



LABAT AFRICA LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1986/001616/06)

("Labat Africa" or "the Company")

ISIN Code: ZAE000018354 Share code: LAB

CHANGE STATEMENT, POSTING OF INTEGRATED REPORT, NOTICE OF ANNUAL GENERAL MEETING AND BROAD-BASED BLACK ECONOMIC EMPOWERMENT ANNUAL COMPLIANCE REPORT

Change Statement

Shareholders are advised that Labat Integrated Report incorporating, *inter alia*, the audited annual financial statements for the year ended 31 August 2020 ("**the Financial Statements**") and a notice of annual general meeting ("**AGM**") is available on the Company's website, www.labat.co.za.

The Financial Statements contain changes to the previously published Reviewed Provisional Condensed Consolidated Financial Results for the Year Ended 31 August 2020, which were published on SENS on 4 January 2021 ("**SENS Announcement**"). Additional changes arose during the finalisation of the audit, which changes were processed. The aforementioned changes resulted in a minor change to the earnings and headline earnings per share information contained in the SENS Announcement.

The reasons for the restatement between the following items below are described as follows:

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME				
	Audited	Reviewed	Variance	Note
	31 August 2020	31 August 2020		
	R'000	R'000	R'000	
Revenue	40,251	40,252	(1)	1
Cost of sales	(27,500)	(27,166)	(334)	1
Gross profit	12,751	13,086	(335)	2
Other income	766	766	-	
Operating expenses	(52,213)	(50,593)	(1,620)	3
Operating loss	(38,696)	(36,741)	(1,955)	4
Interest received	271	271	0	
Finance costs	(2,124)	(2,154)	30	5
Loss before taxation	(40,549)	(38,624)	(1,925)	
Taxation	9,174	15,085	(5,911)	6
Loss after tax from continuing operations	(31,376)	(23,539)	(7,837)	
Loss from discontinued operation	(71,043)	(73,693)	2,650	7
Profit on loss of control	112,538	107,318	5,220	8
Profit for the year	10,119	10,086	33	9
Attributable to:				
Owners of the parent	10,376	10,343	33	10
Non-Controlling interest	(257)	(257)	-	
	10,119	10,086	33	

Earnings per share information (cents)				11
BASIC EPS	3.1	3	0.1	
- Continuing	(16.4)	(15.7)	(0.7)	
- Discontinued	19.5	18.7	0.8	
HEADLINE EPS	(12.3)	(10.8)	(1.5)	
- Continuing	(15.8)	(15.1)	(0.7)	
- Discontinued	3.5	4.3	(0.8)	

Notes:

1. **Cost of Sales**
Reallocation of remuneration statutory costs of product test laboratory personnel from operating expenses to cost of sales in SAMEs.
2. **Gross Profit**
Reduction as a result of 1 above.
3. **Operating Expenses**
Additional costs recognized relating to SAMEs.
4. **Operating Loss**
Increase in operating loss as a result of an increase in operating expenses in 3 above.
5. **Finance Costs**
Additional interest charge related to the adoption of IFRS 16.
6. **Taxation**
Deferred tax recognized on tax losses reversed.
7. **Loss from discontinued operations**
Management fee in respect of Force Fuel has been adjusted as a result of the fuel business being placed in business rescue.
8. **Profit on loss of control**
Adjustment on the change of the estimate of potential claims against Labat in respect of the fuel business.
9. **Profit for the year**
Adjustment of the profit for the year as a result of the effected changes. This has resulted in a positive variance R33k in the profit for the year.
10. **Basic and diluted earnings per share (cents)**
Difference as a result of the adjustments and increase in costs as per above notes.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 AUGUST 2020				
	Audited	Reviewed	Variance	Note
	31 August 2020	31 August 2020		
	R'000	R'000		
ASSETS				
Property, Plant and Equipment	583	4,449	(3,866)	1
Right of Use Assets	6,813	2,947	3,866	1
Deferred taxation	17,465	23,332	(5,867)	2
Intangible assets	123,547	123,290	257	
Non-current assets	148,408	154,018	(5,610)	
Inventories	2,378	2,378	-	
Trade and other receivables	8,846	9,933	(1,087)	3
Taxation	21,242	20,345	(897)	3
Cash and cash equivalents	9,013	9,013	-	
Current assets	41,479	41,669	(190)	
TOTAL ASSETS	189,887	195,687	(5,800)	

EQUITY AND LIABILITIES				
Equity				
Share capital and premium	167,943	167,943	-	
Non-controlling interest	6,172	6,172	-	
Distributable reserves	(98,322)	(98,310)	12	4
Non-distributable reserves	170	170	-	
Total Equity	75,963	75,975	12	
Non-current liabilities				
Lease liabilities	6,320	6,862	(542)	5
Other financial liabilities	15,823	14,702	1,121	6
Provisions	24,800	30,000	(5,200)	7
Deferred taxation	31,616	31,572	44	8
Loans from directors and shareholders	-	864	(864)	6
Total Non-current liabilities	78,559	84,000	(5,441)	
Current liabilities				
Bank overdraft	7	7	-	
Lease liabilities	1,321	658	663	9
Loans from directors and shareholders	5,014	5,408	(394)	10
Taxation	14,856	14,864	(8)	11
Trade and other payables	14,167	14,558	(391)	12
Provisions	-	262	262	12
Total Current liabilities	35,365	35,757	(392)	
Total Equity and Liabilities	189,887	195,687	(5,800)	
Number of shares in issue ('000)	386,989	386,989		
Total Net asset value per share (cents)	19.6	19.6		

Notes:

1. **Property, plant & equipment ("PPE")/Right of use assets**
Re classification of PPE to right of Use Assets.
2. **Deferred taxation**
Deferred tax recognized on tax losses reversed.
3. **Trade and other receivables**
Reclassification of Vat due from SARS from Trade and Other Receivables to SARS Receivables, and the reclassification of prepayments received from Debtors and included in Trade and Other payables.
4. **Distributable reserves**
Adjustment in respect of the changes in the profit as disclosed in the Statement of Comprehensive Income.
5. **Lease liabilities**
Reclassification of short-term lease liabilities to current liabilities and reallocation of lease payments.
6. **Other financial liabilities**
Re-classification of amounts payable to directors and shareholders to long term liabilities.
7. **Provisions**
Adjustment to the estimate of possible claims relating to the fuel business which was placed in business rescue on the 5 May 2020.
8. **Deferred tax liability**
Change in the estimate of the Deferred tax liability.
9. **Lease liabilities**
Transfer of lease liabilities ending within the next twelve months from Long Term Lease liabilities to short term lease liabilities and the reallocation of lease payments.
10. **Loans from directors and shareholders**
Re-classification between Provisions and Loans from directors.
11. **Taxation**
Re-classification between SARS Assets and SARS liabilities
12. **Trade and other payables**
Reclassification of Expected Credit Losses and reduction in the provision for accruals.

The condensed consolidated financial results for the year ended 31 August 2020 have been audited by the Company's auditors, Nexia SAB&T, who expressed a qualified opinion thereon relating to the financial statements for Force Fuel Proprietary Limited and Force Fuel Properties Proprietary Limited ("**Force Fuel**"), which companies are in Business Rescue and the audit of which is still being finalised by component auditors of Force Fuel.

The audit opinion, which includes communication on key audited matters, contains the following Qualification paragraph relating to Force Fuel:

"Force Fuel Proprietary Limited and Force Fuel Properties Proprietary Limited are subsidiaries of Labat Africa Limited and are regarded as significant components of the group financial statements. These subsidiaries were placed under business rescue during the financial year, and consequently Labat Africa Limited effectively lost control over these subsidiaries. As a result of the loss of control, the subsidiaries were deconsolidated, which resulted in an amount of R71 million in respect of the loss on discontinued operations and an amount of R112 million for profit on loss of control being included in the consolidated statement of comprehensive income for the year. Due to the fact that the amounts have not yet been audited by the component auditors, we were unable to obtain sufficient appropriate audit evidence that the amounts relating to loss on discontinued operations and profit on loss of control were free of material misstatement. We were unable to satisfy ourselves by alternative means concerning these amounts. We were also unable to determine whether adjustments might have been necessary to the notes to the consolidated financial statements, statement of changes in equity, statement of cash flows, segment reporting and earnings per share, relating to these subsidiaries."

The Integrated Report, incorporating the auditor's report on the annual financial statements for the year ended 31 August 2020 is available on the Company's website at the following link:

<https://labat.co.za/investor-relations/>

Notice of Annual General Meeting and Amendment thereto

Notice is hereby given that the annual general meeting of ordinary shareholders will be held at 10:00 on Tuesday, 11 May 2021, at 23 Kroton Avenue, Weltevreden Park, Johannesburg, to transact the business as stated in the notice of annual general meeting forming part of the Integrated Report.

Record Dates

The record date on which shareholders of the Company must be registered as such in the Company's securities register in order to attend and vote at the annual general meeting is Friday, 30 April 2021. The last day to trade in order to be eligible to vote at the annual general meeting will accordingly be Monday, 26 April 2021.

The record date for shareholders to receive the Annual Report was Friday, 5 February 2021.

Availability of Broad-Based Black Economic Empowerment Annual Compliance Report

Shareholders are hereby notified that in accordance with the JSE Listings Requirements, the Company's annual compliance report in terms of section 13G(2) of the Broad-Based Black Economic Empowerment Act 53 of 2003 read with the Broad-Based Black Economic Empowerment Amendment Act 46 of 2013, the Company's BEE certificate, which is valid for the 2019/2020 period, is available on the Company's website, www.labat.co.za.

Johannesburg

16 February 2021

Sponsor

Acaciacap Advisors Proprietary Limited

