



2022

Annual Financial Statements

for the year ended 30 September 2022



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Directors' responsibility

In accordance with the requirements of the Companies Act, No. 71 of 2008, as amended ("Companies Act"), the board of directors ("Board") is responsible for the preparation of the annual financial statements, which includes the Company financial statements of Quantum Foods Holdings Ltd ("Quantum Foods" or the "Company") and the consolidated financial statements of Quantum Foods and its subsidiaries (the "Group"). These conform to International Financial Reporting Standards ("IFRS") and fairly present the financial position, changes in equity, results of operations and cash flows of the Group at the reporting date.

It is the responsibility of the independent external auditors to report on the fair presentation of the financial statements.

The Board is ultimately responsible for the internal control processes of the Group. Standards and systems of internal control are designed and implemented by management to provide reasonable assurance as to the integrity and reliability of financial records and of the financial statements and to adequately safeguard, verify and maintain accountability for the Group's assets. Appropriate accounting policies, supported by reasonable and prudent judgements and estimates are applied on a consistent and going concern basis. Systems and controls include the proper delegation of responsibilities, effective accounting procedures and adequate segregation of duties.

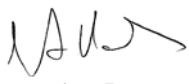
Based on the information and assurances given by management and the internal auditors, the Board is of the opinion that the accounting controls are adequate and that the financial records may be relied upon for preparing the financial statements and maintaining accountability for the Group's assets and liabilities.

The directors confirm that the Company is in compliance with the provisions of the Companies Act, specifically relating to its incorporation and operates in compliance with its Memorandum of Incorporation.

Nothing has come to the attention of the directors to indicate that any breakdown in the functioning of these controls, resulting in material loss, has occurred during the financial year and up to the date of this report. The Board has a reasonable expectation, that the Group has adequate resources to continue in operational existence for the foreseeable future and continue adopting the going concern basis in preparing the financial statements.

A copy of the annual financial statements of the Group is available on the Company's website. The directors are responsible for the maintenance and integrity, including implementing controls and security, of statutory and audited information on the Company's website.

The annual financial statements which appear on pages 3 to 103 and the supplementary information set out on page 104 were approved by the Board on 23 November 2022 and are signed on its behalf by:



WA Hanekom
Chairman

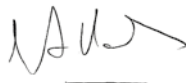


HA Lourens
Chief Executive Officer

Responsibility statement of chief executive officer and chief financial officer

Each of the directors, whose names are stated below, hereby confirm that:

- the annual financial statements set out on pages 3 to 103, fairly present in all material respects the financial position, financial performance and cash flows of the Company and the Group in terms of IFRS;
- to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to the Company and the Group and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the Company and the Group;
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
- where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have remediated the deficiencies; and
- we are not aware of any fraud involving directors.



HA Lourens
Chief Executive Officer



AH Muller
Chief Financial Officer

Company secretary certificate

In accordance with section 88 of the Companies Act, for the year ended 30 September 2022, it is hereby certified that the Company and its subsidiaries have lodged with the Companies and Intellectual Property Commission all such returns that are required of a public company in terms of the Companies Act and that such returns are true, correct and up to date.



ZP Wakashe
Company Secretary

Audit and risk committee report

The audit and risk committee ("ARC" or "the committee") is constituted in terms of a charter which outlines the statutory duties in terms of the relevant provisions of the Companies Act, the JSE Ltd Listings Requirements ("JSE Listings Requirements") and responsibilities highlighted in the King IV Report on Corporate Governance™ for South Africa, 2016^[1] ("King IV").

Audit and risk committee charter

The committee is guided by formal terms of reference. An annual work plan serves as a guideline for the committee in the execution of its mandate. Both the charter and work plan are reviewed annually and amended as necessary.

The committee's role and responsibilities outlined in the charter include both the statutory duties and responsibilities as required by the relevant provisions of the Companies Act, JSE Listings Requirements as well as those highlighted in King IV.

Members of the audit and risk committee

As at 30 September 2022, the committee comprised three independent non-executive directors, namely Mr. GG Fortuin, Mr. LW Riddle and Ms. T Golden.

These members will retire and avail themselves for re-election at the ninth annual general meeting ("AGM") of the Company in terms of section 94(2) of the Companies Act. All members are required to act objectively and independently, as described in the Companies Act and in King IV.

The chairman of the Board, chief executive officer and the chief financial officer are permanent invitees to the committee meetings. In addition, relevant senior managers are invited to attend meetings from time to time. The company secretary is the statutory secretary of the committee. The internal and external auditors attend the relevant meetings of the committee.

Meetings

The committee held three meetings during the year. Attendance of the meetings was as follows:

Name	Status	Number of meetings
GG Fortuin	Committee chairman	3/3
LW Riddle	Member	3/3
T Golden	Mamber	3/3

WA Hanekom, HA Lourens and AH Muller attended all the ARC meetings as invitees.

The internal and external auditors attended the committee meetings in their capacity as assurance providers.

Functions and responsibilities of the committee

During the period under review, the committee was able to discharge the following functions outlined in its charter and ascribed to it in terms of the Companies Act, JSE Listings Requirements and King IV:

- Reviewed the interim, provisional and summary results as well as the annual financial statements, culminating in a recommendation to the Board for approval. In the course of its review, the committee:
 - Reviewed the adequacy and effectiveness of the financial reporting process and the systems of internal control.
 - Ensured that appropriate financial reporting procedures exist and that those procedures are operating, which included consideration of all entities included in the consolidated annual financial statements, to ensure that it had access to all the financial information of the Company to allow the Company to effectively prepare and report on the financial statements of the Group.
 - Considered and, when appropriate, made recommendations on internal financial controls.
 - Took the necessary steps to ensure that the financial statements are prepared in accordance with IFRS and the requirements of the Companies Act.
 - Ensured that a process is in place to be informed of any reportable irregularities (as per the Auditing Profession Act, No. 26 of 2005) identified and reported by the external auditor; and relating to the accounting practices and internal audit of the Group, the content of the financial statements, the internal financial controls of the Group or any related matter during the financial year. No such material concerns and/or complaints were raised during the financial year.
 - Considered the solvency and liquidity requirement of the Companies Act in recommending proposed dividends to the Board.
- Reviewed the external audit reports on the consolidated annual financial statements.
- Reviewed the reports issued by the JSE on the proactive monitoring of financial statements.
- Oversaw the integrated reporting process. The committee considered the Group's information pertaining to its non-financial performance as disclosed in the integrated report and has assessed its consistency with operational and other information known to committee members, and for consistency with the annual financial statements.
- Reviewed and confirmed that the non-audit services provided by the external auditor were in accordance with the non-audit services policy of the Group. Any permissible non-audit services to be performed above R500 000 must be approved by the committee.
- Reviewed and confirmed the suitability and independence of PricewaterhouseCoopers Inc. ("PwC") as the audit firm and Mr. RJ Jacobs as the designated auditor of the Group as contemplated in paragraph 3.84(g)(iii) read with paragraph 22.15(h) of the JSE Listings Requirements.
- Recommended the re-appointment of PwC as the external auditor and Mr. RJ Jacobs as the designated auditor, after satisfying itself through enquiry that PwC is independent as defined in section 94(8) of the Companies Act. 2023 will be Mr. RJ Jacobs' fifth year as designated auditor of the Company. The re-appointment of PwC as the recommended external auditor (with Mr. RJ Jacobs as the designated auditor) will be presented and included as a resolution at the AGM.
- 2023 will be the last year for which PwC may be appointed as the external auditors in terms of the mandatory audit firm rotation rules. During 2023 the committee will consider new external auditors for the 2024 financial year, and which will be proposed for appointment by shareholders at the February 2024 AGM.
- Confirmed that PwC and the designated auditor are accredited by the JSE.
- Approved the external auditor's fees and terms of engagement.
- Approved the agreement with the external auditor for the provision of non-audit services.
- Confirmed and approved the internal audit charter and annual risk-based internal audit year plan.
- Reviewed the internal audit risk reports and fraud hotline reports.

- Reviewed and approved the risk management policy and plan.
- Reviewed business continuity capability, disaster management plans and insurance cover.
- Provided oversight over the IT governance of the Group.
- Provided oversight over the combined assurance arrangements, including the external and internal auditors and satisfied itself of the effectiveness of the combined assurance model implemented by the Group.
- Reviewed the effectiveness of the internal audit function and the head of internal audit.

The committee is satisfied that sufficient time was dedicated to risk governance and that it discharged its responsibilities as set out in the charter and work plan for the period under review.

The committee is satisfied with the assurance of the internal and external auditors, with the effectiveness of the design and implementation of internal financial controls. No findings have been reported to the ARC to indicate that any material breakdown in internal controls occurred during the past financial year.

Internal audit

The internal audit function is a key element of the combined assurance structure. The Group outsourced its internal audit function to Deloitte & Touche. The committee was satisfied that the internal audit function fulfilled its roles and responsibilities, as outlined in the charter and the assessment of the internal control environment.

Chief financial officer and finance function

The committee considered and satisfied itself in terms of paragraph 3.84(g)(i) of the JSE Listings Requirements with the appropriateness of the expertise and experience of Mr. AH Muller as chief financial officer.

In addition, the committee considered and has satisfied itself with the appropriateness of the expertise and adequacy of resources of the finance function and experience of senior members of management responsible for the finance function.

The committee has ensured that the Group has established appropriate financial reporting procedures and that those procedures are operating satisfactorily. These annual financial statements have been prepared under the supervision of Mr. AH Muller, CA(SA), chief financial officer.

Significant audit matters and quality of external audit

The committee considered and resolved that the key audit matters reported on by the external auditor are the only significant matters required for consideration of the annual financial statements. The committee is satisfied that the key audit matters reported on by the external auditor have been appropriately addressed. The committee was satisfied with the quality of the external audit.

Going concern

The committee has considered and reviewed a documented assessment, including key assumptions, as prepared by management of the going concern status of the Group and has made recommendations to the Board accordingly. The Board's statement regarding the going concern status of the Group, as supported by the committee, is included in the directors' responsibility statement on page 1.



GG Fortuin

Chairman: audit and risk committee

Wellington

23 November 2022

Directors' report

for the year ended 30 September 2022

1. Principal activities and business review

Quantum Foods Holdings Ltd (incorporated in South Africa) and its subsidiaries is a diversified feeds and poultry business providing quality animal protein to selected South African and other African markets.

Registered office – 11 Main Road, Wellington, 7655.

2. Financial results

The annual financial statements on pages 17 to 103 set out fully the Group's financial position, financial performance and the cash flows for the year ended 30 September 2022.

3. Share capital

The authorised share capital consists of 400 000 000 (2021: 400 000 000) ordinary no par value shares. At year-end 200 024 716 (2021: 200 024 716) ordinary shares were in issue.

During the current and prior reporting period no ordinary shares were repurchased and cancelled by the Company.

A subsidiary held 414 158 (2021: 2 477 392) ordinary shares at year-end. During the reporting period 2 063 234 (2021: 3 284 063) treasury shares were utilised to settle obligations in terms of the share appreciation rights scheme of the Group. No additional treasury shares were acquired by subsidiaries in the current reporting period (2021: nil).

4. Dividends

A total gross cash dividend of 8 cents (2021: nil cents) per ordinary share was declared during the financial year.

5. Directors

The directors of the Company are responsible for the activities and reports related to the Group. The Board comprises:

- Wouter André Hanekom (chairman)
- Geoffrey George Fortuin (lead independent director)
- Hendrik Albertus Lourens
- André Hugo Muller
- Tanya Golden
- Larry Wilson Riddle
- Gary Vaughan-Smith

Ms Ziyanda Wakashe was appointed as the company secretary of Quantum Foods with effect from 20 September 2022.

6. Special resolutions – annual general meeting of shareholders (“AGM”)

At the AGM held by electronic means on Friday, 25 February 2022 at 11:00 the following special resolutions were proposed by the Company:

Special resolution one, for approval of the remuneration payable by the Company to its non-executive directors for their services as directors for the period 1 April 2021 to 31 March 2022 and from 1 April 2022 onwards, was passed.

Special resolution two, for approval of the general authority of the Board and the Company’s subsidiaries, to repurchase any of the shares issued by the Company on the basis reflected in the special resolution, was passed.

Special resolution three, for approval of the general authority of the Board to grant direct and indirect financial assistance to any company forming part of the Company’s group, including in the form of loans or the guaranteeing of their debts, was passed.

Special resolution four, for the approval of the general authority of the Board to provide financial assistance to any person, by way of a loan, guarantee, the provision of security or otherwise, for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company, was passed.

7. Litigation statement

No litigation matters with potential material consequences exist at the reporting date. Refer to note 33 (contingent liabilities) of the consolidated financial statements.

8. Events after the reporting period

Other than the matters raised in note 41 to the consolidated financial statements, no other events occurred after the reporting date that may have a material effect on the Group.

9. Material risks

Proactive risk management is essential for the effective implementation of the Group’s strategy and to ensure Quantum Foods remains a competitive and sustainable business. Risk management improves operational effectiveness and enables improved value creation. The strategic risks identified by the Group can be viewed on <https://quantumfoods.co.za/downloads/company-documents/material-risks.pdf>

10. Impact of other events on the annual financial statements

The outbreak of highly pathogenic avian influenza (“HPAI”) in South Africa in April 2021, affected many businesses in the poultry industry during the last 18 months. The outbreak resulted in lower profitability in the Group’s farming and eggs businesses. However, the effect on the Group and the larger poultry industry in South Africa has been less severe than in previous outbreaks in 2017 to 2018. The impact of the HPAI outbreak on the Group and its customers was considered throughout the annual financial statements, specifically relating to the fair value measurement of biological assets and the calculation of expected credit losses in trade and other receivables. Refer to notes 8 and 9 of the consolidated financial statements.

The war in Ukraine has not materially impacted on the Group’s businesses, other than increases in the international prices of key raw materials and higher cost of logistics which negatively impacted on the Group’s earnings in certain businesses.

Both the 2021 HPAI outbreak and the war in Ukraine did not have a material effect on the Group’s annual financial statements.

Independent auditor's report

To the Shareholders of Quantum Foods Holdings Ltd

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 Quantum Foods Holdings Ltd (the Company) and its subsidiaries (together the Group) as at 30 September 2022, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Quantum Foods Holdings Ltd's consolidated and separate financial statements set out on pages 17 to 103 comprise:

- the consolidated and company statements of financial position as at 30 September 2022;
- the consolidated and company statements of comprehensive income for the year then ended;
- the consolidated and company statements of changes in equity for the year then ended;
- the consolidated and company 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.

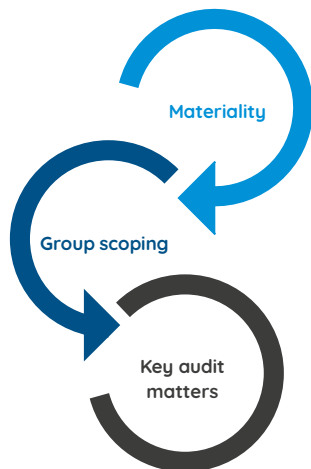
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company 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

R7 868 000, which represents 5% of the four-year adjusted average consolidated profit before income tax.

Group audit scope

The consolidated financial statements are a consolidation of the ultimate parent company, its subsidiaries and an equity accounted associate. Full scope audits were performed on two financially significant components namely: Quantum Foods (Pty) Ltd and Quantum Foods Zambia Ltd in the current financial year, and the ultimate parent company Quantum Foods Holdings Ltd due to statutory audit requirements. Analytical review procedures were performed over the remaining insignificant components.

Key audit matters

- Valuation of biological assets; and
- Impairment considerations

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 consolidated and separate 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 consolidated and separate financial statements as a whole.

Overall group materiality	R7 868 000
How we determined it	5% of the four-year adjusted average consolidated profit before income tax.
Rationale for the materiality benchmark applied	We chose a four-year adjusted average of profit before income tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. The use of a four-year adjusted average is as a result of the adjustment of once off costs in the prior year as well as volatility in profit before income tax in the current and prior years. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.

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 consolidated financial statements are a consolidation of the ultimate parent company, its subsidiaries and equity-accounted associates (together “the components”). One of the subsidiaries, Quantum Foods (Pty) Ltd, has the most significant operations and operates in South Africa. Quantum Foods Zambia Ltd is a foreign operation which is also considered financially significant. Quantum Foods Zambia Ltd is aggregated as part of other African countries in the segmental disclosure. All other components are considered financially insignificant.

We performed a full scope audit on Quantum Foods (Pty) Ltd and Quantum Foods Zambia Ltd due to their financial significance. We also performed a full scope audit on the ultimate parent company (Quantum Foods Holdings Ltd) due to statutory audit requirements. Analytical review procedures were performed over the remaining insignificant components.

We determined the extent of the work that needed to be performed by us, as the group engagement team, on the financial information of Quantum Foods (Pty) Ltd and at a Group level, and the component audit team operating under our instructions at Quantum Foods Zambia Ltd in order to issue our audit opinion on the consolidated financial statements of the Group. The component team consisted of a PwC network firm. Where the work was performed by component auditors, we determined the level of involvement necessary in the audit work at that component to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the consolidated financial statements as a whole.

Key audit matters

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

Key audit matters	How our audit addressed the key audit matters
<p>Valuation of biological assets (applicable to the consolidated financial statements only)</p> <p>Biological assets of the Group consist of livestock. Livestock comprises poultry, which includes broiler and layer stock. Broiler stock includes breeding stock, day-old-chicks, broilers and hatching eggs. Layer stock includes breeding stock, point-of-lay hens, day-old-chicks and hatching eggs. These assets are measured at fair value less cost to sell. At year end the carrying value of the Group's biological assets was R433.9 million (refer to note 8 to the consolidated financial statements).</p> <p>Biological assets are measured on initial recognition and at the end of each reporting period at fair value less cost to sell (refer to note 7 of the Accounting Policies). Fair values of livestock, both broiler stock and layer stock are determined with reference to market prices of livestock of similar age, breed and genetic material. In determining the fair value, management used unobservable inputs as disclosed in note 37.3 to the consolidated financial statements.</p> <p>The valuation of biological assets was considered to be a matter of most significance to the current year audit due to the magnitude of the biological asset balance in relation to the consolidated financial statements as a whole and the degree of estimation applied by management in determining the fair value of the biological assets.</p>	<p>Through discussion with management, we obtained an understanding of management's valuation approach, including the identification of unobservable inputs used and estimates applied. We found management's approach to the valuation and estimates applied, to be consistent with those of the prior year.</p> <p>We obtained management's valuation of livestock which included the quantities and values of all livestock and tested the mathematical accuracy of the valuation, noting no material exceptions.</p> <p>We performed the following procedures over the quantities used in the valuation:</p> <ul style="list-style-type: none"> • We obtained an understanding and tested controls relating to the safeguarding of livestock; • On a sample basis we physically inspected livestock to ensure the accuracy of the quantities used in the valuation and noted no exceptions. <p>In addition, we tested the unobservable inputs used by management in determining the value of livestock as follows:</p> <ul style="list-style-type: none"> • The market prices of day-old chicks, point-of-lay hens, culls, hatching eggs and broiler live birds used in management's calculations were agreed to a sample of sales invoices of day-old chicks, point-of-lay hens, culls, hatching eggs and broiler live birds in the market close to year-end, noting no material exceptions; and • The age of biological assets, at the different stages in the life cycle, at year-end used in management's calculations to determine fair value was recalculated on a sample basis with reference to age per invoices at purchase date and age per internal transfer documents, noting no material exceptions.

Key audit matters	How our audit addressed the key audit matters
<p>Impairment considerations (applicable to the consolidated and separate financial statements)</p> <p>As at 30 September 2022, the net asset value of the Group exceeded its market capitalisation. This is an indicator of possible impairment. In terms of IAS 36 – Impairment of Assets, management was required to perform impairment tests for the underlying assets of the cash-generating units (“CGUs”) of the Group, as well as the corresponding carrying value of the investment in the subsidiary at a Company level.</p> <p>In their impairment tests, management identified three CGUs within the Group for which impairment assessments were performed, namely the feeds business, the layers business and the broiler business.</p> <p>In determining the recoverable amount of the CGUs, management used value in use calculations for two of the CGUs namely the broiler business and feeds business; and fair value less cost to sell for the layers business.</p> <p>To determine the value-in-use, management used the budget as approved by the Board to determine future cash flows for the CGUs. These cash flows were then discounted using the Group’s weighted average cost of capital determined using the capital asset pricing model.</p> <p>The fair value less cost to sell used by management is based on valuation reports over land, buildings and equipment, performed by an independent external valuation expert.</p> <p>Management’s impairment tests on the layers business, feeds business and broiler business CGUs performed indicate that the recoverable amounts of these CGUs are higher than the carrying values.</p> <p>Management performed a sensitivity analysis to ascertain the impact of possible changes to key assumptions (growth rates and discount rates) on the available headroom of the CGUs for which no impairment was required. Management concluded that any reasonably possible change in the key assumptions supporting the recoverable amount of these CGUs would not result in additional impairment losses.</p>	<p>Value-in-use calculations: We tested the accuracy of the calculation for the model used for each CGU’s impairment assessment and we tested key assumptions in the calculations prepared by management. These were all done with reference to the board approved budget and market data, which consisted of data external to the Group.</p> <p>We utilised our valuation expertise when we considered the appropriateness of the discount rate used by management. In doing so, we recalculated a discount rate and compared that to the discount rate calculated by management, specifically using cost of capital and industry specific market information of similar companies and found that the impact of differences between the growth rates and discount rates had no material impact on the impairment assessment as a whole.</p> <p>We assessed management’s future cash flows by considering the historical accuracy with which management set the budgets. The actual results for the current year were compared to the budget as approved by the board for that period. No significant variances were noted.</p> <p>We performed independent sensitivity calculations on the impairment tests prepared by management, to determine the degree by which the key assumptions needed to change in order to trigger an impairment. We discussed the results of our calculations with management and based on the evidence obtained we accepted management’s conclusion over the key assumptions.</p> <p>Fair value less cost to sell calculation: For the CGU where the fair value less cost to sell method was used, we assessed the professional competence, objectivity, independence, and capabilities of management’s expert and the adequacy of the work performed. The assessment was performed with reference to the Curriculum Vitae of the management’s expert and discussions held, specifically assessing the expert’s qualifications, registration with various valuation institutes and work experience. For a sample of land, buildings and equipment of the Group used in the valuation, we agreed the assets to the fixed asset register. No exceptions were noted.</p> <p>We performed the following procedures in relation to management’s fair value assessment:</p> <ul style="list-style-type: none"> • We discussed with management’s expert the methodology and assumptions used in determining the fair value for the current year. • We obtained and inspected the valuation report prepared by management’s expert, agreed the fair value per the accounting records to their report and noted the fair value contained therein. We performed independent sensitivity calculations on the valuation performed by management’s expert. Based on these calculations we identified that there was sufficient headroom available between the recoverable amount and the net asset value of the CGU.

Key audit matters	How our audit addressed the key audit matters
<p>The disclosure of impairment assessments is included in note 2 and 5 of the consolidated financial statements.</p> <p>The Company, as described in note 3 in the separate financial statements, holds an investment in subsidiary amounting to R1 585 million (2021: R1 585 million). The Company determines the recoverable amount of the investment in the subsidiary by calculating the value in use, or the fair value less cost to sell, where appropriate. The value in use is determined by using the discounted cash flow valuation model.</p> <p>We considered impairment assessments to be a matter of most significance to our current year audit due to the judgement involved in management's impairment tests.</p>	<p>Company level (Investment in subsidiary): We independently assessed whether there were any impairment indicators for the investment in the subsidiary based on the same factors described above, compared this to management's assessment of investments with impairment indicators.</p> <p>We assessed the recoverable amount of the assets underlying this investment as explained above. We calculated the value in use (and where applicable, fair value less costs to sell) of the investment in the subsidiary based on our understanding of the recoverable amounts of the CGUs underlying this investment. We compared this calculation to that of management and noted no material differences.</p>

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "*Quantum Foods Holdings Ltd Annual financial statements for the year ended 30 September 2022*" which includes the Directors' report, the Audit and risk committee report and the Company secretary certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the document titled "*Quantum Foods Integrated report 2022*", which is expected to be made available to us after that date. 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 and will 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 on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 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 Quantum Foods Holdings Ltd for 9 years. The business of Quantum Foods Holdings Ltd was previously transacted through Pioneer Food Group Ltd after the merger of Sasko (Pty) Ltd and Bokomo (Pty) Ltd in 1997, of which, based on available statutory records, PricewaterhouseCoopers Inc. and its predecessor firms was the auditor for 51 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: RJ Jacobs

Registered Auditor

Stellenbosch, South Africa

24 November 2022

Accounting policies

for the year ended 30 September 2022

1. Basis of preparation

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The annual financial statements of the Group have been prepared in accordance with, and comply with, IFRS and IFRS Interpretations Committee interpretations issued and effective at the time of preparing these financial statements, the Listings Requirements of the JSE Ltd and the requirements of the Companies Act. These financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, and the Financial Pronouncements as issued by the Financial Reporting Standards Council. The annual financial statements are prepared on the historic cost convention, except for biological assets and financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2 to the consolidated annual financial statements.

1.1 New and amended accounting standards adopted by the Group

The Group has not adopted any revised accounting standards for the first time for the current reporting period beginning on 1 October 2021.

1.2 New and amended accounting standards and interpretations that are not yet effective and have not been early adopted by the Group

The following amendments are not yet effective and have not been early adopted by the Group (the effective dates stated below refer to financial reporting periods beginning on or after the stated dates):

- *Annual improvements cycle 2018 – 2020 (effective 1 January 2022)*
- *Amendments to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets on onerous contracts – Cost of fulfilling a contract (effective 1 January 2022)*
- *Amendment to IFRS 3 – Business Combinations – reference to Conceptual Framework (effective 1 January 2022)*
- *Amendment to IAS 1 – Presentation of Financial Statements – Classification of Liabilities as Current or Non-current (effective 1 January 2023)*
- *Amendment to IAS 12 – Income Taxes – Deferred tax related to assets and liabilities arising from a single transaction (effective 1 January 2023)*
- *Narrow scope amendments to IAS 1 – Presentation of Financial Statements, Practice statement 2 and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (effective 1 January 2023)*

Impact of the above amendments on the Group's financial statements

The Group has considered all standards, interpretations and amendments that are in issue but not yet effective. Management has concluded that these standards are not expected to have a significant impact on the Group's financial statements.

2. Basis of consolidation

Subsidiaries

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

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree, and the equity interests issued by the Group, fair value of any asset or liability resulting from a contingent consideration arrangement, and fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired, is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date in profit or loss.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

Intercompany transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from intergroup transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the stand-alone financial statements of the holding Company, the investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investments.

Interest-free loans to subsidiaries, with no specific terms of repayment and with a definite intent not to demand repayment, are considered to be capital distributions to the subsidiary and are included in the carrying amount of the investment.

Associates

Associates are all entities over which the Group has significant influence, but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

If the ownership interest in an associate is reduced, but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

2. Basis of consolidation (continued)

An increase in the Group's interest in an existing associate, where the Group continues to have significant influence, is accounted for using a cost accumulation approach. The cost of acquiring the additional stake, including any directly attributable costs, is added to the carrying value of the associate. The notional fair value for the additional stake (including notional goodwill arising on the purchase of the additional stake) is calculated using fair value information at the date when the additional interest is acquired. No step up or remeasurement of the previously held interest is performed, since the status of the investment does not change.

The Group's share of post-acquisition profit or loss is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate is equal to or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount as part of the "share of profit of associate company" in profit or loss.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Dilution gains and losses arising in investments in associates are recognised in profit or loss. Accounting policies of associates have been changed, where necessary, to ensure consistency with the policies adopted by the Group.

3. Property, plant and equipment

Land and buildings mainly comprise factories, farms, poultry houses, offices and silos. All property, plant and equipment are stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the financial period in which it is incurred.

Land is not depreciated. Depreciation on buildings, poultry houses, machinery, vehicles, furniture and equipment are calculated on a straight-line basis at rates deemed appropriate to write off the cost of the assets to their residual values over their expected useful lives. Assets under construction are defined as assets still in the construction phase and not yet available for use. These assets are carried at initial cost and are not depreciated. Depreciation on these assets commences when they become available for use and depreciation periods are based on management's assessment of their useful lives.

The expected useful lives are as follows:

• Buildings	20 – 25 years
• Poultry houses	20 – 25 years
• Plant, machinery and equipment	3 – 30 years
• Vehicles	3 – 20 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

3. Property, plant and equipment (continued)

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with the carrying amounts. These are included within other gains/(losses) – net in profit or loss.

4. Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired entity at the date of the acquisition. Goodwill arising from a business combination is included in intangible assets.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units ("CGUs") for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

Trademarks

Trademarks are shown at historical cost. Subsequently, these intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Trademarks have finite useful lives.

Trademarks with finite useful lives are amortised over their useful lives of between five and 25 years and assessed for impairment when there is an indication that the assets may be impaired.

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of between two and five years.

Costs associated with maintaining computer software programs are recognised as an expense as incurred.

Development costs that are directly attributable to the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use
- Management intends to complete the software product and use it
- There is an ability to use the software product
- It can be demonstrated how the software product will generate probable future economic benefits
- Adequate technical, financial and other resources to complete the development and to use the software product are available
- The expenditure attributable to the software product during its development can be reliably measured

Other development expenditure that does not meet the criteria is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

5. Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets, other than goodwill, that have suffered impairment, are reviewed for possible reversal of the impairment at each reporting date.

6. Financial assets

6.1 Classification

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value through profit or loss ("FVPL")
- Those to be measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will be recorded in profit or loss. The Group reclassifies financial assets when and only when its business model for managing those assets changes.

6.2 Recognition and derecognition

Regular purchases and sales of financial assets are recognised on the trade date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

6.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal amounts and interest.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its financial assets:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal amounts and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

FVPL: Assets that do not meet the criteria for amortised cost are measured at FVPL. A gain or loss on a financial asset that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

6. Financial assets (continued)

6.4 Impairment

The Group assesses on a forward-looking basis, the expected credit losses ("ECL") associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

7. Biological assets

Biological assets consist of livestock. The presentation of biological assets as current or non-current assets depends on the nature of the biological assets. Livestock is a consumable asset and is presented as current assets. Biological assets of the Group include biological assets held at contract growers, as the Group retains ownership of these assets. Biological assets are measured on initial recognition and at the end of each reporting period at fair value less cost to sell. All directly related costs incurred in acquiring and establishing biological assets are capitalised to the cost of the biological assets. Changes in the measurement of fair value less cost to sell are included within other gains/(losses) – net in profit or loss for the period in which they arise.

All costs incurred in maintaining the assets are included in profit or loss for the period in which the biological assets are realised or included in agricultural produce. Fair values of livestock held for breeding, laying hens, broilers and hatching eggs are determined with reference to market prices of livestock of similar age, breed and genetic material.

Agricultural produce is the harvested product of the entity's biological assets and is measured at its fair value less cost to sell at the point of harvest. Such measurement is the cost at that date when transferring the harvested produce to inventory. Agricultural produce of the Group includes eggs from laying hens.

8. Inventories

Inventories are valued at the lower of cost or net realisable value. Cost in each category is determined as follows:

- Raw material at actual cost on a weighted average cost basis
- Own manufactured products at direct raw material and labour cost plus an appropriate portion of production overheads, on a weighted average cost basis
- Consumable and trading stock at actual cost on a weighted average cost basis
- Eggs purchased are valued at actual cost on a weighted average cost basis

The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Costs of inventories include the transfer from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw materials.

9. Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are generally due for settlement within 30 to 45 days and, therefore, are all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

9. Trade and other receivables (continued)

Details about the Group's impairment policies and the calculation of the loss allowance are provided in note 9 to the consolidated financial statements.

Other receivables consist mainly of prepayments, value-added tax receivable and other debtors. Other debtors' amounts generally arise from transactions outside the usual operating activities of the Group. Collateral is not normally obtained.

10. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments and bank overdrafts. Bank overdrafts are included in current liabilities on the statement of financial position.

Deposits held at call with banks and other short-term highly liquid investments are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. These deposits are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

11. Share capital

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

When any Group company purchases the Group's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Group's equity holders until the shares are reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to owners of the parent. The Group values treasury shares on the weighted average cost basis.

12. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest rate method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the year-end reporting date.

13. Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance costs in profit or loss.

14. Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities, unless payment is not due within 12 months after the reporting period. Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

15. Current and deferred income tax

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

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values. However, deferred income tax is 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 profit or loss nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the unused losses can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the Group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority. Current tax assets and 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.

The Group considers right-of-use assets and lease liabilities separately in respect of the deferred tax consequences of leases within the scope of IFRS 16. At the inception of a lease, deferred taxes are recognised for temporary differences that arise between the tax base and carrying amount of right-of-use assets and lease liabilities. Subsequent to initial recognition, deferred taxes are recognised when temporary differences arise.

16. Revenue recognition

Revenue comprises the transaction price of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of value-added tax, estimated returns, rebates and discounts and after elimination of sales within the Group.

Income is recognised as follows:

Sale of goods

Sales of goods comprise the sale of animal feed, livestock and agricultural produce (eggs). Contracts with the Group's customers contain a single performance obligation to deliver the goods ordered by the customer. The sale of goods is the only income included in revenue in profit or loss.

Sales of goods are recognised when control of the products have transferred, being when a Group entity has delivered products to the customer, the customer has accepted the inventory risk related to the products and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Revenue from sales is based on the price specified in the sales contracts, net of value-added tax, estimated rebates and discounts and an adjustment for expected returns at the time of sale. Some products (mostly eggs) sold often include a growth incentive rebate that is based on aggregate sales over a 12-month period, which is considered to represent variable consideration. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated growth incentive rebate. Contract terms and accumulated experience are used to estimate and provide for the discounts and rebates, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in trade and other payables) is recognised for expected growth incentive rebates payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as sales are made with credit terms (0 to 45 days) which are consistent with market practice.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional since only the passage of time is required before the payment is due.

The Group currently accepts returns from customers for damaged goods as well as returns for sell by date goods from certain customers. Contract terms and accumulated experience are used to estimate and provide for the returns at the time of sale. Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date. This allowance for credit notes provision is recorded within trade and other receivables unless a separate obligation to settle the customer exist, in which case the liability is recorded within trade and other payables.

17. Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which that entity operates ("the functional currency"). The consolidated financial statements are presented in South African rand, which is the Group's functional and presentation currency.

Transactions and balances

Transactions in foreign currency are translated into the functional currency using the exchange rates prevailing at the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges.

All other foreign exchange gains and losses are presented in profit or loss within other gains and losses – net.

17. Foreign currency translation (continued)

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. Translation differences resulting from changes in amortised cost are recognised in profit or loss, and other changes in the carrying amount are recognised in other comprehensive income. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

Group entities

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency of South African rand are translated into South African rand as follows:

- Assets and liabilities for each statement of financial position presented (including comparatives) are translated at the closing rate at the reporting date
- Income and expenditure included in profit or loss for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenditure are translated at the exchange rates prevailing at the dates of the transactions)
- All resulting exchange differences are recognised as a separate component of other comprehensive income

Exchange differences arising from the translation of the net investment in foreign entities, and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, such exchange differences are recognised in profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

18. Accounting for leases: Group company is the lessee

The Group leases various farms, equipment, warehouses and delivery vehicles. Lease agreements are typically made for fixed periods of 2 to 5 years but may have extension options as described in (ii) below. 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, but leased assets may not be used as security for borrowing purposes.

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.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

18. Accounting for leases: Group company is the lessee (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
- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the Group:

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing; and
- makes adjustments specific to the lease, e.g. term and security.

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.

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
- Any initial direct costs
- Restoration costs

Payments associated with short-term leases, variable lease payments not based on an index or a rate in (i) below, and leases of low-value assets (below R75 000) 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 mainly IT equipment.

(i) Variable lease payments

Estimation uncertainty arising from variable lease payments

Variable lease payments relate to the lease of equipment and vehicles whereby the rental payments are entirely linked to the hours used, as well as the lease of solar panels whereby the rental payments are entirely based on the energy generated by the solar panels. These variable lease payments are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

(ii) Extension and termination options

Extension and termination options are included in a number of property, delivery vehicle, and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

18. Accounting for leases: Group company is the lessee (continued)

Critical judgements in determining the lease term

In determining the lease term, management considers 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). The Group considers factors including historical lease durations and the costs and business disruption required to replace the leased asset. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

19. Accounting for leases: Group company is the lessor

Operating leases

Operating lease assets are included in property, plant and equipment in the statement of financial position. These assets are depreciated over their expected useful lives on a basis consistent with similar property, plant and equipment. Rental income is recognised on a straight-line basis over the period of the lease and included in other income in profit or loss.

20. Employee benefits

Retirement scheme arrangements

The policy of the Group is to provide retirement benefits for all its South African employees in the form of a defined contribution plan. The defined contribution plan is a retirement scheme under which the Group pays fixed contributions to a separate entity. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the retirement benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Group pays contributions to publicly or privately administered retirement schemes on a mandatory, contractual or voluntary basis. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Other long-term employee benefits (long-service awards)

The Group provides for long-service awards that accrue to employees. Employees receive a long-service bonus equal to one month's salary for every completed 10 years of service. Independent actuaries calculate the liability recognised in the statement of financial position in respect of long-service awards. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised within other operating expenses in profit or loss.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer.

Benefits falling due more than 12 months after the year-end reporting date are discounted to present value using the effective interest rate method.

20. Employee benefits (continued)

Bonus plans

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the Group's shareholders, as well as other financial and non-financial performance measures, after certain adjustments. The Group recognises a provision when contractually obliged or when there is a past practice that has created a constructive obligation.

Leave pay

Annual leave entitlement is provided for over the period that the leave accrues. In terms of the Group's policy, employees are entitled to accumulate vested leave benefits not taken to a cap of 36 days. Any leave days vesting in excess of the cap are not payable and are not included in the leave entitlement provision.

Leave may not be converted to cash except at termination of employment.

21. Share-based payments

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of share appreciation rights is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the share appreciation rights granted, excluding the impact of any non-market vesting conditions (for example, profitability targets). Non-market vesting conditions are included in assumptions about the number of share appreciation rights that are expected to become exercisable. At each reporting date, the Group revises its estimates of the number of share appreciation rights that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in profit or loss, with a corresponding adjustment to equity. Benefits falling due more than 12 months after the year-end reporting date are discounted to present value using the effective interest rate method.

The proceeds received, net of any directly attributable transaction costs, are credited to share capital when the share appreciation rights are exercised.

22. Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either cash flow or fair value hedges.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes and detail on movements in the hedging reserve are disclosed in note 10 to the consolidated annual 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. Trading derivatives are classified as current assets or liabilities.

Cash flow hedges that qualify for hedge accounting

Cash flow hedges cover the exposure to variability in cash flows that are attributable to a particular risk associated with:

- a recognised asset or liability;
- a highly probable forecast transaction; or
- the foreign currency risk in an unrecognised firm commitment.

22. Derivative financial instruments and hedging activities (continued)

Cash flow hedging instruments are mainly used to manage operational exposure to foreign exchange and commodity price risks. Financial instruments designated as cash flow hedges include commodity futures and foreign exchange contracts. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedging reserve within other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately within other gains or losses – net in profit or loss.

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item (aligned forward element) is recognised within other gains or losses – net in profit or loss.

Amounts accumulated in other comprehensive income are recycled to profit or loss in the periods when the hedged item affects profit or loss. Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), the deferred hedging gains and losses in other comprehensive income, are transferred from other comprehensive income and included within the initial cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in profit or loss in the case of inventory or in depreciation in profit or loss in the case of property, plant and equipment, as the hedged item affects profit or loss.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss in equity at that time remains in equity until the forecasted transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is transferred immediately to other gains or losses – net in profit or loss.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in profit or loss within other gains or losses – net.

23. Financial guarantees

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under IFRS 9 – Financial Instruments; and
- the amount initially recognised.

The fair value is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

24. Dividend distribution

Dividend distributions to the Group's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Board.

25. Segment reporting

An operating segment is a component of the Group that engages in business activities which may earn revenues and incur expenses and whose operating results are regularly reviewed by the Group's chief operating decision-maker ("CODM"), this being the chief executive officer and chief financial officer of the Group, in order to allocate resources and assess performance and for which distinct financial information is available.

Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The operating segments were identified and grouped together based mainly on the nature of their activities and the products offered by them. The Group's segment reporting is disclosed in note 38 to the consolidated financial statements.

26. Amortised costs

Finance costs and investment income are recognised on a time-proportion basis using the effective interest rate method. When determining the amortised cost amount of financial assets and liabilities, the Group reduces the carrying amount to the amount recoverable or payable, being the estimated future cash flows discounted at the original effective interest rate of the instrument, and it continues unwinding the discount as accretions of discount. These accretions or unwinding of discount on financial assets and liabilities carried at amortised cost are included in "finance costs" or "investment income" in profit or loss.

Consolidated statement of financial position

as at 30 September 2022

	Notes	2022 R'000	2021 R'000
ASSETS			
Non-current assets		1 416 940	1 360 639
Property, plant and equipment	3	1 322 700	1 243 120
Right-of-use assets	4	67 601	95 108
Intangible assets	5	11 633	7 098
Investment in associates	6	10 130	10 310
Trade and other receivables	9	3 312	4 033
Deferred income tax	16	1 564	970
Current assets		1 713 853	1 423 865
Inventories	7	463 765	383 450
Biological assets	8	433 910	403 308
Trade and other receivables	9	750 558	562 933
Derivative financial instruments	10	53	23
Current income tax	30	1 722	840
Cash and cash equivalents	11	63 845	73 311
Total assets		3 130 793	2 784 504
EQUITY AND LIABILITIES			
Capital and reserves attributable to owners of the parent		2 100 788	1 999 802
Share capital	12	1 465 069	1 465 069
Treasury shares	12	(1 390)	(8 315)
Other reserves	14	20 962	(65 769)
Retained earnings		616 147	608 817
Total equity		2 100 788	1 999 802
Non-current liabilities		322 165	360 101
Lease liabilities	15	56 021	85 155
Deferred income tax	16	257 178	266 590
Provisions for other liabilities and charges	17	8 966	8 356
Current liabilities		707 840	424 601
Trade and other payables	18	603 631	396 740
Current income tax	30	2 553	2 639
Lease liabilities	15	25 598	23 860
Provisions for other liabilities and charges	17	1 150	1 362
Bank overdraft	11	74 908	-
Total liabilities		1 030 005	784 702
Total equity and liabilities		3 130 793	2 784 504

Consolidated statement of comprehensive income

for the year ended 30 September 2022

	Notes	2022 R'000	2021 R'000
Revenue	19	6 020 558	5 401 116
Cost of sales		(4 910 916)	(4 339 005)
Gross profit		1 109 642	1 062 111
Other income	20	20 120	10 201
Other gains/(losses) – net	21	(5 870)	72 304
Sales and distribution costs		(288 322)	(263 528)
Marketing costs		(13 311)	(15 065)
Administrative expenses		(156 773)	(143 972)
Net impairment losses on trade and other receivables	22	(1 739)	(9 050)
Other operating expenses		(631 242)	(565 412)
Operating profit	22	32 505	147 589
Investment income	23	4 244	4 747
Finance costs	24	(16 301)	(11 844)
Share of (loss)/profit of associate companies	6	(180)	1 767
Profit before income tax		20 268	142 259
Income tax credit/(expense)	25	3 554	(36 464)
Profit for the year		23 822	105 795
Other comprehensive income for the year			
<i>Items that may subsequently be reclassified to profit or loss:</i>			
Fair value adjustments to cash flow hedging reserve		1 035	7 993
For the year		65 176	57 668
Deferred income tax effect	16	(17 598)	(6)
Current income tax effect	25	-	(16 141)
Realised to profit or loss		(64 002)	(46 567)
Deferred income tax effect	16	17 459	(1)
Current income tax effect	25	-	13 040
Movement in foreign currency translation reserve			
Currency translation differences	14	85 993	8 651
Total comprehensive income for the year		110 850	122 439
Profit for the year attributable to owners of the parent		23 822	105 795
Total comprehensive income for the year attributable to owners of the parent		110 850	122 439
Earnings per ordinary share (cents)	26	12.0	53.9
Diluted earnings per ordinary share (cents)	26	11.9	53.0

Consolidated statement of changes in equity

for the year ended 30 September 2022

	Share capital R'000	Treasury shares R'000	Hedging reserve R'000	Foreign currency translation reserve R'000	Share-based payment reserve R'000	Other reserves: Total R'000	Retained earnings R'000	Total R'000
Balance as at 1 October 2021	1 465 069	(8 315)	12 824	(103 850)	25 257	(65 769)	608 817	1 999 802
Comprehensive income:								
Profit for the year	-	-	-	-	-	-	23 822	23 822
Other comprehensive income for the year	-	-	1 035	85 993	-	87 028	-	87 028
Movement in foreign currency translation reserve	-	-	-	85 993	-	85 993	-	85 993
Cash flow hedging								
Fair value adjustments to cash flow hedging reserve								
For the year	-	-	65 176	-	-	65 176	-	65 176
Deferred income tax effect	-	-	(17 598)	-	-	(17 598)	-	(17 598)
Current income tax effect	-	-	-	-	-	-	-	-
Realised to profit or loss	-	-	(64 002)	-	-	(64 002)	-	(64 002)
Deferred income tax effect	-	-	17 459	-	-	17 459	-	17 459
Current income tax effect	-	-	-	-	-	-	-	-
Recognition of share-based payments	-	-	-	-	3 036	3 036	-	3 036
Deferred income tax on share-based payments	-	-	-	-	3 069	3 069	-	3 069
Dividends paid – final and interim net of treasury shares	-	-	-	-	-	-	(15 969)	(15 969)
Ordinary shares transferred – share appreciation rights	-	6 925	-	-	(6 402)	(6 402)	(523)	-
Balance as at 30 September 2022	1 465 069	(1 390)	13 859	(17 857)	24 960	20 962	616 147	2 100 788
Notes	12	12				14		

Consolidated statement of changes in equity (continued)

for the year ended 30 September 2022

	Share capital R'000	Treasury shares R'000	Hedging reserve R'000	Foreign currency translation reserve R'000	Share-based payment reserve R'000	Other reserves: Total R'000	Retained earnings R'000	Total R'000
Balance as at 1 October 2020	1 465 069	(19 338)	4 831	(112 501)	22 581	(85 089)	525 000	1 885 642
Comprehensive income:								
Profit for the year	-	-	-	-	-	-	105 795	105 795
Other comprehensive income for the year	-	-	7 993	8 651	-	16 644	-	16 644
Movement in foreign currency translation reserve	-	-	-	8 651	-	8 651	-	8 651
Cash flow hedging								
Fair value adjustments to cash flow hedging reserve								
For the year	-	-	57 668	-	-	57 668	-	57 668
Deferred income tax effect	-	-	(6)	-	-	(6)	-	(6)
Current income tax effect	-	-	(16 141)	-	-	(16 141)	-	(16 141)
Realised to profit or loss	-	-	(46 567)	-	-	(46 567)	-	(46 567)
Deferred income tax effect	-	-	(1)	-	-	(1)	-	(1)
Current income tax effect	-	-	13 040	-	-	13 040	-	13 040
Recognition of share-based payments	-	-	-	-	7 759	7 759	-	7 759
Deferred income tax on share-based payments	-	-	-	-	3 388	3 388	-	3 388
Dividends paid – final and interim net of treasury shares	-	-	-	-	-	-	(19 426)	(19 426)
Ordinary shares acquired by subsidiary	-	-	-	-	-	-	-	-
Ordinary shares transferred – share appreciation rights	-	11 023	-	-	(8 471)	(8 471)	(2 552)	-
Balance as at 30 September 2021	1 465 069	(8 315)	12 824	(103 850)	25 257	(65 769)	608 817	1 999 802
Notes	12	12				14		

Consolidated statement of cash flows

for the year ended 30 September 2022

	Notes	2022 R'000	2021 R'000
Cash flow from operating activities		77 792	24 348
Cash profit from operating activities	27	170 625	295 297
Working capital changes	28	(87 074)	(259 292)
Cash effect of hedging activities		1 125	11 076
Cash generated from operations		84 676	47 081
Income tax paid	30	(6 884)	(22 733)
Cash flow from investing activities		(118 214)	(153 272)
Additions to property, plant and equipment	3	(114 673)	(107 095)
Additions to intangible assets	5	(10 551)	(1 507)
Proceeds on disposal of property, plant and equipment	31	2 367	1 277
Interest in associate acquired	6	-	(10 251)
Business combination	40	-	(54 682)
Proceeds on disposal of investment in associate	6	-	14 239
Repayment of loan included in other debtors	9	399	-
Interest received	23	4 244	4 747
Cash deficit		(40 422)	(128 924)
Cash flow from financing activities		(55 174)	(51 031)
Principal elements of lease payments	15	(23 963)	(20 941)
Interest paid		(15 249)	(10 698)
Dividends paid to ordinary shareholders	29	(15 962)	(19 392)
Decrease in cash and cash equivalents		(95 596)	(179 955)
Effects of exchange rate changes		11 222	1 485
Cash and cash equivalents at beginning of year		73 311	251 781
Cash and cash equivalents at end of year (net of overdraft)	11	(11 063)	73 311

Notes to the consolidated financial statements

for the year ended 30 September 2022

1. Accounting policies

The principal accounting policies incorporated in the preparation of this historical financial information are set out on pages 17 to 31.

2. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Property, plant and equipment

These items are depreciated over their useful lives, taking into account the residual value at the end of the item's useful life. Residual values and useful lives are based on industry knowledge and past experience with similar assets.

The Group continuously considers the existence of impairment indicators. An impairment loss is only recognised if the asset or CGU carrying amount exceeds its respective recoverable amount. The recoverable amount of an asset or CGU is the higher of its value-in-use or fair value less costs to sell. These calculations require the use of estimates.

At year-end, the Group's net asset value exceeded its market capitalisation. In their impairment tests, management identified three CGUs within the Group for which impairment assessments were performed, namely the animal feeds business, the layer business and the broiler business.

To determine the value-in-use, management uses the budget as approved by the Board to determine future cash flows for the CGUs. These cash flows are then discounted using the Group's weighted average cost of capital. These calculations were performed for the animal feeds and broiler business for a period of 5 years.

	2022		2021	
	Growth rate	Pre-tax discount rate	Growth rate	Pre-tax discount rate
<i>Key assumptions used for value-in-use calculation:</i>				
Animal feeds business	5.0%	23.7%	5.5%	22.7%
Broiler business	5.0%	23.6%	5.5%	22.1%

The terminal growth rate used by management decreased following the adjusted long term growth forecast for South Africa.

2. Critical accounting estimates and judgements (continued)

Sensitivity analysis of assumptions used in the impairment test:

	Increase in discount rate	Impairment R'000	Decrease in growth rate	Impairment R'000
2022				
Animal feeds business	1.0%	Nil	0.5%	Nil
Broiler business	1.0%	Nil	0.5%	Nil
2021				
Animal feeds business	1.0%	Nil	0.5%	Nil
Broiler business	1.0%	Nil	0.5%	Nil

No impairment with reasonable changes to assumptions noted.

For the layer business, management has conducted a fair value less costs to sell assessment by appointing an independent external valuation expert to conduct an exercise to determine the fair value of the CGU, including related properties and equipment. The outcome was used in order to assess the recoverability of the layer CGU and management concluded that no impairment was considered necessary.

Significant headroom exists for all CGUs assessed by management. Consequently, management has not identified any impairment losses to be included in the Group's consolidated financial statements.

Fair value measurement of biological assets

In measuring fair value of biological assets, management estimates and judgements are required for determination of fair value. Refer to note 37 for key assumptions used.

Assessment of control over contract growers

The Group utilises contract growers for the growing of broilers in exchange for a fee. Goods delivered to contract growers are not recognised as revenue as the Group retains ownership of the goods. These goods are recognised as biological assets and inventories held at third parties.

The Group assesses whether it exercises control over contract growers based on an analysis of the activities of these entities, the Group's decision-making powers, its ability to obtain benefits from these entities and the residual risks regarding these entities that are retained by the Group. Based on this analysis, the Group concluded that it does not control the activities of any contract grower, as it does not have any decision-making powers and that these businesses are managed independently. Furthermore, these businesses retain the residual risk associated with production.

The Group assesses whether the arrangement with the contract growers contains a lease in terms of IFRS 16. Based on this analysis, the Group concluded that the arrangement does not contain a lease, as the Group does not have the right to direct the use of the identified asset throughout the period of use.

Impairment of financial assets

The Group follows the guidance of IFRS 9 to determine when a financial asset is impaired. This determination requires significant judgement. In making this judgement the Group evaluates, among other factors, the expected loss rates based on historical information and adjusted to reflect current and forward-looking information and macro-economic factors. Refer to note 9.

3. Property, plant and equipment

	2022 R'000	2021 R'000
Land and buildings	341 254	333 918
Plant, machinery and equipment	904 371	886 838
Vehicles	19 821	22 364
Assets under construction [^]	57 254	-
Net book value	1 322 700	1 243 120

[^] The assets under construction balance includes R47.6 million related to the Hartbeespoort hatchery expansion project which is on track and within budget and expected to be completed by June 2023. This project will increase the broiler hatchery capacity.

	Land and buildings R'000	Plant, machinery and equipment R'000	Vehicles R'000	Assets under construction R'000	Total R'000
30 September 2022					
Cost					
At 1 October 2021	464 860	1 564 666	60 389	-	2 089 915
Additions	6 418	49 391	2 455	56 409	114 673
Foreign exchange adjustment	15 747	51 819	6 165	845	74 576
Disposals	(1 234)	(3 331)	(991)	-	(5 556)
At 30 September 2022	485 791	1 662 545	68 018	57 254	2 273 608
Accumulated depreciation and impairment					
At 1 October 2021	(130 942)	(677 828)	(38 025)	-	(846 795)
Depreciation charge	(9 233)	(66 295)	(5 972)	-	(81 500)
Foreign exchange adjustment	(4 693)	(17 211)	(5 013)	-	(26 917)
Depreciation on disposals	331	3 160	813	-	4 304
At 30 September 2022	(144 537)	(758 174)	(48 197)	-	(950 908)
Net book value at 30 September 2022	341 254	904 371	19 821	57 254	1 322 700

3. Property, plant and equipment (continued)

	Land and buildings R'000	Plant, machinery and equipment R'000	Vehicles R'000	Assets under construction R'000	Total R'000
30 September 2021					
Cost					
At 1 October 2020	453 228	1 403 167	56 801	-	1 913 196
Additions	11 641	90 343	5 111	-	107 095
Transfers	(6 512)	6 512	-	-	-
Business combination*	6 125	66 769	230	-	73 124
Foreign exchange adjustment	655	1 155	1 181	-	2 991
Disposals	(277)	(3 280)	(2 934)	-	(6 491)
At 30 September 2021	464 860	1 564 666	60 389	-	2 089 915
Accumulated depreciation and impairment					
At 1 October 2020	(121 636)	(617 453)	(33 825)	-	(772 914)
Depreciation charge	(8 765)	(60 854)	(5 675)	-	(75 294)
Foreign exchange adjustment	(701)	(1 378)	(1 048)	-	(3 127)
Depreciation on disposals	160	1 857	2 523	-	4 540
At 30 September 2021	(130 942)	(677 828)	(38 025)	-	(846 795)
Net book value at 30 September 2021	333 918	886 838	22 364	-	1 243 120

* Refer to note 40 for details on the business combination.

The property, plant and equipment balances in the previous reporting period included assets in the course of construction. The prior period note was not restated due to the immaterial nature of these amounts:

	2021 R'000
Land and buildings	344
Plant, machinery and equipment	3 248
	<u>3 592</u>

3. Property, plant and equipment (continued)

A register with full details of assets is available at the Group's registered office.

Refer to note 34.2 for capital commitments for property, plant and equipment.

4. Right-of-use assets

Land and buildings

Plant, machinery and equipment

Vehicles

Net book value

2022
R'000

2021
R'000

11 325

19 538

8 761

10 503

47 515

65 067

67 601

95 108

30 September 2022

Carrying value

At 1 October 2021

Additions

Reassessments and modifications*

Depreciation charge

At 30 September 2022

30 September 2021

Carrying value

At 1 October 2020

Additions

Derecognitions

Reassessments and modifications*

Depreciation charge

Foreign exchange adjustment

At 30 September 2021

Land and buildings R'000	Plant, machinery and equipment R'000	Vehicles R'000	Total R'000
19 538	10 503	65 067	95 108
-	880	-	880
(4 420)	1 430	(527)	(3 517)
(3 793)	(4 052)	(17 025)	(24 870)
11 325	8 761	47 515	67 601
22 849	8 600	26 460	57 909
222	-	51 014	51 236
-	(960)	-	(960)
51	6 529	1 395	7 975
(3 553)	(3 666)	(13 802)	(21 021)
(31)	-	-	(31)
19 538	10 503	65 067	95 108

* Refer to note 15 for details on the reassessments and modifications.

5. Intangible assets

Computer software

Goodwill

Trademarks

Net book value

2022
R'000

2021
R'000

11 633

1 670

-

5 428

-

-

11 633

7 098

30 September 2022

Cost

At 1 October 2021

Additions

Disposals

At 30 September 2022

Accumulated amortisation and impairment

At 1 October 2021

Amortisation for the year*

Impairments

Amortisation on disposals

At 30 September 2022

Net book value at 30 September 2022

Computer software R'000	Goodwill R'000	Trademarks R'000	Total R'000
15 939	5 428	24 544	45 911
10 551	-	-	10 551
(94)	-	-	(94)
26 396	5 428	24 544	56 368
(14 269)	-	(24 544)	(38 813)
(588)	-	-	(588)
-	(5 428)	-	(5 428)
94	-	-	94
(14 763)	(5 428)	(24 544)	(44 735)
11 633	-	-	11 633

* Amortisation expenses are included in other operating expenses.

5. Intangible assets (continued)

30 September 2021

Cost

	Computer software R'000	Goodwill R'000	Trademarks R'000	Total R'000
At 1 October 2020	14 432	5 428	24 544	44 404
Additions	1 507	-	-	1 507
At 30 September 2021	15 939	5 428	24 544	45 911

Accumulated amortisation and impairment

At 1 October 2020	(14 028)	-	(24 544)	(38 572)
Amortisation for the year*	(241)	-	-	(241)
At 30 September 2021	(14 269)	-	(24 544)	(38 813)

Net book value at 30 September 2021

	1 670	5 428	-	7 098
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* Amortisation expenses are included in other operating expenses.

The intangible assets balance includes assets in the course of establishment amounting to Rnil (2021: R803 000).

The computer software additions relate to the acquisition of Sage X3 software licenses, and related cost to bring this to use.

	2022 R'000	2021 R'000
The carrying value of the goodwill above is included in the following CGUs:		
Animal feeds		
Olifantstrop feed mill	-	5 428
The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on budgets approved by the Board. Cash flows beyond the budget period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the agricultural industry in which the CGU operates.		
Key assumptions used for value-in-use calculation:		
Growth rate	5.0%	5.5%
Discount rate	22.7%	21.8%
Period in years	5	5
These assumptions have been used for the analysis of this CGU. The budgeted gross margin is based on past performance and its expectations for the market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The pre-tax discount rates as disclosed above reflect specific risk relating to the relevant CGU.		

5. Intangible assets (continued)

During the annual impairment test conducted on the CGU containing goodwill, it was identified that the carrying value of the CGU exceeded its recoverable amount. The customer base of the Olifantskop feed mill is situated in the Eastern Cape province. This region experienced drought conditions since 2015 and the region was declared a disaster area in October 2019. The Olifantskop feed mill's selling margins were negatively impacted by this. As a result of the aforementioned a goodwill impairment of R5.4 million was recorded in the current year.

6. Investment in associates

Unlisted shares at cost

Balance beginning of year

Disposal of investment in associate*

Acquisition during the year

Interest in retained earnings and reserves

Balance beginning of year

Disposal of investment in associate*

Share of (loss)/profit of associate companies

Cost of shares

Klipvlei Broilers (Pty) Ltd**

Effective interest 40% (2021: 40%)

	2022 R'000	2021 R'000
	10 251	10 251
	10 251	6 813
	-	(1 700)
	-	5 138
	(121)	59
	59	6 866
	-	(8 574)
	(180)	1 767
	10 130	10 310
	10 251	10 251
	10 251	10 251

* The Group disposed of its 29.9% shareholding in Bergsig Breeders (Pty) Ltd effective 18 June 2021 for consideration of R14.2 million settled in cash. The share of the associate's profit for the year was included up to the date of disposal. The profit on disposal was included in Other gains/(losses) – net.

** An additional 20% shareholding in Klipvlei Broilers (Pty) Ltd was acquired on 30 September 2021 for consideration of R5.14 million settled in cash. Total cash outflow for the 2021 reporting period was R10.25 million, which included R5.11 million for a 20% shareholding acquired in Klipvlei Broilers (Pty) Ltd in the 2020 reporting period of which the deferred payment occurred in the 2021 reporting period.

6. Investment in associates (continued)

The following is the summarised statement of financial position of the above-mentioned associate company:

	2022 R'000	2021 R'000
Non-current assets	18 215	18 221
Current assets	508	706
Total assets	18 723	18 927
Non-current liabilities	12 618	14 493
Current liabilities	8 499	6 377
Total liabilities	21 117	20 870
Capital and reserves	(2 394)	(1 943)
Total equity and liabilities	18 723	18 927
The following is the summarised statement of comprehensive income of the associated companies for the year:		
Revenue	29 561	24 173
Operating profit	301	630
Net loss after income tax	(451)	(149)

Klipvlei Broilers (Pty) Ltd is a private company and there is no quoted market price available for its shares. The company operates in the poultry industry in South Africa and supplies the Group with live broilers. Management has concluded that there are no indicators of impairment.

7. Inventories

Raw material	326 711	277 623
Manufactured products	70 487	51 584
Packing materials and consumables	66 567	54 243
	463 765	383 450
Inventory carried at net realisable value	3 137	1 792
Cost of inventories included in cost of sales	4 892 020	4 238 518

Inventory at year-end includes spare parts of R10.1 million (2021: R8.8 million).

The cost of inventories above excludes inventory written off (refer to note 22.2) and biological assets fair value adjustments.

Biological assets

Poultry includes broiler and layer stock. Broiler stock includes breeding stock, day-old chicks, broilers and hatching eggs. Layer stock includes breeding stock, point-of-lay hens, day-old chicks and hatching eggs.

Fair values of livestock held for breeding, lay-hens, broilers and hatching eggs are determined with reference to market prices of livestock of similar age, breed and genetic material. The fair value estimation of the Group's biological assets was not materially impacted by the HPAI outbreak in South Africa, as the last HPAI outbreak directly impacting the Group's livestock was in February 2022.

Biological assets at fair value less cost to sell consist of the following:

8.

Biological assets (continued)

At 30 September, the Group held the following biological assets:

Chickens – grandparents

Hatching eggs

Chickens – broilers

Chickens – layers 39 weeks and younger

Chickens – layers older than 39 weeks

Game

The Group produced the following agricultural produce for the year ended 30 September:

Eggs (dozens)

Live birds (kg)

Number of day-old chicks

Number of point-of-lay hens

Number of culls

The Group is a fully integrated poultry operation. The agricultural produce indicates quantities produced by the Group and includes quantities transferred from one phase in the integrated value chain to another.

2022
Quantity2021
Quantity

3 961

29 898

8 557 993

7 551 631

3 184 378

3 052 107

3 151 601

3 635 112

2 055 895

2 186 749

566

591

85 437 722

84 450 396

61 703 173

59 475 187

77 927 696

75 281 379

5 343 921

5 923 647

3 152 410

3 670 860

2022
R'0002021
R'000

9.

Trade and other receivables

Trade receivables

Allowance for outstanding credit notes

Loss allowance

Trade receivables – net

Prepayments

Other debtors

Receiver of revenue – VAT

687 311

557 350

(1 803)

(2 076)

(23 475)

(40 139)

662 033

515 135

22 849

24 701

4 770

3 517

64 218

23 613

753 870

566 966

For the purposes of the statement of financial position trade and other receivables are presented as follows:

Non-current assets

Current assets

3 312

4 033

750 558

562 933

753 870

566 966

9. Trade and other receivables (continued)

The carrying value of trade and other receivables approximates their fair value at the reporting date.

An allowance for outstanding credit notes is accounted for based on past experience.

The Group applies the IFRS 9 general approach to measure the ECL for national customers as well as the balance of receivables covered by insurance. The Group applies the IFRS 9 simplified approach to measuring the ECL which uses a lifetime expected loss allowance for all other trade receivables as well as other debtors balances.

To measure the ECL, trade receivables have been grouped on shared characteristics and the days past due. Shared characteristics refer to type of product sold to the customer (similar to disaggregation of revenue note for these product lines – refer to note 19).

The expected loss rates applied are based on the payment profiles of sales over a period of 48 months and the corresponding historical credit losses experienced within this period. The historical credit loss rates are adjusted to reflect current and forward-looking information on macro-economic factors affecting the ability of the customers to settle the receivables. Forward-looking information includes expected economic growth and employment rates and the potential impact thereof on the Group's customers. The impact of the HPAI outbreak in South Africa was considered as part of the forward-looking information for the current period. This had a minimal impact on the forward-looking information considered. The expected economic growth rate, unemployment rate as well as intensified power supply interruptions was noted in the combined assessment of the above, resulting in an upwards adjustment of 20% (2021: 20%) to the calculated loss rates due to forward-looking factors.

	2022 R'000	2021 R'000
Trade receivables	687 311	557 350
Excluding:		
– Balances of national customers*	(312 824)	(216 734)
– Receivables specifically provided for	(22 677)	(39 452)
– Receivables with balances covered by insurance^	(230 990)	(190 764)
Remaining trade receivables balance subject to loss allowance based on matrix approach	120 820	110 400

* Balances of national customers (customers with a limited risk profile and with a national geographical representation) with no history of default and long history of trading with the Group. These customers have no long outstanding amounts, nor has there been any indication that these customers will default. The Group calculates the ECL on national customers with reference to the probability of default model using external credit ratings in determining the default risk of counterparties. The expected credit rating range used was between BB and BB+ (for emerging markets). The Group used a loss given default rate of 45%. The forward-looking assessment for national customers includes specific economic growth, unemployment rates, the intensified power supply interruptions and the impact of the 2021 HPAI outbreak in South Africa. Based on a combined assessment of the above, the calculated loss rates were adjusted upwards by a forward-looking factor of 20% (2021: 20%). The calculated ECL on these balances was not considered to be material.

^ Balances covered by the Group's credit insurance with Credit Guarantee Insurance after deducting the co-payment as per insurance policy. The risk of default on these customers is considered part of the risk of default of the insurer, which risk was assessed as low due to past claims payment history. The ECL of balances insured was calculated using the same expected credit rating, loss given default rate and forward-looking information as national customers. The calculated ECL on these balances was not considered to be material.

9. Trade and other receivables (continued)

ECL allowance

30 September 2022

	Expected loss rate %	Gross carrying amount R'000	Loss allowance R'000
Current	0.58	83 420	484
30 days	0.29	30 152	86
60 days	1.63	3 553	58
More than 90 days	4.60	3 695	170
Total ECL allowance		120 820	798
Specific provision for losses			22 677
Total loss allowance			23 475

30 September 2021

Current	0.56	78 081	439
30 days	0.13	25 339	33
60 days	0.53	1 892	10
More than 90 days	4.03	5 088	205
Total ECL allowance		110 400	687
Specific provision for losses			39 452
Total loss allowance			40 139

Movements on the Group's loss allowance are as follows:

At 1 October

Increase/(decrease) in general loss allowance recognised in profit or loss during the year	40 139	28 636
Increase in specific loss allowance recognised in profit or loss during the year	66	(379)
(Decrease)/increase in suspended interest included in the expected loss allowance	3 230	10 608
Receivables written off during the year as uncollectible	(9 100)	2 312
Unused amounts reversed	(9 916)	(897)
Foreign exchange translation adjustment	(1 557)	(282)
	613	141
At 30 September	23 475	40 139

9. Trade and other receivables (continued)

The ECL of other debtors were calculated as for trade receivables (refer above). The calculated ECL on these balances was not considered to be material.

Financial assets that are neither past due nor impaired are considered to be fully performing. The carrying amount of fully performing financial assets included in trade and other receivables at year-end equals:

	2022 R'000	2021 R'000
National customers	307 863	213 534
Other customers	342 661	289 611
	650 524	503 145

Individually impaired receivables comprise of a number of customers for whom there is objective evidence that the Group will not be able to collect all amounts due. The following trade receivables were impaired at year-end:

Other customers	22 677	39 452
-----------------	---------------	--------

The prior period balance of impaired trade receivables included a balance of R9.1 million owed by a customer that went into business rescue and closed its business. This balance was written off in the current year as uncollectible. The prior period balance of impaired trade receivables also included a suspended interest balance of R9.1 million relating to a single customer. The customers liquidation process has progressed sufficiently for the suspended interest to be reversed.

A summary of the Group's trade receivables covered by insurance or secured by collateral is as follows:

Trade receivable balances covered by Credit Guarantee Insurance (excluding specifically provided debtors balances)

Mortgage bonds – registered value	276 273	227 302
Notarial bonds – registered value	10 000	4 000
Cessions – book value	14 400	14 400
Bank guarantees – actual value	-	1 500
	2 000	4 000

The carrying amount of the Group's trade receivables are denominated in the following currencies which are the functional currencies of the relevant subsidiaries:

Zambian kwacha	8 770	5 857
Ugandan shilling	5 048	5 222
Mozambican metical	8 982	7 326
South African rand	664 512	538 945
Total	687 312	557 350

9. Trade and other receivables (continued)

Other receivables are largely denominated in the Group's functional currency and no significant risk concentrations exist outside South Africa.

Loan to broad-based black economic empowerment supplier ("B-BBEE supplier")

The Group granted a long-term loan to a B-BBEE supplier during the 2019 reporting period. The loan was provided to increase the B-BBEE supplier's layer hen capacity through capital improvements. The loan is unsecured, interest free and repayable in monthly instalments over 10 years, starting from the date the capital improvements are ready for use.

	2022 R'000	2021 R'000
<i>Loan to broad-based black economic empowerment supplier ("B-BBEE supplier")</i>		
Loan at the start of the year	4 456	4 912
Loan repaid during the year	(399)	-
Discounting of loan	(61)	(456)
Loan at the end of year – included in other debtors balance	3 996	4 456
Current portion of loan	(684)	(423)
Non-current portion of loan	3 312	4 033

The loan balance is not past due, nor has there been any indication that the B-BBEE supplier will default. The credit risk of the Group's loan has been assessed using the simplified approach of IFRS 9 by taking into account the B-BBEE supplier's risk of default and its capacity to meet the contractual cash flow obligations as they become due, as well as current and forward-looking information on macro-economic factors affecting the B-BBEE supplier's ability to settle its debt. Due to the risk of default being assessed as low, the calculated ECL of the loan receivable was not considered to be material.

10. Derivative financial instruments

Foreign exchange contracts – cash flow hedges

53	23
53	23
53	23

For the purposes of the statement of financial position, derivative financial instruments are presented as follows:

Current assets

Trading derivatives are classified as a current asset or liability. The carrying values of derivative financial instruments are measured at their fair values at the reporting date.

The purchase of foreign exchange contracts are for the import of raw materials used for production, or capital expenses.

Refer to note 37 for the Group's exposure to financial risks and how these risks are managed.

10. Derivative financial instruments (continued)

10.1 Derivative instruments earmarked for hedging (cash flow hedges)

	2022 Fair value R'000	2021 Fair value R'000
Commodity instruments		
<i>Futures*</i>	3 681	26 473

* Disclosed within cash and cash equivalents (restricted cash). Consists of 80 yellow maize and 28 white maize (2021: 760 white maize) futures bought.

	Foreign amount '000	Rand amount R'000	Fair value R'000
Currency forward contracts			
<i>30 September 2022</i>			
<i>Purchases of foreign exchange contracts</i>			53
Euro	103	1 811	53
<i>30 September 2021</i>			
<i>Purchases of foreign exchange contracts</i>			23
Euro	66	1 153	23

Cash flow hedges are expected to realise in profit or loss in the next financial year.

11.

Cash and cash equivalents

Cash at bank and on hand

For the purposes of the statement of cash flows, the year-end cash and cash equivalents consist of cash at bank, on hand, restricted balances and bank overdrafts. The above figure reconciles to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

Balances as above

Bank overdraft (see note 37.1 (c))

Cash and cash equivalents at end of year (net of overdraft)

The carrying amounts of the Group's cash at bank and on hand are denominated in the following currencies:

South African rand

US dollar

Zambian kwacha (functional currency of a subsidiary)

Ugandan shilling (functional currency of a subsidiary)

Mozambican metical (functional currency of a subsidiary)

Total

2022 R'000	2021 R'000
63 845	73 311
63 845	73 311
(74 908)	-
(11 063)	73 311
5 080	31 966
1 682	9 553
41 425	19 998
10 763	5 833
4 895	5 961
63 845	73 311

The carrying amounts of cash and cash equivalents approximate their fair values at the reporting date.

Restricted balances

Cash and cash equivalents include restricted balances of R3.7 million (2021: R26.5 million). Restricted cash balances consist of initial margin balances with the JSE which serve as collateral for derivative positions held at year-end. This cash will only be accessible by the Group when the related derivative positions are closed.

12.

Share capital

Authorised – ordinary shares

400 000 000 (2021: 400 000 000) ordinary no par value shares

Issued and fully paid – ordinary shares

200 024 716 (2021: 200 024 716) ordinary no par value shares

2022
R'000

2021
R'000

1 465 069

1 465 069

Reconciliation of movement in issued shares

During the current and prior reporting period there was no movement in issued ordinary shares.

Treasury shares held by subsidiary

At the beginning of the year: 2 477 392 (2021: 5 761 455) ordinary shares

8 315

19 338

Issued to management in terms of share appreciation rights scheme: 2 063 234 (2021: 3 284 063) ordinary shares

(6 925)

(11 023)

At the end of the year: 414 158 (2021: 2 477 392) ordinary shares

1 390

8 315

13. Share-based payments

Management share appreciation rights scheme (equity-settled)

The Group operates a share appreciation rights scheme for qualifying management.

The exercise of vested share appreciation rights entitles the employee to ordinary shares in the Company. This number of ordinary shares is calculated by dividing the amount by which the exercise price, relating to the exercised share appreciation rights, appreciated from grant date to exercise date, by the phantom share right price at the exercise date. Phantom share right price is an amount equal to the volume weighted average price per share for the preceding three trading days. Special dividends declared during the period between the grant date and the vesting date are included in the exercise price of the share appreciation rights.

	2022 Number R'000	2021 Number R'000
<i>Number of share appreciation rights made available</i>		
Number at beginning of year	24 025	26 346
New allocation at R5.39 per share	5 468	-
New allocation at R6.09 per share	-	3 648
Redeemed	(4 605)	(5 755)
Expired/forfeited	(2 085)	(214)
Number at end of year	22 803	24 025
<i>Number of share appreciation rights</i>		
At R3.09 per share, exercisable up to 23 February 2023	-	2 520
At R3.91 per share, exercisable up to 22 February 2024	2 153	4 307
At R4.25 per share, exercisable up to 11 February 2025	4 033	6 049
At R3.57 per share, exercisable up to 17 February 2026	7 501	7 501
At R6.09 per share, exercisable up to 15 February 2027	3 648	3 648
At R5.39 per share, exercisable up to 21 February 2028	5 468	-
	22 803	24 025

Share appreciation rights were granted on 21 February 2022 at a strike price of R5.39. Vesting takes place over a five-year period with the first 33.3% vesting after three years on 21 February 2025 subject to certain time and performance-based criteria.

The performance-based criteria are measured over three-, four- and five-year performance periods respectively. The hurdle for any vesting is based on a target compound annual growth in headline earnings per share.

The net estimated weighted average fair value at grant date per share appreciation right for share appreciation rights outstanding at 30 September 2022 is R1.30 (2021: R1.25). The fair value per share appreciation right was used to calculate the total cost of the scheme in terms of IFRS 2 – Share-based payment. The cost accounted for in the current year amounts to R3 036 300 (2021: R7 759 500).

13. Share-based payments (continued)

These fair values were calculated using the actuarial binomial option pricing model.

The principal assumptions were as follows:

Weighted average share price at grant date (cents per share)

Expected volatility

Expected dividend yield

Risk-free rate

Expected life (years)

2022	2021
445	399
28.2% to 45.3%	28.0% to 45.3%
3.0%	3.0%
5.2% to 8.1%	5.2% to 8.1%
3 to 5	3 to 5

Expected volatility was determined by calculating the volatility of the share price of the Company.

The shareholders initially approved a maximum number of 14 500 000 ordinary shares that may be issued in terms of the management share appreciation rights scheme. At 30 September 2022, 4 987 270 ordinary shares (2021: 7 050 504) were still available for issue.

14. Other reserves

Share-based payment reserve

Foreign currency translation reserve

Hedging reserve

2022 R'000	2021 R'000
24 960	25 257
(17 857)	(103 850)
13 859	12 824
20 962	(65 769)

The fair value of share appreciation rights issued to qualifying management are accounted for in the share-based payment reserve over the respective vesting periods. The reserve is adjusted at each reporting date when the entity revises its estimates of the number of share appreciation rights that are expected to become exercisable. The impact of the revision of original estimates, if any, are recognised in profit or loss, with a corresponding adjustment to this reserve in equity for the equity-settled plan. Refer to note 13 for further detail.

The foreign currency translation reserve relates to exchange differences arising from translation of foreign subsidiaries' statements of comprehensive income at average exchange rates for the year and their statements of financial position at the ruling exchange rates at the reporting date if the functional currency differs.

The hedging reserve relates to the change in fair value of derivative financial instruments. These derivative financial instruments include futures as well as foreign exchange contracts – cash flow hedges.

15.

Leases

This note provides information for leases where the Group is a lessee.

Reconciliation of carrying values

Balance at beginning of year

New leases

Reassessments and modifications

Lease termination

Lease payments

Principal lease liability payments

Interest

Foreign exchange adjustment

Lease liabilities

Non-current

Current

2022
R'000

2021
R'000

109 015 71 860

880 51 236

(4 313) 8 099

- (1 211)

(23 963) (20 941)

(33 588) (29 397)

9 625 8 456

- (28)

81 619 109 015

56 021 85 155

25 598 23 860

81 619 109 015

The Group's leasing activities and accounting thereof are disclosed in note 18 of the accounting policies.

Right-of-use assets recognised in the statement of financial position in relation to the Group's lease liabilities are disclosed in note 4.

The statement of comprehensive income includes the following amounts relating to leases

Depreciation charge of right-of-use assets (note 4)

Interest expense (included in finance cost note 24)

Expense relating to short-term leases (included in sales and distribution costs and other operating expenses)

Expense relating to leases of low-value assets that are not shown above as short-term leases (included in administrative expenses)

Expense relating to variable lease payments not included in lease liabilities (included in sales and distribution costs and other operating expenses)

24 870 21 021

9 625 8 456

5 742 5 606

5 311 4 945

830 1 028

The total cash outflows for leases amounted to R45.5 million (2021: R41.0 million) of which R24.0 million (2021: R20.9 million) relates to the principal elements of lease payments.

15. Leases (continued)

Impact of critical judgments in determining the lease term

None of the lease payments made in the current reporting period were optional. No potential future cash outflows (2021: Rnil) have been excluded from the lease liability where it is not reasonably certain that the leases will be extended (or not terminated). During the current financial period, no leases were terminated in advance of the end of their contractual terms. During the prior financial period, a land lease was terminated in advance of the end of its contractual term which resulted in a decrease of R1.0 million in right-of-use assets and a R1.1 million decrease in lease liabilities. The financial effect of revising lease terms to reflect the effect of exercising extension and termination options was a decrease in recognised lease liabilities of R3.9 million (2021: increase of R6.6 million) and right-of-use assets of R3.1 million (2021: increase of R6.6 million). The lease term of the East London pack station was reduced due to the closure of the plant, which impact was the largest contributor to the revised lease term financial effect.

16. Deferred income tax

	2022 R'000	2021 R'000
Balance at beginning of year	265 620	221 149
Charge in profit or loss	(757)	27 506
Change in tax rate	(8 713)	-
Foreign exchange translation adjustment	2 394	358
Deferred income tax on hedging reserve charged to equity	139	7
Deferred income tax on share-based payment reserve	(3 069)	(3 388)
Deferred tax on business combination*	-	19 988
	255 614	265 620

* Deferred tax on acquisition of LP Buhr Boerdery (Pty) Ltd. Refer to Note 40 for details.

16. Deferred income tax (continued)

Due to the following temporary differences:

Capital allowances, including trademarks

Inventories

Biological assets

Assessed loss recognised

Prepaid expenses

Provision for long-service awards

Leave accrual

Bonus accrual

Provision for impairment of trade receivables

Rebates, growth incentives and settlement discount accruals

Allowance for credit notes

Deferred income

Derivative financial instruments

Share-based payments

Accruals staff costs

Other*

For the purposes of the statement of financial position, deferred income tax is presented as follows:

Non-current assets

Non-current liabilities

2022 R'000	2021 R'000
208 266	212 059
13 549	10 372
83 990	84 388
(19 144)	(7 699)
4 172	3 623
(2 731)	(2 721)
(7 074)	(7 280)
(201)	(315)
(3 379)	(6 436)
(3 575)	(2 125)
(487)	(581)
(520)	(598)
(277)	(17)
(11 092)	(10 652)
(1 578)	(1 343)
(4 305)	(5 055)
255 614	265 620
(1 564)	(970)
257 178	266 590
255 614	265 620

* Other includes temporary differences on right-of-use assets and the discounting of a loan.

During the year, deferred income tax assets of R1 564 000 (2021: R970 000) have been recognised of which the utilisation thereof depends on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences.

These deferred tax assets relate to assessed losses of Group entities that suffered losses in the current and/or preceding years. The losses suffered in the current and/or previous period arose from identifiable causes that are unlikely to recur. These entities have a strong earnings potential, and future profitability is expected against which unrecognised tax losses can be utilised.

	2022 R'000	2021 R'000
17. Provisions for other liabilities and charges		
Long-service awards	10 116	9 718
17.1 Long-service awards		
Balance at beginning of year	9 718	8 430
Interest	722	588
Actuarial (profit)/loss	(304)	754
Current service costs	1 354	1 182
Payments	(1 374)	(1 236)
	10 116	9 718
The amount recognised in the statement of financial position was determined as follows:		
Present value of unfunded obligations	10 116	9 718
Unrecognised actuarial loss	-	-
	10 116	9 718
For the purposes of the statement of financial position, provisions for other liabilities and charges are presented as follows:		
Non-current liabilities	8 966	8 356
Current liabilities	1 150	1 362
	10 116	9 718
Existing provisions are based on the following important assumptions:		
Discount rate (per annum)	10.0%	8.2%
Salary increases (per annum)	8.3%	6.5%
Normal retirement age	60 years	60 years
The date of the most recent actuarial valuation is:	30 September 2022	30 September 2021

18. Trade and other payables

	2022 R'000	2021 R'000
Trade payables	517 189	330 536
Accrued expenses	20 957	18 561
Accrued leave pay	27 021	26 548
Accrued 13th cheque	9 154	8 728
Accrued short-term incentive bonus	191	424
Value-added tax	95	128
Dividends payable	477	470
Other payables	16 690	11 345
Refund liability	11 857	–
	603 631	396 740

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature. Other payables include trade and other receivables with credit balances reclassified as trade and other payables.

The refund liability is recognised for growth incentive rabates payable to certain customers (refer to note 16 of the accounting policies).

The carrying amount of the Group's trade payables are denominated in the following currencies:

Uncovered:

Euro	517 189	330 536
US dollar	–	504
Zambian kwacha (functional currency of a subsidiary)	4 160	2 620
Ugandan shilling (functional currency of a subsidiary)	1 056	1 203
Mozambican metical (functional currency of a subsidiary)	1 957	1 207
South African rand	4 727	2 556
	505 289	322 446
Total	517 189	330 536

Other payables are mostly denominated in the Group's functional currency and no significant risk concentrations exist outside South Africa.

19.

Revenue from contracts with customers

Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time.

Eggs

- included in eggs segment
- included in other African countries segment

Layer farming*

- included in farming segment
- included in other African countries segment

Broiler farming**

- included in farming segment
- included in other African countries segment

Animal feeds

- included in animal feeds segment
- included in other African countries segment

2022
R'000

2021
R'000

6 020 558

5 401 116

1 602 692

1 435 398

1 350 127

1 228 789

252 565

206 609

240 958

256 165

211 906

219 597

29 052

36 568

1 436 431

1 225 492

1 375 974

1 192 033

60 457

33 459

2 740 477

2 484 061

2 688 142

2 440 511

52 335

43 550

6 020 558

5 401 116

* Layer farming sales includes the sale of day-old pullets and point-of-lay hens.

** Broiler farming sales includes the sales of day-old broilers and live birds.

Information regarding major customers

During the period under review, revenue from the Group's top three customers was as follows:

Customer A

Customer B

Customer C

1 111 874

933 243

580 955

512 185

459 523

462 644

Revenue from these customers is reported within all operating segments except other African countries.

20. Other income

Administration fees received
Rental income
Sundry income
Insurance claims

2022 R'000	2021 R'000
52	41
6 883	5 861
9 008	4 299
4 177	-
20 120	10 201

Sale of services is recognised in the accounting period in which the services are rendered, by reference to the completion of services provided as a proportion of the total services to be provided. The sale of services is included in other income in profit or loss. Sale of services includes rental income received.

During the reporting period the Group received a HPAI insurance claim of R19.7 million. The portion of the claim directly related to livestock losses in the current reporting period (R17.8 million) was recognised as a recovery within cost of sales. The remaining portion of the claim of R1.9 million relates to livestock losses in the prior period and is recognised within other income as insurance claims.

21. Other gains/(losses) – net

Biological assets fair value adjustment

Unrealised – reflected in carrying amount of biological assets
Realised – reflected in cost of goods sold

Agricultural produce fair value adjustment

Unrealised – reflected in carrying amount of inventory
Realised – reflected in cost of goods sold

Foreign exchange differences

Financial instruments fair value adjustments

Foreign exchange contract cash flow hedging ineffective gain

Profit/(loss) on disposal of property, plant and equipment

Profit on disposal of interest in associate

Impairment of intangible assets

(8 438)	29 663
(8 702)	(18 894)
264	48 557
4 038	38 195
(2 094)	(26)
6 132	38 221
(1 252)	(5 370)
-	(3)
4 095	6 528
1 115	(674)
-	3 965
(5 428)	-
(5 870)	72 304

Biological assets fair value adjustment

The adjustment of biological assets from cost to fair value includes a realised and unrealised component. The unrealised portion is reflected in the carrying amount of biological assets in the statement of financial position, and the realised portion is reflected in cost of goods sold in profit and loss.

22. Operating costs

22.1 Expenses by function

	2022 R'000	2021 R'000
Cost of sales ¹	4 910 916	4 339 005
Sales and distribution costs ²	288 322	263 528
Marketing costs ³	13 311	15 065
Administrative expenses ⁴	156 773	143 972
Net impairment losses on trade and other receivables ⁵	1 739	9 050
Other operating expenses ⁶	631 242	565 412
	6 002 303	5 336 032

22. Operating costs (continued)

22.2 Expenses by nature

	2022 R'000	2021 R'000
Cost of raw materials ¹	4 567 951	3 923 072
Insurance claim received for loss of biological assets ¹	(17 774)	-
Fair value adjustment on biological assets and agricultural produce ¹	6 396	86 778
Inventory written off ¹	12 500	13 709
Research and laboratory costs ^{1, 3, 6}	17 577	17 458
Staff costs ^{1, 2, 4, 6}	512 645	479 724
Wages and salaries	444 445	413 602
Termination benefits	1 010	116
Other staff costs	35 128	30 672
Pension costs	29 026	27 574
Share-based payments expense (refer to note 13)	3 036	7 760
Non-executive directors' remuneration ⁶	3 132	874
Technical services from non-employees ⁴	15 677	14 567
Auditors' remuneration ⁴	5 096	4 576
Audit – current year	5 074	4 518
Tax-related services	22	58
Internal audit fees ⁴	1 997	1 861
Rental of premises, machinery and vehicles ^{2, 4, 6}	11 723	11 580
Travel and entertainment ⁴	8 997	5 208
Energy costs ^{1, 6}	162 609	132 167
Maintenance ^{1, 6}	103 308	95 468
Depreciation and amortisation ^{1, 6}	106 958	96 556
Insurance ⁴	33 380	31 522
Cleaning ^{1, 6}	52 986	47 047
Office expenses ⁴	60 501	60 938
Marketing costs ³	11 258	11 902
Security ^{1, 6}	35 904	31 952
Change in loss allowance for trade receivables ⁵	(8 177)	9 050
Change in allowance for credit notes ⁵	(274)	(9)
Bad debts ⁶	9 690	824
Transport and distribution costs ^{1, 2}	286 847	257 716
B-BBEE socio-economic and enterprise development ⁴	1 396	1 492
Total cost of sales, sales and distribution costs, marketing, administrative and other operating expenses	6 002 303	5 336 032

¹ Cost of sales. ² Sales and distribution costs. ³ Marketing costs. ⁴ Administrative expenses.

⁵ Net impairment losses on trade and other receivables. ⁶ Other operating expenses.

Total expenses by nature are disclosed in note 22.2 with a numeral that indicated the expense by function as in note 22.1.

23. Investment income

Interest income on financial assets: loans and receivables
– Call accounts and other

2022 R'000	2021 R'000
4 244	4 747
4 244	4 747

Interest income is recognised on a time-proportion basis using the effective interest rate method. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance). Interest income is presented as investment income in profit or loss where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

24. Finance costs

Interest expense on financial liabilities measured at amortised cost
– Call loans and bank overdrafts
– Lease liability finance charges
– Provision for unwinding of discount

5 624	2 242
9 625	8 456
1 052	1 146
16 301	11 844

25. Income tax expense/(credit)

Current income tax

Current year
Overprovision previous years

Deferred taxation

Current year
Income tax rate change

5 916	8 958
5 916	9 003
-	(45)
(9 470)	27 506
(757)	27 506
(8 713)	-
(3 554)	36 464

25. Income tax expense/(credit) (continued)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the statutory rate as follows:

	2022 %	2021 %	2022 R'000	2021 R'000
Profit before income tax			20 268	142 259
Standard rate for companies*	28.00	28.00	5 675	39 833
(Decrease)/increase in rate:				
Exempt income	(2.60)	(0.31)	(528)	(435)
Non-deductible expenditure	25.25	5.13	5 117	7 296
Overprovision previous year	-	(0.03)	-	(45)
Effect of capital gains tax	(1.11)	(1.14)	(224)	(1 615)
Effect of impairments	7.50	-	1 520	-
Effect of different tax rates*	(27.13)	(3.87)	(5 497)	(5 505)
Effect of tax rate change [^]	(43.00)	(0.31)	(8 712)	(448)
Other differences	(4.45)	(1.84)	(905)	(2 617)
Effective rate	(17.53)	25.63	(3 554)	36 464

* The standard tax rate for foreign subsidiaries differs from the income tax rate of 28%. Quantum Foods Zambia Ltd's agricultural profits are taxed at 10% and other income and manufacturing activities (feed mill activities) are taxed at 30% (2021: 35%). Quantum Foods Uganda Ltd's profits are taxed at 30%. Quantum Foods Mozambique S.A.'s profits are taxed at 16%, and will change to 32% effective from the 2024 financial period.

[^] The South African corporate income tax rate has been lowered from 28% to 27% for years of assessments starting on or after 1 April 2022. For the current financial year the rate change is substantively enacted and results in the deferred tax being provided at 27% and the current income tax at 28%. The Zambian corporate income tax rate was lowered from 35% to 30% with effect from 1 January 2022.

Exempt income consist of amounts received in terms of the South African employment tax incentive scheme. Non-deductible expenditure consist mainly of depreciation on assets (e.g. poultry houses bought) and expenses relating to corporate action which are not deductible for tax.

	2022 R'000	2021 R'000
Gross calculated tax losses of certain subsidiaries at the end of the reporting period available for utilisation against future taxable income of those companies	68 119	25 085
Less: Utilised in reduction of deferred tax	(60 822)	(22 053)
	7 297	3 032

A current and deferred income tax charge of R138 857 (2021: R3 108 485) relating to fair value adjustments on the cash flow hedging reserve is credited directly through other comprehensive income/(loss).

26. Earnings per ordinary share

Basic

The calculation of basic earnings per share is based on profit for the year attributable to owners of the parent divided by the weighted average number of ordinary shares (net of treasury shares) in issue during the year:

Profit for the year

Weighted average number of ordinary shares in issue ('000)

2022
R'000

2021
R'000

23 822

105 795

198 755

196 126

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive contingent ordinary shares.

2022
Number '000

2021
Number '000

Weighted average number of ordinary shares in issue used as the denominator in calculating basic earnings per share

198 755

196 126

Adjustment for calculation of diluted earnings per share – Share appreciation rights

1 255

3 565

Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share

200 010

199 691

Share appreciation rights issued in terms of the share incentive scheme have a potential dilutive effect on earnings per ordinary share. Refer to note 13.

26. Earnings per ordinary share (continued)

The calculation of diluted earnings per share is based on profit for the year attributable to owners of the parent divided by the diluted weighted average number of ordinary shares (net of treasury shares) in issue during the period:

Profit for the year

Diluted weighted average number of ordinary shares in issue ('000)

Headline earnings is calculated in accordance with Circular 1/2021 issued by the South African Institute of Chartered Accountants.

Reconciliation between profit attributable to owners of the parent and headline earnings

Profit for the year

Remeasurement of items of a capital nature

(Profit)/loss on disposal of property, plant and equipment

Gross

Tax effect

Profit on disposal of interest in associate

Gross

Tax effect

Impairment of intangible assets

Gross

Tax effect

Headline earnings for the year

Earnings per ordinary share (cents)

Diluted earnings per ordinary share (cents)

Headline earnings per ordinary share (cents)

Diluted headline earnings per ordinary share (cents)

2022
R'000

2021
R'000

23 822

105 795

200 010

199 691

23 822

105 795

(1 137)

453

(1 115)

674

(22)

(221)

-

(3 965)

-

(3 965)

-

5 428

-

5 428

-

-

-

28 113

102 283

12.0

53.9

11.9

53.0

14.1

52.2

14.1

51.2

27. Cash profit from operating activities

Reconciliation of profit before tax and cash profit from operating activities:

Profit before income tax

Adjustment for:

Depreciation and amortisation

Impairment of goodwill

Biological assets fair value adjustment

Agricultural produce fair value adjustment

Net (profit)/loss on sale of property, plant and equipment

Net profit on disposal of investment in associate

Unrealised losses on FECs, foreign exchange and future contracts

Change in loss allowance for trade receivables

Change in provision for credit notes based on history

Inventory written off

Bad debts

Share-based payments expense

Changes in provisions for long-service awards

Interest received

Interest paid

Share of loss/(profit) of associate companies

Leases derecognition included in operating profit

2022
R'000

2021
R'000

20 268	142 259
106 958	96 556
5 428	-
8 702	18 894
2 094	26
(1 115)	674
-	(3 965)
398	3 615
(8 177)	9 050
(274)	(9)
12 500	13 709
9 690	824
3 036	7 760
(324)	700
(4 244)	(4 747)
16 301	11 844
180	(1 767)
(796)	(126)
170 625	295 297

28. Working capital changes

Increase in inventory

Increase in trade and other receivables

Increase/(decrease) in trade and other payables

Increase in current biological assets

Changes to derivative financial instruments

(92 815)	(97 897)
(188 872)	(55 024)
236 390	(35 035)
(41 398)	(67 717)
(379)	(3 619)
(87 074)	(259 292)

	2022 R'000	2021 R'000
29. Dividends paid		
Amounts unpaid at beginning of the year	(470)	(436)
As disclosed in statement of changes in equity	(15 969)	(19 426)
Dividends declared during the year	(16 002)	(20 002)
Dividends on treasury shares received by subsidiary	33	576
Amounts unpaid at end of year	477	470
	(15 962)	(19 392)
30. Income tax paid		
Amounts unpaid at beginning of the year	(1 799)	(12 473)
Current tax charge in profit and loss	(5 916)	(8 958)
Hedging reserve – income tax current year	-	(3 101)
Amounts unpaid at end of the year	831	1 799
	(6 884)	(22 733)
For the purposes of the statement of financial position, current income tax (receivable)/payable are presented as follows:		
Current assets	(1 722)	(840)
Current liabilities	2 553	2 639
	831	1 799
31. Proceeds on disposal of property, plant and equipment		
Book value of property, plant and equipment disposed	1 252	1 951
Profit/(loss) on disposal of property, plant and equipment	1 115	(674)
	2 367	1 277

32. Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

Net debt

Cash and cash equivalents

Bank overdraft

Lease liabilities

2022
R'000

2021
R'000

63 845

73 311

(74 908)

-

(81 619)

(109 015)

(92 682)

(35 704)

Cash/bank
overdraft
R'000

Lease
liabilities
R'000

Total
R'000

Net debt as at 1 October 2020

251 781

(71 860)

179 921

Movement in lease liabilities

-

(58 122)

(58 122)

Cash flows

(179 955)

20 941

(159 014)

Foreign exchange adjustments

1 485

26

1 511

Net debt as at 30 September 2021

73 311

(109 015)

(35 704)

Movement in lease liabilities

-

3 433

3 433

Cash flows

(95 596)

23 963

(71 633)

Foreign exchange adjustments

11 222

-

11 222

Net debt as at 30 September 2022

(11 063)

(81 619)

(92 682)

33. Contingent liabilities

No litigation matters with potential material consequences exist as at the reporting date.

	2022 R'000	2021 R'000
34. Commitments		
34.1 Operating lease receivables		
The future aggregate minimum lease receivables under non-cancellable operating leases are as follows:		
No later than one year	3 308	94
Later than one year, and no later than five years	2 893	-
	6 201	94
34.2 Capital commitments		
Contractually committed	31 700	12 298
Approved by the Board, but not yet contractually committed	104 155	154 723
- for the next financial year	104 155	121 291
- for the year following the next financial year	-	33 432
	135 855	167 021
Allocated as follows:		
Property, plant and equipment	131 878	152 825
Computer software	3 977	14 196
	135 855	167 021

The expenditure will be financed from operating income, cash reserves and borrowed funds, in accordance with a budget approved by the Board.

35. Related-party transactions

Quantum Foods Holdings Ltd is the ultimate holding company of the Quantum Foods group of companies. The Group consists of:

- Quantum Foods (Pty) Ltd
- Quantum Foods Uganda Ltd (incorporated in Uganda)
- Quantum Foods Zambia Ltd (incorporated in Zambia)
- Quantum Foods Mozambique, S.A. (incorporated in Mozambique)
- Bergsig Breeders (Pty) Ltd – associate company disposed of on 18 June 2021 (refer to note 6)
- Klipvlei Broilers (Pty) Ltd – associate company (refer to note 6)

The Group holds a 100% (2021: 100%) interest in Quantum Foods (Pty) Ltd, and this entity holds a 100% (2021: 100%) interest in all the other subsidiaries listed above. The subsidiaries are incorporated in South Africa unless indicated otherwise.

During the reporting period the Company and its subsidiaries conducted the following transactions with its associate companies and key management personnel:

	2022 R'000	2021 R'000
35.1 Sale of goods		
Bergsig Breeders (Pty) Ltd (sales up to date of disposal)	-	45 648
Klipvlei Broilers (Pty) Ltd	7	46
	7	45 694
35.2 Purchase of goods/services		
Bergsig Breeders (Pty) Ltd (purchases up to date of disposal)	-	52 237
Klipvlei Broilers (Pty) Ltd (grower fee paid)	28 496	24 282
	28 496	76 519
35.3 Key management personnel compensation		
Salaries and other short-term employee benefits	20 842	19 199
Post-employment benefits	2 139	2 112
Bonuses and incentives	-	-
Other long-term benefits	-	-
Share-based payments	2 516	6 793
	25 497	28 104

Key management personnel include the executive directors of the Board and members of the Group's executive committee.

36. Financial instruments by category

30 September 2022

Assets as per statement of financial position

	Amortised cost R'000	Assets at fair value through profit and loss R'000	Total R'000
Derivative financial instruments	-	53	53
Trade and other receivables ¹	666 803	-	666 803
Cash and cash equivalents	63 845	-	63 845
Total	730 648	53	730 701

30 September 2021

Assets as per statement of financial position

Derivative financial instruments	-	23	23
Trade and other receivables ¹	518 652	-	518 652
Cash and cash equivalents	73 311	-	73 311
Total	591 963	23	591 986

¹ Financial assets do not include prepaid expenses and VAT amounts receivable.

30 September 2022

Liabilities as per statement of financial position

	Other financial liabilities at amortised cost R'000	Total R'000
Lease liabilities	81 619	81 619
Bank overdraft	74 908	74 908
Trade and other payables ²	567 170	567 170
Total	723 697	723 697

30 September 2021

Liabilities as per statement of financial position

Lease liabilities	109 015	109 015
Trade and other payables ²	360 912	360 912
Total	469 927	469 927

² Financial liabilities do not include accruals for 13th cheque, leave, short-term incentive bonus and VAT amounts payable.

37. Financial risk management

37.1 Financial risk factors

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit and loss information is included where relevant to add further context.

Risk	Exposure arising from	Measurement	Management
Market risk – foreign exchange	<ul style="list-style-type: none">– Future commercial transactions– Recognised assets and liabilities denominated in foreign currency	<ul style="list-style-type: none">– Cash flow forecasting– Sensitivity analysis	Forward foreign exchange contracts for future commercial transactions
Market risk – price risk	Fluctuations in prices of feed raw materials, mainly maize and soya bean meal	Sensitivity analysis	<ul style="list-style-type: none">– Futures contracts– Contracting at fixed delivery prices
Market risk – interest rate	Deposits and bank overdraft at variable rates	Sensitivity analysis	Treasury function based on a rolling cash flow forecast
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments	<ul style="list-style-type: none">– Ageing analysis– Credit ratings– Sensitivity analysis	<ul style="list-style-type: none">– Deposits placed at banks with high credit ratings– Credit limits, credit control, letters of credit and insurance for trade receivables
Liquidity risk	Investment in working capital, capital expenses, changes in profitability	Rolling cash flow forecasts	<ul style="list-style-type: none">– Committed working capital facility– Vendor payment terms

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

The Board approved a broad decision-making framework in terms of which financial risks are evaluated, managed and hedged by executive management.

37. Financial risk management (continued)

37.1 Financial risk factors (continued)

(a) Market risk

(i) Cash flow interest rate risk

The Group's interest rate risk arises from financial assets and financial liabilities.

Financial liabilities exposed to interest rate risk include interest-bearing short and long-term borrowings. At year-end the Group had a bank overdraft balance which exposes the Group to cash flow interest rate risk. The Group's lease liabilities has minimal exposure to variable interest rates.

Financial assets exposed to cash flow interest rate risk include cash and short-term bank deposits. Changes in the prime interest rate will result in a minimal impact on profit after tax.

(ii) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro, British pound, US dollar, Zambian kwacha, Ugandan shilling and Mozambican metical. Foreign exchange risk arises from future commercial transactions denominated in foreign currencies, recognised assets and liabilities denominated in foreign currencies and derivative financial instruments. Apart from the Group's exposure to trade receivables and payables and cash denominated in foreign currencies, no other financial assets or liabilities expose the Group to significant foreign exchange risk.

Instruments used by Group

The Group manages short-term foreign exchange exposure relating to raw material imports (primarily US dollar based), in terms of formal hedging policies. Foreign exchange risk arising from capital imports is hedged in total. The Group either uses a foreign exchange forward contract ("FEC") to hedge its exposure to foreign currency risk or procures the relevant imported goods at a ZAR price which includes an FEC entered into on the Group's instruction. Only the spot component of forward contracts entered into by the Group is designated as a hedging instrument. 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 the forward element, which is recognised in profit or loss.

Refer to note 10 for material FEC's. Refer to notes on trade and other receivables, trade payables for financial exposure to foreign currency risk.

Refer to note 21 – other gains/(losses) – net for foreign exchange-related amounts recognised in profit or loss for the year.

(iii) Price risk

The Group is exposed to commodity price risk. The risk arises from the Group's need to buy specific quantities and qualities of raw materials to meet its feeds business' requirements. These raw materials include maize and soya bean meal.

The Group uses exchange-for-physical contracts to hedge itself against the price risk of the maize commodity acquired in South Africa. These contracts hedge the future purchase price of raw materials. Settlement of the physical contracts and local futures are effected by physical delivery. The commodity price risk arising from maize and soya bean meal imports are hedged by contracting at a fixed delivered price.

37. Financial risk management (continued)

37.1 Financial risk factors (continued)

(a) Market risk (continued)

(iv) Sensitivity analysis

The table below summarises the impact on post-tax profit and equity of changes in market risks relating to the Group's financial instruments exposed to foreign exchange risk.

Change in foreign currency

Derivative financial instruments affected by changes in exchange rates include foreign exchange contracts. The summary below reflects the results of an expected change in US dollar of 4% (2021: 3%), British pound of 2% (2021: 3%), Euro of 4% (2021: 3%), Zambian kwacha of 5% (2021: 3%), Ugandan shilling of 3% (2021: 3%) and Mozambique metical 2% (2021: 3%), with all other variables held constant.

	2022 R'000	2021 R'000
Rand depreciates against foreign currencies		
– Increase/(decrease) in profit after income tax		
Trade receivables	614	408
Cash and cash equivalents	2 356	1 097
Trade payables	(681)	(204)
– Increase in equity after income tax		
Derivative financial instruments earmarked for hedging	52	25
	2 341	1 326
	2022 R'000	2021 R'000
<i>Change in commodity prices</i>		
Derivative financial instruments affected by changes in the commodity prices relate to futures. The summary below reflects the results of an expected change in the maize price of 5% (2021: 2%), with all other variables held constant.		
<i>Commodity price increase</i>		
– Increase in equity after income tax		
Derivative financial instruments earmarked for hedging	1 904	3 645

If these prices were to decrease it will result in a decrease in reserves of the same amount.

37. Financial risk management (continued)

37.1 Financial risk factors (continued)

(b) Credit risk

Financial assets that potentially subject the Group to a concentration of credit risk consist principally of cash and cash equivalents and derivative financial instruments, as well as credit exposure to trade receivables, including outstanding receivables and committed transactions.

The Group's credit risk exposure relating to derivative financial instruments is managed on a Group level and are placed with a limited number of creditable financial institutions, all of which have Moody's short-term credit ratings of NP. The Group continually monitors its positions and the credit ratings of its counterparties.

The Group's credit risk exposure relating to trade receivables is managed centrally. Trade receivables are subject to credit limits, credit control and credit approval procedures. The credit quality of customers is assessed, taking into account their financial position, past experience with the customer and other factors when approving new customers and determining or revising individual credit limits. The utilisation of credit limits is regularly monitored.

The Group insures its South African debtors with Credit Guarantee Insurance. In 2022, 42% (2021: 44%) of the Group's total unimpaired trade receivables have been covered by credit insurance. National customers have a limited risk profile and a national geographical representation. The credit quality of the national customers is considered to be good based on historical default rates. These customers include large national customers in the formal retail sector. The large national customers and other listed companies are assessed as having a low risk of default, and are thus not insured. These customers amounted to approximately 47% (2021: 42%) of trade receivables – net at the reporting date. Of the remaining other customers, 78% (2021: 76%) of the Group's trade receivables – net were insured.

Credit insurance premiums are paid on a monthly basis based on net invoiced sales. The credit policy requires each new customer to be analysed individually for credit worthiness before delivery and payment terms are offered. The Group's risk is limited to 30% (2021: 30%) of the net invoiced sales to insured debtors. The Group's review includes external ratings where available and, in some cases, bank references. Limits are established for each customer, which represents the maximum trading amount without requiring further approval. These limits are reviewed on an ongoing basis. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group on a cash basis. Customers that default on payments are closely monitored and put on "stop supply" if required.

Credit risk with respect to trade receivables is limited due to the large number of customers comprising the Group's customer base and their dispersion across different industries and geographical areas.

A specific provision for losses of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators of objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables and that the trade receivable is impaired.

The amount of the specific provision for losses, included in the loss allowance, is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in profit or loss within other operating expenses. The carrying amount of the asset is reduced through the use of an allowance account. When trade receivables are uncollectible, they are written off as other operating expenses in profit or loss. Subsequent recoveries of amounts previously written off are credited against other operating expenses in profit or loss.

Other receivables consist mainly of prepayments, value-added tax receivable and other debtors. The risk of default is assessed as low. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

37. Financial risk management (continued)

37.1 Financial risk factors (continued)

(b) Credit risk (continued)

The credit quality of trade debtors that are neither past due nor impaired, is as follows:

	2022 R'000	2021 R'000
External customer (history of more than six months) – not previously impaired	646 414	490 021
External customer (history of more than six months) – previously impaired – debt repaid	226	73
New customers (history less than six months)	3 884	13 051
Total	650 524	503 145
The Group deposits cash surpluses with financial institutions of high quality and standing. The table below shows the cash and cash equivalents allocated in terms of bank rating. These ratings are based on Moody's bank ratings.		
NP short-term credit rating	63 650	72 599
Not rated	1	314
Cash on hand	194	398
	63 845	73 311

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities, payment terms agreed with suppliers and the ability to close out market positions. The significant increase in the prices of commodities procured by the Group resulted in a substantial increase in the working capital investment in 2022. Liquidity was improved by increasing the committed borrowing facility by R150m and by agreement of a temporary extension in the payment terms of two large suppliers. These payment terms, which were extended by between one and two weeks, reduced the net debt position of the Group by R110m on 30 September 2022. The short-term commitments of the Group will be settled by cash realised from trade receivables and the utilisation of the borrowing facilities available.

The Group manages its liquidity risk by using reasonable and retrospectively assessed assumptions to forecast the future cash-generating capabilities and working capital requirements of the businesses it operates and by maintaining sufficient reserves, committed borrowing facilities and other credit lines as appropriate. The Group's policy has been to maintain substantial unutilised banking facilities and reserve borrowing capacity.

Surplus cash held by Group treasury over and above the balance required for working capital management is invested in interest-bearing money market deposits with sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. At the reporting date, the Group held no short-term bank deposits.

At year-end the Group had a borrowing facility in the form of a debtors' finance facility at one of the major South African banks for the value of R358.1 million (2021: R206.9 million). Trade receivables is provided as security for the debt. The facility agreement determines that any positive cash balances available in the South African bank account of the Group can be offset against any amount drawn. The Group has a legally enforceable right to offset these amounts, and there is an intention to settle on a net basis.

37. Financial risk management (continued)

37.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

	2022 R'000	2021 R'000
Positive cash balances	47 100	44 962
Amount drawn on facility agreement	(122 008)	(42 621)
Net balance of (bank overdraft)/cash at bank	(74 908)	2 341
The Group's unutilised borrowing facilities are as follows:		
Total borrowing facilities	283 222	206 858

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed are the contractual undiscounted cash flows.

Maturity analysis of financial liabilities	Not later than 1 year R'000	Between 1 and 2 years R'000	More than 2 years R'000	Total R'000
30 September 2022				
Capital and interest – total				
Lease liabilities	(32 425)	(28 689)	(34 611)	(95 725)
Dividends payable	(477)	-	-	(477)
Trade and other payables	(567 178)	-	-	(567 178)
Bank overdraft	(74 908)	-	-	(74 908)
Financial guarantees*	(14 763)	-	-	(14 763)
	(689 751)	(28 689)	(34 611)	(753 051)
30 September 2021				
Capital and interest – total				
Lease liabilities	(33 354)	(31 611)	(69 705)	(134 670)
Dividends payable	(470)	-	-	(470)
Trade and other payables	(360 427)	-	-	(360 427)
Financial guarantees*	(19 250)	-	-	(19 250)
	(413 501)	(31 611)	(69 705)	(514 817)

* Financial guarantees relate to guarantee contracts in terms of loans by third parties to contracted service providers. The fair value of the financial guarantee contracts is measured at the higher of the amount determined in accordance with the expected credit loss model under IFRS 9 – Financial Instruments and the fair value initially recognised. The amount determined in accordance with the expected credit loss model was not material due to the low probability of default by the contracted service provider. The value of the financial guarantee contracts is therefore equal to the initial recognition fair value, which is nil (2021: nil). The maximum possible exposure of the Group at 30 September 2022 is R14.8 million (2021: R19.3 million).

Note: Financial liabilities do not include provisions, accrual for 13th cheque, deferred revenue, accrual for leave and VAT amounts payable.

37. Financial risk management (continued)

37.2 Capital risk management

The Board's policy is to maintain a strong capital base to ensure the Group continues as a going concern in order to provide returns for shareholders and benefits for other stakeholders. When allocating capital, the Group's target is to achieve a return on invested capital in excess of its weighted average cost of capital.

	2022 R'000	2021 R'000
Net debt	92 682	35 704
Total equity (as shown in the statement of financial position)	2 100 788	1 999 802
	4.41%	1.79%

The main focus of the Group's capital management is to ensure liquidity, in the form of short-term borrowing facilities, in order to have sufficient available funding for the Group's working capital requirements.

37.3 Fair value measurement

All financial instruments measured at fair value are classified using a three-tiered fair value hierarchy that reflects the significance of the inputs used in determining the measurement. The hierarchy is as follows:

Level 1:

Fair value measurements derived from quoted prices (unadjusted) in active markets for identical assets or liabilities at the end of the reporting period. No financial assets have been classified as level 1.

Level 2:

Fair value measurements derived from inputs other than quoted prices included within level 1 that are observable inputs, which reflect the market conditions, in their expectations of future cash flows for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3:

Fair value measurements derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

37. Financial risk management (continued)

37.3 Fair value measurement (continued)

The following table presents the Group's assets and liabilities that are measured at fair value at:

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
30 September 2022				
Assets measured at fair value				
Derivative financial instruments				
– Foreign exchange contracts	-	53	-	53
Biological assets				
– Livestock	-	-	433 910	433 910
Total	-	53	433 910	433 963
30 September 2021				
Assets measured at fair value				
Derivative financial instruments				
– Foreign exchange contracts	-	23	-	23
Biological assets				
– Livestock	-	-	403 308	403 308
Total	-	23	403 308	403 331

There were no transfers between any levels during the year, nor were there any significant changes to the valuation techniques and inputs used to determine fair values.

Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter securities) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

The Group uses a variety of methods that make assumptions that are based on market conditions existing at the reporting date. Quoted market prices or dealer quotes for similar instruments are used for derivative financial instruments. The fair value of foreign exchange contracts is determined using quoted forward exchange rates at the reporting date.

Financial instruments in level 3: Biological assets

The layer and broiler livestock and agricultural produce are measured at fair value which is determined by using unobservable inputs and is categorised as level 3. Fair values of livestock held for breeding, layer-hens, broilers and hatching eggs are determined with reference to market prices of livestock of similar age, breed and genetic material.

The fair value of the layer birds, which include rearing and layer livestock, are determined by the market prices of day-old chicks, point-of-lay hens and culls. These are the only selling points during the life cycle of the bird. The fair value of the layer birds are determined by their age at the different stages in the life cycle.

37. Financial risk management (continued)

37.3 Fair value measurement (continued)

The fair value of broiler livestock is determined by the market prices of day-old chicks and live birds at slaughter age. These are the only selling points during the life cycle of the bird. The fair value of the broiler livestock is determined by their age at the different stages in the life cycle.

The market prices used in the valuation are based on actual selling prices realised by the Group. The fair value estimation of the Group's biological assets was not materially impacted by the HPAI outbreak in South Africa.

Changes in the fair value are included in profit or loss, with a loss of R8 702 206 (2021: R18 893 631) being recognised as the unrealised fair value adjustment in profit or loss in the current period to adjust the biological asset livestock to fair value.

In measuring the fair value of biological assets, the following significant unobservable inputs were used:

Unobservable input	Range of unobservable inputs	
	2022	2021
Layer livestock		
Market price of day-old chicks	R10.96 to R11.16	R9.87 to R10.07
Market price of point-of-lay hens	R77.49 to R80.73	R70.37 to R73.95
Market price of culls	R30.7 to R33.16	R26.57 to R31.16
Broiler livestock		
Market price of day-old chicks	R6.58 to R6.78	R5.62 to R5.82
Market price of live birds	R37.66 to R38.06	R30.04 to R30.44

Sensitivity analysis

A sensitivity analysis of a 2% change in the market price is shown for the significant unobservable inputs below:

Input	Sensitivity
Day-old chick market prices	A change in market price would result in a R0.3 million (2021: R0.4 million) change in the fair value of poultry livestock.
Point-of-lay hens market prices	A change in the market price would result in a R3.4 million (2021: R3.5 million) change in the fair value of laying hens.
Cull market prices	A change in the market price would result in a R0.7 million (2021: R0.6 million) change in the fair value of laying hens.
Live bird market prices	A change in the market price would result in a R1.2 million (2021: R1.0 million) change in the fair value of broiler livestock.

The effect of an increase in market prices will result in an increase in the fair value of the livestock.

The carrying amounts of cash and cash equivalents, trade and other receivables less provision for impairment, trade and other payables and short-term borrowings are assumed to approximate their fair values due to the short-term maturity of these assets and liabilities.

38. Segment information

Management has determined the operating segments based on the reports reviewed on a regular basis by the CODM in order to make strategic decisions.

Reportable segments are divided into the following:

- Eggs
- Farming
- Animal feeds
- Other African countries
- Head office costs

Quantum Foods comprises eggs, broiler and layer farming and animal feeds in South Africa and the businesses of Quantum Foods Zambia Ltd, Quantum Foods Uganda Ltd and Quantum Foods Mozambique, S.A.

The egg business is the commercial egg business, which consists of the sale of ungraded eggs and the processing of eggs in the pack stations and distribution thereof, to the market.

The layer farming business includes the layer livestock and commercial layer farms. The broiler farming business includes the broiler livestock and commercial broiler farms. The broiler farming and layer farming operating segments are aggregated for segment reporting. Both operations have similar risk profiles, being the production risk inherent to live bird farming. The exposure of these operations to market risk is lower than the exposure to production risk.

The animal feeds business produces animal feed at its feed mills located in South Africa, and delivers the manufactured product to the market (its customers).

The nature of the Quantum Foods Zambia, Quantum Foods Uganda and Quantum Foods Mozambique businesses' operations are similar. They comprise predominantly the production and sale of animal feeds, commercial eggs and day-old chicks. Based on management's assessment these three entities are aggregated for segmental reporting due to the homogeneous nature of their economic characteristics, similarity in their risk profiles, the nature of their production processes as well as their customer and distribution profiles.

The segment results disclosed per segment below are the CODM's measure of each segment's operational performance. The measure represents operating profit as per the statement of comprehensive income.

External revenue and all other items of income, expenses, profits and losses reported in the segment report are measured in a manner consistent with that in the statement of comprehensive income.

Segment assets consist of property, plant and equipment, intangible assets, inventories, biological assets, trade and other receivables and derivative financial instrument assets and exclude cash and cash equivalents, investment in associates and deferred and current income tax assets.

Segment liabilities consist of trade and other payables, provisions for other liabilities and charges, and derivative financial instrument liabilities, and exclude current and deferred income tax liabilities.

Segment capital expenditure consists of additions and replacements of property, plant, equipment and intangible assets.

38. Segment information (continued)

Segment revenue

- Eggs
- Farming
- Animal feeds
- Other African countries

Less: Internal revenue

- Farming

External revenue

- Eggs
- Farming
- Animal feeds
- Other African countries

Segment results (operating profit)

- Eggs
- Farming
- Animal feeds
- Other African countries
- Head office costs

A reconciliation of the segment results (operating profit) to profit before income tax is provided below:

Segment results

Adjusted for:

- Investment income
- Finance costs
- Share of profit/(loss) of associate companies

Profit before income tax per statement of comprehensive income

2022 R'000	2021 R'000
6 030 053	5 409 490
1 350 127	1 228 789
1 597 375	1 420 004
2 688 142	2 440 511
394 409	320 186
(9 495)	(8 374)
(9 495)	(8 374)
6 020 558	5 401 116
1 350 127	1 228 789
1 587 880	1 411 630
2 688 142	2 440 511
394 409	320 186
32 505	147 589
(42 185)	(5 016)
(14 007)	33 497
87 832	100 810
18 476	31 057
(17 611)	(12 759)
32 505	147 589
4 244	4 747
(16 301)	(11 844)
(180)	1 767
20 268	142 259

38. Segment information (continued)

Segment assets

- Eggs
- Farming
- Animal feeds
- Other African countries
- Head office costs

A reconciliation of the segments' assets to the Group's assets is provided below:

Segment assets per segment report

Adjusted for:

- Investment in associate
- Current and deferred income tax assets
- Cash and cash equivalents

Total assets per statement of financial position

Segment liabilities*

- Eggs
- Farming
- Animal feeds
- Other African countries
- Head office costs

A reconciliation of the segments' liabilities to the Group's liabilities is provided below:

Segment liabilities per segment report

Adjusted for:

- Current and deferred income tax liabilities
- Bank overdraft

Total liabilities per statement of financial position

2022 R'000	2021 R'000
3 053 532	2 699 073
293 544	289 783
1 336 157	1 215 990
872 783	778 198
482 462	393 070
68 586	22 032
3 053 532	2 699 073
10 130	10 310
3 286	1 810
63 845	73 311
3 130 793	2 784 504
695 366	515 473
123 929	120 577
110 854	103 980
420 910	266 166
20 141	16 144
19 532	8 606
695 366	515 473
259 731	269 229
74 908	-
1 030 005	784 702

* The previous year segment liabilities were updated to include the allocation of the long-service awards provision, accrued leave pay and accrued 13th cheque. These amounts were previously included in the Head office costs liability.

38. Segment information (continued)

	2022 R'000	2021 R'000
Total segment capital expenditure (excluding business combination)	125 224	108 602
- Eggs	3 881	7 793
- Farming	77 214	43 442
- Animal feeds	18 561	33 093
- Other African countries	15 297	22 622
- Head office costs	10 271	1 652
Total segment capital expenditure (business combinations)	-	73 124
- Farming	-	73 124
Total segment depreciation and amortisation	106 958	96 556
- Eggs	19 492	17 432
- Farming	41 631	39 204
- Animal feeds	22 222	19 744
- Other African countries	23 613	20 176
Items of a capital nature per segment included in other gains/(losses) – net	1 115	(674)
Profit/(loss) on disposal of property, plant and equipment and intangible assets before income tax	1 115	(674)
- Eggs	(81)	(13)
- Farming	1 431	(778)
- Animal feeds	(49)	(106)
- Other African countries	(186)	223
Profit on disposal of interest in associate before income tax	-	3 965
- Head office costs	-	3 965
Impairment of intangible assets	(5 428)	-
- Animal feeds	(5 428)	-

Geographical information

The Group mainly operates in South Africa. Other operations are located in other African countries. Due to the immaterial extent of operations in individual foreign countries in relation to South Africa, these foreign countries were grouped together as a single geographical segment.

38. Segment information (continued)

Revenue derived by Group companies domiciled in South Africa is classified as revenue from South Africa. Revenue derived by Group companies domiciled in other countries is disclosed as foreign revenue. The same principles apply to segment assets and capital expenditure.

	2022 R'000	2021 R'000
External revenue	6 020 558	5 401 116
South Africa	5 626 149	5 080 930
Other African countries	394 409	320 186
Total segment non-current assets	1 416 940	1 360 639
South Africa	1 123 876	1 107 276
Other African countries	293 064	253 363
Total segment capital expenditure (excluding business combination)	125 224	108 602
South Africa	109 927	85 980
Other African countries	15 297	22 622

39. Retirement benefits

The Group contributes to retirement and provident funds for all its South African employees which are administered by several service providers. These retirement and provident funds are defined contribution plans which are arranged and governed by the Pension Fund Act of 1956, and no actuarial valuation is required.

40. Business combination

Helderfontein Broiler Farm

On 31 January 2021, 100% of the issued shares in LP Buhr Boerdery (Pty) Ltd was acquired. LP Buhr Boerdery (Pty) Ltd owns Helderfontein Broiler Farm, a broiler chickens rearing business based in the Western Cape. Helderfontein Broiler Farm has been a contract grower to the Group for the last 25 years.

The acquisition of LP Buhr Boerdery (Pty) Ltd was considered a business combination in terms of IFRS 3 – Business Combinations. The acquisition consisted of the assets, employees (and related liabilities) for a total consideration of R54.7 million, which does not include any settlement in respect of the pre-existing contract grower agreement. Details of the purchase consideration and the net assets acquired are as follows:

	2021 R'000
<i>Fair value</i>	
Property, plant and equipment	73 124
Inventory	1 390
Trade and other receivables	287
Trade and other payables	(131)
Deferred income tax liabilities	(19 988)
Purchase consideration – settled in cash	54 682

The acquisition ensures an uninterrupted broiler supply chain in the Western Cape, enables the Group to continue to serve its customer base and also provides a basis from which to increase volumes in future.

41. Events after the reporting period

Dividend

The Board has resolved not to declare a final dividend for the year ended 30 September 2022 (2021: nil cents).

An interim dividend of 8.0 cents (2021: nil cents) per ordinary share was declared and paid during the year.

There have been no other events that may have a material effect on the Group that occurred after the end of the reporting period and up to the date of approval of the consolidated annual financial statements by the Board.

42. Going concern statement

The Board evaluated the going concern assumption as at 30 September 2022. As part of its assessment, the Board considered the following:

- the Group's cash flow forecasts for the next 12 months following year-end in terms of their current knowledge and expectations of ongoing developments;
- the Group's ability to settle its obligations as they become due and payable in the next 12 months;
- the solvency and liquidity ratios of the Group; and
- the current and forecasted debt utilisation of the Group.

The Board has a reasonable expectation that the Group and its subsidiaries have adequate resources to continue in operational existence for the foreseeable future and continue adopting the going concern basis in preparing the financial statements.

43. Remuneration of directors

30 September 2022

Executive directors

HA Lourens

AH Muller

Total executive directors

Non-executive directors*

WA Hanekom

GG Fortuin

T Golden

LW Riddle

G Vaughan-Smith

Total non-executive directors

Total directors

	Basic salary R'000	Travel allowances R'000	Bonuses and incentives R'000	Retirement fund contributions R'000	Long-term incentives R'000	Directors' fees R'000	Total R'000
HA Lourens	3 740	62	-	405	3 414	-	7 621
AH Muller	2 407	88	-	265	827	-	3 587
Total executive directors	6 147	150	-	670	4 241	-	11 208
WA Hanekom	-	-	-	-	-	752	752
GG Fortuin	-	-	-	-	-	676	676
T Golden	-	-	-	-	-	600	600
LW Riddle	-	-	-	-	-	600	600
G Vaughan-Smith	-	-	-	-	-	504	504
Total non-executive directors	-	-	-	-	-	3 132	3 132
Total directors	6 147	150	-	670	4 241	3 132	14 340

30 September 2021

Executive directors

HA Lourens

AH Muller

Total executive directors

Non-executive directors*

WA Hanekom

Prof. ASM Karaan (passed away

13 January 2021)

GG Fortuin

T Golden

LW Riddle

G Vaughan-Smith (appointed

19 February 2021)

Total non-executive directors

Total directors

HA Lourens	3 570	62	-	387	5 643	-	9 662
AH Muller	2 228	88	-	246	1 452	-	4 014
Total executive directors	5 798	150	-	633	7 095	-	13 676
WA Hanekom	-	-	-	-	-	237	237
Prof. ASM Karaan (passed away 13 January 2021)	-	-	-	-	-	107	107
GG Fortuin	-	-	-	-	-	189	189
T Golden	-	-	-	-	-	156	156
LW Riddle	-	-	-	-	-	185	185
G Vaughan-Smith (appointed 19 February 2021)	-	-	-	-	-	-	-
Total non-executive directors	-	-	-	-	-	874	874
Total directors	5 798	150	-	633	7 095	874	14 550

* The non-executive directors' fees were paid for the period 1 April 2021 to 30 September 2022 following the approval of the special resolution at the AGM on 25 February 2022.

* The non-executive directors' fees were paid for the period 1 October 2020 to 31 March 2021. No director's fees were paid after this period as the special resolution to authorise this was not passed at the 19 February 2021 AGM.

43. Remuneration of directors (continued)

Directors' share appreciation rights ("SARs")	Fair value of total SARs granted during the year R'000											
	Number of SARs initially allocated	Date awarded	Exercisable up to date	Strike price Cents	Fair value per SAR at grant date*	Fair value of total SARs granted during the year R'000	Number of SARs redeemed cumulative	Number of SARs redeemed in current year	Number of SARs forfeited** in current year	Exercise price at date of redemption Cents	Value increase from strike price to price at redemption R'000	Number of SARs not redeemed
30 September 2022												
<i>Executive directors</i>												
HA Lourens	2 280 786	2017/02/23	2023/02/23	309	-	-	2 280 786	760 262	-	611	2 295	-
	2 267 972	2018/02/22	2024/02/22	391	-	-	1 511 980	755 990	377 995	589	750	755 992
	1 912 728	2019/02/11	2025/02/11	425	-	-	637 576	637 576	318 788	540	369	1 275 152
	1 404 498	2020/02/17	2026/02/17	357	-	-	-	-	-	-	-	1 404 498
	1 168 730	2021/02/15	2027/02/15	609	-	-	-	-	-	-	-	1 168 730
	1 737 372	2022/02/21	2028/02/21	539	190	3 301	-	-	-	-	-	1 737 372
AH Muller	510 736	2017/02/23	2023/02/23	309	-	-	510 736	170 248	-	611	514	-
	656 978	2018/02/22	2024/02/22	391	-	-	437 984	218 992	109 496	589	217	218 994
	497 266	2019/02/11	2025/02/11	425	-	-	165 754	165 754	82 877	540	96	331 512
	433 542	2020/02/17	2026/02/17	357	-	-	-	-	-	-	-	433 542
	307 084	2021/02/15	2027/02/15	609	-	-	-	-	-	-	-	307 084
	514 604	2022/02/21	2028/02/21	539	190	978	-	-	-	-	-	514 604
30 September 2021												
<i>Executive directors</i>												
HA Lourens	634 240	2016/02/18	2022/02/18	266	-	-	599 356	176 532	34 884	684	738	-
	2 280 786	2017/02/23	2023/02/23	309	-	-	1 520 524	760 262	-	684	2 851	760 262
	2 267 972	2018/02/22	2024/02/22	391	-	-	755 990	755 990	-	662	2 054	1 511 982
	1 912 728	2019/02/11	2025/02/11	425	-	-	-	-	-	-	-	1 912 728
	1 404 498	2020/02/17	2026/02/17	357	-	-	-	-	-	-	-	1 404 498
	1 168 730	2021/02/15	2027/02/15	609	204	2 384	-	-	-	-	-	1 168 730
AH Muller	187 902	2016/02/18	2022/02/18	266	-	-	177 567	52 299	10 335	684	219	-
	510 736	2017/02/23	2023/02/23	309	-	-	340 488	170 244	-	684	638	170 248
	656 978	2018/02/22	2024/02/22	391	-	-	218 992	218 992	-	662	595	437 986
	497 266	2019/02/11	2025/02/11	425	-	-	-	-	-	-	-	497 266
	433 542	2020/02/17	2026/02/17	357	-	-	-	-	-	-	-	433 542
	307 084	2021/02/15	2027/02/15	609	204	626	-	-	-	-	-	307 084

* These fair values were calculated using the actuarial binomial option pricing model.

** These forfeitures are due to the performance conditions on the SARs not being fully met.

4.4. Directors' interest in shares

The direct and indirect interest of the directors in the issued share capital of the Company are reflected in the table below:

	Number of shares [#]			% of issued ordinary share capital
	Direct	Indirect	Total	
30 September 2022				
HA Lourens	2 008 054	-	2 008 054	1.004
AH Muller	653 457	-	653 457	0.327
WA Hanekom	-	10 355 320	10 355 320	5.177
GG Fortuin	-	-	-	-
T Golden	-	-	-	-
LW Riddle	-	-	-	-
G Vaughan-Smith [^]	-	67 893 179	67 893 179	33.942
	2 661 511	78 248 499	80 910 010	40.450
30 September 2021				
HA Lourens	1 930 925	-	1 930 925	0.965
AH Muller	613 897	-	613 897	0.307
WA Hanekom	-	10 355 320	10 355 320	5.177
Prof. ASM Karaan ^{**}	-	-	-	-
GG Fortuin	-	-	-	-
T Golden	-	-	-	-
LW Riddle	-	-	-	-
G Vaughan-Smith ^{**}	-	65 057 163	65 057 163	32.525
	2 544 822	75 412 483	77 957 305	38.974

Notes:

* Appointed during the year.

** Passed away during the year.

[^] This interest in shares is held by an associate of the director, Aristotle Africa S.à r.l.

[#] There has been no change in the directors' interest in shares from the end of the financial year to the date of the approval of the annual financial statements. None of the shares held by directors or prescribed officer are pledged as security.



Company financial statements

for the year ended 30 September 2022

Registration number 2013/208598/06

Company statement of financial position

as at 30 September 2022

	Notes	2022 R'000	2021 R'000
ASSETS			
Non-current assets		1 585 386	1 585 386
Investment in subsidiary	3	1 585 386	1 585 386
Current assets		911	781
Trade and other receivables		198	90
Cash and cash equivalents		713	691
Total assets		1 586 297	1 586 167
EQUITY AND LIABILITIES			
Capital and reserves attributable to owners of the parent		1 578 240	1 572 416
Share capital	4	1 465 069	1 465 069
Retained earnings		113 171	107 347
Total equity		1 578 240	1 572 416
Current liabilities		8 057	13 751
Dividends payable		477	470
Trade and other payables		7 393	959
Borrowings from related party	5	187	12 322
Total liabilities		8 057	13 751
Total equity and liabilities		1 586 297	1 586 167

Company statement of comprehensive income

for the year ended 30 September 2022

	Notes	2022 R'000	2021 R'000
Revenue	6	32 000	24 502
Other income	7	2 505	699
Administrative expenses		(9 713)	(9 571)
Other operating expenses		(2 992)	(1 093)
Operating profit	8	21 800	14 537
Investment income	9	26	16
Profit before income tax		21 826	14 553
Income tax expense	10	-	-
Profit for the year		21 826	14 553
Other comprehensive income for the year		-	-
Total comprehensive income for the year		21 826	14 553
Profit for the year attributable to owners of the parent		21 826	14 553
Total comprehensive income for the year attributable to owners of the parent		21 826	14 553

Company statement of changes in equity

for the year ended 30 September 2022

Balance as at 1 October 2020
Comprehensive income:
Profit for the year
Final dividend for 2020

Balance as at 30 September 2021

Balance as at 1 October 2021
Comprehensive income:
Profit for the year
Interim dividend for 2022

Balance as at 30 September 2022

Note

Share capital R'000	Retained earnings R'000	Total R'000
1 465 069	112 796	1 577 865
-	14 553	14 553
-	(20 002)	(20 002)
1 465 069	107 347	1 572 416
1 465 069	107 347	1 572 416
-	21 826	21 826
-	(16 002)	(16 002)
1 465 069	113 171	1 578 240

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Company statement of cash flows

for the year ended 30 September 2022

	Notes	2022 R'000	2021 R'000
Cash flow from operating activities		(3 874)	(12 351)
Cash loss from operating activities	12	(10 200)	(9 965)
Working capital changes	13	6 326	(2 386)
Cash flow from investing activities		32 026	24 518
Interest received	9	26	16
Dividends received	6	32 000	24 502
Cash surplus		28 152	12 167
Cash flow from financing activities		(28 130)	(12 129)
Loan received from related party	5	6 916	13 984
Loan repaid to related party	5	(19 051)	(6 145)
Dividends paid to ordinary shareholders	14	(15 995)	(19 968)
Increase in cash and cash equivalents		22	38
Cash and cash equivalents at beginning of year		691	653
Cash and cash equivalents at end of year		713	691

Notes to the Company financial statements

for the year ended 30 September 2022

	2022 R'000	2021 R'000
1. Accounting policies		
The Company applies the same principal accounting policies as the Group in the preparation of these financial statements. Refer to the accounting policies on page 17.		
2. Critical accounting estimates and judgements		
The Company applies the same accounting estimates and judgements as the Group. Refer to note 2 of the Group financial statements.		
3. Interest in subsidiary		
Cost of shares		
Quantum Foods (Pty) Ltd	1 585 386	1 585 386
The Company holds a 100% interest in the subsidiary listed above.		
The subsidiary is incorporated in South Africa.		
The interest in subsidiary was assessed for impairment at the end of the reporting period. The recoverable amounts of the relevant CGUs of the subsidiary were determined through fair value less cost to sell and value-in-use calculations. No impairment loss is recognised since the recoverable amount of the subsidiary exceeds the carrying value of the investment.		
Refer to note 2 of the consolidated financial statements for further disclosure on the critical accounting estimates and judgements used as part of the impairment assessment.		
4. Share capital		
Authorised – ordinary shares 400 000 000 (2021: 400 000 000) ordinary no par value shares		
Issued and fully paid – ordinary shares 200 024 716 (2021: 200 024 716) ordinary no par value shares	1 465 069	1 465 069
During the reporting period, nil (2021: nil) ordinary shares were repurchased by the Company and cancelled.		

	2022 R'000	2021 R'000
5. Borrowings from related party		
Loan from Quantum Foods (Pty) Ltd		
Beginning of year	12 322	4 483
Loans advanced during the year	6 916	13 984
Loans repaid during the year	(19 051)	(6 145)
End of year	187	12 322
Unsecured interest-free loan with no fixed terms of repayment.		
6. Revenue		
Dividends received from Quantum Foods (Pty) Ltd	32 000	24 502
7. Other income		
Administration fees received from Quantum Foods (Pty) Ltd	2 505	699
8. Operating profit		
The operating profit is calculated after taking into account other income (refer to note 7), as well as the following:		
Auditors' remuneration*	20	17
Consulting fees*	6 542	6 976
Listing fees and shareholder communication*	1 479	1 584
Directors' remuneration** (refer to note 43 of the consolidated financial statements)	3 132	874

* Included in administrative expenses in the statement of comprehensive income.

** Included in other operating expenses in the statement of comprehensive income.

	2022 R'000	2021 R'000
9. Investment income		
Interest income on call accounts and other	26	16
10. Income tax expense		
Current income tax		
Current year	-	-
	%	%
Standard rate for companies	28.0	28.0
Exempt income	(41.1)	(47.1)
Non-deductible expenditure	13.1	19.1
	-	-
Exempt income consists of R32.0 million (2021: R24.5 million) exempt local dividends received. Non-deductible expenses include the Company's total administrative expenses of R9.7 million (2021: R9.6 million) and other operating expenses of R3.0 million (2021: R1.1 million).		
	2022 R'000	2021 R'000
11. Dividend per ordinary share		
Interim 8.0 cents (2021: nil cents) per ordinary share	16 002	-
Final nil cents (2021: nil cents) per ordinary share	-	-
	16 002	-

Dividends payable are not accounted for until they have been declared by the Board. The statement of changes in equity does not reflect the final dividend payable. The final dividend will be accounted for as an appropriation of retained earnings in the following year. Withholding tax on dividends became effective from 1 April 2012 at a rate of 15%, which rate was increased to 20% from 22 February 2017.

	2022 R'000	2021 R'000
12. Cash loss from operating activities		
Reconciliation of profit before tax and cash loss from operating activities:		
Profit before income tax	21 826	14 553
<i>Adjusted for:</i>		
Dividends received	(32 000)	(24 502)
Interest received	(26)	(16)
	(10 200)	(9 965)
13. Working capital changes		
(Increase)/decrease in trade and other receivables	(108)	14
Increase/(decrease) in trade and other payables	6 434	(2 400)
	6 326	(2 386)
14. Dividends paid		
Amounts unpaid at beginning of year	(470)	(436)
As disclosed in statement of changes in equity	(16 002)	(20 002)
Amounts unpaid at end of year	477	470
	(15 995)	(19 968)
15. Financial instruments by category		
Assets as per statement of financial position		
Cash and cash equivalents – at amortised cost	713	691
Liabilities as per statement of financial position		
Dividends payable – at amortised cost	477	470
Trade and other payables – at amortised cost	7 393	959
Borrowings from related party – at amortised cost	187	12 322
	8 057	13 751

16. Financial risk management

16.1 Credit risk

Financial assets that potentially subject the Company to a concentration of credit risk consist principally of cash and cash equivalents.

The Company deposits cash surpluses with financial institutions with a Moody's short-term credit rating of NP (2021: NP).

16.2 Liquidity risk

The disclosure in this note should be read together with the disclosure in note 37 of the consolidated financial statements, which includes a complete analyses of the liquidity risk of the Group and includes that of the Company.

At the end of the reporting period the Company had a loan payable of R0.2 million (2021: R12.3 million) from a wholly-owned subsidiary. The loan is repaid annually from dividends received from the wholly-owned subsidiary.

The Company has no other utilised or unutilised borrowing facilities from financial institutions.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	2022 R'000	2021 R'000
Maturity analysis of financial liabilities		
Not later than 1 year		
Capital and interest – total		
Dividends payable	477	470
Trade and other payables	7 393	959
Borrowings from related party	187	12 322
	8 057	13 751

17. Going concern

Quantum Foods Holdings Ltd is the holding company of the Group. The Board evaluated the going concern assumption as at 30 September 2022, taking into account the current financial position and their best estimate of the cash flow forecasts for the next 12 months following year-end. The Company's current liabilities exceed its current assets at the end of the reporting period. As at 30 September 2022, the subsidiary is sufficiently solvent and liquid to declare a dividend to the Company to settle the outstanding creditors payable as at year end and to meet any cash flow requirements for the next 12 months.

Based on this assessment, the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and continue adopting the going concern basis in preparing the financial statements.

Shareholder information

for the year ended 30 September 2022

Shareholder spread

Category	Number of ordinary shareholders	% of shareholders	Number of ordinary shares	% of total ordinary shares
<i>Ordinary shares</i>				
Individuals	3 908	92.3	19 326 300	9.7
Nominees and trusts	194	4.6	4 587 869	2.3
Investment companies and corporate bodies	130	3.1	176 110 547	88.0
	4 232	100.0	200 024 716	100.0

Non-public/public shareholders

Pursuant to the JSE Listings Requirements and to the best knowledge of the directors, after reasonable enquiry, the spread of shareholders at 30 September 2022, is as follows:

Analysis of shareholding and shareholders holding 5% or more – ordinary shares

Public shareholding

Major shareholding

Astral Operations Ltd
Country Bird Holdings (Pty) Ltd

Other shareholders

1	0.0	19 550 855	9.8
1	0.0	11 411 181	5.7
4 224	99.9	26 118 428	13.1

Non-public shareholding

Major shareholding

Aristotle Africa S.à r.l.
Braemar Trading Ltd

Other shareholders

Directors

WA Hanekom
Other directors

1	0.0	67 893 179	33.9
1	0.0	61 620 084	30.8
3	0.1	13 016 831	6.5
1	0.0	10 355 320	5.2
2	0.0	2 661 511	1.3

Quantum Foods (Pty) Ltd

1	0.0	414 158	0.2
4 232	100.0	200 024 716	100.0

Distribution of ordinary shareholders

Number of shares

1 – 1 000 shares
1 001 – 10 000 shares
10 001 – 100 000 shares
100 001 – 1 000 000 shares
1 000 001 shares and over

3 043	71.9	513 532	0.3
792	18.7	3 078 616	1.5
349	8.3	10 626 837	5.3
40	0.9	11 128 485	5.6
8	0.2	174 677 246	87.3
4 232	100.0	200 024 716	100.0



www.quantumfoods.co.za