From our Home to Yours

Reviewed interim results

for the six-month period ended 30 June 2021

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Salient features

Libstar specialises in the world-class manufacturing, distribution and marketing of leading branded and private label products in five product categories distributed in four sales channels.

The period under review was characterised by rising input costs. South African food inflation averaged 6.0% during the period, up 1.8 percentage points from the 4.2% average increase in H1 2020. Although the upper income consumer brackets were less affected than the middle- and lower income consumers, demand constraints became more evident at all levels.

Against this broad economic backdrop, the Group delivered revenue growth of 8.7% for the six-month period ended 30 June 2021.

Revenue growth by sales channel

Retail and wholesale

Off high base due to COVID-related stockpiling in H1 2020

↓ 1%

Food service

Off low base affected by COVID-related lockdowns in H1 2020

↑ 46%

Export

Off low base due to H1 2020 shipment delays by global supply chain disruptions.

↑ 22%

Industrial and contract manufacturing

Improved customer orders and new contract manufacturing arrangements

↑ 15%

Revenue growth by product category

Perishables

Off low base; improved demand for value-added meat products and cheese

↑ 13%

Groceries

Improved shipment completion rates of herbs and spices and strong demand for value-added meal ingredients

↑ 13%

Snacks & Confectionery

Subdued retail channel demand

↓ 11%

Baking & Baking Aids

Continued strong retail channel demand and improved food service channel demand

↑ 6%

Household & Personal Care (HPC)

Off high base, impacted by rising input costs and facility consolidation

↓ 10%

Cash conversion ratio increased to

102%

Salient features continued

In the context of the ongoing impact of the COVID-19 (COVID) pandemic, the Group has continued to prioritise:

- the protection, safety, health and well-being of its people;
- the preservation of cash and maintenance of financial stability; and
- the delivery of superior service levels and product availability to customers.

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

	H1 2021 R'000	Change	H1 2020 R'000
Food categories			
Revenue	**4 741 216**	+10.5%	4 290 462
Gross profit margin	**23.0%**	-0.8pp	23.8%
Normalised EBITDA*	**524 148**	+10.1%	475 969
Household & personal care			
Revenue	**375 860**	-9.6%	415 910
Gross profit margin	**9.2%**	-10.0pp	19.2%
Normalised EBITDA*	**(15 305)**	-141.3%	37 087
Group			
Revenue	**5 117 076**	+8.7%	4 706 372
Gross profit margin	**22.0%**	-1.4pp	23.4%
Normalised operating profit	**282 700**	-3.7%	293 598
(margin)	**5.5%**		6.2%
Normalised EBITDA	**456 109**	-0.2%	456 947
(margin)	**8.9%**		9.7%
Diluted EPS (cents)	**12.5**	-24.2%	16.5
Diluted HEPS (cents)	**12.2**	-27.8%	16.9
Normalised EPS (cents)	**24.4**	+2.5%	23.8
Normalised HEPS (cents)	**24.0**	-0.8%	24.2
Balance sheet and cash flow indicators			
Net interest-bearing debt to Normalised EBITDA	**1.4x**		1.3x
Cash generated from operations	**464 489**	+24.3%	373 658
Cash conversion ratio	**102%**		78%

* Before allocation of corporate costs.

About Libstar

Libstar was founded in 2005 to acquire and grow operations in the consumer-packaged goods (CPG) industry. 93% of Group revenue is generated from food products. These products include dairy and meat products, fresh produce, convenience food, groceries, baking and baking aids and snacks and confectionery.

Libstar's key priorities during the period under review

1. Protecting the well-being of Libstar's employees

The Group has continued to provide private COVID testing support to its workforce where possible and over 1 000 COVID recoveries have been recorded to date. During the six-month reporting period ended 30 June 2021, extraordinary COVID expenses incurred to maintain a safe working environment for Libstar's employees declined by R36 million to R8 million (H1 2020: R44 million). This was in line with the market guidance provided at the completion of the 2020 financial year-end results. 68% of the expenses represented COVID-related operating costs, 28% personnel-related costs such as transport and COVID testing, and 4% donations in support of needy communities.

2. Preserving the Group's financial stability

Although COVID-related lockdown restrictions eased in H1 2021 relative to the comparative period, the Group continued to be impacted by the trading and supply chain conditions brought about by the pandemic. As reported previously, Libstar's categories and sales channels were each uniquely impacted by the effects of COVID. In the prior period, Libstar's net working capital investment increased from 13.8% to 14.8% of Group revenue to ensure high service levels to customers in the wake of global supply chain disruptions. As committed in 2020, this ratio was reduced to 14.5% in H1 2021, in line with Libstar's working capital target range of 13.0% to 15.0%.

The Group's cash generation profile remained stable in the period under review. A strong performance from Libstar's food categories in the current period, as well as the reduction of the Group's net working capital investment, contributed to an improved cash conversion ratio of 102% in the current period compared to 78% in H1 2020.

Net interest-bearing debt remained at R1.3 billion, as stronger cash generation from operating activities was offset by a R149.6 million dividend payment in the current reporting period (H1 2020: R nil). As such, Normalised EBITDA to net interest-bearing debt increased slightly to 1.4 times (H1 2020: 1.3 times) but remains within Libstar's stated optimal range of 1x-2x Normalised EBITDA.

The Group was fully compliant with lender financial covenants throughout the reporting period.

3. Delivering superior service levels

Libstar continued to invest in business intelligence systems to improve inventory optimisation and demand planning to key customers. These systems have enhanced service levels through better production planning and forecasting.

Group financial performance

Revenue

Group revenue increased by 8.7% for the six-month period ended 30 June 2021. Revenue growth from food categories, which represent 93% of Group revenue, was 10.5%. This was driven by increased sales within the Group's largest product categories, Perishables and Groceries. Revenue within the Household & Personal Care (HPC) category, which represents 7.0% of Group revenue, decreased by 9.6%. This was due to the impact of a high base in the comparative period, as well as the effect of the facility's consolidation project on service levels.

Gross profit margins

Libstar's year-on-year gross profit margin declined from 23.4% to 22.0%.

Food category gross profit margin declined slightly from 23.8% to 23.0%, mainly due to reduced export margin on herbs and spices following lower average foreign exchange rates relative to the prior period.

HPC's gross profit margin reduced substantially from 19.2% to 9.2%, mainly due to the significant input cost inflation of raw material products such as steel, foam, PVC and tallow. Lower production volume throughputs, brought about by a decline in demand for bleach and sanitiser products relative to the prior period, also impacted the margin.

Other income and foreign exchange gains

H1 2021 Rand/US Dollar exchange spot rates averaged R14.65, constituting a 12.8% reduction in the H1 2020 average rate of R16.79. Despite the diligent application of Libstar's foreign exchange hedging policies, these lower average foreign exchange rates relative to the prior year resulted in the reduction of realised foreign currency translation gains of R20.1 million in the prior period to a R3.2 million loss in the current period. Unrealised foreign currency translation gains were reduced from R30.7 million to R1.1 million.

Other income and foreign exchange gains for the period under review therefore reduced by R67.9 million from R80.9 million to R13.0 million, impacting reported operating profit, earnings per share and headline earnings per share.

Normalised EBITDA

Group Normalised EBITDA decreased by 0.2% at a margin of 8.9% (H1 2020: 9.7%).

Normalised EBITDA from the Group's food categories (before allocation of central office costs) increased by 10.1%, supported by strong revenue growth, margin and cost control.

However, Normalised EBITDA from the Group's HPC category (before allocation of central office costs) reduced by 141.3% relative to the prior year, mainly due to the reduction in demand and gross profit margin, as outlined earlier.

Operating expenses

As committed in 2020, the benefits of the increased focus on Group cost control were evident in the period under review. The table below summarises the Group's operating expenses (OPEX) during the reporting period:

Operating expenses	H1 2021 R'000	Change	H1 2020 R'000
OPEX as reported	**953 949**	+0.9%	945 813
Long-term incentives	**(12 114)**		(9 137)
Retrenchment and settlement costs	**(16 869)**		(5 215)
Other non-operating or non-recurring items	**3 892**		(3 687)
OPEX after all non-operating/non-recurring/non-cash items above	**928 858**	+0.1%	927 774
Depreciation of property, plant and equipment	**(32 957)**		(26 327)
Extraordinary COVID expenses (not recorded in cost of sales)	**(6 700)**		(33 586)
OPEX excluding above items	**889 201**	+2.5%	867 861

Operating expenses increased by 0.9% from R946 million to R954 million.

Depreciation increased as a result of the Group's substantial investment in capital projects in targeted growth areas over the last few reporting periods.

As communicated to the market previously, the Group embarked on a restructuring of its Denny Mushrooms business unit to preserve its longer-term sustainability. In this regard, retrenchment and settlement costs of R6.5 million were incurred during the reporting period. Annual savings of R7.5 million are expected to be realised from H1 2021 as a result of this initiative and restructuring efforts will be continued in the second half of the year. Further retrenchment and settlement costs of R3.5 million were incurred in the NMC business unit as a result of the exit of Libstar's contract manufacturing arrangement in relation to noodle cakes. Furthermore, restructuring and settlement costs of R2.7 million were incurred in the HPC business unit during the reporting period.

Excluding the impact of long-term incentive awards, Group retrenchment and restructuring costs, impairments and other non-operating or non-recurring items, operating expenses increased by 0.1% from R928 million to R929 million.

Excluding depreciation of property, plant and equipment and extraordinary COVID expenses not recorded in cost of sales, other operating expenses increased by 2.5% to R889 million, compared to an increase of 7.9% in H1 2020.

Investment income and finance costs

The Group's net finance cost (including IFRS 16) declined by 18.3% from R98.8 million to R80.8 million, mainly due to the full period inclusion of the reduction in the Johannesburg interbank average lending rate (JIBAR) in the comparative period.

Group net finance costs (excluding IFRS 16) decreased by 27.3% from R68.2 million to R49.6 million.

Finance charges incurred on lease liabilities (IFRS 16) increased by 1.7% from R30.7 million to R31.2 million.

Earnings and headline earnings

Continuing operations

Fully diluted EPS and HEPS decreased by 24.2% and 27.8% respectively, mainly impacted by lower foreign exchange gains due to unfavourable foreign exchange rate movements relative to the comparative period.

Normalised EPS, which excludes unrealised foreign currency movements and other non-recurring, non-trading and non-cash items, increased by 2.5%. Normalised HEPS, which also excludes these items, decreased by 0.8%.

The weighted average number of shares in issue remained unchanged at 595.8 million and the diluted weighted average number of shares decreased by 0.3% to 597.9 million.

A reconciliation between Normalised EBITDA, normalised earnings and normalised headline earnings is provided below:

	H1 2021 R'000	Change	H1 2020 R'000
Normalised EBITDA	**456 109**	-0.2%	456 947
Less:			
Depreciation and amortisation	**(173 409)**		(163 349)
Net finance costs	**(80 768)**		(98 830)
Tax and normalisation adjustments	**(58 091)**		(52 841)
Plus: Non-controlling interest	**1 563**		46
Normalised earnings	**145 404**	+2.4%	141 973
(Profit)/loss on disposal of property, plant and equipment (after tax)	**(2 264)**		2 233
Normalised headline earnings	**143 140**	-0.7%	144 206

Cash flows and balance sheet

Cash generated from operating activities increased by 47.6% from R225 million to R332 million. This was mainly due to improved cash flow from operations, reduced net finance costs and a lower working capital investment compared to the prior reporting period.

Net working capital of 14.5% as a percentage of revenue (H1 2020: 14.8%) remains within the Group's target range of 13.0% to 15.0%.

During the reporting period, the Group continued to invest in capacity-enhancing projects in identified growth areas. As committed, the total investment was lower in H1 2021 relative to the investment levels of the previous two years. Capital expenditure of R134 million was incurred during the reporting period (H1 2020: R144 million), representing 2.6% of net revenue (H1 2020: 3.0%). This is within the Group's target range of 2.0% to 3.0%. Despite the increased levels of expansionary capital expenditure incurred during the past few reporting periods, gearing remains low at 1.4x Normalised EBITDA.

Normalised EBITDA to net interest cover (excluding IFRS 16) improved to 9.5x from 6.9x in H1 2020 and compares well to the Group's minimum stated target of 3.5x.

As committed in 2020, all delayed capital projects were completed in H1 2021 and are contributing to profitability. Although the majority of projects are now performing at expected revenue levels, two projects at Millennium Foods and Amaro Foods continue to perform behind expectation.

Cash flows and balance sheet
continued

At Millennium Foods, demand for freshly prepared convenience meals remains subdued. However, the business unit delivered strong revenue growth from its frozen range offering, albeit off a low H1 2020 base. The Group continues to investigate own-branded and regional expansion opportunities.

Although not yet at optimal levels, the utilisation of the par-bake frozen line at Amaro Foods improved during the period under review, with further roll-out of the products ongoing.

Capital expenditure included a further R43 million investment in hard cheese packing facility upgrades, which brings the total investment in hard cheese facilities to R116 million. The project is expected to enable Lancewood to service the growing demand for its branded and private-label hard cheese products from Q4 2021, whilst leveraging economies of scale through increased operating efficiencies.

The HPC business unit invested a further R12 million as part of the consolidation of four manufacturing and warehousing facilities into a new facility. The project, which comprised a total investment of R55 million, was completed and commissioned in June 2021.

Sales channel and segmental analysis

Performance by sales channel

Libstar's revenue performance by sales channel is summarised as follows:

	Year-on-year revenue growth/ (decline)	Contribution to Group revenue	
	6-month period ended 30 June 2021	**6-month period ended 30 June 2021**	6-month period ended 30 June 2020
Revenue by channel			
Retail and wholesale	-1.0%	**61.2%**	67.2%
Food service	+46.2%	**16.2%**	12.0%
Exports	+22.4%	**12.0%**	10.6%
Industrial and contract manufacturing	+14.7%	**10.6%**	10.2%
Total group revenue	+8.7%	**100.0%**	100.0%

During the period under review, retail and wholesale channel revenue declined by 1.0%, whilst food service channel revenue increased by 46.2%. This was mainly attributable to the base effect of the prior period when retail and wholesale revenue benefited from COVID-related food stockpiling, while the food service channel experienced the adverse effects of COVID-related lockdown restrictions.

The revenue contribution from the retail and wholesale and the food service channels during the first six months of 2021 normalised to pre-COVID levels. The retail and wholesale channel revenue reduced to 61.2% of Group revenue, whilst the food service channel revenue contribution increased to 16.2% of Group revenue.

Export revenue increased by 22.4%, mainly due to improved shipment completion rates relative to the prior period.

Industrial and contract manufacturing channel revenue increased by 14.7%, reflecting improved customer orders and new contract manufacturing arrangements within the wet condiments sub-category.

Performance by category

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

Food categories				Non-food
Perishables	**Groceries**	**Snacks & Confectionery**	**Baking & Baking Aids**	**Household & Personal Care**
Lancewood Finlar Fine Foods Rialto Denny Millennium Foods	Cape Herb & Spice Rialto DickonHallFoods Cecil Vinegar Works Khoisan Gourmet Cape Coastal Honey Montagu Foods Multi-cup Libstar Chamonix Spring Water	Ambassador Foods K Snacks	Cani Amaro Foods Retailer Brands	Libstar Household & Personal Care

Category revenue is summarised as follows:

	Group revenue growth/(decline)			Contribution to Group revenue	
Revenue by category	**6-month period ended 30 June 2021 R'000**	Change	6-month period ended 30 June 2020 R'000	**6-month period ended 30 June 2021**	6-month period ended 30 June 2020
Perishables	**2 439 396**	+12.5%	2 167 750	**47.7%**	46.1%
Groceries	**1 642 380**	+12.9%	1 454 496	**32.1%**	30.9%
Snacks & Confectionery	**251 438**	-11.0%	282 549	**4.9%**	6.0%
Baking & Baking Aids	**408 002**	+5.8%	385 667	**8.0%**	8.2%
Household & Personal Care	**375 860**	-9.6%	415 910	**7.3%**	8.8%
Total group revenue	**5 117 076**	**+8.7%**	**4 706 372**	**100.0%**	**100.0%**

Category Normalised EBITDA (before corporate costs) is summarised as follows:

	Group Normalised EBITDA growth/(decline)			Contribution to Group Normalised EBITDA	
Normalised EBITDA before corporate costs	**6-month period ended 30 June 2021 R'000**	Change	6-month period ended 30 June 2020 R'000	**6-month period ended 30 June 2021**	6-month period ended 30 June 2020
Perishables	**198 923**	+17.1%	169 943	**39.0%**	33.2%
Groceries	**239 059**	+17.6%	203 297	**47.0%**	39.6%
Snacks & Confectionery	**42 001**	-22.1%	53 915	**8.3%**	10.5%
Baking & Baking Aids	**44 164**	-9.5%	48 814	**8.7%**	9.5%
Household & Personal Care	**(15 305)**	-141.3%	37 087	**(3.0%)**	7.2%
Total	**508 842**	**-0.8%**	**513 056**	**100.0%**	**100.0%**

Perishables

48% of Group revenue

39% of Group Normalised EBITDA before corporate costs

Following the severe impact of COVID lockdown restrictions on this category during the comparative period, food service demand for value-added meat products and cheese improved significantly during H1 2021.

Revenue from Perishables increased by 12.5%, including volume growth of 0.7%. The category gross profit margin decreased to 19.0% (H1 2020: 20.4%) whilst Normalised EBITDA increased by 17.1% at a margin of 8.2% (H1 2020 margin: 7.8%).

Dairy (Lancewood) and meat (Finlar) are the two largest contributors to Perishables' revenue and EBITDA.

Revenue from the sale of dairy products in the food service, export and industrial channels recovered strongly after the severe impact in 2020 from the closure of hospitality venues due to lockdown restrictions and supply chain disruptions. The margin impact of increased milk input costs during this period was largely contained through improved production efficiencies and cost-saving initiatives.

Sales of meat products from Libstar's Finlar business unit recovered to pre-COVID levels, bolstered by a recovery in food service channel demand and continued strong growth in the retail channel. However, margins were adversely impacted by lower production yields and input cost recoveries.

Despite the restructuring efforts at Denny Mushrooms referenced earlier, as well as improved price realisation relative to the comparative period, low production yields continued to adversely impact the business unit's H1 2021 profitability. The continuation of cost rationalisation and improvement of growing practices will take increased strategic priority in the second half of the year.

Groceries

32% of Group revenue

47% of Group Normalised EBITDA before corporate costs

This category delivered a strong performance in the retail, food service and export channels, mainly due to improved shipment completion rates of herbs and spices following shipment delays in the prior period, as well as strong demand for value-added meal ingredients.

Revenue from Groceries, the Group's second largest contributor to revenue, increased by 12.9%, whilst volumes declined slightly by 0.2%. The category's gross profit margin was maintained at 26.6% (H1 2020: 26.4%). The continued strong performance of value-added meal ingredients and a recovery of food service and contract manufacturing channel sales relative to the prior year was offset by lower exchange rate-related export margins of herbs and spices.

Groceries' Normalised EBITDA increased by 17.6% at a margin of 14.6% (H1 2020: 14.0%), making this category the largest contributor to Group Normalised EBITDA for the period under review.

Snacks & Confectionery

5% of Group revenue

8% of Group Normalised EBITDA before corporate costs

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

Revenue from this category decreased by 11.0% and volumes declined by 33.3%. This was mainly due to continued subdued retail demand for premium nuts and nut mixes, granolas and snack bars.

Gross profit margin in the category improved to 34.2% from 31.7% as a result of the implementation of cost-saving initiatives.

Normalised EBITDA decreased by 22.1%, at a lower margin of 16.7% (H1 2020: 19.1%) as the realised foreign exchange gain of R6 million in the comparative period was not repeated.

Baking & Baking Aids

8% of Group revenue

9% of Group Normalised EBITDA before corporate costs

Revenue from Baking & Baking Aids increased by 5.8% and volumes increased by 5.0% due to continued strong retail channel demand for rolls and artisanal breads. Food service channel demand for wraps relative to the prior period, when COVID-related lockdown restrictions applied to quick-service restaurants, also improved strongly.

The gross profit margin decreased to 25.8% (H1 2020: 27.2%) due to input cost inflation (raw materials and packaging) and an adverse sales mix change in the current period towards lower-margin baking aids.

Category Normalised EBITDA decreased by 9.5% at an EBITDA margin of 10.8% (H1 2020: 12.7%).

Household & Personal Care

7% of Group revenue

(3%) of Group Normalised EBITDA before corporate costs

Revenue from this category declined by 9.6% and volumes declined by 17.4%.

Category revenue was adversely impacted by significantly reduced demand for sanitiser and bleach products relative to the high base set in the comparative period, as well as the impact of the consolidation of four manufacturing and distribution sites during the period under review. The consolidation project was completed in June 2021.

Gross profit margin declined from 19.2% to 9.2% due to significant increases in input costs, especially in relation to steel, foam, PVC and tallow, as well as lower production volume throughputs. After achieving Normalised EBITDA growth of 37.5% in the comparable period, Normalised EBITDA decreased by 141.3% in this period to a negative margin of 4.1%. Price increases, which took effect on 1 July 2021, as well as the completion of the consolidation project in H1 2021, are expected to assist the HPC business' recovery in H2 2021.

Outlook

While the civil unrest during July 2021 in the KwaZulu-Natal and Gauteng regions did not result in material damage to the Group's property, plant or equipment, production stoppages were experienced at Denny Mushrooms in Shongweni (one week) and Deodar (three days), as well as at Contactim (Pietermaritzburg) (one week).

These interruptions did not have a material impact on the financial performance of the Group as a whole, although the lower cost recoveries adversely impacted the financial performance of the Denny Mushrooms business unit during July and August.

Although an increase in demand for food service channel products contributed positively to the Group's H1 2021 performance (compared to H1 2020), further recovery is expected to be gradual. Casual sit-down dining remains one of the sectors hardest hit by the COVID pandemic and related lockdowns. Quick service restaurants, with a focus on collections, drive-throughs and deliveries, have proved to be more resilient. Nevertheless, the food service channel is expected to remain under pressure, impacted by the timing of the national COVID vaccine rollout, high unemployment, constrained household spend and higher food prices.

Libstar remains steadfast in its resolve to maintain improved cost control whilst capitalising on the cost-saving impact of the HPC business unit consolidation project and hard cheese packaging project at Lancewood during the second half of the year.

The Group expects the impact of lower average foreign exchange rates experienced during the first half of the year to moderate in the second half of the year. Gross profit margins are further expected to be assisted by increased production volume throughputs in line with historical seasonal trends.

The traditional 40:60 split between H1 and H2 earnings contribution to the full-year results is anticipated to continue in H2 2021.

Libstar continues to partner with its customers in maintaining price competitiveness in its product categories.

Continued weak job creation and acute levels of structural unemployment are expected to affect the resumption of faster and sustained consumption growth within South Africa. In response, Libstar's diverse portfolio is geared to value-added products that meet evolving consumer demands.

The Group, therefore, continues to be well positioned to weather the current economic climate. Its decentralised model and culture of entrepreneurship and innovation enable Libstar to respond with agility to changing consumer behaviours and shopper habits. The ongoing focus on new product development to meet consumer lifestyle trends is evidenced in the 316 new and renovated products launched during the reporting period. The Group will continue to actively respond to changing customer and shopper demands and will continue to work with customers to deliver innovative and cost-effective brand solutions.

Changes to the Board

There were no changes to the composition of Libstar's Board during the period under review. However, Ms Anneke Andrews replaced Ms Bongi Masinga as chairman of the Audit and Risk Committee with effect from 7 June 2021.

From 1 January 2020, the executive role of director Robin Smith changed from Group Chief Financial Officer to Group Commercial Director. Since that date, Robin has assist in the smooth transitioning of the CFO role and the execution of the Group's commercial strategy. Following this successful implementation of the Group's succession planning framework, shareholders are hereby advised that Robin has expressed the intention to retire as an executive director with effect from 31 December 2021. After almost 17 years since he co-founded the Libstar Group, Robin is looking forward to pursuing other interests and hobbies and to spending more time with family and friends.

The Board wishes to express its sincere appreciation to Robin for his valued contribution and leadership and the significant role he has played in establishing Libstar as a pre-eminent South African manufacturer of consumer packaged goods.

Reviewed condensed consolidated statement of comprehensive income

	Notes	6-months ended 30 June 2021 Reviewed R'000	6-months ended 30 June 2020 Reviewed R'000	Year ended 31 December 2020 Audited R'000
Revenue		**5 117 076**	4 706 372	10 285 881
Cost of sales		**(3 990 814)**	(3 607 214)	(7 856 448)
Gross profit		**1 126 262**	1 099 158	2 429 433
Other income	6	**15 059**	30 173	44 255
Gains/(losses) on foreign exchange and disposal of property, plant and equipment	7.1	**1 085**	47 612	234
Operating expenses	7.2	**(953 949)**	(945 813)	(2 108 485)
Operating profit		**188 457**	231 130	365 437
Investment income		**23 166**	25 999	44 720
Finance costs		**(103 934)**	(124 829)	(230 130)
Profit before tax		**107 689**	132 300	180 027
Income tax expense		**(34 247)**	(33 294)	(106 496)
Profit for the period		**73 442**	99 006	73 531
Other comprehensive income/(loss) for the period, net of tax		**5 311**	(35 527)	3 340
Items that may be reclassified to profit or loss				
Gains/(losses) on hedging reserves		**15 552**	(35 527)	10 241
Hedging gains reclassified to profit or loss		**(10 241)**	–	(8 067)
Items that will never be reclassified to profit or loss				
Defined benefit plan actuarial gains		**–**	–	1 166
Total comprehensive profit for the period		**78 753**	63 479	76 871
Profit/(loss) attributable to:				
Equity holders of the parent		**75 005**	99 052	73 713
Non-controlling interest		**(1 563)**	(46)	(182)
		73 442	99 006	73 531
Total comprehensive income/(loss) attributable to:				
Equity holders of the parent		**80 316**	63 525	77 053
Non-controlling interest		**(1 563)**	(46)	(182)
		78 753	63 479	76 871
Basic earnings per share (cents)	8.1	**12.6**	16.6	12.4
Diluted earnings per share (cents)	8.2	**12.5**	16.5	12.3
Headline earnings per share (cents)	8.4	**12.2**	17.0	46.9
Diluted headline earnings per share (cents)	8.4	**12.2**	16.9	46.8

Reviewed condensed consolidated statement of financial position

	Notes	At 30 June 2021 Reviewed R'000	At 30 June 2020 Reviewed R'000	At 31 December 2020 Audited R'000
ASSETS				
Non-current assets		**6 338 128**	6 595 355	6 445 545
Property, plant and equipment	9	**1 532 954**	1 425 731	1 507 815
Right-of-use assets	10	**594 120**	609 926	649 533
Goodwill		**2 337 192**	2 535 192	2 337 192
Intangible assets		**1 865 496**	2 014 719	1 938 095
Other financial assets		**8 306**	4 547	11 402
Deferred tax assets		**60**	5 240	1 508
Current assets		**3 903 233**	4 098 599	4 089 453
Inventories		**1 418 324**	1 331 290	1 314 971
Trade and other receivables		**1 680 921**	1 577 825	1 752 824
Biological assets		**32 232**	30 408	31 294
Other financial assets		**32 901**	21 150	37 962
Current tax receivable		**36 899**	20 154	16 189
Cash and bank balances		**701 956**	1 117 772	936 213
Total assets		**10 241 361**	10 693 954	10 534 998
EQUITY AND LIABILITIES				
Capital and reserves attributable to equity holders of the parent		**5 291 932**	5 343 811	5 357 635
Share capital and share premium		**4 727 314**	4 727 314	4 727 314
Defined benefit plan deficit		**(923)**	(2 089)	(923)
Share-based payment reserve		**11 385**	7 502	7 798
Retained earnings		**613 772**	713 712	688 373
Premium on acquisition of non-controlling interests		**(75 168)**	(75 168)	(75 168)
Hedging reserves/(deficit)		**15 552**	(27 460)	10 241
Non-controlling interests		**8 148**	9 847	9 711
Total equity		**5 300 080**	5 353 658	5 367 346
Non-current liabilities		**3 192 951**	3 486 771	3 446 977
Other financial liabilities		**1 886 584**	2 164 630	2 073 079
Lease liabilities	10	**646 899**	637 777	692 372
Deferred tax liabilities		**630 243**	662 628	659 191
Employee benefits		**8 158**	9 343	8 400
Share-based payments		**21 067**	12 393	13 935
Current liabilities		**1 748 330**	1 853 525	1 720 675
Trade and other payables		**1 505 909**	1 315 919	1 456 852
Other financial liabilities		**144 115**	138 474	171 325
Lease liabilities	10	**97 013**	85 944	90 596
Share-based payments		**–**	192	–
Shareholders for dividends		**–**	149 606	–
Current tax payable		**1 293**	2 406	1 717
Bank overdraft		**–**	160 984	185
Total liabilities		**4 941 281**	5 340 296	5 167 652
Total equity and liabilities		**10 241 361**	10 693 954	10 534 998

Reviewed condensed consolidated statement of changes in equity

	Share capital R'000	Defined benefit plan deficit[1] R'000	Share-based payment reserve[2] R'000	Premium on acquisition of non-controlling interests[3] R'000	Retained earnings R'000	Hedging reserves/ (deficit)[4] R'000	Non-controlling interests R'000	Total R'000
Balance at 1 January 2020	4 727 314	(2 089)	2 211	(75 168)	764 266	8 067	9 893	5 434 494
Total comprehensive income/(loss) for the period	–	–	–	–	99 052	(35 527)	(46)	63 479
Profit or loss for the period	–	–	–	–	99 052	–	(46)	99 006
Other comprehensive loss for the period	–	–	–	–	–	(35 527)	–	(35 527)
Transactions with owners of the Company								
Contributions and distributions	–	–	–	–	(149 606)	–	–	(149 606)
Dividends declared	–	–	–	–	(149 606)	–	–	(149 606)
Share-based payment expenses	–	–	5 291	–	–	–	–	5 291
Balance at 30 June 2020	4 727 314	(2 089)	7 502	(75 168)	713 712	(27 460)	9 847	5 353 658
Total comprehensive income/(loss) for the period	–	1 166	–	–	(25 339)	37 701	(136)	13 392
Profit or loss for the period	–	–	–	–	(25 339)	–	(136)	(25 475)
Other comprehensive income for the period	–	1 166	–	–	–	37 701	–	38 867
Share-based payment expenses	–	–	296	–	–	–	–	296
Balance at 31 December 2020	**4 727 314**	**(923)**	**7 798**	**(75 168)**	**688 373**	**10 241**	**9 711**	**5 367 346**
Total comprehensive income/(loss) for the period	**–**	**–**	**–**	**–**	**75 005**	**5 311**	**(1 563)**	**78 753**
Profit or loss for the period	**–**	**–**	**–**	**–**	**75 005**	**–**	**(1 563)**	**73 442**
Other comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**5 311**	**–**	**5 311**
Transactions with owners of the Company								
Contributions and distributions	**–**	**–**	**–**	**–**	**(149 606)**	**–**	**–**	**(149 606)**
Dividends paid	**–**	**–**	**–**	**–**	**(149 606)**	**–**	**–**	**(149 606)**
Share-based payment expenses	**–**	**–**	**3 587**	**–**	**–**	**–**	**–**	**3 587**
Balance at 30 June 2021	**4 727 314**	**(923)**	**11 385**	**(75 168)**	**613 772**	**15 552**	**8 148**	**5 300 080**

1. Defined benefit plan deficit: Reserves comprise actuarial gains or losses in respect of defined benefit obligations that are recognised in other comprehensive income.
2. Share-based payment reserve is used to recognise the grant date fair value of the Group's equity settled share-based payments (GSP) over the vesting period of the GSP.
3. 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.
4. 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 2021 Reviewed R'000	6-months ended 30 June 2020 Reviewed R'000	Year ended 31 December 2020 Audited R'000
NET CASH FLOW FROM OPERATING ACTIVITIES		**332 049**	224 718	637 218
Cash generated from operations	12	**464 489**	373 658	908 679
Investment income received		**23 166**	25 999	44 720
Finance costs paid		**(72 725)**	(94 149)	(165 760)
Taxation paid		**(82 881)**	(80 790)	(150 421)
NET CASH FLOW FROM INVESTMENT ACTIVITIES		**(123 949)**	(143 003)	(322 189)
Purchase of property, plant and equipment and computer software	9	**(134 468)**	(144 239)	(328 042)
Proceeds on disposal of property, plant and equipment and computer software		**4 871**	4 884	8 085
Other loans repaid to the Group		**5 648**	–	4 772
Other loans granted by the Group		**–**	(3 112)	(8 200)
Loans repaid by shareholders to the Group		**–**	–	1 812
Acquisition of business		**–**	(536)	(616)
NET CASH FLOW FROM FINANCING ACTIVITIES		**(442 172)**	20 458	(233 616)
Proceeds from related party loans payable		**313**	2 421	614
Repayment of other loans payable		**(2 118)**	(4 353)	(2 235)
Capital portion of lease payments		**(76 967)**	(72 568)	(149 132)
Proceeds from term loans and asset based financing		**–**	146 779	156 727
Repayment of term loans and asset based financing		**(213 794)**	(51 821)	(89 984)
Dividends paid		**(149 606)**	–	(149 606)
Net (decrease)/increase in cash and cash equivalents		**(234 072)**	102 173	81 413
Cash and cash equivalents at the beginning of the period		**936 028**	854 615	854 615
Cash and cash equivalents at the end of the period		**701 956**	956 788	936 028

Reviewed condensed consolidated segmental information

Basis of segmentation

The executive management team of the Group 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

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 & Confectionery

Premium snacks and confectionery products.

Baking & Baking Aids

Baked goods, specialised gluten free offering and baking aids.

Household & Personal Care

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

	6-months ended 30 June 2021 Reviewed R'000	6-months ended 30 June 2020 Reviewed R'000	Change %	Year ended 31 December 2020 Audited R'000
INFORMATION ABOUT REPORTABLE SEGMENTS				
Revenue				
Perishables	**2 439 396**	2 167 750	12.5	4 698 998
Groceries	**1 642 380**	1 454 496	12.9	3 345 616
Snacks & Confectionery	**251 438**	282 549	(11.0)	574 257
Baking & Baking Aids	**408 002**	385 667	5.8	815 584
Household & Personal Care	**375 860**	415 910	(9.6)	851 426
	5 117 076	4 706 372	8.7	10 285 881
Operating profit (EBIT)				
Perishables	**98 414**	84 723	16.2	13 383
Groceries	**160 352**	148 072	8.3	344 019
Snacks & Confectionery	**26 349**	37 912	(30.5)	53 538
Baking & Baking Aids	**19 359**	24 811	(22.0)	55 710
Household & Personal Care	**(40 053)**	8 473	(572.7)	17 028
Corporate	**(75 964)**	(72 861)	(4.3)	(118 241)
	188 457	231 130	(18.5)	365 437
Reconciliation of operating profit per segment to profit before tax				
Operating profit	**188 457**	231 130	(18.5)	365 437
Investment income	**23 166**	25 999	(10.9)	44 720
Finance costs	**(103 934)**	(124 829)	16.7	(230 130)
Profit before tax	**107 689**	132 300	(18.6)	180 027

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 2021 Reviewed R'000	6-months ended 30 June 2020 Reviewed R'000	Change %	Year ended 31 December 2020 Audited R'000
Normalised EBIT and EBITDA				
GROUP				
Operating profit	**188 457**	231 130	(18.5)	365 437
Amortisation of customer contracts and brands with definitive useful lives	**69 152**	75 086		150 172
Due diligence costs	**–**	372		286
Expenses relating to share-based payments	**12 114**	9 137		13 990
Government grants	**(644)**	(47)		(840)
Impairment losses on goodwill and other assets	**–**	–		203 820
(Gain)/loss on disposal of property, plant and equipment	**(3 144)**	3 101		2 683
Retrenchment and settlement costs	**16 869**	5 215		16 758
Securities transfer tax	**3**	–		–
Strategic advisory fees	**1 000**	261		–
Unrealised (gain)/loss on foreign exchange	**(1 107)**	(30 657)		21 787
Normalised EBIT	**282 700**	293 598	(3.7)	774 093
Amortisation of software	**6 090**	5 843		12 031
Depreciation of property, plant and equipment	**167 319**	157 506		329 131
Normalised EBITDA (including effect of IFRS 16)	**456 109**	456 947	(0.2)	1 115 255
Less: lease payments and lease modifications	**(76 968)**	(72 568)		(149 133)
Normalised EBITDA (excluding effect of IFRS 16)	**379 141**	384 379	(1.4)	966 122
PERISHABLES				
Operating profit	**98 414**	84 723	16.2	13 383
Amortisation of customer contracts	**24 341**	21 805		43 610
Due diligence costs	**–**	85		–
Government grants	**(174)**	(25)		(72)
Impairment losses on goodwill and other assets	**–**	–		203 820
(Gain)/loss on disposal of property, plant and equipment	**(3 231)**	131		(1 261)
Retrenchment and settlement costs	**10 369**	1 501		5 128
Unrealised (gain)/loss on foreign exchange	**(1 004)**	(1 932)		6 488
Normalised EBIT	**128 715**	106 288	21.1	271 096
Amortisation of software	**1 592**	2 041		4 146
Depreciation of property, plant and equipment	**68 616**	61 614		133 626
Normalised EBITDA (including effect of IFRS 16)	**198 923**	169 943	17.1	408 868
Less: lease payments and lease modifications	**(24 316)**	(20 737)		(44 069)
Normalised EBITDA (excluding effect of IFRS 16)	**174 607**	149 206	17.0	364 799

	6-months ended 30 June 2021 Reviewed R'000	6-months ended 30 June 2020 Reviewed R'000	Change %	Year ended 31 December 2020 Audited R'000
GROCERIES				
Operating profit	**160 352**	148 072	8.3	344 019
Amortisation of customer contracts	**28 910**	35 620		71 239
Government grants	**(320)**	(22)		(607)
(Gain)/loss on disposal of property, plant and equipment	**(304)**	2 691		3 006
Retrenchment and settlement costs	**3 771**	166		4 341
Unrealised loss/(gain) on foreign exchange	**319**	(29 147)		14 525
Normalised EBIT	**192 728**	157 380	22.5	436 523
Amortisation of software	**968**	961		1 897
Depreciation of property, plant and equipment	**45 363**	44 956		90 494
Normalised EBITDA (including effect of IFRS 16)	**239 059**	203 297	17.6	528 914
Less: lease payments and lease modifications	**(26 214)**	(24 587)		(50 209)
Normalised EBITDA (excluding effect of IFRS 16)	**212 845**	178 710	19.1	478 705
SNACKS & CONFECTIONERY				
Operating profit	**26 349**	37 912	(30.5)	53 538
Amortisation of customer contracts	**–**	2 201		4 402
Government grants	**(5)**	–		–
Loss on disposal of property, plant and equipment	**83**	–		564
Retrenchment and settlement costs	**–**	115		2 109
Strategic advisory fees	**–**	16		–
Unrealised (gain)/loss on foreign exchange	**(356)**	235		666
Normalised EBIT	**26 071**	40 479	(35.6)	61 279
Amortisation of software	**1 500**	780		2 099
Depreciation of property, plant and equipment	**14 430**	12 656		26 283
Normalised EBITDA (including effect of IFRS 16)	**42 001**	53 915	(22.1)	89 661
Less: lease payments and lease modifications	**(6 594)**	(5 734)		(12 450)
Normalised EBITDA (excluding effect of IFRS 16)	**35 407**	48 181	(26.5)	77 211
BAKING & BAKING AIDS				
Operating profit	**19 359**	24 811	(22.0)	55 710
Amortisation of customer contracts	**4 530**	3 435		6 870
(Gain)/loss on disposal of property, plant and equipment	**(24)**	285		458
Retrenchment and settlement costs	**–**	–		391
Unrealised (gain)/loss on foreign exchange	**(65)**	201		55
Normalised EBIT	**23 800**	28 732	(17.2)	63 484
Amortisation of software	**525**	471		986
Depreciation of property, plant and equipment	**19 839**	19 611		39 537
Normalised EBITDA (including effect of IFRS 16)	**44 164**	48 814	(9.5)	104 007
Less: lease payments and lease modifications	**(7 334)**	(9 092)		(16 833)
Normalised EBITDA (excluding effect of IFRS 16)	**36 830**	39 722	(7.3)	87 174

	6-months ended 30 June 2021 Reviewed R'000	6-months ended 30 June 2020 Reviewed R'000	Change %	Year ended 31 December 2020 Audited R'000
HOUSEHOLD & PERSONAL CARE				
Operating (loss)/profit	**(40 053)**	8 473	(572.7)	17 028
Amortisation of customer contracts and brands with definitive useful lives	**4 605**	12 025		24 051
Loss/(gain) on disposal of property, plant and equipment	**304**	–		(139)
Retrenchment and settlement costs	**2 729**	173		1 009
Strategic advisory fees	**–**	245		–
Unrealised (gain)/loss on foreign exchange	**(1)**	(14)		53
Normalised EBIT	**(32 416)**	20 902	(255.1)	42 002
Amortisation of software	**217**	11		23
Depreciation of property, plant and equipment	**16 894**	16 174		34 280
Normalised EBITDA (including effect of IFRS 16)	**(15 305)**	37 087	(141.3)	76 305
Less: lease payments and lease modifications	**(10 751)**	(10 537)		(21 716)
Normalised EBITDA (excluding effect of IFRS 16)	**(26 056)**	26 550	(198.1)	54 589
CORPORATE				
Operating loss	**(75 964)**	(72 861)	(4.3)	(118 241)
Amortisation of customer contracts	**6 766**	–		–
Due diligence costs	**–**	287		286
Expenses relating to share-based payments	**12 114**	9 137		13 990
Government grants	**(145)**	–		(161)
Loss/(gain) on disposal of property, plant and equipment	**28**	(6)		55
Strategic advisory fees	**1 000**	–		–
Retrenchment and settlement costs	**–**	3 260		3 780
Securities transfer tax	**3**	–		–
Normalised EBIT	**(56 198)**	(60 183)	6.6	(100 291)
Amortisation of software	**1 288**	1 579		2 880
Depreciation of property, plant and equipment	**2 177**	2 495		4 911
Normalised EBITDA (including effect of IFRS 16)	**(52 733)**	(56 109)	6.0	(92 500)
Less: lease payments and lease modifications	**(1 759)**	(1 881)		(3 856)
Normalised EBITDA (excluding effect of IFRS 16)	**(54 492)**	(57 990)	6.0	(96 356)

	6-months ended 30 June 2021 Reviewed R'000	6-months ended 30 June 2020 Reviewed R'000	Change %	Year ended 31 December 2020 Audited R'000
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	**612 294**	500 291	22.4	1 239 636
Major customers				
During the period under review, revenue from certain customers exceeded 10% of total revenue.				
Customer A	**22.4%**	23.3%		22.1%
Customer B	**15.5%**	16.5%		16.3%
Customer C	**8.7%**	10.6%		9.8%

Revenue by channel

Previously the Group disaggregated and disclosed revenue solely by segment. In order to improve and align the disclosures contained outside of the results, the revenue disaggregation by channel and each channel's contribution to revenue, has been disclosed for the first time in these interim reviewed results.

	6-months ended 30 June 2021 Reviewed R'000	6-months ended 30 June 2020 Reviewed R'000	Change %
Retail and wholesale	**3 129 630**	3 162 680	(1.0)
Food service	**826 907**	565 554	46.2
Exports	**612 294**	500 291	22.4
Industrial and contract manufacturing	**548 245**	477 847	14.7
Total Group revenue	**5 117 076**	4 706 372	8.7

Contribution to Group revenue

	6-months ended 30 June 2021 Reviewed %	6-months ended 30 June 2020 Reviewed %
Retail and wholesale	**61.2**	67.2
Food service	**16.2**	12.0
Exports	**12.0**	10.6
Industrial and contract manufacturing	**10.6**	10.2
Total Group revenue	**100.0**	100.0

Notes to the reviewed condensed consolidated interim financial statements

1. Reporting entity

Libstar is a leading producer and supplier of high quality products in the consumer packaged goods (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 household and personal care 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 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.

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 H Southwood 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 unqualified 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 2020. There were no new accounting standards implemented by the Group in these condensed consolidated interim financial statements.

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 2020. Specific consideration was given to the impact of COVID on the estimates and assumption used in applying IFRS. Refer to note 16 for further information related to the impact of COVID on the Group.

5. Normalised EBIT and Normalised EBITDA

The Group adopts 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 individual business units (that consolidate into the Group), as well as for strategic planning and other commercial decision-making purposes relating to each business unit.

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

	Adjustment included in calculation of:	
	Normalised EBIT	Normalised EBITDA
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	No	Yes
Add back: depreciation on property, plant and equipment and right-of-use assets	No	Yes
Add back: impairment losses on property, plant and equipment, goodwill and intangible assets	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 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: 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 (as disclosed in the financial statements), is adjusted for the after-tax impact of the Normalised EBIT adjustments shown above.

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, excluding the after-tax impact of separately identifiable re-measurements as defined in accordance with circular 1/2021 Headline Earnings, read with IAS 33 Earnings per share.

	6-months ended 30 June 2021 Reviewed R'000	6-months ended 30 June 2020 Reviewed R'000	Year ended 31 December 2020 Audited R'000
6. Other income			
Bad debts recovered	**63**	–	315
Commissions received	**–**	–	40
Government grants[1]	**734**	269	1 253
Insurance claims received	**11 173**	490	532
Discounts and incentives received	**10**	772	–
Rental income	**276**	2 856	4 103
Sundry income[2]	**2 803**	25 786	38 012
	15 059	30 173	44 255

1 Income from government grants includes income received under the Manufacturing Competitiveness Enhancement Programme, Skills Development Programme and the Employer Tax Incentive Programme.

2 Included in the year ended 31 December 2020 are two loans payable that were previously provided for as amounts due to third parties, which were written back following the favourable outcome of an arbitration process: R19.7 million and R10.0 million lapsed respectively following the termination of the Group's relationship with the counterparty in question. The write back of the loan payable of R19.7 million occurred during the six months ended 30 June 2020.

	6-months ended 30 June 2021 Reviewed R'000	6-months ended 30 June 2020 Reviewed R'000	Year ended 31 December 2020 Audited R'000
7. Operating profit			
Operating profit is calculated after taking into account the following:			
7.1 Gains/(losses) on foreign exchange and disposal of property, plant and equipment			
(Loss)/gain on foreign exchange	**(2 059)**	50 713	2 917
Realised (loss)/gain on foreign exchange	**(3 166)**	20 056	24 704
Unrealised gain/(loss) on foreign exchange	**1 107**	30 657	(21 787)
Gain/(loss) on disposal of property, plant and equipment	**3 144**	(3 101)	(2 683)
	1 085	47 612	234
7.2 Operating expenditure			
Depreciation of property, plant and equipment	**104 959**	97 475	205 159
Depreciation of right-of-use assets (refer note 10)	**62 360**	60 031	123 659
Amortisation of brands	**–**	5 934	11 867
Amortisation of computer software	**6 090**	5 843	12 031
Amortisation of customer relationships	**69 152**	69 152	138 305
Impairment loss on buildings	**–**	–	5 820
Impairment of goodwill	**–**	–	198 000
Employee benefits	**697 625**	685 693	1 398 179
Salaries and wages	**680 756**	680 478	1 381 421
Retrenchment and settlement costs	**16 869**	5 215	16 758
Strategic advisory fees	**1 000**	261	–
Due diligence costs	**–**	372	286
Credits relating to share appreciation rights granted (LTI scheme)	**–**	(2 353)	(2 370)
Charges relating to long-term incentive scheme (LTIP scheme)	**7 132**	6 198	7 741
Charges relating to share-based payments (GSP)	**4 982**	5 291	8 619
Research and development costs expensed as incurred	**1 121**	442	1 420
Auditors' remuneration	**5 326**	4 708	8 343

	6-months ended 30 June 2021 Reviewed R'000	6-months ended 30 June 2020 Reviewed R'000	Year ended 31 December 2020 Audited R'000
8. Earnings per share			
8.1 Basic earnings per share			
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:			
Earnings used in the calculation of basic earnings per share	**75 005**	99 052	73 713
Weighted average number of ordinary shares for the purposes of basic earnings per share ('000)	**595 812**	595 812	595 812
Basic earnings per share in cents	**12.6**	16.6	12.4
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:			
Weighted average number of ordinary shares for the purposes of diluted earnings per share ('000)	**597 880**	599 538	596 932
Diluted earnings per share in cents	**12.5**	16.5	12.3
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**	595 812	595 812
Adjustments for calculation of diluted earnings per share:			
Deferred Shares – GSP[1]	**2 068**	3 726	1 120
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**597 880**	599 538	596 932

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.

	6-months ended 30 June 2021 Reviewed R'000	6-months ended 30 June 2020 Reviewed R'000	Year ended 31 December 2020 Audited R'000

8. Earnings per share continued

8.3 Normalised earnings per share (EPS)

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

	6-months ended 30 June 2021 Reviewed R'000	6-months ended 30 June 2020 Reviewed R'000	Year ended 31 December 2020 Audited R'000
Profit for the period	**75 005**	99 052	73 713
Normalised for:	**70 399**	42 921	145 395
Amortisation of customer contracts and brands with definitive useful lives	**49 789**	54 062	108 124
Due diligence costs	**–**	372	286
Expenses relating to share-based payments	**8 722**	6 579	10 073
Government grants	**(464)**	(34)	(840)
Retrenchment costs	**12 146**	3 755	12 066
Securities transfer tax	**3**	–	–
Strategic advisory fees	**1 000**	261	–
Unrealised (gain)/loss on foreign exchange	**(797)**	(22 073)	15 686
Normalised earnings used in the calculation of basic earnings per share	**145 404**	141 973	219 108
Weighted average number of ordinary shares for the purposes of basic earnings per share ('000)	**595 812**	595 812	595 812
Normalised basic earnings per share in cents	**24.4**	23.8	36.8

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:

Six months ended 30 June 2021	**Gross**	**Net of tax**
Basic earnings	**75 005**	**75 005**
Adjustments	**(3 144)**	**(2 264)**
Profit on disposal of property, plant and equipment	**(3 144)**	**(2 264)**
Headline earnings	**71 861**	**72 741**

Six months ended 30 June 2020	Gross	Net of tax
Basic earnings	99 052	99 052
Adjustments	3 101	2 233
Loss on disposal of property, plant and equipment	3 101	2 233
Headline earnings	102 153	101 285

Year ended 31 December 2020	Gross	Net of tax
Basic earnings	73 713	73 713
Adjustments	206 503	205 902
Loss on disposal of property, plant and equipment	2 683	2 082
Impairment of buildings	5 820	5 820
Impairment of goodwill	198 000	198 000
Headline earnings	280 216	279 615

	6-months ended 30 June 2021 Reviewed R'000	6-months ended 30 June 2020 Reviewed R'000	Year ended 31 December 2020 Audited R'000
Headline earnings	**72 741**	101 285	279 615
Headline earnings per share (cents)	**12.2**	17.0	46.9
Diluted headline earnings per share (cents)	**12.2**	16.9	46.8

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 2021	**Net**
Normalised basic earnings	**145 404**
Adjustments	**(2 264)**
Profit on disposal of property, plant and equipment	**(2 264)**
Normalised headline earnings	**143 140**
Normalised headline earnings per share (cents)	**24.0**

Six months ended 30 June 2020	Net
Normalised basic earnings	141 973
Adjustments	2 233
Loss on disposal of property, plant and equipment	2 233
Normalised headline earnings	144 206
Normalised headline earnings per share (cents)	24.2

Year ended 31 December 2020	Net
Normalised basic earnings	219 108
Adjustments	205 902
Impairment of goodwill	198 000
Impairment of buildings	5 820
Loss on disposal of property, plant and equipment and customer contracts	2 082
Normalised headline earnings	425 010
Normalised headline earnings per share (cents)	71.3

9. Property, plant and equipment

During the six months ended 30 June 2021, the Group acquired plant, equipment and computer software in the amount of R134 million (2020: R144 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 2020.

	6-months ended 30 June 2021 Reviewed R'000	6-months ended 30 June 2020 Reviewed R'000	Year ended 31 December 2020 Audited R'000
10. Right-of-use assets and lease liabilities			
Non-current right-of-use assets	**594 120**	609 926	649 533
Non-current lease liabilities	**(646 899)**	(637 777)	(692 372)
Current lease liabilities	**(97 013)**	(85 944)	(90 596)
IFRS 16 (Leases) has been fully implemented in the condensed consolidated interim 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:			
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
Right-of-use assets			
Right-of-use assets – opening balance	**649 533**	655 596	655 596
Modification and additions in the current period	**6 947**	14 361	117 596
Depreciation for the period	**(62 360)**	(60 031)	(123 659)
Right-of-use assets – closing balance	**594 120**	609 926	649 533
Lease Liabilities			
Lease liabilities – opening balance	**(782 968)**	(753 386)	(753 386)
Modifications and additions in the current period	**(6 702)**	(12 223)	(114 344)
Finance costs	**(31 209)**	(30 680)	(64 370)
Lease payments	**76 967**	72 568	149 132
Lease liabilities – closing balance	**(743 912)**	(723 721)	(782 968)

11. Financial instruments

The carrying amounts of the financial assets and liabilities reported as at 30 June 2021 approximate fair values at the reporting date. At the reporting date, the financial instruments are classified consistently and at the same levels within the fair value hierarchy as previously reported.
The financial assets and liabilities of the Group that are classified at fair value through other comprehensive income comprise forward exchange contracts. These forward exchange contracts are classified at a Level 2 in terms of the fair value hierarchy.

	6-months ended 30 June 2021 Reviewed R'000	6-months ended 30 June 2020 Reviewed R'000	Year ended 31 December 2020 Audited R'000
12. Cash generated from operations			
Profit before taxation	**107 689**	132 300	180 027
Adjustments for:	**344 200**	327 066	846 312
Depreciation, amortisation and impairments	**242 561**	238 435	491 021
(Gain)/loss on disposal of property, plant and equipment	**(3 144)**	3 101	2 683
Impairment loss on goodwill	**–**	–	198 000
Impairment loss on property, plant and equipment	**–**	–	5 820
Expected credit loss allowance movement on other financial assets	**–**	–	653
Expected credit loss allowance movement on trade and other receivables	**4 069**	(7 909)	(11 590)
IFRS 16 non-cash lease modifications	**(245)**	–	(3 252)
Investment income	**(23 166)**	(25 999)	(44 720)
Finance costs	**103 934**	124 829	230 130
Other financial assets written off	**–**	–	946
Sundry income – loans payable written off	**–**	(19 736)	(29 754)
Fair value adjustment on forward exchange contracts	**9 714**	9 412	(427)
Movements in employee benefits – medical aid plan	**(242)**	(240)	(17)
Employee benefits contributions paid	**–**	–	(585)
Non-cash movements in employee benefits	**(242)**	(240)	568
Movements in share-based payments	**10 719**	5 173	6 819
Share-based payments in terms of LTI scheme	**–**	–	(4 139)
Non-cash movements in share-based payments	**10 719**	5 173	10 958
Changes in working capital:	**12 600**	(85 708)	(117 660)
Increase in inventories	**(103 353)**	(131 671)	(115 352)
Decrease in trade and other receivables	**67 834**	193 547	5 229
Increase in biological assets	**(938)**	(1 001)	(1 887)
Increase/(decrease) in trade and other payables	**49 057**	(146 583)	(5 650)
	464 489	373 658	908 679

13. Dividends

The Board has paid a final cash dividend (inclusive of treasury shares) of 25 cents per ordinary share on 12 April 2021 in respect of the year ended 31 December 2020 totalling R170.5 million. In the prior period a final cash dividend (inclusive of treasury shares) of 25 cents per ordinary share was paid on 28 September 2020 in respect of the year ended 31 December 2019 totalling R170.5 million. No interim dividend has been declared.

14. Repayment of financing facility

On 30 June 2021, the Group made a voluntary repayment from internally generated cash flows and repaid the full amount outstanding of R150 million on the financing facility (Senior Facility C).

15. Subsequent events

On 12 July 2021 KwaZulu-Natal and Gauteng provinces erupted in civil unrest in the form of violent riots. The riots resulted in vandalisation and looting of malls and warehouses within these provinces. This resulted in closures of the retail sector in the affected regions for safety and security reasons. By 16 July 2021, due to the civil unrest subsiding, the retail sector returned to normal trading hours. No direct damage to inventories or vandalism to property, plant and equipment was sustained by the Group. The Group experienced supply chain and labour force disruptions in the retail channel, but these disruptions did not have a material impact on the Group. The Group is still in the process of identifying the total indirect impact on the Group.

The Board is not aware of any other matter or circumstance arising since the end of the six-month period ended 30 June 2021 to the date of issue of this announcement which materially affects the Group's financial position or the results of its operations.

16. Impact of COVID

The Group continued to be impacted by COVID during the current period. The slow roll-out of the vaccination programme in South Africa, together with the current COVID infection rates, has led to continued lockdown restrictions which negatively impacts the economy and continued to negatively impact on the Group.

The Group continues to incur costs to maintain a safe working environment for its employees. During the current period, the total direct COVID related expenses amounted to R8 million (2020: R44 million).

The Board expects the following factors to continue to have an impact on the Group:

- Changes in the Group's sales channel mix attributable to national or provincial lockdown restrictions;
- Additional operating costs attributable to the COVID pandemic;
- Supply chain disruptions; and
- A weak macro-economic climate, high rate of national unemployment and weakening consumer disposable income.

Consideration was given to certain potential transactions as a result of COVID and the outcomes still remain consistent with previous reporting periods. There has been an increase of slow moving stock and allowance for expected credit losses as a result of the impact of COVID in relation to 2019's pre-COVID annual financial statements. However, these remain insignificant and do not require further disclosure. There are no significant restructurings or planned restructurings, impairment losses related to financial assets and non-financial assets, discontinued operations or planned discontinuations and no contingent liabilities or litigation matters as a result of COVID in the current reporting period to the date of issue of this announcement.

16. Impact of COVID continued

Impact on segmental results of the Group

All segments produce and sell products within the Group's four sales channels. Whilst each of these channels were uniquely impacted by COVID lockdown restrictions in the prior period, the Group's two largest revenue contributing sales channels, retail and wholesale and food service, were most impacted in the prior period. Demand within the retail sales channel normalised during the current reporting period, following exceptionally strong demand experienced in the prior period due to retail stockpiling of food and HPC products. Demand for food service products improved relative to the prior period, which was severely impacted by the closure of hospitality venues as a result of COVID lockdowns.

Impact on EPS and HEPS

The Group's EPS and HEPS continue to be impacted by COVID, particularly in relation to extraordinary expenses in the amount of R8 million (2020: R44 million) incurred to maintain a safe working environment for employees. The extent and timing of further costs cannot be determined, 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.

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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 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.