

Independent auditor's review report on provisional condensed consolidated financial statements

To the Shareholders of Labat Africa Limited

We have reviewed the provisional condensed consolidated financial statements of Labat Africa Limited, contained in the accompanying provisional report, which comprise the condensed consolidated statement of financial position as at 31 August 2019 and the condensed consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and selected explanatory notes.

Directors' Responsibility for the Provisional Condensed Consolidated Financial Statements

The directors are responsible for the preparation and presentation of these provisional condensed consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in the basis of preparation paragraph to the provisional condensed consolidated financial statements, 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on these financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, which applies to a review of historical information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the provisional condensed consolidated financial statements of Labat Africa Limited for the year then ended 31 August 2019 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in basis of preparation paragraph to the provisional condensed consolidated financial statements, and the requirements of the Companies Act of South Africa.

Material uncertainty related to going concern

We draw attention to the going concern section of the condensed consolidated financial results which indicates that the Group's total liabilities exceeded its total assets by R 33.0 million (2018: total assets exceeded total liabilities by R 24.8 million), the Group had accumulated losses of R 107.3 million (2018: R 35.3 million), the Group's current liabilities exceeded its current assets by R 52.6 million (2018: current assets exceeded current liabilities by R 6.8 million) and the Group incurred a loss after taxation of R 71.5 million (2018: profit after taxation of R 12.6 million).

As stated in the going concern section of the condensed consolidated financial results, these events or conditions, along with the other matters as set forth in this going concern section of the condensed consolidated financial results, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

Our review conclusion is not modified in respect of this matter.

Nexia SAB&T

Nexia SAB&T
A. Darmalingam
Director
Registered Auditors

31 December 2019