Incorporated in the Republic of South Africa
(Registration number 1986/001616/06)
JSE code: LAB ISIN: ZAE000018354
("Labat Africa" or "the Company" or "the Group")

REVIEWED INTERIM RESULTS FOR THE SIX MONTHS ENDED 28 FEBRUARY 2021

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	6 months ended 28 February 2021 Reviewed R'000	**6 Months ended 29 February 2020 Unaudited Restated R'000**	**6 months ended 29 February 2020 Unaudited R'000**
Revenue	**21 403**	**219 490**	**219 490**
Cost of sales	(10 945)	(200 515)	(200 515)
Gross profit	**10 458**	**18 975**	**18 975**
Other income	-	51	14 651
Depreciation and amortisation	(13 699)	(2 903)	(2 903)
Operating expenses	(14 865)	(15 990)	(22 990)
Operating (loss)/profit	**(18 106)**	**134**	**7 734**
Investment revenue	16	426	426
Finance costs	(633)	(5 354)	(5 354)
(Loss)/profit before taxation	**(18 723)**	**(4 794)**	2 806
Taxation	2 288	-	-
(Loss)/ profit for the period	**(16 435)**	**(4 794)**	2 806
Other comprehensive income	-	-	-
Total comprehensive (loss) / income for the period	**(16 435)**	**(4 794)**	**2 806**
Attributable to:			
Owners of the parent	**(17 538)**	**(4 794)**	**2 806**
Non-controlling interest	1 103	-	**-**
Total comprehensive income/(loss) for the period	**(16 435)**	**(4 794)**	**2 806**
Basic (loss)/earnings per share (cents)	**(4.5)**	**(1.2)**	**0.7**
Diluted basic loss per share	**(4.5)**	**(1.2)**	**(0.7)**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	28 February 2021 Reviewed R'000	31 August 2020 Audited R'000	29 February 2020 Unaudited Restated R'000	29 February 2020 Unaudited R'000
ASSETS				
Non-current assets				
Property, plant and equipment	660	583	27 063	34 663
Right-of-use assets	5 990	6 813	-	-
Intangible assets	111 420	123 547	109 830	109 830
Goodwill	7 592	-	62 070	62 070
Other financial assets	200	-	-	-
Deferred tax	17 560	17 465	8 364	8 364
Total non-current assets	**143 422**	**148 408**	**207 328**	**214 928**
Current assets				
Inventories	3 464	2 378	7 010	7 010
Trade and other receivables	13 698	8 846	48 011	48 011
South African Revenue Services	19 673	21 242	17 905	17 905
Cash and cash equivalents	6 207	9 013	6 356	6 356
Total current assets	**43 042**	**41 479**	**79 281**	**79 281**
TOTAL ASSETS	**186 464**	**189 887**	**286 609**	**294 209**
EQUITY AND LIABILITIES				
Equity				
Share capital and share premium	179 646	167 943	171 095	171 095
Share put option	(900)	-	-	-
Reserves	149	170	214	214
Accumulated loss	(115 839)	(98 322)	(113 536)	(105 936)
Non-controlling interest	7 292	6 172	-	-
Total shareholders' equity	**70 348**	**75 963**	**57 773**	**65 373**
Non-current liabilities				
Lease liabilities	6 320	6 320	2 985	2 985
Other financial liabilities	15 656	15 823	85 760	85 760
Loans from directors and shareholders	-	-	2 000	2 000
Provision	24 800	24 800	-	-
Deferred Taxation	27 939	31 616	6 208	6 208
Total non-current liabilities	**74 715**	**78 559**	**96 953**	**96 953**
Current liabilities				
Loans from directors and shareholders	4 596	5 014	4 675	4 675
Share put option liability	900	-	-	-
Lease liabilities	1 092	1 321	677	677
South African Revenue Services	18 023	14 856	9 757	9 757
Trade and other payables	16 591	14 167	83 634	83 634
Other financial liabilities	-	-	11 619	11 619
Bank overdraft	14	7	9 113	9 113
Provisions	185	-	12 409	12 409
Total current liabilities	**41 401**	**35 365**	**131 884**	**131 884**
Total Liabilities	**116 116**	**113 924**	**228 837**	**228 837**
TOTAL EQUITY AND LIABILITIES	**186 464**	**189 887**	**286 609**	**294 210**
Number of ordinary shares in issue (net of treasury shares) ('000)	414 474	386 989	389 909	389 909
Net asset value per share (cents)	17.0	19.6	14.8	16.8
Net tangible asset value per share (cents)	(11.7)	(12.3)	(29.3)	(27.3)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended 28 February 2021 Reviewed R'000	6 months ended 29 February 2020 Unaudited Restated R'000	6 months ended 29 February 2020 Unaudited R'000
Cash flows from operating activities:			
Cash generated from operations	(5 698)	3 056	3 056
Interest received	16	43	43
Interest paid	(394)	(4 735)	(4 735)
Taxation paid	-	(421)	(421)
Net cash utilised in operating activities	**(6 076)**	**(2 058)**	**(2 058)**
Cash flows from investing activities:			
Purchase of property, plant and equipment	(22)	(176)	(176)
Purchase of intangible assets	(811)	(799)	(799)
Acquisition of subsidiary, net cash acquired	38	1 217	1 217
Net cash (utilised in)/generated from investing activities	**(795)**	**242**	**242**
Cash flows from financing activities:			
Lease payments	(133)	(497)	(497)
Proceeds from shares issue	5 441	1 370	1 370
Proceeds from loans from related companies	-	1 409	1 409
Repayments of loans to related companies	-	(1 243)	(1 243)
Advances to related parties	-	(550)	(550)
Proceeds of loans from directors	-	943	943
Repayment of directors loans	(1 250)	(1 035)	(1 035)
Repayments of other financial liabilities	-	(6 552)	(6 552)
Net cash from / (used in) financing activities	**4 058**	**(6 155)**	**(6 155)**
Total cash movement for the period	**(2 813)**	**(9 189)**	**(9 189)**
Cash and cash equivalents at beginning of period	9 006	5 215	5 215
Total Cash and cash equivalents at end of period	**6 193**	**(2 757)**	**(2 757)**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Total share Capital R'000	Non-Distributable Reserves/ Revaluations R'000	Accumulated Loss R'000	Non-controlling Interest R'000	Total Shareholder's Equity R'000
Balance at 28 February 2019 – Unaudited	**74 095**	**257**	**(38 841)**		**35 511**
Loss for the period	-	-	(69 412)		(69 412)
Transfer of revaluation reserve	-	(44)	44		-
IFRS 9 adjustment	-	-	(532)		(532)
Balance 31 August 2019 – Audited	**74 095**	**213**	**(108 741)**	**-**	**(34 433)**
Issue of shares	97 000	-	-	-	97 000
Loss for the period	-	-	(4 794)	-	(4 794)
Balance at 29 February 2020 – Restated	**171 095**	**213**	**(113 535)**		**57 773**
Issue of shares	1 848	-	-	-	1 848
Cancellation of share transaction (*)	(5 000)	-	-	-	(5 000)
Profit for the period	-	-	15 172	(257)	14 914
Transfer of revaluation reserve	-	(43)	43	-	-
Non-controlling interest at acquisition	-	-	-	6 429	6 429
Balance 31 August 2020 – Audited	**167 943**	**170**	**(98 322)**	**6 172**	**75 963**
Issue of shares	11 703	-	-		11 703
Share put option	(900)	-	-	-	(900)
Transfer of revaluation reserve		(21)	21		-
Non - controlling interest at acquisition	-	-	-	17	17
Loss for the period	-	-	(17 538)	1 103	(16 435)
Balance at 28 February 2021 – Reviewed	**178 746**	**149**	**(115 839)**	**7 292**	**70 348**

(*) – Cancellation of the transaction to purchase Paccon Proprietary Limited transaction

SEGMENTAL INFORMATION

	28 February 2021 Reviewed R'000	29 February 2020 Unaudited Restated R'000	29 February 2020 Unaudited R'000
Revenue			
Technology – External	4 357	6 035	6 035
Bulk logistics – External	8 807	17 597	17 597
Wholesale – Fuel - External	-	194 098	194 098
Properties - External	-	1 760	1 760
Healthcare – External	8 239	-	-
Head office – Inter segmental	1 450	1 500	1 500
Elimination adjustments	(1 450)	(1 500)	(1 500)
Total revenue as per statement of profit and loss	**21 403**	**219 490**	**219 490**
Profit/(Loss) for the year before disclosable items			
Technology	(739)	1 605	1 605
Bulk logistics	422	(3 965)	(3 965)
Wholesale – Fuel	-	(4 206)	(4 206)
Properties	-	1 892	1 892
Healthcare	21 606	-	-
Head office	(7 340)	753	753
Elimination adjustments	-	(2 997)	(2 997)
Investment revenue			
Technology	16	43	43
Wholesale – Fuel	-	383	383
Finance costs			
Bulk logistics	-	(236)	(236)
Wholesale – Fuel	-	(4 551)	(4 551)
Properties	-	(383)	(383)
Head office	(633)	(184)	(184)
Depreciation and amortisation			
Technology	(108)	(107)	(107)
Wholesale – Fuel	-	(2 476)	(2 476)
Healthcare	(12 938)	-	-
Head office	(653)	(320)	(320)
Taxation			
Technology	(95)	-	-
Healthcare	1 430	-	-
Head office	(3 623)	-	-
Profit/(Loss) for the year and other comprehensive income			
Technology	(875)	1 648	1 648
Bulk logistics	422	(4 201)	(4 201)
Wholesale – Fuel	-	(10 850)	(10 850)
Properties	-	909	8 509
Healthcare	3 230	-	-
Head office	(9 896)	7 250	7 250
Consolidation adjustments	(9 316)	450	450
Total comprehensive income for the year	**(16 435)**	**(4 794)**	**2 806**
Segment assets			
Technology	57 964	66 792	66 792
Bulk logistics	14 195	13 773	13 773

Wholesale – Fuel	-	134 383	134 383
Properties	-	20 520	13520
Head office	114 040	-	-
Healthcare	9 545	113 596	113 596
Elimination adjustments	(9 280)	(54 855)	(54 855)
Total assets as per statement of financial position	**186 464**	**294 209**	**287 209**
Segment liabilities			
Technology	(39 656)	(57 075)	(57 075)
Bulk logistics	(8 412)	(14 962)	(14 962)
Wholesale – Fuel	-	(184 324)	(184 324)
Properties	-	(9 201)	(9 201)
Head office	(73 101)	(25 637)	(25 637)
Healthcare	(10 481)	-	-
Elimination adjustments	15 534	62 362	62 362
Total liabilities as per statement of financial position	**(116 116)**	**(228 837)**	**(228 837)**

COMMENTARY

BASIS OF PREPARATION

Statement of compliance
The reviewed condensed consolidated financial statements are prepared in accordance with the requirements of the JSE Limited ("JSE") Listings Requirements for interim reports. The Listings Requirements require interim reports to be prepared in accordance with the framework, concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the condensed consolidated financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements.

The reviewed condensed consolidated financial results are prepared in accordance with the going concern principle under the historical cost basis as modified by the fair value accounting of certain assets and liabilities where required or permitted by IFRS. The Board has performed an assessment of the Group's operations relative to available cash resources and is confident that the Group is able to continue operating for the next 12 months.

These condensed consolidated financial results incorporate the financial results of the Company and its subsidiaries. All significant transactions and balances between Group enterprises are eliminated on consolidation.

The preparation of the condensed consolidated financial results for the six months ended 28 February 2021 was supervised by the Financial Director, Mr Gorden Walters.

The directors take full responsibility for the preparation of the condensed consolidated financial results for the period ended 28 February 2021.

Review conclusion
These results were reviewed by our auditors, Nexia SAB&T, and their unmodified review conclusion is available at the Company's registered office by prior appointment.

Introduction
South Africa's plans to legalise cannabis have taken a major step forward with the presentation of the National Cannabis Master Plan (NCMP) to the country's major economic stakeholders. The Department of Agriculture, Land Reform, Rural Development (DALRRD) made the presentation to Nedlac's Trade and Industry Chamber on Thursday, 27 May 2021, noting that "As the next two years are expected to prove instrumental in South Africa's Cannabis industry, it is vitally important that the country be inclusive about its gigantic opportunities**".**

In the meantime, the Hawks have clamped down on a number of Illegal traders in the R28 billion Cannabis industry around the country. Captain Rikhotso from the Hawks indicated that in one instance operators faced charges, including dealing in dagga, cultivation of dagga, fraud and money laundering to the amount of approximately R10million. These are operators bypassing the South African Health Products Regulatory Authority (SAHPRA) regulations.

At the same time, the South African Minister of Finance, Mr Tito Mboweni has called for the full legalisation of cannabis. On 23 May 2021, Minister Mboweni stated that Cannabis should be a "legal, taxable product that generates money for the fiscus, creates jobs and brings illegal farmers into the economic mainstream. We must move as quickly as possible towards legalisation. It's already growing in profusion all over the country, but especially in the Eastern Cape. When it becomes legal, there is probably at least R4 billion in tax revenue from parts of that Province alone, especially what was formerly known as Transkei".

Minister Mboweni's comments come on the back of many international operators looking at Africa for expansion. The slow pace of South Africa's regulatory process could prove to be costly with Zimbabwe just announcing that it is offering international Cannabis investors the option of owning 100% of their operations and the right to choose where in the country they would like to invest. This is a major departure from the country's existing foreign investment regime which requires significant local shareholding in any such venture.

Labat Africa's use of tissue culture as a starting material has numerous benefits for cultivators in that one can source higher quality, disease and pathogen-free plants from consistent genetics which will improve yields and profitability whilst reducing costs in that production and growth cycles are shortened and growing space reduced accordingly.

Results

There is no doubt that the complete transition into the Healthcare business with a strong Cannabis focus has put severe pressure on the resources of the Group. Notwithstanding this, Labat Africa's strategic intent of managing its Cannabis operations from seed to customer and its dedicated focus in this regard ensures that the Company achieves only the best when it comes to technical ability, personnel experience and the art of Cannabis Genetics.

The Company has recovered from the painful cash drain of the fuel retail business, Force Fuel, and now comes off a very strong base following the de-consolidation of Force Fuel in the audited results of the Group for the year ended 31 August 2020 as well as the complete transition into the Cannabis Healthcare sector. The Company does, however, expect a further slowdown with the continuing lockdown and, together with the outbreak of the second and third wave of the COVID-19 pandemic and the slow pace of the South African regulatory framework, the pace of implementation of the Cannabis strategy has been somewhat slowed. Under the circumstances, the Board has made a decision to withdraw the profit forecast published last year and will republish forecast information for the financial years ended 31 August 2022 and 2023.

The results for the six months ended 28 February 2021, in comparison to the six months ended for 29 February 2020, show the following key indicators:

- a Total Comprehensive loss of R16.4 million versus a comprehensive loss in the previous period of R4.8 million.
- a Loss per share (4.5) cents as against a loss in the previous period of (1.2) cents.
- Net asset value per share (NTAV) of 17.0 cents per share against a NTAV of 14.8 cents per share in the previous period.

The Group is re-positioning itself and is taking drastic measures, including right sizing of the current investments, as well as the consideration of disposing of assets, which are not core to the Group strategy going forward. The Group's revenue for the six months ended 28 February 2021 decreased by R198 million to R21.4 million (R219 million for the same period last year) as a result of the de-consolidation of the fuel business.

Operating profit decreased from a restated profit of R134k to an operating loss of (R18.1 million) as a result of the initial investment in the Cannabis business and Labat Africa taking a strategic decision to focus its growth in the Healthcare business. The operating loss includes the amortisation of intangible assets in the Healthcare business, but excludes the commercial valuation of African Cannabis Enterprises (Pty) Ltd ("Ace Genetics") and Biodata (Pty) Ltd ("Biodata"). The directors took a view that these valuations will be completed at the full year results. Gross profit decreased from R18.9 million to R10.5 million due to lower revenue, but with higher margin levels.

Restated Operating expenses, excluding depreciation and amortisation, have decreased from R(16.0) million to R(14.9) million. This is mainly due to the de-consolidation of the Force Fuel business. Additional restructuring and other costs relating to the acquisitions in the Healthcare related businesses were incurred during the period in order for the Company to expand and improve its offering in the Cannabis business, and are considered once off in nature. With the re-positioning strategy and focus on the Cannabis Healthcare operations, the Company is well geared for the expansion.

A loss before taxation of (R18.7) million was recorded for the six months ended 28 February 2021 against a loss of (R4.8 million) in the corresponding period. This includes an amount of R12.9m relating to the amortisation of intangibles in the cannabis business.

Trade and other receivables decreased from R48.0 million at 29 February 2020 to R13.7 million at 28 February 2021 whilst trade and other payables decreased from R83.7 million to R16.6 million due to the deconsolidation of the Force Fuel business at

The Company's equity position has increased by 122% from R57.8 million as at 29 February 2020 to R70.3 million as at 28 February 2021. This is as a result of the acquisitions in the Healthcare division and the de-consolidation of the Force Fuel business.

IFRS Standards and Interpretations

Standards and Interpretations effective and adopted during the current period

Standard/ Interpretation	Effective date: Years beginning on or after	Impact
Covid-19 Related Rent Concessions Amendment to IFRS 16	01 September 2020	The amendment did not have a material impact on the Group's Consolidated Annual Financial Statements.
IAS 1 Presentation of Financial Statements – Disclosure initiative	01 January 2020	The amendment did not have a material impact on the Group's Consolidated Annual Financial Statements.
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors Disclosure initiative	01 January 2020	The amendment did not have a material impact on the Group's Consolidated Annual Financial Statements.

Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 September 2021 or later periods:

Standard/Interpretation	Effective date: Years beginning on or after	Impact
Onerous Contracts Cost of fulfilling a Contract Amendments to IAS 37	01 January 2022	It is unlikely that the amendment will have a material impact on the Group's Consolidated Annual Financial Statements.
Property, Plant and Equipment Proceeds before Intended Use - Amendments to IAS 16	01 January 2022	It is unlikely that the amendment will have a material impact on the Group's Consolidated Annual Financial Statements.
Annual Improvement to IFRS Standards 2018 - 2020 Amendments to IFRS 9	01 January 2022	It is unlikely that the amendment will have a material impact on the Group's Consolidated Annual Financial Statements.

Classification of Liabilities as Current or Non-Current Amendment to IAS 1	01 January 2023	It is unlikely that the amendment will have a material impact on the Group's Consolidated Annual Financial Statements.

Property, plant and equipment at fair value

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The following non-financial assets were recognised at fair value:

	2021	**2020**
	R'000	**R'000**
Plant and equipment		
Opening balance	450	580
Transferred	-	-
Depreciation	(65)	(130)
Fair value closing balance	**385**	**450**
Fair value hierarchy	Level 3	Level 3
Valuation technique	Discounted cash flow	Discounted cash flow

Financial risk management and fair value

There has been no material change in the Group's financial risk management objectives and policies compared to those disclosed in the condensed consolidated financial results for the year ended 31 August 2020. The Group does not currently carry any assets or liabilities at fair value which required any disclosure on its fair value measurement, other than those disclosed above. The carrying value of the Group's financial instruments however approximates their fair values.

Headline earnings reconciliation
The headline earnings reconciliation is set out below:

	28 February 2021 Reviewed	29 February 2020 Unaudited Restated	29 February 2020 Unaudited
	R'000	**R'000**	**R'000**
Basic earnings / (loss) attributable to shareholders of the Group	**(17 538)**	**(4 794)**	**2 806**
Adjustments	-	(7 115)	(14 651)
Headline loss attributable to shareholders of the Group	**(17 538)**	**(11 909)**	**(11 845)**

Share information

Basic (loss)/earnings per share (cents)	(4.5)	(1.2)	0.7
Headline (loss) per share (cents)	(4.5)	(3.0)	(3.0)
Diluted basic (loss) per share (cents)	(4.5)	(1.2)	0.7
Diluted headline (loss) per share (cents)	(4.5)	(3.0)	(3.0)
Weighted average shares in issue ('000)	391 287	389 909	389 909
Number of shares in issue at period end	414 474	389 909	389 909

There are a total number of 900k shares that are Potential Ordinary Shares (POS) as a consequence of a share put liability resulting from the purchase of Ace Genetics. The diluted loss per share and headline loss per share is based upon a retained loss for the period of R17.6 million and a weighted average number of shares in issue of 392 279 977 shares.

Goodwill

	28 February 2021 Reviewed R'000	31 August 2020 Audited R'000	29 February 2020 Unaudited Restated R'000	29 February 2020 Unaudited R'000
Balance at the beginning of the period	-	30 430	30 430	30 430
Additions through business combinations	7 592	-	-	-
Goodwill impairment	-	(30 430)	-	-
Total goodwill at the end of the period	**7 592**	**-**	**30 430**	**30 430**

Goodwill Impairment

Impairment testing

For the purpose of annual impairment testing, goodwill is allocated to the operating segments expected to benefit from the synergies of the business combinations in which the goodwill arises as set out below, and is compared to its recoverable value:

Goodwill allocated to operating segments	28 February 2021 Reviewed R'000	31 August 2020 Audited R'000	29 February 2020 unaudited Restated R'000	29 February 2020 Unaudited R'000
Ace Genetics CGU	133	-	-	-
Biodata CGU	7 459	-	-	-
Force Fuel CGU	-	-	30 430	30 430
Total Goodwill allocated to operating segments	**7 592**	**-**	**30 430**	**40 430**

The recoverable amount of each segment was determined based on value-in-use calculations, covering a detailed three-year forecast, followed by an extrapolation of expected cash flows for the remaining useful lives using a declining growth rate determined by management. The present value of the expected cash flows of each segment is determined by applying a suitable discount rate reflecting current market assessments of the time value of money and risks specific to the segment. There were no impairment indicators identified and therefore there was no need for an impairment loss provision.

Property, plant and equipment:

There were additions amounting to R 22 k during the period under review.

Right of use assets:

There were no additions to right of use assets during the period under review.

Business Combinations

The Group concluded the acquisition of 100% of Ace Genetics with the effective date being 2 December 2020 and 70 % of Biodata with the effective date being 1 September 2020.

Ace Genetics has been developed over 18 years and has a wealth of knowledge in Cannabis genetics. Ace genetics has over 39 strains that have been developed including South African land race strains and hybrids suited for the South African climate.

Biodata is a revolutionary medical science and research organisation which was acquired by Labat Africa and will be utilised to drive research and development of the Company's Cannabis products for the market. Biodata has, and continues to conduct medical research and clinical trials involving various cannabinoids. Biodata has an exclusivity agreement with a Canadian medicinal cannabis company to exclusively distribute THC and CBD medicines in South Africa. The products are currently being registered with SAHPRA. Biodata is headed up by Dr Shiksha Gallow.

Figures in R'000	Biodata	Ace Genetics
Property, plant and equipment	8	159
Intangible assets (see note below)	-	-
Inventory	19	1 511
Other financial assets	6	-
Trade and other receivables	38	-
Cash and cash equivalents	37	1
Trade and other payables	(84)	-

Total identifiable net assets/(liabilities)	**24**	**1 671**
Non-controlling interest	17	-
Goodwill	7 459	133
Purchase consideration	**7 500**	**1 804**

The contribution to the trading results of the businesses acquired, has been accounted for from the effective date of the acquisitions. In determining the purchase consideration paid, the profit history of the relevant business and its growth prospects within the Group, were considered. The fair value of shares issued as part of the purchase price was determined based on the third-party acceptance of the value of the Labat Africa shares at the effective date. Goodwill relates primarily to future profits of these businesses and the anticipated synergies that the businesses bring to the Group. There were no disposals during the period under review.

The accounting of these business combinations is based on best estimates and provisional fair values. The intangible assets include an additional Cannabis licence to cultivate, harvest, process and export Cannabis from the Kingdom of Lesotho to other countries for medicinal and pharmaceutical purposes as well as a detailed infrastructure plan, Intellectual Property and offtake agreements. The Group has not yet completed its assessment of the fair value of all identifiable assets, liabilities, and/or contingent liabilities. The fair values will be accurately determined within 12 months from the date of acquisition.

There were no other acquisitions or disposals during the period under review.

Revenue

	28 February 2021 Reviewed R'000	31 August 2020 Audited R'000	29 February 2020 unaudited Restated R'000	29 February 2020 Unaudited R'000
Revenue from contracts with customers				
Sale of goods	12 596	15 017	200 133	200 133
Rendering of services	8 807	25 234	19 357	19 357
	21 403	**40 251**	**219 490**	**210 490**
Disaggregation of revenue from contracts with customers The company disaggregates revenue from customers as follows:				
Sale of goods				
Information technology sales	4 357	14 126	6 035	6 035
Wholesale Fuel	-	-	194 098	194 098
Medical cannabis sales	8 239	891	-	-
	12 596	**15 017**	**200 133**	**200 133**
Rendering of services				
Property rental	-	-	1 760	1 760
Bulk logistics	8 807	25 234	17 597	17 597
	8 807	**25 234**	**19 357**	**19 357**
Total revenue from contracts with customers	**21 403**	**40 251**	**219 490**	**210 490**

Impact of COVID-19
The Board supports the actions taken by the South African Government with regards to the Covid-19 pandemic. Our objective during this time is to support our customers whilst safeguarding our employees.

The COVID-19 pandemic and subsequent lockdown had a severe impact on Labat Africa's business, especially the fuel business that went into business rescue during the lockdown period. This has affected our employees, customers and suppliers. The Board considered the current cash position and facilities available to the Group. Various options considering the impact of COVID-19 were discussed and assessed in terms of the Group's financial obligations.

The Group has proactively engaged with its financiers and suppliers and constructive proposals to mitigate the impact of the nationwide lockdown are being considered. With those measures implemented, Labat Africa will be able to service its obligations in the foreseeable future under the current regulations of the nationwide lockdown.

The Group is taking appropriate steps to assist with limiting the spread of the virus. The Company has implemented stringent measures to combat the spread of COVID-19 at all operations in terms of the required guidelines to ensure the well-being of all of our esteemed employees.

Profit Forecasts
On 5 May 2020, the Company published a profit forecast for the years ending 31 August 2021 and 31 August 2022. Due to various delays due to the regulatory environment, the difficult capital raising environment, the COVID-19 pandemic, as well as the impact of Force Fuel being placed into Business Rescue during 2020, the Company advises that the profit forecasts for the two years ended 31 August 2021 and 31 August 2022 will not be met and are no longer relevant for the Group as it is now constituted. The profit forecasts are accordingly withdrawn, although it is expected that the forecast in relation to Cannabis will have effectively moved out by a year or so.

Now that the various acquisitions have been concluded, particularly Leaf Botanicals, and the roll-out of the CannAfrica retail stores commenced during the period under review, the Company will be focussed primarily on the Medical Cannabis strategy and expects to recommence with capital raising in due course. Accordingly, the profit forecasts will need to be updated and will be republished in due course.

Prospects
The Board is of the view that the Group is well positioned to explore greater opportunities and use current resources to broadly diversify the Group's Healthcare strategy.

In addition, the acquisition of CannAfrica, one of our subsidiaries in the pharmaceutical business, will be responsible for the warehousing of the Company's product and the rolling out of its retail presence throughout the country, a first on the continent. Through CannAfrica, the Company hopes that it will be able to offer entrepreneurial opportunities to fellow South Africans through a franchise scheme. All of these are part of a larger plan that Labat Africa is working on to ensure that the Healthcare business has a deep and lasting positive impact, in South Africa in particular.

Notwithstanding the COVID-19 pandemic, which has hit the South African economy harshly, we are confident that the Group is currently well positioned to take advantage of the "**New Economy – Medicinal and Pharmaceutical Cannabis".**

RESTATEMENT

Shareholders are advised that the Company was subject to a JSE Pro-Active Monitoring Review Process ("Pro-active Monitoring Review") in respect of its annual financial statements for the year ended 31 August 2019 and the unaudited interim results for 29 February 2020. The Pro-active Monitoring Review resulted in the identification of the following two errors in the interim results:

(i) the recognition of an operating expense of R7m and other income of R7m in respect of the recovery of costs of R7m incurred on the establishment of the medical cannabis and hemp related products business; and

(ii) the incorrect recognition of a R7.6m revaluation of property in other income that was correctly recognised at a subsidiary level (Force Fuel Properties Proprietary Limited ("FFP")) as an investment property, but should not have been recognised at a consolidated level due to it being considered an owner-occupied property.

These errors resulted in an overstatement of the operating profit in the interim results for 29 February 2020 of R7.6m, which was disclosed as R7 734 000 as opposed to R134k. This had a further impact on the total comprehensive income and per share information. A further correction has been identified and made to the headline loss per share. The property, plant and equipment balance and accumulated losses were also corrected.

The interim results for the six months ended 29 February 2020 were restated as follows:

STATEMENT OF COMPREHENSIVE AND OTHER INCOME EXTRACTS

	6 months 29 February 2020 Previously published R'000	6 months 28 February 2020 Restated R'000	Change R'000
Other income	14 651	51	(14 600)
Impairments	-	-	
Operating expenses	(25 893)	(18 893)	7 000
Operating profit	**7 734**	**134**	**(7 600)**
Total comprehensive income/(loss)/for the period	**2 806**	**(4 794)**	**((7 600)**
Earnings/(Loss) per share (cents)	**0.7**	**(1.2)**	**(1.9)**
Headline loss per share	**(3.0)**	**(3.0)**	

STATEMENT OF FINANCIAL POSIITON EXTRACTS

	29 February 2020 Previously published R'000	28 February 2020 Restated R'000	Change R'000
ASSETS			
Non-current assets			
Property, plant and equipment	34 663	27 063	(7 600)
EQUITY AND LIABILITIES			
Equity			
Accumulated loss	(105 936)	(113 536)	(7 600)

Having been identified prior to the publication of results in respect of the year ended 31 August 2020, these errors were corrected in the audited results announcement and audited financial statements. **SHARE CAPITAL**
During the period under review the company placed 17 781 210 shares under its general authority to issue shares for cash ("General Authority") at an average issue price of 30.6 cents.

The following shares were issued in respect of:

- Biodata for R7.5million, settled through the issue of 7 500 000 shares at R1.00 per share, with effect from 1 September 2020; and
- Ace Genetics for R 1.8 million settled through the issue of 1 804 000 shares at R1.00 per share with effect from 2 December 2020.

The Company continues to place shares for cash under its General Authority to raise capital for its continuing operations.

No shares were repurchased during the period under review. However, as previously announced, the Company has an obligation to repurchase 900 000 shares at R1.00 per share in relation to the acquisition of Ace Genetics, in the event that the share price does not reach R1.00 on or before 02 December 2021.

CHANGES TO THE BOARD

Mr Tebogo Mogapi resigned as a non-executive director of the Company with effect from 31 December 2020. There have been no other changes to the Board during the period under review and to the date of this announcement.

CONTINGENT LIABILITIES
Labat Africa has issued financial guarantees with various fuel suppliers for Force Fuel as follows

	28 February 2021 R'000	31 August 2020 R'000	29 February 2020 R'000
Parent Company Guarantee			
Standard Bank Guarantees	40 000	40 000	90 000
Medium term loan 1	-	-	23 200
Medium term loan 2	-	-	49 558

- The Company has provided a cross deed of suretyship in favour of various other beneficiaries which cover the unutilised facilities granted to various subsidiaries.
- The Company has provided limited suretyship in favour of various financial institutions which covers the unutilised facilities granted to a subsidiary Institution.

DIVIDENDS
No dividend has been declared for the period under review (February 2020: R nil).

RELATED PARTY TRANSACTIONS AND BALANCES
The Group entered into transactions with related parties which were in the ordinary course of business at market related rates, and which were consistent with the previous year and are not considered to be material to an understanding of these results.

Relationships	
Shareholders with significant influence	Link Private Equity Investments Proprietary Limited
Subsidiaries under business rescue	Force Fuel Proprietary Limited
	Force Fuel Properties Proprietary Limited
Directors and members of key management	Brian van Rooyen
	David O'Neill
	Gorden Walters
	Ntebele Mogapi
	Mike Stringer
	Stanton van Rooyen
	Alred van Rooyen

Related party loan balances	**28 February 2021 Reviewed R'000**	**31 August 2020 Audited R'000**
David O'Neill – unsecured, market related interest	(2 034)	(1 919)
Brian Van Rooyen – unsecured, market related interest	(1 581)	(2 053)
Dawood Asmal – unsecured	(285)	(285)
Link Private Equity Investments (Pty) Ltd - unsecured, market related interest	(697)	(757)
Force Fuel loan receivable	200	200

Force Fuel Properties loan payable	(80)	(80)
Remuneration liabilities relating to directors		
- Brian van Rooyen	(7 834)	(7 487)
- David O'Neill	(7 562)	(7 215)
Related party transactions		
Brian van Rooyen - Finance costs to loan advanced	(103)	(193)
David O'Neill - Finance costs to loan advanced	(115)	(206)
Gorden Walters - Finance costs to loan advanced	-	(78)
Ntebele Mogapi - Finance costs to loan advanced	-	(78)
Link Private Equity Investments (Pty) Ltd - Rent paid	-	600
Trade payables balances		
Force Fuel accounts payable	(2 109)	(2 109)
Compensation to directors and other key management		
Short-term employee benefits	5 668	9 940

CONTINGENT ASSETS AND LIABILITIES

The Group has various claims and counter claims made by and against it which have arisen in the normal course of business as previously disclosed. These matters are being dealt with by the Company's attorneys. Changes to litigation have occurred since the previous corresponding period which included two judgements in favour of Labat Africa against GEM.

SUBSEQUENT EVENTS

Leaf Botanicals

Labat Africa concluded a 75% acquisition of Northern Cape based Leaf Botanicals (Pty) Limited (Leaf Botanicals). This acquisition allows the Company to implement the off-take agreement in THC.
Leaf Botanicals was established after five years' research in the field of medicinal Cannabis. The site is situated in the Northern Cape area along the Orange River. This area is known for its dry warm climate conditions which are ideal for the growth of healthy plants, with low risk to parasites and pathogens

Leaf Botanicals is fully compliant in accordance with the World Health Organisations' (WHO) guidelines on Good Agricultural and Collection Practices (GACP) for medicinal plants and EMEA guideline on GAP and GACP for herbal medical products. Leaf Botanicals is also fully EU organic certified according to the LACON Organic Standard and US organic certified to the USDA Organic Regulations, 7 CFR Part 205, for the categories of Crops.

Ace & Axle

The Company also concluded an agreement with a USA-based company, Ace & Axle, to secure the exclusive rights for CBD infused smokables for the African continent. This will be a tremendous boost for the Company's retail operations. The Company continues with discussions with a number of parties with a view to expanding its Healthcare offering.

Ace & Axle produces premium CBD combustibles which is a premium grade hemp product designed for trendsetters, pack leaders and modern-day mavericks who enjoy the gratifying taste and enjoyment of a quality hemp pre-roll. Ace & Axle delivers a rich, full-flavored smoke experience infused with the healing wonders of natural CBD.

Ace & Axle is nicotine free and also includes a range of products from natural CBD flavour, menthol and herbal flavours. The method of smoking CBD significantly increases the bioavailability. CBD bioavailability refers to the degree and rate at which it is absorbed into the bloodstream. The higher the bioavailability, the more effective the CBD will be.

Share Issues

Subsequent to period end, the Company has issued a further 2 267 064 shares, averaging 76 cents per share and also extinguished R15 million of liabilities associated with Force Fuel through the issue of 10 000 000 shares under the General Authority.

The Company also has an obligation to repurchase 10 000 000 shares at R1.50 from Royale Energy, in respect of a parent company guarantee, if the share price of Labat Africa does not reach R1.50 by November 2022. These share repurchases will require the approval of Labat Africa shareholders in a General Meeting, unless waived by the two parties.

FORWARD LOOKING STATEMENTS
This report may contain certain forward-looking statements concerning Labat Africa's operations, economic performance and financial condition, plans and expectations. Such views involve both known and unknown risks, assumptions, uncertainties and other important factors that could materially influence the actual performance of the Group. No assurance can be given that these will prove to be correct and no representation or warranty expressed or implied is given as to the accuracy or completeness of such views or as to any of the other information in this report.

The Group does not undertake to update any forward-looking statements and does not assume responsibility for any loss or damage, however arising, as a result of the reliance by any party thereon, including, but not limited to, loss of earnings, profits or consequential loss or damage.

Labat Africa Strategy
Representing the continent's third-largest economy, South Africa is the latest African nation to be making legislative inroads to legalising cannabis. A draft of the country's Cannabis master plan has been announced by the Department of Agriculture, Land Reform and Rural Development (DALRRD) to transform the country's cannabis policies.

NCMP (National Cannabis Masterplan): Value of illegal Cannabis market R28 billion

The NCMP says the current value of the SA cannabis market is about R28 billion, of which only a fraction is legal. All the legal cannabis is for export only and is being produced by the 16 growers currently licensed by SAHPRA. The NCMP envisages the licencing process for small scale farmers be taken over by DALRDD instead of the Department of Health. However, it envisages the development of a new hemp industry rather than the complete legalisation of illicit cannabis farmers.

Labat Africa has transitioned into a fully-fledged, integrated Cannabis focussed Healthcare company with the establishment of Labat Healthcare. Last year we announced the Company's entry into the Cannabis industry. This is a development that the Company is excited about and believes that it will be a game changer for Labat Africa. Labat Healthcare aims to establish itself as a leader in the industry and the first listed company to do so.

The Company's entry into the Cannabis business is in line with a focus on multi sector markets and a need to be at the forefront of transformation. The Cannabis and hemp sector offers the Company an opportunity to drive such transformation. The Cannabis industry offers two distinct business streams. The first is the development of Cannabis for medicinal use. These are your medicinal oils and creams. The second is the industrial growing of hemp which will provide opportunities to emerging and small - scale farmers, help create jobs and contribute to the South African economy through taxes. Labat Africa conducted a desktop study which indicated that for every one hectare of Cannabis grown, Labat Africa can hire at least three people.

Through growing hemp, Labat Africa will be able to utilise land productively and create economic activity in rural and far-flung isolated areas. This will also help uplift communities where normally there are no jobs and no economic activity. Labat Healthcare will have a robust value chain which includes, farming, logistics, processing, refinement, retail and customers at the end of the process.

The Group already has a logistics division and this will be used to provide that type of service. Labat Africa plans to be a leading and innovative Healthcare company in South Africa with a focus on Medicinal Cannabis. Labat Africa plans to play a leading role in the development of the South African Industrial Hemp and Medical Cannabis industry with a focus on value creation in the economy.

Projections on the value of the Cannabis and related industries are that the illegal market is around R28 billion of which only a small fraction is legal for export. Labat Africa aims to be at the forefront of the drive to formalise this industry and help our local citizens benefit through the creation of jobs, retail opportunities and a programme to develop skills for the industry which we believe is a growth industry.

Labat Healthcare will be guided by an experienced team of professionals in the finer art of genetics of Cannabis. The professional team has carried out extensive work on the regulatory components of the Cannabis industry in the last decade. What Labat Africa will offer is home-grown African expertise, world leading technology, SAHPRA approved products, locally owned mission critical Intellectual Property, being part of a JSE listed entity and a growing distribution network with a global footprint.

The Group is truly excited about the next chapter in its journey and it is confident that this initiative will create a new formal industry with benefits for both our local citizens and the South African economy.

For and on behalf of the Board

BG VAN ROOYEN	**GORDEN WALTERS**
CHIEF EXECUTIVE OFFICER	**FINANCIAL DIRECTOR**

2 July 2021

Directors
BG van Rooyen*, DJ O'Neill*, GRI Walters*, M Stringer*, RM Majiedt^(Chairperson), R Mohamed^, BA Penny^
*Executive, ^Independent non-executive

Company Secretary: Light Consulting Proprietary Limited

Registered Address: 23 Kroton Avenue, Weltevreden Park, 1709

Sponsor: AcaciaCap Advisors Proprietary Limited

Transfer Secretary: Computershare Investor Services Proprietary Limited

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