THE LIBSTAR FAMILY

From our Home to Yours

2020

Reviewed
Interim Results
Six Months ended
30 June 2020

Reviewed Interim Results
Six Months ended 30 June 2020

Contents

Salient Features

The Group has continued to work in pursuit of the protection, safety, health and well-being of its people as well as the preservation of cash and maintenance of the Group's financial stability to deliver superior service levels to customers.

As an Essential Service Provider, Libstar was able to operate for the duration of the national lockdown. The rigorous protocols required to keep Libstar's people safe during the Covid-19 pandemic has caused unavoidable, intermittent downtime. Despite this, the Group has, through focused production planning, maintained staff attendance and production levels ahead of the prior reporting period.

The Group uses Normalised EBITDA, Normalised EPS and Normalised HEPS from continuing operations, which exclude non-recurring, non-trading and non-cash items, as the key measures to indicate its true operating performance:

Normalised EBITDA decreased by	Normalised EPS decreased by	Normalised HEPS decreased by
5.4%	19.0%	17.7%

Rm	H1 2020	Change %	H1 2019
Revenue	**4 706 372**	+1.9%	4 616 876
Gross profit margin	**23.4%**	+0.2 pp	23.2%
Normalised operating profit	**293 598**	-16.4%	351 151
(margin)	**6.2%**		7.6%
Normalised EBITDA	**456 947**	-5.4%	482 857
(margin)	**9.7%**		10.5%
Normalised EBITDA excluding extraordinary Covid-19-related operating expenses	**500 885**	+ 3.7%	482 857
(margin)	**10.6%**		10.5%
Other key performance indicators			
Diluted EPS* (cents)	**16.5**	-16.2%	19.7
Diluted HEPS* (cents)	**16.9**	-14.2%	19.7
Normalised EPS* (cents)	**23.8**	-19.0%	29.4
Normalised HEPS* (cents)	**24.2**	-17.7%	29.4
Net interest-bearing debt to Normalised EBITDA ratio	**1.3x**		1.4x
Cash conversion ratio	**64%**		62%

* *From continuing operations*

In light of the stable cash flows delivered by the Group during the reporting period, the Board of Libstar has approved payment of the cash dividend of 25 cents per ordinary share (gross) in respect of the year ended 31 December 2019. This is a 13.6% increase from the 22 cents dividend declared for the year ended 31 December 2018.

About Libstar

Libstar was founded in 2005 to acquire and grow operations in the consumer packaged goods (CPG) market. The product portfolio comprises more than 9 000 products and 91% of Group revenue is generated from food. These products include dairy and meat products, fresh produce, convenience food, groceries, baking & baking aids and snacks & confectionery.

LIBSTAR'S KEY PRIORITIES DURING THE PERIOD UNDER REVIEW

1. PROTECTING THE WELL-BEING OF LIBSTAR'S EMPLOYEES

During the six-month reporting period ended 30 June 2020, Libstar incurred extraordinary Covid-19 expenses of R44.0 million. This included donations in the amount of R3.5 million to needy communities, personnel-related benefits of R18.5 million and R22.0 million in direct operating expenses. Personnel-related expenses were mainly related to staff transport benefits. Direct operating expenses were attributed mainly to the cost of additional personal protective equipment.

To date, the Group has recorded 465 Covid-19 recoveries, with only nine active cases at present and a decreasing trend of new cases. Libstar implemented strict hygiene control procedures and safety measures and worked closely with the Departments of Labour and Health to respond swiftly to identified cases of Covid-19. These procedures include on-site screening, employee track-and-trace protocols and rigorous sanitisation programmes designed to protect the Group's people and ensure the seamless continuation of operations.

Despite the challenges faced and intermittent downtime caused by the adherence to Covid-19 best practice, the Group has managed to maintain high levels of staff attendance and production output.

2. PRESERVING THE GROUP'S FINANCIAL STABILITY

Each of Libstar's categories and sales channels were uniquely impacted by the effects of Covid-19 and the related trading restrictions and challenges.

All divisions have undertaken operational reviews and have reprioritised capital expenditure and staffing requirements. These reviews have resulted in reduced total capital expenditure during the reporting period and the implementation of restructuring plans, predominantly within the food service facing divisions.

Through these efforts, Libstar improved its cash conversion ratio from 62% in the comparative period to 64% during the reporting period. The Group also remains fully compliant with lender financial covenants. The net interest-bearing debt on term loans to EBITDA ratio has improved from 1.4 times to 1.3 times due to improved cash conversion. This falls within Libstar's stated optimal range of 1 to 2 times normalised EBITDA.

3. DELIVERING SUPERIOR SERVICE LEVELS

The Group's investment in working capital increased to 14.8% of revenue (H1 2019: 13.8%), still below the upper end of Libstar's working capital target range of 13.0% to 15.0%. This increase was mainly as a result of holding a higher inventory of imported retail market products to ensure product availability in the retail and wholesale channel. The higher inventory holding of nuts used in the production of snacks and confectionery also contributed to the increase in Group net working capital. With major disruption to supply chains worldwide in the wake of the Covid-19 pandemic, the Group elected to hold higher inventory levels of these products and raw materials to ensure product availability to its customers.

The rigorous protocols required to keep Libstar's people safe during the Covid-19 pandemic has caused unavoidable, intermittent downtime. Despite this, the Group has, through focused production planning, maintained staff attendance and production outputs ahead of the prior reporting period. The Group's category management initiatives, particularly within the retail and wholesale sales channel, furthermore contributed to the delivery of high service levels.

GROUP TRADING AND FINANCIAL PERFORMANCE

The accounting policies applied by Libstar are consistent with those applied in H1 2019. The results presented therefore include the effects of IFRS 9 (hedge accounting) and IFRS 16 (leases) in H1 2020 and H1 2019.

REVENUE

Group revenue for H1 2020 was 1.9% higher than H1 2019. Revenue growth from food categories, which constitute 91% of Group revenue, was 1.1%, whilst revenue within the Household and Personal Care (HPC) cluster, which represents 9.0% of Group revenue, increased by 11.5%. The food categories and HPC benefited mainly from increased demand in the Group's retail sales channel. Food-related volumes declined by 2.1%, mainly due to the food service industry shutdown during lockdown. Non-food volumes increased by 2.9%.

GROSS PROFIT MARGINS

The Group's gross profit margin increased by 0.2 percentage points to 23.4% from 23.2% the previous year, mainly as a result of the full period inclusion of service revenue from Libstar's contract manufacturing of Pringles snacks. The Pringles plant commenced production in June 2019. The Group's gross profit margin was further bolstered by additional service revenue from Libstar's contract manufacturing of Kellogg's noodles.

Gross profit margin from food-related categories increased from 23.7% to 23.8%, whilst gross profit margins from HPC increased from 18.1% to 19.2%.

Libstar's continued focus on procurement, production and equipment efficiencies, as well as the increased weighting of Group revenue towards the retail sales channel, also contributed to the improved gross margin performance.

OTHER INCOME

The Group recorded other income in the amount of R80.9 million compared to R14.3 million in the comparative period. Other income comprised mainly realised foreign currency translation gains of R20.1 million (H1 2019: R9.5 million), unrealised foreign currency translation profit of R30.7 million (H1 2019: R0.8 million loss) and the write-back of a loan of R19.7 million previously provided for.

NORMALISED OPERATING PROFIT AND EBITDA

Normalised operating profit decreased by 16.4% at a margin of 6.2% (H1 2019: 7.6%), impacted by Covid-19-related extraordinary expenses of R44 million. Excluding this expenditure, normalised operating profit would have declined by 3.9%, mainly due to the impact of Covid-19-related changes in sales channel demand, as described later in these results.

Group Normalised EBITDA decreased by 5.4% at a margin of 9.7% (H1 2019: 10.5%). Normalised EBITDA before corporate costs from the Group's food categories decreased 6.6% over the comparative period, contributing 93% of Group EBITDA, whilst the HPC category's Normalised EBITDA before corporate costs increased by 46.8% relative to the prior year, reflecting the benefits of the restructuring undertaken in 2019, as well as strong product demand.

If the extraordinary Covid-19 expenses of R44 million are excluded from the ranges above, Normalised EBITDA would have increased by 3.7%.

The table below summarises the Group's operating expenses during the reporting period:

Operating expenses (R'000)	H1 2020	Change %	H1 2019	Comment
Opex	**948 914**	+16.3%	816 224	
Long-term incentives	**(9 137)**		–	Provision for SARs, LTIP and GSP
Retrenchment & restructuring costs	**(5 215)**		(4 545)	Predominantly corporate segment
Other non-operating or non-recurring items	**(3 687)**		(164)	Normalisation adjustments
Opex after all non-operating/ non-recurring/non-cash items above	**930 875**	+14.7%	811 515	
Depreciation of PPE and Amortisation of software	**(32 169)**	+6.9%	(30 106)	H1 2020/H1 2019 capex
Depreciation IFRS 16 (leases)	**(39 128)**	+16.8%	(33 486)	New lease of the Pringles snacks facility
Employee costs – toll manufacturing	**(31 238)**	+169.2%	(11 602)	Kellogg's noodles & Pringles snacks
Extraordinary expenses	**(33 586)**			Portion of R44m cost recorded in G&A
Opex excluding above 4 items	**794 754**	+7.9%	736 321	

Operating expenses increased 16.3% from R816.2 million to R948.9 million. Allowing for the normalisation for long-term incentive awards, retrenchment and restructuring costs and other non-operating or non-recurring items, operating expenses then increased 14.7% from R811.5 to R930.9 million.

The main items that contributed to the increased operating expenditure, were:

- A 6.9% increase in depreciation of property, plant and equipment and amortisation of software, mainly as a function of capital expenditure, incurred during 2019;
- A 16.8% increase in IFRS 16 (leases) depreciation, mainly due to the new lease of the Pringles snack facility in H2 2019;
- An increase in employment costs related to the outsourced manufacturing of Kellogg's noodles and Pringles snacks. As the Pringles plant commenced production in June 2019, this was the first full interim period of inclusion of employment costs related to this contract manufacturing arrangement;

Direct Covid-19-related expenses of R33.6 million recorded in operating expenses. The remaining extraordinary expenses of R10.4 million were recorded in Cost of Sales.

After these items, other operating expenses increased 7.9% from R736.3 million to R794.8 million.

FINANCE COSTS

The Group's net interest expense on interest-bearing debt declined 13.0% from R78.4 million to R68.2 million, mainly due to a reduction in the Johannesburg interbank average lending rate (JIBAR).

The Group's IFRS 16 finance charges increased by 24.8% from R24.6 million to R30.7 million.

Total Group net finance charges decreased by 4.0% from R102.9 million to R98.8 million.

EARNINGS AND HEADLINE EARNINGS

The following significant items (relative to the comparative 2019 period) were considered in arriving at:

Total earnings: Increased 89.6% to R99.1 million	▪ The comparative period earnings were reduced by: – an after-taxation loss of R65.8 million in relation to the discontinued dairy and fruit concentrate business, which was subsequently disposed of during H2 2019. The loss did not re-occur in 2020. ▪ The current reporting period earnings were decreased by: – a pre-taxation increase in depreciation and amortisation relative to the comparative period in the amount of R31.6 million (24% increase). The increased expense comprises: – a R14.1 million pre-taxation charge in relation to IFRS 16 (leases); and – a R17.5 million charge, mainly in relation to depreciation incurred as a result of capital expenditure incurred in 2019; ▪ after-taxation extraordinary and direct Covid-19-related expenses in the amount of R31.7 million; and ▪ a R6.6 million after-taxation provision for long-term incentives awarded during the reporting period (H1 2019: Rnil). ▪ The *current reporting* period earnings were increased by: – a R22.1 million after-taxation unrealised foreign currency translation gain on the revaluation of inventory, foreign currency denominated debtors, creditors and cash balances at 30 June 2020 (H1 2019: R0.6 million loss); and – a R19.7 million after-taxation gain on the write-back of a loan previously provided for.
Total headline earnings: Down 9.1% to R101.3 million	▪ In addition to the above: – The comparative period HEPS was increased by the add-back of an after-taxation impairment loss of R59.4 million in relation to the discontinued dairy and fruit concentrate business which was subsequently disposed of during H2 2019.
Normalised earnings from continuing operations: Down 19.5% to R142.0 million	▪ In addition to the above: – Normalised for the unrealised foreign currency translation gain described above in the after-taxation amount of R22.1 million; and – Normalised for the after-taxation R6.6 million expense mentioned above in relation to long-term incentives awarded during the reporting period.
Normalised headline earnings from continuing operations: Down 18.1% to R144.2 million	▪ In addition to the above: – Normalised for a R2.2 million loss on the disposal of property, plant and equipment (H1 2019: R0.2 million gain).

The weighted average number of shares in issue decreased by 0.6% to 595.8 million, whilst the diluted weighted average number of shares increased by 0.1% to 599.5 million.

The Group's normalised earnings per share from continuing operations decreased by 19.0% to 23.8 cents and normalised headline earnings per share from continuing operations decreased by 17.7% to 24.2 cents.

The reconciliation from Normalised EBITDA to Normalised earnings and Normalised headline earnings is provided below:

	H1 2020	Change %	H1 2019
Normalised EBITDA (R million)	**456.9**	-5.4%	482.9
Depreciation of PPE and Amortisation of Software	**(103.3)**	+20.4%	(85.8)
Depreciation IFRS 16 (leases)	**(60.1)**	+30.9%	(45.9)
Net interest expense	**(98.8)**	-4.0%	(102.9)
Income tax (including tax effect of normalisation adjustments)	**(52.8)**	-25.8%	(71.3)
Outside shareholders' interest	**0.1**		(0.6)
Normalised earnings	**142.0**	-19.5%	176.4
Loss/(profit) on disposal of PPE (after tax)	**2.2**		(0.2)
Normalised headline earnings	**144.2**	-18.1%	176.2

CASH FLOWS AND WORKING CAPITAL

Cash generated from operating activities increased from R178 million to R225 million. This was mainly due to improved cash flow from operations and reduced net interest expense, which was somewhat offset by an increased investment in net working capital.

Net working capital as a percentage of revenue, at 14.8%, remains within the Group's target range of 13.0% to 15.0%. However, this was adversely impacted by a higher than usual inventory of imported retail market products to ensure product availability during Covid-19. An increased inventory holding of imported nuts used in the production of snacks and confectionery also contributed to the increased net working capital investment. This pertains to the securing of raw material, which will be used in production for the remainder of the year. Debtors and creditors days were in line with H1 2019.

The Group continues to invest in capacity-enhancing projects in identified growth areas, with capital expenditure of R139 million (H1 2019: R162 million), representing 3.0% of net revenue (H1 2019: 3.5%). This is in line with the Group's target range of 2.0% to 3.0%, as previously indicated. Capital expenditure this year included a further R34 million in relation to milk-receiving area upgrades, R12 million in respect of the consolidation of four HPC manufacturing and warehousing facilities into a new facility and R11 million in respect of upgrades to the artisanal facility and additional generators at Amaro Foods.

During H1 2020, the Group benefited from capital expenditure projects concluded during 2019, notably the bar line upgrade project at Ambassador Foods, line improvements at Montagu, a tea plant upgrade at Cape Herb & Spice and a plant upgrade at Cecil Vinegar Works. Whilst the Group also expected to benefit from the prepared meal facility upgrade at Millennium Foods, the increase in home-dining (as opposed to convenience meal products) during Q2 and onward, resulted in lower prepared meal orders. Similarly, sales of par-baked frozen rolls by Amaro Foods were lower than expected, mainly due to Covid-19 restrictions that resulted in the slower roll-out of products in-store. Millennium Foods and Amaro Foods are targeting new sales channels to increase the utilisation rates of these plants. Milk-receiving, cheese-packaging and distribution centre upgrades at Lancewood were delayed in Q2, but have resumed since. The benefits from these projects are now only expected to be realised from H1 2021.

SALES CHANNEL AND SEGMENTAL ANALYSIS

PERFORMANCE BY SALES CHANNEL

Libstar manufactures products in five distinct product categories, which are marketed in four sales channels. While the Group continues to report its results by product category, the impact of Covid-19 has been more immediately apparent in the Group's four sales channels in H1 2020. This is particularly true of Q2 2020, which was the first full quarter in which the Group traded predominantly under levels 5 and 4 of lockdown restrictions. As a result of an increased revenue weighting to retail customers and the resilient performance within this channel, Libstar was able to deliver revenue growth of 1.9% during the reporting period.

Libstar's gross revenue performance by sales channel (before allowances and rebates) for the reporting period can be summarised as follows:

	Group revenue growth/decline			Contribution to Group revenue	
	Q1 2020 vs Q1 2019	Q2 2020 vs Q2 2019	Six months ended 30 June 2020	Six months ended 30 June 2020	Six months ended 30 June 2019
Gross revenue by channel					
Retail and wholesale	+7.3%	+14.2%	**+10.7%**	**68%**	61%
Food service	-3.6%	-63.2%	**-34.5%**	**12%**	17%
Exports	+12.3%	-26.3%	**-8.0%**	**10%**	11%
Industrial and contract manufacturing	+5.4%	-10.4%	**-2.8%**	**10%**	11%
Total Group net revenue	+9.7%	-4.9%	**+1.9%**	**100%**	100%

RETAIL AND WHOLESALE

The Group supplies products across its five product categories into the retail and wholesale channel.

Robust demand within this channel, particularly in relation to products consumed for in-home cooking purposes, was recorded in H1 2020. Total revenue from retail channel customers, which constitutes 68.0% of Group revenue, increased by 10.7% during the reporting period.

FOOD SERVICE

The Group supplies beef, chicken and related products, soft and hard cheese, tortilla wraps, food packaging and a range of other products to the quick-service restaurant sector, as well as the rest of the hospitality industry.

The closure of hospitality venues, restaurants and quick-service restaurants during levels 5 and 4 of the national lockdown weighed heavily on the performance of the food service channel during the reporting period. As a result, revenue from this channel decreased by 34.5% from 17.0 to 12.0% of Group revenue.

EXPORTS

The business unit responsible for the majority of the Group's export revenue continues to be Cape Herb & Spice. Demand for this division's exported private label dry condiments remained strong during the reporting period. However, operational delays at the Cape Town port adversely impacted the Group's ability to effect shipments during the month of June. These operational delays erased the gains of Q1 2020 and resulted in a revenue decline of 8.0% in this channel during the reporting period. This resulted in a 10.0% contribution to Group revenue.

Additional harbour resourcing improved shipment completion rates post the end of this reporting period.

INDUSTRIAL AND CONTRACT MANUFACTURING

The Group manufactures, amongst others, wet condiments for various brand owners. These products are sold in the retail and food service channels. Whilst the demand for these brand owners' retail market wet condiments remained subdued for most of H1 2020, orders have increased from the start of H2 2020.

During the lockdown period, orders for food service market wet condiments reduced significantly.

The industrial and contract manufacturing channel benefited from the full period inclusion of service revenue from the manufacturing of Pringles snacks and additional service revenue from the contract manufacturing of Kellogg's noodles. These factors limited the total revenue decline from this channel to 2.8%, representing 10.0% of Group revenue.

The H1 2020 underperformance of wet condiments manufactured for this channel is expected to be ameliorated in H2 by cost-saving restructuring and the introduction of new products and new customers.

PERFORMANCE BY CATEGORY

The Group reports on five categories, being Perishables, Groceries, Snacks and Confectionery, Baking and Baking Aids and Household and Personal Care (HPC). The underlying business units and brands per category are outlined in the table below.

FOOD CATEGORIES				NON-FOOD
1 PERISHABLES	2 GROCERIES	3 SNACKS AND CONFECTIONERY	4 BAKING & BAKING AIDS	5 HPC
Lancewood	Cape Herb & Spice	Ambassador Foods	Cani	Libstar Household & Personal Care
Finlar Fine Foods	Rialto	K Snacks	Amaro Foods	
Rialto	Khoisan Gourmet		Retailer Brands	
Denny	Dickon Hall Foods			
Millennium Foods	Cecil Vinegar Works			
	Montagu Foods			
	Hurters Honey			
	Multi-cup			
	Chamonix			

Category revenue is summarised as follows:

Revenue	Group revenue growth/decline			Contribution to Group revenue	
	Six months ended 30 June 2020 R'000	Change %	Six months ended 30 June 2019 R'000	**Six months ended 30 June 2020**	Six months ended 30 June 2019
Perishables	**2 167 750**	-1.7%	2 205 332	**46%**	48%
Groceries	**1 454 496**	-2.1%	1 485 376	**31%**	32%
Snacks and Confectionery	**282 549**	+18.1%	239 167	**6%**	5%
Baking and Baking Aids	**385 667**	+22.9%	313 925	**8%**	7%
HPC	**415 910**	+11.5%	373 076	**9%**	8%
Total Group net revenue	**4 706 372**	+1.9%	4 616 876	**100%**	100%

Category Normalised EBITDA before corporate costs is summarised as follows:

Revenue	Group Normalised EBITDA growth/decline			Contribution to Group Normalised EBITDA	
	Six months ended 30 June 2020 R'000	Change %	Six months ended 30 June 2019 R'000	**Six months ended 30 June 2020**	Six months ended 30 June 2019
Perishables	**169 943**	-21.0%	215 193	**33%**	40%
Groceries	**203 297**	-2.0%	207 549	**40%**	39%
Snacks and Confectionery	**53 915**	+44.4%	37 331	**10%**	7%
Baking and Baking Aids	**48 814**	-2.0%	49 790	**10%**	9%
HPC	**37 087**	+46.8%	25 260	**7%**	5%
Total	**513 056**	-4.1%	535 123	**100%**	100%

PERISHABLES

46% of group revenue

33% of group normalised EBITDA before corporate costs

The Perishables category, the Group's single largest contributor to revenue, was most adversely impacted by the effects of Covid-19. This category consists of dairy, meat and chicken, fresh mushrooms, prepared meals and other value-added perishables.

Revenue from Perishables decreased by 1.7% in H1 2020 and the category gross profit margin decreased to 20.4% (H1 2019: 20.9%). Category volumes declined by 4.0%.

Dairy (Lancewood) and meat (Finlar) are the two largest contributors to Perishables' revenue and EBITDA. Revenue from the sale of dairy products increased relative to the comparative period as a result of strong retail channel demand during the lockdown. However, the closure of quick-service restaurants weighed heavily on the performance of meat products sold in the food service channel.

Value-added perishables (Rialto) and mushrooms (Denny) were adversely impacted by the reduced food service channel revenue which could not be compensated for by the increased retail and wholesale channel demand. Demand for prepared meals (Millennium Foods) in the retail channel was lower than that of meal ingredients due to increased home cooking, resulting in lower revenues relative to H1 2019.

Within this category, R14.5 million was spent on direct Covid-19-related expenses.

The above factors were the main contributors to a 21.0% decrease in the category's Normalised EBITDA at a margin of 7.8% (H1 2019 margin: 9.8%).

GROCERIES

31% of group revenue

40% of group normalised EBITDA before corporate costs

Revenue from Groceries, the Group's second largest contributor to revenue, decreased by 2.1% and the category gross profit margin decreased to 26.4% (H1 2019: 27.6%).

This category benefited from a strong increase in revenue from the sale of pasta, meal ingredients, vinegar, honey, private label and branded sauces and soups in the retail channel.

However, order completion delays in the shipment of exported dry condiments at Cape Herb & Spice, the category's largest business unit, erased strong Q1 2020 gains. Pleasingly, shipment fulfilment rates have improved post period-end.

Demand for wet condiments, manufactured for customers in the industrial and contract manufacturing channel, remained subdued. As the Group's specialised packaging products, sold by Multi-Cup, are mainly consumed in the hospitality and restaurant industries, sales of these products were significantly lower than the comparative period.

Revenue from Groceries therefore declined by 2.1% and volumes by 2.5%. R12 million of direct Covid-19-related expenses were incurred within this category.

The combination of the above-mentioned factors contributed to an overall decrease in the category's normalised EBITDA of 2.0% at a maintained margin of 14.0%, making Groceries the largest contributor to Group normalised EBITDA.

SNACKS AND CONFECTIONERY

6% of group revenue

10% of group normalised EBITDA before corporate costs

The Snacks and Confectionery category comprises cereals, nuts, snack bars and confectionery.

Revenue from this category increased by 18.1% to R283 million. This was mainly as a result of the full period inclusion of revenue from the contract manufacturing of Pringles snacks during the reporting period. This facility commenced production in June 2019. Revenue from cereals, nuts and snack bars was higher than H1 2019, mainly driven by strong retail channel demand.

The Group incurred R6 million of direct Covid-19-related expenses in this category.

Gross profit margins in the category improved strongly to 31.7% from 24.8% in the prior period, whilst normalised EBITDA increased 44.4% at an improved margin of 19.1% (H1 2019: 15.6%).

BAKING AND BAKING AIDS

8% of group revenue

10% of group normalised EBITDA before corporate costs

Revenue from Baking and Baking Aids increased 22.9% to R386 million, mainly as a result of strong retail channel demand for baked goods, rusks and baking aids. Category volumes improved by 5.3%.

An improved sales mix in Retailer Brands contributed significantly to the stronger category gross profit margin of 27.2% (H1 2019: 24.2%).

Covid-19-related expenses of R6.5 million, comprising mainly staff transport benefits, resulted in an overall 2.0% decrease in the category's normalised EBITDA at an EBITDA margin of 12.7% (H1 2019: 15.9%). Without these expenses, normalised EBITDA would have grown by 11.1%.

HOUSEHOLD AND PERSONAL CARE

9% of group revenue

7% of group normalised EBITDA before corporate costs

HPC consists of household and personal care products. As committed, this category's performance in H1 2020 has shown a pleasing turnaround. Revenue increased by 11.5% to R416 million, mainly as a result of strong retail sales. Volumes increased by 2.9% and gross profit margins improved to 19.2% due to an improved sales mix (H1 2019: 18.1%). Covid-19-related expenses amounted to R4.5 million.

HPC benefited from the significant cost rationalisation programme instituted during H2 2019, as well as the launch of a number of innovative hygiene and environmentally-friendly household and personal care products in the retail channel in H1 2020. Category normalised EBITDA increased by 46.8% at an improved margin of 8.9% (H1 2019: 6.8%).

Outlook

The Group's strong culture of innovation and differentiation continues, with 88 new products and 36 renovated products introduced in H1 2020. Going forward, Libstar's food categories will remain at the heart of its growth strategy.

Libstar remains well positioned to capitalise on key consumer trends, meeting changing consumer lifestyles and dietary requirements through its strong focus on health and wellness, personal and home hygiene, home cooking and baking, convenience, eco-friendly and private label products.

Costs have been reduced as the Group continued to consolidate divisions around categories and capabilities. In this regard, the HPC consolidation has already yielded significant margin enhancing benefits. Further cost-saving will ensue when four existing HPC facilities are consolidated in H2 2020.

Since the end of this reporting period, shipment fulfilment rates of exported dry condiments have improved. This, and the cost-rationalisation of the HPC category, will provide a further earnings underpin in H2 2020.

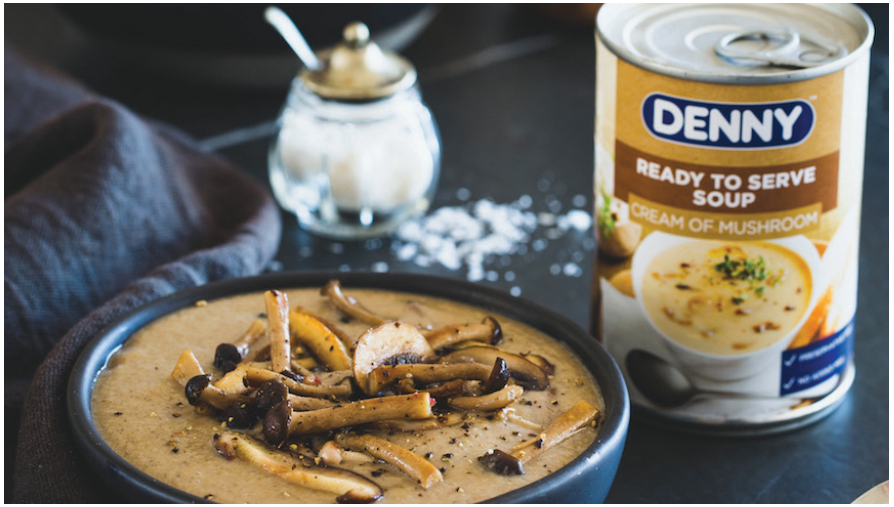
The Group has not wavered from its strategy of pursuing product and production growth, continuing to invest in expansionary and replacement capex, albeit at a lower rate than 2019. As lower capex was already part of Libstar's 2020 plan prior to Covid-19, this will not impact its competitive position. Although the advent of Covid-19 has hampered the anticipated timely delivery of returns from recent capital projects, for instance, the milk-receiving, cheese-packaging and distribution centre upgrades at Lancewood, these benefits will manifest from H1 2021.

Strategically, the Group will continue to prioritise the protection, well-being, health and safety of Libstar's people, the preservation of financial stability and cash flows and the delivery of high service levels and product availability to customers.

The pandemic is proving to have a profound human and economic impact across the globe. Whilst much of Libstar management's time has been focused on managing the business and protecting its people through the pandemic, the team has not lost sight of preparing the Group to take maximum advantage of the many growth opportunities which still exist.

Libstar's well-diversified portfolio of brand solutions, manufacturing capabilities and sales channels will continue to play a key role. Although Group performance is traditionally stronger in the second half of the year from a seasonal perspective, the full impact of Covid-19 remains to be seen in a deteriorating economy. The impact of extraordinary increases in unemployment levels, in particular, has yet to fully play out in consumer demand. This will determine whether the Group's traditional 40:60 H1:H2 normalised EBITDA ratio will be achieved for the full year to 31 December 2020.

Libstar will continue to apply its current conservative approach to costs and finances, primarily protecting the balance sheet.



Cash Dividend

Shareholders are referred to the announcements entitled "Results For The Year Ended 31 December 2019 and Cash Dividend Declaration" and "Business Update and Postponement of Cash Dividend", released on SENS on 18 March 2020 and 4 April 2020 respectively. In the latter announcement, shareholders were advised that the board of directors of Libstar resolved to postpone the payment of the Dividend until the release of its results for the six-month period ended 30 June 2020.

In light of the stable cash flows delivered by the Group during the reporting period, the Board of Libstar has approved payment of the cash dividend of 25 cents per ordinary share (gross) in respect of the year ended 31 December 2019. Note that Libstar's dividend policy is to declare one dividend per annum. The declaration of this dividend at interim stage therefore does not represent a break with this policy, i.e. an interim dividend.

In accordance with paragraphs 11.17 (a) (i) to (x) and 11.17 (c) of the JSE Listings Requirements the following additional information is disclosed:

- The dividend has been declared from income reserves;
- The local Dividends Tax rate is 20% (twenty percent);
- The gross local dividend amount is 25 cents per ordinary share for shareholders exempt from the Dividends Tax;
- The net local dividend amount is 20 cents per ordinary share for shareholders liable to pay the Dividends Tax

Libstar has 681 921 408 ordinary shares in issue.

Libstar's income tax reference number is 9526395174.

The following salient dates will apply to the dividend payment:

Declaration date	**Wednesday, 2 September 2020**
Last day to trade cum the dividend	**Monday, 21 September 2020**
Shares commence trading ex the dividend	**Tuesday, 22 September 2020**
Record date	**Friday, 25 September 2020**
Payment in respect of the dividend	**Monday, 28 September 2020**

Share certificates may not be dematerialised or re-materialised between Tuesday, 22 September 2020 and Friday, 25 September 2020, both days inclusive.

Changes to the Board

There were no changes to the composition of Libstar's board during the period under review.

Forward-Looking Statements

This announcement contains certain forward-looking statements. These include statements regarding our intentions, beliefs or current expectations concerning, amongst other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the economic and business circumstances occurring from time to time in the markets in which Libstar operates, including the projected future financial and operating impacts of the Covid-19 pandemic.

All such forward-looking statements involve estimates and assumptions that are subject to risks, uncertainties and other factors that could cause actual future financial condition, performance and results to differ materially from the plans, goals, expectations and results expressed in the forward-looking statements and other financial and/or statistical data within this announcement.

It is believed that the expectations reflected in this announcement are reasonable, but they may be affected by a wide range of variables that could cause actual results to differ materially from those currently anticipated. Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser. The forward-looking statements reflect knowledge and information available at the date of preparation of this announcement and the Group undertakes no obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise. Readers are cautioned not to place undue reliance on such forward-looking statements. No statement in this communication is intended to be a profit forecast.

Reviewed Condensed Consolidated Statement of Comprehensive Income

	Notes	6 months ended 30 June 2020 Reviewed R'000	6 months ended 30 June 2019 Reviewed R'000	Year ended 31 December 2019 Audited R'000
CONTINUING OPERATIONS				
Revenue		**4 706 372**	4 616 876	9 892 545
Cost of sales		**(3 607 214)**	(3 544 339)	(7 513 655)
Gross profit		**1 099 158**	1 072 537	2 378 890
Other income	6	**80 886**	14 255	52 725
Operating expenses		**(948 914)**	(816 224)	(1 729 857)
Operating profit	7	**231 130**	270 568	701 758
Investment income		**25 999**	25 219	54 025
Finance costs		**(124 829)**	(128 158)	(262 774)
Profit before tax		**132 300**	167 629	493 009
Income tax expense		**(33 294)**	(48 985)	(136 325)
Profit for the period from continuing operations		**99 006**	118 644	356 684
DISCONTINUED OPERATIONS				
Loss for the period from discontinued operations		**–**	(65 807)	(77 057)
Profit for the period		**99 006**	52 837	279 627
Other comprehensive income for the period, net of tax		**(35 527)**	8 752	7 735
Items that may be reclassified to profit or loss				
(Losses)/gains on hedging reserves		**(35 527)**	–	8 067
Items that will never be reclassified to profit or loss				
Defined benefit plan actuarial gains/(losses)		**–**	8 752	(332)
Total comprehensive profit for the period		**63 479**	61 589	287 362
Profit attributable to:				
Equity holders of the parent		**99 052**	52 232	278 395
Non-controlling interest		**(46)**	605	1 232
		99 006	52 837	279 627
Total comprehensive income attributable to:				
Equity holders of the parent		**63 525**	60 984	286 130
Non-controlling interest		**(46)**	605	1 232
		63 479	61 589	287 362
Basic earnings per share (cents)				
From continuing operations	8	**16,6**	19,7	59,5
From continuing and discontinued operations	8	**16,6**	8,7	46,6
Diluted earnings per share (cents)				
From continuing operations	8	**16,5**	19,7	59,4
From continuing and discontinued operations	8	**16,5**	8,7	46,5
Headline earnings per share (cents)				
From continuing operations	8	**17,0**	19,7	59,9
From continuing and discontinued operations	8	**17,0**	18,6	55,7
Diluted headline earnings per share (cents)				
From continuing operations	8	**16,9**	19,7	59,8
From continuing and discontinued operations	8	**16,9**	18,6	55,6

Reviewed Condensed Consolidated Statement of Financial Position

	Notes	At 30 June 2020 Reviewed R'000	At 30 June 2019 Reviewed R'000	At 31 December 2019 Audited R'000
ASSETS				
Non-current assets		**6 595 355**	6 388 407	6 685 881
Property, plant and equipment	9	**1 425 731**	1 263 716	1 392 678
Right-of-use assets	10	**609 926**	464 430	655 596
Goodwill		**2 535 192**	2 496 058	2 534 656
Intangible assets		**2 014 719**	2 144 357	2 092 060
Other financial assets		**4 547**	6 608	5 824
Deferred tax assets		**5 240**	13 238	5 067
Current assets		**4 098 599**	3 764 554	4 141 076
Inventories		**1 331 290**	1 192 812	1 199 619
Trade and other receivables		**1 577 825**	1 557 825	1 763 463
Biological assets		**30 408**	27 635	29 407
Other financial assets		**21 150**	30 268	31 593
Current tax receivable		**20 154**	29 738	16 742
Cash and bank balances		**1 117 772**	926 276	1 100 252
Assets classified as held for sale		**–**	36 444	–
Total assets		**10 693 954**	10 189 405	10 826 957
EQUITY AND LIABILITIES				
Capital and reserves attributable to equity holders of the parent		**5 343 603**	5 197 244	5 424 601
Share capital		**4 727 314**	4 727 314	4 727 314
Defined benefit plan reserve		**(2 089)**	(1 757)	(2 089)
Share-based payment reserve		**7 502**	–	2 211
Retained earnings		**713 504**	538 103	764 266
Premium on acquisition of non-controlling interests		**(75 168)**	(75 168)	(75 168)
Hedging reserves		**(27 460)**	8 752	8 067
Non-controlling interests		**9 847**	9 266	9 893
Total equity		**5 353 450**	5 206 510	5 434 494
Non-current liabilities		**3 486 771**	3 178 001	3 490 774
Other financial liabilities		**2 164 630**	1 923 382	2 087 970
Lease liabilities	10	**637 777**	515 903	677 674
Deferred tax liabilities		**662 628**	725 185	707 000
Employee benefits		**9 343**	5 565	9 583
Share based payments		**12 393**	7 966	8 547
Current liabilities		**1 853 733**	1 803 600	1 901 689
Trade and other payables		**1 315 919**	1 324 561	1 462 502
Other financial liabilities		**138 474**	120 980	111 737
Lease liabilities	10	**85 944**	38 977	75 712
Share based payments		**192**	3 123	4 156
Shareholders for dividends		**149 814**	–	–
Current tax payable		**2 406**	–	1 945
Bank overdraft		**160 984**	315 959	245 637
Liabilities directly associated with assets classified as held for sale		**–**	1 294	–
Total liabilities		**5 340 504**	4 982 895	5 392 463
Total equity and liabilities		**10 693 954**	10 189 405	10 826 957

Reviewed Condensed Consolidated Statement of Changes in Equity

	Share capital R'000	Defined benefit plan reserve[1] R'000	Share-based payment reserve R'000	Premium on acquisition of non-controlling interests[2] R'000	Retained earnings R'000	Hedging reserves[3] R'000	Non-controlling interests R'000	Total R'000
Balance at 1 January 2019	**4 818 884**	**(1 757)**	**–**	**(75 168)**	**668 120**	**–**	**8 661**	**5 418 740**
Adoption of new accounting standard	**–**	**–**	**–**	**–**	**(50 560)**	**–**	**–**	**(50 560)**
IFRS 16 adoption	–	–	–	–	(50 560)	–	–	(50 560)
Total comprehensive income for the period	–	–	–	–	52 232	8 752	605	61 589
Profit or loss for the period	–	–	–	–	52 232	–	605	52 837
Other comprehensive income for the period	–	–	–	–	–	8 752	–	8 752
Transactions with owners of the Company								
Contributions and distributions	(91 570)	–	–	–	(131 689)	–	–	(223 259)
Share repurchase	(91 570)	–	–	–	–	–	–	(91 570)
Dividends paid	–	–	–	–	(131 689)	–	–	(131 689)
Balance at 30 June 2019	**4 727 314**	**(1 757)**	**–**	**(75 168)**	**538 103**	**8 752**	**9 266**	**5 206 510**
Total comprehensive income for the period	–	(332)	–	–	226 163	(685)	627	225 773
Profit or loss for the period	–	–	–	–	226 163	–	627	226 790
Other comprehensive income for the period	–	(332)	–	–	–	(685)	–	(1 017)
Share-based payment expenses	–	–	2 211	–	–	–	–	2 211
Balance at 31 December 2019	**4 727 314**	**(2 089)**	**2 211**	**(75 168)**	**764 266**	**8 067**	**9 893**	**5 434 494**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**99 052**	**(35 527)**	**(46)**	**63 479**
Profit or loss for the period	**–**	**–**	**–**	**–**	**99 052**	**–**	**(46)**	**99 006**
Other comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**(35 527)**	**–**	**(35 527)**
Contributions and distributions	**–**	**–**	**–**	**–**	**(149 814)**	**–**	**–**	**(149 814)**
Dividend declared	**–**	**–**	**–**	**–**	**(149 814)**	**–**	**–**	**(149 814)**
Share-based payment expenses	**–**	**–**	**5 291**	**–**	**–**	**–**	**–**	**5 291**
Balance at 30 June 2020	**4 727 314**	**(2 089)**	**7 502**	**(75 168)**	**713 504**	**(27 460)**	**9 847**	**5 353 450**

1. *Defined benefit plan reserve: Reserves comprises actuarial gains or losses in respect of defined benefit obligations that are recognised in other comprehensive income.*
2. *Premium on non-controlling interests: Represents the difference between the carrying amount of the non-controlling interests and the fair value of the consideration given on acquisition of non-controlling interests.*
3. *Hedging reserves: Represents the gains relating to foreign currency transactions recognised in other comprehensive income.*

Reviewed Condensed Consolidated Statement of Cash Flows

	Notes	6 months ended 30 June 2020 Reviewed R'000	6 months ended 30 June 2019 Reviewed R'000	Year ended 31 December 2019 Audited R'000
NET CASH FLOW FROM OPERATING ACTIVITIES		**224 718**	177 568	579 769
Cash generated from continuing operations*	12	**373 658**	368 120	944 777
Finance income received		**25 999**	25 219	54 025
Finance costs paid		**(94 149)**	(103 557)	(207 689)
Taxation paid		**(80 790)**	(107 951)	(191 404)
Cash utilised by discontinued operations		**–**	(4 263)	(19 940)
NET CASH FLOW FROM INVESTMENT ACTIVITIES		**(143 003)**	(160 304)	(394 730)
Purchase of property, plant and equipment and computer software		**(144 239)**	(161 525)	(400 902)
Sale of property, plant and equipment and computer software		**4 884**	–	7 155
Proceeds from sale of discontinued operations		**–**	–	46 716
Other financial assets (acquired)/disposed		**(3 112)**	1 221	2 301
Acquisition of business		**(536)**	–	(50 000)
NET CASH FLOW FROM FINANCING ACTIVITIES		**20 458**	(236 287)	(159 764)
Share repurchase		**–**	(91 570)	(91 570)
Loans repaid to shareholders		**(1 932)**	–	(846)
(Repayment)/proceeds of other financial liabilities		**–**	(1 047)	2 235
Principal elements of lease payments*		**(72 568)**	(57 951)	(127 547)
Proceeds from term loans and asset based financing		**146 779**	86 094	270 765
Repayment of term loans and asset based financing		**(51 821)**	(40 124)	(81 112)
Dividend paid		**–**	(131 689)	(131 689)
Net increase/(decrease) in cash and cash equivalents		**102 173**	(219 023)	25 275
Cash and cash equivalents at the beginning of the period		**854 615**	829 340	829 340
Cash and cash equivalents at the end of the period		**956 788**	610 317	854 615
Continuing operations		**956 788**	610 317	854 615

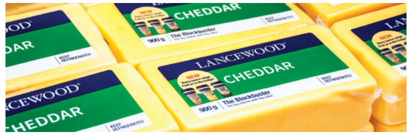
* *Refer to note 13 for details regarding the restatement as a result of an error in the classification of the principal element of lease payment.*

Reviewed Condensed Consolidated Segmental Information

BASIS OF SEGMENTATION

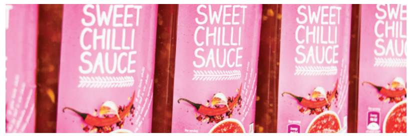
The executive management team has chosen to organise the Group into categories and manage the operations in that manner. The information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance is based on five categories.

The following summary describes each segment:



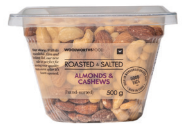
PERISHABLES

Perishable products are products that are refrigerated.



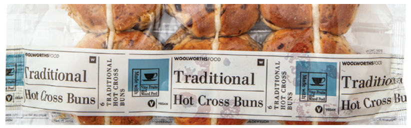
GROCERIES (PREVIOUSLY REFERRED TO AS AMBIENT GROCERIES)

Groceries (also known as "shelf-stable" groceries) is a category of foods that can be stored and preserved at room temperature. The category also includes beverages and specialised food packaging.



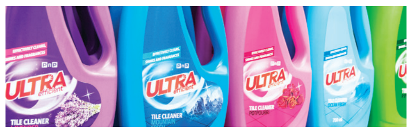
SNACKS AND CONFECTIONERY

Premium snacks and confectionery products.



BAKING AND BAKING AIDS

Baked goods, specialised gluten free offering and baking aids.



HOUSEHOLD AND PERSONAL CARE

Detergents and household cleaning products, as well as personal care products.

RECLASSIFICATIONS BETWEEN SEGMENTS – DURING THE LATTER PART OF 2019

The Group sold the dairy blend and fruit concentrate business, previously shown in the Niche Beverages category. The remaining Niche Beverages businesses, which comprised Chamonix Springwater and the non-beverage Elvin operations, were reclassified and have been reported under the Groceries segment.

Management also reclassified the operations previously shown under the Specialised Food Packaging segment to the Groceries segment. This aligns the financial disclosure to the manner in which the Specialised Food Packaging is managed.

The 2019 interim segmental figures of both the Niche Beverages segment and the Specialised Food Packaging segment have been reclassified to show these operations within the Groceries segment.

	6 months ended 30 June 2020 R'000	6 months ended 30 June 2019 R'000	Change %	Year ended 31 December 2019 R'000
INFORMATION ABOUT REPORTABLE SEGMENTS				
Revenue				
Perishables	**2 167 750**	2 205 333	(1,7)	4 688 126
Groceries	**1 454 496**	1 485 375	(2,1)	3 177 811
Snacks and Confectionery	**282 549**	239 167	18,1	537 972
Baking and Baking Aids	**385 667**	313 925	22,9	699 841
Household and Personal Care	**415 910**	373 076	11,5	788 795
	4 706 372	4 616 876	1,9	9 892 545
Operating profit (EBIT)				
Perishables	**84 723**	142 444	(40,5)	402 686
Groceries	**148 072**	131 048	13,0	313 249
Snacks and Confectionery	**37 912**	26 597	42,5	60 666
Baking and Baking Aids	**24 811**	28 896	(14,1)	60 916
Household and Personal Care	**8 473**	(2 642)	(420,7)	(6 364)
Corporate	**(72 861)**	(55 775)	30,6	(129 395)
	231 130	270 568	(14,6)	701 758
Reconciliation of operating profit per segment to profit before tax				
Operating profit	**231 130**	270 568	(14,6)	701 758
Investment income	**25 999**	25 219	3,1	54 025
Finance costs	**(124 829)**	(128 158)	(2,6)	(262 774)
Profit before tax	**132 300**	167 629	(21,1)	493 009

The chief operating decision maker reviews the revenue and operating profit on a regular basis. The chief operating decision maker does not evaluate any of the Group's assets or liabilities on a segmental basis for decision making purposes.

	6 months ended 30 June 2020 R'000	6 months ended 30 June 2019 R'000	Change %	Year ended 31 December 2019 R'000
Normalised EBIT and EBITDA				
GROUP – CONTINUING OPERATIONS				
Operating profit	**231 130**	**270 568**	**(14,6)**	**701 758**
Amortisation of customer contracts and brands with definitive useful lives	**75 086**	75 086		150 172
Due diligence costs	**372**	264		2 884
Expenses relating to share based payments	**9 137**	–		6 948
Government grants	**(47)**	–		(155)
Loss/(gain) on disposal of property, plant and equipment	**3 101**	(320)		466
Restructuring	**–**	–		–
Retrenchment and settlement costs	**5 215**	4 545		16 646
Securities transfer tax	**–**	221		281
Strategic advisory fees	**261**	–		301
Unrealised (gain)/loss on foreign exchange	**(30 657)**	787		11 035
Normalised EBIT (after adoption of IFRS 16)	**293 598**	**351 151**	**(16,4)**	**890 336**
Amortisation of software	**5 843**	3 560		10 913
Depreciation of property, plant and equipment	**157 506**	128 146		272 427
Normalised EBITDA (after adoption of IFRS 16)	**456 947**	**482 857**	**(5,4)**	**1 173 676**
Impact of IFRS 16 (lease payments and lease modifications)	**(72 568)**	(57 951)		(138 927)
Normalised EBITDA excluding adoption of IFRS 16	**384 379**	**424 906**	**(9,5)**	**1 034 749**
PERISHABLES				
Operating profit	**84 723**	**142 444**	**(40,5)**	**402 686**
Amortisation of customer contracts	**21 805**	24 496		43 610
Due diligence costs	**85**	–		797
Government grants	**(25)**	–		(155)
Loss/(gain) on disposal of property, plant and equipment	**131**	(68)		45
Retrenchment and settlement costs	**1 501**	1 861		6 610
Unrealised (gain)/loss on foreign exchange	**(1 932)**	543		2 094
Normalised EBIT (after adoption of IFRS 16)	**106 288**	**169 276**	**(37,2)**	**455 687**
Amortisation of software	**2 041**	740		2 090
Depreciation of property, plant and equipment	**61 614**	45 177		90 159
Normalised EBITDA (after adoption of IFRS 16)	**169 943**	**215 193**	**(21,0)**	**547 936**
Impact of IFRS 16 (lease payments and lease modifications)	**(20 737)**	(14 476)		(37 501)
Normalised EBITDA excluding adoption of IFRS 16	**149 206**	**200 717**	**(25,7)**	**510 435**

	6 months ended 30 June 2020 R'000	6 months ended 30 June 2019 R'000	Change %	Year ended 31 December 2019 R'000
GROCERIES				
Operating profit	**148 072**	**131 048**	**13,0**	**313 249**
Amortisation of customer contracts	**35 620**	32 929		71 239
Government grants	**(22)**	–		–
Loss/(gain) on disposal of property, plant and equipment	**2 691**	(204)		371
Retrenchment and settlement costs	**166**	78		357
Unrealised (gain)/loss on foreign exchange	**(29 147)**	(358)		8 578
Normalised EBIT (after adoption of IFRS 16)	**157 380**	**163 493**	**(3,7)**	**393 794**
Amortisation of software	**961**	1 297		2 404
Depreciation of property, plant and equipment	**44 956**	42 759		93 161
Normalised EBITDA (after adoption of IFRS 16)	**203 297**	**207 549**	**(2,0)**	**489 359**
Impact of IFRS 16 (lease payments and lease modifications)	**(24 587)**	(23 926)		(54 317)
Normalised EBITDA excluding adoption of IFRS 16	**178 710**	**183 623**	**(2,7)**	**435 042**
SNACKS AND CONFECTIONERY				
Operating profit	**37 912**	**26 597**	**42,5**	**60 666**
Amortisation of customer contracts	**2 201**	2 201		4 402
Loss on disposal of property, plant and equipment	**–**	(48)		(4)
Retrenchment and settlement costs	**115**	447		790
Strategic advisory fees	**16**	–		118
Unrealised loss on foreign exchange	**235**	739		589
Normalised EBIT (after adoption of IFRS 16)	**40 479**	**29 936**	**35,2**	**66 561**
Amortisation of software	**780**	488		3 821
Depreciation of property, plant and equipment	**12 656**	6 907		19 957
Normalised EBITDA (after adoption of IFRS 16)	**53 915**	**37 331**	**44,4**	**90 339**
Impact of IFRS 16 (lease payments and lease modifications)	**(5 734)**	(1 414)		(7 383)
Normalised EBITDA excluding adoption of IFRS 16	**48 181**	**35 917**	**34,1**	**82 956**
BAKING AND BAKING AIDS				
Operating profit	**24 811**	**28 896**	**(14,1)**	**60 916**
Amortisation of customer contracts	**3 435**	3 435		6 870
Loss on disposal of property, plant and equipment	**285**	–		98
Unrealised loss/(gain) on foreign exchange	**201**	(137)		(61)
Normalised EBIT (after adoption of IFRS 16)	**28 732**	**32 194**	**(10,8)**	**67 823**
Amortisation of software	**471**	421		876
Depreciation of property, plant and equipment	**19 611**	17 175		35 091
Normalised EBITDA (after adoption of IFRS 16)	**48 814**	**49 790**	**(2,0)**	**103 790**
Impact of IFRS 16 (lease payments and lease modifications)	**(9 092)**	(7 931)		(17 029)
Normalised EBITDA excluding adoption of IFRS 16	**39 722**	**41 859**	**(5,1)**	**86 761**

	6 months ended 30 June 2020 R'000	6 months ended 30 June 2019 R'000	Change %	Year ended 31 December 2019 R'000
HOUSEHOLD AND PERSONAL CARE				
Operating profit/(loss)	**8 473**	**(2 642)**	**(420,7)**	**(6 364)**
Amortisation of customer contracts and brands with definitive useful lives	**12 025**	12 025		24 051
Gain on disposal of property, plant and equipment	**–**	–		(27)
Retrenchment and settlement costs	**173**	2 159		8 655
Strategic advisory fees	**245**	–		183
Unrealised gain on foreign exchange	**(14)**	–		(163)
Normalised EBIT (after adoption of IFRS 16)	**20 902**	**11 542**	**81,1**	**26 335**
Amortisation of software	**11**	12		23
Depreciation of property, plant and equipment	**16 174**	13 706		29 140
Normalised EBITDA (after adoption of IFRS 16)	**37 087**	**25 260**	**46,8**	**55 498**
Impact of IFRS 16 (lease payments and lease modifications)	**(10 537)**	(8 456)		(19 165)
Normalised EBITDA excluding adoption of IFRS 16	**26 550**	**16 804**	**58,0**	**36 333**
CORPORATE				
Operating loss	**(72 861)**	**(55 775)**	**30,6**	**(129 395)**
Due diligence costs	**287**	264		2 087
Expenses relating to share based payments	**9 137**	–		6 948
Gain on disposal of property, plant and equipment	**(6)**	–		(17)
Retrenchment and settlement costs	**3 260**	–		234
Securities transfer tax	**–**	221		281
Unrealised gain on foreign exchange	**–**	–		(2)
Normalised EBIT (after adoption of IFRS 16)	**(60 183)**	**(55 290)**	**8,8**	**(119 864)**
Amortisation of software	**1 579**	603		1 699
Depreciation of property, plant and equipment	**2 495**	2 421		4 918
Normalised EBITDA (after adoption of IFRS 16)	**(56 109)**	**(52 266)**	**7,4**	**(113 247)**
Impact of IFRS 16 (lease payments and lease modifications)	**(1 881)**	(1 748)		(3 531)
Normalised EBITDA excluding adoption of IFRS 16	**(57 990)**	**(54 014)**	**7,4**	**(116 778)**
Export revenue				
The Group mainly operates in South Africa. Revenue derived from customers domiciled within South Africa is classified as revenue from South Africa. Revenue from customers domiciled outside of South Africa is classified as export revenue.				
Export revenue for the period	**523 096**	568 583	(8,0)	1 220 092
Major customers				
During the period under review, revenue from certain customers exceeded 10% of total revenue.				
Customer A	**23%**	19%	19,4	19%
Customer B	**17%**	16%	5,5	13%
Customer C	**11%**	11%	1,6	10%

Notes to the Reviewed Condensed Consolidated Financial Statements

1. REPORTING ENTITY

Libstar is a leading producer and supplier of high-quality products in the CPG industry and sells a wide range of products in South Africa and globally. The Group provides a multi-product offering in multiple categories across multiple channels, while strategically positioning itself within the food and beverage and HPC sectors.

The Group currently operates across a number of business units, each of which has its own infrastructure, employees and products. The Group operates a decentralised business model, with each business unit being responsible for its own procurement, production, distribution and logistics, sales and marketing and customer relationships. Libstar demonstrates a strong management drive and provides a platform for these business units to grow through provision of working capital and investment in infrastructure that builds manufacturing capability and capacity.

2. BASIS OF ACCOUNTING

These reviewed condensed consolidated interim financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), including disclosure requirements of IAS 34 Interim Financial Reporting standard and comply with the Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, as well as the JSE Listings Requirements and the Companies Act, no 71 of 2008.

This is the first interim set of the condensed consolidated Group's financial statements in which IFRS 2 (Share-based payments) have been applied. The accounting policy for Share-Based payments is described in Note 3.

These condensed consolidated interim financial statements have been reviewed in terms of the Companies Act, No 71 of 2008. These condensed consolidated interim financial statements have been prepared by P Makate CA(SA) under the supervision of CB de Villiers CA(SA).

The financial results presented have been reviewed by the Group's independent external auditors, Moore Cape Town Inc, who expressed an unmodified review conclusion. A copy of the auditor's review report is available for inspection at the Company's registered office.

The auditor's report does not necessarily report on all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain full understanding of the nature of the auditor's engagement they should obtain a copy of that report together with the accompanying financial information from the Company's registered office.

3. ACCOUNTING POLICIES

The accounting policies applied by the Group in these reviewed condensed consolidated interim financial statements are consistent with those applied in the consolidated annual financial statements for the year ended 31 December 2019. There were no new accounting standards implemented by the Group in these interim financial statements.

3.1 LEASES

The Group has applied IFRS 16 for all periods presented, using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments.

3.2 SHARE-BASED PAYMENTS

The Group issues equity-settled and cash-settled share-based payments to certain employees. In the consolidated annual financial statements for the year ended 31 December 2019 the Group implemented a new Group Share Plan ("GSP") which is classified as an equity settled share-based payment. The Group also implemented a new Long Term Incentive Plan ("LTIP") which is classified as a cash settled share-based payment. The LTIP replaces the previous Long Term Incentive scheme ("LTI"), also known as share appreciation rights in prior years. The Group is in the process of winding down the LTI scheme, and the final allocations in terms of this scheme were made in 2018. The LTI scheme will run its course and units will vest in terms of the rules of the LTI scheme up to 2021.

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with market conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amounts payable to employees in respect of the LTIP, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the vesting period. The liability is remeasured at each reporting date and at settlement date based on the fair value of the awards. Any changes in the liability are recognised in profit or loss.

4. ACCOUNTING JUDGEMENTS AND ESTIMATES

Management is required to make estimates and assumptions that affect the amounts presented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were similar to those that applied to the consolidated annual financial statements for the year ended 31 December 2019. In addition, specific consideration was given to the impact of Covid-19 on the estimates and assumption used in applying IFRS. Refer to note 15 for further information related to the impact of Covid-19 on the Group.

5. NORMALISED EBIT AND NORMALISED EBITDA

The Group reports normalised earnings before interest and tax ("Normalised EBIT"), normalised earnings before interest, tax, depreciation and amortisation ("Normalised EBITDA"), normalised earnings per share ("Normalised EPS") and normalised headline earnings per share ("Normalised HEPS") as financial measures to review, measure and benchmark the operational performance of the operating segments (that consolidate into the Group) as well as for strategic planning and other commercial decision-making purposes.

To arrive at the normalised EBIT and normalised EBITDA measures, respectively, the following adjustments are made to EBIT (operating profit from continuing operations as disclosed in the financial statements).

	Adjustment included in calculation of:	
	Normalised EBITDA	Normalised EBIT
Add back: amortisation of intangible assets in relation to customer contracts and brands with definitive useful lives	Yes	Yes
Add back: amortisation of intangible assets in relation to computer software and website costs	Yes	No
Add back: depreciation on property, plant and equipment and right-of-use assets	Yes	No
Add back: impairment losses on property, plant and equipment, goodwill and intangible assets	Yes	Yes
Add back or deduct: non-cash element relating to operating lease expenses (straight-line impact)	Yes	Yes
Add back or deduct: unrealised foreign exchange translation gains or losses	Yes	Yes
Add back: non-recurring items of an operating nature including government grants, due diligence costs in respect of business acquisitions, strategic advisory fees, retrenchment and settlement costs and restructuring costs including amounts payable in respect of onerous contracts	Yes	Yes
Add back: securities transfer tax paid	Yes	Yes
Add back: costs and fees directly attributable to the Initial Public Offering	Yes	Yes
Add back or deduct: gains and losses on disposal of property, plant and equipment, gains and losses on disposals of assets or disposal groups (businesses) held for sale.	Yes	Yes
Add back or deduct: the cost of the long-term management incentive scheme (LTI Scheme), the long-term incentive plan (LTIP) and the Group Share Plan (GSP)	Yes	Yes

Normalised EPS and Normalised HEPS

To arrive at normalised EPS, the after-tax earnings from continuing operations (as disclosed in the financial statements), is adjusted for the after-tax impact of the normalised EBIT adjustments shown above, excluding the after-tax impact of separately identifiable re-measurements as defined in accordance with IAS 33 Earnings Per Share read with circular 1 of 2019 Headline Earnings ("Headline Earnings Re-measurements").

To arrive at Normalised HEPS, the normalised EPS is adjusted for the after-tax impact of the Headline Earnings Re-measurements, the most common examples of which are (i) impairment losses on property, plant and equipment, goodwill and intangible assets and (ii) gains and losses on disposal of property, plant and equipment.

	6 months ended 30 June 2020 R'000	6 months ended 30 June 2019 R'000	Year ended 31 December 2019 R'000
6. OTHER INCOME			
Bad debts recovered	–	51	–
Commissions received	–	19	38
Gain on disposal of property, plant and equipment	–	320	–
Gain on foreign exchange	**50 713**	8 728	26 927
Realised gain on foreign exchange	**20 056**	9 515	37 962
Unrealised gain/(loss) on foreign exchange	**30 657**	(787)	(11 035)
Government grants[1]	**269**	–	206
Insurance claims received	**490**	194	385
Discounts and incentives received	**772**	482	871
Rental income	**2 856**	2 421	5 577
Sundry income[2]	**25 786**	2 040	18 721
	80 886	14 255	52 725

1. *Income from government grants includes income received under the Manufacturing Competitiveness Enhancement Program, Skills Development Program and the Employer Tax Incentive program.*
2. *During the 6-month period ended 30 June 2020 the Group wrote back the loan payable to G McGregor of R19,7 million as sundry income. This was done as a result of the Berfin acquisition related loan repayment terms not having been achieved.*

	6 months ended 30 June 2020 R'000	6 months ended 30 June 2019 R'000	Year ended 31 December 2019 R'000
7. OPERATING PROFIT			
Operating profit from continuing operations is calculated after taking into account the following:			
7.1 OPERATING EXPENDITURE			
Depreciation of property, plant and equipment	**97 475**	82 271	168 824
Depreciation of right-of-use assets (refer note 9)	**60 031**	45 874	103 387
Amortisation of brands	**5 934**	5 934	11 867
Amortisation of computer software	**5 843**	3 560	10 913
Amortisation of customer relationships	**69 152**	69 152	138 305
Loss on disposal of property, plant and equipment	**3 101**	–	466
Employee benefits	**685 693**	615 220	1 307 546
Salaries and wages	**680 478**	610 675	1 290 900
Retrenchment and settlement costs	**5 215**	4 545	16 646
Strategic advisory fees	**261**	–	301
Due diligence costs	**372**	264	2 884
Reversal of charges relating to share appreciation rights granted (LTI scheme)	**(2 353)**	–	(1 456)
Charges relating to long-term incentive scheme (LTIP scheme)	**6 198**	–	6 194
Charges relating to share based payments (GSP)	**5 291**	–	2 211
Securities transfer tax	–	–	281

8. EARNINGS PER SHARE

8.1 BASIC AND DILUTED EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	6 months ended 30 June 2020 R'000	6 months ended 30 June 2019 R'000	Year ended 31 December 2019 R'000
Earnings used in the calculation of basic earnings per share	**99 052**	52 232	278 395
From continuing operations	**99 052**	118 039	355 452
From discontinued operations	**–**	(65 807)	(77 057)
Weighted average number of ordinary shares for the purposes of basic earnings per share ('000)	**595 812**	599 255	597 519
Basic earnings per share in cents			
From continuing operations	**16,6**	19,7	59,5
From discontinued operations	**–**	(11,0)	(12,9)
From continuing and discontinued operations	**16,6**	8,7	46,6

8.2 DILUTED EARNINGS PER SHARE

The earnings used in the calculation of diluted earnings per share does not require adjustments. Refer to note 8.1 above for the earnings used in the calculation of diluted earnings per share.

The weighted average number of ordinary shares used in the calculation of diluted earnings per share are as follows:

	6 months ended 30 June 2020 R'000	6 months ended 30 June 2019 R'000	Year ended 31 December 2019 R'000
Weighted average number of ordinary shares for the purposes of diluted earnings per share ('000)	**599 538**	599 255	598 481
Diluted earnings per share in cents			
From continuing operations	**16,5**	19,7	59,4
From discontinued operations	**–**	(11,0)	(12,9)
From continuing and discontinued operations	**16,5**	8,7	46,5

8. EARNINGS PER SHARE continued

8.2 DILUTED EARNINGS PER SHARE

	6 months ended 30 June 2020 R'000	6 months ended 30 June 2019 R'000	Year ended 31 December 2019 R'000
Reconciliation of weighted average number of shares used as the denominator:			
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**595 812**	599 255	597 519
Adjustments for calculation of diluted earnings per share:			
Deferred Shares – GSP[1]	**3 726**	–	962
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**599 538**	599 255	598 481

1. *Awards to deferred shares granted to executives under the GSP are included in the calculation of diluted earnings per share, assuming all outstanding awards will vest. The deferred shares are not included in the determination of basic earnings per share.*

8.3 NORMALISED EARNINGS PER SHARE (EPS)

To arrive at Normalised EPS, the after-tax earnings from continuing operations is adjusted for the after-tax impact of the following:

	6 months ended 30 June 2020 R'000	6 months ended 30 June 2019 R'000	Year ended 31 December 2019 R'000
Profit for the period from continuing operations	**99 052**	118 039	355 452
Normalised for:	**42 921**	58 386	136 368
Amortisation of customer contracts and brands with definitive useful lives	**54 062**	54 062	108 124
Due diligence costs	**372**	264	2 884
Expenses relating to share based payments	**6 579**	–	5 003
Government grants	**(34)**	–	(155)
Retrenchment costs	**3 755**	3 273	11 985
Securities transfer tax	**–**	221	281
Strategic advisory fees	**261**	–	301
Unrealised (gain)/loss on foreign exchange	**(22 073)**	566	7 945
Normalised earnings used in the calculation of basic earnings per share	**141 973**	176 425	491 820
Weighted average number of ordinary shares for the purposes of basic earnings per share ('000)	**595 812**	599 255	597 519
Normalised basic earnings per share in cents	**23,8**	29,4	82,3

8. EARNINGS PER SHARE continued

8.4 HEADLINE EARNINGS PER SHARE

The headline earnings used in the calculation of headline earnings and diluted headline earnings per share are as follows:

	Gross	Net of tax
Six months ended 30 June 2020		
Basic earnings from continuing operations	**99 052**	**99 052**
Adjustments	**3 101**	**2 233**
Loss on disposal of property, plant and equipment	**3 101**	**2 233**
Headline earnings from continuing operations	**102 153**	**101 285**
Six months ended 30 June 2019		
Basic earnings from continuing operations	118 039	118 039
Adjustments	(320)	(248)
Profit on disposal of property, plant and equipment	(320)	(248)
Headline earnings from continuing operations	117 719	117 791
Headline earnings from discontinued operations	(6 395)	(6 395)
Headline earnings from continuing and discontinued operations	111 325	111 396
Year ended December 2019		
Basic earnings from discontinued operations	355 452	355 452
Adjustments	466	2 322
Loss on disposal of property, plant and equipment	466	2 322
Headline earnings from continuing operations	355 918	357 774
Headline earnings from discontinued operations	(24 799)	(24 799)
Headline earnings from continuing and discontinued operations	331 119	332 975

8. EARNINGS PER SHARE continued

8.4 HEADLINE EARNINGS PER SHARE CONTINUED

	6 months ended 30 June 2020 R'000	6 months ended 30 June 2019 R'000	Year ended 31 December 2019 R'000
Headline earnings from continuing operations	**101 285**	117 791	357 774
Headline earnings from discontinued operations	**–**	(6 395)	(24 799)
Headline earnings from continuing and discontinued operations	**101 285**	111 396	332 975
Headline earnings per share from continuing operations (cents)	**17,0**	19,7	59,9
From discontinued operations	**–**	(1,1)	(4,2)
From continuing and discontinued operations	**17,0**	18,6	55,7
Diluted headline earnings per share from continuing operations (cents)	**16,9**	19,7	59,8
Diluted headline earnings per share from discontinued operations (cents)	**–**	(1,1)	(4,1)
Diluted headline earnings per share from continuing and discontinued operations (cents)	**16,9**	18,6	55,6

8. EARNINGS PER SHARE continued

8.5 NORMALISED HEADLINE EARNINGS PER SHARE (HEPS)

To arrive at normalised HEPS, the Normalised EPS is adjusted for the after-tax impact of the below:

Six months ended 30 June 2020	
Normalised basic earnings from continuing operations	**141 973**
Adjustments	**2 233**
Loss on disposal of property, plant and equipment	**2 233**
Normalised headline earnings from continuing operations	**144 206**
Normalised headline earnings per share from continuing operations (cents)	**24,2**
Six months ended 30 June 2019	
Normalised basic earnings from continuing operations	176 425
Adjustments	(248)
Profit on disposal of property, plant and equipment	(248)
Normalised headline earnings from continuing operations	176 177
Normalised headline earnings per share from continuing operations (cents)	29,4
Year ended 31 December 2019	
Normalised basic earnings from continuing operations	491 820
Adjustments	2 322
Loss on disposal of property, plant and equipment	2 322
Normalised headline earnings from continuing operations	494 142
Normalised headline earnings per share from continuing operations (cents)	82,7

9. PROPERTY, PLANT AND EQUIPMENT

During the 6-month period ended 30 June 2020, the Group had capital expenditure of plant, equipment and computer software in the amount of R139 million (2019: R162 million).

There has been no major change in the nature of property, plant and equipment, the policy regarding the use thereof, or the encumbrances over the property, plant and equipment as disclosed in the audited financial statements for the year ended 31 December 2019.

	6 months ended 30 June 2020 R'000	6 months ended 30 June 2019 R'000	Year ended 31 December 2019 R'000
10. LEASES			
Non-current right-of-use asset	**609 926**	464 430	655 596
Non-current lease liabilities	**(637 777)**	(515 903)	(677 674)
Current lease liabilities	**(85 944)**	(38 977)	(75 712)

IFRS 16 (Leases) has been fully implemented in the financial statements of the Group from initial application at 1 January 2019.

The impact of IFRS 16 (Leases) on the condensed consolidated financial statements of the Group is as follows:

	6 months ended 30 June 2020 R'000	6 months ended 30 June 2019 R'000	Year ended 31 December 2019 R'000
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
Operating lease charges not recognised	**72 568**	57 951	138 927
Depreciation of right-of-use asset	**(60 031)**	(45 874)	(103 387)
Finance costs in respect of lease liability	**(30 680)**	(24 601)	(55 085)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
Right-of-use asset			
Right-of-use assets – opening balance	**655 596**	510 304	510 304
Modification and additions in the current period	**14 361**	–	248 679
Depreciation for the period	**(60 031)**	(45 874)	(103 387)
Right-of-use assets – closing balance	**609 926**	464 430	655 596
Lease Liabilities			
Lease liabilities – opening balance	**(753 386)**	(588 230)	(588 230)
Modification and additions in the current period	**(12 223)**	–	(237 618)
Add: finance costs	**(30 680)**	(24 601)	(55 085)
Less: lease payments	**72 568**	57 951	127 547
Lease liabilities – closing balance	**(723 721)**	(554 880)	(753 386)

11. FINANCIAL INSTRUMENTS

At the reporting dates, the financial instruments are classified consistently and at the same levels within the fair value hierarchy. At the reporting dates, the financial assets and liabilities of the Group that are classified at fair value through other comprehensive income comprise forward exchange contracts. These are classified at a Level 2 in terms of the fair value hierarchy.

12. CASH GENERATED FROM CONTINUING OPERATIONS

	6 months ended 30 June 2020 R'000	6 months ended 30 June 2019 R'000	Year ended 31 December 2019 R'000
Profit before taxation from continuing operations	**132 300**	167 629	493 009
Adjustments for:	**334 975**	297 092	629 947
Depreciation, amortisation and impairments	**178 404**	160 917	433 296
Depreciation on lease assets	**60 031**	45 874	–
Loss/(gain) on disposal of property, plant and equipment	**3 101**	(320)	466
IFRS 16 non-cash lease modifications*	**–**	–	(11 275)
Investment income	**(25 999)**	(25 219)	(54 025)
Finance costs	**124 829**	128 158	262 774
Fair value adjustment on forward exchange contracts	**9 412**	(11 398)	4 276
Foreign exchange losses	**–**	12 156	–
Loan payable written back	**(19 736)**	–	–
Movements in employee benefits	**(240)**	(231)	332
Movements in share based payments	**5 173**	(12 845)	(5 897)
Share based payments in terms of LTIP scheme	**6 198**	–	(12 846)
Other non-cash movements in share based payments	**(1 025)**	12 845	6 949
Changes in working capital:	**(93 617)**	(96 601)	(178 179)
Increase in inventories	**(131 671)**	(90 518)	(96 600)
Increase/(decrease) in trade and other receivables	**185 638**	70 213	(140 671)
Increase in biological assets	**(1 001)**	(973)	(2 745)
(Decrease)/increase in trade and other payables	**(146 583)**	(75 323)	61 837
	373 658	368 120	944 777

* *Refer to note 13 for details regarding the restatement as a result of an error in the classification of the principal element of lease payment.*

13. FIRST TIME ADOPTION OF IFRS 16 LEASES AND DISCLOSURE OF PRINCIPAL ELEMENTS OF LEASE PAYMENT IN THE PUBLISHED STATEMENT OF CASH FLOWS FOR THE 6-MONTH INTERIM PERIOD ENDING 30 JUNE 2019 ("PRIOR PERIOD INTERIM RESULTS")

With effect from 1 January 2019, the Group adopted IFRS 16 Leases, the effects of which were disclosed in the prior period Interim Results. The principal elements of the Group's lease payments were incorrectly classified as cash flows from operating activities in the published prior period Interim Results, whereas IFRS 16 Leases requires that these payments are classified and disclosed as cash flows from financing activities. The consolidated annual financial statements for the year ended 31 December 2019 correctly reflect the restatement detailed in this note.

This misclassification has no effect on either the previously published prior period interim statement of profit or loss and comprehensive income nor the interim statement of financial position, and accordingly there is no impact to the previously published HEPS, EPS, NAV and TNAV indicators. The corrected disclosure however does result in the overstatement of cash flows from operating activities by R57.9 million and the understatement of cash flows from financing activities by the same amount over this interim period. The effect of the amended disclosure which has been corrected is summarised as follows:

	2019 Restated R'000	2019 Previously Reported R'000	Difference R'000
REVIEWED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS			
NET CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from continuing operations	**368 120**	310 169	57 951
NET CASH FLOW FROM FINANCING ACTIVITIES			
Principal elements of lease payments	**(57 951)**	–	(57 951)

14. SUBSEQUENT EVENTS

The Board has resolved to pay a dividend of 25 cents per share as detailed in note 15 "Postponed payment of dividend". There have been no other material subsequent events from the reporting date to the date of issue of this announcement. Specific consideration was given to the potential impact of Covid-19 subsequent to reporting date to the date of issue of this announcement.

15. IMPACT OF Covid-19

In March 2020, the World Health Organization formally recognised Covid-19, the novel strain of coronavirus, as a pandemic. As a result of various actions taken by national and local governments worldwide to curb the pandemic, including the temporary closure of certain businesses, various travel restrictions, and the mandatory containment of large segments of the global population within their geographic regions, global economic output has shown signs of contraction and there remains significant uncertainty as to the extent and duration of the global economic impact.

15. IMPACT OF Covid-19 continued

As of the date of these reviewed condensed consolidated interim financial statements, revenue from the Group's retail and wholesale channel increased, whilst revenue from its food service, export, industrial and contract manufacturing channels decreased relative to the prior year. The Group has also noted a marked increase in the cost of operations required to maintain a safe working environment for its employees. The pandemic has not materially adversely impacted the Group's overall access to liquidity to manage its operations on an ongoing basis. Given the continued uncertainty regarding the ultimate impact of this pandemic, however, any future related financial impact cannot be reasonably estimated at this time. Attention is drawn to the following matters which resulted from Covid-19 as of the date of the condensed consolidated interim financial statements.

POSTPONED PAYMENT OF CASH DIVIDEND

The Board had declared a cash dividend of 25 cents per share for the year ended 31 December 2019 ("Dividend"), totalling R170.5 million.

In light of the uncertainty as to the duration and extent of the impact that Covid-19 may have on the operations within the markets in which the Group operates, the Board considered it prudent and in the best interests of the Group, its people and stakeholders to preserve the Group's financial liquidity to the fullest extent possible. The Board therefore resolved to postpone the payment of the Dividend until the release of the condensed consolidated interim financial statements.

In light of the stable financial performance delivered by the Group during the reporting period, the Board of Libstar has approved payment of the cash dividend of 25 cents per ordinary share (gross) in respect of the year ended 31 December 2019.

IMPACT ON THE RESULTS OF THE GROUP

Covid-19 incrementally increased operating costs of the Group to monitor the virus and continue operating within the relevant restrictions. During the period, abnormal costs approximating R44 million were incurred as a result of Covid-19. The further extent and timing of these costs cannot be determined at this time. However, these costs are not expected to materially adversely impact the Group's access to liquidity required to manage its operations on an ongoing basis.

Further consideration was given to the following matters as a result of Covid-19:

- There has been an increase of slow moving stock and provisions for doubtful debtors as a result from the impact of Covid-19 which is considered insignificant for further disclosure.
- There are no significant restructurings or planned restructurings as a result of Covid-19.
- There are no significant impairment losses related to financial assets and non-financial assets as a result of Covid-19.
- There are no significant discontinued operations or planned discontinuations as a result of Covid-19.
- No contingent liabilities or litigation matters arose as a result of Covid-19.

IMPACT ON SEGMENTAL RESULTS OF THE GROUP

All segments produce and sell products within the Group's four sales channels. As a result, all segments were positively impacted by increased retail and wholesale channel demand, whilst all channels were also adversely impacted by reduced revenue from the food service, export and industrial/contract manufacturing channels. Refer to the segmental analysis for further details on the results of the segments.

IMPACT ON EPS AND HEPS

The Group's HEPS and EPS has been impacted by Covid-19, particularly in relation to extraordinary expenses in the amount of R44 million incurred to maintain a safe working environment for employees. The extent and timing of further costs cannot be determined at this time, however the expenses are not expected to materially adversely impact the Group's access to liquidity used to manage its operations. Refer to note 8 for further information.

Corporate Information

ADDRESS

1st Floor, 62 Hume Road, Dunkeld, Johannesburg,
2196, South Africa
(PO Box 630, Northlands, 2116)
Website
www.libstar.co.za

DIRECTORS

Wendy Luhabe (Chairman)
JP Landman (Lead-independent)
Sandeep Khanna
Sibongile Masinga
Andries van Rensburg (CEO)
Robin Smith
Charl de Villiers (CFO)

COMPANY SECRETARY

CorpStat Governance Services (Pty) Ltd
represented by William Somerville and Elise Waldeck.

2nd Floor, PPI House
9A Sturdee Avenue
Rosebank
Johannesburg
2196

SPONSOR

The Standard Bank of South Africa Limited
30 Baker Street, Rosebank, Johannesburg, 2196,
South Africa
(PO Box 61344, Marshalltown, 2107)

AUDITORS

Moore Cape Town Inc
Block 2, Northgate Park, Corner Section Street and
Koeberg Road, Paarden Eiland, Cape Town, 7405,
South Africa
(PO Box 1955 Cape Town, 8000)

TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue, Rosebank,
Johannesburg, 2196, South Africa
(PO Box 61051, Marshalltown, Johannesburg, 2107)