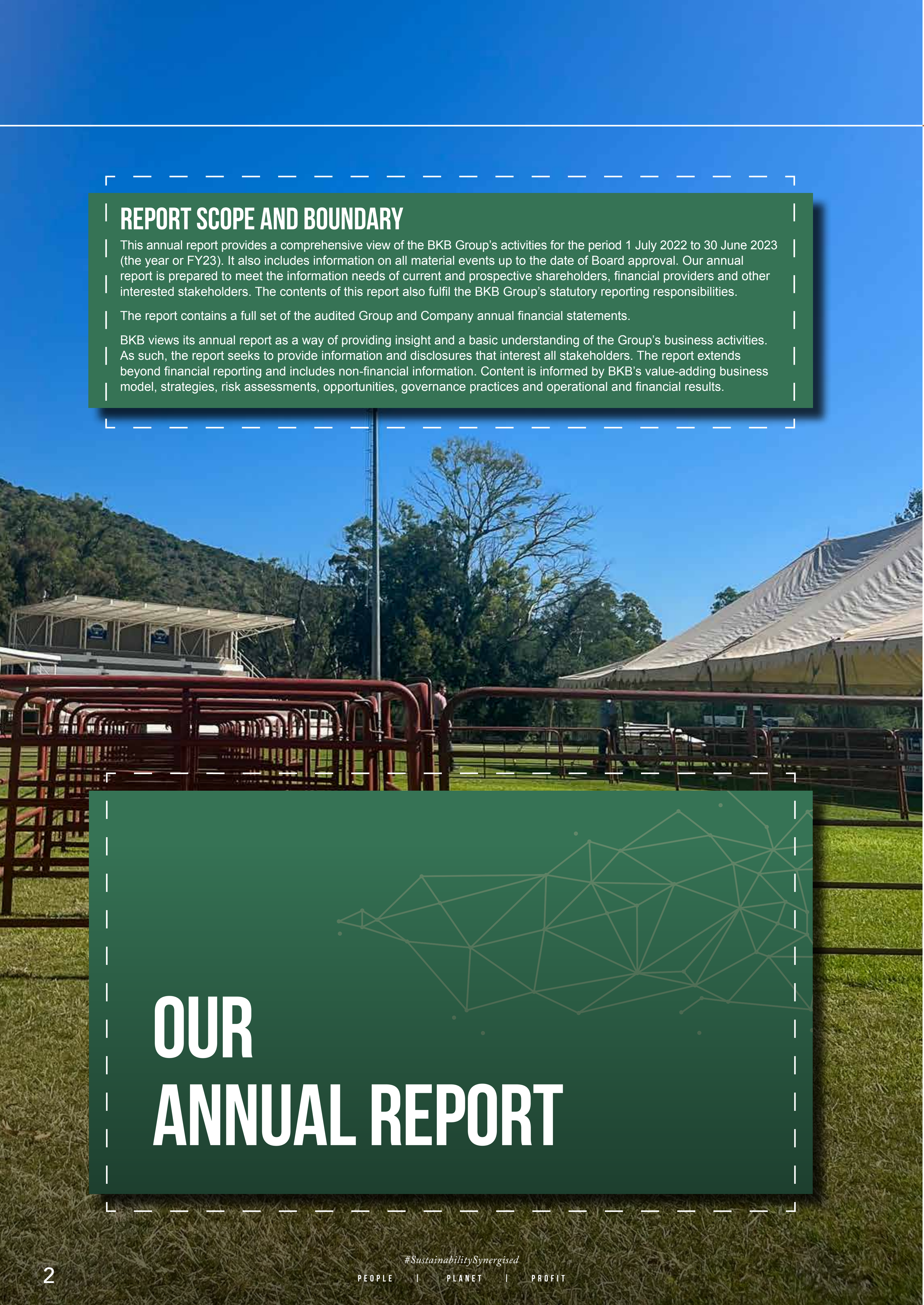
Global and domestic ECONOMIC UNCERTAINTY – low growth, high inflation, consumer pressure and high interest rates

ACQUIRED the PROVIDENT GROUP, comprising Provident Animal Health, Cowden's and Farmervet

LIVESTOCK DIVISION DEPRESSED due to the effects of FMD and low consumer demand

MORE STREAMLINED and well-positioned financial platform

CONTENTS



REPORT SCOPE AND BOUNDARY

This annual report provides a comprehensive view of the BKB Group's activities for the period 1 July 2022 to 30 June 2023 (the year or FY23). It also includes information on all material events up to the date of Board approval. Our annual report is prepared to meet the information needs of current and prospective shareholders, financial providers and other interested stakeholders. The contents of this report also fulfil the BKB Group's statutory reporting responsibilities.

The report contains a full set of the audited Group and Company 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 interest 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.

OUR ANNUAL REPORT

ABOUT OUR ANNUAL REPORT

HOW WE PREPARED THIS REPORT

Reporting frameworks and guidelines	Reporting process
We prepared the report 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). The Board is guided by the principles of the King IV Report on Corporate Governance™ for South Africa (King IV)[1] and endeavours to adopt them where practicable. Our report considers the International <IR> Framework when compiling the content. We recognise the importance of sustainable business practices. We align our reporting according to the United Nations (UN) Sustainable Development Goals (SDGs) framework.	The management team and members of the Board provide oversight and guidance on the reporting approach and content planning for this report. We sourced the information in this report from management, operational teams and internal reporting mechanisms. Executive Management and the Audit and Risk Committee review the report before it is recommended to the Board for approval.

Independent assurance	Approval by the Board
PwC audited the Company and Group annual financial statements for the year ended 30 June 2023. Their unqualified report appears on page 75. Moore was responsible for the external verification of BKB Limited and its subsidiaries' Broad-based Black Economic Empowerment (BBBEE) performance. Their certificate is available on our website at https://www.bkb.co.za.	The Board acknowledges its responsibility for the integrity of this annual report. The Board confirms 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 Audit and Risk Committee supported the Board in its approval process. The Board of Directors is aware of its responsibilities to comply with the listing requirements of the CTSE. The Board confirms that the BKB Group complies with these requirements. The Board of Directors approved the annual report and audited annual financial statements at its September meeting.

MATERIALITY

While the primary audience for our annual report is shareholders and providers of finance and capital, the report is relevant to a range of stakeholders such as employees, customers, producers, suppliers, communities and government. In determining the information to include in the report, both quantitative and qualitative, our focus is on those significant matters and themes that could materially impact BKB Group's ability to create or preserve value for our shareholders over time and could also impact their best interests.

FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements for BKB's prospects and performance. These are not guarantees or predictions of future performance. These statements and forecasts may be influenced by emerging risks, future events, changing circumstances and other important factors that cannot be predicted and are beyond BKB's control.

Actual future results may thus differ materially from our current expectations 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 or reviewed by PwC.

FEEDBACK AND CONTACT

We value feedback from our stakeholders and use it to ensure we report 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

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CHAIRMAN'S MESSAGE

Geoff Kingwill

CHAIRMAN'S MESSAGE (CONTINUED)

On behalf of the BKB Board of Directors, I am pleased to deliver our FY23 annual report.

The year under review presented highly challenging and unstable economic and trading environments, both locally and globally. During the past year, BKB has experienced some of the more difficult aspects of being part of the South African agricultural sector. Despite challenges from high interest rates, inflationary pressure, drought and floods, ongoing foot-and-mouth disease (FMD), supply chain and logistics issues, deteriorating infrastructure and never-ending loadshedding, South African agriculture has proven to be resilient. BKB also demonstrated great resilience in a uniquely challenging year and remains an iconic South African institution in the agricultural sector. FY23 has been a transformational year for BKB in which some tough decisions were necessary to position the Group for future growth in FY24 and beyond.

FINANCIAL PERFORMANCE

While the Group's overall profitability is considerably lower than FY22, BKB established a solid financial platform from which it can create value and satisfactory returns for shareholders over the medium to long term.

The Group reported a net after-tax profit of R9,9 million (2022: R117,8 million). The FY23 results include several items attributable to discontinued operations or unrelated to operating financial results. The major factor in the year-to-year movement was the impact of restructuring the Group's business operations. The cessation and divestment of the Group's raisin business, its lucerne pressing operations, and the Bultfontein grit mill gave rise to substantial once-off costs (in addition to their operating losses). The need for additional provisions against the debtors' book, notably regarding livestock receivables, added to the FY23 costs.

However, most of the Group's continuing core businesses, especially fibres, retail, sugar and grain storage, performed well and generated good profits in challenging market conditions. The continuing operations generated a combined after-tax profit of R122,5 million compared to R135,9 million last year. We continued to deliver on our strategy of strengthening our core businesses while pursuing targeted growth opportunities and divesting non-performing business units.

> *"The Group closed out FY23 with a sound balance sheet and in a financial position that provides a platform to focus on value generation for our stakeholders.*

The Board's standpoint is against declaring any dividends during this year of restructuring, given the Group's low profitability in FY23.

The financial results are detailed in the CEO's report (page 26) and financial review (page 33).

THE BOARD, CORPORATE GOVERNANCE AND CULTURE

The Board 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. The Group's strong corporate governance and risk and compliance practices reflect these values. They are ingrained in our culture and are put into action daily by our people.

BKB's commitment to the highest standards of corporate governance includes complying with the principles set out in King IV. We tailor our governance processes and practices to BKB's specific needs and circumstances, equal to those demonstrated by the best companies. During the past year, we implemented a new Board Charter, supported by additional policies, such as for Director's Independence. The terms of reference for all committees will be reviewed and refreshed in the coming year. We are committed to compliance, transparency, disclosure and acting lawfully, ethically and responsibly.

Our Board and the Nominations Committee regularly review our Board's composition to ensure we have the right mix of skills, experience and knowledge to support and provide oversight of our business. Maintaining a long-term focus can be particularly challenging for boards and management teams in the face of demands for short-term performance that are prevalent in listed equity markets. Management must be supported by a strong board that appreciates the importance of a long-term focus. I am satisfied that the Board is balanced, effective and efficient in guiding BKB into the future.

We welcomed three new non-executive directors to the Board: Ms Phakama Mbikwana, Mr Coenraad Fick and Mr Jacques Louw. Phakama, Coenraad and Jacques bring experience and skills to the Board that are highly relevant to the Group's development. They are dedicated to serving the Group's and its shareholders' best interests. During the year, Mr Paul Carshagen retired as a director. I sincerely thank Paul for his contribution to BKB during his tenure as a director. Sadly, one of our directors, Mr Hansie Swart, passed away during the year. Hansie was a highly talented director who served BKB unstintingly and with distinction since joining the Board in 2014. It is very unfortunate that we have lost a person who contributed so much. As a relatively young man, we have lost out on a significant future contribution from Hansie. His wisdom, insight and wit are sorely missed.

CHAIRMAN'S MESSAGE (CONTINUED)

ENVIRONMENTAL AND SOCIAL MATTERS

Our operations depend on natural assets such as clean water, healthy soil, nutritious pastures and grazing, and a stable climate. ESG initiatives have always been at the heart of our business, reflected in our commitment to the safety and care of our people, communities, animals and the environment. These are entrenched in our culture and values and the rigorous safety protocols and stringent quality standards we implement.

We continue to advance all aspects of our ESG strategy and have made good progress in various environmental and social areas. We see energy and resources spent on sustainability, our people and good governance as investments in future profits. In this report, some examples and case studies provide insight into our focus areas. The Board's Social, Ethics and Sustainability, Human Resources and Audit and Risk Committees provide oversight, monitoring and support for the execution of our ESG and safety initiatives and actions.

LOOKING AHEAD

In my report last year, I noted that in FY23, we would examine everything we do as a Company and ensure that we emerge as a stronger, more focussed business. In recent months, the Board has worked closely with Johan and his executive team to develop BKB's strategy. I believe the Board and executive team's decisions in FY23 established a firm foundation from which to generate further growth and value for our shareholders and other stakeholders. Although the exiting of the businesses mentioned above resulted in a slightly less diversified business, the Board continues to see growth opportunities, including other areas of diversification, whether vertically in existing divisions, or other agricultural products where we are not involved.

Our resilience in the past year is testimony that BKB succeeds because of the solid foundation of its core businesses, strict financial discipline and a commitment to keeping the prosperity and safety of shareholders, producers, customers, communities and employees at the forefront of its goals and objectives.

In the coming year, there are downside risks for the country's economic growth, especially given local infrastructural issues, loadshedding and the uncertain global environment. The Board and the executive team is committed to the Group's strategic direction and will move forward with this in FY24. I am conscious that there is much work to do in FY24 to produce a performance that our shareholders will consider acceptable. We believe the business is well-positioned to navigate the macro environment successfully and deliver improved results for shareholders.

CLOSING REMARKS

On behalf of the directors, I extend the Board's gratitude to Johan Stumpf, his executive team and all BKB's employees who continue to represent BKB with great professionalism, pride and enthusiasm. The entire BKB team have again demonstrated tremendous resilience to adapt and continue to provide our customers and clients with the highest level of service in challenging circumstances. Your pursuit of excellence and improvement in our business delivers real value to our stakeholders.

Thank you to our shareholders, clients and customers, suppliers and financiers for your continued loyalty and support.

I want to thank my fellow directors for their wise counsel and support throughout these challenging times.

Geoff Kingwill
Chairman

15 September 2023

VISION, MISSION AND VALUES

BKB Limited is a leader in the agri-industry. We are the Trusted Home of Agriculture. Our values, core competencies and reputation ensure the sustainability of our long-term competitive advantage.

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

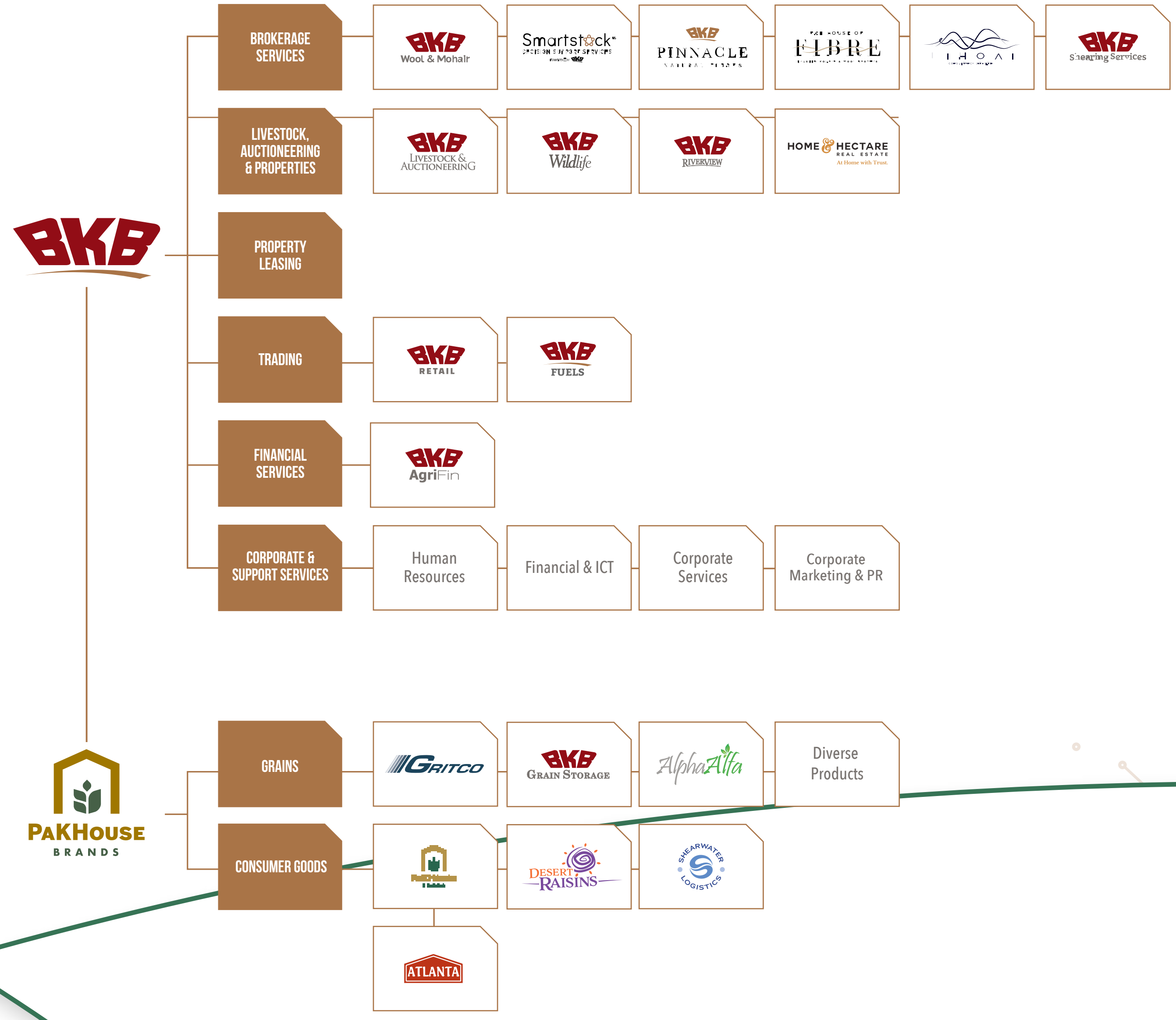
Respect is in our hands.

CONSERVE THE ENVIRONMENT

The environment is in our hands.

OUR ORGANISATIONAL STRUCTURE AND BRANDS

At its core, BKB is profit-driven in the interest of all stakeholders, with a major stake held by primary producers and agricultural groupings.



Refer to Appendix A on page 160 for a more detailed breakdown of BKB's Group structure.

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

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.

Operations

- Warehousing
- 18 shearing coordinators
- 57 technical advisors

Services and products

- Wool and mohair brokerage
- Technical field services
- Fibre trading services
- Financing services
- Warehousing and logistical services

Retail and fuel

Purpose

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.

Operations

- 53 agri-retail shops
- 5 commercial forecourts
- 3 fuel depots
- 2 distribution centres
- 1 veterinary wholesaler

Services and products

- 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

OUR BUSINESS PROFILE (CONTINUED)

Livestock and properties

Purpose

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.

Operations

- 13 livestock agent branches
- 51 livestock auction points
- 6 property agent branches

Services and products

- 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 – consumer goods

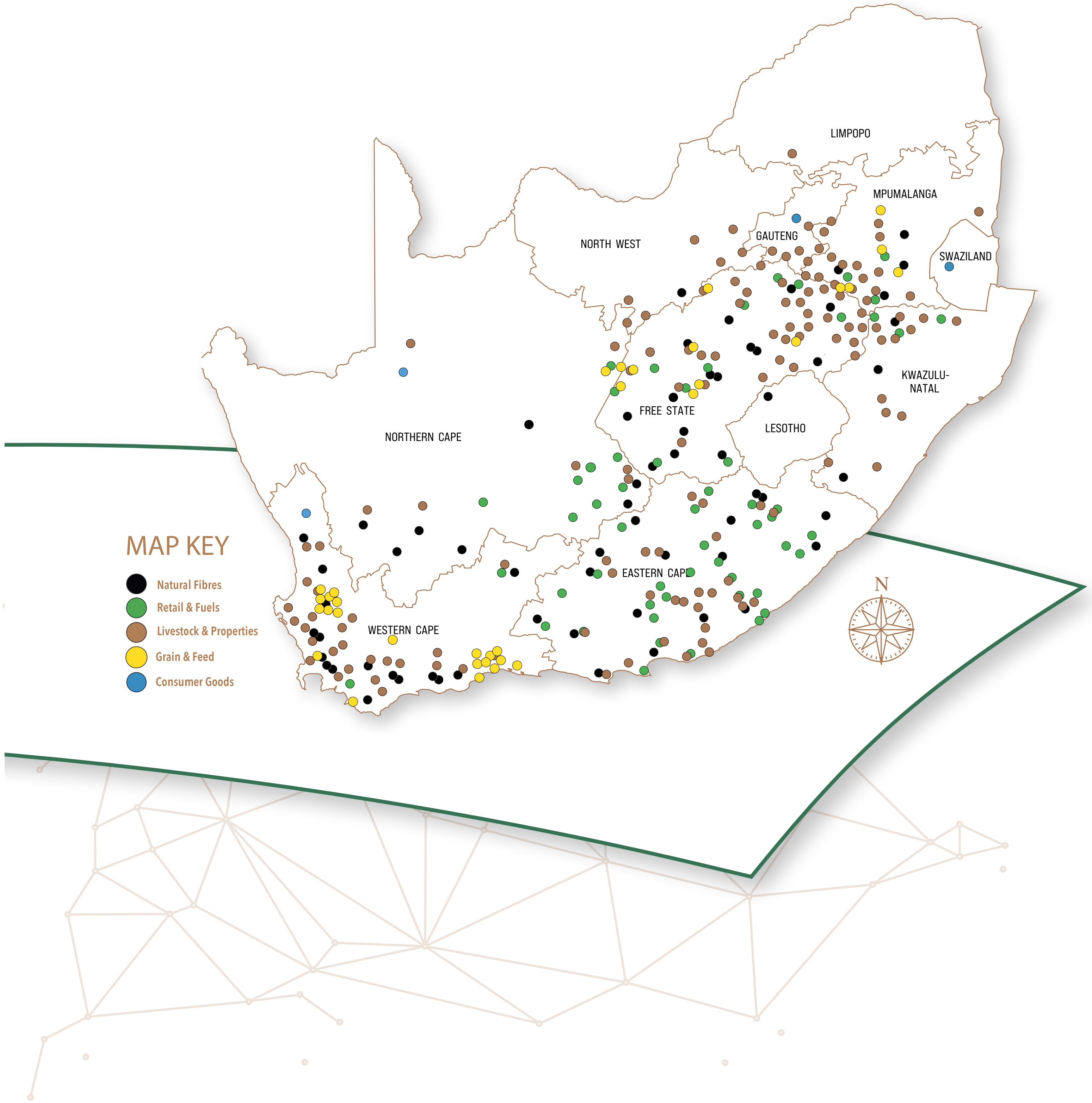
Purpose	Operations	Services and products
Sugar and diverse consumer products supplier to local wholesale and retail buyers.	• 2 processing plants	• Procurement • Packaging • Logistics • Marketing and selling
Raisin supplier to international and local customers (operations to be discontinued).	• 1 processing plant	

PakHouse Brands – grains

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.	• 10 SAFEX accredited grain depots • 7 on-farm depots • 1 maize mill • 1 processing plant	• Storage and collateral management • Procurement, packaging, manufacturing, logistics and selling

OUR FOOTPRINT

Recognised as the Trusted Home of Agriculture, we pride ourselves in having secured the widest and deepest-rooted footprint across our agriculture landscape.



OUR HISTORY

CELEBRATING MORE THAN A CENTURY OF MILESTONES

Our story is one of relationships, values and trust. We have always placed these ideals at the forefront of our business strategy.

Partnerships forged over decades continue today, and we endeavour to develop existing and new relationships further.

We have had many achievements over the past 104 years, including our expansion and positioning as the leading natural fibre broker and livestock auctioneering business in Africa, along with the diversification of our business, locally and internationally. The BKB Group has developed into an organisation where our people are our differentiating factor, with shared values underpinned by integrity.

We will accelerate our development and growth through innovation, efficiency and adding value for our customers and producers.

1919

The first wool cooperative, FCU, was established in Gqeberha.

1920

BSB (wool cooperative) was founded in Cape Town and relocated during the same year to Gqeberha.

1925

WGA (wool cooperative) was founded in East London.

1927

KWB (wool cooperative) was founded with its head office in Belfast and moved to Durban.

1975

BKB was founded through the amalgamating of FCU, BSB and KWB.

1998

BKB converted and restructured from a cooperative to a public company

2005

Acquired BKBLouwid (Livestock Marketing and Auctioneering).

BKB transferred 15% shareholding ownership to producer-owned trusts in Ciskei, Transkei and Lesotho.

2007

Acquired BKB van Wyk (Livestock Marketing and Auctioneering).

Acquired BKB GrainCo and Gritco (Grain storage, trading and milling).

2010

Established BKB Agrifin (Agri Finance).

2011

Merged with East Cape Agricultural Cooperative (ECAC)

OUR HISTORY (CONTINUED)

2013

Established PaKHouse Brands and acquired Atlanta Sugar.

2016

Acquired 75% of Fruits du Sud (Pty) Ltd (Raisin processing and exports).

2017

Established AlphaAlfa (Lucerne processing and exports).

Acquired RFID Experts Africa (Radio frequency identification and data transfer systems).

2019

BKB Properties repositioned as Home and Hectare Real Estate and acquired Solomons Crafford Real Estate.

Acquired BKB Riverview (Livestock Marketing and Auctioneering).

Commissioned a second grit mill (Gritco) in Bethlehem.

BKB launched "BKB SHIFT" as a digital transformation business.

BKB celebrated 100 years of trust with a staff complement of 3 608 employees and 62 000 customers.

2020

PaKHouse Brands acquired the remaining 25% of Fruits du Sud and rebranded the business to Desert Raisins.

Wolf Edmayr, CEO for 15 years, retired. Johan Stumpf (new CEO) and Jannie van Niekerk (CFO) joined amid the COVID-19 pandemic.

The start of a consolidation phase.

2021

Landbank financing settled and new commercial bank facilities secured.

BKB producers became the biggest suppliers of RWS wool and RMS mohair worldwide. (Responsible Wool and Mohair Standards).

2022

Listed successfully on the Cape Town Stock Exchange.

Acquired GWK's southern livestock business, including Humansdorp auction point.

Established BKB Pinnacle Fibres (fibre trading business).

Sold RFID Experts to Datamars and closed BKB SHIFT.

2023

Acquired the Provident Group of health retail companies in the former Transkei.

Sold the Bultfontein Gritco mill.

Discontinued Desert Raisins operations and AlphaAlfa's high-density press businesses.

OUR STAKEHOLDERS

BKB operates in an environment with diverse stakeholders, not only regarding their interests but also demographically and geographically.

We will always try to balance all stakeholders' needs and requirements fairly. Proactive stakeholder engagement supports sustainable value creation and assists BKB in identifying and addressing key risks and possible opportunities.

BKB engages with a variety of stakeholders. The material relationships we disclose here are those that, for the 2023 financial year, had an interest in our business and could positively or negatively impact our ability to create and preserve value.

EMPLOYEES

Engagement, issues and concerns in 2023	BKB's response
Communication with senior and middle management, ensuring comprehension of the broader BKB business.	The executive directors engage with the top 50 managers every quarter, discussing quarterly results and other relevant topics impacting the business. 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 48.
Monthly "campfire" sessions	BKB continued with monthly "campfire" sessions for line managers and their teams, focussing on relevant topics, including health and safety and cybersecurity. Feedback gets collated, analysed and dealt with appropriately.

CUSTOMERS AND CLIENTS

Engagement, issues and concerns in 2023	BKB's response
Supply chain constraints following FMD and the Chinese ban on South African wool and the impact of FMD on the movement of livestock.	BKB has successfully fulfilled the backlog on wool sales volumes through the remaining auctions and shipment allocations in the second half of FY23. The Livestock Division continues to focus on well-designed auction infrastructure with strong bio-security measures and simulcast digital auctions.
Increase service offerings in the rural parts of the Eastern Cape.	The acquisition of the Provident Group of animal health companies ensured market access in the former Transkei.
Loadshedding	BKB has invested in alternative energy solutions for uninterrupted connectivity and supply.
NuLife sugar launch	NuLife low GI sugar is all-natural raw sugar cane, making it less processed and refined than other sugar.

OUR STAKEHOLDERS (CONTINUED)

INDUSTRY BODIES

Engagement, issues and concerns in 2023	BKB's response
FMD and the related restrictions on animal movements.	BKB actively engaged with industry bodies, resulting in effective lobbying and resolution of the matter.

INVESTORS AND SHAREHOLDERS

Engagement, issues and concerns in 2023	BKB's response
Trading update on discontinued operations	BKB published a trading update on 21 August 2023 to notify shareholders of discontinued operations and related impact on the FY23 results.
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 and new areas such as regenerative farming. These investments will make their products more attractive for international markets and contribute towards mitigating the effect of failing infrastructure in South Africa.

BANKS

Engagement, issues and concerns in 2023	BKB's response
Covenant breach	BKB notified its lenders before year end of the possible breach of its EBITDA floor and interest cover covenant ratios. This was primarily due to the losses and closing costs of the Desert Raisins business. The group continues to enjoy the full support of its financiers.

MATERIAL BUSINESS RISKS AND OPPORTUNITIES

The BKB Group could be affected by several risks that might, individually or collectively, impact 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. During the past year, BKB took further steps to strengthen its internal audit and risk management functions and the development of a combined assurance model under the auspices of the Audit and Risk Committee.

COMBINED ASSURANCE

1. The ultimate accountability for risk governance lies with the Board.
2. Risk oversight is delegated to the Audit and Risk Committee.
3. At management level, risk ownership resides with executive management.
4. The internal audit (IA) within the Group's governance structures acts as an independent appraisal and assurance body, providing autonomous and objective assurance.
5. PwC, the external auditors, are appointed following BKB's governance frameworks, with their audits monitored by the Audit and Risk Committee and their appointment being subject to shareholder approval based on the Audit and Risk Committee's recommendation.

The Audit and Risk Committee has reviewed and is satisfied with the effectiveness of the combined assurance model.

Refer to the Audit and Risk Committee report on page 66.

MATERIAL BUSINESS RISKS AND OPPORTUNITIES (CONTINUED)

The following table provides an overview of key risks and opportunities the BKB Group faces.

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.	↔ (Medium)	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 and the services of an outside specialist.	BKB manages its fuel stock levels to ensure maximum advantage of substantial fuel price increases.

POLITICAL RISK AND WEAKENING LOCAL INFRASTRUCTURE

Risk description	Trend	BKB's response	Related opportunities
BKB operates in an environment fraught with political uncertainty that influences the economy and society. The Group may be affected by the actions and lack of action by national and provincial government and local authorities. The inability to provide basic services at all levels is a major risk and concern. Lack of service delivery, such as general safety, electricity, water, efficient ports, good roads and connectivity, is a real risk. The deterioration of infrastructure in rural South Africa is of particular concern.	↑ (High)	The Group engages with the agricultural industry and stakeholders, where these matters are discussed with all levels of government. We continue to increase our electricity generation through solar energy and on-site generators. We enable water supply self-sufficiency by harvesting rainwater wherever feasible. We manage this risk further by seeking potential opportunities in new jurisdictions.	Enhanced environmental sustainability through renewable energy Future commercial value is created through regenerative farming programmes and international brand partnerships

Relevance to stakeholders
- Low
- Medium
- High

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 may limit 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 future events such as the recent Chinese ban on South African wool. These solutions include accessing new, alternative markets and 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's national footprint further mitigates risk. In addition, the Group is actively engaged with the industry and other stakeholders to ensure effective lobbying and improving animal welfare practices.	New wool markets and solutions Reputational enhancement through industry leadership and training

CLIMATE CHANGE AND EXTREME CLIMATIC CONDITIONS

Risk description	Trend	BKB's response	Related opportunities
Although drought conditions have improved in areas where BKB operates, rebuilding livestock numbers and related business will take some time. Changing and adverse weather patterns can negatively impact crops during harvest time, as experienced in the recent raisin and lucerne 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, the new regenerative farming initiative.

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, increasing cyber-related risk. This is evident from ongoing cyber-attacks on businesses.	↑	We maintain a strong focus on information technology capabilities and continue to investigate and implement stronger security measures on a continuous improvement basis. BKB is constantly striving to enhance cyber-control through target measures and initiatives, including, inter alia, 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 Development of robust information technology monitoring and security processes

MATERIAL BUSINESS RISKS AND OPPORTUNITIES (CONTINUED)

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. Credit risk in livestock is higher due to FMD in the first half of FY23, followed by a depressed livestock market and consumers in a high interest rate environment.	↑	BKB has a solid credit policy and related risk evaluation process. A strong, expert team backs its implementation. Centralised vetting 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. BKB focuses on a robust recovery process and enhancing the credit take-on process.	Rigorous monitoring coupled with prudent credit provisioning helps build sustainable businesses and strengthens the sector.

GLOBAL CONDITIONS

Risk description	Trend	BKB's response	Related opportunities
The ongoing war in Ukraine and related sanctions against Russia negatively impact export markets that are important to the South African agricultural sector. The ongoing war created bottlenecks in global supply chains and inflated logistical costs, albeit the impact has recently eased. Nonetheless, significant uncertainty continues to exist. It has also led to a more localised view of the supply of food products. The phyto-sanitary regulations regarding the fruit industry are examples of regulations used as legitimate trade barriers. Europe's Green Deal is a further example of where climate issues could directly impact markets for export products.	↔	BKB focussed on the proactive sourcing and securing of products to sell. Export logistics are actively managed and shipments are prioritised while focussing 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 specialists and is working with various partners to mitigate this risk.	Enhanced focus on cost savings The proactive approach followed by BKB could lead to preferential market access, especially in the area of neutral climate requirements being used as a trade barrier

MATERIAL BUSINESS RISKS AND OPPORTUNITIES (CONTINUED)

PANDEMIC RISK

Risk description	Trend	BKB's response	Related opportunities
As is the case for many businesses, pandemic conditions have the potential to impact the Group's ability to conduct its business severely. The safety of our people, clients and customers, the general community and business continuity are at risk during such events.	↓	The impact of COVID-19 on the Group's results and operations was limited to certain areas of the business. We learned valuable lessons. While the Group was able to manage the impact of COVID-19 successfully, further waves or the emergence of a new pandemic could impact the business and performance of the Group. Constant monitoring, vigilance and adaptability of systems are embedded in BKB's operations. The BKB Group's wide and diverse footprint further mitigates risk.	Digital acceleration through online auctions Enhanced focus on flexibility and adaptability of our systems and people

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

BKB'S PROACTIVE STRATEGIC ROADMAP

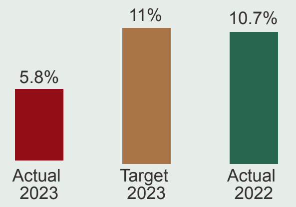
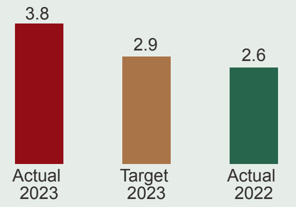
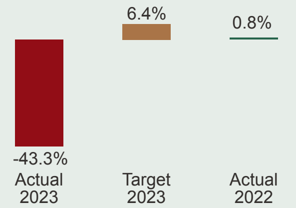
BKB's strategic framework and drivers, as presented in the two previous annual reports, remain unchanged. The table below presents the updated strategic drivers and comments on their progress.

Strategic driver	Description	Goal
Protect and build selectively	These businesses perform well and BKB is seen as a market leader, e.g., fibre, retail and livestock.	The focus is to make these businesses even more effective and customer-orientated by exploiting synergistic opportunities and investing in newer technology (e.g., digital platforms). Although acquisitive growth was not a focus area, we adjusted this strategy and will consider opportunities up- and downstream in the value chain and internationally. By way of example, the acquisition of the Provident Group business, focussing on animal health in the rural Eastern Cape, complements our existing retail business. The investment is low-risk, essentially "bolt-on," and has limited capital requirements.
Manage for earnings and growth	Many of the newer businesses in PaKHouse Brands fall into this category. As the acquisitions were mostly executed by leveraging the balance sheet of the target companies, bottom-line profitability is problematic in some of them. These are important businesses for BKB as they bring diversification to the Group from a product and geographic perspective and by broadening the export-based earnings.	Focus is on improving earnings through efficiency, product innovation, product quality and brand development as well as exploiting synergies between these businesses and with external partners. New acquisitions and/or mergers are continuously evaluated. We implemented a more structured due diligence process to ensure the probability of successful integration into BKB is higher than in the past. After careful consideration, the merger between VKB and BKB grain storage and handling activities has not been implemented, as systems integration proved to be a challenge, resulting in limited opportunities to exploit synergies. Turn-around strategies implemented in Desert Raisins and AlphaAlfa were not successful. Given the uncontrollable external risks inherent in these businesses, we decided that BKB ought to disinvest. Grain operations have been successfully restructured, with milling operations consolidated in Bethlehem. Expansion of the grain storage and handling footprint is under consideration. There is a continued focus to organically grow the remaining PaKHouse businesses, with Atlanta growing its sugar volumes and diversifying into other retail product categories, e.g., an instant soy meal replacement was successfully launched, making it the first of its kind in South Africa.
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 (without a clear picture of whether they will be successful).	The disinvestment phase of this strategy has largely been concluded, except for Desert Raisins and AlphaAlfa, which will be concluded in FY24. Therefore, the focus will move towards new opportunities. As reported previously, we started a Fibre trading business during FY22. It has performed well in its first full year of trading. We will expand this business locally but could also exploit other geographic opportunities, such as the Americas. After closing ShiftDX and selling RFID Experts, BKB is not currently invested in technology businesses. However, BKB will continue exploring opportunities in agri-tech. We are exploring a different approach where BKB will identify current projects that could be expanded by contributing financial resources, or leveraging our extensive agricultural knowledge and customer base, or both.

BKB'S PROACTIVE STRATEGIC ROADMAP (CONTINUED)

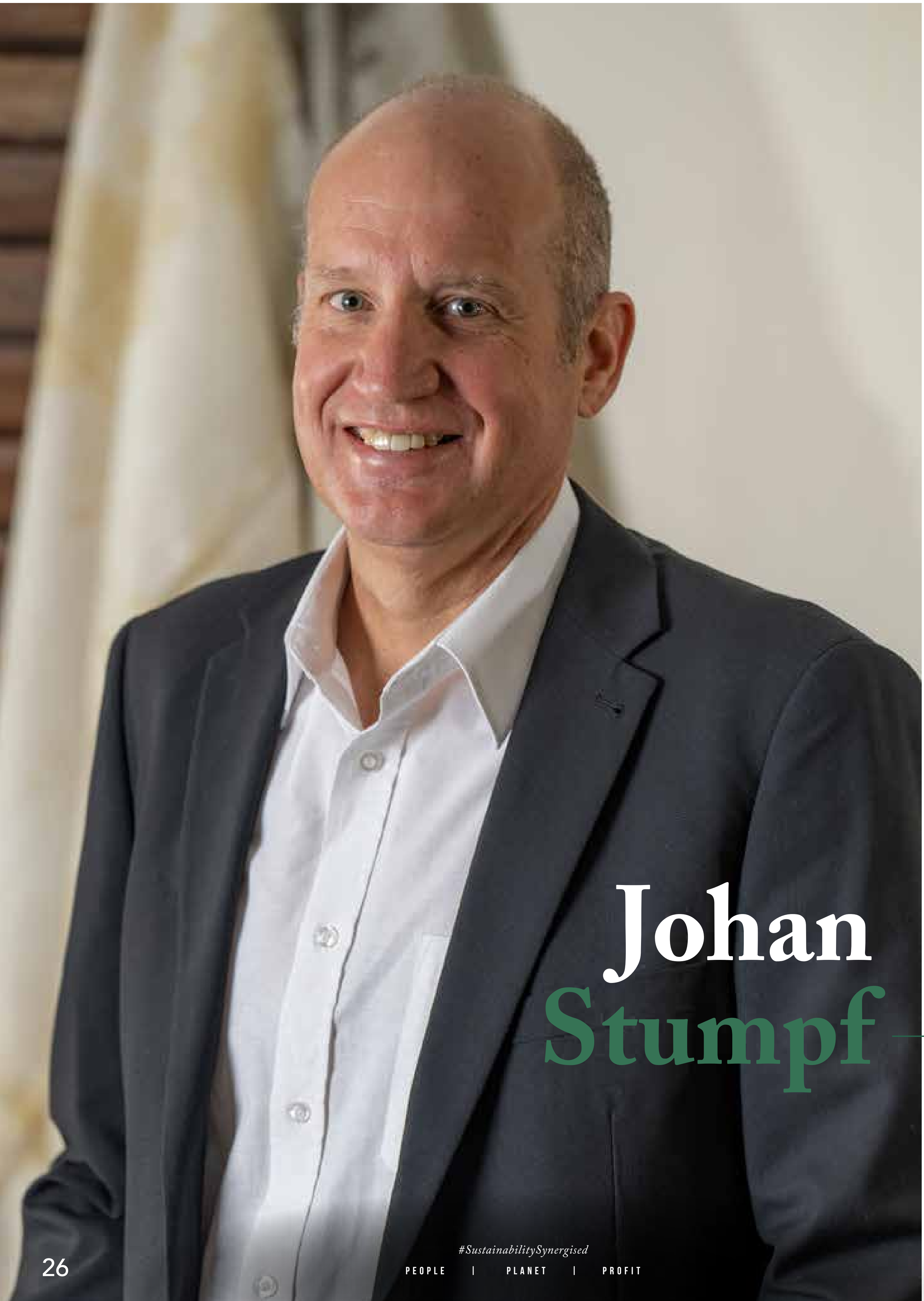
KEY PERFORMANCE INDICATORS

To drive the Group's strategic objectives, management has implemented three financial metrics that stakeholders can use to measure progress. More importantly, they are used to drive behaviour throughout the Company. The main measures, targets and actual performance are summarised in the table below.

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 above WACC, which remains its goal. Due to the restructuring, BKB should already be much closer to its target in 2024.	
Net debt to EBITDA	This ratio indicates 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. Due to the restructuring, BKB should be back to a 2,5 ratio in 2024.	
Normalised EPS	Growth in normalised earnings per share ensures 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.	

OUR PERFORMANCE

CHIEF EXECUTIVE OFFICER'S REPORT



Johan Stumpf

CHIEF EXECUTIVE OFFICER'S REPORT (CONTINUED)

In the face of a challenging operating environment, our adherence to the Group strategy has allowed BKB to conclude FY23 with a strong balance sheet.

This will now serve as the cornerstone for directing our efforts towards creating value for our stakeholders in the future.

BKB's core continuing operations profit before tax was R176 million, down 10.2% from the prior year (R196 million). EBITDA for continuing operations was R330,6 million compared to R299 million for FY22. However, the Group achieved a profit of R9,9 million, which is significantly lower than the R117,8 million in FY22. This was primarily due to certain strategic initiatives taking longer to implement or yield the desired results. The restructuring and simplification of the business continued to be the main strategic focus. This resulted in further disinvestments and consolidations in fruits (raisins), grain and lucerne, which, in turn, gave rise to substantial once-off costs, all of which weighed heavily on the Group's FY23 financial performance.

MARKET DYNAMICS IMPACTING BKB

Various factors influence BKB's operations, including macro-economic, socio-political, environmental and sector-specific elements. These influences stem from the diverse range of businesses within BKB, whether categorised by geography, product type or agricultural sector. Agriculture tends to be exposed to market and seasonal variations and other non-controllable factors more directly. The impact of, for example, animal diseases and the ability to control and prevent their effects is an environmental and political governance issue. Volatility and cyclicality are higher than in many other industries, resulting in unique strategic challenges for BKB's leadership team. Executive management continuously monitors the prevalence, risk and impact of external non-controllable factors affecting BKB's business environment to reduce reaction times and limit their impact.

The main factors that impacted BKB in FY23 remained similar to the previous year. Factors warranting specific mention are:

- **General economic environment:**
  The world economy has been dealing with higher inflation levels following COVID-19, resulting in most central banks increasing interest rates over the past year. This affected the Group's direct net interest expense, which was R50,7 million (includes discontinued operations) higher in FY23, and resulted in consumer demand constraints. The impact is specifically evident in red meat demand, where severe downward pressure on livestock prices (up to a 35% reduction at some point in the year) directly impacted the Livestock Division's profitability. Raisin sales were also under pressure. While the South African raisin crop was small, export volumes were down. Even though our other businesses did not experience a direct impact, wool prices tracked lower in the last two months of the year.
- **Service delivery and socio-political disruptions:**
  This continues to be one of the biggest challenges for BKB. The Group is represented widely in small towns in South Africa. Vital infrastructure has either collapsed or is failing rapidly in most of these towns. Furthermore, daily challenges arise from the supply and logistics chain disturbance due to factors such as riots and mismanaged port infrastructure. We can partially address the direct impacts by developing our own capabilities, such as solar energy.
  By the end of FY24, BKB will have all our owned retail stores on hybrid solar systems, ensuring minimal disruptions during loadshedding and other electricity supply disruptions. In the long term, the state of the country's logistics infrastructure is cause for concern as it is not easy to develop viable alternatives. BKB is active in various industries and business entities, where these issues are addressed with government.
- **Foot-and-mouth disease (FMD):**
  Animal diseases almost always have severe, direct impacts on BKB. We constantly exercise vigilance and focus to minimise the effects of these diseases on our businesses. Although FMD is endemic in South Africa, it historically has been successfully contained in two control areas in Limpopo and KwaZulu-Natal. There have been infrequent cases outside these control areas. For several years, the natural fibre industry has diligently implemented internationally agreed mitigating measures, which ensured continued trade in the event of outbreaks of FMD. BKB pioneered implementing these measures during the outbreak in 2019 and remains at the forefront of developing mitigating strategies. Outbreaks of FMD outside the control areas in 2022 resulted in a wider spread of the disease. This directly impacted BKB's fibre, livestock and retail businesses. In particular, China, the largest market for SA wool and mohair, instituted a total ban on SA wool, which they only lifted three months into FY23. The ban resulted in a logistics bottleneck that was only cleared halfway through FY23. I am glad to report that the last six months of FY23 saw a normalisation of the fibre operating environment, which resulted in a full recovery of this division.

  Livestock auctions were affected in the last few months of the previous financial year, continuing for the first four months of FY23, as the movement of animals was minimised. Stricter bio-security measures resulted in higher direct costs at auctions. The Livestock Division has been unable to claw back lost sales during this period. Risk mitigation measures implemented by government and the livestock industry have resulted in a more normal operating environment. Nonetheless, the severe risks presented by other animal diseases remain ever-present.

> *"In a changing world, BKB's adaptability keeps us sustainable. Through successful restructuring, BKB has built a strong financial base, and we expect significant improvements in the FY24 results.*

CHIEF EXECUTIVE OFFICER'S REPORT (CONTINUED)

PERFORMANCE AGAINST STRATEGY

BKB has long been known for its strong balance sheet, strong cash flows, and good returns on the funds employed in the business. We remain on track to fully execute our strategic objectives to deliver value to all stakeholders over the long term.

The strategic KPIs for FY23 – ROFE, net debt to EBITDA and normalised EPS – did not yield satisfactory results for BKB. The main contributors to this unsatisfactory performance are the businesses in various stages of being sold or closed, namely Desert Raisins and the high-density press business of AlphaAlfa. The Bultfontein grit mill operation sold in FY23 also contributed to the result. These business units generated operating losses and incurred substantial once-off closure costs and provisions.

The first phase of ensuring non-performing businesses are either turned around or exited is taking longer than expected. However, I am confident we are approaching the divestment programme's final stages.

It is heartening and encouraging to record that the Group's continuing core businesses, namely fibre and mohair, retail and fuel, PaKHouse Brands' sugar and grain storage and handling businesses, delivered excellent results despite the impact of FMD.

Wool prices were stronger after exports to China resumed in the last quarter of 2022 and traded just below pre-COVID-19 levels. Pinnacle Fibres had an excellent first full year of trading. This business has good growth potential, including in new and different geographic areas.

Retail and Fuel continued to perform well even though challenges regarding infrastructure continue to complicate the operating environment. The effect of loadshedding has been largely negated as all BKB-owned properties have been converted to hybrid solar systems, resulting in uninterrupted trading.

The Livestock and Properties division consolidated its five regions into two entities: BKB North and BKB South. Consequently, the division will cease trading under the BKB Van Wyk and BKBLouwid brands. Going forward, the division will exclusively operate under the BKB and Home & Hectare Real Estate brands.

OUR RESPONSIBILITY TO ALL STAKEHOLDERS

Our business impacts many lives, and our producers also provide jobs, thereby supporting many families in some of the poorest areas in South Africa. BKB recognises this responsibility and will always attempt to balance the needs and requirements of all stakeholders fairly. We support many community projects and initiatives. We support our employees on different fronts, such as with bursaries for further studies. We play a big role in various industry bodies and NGOs, addressing issues such as the natural environment, business environment and social challenges.

OUTLOOK AND PRIORITIES

Although BKB has had a challenging year – with the Livestock business still experiencing tough trading conditions – the short- to medium-term outlook is more certain than in the previous year.

We expect the restructured and continuing business operations to perform at least at the same levels as FY23. Should interest rates soften during the latter part of the year, this could result in better trading conditions, especially for our livestock business.

FMD has largely been controlled but remains a risk that can change overnight. The livestock industry has implemented various risk-mitigating measures, which should resolve the effect of outbreaks faster. Livestock prices remain under pressure. We do not expect a significant recovery before consumer spending is less constrained. This will only happen once inflation returns to acceptable levels and interest rates move downward.

We expect wool production volumes to be similar to the previous year, with prices stable. There is upward potential as worldwide trading conditions start to become more favourable.

The Retail and Fuel division's focus remains to enhance efficiencies, with a specific focus on reducing working capital invested in stock.

PaKHouse Brands will continue as a much more streamlined business after disinvestments (as outlined above) have been completed. PaKHouse is now structured into two business units, i.e., Consumer goods and Grains.

CHIEF EXECUTIVE OFFICER'S REPORT (CONTINUED)

Consumer goods is essentially Atlanta, with retail sugar packing and distribution as the main part of the business. After a record year in FY23, we expect performance to remain strong. The Atlanta brand has been leveraged, and various other consumer products in the independent retail sector have been launched. This will continue to be an area for growth, as the long-term strategy remains to have a more diverse, branded product range in the independent retail sector.

The Grains business consists of milling, storing, and handling grain and animal feeds (lucerne for the local and export markets). Storage and handling has been a star performer. It is expected to have a good first half of the year in FY24, as a good winter crop is anticipated. However, there are indications of an El Nino developing, which will affect summer crops, though it is too early to forecast its effects. AlphaAlfa, now operating solely as a lucerne trading business, remains in a challenging environment. AlphaAlfa implemented its new business model, which should result in it being a profitable business.

With the restructuring largely concluded and positive outcomes from ongoing efficiency improvement projects, we anticipate the FY24 results will significantly improve on FY23's results. For part of FY24, the Group (including discontinued businesses) will still be exposed to two businesses being sold and closed, but their impact should not be significant.

BKB has been listed for just over a year. The goal of listing its shares on a public platform was to make trading of shares more accessible, which in the longer term should result in better liquidity. Liquidity of BKB's shares has improved but is still very limited, with most transactions being small (as little as one share). Management is still of the opinion that, as performance stabilises, there is upward potential in the share price. The shareholder base is changing and will continue to change towards more professional investor-orientated shareholders. This should also result in more stability in the share price and also one which more accurately reflects BKB's inherent value.

In FY23, management focussed on establishing a solid foundation to create value for BKB's stakeholders, albeit in very trying conditions. For those following BKB's progress, there should be few surprises in my report. Ultimately, BKB is on track and doing what we said we would. To our shareholders, you have continued to support us over a difficult and uncertain period. We are grateful for your support. We look forward to FY24 as a year of growth, success and value generation for all our stakeholders.

I want to use this opportunity to thank the Board for supporting management and employees in a challenging year. I also want to thank the executive team and each employee of BKB, as this remains a team effort going forward. Producers and their farming activities are at the heart of BKB's success, and I want to thank every producer who has supported BKB in the past year.

Johan Stumpf

Chief Executive Officer

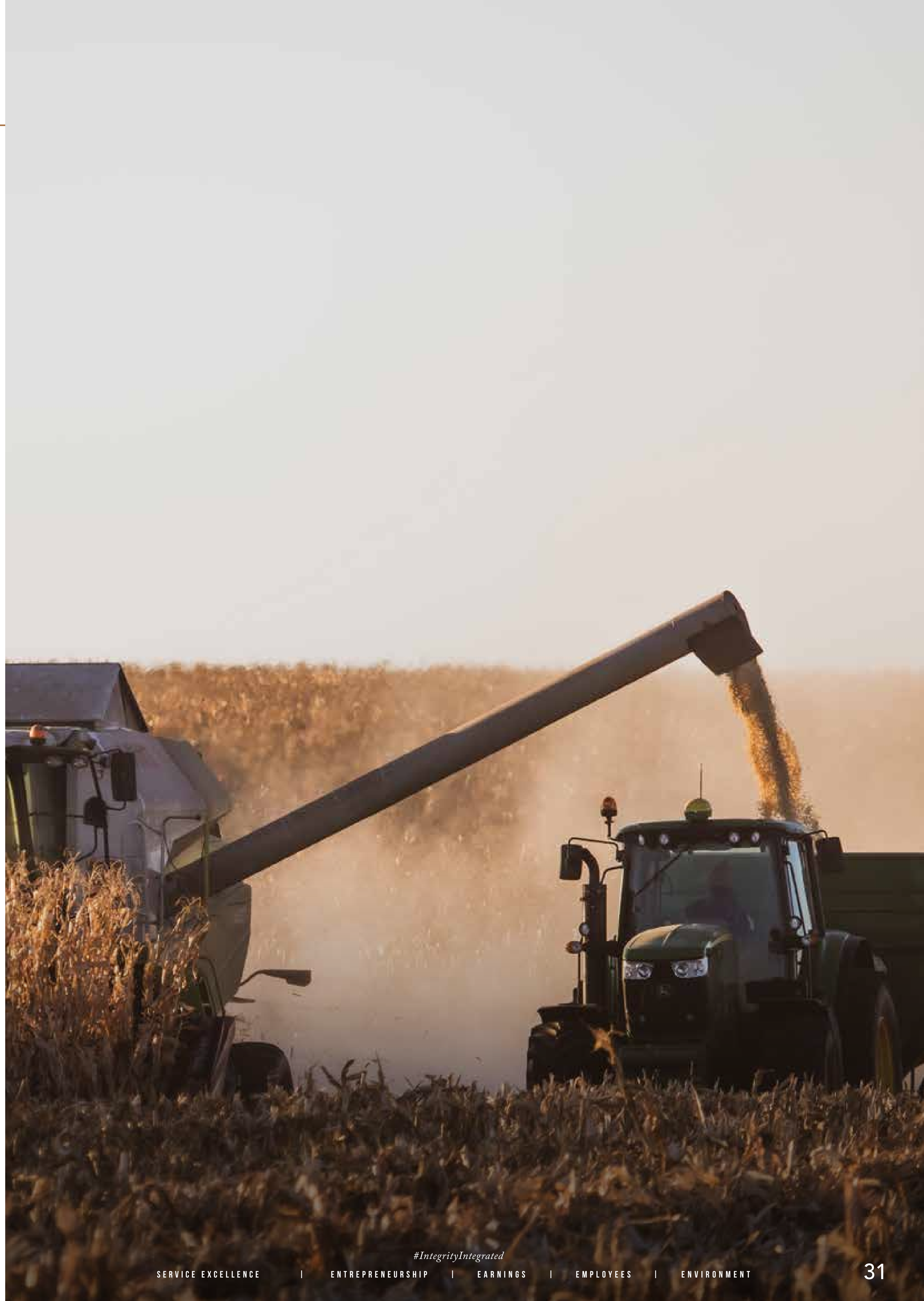
15 September 2023

FIVE-YEAR FINANCIAL SUMMARY

	CONTINUING OPERATIONS		ALL OPERATIONS				
	2023 R'000	2022 R'000	2023 R'000	2022 R'000	2021 R'000	2020 R'000	2019 R'000
Statement of profit or loss							
Value of business	13 086 450	13 459 427	13 557 204	14 277 492	13 213 136	11 100 715	11 428 667
Revenue/Turnover	5 900 706	5 275 721	6 371 460	6 093 786	5 544 979	4 992 180	4 768 499
EBITDA [(1)]	330 571	299 029	264 953	310 386	282 526	170 222	140 379
Depreciation and amortisation [(2)]	79 231	60 408	129 021	73 387	67 158	65 872	51 899
Operating profit	251 340	238 621	135 932	236 999	215 368	104 350	88 480
Finance expense (net)	75 338	42 661	116 107	65 368	66 517	85 582	41 791
Income tax expense	53 534	60 097	9 971	53 785	43 934	10 200	22 402
Profit for the year	122 468	135 863	9 854	117 846	104 917	8 568	24 287
Headline earnings	138 250	124 702	59 872	105 541	104 489	29 076	26 207
Statement of financial position							
Non-current assets			1 140 099	1 132 568	1 134 519	1 075 674	1 064 336
Current assets			1 962 982	1 805 268	1 701 637	1 724 960	1 691 907
			3 103 081	2 937 836	2 836 156	2 800 634	2 756 243
Total liabilities			(1 773 118)	(1 581 563)	(1 548 689)	(1 625 328)	(1 571 946)
Total shareholders' equity			1 329 963	1 356 273	1 287 467	1 175 306	1 184 297
Net interest bearing debt			1 002 269	809 071	789 875	877 505	984 371
Statement of cash flows							
Cash flow from operating activities			(12 924)	92 957	188 869	177 306	(166 005)
Cash profit after tax from operations			134 927	168 015	192 070	51 011	110 632
Working capital changes			(147 851)	(75 058)	(3 201)	126 295	(276 637)
Cash flow from investing activities			(96 614)	(79 531)	(99 802)	(21 139)	(60 225)
Cash flow from financing activities			92 270	87 981	(145 229)	(44 354)	(142 966)
Net cash flows for the year			(17 268)	101 407	(56 162)	111 813	(369 196)

	2023	2022	2021	2020	2019
Ratios					
ROFE (%) [(3)]	5.8	10.7	10.6	5.8	4.7
Return on equity (%)	0.7	8.7	8.1	0.7	2.1
Dividend yield at closing price (%)	–	4.2	4.4	0.5	0.6
Total shareholders' equity: Total assets employed (%)	42.9	46.2	45.4	42.0	43.0
Net interest bearing debt: Total assets employed (%)	32.3	27.5	27.9	31.3	35.7
Net interest bearing debt: Total capital (%)	43.0	37.4	38.0	42.7	45.4
Net interest bearing debt: Total shareholders' equity	0.8	0.6	0.6	0.7	0.8
Net interest bearing debt: EBITDA (times)	3.8	2.6	2.8	5.2	7.0
Performance per share					
Number of shares in issue ('000)	88 407	88 407	88 407	88 407	88 407
Share price at 30 June (cents) (last traded price)	570	1 010	900	1 000	1 600
Headline earnings (cents)	76	134	133	37	32
Dividends (cents) (proposed gross)	–	42	40	5	10
Net asset value (cents)	1 504	1 534	1 456	1 329	1 340

(1) Earnings before interest, taxation, depreciation, impairments, amortisation and revaluations
(2) Includes cost of sales depreciation, impairments and revaluations
(3) Return (Operating profit) on funds employed (Excludes cash, borrowings and taxation)



CHIEF FINANCIAL OFFICER'S REPORT

Jannie van Niekerk

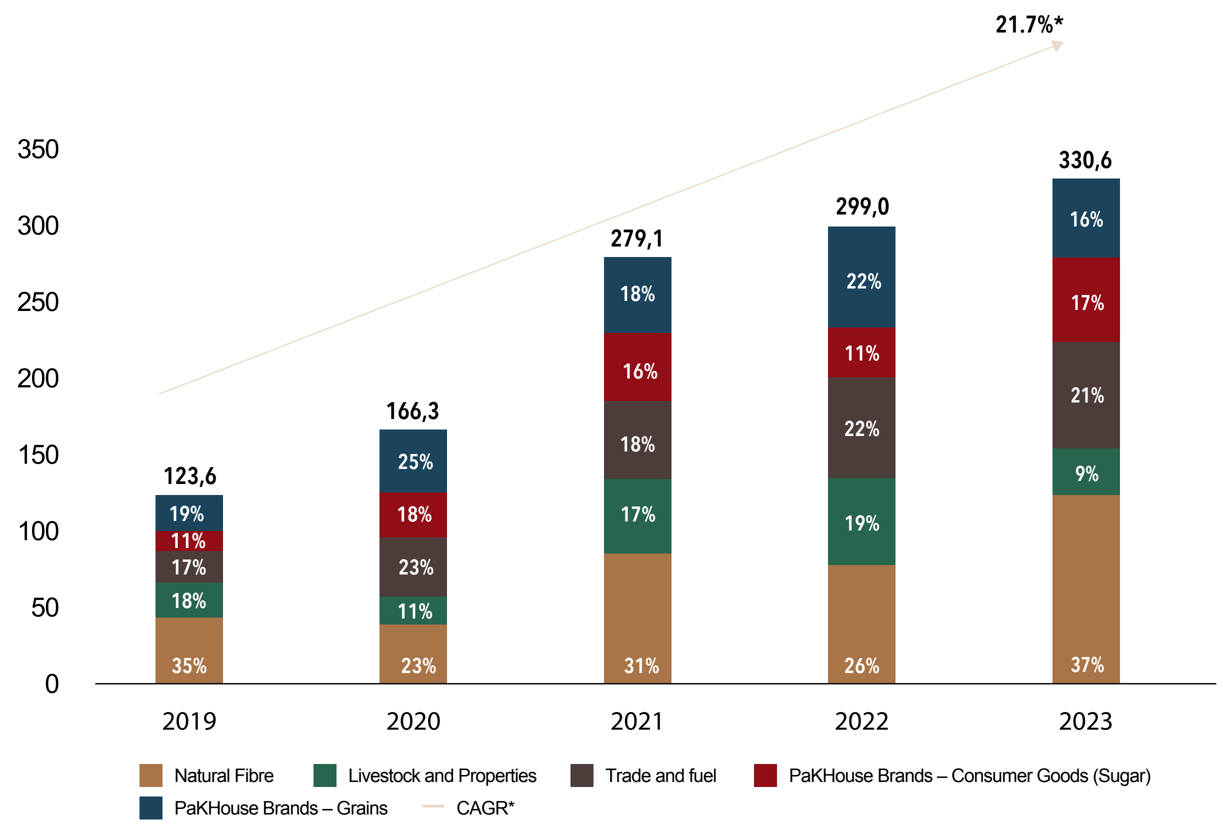
CHIEF FINANCIAL OFFICER'S REPORT (CONTINUED)

KEY FACTORS IMPACTING FY23'S FINANCIAL PERFORMANCE

Several factors affected BKB's financial performance for the year, the most noteworthy being the restructuring of our business to ensure long-term sustainability and growth. As BKB is approaching the end of a consolidation phase, we believe the Group has a solid financial platform to create satisfactory returns and value over the medium to long term.

The graph below sets out Group EBITDA from continuing operations over the last five years and underscores the importance of our diversified business model.

EBITDA CONTINUING OPERATIONS (R'MILLIONS)



*CAGR = Compounded annual growth rate

CHIEF FINANCIAL OFFICER'S REPORT (CONTINUED)

RECURRING STORMS ENDING

Desert Raisins reported substantial operating losses for FY23, driven by the cost-of-living crisis in its target markets, which hampered demand. Slow sales and high interest rates resulted in higher finance charges in a working-capital-intensive business. The USDA rejected large quantities of products destined for new markets in the USA due to unsatisfactory quality. This led to substantial logistics and rework costs. Closure costs include forex losses of R9,9 million relating to foreign exchange contract exposures for which no future sales transactions exist. Recurring losses together with low crop volumes for the second consecutive year contributed to the Board's decision to close the operation in Kanoneiland disposing of its core assets. The disposal includes all movable assets, the value of which had to be impaired at year end. The revalued fixed property is now reclassified as an investment property.

The lucerne harvest was below average in volume and quality, which negatively impacted AlphaAlfa's performance for the year. The high-density press did not prove viable due to the pressed bales not earning a sufficient premium above normal margins. This resulted in significant impairment write-offs at year end. AlphaAlfa will continue with its lucerne and protein trading business.

The Bultfontein area is no longer a prominent yellow maize growing area. Therefore, we disposed of the loss-making Bultfontein yellow maize mill. The disposal of the Bultfontein operation resulted in closure costs and impairment write-offs.

The after-tax losses of these discontinued operations are disclosed separately in the annual financial statements (Note 29) for the current and prior years.

Discontinued operations FY23

ZAR' millions	DESERT RAISINS	ALPHA ALFA LUCERNE PRESS	BULTFONTEIN MILL	TOTAL
Operating loss	(32)	(11)	(12)	**(55)**
Closure cost	(12)	–	(4)	**(16)**
Plant impairment/loss on sale	(13)	(14)	(7)	**(34)**
Property impairment	(11)	–	–	**(11)**
Finance charges	(34)	(4)	(2)	**(41)**
Taxation	29	8	7	**43**
Loss from discontinued operations	**(74)**	**(21)**	**(18)**	**(113)**

SOME HEADWINDS

The Livestock Division started the year with a ban on auctions due to the outbreak of FMD, which continued for most of the first half of the year in certain areas. A weak consumer demand for red meat followed, which negatively affected livestock prices and commission earnings. Livestock trader customers remain under pressure. The Group's exposure required an additional R14,4 million doubtful debts provision at year end.

Riverview Trading within BKB Livestock South reported ongoing losses. Although management changes were made to ensure a more streamlined and focussed business, BKB could no longer support the carrying values of intangible assets that were generated on acquisition. This led to a R7,4 million impairment. The Livestock Division reported operating profit of R17 million (down 69%) in a trying year.

Net finance costs (including discontinued operations) increased by 77.6% to R116,1 million. This was primarily driven by higher interest rates.

Ongoing loadshedding adds an extra layer of cost to the Group:

	FY23 COST ESTIMATE ZAR' MILLIONS
Generator diesel usage and rent	10
Generator, solar, inverter and battery installations	8
Lost production opportunity cost	4
	22

THE TAILWINDS

Atlanta Sugar continued to report robust growth. Its household brands benefitted from strong volume growth generated through new product lines and targeted brand building. Operating profit in Consumer Goods grew 61.9% to 61,6 million

The Grain Storage Division benefitted from an above-average crop and the high commodity price cycle. Operating profit grew by 33.1% to R37,5 million.

These operations are highly efficient and managed with an entrepreneurial spirit, contributing to their ongoing successes.

CHIEF FINANCIAL OFFICER'S REPORT (CONTINUED)

OUR FINANCIAL PERFORMANCE ASPECTS

1 Trading and profitability (continued operations)

-2.8%
decline in value of business totalling R13,1 billion
(2022: R13,5 billion)

10.5%
EBITDA growth to R330,6 million
(2022: R299 million)

R138,3 MILLION adjusted[1] headline earnings
(2022: R124,7 million)

176 CENTS
adjusted headline earnings per share
(2022: 158 cents)

2 Cash and capital allocation

5.8%
ROFE
(2022: 10.7%)

3.8 X
net debt to EBITDA
(2022: 2.6 X)

0.75
net debt-to-equity ratio
(2022: 0.60)

3.34 X
adjusted interest cover ratio
(2022: 5.59 X)

[1] *Adjusted to exclude discontinued operations*

1. OUR CONSOLIDATED TRADING AND PROFITABILITY

VALUE OF BUSINESS – CONTINUING OPERATIONS

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

Value of business for continuing operations declined by 2.8% to R13,1 billion. The Livestock Division's value of business was R925,6 million, or 15.2%, lower than the prior year. Consumer Goods (mainly Atlanta Sugar) reported exceptional growth of 18.5% to R1 004 million. Considering their challenging conditions, all other divisions reported reasonable growth on the prior year.

CHIEF FINANCIAL OFFICER'S REPORT (CONTINUED)

GROSS MARGIN – CONTINUING OPERATIONS

Gross margin, as a percentage of the value of the business, for the Group improved to 9.1% (2022: 8.8%). Atlanta Sugar reported increased margins through a new product offering. The livestock business improved margins, albeit on a much lower business value. The improved margins were slightly offset by the Bethlehem mill, which reported a lower margin percentage due to higher raw material costs and loadshedding.

EXPENSES – CONTINUING OPERATIONS

The Group's operational and admin expense margin, as a percentage of the value of the business, was 7.3% (2022: 7.4%) and 16.2% (2022: 18.9%) as a percentage of revenue. Overall expenses were 4% lower than the prior year. Prior year expenses include short-term incentive bonuses, once-off expenses relating to the new structured banking facility, and impairments relating to the Group's technology company, ShiftDX. The Fibre Division is now mostly facilitating outsourced shearing services, resulting in lower payroll costs.

EARNINGS PER SHARE AND DIVIDENDS

The table below outlines earnings per share and headline earnings per share performance.

	FY2023 (CENTS)	FY2022 (CENTS)	% CHANGE
EPS – Continuing operations	155	171	(9)
EPS – Discontinuing operations	(143)	(23)	
Earnings per share ("EPS")	**12**	**148**	**(92)**
HEPS – Continuing operations	176	158	10.9
HEPS – Discontinuing operations	(100)	(24)	
Headline Earnings per share ("HEPS")	**76**	**134**	**(43)**

Fair value losses on rural property revaluations and the Riverview intangibles impairment in livestock were the main adjusting items between continuing earnings and continuing headline earnings. Adjusting items between earnings and headline earnings for discontinued operations refers mainly to property, plant and equipment impairments and the loss on the sale of Bultfontein mill assets.

The Board's standpoint is against recommending dividends during this year of restructuring, given the Group's marginal profitability (2022: 42 cents per share).

CHIEF FINANCIAL OFFICER'S REPORT (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 10.8%, using operating profit from continuing operations, which aligns with the prior year (10.7%). Operating profit for continuing operations increased by 5.3% to R251,3 million while funds employed increased by 4.7% to R2,3 billion. This was driven by the Provident acquisition (R49,4 million) and increased working capital to fund Pinnacle Fibre's growth. Included in funds employed is R232,5 million relating to Desert Raisins, which is expected to be recovered within FY24.

The Group remains committed to ROFE outperforming its weighted average cost of capital.

WORKING CAPITAL

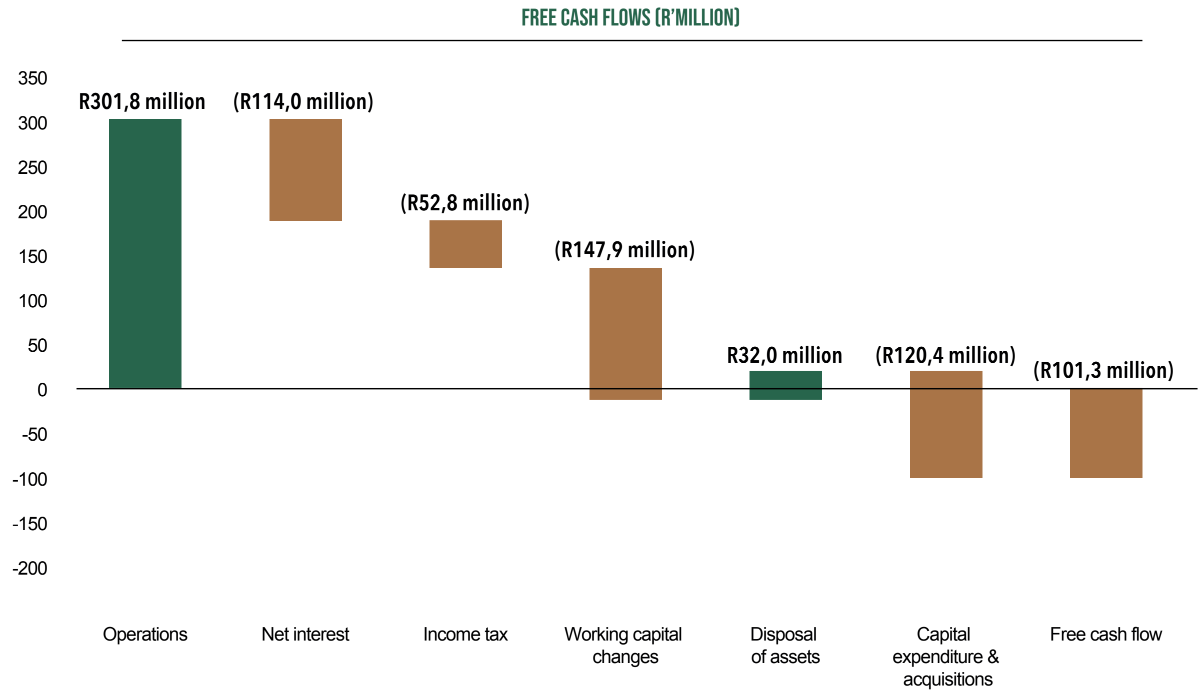
At year end, inventory levels were 6.8% higher at R827,6 million (2022: R775,1 million), mainly driven by the increased value of retail stock and R14,7 million stock in the newly acquired Provident Group.

Trade receivables increased by 11.6% to R1,1 billion. The year end position includes R11 million debtors in the newly acquired Provident Group and an increase of R45,5 million in Pinnacle Fibres debtors.

The total loss allowance for impairment, as a percentage of the gross debtors' book, was 5.6% (2022: 4.4%). The increase relates to livestock debtors. A conservative credit appetite and strict approval criteria remain in place in response to the Group's assessment of the prevailing economic climate.

FREE CASH FLOW

The Group reported a negative free cash flow of R104,3 million, mainly as a result of the Provident Group acquisition and the growing Pinnacle Fibres business. It is pleasing to note that the group managed its cash availability well in this restructuring year, while still being able to invest in new viable businesses.



CHIEF FINANCIAL OFFICER'S REPORT (CONTINUED)

CAPITAL EXPENDITURE

Capital expenditure for the year was R73,7 million (2022: R87,9 million). Capital expenditure was put on hold for the first half of the year, pending the normalisation of the wool supply chain and the ability to fulfil wool export orders.

Apart from normal vehicle and plant and equipment spending, major capital projects include R17 million for retail branch upgrades and approximately R8 million relating to power generation.

GEARING

As at 30 June 2023, the Group's net debt-to-equity ratio was 0.75, up from 0.60 in the prior year.

The Group notified its lenders of a likely breach regarding certain profit-related loan covenants. These covenants measure affordability and are met when excluding the effects of discontinued operations. The Group has sufficient credit lines and liquidity for the foreseeable future and enjoys the continued support of its banks and financiers.

OUTLOOK

The Group looks forward to operating from a more streamlined and well-positioned financial platform in FY24. Desert Raisins will still continue to trade in FY24, mainly in the first half. The winding down of the raisin operations is being carefully managed and losses should be contained. ROFE should improve in future through higher profits and reductions in working capital. This will be supported by a reduction in working capital required for Desert Raisins, coupled with the Retail Division embarking on a specialised inventory optimisation project.

APPRECIATION

FY23 has been a demanding year in many ways. I want to thank the finance teams across the Group for their continuous commitment and support, especially in dealing with the additional reporting due to closures and discontinued operations. I also extend my thanks and gratitude to the Board, my colleagues, and our stakeholders, particularly financiers and bankers.

Jannie van Niekerk

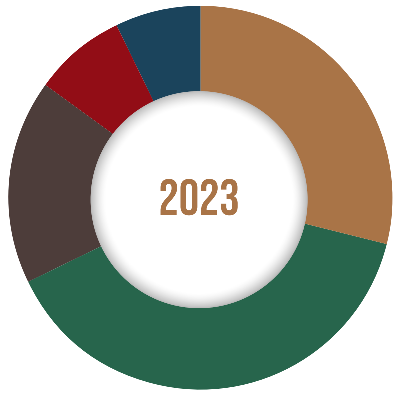
Chief Financial Officer

15 September 2023

OPERATIONS REVIEW

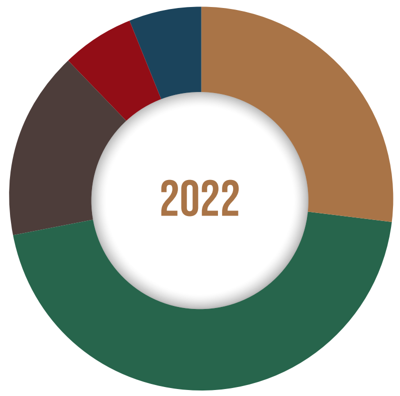
OVERVIEW

VALUE OF BUSINESS CONTRIBUTION BY MAJOR OPERATION



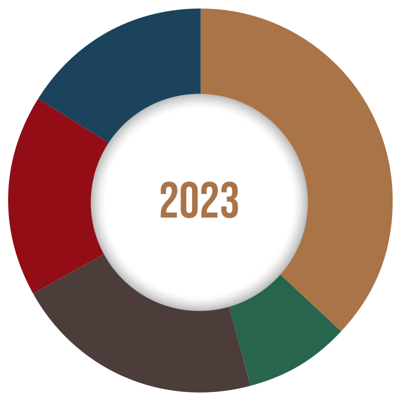
29%	Natural Fibre
39%	Livestock and properties
17%	Retail and fuel
8%	PaKHouse Brands – Consumer goods
7%	PaKHouse Brands – Grains

VALUE OF BUSINESS CONTRIBUTION BY MAJOR OPERATION



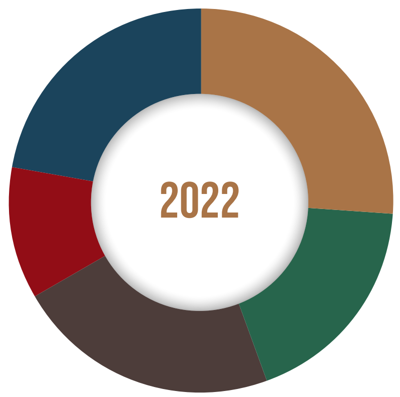
27%	Natural Fibre
45%	Livestock and properties
16%	Retail and fuel
6%	PaKHouse Brands – Consumer goods
6%	PaKHouse Brands – Grains

EBITDA % CONTINUING OPERATIONS



37%	Natural Fibre
9%	Livestock and properties
21%	Retail and fuel
17%	PaKHouse Brands – Consumer goods
16%	PaKHouse Brands – Grains

EBITDA % CONTINUING OPERATIONS



26%	Natural Fibre
18%	Livestock and properties
22%	Retail and fuel
11%	PaKHouse Brands – Consumer goods
22%	PaKHouse Brands – Grains

OPERATIONS REVIEW (CONTINUED)

NATURAL FIBRE (WOOL AND MOHAIR)

PROFILE AND STRATEGIC FOCUS

BKB is the largest wool and mohair broker in South Africa. The fibre team serves the wool and mohair industry by supplying brokerage, trading, warehousing, logistical and advisory services through a dedicated team of skilled professionals. Its business strategy is to maintain the sustainability of its sphere of influence by:

- Ensuring an efficient and transparent marketplace for its products
- Developing and maintaining market access for its producers
- Providing efficient logistical services
- Advising producers on production efficiency, focussing primarily on genetic improvement
- Assisting producers with a range of other services to increase their profitability

PERFORMANCE IN 2023

Financial performance

Value of business increased by 4.9% to R3,8 billion. The effects of the FMD outbreak caused logistical and market problems in the first half of the year, even though China lifted the ban on South African wool in August 2022. Despite these challenges, the division worked tirelessly to fulfil the backlog on volumes through the remaining auctions and shipment allocations in the second half of the year. Pinnacle Fibres has performed well and supports the Fibre Division by building alternative markets and income streams. The division made further progress in lowering its fixed cost base, which contributed to its excellent performance. EBITDA increased by 53.7% from the prior year.

Strategic performance

The focus areas of the division were as follows:

- Building a profitable and sustainable wool trading business by investing in required skills and infrastructure
- Finding alternative trading destinations
- Improving and extending our service offering to producers
- Understanding our market needs and aligning ourselves with them
- Continuously looking at opportunities to reduce overheads while optimising productivity

OUTLOOK AND PRIORITIES

Outlook for FY24

The main drivers of the division's profitability are international wool prices and wool supply. Wool prices are driven by demand in the first world economies. We believe that wool prices have reached a low point based on past price cycles. High interest rates in these economies impact consumer demand, which will only subside once inflation is under control. We believe wool prices will remain low, with upward potential in the latter part of the year. Wool supply is expected to remain stable. Although production on an individual basis should improve, smaller producers are exiting the market due to various challenges.

New initiatives and priorities for FY24

For the next year, we will focus on:

- Growing our trading business, Pinnacle Fibres, exploring new international sources and destinations.
- Transforming our support services to producers and assisting in the economic viability of their operations. These include economic analysis services, data support services and regenerative farming practices.
- Establishing our regenerative standard, NXT, as a major accepted regenerative standard in the world.

OPERATIONS REVIEW (CONTINUED)

ENHANCING LIVESTOCK PROFITABILITY THROUGH RADIO FREQUENCY IDENTIFICATION (RFID) AND AI

Smartstock™
DECISION SUPPORT SERVICES
Powered by BKB

Identify. Inspect. Improve.

The past drought exposed our need to find ways to improve the profitability of our producers. The availability and cost-effectiveness of RFID technology allowed us to collect data from our producers and provide them with a feedback system. The system aims to provide producers with information about their animals individually. We appointed an animal scientist while building a data support system for livestock producers.

Currently, the system supports roughly 80 000 animals and constantly evolves through inputs from producers and technical advisors. This data, which is currently interpreted manually, will be used to leverage the system's reach through artificial intelligence.

Climate change will have a significant impact on livestock production in the future. We aim to make the cycle of collecting and interpreting data more "real-time" and cost-effective, thereby assisting producers to be more profitable.

OPERATIONS REVIEW (CONTINUED)

PROFILE AND STRATEGIC FOCUS

BKB Retail and Fuel Division comprises a network of 64 business units, including a veterinary wholesaler, retail shops and commercial fuel forecourts across the country. The division supports both commercial and subsistence farmers. The focus remains on livestock farmers, although the diversified product range caters for a broad spectrum of agricultural producers and the general public.

PERFORMANCE IN 2023

Financial performance

Value of business increased by 6.5% to R2,2 billion. The Retail Division performed well from a high base created over the last few years. We can attribute these results to various projects undertaken over the past few years, which supported turnover growth. These projects focussed on improving the "look and feel" of BKB retail shops, better product diversification, waste reduction, and optimising working capital levels. EBITDA increased by 6.1% from the prior year.

Strategic performance

The following strategic actions had a positive impact on the results:

- Acquiring the Provident Group of animal health companies ensured market access into the rural parts of the Eastern Cape
- Supplying grain farmers with production inputs, which include seasonal accounts
- Improving customer experience at BKB Fuels, including the rebranding of Burgersdorp, Amersfoort, and Cathcart fuel stations

OUTLOOK AND PRIORITIES

Outlook for FY24

High interest rates and fuel prices continue to intensify pressure on consumer demand as consumers are more conscious about their purchases.

Loadshedding will continue in the foreseeable future. The additional costs for alternative energy supply, together with connectivity disruptions (especially regarding credit card payments and point-of-sale), will remain a challenge for the division and retailers in general. BKB has installed hybrid solar systems at all its owned retail properties, reducing disruptions caused by intermittent electricity supplies.

Local infrastructure remains a challenge. The deterioration of roads and water supply will force retail businesses in rural South Africa to rethink how they do business.

New initiatives and priorities for FY24

- Assisting subsistence livestock farmers with the availability of veterinary and animal feed products, especially in the rural Eastern Cape.
- Optimising inventory levels using specialist software and AI principles. This should result in lower overall inventory holdings, a better-standardised product range, and improved stock availability at competitive prices.
- Stimulating fuel volume growth by constructing new forecourts at strategically selected branches.

OPERATIONS REVIEW (CONTINUED)

BKB ACQUIRED THE PROVIDENT GROUP FOR STRATEGIC GROWTH AND EXPANSION

During strategic sessions in 2022, the division recognised a need and opportunity to expand BKB's footprint in rural areas to serve subsistence farmers better. We identified the region between East London and Mthatha as the target area.

Our research identified the Provident Group of Companies, including Cowden's retail stores and Farmer Vet, as an ideal match. In February 2023, BKB formally acquired the business. This family business, serving agriculture in the Eastern Cape for more than 20 years, now creates unique benefits for us as agricultural partners:

- BKB has a very large natural wool footprint in the former Transkei. Cowden's branches are located in Mthatha, Engcobo and Idutywa and provide BKB with the opportunity to serve the communal wool farmers with animal feed and animal health products.
- Farmer Vet is a wholesale veterinary distributor that allows BKB to supply Act 101 schedule animal health products and enables the distribution of these veterinary products to BKB's existing clients in surrounding areas.
- Provident Animal Health allows the East London community to purchase a wider range of products at their preferred store.

The acquisition significantly contributed to profits in the first few months of trading.

OPERATIONS REVIEW (CONTINUED)

PROFILE AND STRATEGIC FOCUS

During the financial year, the division's five regions merged into BKB North and BKB South and no longer trades under the traditional BKB Van Wyk and BKBLouwid brands. In future, the division will only trade under the BKB and Home & Hectare Real Estate brands.

The division focuses 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 2023

Financial performance

Value of business decreased by 15.2% to R5,2 billion while the division experienced challenging trading conditions.

Another ban on auctions characterised the first quarter of FY23 due to the outbreak of FMD, which continued during the first half of the year in certain areas.

Livestock prices came under pressure during the second half of the year. This negatively impacted commission earnings and turnover because sellers were reluctant to sell at lower prices. A substantial decline in consumer demand for red meat mainly drove this.

The depressed market conditions negatively impacted our livestock trader customers, resulting in higher-than-normal doubtful debt provisioning. This further contributed to poor performance. The division continuously examines ways to improve credit management in this challenging environment.

The property sub-division, under the Home & Hectare brand, also experienced challenging trading conditions. This was mainly due to the significant increase in interest rates, which affected the local Gqeberha residential market in particular. As a result, the number of properties sold decreased by 35% from the prior year.

EBITDA decreased by 47% from the prior year.

OUTLOOK AND PRIORITIES

Outlook for FY24

We believe consumer demand for red meat will remain depressed for the first half of FY24 and recover towards the latter part of the year.

New initiatives and priorities for FY24

Strong focus remains on debt collection and credit management in the short term, while the division continues to focus on well-designed auction infrastructure with strong bio-security measures.

The property sub-division will endeavour to retain its entrepreneurial culture, while "bolt-on" acquisitions and technology-driven innovations are major components of Home & Hectare's future growth strategy.

OPERATIONS REVIEW (CONTINUED)

PROFILE AND STRATEGIC FOCUS

PaKHouse Brands is the holding company of the Group's agri-processing businesses.

PaKHouse Brands supports BKB's strategic vision of long-term sustainable profit growth. Current activities include procuring, storing, processing and marketing grain, lucerne, sugar and raisins.

The PaKHouse Brands businesses were analysed and assessed in detail over the last three years in terms of profitability and strategic fit. After careful consideration and repeated turn-around attempts, we decided to discontinue the following operations:

- We sold the Bultfontein yellow maize mill since the Bultfontein area is no longer a yellow maize growing area. It was no longer viable to operate both the Bultfontein and Bethlehem mills. We upgraded the Bethlehem mill's capacity to service the full demand for the Company's grit products from one site.
- Desert Raisins, which has been making losses for several years. The business is in the process of being closed down, including the disposal of its core assets.
- The lucerne high-density press business at AlphaAlfa is not viable due to the pressed bales not earning sufficiently high margins. AlphaAlfa will continue with its lucerne trading business.

PaKHouse businesses were regrouped into two segments, which will ensure better focus and alignment of resources:

- CONSUMER GOODS, which currently include:
  - Atlanta Sugar
  - Desert Raisins
- GRAINS, which currently include:
  - Gritco milling
  - Grain storage and handling
  - AlphaAlfa lucerne trading

The grain businesses have world-class processing and storage facilities, operating according to various accredited standards and best practices. Production and storage facilities are strategically located throughout South Africa and Eswatini. The division's scale and footprint ensure the sourcing of quality raw materials and products. It also provides producers with access to a wide range of markets.

CONTINUING OPERATIONS

Performance in 2023

Financial performance

Consumer goods (Atlanta Sugar):

Value of business increased by 18.5% to R1 billion. The division continues to perform well through its effective operations and market reach. Atlanta's household brands benefitted from strong volume growth generated through new product lines and targeted brand building. The division launched "NuLife", a low glycaemic, GMO-free sugar and introduced the product into various retail channels during the year.

Relocating and expanding on local packing capacity further improved our service offering and reach, enabling gains in market share with key customers.

OPERATIONS REVIEW (CONTINUED)

PAKHOUSE BRANDS

EBITDA increased by 57,7% from the prior year.

Grains:

Value of business increased by 13.9% to R936 million, driven by higher commodity prices.

Our Grain Storage Division benefitted from an above-average volume crop and the high commodity price cycle.

We concluded the restructuring of the milling operations during the year. We sold the Bultfontein mill and relocated the regional administration office in Bloemfontein to be on-site at the Bethlehem mill. The restructuring, which improved the capacity and efficiency at Bethlehem mill, was finalised during the latter part of the financial year. The high yellow maize commodity price cycle and loadshedding negatively affected reported margins for the year due to higher input costs, overheads, and lost production and sales. The lucerne harvest was below average in both volume and quality. The lucerne season was also adversely affected by volatility in international sales prices. These factors made FY23 a difficult year for the AlphaAlfa business.

EBITDA decreased by 24.3% from the prior year.

Strategic performance

The continued loadshedding negatively affected service delivery and profitability, particularly milling. The division invested in alternative power supply solutions, allowing it to successfully navigate periods of unstable power supply and improve service delivery.

OUTLOOK AND PRIORITIES

Outlook for FY24

Recent restructuring and other efficiency improvements should significantly improve profitability and ROFE.

We foresee a stable global sugar industry with a positive outlook in the short term.

Grain storage could be affected by a likely El Nino cycle, which may result in drier weather conditions. Early indications are that more lucerne hectares were planted, which should increase supply for the AlphaAlfa business.

New initiatives and priorities for FY24

The division is continuously investigating opportunities to increase the scale of its Atlanta business. Priorities include the development of complementary raw material supply to support growth, expanding its distribution network to improve market penetration, and continued focus to expand its product range and grow its customer base.

The grain storage business seeks to build on recent successes by further expanding its storage and grain handling services to new territories. It will further focus on improving intake speed and increasing capacity at its depots.

The Bethlehem mill will continue to improve overall operational and plant efficiencies. Without the high-density pressing, the AlphaAlfa lucerne business will narrow its focus and possibly enter new territories.

OPERATIONS REVIEW (CONTINUED)

NULIFE SUGAR PROVIDES A HEALTHIER OPTION FOR ATLANTA

NuLife Low GI Sugar is a new product and brand initiative in the Atlanta product basket. NuLife is all-natural and rich in antioxidants. This new product made a significant contribution to the exceptional sales of Atlanta Sugar.

NuLife is all-natural raw sugar cane, making it less processed and refined than other sugars. It is a low glycaemic alternative that is digested slowly, absorbed and metabolised and causes a lower and slower rise in blood glucose levels. NuLife contains natural antioxidants, and studies of the World Health Organization standard have shown that this helps reduce glucose absorption. It further contains no additives, artificial ingredients or GMO foods.

The natural flavour of NuLife often delivers a smooth caramel taste, which is ideal for baking at home and adding to recipes.

DISCONTINUED OPERATIONS

Discontinued operations reported an EBITDA loss of R65,6 million against a R11,4 million EBITDA profit in the prior year. Market conditions were challenging, including the short supply of raw material, high volatility of the South African Rand and material quality-related claims from customers in the USA.

Desert Raisins has finalised a section 189A consultation process that would see the business and its movable assets sold and operations discontinued.

The Grains Division discontinued its operations at the Bultfontein mill and its lucerne press business early in the year.

The results of discontinued operations are disclosed separately in the annual financial statements (note 29). Desert Raisins is expected to continue its operations into the second half of the new financial year while it services its outstanding customer contracts with the remaining stock on hand.

BKB GROUP ESG IMPACTS

OUR APPROACH TO ESG

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. We have reported in line with the UN SDGs framework. The SDGs are a set of 17 goals that act as a universal call to action to end poverty, protect the planet, and ensure that by 2030, all people will enjoy peace and prosperity. We incorporated the following goals 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.** We have a number of initiatives and programs aimed at promoting the health and wellbeing of our people and communities.
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 employee education opportunities. 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. We prioritise transformation and inclusivity with goals set within the Group.

HOW WE GOVERN AND MANAGE ESG

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 the Global Partnership for Sustainable Development. We support local agricultural businesses and producer organisations and groupings. Internationally, we play a significant role in the International Wool Textile Organisation.

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 → 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. The Board considers and assesses these reports and provides feedback.

In 2023, the material Group business risks and opportunities related to ESG were:

- Political risk and weakening local infrastructure
- Animal welfare and diseases

For BKB's responses, refer to page 18.

ENVIRONMENTAL SUSTAINABILITY

ENVIRONMENTAL SUSTAINABILITY HIGHLIGHTS

85 FARMS in the Eastern Cape to benefit from BKB and H&M Group's Biodiversity Restoration and Regenerative Land Management	BKB's Natural Fibre Division is a leader in responsible certification, regenerative agriculture and biodiversity conservation, with 10 MILLION KG OF CERTIFIED WOOL, AND 1,5 MILLION KG OF CERTIFIED MOHAIR
1 MILLION HECTARES WITH 200 LANDOWNERS assisted by BKB since 2018 to protect biodiversity through the Mountain Zebra Camdeboo Protected Environment. (MZCPE)	36 000 nylon woolpacks are recycled annually
At our head office we have: a 460 KW/H solar system and the ability to feed power back into the grid	Our head office has: 100 000 LITRES of capacity for rainwater storage and 19 of our retail shops harvest rainwater

THE BKB GROUP ENVIRONMENTAL SUSTAINABILITY JOURNEY

The Group operates 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

15 LIFE ON LAND | 17 PARTNERSHIPS FOR THE GOALS

RESPONSIBLE SOURCING

The BKB Group is constantly seeking 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. Therefore, innovation and sustainability needs are 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 allow growers to demonstrate and reliably prove their best on-farm practices to consumers. This ensures 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 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 and its subsidiary broker, House of Fibre, are proud to be the world's single largest supplier of Responsible Wool Standard wool and Responsible Mohair Standard mohair, with approximately 1 300 producers Group-wide, farming with over 3,5 million sheep and 500 000 Angora goats on an area of over 9 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.

ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

15 LIFE ON LAND

17 PARTNERSHIPS FOR THE GOALS

H&M GROUP AND BKB PARTNER FOR REGENERATION AND BIODIVERSITY RESTORATION

BKB has partnered with H&M Group to launch the Biodiversity Restoration and Regenerative Land Management project. This initiative goes beyond existing standards for responsible wool sourcing, aiming to address biodiversity impact. Over a three-year period, concluding in December 2024, we will collaborate to develop scalable models that promote positive land management and ecosystem restoration.

H&M Group primarily sources wool from RWS-certified farms in South Africa. Through a comprehensive biodiversity footprint assessment, we have identified a substantial impact from using high conservation value grazing lands. With this collaboration, we aim to enhance the existing standards and benefit farmers and biomes through our learnings.

Our efforts primarily focus on the Albany Thicket Biome, an area of conservation importance in the Eastern Cape. Working across 85 farms, we have completed 35 Ecological Outcome Verification short-term monitoring baselines this year, providing a foundation for our restoration endeavours. We are undertaking passive and active restoration activities, including identifying and creating botanical reserves where possible. Additionally, we train farmers on regenerative agriculture practices and Ecological Outcome Verification techniques, empowering them to contribute actively to this mission.

Partnerships like ours, between companies such as H&M Group and BKB, are crucial for implementing ambitious projects. Our collaboration aligns with H&M Group's sustainability commitment and reflects our dedication to regenerative practices and transparent methods of land healing. This collaboration sets a powerful precedent for the industry and showcases the positive impact of companies working together for a shared cause.

ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

13 CLIMATE ACTION

15 LIFE ON LAND

OPERATIONAL RESOURCE EFFICIENCY

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

Energy efficiency

At our head office in Gqeberha, we have energy-efficient infrastructure comprising a 460 Kw/h solar system as well as energy efficient lighting. All Retail and Fuel Division shops are fitted with LED lights, and 21 use 50% solar power. Most of our retail shops are now fitted with solar power. In FY22, we installed a 100 kW solar system at our Atlanta Sugar factory at Matsapha in Eswatini. This has reduced electricity costs by approximately 30% each month.

Water conservation

The Group's head office building also uses harvested rainwater, with a three-phase filtering system and 100 000 litre storage capacity. In addition, nineteen of our Retail and Fuel Division shops use harvested rainwater.

Waste reduction

The Natural Fibre Division reduces waste by recycling approximately 30 000 woolpacks each year. PaKHouse Brands' lucerne export business, AlphaAlfa, operates entirely paperless, with all transactions concluded electronically.

Emissions

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.

15 LIFE ON LAND

17 PARTNERSHIPS FOR THE GOALS

CONSERVATION INITIATIVE

BKB Group has been contributing toward funding 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

2 095 Employees	640 Female employees 1 455 Male employees	32 Employees with disabilities
70% Of our employees attest to a high level of job satisfaction	62.5% Of our employees participated in the Employee Engagement Study	3.9% Employee turnover
663 Recipients of training 88 Learners in eight learnership initiatives	15 Employees undergoing further tertiary study	R1,04 MILLION Into BKB educational bursary trust supporting 167 children with school and tuition fees
77.9% Of workforce profiles are from designated groups	BBBEE Level 5	

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 survey was conducted between 22 March to 26 May 2023. Participation in the survey by our employees was very high. The results were positive overall.

BKB continues to have a high retention rate for permanent employees. In FY23, turnover for permanent employees was 3.9% (FY22: 6.8%). This aligns with the high level of job satisfaction per our FY23 employee survey, at 70%. In FY23, the number of employees reduced to 2 095 (FY22: 2 436). The main reason for the reduction was change to outsourced shearers as well as the Bultfontein mill closure.

The Group strives to enhance interaction and relationships with all our employees. We successfully implemented our performance management system, which assists us in ensuring fair and consistent staff evaluation. There is a clear indication that the correlation between performance ratings and increases improved.

4 QUALITY EDUCATION

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 R5,6 million in FY23 (FY22: R4,3 million).

- BKB's training initiatives in FY23 involved 663 employees (FY22: 811). Our programmes include financial skills, industrial relations and human resources skills, leadership training, coaching, marketing skills, client relationships, compliance training and various agriculture-focussed programmes.
- Eight learnerships, accommodating 88 learners (FY22: eight, 120), are successfully running within the BKB Group. We are proud to have 20 disabled learners in our learnership programmes.
- 15 employees (FY22: 12) benefitted from our employee bursary programme, enabling them to further their tertiary studies.
- Our leadership academy supported 10 managers (FY22: 12) on a one-year leadership programme.
- We have provided work experience opportunities to two experiential learners and 26 interns (FY22: two, 18), 24 of whom are from designated groups.

SOCIAL RESPONSIBILITY (CONTINUED)

In June 2022, we launched Stride, a learner management system. Since then, we have issued 213 licences, 143 courses have been completed, and 70 courses are in progress.

8 DECENT WORK AND ECONOMIC GROWTH

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 internal and external reward parity. BKB remunerates employees in line with market dynamics and the context in which we operate. It aligns with the strategic direction of BKB. As such, remuneration is critical in attracting and retaining high-performing individuals.

The key principles of our remuneration policy

PRINCIPLE 1	We reward for outputs achieved rather than reward for tasks, duties and responsibilities.
PRINCIPLE 2	Incentive/variable pay will be visible and based on performance.
PRINCIPLE 3	As pay is increasingly tied to competency, acquisition, teamwork and performance, the proportion of variable pay to guaranteed pay would increase, offering greater performance rewards. In line with the higher risk for the employee, the ability to earn more should also increase with higher productivity. This principle is important for creating a high-performance culture and retaining high performers.
PRINCIPLE 4	The reward structure must be an outcome of sound management practices, not a substitute for it.
PRINCIPLE 5	The successful organisation assumes the required quality and volume levels are achieved. People should not be paid "extra" for achieving what they are paid to achieve. Output and quality levels are not voluntary.

SOCIAL RESPONSIBILITY (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 various 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 aims to share the organisation's success proportionately with key employees. The scheme establishes competitive earning opportunities, attracts and retains high-calibre staff, and reinforces 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 depends on achieving defined criteria at a divisional and collective business level. Targets are predominantly profit-driven, together with a reasonable ROFE. Personal and 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 ROFE, debt management in relation to EBITDA and growth in earnings per share.

8 DECENT WORK AND ECONOMIC GROWTH

HUMAN RESOURCES PRACTICES

The BKB Group continues to offer a comprehensive wellness programme to all employees, which they use extensively. The programme includes free trauma counselling and an HIV/Aids Insurance Protector Plan providing psychological and medical support and free anti-retroviral treatment. We offer mental health awareness sessions to all employees through Mondia Health.

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 individuals who made a difference and contributed to BKB's purpose through their talent, skill and ingenuity.

SOCIAL RESPONSIBILITY (CONTINUED)

8 DECENT WORK AND ECONOMIC GROWTH

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 regarding HR-related matters.

While 77.85% of our total workforce profile is representative of designated groups, we have a 22.2% previously disadvantaged individual (PDI) representation at Board level, 9.1% PDI representation at senior management level, 10.8% at middle management, and 27.8% PDI at junior management levels.

Through the BKB Empowerment Trusts, 22 000 previously disadvantaged individuals benefit from a 14.7% shareholding in the Group, demonstrating BKB's commitment to BBBEE. By empowering the Baleka Employee Energy Trust, beneficiaries will own 26% of BKB Fuel.

4 QUALITY EDUCATION

SOCIO-ECONOMIC DEVELOPMENT

BKB prides itself in giving back to our employees' communities. In FY23, the BKB Educational Trust spent R1,04 million (FY22: R1 million) to support 167 (FY22: 149) children with school and tuition fees.

Our Retail Division makes regular grocery donations to children's homes nationwide.

The Group contributes to our communities and producers through different initiatives, for example:

- Donations to various charity organisations
- Training of farm workers
- Assisting with security measures in certain farming areas
- Facilitating transport for school pupils

GOVERNANCE AT BKB

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.

This governance report outlines the key aspects of BKB's governance framework and practices. The Board regularly reviews the framework and practices to ensure they consistently reflect good practice and meet shareholder expectations.

Key Board topics for FY23

1. Reviewing and providing input into the business operations and strategic plans for divisions likely to impact long-term shareholder value creation.
2. Overseeing the implementation of strategies to address areas of underperformance and reposition the Group's portfolio to deliver growth in shareholder returns.
3. Overseeing management's implementation of strategy and strategic decisions.
4. Approving the acquisition of the Provident Group of animal healthcare companies.
5. Approving the closure of Desert Raisins, the termination of AlphaAlfa high-density pressing plant/operations and disposal of the Bultfontein plant.
6. Monitoring and evaluating growth opportunities to complement the Group's existing portfolio of businesses.
7. Monitoring the Group's cashflow performance, financial position and banking arrangements, including compliance with banking covenants and credit ratings.
8. Reviewing the Group's risk management framework and overseeing the implementation of risk management policies and practices.
9. Monitoring the Group's strategy regarding ESG matters and measures to improve ESG performance.
10. Overseeing the Group's remuneration policies and approving the remuneration outcomes for senior management.
11. Review the processes in place to attract, develop and retain talent.
12. Reviewing the Group's corporate governance system, including updating processes and policies to strengthen governance.

BOARD OF DIRECTORS

The BKB Board is committed to providing satisfactory long-term returns to its shareholders and fulfilling its corporate governance obligations and responsibilities in the Company's and its stakeholders' best interests. The Board aims to protect and enhance its shareholders' interests while considering stakeholders' interests, including employees, producer clients and customers, suppliers and the wider community.

BOARD COMPOSITION

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

The Chairman is a non-executive director and is appointed by his or her fellow directors. The remaining members of the Board determine the term of office. The Chairman is subject to the same director re-election rules as other non-executive directors.

All non-executive directors are appointed for a specific period. There is no prescribed age for the retirement of non-executive directors.

The majority of directors must be non-executive. 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 Nominations Committee evaluates the performance of individual directors over their term of office.

New directors undergo a formal induction programme, which includes our expectations of them and their fiduciary responsibilities. We tailor this programme to their individual needs as far as possible. The programme provides them with information relevant to the BKB Group's organisation and operations, business and strategic plans, culture and values. It also includes briefings regarding relevant statutory and regulatory frameworks. Introducing new directors to key management and undertaking enabling site visits are part of the programme. The Chairman, Lead Independent Director and MD manage the induction programme.

The Board believes 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.

The Board consists of 12 members at year end, nine being independent non-executive directors. Brief resumes of the Board members are outlined below.

BOARD OF DIRECTORS

Chairman and Vice-chairman

GEOFF KINGWILL

Age: 61

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)

ADRIAN MEYER

Age: 61

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)

Executive directors

JOHAN STUMPF

CEO

Age: 55

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

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

Skillset:
Agriculture, manufacturing, management

Committee membership:
Investment Committee

Human Resources Committee

Social, Ethics and Sustainability Committee

JANNIE VAN NIEKERK

CFO

Age: 44

B Comm Acc Honours, CA(SA)

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

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

Committee membership:
Investment Committee

ANDRÉ DU TOIT

CEO: PaKHouse Brands

Age: 51

B Agric Administration, B Agric Honours, MBA

Industry experience:
PaKHouse Brands CEO, BKB General Manager: Trade, BKB General Manager: Livestock and Property, Kromco (Pty) Ltd Divisional CEO

Skillset:
Agriculture, manufacturing, international trade, management

Committee membership:
Investment Committee

BOARD OF DIRECTORS (CONTINUED)

Non-executive directors

JACQUES LOUW

Age: 60

CA(SA); MBA; CISA; Farming diploma

Industry experience:
Telecommunications
Banking
Insurance
Media and entertainment
Synfuels
Agriculture

Skillset:
Finance, banking, agriculture

Committee membership:
Audit Committee (co-opted)

KOOS JANSE VAN RENSBURG

Age: 62

B Compt Hon, MBL

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

Skillset:
Finance, agriculture, management

Committee membership:
Audit Committee, Investment Committee

CHARLES STAPLE

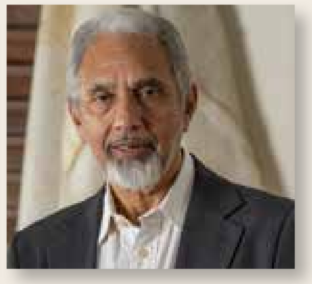
Age: 71

B Com, CTA, NHEd, CA(SA), EDP(Wits)

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

Skillset:
Governance, assurance and risk management, finance

Committee membership:
Audit Committee (Chairman), Lead Independent Director



IVAN PILLAY

Age: 70

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

PHAKAMA MBIKWANA

Age: 43

Bank Seta - International Executive, Development Programme, Duke Corporate, Nedbank Senior Management Programme, GIBS Business School, Bridging Certificate in Theory of Accounting RAU University, Bachelor in Commerce (Accounting & Economics) Rhodes University.

Industry experience:
Banking

Skillset:
Finance, Banking

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

CHRIS HOBSON

Age: 51

Nat Dip HR Management

Industry experience:
D&A Timbers (Pty) Ltd Owner and CEO, 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

COENRAAD FICK

Age: 65

BSc Agricultural Economics

Industry experience:
Director in various companies: VKB Beleggings (Pty) Limited, Farmwise Marketing, Maluti Fruit (Pty) Limited and Grain Field Chickens (Pty) Limited.

Skillset:
Agriculture

Committee membership:
Nominations Committee

Company secretary

JOHANNETTE OOSTHUIZEN

Age: 58

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

* June – November 2022.

BOARD OF DIRECTORS (CONTINUED)

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.

Independence policies and guidelines for BKB's directors are outlined in the Board Charter and the separate Policy on Independence of Directors. In terms of the CTSE Listings Requirements and section 56 of the Companies Act, each director discloses any direct and indirect interest in the Company's share capital. 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. The Board is satisfied that no individual director can exercise undue influence in its deliberations and decision-making.

GOVERNANCE STRUCTURE, ROLES AND RESPONSIBILITIES

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 possible. The Board believes that the governance policies and practices applied by BKB during the reporting period ended 30 June 2023 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 we conduct our business safely and sustainably and that laws, regulations and industry codes are adhered to while we conduct business fairly, honestly and ethically.

The Board established several 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.

During FY23, a new Board Charter was developed and put in place. In FY24, a review of all Board committee terms of reference and their individual charters will be undertaken 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.

BOARD OF DIRECTORS

Members: 12 total, nine 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 outlined in its Charter, which is reviewed annually.

Assists the Board in fulfilling its responsibilities in overseeing the Group's financial reporting, compliance with legal and regulatory requirements, setting and reviewing risk appetite and risk management policies and procedures, and overseeing the Group's internal control framework.

BOARD OF DIRECTORS (CONTINUED)

Details of the Audit and Risk Committee's key FY23 activities can be found in the Audit and Risk Committee report on page 66. The external and internal auditors have unlimited access to the committee, ensuring their independence is not compromised.

Executive, senior management and internal audit members attend the meetings by invitation.

The external auditors attend all meetings.

NOMINATIONS COMMITTEE

Members: Three non-executive directors

Meets: At least annually

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

Responsible for Board succession planning and ensuring that suitable candidates are identified and nominated for Board vacancies. Determines the independence requirements for non-executive directors and appointing a lead independent director. This committee makes recommendations regarding the composition of Board Committees. Responsible for ensuring a proper evaluation of the performance of the Board, its committees and individual non-executive directors. From time to time, an independent external consultant may facilitate the evaluation process.

HUMAN RESOURCES AND REMUNERATION COMMITTEE

Members: Three non-executive directors and one executive, 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 with BKB's values, the required talent is recruited and retained, and proper development and reward structures are in place. Responsible for labour-related matters.

Responsible for ensuring that a proper employment equity plan is implemented. 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.

Monitoring and 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 BBBEE implementation.

BOARD OF DIRECTORS (CONTINUED)

MEETING ATTENDANCE

Director	Board	Audit Committee	Human Resources Committee	Social, Ethics and Sustainability Committee	Investment Committee	Nomination Committee
Number of meetings	6	5	5	4	4	1
Non-Executive:						
GEJ Kingwill (Chair)	6/6		5/5	4/4	1/4#	1/1
HJ Swart (Vice-Chair)**	1/3	1/2				1/1
PG Carshagen***	1/1					
CD Hobson	6/6		2/2	2/2	4/4	
JF Janse van Rensburg	6/6	5/5			4/4	
MH Jonas##	0/0					
EA Meyer	6/6	5/5			4/4	1/1
V Pillay	6/6		5/5	4/4		
HC Staple	6/6	5/5				
J G Louw****	3/3	3/3				
P Mbikwana*****	5/5		3/3	2/2		
CF Fick****	3/3					
Executive:						
JE Stumpf (Managing)	6/6	4/5*	5/5	4/4	4/4	
AS du Toit	6/6	5/5*			4/4	
JA van Niekerk (Finance)	6/6	5/5*			4/4	

* *Ex officio*
# *By invitation*
Resigned Jul 2022
** *Passed away Feb 2023*
*** *Retired Nov 2022*
**** *Appointed Nov 2022*
***** *Appointed Sept 2022*

INTERNAL CONTROL SYSTEMS

Proper internal control systems and processes are in place. They provide reasonable assurance to the Board and management on preparing reliable, published financial statements and safeguarding 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 the 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 that operates 365 days a year and is managed by an independent party.

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.

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, the appointment of external auditors, the integrity of all interim financial reporting, and the integrity of the annual report and annual financial statements.

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 outlined above.

The committee held five meetings during the past financial year.

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 committee Chair has regular meetings with the external auditors and the Group's MD and FD. Additional closed meetings with these parties are held by the committee as and when necessary.

KEY ACTIVITIES DURING THE YEAR UNDER REVIEW

ACCOUNTING, REPORTING, RISK AND INTERNAL CONTROLS

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 2023. The committee ensured that these financial statements comply with the requirements of the International Financial Reporting Standards and the Companies Act.

The committee considered the Key Audit Matter raised by PwC in their Auditor's Report in connection with the impairment of trade receivables. The committee was satisfied that the judgements made and assumptions applied in the preparation of the financial statements have resulted in adequate impairment provisions being raised and disclosures being made in respect of trade receivables.

The committee discussed the findings and results of the FY23 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 half-year results for the six months ended 31 December 2022, which were lodged with the CTSE.

The committee reviewed the Group's risk and control environment assessments, including IT risks. This was done to ensure that risks were properly addressed. In particular, cyber risk was a point of focus. As regards cyber risk, the committee monitored the Group's IT security plans and steps taken to address the risk of material operational and disruptive incidents. The committee is satisfied with management's responses to findings and the actions taken to address and mitigate material risks, both cyber-related and other.

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. No material or significant occurrences were noted during the year under review.

The committee reviewed and approved the adequacy of the Group's insurance arrangements and level of cover.

The committee monitored the Group's tax compliance programme to ensure that its obligations are met in the jurisdictions where the Group operates.

The committee fulfilled its duty to receive and deal with any concerns or complaints relating to accounting policies, the content or auditing of the annual financial statements, the internal controls of the Company or the Group, or any other related matters.

EXTERNAL AUDITOR

The committee is satisfied that the external auditor, PwC, is independent of the Group, 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, and the scope and extent of the work required. The committee ensured that there were no scope limitations in respect of the audit work to be performed by PwC.

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.

During the latter part of 2022, the committee considered the possible rotation of the Group's external auditors. A formal tender process was conducted. During the tender process, the Supreme Court (SC) ruled on the matter of mandatory audit firm rotation. The ruling effectively put compulsory rotation on hold. Careful consideration was given to the impact of the SC's ruling on the tender process. At the same time, what would be in the best interests of the BKB Group in the short to medium term was also considered. The committee ensured that the Companies Act requirements relating to the appointment of auditors, as well as any other relevant legislation, were complied with.

The committee recommended PwC for reappointment as external auditors, with Mrs S Williams as the designated audit partner for the 2024 financial year.

INTERNAL AUDIT

The scope of IA's activities was expanded in FY23 to cover several risk areas and business activities that previously had not been subject to detailed audit. The planned restructuring of IA at BKB that was due to take place in FY23 was however not completed, mainly due to resource constraints and, particularly, the inability to attract and retain personnel with the requisite IA knowledge and skills. The structure, organisation and resourcing and annual work plan of the Group's IA function is a key focus area that remains under review by the committee. The further development of a suitable combined assurance model for the BKB Group remains a focus area for the committee in FY24. This includes the implementation of digitalised IA activities.

The committee considered the results of all audits, internal control reviews and investigations performed by both IA and other external service providers and ensured that control processes were put in place and the necessary corrective action was 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.

CFO AND FINANCE FUNCTION

The committee is satisfied that the Group CFO, 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.

RECOMMENDATION OF AUDITED ANNUAL FINANCIAL STATEMENTS

The committee reviewed the audited 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 at the Board meeting on 7 September 2023.

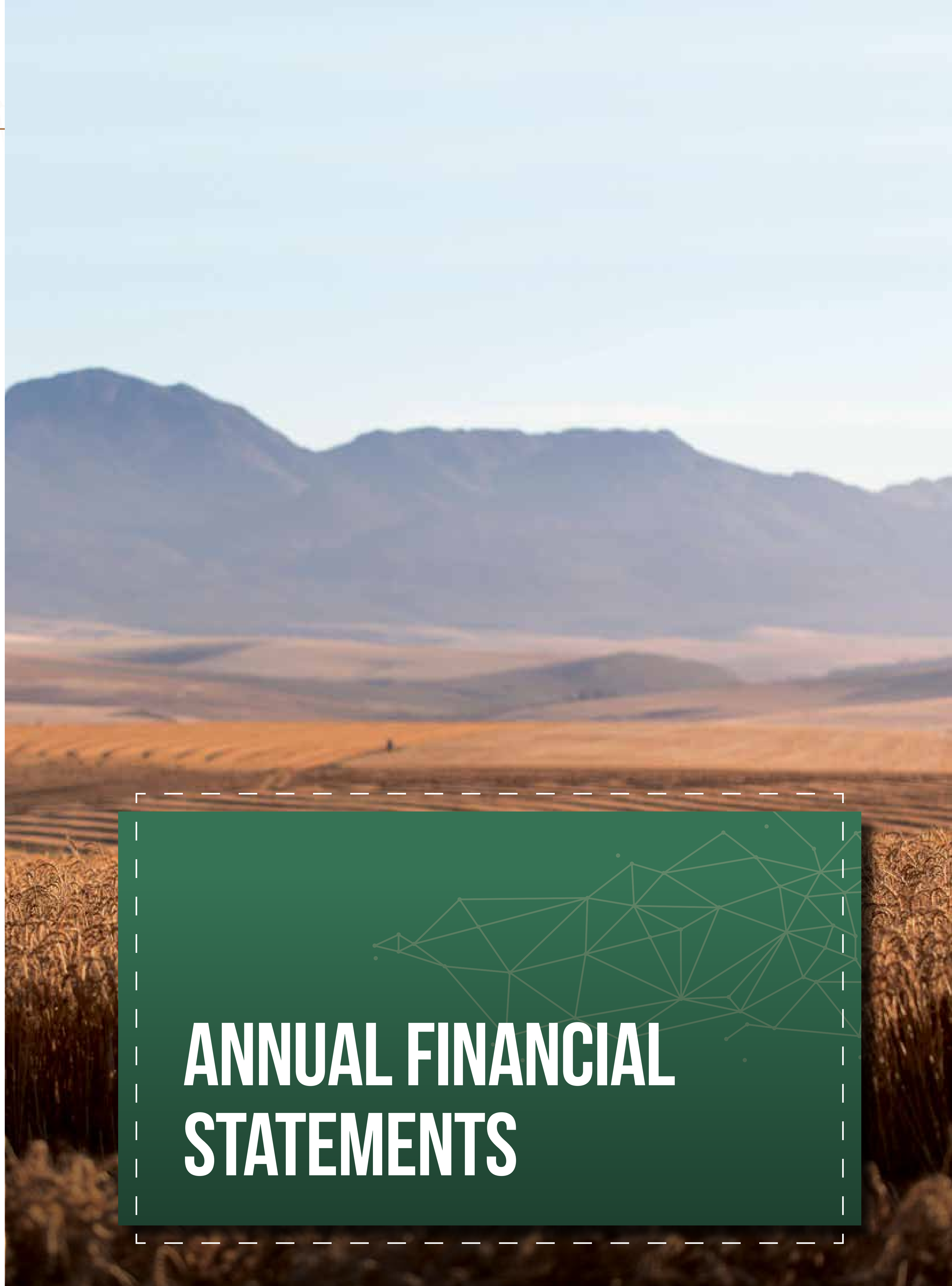
The committee is satisfied that, in respect of the period under review, it has conducted its affairs and discharged its duties and responsibilities in accordance with its Charter, CTSE listings requirements and Companies Act.

On behalf of the Audit and Risk Committee

Charles Staple

Chairman: Audit and Risk Committee

15 September 2023



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 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 2024. 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 auditor is responsible for independently auditing and reporting on the Company and Group's financial statements. The external auditor was 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 were valid and appropriate.

The financial statements have been examined by the Company and Group's external auditor and their unqualified report is presented on pages 75 to 79.

The Company and Group Annual Financial Statements on pages 80 to 159 were prepared under the supervision of Mr J A van Niekerk (CA (SA)).

The Annual Financial Statements for the year ended 30 June 2023, set out on pages 81 to 159, were approved by the Board on 7 September 2023. The Board mandated the Chairman of the Audit and Risk Committee to approve any adjustments to the financial statements after 7 September 2023.

Approval of financial statements

Geoff Kingwill

Chairman: BKB Board of Directors

Johan Stumpf

Managing director

GROUP COMPANY SECRETARY'S DECLARATION

In my opinion as Group Company Secretary, I hereby confirm, in terms of the Companies Act 71 of 2008, for the year ended 30 June 2023, 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 Company Secretary

15 September 2023

DIRECTORS' 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 2023.

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, consumer goods 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 of R9,85 million (2022: R117,8 million). Total assets increased to R3,1 billion (2022: R2,9 billion) while total liabilities increased to R1,77 billion (2022: R1,58 billion).

The consolidated and separate 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 reports of the CEO and CFO on pages 26 to 29, and 32 to 38 respectively.

SHARE CAPITAL

	RAND		NUMBER OF SHARES	
	2023	2022	2023	2022
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 23 November 2022, 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 7 September 2023 the Board decided that a dividend would not be declared for the year ended 30 June 2023 (2022: gross dividend of 42 cents per share).

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

DIRECTORS' REPORT (CONTINUED)

DIRECTORATE

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

	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		Non-executive	South Africa	Deceased February 2023
P G Carshagen		Non-executive	South Africa	Resigned November 2022
C D Hobson		Non-executive	South Africa	
J F J van Rensburg		Non-executive	South Africa	
M H Jonas		Non-executive	South Africa	Resigned July 2022
E A Meyer	Vice-Chairman	Non-executive	South Africa	
V Pillay		Non-executive	South Africa	
H C Staple		Non-executive	South Africa	
C F Fick		Non-executive	South Africa	Appointed November 2022
P Mbikwana		Non-executive	South Africa	Appointed September 2022
J G Louw		Non-executive	South Africa	Appointed November 2022

DIRECTORS' INTERESTS IN SHARES

As at 30 June 2023, the directors of the Company held direct and indirect beneficial interests in 0.47% (2022: 0.39%) of its issued ordinary shares, as set out below.

	NUMBER OF SHARES	
	2023	2022
Executive directors	20 750	-
Non-executive directors	396 128	341 454
Total	416 787	341 454

Details of directors' shares in the Company are presented in the Financial Statements in Note 39.

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 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 2023.

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.

DIRECTORS' REPORT (CONTINUED)

AUDITORS

PwC continued in office as external auditors for the Company and its subsidiaries for 2023.

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 2024 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.

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 2023, 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 81 to 159 comprise:

- the consolidated and separate statements of financial position as at 30 June 2023;
- 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.

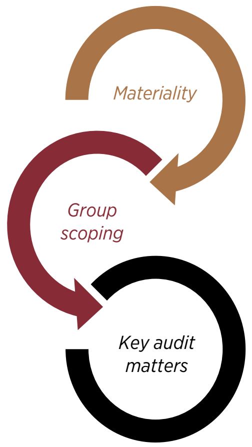
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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)*.

Our audit approach

Overview



Overall group materiality

- Overall group materiality: R23,600,000, which represents 0.4% of consolidated revenue.

Group audit scope

- Full scope audits were performed on eight financially significant components;
- Audit of one or more account balances in respect of seven components; and
- Review and analytical procedures were performed over the remaining non-significant components.

Key audit matters

- Impairment assessment of trade receivables.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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	R23,600,000
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 mostly 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.

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, associates and dormant entities. Full scope audits were performed on eight components. Eight 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 seven 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 performing work under our instructions. 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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. ***This key audit matter relates to the consolidated and separate financial statements.*** As at 30 June 2023, the group's gross trade receivables, including producer advances, amounted to R1 009.6 million and a loss allowance for expected credit losses of R56.7 million was recognised. 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. The general provision is based on two different methods: • Provision matrix (Trade receivables); and • 3 Stage expected credit loss ("ECL") model (Producer advances) 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 weights. 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.	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 debtors' listings for material debtors balances outstanding beyond their payment terms. • In respect of the debtors identified above and not specifically provided for, 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. 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Refer to the following accounting policies and notes to the consolidated financial statements for disclosure: • Note 10 (Trade and other receivables); • Note 41.3.i (Credit risk); and • Note 46.10.2 (Trade and other receivables accounting policy).	• 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 as issued by one of the Global Ratings Agencies. 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 presentation and disclosures relating to the impairment of trade receivables against the disclosure requirements of IFRS 9 and IFRS 7. We did not note material disclosure deficiencies.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Annual Report 2023", which includes the Directors' Report, the Audit and Risk Committee Report and the Group Company 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.

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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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.

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 32 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: S Williams
Registered Auditor

Gqeberha, South Africa
15 September 2023

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

BKB LIMITED AND ITS SUBSIDIARIES
(Registration number 1998/012435/06)
Annual Financial Statements for the year ended 30 June 2023

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023

		Group		Company	
	Notes	2023 R'000	2022 R'000	2023 R'000	2022 R'000
ASSETS					
Non-current assets					
Property, plant and equipment	2	785 516	920 881	471 985	432 096
Right-of-use assets	3	82 106	51 983	37 244	29 958
Investment property	4	38 689	1 312	13 889	1 312
Intangible assets	5	134 195	106 731	90 116	60 113
Investments in subsidiaries	7	-	-	276 233	294 592
Equity accounted investments	8	9 903	8 858	1 203	-
Loans to group companies	9	-	-	204 941	139 955
Trade and other receivables	10	29 876	18 168	18 933	11 681
Deferred tax assets	11	59 814	24 635	-	-
		1 140 099	1 132 568	1 114 544	969 707
Current assets					
Inventories	12	827 584	775 075	429 317	434 519
Loans to group companies	9	-	-	447 950	434 923
Trade and other receivables	10	1 052 098	942 876	613 200	451 811
Other financial assets	13	1 522	-	-	-
Current income tax assets		2 189	2 382	-	-
Cash and cash equivalents	14	34 613	65 778	7 812	15 401
		1 918 006	1 786 111	1 498 279	1 336 654
Assets classified as held for sale	15	44 976	19 157	-	-
Total current assets		1 962 982	1 805 268	1 498 279	1 336 654
Total assets		3 103 081	2 937 836	2 612 823	2 306 361
EQUITY					
Capital and reserves					
Share capital	16	4 420	4 420	4 420	4 420
Share premium		218 630	218 950	197 583	197 583
Treasury shares	16	(126 278)	(123 213)	(99 716)	(99 025)
Non-distributable reserves		140 593	145 372	170 236	155 208
Distributable reserves		1 090 226	1 108 981	1 013 045	855 817
Capital and reserves attributable to owners of the parent		1 327 591	1 354 510	1 285 568	1 114 003
Non-controlling interest		2 372	1 763	-	-
Total equity		1 329 963	1 356 273	1 285 568	1 114 003
LIABILITIES					
Non-current liabilities					
Borrowings	18	162 693	180 026	144 530	157 815
Lease liabilities	3	80 292	48 836	34 319	28 881
Post-retirement medical aid liabilities		3 910	5 808	3 910	5 808
Deferred tax liabilities	11	36 486	45 393	22 786	23 902
Provisions	19	8 677	8 809	8 642	8 809
		292 058	288 872	214 187	225 215
Current liabilities					
Trade and other payables	20	667 377	609 490	318 330	304 006
Loans from group companies	21	-	-	27 908	55 327
Borrowings	18	774 890	618 515	751 961	598 272
Other financial liabilities	13	14 816	31 738	-	-
Lease liabilities	3	14 941	9 509	10 210	6 156
Current income tax liabilities		4 970	5 476	632	3 039
Bank overdrafts	14	4 066	17 963	4 027	343
Total current liabilities		1 481 060	1 292 691	1 113 068	967 143
Total liabilities		1 773 118	1 581 563	1 327 255	1 192 358
Total equity and liabilities		3 103 081	2 937 836	2 612 823	2 306 361

BKB LIMITED AND ITS SUBSIDIARIES
(Registration number 1998/012435/06)
Annual Financial Statements for the year ended 30 June 2023

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
Continuing operations					
Revenue		5 836 783	5 243 579	3 071 851	2 957 616
Interest revenue		63 923	32 142	60 848	25 702
Total revenue	22	5 900 706	5 275 721	3 132 699	2 983 318
Cost of sales	23	(4 714 495)	(4 093 274)	(2 370 667)	(2 305 144)
Gross profit		1 186 211	1 182 447	762 032	678 174
Other operating income	24	37 216	55 570	27 778	23 069
Operational expenses	25	(804 685)	(837 190)	(546 703)	(521 715)
Administrative expenses	25	(152 727)	(159 551)	(129 045)	(129 924)
Impairment of financial assets	25	(14 182)	(2 494)	(23 808)	(7 516)
Loss from equity accounted investments	8	(493)	(161)	(16)	-
Operating profit		251 340	238 621	90 238	42 088
Dividends from subsidiaries		-	-	144 859	127 414
Finance income	26	4 275	3 174	73 012	43 417
Finance costs	27	(79 613)	(45 835)	(102 451)	(58 438)
Profit before taxation		176 002	195 960	205 658	154 481
Income tax expense	28	(53 534)	(60 097)	(20 058)	(11 475)
Profit for the year from continuing operations		122 468	135 863	185 600	143 006
Discontinued operations					
Loss from discontinued operations	29	(112 614)	(18 017)	-	-
Profit for the year		9 854	117 846	185 600	143 006
Continuing operations					
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Movement in reserve on revaluation of properties		15 602	(858)	15 602	1 989
Gains on property revaluations		21 373	(3 927)	21 373	-
Income tax relating to items that will not be reclassified		(5 771)	3 069	(5 771)	1 989
Items that will be reclassified to profit or loss:					
Movement in cash flow hedge reserve		(8 782)	(12 373)	-	-
Fair value adjustments to cash flow hedge reserve		(35 157)	(15 555)	-	-
Reclassification to revenue		20 247	(3 210)	-	-
Reclassification to profit or loss		2 546	-	-	-
Income tax relating to items that may be reclassified		3 582	6 392	-	-
Other comprehensive income/(loss) for the year net of taxation from continuing operations		6 820	(13 231)	15 602	1 989
Discontinued operations					
Other comprehensive loss for the year net of taxation from discontinued operations	29	(11 025)	(7 239)	-	-
Total comprehensive income for the year		5 649	97 376	201 202	144 995
Profit/(loss) attributable to:					
Owners of the parent					
From continuing operations		121 859	134 630		
From discontinued operations		(112 614)	(18 017)		
Non-controlling interest					
From continuing operations		609	1 233		
		9 854	117 846		
Total comprehensive income attributable to:					
Owners of the parent		5 040	96 143		
Non-controlling interest		609	1 233		
		5 649	97 376		
Basic earnings per share (cents)	30	11.8	148.1		
From continuing operations	30	155.0	171.0		
Diluted earnings per share (cents)	30	11.6	146.6		
From continuing operations	30	152.6	169.3		

BKB LIMITED AND ITS SUBSIDIARIES
(Registration number 1998/012435/06)
Annual Financial Statements for the year ended 30 June 2023

STATEMENTS OF CHANGES IN EQUITY

	Notes	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 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 of the year		218 950	218 950	197 583	197 583
Loss on sale of shares		(320)	-	-	-
Balance at the end of the year		218 630	218 950	197 583	197 583
Treasury shares					
Balance at the beginning of the year		(123 213)	(120 713)	(99 025)	(102 659)
Shares purchased by the trust		(4 202)	(2 500)	(372)	(2 500)
Shares sold by the trust		1 137	-	817	-
Other movement during the year		-	-	(1 136)	6 134
Balance at the end of the year		(126 278)	(123 213)	(99 716)	(99 025)
Non-distributable reserves					
Reserve on revaluation of properties					
Balance at the beginning of the year		155 545	153 204	145 184	143 322
Revaluations		9 895	629	21 373	-
Deferred tax on revaluations		(2 672)	(150)	(5 771)	-
Deferred tax: change in corporate tax rate		-	1 989	-	1 989
Realisation of revaluation reserve on sale of building		(515)	-	(515)	-
Deferred tax realised on sale of building		139	-	139	-
Transfer to distributable reserves		(4 653)	(127)	(4 653)	(127)
Balance at the end of the year		157 739	155 545	155 757	145 184
Cash flow hedge reserve					
Balance at the beginning of the year		(20 197)	2 741	-	-
Fair value adjustments to cash flow hedge reserve		(63 696)	(30 746)	-	-
Reclassification to revenue		25 270	(2 382)	-	-
Reclassification to profit or loss		22 437	-	-	-
Income tax relating to items that may be reclassified		4 561	10 190	-	-
Balance at the end of the year		(31 625)	(20 197)	-	-
Share based payment reserve					
Balance at the beginning of the year		7 585	3 094	7 585	3 094
Employee share scheme - value of employee services		4 455	4 491	4 455	4 491
Balance at the end of the year		12 040	7 585	12 040	7 585
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
Transfer to distributable reserve		-	(633)	-	(633)
Balance at the end of the year		-	-	-	-
		140 593	145 372	170 236	155 208
Distributable reserves					
Retained earnings					
Balance at the beginning of the year		1 108 981	1 022 905	855 817	747 364
Combinations of entities under common control	36	-	-	(372)	-
Profit for the year		9 245	116 613	185 600	143 006
Dividends		(33 029)	(31 542)	(33 029)	(35 363)
Transfer from non-distributable reserve		5 029	1 005	5 029	810
Balance at the end of the year		1 090 226	1 108 981	1 013 045	855 817
Non-controlling interest					
Balance at the beginning of the year		1 763	(206)	-	-
Profit for the year		609	1 233	-	-
Acquired through business combination	35	-	(34)	-	-
Capital contribution		-	770	-	-
Balance at the end of the year		2 372	1 763	-	-
		1 329 963	1 356 273	1 285 568	1 114 003

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STATEMENTS OF CASH FLOWS

	Notes	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
Cash flow from operating activities					
Cash receipts from customers		13 502 854	14 293 873	9 201 880	7 247 315
Cash paid to suppliers and employees		(13 348 898)	(14 094 681)	(9 128 039)	(7 229 082)
Cash generated from operating activities	31	153 956	199 192	73 841	18 233
Interest received		4 566	3 447	73 012	43 417
Interest paid		(118 631)	(68 815)	(102 451)	(58 438)
Taxation paid	32	(52 815)	(40 867)	(29 144)	(11 053)
		(12 924)	92 957	15 258	(7 841)
Cash flow from investing activities					
Purchase of property, plant and equipment		(67 956)	(86 490)	(39 556)	(24 432)
Sale of property, plant and equipment		15 406	14 986	9 653	5 632
Purchase of investment property		(2 034)	-	(2 034)	-
Sale of investment property		-	24 152	-	-
Proceeds from assets held for sale		16 484	-	-	-
Purchase of other intangible assets		(3 688)	(1 412)	(1 556)	(976)
Business combinations	35	(46 692)	(34 352)	(47 035)	(29 894)
Additions through combinations of entities under common control net of cash acquired on acquisition	36	-	-	(83 753)	(75 866)
Sale of other intangible assets		136	-	112	-
Decrease in investment in subsidiaries		-	-	15 449	19 000
Increase in investment in associate		(1 538)	(569)	(16)	-
Advances of non-current receivables		(14 299)	(2 913)	(14 299)	(2 913)
Repayment of non-current receivables		7 567	7 067	7 047	3 209
Loans advanced to group companies		-	-	(914 303)	(853 532)
Loans repaid by group companies		-	-	863 904	657 463
Dividends received from group companies		-	-	108 789	115 016
		(96 614)	(79 531)	(97 598)	(187 293)
Cash flow from financing activities					
Dividends paid	34	(33 029)	(31 542)	(33 029)	(35 363)
Cash (paid)/received on share movements		-	(2 500)	-	3 634
Proceeds from borrowings	33	872 000	1 985 400	854 000	1 985 400
Repayment of borrowings	33	(732 958)	(1 850 893)	(713 596)	(1 771 024)
Loans repaid to group companies		-	-	(196 222)	(281 134)
Loans advanced by group companies		-	-	168 803	313 875
Non-controlling interest capital contribution		-	770	-	-
Principal elements of lease payments	33	(13 743)	(13 254)	(8 889)	(5 138)
		92 270	87 981	71 067	210 250
Total cash movement for the year		(17 268)	101 407	(11 273)	15 116
Net cash and cash equivalents at the beginning of the year		47 815	(53 592)	15 058	(58)
Net cash and cash equivalents at the end of the year	14	30 547	47 815	3 785	15 058

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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 six 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.
Leasing of properties	The leasing of warehouse, office and retail space.
Grains	Comprises grain storage and handling, maize milling and lucerne trading. The lucerne press operation was discontinued during the year.
Consumer goods	Comprises the packaging, distribution and marketing of sugar, dried fruits and agro based consumer goods in local and foreign markets. Includes interests in logistics for exports for the Group. The raisins business was discontinued during the year.

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, revenue, operating profit and profit before tax. The value of business conducted represents the value of sales transactions for the Group as well as those conducted in its capacity as an agent/broker. Income tax is managed on an entity level and is not allocated to the operating segments.

Operating segments 2023	Value of business - external R'000	Segment revenue - total R'000	Segment revenue - internal R'000	Segment revenue - external R'000	Interest revenue R'000	Human resource/ staff costs R'000
Continuing operations						
Natural fibre	3 762 103	1 676 911	(218 751)	1 458 160	13 388	(113 079)
Retail and fuel	2 217 111	2 254 666	(54 147)	2 200 519	16 592	(102 928)
Livestock and properties	5 158 889	236 177	(3 412)	232 765	29 475	(141 650)
Leasing of properties	3 709	45 415	(41 706)	3 709	-	(535)
Grains	936 482	957 730	(22 624)	935 106	1 376	(29 945)
Consumer goods	1 003 955	1 842 972	(839 017)	1 003 955	-	(26 397)
All other segments	4 201	2 569	-	2 569	3 092	(65 420)
Total	13 086 450	7 016 440	(1 179 657)	5 836 783	63 923	(479 954)

Operating segments 2023	EBITDA* R'000	Depreciation and amortisation** R'000	Impairments and revaluations R'000	Operating profit R'000	Net finance (expense)/ income R'000	Profit/(loss) before tax R'000
Continuing operations						
Natural fibre	146 288	(14 175)	-	132 113	(58 454)	73 659
Retail and fuel	82 855	(11 060)	-	71 795	(40 332)	31 464
Livestock and properties	35 734	(11 349)	(7 432)	16 953	(13 552)	3 401
Leasing of properties	31 466	(1 297)	(4 893)	25 276	(1 133)	24 143
Grains	60 917	(17 201)	(5 470)	38 246	(6 905)	31 341
Consumer goods	65 132	(3 561)	-	61 571	(2 767)	58 804
All other segments	(91 821)	(2 793)	-	(94 614)	47 805	(46 810)
Total	330 571	(61 436)	(17 795)	251 340	(75 338)	176 002

Reconciling items	
Taxation	(53 534)
Discontinued operations	(112 614)
Profit after discontinued operations and tax	9 854

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1 Segmental information (continued)

Operating segments	Value of business - external R'000	Segment revenue - total R'000	Segment revenue - internal R'000	Segment revenue - external R'000	Interest revenue R'000	Human resource/ staff costs R'000
2022						
Natural fibre	3 586 607	1 405 727	(201 820)	1 203 907	8 857	(137 258)
Retail and fuel	2 081 390	2 098 791	(27 873)	2 070 918	10 472	(100 883)
Livestock and properties	6 084 510	268 341	(4 576)	263 765	9 784	(132 406)
Leasing of properties	3 481	44 399	(40 918)	3 481	-	(398)
Grains	822 198	872 369	(51 179)	821 190	1 008	(29 327)
Consumer goods	847 471	1 567 344	(719 873)	847 471	-	(21 363)
All other segments	33 770	38 719	(5 872)	32 847	2 021	(78 301)
Total	13 459 427	6 295 690	(1 052 111)	5 243 579	32 142	(499 936)

Operating segments	EBITDA* R'000	Depreciation and amortisation** R'000	Impairments and revaluations R'000	Operating profit R'000	Net finance (expense)/ income R'000	Profit/(loss) before tax R'000
2022						
Natural fibre	95 154	(14 375)	(283)	80 496	(31 904)	48 592
Retail and fuel	78 127	(7 772)	(855)	69 500	(24 438)	45 063
Livestock and properties	67 438	(11 992)	(702)	54 744	(14 411)	40 333
Leasing of properties	34 258	(1 232)	4 532	37 558	(1 188)	36 370
Grains	80 433	(16 788)	-	63 645	(11 904)	51 741
Consumer goods	41 301	(3 267)	-	38 034	(651)	37 383
All other segments	(97 682)	(4 079)	(3 595)	(105 356)	41 835	(63 522)
Total	299 029	(59 505)	(903)	238 621	(42 661)	195 960
Reconciling items						
Taxation						(60 097)
Discontinued operations						(18 017)
Profit after discontinued operations and tax						117 846

* Earnings before interest, taxation, depreciation, impairments, amortisation and revaluations
** Includes cost of sales depreciation

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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.

	2023		2022	
	Total assets R'000	Total liabilities R'000	Total assets R'000	Total liabilities R'000
Natural fibre	779 176	269 300	633 322	164 717
Retail and fuel	701 482	519 052	578 590	407 617
Livestock and properties	407 386	211 000	420 254	219 820
Leasing of properties	616 515	73 730	603 957	72 666
Grains	454 999	256 237	537 472	301 108
Consumer goods	717 526	639 804	614 101	487 941
All other segments	228 915	606 907	168 742	546 296
Total	3 905 999	2 576 030	3 556 438	2 200 165
Reconciling items				
Inter-segment loans	(802 918)	(802 912)	(618 602)	(618 602)
Total as per statements of financial position	3 103 081	1 773 118	2 937 836	1 581 563

Geographical information

	2023			2022		
	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	351 984	5 891 655	1 082 378	349 210	5 265 911	1 073 639
Eswatini	817 466	9 051	56 676	693 215	9 810	58 291
Lesotho	10 207	-	1 045	9 686	-	638
Total	1 179 657	5 900 706	1 140 099	1 052 111	5 275 721	1 132 568

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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 2023							
Opening net book value	480 847	334 323	86 029	6 006	3 081	10 595	920 881
Additions	15 857	34 579	7 919	1 580	915	7 106	67 956
Acquired through business combinations	-	188	2 311	21	17	112	2 649
Disposals	(2 527)	(27 824)	(10 364)	(192)	(115)	(259)	(41 281)
Impairment	(16 963)	(31 601)	(1 577)	-	-	(1)	(50 142)
Transfers	(33 867)	950	(137)	139	(990)	38	(33 867)
Transfer from/(to) classified as held for sale	2 673	(43 975)	(647)	(21)	(56)	(277)	(42 303)
Revaluations	9 897	-	-	-	-	-	9 897
Depreciation	-	(30 323)	(10 463)	(1 071)	(838)	(5 579)	(48 274)
Closing net book value	455 917	236 317	73 071	6 462	2 014	11 735	785 516
At 30 June 2023							
Cost or fair value	455 917	336 053	119 136	14 822	10 282	40 032	976 242
Accumulated depreciation	-	(99 736)	(46 065)	(8 360)	(8 268)	(28 297)	(190 726)
Net book value	455 917	236 317	73 071	6 462	2 014	11 735	785 516
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

	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 2023							
Opening net book value	333 778	41 684	41 989	5 030	2 516	7 099	432 096
Additions	15 296	13 015	3 727	1 298	807	5 413	39 556
Acquired through business combinations	-	188	2 311	21	17	112	2 649
Additions through combinations of entities under common control	-	2 035	17 248	137	61	507	19 988
Disposals	(1 336)	(2 423)	(5 208)	(79)	(109)	(148)	(9 303)
Impairment	(6 369)	-	-	-	-	-	(6 369)
Transfers	(9 067)	879	-	-	(879)	-	(9 067)
Revaluations	21 373	-	-	-	-	-	21 373
Depreciation	-	(5 796)	(7 198)	(856)	(729)	(4 359)	(18 938)
Closing net book value	353 675	49 582	52 869	5 551	1 684	8 624	471 985
At 30 June 2023							
Cost or fair value	353 675	90 840	94 376	13 298	9 419	32 026	593 634
Accumulated depreciation	-	(41 258)	(41 507)	(7 747)	(7 735)	(23 402)	(121 649)
Net book value	353 675	49 582	52 869	5 551	1 684	8 624	471 985

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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 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

Net carrying amounts of assets under instalment sale agreements

	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
Plant and machinery	41 206	63 901	-	-
Motor vehicles	683	4 592	-	-
	41 889	68 493	-	-

Properties to the value of R334 354 094 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 42 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 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
Land and buildings	293 605	279 760	141 487	127 012

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 R7 498 623 (2022: R2 713 786) for the Group and R7 039 624 (2022: R1 938 355) 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 R25 001 159.

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NOTES TO THE FINANCIAL STATEMENTS

3 Leases

The Group leases offices, warehouses, retail stores, equipment and forklifts. Rental contracts are typically made for fixed periods of two to nineteen 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	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Right-of-use assets				
Buildings	69 291	40 631	30 341	26 895
Equipment	2 822	4 349	1 319	1 813
Vehicles	9 993	7 003	5 584	1 250
	82 106	51 983	37 244	29 958
Lease liabilities				
Current	14 941	9 509	10 210	6 156
Non-Current	80 292	48 836	34 319	28 881
	95 233	58 345	44 529	35 037

The maturity analysis of lease liabilities is set out in Note 41.

Additions to the right-of-use assets during the year	51 072	12 558	18 265	3 607
Additions through combinations of entities under common control	-	-	962	2 435
	51 072	12 558	19 227	6 042

Amounts recognised in the Statements of profit or loss
The statements of profit or loss show the following amounts relating to leases (Including discontinued operations):

Depreciation charge of right-of-use assets				
Buildings (2 - 19 years)	13 656	11 926	8 916	5 612
Equipment (5 - 8 years)	1 527	1 317	495	495
Vehicles (4 - 5 years)	3 437	2 638	1 608	909
	18 620	15 881	11 019	7 016
Interest expense	8 134	6 161	4 337	3 546
Included in operating expenses:				
Expenses relating to short-term leases	5 551	6 192	1 793	2 517
Expenses relating to leases of low-value assets	7 133	5 566	1 530	988
Expenses relating to variable lease payments	4 092	7 407	6 810	3 108
Included in cost of sales:				
Expenses relating to leases of low-value assets	5 913	7 933	-	-
Expenses relating to variable lease payments	346	1 432	-	-

Amounts recognised in the Statements of cash flows

Total cash outflow for leases were:				
Included in financing activities	13 743	13 254	8 889	5 138
Included in operating activities	31 169	34 691	14 470	10 159

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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NOTES TO THE FINANCIAL STATEMENTS

4 Investment property

	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Balance at the beginning of the year	1 312	35 323	1 312	1 312
Additions	2 034	-	2 034	-
Disposals	-	(19 386)	-	-
Transfers from property, plant and equipment	33 867	-	9 067	-
Transfer to classified as held for sale (Note 15)	-	(19 157)	-	-
Fair value adjustments	1 476	4 532	1 476	-
Balance at the end of the year	38 689	1 312	13 889	1 312
Amounts recognised in profit and loss for the year				
Rental income	704	2 017	704	1 123
Direct operating expenses	(549)	(2 129)	(549)	(945)

Refer to Note 42 for fair value information used in fair value measurement of investment property.

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

5 Intangible Assets

	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Goodwill				
Balance at the beginning of the year	77 444	61 678	32 437	4 500
Acquired through business combinations (Note 35)	9 275	15 766	6 275	11 721
Additions through combinations of entities under common control (Note 36)	-	-	6 876	16 216
Impairment	(4 500)	-	(4 500)	-
Balance at the end of the year	82 219	77 444	41 088	32 437
Goodwill relates to the acquisitions of:				
Provident Group (Note 35)	8 525	-	5 525	-
BKB Van Wyk (Pty) Ltd (Note 36)	16 216	16 216	16 216	16 216
BKBLouwid (Pty) Ltd (Note 36)	6 876	6 876	6 876	-
KLK livestock division (Note 35)	750	-	750	-
GWK livestock division (Note 35)	11 721	11 721	11 721	11 721
Riverview Trading	-	4 500	-	4 500
GWK Properties (Note 35)	3 942	3 942	-	-
Wool and Mohair Exchange NPC	1 024	1 024	-	-
Grainco (Pty) Ltd	13 716	13 716	-	-
Atlanta Products (Pty) Ltd	19 346	19 346	-	-
Shearwater Logistics (Pty) Ltd (Note 35)	103	103	-	-
	82 219	77 444	41 088	32 437
Goodwill allocation per operating segment:				
Retail and fuel	8 525	-	5 525	-
Livestock and properties	39 505	43 255	35 563	32 437
Leasing of properties	1 024	1 024	-	-
Grains	13 716	13 716	-	-
Consumer goods	19 449	19 449	-	-
	82 219	77 444	41 088	32 437
Trade rights				
Balance at the beginning of the year	3 119	6 542	3 119	6 542
Disposals	-	(2 027)	-	(2 027)
Impairment	(741)	(572)	(741)	(572)
Amortisation	(580)	(824)	(580)	(824)
Balance at the end of the year	1 798	3 119	1 798	3 119
Cost	5 152	5 152	5 152	5 152
Accumulated amortisation and impairment	(3 354)	(2 033)	(3 354)	(2 033)
	1 798	3 119	1 798	3 119

NOTES TO THE FINANCIAL STATEMENTS

	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
5 Intangible Assets (continued)				
Trade rights comprises of:				
Auction rights - Riverview Trading	430	1 350	430	1 350
Auction rights - Slabbert, Verster & Malherbe	1 368	1 769	1 368	1 769
	1 798	3 119	1 798	3 119
Brand names				
Balance at the beginning of the year	-	1 561	-	-
Movements during the year:				
Acquired through business combinations (Note 35)	968	-	968	-
Additions through combinations of entities under common control (Note 36)	-	-	-	419
Impairment	-	(419)	-	(419)
Amortisation	(16)	(1 142)	(16)	-
Balance at the end of the year	952	-	952	-
Cost	23 787	22 819	968	-
Accumulated amortisation and impairment	(22 835)	(22 819)	(16)	-
	952	-	952	-
Brand names comprises of:				
Provident Group (Note 35)	952	-	952	-
	952	-	952	-
Client lists and relationships				
Balance at the beginning of the year	21 016	3 531	21 016	3 031
Acquired through business combinations (Note 35)	27 129	19 934	27 129	19 934
Impairment	(2 191)	-	(2 191)	-
Amortisation	(3 016)	(2 449)	(3 016)	(1 949)
Balance at the end of the year	42 938	21 016	42 938	21 016
Cost	110 415	83 286	51 074	23 945
Accumulated amortisation and impairment	(67 477)	(62 270)	(8 136)	(2 929)
	42 938	21 016	42 938	21 016
Client lists and relationships comprises of:				
Provident Group (Note 35)	26 677	-	26 677	-
GWK livestock division (Note 35)	15 361	17 205	15 361	17 205
Riverview Trading	-	2 611	-	2 611
RobCaw Auctioneers	900	1 200	900	1 200
	42 938	21 016	42 938	21 016
Computer software				
Balance at the beginning of the year	5 152	11 860	3 541	6 199
Additions	3 688	1 412	1 556	976
Additions through combinations of entities under common control (Note 36)	-	-	5	7
Disposals	(136)	-	(112)	-
Impairment	(142)	(4 444)	-	(897)
Amortisation	(2 274)	(3 676)	(1 650)	(2 744)
Balance at the end of the year	6 288	5 152	3 340	3 541
Cost	29 814	28 067	25 059	24 159
Accumulated amortisation and impairment	(23 526)	(22 915)	(21 719)	(20 618)
	6 288	5 152	3 340	3 541
	134 195	106 731	90 116	60 113

The cost of computer software includes assets in progress to the value of R1 224 005 (2022: Rnil) for the Group and R1 152 945 (2022: 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.

During the year the Group revised its CGU's within the Livestock and properties and Consumer goods segments. The GWK Livestock CGU has been renamed to "Livestock South" while the business of BKBLouwid and BKB Van Wyk has been combined into "Livestock North". The Atlanta Products CGU has been revised to include all cash flows attributable to the Atlanta Sugar Group, where this has historically only included the Atlanta Investments Group.

Significant assumption used	Retail and fuel Provident Group	Livestock and properties South	Livestock and properties North	Consumer goods Atlanta Products	Grains Storage and Handling Division
2023					
Value of business/revenue growth rate	5.0%	5.7%	4.2%	3.6%	6.0%
Terminal growth rate	2.5%	5.7%	4.2%	3.6%	6.0%
Gross profit percentage	20.7%	-	-	9.1%	-
Commission percentage	-	4.4%	5.1%	-	-
Pre-tax discount rate	17.4%	17.5%	17.5%	18.2%	17.7%
	R'000	**R'000**	**R'000**	**R'000**	**R'000**
Value in use (recoverable amount)	82 930	103 455	343 076	303 626	266 617
Value in use exceeds carrying amount by	44 316	25 060	98 912	190 280	173 855

Significant assumption used	Livestock and properties GWK Livestock	Livestock and properties BKB Van Wyk	Consumer goods Atlanta Products	Grains Storage and Handling Division
2022				
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

The impairment calculation of the Riverview Trading CGU resulted in an impairment of goodwill to the value of R4 500 000 and intangibles to the value of R2 932 000 (refer Note 5). The Riverview Trading CGU forms part of the Livestock and properties segment.

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

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6 Impairment of assets (continued)

Sensitivity of key assumptions
The impairment tests were performed at 30 June 2023. 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 2024 to 2028. 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	Retail and fuel Provident Group	Livestock and properties South	Livestock and properties North	Consumer goods Atlanta Products	Grains Storage and Handling Division
2023					
Revenue growth rate	(4.4%)	1.7%	1.0%	(13.6%)	(36.8%)
Gross profit	15.7%	-	-	6.0%	-
Commission percentage	-	3.9%	4.6%	-	-
Pre-tax WACC	33.7%	21.3%	22.7%	40.8%	40.9%

Impact of changes in key assumptions	Livestock and properties GWK Livestock	Livestock and properties BKB Van Wyk	Consumer goods Atlanta Products	Grains 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%

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7 Investments in subsidiaries

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

	Company			
	2023 % holding	2022 % holding	2023 R'000	2022 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%	-	-
Farmervet (Pty) Ltd	100%	0%	3 001	-
Home & Hectare (Pty) Ltd	100%	100%	-	-
BKBLouwid (Pty) Ltd	100%	100%	-	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	1
Wool & Mohair Exchange of South Africa NPC	100%	100%	3 965	3 965
Billsons Coutts (Pty) Ltd	100%	100%	2 552	18 001
PaKHouse Brands (Pty) Ltd	100%	100%	264 473	263 836
Atlanta Sugar (Pty) Ltd	100%	100%	-	-
Atlanta Sugar SA (Pty) Ltd	100%	100%	-	467
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%	111	-
Gritco Properties (Pty) Ltd	100%	100%	-	-
Pakhouse Fruits Holdings (Pty) Ltd	100%	100%	-	-
PaKHouse Foods (Pty) Ltd (previously Desert Raisins (Pty) Ltd)	100%	100%	1 341	195
Shearwater Logistics (Pty) Ltd	75%	75%	-	-
			276 233	294 592

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 and Company have significant influence over.

	Group			
	2023 % holding	2022 % holding	2023 R'000	2022 R'000
Nutopia Agri Developments (Pty) Ltd	50%	50%	8 700	8 858
Bethlehem Veilingskrale (Pty) Ltd	50%	0%	1 203	-
			9 903	8 858

	Company			
	2023 % holding	2022 % holding	2023 R'000	2022 R'000
Bethlehem Veilingskrale (Pty) Ltd	50%	0%	1 203	-
			1 203	-

8 Equity accounted investments (continued)

Summarised financial information for investments

The tables below provide summarised financial information of the entities. The information disclosed reflects the amounts presented in the financial statements of the relevant entities and not the Group's share of those amounts. They have been amended to reflect adjustments made by BKB holding the interest, including fair value adjustments and modifications for differences in accounting policy.

	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Summarised Statement of financial position				
Total assets	18 668	18 170	789	-
Total liabilities	(17 979)	(16 527)	(789)	-
Summarised Statement of profit or loss and other comprehensive income				
Revenue	2 478	1 657	791	-
Loss for the year	(986)	(322)	(31)	-
Included in Statement of profit or loss and other comprehensive income				
50% through profit and loss	(493)	(161)	(16)	-

9 Loans to group companies

	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
The House of Fibre (Pty) Ltd	-	-	8 642	-
BKB Shearing (Pty) Ltd	-	-	5	-
BKB Pinnacle Fibres (Pty) Ltd	-	-	143 801	89 680
BKB Distribution Centre (Pty) Ltd	-	-	12 953	15 328
Farmervet (Pty) Ltd	-	-	12 020	-
BKBLouwid (Pty) Ltd	-	-	-	13 743
Hoëveld Veilingsentrum (Pty) Ltd	-	-	12 828	14 770
Shift Digital Acceleration (Pty) Ltd	-	-	11 521	11 768
Wool & Mohair Exchange of South Africa NPC	-	-	4 591	5 001
Billsons Coutts (Pty) Ltd	-	-	1 059	2 148
AlphaAlfa (Pty) Ltd	-	-	67 054	45 477
Atlanta Sugar (Pty) Ltd	-	-	-	97
Atlanta Products (Pty) Ltd	-	-	150	416
Grainco (Pty) Ltd	-	-	-	74 493
Pakhouse Fruits Holdings (Pty) Ltd	-	-	72 584	72 584
PaKHouse Foods (Pty) Ltd (previously Desert Raisins (Pty) Ltd)	-	-	317 808	237 275
Shearwater Logistics (Pty) Ltd	-	-	8 847	4 614
	-	-	673 863	587 394
Loss allowance - IFRS 9	-	-	(20 972)	(12 516)
	-	-	652 891	574 878

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

	Group 2023	Group 2022	Company 2023	Company 2022
Non-current assets	-	-	204 941	139 955
Current assets	-	-	447 950	434 923
	-	-	652 891	574 878
Loss allowance - IFRS 9				
Balance at the beginning of the year	-	-	(12 516)	(7 907)
Remeasurement of loss allowance	-	-	(8 456)	(4 609)
Balance at the end of the year	-	-	(20 972)	(12 516)

The loss allowance comprise mainly of allowances on the loans to Shift Digital Acceleration (Pty) Ltd of R11 520 511 (2022: R6 394 964) and to Pakhouse Foods (Pty) Ltd of R7 128 528 (2022: R5 293 127).

Subordination agreements with the following subsidiaries are in place: Billsons Coutts (Pty) Ltd. BKB Distribution Centre (Pty) Ltd, Shift Digital Acceleration (Pty) Ltd, Pakhouse Foods (Pty) Ltd and Shearwater Logistics (Pty) Ltd.

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10 Trade and other receivables

	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Financial instruments				
Trade receivables	889 308	788 524	503 016	325 717
Producer advances	120 313	92 686	97 896	92 686
Loss allowance - IFRS 9	(56 692)	(38 345)	(42 539)	(21 061)
Trade receivables at amortised cost	952 929	842 865	558 373	397 342
Loans to employees	23 054	15 405	23 028	9 427
Other receivables	40 506	43 484	27 371	34 561
Non-financial instruments				
VAT	50 117	39 410	15 776	13 693
Deposits	5 170	8 103	552	2 491
Prepayments	10 192	11 777	7 033	5 978
	1 081 968	961 044	632 133	463 492
Non-current assets	29 876	18 168	18 933	11 681
Current assets	1 052 098	942 876	613 200	451 811
	1 081 974	961 044	632 133	463 492

Non-current portion includes 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 is 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 protect against 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 sales 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 permitted 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 Group to credit risk, being the risk that the Group will incur financial loss if the customer fails 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 has 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 inherent 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:

	2023		2022	
Group	**Gross carrying amount at default**	**Loss allowance**	**Gross carrying amount at default**	**Loss allowance**
Producer advances				
Stage 1	95 161	(2 217)	74 153	(2 581)
Stage 2	22 096	(1 385)	16 192	(1 234)
Stage 3	3 056	(3 056)	2 341	(2 341)
Trade receivables				
Normal	406 364	(2 370)	437 736	(2 270)
Monitor	174 164	(608)	131 119	(734)
Credit	67 371	(524)	88 147	(1 002)
Risk	156 711	(1 613)	80 579	(1 364)
Doubtful	41 347	(4 339)	21 644	(2 301)
Legal	3 414	(1 229)	6 726	(1 945)
Specific	39 937	(39 351)	22 573	(22 573)
Total	1 009 621	(56 692)	881 210	(38 345)
Company				
Producer advances				
Stage 1	87 818	(2 217)	74 153	(2 581)
Stage 2	7 022	(1 385)	16 192	(1 234)
Stage 3	3 056	(3 056)	2 341	(2 341)
Trade receivables				
Normal	212 212	(1 426)	181 225	(667)
Monitor	79 987	(552)	51 240	(373)
Credit	29 353	(394)	22 621	(293)
Risk	128 146	(1 555)	51 429	(650)
Doubtful	22 038	(2 620)	5 140	(1 558)
Legal	3 175	(1 229)	4 048	(1 350)
Specific	28 105	(28 105)	10 014	(10 014)
Total	600 912	(42 539)	418 403	(21 061)

	Group		Company	
	2023 R'000	**2022 R'000**	**2023 R'000**	**2022 R'000**
Specific loss allowance				
Balance at the beginning of the year	(24 914)	(17 658)	(12 354)	(7 246)
Increase during the year	(19 704)	(8 803)	(14 626)	(4 150)
Provisions reversed on settled trade receivables	2 211	1 547	2 193	1 541
Additions through combinations of entities under common control	-	-	(6 374)	(2 499)
Balance at the end of the year	(42 407)	(24 914)	(31 161)	(12 354)
General loss allowance				
Balance at the beginning of the year	(13 431)	(19 852)	(8 707)	(9 372)
Remeasurement of loss allowance	(854)	6 421	(727)	1 243
Additions through combinations of entities under common control	-	-	(1 944)	(578)
Balance at the end of the year	(14 285)	(13 431)	(11 378)	(8 707)
Total loss allowance	(56 692)	(38 345)	(42 539)	(21 061)

10 Trade and other receivables (continued)

	2023 Gross carrying amount at default	2023 Loss allowance	2022 Gross carrying amount at default	2022 Loss allowance
Concentrations of credit risk				
Trade receivables and producer advances by segment:				
Group				
Natural fibre	168 782	(5 093)	122 234	(4 802)
Retail and fuel	205 220	(2 590)	160 672	(2 702)
Livestock and properties	298 418	(32 853)	287 857	(19 683)
Leasing of properties	891	(583)	911	(610)
Fruit	100 933	(531)	79 841	(80)
Grains	107 658	(11 549)	134 644	(7 905)
Consumer goods	119 439	(1 394)	85 550	(1 209)
All other segments	8 280	(2 099)	9 501	(1 354)
	1 009 621	(56 692)	881 210	(38 345)
Company				
Natural fibre	93 479	(5 093)	95 955	(4 802)
Retail and fuel	198 081	(2 470)	163 639	(2 702)
Livestock and properties	297 660	(32 655)	148 569	(11 955)
Leasing of properties	420	(222)	521	(248)
All other segments	11 272	(2 099)	9 719	(1 354)
	600 912	(42 539)	418 403	(21 061)

	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
Exposure to currency risk				
Rand	807 373	726 391	558 373	397 342
Euro	-	24 208	-	-
US Dollar	145 556	92 266	-	-
	952 929	842 865	558 373	397 342

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

Analysis of deferred tax asset/(liability)

	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
Property, plant and equipment	(113 831)	(134 575)	(74 461)	(67 742)
Leases	3 565	1 506	1 967	1 371
Intangible assets	(6 006)	(6 504)	(4 147)	(4 645)
Provisions:				
Accrued leave pay	7 101	6 801	5 460	4 556
Accrued bonus	4 858	7 303	3 298	4 839
Provision for obsolete, slow moving and defective stock	5 156	3 319	5 152	3 243
Loss allowance	10 155	5 415	12 002	5 931
Provision for service bonus	2 333	2 378	2 333	2 378
Post-retirement medical aid liabilities	1 056	1 568	1 056	1 568
Other provisions	2 247	1 209	-	-
Realised capital loss	24 376	24 599	24 376	24 599
Prepayments	(195)	(1 023)	178	-
Tax losses available for set off against future taxable income	70 816	59 776	-	-
Cash flow hedge reserve	11 697	7 470	-	-
	23 328	(20 758)	(22 786)	(23 902)

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.

	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
The total net deferred tax asset/(liability) comprises:				
Deferred tax asset	59 814	24 635	65 878	56 574
Deferred tax liability	(36 486)	(45 393)	(88 664)	(80 476)
	23 328	(20 758)	(22 786)	(23 902)
Deferred tax comprises:				
Deferred tax assets				
Deferred tax assets recoverable within 12 months	50 292	40 793	32 057	23 886
Deferred tax assets recoverable after 12 months	119 401	84 375	33 642	24 599
Deferred tax liabilities				
Deferred tax liabilities payable within 12 months	(1 998)	(1 023)	(1 517)	(1 881)
Deferred tax liabilities payable after 12 months	(144 367)	(144 903)	(87 146)	(70 506)
	23 328	(20 758)	(22 964)	(23 902)
Reconciliation of deferred tax asset/(liability)				
Balance at the beginning of the year	(20 758)	(16 607)	(23 902)	(21 877)
Charge to profit or loss	42 531	(10 963)	6 887	1 101
Acquired or disposed of in business combinations	-	(5 266)	-	(5 161)
Debit to other comprehensive income	1 555	12 078	(5 771)	1 989
Realisation of deferred tax on revaluation reserve	-	-	-	46
Balance at the end of the year	23 328	(20 758)	(22 786)	(23 902)

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 R12 493 721 (2022: R11 838 748) and Company Rnil (2022: Rnil).

12 Inventories

	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
Farming requisites and merchandise	459 085	428 972	392 562	369 209
Wool and mohair inventory	127 806	128 344	47 872	68 093
Fruit inventory	181 154	170 204	-	-
Grain inventory	744	5 702	-	-
Sugar inventory	51 298	24 051	-	-
Consumables	26 954	30 095	7 965	9 227
	847 041	787 368	448 399	446 529
Provision for obsolete, slow moving and defective stock	(19 457)	(12 293)	(19 082)	(12 010)
	827 584	775 075	429 317	434 519
Inventory included at net realisable value	27 414	19 147	13 331	13 797
Grain inventory included at market value	691	-	-	-

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

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	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
13 Other financial assets/(liabilities)				
Foreign exchange contracts				
Foreign exchange contracts (financial asset)	1 522	-	-	-
Foreign exchange contracts (financial liability)	(9 291)	(17 767)	-	-
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.	(5 525)	(13 971)	-	-
Net financial (liability)/asset	(13 294)	(31 738)	-	-
Current assets	1 522	-	-	-
Current liabilities	(14 816)	(31 738)	-	-
	(13 294)	(31 738)	-	-

14 Cash and cash equivalents

	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
For the purposes of the statement of cash flows, cash and cash equivalents comprise of the following:				
Cash on hand	465	833	419	349
Bank balances	34 148	64 945	7 393	15 052
Bank overdrafts	(4 066)	(17 963)	(4 027)	(343)
Net cash and cash equivalents	30 547	47 815	3 785	15 058
Current assets	34 613	65 778	7 812	15 401
Current liabilities	(4 066)	(17 963)	(4 027)	(343)
	30 547	47 815	3 785	15 058

The Group has structured its overdraft and borrowing facilities 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.

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	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
15 Assets/(liabilities) classified as held for sale				
Reconciliation of assets				
Balance at the beginning of the year	19 157	10 957	-	10 957
Additions	44 976	19 157	-	-
Derecognised	(16 484)	(10 957)	-	(10 957)
Transferred to property, plant and equipment	(2 673)	-	-	-
Balance at the end of the year	44 976	19 157	-	-
Assets classified as held for sale				
Billsons Coutts - Cecilia Square building	-	19 157	-	-
PaKHouse Foods - plant and equipment associated with discontinued operations (see note 29)	32 951	-	-	-
Grainco - plant and equipment associated with discontinued operations (see note 29)	12 025	-	-	-
	44 976	19 157	-	-
Reconciliation of liabilities				
Balance at the beginning of the year	-	(9 319)	-	(9 319)
Lease terminated	-	9 319	-	9 319
Balance at the end of the year	-	-	-	-

The BKB Limited board of directors approved the plan to market and sell the Cecilia Square building. At 30 June 2023 only one unit is left and occupied by the Group. The unit was transferred from assets held for sale to property, plant and equipment.

The BKB Limited board of directors approved the plan to market and sell the PaKHouse Foods (previously Desert Raisins) production and ancillary assets, as well as the AlphaAlfa lucerne press in Grainco. At year-end, the Group has entered into a sale agreement to sell the Desert Raisins (PaKHouse Foods) production and ancillary assets. These PaKHouse Foods and Grainco assets are expected to be sold by 30 June 2024 and were remeasured to fair value less cost to sell.

	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
16 Share Capital				
Authorised				
200 000 000 (2022: 200 000 000) Ordinary shares with no par value				
Issued				
88 407 075 (2022: 88 407 075) Ordinary shares with no par value	4 420	4 420	4 420	4 420

	Group 2023 Number	Group 2022 Number	Company 2023 Number	Company 2022 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:

	2023 Number	2022 Number
Reconciliation of number of shares in issue		
Balance at the beginning of the year	9 801 852	9 551 852
Acquired by the Trust	545 871	250 000
Disposed of by the Trust	(90 743)	-
Balance at the end of the year	10 256 980	9 801 852

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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 and 2023 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	
	2023 Number	2022 Number	2023 Number	2022 Number
Movements in number of shares awarded				
Balance at the beginning of the year	194 868	98 599	194 868	98 599
Granted	97 756	100 683	97 756	100 683
Forfeited	-	(4 414)	-	(4 414)
Balance at the end of the year	292 624	194 868	292 624	194 868
Share awards outstanding that is expected to vest in the following years, conditional on continued employment:				
Year ending 30 June 2024	143 316	112 147	143 316	112 147
Year ending 30 June 2025	93 248	82 721	93 248	82 721
Year ending 30 June 2026	56 060	-	56 060	-
	292 624	194 868	292 624	194 868

	Group		Company	
	2023 R	2022 R	2023 R	2022 R
IFRS 2 share based payment charge	790 630	828 704	611 885	535 047

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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	
	2023 Number	2022 Number	2023 Number	2022 Number
Movements in number of shares awarded				
Balance at the beginning of the year	599 867	224 209	599 867	224 209
Granted	442 389	382 725	442 389	382 725
Vested	(86 784)	-	(86 784)	-
Forfeited	-	(7 067)	-	(7 067)
Balance at the end of the year	955 472	599 867	955 472	599 867
Share awards outstanding that is expected to vest in the following years, conditional on continued employment:				
Year ending 30 June 2024	625 646	445 171	625 646	445 171
Year ending 30 June 2025	284 308	154 696	284 308	154 696
Year ending 30 June 2026	45 518	-	45 518	-
	955 472	599 867	955 472	599 867

	Group		Company	
	2023 R	2022 R	2023 R	2022 R
IFRS 2 share based payment charge	4 481 022	3 662 752	3 212 570	2 677 011

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	
	2023	2022	2023	2022
Spot price per share at grant date (cents)	1 020	1 110	570	1 090
Discounted cash flow (DCF) valuation per share (cents)	928	1 019	938	1 132
Risk free rate (%)	7.8%	5.7%	8.3%	7.7%
Dividend yield (%)	4.3%	3.9%	3.0%	4.3%
Option life (years)	4	4	4	4
Forfeiture rate (%)	9.1%	9.1%	9.1%	9.1%
Volatility (%)	40.6%	35.2%	34.7%	40.8%
Fair value per share at grant date (cents)	857	950	938	1 019

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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18 Borrowings

	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
Held at amortised cost				
Secured				
ABSA Bank Limited: Borrowing base loan facility The Group restructured its borrowing facilities during the previous 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.	369 221	292 698	369 221	292 698
First National Bank Limited: Borrowing base loan facility The Group restructured its borrowing facilities during the previous 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.	369 221	292 698	369 221	292 698
ABSA Bank Limited: Term loan The SPV includes a term loan which is repayable in monthly instalments of R1 296 308 (2022: R1 093 086) 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.	79 024	85 345	79 024	85 345
First National Bank Limited: Term loan The SPV includes a term loan which is repayable in monthly instalments of R1 296 308 (2022: R1 093 086) 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.	79 025	85 346	79 025	85 346
Standard Bank Limited: Term loan The term loan relates to Hoëveld Veilingsentrum (Pty) Ltd. It is repayable in monthly instalments of R367 360 (2022: Rnil) and is repayable in 49 months. It bears interest at a rate linked to prime.	15 977	-	-	-
Instalment sale agreements	25 115	42 454	-	-
	937 583	798 541	896 491	756 087
Non-current liabilities	162 693	180 026	144 530	157 815
Current liabilities	774 890	618 515	751 961	598 272
	937 583	798 541	896 491	756 087

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.

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18 Borrowings (continued)

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

Notarial covering bonds over movable assets (including inventory) of BKB Limited, BKB Pinnacle Fibres (Pty) Ltd, Grainco (Pty) Ltd, AlphaAlfa (Pty) Ltd, PaKHouse Foods (Pty) Ltd (previously 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, PaKHouse Foods (Pty) Ltd, Atlanta Sugar SA (Pty) Ltd, BKB Pinnacle Fibres (Pty) Ltd, The House of Fibre (Pty) Ltd, BKBLouwid (Pty) Ltd, BKB Van Wyk (Pty) Ltd). Refer to Note 10.

The Obligors signed unlimited surety as guarantee for the SPV facilities. The Obligors are BKB Limited, BKB Pinnacle Fibres (Pty) Ltd, The House of Fibre (Pty) Ltd, BKBLouwid (Pty) Ltd, BKB Van Wyk (Pty) Ltd, BKB Distribution Centre (Pty) Ltd, PaKHouse Brands (Pty) Ltd, Grainco Group Holdings (Pty) Ltd, Grainco (Pty) Ltd, AlphaAlfa (Pty) Ltd, Gritco Properties (Pty) Ltd, Pakhouse Fruits Holdings (Pty) Ltd, PaKHouse Foods (Pty) Ltd, Shearwater Logistics (Pty) Ltd, Atlanta Sugar (Pty) Ltd, Atlanta Sugar SA (Pty) Ltd, Atlanta Investments (Pty) Ltd, Atlanta Products (Pty) Ltd, Oceanic Swaziland (Pty) Ltd.

The Group notified its lenders in advance of a likely breach in respect of profit related loan covenants. Both these covenants measure affordability and are met when excluding the effects of discontinued operations. The Group has sufficient credit lines and liquidity for the foreseeable future and enjoys the continued support of its lenders. Refer to Note 41.2.

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 R8 224 and R1 658 723 (2022: R5 203 and R1 611 238).

	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
Minimum instalments due				
- within one year	20 859	21 679	-	-
- in second to fifth year inclusive	6 737	24 507	-	-
	27 596	46 186	-	-
Less: future finance charges	(2 481)	(3 732)	-	-
Present value of instalments	25 115	42 454	-	-
Present value of minimum instalments				
- within one year	18 521	20 243	-	-
- in second to fifth year inclusive	6 594	22 211	-	-
	25 115	42 454	-	-
Instalment sale security				
Motor vehicles	683	4 592	-	-
Plant and machinery	41 206	63 901	-	-
	41 889	68 493	-	-

Refer to Note 33 'Changes in liabilities arising from financing activities' for details of the movement in the borrowings during the reporting period and Note 41 'Financial instruments and financial risk management' for the fair value of borrowings.

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19 Provisions

	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
Long term provisions				
Provision for service bonus				
Balance at the beginning of the year	8 809	8 295	8 809	8 295
Additions	523	1 155	489	1 155
Utilised during the year	(655)	(641)	(656)	(641)
Balance at the end of the year	8 677	8 809	8 642	8 809

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

20 Trade and other payables

	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
Financial Instruments:				
Trade creditors	566 024	501 055	250 903	241 980
Other accrued expenses	25 235	20 997	12 461	7 321
Other payables	22 026	21 368	22 253	19 907
Non-financial Instruments:				
Accrued bonus	17 629	26 287	12 491	17 924
Accrued leave pay	26 514	25 933	20 222	16 874
Amounts received in advance	2 386	3 200	-	-
VAT	7 563	10 650	-	-
	667 377	609 490	318 330	304 006

21 Loans from group companies

	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
The House of Fibre (Pty) Ltd	-	-	-	2 217
Lihoai Consultancy (Pty) Ltd	-	-	4 121	3 748
BKB Shearing (Pty) Ltd	-	-	-	480
Home and Hectare (Pty) Ltd	-	-	10 441	9 107
BKB Van Wyk (Pty) Ltd	-	-	5	-
PaKHouse Brands (Pty) Ltd	-	-	11 464	6 988
Grainco Group Holdings (Pty) Ltd	-	-	-	3 684
Grainco (Pty) Ltd	-	-	1 877	-
Atlanta Sugar SA (Pty) Ltd	-	-	-	29 103
	-	-	27 908	55 327

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

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22 Revenue

Revenue	Revenue from contracts with customers			Other revenue		Total
Timing of revenue recognition	At a point in time		Over time			
Principal vs agent	Principal	Agent	Principal			
	Sale of goods R'000	Commission received R'000	Rendering of services R'000	Rental income R'000	Interest received R'000	R'000
Group - 2023						
Natural fibre	1 222 031	132 094	104 015	20	13 388	1 471 548
Retail and fuel	2 189 970	-	8 858	1 691	16 592	2 217 111
Livestock and properties	-	230 065	-	2 700	29 475	262 240
Leasing of properties	-	-	-	3 709	-	3 709
Grains	865 037	-	70 069	-	1 376	936 482
Consumer goods	1 003 955	-	-	-	-	1 003 955
All other segments	-	-	2 569	-	3 092	5 661
	5 280 993	362 159	185 511	8 120	63 923	5 900 706
Group - 2022						
Natural fibre	906 203	135 870	161 797	37	8 857	1 212 764
Retail and fuel	2 061 871	-	7 566	1 481	10 472	2 081 390
Livestock and properties	-	261 235	-	2 530	9 784	273 549
Leasing of properties	-	-	-	3 481	-	3 481
Grains	754 421	721	65 980	68	1 008	822 198
Consumer goods	847 471	-	-	-	-	847 471
All other segments	31 145	-	1 702	-	2 021	34 868
	4 601 111	397 826	237 045	7 597	32 142	5 275 721
Company - 2023						
Natural fibre	470 016	116 437	104 663	20	12 770	703 906
Retail and fuel	2 179 259	-	8 858	1 691	16 451	2 206 259
Livestock and properties	-	188 874	-	37	28 535	217 446
Leasing of properties	-	-	-	1 996	-	1 996
All other segments	-	-	-	-	3 092	3 092
	2 649 275	305 311	113 521	3 744	60 848	3 132 699
Company - 2022						
Natural fibre	521 790	118 160	161 189	37	8 579	809 755
Retail and fuel	2 061 871	-	7 566	1 481	10 472	2 081 390
Livestock and properties	-	83 350	-	-	4 630	87 980
Leasing of properties	-	-	-	2 172	-	2 172
All other segments	-	-	-	-	2 021	2 021
	2 583 661	201 510	168 755	3 690	25 702	2 983 318

23 Cost of sales

	Cost of goods sold R'000	Labour and other employee benefit costs R'000	Depreciation and amortisation R'000	Total R'000
Group - 2023				
Natural fibre	1 076 598	-	-	1 076 598
Retail and fuel	1 979 500	-	-	1 979 500
Grains	737 624	11 052	15 390	764 066
Consumer goods	893 020	-	1 311	894 331
	4 686 742	11 052	16 701	4 714 495
Group - 2022				
Natural fibre	817 331	-	-	817 331
Retail and fuel	1 837 706	-	-	1 837 706
Grains	616 533	10 040	14 746	641 319
Consumer goods	769 667	-	1 317	770 984
All other segments	23 664	2 270	-	25 934
	4 064 901	12 310	16 063	4 093 274
Company - 2023				
Natural fibre	394 037	-	-	394 037
Retail and fuel	1 976 630	-	-	1 976 630
	2 370 667	-	-	2 370 667
Company - 2022				
Natural fibre	462 083	-	-	462 083
Retail and fuel	1 843 061	-	-	1 843 061
	2 305 144	-	-	2 305 144

24 Other operating income

	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
Management fees from subsidiary companies	-	-	314	914
Profit on sale of own use property	484	-	421	-
Profit on sale of investment property	-	4 766	-	-
Profit on sale of plant and equipment	-	-	-	1 098
Profit on sale of subsidiary	-	16 918	-	-
Bad debts recovered	2 211	1 547	2 193	1 541
Fair value gains on property	1 476	4 532	1 476	-
Cash discounts received	9 120	8 921	8 591	8 324
Foreign exchange gains - hedge related	8 308	5 712	240	335
Foreign exchange gains - non-hedge related	-	189	-	29
Gain on modification of lease liability	153	3 292	(59)	2 598
Tax incentives	1 062	1 877	849	1 336
Other	14 402	7 816	13 753	6 894
	37 216	55 570	27 778	23 069

25 Operating profit

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

	2023 Operational expenses R'000	2023 Admin expenses R'000	2023 Total R'000	2022 Operational expenses R'000	2022 Admin expenses R'000	2022 Total R'000
Auditor's remuneration - external						
Group						
Approved audit fees	-	4 657	4 657	-	4 559	4 559
Adjustment for previous year	-	1 081	1 081	-	310	310
Tax and advisory services	-	382	382	-	882	882
	-	6 120	6 120	-	5 751	5 751
Company						
Approved audit fees	-	2 696	2 696	-	2 637	2 637
Adjustment for previous year	-	311	311	-	291	291
Tax and advisory services	-	31	31	-	812	812
	-	3 038	3 038	-	3 740	3 740
Employee costs						
Group						
Salaries, wages, bonuses and other benefits	357 452	45 752	403 204	372 209	46 627	418 836
Share-based payment	2 451	2 821	5 272	2 144	2 347	4 491
Commission agents paid	52 481	-	52 481	56 081	-	56 081
Training and other expenses	11 841	2 337	14 178	11 318	2 298	13 616
Provision for service bonus	334	189	523	801	354	1 155
Retirement benefit plans: defined contribution expense	4 234	62	4 296	5 680	77	5 757
	428 793	51 161	479 954	448 233	51 703	499 936
Company						
Salaries, wages, bonuses and other benefits	269 428	45 752	315 180	222 550	46 626	269 176
Share-based payment	1 003	2 821	3 824	865	2 347	3 212
Commission agents paid	32 784	-	32 784	19 502	-	19 502
Training and other expenses	9 206	2 337	11 543	5 973	2 298	8 271
Provision for service bonus	300	189	489	801	354	1 155
Retirement benefit plans: defined contribution expense	3 040	62	3 102	2 895	77	2 972
	315 761	51 161	366 922	252 586	51 702	304 288

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25 Operating profit (continued)

Expenses by nature

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

Group	2023 Operational expenses R'000	2023 Admin expenses R'000	2023 Total R'000	2022 Operational expenses R'000	2022 Admin expenses R'000	2022 Total R'000
Advertising expense	25 752	-	25 752	21 482	-	21 482
Audit fees	-	5 738	5 738	-	4 869	4 869
Bank charges	-	17 403	17 403	-	22 903	22 903
Bad debts	14 540	-	14 540	13 987	-	13 987
Commission paid	15 208	-	15 208	56 555	-	56 555
Computer expenses	-	32 724	32 724	(2 157)	32 223	30 066
Depreciation	38 666	2 457	41 123	36 203	2 824	39 027
Amortisation	3 612	-	3 612	4 415	-	4 415
Employee costs	428 793	51 161	479 954	448 233	51 703	499 936
Fair value losses on property	6 369	-	6 369	-	-	-
Foreign exchange losses - hedge related	-	23	23	-	102	102
Foreign exchange losses - non-hedge related	2 546	-	2 546	-	122	122
Impairment of intangible assets	7 432	-	7 432	5 435	-	5 435
Impairment of property, plant and equipment	5 470	-	5 470	-	-	-
Loss on of disposal group previously held for sale	-	-	-	1 638	-	1 638
Insurance cost net of recoveries	4 234	192	4 426	5 270	199	5 469
Lease charges	9 917	1 691	11 608	12 588	1 552	14 140
Legal expenses	-	815	815	-	3 964	3 964
Loss on sale of plant and equipment	1 519	87	1 606	65	34	99
Loss on sale of property	-	-	-	236	-	236
Losses on products	8 237	-	8 237	10 092	-	10 092
Non-executive directors' fees	-	3 591	3 591	-	3 211	3 211
Pressing and storage costs	19 215	-	19 215	23 696	-	23 696
Professional consulting fees	17 653	-	17 653	16 183	-	16 183
Property tax	5 730	-	5 730	5 602	-	5 602
Repairs and maintenance	25 512	(24)	25 488	29 181	7	29 188
Security	-	9 252	9 252	-	8 172	8 172
Shearing food allowance	-	-	-	2 717	-	2 717
Subsistence and travel	15 405	-	15 405	16 014	-	16 014
Telephone and postage	-	8 938	8 938	-	9 349	9 349
Transport	78 899	-	78 899	62 188	-	62 188
Vehicle costs	45 470	-	45 470	41 094	-	41 094
Water and electricity	15 029	31	15 060	13 322	32	13 354
Other	9 477	18 648	28 125	13 151	18 285	31 436
	804 685	152 727	957 412	837 190	159 551	996 741

Impairment of financial assets	2023 R'000	2022 R'000
Impairment of financial assets - specific	13 702	7 676
Impairment of financial assets - general	480	(5 182)
	14 182	2 494
Loss from equity accounted investments	493	161

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25 Operating profit (continued)

Expenses by nature (continued)

Company	2023 Operational expenses R'000	2023 Admin expenses R'000	2023 Total R'000	2022 Operational expenses R'000	2022 Admin expenses R'000	2022 Total R'000
Advertising expense	15 963	-	15 963	15 210	-	15 210
Audit fees	-	3 007	3 007	-	2 928	2 928
Bank charges	-	10 995	10 995	-	17 134	17 134
Bad debts	5 221	-	5 221	11 783	-	11 783
Commission paid	9 847	-	9 847	50 983	-	50 983
Computer expenses	-	27 773	27 773	-	25 133	25 133
Depreciation	29 150	2 457	31 607	20 976	2 824	23 800
Amortisation	3 612	-	3 612	2 774	-	2 774
Employee costs	315 761	51 161	366 922	252 586	51 702	304 288
Fair value losses on property	6 369	-	6 369	-	-	-
Impairment of intangible assets	7 432	-	7 432	1 888	-	1 888
Loss on of disposal group previously held for sale	-	-	-	1 638	-	1 638
Insurance cost net of recoveries	(1 654)	192	(1 462)	(996)	199	(797)
Lease charges	8 442	1 691	10 133	5 061	1 552	6 613
Legal expenses	-	1 690	1 690	-	2 167	2 167
Loss on sale of plant and equipment	(16)	87	71	-	-	-
Loss on sale of property	-	-	-	236	-	236
Losses on products	5 674	-	5 674	8 265	-	8 265
Management fees	868	-	868	25 488	-	25 488
Non-executive directors' fees	-	3 591	3 591	-	3 211	3 211
Pressing and storage costs	12 509	-	12 509	10 610	-	10 610
Professional consulting fees	23 879	-	23 879	23 926	-	23 926
Property tax	5 146	-	5 146	4 531	-	4 531
Repairs and maintenance	13 124	4	13 128	15 856	7	15 863
Security	-	5 103	5 103	-	3 919	3 919
Shearing food allowance	-	-	-	2 717	-	2 717
Subsistence and travel	10 703	-	10 703	10 597	-	10 597
Telephone and postage	-	7 245	7 245	-	6 134	6 134
Transport	7 144	-	7 144	5 202	-	5 202
Vehicle costs	39 944	-	39 944	29 194	-	29 194
Water and electricity	13 222	31	13 253	10 934	32	10 966
Other	14 363	14 018	28 381	12 256	12 982	25 238
	546 703	129 045	675 748	521 715	129 924	651 639

Impairment of financial assets	2023 R'000	2022 R'000
Impairment of financial assets - specific	14 626	4 150
Impairment of financial assets - general	727	(1 243)
Impairment of loans to group companies	8 455	4 609
	23 808	7 516
Loss from equity accounted investments	(16)	-

	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
26 Finance income				
Bank and other cash	2 818	1 994	1 682	463
Other financial assets	1 457	1 180	583	599
Loans to group companies:				
Subsidiaries	-	-	70 747	42 355
	4 275	3 174	73 012	43 417
27 Finance costs				
Interest paid borrowings	71 808	39 933	96 554	52 892
Interest paid leases	7 805	5 902	4 337	3 546
Loans from group companies:				
Subsidiaries*	-	-	1 560	2 000
	79 613	45 835	102 451	58 438

* Group finance costs include R41,1 million (2022: R22,1 million) relating to internal recovery of discontinued operations' borrowing costs.

	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
28 Taxation				
Current				
Local income tax - current period	50 347	40 115	25 368	12 113
Local income tax - recognised in current tax for prior periods	444	4	1 086	-
Withholding tax	1 711	2 703	491	463
	52 502	42 822	26 945	12 576
Deferred				
Originating and reversing temporary differences	1 597	16 945	(6 136)	(1 101)
Arising from prior period adjustments	(565)	330	(751)	-
	1 032	17 275	(6 887)	(1 101)
	53 534	60 097	20 058	11 475
Reconciliation of the tax expense				
Accounting profit	176 002	195 960	205 658	154 481
Tax at the applicable tax rate of 27% (2022: 28%)	47 521	54 869	55 528	43 255
Tax effect of adjustments on taxable income				
Under provision - prior year	444	4	1 086	-
Deferred taxation - prior year	(565)	330	(751)	-
Exempt income	(1 772)	(5 854)	(39 835)	(36 449)
Income taxed not included in profit or loss	1 256	-	-	-
Expenses not deductible for tax purposes	4 700	5 709	4 178	4 765
Withholding tax	1 711	2 703	491	463
Special income tax allowances	(962)	(1 348)	(861)	(1 225)
Capital gains tax rate differential	226	(270)	222	(3)
Income taxed at different rate	253	248	-	-
Deferred tax asset not raised	722	2 171	-	-
Additions through combinations of entities under common control	-	-	-	(435)
Deferred tax: change in corporate tax rate	-	1 535	-	1 104
	53 534	60 097	20 058	11 475
Discontinued operations				
Loss from discontinued operations	(43 563)	(6 312)	-	-
Estimated tax losses carried forward				
Estimated tax losses to be set off against future taxable profit	262 279	233 230	-	-

29 Discontinued operations

The Group decided to close and exit the maize meal milling operations at Bultfontein during the year as the area is no longer a prominent yellow maize growing area. The mill and production assets were sold and activities were ceased during September 2022. These operations form part of the Grains segment.

The Group further decided to discontinue the loss-making Desert Raisins business in Kanoneiland, as well as the lucerne press operation in Kimberley during the year (lucerne trading to continue). The Group has made a decision to sell the production and ancillary assets of Desert Raisins as well as the lucerne press. Accordingly, these assets were reclassified as held for sale at year-end. This operation forms part of the Consumer Goods segment.

The financial performance of these discontinued operations was as follows:

Summarised statement of profit or loss	Bultfontein	Desert Raisins	Lucerne Press	Total
Group - 2023	R'000	R'000	R'000	R'000
Revenue	103 397	316 640	50 632	470 669
Interest revenue	85	-	-	85
Total revenue	103 482	316 640	50 632	470 754
Cost of sales	(103 553)	(288 788)	(49 299)	(441 640)
Gross profit/(loss)	(71)	27 852	1 333	29 114
Other operating income	(30)	15 971	1 715	17 656
Operational expenses	(20 202)	(102 550)	(26 865)	(149 617)
Administrative expenses	(973)	(4 152)	(1 058)	(6 183)
Impairment of financial assets	(606)	(5 772)	-	(6 378)
Operating loss	(21 882)	(68 651)	(24 875)	(115 408)
Finance income	207	84	-	291
Finance costs	(2 636)	(34 227)	(4 197)	(41 060)
Loss before taxation	(24 311)	(102 794)	(29 072)	(156 177)
Income tax credit	6 564	29 149	7 850	43 563
Loss for the year	(17 747)	(73 645)	(21 222)	(112 614)
Group - 2022				
Revenue	421 880	291 907	104 278	818 065
Total revenue	421 880	291 907	104 278	818 065
Cost of sales	(390 706)	(252 962)	(72 613)	(716 281)
Gross profit	31 174	38 945	31 665	101 784
Other operating income	209	11 305	3 693	15 207
Operational expenses	(37 485)	(47 704)	(26 784)	(111 973)
Administrative expenses	(2 146)	(3 585)	(1 022)	(6 753)
(Impairment)/reversal of impairment of financial assets	(435)	548	-	113
Operating (loss)/profit	(8 683)	(491)	7 552	(1 622)
Finance income	273	-	-	273
Finance costs	(5 593)	(14 008)	(3 379)	(22 980)
(Loss)/profit before taxation	(14 003)	(14 499)	4 173	(24 329)
Income tax credit/(expense)	3 921	3 559	(1 168)	6 312
(Loss)/profit for the year	(10 082)	(10 940)	3 005	(18 017)

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29 Discontinued operations (continued)

	Desert Raisins 2023 R'000	Desert Raisins 2022 R'000
Other comprehensive (loss)/income:		
Items that will not be reclassified to profit or loss:		
Movement in reserve on revaluation of properties	(8 379)	3 326
(Losses)/gains on property revaluations	(11 478)	4 556
Income tax relating to items that will not be reclassified	3 099	(1 230)
Items that will be reclassified to profit or loss:		
Movement in cash flow hedge reserve	(2 646)	(10 565)
Fair value adjustments to cash flow hedge reserve	(28 539)	(15 191)
Reclassification to revenue	5 023	828
Reclassification to profit or loss	19 891	-
Income tax relating to items that may be reclassified	979	3 798
Total comprehensive loss for the year	(11 025)	(7 239)
Summarised statement of cash flow		
Net cash from operating activities	(80 583)	(64 753)
Net cash from investing activities	3 488	(12 770)
Net cash from financing activities	70 280	81 787
Net cash movement for the year	(6 816)	4 264

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30 Earnings per share

30.1 Number of shares and weighted average number of shares

	Group 2023 Number	Group 2022 Number
Number of shares in issue	88 407 075	88 407 075
Weighted average number of treasury shares	(9 764 931)	(9 675 825)
Weighted average number of ordinary shares used for basic earnings per share	78 642 144	78 731 250
Adjusted for:		
Performance shares to be issued	292 624	194 868
Bonus shares to be issued	955 472	599 867
Weighted average number of ordinary shares used for diluted earnings per share	79 890 240	79 525 985

30.2 Basic earnings

	Group 2023 R'000	Group 2022 R'000
Reconciliation of profit for the year to basic earnings		
Profit from continuing operations	122 468	135 863
Adjusted for:		
Non-controlling interest	(609)	(1 233)
Profit from continuing operations attributable to equity holders of the parent	121 859	134 630
Loss from discontinued operations	(112 614)	(18 017)
Profit for the year attributable to equity holders of the parent	9 245	116 613

30.3 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 2023	Group 2022
Basic earnings per share		
Basic earnings per share from continuing operations (c per share)	155.0	171.0
Basic earnings per share from discontinued operations (c per share)	(143.2)	(22.9)
Basic earnings per share (c per share)	11.8	148.1

30.4 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 2023	Group 2022
Diluted earnings per share		
Diluted earnings per share from continuing operations (c per share)	152.6	169.3
Diluted earnings per share from discontinued operations (c per share)	(141.0)	(22.7)
Diluted earnings per share (c per share)	11.6	146.6

NOTES TO THE FINANCIAL STATEMENTS

30 Earnings per share (continued)

30.5 Headline earnings

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 2023 Gross R'000	Group 2023 Net of tax R'000	Group 2022 Gross R'000	Group 2022 Net of tax R'000
Headline earnings/(loss)				
Reconciliation between earnings and headline earnings				
Profit from continuing operations attributable to equity holders of the parent		121 859		134 630
Adjusted for:				
Net loss on sale of property, plant and equipment	1 122	819	535	385
Loss on disposal of non-current asset held for sale	-	-	1 638	1 179
Loss on equity accounted investments	493	360	161	116
Fair value gains on investment property	(1 476)	(862)	(4 532)	(3 263)
Fair value losses on own use property	6 369	4 649	-	-
Impairment of intangible assets	7 432	7 432	5 435	3 913
Impairment of property, plant and equipment	5 470	3 993	-	-
Gain on the sale of subsidiary	-	-	(5 679)	(8 827)
Gain on disposal of investment property	-	-	(4 766)	(3 432)
		138 250		124 702
Reconciliation between earnings and headline earnings				
Loss from discontinued operations		(112 614)		(18 017)
Adjusted for:				
Net loss/(profit) on sale of property, plant and equipment	8 453	6 171	(1 589)	(1 144)
Fair value losses on own use property	10 585	7 727	-	-
Impairment of intangible assets	142	104	-	-
Impairment of property, plant and equipment	27 718	20 234	-	-
		(78 378)		(19 161)
Adjusted profit for the year attributable to equity holders of the parent		59 872		105 541

30.6 Headline earnings per share

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

	Group 2023	Group 2022
Headline earnings per share		
Headline earnings per share from continuing operations (c per share)	175.8	158.4
Headline earnings per share from discontinued operations (c per share)	(99.7)	(24.3)
Headline earnings per share (c per share)	76.1	134.1

30.7 Diluted headline earnings per share

Diluted headline earnings per share is determined by dividing headline earnings by the diluted weighted average number of ordinary share outstanding during a period.

	Group 2023	Group 2022
Diluted headline earnings per share		
Diluted headline earnings per share from continuing operations (c per share)	173.0	156.8
Diluted headline earnings per share from discontinued operations (c per share)	(98.1)	(24.1)
Diluted headline earnings per share (c per share)	74.9	132.7

30.8 Dividends per share

Final (c per share)	42.0	40.0

Dividends amounting to R37 million (2022: R35 million) were paid to shareholders of the Company who were registered on 30 September 2022. No dividends are proposed for the year.

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	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
31 Cash generated from operations				
Profit before taxation	176 002	195 960	205 658	154 481
Adjustments for:				
Bad debts	14 540	13 987	5 221	11 783
Depreciation and amortisation	61 436	59 505	35 219	26 574
Dividend income	-	-	(144 859)	(127 414)
Finance income	(4 275)	(3 174)	(73 012)	(43 417)
Finance costs	79 613	45 835	102 451	58 438
Share based payment expense	4 455	4 491	3 027	3 210
Fair value gains on investment property	(1 476)	(4 532)	(1 476)	-
Fair value losses on own use property	6 369	-	6 369	-
Loss from equity accounted investments	493	161	16	-
Impairment of intangible assets	7 432	5 435	7 432	1 888
Impairment of property, plant and equipment	5 470	-	-	-
Loss on disposal group previously held for sale	-	1 638	-	1 638
Increase in impairment of financial assets	14 182	2 494	15 353	2 907
Increase in impairment of financial assets - loans to group companies	-	-	8 455	4 609
Movement in provision for obsolete stock	7 164	278	7 072	1 597
Losses on products	8 237	9 814	5 674	6 668
Movement in retirement benefit liability	(1 898)	(494)	(1 898)	(494)
Movement in provision for service bonus	(132)	514	(167)	514
Movement in derivatives	(22 362)	(29 615)	-	(483)
Disposal of right-of-use asset and lease liability	(153)	(2 391)	59	(1 351)
Net loss/(profit) on sale of property, plant and equipment	1 122	535	(350)	(862)
Net profit on sale of investment property	-	(4 766)	-	-
Profit on sale of subsidiary	-	(16 918)	-	-
Discontinued operations (Note 29):				
Loss before taxation	(156 177)	(24 329)	-	-
Depreciation and amortisation	11 345	12 979	-	-
Finance income	(291)	(273)	-	-
Finance costs	41 060	22 980	-	-
Increase/(decrease) in impairment of financial assets	6 378	(112)	-	-
Impairment of intangible assets	142	-	-	-
Impairment of property, plant and equipment	27 718	-	-	-
Fair value losses on own use property	10 585	-	-	-
Movement in derivatives	(3 625)	(14 363)		
Net loss/(profit) on sale of property, plant and equipment	8 453	(1 389)	-	-
Changes in working capital				
Increase in inventories	(67 910)	(74 720)	(7 544)	(71 867)
Increase in current trade and other receivables	(139 815)	(53 727)	(184 025)	(97 778)
(Decrease)/increase in derivative financial instruments	(8 446)	34 670	-	-
Increase in trade and other payables	57 887	18 855	14 324	34 700
Acquisition of working capital through business combinations (Note 35)	10 433	(136)	8 384	-
Additions through combinations of entities under common control (Note 36)	-	-	62 458	52 892
	153 956	199 192	73 841	18 233

32 Tax paid

	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
Balance payable at the beginning of the year	(3 094)	(1 139)	(3 039)	(230)
Charged to profit or loss	(52 502)	(42 822)	(26 945)	(12 576)
Additions through combinations of entities under common control (Note 36)	-	-	208	(1 286)
Balance payable at the end of the year	2 781	3 094	632	3 039
	(52 815)	(40 867)	(29 144)	(11 053)

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33 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 - 2023				
Opening balance	-	798 541	58 345	856 886
Acquisitions - leases	-	-	51 072	51 072
Leases terminated	-	-	(2 483)	(2 483)
Other charges				
Interest expense	-	91 619	9 467	101 086
Interest payments (presented as operating cash flows)	-	(91 619)	(7 425)	(99 044)
Cash flows				
Proceeds from borrowings	-	872 000	-	872 000
Repayments	-	(732 958)	(13 743)	(746 701)
Closing balance	-	937 583	95 233	1 032 816
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
Company - 2023				
Opening balance	55 327	756 087	35 037	846 451
Acquisitions - leases	-	-	18 265	18 265
Leases terminated	-	-	(865)	(865)
Cash flows - Additions through combinations of entities under common control (Note 36)	-	-	981	981
Other charges				
Interest expense	1 560	86 827	4 337	92 724
Interest payments (presented as operating cash flows)	(1 560)	(86 827)	(4 337)	(92 724)
Cash flows				
Proceeds from borrowings	168 803	854 000	-	1 022 803
Repayments	(196 222)	(713 596)	(8 889)	(918 707)
Closing balance	27 908	896 491	44 529	968 928
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 (Note 36)	-	-	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

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 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
34 Dividends paid				
Dividends	(33 029)	(31 542)	(33 029)	(35 363)
35 Business combinations				
Aggregated business combinations				
Property, plant and equipment	2 649	8 365	2 649	7 850
Client lists and relationships	27 129	19 934	27 129	19 934
Brand names	968	-	968	-
Investment in subsidiaries	-	-	3 001	-
Inventories	10 758	-	10 699	-
Trade and other receivables	11 908	-	9 636	-
Deferred tax liability	-	(5 161)	-	(5 161)
Trade and other payables	(12 233)	(136)	(11 951)	-
Total identifiable net assets	41 179	23 002	42 131	22 623
Non-controlling interest	-	34	-	-
Goodwill	9 275	15 766	6 275	11 721
	50 454	38 802	48 406	34 344
Acquisition date fair value of consideration paid				
Cash	(46 692)	(34 352)	(47 035)	(29 894)
Contingent consideration arrangement	(3 762)	(4 450)	(1 371)	(4 450)
	(50 454)	(38 802)	(48 406)	(34 344)

Provident Group

On 20 February 2023 the Group acquired the Provident group of companies, a provider of agriculture and animal health services in the Transkei region. The acquisition comprised acquiring the assets and liabilities of Cowdens Medicine Centre, with branches in Engcobo, Idutywa and Mthatha, as well as of Provident Animal Health with a retail branch In East London. The group also acquired 100% of the shares in Farmervet (a veterinary wholesaler based in East London).

Goodwill of R 8 525 000 arising from the acquisition consists largely of the returns expected from incorporating the former Kei region 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.

	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
Fair value of assets acquired and liabilities assumed				
Property, plant and equipment	2 378	-	2 378	-
Client lists and relationships	27 129	-	27 129	-
Brand names	968	-	968	-
Investment in subsidiaries	-	-	3 001	-
Inventories	10 758	-	10 699	-
Trade and other receivables	11 908	-	9 636	-
Trade and other payables	(12 233)	-	(11 951)	-
Total identifiable net assets	40 908	-	41 860	-
Goodwill	8 525	-	5 525	-
	49 433	-	47 385	-
Acquisition date fair value of consideration paid				
Cash	(45 671)	-	(46 014)	-
Consideration outstanding	(3 762)	-	(1 371)	-
	(49 433)	-	(47 385)	-

35 Business combinations (continued)

Provident Group (continued)

Consideration outstanding

The purchase agreement requires BKB to pay the seller the actual debtors balances collected within 180 days of the acquisition date. BKB will recede to the seller the debtors balances which have not been collected after this period. At year-end the group has collected R8 145 425 of these debtors, and expects to collect or recede to the seller the remaining amounts. The gross fair value of debtors acquired was R9 635 964 within BKB Ltd and R2 271 454 within Farmervet.

Financial Results included in the financial statements from 20 February 2023 to 30 June 2023:

	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Revenue	42 613	-	28 255	-
Profit before tax	1 304	-	1 134	-

KLK livestock division

On 1 July 2022 the Group acquired the Stud Division department of KLK.

Goodwill of R750 000 arising from the acquisition consist largely of the returns expected from incorporating Stud Division operations in the Northern Cape, where BKB has not previously enjoyed a significant footprint.

	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Fair value of assets acquired and liabilities assumed				
Property, plant and equipment	271	-	271	-
Total identifiable net assets	271	-	271	-
Goodwill	750	-	750	-
	1 021	-	1 021	-
Acquisition date fair value of consideration paid				
Cash	(1 021)	-	(1 021)	-
	(1 021)	-	(1 021)	-

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.

	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 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)

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35 Business combinations (continued)

GWK livestock division (continued)

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 (2022: from 1 November 2021 to 30 June 2022):

	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Revenue	34 392	22 378	34 392	22 378
Profit before tax	4 288	4 074	4 288	4 074

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 Northern Cape regions. No intangible assets were identified which require separate recognition.

	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 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	
	2023 R'000	2022 R'000	2023 R'000	2022 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)

35 Business combinations (continued)

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.

	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 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)	-	-

36 Transactions in respect of subsidiaries

36.1 Combinations of entities under common control

BKBLouwid

On 1 September 2022 the Company acquired the business of BKBLouwid (Pty) Ltd.

As at 1 September 2022, BKBLouwid (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. BKBLouwid (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 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
Carrying amount of assets acquired and liabilities assumed				
Property, plant and equipment	-	-	19 988	-
Right-of-use assets	-	-	962	-
Goodwill	-	-	335	-
Intangible assets	-	-	5	-
Investment in associates	-	-	778	-
Trade and other receivables	-	-	90 979	-
Current income tax asset	-	-	208	-
Cash and cash equivalents	-	-	881	-
Lease liability			(981)	
Trade and other payables	-	-	(28 521)	-
Total identifiable net assets	-	-	84 634	-
Acquisition date fair value of consideration paid				
Cash	-	-	(84 634)	-
Cash acquired	-	-	881	-
Net cash paid on acquisition	-	-	(83 753)	-

As a result of the transaction, goodwill of R6 541 089 and a reduction in retained earnings of R372 206 relating to the previous at acquisition amounts normally accounted for on consolidation was recognised.

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36 Transactions in respect of subsidiaries (continued)

36.1 Combinations of entities under common control (continued)

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 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
Carrying amount of assets acquired and liabilities assumed				
Property, plant and equipment	-	-	-	8 041
Right-of-use assets	-	-	-	2 435
Goodwill	-	-	-	16 216
Intangible assets	-	-	-	426
Trade and other receivables	-	-	-	73 069
Current income tax liability	-	-	-	(1 286)
Cash and cash equivalents	-	-	-	3 769
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)

36.2 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 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 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	**-**	**-**

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37 Contingencies

During the previous financial year a supplier instituted a claim against Atlanta Products (Pty) Ltd for damages allegedly suffered as a result of a forklift contract terminated by Atlanta without sufficient notice. Based on legal advice, management was of the view that the company will not incur any material loss in respect of the matter. A provision of R1 353 667 (50%) was raised in the previous year in respect of this matter. This was resolved in the current year without any losses.

38 Commitments

	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Authorised capital expenditure				
Not yet contracted for and authorised by board of directors	144 074	127 314	106 116	74 673

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 by executive directors.

39 Related parties

	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Relationships				
Subsidiaries (Note 7)				
Related party balances				
Loan accounts - owing by/(to) related parties				
Loans to key management*	75	5 978	49	83
Loans to group companies (Note 9)	-	-	652 891	574 878
Loans from group companies (Note 21)	-	-	(27 908)	(55 327)
Amounts included in trade receivables/(trade payables) regarding related parties				
BKB Distribution Centre (Pty) Ltd			(2 934)	(2 007)
Farmervet (Pty) Ltd			(3 255)	-
The House of Fibre (Pty) Ltd	-	-	-	20
BKB Pinnacle Fibres (Pty) Ltd	-	-	304	3 616
Lihoai Consultancy (Pty) Ltd	-	-	202	-
BKBLouwid (Pty) Ltd	-	-	-	229
Hoëveld Veilingsentrum (Pty) Ltd	-	-	(51)	(54)
Shift Digital Acceleration (Pty) Ltd	-	-	-	(19)
Atlanta Sugar SA (Pty) Ltd	-	-	-	(52)
Atlanta Products (Pty) Ltd	-	-	813	11
Grainco (Pty) Ltd	-	-	668	(2 412)
AlphaAlfa (Pty) Ltd	-	-	490	82
PaKHouse Foods (Pty) Ltd (previously Desert Raisins (Pty) Ltd)	-	-	487	93
Shearwater Logistics (Pty) Ltd	-	-	73	100
Key management* and directors	1 698	(50)	1 698	(50)

* Key management includes the general managers of the Group.

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39 Related parties (continued)

	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Related party transactions				
Interest received from/(paid to) related parties				
Billsons Coutts (Pty) Ltd	-	-	169	467
BKB Distribution Centre (Pty) Ltd	-	-	1 535	962
Farmervet (Pty) Ltd	-	-	248	-
The House of Fibre (Pty) Ltd	-	-	1 305	561
BKB Pinnacle Fibres (Pty) Ltd	-	-	20 145	9 112
Home and Hectare (Pty) Ltd	-	-	(661)	(415)
BKBLouwid (Pty) Ltd	-	-	165	3 737
BKB Van Wyk (Pty) Ltd	-	-	-	(468)
Hoëveld Veilingsentrum (Pty) Ltd	-	-	1 421	979
Shift Digital Acceleration (Pty) Ltd	-	-	-	(1 011)
RFID Africa Experts (Pty) Ltd	-	-	-	(1 534)
Wool & Mohair Exchange of South Africa NPC	-	-	489	400
PaKHouse Brands (Pty) Ltd	-	-	(455)	105
Atlanta Sugar SA (Pty) Ltd	-	-	1 673	626
Grainco Group Holdings (Pty) Ltd	-	-	(262)	5 271
AlphaAlfa (Pty) Ltd	-	-	7 790	3 527
Grainco (Pty) Ltd	-	-	2 750	5 477
PaKHouse Foods (Pty) Ltd (previously Desert Raisins (Pty) Ltd)	-	-	31 374	11 891
Shearwater Logistics (Pty) Ltd	-	-	1 068	335
BKB Personnel Share Trust	-	-	431	333
Key management* and directors	497	333	66	-
Sales to/(purchases from) related parties				
BKB Distribution Centre (Pty) Ltd	-	-	(38 257)	(27 873)
Farmervet (Pty) Ltd	-	-	(12 199)	-
The House of Fibre (Pty) Ltd	-	-	46 284	62 203
BKB Pinnacle Fibres (Pty) Ltd	-	-	95 979	82 409
Hoëveld Veilingsentrum (Pty) Ltd	-	-	(3 412)	(649)
RFID Africa Experts (Pty) Ltd	-	-	-	(2 694)
Atlanta Sugar SA (Pty) Ltd	-	-	493	-
AlphaAlfa (Pty) Ltd	-	-	(3 400)	(5 742)
Grainco (Pty) Ltd	-	-	(6 874)	(30 625)
Transactions with key management* and directors	2 634	2 593	2 634	2 593
Rent (paid to)/received from related parties				
Billsons Coutts (Pty) Ltd	-	-	(41)	(246)
Home and Hectare (Pty) Ltd	-	-	(15)	4
BKBLouwid (Pty) Ltd	-	-	66	377
BKB Van Wyk (Pty) Ltd	-	-	-	172
Shift Digital Acceleration (Pty) Ltd	-	-	-	96
RFID Africa Experts (Pty) Ltd	-	-	-	362
PaKHouse Brands (Pty) Ltd	-	-	-	11
Wool & Mohair Exchange of South Africa NPC	-	-	(320)	(304)
Grainco (Pty) Ltd	-	-	(484)	-
Service fees (paid to)/received from related parties				
The House of Fibre (Pty) Ltd	-	-	(5 095)	(3 196)
Lihoai Consultancy (Pty) Ltd	-	-	(10 207)	(9 686)
BKB Pinnacle Fibres (Pty) Ltd	-	-	2 633	-
Shift Digital Acceleration (Pty) Ltd	-	-	(1 085)	(2 056)

* Key management includes the general managers of the Group.

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39 Related parties (continued)

Related party transactions (continued)

	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
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	-	-	(59)	149
BKB Shearing (Pty) Ltd - Shearer wages	-	-	787	(24 712)
BKBLouwid (Pty) Ltd	-	-	-	25
BKB Van Wyk (Pty) Ltd	-	-	-	8
Hoëveld Veilingsentrum (Pty) Ltd	-	-	90	150
Lihoai Consultancy (Pty) Ltd	-	-	203	208
RFID Africa Experts (Pty) Ltd	-	-	-	(409)
Dividends received from related parties				
The House of Fibre (Pty) Ltd	-	-	1 414	-
Lihoai Consultancy (Pty) Ltd	-	-	4 685	3 665
Home and Hectare (Pty) Ltd	-	-	684	280
BKBLouwid (Pty) Ltd	-	-	120 704	7 932
BKB Van Wyk (Pty) Ltd	-	-	-	96 130
PaKHouse Brands (Pty) Ltd	-	-	17 372	19 407
Rebate fees received from related parties				
Home and Hectare (Pty) Ltd	-	-	108	914
Compensation to directors and other key management				
Short-term employee benefits	31 433	37 311	27 400	29 440
Termination benefits	-	277	-	206
Share-based payment	5 272	4 491	3 824	3 212
Non-executive directors fees and expenses reimbursed	3 724	3 376	3 724	3 376
	40 429	45 455	34 948	36 234

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 2023 Number	Group 2023 %	Group 2022 Number	Group 2022 %
JE Stumpf	20 750	0.023	-	-
GEJ Kingwill	111 350	0.126	111 350	0.126
EA Meyer	270 498	0.306	200 000	0.226
HJ Swart (Deceased February 2023)	-	-	24 154	0.027
PG Carshagen (Retired November 2022)	-	-	2 820	0.003
CF Fick (Appointed November 2022)	11 150	0.013	-	-
V Pillay	3 130	0.004	3 130	0.004

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40 Directors' emoluments

	Date of appointment	Fees R'000	Salary & employee benefits R'000	Expense reimbursed R'000	Bonus R'000	Total R'000
2023						
Executive directors						
JE Stumpf	01-Feb-20	-	6 056	-	1 701	7 757
AS du Toit	01-Oct-17	-	3 972	-	1 165	5 137
JA van Niekerk	01-May-20	-	3 545	-	727	4 272
Non-executive directors						
GEJ Kingwill	23-Oct-14	772	-	-	-	772
EA Meyer	31-Aug-11	410	-	14	-	424
HJ Swart (Deceased February 2023)	23-Oct-14	280	-	8	-	288
PG Carshagen (Retired November 2022)	01-Jul-19	116	-	15	-	131
CF Fick	23-Nov-22	177	-	15	-	192
CD Hobson	23-Nov-16	306	-	17	-	323
JF Janse van Rensburg	01-Jul-19	350	-	21	-	371
MH Jonas (Retired July 2022)	28-Jun-18	16	-	-	-	16
JG Louw	24-Nov-22	176	-	7	-	183
P Mbikwana	23-Sep-22	240	-	-	-	240
V Pillay	28-Jun-18	321	-	3	-	324
HC Staple	28-Nov-12	470	-	-	-	470
		3 634	13 573	100	3 593	20 900
2022						
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
HJ Swart	23-Oct-14	405	-	35	-	440
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
		3 198	12 387	178	4 502	20 265

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 can 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
2023			
Cumulative number of shares at 1 July 2022	247 615	96 846	105 821
Annual award of performance shares	29 850	15 161	15 615
Annual award of bonus shares	113 525	48 123	48 350
Cumulative number of shares at 30 June 2023	390 990	160 130	169 786
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

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41 Financial instruments and risk management

41.1 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 - 2023				
Derivatives	13	1 522	-	1 522
Trade and other receivables	10	-	1 016 489	1 016 489
Cash and cash equivalents	14	-	34 613	34 613
		1 522	1 051 102	1 052 624
Group - 2022				
Trade and other receivables	10	-	901 754	901 754
Cash and cash equivalents	14	-	65 778	65 778
		-	967 532	967 532
Company - 2023				
Loans to group companies	9	-	652 891	652 891
Trade and other receivables	10	-	608 772	608 772
Cash and cash equivalents	14	-	7 812	7 812
		-	1 269 475	1 269 475
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

Categories of financial liabilities

	Notes	Fair value through profit or loss R'000	Amortised cost R'000	Total R'000
Group - 2023				
Derivatives	13	14 816	-	14 816
Trade and other payables	20	-	613 285	613 285
Borrowings	18	-	937 583	937 583
Lease liabilities	3	-	95 233	95 233
Bank overdraft	14	-	4 066	4 066
		14 816	1 650 167	1 664 983
Group - 2022				
Derivatives	13	31 738	-	31 738
Trade and other payables	20	-	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

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41 Financial instruments and risk management (continued)

41.1 Categories of financial instruments (continued)

	Notes	Fair value through profit or loss R'000	Amortised cost R'000	Total R'000
Company - 2023				
Trade and other payables	20	-	285 617	285 617
Loans from group companies	21	-	27 908	27 908
Borrowings	18	-	896 491	896 491
Lease liabilities	3	-	44 529	44 529
Bank overdraft	14	-	4 027	4 027
		-	1 258 572	1 258 572
Company - 2022				
Trade and other payables	20	-	269 208	269 208
Loans from group companies	21	-	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

41.2 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, acquire or repay debt, issue new debt to replace existing debt with different characteristics and dispose 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 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
Loans from group companies	-	-	27 908	55 327
Borrowings	937 583	798 541	896 491	756 087
Lease liabilities	95 233	58 345	44 529	35 037
Total borrowings	1 032 816	856 886	968 928	846 451
Cash and cash equivalents	(30 547)	(47 815)	(3 785)	(15 058)
Net borrowings	1 002 269	809 071	965 143	831 393
Equity	1 329 963	1 356 273	1 285 568	1 114 003
Gearing (debt/equity) ratio	0.75	0.60	0.75	0.75

The Group aims to maintain a gearing ratio of between 0.55 and 0.65. This target band equates to 0.35 to 0.40 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 0.75 (0.60 debt to capital) shows a deterioration from the prior year due to the impact of discontinued operations on borrowings and equity.

41 Financial instruments and risk management (continued)

41.2 Capital risk management (continued)

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. The ratios were as follows at year end:

	Group 2023	Group 2022
- Interest cover to be equal or exceed 2	1.17	3.63
- Total net debt to equity ratio be less than or equal to 1	0.75	0.60
- Total long term debt to EBITDA ratio be less than or equal to 1	0.61	0.58
- EBITDA to be at least R285 million (2022: R265 million)	265	310
- The current ratio to be equal to or exceed 1	1.33	1.40
Ratios for continuing operations (excludes effect of discontinued operations)		
- Interest cover to be equal or exceed 2	3.34	5.59
- Total net debt to equity ratio be less than or equal to 1	0.75	0.60
- Total long term debt to EBITDA ratio be less than or equal to 1	0.49	0.60
- EBITDA to be at least R285 million (2022: R265 million)	331	299
- The current ratio to be equal to or exceed 1	1.33	1.40

The Group notified its lenders in advance of a likely breach in respect of profit related loan covenants. Both these covenants measure affordability and are met when excluding the effects of discontinued operations. The Group has sufficient credit lines and liquidity for the foreseeable future and enjoys the continued support of its lenders.

41.3 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.

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41 Financial instruments and risk management (continued)

41.3 Financial risk management (continued)

i. Credit risk (continued)

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.

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. Collateral held as securities includes suretyships, cession on fibre clips, notarial bonds, mortgage bonds, cession on crop and crop insurance and credit insurance. On foreign trade receivables covered by a letter of credit against A-rated banks as collateral, no loss allowance is recognised.

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. 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 - 2023				
Trade and other receivables	10	1 009 621	(56 692)	952 929
Cash and cash equivalents	14	34 613	-	34 613
		1 044 234	(56 692)	987 542
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
Company - 2023				
Loans to group companies	9	673 863	(20 972)	652 891
Trade and other receivables	10	600 912	(42 539)	558 373
Cash and cash equivalents	14	7 812	-	7 812
		1 282 587	(63 511)	1 219 076
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

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.

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41 Financial instruments and risk management (continued)

41.3 Financial risk management (continued)

ii. Liquidity risk (continued)

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

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 - 2023				
Trade and other payables	613 285	-	-	613 285
Borrowings	788 074	185 624	-	937 583
Derivatives	14 816	-	-	14 816
Lease liabilities	22 602	63 937	37 863	95 233
Bank overdraft	4 066	-	-	4 066
	1 442 843	249 561	37 863	1 664 983
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
Company - 2023				
Trade and other payables	285 617	-	-	285 617
Loans from group companies	27 908	-	-	27 908
Borrowings	769 553	179 030	-	896 491
Lease liabilities	13 713	32 365	12 708	44 529
Bank overdraft	4 027	-	-	4 027
	1 100 818	211 395	12 708	1 258 572
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

The Group's borrowing base loan facility (Note 18) matures in November 2023. The Group expects to renew the facility on an annual basis.

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

	Group		Company	
Lease liabilities	**2023 R'000**	**2022 R'000**	**2023 R'000**	**2022 R'000**
Within one year	22 602	14 556	13 713	9 002
Two to five years	63 937	41 487	32 365	22 278
Greater than five	37 863	19 337	12 708	17 893
	124 402	75 380	58 786	49 173
Less finance charges component	(29 169)	(17 035)	(14 257)	(14 136)
	95 233	58 345	44 529	35 037
Non-current liabilities	80 292	48 836	34 319	28 881
Current liabilities	14 941	9 509	10 210	6 156
	95 233	58 345	44 529	35 037

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41 Financial instruments and risk management (continued)

41.3 Financial risk management (continued)

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 2023, 100% (2022: 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.

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	
US Dollar exposure	**2023 R'000**	**2022 R'000**	**2023 R'000**	**2022 R'000**
Trade and other receivables	145 556	92 266	-	-
Cash and cash equivalents	4 563	1 967	-	-
Trade and other payables	2 979	-	-	-
Net US Dollar exposure	153 098	94 233	-	-
Euro exposure				
Trade and other receivables	-	24 208	-	-
Net Euro exposure	-	24 208	-	-

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

	Group		Company	
US Dollar exposure	**2023 $'000**	**2022 $'000**	**2023 $'000**	**2022 $'000**
Trade and other receivables	7 727	5 616	-	-
Cash and cash equivalents	242	120	-	-
Trade and other payables	158	-	-	-
Net US Dollar exposure	8 127	5 736	-	-

	Group		Company	
Euro exposure	**2023 €'000**	**2022 €'000**	**2023 €'000**	**2022 €'000**
Trade and other receivables	-	1 416	-	-
Net Euro exposure	-	1 416	-	-
Exchange rates				
Foreign currency per Rand				
US Dollar	18.84	16.43	-	-
Euro	-	17.09	-	-

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41 Financial instruments and risk management (continued)

41.3 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 - 2023 Exports	Notes	Average contract rate	Contract currency amount $/€'000	Notional amount R'000
Sell US dollar - expiry July 2023 to October 2023	13	18.73	39 763	744 689
Sell Euro - expiry July 2023		21.28	9	181

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

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

Hedging activity
Forward exchange contracts are designated as cash flow hedges and have a hedge ratio of 1:1 (2022: 1:1). At 30 June 2023 unrealised cash flow hedges were 100% effective (2022: 100%). The effective portion of unrealised cash flow hedges are recorded in other comprehensive income as set out in Note 46.10.11.

Foreign currency sensitivity analysis
The Group risk management policy aims to limit 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 2023 than 2022 because of the increased amount of foreign currency forwards. Hedge ineffectiveness arises where the Group closes designated hedging instruments due to a change in hedged item (forecast sale) pricing or occurrence and is recycled through OCI to profit or loss as non-hedge related gains/losses.

Group
At 30 June 2023, if the Rand/US Dollar exchange rate had been 2% (2022: 2%) higher or lower during the period, with all other variables held constant, the Hedge Reserve would have been R9 706 460 higher (2022: R5 448 139 lower) and R9 706 460 lower (2022: R5 448 139 higher). Any change in the Rand/Euro exchange rate will not have a material impact on reported results.

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 Company also has loans from Group companies.

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.

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41 Financial instruments and risk management (continued)

41.3 Financial risk management (continued)

iv. Interest rate risk (continued)

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 2023, 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 R3,9 million (2022: R3,8 million) lower and R3,9 million (2022: R3,8 million) higher.

Company
At 30 June 2023, 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 R2,9 million (2022: R1,4 million) higher and R2,9 million (2022: R1,4 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.

42 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	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Level 1				
Liabilities				
Other financial liabilities at fair value through profit or loss				
Open forward contracts	5 525	13 971	-	-
Level 2				
Assets				
Hedging derivatives				
Foreign exchange contracts	1 522	-	-	-
Liabilities				
Hedging derivatives				
Foreign exchange contracts	9 291	17 767	-	-

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42 Fair value information (continued)

Fair value hierarchy (continued)

Levels of fair value measurements	Group		Company	
	2023	2022	2023	2022
	R'000	R'000	R'000	R'000
Level 3				
Recurring fair value measurements				
Assets				
Investment property				
Residential property	-	1 312	-	1 312
Office buildings	5 339	-	5 339	-
Warehouses	24 800	-	-	-
Other	8 550	-	8 550	-
Total investment property	38 689	1 312	13 889	1 312
Property, plant and equipment				
Fibre warehouse (including offices)	177 156	173 535	177 156	173 535
Retail branches	152 071	131 385	154 431	131 384
Office buildings	15 109	10 223	2 095	-
Shearing and auction facilities	55 972	63 469	19 993	28 859
Processing and packaging plant buildings	55 609	102 235	-	-
Total property, plant and equipment	455 917	480 847	353 675	333 778
Assets classified as held for sale	44 976	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.

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.

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42 Fair value information (continued)

Valuation techniques used to derive level 3 fair values (continued)

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 market rental rate R/m2
Group - 2023			
Fibre warehouse (including offices)	11%	15%	25
Retail branches	10.5% to 13%	5% to 20%	5 to 63
Office buildings	10.5% to 11%	5% to 8%	34 to 73
Shearing and auction facilities	12%	5% to 10%	18 to 22
Processing and packaging plant buildings	9% to 11.5%	2% to 10%	7 to 35

Sensitivity analysis

Changes in the capitalisation and vacancy rates may impact the calculated fair value, the effect of a 1% change on the calculated fair values are as follows:

Group - 2023	+1% R'000	-1% R'000
1% change in capitalisation rate	(33 638)	40 590
1% change in vacancy rate	(6 630)	6 630

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 triennially. Retail branches as well as shearing and auction facilities are valued every five years as these are mostly in rural areas. Where comparable information is available, the comparable sales method is used and if not available the income capitalisation method of valuation is being used.

The property portfolio were valued as follows:
- All retail branches, shearing and auction facilities were revalued during the year.
- Raisin processing plant building, Bloemsmond was revalued during the year.
- Sugar processing plant building, Matsapha Industrial Estate, Swaziland was valued on 30 June 2022.
- Port Elizabeth office buildings and fibre warehouse were valued on 30 June 2021.
- Grain milling plant building, Bethlehem was valued on 30 June 2021. The valuation include unimproved land to the extent of 42 691 square meters valued at R4 269 100.
- The Bultfontein property was valued on 30 June 2021.

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. Mr. A Crouse qualifications include (BCom(Hons), Dip Ind Eng (USA) and Nat Dip Tech (Prod Eng)). He has more than 30 years experience in his field of expertise.

Bongani Zwane of Springbok Property Valuations and Real Estate Consultants valued Matsapha Industrial Estate, Swaziland. 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).

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.

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43 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 restructured its borrowing facilities during the previous 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.

44 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.

45 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:

45.1 Standards and interpretations effective and adopted in the current year

Standards/Interpretations:	Effective date:	Impact:
Annual Improvement to IFRS Standards 2018 - 2020.	01-Jan-22	No material impact
IFRS 3: Reference to the Conceptual Framework.	01-Jan-22	No material impact
Amendments to IAS 37 ‘Provisions, Contingent Liabilities and Contingent Assets’ on Onerous Contracts - Cost of Fulfilling a Contract.	01-Jan-22	No material impact
Amendments to IAS 16 ‘Property, Plant and Equipment’ on Proceeds before Intended Use.	01-Jan-22	No material impact

45.2 Standards and interpretations not yet effective

Standards/Interpretations:	Effective date:	Expected impact:
IFRS 17, ‘Insurance contracts’	01-Jan-23	Unlikely there will be a material impact.
IFRS 17, Insurance contracts Amendments	01-Jan-23	Unlikely there will be a material impact.
Amendment to IAS 1, Classification of Liabilities as Current or Non-Current.	01-Jan-24	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

46. Significant accounting policies

The annual financial statements for the year ended 30 June 2023 were approved by the board of directors on 7 September 2023.

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

46.1 Basis of preparation

The consolidated and separate 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 financial statements, and the Companies Act 71 of 2008 of South Africa, as amended.

The 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.

46.2 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.

46.3 Consolidation

46.3.1 Basis of consolidation

The consolidated financial statements incorporate the 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 financial statements from the effective date of acquisition to the effective date of disposal. Adjustments are made when necessary to the 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 are 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.

46.3.2 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.

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ACCOUNTING POLICIES

46.3 Consolidation (continued)

46.3.3 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.

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.

46.3.4 Combination of entities under common control

Predecessor accounting is 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.

46.4 Equity Accounting

46.4.1 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 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 are eliminated to the extent of the Group's interest in these entities.

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46.4 Investments under Equity Accounting (continued)

46.4.1 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.

46.4.2 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 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 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.

46.5 Significant judgements and sources of estimation uncertainty

The preparation of 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.

46.5.1 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.

46.5 Significant judgements and sources of estimation uncertainty (continued)

46.5.1 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.

46.5.2 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 fifteen 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 42.

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.

46.6 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 office buildings and land, which are held for long-term rental yields and development, 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. Changes in fair values are recorded in profit or loss.

46.7 Non-current assets (or disposal groups) held for sale and discontinued operations

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.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss and other comprehensive income.

The accounting and presentation of inter-company transactions between continuing and discontinued operations is determined by looking at the situation post-disposal to determine whether it is more appropriate to eliminate against the discontinued operation or the continuing business. The results of the discontinued operation will include only those costs and revenues that will be eliminated from the group on disposal.

46.8 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. 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. Valuations are performed by an external, independent valuer.

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.

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46.8 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	2 - 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.

46.9 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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ACCOUNTING POLICIES

46.10 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, are set out in Note 41 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:

46.10.1 Loans receivable at amortised cost

i. Classification

Loans to group companies (Note 9), loans to directors, managers and employees (Note 10 and 39), 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 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 26).

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.

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46.10 Financial instruments (continued)

46.10.1 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 (Note 25).

46.10.2 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 as other revenue (Note 22).

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 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 Note 41 Financial instruments and risk management.

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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46.10 Financial instruments (continued)

46.10.2 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 (Note 25).

46.10.3 Borrowings and loans from related parties

i. Classification

Loans from group companies (Note 21) 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 27).

Borrowings expose the Group to liquidity risk and interest rate risk. Refer to Note 41 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 Note 41 Financial instruments and risk management.

46.10.4 Trade and other payables

i. Classification

Trade and other payables (Note 20), 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 27).

Trade and other payables expose the Group to liquidity risk and possibly to interest rate risk. Refer to Note 41 for details of risk exposure and management thereof.

46.10 Financial instruments (continued)

46.10.5 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 unless accounted for in terms of hedge accounting (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 27).

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 Note 41 Financial instruments and risk management.

46.10.6 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 include cash on hand and deposits held at call with financial institutions.

46.10.7 Bank overdrafts

Bank overdrafts are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

46.10.8 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.

46.10 Financial instruments (continued)

46.10.9 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.

46.10.10 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.

46.10.11 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.

46.10.11 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.

46.11 Tax

46.11.1 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.

46.11.2 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.

46.11.3 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.

46.12 Leases

The Group leases offices, warehouses, retail stores, equipment and forklifts. Rental contracts are typically made for fixed periods of two to nineteen 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.

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46.12 Leases (continued)

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:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments 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.

46.13 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.

46.14 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.

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 unit. 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.

46.15 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.

46.16 Other reserves

The nature and purpose of other reserves.

46.16.1 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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46.16 Other reserves (continued)

46.16.2 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 recognised.

46.16.3 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 BKB Personnel 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.

46.16.4 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.

46.17 Employee benefits

46.17.1 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.

46.17.2 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.

46.17 Employee benefits (continued)

46.17.3 Defined benefit plans

BKB Limited provides post-retirement medical benefits to certain retired employees.

The post-retirement medical liability is valued annually 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.

46.18 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 37.

46.19 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. Refer to Note 2.

46.20 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.

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46.20 Revenue (continued)

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)

Other Revenue
- Rental income
- Interest income

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.

46.20.1 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, upgrades and downgrades
- Sale of raisins
- Sale of sugar and related products
- Sale of wool and mohair

46.20.2 Sale of goods – retail and fuel

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.

46.20.3 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

46.20.4 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 as an agent. 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, agricultural products and implements
- Commission on sale of residential (urban and rural), commercial and farm properties

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46.20 Revenue (continued)

46.20.5 Rental income

The investment properties, residential properties and surplus space 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.

46.20.6 Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. Interest received from debtors is included in revenue.

46.21 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.

46.22 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.

46.23 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.

46.24 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.

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46.25 Translation of foreign currencies

46.25.1 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.

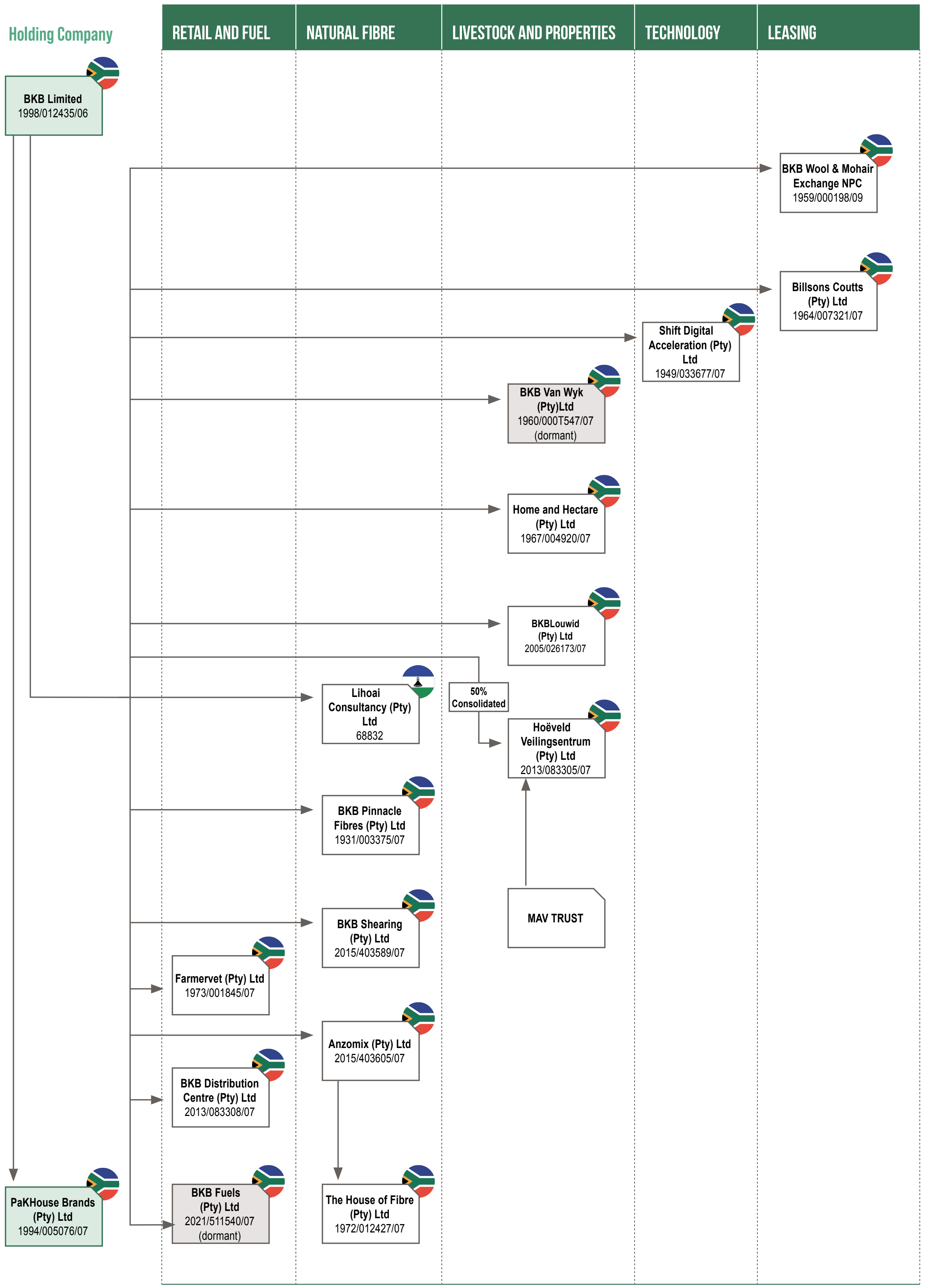
Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

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.

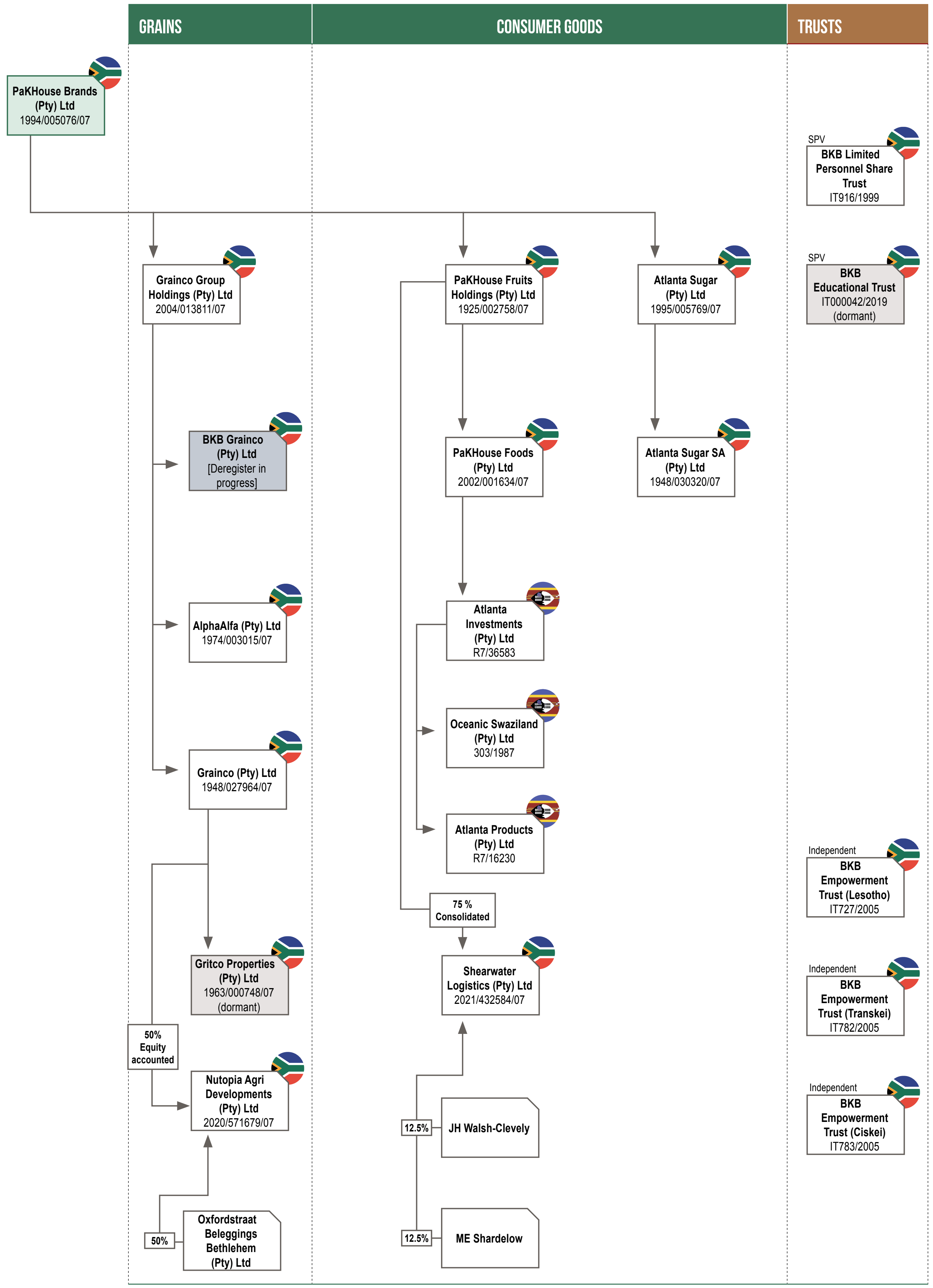
Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

APPENDIX A
BKB GROUP SUBSIDIARIES AND STRUCTURE

BKB GROUP STRUCTURE



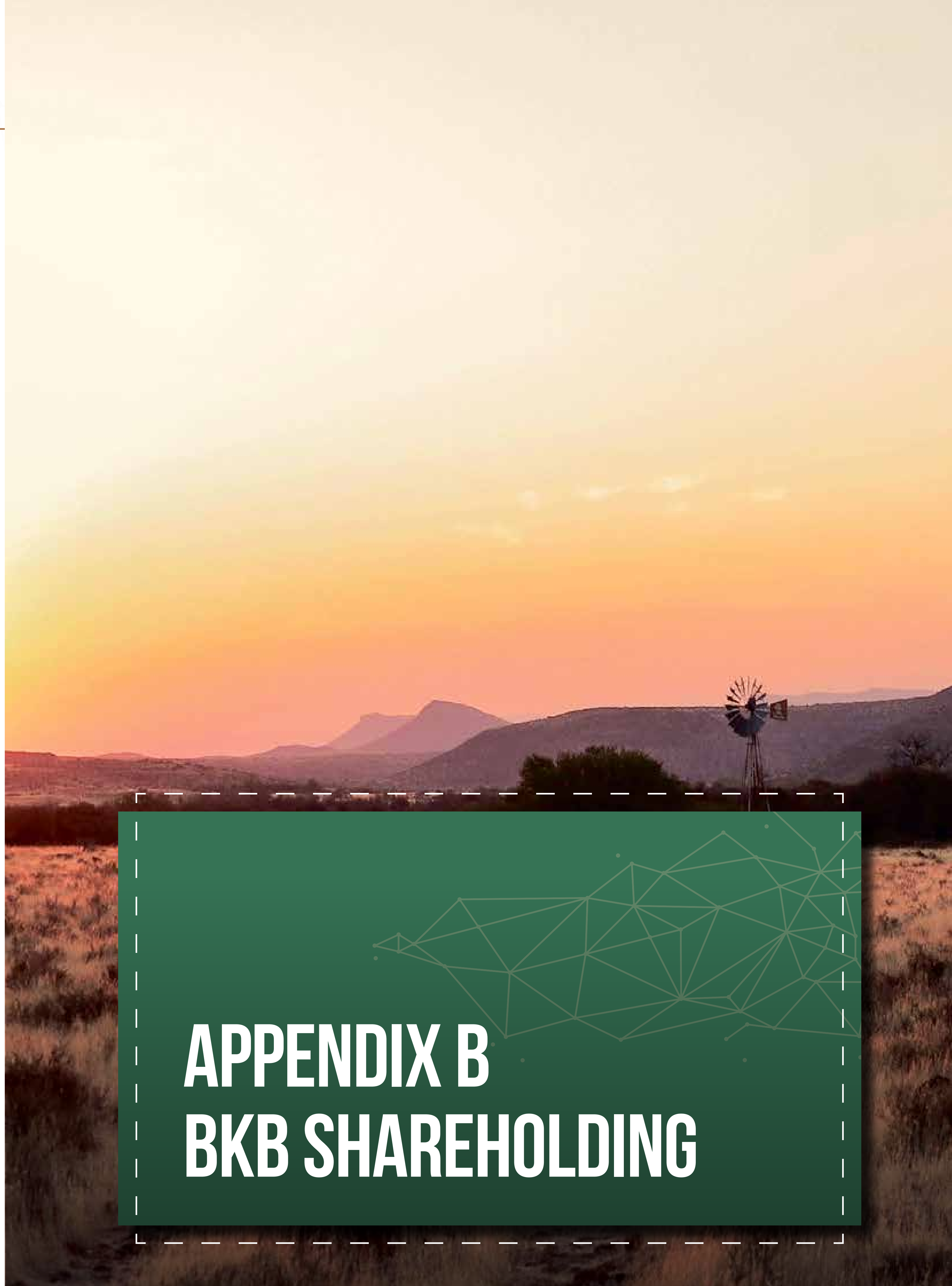
BKB GROUP STRUCTURE (CONTINUED)



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 (NUMBER OF SHARES)	INTEREST	DATE OF INCORPORATION
BKB Shearing (Pty) Ltd	120	100%	17/11/2015
Lihoai Consultancy (Pty) Ltd	1 000	100%	23/09/2019
Anzomix (Pty) Ltd	120	100%	17/11/2015
The House of Fibre (Pty) Ltd	1 000	100%	14/11/1972
BKB Pinnacle Fibres (Pty) Ltd	6 631	100%	08/09/1931
BKB Fuels (Pty) Ltd	74	100%	30/03/2021
BKB Distribution Centre (Pty) Ltd	100	100%	22/05/2013
Farmervet (Pty) Ltd	1 000	100%	15/02/1973
Home & Hectare (Pty) Ltd	200	100%	11/05/1967
BKBLouwid (Pty) Ltd	100	100%	26/07/2005
BKB Van Wyk (Pty) Ltd	720	100%	15/02/1960
Hoëveld Veilingsentrum (Pty) Ltd	100	50%	22/05/2013
Shift Digital Acceleration (Pty) Ltd	2 000	100%	20/05/1949
Wool & Mohair Exchange of South Africa NPC	n/a	100%	22/01/1959
Billsons Coutts (Pty) Ltd	1 000	100%	28/09/1964
PaKHouse Brands (Pty) Ltd	178 025	100%	13/07/1994
Atlanta Sugar (Pty) Ltd	500	100%	23/06/1995
Atlanta Sugar SA (Pty) Ltd	12 000 Ordinary shares 5 000 Preference shares	100%	01/07/1948
Atlanta Investments (Pty) Ltd	2 000	100%	08/05/2012
Atlanta Products (Pty) Ltd	100	100%	07/02/2000
Oceanic Swaziland (Pty) Ltd	100	100%	28/07/1987
Grainco Group Holdings (Pty) Ltd	200 350 No par value 100 par value	100%	26/05/2004
AlphaAlfa (Pty) Ltd	23 722 500	100%	25/09/1974
BKB Grainco (Pty) Ltd	100 000	100%	15/06/2006
Grainco (Pty) Ltd	32 252 190	100%	03/01/1948
Gritco Properties (Pty) Ltd	20 440	100%	18/02/1963
PaKHouse Fruits Holdings (Pty) Ltd	14 400	100%	27/05/1925
PaKHouse Foods (Pty) Ltd	7 120	100%	28/01/2002
Shearwater Logistics (Pty) Ltd	1 000	75%	25/02/2021
Investments in Associates			
Bethlehem Veilingskrale (Pty) Ltd	100	50%	11/04/1997
Nutopia Agri Developments (Pty) Ltd	200	50%	22/07/2020



APPENDIX B
BKB SHAREHOLDING

BKB SHAREHOLDING AT 30 JUNE 2023

MAJOR AND CONTROLLING BKB SHAREHOLDING

TYPE	NAME	DIRECT SHARES	INDIRECT SHARES	TOTAL SHARES
Member with more than 5% shares	VKB beleggings (Pty) Ltd	26 746 908	0	26 746 908
Member with more than 5% shares	BKB beperk personeel aandeletrust	10 256 980	0	10 256 980
Member with more than 5% shares	The BKB empowerment trust (Transkei)	4 861 216	0	4 861 216
Member with more than 5% shares	The BKB empowerment trust (Ciskei)	4 861 216	0	4 861 216
	Total	46 726 320	0	46 726 320

DIRECTORS' INTEREST

As at 30 June 2023, 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
Executive directors	Du Toit AS	0	0	0
Executive directors	Stumpf JE	20 750	0	20 750
Executive directors	Van Niekerk JA	0	0	0
Non-executive directors	Hobson CD	0	0	0
Non-executive directors	Janse van Rensburg JF	0	0	0
Non-executive directors	Kingwill GEJ	0	111 350	111 350
Non-executive directors	Meyer EA	0	270 498	270 498
Non-executive directors	Pillay V	3 130	0	3 130
Non-executive directors	Staple HC	0	0	0
Non-executive directors	Louw JG	0	0	0
Non-executive directors	Mbikwana P	0	0	0
Non-executive directors	Fick CF	0	11 150	11 150
	Total	23 880	392 998	416 878