DISCLAIMER

IMPORTANT: You must read the following disclaimer before continuing.

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ANY FORWARDING, REDISTRIBUTION OR REPRODUCTION OF THE ATTACHED DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE US SECURITIES ACT OF 1933 OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS ELECTRONIC TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED IN THE ATTACHED DOCUMENT.

This communication does not constitute, advertise or relate to an offer to the public (as defined in the South African Companies Act, No 71 of 2008, as amended (the "**SA Companies Act**")) for the sale of or subscription for, or the solicitation of an offer to buy or subscribe for, securities. In the Republic of South Africa ("**South Africa**") this communication will not be distributed to any person in any manner which could be construed as an offer to the public in terms of the SA Companies Act and is only directed at financial institutions and other persons who are referred to in section 96(1)(a) of the SA Companies Act ("**Qualifying Investors**"). Should any person who is not a Qualifying Investor receive the attached document, they should not and will not be entitled to acquire any securities offered for sale or subscription as described in this document or otherwise act thereon. This document does not, nor is it intended to, constitute a prospectus registered under the SA Companies Act and accordingly, does not comply with the substance and form requirements for prospectuses set out in the SA Companies Act and the South African Companies Regulations of 2011. The JSE Limited, registration number 2005/022939/06, a public company with limited liability duly incorporated in accordance with the laws of South Africa, licensed to operate an exchange under the South African Financial Markets Act, No 19 of 2012, as amended (the "**SA Financial Markets Act**") has approved the attached document. Nothing in this document should be viewed, or construed, as "advice" as that term is used in the SA Financial Markets Act and/or the South African Financial Advisory and Intermediary Services Act, No 37 of 2002, as amended (the "**SA FAIS Act**") and nothing in the attached document should be construed as constituting the canvassing for, or marketing or advertising of, financial services in South Africa.

This electronic transmission and the attached document are only addressed to and directed at persons in member states ("**Member States**") of the European Economic Area (the "**EEA**") who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC) ("**Qualified Investors**"). In addition, in the United Kingdom of Great Britain and Northern Ireland ("**United Kingdom**"), this electronic transmission and the attached document are only addressed to and directed at Qualified Investors who are (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**UK FPO**"), (ii) persons who are high net worth entities falling within Article 49(2)(a) to (d) of the UK FPO, or (iii) other persons to whom they may otherwise lawfully be communicated (all such persons together being referred to as "**relevant persons**"). This electronic transmission and the attached document must not be acted on or relied on (i) in the United Kingdom, by persons who are not relevant persons, and (ii) in any Member State of the EEA other than the United Kingdom, by persons who are not Qualified Investors. Any investment or investment activity to which this electronic transmission and the attached document relate is available only to relevant persons in the United Kingdom and Qualified Investors in any Member State of the EEA other than the United Kingdom, and will be engaged in only with such persons.

Confirmation of your representation: By accepting electronic delivery of this document, you are deemed to have represented to J.P. Morgan Securities plc, registration number 2711006, a public company with limited liability duly incorporated in accordance with the laws of England and Wales ("**J.P. Morgan**") and The Standard Bank of South Africa Limited, registration number 1962/000738/06, a public company with limited liability duly incorporated in accordance with the laws of South Africa ("**Standard Bank**") (collectively, the "**Joint Global Co-ordinators**") and Libstar Holdings Limited (formerly Libstar Holdings Proprietary Limited), registration number 2014/032444/06, a public company with limited liability duly incorporated in accordance with the laws of South Africa (the "**Company**") that (i) you are acting on behalf of, or you are either (a) outside the United States (as defined in Regulation S under the US Securities Act of 1933), or (b) in the United States and a QIB that is acquiring securities for your own account or for the account of another QIB and that you consent to delivery of this document by electronic transmission; (ii) if you are in the United Kingdom, you are a relevant person; (iii) if you are in any Member State of the EEA other than the United Kingdom, you are a Qualified Investor; (iv) if you are in South Africa, or any person for whom you are acting is in South Africa, you (and any such person) are a Qualifying Investor.

None of the Joint Global Co-ordinators, Standard Bank (in its capacity as the "**Sponsor**") or any of their respective affiliates, or any of their respective directors, officers, employees or agents accepts any responsibility whatsoever for the contents of the attached document or for any statement made or purported to be made by it, or on its behalf, in connection with the Company or the offer for securities described in this document (for the purposes of this disclaimer only, the "**Offer**"). The Joint Global Co-ordinators, the Sponsor and any of their respective affiliates and their respective directors, officers, employees and agents accordingly disclaim all and any liability whether arising in tort, delict, contract, or otherwise which they might otherwise have in respect of such document or any such statement. No representation or warranty express or implied, is made by any of the Joint Global Co-ordinators, the Sponsor or any of their respective affiliates or their respective directors, officers, employees and agents as to the accuracy, completeness, reasonableness or sufficiency of the information set out in the attached document.

The Joint Global Co-ordinators and Sponsor are acting exclusively for the Company and no one else in connection with the Offer. They will not regard any other person (whether or not a recipient of this document) as its client in relation to the Offer and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for giving advice in relation to the Offer or any transaction or arrangement referred to herein. J.P. Morgan is exempt from the licensing provisions of the SA FAIS Act in terms of FAIS Notice 16 of 2017 issued by the Financial Services Board of South Africa.

You shall also be deemed to have represented to the Company and each of the Joint Global Co-ordinators that you consent to delivery by electronic transmission.

You are reminded that you have received this electronic transmission and the attached document on the basis that you are a person into whose possession this electronic transmission and the attached document may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this electronic transmission or the attached document, electronically or otherwise, to any other person.

You are reminded that documents transmitted electronically may be altered or changed during the process of transmission and consequently neither the Company nor the Joint Global Co-ordinators nor any of their respective affiliates accept any liability or responsibility whatsoever in respect of any difference between the attached document delivered by electronic transmission and the hard copy version. You are responsible for protecting against viruses and other destructive items.

This document is not for viewing, publication, release or distribution in any jurisdiction where such distribution is unlawful.

Information to Distributors: Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the Product Governance Requirements) may otherwise have with respect thereto, the Offer Shares the subject of the Offer have been subject to a product approval process, which has determined that such Offer Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Offer Shares may decline and investors could lose all or part of their investment; the Offer Shares offer no guaranteed income and no capital protection; and an investment in the Offer Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offer. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Global Coordinators will only procure investors who meet the criteria of professional clients and eligible counterparties. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Offer Shares. Each distributor is responsible for undertaking its own target market assessment in respect of the Offer Shares and determining appropriate distribution channels.

Libstar Holdings Limited

(formerly Libstar Holdings Proprietary Limited)
(Incorporated in the Republic of South Africa)
(Registration number 2014/032444/06)
(JSE share code: LBR)
(ISIN: ZAE000250239)
("**Libstar**" or the "**Company**")

PRE-LISTING STATEMENT

This Pre-listing Statement relates to a private placement by way of an offer for subscription by the Company of 105 263 158 **Subscription Shares** to raise up to R1 500 000 000.00, and a concurrent offer by the Selling Shareholders of a minimum of 132 390 757 **Sale Shares** (based on a minimum free-float of 40% and an Offer Price at the mid-point of the Offer Price Range), together with Subscription Shares, the **Offer Shares** (placed within the Offer Price Range). In addition, the Corporate Selling Shareholders will grant to the **Stabilisation Manager** an Over-allotment Option to purchase for resale of a minimum of 35 648 087 **Over-allotment Shares** (at the Offer Price), which may be used for the purposes of covering over-allotments before the end of the Stabilisation Period. This Pre-listing Statement is not an invitation to the general public to subscribe for or purchase the Offer Shares, but is issued in compliance with the Listings Requirements for information purposes.

It is currently estimated that the price at which the Offer Shares will be offered for sale or subscription pursuant to this Pre-listing Statement will be between R12.50 and R16.00 per Offer Share. However, the **Offer Price** may be outside the Offer Price Range. If the Offer Price is below the Offer Price Range for any reason, or if the Directors in their discretion determine that it would not be advisable to proceed with the Offer, the Company shall not be obliged to proceed with the Offer, but reserves the right to do so.

There is no minimum capital requirement to be realised by the Offer.

The Company is targeting such number and composition of shareholders as will equate to a minimum free-float of 40% (taking into account both the number of Sale Shares sold by the Selling Shareholders and the number of Subscription Shares issued by the Company on Listing).

The Offer Shares will be issued in dematerialised form only and, accordingly, no physical Documents of Title will be issued or delivered to successful applicants. There will be no fractions of Offer Shares offered in terms of the Offer. The Offer Shares will rank *pari passu* with all other Ordinary Shares in issue.

The JSE has granted the Company approval for listing in respect of up to 681 921 408 Ordinary Shares (including the Ordinary Shares held by the ESOP SPV and the BDT SPV pursuant to the BEE Transaction) (the "**Listing**") in the "*Food Products*" sector of the Main Board of the JSE under the share code "LBR", and ISIN: ZAE000250239, subject to the fulfilment of the conditions precedent set out in paragraph 4 of Section 8 ("*Particulars of the Offer*") and subject to meeting the minimum free-float and shareholder spread requirements, as prescribed by the Listings Requirements and acceptable to the JSE. The Listing is expected to be effective from 09:00 on Wednesday, 9 May 2018.

Joint Global Co-ordinators and Joint Bookrunners

J.P.Morgan

Standard Bank

South African Legal Advisers to the Company

CDH

South African Legal Advisers to the Joint Global Co-ordinators and Joint Bookrunners

WEBBER WENTZEL
in alliance with > Linklaters

US and English Legal Advisers to the Company

CLIFFORD
CHANCE

US and English Legal Advisers to the Joint Global Co-ordinators and Joint Bookrunners

Linklaters

Stabilisation Manager and Sponsor

Standard Bank

Independent Reporting Accountants

KPMG

Auditors

MOORE STEPHENS

Public Relations Adviser

PATAMOLA

As at the date of Listing (the "**Listing Date**"), the Company's authorised shares will comprise 10 000 000 000 Ordinary Shares and 1 000 000 A Preference Shares. At the Listing Date, the Company's issued share capital will comprise 667 184 566 Ordinary Shares (based on a minimum-free float of 40% and an Offer Price at the mid-point of the Offer Price Range), and 1 000 000 A Preference Shares. The 39 334 499 and 33 715 284 Ordinary Shares issued to each of the ESOP SPV and the BDT SPV, respectively, will be treated as treasury shares for accounting purposes. Further details of the BEE Transaction are set out in Annexure 17 ("*Salient Features of the BEE Transaction*").

The A Preference Shares are held by the Ratchet Trust, a unitised vesting trust established for the benefit of certain members of management of the Group. The A Preference Shares entitle the Ratchet Trust to participate in a distribution if the Abraaj Consortium realises certain minimum financial targets pursuant to an "exit" event, further details of which are contained in paragraph 2.4 of Section 10 ("*Additional Information"*). In terms of the Interim Agreement, Abraaj and the PIC (both Abraaj and PIC constituting the Abraaj Consortium) have agreed to fund the full distribution which may become payable to the Ratchet Trust in terms of the rights attaching to the A Preference Shares, by each subscribing for additional Ordinary Shares with an aggregate value equal to the amount of the distribution payable by the Company to the Ratchet Trust and each at a subscription price *pro rata* to their shareholding in the Company, subject to and immediately before the distribution becomes payable. A summary of the Interim Agreement is contained in paragraph 3 of Annexure 15 ("*Material Contracts*"). The Company will accordingly not incur any liability under the A Preference Shares. The A Preference Shares will not form part of the Offer Shares, nor will they be listed.

The Subscription Shares will represent up to 21.5% of the Company's issued Ordinary Shares prior to the Offer and the implementation of the BEE Transaction. The Sale Shares will represent up to 27.1% of the Company's issued Ordinary Shares prior to the Offer and the implementation of the BEE Transaction. The Over-allotment Shares will represent up to 15% of the Offer Shares prior to the Offer. The Company has agreed to issue 39 334 499 Ordinary Shares (representing 7% of the entire issued Ordinary Share capital of the Company) to the ESOP SPV and 33 715 284 Ordinary Shares (representing 6% of the entire issued Ordinary Share capital of the Company) to the BDT SPV as part of the BEE Transaction, further details of which are set out in Annexure 17 ("*Salient Features of the BEE Transaction*").

In South Africa, the Offer will only be made to, and be capable of acceptance by, selected institutional investors who fall within one of the specified categories listed in section 96(1)(a) of the SA Companies Act and to whom the Offer is specifically addressed and by whom the Offer is capable of acceptance. Accordingly, (i) the Offer is not an offer to the public as contemplated in the SA Companies Act, (ii) this Pre-listing Statement does not, nor does it intend to, constitute a "registered prospectus", as contemplated by the SA Companies Act, and (iii) no prospectus has been filed with the CIPC in respect of the Offer. The JSE has approved this Pre-listing Statement.

The Offer Shares have not been and will not be registered under the US Securities Act or under the applicable securities laws or the regulations of any state of the United States. In the United States, the Offer is being made only to persons who are Qualified Institutional Buyers in reliance on Rule 144A or pursuant to another exemption from, or in transactions not subject to, the registration requirements of the US Securities Act. Prospective purchasers or subscribers are hereby notified that sellers of the Offer Shares may be relying on the exemption from section 5 of the US Securities Act provided by Rule 144A. Outside the United States, the Offer is being made in reliance on Regulation S. The Offer Shares may not be offered, sold, pledged or transferred within the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. For a description of these and certain further restrictions on offers, sales and transfers of the Offer Shares and the distribution of this document, see Section 9 ("*Selling and Transfer Restrictions*").

None of the US Securities and Exchange Commission, any other US federal or state securities commission nor any US regulatory authority has approved or disapproved of the Offer Shares nor have such authorities reviewed or passed comment upon the accuracy or adequacy of this Pre-listing Statement. Any representation to the contrary is a criminal offence in the United States.

The distribution of this document and the Offer for Subscription and Offer for Sale of the Offer Shares in certain jurisdictions may be restricted by law. No action has been or will be taken by the Company or the Joint Global Co-ordinators to permit a public offering of the Offer Shares. No action has been taken or will be taken by the Company or the Joint Global Co-ordinators to permit the possession or distribution of this document (or any other offering or publicity materials or application form(s) relating to the Offer Shares) in any jurisdiction where action for that purpose may be required or doing so is restricted by law. Accordingly, neither this document, nor any advertisement, nor any other offering material may be distributed or published

in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Further information with regard to the restrictions on the distribution of this document and the Offer for Subscription and Offer for Sale of the Offer Shares is set out in Section 9 ("*Selling and Transfer Restrictions*").

None of the Company, the Joint Global Co-ordinators, Standard Bank (in its capacity as Sponsor) or any of their respective representatives, is making any representation to any Offeree of the Offer Shares regarding the legality of an investment in the Offer Shares by such Offeree under the laws applicable to such Offeree. The contents of this Pre-listing Statement should not be construed as legal, financial or tax advice. Each prospective investor should consult his, her or its own legal, financial or tax adviser as to the legal, financial, business, tax and related aspects of a purchase of, or a subscription for, Offer Shares.

The salient dates and times applicable to the Offer are as follows:

	2018
Opening date of the Offer released on SENS on:	09:00 on Tuesday, 24 April
Publication of the Pre-listing Statement on:	Tuesday, 24 April
Abridged Pre-listing Statement released on SENS on:	Tuesday, 24 April
Abridged Pre-listing Statement published in the South African Press on:	Wednesday, 25 April
Expected last date for invited investors to submit their application forms to the Joint Bookrunner in order to be considered for participation in the Offer on:	14:00 on Thursday, 3 May
Expected Closing Date of the Offer on:	14:00 on Thursday 3 May
Expected date for successful applicants to be advised of allocations on:	Friday, 4 May
Expected publication date of the final Offer Price and final number of Offer Shares released on SENS on:	Friday, 4 May
Expected date of results of the Offer published in the South African press on:	Friday, 4 May
Results of the private placement released on SENS on:	Friday, 4 May
Last date for successful investors to make payment for allocated shares on:	Wednesday, 9 May
Expected Listing Date:	09:00 on Wednesday, 9 May

All times referred to in this Pre-listing Statement are local times in South Africa (SAST or GMT + 2) and are subject to amendment.

The Offer is subject to the conditions set out in Section 8 ("*Particulars of the Offer*").

The Directors, whose names are set out in paragraph 1.1 of Section 7 ("*Management and Corporate Governance*"), collectively and individually, accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief, there are no facts that have been omitted that would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that this Pre-listing Statement contains all information required by law and the Listings Requirements.

The Company will not receive any proceeds from the Sale Shares to be sold by the Selling Shareholders nor the Over-allotment Shares, if any, to be sold by the Corporate Selling Shareholders in terms of the Over-allotment Option.

The Independent Reporting Accountants, whose reports are contained in this Pre-listing Statement, have given, and have not withdrawn, prior to the date of this Pre-listing Statement, their written consent to the inclusion of their reports in the form and context in which they appear. A written consent under the Listings Requirements is different from a consent filed in the US Securities and Exchange Commission under section 7 of the US Securities Act. As the Offer Shares have not been and will not be registered under the US Securities Act, KPMG has not filed a consent under section 7 of the US Securities Act.

Each of the advisers, whose name appears on the cover page and in the "*Corporate Information and Advisers*" Section of this Pre-listing Statement, has consented in writing to act in the capacities stated and to its name appearing in this Pre-listing Statement, and has not withdrawn its consent prior to the publication of this Pre-listing Statement.

This Pre-listing Statement is only available in English and copies may be obtained from 09:00 on Tuesday, 24 April 2018 until 17:00 on Wednesday, 9 May 2018 from the Company, the Sponsor and the Transfer Secretaries at their respective physical addresses which appear in the "*Corporate Information and Advisers*" Section of this Pre-listing Statement and on the Company's website, www.libstar.co.za. An abridged version of this Pre-listing Statement will be published on SENS on Tuesday, 24 April 2018 and in the press on Wednesday, 25 April 2018.

The subscription for, and purchase of, Offer Shares involves risks and uncertainties. Prospective investors should read the entirety of this document and in particular, prospective investors are referred to Section 1 ("*Risk Factors*").

Date of issue: Tuesday, 24 April 2018

Special note with regard to the Offer

This is not an offer to the general public in any jurisdiction and only constitutes an Offer for Subscription and an Offer for Sale of the Offer Shares; (i) in South Africa to selected institutional investors who fall within the exemptions set out in section 96(1)(a) of the SA Companies Act, and to whom the Offer will be specifically addressed and be capable of acceptance by and, accordingly, would not be considered to be the "public" for the purposes of the SA Companies Act; and (ii) to selected institutional investors in other jurisdictions to whom the Offer will specifically be addressed and is only addressed to persons to whom it may lawfully be made.

The distribution of this Pre-listing Statement and the making of the Offer may be restricted by law. It is the responsibility of any person into whose possession this Pre-listing Statement comes to inform themselves about and observe any such restrictions. Any failure to comply with any of those restrictions may constitute a violation of the laws of any such jurisdiction. This Pre-listing Statement does not constitute an offer of, or an invitation to subscribe for or purchase, any of the Offer Shares in any jurisdiction in which such offer, subscription or sale would be unlawful.

In making an investment decision, each investor must rely on his/her/its own examination, analysis and enquiry of the Company, the Offer Shares and the terms and conditions of the Offer, including the merits and risks involved.

Prospective investors should not treat the contents of this Pre-listing Statement as advice relating to legal, taxation, investment or any other matters and should consult their own professional advisers concerning the consequences of their acquiring, holding or disposing of the Offer Shares. Prospective investors should inform themselves as to:

- the legal requirements for the purchase, holding, transfer or disposal of the Offer Shares;
- any foreign exchange restrictions applicable to the transfer or disposal of the Offer Shares which they might encounter; and
- the income and other tax consequences which may apply to them as a result of the purchase, holding, transfer or disposal of the Offer Shares. Prospective investors must rely on their own representatives, including their own legal advisers and accountants, and not those of the Company, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

The information contained in this Pre-listing Statement constitutes factual information as contemplated in section 1(3)(a) of the SA FAIS Act and should not be construed as an express or implied recommendation, guidance or proposal that any particular transaction in respect of the Offer Shares is appropriate to the particular investment objectives, financial situations or needs of a prospective investor, and nothing in this Pre-listing Statement should be construed as constituting the canvassing for, or marketing or advertising of, financial services in South Africa.

To the extent that this Pre-listing Statement is provided to persons outside South Africa the following is noted:

Available information for investors in the United States

Neither the Company nor any of its Subsidiaries is required to file periodic reports under section 13 or section 15(d) of the US Exchange Act. For so long as any Offer Shares are "restricted securities" within the meaning of Rule 144(a)(3) of the US Securities Act, the Company will, during any period in which it is neither subject to section 13 or 15(d) of the US Exchange Act nor exempt from reporting pursuant to Rule 12g3 – 2(b) of the US Exchange Act, provide, upon written request, to holders of Offer Shares, any owner of any

beneficial interest in the Offer Shares or to any prospective purchaser designated by such holder or owner, the information required to be delivered pursuant to Rule 144A(d)(4) under the US Securities Act. This document is being furnished by the Company in connection with an offering exempt from the registration requirements of the US Securities Act, solely for the purpose of enabling a prospective investor to consider the subscription for or acquisition of Offer Shares described herein. The information contained in this document has been provided by the Company and other sources identified herein or therein. This document is being furnished on a confidential basis only to persons reasonably believed to be Qualified Institutional Buyers in the United States. Any reproduction or distribution of this document, in whole or in part, in the United States and any disclosure of their contents or use of any information herein or therein in the United States for any purpose, other than in considering an investment by the recipient in the Offer Shares offered hereby or thereby, is prohibited. Each potential investor in the Offer Shares, by accepting delivery of this document agrees to the foregoing.

Certain regulatory issues related to the EEA and United Kingdom

This Pre-listing Statement is only addressed to and directed at persons in Member States of the European Economic Area (the "**EEA**") who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC) ("**Qualified Investors**"). In addition, in the United Kingdom, this Pre-listing Statement is only addressed to and directed at Qualified Investors who (i) are persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**UK FPO**"), (ii) are persons who are high net worth entities falling within Article 49(2)(a) to (d) of the Order, or (iii) are other persons to whom they may otherwise lawfully be communicated (all such persons together being referred to as "**relevant persons**"). This Pre-listing Statement must not be acted on or relied on (i) in the United Kingdom, by persons who are not relevant persons, and (ii) in any Member State of the EEA other than the United Kingdom, by persons who are not Qualified Investors. Any investment or investment activity to which this Pre-listing Statement relates is available only to relevant persons in the United Kingdom and Qualified Investors in any Member State of the EEA other than the United Kingdom, and will be engaged in only with such persons.

Notice to Canadian investors

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if an offering memorandum such as this Pre-listing Statement (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Jurisdiction and service of process in the United States and enforcement of foreign judgments in South Africa

The Company is a company incorporated under the laws of South Africa. Save for Wahid Suleiman Hamid, none of its Directors or executive officers are residents of the United States, and all of its assets and the assets of such persons (save for Wahid Suleiman Hamid) are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons or to enforce any judgments obtained in the courts of the United States against them, and judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state or territory within the United States.

A foreign judgment is not directly enforceable in South Africa, but constitutes a cause of action which will be enforced by South African courts, provided that:

- the court which pronounced the judgment had jurisdiction and international jurisdiction to entertain the case according to the principles recognised by South African law with reference to the jurisdiction of foreign courts. A foreign judgment may not be recognised in South Africa if the foreign court exercised jurisdiction over the defendant in circumstances where a South African court would not exercise jurisdiction over a defendant (even where the foreign court exercised jurisdiction in line with its domestic procedures);
- the judgment is final and conclusive (that is, it cannot be altered by the court which pronounced it);
- the judgment has not lapsed;
- the recognition and enforcement of the judgment by South African courts would not be contrary to public policy, including observance of the rules of natural justice which require the documents initiating the foreign

proceeding to have been properly served on the defendant and that the defendant was given the right to be heard and represented by counsel in a free and fair trial before an impartial tribunal. Usually, a fundamental breach of justice or procedural unfairness is relevant and not merely minor procedural irregularities;

- the judgment was not obtained by fraudulent means;
- the judgment must not be in conflict with a South African Statute;
- the judgment does not involve the enforcement of a penal or revenue law of the foreign state; and
- the enforcement of the judgment is not otherwise precluded by the provisions of the South African Protection of Businesses Act, 1978, as amended (the "**SA Protection Act**"). The SA Protection Act requires that consent of the Minister of Trade and Industry be sought for enforcement of certain judgments, but South African courts have to date interpreted this requirement as applying only in circumstances where the claim is connected in one or other way to raw materials and products.

It is the policy of South African courts to award compensation for the loss or damage actually sustained by the person to whom the compensation is awarded. Although the award of punitive damages is generally unknown to the South African legal system, such awards are not necessarily contrary to public policy. However, in terms of the South African Conventional Penalties Act, No 15 of 1962 (as amended), a creditor may not, in respect of an act or omission which is the subject of a penalty stipulation, recover both the penalty and damages or, except where expressly provided for, damages in lieu of the penalty. Whether the enforcement or recognition of a foreign judgment is contrary to public policy will depend on the facts of each case. Exorbitant, unconscionable or excessive awards will generally be contrary to public policy. South African courts cannot enter into the merits of a foreign judgment and cannot act as a court of appeal or review over a foreign court. South African courts will not enter into the merits of a foreign judgment and will not act as a court of appeal or review over a foreign court. The South African courts' assessment of foreign judgments is usually confined to jurisdictional and procedural matters, although public policy (including considerations pertaining to the Constitution of the Republic of South Africa, 1996) imports certain substantive dimensions. South African courts will usually implement their own procedural laws and, where an action based on a contract governed by a foreign law is brought before a South African court, the capacity of the parties to the contract will usually be determined in accordance with South African law. It is doubtful whether an original action based on United States federal securities laws can be brought before South African courts. A plaintiff who is not resident in South Africa may be required to provide security for costs in the event of proceedings being initiated in South Africa. Furthermore, the rules of the High Courts of South Africa require that documents executed outside South Africa be authenticated for use in South Africa.

Stabilisation

In connection with the Offer, the Stabilisation Manager may, subject to law and only during the Stabilisation Period, overallot Ordinary Shares or effect transactions which may support the market price of the Ordinary Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. Such stabilising action may under no circumstances continue beyond the Stabilisation Period. There is, however, no assurance that the Stabilisation Manager will undertake stabilisation actions. Such transactions may be effected on the JSE and will be carried out in accordance with applicable rules and regulations. Such stabilisation, if commenced, may be discontinued at any time without prior notice and will in any event be discontinued after the Stabilisation Period.

Market, economic and industry data

Unless otherwise indicated, market data, statistics and information in this document constitute the Directors' estimates, using underlying data from independent third parties. The Company obtained market data and certain industry forecasts used in this Pre-listing Statement from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications, including publications and data compiled by a leading international consulting firm engaged by the Company for the purposes of assessing the market (the "*Market Research*"). The Company confirms that the information sourced from third parties has been accurately reproduced, but neither the Company nor the Joint Global Co-ordinators have independently verified such data. The Company cannot give any assurance on the accuracy or completeness of, or take any responsibility for, such data. So far as the Company is aware and has been able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Special note regarding forward-looking statements

This Pre-listing Statement contains statements about the Company that are or may be forward looking statements. All statements, other than statements of historical fact, are, or may be deemed to be, forward looking statements, including, without limitation, those concerning: strategy; the economic outlook for the food industry; cash costs; operating results; growth prospects and outlook for operations, individually or in the aggregate; liquidity, capital resources and expenditure; and the outcome and consequences of any pending litigation proceedings. Any statements about the Company's expectations, beliefs, plans, objectives, assumptions or future events or performance are not historical facts and may be forward-looking. These statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward looking words or phrases such as "believe", "aim", "expect", "anticipate", "intend", "foresee", "forecast", "likely", "should", "will", "seek", "project", "outlook", "planned", "may", "estimated", "potential" or similar words and phrases.

Examples of forward looking statements include statements regarding a future financial position or future profits, cash flows, corporate strategy, estimates of capital expenditures, acquisition strategy, or future capital expenditure levels, and other economic factors, such as, amongst other things, interest and exchange rates.

By their nature, forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. The Company cautions that forward looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industry in which the Company operates may differ materially from those made in, or suggested by, the forward looking statements contained in this Pre-listing Statement.

All these forward looking statements are based on estimates and assumptions, all of which estimates and assumptions, although the Company may believe them to be reasonable, are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Many factors (including factors not yet known to the Company, or not currently considered material), could cause the actual results or matters, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those estimates, statements or assumptions.

Investors should keep in mind that any forward looking statement made in this Pre-listing Statement or elsewhere is applicable only at the date on which such forward looking statement is made. New factors that could cause the business of the Company or other matters to which such forward looking statements relate, not to develop as expected, may emerge from time to time, and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results or matters to differ materially from those contained in any forward looking statement are not known. The Company has no duty, and does not intend, to update or revise the forward looking statements contained in this Pre-listing Statement after the date of this Pre-listing Statement, except as may be required by law.

CORPORATE INFORMATION AND ADVISERS

Directors	Andries Vlok van Rensburg Robin Walter Smith Wahid Suleiman Hamid (Chairman) Sandeep Khanna JP Landman Wendy Luhabe Phumzile Langeni
Company Secretary	Solach Pather 1st Floor 62 Hume Road Dunkeld Johannesburg, 2196 South Africa (PO Box 630, Northlands, 2116)
Company's Registered Office	Libstar Holdings Limited 1st Floor 62 Hume Road Dunkeld Johannesburg, 2196 South Africa (PO Box 630, Northlands, 2116)
Legal Advisers to the Company as to South African law	Cliffe Dekker Hofmeyr Incorporated 1 Protea Place Sandton Johannesburg, 2196 South Africa (Private Bag X40, Benmore, Johannesburg, 2010)
Legal Advisers to the Company as to the laws of the United Kingdom and the United States	Clifford Chance LLP 10 Upper Bank Street London, E14 5JJ United Kingdom (10 Upper Bank Street, London, United Kingdom, E14 5JJ)
Joint Global Co-ordinators and Joint Bookrunners	J.P. Morgan Securities plc 25 Bank Street London E14 5JP United Kingdom (25 Bank Street, London, United Kingdom, E14 5JP) The Standard Bank of South Africa Limited 30 Baker Street Rosebank Johannesburg, 2196 South Africa (PO Box 61344, Marshalltown, Johannesburg, 2107)
Legal Advisers to the Joint Global Co-ordinators as to South African law	Webber Wentzel 90 Rivonia Road Sandton Johannesburg, 2196 South Africa (PO Box 61771, Marshalltown, Johannesburg, 2107)

Legal Advisers to the Joint Global Co-ordinators as to the laws of the United Kingdom and the United States	Linklaters LLP 1 Silk Street London, EC2Y 8HQ United Kingdom (One Silk Street, London, United Kingdom, EC2Y 8HQ)
Independent Reporting Accountants	KPMG Inc. 1 Mediterranean Street Foreshore Cape Town City Centre Cape Town, 8001 (PO Box 4609, Cape Town, 8000)
Stabilisation Manager	The Standard Bank of South Africa Limited 30 Baker Street Rosebank Johannesburg, 2196 South Africa (PO Box 61344, Marshalltown, Johannesburg, 2107)
Sponsor	The Standard Bank of South Africa Limited 30 Baker Street Rosebank Johannesburg, 2196 South Africa (PO Box 61344, Marshalltown, 2107)
Auditors	Moore Stephens 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)
Public Relations Adviser to the Company	Patamola 6 Avenue Des Huguenots Fresnaye Cape Town, 8005
Date of Incorporation	13 February 2014
Place of Incorporation	South Africa

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SUMMARY

This summary highlights information from this Pre-listing Statement. It is not complete and does not contain all of the information that readers of this Pre-listing Statement should consider before investing in the Offer Shares. Investors should read this Pre-listing Statement carefully in its entirety, including Section 1 ("*Risk Factors*"), the financial statements provided and the notes to those financial statements.

Overview

Libstar is a leading producer and supplier of high quality products in the CPG industry and markets 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 and maintaining the flexibility to capitalise on growth areas in the CPG industry.

The Group currently operates across 27 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 Operations acquires small to medium sized businesses that demonstrate strong management drive and high quality operations and provides a platform for these businesses to grow by providing working capital and by investing in infrastructure that builds manufacturing capability and capacity.

In 2017, the Group generated revenue of R8.8 billion (representing 10% revenue growth from that in 2016), operating profit of R594 million, profit before tax of R365 million, profit for the year from continuing operations of R232 million and Adjusted EBITDA of R940 million, with 10.7% Adjusted EBITDA Margin and 15.2% Adjusted EBITDA growth from that achieved in 2016. In 2016, the Group generated revenue of R8.0 billion (representing 29.9% revenue growth from that in 2015), operating profit of R544 million, profit before tax of R310 million, profit for the year from continuing operations of R213 million and Adjusted EBITDA of R816 million, with 10.2% Adjusted EBITDA Margin and 24.1% Adjusted EBITDA growth from that achieved in 2015. In 2015, the Group generated revenue of R6.2 billion (representing 30.0% revenue growth from that in 2014), operating profit of R367 million, profit before tax of R178 million, profit for the year from continuing operations of R151 million and Adjusted EBITDA of R658 million, with 10.7% Adjusted EBITDA Margin and a 30.4% Adjusted EBITDA growth that achieved in 2014.

Summary of financials

Below is a summary of selected financial information relating to the Group for the financial years ended 31 December 2017, 2016, 2015 and 2014, respectively:

Statement of profit or loss and other comprehensive income data

	FY2017 (R'000)	FY2016 (R'000)	FY2015 (R'000)	FY2014 (R'000)
CONTINUING OPERATIONS				
Revenue	8 826 506	8 020 505	6 175 709	4 752 303
Cost of sales	(6 814 506)	(6 213 634)	(4 826 195)	(3 714 836)
Gross profit	**2 012 000**	**1 806 871**	**1 349 514**	**1 037 467**
Other income	146 638	67 478	34 669	25 279
Operating expenses	(1 564 856)	(1 330 371)	(1 018 092)	(961 663)
Share of profits of associates, net of tax	–	–	1 018	441
Operating profit	**593 782**	**543 978**	**367 109**	**101 524**
Investment income	25 754	17 784	14 522	15 035
Finance costs	(254 448)	(251 732)	(203 812)	(128 705)
Profit/(loss) before tax	**365 088**	**310 030**	**177 819**	**(12 146)**
Income tax expense	(133 046)	(96 732)	(26 769)	(35 872)
Profit/(loss) for the year from continuing operations	**232 042**	**213 298**	**151 050**	**(48 018)**
DISCONTINUED OPERATIONS				
Loss for the year from discontinued operations	(42 346)	(13 156)	(8 608)	(2 350)
Profit/(loss) for the year	**189 696**	**200 142**	**142 442**	**(50 368)**

Statement of financial position data

	FY2017 (R'000)	FY2016 (R'000)	FY2015 (R'000)	FY2014 (R'000)
Assets				
Non-current assets	6 033 319	5 679 370	5 736 616	4 790 261
Current assets	3 459 378	2 819 699	2 616 761	1 629 004
Assets classified as held for sale	–	52 070	48 770	84 600
Total assets	**9 492 697**	**8 551 139**	**8 402 147**	**6 503 865**
Equity and liabilities				
Capital and reserves attributable to equity holders of the parent	4 559 272	4 076 062	3 784 067	2 762 534
Non-controlling interest	7 696	9 523	25 134	64 339
Total equity	**4 566 968**	**4 085 585**	**3 809 201**	**2 826 873**
Non-current liabilities	2 878 889	2 744 926	2 884 606	2 503 613
Current liabilities	2 046 840	1 685 688	1 672 992	1 163 607
Liabilities directly associated with assets classified as held for sale	–	34 940	35 348	9 722
Total liabilities	**4 925 729**	**4 465 554**	**4 592 946**	**3 676 992**
Total equity and liabilities	**9 492 697**	**8 511 139**	**8 402 147**	**6 503 865**

Cash flow data

	FY2017 (R'000)	FY2016 (R'000)	FY2015 (R'000)	FY2014 (R'000)
Net cash flow from operating activities	572 614	149 184	185 631	128 131
Net cash flow from investment activities	(605 779)	(154 809)	(1 219 284)	(4 731 886)
Net cash flow from financing activities	266 609	(37 900)	1 068 493	4 730 323
Net increase/(decrease) in cash and cash equivalents	233 444	(43 525)	34 840	126 568
Cash and cash equivalents at the beginning of the year	117 883	161 408	126 568	–
Cash and cash equivalents at the end of the year	**351 327**	**117 883**	**161 408**	**126 568**

Other financial and operating data

	FY2017 (R'000)	FY2016 (R'000)	FY2015 (R'000)	FY2014 (R'000)
Continuing operations				
EBITDA	860 258	791 733	585 917	386 692
Adjusted EBITDA	940 285	816 381	657 934	504 655
Adjusted EBIT	806 765	700 332	564 172	423 293
Adjusted EBITDA Margin (%)	10.7	10.2	10.7	10.6
Total capital expenditures	315 115	216 526	159 652	102 543
Adjusted ROIC (%)	23.2	23.4	25.2	–
Working capital (at end of period)	1 305	1 265	1 007	610

For more information on this selected financial information, see Section 5 ("*Selected Consolidated Financial and other Information*").

Competitive strengths

The Group's key competitive strengths are discussed in further detail in paragraph 2 of Section 2 ("*Business Overview*") and can be summarised as follows:

- the Group provides a superior operational platform, which gives rise to the following strengths:
  - a diverse business model with flexibility and resilience;
  - a culture of entrepreneurship and innovation;
  - a proven track record of identifying industry trends, and accessing innovative product categories;
  - an ability to lead the market with Brand Solutions;
  - a strong technical and manufacturing competency and accreditation of facilities by recognised authorities; and
  - an M&A track record and ability to integrate and grow acquired businesses;
- the Group has a strong and experienced management team at strategic and operational levels;
- the Group has deep customer relationships; and
- the Group has a proven track record of profitable and sustainable growth.

Business strategy

The Group's business strategy is discussed in further detail in paragraph 3 of Section 2 ("*Business Overview*") and can be summarised as follows:

- growing selected categories through supply chain optimisation, manufacturing and technical excellence, sales and marketing expertise and upskilling of people;
- nurturing and further developing customer relationships and consumer admiration;
- innovation within existing categories through new product development initiatives, understanding and catering to consumption trends (for example, convenience, health and indulgence) and implementation of new technologies);
- accessing new high-growth categories (e.g. prepared meals);
- expanding the Group's capabilities and creating competencies by investing in market and technical knowledge to expand and optimise the Group's Brand Solution ability;
- accessing and growing new markets and channels;
- making selective investments in plant, equipment, technology and marketing; and
- acquiring businesses through targeted M&A activity to grow or access identified high growth categories or expand current categories and as far as practicable, incentivise and retain the entrepreneur(s) through minority equity interests in order to bring to life Libstar's motto of "*the heart of an entrepreneur with the mind of a corporate*".

Key strategic drivers

The Group's key strategic drivers are discussed in further detail in paragraph 4 of Section 2 ("*Business Overview*") and can be summarised as follows:

- to be the trusted strategic partner across all of the Group's key selected categories;
- strategic alliances with national and multinational companies;
- maintaining a strong operational entrepreneurial culture;
- employee and organisational value creation;
- grow the Group's export revenues in core categories in selected markets;
- ongoing investments in the business to support growth across Libstar Brands, products and channels;
- focus on supply chain optimisation;
- drive and accelerate value and earnings enhancing innovation across the Group; and
- actively pursue strategic value and earnings enhancing acquisitions.

SUMMARY OF THE OFFER

The Offer

The Offer comprises an offer for subscription by the Company and a concurrent offer for sale by the Selling Shareholders made up as follows:

- an offer for subscription of 105 263 158 Subscription Shares to raise R1 500 000 000; and
- an offer for sale by the Selling Shareholders of a minimum of 132 390 757 Sale Shares,

based on a minimum free-float of 40% and an Offer Price at the mid-point of the Offer Price Range.

Assuming a full subscription, the Subscription Shares will represent approximately 17.72% of the Ordinary Shares of the Company, following the issuance of the Subscription Shares (excluding the Ordinary Shares held by the ESOP SPV and the BDT SPV pursuant to the BEE Transaction).

The Offer consists of an offering:

- to selected institutional investors in South Africa who fall within one of the specified categories listed in section 96(1)(a) of the SA Companies Act to whom the Offer will be specifically addressed and will only be capable of acceptance by such addressees;
- in the United States to persons who are reasonably believed to be Qualified Institutional Buyers as defined in and pursuant to Rule 144A or pursuant to another exemption from, or transactions not subject to, the registration requirements of the US Securities Act; and
- outside South Africa and the United States in reliance on Regulation S.

The Offer is not an invitation to the general public to subscribe for Offer Shares in any jurisdiction.

Rationale for the Listing and Use of proceed

The gross proceeds from the subscription for the Subscription Shares are estimated to be approximately R1 500 000 000, before deducting commissions, fees and other Offer expenses, which are expected to amount to R73 250 000.

The Company intends to use the net proceeds received by it to repay a portion of the indebtedness outstanding under the Facilities (including Senior Facility E), thereby creating more flexibility for the Group to pursue its growth strategy.

On 28 February 2018, the Company declared and paid a Pre-IPO Dividend of R800 000 000 to its Shareholders from contributed tax capital. This Pre-IPO Dividend was funded by Libstar utilising funds received from Libstar Operations in partial repayment of a shareholder loan, and Libstar Operations in turn funded this repayment utilising debt funding advanced by the Lenders (and Investec Asset Management Proprietary Limited (acting as agent for its clients)) under Senior Facility E. Further details of Senior Facility E and the intra-group loan between Libstar and Libstar Operations are contained in Annexure 13 ("*Details of Material Third Party and Intra-Group Borrowings*").

The Directors believe that the Listing is the next step in the Group's growth phase and will:

- provide the Group with access to additional capital to (i) expand capacity and create additional capabilities in the Group's existing production facilities, and (ii) support management's strategy of continuing to invest in the current Business Units to improve margins and grow organically;
- establish a platform from which equity capital may be raised in the future to provide investors an opportunity to participate in the income streams and future capital growth of the Group;
- allow the Group to optimise its capital structure and further strengthen its balance sheet and profitability;
- allow a mechanism for the attraction and retention of black management and black employees via an appropriate share incentive scheme; and
- increase the public profile and transparency of the Group and thereby assist in unlocking new growth opportunities in South Africa and internationally.

Offer period

Opening date of the Offer at 09:00 on Thursday, 24 April 2018

Closing date of the Offer at 14:00 on Thursday, 3 May 2018

Admission and Listing

The JSE has granted the Company a Listing in respect of up to 681 921 408 Ordinary Shares (including the Ordinary Shares held by the ESOP SPV and the BDT SPV pursuant to the BEE Transaction) in the "*Food Products*" sector under the share code "LBR" and ISIN: ZAE000250239, subject to the fulfilment of certain conditions being met.

Subscription conditions

There is no minimum capital requirement to be realised by the Offer. The minimum subscription that must be realised by the Company is that which enables it to ensure (in conjunction with the Sale Shares sold by the Selling Shareholders) that the Company has, once the Offer is completed, such number and composition of shareholders as will enable it to meet the minimum free-float and shareholder spread requirements, as prescribed by the Listings Requirements and acceptable to the JSE.

The Listings Requirements provide that a minimum of 20% of the shares must be held by the public, as defined by the Listings Requirements. The Listing will not proceed if this minimum requirement is not achieved, and any acceptance of the Offer shall not take effect and no person shall have any claim whatsoever against the Company, the Selling Shareholders, the Joint Bookrunners or any other person as a result of the failure of any condition.

If the Offer Price is below the Offer Price Range for any reason, or if the Directors in their discretion so determine that it would not be advisable to proceed with the Offer, the Company shall not be obliged to proceed with the Offer, but reserves the right to do so.

Lock-up arrangements	The Company has agreed to certain lock-up arrangements in the Sponsor and Placement Agreement. The Company will not be entitled to issue, sell, transfer or otherwise dispose of, any Ordinary Shares, or any economic interest therein, without the consent of the Joint Bookrunners, for 180 days following the Listing Date, subject to customary exceptions. In addition, each of Abraaj, Libstar's CEO (van Rensburg) and Libstar's CFO (Smith) have agreed with the Joint Bookrunners that they will not, without the prior written consent of the Joint Bookrunners, sell, transfer or otherwise dispose of any Ordinary Shares, or any economic interest therein, for a period of 180 days following the Listing Date, subject to customary exceptions.
Over-allotment	The Corporate Selling Shareholders have granted to Standard Bank a 30 day option to purchase additional Ordinary Shares up to 15% of the Offer Shares, on the same terms and conditions as those applicable to the Offer, for the purpose of covering short positions resulting from over-allotments or from sales of Offer Shares at or before the end of the Stabilisation Period.
Joint Global Co-ordinators and Joint Bookrunners	The Joint Global Co-ordinators and Joint Bookrunners for the Offer are J.P. Morgan and Standard Bank.
JSE Sponsor	Standard Bank
Stabilisation Manager	Standard Bank

IMPORTANT DATES AND TIMES

	2018
Opening date of the Offer on:	09:00 on Tuesday, 24 April
Publication of the Pre-listing Statement on:	Tuesday, 24 April
Release of the abridged Pre-listing Statement on SENS on:	Tuesday, 24 April
Publication of the abridged Pre-listing Statement in the press on:	Wednesday, 25 April
Expected last date and time for invited investors to submit their application forms to the Joint Bookrunners in order to be considered for participation in the Offer on:	14:00 on Thursday, 3 May
Expected Closing Date of the Offer on:	14:00 on Thursday, 3 May
Expected date for successful applicants to be advised of allocations on:	Friday, 4 May
Expected publication date of the final Offer Price and final number of Offer Shares released on SENS on:	Friday, 4 May
Expected publication date of the final Offer Price and final number of Offer Shares published in the press on:	Friday, 4 May
Results of the private placement released on SENS on:	Friday, 4 May
Last date for successful investors to make payment for allocated shares on:	Wednesday, 9 May
Expected Listing of shares on the JSE expected at commencement of trade on:	09:00 on Wednesday, 9 May

Notes:

1. The above dates and times are subject to amendment. Any such material amendment or other material amendments to this Pre-listing Statement will be released on SENS.
2. All times referred to in this Pre-listing Statement are local times in South Africa (SAST or GMT + 2) and are subject to amendment.
3. CSDPs effect payment on a delivery-versus-payment basis.

DEFINITIONS AND INTERPRETATION

In this Pre-listing Statement and its annexures, unless otherwise stated or the context otherwise indicates, the following terms have the meanings provided next to them; words and expressions in the singular shall include the plural and *vice versa*; words importing natural persons shall include corporations and associations of persons, whether incorporated or unincorporated, and *vice versa*; and any reference to one gender shall include the others:

"**2014 Reorganisation**"	the 2014 restructure of the Group implemented in 2014, as more fully described in paragraph 1 of Annexure 15 ("*Material Contracts*");
"**A Preference Shares**"	"A" cumulative redeemable no par value preference shares in the Company, which will be redeemed and removed from the authorised share capital of the Company as soon as possible after the Listing and payment of any distribution payable to the Ratchet Trust as contemplated in paragraph 2.4 of Section 10 ("*Additional Information*");
"**Abraaj**"	APEF Pacific Mauritius Limited, registration number 112919 C1/GBL, a company incorporated under the laws of Mauritius and a Shareholder of the Company;
"**Abraaj Consortium**"	has the meaning given thereto in Section 10 ("*Additional Information*");
"**Adjusted EBIT**"	has the meaning given thereto in Section 5 ("*Selected Consolidated Financial and Other Information*");
"**Adjusted EBITDA**"	has the meaning given thereto in Section 5 ("*Selected Consolidated Financial and Other Information*");
"**Adjusted EBITDA Growth**"	has the meaning given thereto in Section 5 ("*Selected Consolidated Financial and Other Information*");
"**Adjusted EBITDA Margin**"	has the meaning given thereto in Section 5 ("*Selected Consolidated Financial and Other Information*");
"**Adjusted Return on Tangible Invested Capital**" or "**Adjusted ROIC**"	has the meaning given thereto in Section 5 ("*Management's Discussion and Analysis of Financial Conditions and Results of Operations*");
"**Affiliate**"	has the meaning given to it in Rule 501(b) under the US Securities Act;
"**African Pride Wines**"	African Pride Wines, a division of Berfin prior to its disposal as described in Annexure 14 ("*Material Acquisitions and Disposals*");
"**Amaro Foods**"	Amaro Foods, an operating division of Libstar Operations and a Business Unit;
"**Amaro Gluten Free**"	Palpable Way Trade and Invest Proprietary Limited, registration number 2013/102445/07, a limited liability private company duly incorporated in accordance with the laws of South Africa, which constitutes a Business Unit and a non-wholly owned Subsidiary of Libstar Operations;
"**Ambassador Confectionery**"	Ambassador Confectionery, a business operation which manufactures sweets and confectionery products, which has been incorporated into the operations of Ambassador Foods;
"**Ambassador Foods**"	Ambassador Foods, an operating division of Libstar Operations and a Business Unit;
"**Asset Backed Facility**"	has the meaning ascribed thereto in Annexure 13 ("*Details of Material Third Party and Intra-Group Borrowings*");
"**B-BBEE**"	broad-based black economic empowerment as defined by the B-BBEE Act, a programme launched by the South African Government designed to contribute to the economic transformation of South Africa;

"**B-BBEE Act**"	the South African Broad-Based Black Economic Empowerment Act, No 53 of 2003, as amended;
"**BD Trust**"	the Libstar BEE Development Trust, a unitised trust established in terms of a written trust deed dated 28 March 2018 for the benefit of certain black-owned businesses within the Group's value chain;
"**BDT SPV**"	Business Venture Investments No 2072 (RF) Proprietary Limited, registration number 2018/244601/07, a private company with limited liability duly incorporated in accordance with the laws of South Africa, which holds 33 715 284 Ordinary Shares for the benefit of the BD Trust;
"**BEE Codes**"	the South African Codes of Good Practice on Broad-Based Black Economic Empowerment issued under the B-BBEE Act from time to time;
"**BEE Development Scheme**"	the B-BBEE share scheme known as the "*BEE Development Scheme*", further details of which are set out in Annexure 17 ("*Salient Features of BEE Transaction*");
"**BEE Transaction**"	the establishment and implementation of the Employee Share Scheme and the BEE Development Scheme and the issue by the Company of Ordinary Shares to each of ESOP SPV and BDT SPV, as more fully described in Annexure 17 ("*Salient Features of the BEE Transaction*");
"**Berfin**"	Berfin Worldwide Proprietary Limited, registration number 2012/01552/07, a limited liability private company duly incorporated in accordance with the laws of South Africa, which constitutes a Business Unit and a non-wholly owned Subsidiary of Libstar Operations;
"**Black Person**"	has the meaning given thereto in the B-BBEE Act;
"**Board**" or "**Directors**"	the board of directors of the Company as at the Last Practicable Date, whose names are listed in paragraph 1.1 of Section 7 ("*Management and Corporate Governance"*);
"**Brand Solutions**"	one of the product offerings of the Group, comprising of Brands, DOBs, Private Label brands and Principal Brands;
"**Brands**"	Libstar Brands and Licensed Brands;
"**Broker**"	any person registered as a broking member in equities in terms of the rules of the JSE in accordance with the provisions of the SA Financial Markets Act;
"**Business Day**"	any day other than a Saturday, Sunday or official public holiday in South Africa;
"**Business Unit**"	an operating Subsidiary of Libstar Operations (either wholly owned or non-wholly owned), but excluding Libstar Properties, or an operating division of Libstar Operations or a group of operating divisions clustered together under common management to form a single business unit;
"**CAGR**"	compounded annual growth rate;
"**Cani Rusks**"	Cani Rusks, a business operation which bakes home styled rusks, crunchies and shortbread, which has been incorporated into the operations of Montagu Foods;
"**Cape Herb and Spice**"	Cape Herb and Spice, an operating division of Libstar Operations and a Business Unit;
"**Cecil Vinegar**"	Cecil Vinegar Works, an operating division of Libstar Operations and a Business Unit;
"**CEO**"	the chief executive officer of the Company;
"**Certificated Shareholders**"	Shareholders who hold Certificated Shares;

"**Certificated Shares**"	Ordinary Shares that are not dematerialised in terms of the SA Companies Act, the SA Financial Markets Act and the requirements of Strate, title to which is represented by a share certificate or other Document(s) of Title;
"**CFO**"	the chief financial officer of the Company and the group financial director;
"**CGT**"	capital gains tax levied in terms of section 26A of the SA Income Tax Act and as read with the Eighth Schedule to the SA Income Tax Act;
"**Chamonix**"	Chamonix, an operating division of Libstar Operations and a Business Unit;
"**Chet Chemicals**"	Chet Chemicals, an operating division of Libstar Operations and a Business Unit;
"**CIPC**" or "**Commission**"	the Companies and Intellectual Property Commission established in terms of the SA Companies Act;
"**Closing Date**"	the closing date of the Offer, expected to be 14:00 on Thursday, 3 May 2018, but which may be amended by the Company by way of an announcement released on SENS;
"**Common Monetary Area**" or "**CMA**"	collectively, South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
"**Common Terms Agreement**"	the common terms agreement, originally dated 29 August 2014 and amended and restated on each of 29 July 2015, 27 September 2017 concluded with Standard Bank and Nedbank (as lenders), and amended and reinstated on 27 February 2018 together with Investec Asset Management Proprietary Limited (acting on behalf of its clients) in terms of which the lenders advanced certain senior term loans, and provided committed asset finance and revolving credit facilities for the benefit of the Company or, where applicable, the Group, as further discussed in Annexure 13 ("*Details of Material Third Party and Intra-Group Borrowings*");
"**Company**" or "**Libstar**"	Libstar Holdings Limited (formerly Libstar Holdings Proprietary Limited), registration number 2014/032444/06, a public company with limited liability duly incorporated in accordance with the laws of South Africa and to be listed on the JSE;
"**Contactim**"	Contactim, an operating division of Libstar Operations and a Business Unit;
"**Corporate Selling Shareholders**"	collectively, Abraaj and PIC;
"**Cotton King**"	Cotton King, an operating division of Libstar Operations and a Business Unit;
"**CPG**"	consumer packaged goods;
"**CSDP**"	Central Securities Depository Participant, a participant as defined in section 1 of the SA Financial Markets Act;
"**CTC**"	Contributed Tax Capital, as defined under the SA Income Tax Act;
"**Dealer Own Brands**" or "**DOB**"	a trademark or a brand that is proprietary to a third party, typically a retailer or a wholesaler, which is used in the sale and marketing of products produced by the Group and supplied as part of that particular retailer's or wholesaler's own product range, typically at a higher price than products supplied under Private Label and differentiated from Private Label in terms of its packaging, specifications, appearance and product benefits, as more fully described in paragraph 8.2.2 of Section 2 ("*Business Overview*");
"**Demand Management Programme**"	has the meaning given thereto in paragraph 13.3 of Section 2 ("*Business Overview*");

"**Dematerialised Shares**"	Ordinary Shares that have been dematerialised in terms of the SA Companies Act, the SA Financial Markets Act and Strate, and ownership of which is recorded in a sub-register of Shareholders administered by a CSDP, which sub-register forms part of the Company's Register;
"**Denny**"	Denny Fresh, an operating division of Libstar Operations and a Business Unit;
"**Dickon Hall Foods**"	Dickon Hall Foods, an operating division of Libstar Operations and a Business Unit;
"**Document(s) of Title**"	share certificates or any other document(s) of title to Certificated Shares acceptable to the Company;
"**DTI**"	Department of Trade and Industry in South Africa;
"**DWT**"	Dividends Withholding Tax, as defined under the SA Income Tax Act;
"**EBITDA**"	has the meaning given thereto in Section 5 ("*Selected Consolidated Financial and Other Information*");
"**EEA**"	the European Economic Area;
"**Elvin**"	Elvin Group, an operating division of Libstar Operations and a Business Unit;
"**Employee Share Scheme**"	the employee share scheme known as the "*Libstar Employee Share Scheme*", further details of which are set out in Annexure 17 ("*Salient Features of the BEE Transaction*");
"**Employee Share Trust**"	The Libstar Employee Share Trust, a unitised trust which is in the process of being established in terms of a written trust deed dated 28 March 2018 for the benefit of employees of the Group;
"**ESOP SPV**"	Business Venture Investments No 2071 (RF) Proprietary Limited, registration number 2018/251995/07, a private company with limited liability duly incorporated in accordance with the laws of South Africa, which holds 39 334 499 Ordinary Shares for the benefit of the Employee Share Trust;
"**Euro**" or "**€**"	the lawful currency of the member states of the European Union that adopted the single currency in accordance with the Treaty establishing the European Community;
"**Euromonitor**"	Euromonitor International Limited, registered in England;
"**Exchange Control Regulations**"	the Exchange Control Regulations, 1961, as amended from time to time, promulgated pursuant to section 9 of the South African Currency and Exchanges Act, No 9 of 1933, as amended from time to time;
"**Facilities**"	the banking and finance facilities provided to the Company and the Group in terms of the Common Terms Agreement, and the various facilities referred to in Annexure 13 ("*Details of Material Third Party and Intra-Group Borrowings*");
"**Finlar**"	Finlar Fine Foods, an operating division of Libstar Operations and a Business Unit;
"**FMCG**"	fast moving consumer goods;
"**Food Service Solutions**"	a product offering by the Group, which entails the manufacture and supply of custom-made products to the food service industry, as more fully described in paragraph 8.3 of Section 2 ("*Business Overview"*);
"**GDP**"	gross domestic product;
"**GFSI**"	global food safety initiative;
"**Glenmor**"	Glenmor Soap Proprietary Limited, registration number 2011/149475/07, a private company with limited liability duly incorporated in accordance with the laws of South Africa, which constitutes a Business Unit and a non-wholly owned Subsidiary of Libstar Operations;

"**Group**" or "**Libstar Group**"	the Company and its Subsidiaries, and "**Member of the Group**" shall be construed accordingly;
"**HPC**"	home and personal care;
"**Hurters Honey**"	Hurters Honey, an operating division of Libstar Operations and a Business Unit;
"**IFRS**"	International Financial Reporting Standards and the SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council;
"**Interim Agreement**"	the interim agreement entered into between, amongst others, the Company, the Corporate Selling Shareholders and the Management Shareholders on or about 9 April 2018, in terms of which, *inter alia*, the existing shareholders agreement in respect of the Company has been terminated, and the Abraaj Consortium has agreed to fund any distribution which may become payable by the Company to the Ratchet Trust in accordance with the terms of the A Preference Shares, further details of which are contained in paragraph 3 of Annexure 15 ("*Material Contracts*");
"**IRi**"	an American market research company which provides clients with consumer, shopper, and retail market intelligence and analysis focused on the consumer packaged goods industry;
"**ISAs**"	International Standards on Auditing;
"**ISO Standards**" or "**ISO**"	internationally recognised best practice standards and procedures designed to assist organisations to ensure that they meet the needs of their customers and other stakeholders while meeting statutory and regulatory requirements related to a product or program;
"**Joint Bookrunners**"	collectively, J.P. Morgan and Standard Bank and "**Joint Bookrunner**" shall mean any one of them as the context may require;
"**Joint Global Co-ordinators**"	collectively, J.P. Morgan and Standard Bank and "**Joint Global Co-ordinator**" shall mean any one of them as the context may require;
"**J.P. Morgan**"	J.P. Morgan Securities plc, registration number 2711006, a public company with limited liability duly incorporated in accordance with the laws of England and Wales;
"**JSE**"	the JSE Limited, registration number 2005/022939/06, a public company with limited liability duly incorporated in accordance with the laws of South Africa, licensed to operate a securities exchange under the SA Financial Markets Act;
"**Kalk Bay Foods**"	Kalk Bay Foods, an operating division of Cape Herb and Spice and a Business Unit;
"**Khoisan**"	Khoisan Tea, an operating division of Libstar Operations and a Business Unit;
"**King Code**"	the Code of Corporate Practices and Conduct as set out in the King IV Report on Corporate Governance for South Africa, as amended;
"**Lancewood**"	Lancewood, an operating division of Libstar Operations and a Business Unit;
"**Last Practicable Date**"	the last practicable date prior to finalisation of this Pre-listing Statement, being 19 April 2018;
"**Liberty Star Consumer Holdings**"	Liberty Star Consumer Holdings Proprietary Limited, registration number 2005/019820/07, a limited liability private company duly incorporated in accordance with the laws of South Africa;

"**Libstar Brands**"	trademarks registered to the Group and used in the supply and marketing of the Group's products, including "*Lancewood*", "*Cape Herb & Spice*", "*Goldcrest*", "*Denny*" and "*Cook 'n Bake*". Libstar Brands are supported through brand investment in advertising, new product and packaging development and promotional activity;
"**Libstar Operations**"	Libstar Operations Proprietary Limited, registration number 2014/062496/07, a limited liability private company duly incorporated in South Africa, a wholly owned Subsidiary of the Company;
"**Libstar Properties**"	Libstar Properties Proprietary Limited (previously known as Lancewood Properties Proprietary Limited), registration number 1999/002718/07, a limited liability private company duly incorporated in accordance with the laws of South Africa, a wholly owned, immovable property owning Subsidiary of Libstar Operations, but which does not constitute a Business Unit;
"**Licensed Brands**"	trademarks registered to third parties whose brands are produced and marketed under licence by Libstar. Key licenced brands produced by the Group include "*Robertsons*", "*Weigh-Less*" and "*Chamonix*", on which royalties are paid;
"**Listing**"	the admission of the Ordinary Shares to the JSE's Main Board for listed securities in accordance with the Listings Requirements;
"**Listing Date**"	the date of the Listing, which date is expected to be Wednesday, 9 May 2018;
"**Listings Requirements**"	the Listings Requirements of the JSE, as amended from time to time;
"**Lock-up Period**"	the period of 180 calendar days calculated from (and including) the Listing Date for which the applicable lock up arrangements described in paragraph 13 of Section 8 ("*Particulars of the Offer*") shall subsist;
"**LSM**"	the South African Advertising Research Foundation's Living Standards Measure which is widely used to segment the South African market by categorising people into 10 groups according to their living standards with LSM 10 representing the highest standard and LSM 1 the lowest standard;
"**LTI Scheme**"	has the meaning given thereto in paragraph 3.1 of Section 7 ("*Management and Corporate Governance*");
"**Management**"	the executive management of the Company and the Group;
"**Management Funding SPV**"	Amazing Stars Trading Proprietary Limited, registration number 2017/176304/07, a limited liability private company duly incorporated in South Africa, the shareholders of which are various members of senior management across the Group, specifically van Rensburg, Smith, Andre Daniël Naude, Paul Jibson, Rufaro Dhlembeu, Solach Pather, Reilly Wayne Keen, Shelley Ann Barnard, Derek Alexander Couzens, Richelieu van Schalkwyk, Willem Bernard Pieterse (Jnr), Timothy Francis Judge and Leon Hendrik Conradie;
"**Management Shareholders**"	Antonio Coelho Amaro, Tony Amaro and the Anac Trust, Shelley Ann Barnard, Willem Pieterse (Jnr) (through Break Even 81 Proprietary Limited), Leon Hendrik Conradie, Roger Glynn Coppin, Derek Alexander Couzens, Rufaro Dhlembeu, Peter Steyn Grobler, Ronald Clement Hoskin, Irene Ivy-Schuurmans, Paul Jibson, Timothy Francis Judge, Reilly Wayne Keen, Luciano Previtera (through the Mukuni Trust), Andre Daniël Naude, Solach Pather, Willem Bernard Pieterse (Jnr), Mark Lyndsey Pitts, Sancri Trust, Smith, Terrence Millar (through the Terry Millar Family Trust), van Rensburg, Richelieu van Schalkwyk and Karel la Cock (through Millennium Foods Proprietary Limited);
"**MAT**"	moving annual total;

"**Material Contracts**"	the contracts summarised or referred to in Annexure 15 ("*Material Contracts*");
"**Member State**"	the member states of the EEA;
"**Millennium Foods**"	Millennium Foods, an operating division of Libstar Operations and a Business Unit;
"**MOI**" or "**Memorandum of Incorporation**"	a memorandum of incorporation;
"**Multi-cup**"	Multi-cup Solutions, an operating division of Libstar Operations and a Business Unit;
"**Natural Herbs and Spices**"	Natural Herbs and Spices, an operating division of Libstar Operations and a Business Unit;
"**Nedbank**"	Nedbank Limited, registration number 1951/000009/06, a public company with limited liability duly incorporated in accordance with the laws of South Africa;
"**Net Debt**"	has the meaning given thereto in Section 5 ("*Selected Consolidated Financial and Other Information*");
"**Nielsen**"	the consumer reports produced by The Nielsen Company (US) LLC, providing insights and trends across various product categories;
"**Non- IFRS financial measures**"	has the meaning given thereto in Section 5 ("*Selected Consolidated Financial and Other Information*");
"**Noodle Master**"	a business operation undertaking the production of noodles which has been disposed of by the Group, as contemplated in Annexure 14 ("*Material Acquisitions and Disposals*");
"**Offer**"	collectively and unless the contrary appears from the context, the Offer for Subscription and the Offer for Sale;
"**Offer for Sale**"	an offer for sale by the Selling Shareholders to selected institutional investors in South Africa (within the ambit of section 96(1)(a) of the SA Companies Act) and in other jurisdictions of a minimum of 132 390 757 Sale Shares (based on a minimum free-float of 40% and an Offer Price at the mid-point of the Offer Price Range), to whom the Offer will be specifically addressed, subject to certain conditions;
"**Offer for Subscription**"	an offer for subscription by the Company to selected institutional investors in South Africa (within the ambit of section 96(1)(a) of the SA Companies Act) and in other jurisdictions of 105 263 158 Subscription Shares (based on a minimum free-float of 40% and an Offer Price at the mid-point of the Offer Price Range), to whom the Offer will be specifically addressed, subject to certain conditions;
"**Offer Price**"	the price at which the Subscription Shares are offered for subscription and the Sale Shares are offered for sale, pursuant to this Pre-listing Statement, to be determined in accordance with (i) the provisions of paragraph 5 of Section 8 ("*Particulars of the Offer*"), and (ii) the Sponsor and Placement Agreement. The Offer Price may fall outside the Offer Price Range;
"**Offer Price Range**"	the proposed pricing range of the Offer, being R12.50 to R16.00 per Offer Share;
"**Offer Shares**"	collectively and unless the contrary appears from the context, the Subscription Shares, the Sale Shares and the Over-allotment Shares;

"**Offerees**"	persons to whom the Offer will be made, being selected institutional investors and other investors in South Africa (within the ambit of section 96(1)(a) of the SA Companies Act) and in other jurisdictions, to whom the Offer will be specifically addressed;
"**Opening Date**"	the opening date of the Offer, which is expected to be at 09:00 on Tuesday, 24 April 2018;
"**Ordinary Shares**"	ordinary shares of no par value in the Company;
"**Outsourced Manufacturing Solutions**"	a product offering of the Group, in terms of which the Group manufactures a range of products for other customers for on-sale to retailers and consumers;
"**Over-allotment Option**"	the option granted by the Corporate Selling Shareholders to the Stabilisation Manager to purchase or procure purchasers for the Over-allotment Shares;
"**Over-allotment Shares**"	a minimum amount of 35 648 087 Ordinary Shares;
"**Pasta Nova**"	Pasta Nova, an operating division of Libstar Operations and a Business Unit;
"**Patleys**"	Patleys, an operating division of Rialto Foods;
"**PIC**"	Public Investment Corporation (SOC) Limited (Government Employees Pension Fund), registration number 2005/009094/30, a state-owned company duly incorporated in accordance with the laws of South Africa;
"**Pounds Sterling**" or "**£**"	the lawful currency of the United Kingdom;
"**Pre-IPO Dividend**"	the distribution in an amount of R800 000 000 that was declared and paid by the Company to each of the holders of Ordinary Shares *pro rata* to their shareholding in the Company on 28 February 2018, using the proceeds of Senior Facility E which were paid to the Company by Libstar Operations in partial repayment of certain intra-group loans unpaid as at such date;
"**Pre-listing Statement**"	this entire document, together with all annexures hereto, dated Tuesday, 24 April 2018;
"**Principal Brands**"	trademarks and brands that are typically registered to multi-national companies who produce abroad and export their brands to South Africa, where they are sold and marketed through Libstar on an exclusive basis. Key principal brands supplied by the Group include "*Tabasco*", "*Kikkoman*", "*Olitalia*", "*Kiri*", "*Bel*", "*Laughing Cow*", "*Lurpak*", "*Granora*", "*Act II*", "*Maille*", "*Hipp Organic*" and "*Villani*";
"**Private Label**"	a trademark or a brand that is proprietary to a third party, typically a retailer or a wholesaler, which is used in the sale and marketing of products produced by the Group and supplied as part of that particular retailer's or wholesaler's own product range, typically at a lower price than products supplied under DOB, as more fully described in paragraph 8.2.2 of Section 2 ("*Business Overview*");
"***Pro forma* Financial Information**"	has the meaning given thereto in Section 5 ("*Selected Consolidated Financial and Other Information*");
"***Pro forma* Organic Revenue Growth**"	has the meaning given thereto in Section 5 ("*Selected Consolidated Financial and Other Information*");
"**Qualified Institutional Buyer**" or "**QIB**"	a Qualified Institutional Buyer as defined in Rule 144A;
"**Rand**" or "**ZAR**" or "**R**"	the lawful currency of South Africa;
"**Ratchet Trust**"	the Libstar Preference Share Management Trust, Master's Reference number IT 21971/2014 (G), a unitised trust established in terms of a written trust deed dated 29 August 2014 for the benefit of certain members of senior management of the Group (as more fully set out in paragraph 2.4 of Section 10 ("*Additional Information*"));

"**Register**"	the register of Certificated Shareholders of the Company maintained by the Company, and each of the sub-registers of Dematerialised Shares maintained by the relevant CSDPs in terms of the SA Financial Markets Act;
"**Independent Reporting Accountants**" or "**KPMG**"	KPMG Inc., registration number 1999/021543/21, registered auditors, a firm of Chartered Accountants (SA) and the Independent Reporting Accountant to the Company;
"**Regulation D**"	Regulation D under the US Securities Act;
"**Regulation S**"	Regulation S under the US Securities Act;
"**Retailer Brands**"	Retailer Brands, an operating division of Libstar Operations and a Business Unit;
"**Revenue**"	revenue comprises the invoiced value for the sale of goods net of sales rebates, discounts, VAT and other taxes directly attributable to revenue and after eliminating sales within the Group;
"**Revolving Credit Facility**"	has the meaning given thereto in Annexure 13 ("*Details of Material Third Party and Intra-Group Borrowings*");
"**Rialto Foods**"	Rialto Foods, an operating division of Libstar Operations and a Business Unit;
"**RSP**"	retail selling price;
"**Rule 144A**"	Rule 144A under the US Securities Act;
"**SA Companies Act**"	the South African Companies Act, No 71 of 2008, as amended;
"**SA Competition Act**"	the South African Competition Act, No 89 of 1998, as amended;
"**SA Competition Commission**"	the South African Competition Commission, established under the SA Competition Act;
"**SA Consumer Protection Act**" or "**CPA**"	the South African Consumer Protection Act, No 68 of 2008, as amended;
"**SA FAIS Act**"	the South African Financial Advisory and Intermediary Services Act, No 37 of 2002, as amended;
"**SA Financial Markets Act**"	the South African Financial Markets Act, No 19 of 2012, as amended;
"**SA LRA**"	the South Africa Labour Relations Act, No 66 of 1995, as amended;
"**SA Income Tax Act**"	the South African Income Tax Act, No 58 of 1962, as amended from time to time;
"**SA Holder**"	a Shareholder who is: (i) a natural person ordinarily resident in South Africa; (ii) a natural person not ordinarily resident in South Africa, but whose physical presence in South Africa exceeds certain thresholds, namely if a person (a) spends more than 91 days in total in each of the current tax year and the previous 5 tax years; and (b) more than 915 days in total during the previous 5 years; or (iii) a person, other than a natural person, which is incorporated, established or formed in South Africa or which has its place of effective management in South Africa;
"**SAICA**"	the South Africa Institute of Chartered Accountants;
"**Sale Shares**"	a minimum amount of 132 390 757 Ordinary Shares offered for sale by the Selling Shareholders in terms of the Offer for Sale, which number has been calculated based a minimum free-float of 40% and an Offer Price at the mid-point of the Offer Price Range;
"**SARB**"	the South African Reserve Bank, which includes both the Financial Surveillance Department and the Banking Supervisory Department;

"**Selling Shareholders**"	those of the Company's existing Shareholders (including, as the context requires, the Corporate Selling Shareholders) who will, in terms of the Sponsor and Placement Agreement and/or the Share Sale Election Deeds offer to sell all or a portion of their Ordinary Shares in terms of the Offer for Sale as set out in Annexure 9 ("*Selling Shareholders and Lock-Up Arrangements*");
"**Senior Facility A**"	has the meaning given thereto in Annexure 13 ("*Details of Material Third Party and Intra-Group Borrowings*");
"**Senior Facility B**"	has the meaning given thereto in Annexure 13 ("*Details of Material Third Party and Intra-Group Borrowings*");
"**Senior Facility C**"	has the meaning given thereto in Annexure 13 ("*Details of Material Third Party and Intra-Group Borrowings*");
"**Senior Facility D**"	has the meaning given thereto in Annexure 13 ("*Details of Material Third Party and Intra-Group Borrowings*");
"**Senior Facility E**"	has the meaning given thereto in Annexure 13 ("*Details of Material Third Party and Intra-Group Borrowings*");
"**SENS**"	the Stock Exchange News Service of the JSE;
"**Settlement Date**"	the date of settlement of the Offer when the Offer Shares will be issued by the Company and transferred by the Selling Shareholders against payment of the Offer Price;
"**Share Sale Election Deeds**"	the share sale election deeds to be completed by each of the Management Shareholders and in terms of which they may elect to sell up to that number of Ordinary Shares specified in the column titled "*Sale Shares available to be sold in the Offer*" of Annexure 9 ("*Selling Shareholders and Lock-Up Arrangements*");
"**Shareholders**"	the registered holders of Ordinary Shares from time to time;
"**Smith**"	Robin Walter Smith, identity number 581007 5108 08 1;
"**Sonnendal**"	Sonnendal Dairies, an operating division of Libstar Operations and a Business Unit;
"**South Africa**"	the Republic of South Africa;
"**South African Press**"	the South African newspaper named the Business Day;
"**Specialised Brand Solutions**"	the product offering by the Group in terms of which a Business Unit partners with a customer in, amongst other things, the development of products, product category plans, facility audits and technical inputs to assist a customer in growing their presence in targeted categories and developing DOBs;
"**Sponsor**"	Standard Bank;
"**Sponsor and Placement Agreement**"	the sponsor and placement agreement entered into between the Company, the Corporate Selling Shareholders and the Joint Bookrunners in connection with the Offer on or about 24 April 2018, as amended from time-to-time;
"**Stabilisation Manager**"	Standard Bank;
"**Stabilisation Period**"	a period of 30 days terminating on the 30th day after Listing;
"**Standard Bank**"	The Standard Bank of South Africa Limited, registration number 1962/000738/06, a public company with limited liability duly incorporated in accordance with the laws of South Africa;

"**Stock Lending Agreement**"	the stock lending agreement entered into between the Corporate Selling Shareholders and the Stabilisation Manager in connection with the Over-allotment Option on or about 24 April 2018, as amended from time to time;
"**Strate**"	an electronic settlement environment for transactions to be settled and transfer of ownership to be recorded electronically, operated by Strate Proprietary Limited, a private company incorporated in accordance with the laws of South Africa and registered under registration number 1998/022242/07, a private company and a registered central securities depository in terms of the SA Financial Markets Act and responsible for the electronic custody and settlement system used by the JSE;
"**STT**"	securities transfer tax levied under the South African Securities Transfer Act, No 25 of 2007;
"**Subdivision**"	the subdivision of each Ordinary Share into 125 Ordinary Shares such that, following the subdivision, the Company had an authorised Ordinary Share capital consisting of 1 250 000 000 Ordinary Shares and an issued Ordinary Share capital consisting of 488 871 625 Ordinary Shares;
"**Subscription Shares**"	an amount of 105 263 158 new Ordinary Shares offered for subscription by the Company in terms of the Offer for Subscription, which number has been calculated based a minimum free-float of 40% and an Offer Price at the mid-point of the Offer Price Range;
"**Subsidiary/ies**"	has the meaning ascribed thereto in section 1, read with section 3, of the SA Companies Act and/or the Listings Requirements, to the extent applicable;
"**Transactions**"	collectively, the BEE Transaction, the Subdivision, the Pre-IPO Dividend, the Listing and the transaction costs associated with the Listing;
"**Transfer Secretaries**"	Computershare Investor Services Proprietary Limited, registration number 2004/003647/07, a private company with limited liability duly incorporated in accordance with the laws of South Africa;
"**UK FPO**"	the UK Financial Services and Markets Act 2000 (Financial Promotion) Order of 2005, as amended from time to time;
"**United Kingdom**" or "**UK**"	the United Kingdom of Great Britain and Northern Ireland;
"**United States**" or "**USA**" or "**US**"	the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
"**United States Dollars**" or "**USD**"	the lawful currency of the United States;
"**US Exchange Act**"	the United States Securities Exchange Act of 1934, as amended from time to time;
"**US Securities Act**"	the US Securities Act of 1933, as amended from time to time;
"**van Rensburg**"	Andries Vlok van Rensburg, identity number 541018 5141 088; and
"**VAT**"	value-added tax levied in terms of the South African Value-Added Tax Act, No 89 of 1991, as amended from time to time.

SECTION 1: RISK FACTORS

An investment in the Ordinary Shares involves a high degree of risk. Potential investors should carefully consider the risk factors in this Section 1 ("*Risk Factors*") and all other information contained in this Pre-listing Statement before deciding to invest in the Ordinary Shares. If any of the following risk factors (as well as other risks and uncertainties that are not currently known to the Company or that it currently believes are not material) actually occur, the Group's business, financial condition, prospects or results of operations could be materially adversely affected. Accordingly, the trading price of the Ordinary Shares could decline, and you may lose part or all of your investment.

The following is not an exhaustive list or explanation of all risks which investors may face when making an investment decision in the Ordinary Shares and should be used as guidance only. The order in which the risks are presented is not intended to provide an indication of the likelihood of their occurrence or of their severity or potential significance. Investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in light of the information in this document and their personal circumstances.

1. BUSINESS SPECIFIC RISKS

1.1 The Group is exposed to macro-economic and political conditions across South Africa and its principal import and export markets

As a supplier to major retailers, wholesalers, CPG/FMCG companies and food service companies, operating primarily in the South African market, but also in certain foreign countries, the Group's business is exposed to end-consumers across all income levels in South Africa and, to a lesser extent, other markets into which it exports its products. As such, the success of the Group's business depends largely upon a number of factors related to consumer spending in these markets, including current and future economic conditions affecting disposable consumer income such as employment, business conditions, tax rates, and interest rates. Any significant deterioration in overall economic conditions in such markets that diminishes consumer confidence or discretionary income can reduce the Group's sales and materially adversely affect the Group's business, financial condition, prospects or results of operations or the value of the Ordinary Shares.

During the year ended 31 December 2017, the Group derived 88.6% of its revenue from South Africa, and 11.4% from exports. The Group's top 5 export countries are the United States, the United Arab Emirates, Australia, Namibia and Japan, which collectively accounted for 70% of the Group's revenue from exports in the year ended 31 December 2017. In addition, the Group procured its raw and packaging materials and other products in the year ended 31 December 2017 from both local South African and foreign suppliers (primarily located in Europe, Africa and China). As a result, the Group is impacted by the macro-economic conditions in South Africa in particular, but also the Group's primary export and import markets.

As an emerging market, South Africa has experienced, and may continue to experience, periods of political, social and/or economic instability. In South Africa, the Group is exposed to, among other factors, historically volatile and at times high rates of inflation and volatility in foreign exchange rates between the Rand and other major currencies. Historically, sustained depreciation of the Rand has resulted in and could further result in the cost of imported goods (including oil and food) steadily increasing.

The economy of South Africa has in the past and may in the future continue to be, characterised by rates of inflation and interest rates that are substantially higher than those prevailing in the United States and other highly developed economies. During the course of 2017, 3 major ratings agencies downgraded South African's foreign currency credit ratings:

- Standard and Poor's Credit Market Services Europe Limited ("**S&P**") rates South Africa's long-term foreign currency sovereign credit rating as BB, the long-term local currency rating as BB+, the short-term foreign and local currency ratings as B;
- Fitch Ratings Limited ("**Fitch**") currently rates South Africa's long-term foreign and local currency issuer default ratings as BB+ and the short-term foreign currency issuer default ratings as B;
- Moody's Investor Services Inc ("**Moody's**") rates South Africa's long-term foreign and local currency rating as Baa3.

In March 2018, Moody's affirmed South Africa's investment-grade credit rating and revised its credit outlook from negative to stable on the back of a more transparent and predictable policy framework. However, the decisions by each of S&P and Fitch in 2017 to downgrade South Africa's economy to non-investment grade status, had a significant negative impact on SARB's forecasts for South Africa's economic growth, with expectations for such growth cut to 1% during 2017. In May 2017, SARB announced that headline consumer price inflation was expected to remain within range at an average of 5.7% in 2017. On 20 July 2017, SARB reduced the repurchase rate by 25 basis points with effect from 21 July 2017, to 6.75% per annum, which resulted in a corresponding reduction in the cost of borrowing to 10.25%. This 2017 interest rate cut represents the first reduction in the repurchase rate since 2012. On 9 January 2018, the World Bank published its global economic outlook, including its global expectations for GDP, in which South Africa was expected to achieve a 1.1% economic growth in 2018, compared to an average in Sub-Saharan Africa of around 3.2%.

Growth in inflation and continued interest rate hikes could have an adverse impact on growth and business confidence. The Group has faced inflationary pressure resulting from a number of factors outside of its control, such as increases in, amongst other things, the price of food, fuel and electricity as well as exchange rate depreciation and severe droughts. In December 2017 and January 2018, the year-on-year inflation rate as measured by the consumer price index was 4.7% and 4.4% respectively, while food inflation was 4.8% and 4.5% in the same periods. Tighter monetary policy could also have an adverse impact on mortgage payments and the general sustainability of household debt levels. These factors could have an adverse impact on the retail industry in general by, for example, causing consumers to reduce expenditure.

Consequently, the economic conditions in South Africa could reduce the Group's anticipated revenue growth, increase the Group's South African-based costs, decrease the Group's operating margins, hinder the Group's growth strategy and otherwise adversely affect the Group's ability to obtain cost-effective debt financing in South Africa, which may materially adversely affect the Group's business, financial condition, prospects, results of operations or the value of the Ordinary Shares.

South Africa has also in the past experienced, and is currently in the process of undergoing, a period of political transition and uncertainty. While the election of Cyril Ramaphosa as the new president of the African National Congress ("**ANC**") and South Africa in December 2017 and February 2018 respectively has been generally well-received, there is uncertainty regarding the content and implementation of new economic, social and political policies of the ANC and upcoming national elections. In particular, the ANC has expressed that it will be pursuing policies of land expropriation without compensation and such policies, once they have force of law, could negatively affect the Group's tenure over the premises from which it conducts its business, particularly in agricultural areas.

Various macro-economic factors in the Group's export markets could also have a material adverse effect on the Group's business, financial condition, prospects, the results of operations or the value of the Ordinary Shares, including changes in inflation rates, interest rates and foreign currency exchange rates, international fiscal and monetary policy of governments, rates of economic growth (including GDP) and unemployment rates, fiscal and monetary policies of governments and overall economic conditions and uncertainties (including those resulting from political instability and the current and future conditions in the global financial markets). For instance, (i) difficult macro-economic conditions can depress sales and/or gross margins in a given market, (ii) fuel cost inflation and any associated reduction in consumer disposable income can lead to reductions in the amounts spent by consumers on CPG products, which could in turn reduce demand for the Group's products and negatively impact the Group's business, and (iii) the inability of the Group or the Group's customers and suppliers to consistently access credit markets to obtain cash to support operations can cause temporary interruptions in the Group's ability to conduct day-to-day transactions involving the payment to or collection of funds from its customers and suppliers.

1.2 **Demand for the Group's products may be affected by changes in consumer preferences**

There are a number of trends in consumer preferences which impact the CPG industry as a whole, and therefore impact the Group's results. These trends include, amongst others, dietary concerns (including salt, sugar and fat reduction), the provenance and traceability of ingredients and nutritional requirements. In addition, consumers are placing increased pressure on retailers, wholesalers and food service providers to offer affordable prices. In order to remain abreast of their competition, retailers, wholesalers and food service providers, in turn place increased pressure on the Group to meet their demands.

These trends may reduce demand for the products that the Group produces. Some consumer preferences are also shaped by concern over the environmental impact of products. The Group's competitiveness depends on its ability to predict and quickly adapt to consumer trends, exploiting profitable opportunities for new product development without alienating its existing consumer base or focusing excessive resources or attention on unprofitable or short-lived trends. If, in the future, the Group is unsuccessful in responding to changing consumer trends in an efficient and economical way, or if its competitors respond more effectively, demand for the Group's products may decrease, which may materially adversely affect the Group's business, financial condition, prospects, results of operations or the value of the Ordinary Shares.

1.3 **The Group operates in a highly competitive industry and the Group's market share and results of operations could be adversely affected if it fails to compete effectively in the future**

The South African CPG industry is highly competitive and fragmented. The Group competes with other companies on the basis of a number of criteria, including customer loyalty, prices, quality of products, quality of service, variety and availability of products, resources and personnel.

Competitors may engage in aggressive pricing behaviour in an attempt to win market share or for other reasons. This could result in the Group being forced to reduce prices or margins or risk losing volume. For example, if the Group is unable to retain its existing customers or win replacement customers, it may be forced to reduce prices to meet its competition or it may not otherwise be able to compete effectively. The loss of 1 or more of the Group's significant existing customers or the failure to win replacement customers could have a material adverse effect on the Group's business, financial condition, prospects or results of operations or the value of the Ordinary Shares. See "*As a significant portion of the Group's revenue is generated by a small number of major customers, the loss of any of the Group's major customers could adversely affect the Group's business*" in paragraph 1.4 of this Section 1 ("*Risk Factors*").

In addition, the market for most of the products supplied by the Group under its Brand Solutions product offerings, including the market for wet condiments, dry condiments, hard cheese, dairy fruit blends and household cleaning, laundry care and dishwashing products, is highly saturated, and further growth in the market for such products may only be achieved by taking existing market share from competitors or through a rise in overall consumer demand. A failure to take market share from other competitors in these product categories may impede the Group's ability to achieve growth, which could have a material adverse effect on the Group's business, financial condition, prospects, results of operations or the value of the Ordinary Shares.

1.4 **As a significant portion of the Group's revenue is generated by a small number of major customers, the loss of any of the Group's major customers could adversely affect the Group's business**

The Group relies on ongoing commercial relationships with major customers. In the year ended 31 December 2017, the Group's top 5 customers by revenue accounted for over 55% of the Group's revenues (hereinafter collectively, the "**Main Customers**"). The loss of any of the Main Customers or a number of the Group's other major customers, or a material reduction in the Group's volume of sales to them, and an inability to increase its sales to other customers on similar terms, could have a material adverse effect on the Group's business, financial condition, prospects or results of operations or the value of the Ordinary Shares. See also "*The Group does not have written contractual agreements with most of its major customers*" in paragraph 1.5 of this Section 1 ("*Risk Factors*").

For example, Dickon Hall Foods, which produces and supplies ambient groceries (mostly in the wet condiment range) for food manufacturers, derives the majority of its revenue from Tiger Brands. Furthermore, Finlar derives a substantial portion of its revenue from the provision of meat and chicken products for McDonald's in South Africa and further revenue from export to McDonald's in a few foreign countries such as the United Arab Emirates and Qatar. Amaro Foods, Ambassador Foods and Rialto Foods, amongst other Business Units, depend significantly on Woolworths. If for any reason the Main Customers or other major customers were to discontinue purchasing, or reduce the amount of products they purchase from these Business Units, the Group's cash flows and profitability would be materially adversely affected, and the Group's business, financial condition, prospects, results of operations or the value of the Ordinary Shares could be materially adversely affected.

1.5 **The Group does not have written contractual agreements with most of its major customers**

The Business Units operate independently, and provide different product offerings to the CPG market. Each Business Unit is responsible for managing its own customer relationships and contracting terms.

In line with industry practice, Business Units do not generally have written contractual agreements with the Main Customers or the Group's other major customers. Where such contracts are in place, they do not provide for minimum purchase volumes by customers. Most of the sales to the Group's Main Customers are made via purchase orders on a demand basis, although some customers do place orders based on their own forward projections. While a number of the Business Units are currently preferred or strategic suppliers of products within particular product categories, customers may switch to other suppliers with little or no notice if, for example, those suppliers offer lower prices, differentiated products, availability of delivery slots or customer service that is perceived to be superior. Should the Group be unable to retain, or should it lose any of its Main Customers or other major customers to its competitors or otherwise, the Group will have no contractual recourse for loss of profit resulting from such customer's business. The loss of any of the Main Customers, or a number of the Group's other major customers, could have a material adverse effect on the Group's business, financial condition, prospects or results of operations or the value of the Ordinary Shares.

Most of the Group's contracts are priced on an annual, bi-annual or quarterly basis. No assurance can be given that the Group will not come under pressure from its Main Customers to reduce prices before the expiry of such periods, to increase the level of the Group's promotional sales or that its business relationship with 1 or more of its Main Customers will not change. Changes in the Group's customers' strategies, including a reduction in the number of brands or line of product they carry, shifts in category shelf space or increased emphasis on non-branded products, may materially adversely affect the Group's business, financial condition, prospects, results of operations or the value of the Ordinary Shares.

1.6 **Damage to or disruption of the Group's information technology systems could adversely affect its business**

The Group's ability to effectively serve its customers depends on the reliability of its technology systems. The Group uses proprietary and third party software and other technology systems to generate and select orders, to make purchases, manage the Group's storage facilities and to monitor and manage its business on a day-to-day basis. Any disruption to the Group's technology systems could adversely impact its customer service and reputation, prevent or impair its ability to take orders, decrease the volume of its business and result in increased costs and lower profits. For example, in 2011, Ambassador Foods experienced a system failure which resulted in lost data which was recaptured. However, there can be no assurance that future system failures or disruptions to the Group's technology systems will not materially adversely affect the Group's business, financial condition, prospects, results of operations or the value of the Ordinary Shares.

As a result of various acquisitions by the Group over the years, the information technology systems and processes used across the Group are highly diverse and decentralised. As each of the Business Units is responsible for its own information technology and support, there are a multitude of operating systems in server and desktop environments across the Group, a range of software and hardware systems and processes, and different disaster, back-up and recovery plans used by the Group. These disparate technology systems and processes have presented challenges to the Group, including a lack of visibility on the information technology environments of each Business Unit and difficulties in managing licensing and software subscriptions, and increases risk to the Group's operating capacity, information technology malfunction and exposure to external threats.

Additionally, the use of technology systems in all aspects of the Group's business operations gives rise to cyber security risks and breaches (e.g. cyber-crime or activists). The theft, destruction, loss, misappropriation, or release of sensitive and/or confidential information or intellectual property or other interference with the Group's information technology systems or the technology systems of third parties on which the Group relies, could result in business disruption, loss of intellectual property, legal or regulatory breaches and liability, negative publicity, brand or reputational damage, disclosure of personally sensitive information, violation of privacy laws, loss of customers,

competitive disadvantages, any of which may adversely affect the Group's business, financial condition, prospects or results of operations or the value of the Ordinary Shares. For example, Denny was subjected to a ransomware attack in 2016 and Dickon Hall Foods was subject to a ransomware attack during 2017. While all data was recovered with minimal damage, there can be no assurance that future ransomware attacks will not materially adversely affect the Group's business, financial condition, prospects, results of operations or the value of the Ordinary Shares.

1.7 **The Group does not have long-term contracts with most of its suppliers**

The majority of the Business Units have written supply contracts with their suppliers. However, the supply contracts under which the Group procures its raw and packaging materials and Principal Brand products are generally not long-term agreements where the Group can benefit from, amongst other things, fixed pricing terms. Prices for raw and packaging materials are usually set and communicated by suppliers on an *ad hoc* or annual basis, and prices for Principal Brand products are usually set and communicated by suppliers on a bi-annual or annual basis. Most suppliers are free to terminate the supply arrangements with the Group, reduce their supply, or increase their prices with little or no notice. In such instances, the Group generally does not have contractual recourse against the supplier. Such termination could have a material adverse effect on the Group's business, financial condition, prospects, results of operations and the value of the Ordinary Shares.

1.8 **The Group may be unable to pass on price increases of raw materials, labour and other costs to its customers**

In order to produce, store and deliver the Group's products, the Group requires significant quantities of food ingredients, packaging materials, electricity and fuel, the prices of which are subject to fluctuations. Factors which may cause the prices of these materials to fluctuate include, amongst other things, availability, inflation, commodity prices, fluctuations in foreign exchange rates against the Rand (primarily the United States Dollar, Pound Sterling and the Euro), the supply and demand of crops, paper, metals, plastics and energy which can result from general economic and market conditions, problems in production or distribution, natural disasters, weather conditions during the growing and harvesting seasons and plant diseases. Changes in commodity prices may be significant, and they may result in unexpected changes in raw material, packaging and other costs.

The principal materials sourced by the Group are milk, meat, sugar, pepper, dried fruit, chicken, edible oil, peat, nuts and bottles. Price fluctuations in raw and packaging materials may also materially adversely affect the Group directly or indirectly through suppliers who could raise their prices when renegotiating supply contracts or earlier if they are not formally contracted. Many of the raw materials and commodities used in production and distribution experience regular price adjustments. For example, milk is Lancewood's most essential raw material in the production of its dairy products. In 2017, Lancewood was supplied with approximately 140 million litres of raw milk, which is projected to rise to over 155 million litres in 2018. The price of milk is adjusted twice annually in March and September depending on the area and the supply and demand. These adjustments are determined mostly by large dairy companies such as Parmalat, Clover and Woodlands Dairy. Similarly, other key raw materials used by the Group experience regular price adjustments, such as the supply of beef for export hamburger patties, the supply of pepper to Cape Herb and Spice, the supply of peat to Denny, the supply of sugar to Dickon Hall Foods, Montagu Foods, and the supply of nuts to Ambassador Foods. There can be no assurances that the Group will be able to pass through price increases to its customers, and where the Group is able to do so, there may be a delay between the time of the price increase and the time at which the Group is able to pass it along.

The Group purchases raw materials from a variety of producers and manufacturers, and alternate sources of supply are generally available. However, if price fluctuations affect all available suppliers, the Group's ability to avoid the adverse effects of a pronounced, sustained price increase in raw materials is limited.

The Group's ability to pass through increases in the prices of raw materials to its customers depends, amongst other things, on prevailing competitive conditions and pricing methods in the markets in which the Group operates. There may also be a lag between the time of the price increase and the time at which the Group is able to pass it along, as well as the impact it may have on discretionary spending by consumers. There can be no assurance that the Group will be able to pass through such price increases to its customers.

Likewise, customers typically seek food price decreases when consumer prices fall. Deflation can impact the Group by driving down the price of its goods relative to its operating costs and, as a result, adversely affect its overall profit margins.

In addition, the cost of labour related to the production and distribution of the Group's products has risen in recent years, and may continue to rise in the foreseeable future. In 2017, the costs attributable to salaries and wages across the Group amounted to R1 041 billion (as opposed to R954 million and R702 million in 2016 and 2015, respectively). If the costs of labour related to the manufacture, production and distribution of the Group's products increase, and the Group is unable to offset these increases by raising prices or through other measures (such as productivity improvements and automation), the Group's cash flows and profitability could be materially and adversely affected.

The Group's ability to pass along higher costs through price increases or maintain its margin if prices decrease is dependent upon competitive pricing conditions prevailing in the market in which the Group competes. The Group may have to absorb increases to its costs, which in turn impacts gross margins. However, even if the Group is able to pass increased costs on to customers, the higher prices of products may lead to reduced customer demand or negative changes in the product mix.

Therefore, the scarcity or fluctuations in prices of the raw materials, packaging materials, electricity, fuel or labour required to manufacture, produce, store and deliver the Group's products could increase its costs, disrupt operations and subsequently have a material adverse effect on the Group's business, financial condition, results of operations and the value of the Ordinary Shares.

1.9 **Failure by the Group to comply with health and safety, environmental and other applicable laws and regulations could adversely affect its business**

The Group is subject to various agricultural, food safety, health and safety, environmental and labour regulations and legislations, including by the South African Bureau of Standards, the Department of Labour, the SARB, the Department of Agriculture, Forestry and Fisheries, the Department of Customs and Excise, the South African Consumer Commission, the SA Competition Commission, the Department of Health and other South African national and local authorities and their agencies, as well as regulatory authorities of countries into which the Group's products are exported. Non-compliance with these various laws and regulations by the Group can lead to varying degrees of fines, penalties and license suspensions, as well as other claims and liabilities (see Section 4 ("*Regulation*")). In addition, the nature of the Group's operations could expose it to the risk of liabilities and claims with respect to food safety and environmental matters, including water use, effluent and pollution.

The Group maintains environmental, health and safety and product safety policies designed to monitor food safety risks. A majority of the production facilities from which the Group manufactures food products are in possession of FSSC 22000 certifications or have achieved internal audit compliance and are awaiting assessment for such certification, while a majority of the non-food production facilities are in possession of ISO 9001 certifications (see paragraph 11.2 of Section 2 ("*Business Overview"*)). A number of the food production facilities within the Group are in the process of achieving compliance with the necessary food-safety and product-safety standards. The Group cannot guarantee that each of the production facilities will obtain the relevant certifications or whether its efforts to maintain such standards will continue to be successful or that such risks will not materialise.

Moreover, the Group's production facilities are subject to regular environmental, occupational health and safety, food safety and social and ethical compliance audits from some of the Main Customers, including Woolworths, McDonald's and Pick n Pay. If a Main Customer discovers instances of non-compliance with their minimum environmental, food safety and occupational health and safety standards, the Group may lose such a customer's business, which could have a material adverse effect on its business, financial condition, prospects, results of operations or the value of the Ordinary Shares.

For Principal Brands sold by the Group, the Group is typically dependant on the suppliers of those Principal Brands to comply with applicable employment, environmental, food safety and other laws and standards so as to not negatively impact the reputation of these Principal Brands. However, there can be no assurance that such suppliers are or will remain in compliance with such laws. See also "*The Group is dependent on imports from third party suppliers, particularly for its Principal Brand products*" in paragraph 1.10 of this Section 1 ("*Risk Factors*").

In addition, certain legislative provisions to which the Group may be subject may result in claims against the Group, including those, for example, contained in the SA Consumer Protection Act. In terms of certain relevant provisions in the SA Consumer Protection Act, the Group, as a participant in the supply chain of goods (either as manufacturer, importer or, where the Group distributes its own goods, as distributor) may be subject to strict liability for certain types of harm that may be caused to consumers due to defects in the products produced, imported, distributed or sold by the Group. In such instances, any member of the defective product supply chain against whom a consumer has made a successful claim may have a corresponding action against the Group for indemnification of its losses. See Section 4 ("*Regulation*").

In addition, if the costs of compliance with food safety, occupational health and safety and environmental laws and regulations increase and it is not possible for the Group to integrate these additional costs into the price of the Group's products, any such changes could reduce its profitability. Changes in applicable laws or regulations or evolving interpretations thereof may result in increased compliance costs, capital expenditures and other financial obligations which could affect the Group's profitability or impede the production or distribution of products and affect net operating revenues. The Group tries to follow and anticipate such changes, but any failure to do so may lead to penalties or fines.

Although the Directors believe that the Group conducts its operations in a way that reduces food safety and environmental risks and have in place systems for identifying and managing potential liabilities, there have been certain investigations made into the Group's compliance with environmental regulations in the past (such as inquiries into the disposal of effluent in relation to the Chamonix water plant). Such investigations have not resulted in any liability to the Group, but the Group may not have identified or addressed all sources of health and safety and environmental risks, and there can be no assurance that it will not incur food safety and environmental related losses or that any losses incurred will not have a material adverse effect on the Group's business, financial condition, prospects or results of operations or the value of the Ordinary Shares. Any failure to comply with health, safety and environmental regulation could also result in negative publicity, which could affect the Group's reputation and brand, and could have a material adverse effect on the Group's business, financial condition, prospects, results of operation or the value of the Ordinary Shares.

There can also not be any assurance that existing laws or regulations will not be revised or that new laws or regulations, which could have an adverse impact on the Group's operations, will not be adopted or become applicable to the Group. The Group may not be able to recover any or all increased costs of compliance from customers and its business, financial condition, prospects, results of operations or the value of the Ordinary Shares could be materially adversely affected by future changes in applicable laws and regulations as a result.

1.10 **The Group is dependent on imports from third party suppliers, particularly for its Principal Brand products**

The Group imports substantially all of its Principal Brand products from third party suppliers. There are a number of risks inherent in the supply of goods from third party suppliers. For example, suppliers may not provide the products and raw materials needed by the Group in the quantities and at the prices requested.

In addition, the failure by any of the Group's suppliers to comply with regulations, or allegations of compliance failure, may disrupt the Group's operations. The Group is also subject to delays caused by interruption in the suppliers' production and increases in product costs based on conditions outside of the Group's control. Input costs could also increase at any point in time for a large portion of the products that the Group sells and such increases could remain in place for a prolonged period. These conditions include work slowdowns, work interruptions, strikes or other job actions by employees of suppliers, short-term weather conditions or more prolonged climate change, crop conditions, water shortages, transportation interruptions, unavailability of fuel or increases in fuel costs, product recalls, competitive demands and natural disasters or other catastrophic events (including, but not limited to food-borne illnesses).

While these factors constitute risks across all of the Group's procurement networks, it is particularly heightened in the case of the Group's Principal Brand product offering where the Group is particularly dependent on foreign third party suppliers to provide the Group with completed products for on-sale in the South African market. Revenues from the Group's Principal Brand products accounted

for 9% of the Group's total revenue in 2017. See also "*The Group is exposed to macro-economic and political conditions across South Africa and its principal import and export markets*" in paragraph 1.1 of this Section 1 ("*Risk Factors*").

The Group's inability to obtain adequate supplies of its products as a result of any of the foregoing factors or otherwise could mean that it may not fulfil its obligations to customers, and customers may turn to other suppliers. Any of the foregoing risks concerning the Group's suppliers could have a material adverse effect on the Group's business, financial condition, prospects, results of operations or the value of the Ordinary Shares.

1.11 **Increased logistics costs or disruption of logistics services, including from third party transportation providers and the Group's own carrier fleets, may materially and adversely affect the Group's business and financial results**

The success of the Group's business depends, in part, on its ability to transport products in a timely and cost-effective manner from its manufacturing and warehousing facilities to its customers. Where the products are delivered to customers' distribution centres, the Group is often dependent upon delivery of such products from those distribution centres to the customers' stores. Under the terms of the Group's contracts, the passage of risk and liability for loss or damage to products varies depending on the Business Unit and a customer will bear such risk and liability from the customers' distribution centres to the customers' stores.

Where the Business Units deliver their products to major retailers' distribution centres, the Group relies on its customers or their third party agents or distributers for the warehousing of its products and thereafter the distribution to the customer's stores. Each Business Unit has some form of warehousing or storage facilities, which are used for storing products, generally for short periods of time, pending their distribution to the Group's customers or customer distribution centres. If the Group's products are lost or damaged, or become obsolete during the warehousing thereof, such products may not be fit for sale to customers. See also "*Product specific risks – Risks specific to the Group's CPG products*" in paragraph 1.33 of this Section 1 ("*Risk Factors*").

The Group relies on third party transportation providers for the delivery of the majority of its products to its customers. These transportation providers include Imperial Retail Logistics and Imperial Cold Logistics, and each of Vector Logistics and Bidvest Foodservices in the case of the Group's food service product offering. Any unexpected delivery difficulties faced by the Group's fleet, the third party transportation providers on which it relies, or by customers from their distribution centres to their stores, such as operational failure, work stoppages, disruptions to transportation infrastructure or increases in transportation costs (such as fuel costs), local demonstrations or strike action, unavailability of fuel and adverse weather could severely impact the distribution of final products to customers, which is core to the Group's business. In addition, in the event the Group had to change third party transportation providers, it may not be able to obtain terms as favourable as its current terms and could face unanticipated increases in cost or logistical difficulties that adversely impact deliveries.

The Group's inability to procure the required warehousing, and timeous delivery of its products as a result of any of the foregoing factors or otherwise could mean that it could not fulfil its obligations to customers, and customers may turn to other suppliers which could have a material adverse effect on the Group's business, financial condition, prospects, results of operations and the value of the Ordinary Shares.

1.12 **Sales may be adversely affected if production at any of the Group's production facilities were to be disrupted**

Damage or disruption to the Group's production facilities due to disease, weather, natural disaster, fire, terrorism, strikes, or other reasons, could impair its ability to manufacture or produce its products.

During January 2012, a fire took place in Finlar's Johannesburg production facilities as a result of an oil fryer catching alight, damaging certain assets in both the chicken and beef production lines and interrupting business operations. On 22 February 2016, a second fire occurred in the same facility, which resulted in damage to the chicken plant, the meat facility and part of the finished goods storage facility. The meat facility was damaged, and operations were interrupted for a period of 9 months, causing the Group to import meat and manufacture chicken products in Cape Town in order to meet its contractual obligations, particularly to McDonald's.

Any such damage or disruption may have a material adverse effect on the Group's business, financial condition, prospects or results of operations or the value of the Ordinary Shares. In addition, the Group's contingency measures may necessitate the import of certain manufactured products, which could reduce the Group's profitability on the sale of such products to its customers. Insurance claims made by the Group for damages to its facilities may also result in increases in insurance premiums. Given that the Group's insurance is managed centrally, the occurrence of an insurable event at the premises of 1 Business Unit may result in an increase in the premiums payable across all of the Business Units.

The Group also owns and operates manufacturing equipment at its facilities that produce large volumes of products across multiple production lines. Any malfunction or damage to such manufacturing equipment could further impair the Group's ability to manufacture or produce its products, which could have a material adverse effect on the Group's business, financial condition, prospects, results of operations or the value of the Ordinary Shares.

1.13 **There may be a decrease in demand for the Group's products in the event of food safety or health concerns and the Group may face reputational damage, product recall and product liability claims as a result of contamination in its supply chain**

The Group's customers expect that the Group will provide them with a large selection of quality, healthy, safe and competitively-priced products, and this reputation has strengthened the Group's image and brand, fuelling the Group's expansion. Product safety and the customer's perception that the Group's products are safe and healthy are essential to the Group's brand-image and business. The Group sells products for human use and consumption, which subjects it to safety risks such as product contamination, spoilage, misbranding or product tampering. Product contamination, false-selling, spoilage, misbranding or product tampering could require product withdrawals or recalls or destruction of inventory and could result in negative publicity, temporary facility closures, substantial costs of compliance or remediation. The Group may be impacted negatively by publicity regarding any assertion that its products caused illness or injury.

The Group could also be subject to product liability claims or lawsuits relating to an actual or alleged illness stemming from product contamination, allergens or any other incidents that compromise the safety and quality of its products, the settlement or outcome of which could have a material adverse effect on the Group's business, financial condition, prospects, results of operations or the value of the Ordinary Shares.

For example:

- Denny and Montagu Foods produce preserved products which could be harmful to the consumer if not processed or sealed properly;
- Dickon Hall Foods packs products in glass bottles. Fragmented broken glass in products could be dangerous and could lead to significant personal injury claims;
- nut products produced by the Group are susceptible to aflatoxin contamination, which is harmful to humans when ingested;
- Lancewood and Finlar have microbiological risk exposure associated with raw meat and dairy, such as salmonella, listeria, E.coli, in particular where products are not properly processed and sanitation procedures are not adhered to; and
- Rialto Foods provides limited amounts of salami and charcuterie products to Woolworths, which are vulnerable to listeria contamination.

Even if an event causing a product recall proves to be unfounded or if a product liability claim against the Group is unsuccessful or is not fully pursued, the negative publicity surrounding any assertion that the products supplied caused illness or injury or were tainted or contaminated, or any product recall, could materially adversely affect its reputation with existing and potential new customers and its corporate and brand image.

Product contamination could also result in costs associated with the need to conduct a recall, address governmental agency investigations, respond to consumer complaints or claims, and/or remedying supply and distribution chain issues. In March 2018, an outbreak of listeriosis occurred in South Africa, affecting a number of companies involved in the production of animal-based food products. Rialto Foods proactively recalled certain pepper salami products containing salami that had been supplied to Col'Cacchio's pizzeria to prevent any incidents where such products caused harm to consumers. The Group may, from time to time, initiate product recalls to prevent such harm occurring. In the event that an outbreak of disease or material contamination was to occur, it may

result in a significant increase in raw material and/or production costs, increased regulation over all or part of the food production industry with resulting higher regulatory costs and/or decreasing customer demand for certain products or ingredients. Such an event could also impact the reputation and/or Ordinary Share price of the Company.

Even if the Group's own products are not affected by contamination or other incidents that compromise their safety and quality, negative publicity about the industry, ingredients or the health implications of the Group's food products could result in reduced consumer demand for the Group's products.

Any of the foregoing risks could have a material adverse effect on the Group's business, financial condition, prospects, results of operations or the value of the Ordinary Shares.

1.14 **The Group's success depends on the reputation of its Brands and the brands or reputations of its customers and suppliers**

The Group's brand, image and reputation constitute a significant part of its value proposition and the Brands under which the Group produces and sells products are important assets of the Group's business. Maintaining the reputation of and value associated with the Brands is central to the success of its business and the Group could be materially adversely affected if customers lose confidence in the quality and safety of the products sold or provided by the Group.

The DOB and Private Label products that are produced and supplied by the Group under its Brand Solutions product offerings are sold under brands proprietary to the Group's customers. Principal Brands are sold under the brands of the Group's Principal Brand suppliers. Revenues from the Group's DOB and Private Label product offering accounted for 73% of total revenue in the year ended 31 December 2017 and revenues from the Principal Brands accounted for 9% of total revenue in the same period.

Damage to the reputation of the Brands, the Group's customers' DOBs or Private Label products or suppliers' Principal Brands may arise from a range of factors some of which are outside of the Group's control, including, without limitation, food safety concerns, loss or infringement of intellectual property or know-how, a breakdown in customer relationships, damaging publicity, regulatory, legal, economic and political factors, which make such brands less attractive to the customers, the customer's consumers and potentially reduce the amount of product ordered by the customer, which may have a material adverse effect on the Group's business, financial condition, prospects, results of operations or the value of the Ordinary Shares.

1.15 **If the Group fails to successfully pursue or integrate acquisitions, enter new product categories or expand regionally, the Group's business, financial condition, prospects or results of operations could be materially adversely affected**

The Group's growth strategy may not always be successful or may entail significant costs, which could materially adversely affect its business, financial condition and results of operations or the value of the Ordinary Shares. As part of its expansion plans, which includes acquisitions, such as the recent acquisitions of Khoisan, Sonnendal and Millennium Foods, and capital investments in its Business Units to increase their capacities and capabilities, the Group may make significant investments that may not result in the expected level of returns.

Acquisitions involve risks that may only become apparent after the acquisition is finalised, such as difficulties associated with integration and management of operations and systems, integration and retention of key personnel, co-ordination of sales and marketing efforts, and diversion of management's attention from other on-going business concerns.

Acquisitions also may involve a number of special financial, business and operational risks, such as:

- incurrence of debt and contingent liabilities;
- increased amortisation expenses related to intangible assets;
- dilutive issuances of equity securities;
- the assumption of legal liabilities;
- difficulties in the assimilation of the operations, technologies, services and products of the acquired companies; and/or
- diversion of management's attention from the Group's other business activities.

Some of the Group's growth will depend on its ability to successfully manage the expansion of its operations and integrate the operations of acquired Business Units. Maintaining continued expansion requires significant investment and resources, and these resources may not continue to be available as needed. There can be no assurance that any such expansion or acquisition will be a success, or that it would not present any of the challenges described in this Section. Moreover, the Group cannot provide assurance that it will be able to complete acquisitions that it believes are necessary to complement its growth strategy on acceptable terms, or at all, which may result in the Group being unable to realise its acquisitive growth strategy. Further, if it does not successfully integrate the operations of any companies that it has acquired or may subsequently acquire, it may not achieve the potential benefits of such acquisitions. This may have a material adverse effect on the Group's business, financial condition, prospects, results of operations or the value of the Ordinary Shares.

As part of the Group's growth strategy, the Group plans to develop further export opportunities in selected markets in Africa and beyond. Each of the risks applicable to the ability to operate its business in South Africa are also applicable to the Group's ability to successfully develop export opportunities in new markets, and the likelihood of such risks coming to fruition may be greater in other markets. In addition to these risks, the Group may not possess the same level of familiarity with the dynamics and market conditions of any new markets that it may enter, which could materially adversely affect the results of the Group's expansion into those markets, and the Group may be unable to build a significant market share or achieve a desired return on its investments in new markets. Moreover, maintaining continued expansion requires significant investment and resources, and these resources may not continue to be available as needed. If the Group is unsuccessful in expanding into new markets, it could materially adversely affect the Group's business, financial condition, prospects, results of operations or the value of the Ordinary Shares.

1.16 **If the Group is unable to renew, replace or terminate current leases or enter into new leases on commercially acceptable terms, or if any of the Group's current leases are terminated prior to the expiration of their stated term and it cannot find suitable alternate locations, the Group's growth and profitability could be harmed**

The Group leases over 60 immovable properties and buildings from third parties, comprising production facilities, storage warehouses, small retail outlets and office space. The Group's current lease agreements are generally concluded for terms of between 2½ and 10 years and will come up for expiry at various times, some of them subject to a right of renewal. Most of the Group's leases are subject to annual price escalations and are due for rent review prior to the renewal thereof. The Group's ability to maintain its existing rental rates during renewals or to renew any expired lease on commercially acceptable terms, if at all, will depend on many factors which are not within its control, such as applicable real estate laws and regulations, conditions in the local real estate market, competition for desirable properties, and its relationships with current and prospective landlords. If a lease agreement is not renewed prior to the expiry thereof, the Group will be liable for the costs of relocating the business conducted from such premises to alternative premises, the costs of which may be significant, given the technical manufacturing, occupational health and safety and foods safety specifications and utility requirements of the Business Units' operations.

Furthermore, if the Group's lease payments increase or it is unable to renew existing leases or lease suitable alternate locations, the Group's profitability may be significantly harmed and its business, financial condition, prospects, results of operations or the value of the Ordinary Shares may be materially adversely affected.

1.17 **Failure to develop successful and innovative products or to keep up with consumer preferences could adversely affect the Group's business**

The success of the Group's business depends on the continued popularity of the range of the products it offers through its ability to predict, identify and interpret demand from customers and the ultimate demand for their products from consumers. The Group devotes significant resources to investing in its market knowledge and analysing market data. The Group also devotes time and resources to identifying trends in consumer preferences as well as developing successful and innovative new products and expanding and improving existing product lines through its Brand Solutions product offering, often in consultation and collaboration with its customers. The Group spends significant amounts of time and resources in the marketing and promoting of products under Brand Solutions in order to ensure that products obtain maximum visibility and are available

to consumers where and when such consumers wish to purchase such products. However, such investments may not result in the volume of sales, cash flows and profitability anticipated. There are inherent risks associated with new product introductions, including uncertainties about customer acceptance and demand. There can be no guarantee that new product lines developed and produced by the Group will be met favourably with consumers or will deliver the results envisaged by management. The Group's sales could decline if it is unable to accurately predict shifts in tastes and preferences, or to introduce new and improved products to satisfy changing needs and the Group may not be able to offset any such decline with sales of alternative products. In addition, given the variety of different consumers the Group's customers serve, it must offer a sufficient array of products to satisfy the broad spectrum of consumer preferences. Shifts in customer preferences away from the Group's product offerings, whether due to failure to continue to anticipate changes in consumer preferences or otherwise, could have a material adverse effect on the Group's business, financial condition, prospects, results of operations or the value of the Ordinary Shares.

1.18 **The Group's revenue, results of operations and profits are susceptible to seasonal fluctuations which, if not managed effectively, may adversely affect the Group's business**

The Group's revenue and results of operations have historically fluctuated throughout the year in response to seasonal patterns. This results in an uneven cash flow from the sales throughout the year. The Group's turnover is comparatively low during the months of January and February, increases in March and April during the Easter holiday and peaks in the months of September through December, in preparation for and during the Christmas season. The Group's profits are also generally higher in these peak months.

This seasonality requires the Group to adjust its production in anticipation of the fluctuating demand for the Group's products and to manage its cash flows effectively throughout the year. If the Group is unable to manage seasonal demands and balance its working capital levels, or if seasonal fluctuations are higher or lower than anticipated, it may materially adversely affect the Group's business, operating results, financial condition, prospects, results of operations or the value of the Ordinary Shares.

1.19 **The Group may incur liabilities that are not covered by insurance and it may be unable to obtain adequate insurance for certain of the Group's operations**

Although the Group carries insurance covering third party losses, damage at its facilities and insurance to cover interruptions in its business and supply networks, such insurance will be subject to limitations, such as deductibles and maximum liability amounts, and therefore may not cover all of the Group's losses. The Group may also incur losses that are outside the scope of coverage of its insurance policies. The Group conducts an extensive annual assessment of insurance cover to mitigate against these risks. Even if the Group's insurance does cover the loss for which it claims, it may not receive payment from the Group's insurers until months or even years after the insurable event which could cause the Group to incur significant additional losses if it does not have the funds available in the interim to put right the initial loss. In the future the Group may not be able to obtain insurance coverage at current levels, or at all, and its premiums may increase significantly on the coverage that it maintains. Any failure to be covered by insurance or to collect from insurance could materially adversely affect the Group's business, financial condition, prospects, results of operations or the value of the Ordinary Shares.

1.20 **The occurrence of a Group event of default under the terms of the Common Terms Agreement, would have a material adverse effect on the Group's business, financial condition, prospects or results of operations**

The Company has entered into the Common Terms Agreement and the Facilities. Details of the amounts available under each of the Facilities in the Common Terms Agreement, the interest rates applicable to each of them, and their respective maturity dates are contained in paragraph 1 of Annexure 13 ("*Details of Material Third Party and Intra-Group Borrowings*").

The Group's indebtedness under the Common Terms Agreement is secured by a number of security arrangements. In the future, additional funding provided to the Group (and any facility that replaces those advanced under the Common Terms Agreement, and including any permitted increases in the amount of the facilities advanced under the Common Terms Agreement or any such replacement) may require the Group to provide additional security to the lenders. There is a risk that circumstances arise where the Group is unable to meet its obligations under the Common Terms

Agreement, or any additional indebtedness permitted by the facility agent under the Common Terms Agreement. In such circumstances, the third party lenders may exercise their rights under the security arrangements and/or foreclose on the Group's encumbered assets. In addition, if any obligor breaches any provision of the finance documents to which the Group is party, or if the Group fails to maintain compliance with any of the financial covenants under the Common Terms Agreement or any other finance agreements (or obtain a waiver or consent in respect of such non-compliance) the third party lenders may exercise their security rights as aforementioned. This could materially adversely impact the Group's (or, in the case of foreclosure against the particular assets of a Business Unit, that Business Unit's) business, financial condition, prospects, results of operations or the value of the Ordinary Shares.

1.21 **Restrictions in the Common Terms Agreement may limit the Group's ability to execute its growth strategy and/or operate its business**

Restrictions contained in the Common Terms Agreement may limit the Group's ability to, amongst other things:

- incur more debt;
- extend loans;
- create liens or otherwise encumber its assets;
- pay dividends and make distributions or repurchase shares;
- make investments;
- sell assets;
- enter into new businesses;
- enter into transactions;
- merge or consolidate or transfer and sell substantially all of the Group's assets; and
- engage in transactions with affiliates.

These restrictions may adversely affect the Group's ability to finance the Group's growth strategies, business acquisitions, future operations or capital needs, or engage in other business activities that may be in the Group's interest, which could have a material adverse effect on the Group's business, financial condition, prospects, results of operations or the value of the Ordinary Shares.

1.22 **The Group requires a significant amount of cash to service the Group's debt, fund capital expenditure, working capital, acquisitions, expansion and other general corporate purposes, and the Group's ability to generate sufficient cash proceeds depends on many factors, some of which are beyond the Group's control**

The Group's ability to make payments on and to refinance its indebtedness and to fund working capital, capital expenditures, acquisitions, expansion of a Business Unit's manufacturing capabilities and capacities, development efforts and other general corporate purposes depends on its ability to generate cash in the future. The Group may, for example, be required to invest significantly in capital equipment over the long term to meet its operational requirements and remain competitive. Without such capital expenditure, continuous maintenance to avoid, for example, service and quality disruption due to equipment failure, could become more difficult and more expensive as plant and infrastructure gets older and therefore it could become increasingly difficult for the Group to remain competitive.

The Group has no assurance that it will generate sufficient cash flow from operations, or that future borrowings will be available under its credit agreements, in an amount sufficient to enable the Group to pay its indebtedness, or to fund other liquidity needs. If interest rates increase, the Group's debt service cost will increase because the Group's debt is subject to variable interest rates. As at the Last Practicable Date, all of the Company's debt was subject to variable interest rates.

The Group may need to refinance all or a portion of its indebtedness on or before maturity. If the Group is unable to generate sufficient cash flow and is unable to refinance or extend outstanding borrowings on commercially reasonable terms or at all, it may have to reduce or delay capital expenditures planned for replacements, improvements and expansions, sell assets, restructure debt and/or obtain additional debt or equity financing. The Company can provide no assurance that it could affect or implement any of these alternatives on satisfactory terms, if at all, which could

have a material adverse effect on the Group's business, financial condition, prospects, results of operations or the value of the Ordinary Shares.

1.23 **The Group may become subject to claims for indemnification from other parties to its contracts and may be required to pay certain amounts to satisfy such claims, which could have a material adverse effect on its financial condition and operations**

The Group enters into contracts with other parties as part of conducting its business, including, amongst others, contracts in connection with the acquisition or disposal of various assets or operations, contracts for the production of third party products (such as Mrs Balls chutney produced on behalf of Tiger Brands) under its Outsourced Manufacturing Solutions product offering, the production of Licenced Products (such as Robertsons baking aids under licence agreement with Unilever), the production of DOBs and Private Label products for its customers and commercial lease agreements in respect of premises leased by the Group. Some of these contracts contain provisions in terms of which the Group has agreed to indemnify 1 or more of the other parties to the contract in certain circumstances and upon certain conditions including, for example, product liability. Alternatively, the Group may become liable for claims made by third parties against businesses it acquires, even though these claims may relate to actions taken by the previous owners of those companies, in circumstances where for example the Group has not been indemnified, the type of claim does not fall within the indemnification provisions under which the Group is protected or where a claim falls below the *de minimis* threshold for indemnification.

As a result, the Group may be required to pay certain amounts to satisfy such claims, which could have a material adverse effect on its business, financial condition, prospects, results of operations or the value of the Ordinary Shares.

1.24 **Foreign exchange rate fluctuations could cause a decline in the Group's financial condition, results of operations and cash flows**

The Group's main transactional currency and its reporting currency is the Rand. The Group sources raw materials in currencies other than the Rand and generates revenue in currencies other than the Rand from exports. The majority of the Group's currency exposure is to the US Dollar and the Euro. A quantification of the Rand exchange rate against the US Dollar and the Euro is contained in paragraphs 1.1 and 1.2, respectively of Section 12 ("*Exchange Rates and Exchange Control*"). For the financial year ended 31 December 2015, the Group had a foreign exchange rate gain of R15 032 000 and for the financial year ended 31 December 2016, a loss on foreign exchange of R13 005 000. For the financial year ended 31 December 2017, the Group had a realised foreign exchange rate gain of R89 038 000 and an unrealised foreign exchange rate gain of R40 211 000. While the Group enters into derivative financial instruments and forward cover arrangements, significant long-term fluctuations in relative currency values, particularly a significant change in the relative values of the Rand and the US Dollar or the Euro, could however have a material adverse effect on the Group's business, financial condition, prospects, results of operations or the value of the Ordinary Shares.

1.25 **The Group faces credit risk from cash and cash equivalents, as well as credit exposures to customers, including outstanding receivables and committed transactions**

In line with the Group's decentralised business model, each of the Business Units manages its own customer contracts and is able to determine the payment terms of such contract with its customers. The payment terms of each Business Unit's customer agreements therefore differ from Business Unit to Business Unit and from customer to customer, with payment cycles generally ranging between 14 and 60 days. While the Business Units do not generally extend credit facilities, credit risk still arises from credit exposures to customers, including outstanding receivables and committed transactions. In 2017, the Group wrote off R2.7 million of bad debts compared to R1.3 million bad debts in 2016. For customers, the Group's credit control function assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings. While the Group believes that it has no significant concentrations of credit risk, there can be no assurance that its credit risk management protects it from the loss of receivables which can have a material adverse effect on its business, financial condition, prospects, results of operations or the value of the Ordinary Shares.

1.26 **The Group's success depends on key members of the senior and operating management team and its ability to attract, train and retain qualified and experienced employees**

The Group's success depends in part on the efforts of the Group's management and Directors. The Group operates based on a decentralised management approach, with Business Units being supported from Libstar's Central Office. The Group's executive management team has extensive experience in the CPG industry, and has skills that are critical to the operation of the Group's business. In addition, in many cases management of each of the Business Units has extensive experience and necessary operational skills in the production of products within the particular product categories that are produced by the relevant Business Unit. The loss of key members of the Group's management, or the management of a particular Business Unit, could disrupt the operations of the Group or of the relevant Business Unit.

There can be no assurance that any of the Group's key managers or personnel will continue to be employed by it, that the Group will be able to find adequate personnel to replace any key manager or employee should such persons no longer be employed by the Group or that the Group will be able to attract and retain qualified personnel in the future. Although the Group tries to retain the commitment of its management team and key personnel through performance-based remuneration systems, there is a risk that any such individual may leave the Group. The Group has initiated a talent development programme with the objective of creating a group of high performers who show promising leadership potential and commitment to leadership development. These persons are informally mentored and supported in the growth of their leadership skills and are earmarked for consideration for management positions as and when they arise. Notwithstanding this, the loss of services of key personnel, or a failure to attract and retain qualified new personnel, could materially adversely affect the Group's business, financial condition, prospects, results of operation or the value of the Ordinary Shares.

1.27 **The Group could be unsuccessful in adequately protecting its intellectual property**

The Group has an extensive range of registered and unregistered intellectual property rights that are used throughout its product categories and offerings. These intellectual property rights are vital to its business. The Group's principal trademarks are registered in a number of jurisdictions across Africa, including Angola, Botswana, Malawi, Mauritius, Mozambique, Namibia, Nigeria, South Africa, Seychelles, Swaziland, Zambia and Zimbabwe. Natural Herbs and Spices also has a registered trademark in the European Union Community Trade Mark Office. While the Group intends to enforce its trademark rights against infringement by third parties, it cannot give any assurance that its actions to establish and protect its trademark rights are adequate to prevent imitation of its products by others or to prevent others from seeking to block sales of the Group's products which violate their trademarks and proprietary rights. The Group cannot give any assurance that it would be successful in enforcing its intellectual property rights if a competitor were to infringe on trademarks held by it. Enforcing the Group's rights would most likely be costly and would divert funds and resources that could otherwise be used to operate its business and could have a material adverse effect on the Group's business, financial condition, prospectus, results of operations or the value of the Ordinary Shares.

In addition, the Group (and in particular, Libstar Operations, which is the registered owner of the majority of the Group's trademarks), has hypothecated its intellectual property in favour of Standard Bank and Nedbank (as lenders) as security for the Group's indebtedness to these lenders under the Common Terms Agreement and the Facilities. If the Group defaults on its obligations towards these lenders, the Group may lose ownership of such trademarks, which could have a material adverse effect on the Group's business, financial condition, prospectus, results of operations or the value of the Ordinary Shares.

1.28 **Adverse weather conditions such as heavy rainfall and drought could materially affect the Group's business**

Increased frequency or duration of extreme weather conditions could impair production capabilities for the Group's products, and disrupt the Group's supply chain or impact demand for the Group's products. Extreme weather conditions have the biggest impact on the Group's raw material supply. For example, a drought or flood can impact grazing for dairy herds in the Eastern Cape which in turn impacts milk prices. Similarly, maize crops can also be affected by such extreme weather causing shortages in feed which then impacts the price of chicken. In extreme cases, weather could also damage the Group's facilities which could have material adverse effects on the Group's production capabilities.

Any prolonged period of heavy rainfall or other inclement weather, could therefore have a material adverse effect on the Group's business, financial condition, prospects, results of operation or the value of the Ordinary Shares.

The Western Cape and the Eastern Cape provinces of South Africa are currently experiencing severe water shortages as a result of a prolonged, severe drought. A number of the Business Units, including Denny, Finlar, Cecil Vinegar, Hurters Honey, Rialto Foods, and Amaro Foods, manufacture or produce products from facilities in the Western Cape. Elvin produces products in the Eastern Cape. These operations require sufficient amounts of water in order to operate machinery and serve the workforce. If water shortages in these areas continue, the supply of water to these Business Units may cease or be disrupted. While the facilities at the Business Units have all either installed or secured, or are in the process of installing or securing, alternative water supplies by using borehole water, installing bulk tanks and pump filter systems, converting process cooling to dry process or procuring water from Chamonix, there can be no assurance that such alternative water supplies will be adequate to meet the water demand at such facilities on an ongoing basis if the drought persists for a prolonged period. In such event, the Group may be unable to produce sufficient quantities of goods to meet consumer demand and could lose market share in certain product categories. Additionally, the lack of water may affect sales of certain other of the Group's products in the Western and Eastern Cape provinces based on changed consumer behaviour. The costs of procuring alternative water supplies may also substantially increase the Group's operating expenses, which could have a material adverse effect on the Group's business, financial condition, prospectus, results of operations or the value of the Ordinary Shares.

1.29 **The Group's exposure to interest rate fluctuations could materially adversely affect the Group's business, financial condition and results of operations**

The Group is exposed to interest rate fluctuations risk in South Africa on borrowings drawn down on existing credit facilities, including under the Common Terms Agreement and the Facilities, which bears interest at floating rates. Details of the respective interest rates applicable to each of the Facilities are contained in Annexure 13 ("*Details of Material Third Party and Intra-Group Borrowings*"). The Group has not employed hedging strategies to mitigate the impact of interest rate risk and there can be no guarantee that it will be possible to adequately hedge against such interest rate exposure at a reasonable cost.

Material adverse fluctuations of market interest rates can significantly impact the Group's financing costs, cash flow and net income by increasing the cost of servicing its debt. This may make it more difficult for the Group to meet its debt obligations and limit its ability to borrow, which could have a material adverse effect on the Group's business, financial condition, prospects, results of operations or the value of the Ordinary Shares.

1.30 **The Group may not be able to successfully implement additional measures designed to improve its efficiency and cost saving initiatives**

One of the Group's key strategic drivers in the realisation of its business strategy is the promotion of streamlined production to maximise efficiencies, reduce costs and maintain or improve the Group's margins. This is expected to be achieved by, amongst other methods: (i) information sharing across the Group on procurement spend, (ii) headcount reduction through improved shop floor control, (iii) investment in mechanisation to reduce labour, improve throughput and reduce waste (such as in the case of Dickon Hall Foods, which has recently acquired machinery that mechanises certain production processes), and (iv) integrating operations to capitalise on potential synergies within the Group (such as in the case of Cape Herb and Spice, which has integrated a portion of its operations to Natural Herbs and Spices' production facilities which have longer-run and higher speed lines and Denny, which has relocated its production of ambient grocery products in Cape Town to the production facilities of Montagu Foods). The Group also has a comprehensive supply chain governance programme which is aimed at, amongst other things, driving down costs in areas of procurement, manufacturing and compliance with key ISO Standards.

While the Group focuses on adopting measures to increase efficiencies and cost savings, there can be no guarantee that such measures will be successful and/or will show the results expected by management. In particular, the Group's measures to control costs and promote efficiencies may be frustrated by a number of factors beyond the Group's control, such as inflation and increased procurement costs in general, labour unrest, reductions in customer and consumer demand for a product or product range and competition in the market. In addition, the Group's efforts to promote

synergies between Business Units may not result in the cost savings or increased output that is expected by management due to potential unforeseen circumstances or delays and interruptions in operations during the integration process. If the Group is unable to effectively implement its cost saving strategies and maintain or improve its margins, it may have a material adverse effect on the Group's business, financial condition, prospects, results of operations or the value of the Ordinary Shares.

1.31 **The Group may not have security of tenure over the premises from which it conducts its business and may have operated unlawfully or may be operating unlawfully to the extent that it has not obtained or maintained all applicable permits and/or approvals to conduct its business on the immoveable properties which are owned or leased by the Group**

The Group operates its business from premises across South Africa which are either owned or leased by the Group. The Group has approximately 7 leases over such premises that subsist for a period in excess of 10 years. These long-term leases are not enforceable against third parties for any period in excess of 10 years unless registered against the title deed of the premises at the Deeds Office. In the event that the property over which an unregistered long-term lease is sold to a new landowner, the new landowner may elect to either abide by or cancel the lease agreement. Accordingly, where the Group has not registered any long-term lease against the title deeds of the property from which it conducts business, the security of the Group's tenure over such premises may be compromised. This could result in the Group having to relocate its premises, which may result in loss of productivity and output, relocation costs and potential increased rental costs, which may have a material adverse effect on the Group's business, reputation, financial condition, prospects, results of operations or the value of the Ordinary Shares. See also paragraph 21 in Section 2 ("*Business Overview*").

South African law places certain restrictions on and/or imposes certain formalities relating to the use of land, such as having to comply with title deeds or zoning restrictions over land or having to register lease agreements in certain circumstances. Where the Group is party to a lease over premises that are classified as "agricultural land", such as in the case of Ambassador Foods' operations in White River, Mpumalanga Province, the consent of the Minister of Agriculture in terms of the Subdivision of Agricultural Land Act, No 70 of 1970 is required. Leases concluded in the absence of such consent are neither valid nor enforceable. In addition, the Group is required to use all property, whether owned or leased, in accordance with its zoning. Property not used in accordance with its zoning is being used unlawfully and the local municipality can require that such activities carried out on the property be halted and impose a penalty/fine until such time that the property is correctly re-zoned to allow for such activity.

The Group has not registered leases over agricultural land with the Minister of Agriculture, nor has the Group complied in all instances or obtained all applicable approvals with and in relation to the zoning and other restrictions placed on the use of land. While the Group has applied or is in the process of applying for the approvals, permits, re-zoning, certificates and licences necessary to conduct its business in compliance with all laws, such approvals have not all been obtained as at the date of Listing. As such, the Group may be liable for penalties and/or may not have the desired security of tenure over the premises from which it conducts its business.

1.32 **The Group may not have all necessary permits, authorisations and approvals in place for the conduct of its business**

The Group is required by law to abide by certain legal and regulatory frameworks in the conduct of its business. In particular, there are certain material authorisations required under South African environmental and food safety laws that the Group is required to hold. The regulatory regime in South Africa is described in more detail in Section 4 ("*Regulatory*").

The authorisations that the Group is required to have in place under the applicable regulatory frameworks include water use licences, waste management licences, effluent discharge and flammable substances permits. In a number of instances, the Group has not transferred these licences in accordance with the terms thereof following a corporate transaction involving the sale of businesses (including the cession, assignment and transfer of permits). Whilst the businesses have been transferred for the purposes of these transactions, certain authorisations were not properly transferred into the name of the acquiring entity. Failure to hold these authorisations and licences constitutes an offence under South African law and may lead to fines and convictions.

The Group is in the process of transferring each of the necessary authorisations into the name of the correct Business Unit or trading operation. However, prior to the transfer of such licences in accordance with their terms and/or the regulatory regime under which such authorisation was given, the Group may be trading unlawfully and could be liable for the sanctions described above. This may have a material adverse effect on the Group's business, reputation, financial condition, prospects, results of operations or the value of the Ordinary Shares.

1.33 **Product-specific risks**

Risks specific to the Group's CPG products

Inventory obsolescence risk pertains to the Group's CPG products, and specifically the products in the Group's perishables and baking categories, produced by Lancewood, Finlar, Denny, Amaro Foods and Amaro Gluten Free. These products require storage and transport in ambient conditions that maintain their quality, being frozen, chilled, and air-conditioned, depending on the products' needs. In a number of cases, the Group is dependent on third parties to ensure that its products are stored and transported in the required conditions. Lancewood, for example, delivers its products to logistics agents who are obliged, under written agreements, to store and thereafter transport Lancewood's perishable products under certain ambient conditions in order to maintain their integrity.

Even where perishable and baking products are stored and transported under ideal conditions, as the age of the product increases, the risk of obsolescence also increases. Should the products fail to be stored in the required conditions, or the products are not delivered timeously to the Group's customers, the Group may be unable to fulfil its obligations to its customers, which could materially adversely affect the Group's business, financial condition, prospects, results of operations or the value of the Ordinary Shares.

Risks specific to Denny

Specific risks relating to Denny include the risk of bacterial disease. During 2016, the Trichoderma bacterial disease affected Denny's mushroom production. The disease caused a substantial reduction in production of Denny mushrooms during the 2016 financial year, and materially adversely affected revenue, operating profit and EBITDA in the Group's perishables product category. Further bacterial or other diseases in mushrooms could result in reduced mushroom production or mushroom contamination, which could materially adversely affect the Group's business, financial condition, prospects, results of operations or the value of the Ordinary Shares.

2. RISKS RELATED TO SOUTH AFRICA AND INVESTING IN SOUTH AFRICA

2.1 **Strike action from South Africa's highly unionised work force and the cost of compliance with South African labour laws may disrupt the Group's operations**

South Africa has a highly unionised work force and is subject to planned legal strike action and unplanned and illegal strike action from time to time. Such actions and in particular prolonged and frequent strike action may have a negative impact on the Group and its customer base.

In addition, South Africa has various labour laws that enhance the rights of employees, which have resulted in increasing costs to the Group. As such, employees are to be consulted on a variety of issues insofar as these affect employee terminations, including workplace restructurings, partial or total plant closures, mergers and transfer of ownership. The Group employed 6 335 employees as at 31 December 2017. As at 31 December 2017, approximately 37% of the Group's semi-skilled and unskilled workers were members of trade unions. The Group does not have material collective bargaining agreements with its unionised employees, but certain Business Units, for example, Denny, Dickon Hall Foods, Retailer Brands and Rialto Foods have concluded wage agreements with represented trade unions in terms of which the minimum wages and wage increases payable by the particular Business Units are agreed. The Group's business is labour intensive, so maintaining positive relationships with the Group's employees, trade unions and other employee representatives is crucial to its operations. A major disagreement, or any deterioration of the relationships with the Group's employees, unions and other employee representatives could result in work stoppages. Significant labour disputes, work stoppages, increased employee expenses

and the cost of compliance with labour laws could disrupt the Group's business operations, which may have a material adverse effect on the Group's business, financial conditions, prospects or results of operations.

Given the protections afforded to employees under the relevant legislation and the representations of labour unions within the Group, the Group is affected by labour disruptions from time to time. Since 2014, there have been 7 labour related disruptions in the Group, the most significant of which was a 6-week lock-out at Elvin over a wage dispute.

The occurrence of further strikes, work stoppages or other labour disputes in the future could disrupt the Group's operations, result in a loss of reputation, increased wages and benefits, or otherwise have a material adverse effect on its business, financial condition, prospects, results of operations or the value of the Ordinary Shares.

Amendments to the SA LRA during 2015 impacted the method of contracting with temporary, fixed-term and part time employees (non-standard employees). The amendments are only applicable to non-standard employees earning below the annual earnings threshold prescribed by the Minister of Labour from time to time being R205 433.30 per annum. Chet Chemicals, Dickon Hall Foods, Lancewood and Denny had employees that were impacted by these amendments. In terms of the amendments employers contracting with non-standard employees must have a justifiable reason for contracting on a temporary as opposed to permanent basis. Failure to comply with these amendments may lead to the non-standard employees being regarded to be permanent employees of the employer. In addition, the amendments introduced the concept of "equal pay for equal work". Before the 2015 amendments to the SA LRA, labour broking employees were remunerated at the stated wage rate of their temporary employment service provider. As per the 2015 amendments to the SA LRA, labour broking employees have to be converted to some form of permanent employment status, which has a negative impact on the cost of labour. Chet Chemicals and Dickon Hall Foods were negatively impacted by this amendment as the difference in earnings between their labour broking employees and permanent employees was material. Lancewood and Denny still have to perform the conversion from labour broking employees to permanent staff.

2.2 **South African exchange control regulations may restrict the Group's ability to make foreign investments and procure foreign denominated finance**

As a South African resident, the Group is subject to South Africa's exchange control regulations which effectively place limitations on the export of capital from the Common Monetary Area. Although there has been ongoing relaxation of exchange controls in recent years, and although the Group does not have foreign exchange investments or foreign-denominated financing, these regulations could hinder the ability of the Group to make foreign currency-denominated investments and procure foreign currency denominated financing in the future which could have a material adverse effect on the Group's business, financial condition, prospects, results of operations or the value of the Ordinary Shares.

2.3 **The Group's operations in South Africa may face increased costs due to electricity tariff increases and disruptions resulting from electricity shutdowns/electricity disruptions (planned or unplanned) and fuel shortages**

South Africa has experienced national electricity shortages with intermittent, seasonal power outages and the government has occasionally implemented electricity rationing and planned blackouts. South Africa's energy provider, Eskom, has advised that the national power grid may remain under strain for a number of years until new power stations come on-line, and regular power cuts remain a possibility during this time.

While most of the Group's manufacturing and distribution centres are either gas powered or equipped with back-up power generators which enable them to continue operating during power supply interruptions, any extended period of planned or unplanned electrical power supply interruptions could result in significantly increased energy or other utility costs, associated with operating back-up power generators. Electricity tariffs charged by Eskom have significantly increased in recent years, with a 12.7% average tariff increase in 2015 for direct users, a 9.4% average tariff increase in 2016 for direct users and a 2.2% average tariff increase in 2017 for direct users. In December 2017, the National Energy Regulator of South Africa approved a 5.23% average tariff increase for electricity for the financial year 1 April 2018 to 31 March 2019. In addition, the cost of power may be volatile due to increased market fluctuations in gas and electricity prices. Future energy disruptions

or costs increases could have a material adverse effect on the Group's business, financial condition, prospects, results of operations or the value of the Ordinary Shares.

3. RISKS RELATED TO THE OFFER

3.1 Following Listing, the Selling Shareholders continue to be able to exercise substantial influence over the Group's business and its interests may differ from the Company's other Shareholders

As at the Last Practicable Date, Abraaj and the PIC respectively own 61.55% and 16.80% of the Ordinary Shares. Immediately following the Offer and the Listing, and dependant on the number of Ordinary Shares sold by the Corporate Selling Shareholders pursuant to the Offer for Sale, and the extent of their respective dilutions pursuant to the Offer for Subscription, Abraaj or the PIC may continue to beneficially own a majority or significant percentage of the Ordinary Shares. As a result, Abraaj or the PIC may be able to exercise significant influence over all matters requiring Shareholder approval, including the election of directors and significant corporate transactions. The interests of the Corporate Selling Shareholders may not necessarily be the same as other Shareholders. Differences amongst the interests of the Corporate Selling Shareholders, or differences between the interests of the Corporate Selling Shareholders and other Shareholders, may lead to conflicts or restrict Libstar's ability to implement its business strategy, which could materially adversely affect the Group's business, prospects, financial condition, results of operations or the value of the Ordinary Shares.

3.2 The market price of the Ordinary Shares could be negatively affected by sales of substantial amounts of such Ordinary Shares in the public markets, including following the expiry of the lock-up period, or the perception that these sales could occur

Immediately after the Offer and the Listing, there will be no more than 594 134 783 Ordinary Shares in issue (based a minimum free-float of 40% and an Offer Price at the mid-point of the Offer Price Range) (excluding the Ordinary Shares held by each of the ESOP SPV and the BDT SPV pursuant to the BEE Transaction). In connection with the Offer, each of Abraaj, Smith and van Rensburg have agreed, subject to certain customary exceptions, to certain lock-up arrangements in respect of their holdings of Ordinary Shares following the Listing. These limitations will apply from the date of Listing for a period of 180 days (and as further explained in paragraph 13 of Section 8 ("*Particulars of the Offer*") and Annexure 9 ("*Selling Shareholders and Lock-Up Arrangements"*)).

The Group cannot predict whether substantial numbers of Ordinary Shares will be sold by other Shareholders following the expiry of the Lock-up Period. Future issues or sales of Ordinary Shares could be made by the Company, the Directors or certain members of senior management or through a capital increase undertaken by the Group to fund capital expenditures or for another purpose. The sale of a substantial number of Ordinary Shares, or the perception that such sales could occur, could materially adversely affect the market price of Ordinary Shares and could also impede the Group's ability to raise capital through the issue of equity securities in the future.

3.3 The Company's ability to pay dividends in the future depends, amongst other things, on the Group's financial performance and capital requirements

The Company's ability to pay dividends in the future depends, amongst other things, on the Group's financial performance and capital requirements. There can be no guarantee that the Group's historic performance will be repeated in the future, particularly given the competitive nature of the industry in which it operates, and its sales, profit and cash flow may not be sufficient to permit it to pay dividends or to pay dividends at the level the market expects. Any decision to declare and pay dividends will be made at the discretion of the Directors and will depend on, amongst other things, applicable law, regulation, restrictions, the Group's financial position, working capital requirements, finance costs, general economic conditions and other factors the Directors deem significant from time to time.

3.4 **The issuance of additional equity or convertible equity securities in the Company in connection with future acquisitions, any share incentive or share option plan or otherwise may dilute all other shareholdings**

The Group may seek to raise financing to fund future acquisitions and other growth opportunities and may also issue equity under an incentive or share option plan. The Company may, for these and other purposes, issue additional equity or convertible equity securities. The MOI of the Company provides for pre-emption rights to be granted to Shareholders, save for certain exceptions under the Listings Requirements, including where such rights are dis-applied by a Shareholder resolution. However, securities laws of certain jurisdictions may restrict the Company's ability to allow participation by shareholders in future offerings. In particular, Shareholders in the United States may not be entitled to exercise these rights, unless either the Ordinary Shares and any other securities that are offered and sold are registered under the US Securities Act, or the Ordinary Shares and such other securities are offered pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. The Company cannot assure prospective investors that any exemption from such overseas securities law requirements would be available to enable US or other Shareholders to exercise their pre-emption rights or, if available, that the Company will utilise any such exemption.

As a result, existing holders of Ordinary Shares may suffer dilution in their percentage ownership or the value of the Ordinary Shares may be materially adversely affected.

3.5 **There is no existing market for the Ordinary Shares and an active trading market for the Ordinary Shares may not develop or be sustained**

Prior to the Offer, there has been no public trading market for the Ordinary Shares. The Offer Price will be determined by the Company and the Selling Shareholders in consultation with the Joint Bookrunners and may not be indicative of the market price for the Ordinary Shares following the Listing. Although the Ordinary Shares will be listed on the JSE, the Group can give no assurance of the extent to which investor interest in the Ordinary Shares will lead to the development of a trading market following the Offer, how liquid that market might be or, if a trading market does develop, whether it will be sustained. If an active and liquid trading market does not develop or is not sustained, the liquidity and trading price of the Ordinary Shares could be materially adversely affected and investors may have difficulty selling their Ordinary Shares.

3.6 **Ordinary Shares may be subject to market price volatility and the market price of the Ordinary Shares in the Company may decline disproportionately in response to developments that are unrelated to the Company's operating performance**

The Offer Price is not indicative of the market price of the Offer Shares following the Listing. The market price of the Ordinary Shares may be volatile and subject to wide fluctuations. The market price of the Ordinary Shares may fluctuate as a result of a variety of factors, many of which are beyond the Group's control, including, but not limited to, those referred to in these risk factors, as well as market appraisal of the Group's strategy, differences between the Group's expected and actual operating performance, cyclical fluctuations in the performance of the Group's business, period to period variations in operating results or changes in revenue or profit estimates by the Group's industry participants or financial analysts. The market price could also be adversely affected by developments unrelated to the Group's operating performance, such as the operating and share price performance of other companies that investors may consider comparable to the Group, speculation, whether or not well founded about the Group in the press or the investment community, including those regarding the intentions of the Shareholders or significant sales of shares by any such Shareholders or short selling of the Ordinary Shares, significant issues of Ordinary Shares by the Company, possible changes in the Group's management team and about mergers, acquisitions and/or major divestments involving the Group, unfavourable press, strategic actions by competitors (including acquisitions and restructurings), changes in market conditions and regulatory changes. Any or all of these factors could result in material fluctuations in the price of the Ordinary Shares, which could lead to investors getting back less than they invested or a total loss of their investment.

3.7 **The Offer Shares may be subject to withholding under FATCA**

The United States has enacted rules, commonly referred to as Foreign Account Tax Compliance Act ("**FATCA**") that generally impose a new reporting and withholding regime with respect to certain US source payments (including dividends and interest), gross proceeds from the disposition of property that can produce US source interest and dividends and certain payments made by entities that are classified as financial institutions under FATCA. The Company may be classified as a financial institution for purposes of FATCA. The governments of South Africa and the United States have entered into an agreement with respect to the implementation of FATCA (the "**IGA**"). Under the IGA, the Company does not expect to be subject to withholding under FATCA on any payments it receives. Similarly, the Company does not expect to withhold under FATCA on payments with respect to the Offer Shares. However, significant aspects of whether or how FATCA will apply to non-US issuers like the Company remain unclear and no assurance can be given that withholding under FATCA will not become relevant with respect to payments on the Offer Shares in the future. In addition, FATCA reporting and withholding may apply to Offer Shares held by intermediaries. Even if FATCA were to become relevant to payments on the Offer Shares, it would not be applicable earlier than 1 January 2019. Prospective investors should consult their own tax advisors regarding the potential impact of FATCA, including the IGA, to an investment in the Offer Shares.

3.8 **Overseas shareholders may be subject to exchange rate risk**

The Ordinary Shares are, and any dividends to be paid in respect of them will be, denominated in ZAR. An investment in Shares by an investor whose principal currency is not ZAR exposes the investor to foreign currency exchange rate risk. Any depreciation of ZAR in relation to such foreign currency will reduce the value of the investment in the Ordinary Shares or any dividends in foreign currency terms.

In recent years, the value of the Rand, as measured against foreign currencies, including the Pound Sterling, the US Dollar and the Euro, has been very volatile. Fluctuations in the exchange rate between the Rand and foreign currencies could have an adverse impact on the foreign currency equivalent of the share price of the Offer Shares and/or any cash dividends or distributions made in respect of the Offer Shares.

3.9 **Shareholders' rights will be governed by South African law, which may differ in material respects from the rights of shareholders under the laws of other jurisdictions**

The Company is a public limited liability company incorporated under the laws of South Africa. The rights of holders of Ordinary Shares are governed by the Company's MOI and by South African law, which could change. As a result, it may not be possible for investors to effect service of legal process outside of South Africa upon the Company, the members of its Board and/or its executive officers. Moreover, it may not be possible for investors to enforce against the Company, the members of its Board or its executive officers, judgments obtained in courts outside South Africa, based on the civil liability provisions of the securities laws of those countries.

3.10 **The ability of foreign investors to bring an action or enforce a judgment against the Company or its Directors or members of senior management may be limited**

The ability of foreign investors to bring an action against the Company may be limited under law. Foreign investors may not be able to enforce a judgment against the Company or against some or all of its Directors and senior management of the Company. It may not be possible for a foreign investor to effect service of process upon the Directors and senior management within a foreign investor's country of residence or to enforce against the Directors and senior management judgments of courts of the overseas investor's country of residence based on civil liabilities under that country's securities laws. There can be no assurances that a foreign investor will be able to enforce any judgments in civil and commercial matters or any judgments under the securities laws of countries other than South Africa against the Directors or senior management who are residents of countries other than those in which judgment is made. In addition, South African courts may not impose civil liabilities on the Directors or senior management in any original action based solely on foreign securities laws brought against the Company or its Directors or senior management in a court of competent jurisdiction in South Africa.

SECTION 2: BUSINESS OVERVIEW

1. OVERVIEW

Libstar is a leading producer and supplier of high quality products in the CPG industry and markets 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 and maintaining the flexibility to capitalise on growth areas in the CPG industry.

The Group currently operates across 27 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 Operations acquires small to medium sized businesses that demonstrate strong management drive and high quality operations and provides a platform for these businesses to grow through the provision of working capital and investment in infrastructure that builds manufacturing capability and capacity.

The Group produces and supplies an extensive range of products across 7 product categories, namely (i) perishables, (ii) ambient groceries, (iii) baking, (iv) snacks and confectionery, (v) niche beverages, (vi) HPC, and (vii) specialised food packaging.

These products are supplied to the Group's customers through 3 distinct product offerings which are aligned to the Group's overall strategy and position in the market. The first product offering, namely Brand Solutions, comprises (i) brands that are proprietary or licenced to the Group, namely Libstar Brands and Licenced Brands, (ii) brands that are produced by the Group in partnership with or on behalf of its customers, namely DOBs and Private Labels, and (iii) brands that are sourced, marketed and distributed by the Group on behalf of brand-owners, namely Principal Brands. The Group's second and third product offerings are the provision of Outsourced Manufacturing Solutions and the production and supply of products to the food service industry, respectively. These product offerings ensure that the Group has a strong presence across the major outlets within the CPG industry as well as a diverse selection of products available to end consumers at the point of purchase.

In turn, the Group's product offerings are delivered to the market through 4 channels, namely (i) retail and wholesale, (ii) industrial, (iii) food service industry, and (iv) exports. The Group's strategy is aimed at exploiting these 4 sales channels to ensure that the Group's Brand Solutions are positioned for consumer purchase at the right place and time.

In 2017, the Group generated revenue of R8.8 billion (representing a 10% revenue growth from that in 2016), operating profit of R594 million, profit before tax of R365 million, profit for the year from continuing operations of R232 million and Adjusted EBITDA of R940 million, with a 10.7% Adjusted EBITDA Margin and a 15.2% Adjusted EBITDA growth from that achieved in 2016. In 2016, the Group generated revenue of R8.0 billion (representing a 29.9% revenue growth from that in 2015), operating profit of R544 million, profit before tax of R310 million, profit for the year from continuing operations of R213 million and Adjusted EBITDA of R816 million, with a 10.2% Adjusted EBITDA Margin and a 24.1% Adjusted EBITDA growth from that achieved in 2015. In 2015, the Group generated revenue of R6.2 billion (representing a 30.0% revenue growth from that in 2014), operating profit of R367 million, profit before tax of R178 million, profit for the year from continuing operations of R151 million and Adjusted EBITDA of R658 million, with a 10.7% Adjusted EBITDA Margin and a 30.4% Adjusted EBITDA growth from that achieved in 2014.

2. COMPETITIVE STRENGTHS

The Directors believe that the following strengths contribute to the Group's leading market position and differentiate it from other businesses in the CPG industry:

2.1 Superior operational platform

The Group's operating structure delivers numerous competitive strengths that provide the Business Units with a platform for growth. The competitive strengths derived from the Group's operational platform include the following:

A diverse business model with flexibility and resilience

The Group has a diversified business that provides its customers with a multi-brand and product offering in multiple product categories across multiple channels, which enables the Group to strategically position itself within the CPG sector and gives it the flexibility to capitalise on growth areas in the industry. The Group adopts a holistic approach to its product offerings and product categories.

The diversity of the Group's business and portfolio gives the business flexibility and resilience by reducing supplier and customer concentration risks. To further promote this flexibility and resilience and to create operational efficiencies, the Group's value chain operates on a decentralised basis whereby each Business Unit is responsible for its own operations. Where necessary, the Group provides centralised structural, management and various other supports to the Business Units, including dedicated executives who enhance value chain efficiencies across the disciplines of procurement, manufacturing, sales and marketing, and logistics, access to financial, reporting and business intelligence systems, strategic advice and guidance, idea generation, product development support, category planning management, demand management training and support, manufacturing and technical support, human resource and talent development programmes and the central treasury benefits of access to facilities for the provision of capital to fund growth.

This decentralised operational structure extends to, amongst other things, the procurement of raw materials, packaging materials, manufacturing processes, warehousing, marketing and sales, distribution and customer relationships. In addition, there are certain centralised finance disciplines within the Group, such as a central treasury, common reporting disciplines across the Business Units, margin control, cash conversion, working capital management and disciplined capital expenditure programs.

A culture of entrepreneurship and innovation

The Group fosters an entrepreneurial culture that encourages product innovation across all Business Units. The Group endeavours to operate with *"the mind of a corporate and the heart of an entrepreneur"*, allowing the Business Units the flexibility to develop new products and to work with their customers in the creation, development and production of new product lines. A decentralised operating model is vital to the achievement of entrepreneurialism across the Business Units, which gives rise to innovation, both with respect to the Group's product offering as well as in the production processes of each Business Unit and the way in which they conduct their operations. Given the diversity of the Group's product range and product offerings, consolidation of operations leads to unnecessary complexities, a loss of focus and ultimately higher costs, reducing the entrepreneurial ethos of the Group and Business Unit agility in the process. Moreover, the Group believes that cost savings that are achieved through centralised functions are often lost in increased central office costs and lower effectiveness.

While the Group ensures cost savings across its operations, the Directors believe that the benefits of cost savings are far outweighed by the benefits and returns of an innovative entrepreneurial culture across the Business Units.

A proven track record of identifying industry trends and accessing innovative product categories

Libstar has a proven track record of identifying local and global consumer trends. Following the identification of relevant consumer trends, the Group has aligned or added to its products and product offerings to capitalise on these trends and, where possible, to assist its customers in increasing their market share in selected product categories. The Group's operational diversity has enabled it to take advantage of these industry trends. Certain of the global food trends that have been identified by the Group include an emphasis on convenience, a focus on consumer health and wellness and a need to provide value for consumer's money. In addition, the Group has identified a number of region-specific opportunities that have resulted in the production of new products that have been introduced to consumers in a particular jurisdiction based on an identified demand for such products.

There are a number of examples of how the Group exploits these trends. These include:

- Amaro Foods producing flour tortilla wraps which are supplied on a national scale to, amongst others, KFC, in order to capitalise on consumer need for greater convenience;
- Ambassador Foods producing healthy nut snacks and Amaro Foods producing gluten free baked goods to meet trends towards a focus on health and wellness amongst consumers;

- Montagu Foods producing a range of chutneys under DOB for Pick n Pay and Private Label for Shoprite Checkers to provide consumers with value for money alternatives; and
- Finlar developing a Cajun chicken burger patty for McDonald's, which has been introduced to several regions elsewhere in the world, based on consumer demand in such regions.

The Group has also been able to exploit consumer trends such as the increase in the number of consumers dining out of home. The Group has exploited these opportunities through, amongst other things, its supply of products to quick service restaurants such as McDonald's, KFC and Nando's and to family restaurant chains such as Panarotti's, Mugg & Bean and Spur Steak Ranches.

An ability to lead the market with Brand Solutions

The Group has the ability to lead the market with its Brand Solutions product offering and has a strong track record of developing brands. The Group manages a wide range of Libstar Brands, including Lancewood, Cape Herb and Spice, Elvin, Cook 'n Bake, Denny, Goldcrest, Slimsy and Cani as well as Licenced Brands such as Robertsons, Safari, Weigh-Less and Chamonix. In addition, the Group produces a variety of products under DOB, including, amongst others, "*W*" (for Woolworths), "*Freshline*" (for Spar), "*Crystal Valley*" (for Shoprite Checkers) and "*PnP*" (for Pick n Pay), as well as Private Label products for its customers. The Group also represents several well-known international brands in South Africa in its Principal Brand product offering such as Kiri, Arla, Bel, Laughing Cow, Act II, Lurpak, Tabasco, Kikkoman and Maille.

Certain of the Group's products command a leading or significant market share in a particular product category, while the Group produces and/or supplies multiple products in a single product category to its customers. For example, Lancewood's Libstar Branded cheese products have a significant market share in both soft and hard natural cheeses. In addition, Lancewood distributes certain Principal Branded cheeses, such as Kiri and Bel, as well as producing DOB cheese products for its customers, thereby ensuring that, across the Group's Brand Solutions product offering, the Group is a leader in the natural cheese product category.

In the Group's DOB product offering, the Group has achieved considerable success developing specialised products for Woolworths. Through a process of technical and commercial inputs, new product development and internationally accredited production facilities, the Group has played, and continues to play, a leading role in providing Brand Solutions to brand owners (including Private Label) through its unique set of competencies. Retailers are increasingly developing their competence around DOBs and management believes that the Group is well placed to capitalise on resulting opportunities.

A strong technical and manufacturing competency and accreditation of facilities by recognised authorities

Libstar has strong technical and manufacturing competencies and an extremely diverse product range which necessitates extensive and diverse production capabilities. The Group has invested significant capital in its manufacturing infrastructure and has over 35 production facilities, over 200 production and packing lines and over 75 unique manufacturing technologies across the Business Units.

The Group's key manufacturing strengths include: (i) a sound knowledge of food manufacturing processes and standards for a wide range of products, from procurement to final packaging, (ii) the ability to manage the manufacturing process for both high and low volume products in a cost effective manner and to the required standard, (iii) the application of a wide range of packaging technologies, (iv) the ability to adhere to the highest international standards of manufacturing and governance at low cost, and (iv) cost effective design and construction of consumer goods manufacturing plants. The Group aims to drive margin enhancement through improved manufacturing and packaging efficiencies, resulting in less waste and greater volumes of product at a lower conversion cost per unit. These efficiencies will be driven from the ability to more accurately measure key metrics, as a result of a roll-out of new standard costing systems and an increased emphasis on variance analysis and reporting, all of which will strengthen the Group's technical and manufacturing competencies.

Libstar's strong technical and manufacturing competencies are complemented by production facilities that are required to adhere, amongst other things, to strict quality control and food safety standards, with many of the Group's production facilities having passed rigorous customer audit processes. Customers rely upon the Group's proven and robust commitment to quality management of its production facilities and Libstar's production processes to ensure the full traceability of its products.

An M&A track record and ability to integrate and grow acquired businesses

The Group has a proven track record of its ability to acquire businesses demonstrating sound management and high growth potential and to integrate such businesses into the Group's structure and operations. Examples of existing Business Units which have successfully integrated acquired businesses include, amongst others, Rialto Foods (which has integrated the businesses of Taste of Japan, Patleys and Truckles into its operations), Contactim (which has integrated the business of Cotton King and Ferrengi into its operations), Cape Herb and Spice (which has integrated the businesses of Natural Herbs and Spices, Khoisan, Kalk Bay Foods and The Blenders into its operations) and Montagu Foods (which has integrated the business of Denny Foods and Cani Rusks into its operations).

Each of the Business Units acquired by the Group has increased its capacity and, in many instances, its capabilities (both organically and through acquisitions), and has returned strong financial performances following its integration into the Group structure.

The growth of Business Units is facilitated and bolstered by the Group's ability to drive brands and products into new categories, product offerings and sales channels. Following their acquisition, Business Units benefit from the Group's platform and are able to achieve more rapid growth by utilising the advantages of the Group structure. These advantages include, amongst other things: (i) the provision of working and investment capital to fuel growth, (ii) the appointment of key people and assistance to drive growth, (iii) the adoption of systems and disciplines that are designed to maximise cost effectiveness, efficiency and brand and product awareness, (iv) technical input and assistance, (v) assistance with direction and strategy, (vi) access to reporting and measurement tools, (vii) entrenched supplier and customer relationships, (viii) idea generation, (ix) people development and training, and (x) access to market data, trends and analysis and support in capitalising on current consumer needs.

By way of example, since its acquisition in 2008, Lancewood has utilised the Group platform to increase its reach by selling its products through the Food Service Solutions and export sales channels in addition to the retail and wholesale channel. This has facilitated growth in Lancewood's financial performance. In addition, since its acquisition, Rialto Foods has capitalised on customer and consumer demand by expanding its product offering to sell a wide range of products from multiple product categories, namely perishables (cured meats and premium charcuterie), ambient groceries (pasta, canned foods, condiments, sauces, noodles etc.) and baking (baking aids). Rialto Foods has also grown its Principal Brand product offering through building relationships with a wide range of Principal Brand owners.

2.2 **Strong and experienced management team at strategic and operational levels**

The Group has a highly experienced management team (further details of which are provided in paragraphs 1.1 and 1.2 of Section 7 ("*Management and Corporate Governance*")). The executive management team has a collective experience of over 50 years working with the Group, with many of them having vast experience in a number of key areas in the CPG industry, including commercial and M&A, finance and accounting, sales and marketing, technical and manufacturing, supply chain management and human and industrial relations. The Directors believe that this collective experience, in conjunction with the management team's disciplined approach to managing the business, reduces the Group's exposure to a number of risks inherent in the CPG industry and increases the Group's ability to identify and integrate growth opportunities through M&A transactions.

The roles and competencies of the central office in the Group's operations include (i) guiding M&A, commercial and transactional growth, (ii) financial, accounting, governance and risk management, (iii) sales and marketing support and strategic planning, (iv) manufacturing and technical support, optimisation and development, (v) supply chain optimisation, (vi) general management, direction and strategic alignment within the Group and idea generation, (vii) human resources and industrial relation initiatives, and (viii) information technology standardisation and management.

The executive management team is supported by (i) a strong base of second and third layers of management, and (ii) experienced senior management teams across the Business Units, with some Business Units being under common management to create operational efficiency. The depth of the Group's management experience across multiple disciplines in both the central office and at each of the Business Units ensures that the Group is well covered from a management succession point of view, with multiple personnel who are in a position to be able to step into Group management functions from time-to-time.

The Group's management structure is designed to allow Business Units to continue to operate with an entrepreneurial culture and to maximise agility to enable quick and responsible decision-making. The executive management of Business Units are often retained as minority shareholders in Libstar to offer performance incentives and to align interests relating to strategy and growth opportunities. Many of the Business Units' founding members are still within the Group, including those at Amaro Foods (Tony Amaro), Finlar (Terrence Millar), Ambassador Foods (Daniel Jacobs), Cape Herb and Spice (Paul Jibson), Natural Herbs and Spices (Mark Neill), Multi-cup (Derek Couzens and Richelieu van Schalkwyk), Hurters Honey (Jacques Hurter), Montagu Foods (JD van Deventer), Rialto Foods (Luciano Previtera and Michele Mirotto), Berfin (Grant McGregor), Contactim (John Mertsch) and Millennium Foods (Karel la Cock).

2.3 **Deep customer relationships**

The Group's long-standing relationship with South Africa's major retailers and food service providers affords the Group access to a diverse range of consumers across a wide spectrum of income groups and geographical areas. These customers include a number of large retailers and wholesalers in South Africa and Africa such as Woolworths, Shoprite Checkers, Pick n Pay, Spar, Massmart and Clicks, as well as large businesses in the food services industry such as McDonald's, KFC, Nando's, Spur Steak Ranches and Mugg and Bean. In addition, the Group provides Outsourced Manufacturing Solutions to large CPG/FMCG companies such as Tiger Brands, Unilever, County Fair and Nestlé.

The Group offers its customers the convenience of being a single supplier of multi-brands and products across multi-categories, with a nationwide presence and strong manufacturing and production capabilities. The Group believes that its decentralised operational structure presents an attractive option for customers which has, in turn, resulted in long-standing and profitable relationships with them. This is because customers are able to engage directly with Business Units for operational efficiency with the comfort of knowing that Business Units are supported by central Group management who may be approached to raise issues, concerns, and opportunities from time-to-time.

A number of the Business Units have fostered long-standing relationships with the Group's customers, some of which were established prior to the Group's acquisition of the relevant Business Unit. By way of example, Finlar has supplied McDonald's with meat and chicken products since McDonald's commenced business in South Africa in 1994 and each of Ambassador Foods, Amaro Foods and Rialto Foods have had long-standing relationships with Woolworths. To further grow these relationships, the Group works continuously with its customers to develop new products, manage brand placement within its customers' stores and to undertake promotional activities which highlight the Group's products. For example:

- Rialto Foods has worked alongside Woolworths to increase Woolworths' pasta sales at a CAGR of 15.5% in value from June 2012 to June 2017 (based on Rialto sales data) and is a preferred supplier of pasta products to Woolworths; and
- Ambassador Foods has assisted Woolworths in becoming a leader in the retail nut segment with market share of 38.8% in South Africa (based on Woolworths in-store data from May 2017).

2.4 **Proven track record of profitable and sustainable growth**

The Group has been built up over 12 years to a business with R8.8 billion revenue, which has been achieved through both organic and acquisitive growth. The Group achieved:

- revenue of R4.75 billion in the 2014 financial year, which grew to R8.8 billion in the 2017 financial year (a CAGR of 23%);
- gross profit of R1 billion in the 2014 financial year, which grew to R2 billion in the 2017 financial year (a CAGR of 25%);
- Adjusted EBIT of R423 million in the 2014 financial year, which grew to R807 million in the 2017 financial year (a CAGR of 24%); and
- Adjusted EBITDA of R505 million in the 2014 financial year, which grew to R940 million in the 2017 financial year (a CAGR of 23%).

The Group's profitable and sustainable growth is due to both the Group's strategic acquisitions as well as the organic growth of the respective Business Units. In addition, growth is facilitated by the acceleration of projects within Business Units, expansion in market areas pursuant to superior growth relative to the industry norm in key categories and further growth into export markets.

In addition, the Group has a strong track record of achieving profitable and sustainable growth in each of its product categories. This is achieved by, amongst other things, driving growth in the right product categories through category management initiatives, focusing on value-added products in the CPG market and identifying global food trends such as convenience and innovation, out-of-home quick service and casual dining, favoured premium dairy products, health and wellness, gluten free and speciality baking and niche beverages.

By way of illustration:

- in the perishables product category, the Group achieved revenue of R1.98 billion in the 2014 financial year, which increased to R3.73 billion in the 2017 financial year, resulting in a CAGR of 24% over the period;
- in the ambient groceries product category, the Group achieved revenue of R971 million in the 2014 financial year, which increased to R2.64 billion in the 2017 financial year, resulting in a CAGR of 40% over the period;
- in the baking product category, the Group achieved revenue of R372 million in the 2014 financial year, which increased to R515 million in the 2017 financial year, resulting in a CAGR of 12% over the period;
- in the snacks and confectionery product category, the Group achieved revenue of R259 million in the 2014 financial year, which increased to R429 million in the 2017 financial year, resulting in a CAGR of 18% over the period;
- in the niche beverages product category, the Group achieved revenue of R283 million in the 2014 financial year, which increased to R428 million in the 2017 financial year, resulting in a CAGR of 15% over the period;
- in the HPC product category, the Group achieved revenue of R708 million in the 2014 financial year, which increased to R827 million in the 2017 financial year, resulting in a CAGR of 5% over the period; and
- in the specialised food packaging product category, the Group achieved revenue of R180 million in the 2014 financial year, which increased to R253 million in the 2017 financial year, resulting in a CAGR of 12% over the period.

According to Euromonitor data, the Group achieved greater than average revenue CAGR in each of the perishables, ambient groceries, baking, snacks and confectionery and niche beverage product categories between the 2014 and 2017 financial years (with no data available for specialised packaging solutions). By way of illustration, the Group's revenue growth in the key product categories of perishables, ambient groceries, baking and snacks and confectionery against the market's revenue growth in the same categories from the 2015 to 2017 financial years was as follows:

Product category	**Group CAGR (FY2015A to FY2017A)**	**Market CAGR (FY2015A to FY2017A)[1]**
Perishables	20%	9%
Ambient groceries	28%	10%
Baking	21%	11%
Snacks and confectionery	15%	11%

Note:

1 Euromonitor – Packaged Food in South Africa, February 2017.

3. BUSINESS STRATEGY

3.1 Growing selected categories through supply chain optimisation, manufacturing and technical excellence, sales and marketing expertise, upskilling of people and nurturing and further developing customer relationships and consumer admiration

One of the Group's key focus areas is in product innovation, which is a key driver to the growth of the Group's product categories and product offerings. Through market, consumer, shopper and customer insights and by working together with its customers in the conception and development of new products, the Group aims to grow its product categories and increase its presence and visibility in its customers' stores.

Coupled with product innovation is the pursuit of manufacturing excellence to ensure that the Group continually produces products of a high quality which satisfy the needs of its customers and consumers whilst driving production efficiencies to lower costs and increase or maintain margins. In this way, the Group seeks to foster close relationships with its customers and to produce products that are trusted and respected by consumers.

Based on industry insight, the Group is targeting the following over the medium term:

- an average annual category revenue growth for each of the perishables, ambient groceries, baking, HPC and specialised food packaging product categories of 8% to 12%, and an average annual category revenue growth for the snacks and confectionery and niche beverages product categories of 10% to 19%; and
- an Adjusted EBITDA margin for each of the niche beverages, HPC and specialised food packaging product categories of 8% to 10%, and an Adjusted EBITDA margin for each of the perishables, ambient groceries and snacks and confectionery categories of 12% to 18%.

3.2 Expanding Libstar's capabilities through innovation within existing categories, accessing new high-growth categories, undertaking new product development initiatives, understanding and catering to consumption trends and creating competencies by investing in market research and technical knowledge to expand and optimise Libstar's brand solution ability by selective investments in plant, equipment, technology and marketing

The Group aims to increase the production capabilities and capacities of the Business Units by strategically investing further capital in plant and equipment. This will increase the Group's output and allow the Group to produce products for its customers in a more efficient and cost effective manner. The Group targets total capital expenditure as a percentage of revenue to range between 1% and 3%.

In addition, the Group believes that further investment in market research and technical knowledge will position the Group strategically to capitalise in areas of product innovation and development that will enhance the Group's position as a leading provider of Brand Solutions to its customers.

Greater insight into market data and early understanding of consumer trends will also allow the Group to strategically invest in appropriate plant and equipment to allow Business Units to meet growing consumer demands. The Group believes that increased investment in marketing of the Group's products and product offerings will result in greater returns and enhanced capitalisation of consumer trends.

3.3 Acquiring businesses through targeted M&A activity to grow or access identified high growth categories and new markets and channels and expanding current categories and incentivising and retaining entrepreneurs through minority equity interests in order to bring to life Libstar's motto of "*the heart of an entrepreneur with the mind of a corporate*"

The Group conducts ongoing monitoring and identification of CPG category trends and consumer preferences and seeks to acquire businesses that will address current and future trends in these industries, with a particular focus on high quality existing brands. The Group identifies target businesses that are managed by like-minded entrepreneurs who wish to partner with the Group in the growth of their business. The Group assesses whether these acquisitions (i) provide scale or scalability to the existing product ranges of the Business Units or provide new product opportunities within the Group's existing product categories, (ii) offer stand-alone opportunities in new product categories, (iii) provide access to new technologies, customers or markets, and (iv) address (or have the potential to address) current or future industry trends.

The Group seeks to either acquire a controlling interest in a target business or, alternatively, to acquire the business of the target and potentially offer the target's executive management team a minority interest in Libstar in order to provide strategic alignment and an incentive to grow the acquired Business Unit by exploiting the benefits of the Group's platform.

4. KEY STRATEGIC DRIVERS

4.1 To be the trusted strategic partner across all of the Group's key selected categories

The Group supplies a number of major retailers (including Woolworths, Shoprite Checkers, Pick n Pay and Spar) and food service providers (including McDonald's, KFC, Nando's and Famous Brands) in South Africa and has devoted significant resources to ensuring that it establishes and develops close relationships with these and other customers. The Group aims to establish itself as a trusted strategic partner to its customers across all of its selected product categories. In turn, this provides the Group with a stronger platform to increase its Brand Solutions product offering and to influence the strategic development of the product categories in which the Group and its customers operate. This allows the Group to leverage certain growth opportunities such as further penetration into the growing food service sector. For example, Finlar has recently targeted new customers in the food service sector such as Spur Steak Ranches to whom it will supply chicken schnitzels and other value-added chicken products.

By working with customers to grow their market share and key product categories, the Group aims to grow its status as a preferred and strategic partner to its customers.

4.2 Strategic alliances with national and multinational companies

The Group has developed strategic alliances with a number of blue chip national and multinational CPG/FMCG companies such as Tiger Brands, Unilever, Nestlé and County Fair. These alliances are significant to the Group's standing reputation as an attractive partner to both existing and new customers, both within and outside of South Africa, as they demonstrate (i) the Group's manufacturing expertise and technical excellence, and (ii) the Group's managerial and corporate experience and acumen to understand the requirements of large national and multi-national corporates.

The Group has a number of contractual relationships with CPG/FMCG companies, including (i) the provision of Outsourced Manufacturing Solutions for Tiger Brands under a third party manufacturing agreement with Dickon Hall Foods in terms of which Dickon Hall Foods produces, amongst other things, Mrs Balls chutney, (ii) the production of salad dressings by Dickon Hall Foods for Unilever and Nestlé, (iii) the provision of Outsourced Manufacturing Services by Finlar relating to the production and packaging of value-added chicken products for County Fair, and (iv) the production of cereal bars by Ambassador Foods for Kellogg's.

4.3 Maintaining the Group's strong operational entrepreneurial culture

There is a strong entrepreneurial culture within the Group that is supported by the Group's decentralised structure and the fact that Business Units are responsible for their own growth. This decentralised business model has a high degree of autonomy and promotes experimentation and continuous improvement. This entrepreneurial culture is further encouraged through management incentives on the achievement of agreed targets and goals.

4.4 Employee and organisational value creation

Libstar operates an employee and organisational value creation model that aims to align and build individual and organisational value. In addition, the model aims to ensure that vision, direction, strategy and goals are clearly defined and to align the organisational culture, structure and design to value drivers, thus ensuring the successful implementation of strategy. This focuses on information sharing, involvement, innovation, reviewing performance and solving problems both within a Business Unit and across the Group. In this way, each Business Unit and the Group as a whole has a clear approach to performance management within an environment conducive to self-motivation and inspiration of individual employees and teams. The ultimate goal is the growth of sustainable competencies and intellectual capital in the Group so that value creation can take place over an extended period. This model is discussed in paragraph 20.2 of this Section 2 ("*Business Overview*").

4.5 Grow the Group's export revenues in core categories in selected markets

Future growth opportunities exist beyond the borders of the South African market. Business Units such as Cape Herb and Spice and Berfin derive the bulk of their revenues from exports. Other

Business Units that are increasing their exports include Finlar, Ambassador Foods and Lancewood. The current footprint of countries to which the Group's products are exported includes the United States of America, the United Kingdom, Europe, the United Arab Emirates, Canada, Japan and Australia, as well as neighbouring states such as Botswana and Namibia and the rest of Africa. Management expects that the Group's exports will also be boosted by the acquisition of Khoisan, as Khoisan's revenue is largely derived from exports of rooibos tea.

The infrastructure exists within the Group to grow exports to existing customers in existing markets, but also to seek new markets and customers. The Group has the advantage of having a dedicated export function which operates across all Business Units in an effort to export a selection of the Group's products to selected geographies and customers.

A further driver of export growth into the rest of Africa is the expansion of South African retailers (notably Shoprite, Pick n Pay, Woolworths and others) into various countries in Africa. Opportunities exist for further collaboration with these retailers for the development of growth strategies for selected Brands, DOBs and Private Label products.

4.6 **Ongoing investments in the business to support growth across Libstar Brands, products and channels**

A number of Libstar Brands, such as Lancewood, Denny, Goldcrest and Elvin, span multiple product categories and sales channels and are available to a wide range of consumer groups. Opportunities exist for the Group to continue to grow its Libstar Brand portfolio such that certain key brands are developed and expanded according to consumer needs and desires.

The Group approaches the growth of its Brand Solutions product offering (including the Libstar Brands) through the Demand Management Programme, which is described in paragraph 13.3 of this Section 2 ("*Business Overview*"). The Demand Management Programme focuses on consumer demand, category demand, channel demand and customer and shopper demand, with a key focus on the availability and visibility of brands and products at point of purchase. This is further underpinned by clear category, channel, customer and brand plans for the Group's key Libstar Brands. The Demand Management Programme is aimed at identifying potential areas for brand growth, development and, if necessary, diversification to meet and capitalise on consumer trends.

For example, opportunities have been identified for Lancewood to enter new product sub-categories such as sauces, spreads and yoghurts. In order to drive growth in the yoghurt sub-category, the Group acquired Sonnendal, which is in the process of being integrated with Lancewood to increase Lancewood's yoghurt producing capability and capacity.

4.7 **Focus on supply chain optimisation**

The Group has implemented a comprehensive supply chain governance programme that governs all aspects of the supply chain, including procurement, product safety, quality management, occupational health and safety, environmental management, industrial relations and sustainability. The Group's supply chain governance programme is unique to the Group and has been a significant marketing tool and attractive selling point for the Group.

The supply chain governance policy is based largely on ISO Standards and has been widely implemented by the Business Units. Following the implementation of these standards, the Group has been awarded over 150 certifications, comprised of over 50 different certification codes, across all Business Units. These and other certifications indicate the high standard of the Group's production facilities and the Group's robust commitment to quality management. The Group's production facilities are discussed in more detail in paragraph 11 of this Section 2 ("*Business Overview*").

The diversity of the Group's operations also results in a high degree of procurement expertise for strategic raw material inputs, such as milk (Lancewood), meat and chicken (Finlar), herbs and spices (Cape Herb and Spice and Natural Herbs and Spices), nuts (Ambassador Foods) and packaging materials (multiple Business Units). The Group also ensures that, while procurement is largely managed on a decentralised basis, there is a healthy culture of information sharing across the Business Units to ensure that the Group benefits from the most competitive procurement pricing, thereby increasing its margins. This is one of the methods employed by the Group in reducing production costs across the Business Units, along with, amongst other things, (i) improved procurement of raw materials and packaging materials, (ii) headcount reduction through improved shop floor control, and (iii) investment in machinery to reduce labour and improve throughput and reduce waste as volumes grow.

The Group's focus is on growing individual Business Units and making them more efficient, rather than trying to look for synergies between different businesses that are not borne out in practice. However, as discussed in paragraph 2.1 ("*Superior operational platform – An M&A track record and ability to lead the market Brand Solutions*") of this Section 2 ("*Business Overview*"), the Group does integrate operations where possible and in line with the Group's operational strategies to ensure cost reduction. For example, certain of Denny's ambient grocery production facilities were recently relocated from Cape Town to Montagu Foods' premises in the town of Montagu. Another example is Cape Herb and Spice, where certain of its production has been moved into the Natural Herbs and Spices facility in Maitland (which has longer-run, high speed lines) to maximise efficiency and reduce costs. In addition, Elvin's vinegar and flammable liquid production was moved into the operations of Cecil Vinegar and it is intended that the Group's yoghurt production (which is currently conducted by Lancewood) will be concentrated at the Sonnendal facility.

Regular benchmarking studies also show that Libstar has a cost effective outsourced distribution network, which assists in the optimisation of the Group's overall supply chain. The Group actively manages and benchmarks its freight management in respect of its imports and exports, working with specialists (such as Hellmann Worldwide Logistics) in order to maximise efficiencies and achieve economies of scale.

4.8 **Drive and accelerate value and earnings enhancing innovation across the Group**

The Group promotes a culture of innovative thinking across the Business Units. This entails innovation processes that drive new products and packaging, improvements to existing products and packaging and improvement to production and other processes to enhance efficiency and cost-effectiveness. For example, Lancewood has recently launched a new packaging range that is aimed at catching the eye of consumers and increasing brand recognition.

The Group has created an insight-led process that starts with market, consumer, shopper and customer insights to generate new ideas that are then evaluated in a formal process for their commercial value creation. This process is described in more detail in paragraph 15.2 of this Section 2 ("*Business Overview*"). Each Business Unit manages its own innovation pipeline which is then turned into the successful, commercialisation of projects. The process of product innovation is a significant driver of the Group's Brand Solutions product offering and is vital to the Group's position as a strategic partner to its customers in the development of DOBs and Private Label products.

4.9 **Actively pursue strategic value and earnings enhancing acquisitions**

The Group's primary focus is on providing a platform to invest in small to medium sized businesses demonstrating a strong management drive, high quality operations and consumer product offerings with strong growth potential. Libstar evaluates each opportunity within a set of criteria and selects businesses that add value to the Group's portfolio and increase its scale within the relevant segments or strengthen and diversify the Group's market offering. A typical acquisition goes through stages of target identification, negotiation, transaction structuring, due diligence, closing and post-transaction implementation.

As demonstrated in "*Superior operational platform – An M&A track record and ability to lead the market with Brand Solutions*" in paragraph 2.1 of this Section 2 ("*Business Overview*"), the Group has a successful track record of integrating Business Units into the operational structure of the Group to deliver enhanced earnings. Whilst the Group's acquisition strategy includes operations that will diversify the Group's product range and product offering, it also focuses on one of its core strengths, the development of the operating capabilities and capacity of existing Business Units, to deliver consistent growth. This is highlighted in the acquisition of Sonnendal which is in the process of being integrated with Lancewood to enhance Lancewood's yoghurt product range.

The Group's ability to rapidly integrate a Business Unit into the Group structure and empower that Business Unit to exploit the benefits of the Group's platform within a short space of time is one of the drivers that allows the Group to achieve its strategies. A culture of integration has developed within the Group such that certain of the top-performing Business Units play lead integration roles within the Group structure. For example, Cape Herb and Spice has integrated the businesses of Natural Herbs and Spices, Kalk Bay Foods and Khoisan into its operations and Rialto has grown its Principal Brand offering through its integration of Patleys.

5. HISTORY

5.1 Origin

Libstar was founded in 2005 by Lereko Investment and Advisory Services Proprietary Limited ("**Metier**"), van Rensburg and Smith under the name "*Liberty Star Consumer Holdings Proprietary Limited*" or "*Liberty Star*". Royal Bafokeng Finance Proprietary Limited (a South African investment company that invests in listed and unlisted assets across a broad range of sectors) initially held the majority equity interest in the business with van Rensburg and Smith before the Royal Bafokeng group of companies disposed of its interest in the business to entities within the Metier group, including the Lereko Metier Capital Growth Fund Trust in 2008.

In 2010, minority equity stakes were sold to ADP Holding 6, a pan-African private equity fund, and Old Mutual Life Assurance Company (South Africa) Limited.

In 2014, Abraaj acquired the entire interest in Liberty Star Consumer Holdings and all of its operating businesses as part of the 2014 Reorganisation, thereby establishing the Group. In connection with the 2014 Reorganisation certain key management executives were required to reinvest in the Group. Shortly thereafter, also in 2014, PIC acquired its shareholding in Libstar through a sale and purchase of shares by Abraaj to PIC. The Reorganisation is discussed in more detail in paragraph 1 of Annexure 15 ("*Material Contracts*").

5.2 Acquisitive History

Libstar has undertaken a number of acquisitions in South Africa since its inception. Certain of these acquisitions have taken the form of a sale of business, whereas in other cases Libstar has acquired a controlling or non-controlling interest in a target Business Unit. Below is a brief history of the Group's material acquisitions since its establishment in 2005:

2005: Acquired Dickon Hall Foods and 10 Landsborough (a property holding company related to Dickon Hall Foods that was later disposed of).

2006: Acquired Retailer Brands, Rialto Foods, Libstar Food Solutions (later disposed of to Compass Group South Africa), Chet Industries and Chet Chemicals.

2007: Acquired Catalyst Manufacturing (later renamed Noodle Master), Catalyst Outsource (later discontinued), Ribworld (later discontinued), Continuum (later discontinued), Orley Foods (later sold to the Kerry Group), Montagu Foods and Amaro Foods.

2008: Acquired Mullins (later incorporated into Dickon Hall Foods) Cape Herb and Spice, Cape Herb and Spice UK (later discontinued), Cape Herb and Spice Manufacturing (later incorporated into Cape Herb and Spice), Finlar, Finlar Fine Foods Brands (later sold to Dr Oetker), The Blenders (later sold the private label business to Jokels and retained the Woolworth's DOB teas), Desert Charm (a property holding company related to The Blenders that was later disposed of), Libstar Properties and Lancewood.

2009: Acquired Libstar Food Services and Simply Cereal (later sold to Tiger Brands).

2010: Acquired Libstar Personal Care Products (later sold to Premier Foods) and Cotton King (later incorporated into Contactim).

2011: Acquired a controlling interest in Ambassador Foods, Magnolia Ship Suppliers Proprietary Limited t/a Taste of Japan (later incorporated into Rialto Foods) and Truckles Traditional Cheese CC (later incorporated into Rialto Foods).

2012: Acquired Elvin, Glenmor, Contactim, Ferrengi (later incorporated into Contactim), Cani Rusks, Michaels & Michaels (later incorporated into Ambassador Foods), and a controlling interest in Multi-cup.

2013: Acquired Foodpac (later incorporated into Multi-cup), and Amaro Gluten Free.

2014: Acquired Hurters Honey.

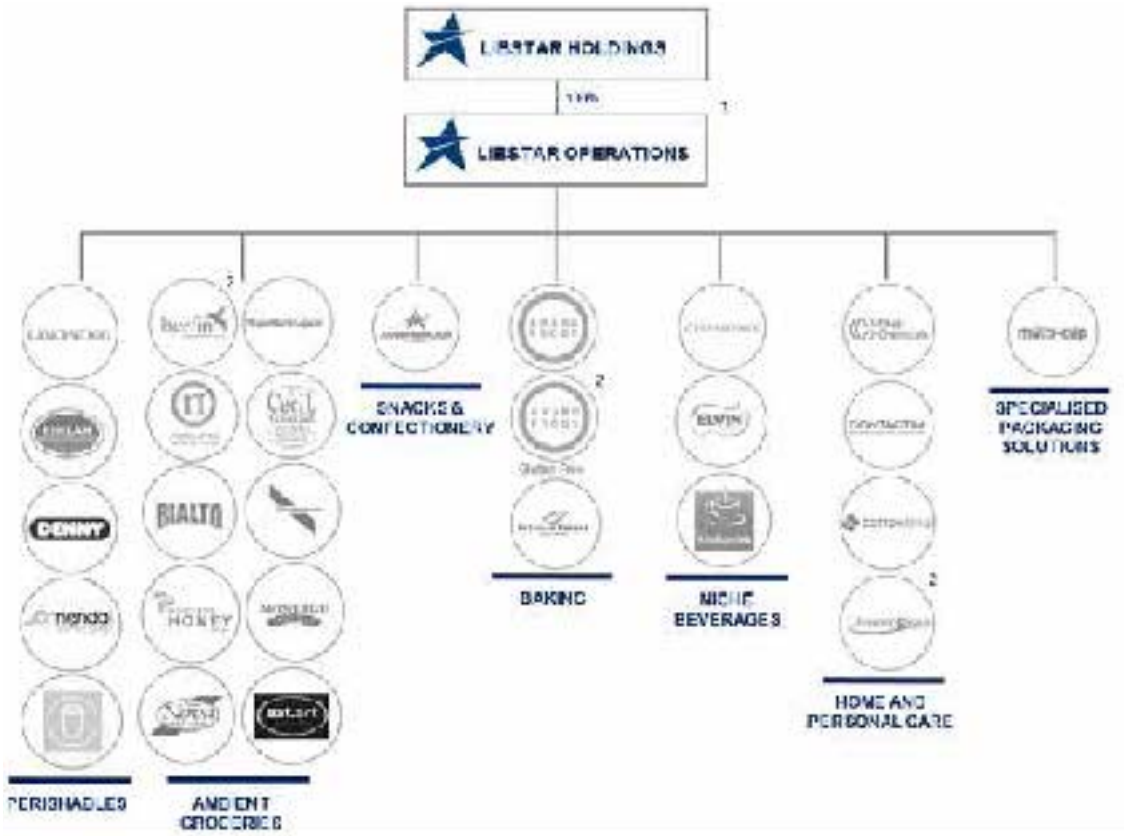
2015: Berfin and African Pride Wines (later sold to the members of the management team of African Pride Wines), Natural Herbs and Spices, Denny, Cecil Vinegar, Patleys (later incorporated into Rialto Foods), Pasta Nova, Chamonix and Cupmaster (later incorporated into Multi-cup).

2016: Acquired Ambassador Confectionery and a controlling interest in Kalk Bay Foods (later incorporated into Cape Herb and Spice).

2017: Acquired Khoisan, Sonnendal and Millennium Foods.

6. GROUP STRUCTURE

There are 27 Business Units within Libstar Operations, each of which is classified into 1 of the 7 product categories offered by the Group. The Business Units are represented in their respective product categories below:



Notes:

1. Libstar Operations has a number of subsidiaries that are not represented on this organogram. One of these subsidiaries is Libstar Properties, a property owning company. Libstar Operations owns 100% of the shares in Libstar Properties. Libstar Operations also has a number of dormant subsidiaries, which will be liquidated or deregistered in due course, tax laws permitting.
2. Operating subsidiaries of Libstar Operations, with minority shareholders.

7. PRODUCT CATEGORIES AND PRODUCTS

Products produced and supplied by each Business Unit are classified into various product categories and sub-categories. A "product category" is a distinct manageable group of products that customers, and consumers perceive to be inter-related or substitutable in meeting customer or consumer needs. The Group's method of categorising its products enables it to develop strategies for each of its product categories and sub-categories and assists the Group to analyse customers and trends, identify and realise market opportunities, understand and manage competition in the marketplace and report its financial results. This method of analysis is in line with CPG industry practices. The understanding of market segments that Libstar gains through this categorisation allows it to manage its product offering to target particular market segments.

Libstar has 7 product categories, namely (i) perishables, (ii) ambient groceries, (iii) snacks and confectionery, (iv) baking, (v) niche beverages, (vi) HPC, and (vii) specialised food packaging. Each product category is further divided into sub-categories. Each Business Unit produces or imports, and supplies products that fall into at least 1 of the Group's 7 product categories.

The following table illustrates the revenue achieved by each product category in the 2017, 2016, 2015 and 2014 financial years:

	FY2017		FY2016		FY2015		FY2014	
Product category	**Revenue (billions)**	**% of total revenue**	**Revenue (billions)**	**% of total revenue**	**Revenue (billions)**	**% of total revenue**	**Revenue (billions)**	**% of total revenue**
Perishables	R3.7	42%	R3.3	41%	R2.6	43%	R1.9	42%
Ambient groceries	R2.6	30%	R2.6	32%	R1.6	26%	R1.0	20%
Snacks and confectionery	R0.4	5%	R0.4	5%	R0.3	5%	R0.3	5%
Baking	R0.5	6%	R0.4	5%	R0.4	7%	R0.4	8%
Niche beverages	R0.4	5%	R0.4	5%	R0.3	5%	R0.3	6%
HPC	R0.8	9%	R0.7	9%	R0.8	13%	R0.7	15%
Specialised food packaging	R0.3	3%	R0.3	3%	R0.2	3%	R0.2	4%
Total	**R8.8**	**100%**	**R8.1**	**100%**	**R6.1**	**100%**	**R4.8**	**100%**

7.1 Perishables

Perishable products are products that are likely to decay or spoil within a short period of time. The perishables product category is currently the Group's largest category and constituted 42% of the Group's revenue, 63% of the Group's operating profit and 47% of the Group's Adjusted EBITDA in the 2017 financial year.

The Group's perishables product category consists of:

- **Dairy products**: this includes hard cheeses, soft cheeses, yoghurts, butters, dips and spreads;
- **Meat products:** this includes beef patties and premium charcuterie;
- **Chicken products:** this includes fresh and frozen formed, crumbed and par-fried value-added chicken products and chicken burger patties; and
- **Fresh mushrooms**: this includes a selection of different types of whole and sliced mushrooms, as well as formed and crumbed fresh and frozen mushroom products.

Below is a summary of the Business Units that operate in the perishables product category, together with their products, location of their production facilities and key customers.

LANCEWOOD	**Products**	Lancewood produces and supplies a range of award winning natural cheeses, as well as butter and other dairy products. Lancewood produces cheddar, gouda and mozzarella, cottage cheese, cream cheese, mascarpone, yoghurts and whey powder. Lancewood also distributes a range of Principal Brands, including Kiri, Laughing Cow and Bel processed cheese products as well as Lurpak butter.
	Key customers	Lancewood sells its products to, amongst others, Pick n Pay, Spar, Woolworths and Shoprite Checkers, as well as a number of customers in the food service industry.
	Facilities	Lancewood's production facility is situated in George, Western Cape Province, which is in the pasture fed region for dairy farming and in close proximity to its milk suppliers.
DENNY	**Products**	Denny is a leading producer of fresh mushrooms in South Africa. Each of Denny's 3 production facilities has a sales team servicing its regional market as well as key account managers, who ensure that Denny regularly delivers fresh whole and sliced mushrooms to its customers.
	Key customers	Denny's key customers are Shoprite Checkers, Pick n Pay, Spar and Woolworths as well as fresh produce retailers such as Fruit & Veg City and Fruitspot.
	Facilities	Denny mushrooms are grown in 3 production facilities located in Deodar, Gauteng Province, Shongweni, KwaZulu-Natal Province and Phesantekraal, Western Cape Province.

	**Products**	Finlar produces beef, chicken and other perishable food products. Finlar's first plant was established in Cape Town in 1994, and as national demand grew, a second operation was opened in Johannesburg in 1995. Finlar's business operations are centred around the requirements of its key customers with whom it has had long and profitable business relationships and for whom it produces meat and value-added crumbed chicken, as well as vegetable value-added products.
	Key customers	Finlar supplies its products to McDonald's in South Africa and Middle Eastern and African countries, as well as producing value-added beef and chicken products for County Fair and Woolworths.
	Facilities	Finlar's operations are located at facilities in Bellville, Western Cape Province and City Deep, Johannesburg, Gauteng Province.
	**Products**	Sonnendal produces a range of dairy products, including milk, amasi, buttermilk, cream, yoghurt, dairy blends and fruit juices.
	Key customers	Sonnendal supplies its products to a number of large retailers such as Pick n Pay, Boxer and Elite Cash & Carry.
	Facilities	Sonnendal's facilities are located in Athlone Industria, Cape Town, Western Cape Province.
	**Products**	Millennium Foods is a manufacturer of fresh convenience ready to heat/eat meals for the retail industry in South Africa. Millennium Foods' convenience meal offering includes meat, chicken, pasta, vegetables, salads, cheeses and bread-based meals, as well as a range of dessert products.
	Key customers	Millennium Foods' main customer is Shoprite Checkers.
	Facilities	Millennium Foods' operations are run out of Killarney Gardens in the Western Cape Province.

7.2 Ambient groceries

Ambient groceries (also known as "shelf-stable" groceries) is a category of foods that can be stored and preserved at room temperature. The ambient groceries product category is the Group's second largest category and constituted 30% of the Group's revenue, 48% of the Group's operating profit and 37% of the Group's Adjusted EBITDA in the 2017 financial year.

The Group's ambient groceries product category consists of:

- **Wet condiments**: These are products that are added to food to impart or enhance flavour. This sub-category includes products such as chutneys, tomato sauces, sweet chilli sauces, vinegars, tomato pastes, salad dressings, mayonnaise and marinades.
- **Dry condiments:** These are products that are added to food to impart certain flavour to or enhance flavour. This sub-category includes products such as salt, pepper, herbs and spices, curry powder and seasoning mixes.
- **Pastas:** This sub-category includes a variety of dry and filled pasta products.
- **Meal preparations**: These are products that assist the maker in preparing meals and include ready-made convenience products that may be used to save time and preparation difficulties. This includes products such as pasta sauces, cook-in sauces, canned and bottled salads, beans and olives.
- **Canned products**: This sub-category includes products such as soups and canned vegetables, legumes, corn and other items.
- **Spreads:** This sub-category includes products such as honey, cheese spreads, jams, peanut butters and nut butters.

The Group imports, produces and exports an extensive range of ambient groceries.

Below is a summary of the Business Units that operate in the ambient groceries product category, together with their products, location of their production facilities and key customers:

berfin	**Products**	Berfin supplies fruit juices, breakfast cereals, confectionery, fruit snacks, herbs and spices, sauces and wet and dry condiments. Berfin has established close relationships with local and international suppliers, customers and export principals, thus ensuring excellence in the sourcing and export of a wide range of products.
	Key customers	Berfin exports quality food and beverage products to more than 30 countries worldwide including to customers such as Emirates Snack Foods (UAE), LDH (UK), Laurence Milner Holdings (USA), Brands Africa (Zimbabwe) and CTD In the Bag (Australia). A significant majority of Berfin's revenue is generated through exports with the remainder being generated through sales to South African customers.
	Facility	Berfin's facility is located in Cape Town, Western Cape Province.
Cape Herb & Spice	**Products**	Cape Herb and Spice procures, treats, blends, packages and sells a wide range of innovative non-irradiated herbs and spices as DOB and Private Label products, as well as Libstar Brand products to foreign and local retailers. Cape Herb and Spice also procures, blends and packs premium DOB teas to the South African and international markets. Cape Herb and Spice's products are produced organically, with no genetically modified processes, are allergen free and fair trade certified.
	Key customers	Cape Herb and Spice supplies its products to a wide range of customers in the South African and export markets, including Woolworths (South Africa), Trader Joes (USA), Spinneys (UAE), Loblaws (Canada) and Findlay Foods (Australia). Over 75% of Cape Herb and Spice and Natural Herbs and Spices' aggregate revenue is generated through exports, the rest is generated through sale to South African customers.
	Facilities	Cape Herb and Spice operates from facilities in Westlake and share premises with Natural Herbs and Spices in Maitland, both situated in Western Cape Province.
eat.art	**Products**	Kalk Bay Foods (which is operated under common management within Cape Herb and Spice) procures and packages a range of specialised and purpose-designed food gifting solutions.
	Key customers	Kalk Bay Foods' key customers include Woolworths, Pick n Pay, Checkers and Globus (Switzerland).
	Facility	Kalk Bay Foods operates from a facility in Westlake, Western Cape Province, which it shares with Cape Herb and Spice.
natural	**Products**	Natural Herbs and Spices produces innovative herb and spice products which are sold both locally and abroad. All of Natural Herbs and Spices' products are naturally produced and are free from genetically modified organisms. Natural Herbs and Spices' ingredients are freeze sterilised to promote longevity.
	Key customers	Natural Herbs and Spices distributes its products internationally and throughout South Africa, the most significant South African customers being Spar and Shoprite Checkers. Over three quarters of Natural Herbs and Spices aggregate revenue is generated through exports, the remainder being generated through sales to South African customers.
	Facilities	Natural Herbs and Spices operates from facilities that are shared with Cape Herb and Spice in Maitland, Western Cape Province.

	Products	Cecil Vinegar has been producing naturally fermented vinegar since 1936. Cecil Vinegar has a range of locally produced vinegars, and it imports speciality vinegars. Cecil Vinegar produces products under Private Label and DOB. It also produces vinegar products under the "Safari" Licenced Brand in terms of a licence agreement with Pioneer Foods. In addition, locally produced apple cider and wine vinegars, together with quality balsamic vinegar imported from Italy, are sold under the Cecil Vinegar brand. All vinegars are produced from natural ingredients using submerged fermentation technology.
	Key customers	Cecil Vinegar's products are sold to retailers in South Africa, including Shoprite Checkers, Pick n Pay, Spar and Woolworths. Cecil Vinegar also supplies the food service channel through customers such as Bidvest Foodservices and Freddy Hirsch as well as high strength vinegar to Tiger Brands and Peppadew as well as to limited export markets.
	Facilities	Cecil Vinegar operates from its facilities in Strand, Western Cape Province and Alrode, Gauteng Province.
	Products	Dickon Hall Foods has 25 years' operating experience in the ambient groceries industry, where it provides Outsourced Manufacturing Solutions for leading food manufacturers. Dickon Hall Foods produces wet condiments such as chutneys, salad dressings, sauces, marinades and mayonnaise, as well as spreads and savoury dips. Dickon Hall Foods produces both bulk and retail pack sizes for its customers.
	Key customers	Dickon Hall Foods produces for brand owners such as Tiger Brands, Unilever, Nando's and Nestlé as well as for food service companies such as McDonald's and Taste Holdings.
	Facilities	Dickon Hall Foods operates its facility from Southdale, Gauteng Province and Turffontein, Gauteng Province.
	Products	Pasta Nova produces long-cut and short-cut pasta products. Pasta Nova produces a number of Libstar Brands, including Pasta Nova, Yummy Pasta and San Carlo. It also produces Private Label pasta products for its customers.
	Key customers	Pasta Nova's principal customer is Unilever for whom it produces pasta for inclusion into other products such as soups and meal kits. Pasta Nova's other key customer is Makro.
	Facility	Pasta Nova operates from its facility in Linbro Park, Gauteng Province.
	Products	Hurters Honey processes pure non-irradiated South African honey in a variety of natural honey flavours such as Orange Blossom, Fynbos, Blue Gum and Wild Blossom. Hurters Honey also produces a range of blended honeys. All honey produced by Hurters Honey for Woolworths is non-irradiated.
	Key customers	Hurters Honey's key customer is Woolworths to whom it supplies honey as a DOB. Hurters also packs Goldcrest honey for Rialto.
	Facility	Hurters Honey operates from its facility in Langebaan, Western Cape Province.

MONTAGU FOODS	**Products**	Montagu Foods produces a wide range of chutneys from traditional apricot and peach to include popular exotic variants such as pineapple and mango as well as other wet condiments such as sweet chilli sauce, tomato sauces and salad dressings to customers under DOB and Private Label and its own brands. Montagu also produces a range of long life products such as soups, cook in sauces, pasta sauces and mustards and other condiments under the Denny brand in cans, jars and pouches as well as DOB'S for Woolworths. Montagu Foods also manages the operations of Cani Rusks, which produces home styled rusks, crunchies and shortbread made from high quality natural ingredients.
	Key customers	Montagu Foods' key South African customers include Shoprite Checkers, Woolworths, Pick n Pay and Spar. Cani Rusks produces products under the Libstar Brand "*Cani*", as well as under the DOBs and Private Labels of Spar and Shoprite Checkers.
	Facility	Montagu Foods operates from facilities in Montagu, Western Cape Province. The operations of Cani Rusks are located in Blackheath, Western Cape Province.
RIALTO	**Products**	Rialto Foods is the exclusive South African importer of several recognised Principal Brands, including Granoro, Olitalia, Zanetti, Kikkoman, Villani, San Benedetto, Tabasco, NCP and Act II. Rialto Foods also markets certain Libstar Brands, including Goldcrest and Cook 'n Bake, as well as Weigh-Less as a Licenced Brand. Rialto Foods sources, imports, packs and sells both perishable and long-life food products from a number of European, Asian and American food manufacturers and is the preferred supplier to Woolworths for a wide range of products. Rialto Foods also has value-adding high-care production facilities for products such as sliced and grated cheese and premium charcuterie. Rialto Foods' products include condiments, sauces, noodles, balsamic vinegars, canned tomatoes, canned fish, chocolates and biscuits, coconut milk, coffee, curry pastes, mineral water, olive oil and speciality meats and cheeses, plus other canned foods, spreads, marinades and baby foods.
	Key customers	Rialto Foods' major customer is Woolworths, for whom it supplies over 250 product lines. Rialto Foods also supplies Libstar Brands, Licenced Brands and Principal Brands to Pick n Pay, Shoprite Checkers and Spar.
	Facilities	Rialto Foods operates from facilities in Montagu Gardens, Cape Town, Western Cape Province and Linbro Park, Gauteng Province.

7.3 Snacks and confectionery

The snacks and confectionery product category contributed 5% of the Group's revenue, 9% of the Group's operating profit and 8% of the Group's Adjusted EBITDA in the 2017 financial year.

The Group's snacks and confectionery product category consists of:

- **Nuts:** this includes a range of edible nuts and related snack products;
- **Snack bars:** this includes products such as nut bars, cereal bars and energy bars; and
- **Confectionery:** this includes a range of sweet products such as nougat, fudge, Turkish delight and brittles.

The Group's snacks and confectionery products respond to the consumer's demand for convenience and "on-the-go" snacking. Consumer trends indicate continuing growth in the convenience snacking market, especially in the category of health snacks for busy individuals who have less time to prepare meals and complete weekly shopping trips but who wish to maintain a healthy and balanced diet.

The Group sells a range of snacks and confectionery items, predominantly through DOBs.

Below is a summary of the Business Unit that operates in the snacks and confectionery product category together with its products, location of its production facilities and key customers:

	**Products**	Ambassador Foods is a producer of a wide variety of edible nuts, seeds and related snack products. Its product range includes fruit and nut mixes, granolas, cereal, health and energy bars, nut bars, protein bars, as well as a variety of roasted and spiced nuts. A division of Ambassador Foods, Ambassador Confectionery manufactures sweet treats such as nougat, fudge, Turkish delight and brittles.
	Key customers	Ambassador Foods has been a preferred supplier of nuts, seeds and related snack products to Woolworths for approximately 20 years. Ambassador Foods was voted "*Woolworths Supplier of the Year*" in 2006 and 2010 in the snacks and sweets department. Ambassador Foods also produces cereal bars for Kellogg's as part of its Outsourced Manufacturing Solutions product offering. Ambassador Foods also exports to Spinneys in the United Arab Emirates.
	Facility	Ambassador Foods' production facilities are based in White River, Mpumalanga Province. The operations of Ambassador Confectionery are located in Paarl, Western Cape Province.

7.4 Baking

The baking product category contributed 6% of the Group's revenue, 9% of the Group's operating profit and 8% of the Group's Adjusted EBITDA in the 2017 financial year.

The Group's baking product category consists of:

- **Baked goods:** these include products such as flour tortilla wraps, buns, rolls, rusks (a traditional South African hard biscuit that is commonly eaten with a hot beverage), speciality breads and gluten-free baked products;
- **Baking aids:** baking aids are products that assist in the baking process, such as baking sodas, essences, colourants, baking powders and bicarbonate of soda.

The Group sells a range of baking products to large retailers in South Africa and abroad, as well as to businesses operating in the food services industry.

Below is a summary of the Business Units that operate in the baking product category together with their products, location of their production facilities and key customers:

	**Products**	Amaro Foods is an award winning bakery that produces an extensive range of baked products for Woolworths and food service customers. Amaro Foods' products include soft white and brown rolls, speciality breads, baguettes, croissants, flapjacks, flour tortilla wraps, hot cross buns, naan and roti's.
	Key customers	Amaro Foods' key customer in the retail channel is Woolworths. Amaro Foods also supplies a number of businesses in the food service industry such as Nando's, Famous Brands and KFC.
	Facilities	The bakery's production facilities are based in Epping and Killarney Gardens, Western Cape Province.
	**Products**	Amaro Gluten Free produces a range of gluten free bakery products such as breads, confectionery and crackers for Woolworths. Amaro Gluten free is under common management with Amaro Foods.
	Key customers	Amaro Gluten Free is a preferred supplier to Woolworths.
	Facility	The bakery's production facilities are based in Killarney Gardens, Western Cape Province.

RETAILER BRANDS	**Products**	Retailer Brands produces food products under Private Labels, Libstar Brands and Licensed Brands for the retail and wholesale trade in South Africa. Retailer Brands produces a wide range of baking aids (including essences and colourants), dry food products including soups, jellies, spices, custard powder, sauces, meal kits and spices for the retail and wholesale trade in South Africa. Retailer Brands produces and sells baking aids under the Robertsons Licenced Brand as well as ambient groceries under the Libstar Brands of Cartwrights and Sheridans.
	Key customers	Retailer Brands' key customers include retailers such as Shoprite Checkers, Pick n Pay and Spar.
	Facility	Retailer Brands' production facility is based in West Turffontein, Gauteng Province.

7.5 Niche beverages

The niche beverages product category consists of beverages that do not fall within the mainstream beverage market (which, in turn, is comprised of large brand name beverages that have traditionally commanded the beverage market). The niche beverage product category contributed 5% of the Group's revenue, (10)% of the Group's operating profit and 0.3% of the Group's Adjusted EBITDA in the 2017 financial year.

The Group's niche beverage product category consists of:

- **Fruit beverages:** this includes concentrated fruit drinks and squashes;
- **Waters and mixers:** this includes natural and flavoured still and sparkling spring waters, carbonated soft drinks and bar mixes; and
- **Hot drinks:** this includes speciality tea products.

Several Business Units sell a range of niche beverage products under Libstar Brands, as well as under DOB and Private Label.

Below is a summary of the Business Units that operate in the niche beverage product category, together with their products, location of their production facilities and key customers:

ELVIN	**Products**	Elvin produces a wide range of fruit nectar concentrates, dairy fruit blends and lemon juice under a number of Libstar Brands (including Elvin, Slimsy and Delicious), as well as under DOBs and Private Label.
	Key customers	Elvin sells its products to Shoprite Checkers, Pick n Pay, Spar and several independent wholesalers. Elvin also exports its products to various customers in export markets.
	Facility	Elvin's production facilities are located in East London, Eastern Cape Province.
CHAMONIX	**Products**	The Chamonix water range is sourced from the slopes of the Franschhoek mountains and is known for its pure spring water. Chamonix sells still and sparkling bottled water products under the Licenced Brand "*Chamonix*" and also produces a range of flavoured and enhanced waters and carbonated soft drinks.
	Key customers	Chamonix provides its products to Woolworths as well as to customers in the food service industry.
	Facility	Chamonix operates from a farm on the outskirts of Franschhoek, Western Cape Province.
khoisan tea	**Products**	Khoisan procures, treats, blends and packs a range of teas in bulk and in individual tea bags. These teas include rooibos, honeybush, black tea blends and various other speciality tea to vanilla, gourmet and speciality blends. Khoisan's offering also includes natural vanilla pods, natural vanilla essence and other spices in bulk as well as retail ready packs.
	Key customers	Khoisan's key customers are V-Sell Ekologiska Produketer AB, Lyon GmbH and Gerbruder Wollenhaupt GmbH.
	Facilities	Khoisan operates from premises in Ysterplaat and Clanwilliam, both in the Western Cape Province.

7.6 Home and Personal Care

The HPC product category made up 9% of the Group's revenue, 0.8% of the Group's operating profit and 5% of the Group's Adjusted EBITDA in the 2017 financial year.

The Group's HPC product category consists of:

- **Household cleaning products:** this includes dishwashing liquids, all-purpose cleaners, bleach, cleaning sponges, steel wool, and a selection of organic, eco-friendly and biodegradable products;
- **Laundry care:** this includes laundry detergents, fabric softeners, and related products; and
- **Personal care:** this includes cotton wool, cotton buds, cosmetic facial packs, beauty soaps and bath additions.

Below is a summary of the Business Units that operate in the HPC product category, together with their products, location of their production facilities and key customers:

Chet Chemicals	**Products**	Chet Chemicals produces a range of biodegradable as well as conventional laundry care, household cleaning and dishwashing products under DOBs, Private Label and Libstar Brands for major retailers and wholesalers.
	Key customers	Chet Chemicals' key customers include Pick n Pay, Shoprite Checkers, Spar and Woolworths. Chet Chemicals also provides Outsourced Manufacturing Solutions to Unilever, S C Johnson and Tiger Brands.
	Facilities	Chet Chemicals' production facility is based in Kempton Park, Johannesburg, Gauteng Province.
Glenmor Soap	**Products**	Glenmor produces a range of affordable, high quality soap products. Originating with the manufacturing of its traditional green and blue bar laundry soaps, Glenmor also offers a range of hygiene and beauty soaps. Glenmor manufactures products under the Libstar Brands, Preem and Astra, and also provides Private Label to a number of its retail customers.
	Key customers	Glenmor produces its soaps for a number of independent wholesalers primarily in the Eastern Cape Province as well as Shoprite Checkers and Spar.
	Facility	Glenmor's premises are situated in East London, Eastern Cape Province.
CONTACTIM	**Products**	Contactim produces cleaning products including brass and stainless steel scourers, sponge scourers and steel wool as well as flexible waste traps and fittings under Libstar Brands and under DOBs and Private Label.
	Key customers	Contactim's key customers include retailers such as Pick n Pay, Shoprite Checkers, Spar and Makro.
	Facility	Contactim's facility is located in Pietermaritzburg, KwaZulu-Natal Province.
COTTONKING	**Products**	Cotton King produces a wide range of cotton wool products such as cotton buds and cosmetic facial pads, cotton balls and cotton rolls.
	Key customers	Cotton King sells its products under Private Label to, amongst others, Pick n Pay, Shoprite Checkers, Spar and Clicks.
	Facilities	Cotton King operates its business from premises in Pietermaritzburg, KwaZulu-Natal Province.

7.7 Specialised food packaging

The specialised food packaging product category comprises of custom-made, disposable packaging solutions for various food and drink products sold largely in the food services industry. The specialised food packaging product category contributed 3% of the Group's revenue, 2% of the Group's operating profit and 2% of the Group's Adjusted EBITDA in the 2017 financial year.

The Group's specialised food packaging product category consists of:

- **Cups:** disposable paper cups for hot and cold beverages to quick service restaurants;
- **Containers:** paper and plastic containers, plastic cutlery, polystyrene trays and cups; and
- **Accessories:** food service accessories, aluminium dishes, cling film, foil sheets, serviettes, and related products.

Below is a summary of the Business Unit that operates in the specialised food packaging category, together with its products, location of its production facility and key customers:

multi-cup	**Products**	Multi-cup is a supplier of generic and branded hot and cold beverage cups and allied packaging, cup holders and stirrers, cup lids and assorted paper and plastic containers to the food service and vending market segments in Southern Africa. Multi-cup has a strategic alliance with Pelican and Plus, a Korean paper cup and packaging manufacturer. Multi-cup supplies customers such as KFC, Coca-Cola and Starbucks with cups procured from Pelican and Plus.
	Key customers	Multi-cup supplies products to KFC, Coca-Cola, Ciro, Famous Brands and Ster Kinekor.
	Facility	Multi-cup operates its business from a warehousing and packing facility in Kempton Park, Gauteng Province.

8. PRODUCT OFFERINGS

8.1 Introduction

The Group offers its products under a number of distinct product offerings. These product offerings consist of:

- Brand Solutions (comprising (i) Brands, inclusive of Libstar Brands and Licenced Brands, (ii) DOBs and Private Labels, and (iii) Principal Brands);
- Food Service Solutions; and
- Outsourced Manufacturing Solutions.

Brand Solutions contributes more than three quarters of the Group's revenue with Food Service Solutions and Outsourced Manufacturing Solutions contributing roughly equal shares of the remaining Group revenue.

8.2 Brand Solutions

The Group's Brand Solutions is the Group's largest product offering to its customers. The Group produces a wide variety of brands, including (i) Libstar Brands and Licenced Brands, (ii) DOBs and Private Labels, and (iii) Principal Brands. Each of these Brand Solutions are discussed in turn below:

8.2.1 *Brands (Libstar Brands and Licenced Brands)*

The Group produces, supplies and markets a strong portfolio of Brands. Brands are products that are produced by the Group and marketed and sold under labels and trademarks that are proprietary to the Group or produced, supplied and marketed by the Group under licence agreements with a brand owner.

Many Libstar Brands, including Lancewood, Denny, Goldcrest and Cook 'n Bake, are well recognised brands in South Africa.

- **Lancewood:** Lancewood was established in 1996 and has since grown to be a leading brand in the natural cheese market in South Africa, with a market share in natural cheeses of 25% (IRi MAT data, November 2017), based on value. Lancewood is a market leader in both hard cheeses (with an 22% market share, based on value) and soft cheese (with a 51% market share, based on value) (IRi MAT data, November 2017).
- **Denny:** Denny was founded approximately 65 years ago and is one of the leading fresh mushroom brands in the mushroom market in South Africa. A range of prepared foods and sauces is also marketed under the Denny brand. According to Spar Insight data (December 2017), Denny soups and Denny Cook-in-Sauces have market shares of 55% and 31% in Spar, respectively. In addition, Denny pasta sauces have a 13% market share, according to the same source data.
- **Cook 'n Bake:** Cook 'n Bake is a non-stick spray which allows for easy, clean and healthy cooking and baking and is a healthy alternative used for conventional and microwave cooking. It contains a 'non-gagging' spray, no CFCs or sodium and is cholesterol-free and ozone friendly. Cook 'n Bake is endorsed by the Heart and Stroke Foundation South Africa.

- **Goldcrest**: Goldcrest is a well-established brand in South Africa that has been in stores for over a decade and is a leading brand in the premium canned fruit market in South Africa. Goldcrest has a 54% market share, based on value (IRi MAT data, June 2017) in the premium canned fruit product category. In addition, Goldcrest honey is the third largest brand in the South African honey market with a value share of 18% (IRi MAT data, December 2017). The Group has identified Goldcrest honey as a potential growth product going forward.

A majority of the Group's Business Units produce and sell Libstar Brands for distribution across South Africa or export these Libstar Brands to food retailers abroad. The Group's Libstar Brand product offering includes a range of different products from multiple product categories, including cheeses, sauces and condiments, herbs and spices, pasta, fruit juices and concentrates, vinegars, bakery products and convenience meals as well as soaps, detergents and washing powders.

The Group manages the Libstar Brands in accordance with Libstar's demand management processes and procedures, discussed in paragraph 13.3 of this Section 2 ("*Business Overview*").

The Group also produces and supplies a number of Licenced Brand products, such as Robertsons, Safari, Weigh-Less and Chamonix. The production of these brands has been entrusted to the Group by leading national and international CPG/FMCG companies such as Unilever and Pioneer Foods. A brief summary of each of the Group's Licenced Brands is set out below:

- **Robertsons (Retailer Brands):** Retailer Brands has concluded a trademark licence agreement with Unilever in terms of which Retailer Brands is granted an exclusive licence to use the Robertsons trademark in relation to the manufacture of certain baking aid products, including essences and colourants, Epsom salts and bicarbonates of soda, dessert toppings and baking powder. This licence extends to South Africa as well as a number of African countries, including Angola, Botswana, Lesotho, Madagascar, Mauritius, Mozambique, Namibia, Seychelles, Swaziland and Zambia. The trademark licence agreement subsists until 31 August 2020 and Retailer Brands is obliged to pay Unilever a quarterly royalty calculated as a percentage of net sales in respect of the licenced products.
- **Weigh-Less (Rialto Foods):** Weigh-Less products are manufactured, marketed and sold by Rialto Foods under a licence agreement that was concluded with Weigh-Less. This arrangement has been in place since 10 December 2015 and subsists for an initial period of 10 years, thereafter for a further automatic renewal period of 5 years and thereafter again for further periods of 5 years *ad infinitum* until terminated by either party on 6 months' written notice. Rialto Foods is authorised to use the Weigh-Less trademark exclusively, in conjunction with look, feel, colour, design and manner of packaging applied to the specific products licenced to Rialto Foods in South Africa and its neighbouring countries. There are a wide variety of products that are exclusively licenced to Rialto Foods in terms of the licence agreement, including ranges of sweeteners, multi-vitamins, jams, fruits, muesli and bran products, wraps, dressings, gravies and sauces, snacks and confectioneries, jellies and vegetables. As consideration for the use of the trademarks in the sale of the licenced product, Rialto Foods is required to pay to Weigh-Less a monthly royalty which is calculated as a percentage of the net sales of food related items and the net sales of pharmaceutical related items.
- **Safari (Cecil Vinegar):** Cecil Vinegar has been licenced by Pioneer Foods to manufacture vinegar products under the "Safari" and "Gross" brand and label. The licence is an exclusive, perpetual, non-transferrable, royalty-free licence to use the Safari and Gross trademarks in relation to the production, marketing and sale of certain natural vinegars, grape and apple ciders and malt and rice vinegars in South Africa.
- **Chamonix (Chamonix):** Chamonix has been granted an exclusive licence by Cape Chamonix Wine and Springwater Proprietary Limited to use the brand name, logo and trademark "*Chamonix*" in relation to, amongst other things, certain non-alcoholic beverages. The licence has been granted on an exclusive basis in South Africa and its neighbouring countries. This licence agreement subsists for an initial period of 5 years

commencing on 1 September 2016, subject to further rolling periods of 5 years, should Chamonix exercise its right to renew the agreement. Chamonix is required to pay Cape Chamonix Wine and Springwater Proprietary Limited a quarterly royalty calculated as a percentage of revenue generated by the sale of the licenced products.

- **The Heart and Stroke Foundation South Africa (Rialto Foods):** Rialto Foods has been authorised by the Heart and Stroke Foundation South Africa to use the trademark logos of the Heart and Stroke Foundation South Africa on certain of its products. These products include Cook 'n Bake's original, savoury and butter non-stick sprays, as well as Antonio's olive oil spray. Each of these products has been endorsed by the Heart and Stroke Foundation South Africa as food products that conform to certain product category guidelines for acceptability. As consideration for the use of the trademarks, Rialto Foods pays certain fixed licence fees to the Heart and Stroke Foundation South Africa. There is no royalty fee payable.
- **Weigh-Less (Elvin):** Elvin produces certain products under its Slimsy range in terms of which Weigh-Less has granted Elvin a licence to use and display the Weigh-Less trademark on the packaging of its products in order to convey to the general public that the Slimsy products have the support and approval of Weigh-Less. The licence has been granted by Weigh-Less for an indefinite period within South Africa, Botswana, Namibia, Swaziland and Lesotho and on an exclusive basis insofar as it concerns weight reduction 6% fruit concentrates. As consideration for the licence, Elvin pays Weigh-Less a royalty calculated as a percentage of the turnover generated by the sale of Elvin's Slimsy products carrying the Weigh-Less trademark.
- **Mageu (Elvin):** Clirus Development CC has granted Elvin an exclusive licence to produce mageu (a traditional South African beverage made from fermented maize products) and to utilise Clirus Development CC's know-how and processes in the manufacturing thereof within various regions of South Africa. The licence agreement entitles Elvin to sell the mageu products both within and outside of South Africa. The licence is granted to Elvin against the payment by Elvin of fixed monthly royalty fees to Clirus Development CC, subject to annual escalations.
- **SA Smoke Seasoning (Cape Herb and Spice):** Cape Herb and Spice pays a royalty to Cape Hothouse for every unit of SA Smoke Seasoning that is supplied to Trader Joes.

8.2.2 *Dealer Own Brands and Private Label*

A key focus of the Group's operations is the production of DOB and Private Label products for retail and wholesale customers. Private Label products are a more cost-effective alternative to branded products. In the tiering categories of "good", "better" and "best", these products are typically positioned and perceived as "good". DOB products are normally comparative to well-known brands in quality, but at a discount. As opposed to Private Label, DOB products are more differentiated in their offering in terms of packaging, specifications, appearances and product benefits. This is brought about by consumer and shopper insights and supported by new product development. Depending on the retailer, DOBs are positioned as "better" and, in some cases, "best". In addition to the production of DOBs, the Group also provides value-added services such as technical, product and packaging development and category management.

Sales generated from the manufacture of DOBs and Private Label products represented 42.2% of the overall Group revenue in 2017.

The Group has recognised an increasing shift towards customers developing DOBs in addition to continuing their Private Label ranges. The Group is well placed to partner with its existing and new customers in the development and production of their DOB products. The Group's unique competence through its focus on product innovation, new product development and customer relationships, assists its customers to establish and grow their DOB presence in selected product categories. Certain of the Business Units in the Group have become leading producers and suppliers of DOB and Private Label food, beverage and HPC products to their customers.

The Group provides DOB and Private Label solutions to some of the largest retailer chains in South Africa, including Woolworths, Pick n Pay, Shoprite Checkers and Spar. Certain of the Business Units also manufacture DOBs and Private Label products for retailers abroad, such as Trader Joes (USA), Loblaws (Canada) and Spinneys (UAE). A few of the highlights of the Group's DOB and Private Label product offerings to South Africa's larger retailers are discussed below:

- Woolworths (Woolworths DOB)

  Ambassador Foods has supplied nuts under the "*W*" DOB to Woolworths for approximately 20 years. According to Woolworths in store data, Woolworths commands a 38.8% share of the South African nut market, according to data provided by Woolworths (May 2017).

  Rialto Foods is a preferred supplier to Woolworths of pasta products, which are packaged and sold under Woolworths' "*W*" DOB. Rialto Foods has worked alongside Woolworths to increase pasta sales at a CAGR of 15.5% in value from July 2012 to June 2017, based on sales data of Rialto Foods. Pasta sales in Woolworths for the period July 2017 to December 2017 grew by 19% in value, year-on-year.

  Cape Herb and Spice is a preferred supplier of herbs and spices under the "*W*" DOB and has grown the herbs and spices product category in Woolworths at a CAGR of 24% from June 2010 to December 2017. Woolworths was, through Cape Herb and Spice, one of the first DOBs to supply non-irradiated herbs and spices in South Africa. In addition, Cape Herb and Spice worked alongside Woolworths for 4 years to grow its tea category, during which period Woolworths doubled its revenues from tea sales.

- Shoprite Checkers ("*Crystal Valley*", "*Bella Vista*" and "*Oh My Goodness*" DOB and "*Ritebrand*" and "*Housebrand*" Private Labels)

  Crystal Valley is Shoprite's DOB label of cheese. Lancewood provides Shoprite with cheese products under the Crystal Valley DOB and this brand has, according to IRi MAT data (November 2017) a market share in the natural hard cheese category of 4%, based on value.

  Elvin supplies Shoprite Checkers with dairy fruit blends under the "*Ritebrand*" and "*Housebrand*" Private Labels. According to IRi MAT data (December 2017), Shoprite's Private Label dairy fruit blend products have a 16% market share of the dairy fruit blend category in Shoprite Checkers, based on value.

  Chet Chemicals produces dishwashing liquids and bleach products for Shoprite Checkers under the "*Ritebrand*" and "*Housebrand*" Private Labels. According to Shoprite Checkers' store data (December 2017), Shoprite Checkers' Private Label dishwashing and bleach products produced by Chet Chemicals command a 17% market share of the relevant product category in Shoprite Checkers, based on value.

  Millennium Foods produces products for Shoprite Checkers under the "*Oh My Goodness*" DOB. Millennium Foods also produces ready-made convenience meals under Shoprite Checkers' DOBs "*Pots of the World*" and "*Bella Vista*". The Group has also recently begun development on a range of DOB herbs and spices for Shoprite through Natural Herbs and Spices, which is expected to result in growth in the product category.

- Pick n Pay ("*PnP*" DOB and "*No-Name*" Private Label)

  Chet Chemicals supplies Pick n Pay with bleach products under Pick n Pay's "*PnP*" DOB and "*No-Name*" Private Label. According to Pick n Pay store data (December 2017), Pick n Pay's DOB and Private Label bleach products produced by Chet Chemicals command a 28% market share of the product category in Pick n Pay stores in South Africa, based on value. Furthermore, they command a 12% market share in all-purpose cleaners, 13% of dishwashing liquid and 15% of bath additives in South Africa, based on value.

- Spar ("*Spar*" *Private* Label)

  Elvin supplies dairy fruit blends under the "*Spar*" Private Label. According to Spar Insight MAT data (December 2017), Spar's Private Label concentrated beverages products are the third largest with a 10% share of the concentrated beverages market category, based on value. In addition, the Spar Insight MAT data (December 2017) indicates that the "*Spar*" Private Label brand of nectar concentrates supplied by Elvin have a market share of 30% based on value.

Chet Chemicals supplies fabric care products to Spar under the "*Spar*" Private Label. According to Spar Insight MAT data (November 2017), Spar's Private Label fabric care products produced by Chet Chemicals have a 13% market share for fabric care products sold by Spar, based on value.

Montagu Foods supplies marinades to Spar under the "*Spar*" Private Label. According to Spar Insight MAT data (December 2017), Spar's Private Label marinades have a 19% market share for marinades sold by Spar, based on value. Montagu Foods also supplies Spar's Private Label tomato sauce, launched in July 2017. By the end of 2017, Spar's Private Label tomato sauce was the third largest tomato sauce brand after All Gold and Wellingtons, with a market share of 6%, a 26% volume growth, year-on-year.

The Group's management believes that the Group's consistently high quality products, variety of product lines with flexible packaging solutions, competitive pricing and focus on customer relationships have given the Group competitive advantages in the DOB and Private Label industries. The Group actively pursues market research and product development to offer innovative and competitive product ranges to its customers as well as working alongside its customers in the conceptualisation, testing and production of new product lines under its customers' DOBs.

The Group's DOB and Private Label business forms a significant component of the Group's overall brand solutions strategy as it enables the Group to grow and strengthen its relationship with major retailers as well as to assist the Business Units to position the Libstar Brands, Licenced Brands and Principal Brands within retail outlets. With a mixture of Libstar Brands, Licenced Brands, DOBs, Private Label products and Principal Brands being supplied to customers by a range of Business Units, the Group is able to offer a variety of its products to end consumers (across all income brackets) from the same shelf. Most of the major food retailers in South Africa are supplied by multiple Business Units, as illustrated in the following table:

Customer	DOB/Private label	Regions supplied	Products supplied and Business Unit
Woolworths	Woolworths	South Africa and Africa	Herbs and Spices (Cape Herb and Spice) Spirit grape and apple ciders and vinegars (Cecil Vinegar) Fresh mushrooms (Denny) Honey (Hurters Honey) Cured meats, cheeses, various grocery products and deli (Rialto Foods) Cheeses, dips and spreads (Lancewood) Poultry (Finlar) Baked goods (Amaro Foods) Snacks and confectionery (Ambassador Foods) Cleaning and detergents (Chet Chemicals) Waters (Chamonix) Cups and lids (Multi-cup)
Shoprite Checkers	Shoprite Ritebrand Checkers Housebrand Crystal Valley Sunfirst The Kitchen Freshmark/Choice Happy Hippo Oh My Goodness Bella Vista Pots of the World Simply Great The Menu Mr Fun	South Africa and Africa	Herbs and spices (Natural Herbs and Spices) Spirit grape and apple ciders and vinegars (Cecil Vinegar & Elvin) Chutneys, dressings and sauces (Montagu Foods) Cheeses, yoghurts and other dairy products (Lancewood) Rusks (Montagu Foods) Instant soups (Retailer Brands) Desserts (Retailer Brands) Fresh mushrooms (Denny) Fruit concentrates and juices (Elvin) Convenience meals (Millennium Foods) Soaps and detergents (Chet Chemicals and Glenmor) Household cleaning products (Contactim) Cotton wool, cotton buds, cotton wipes (Cotton King)

Customer	DOB/Private label	Regions supplied	Products supplied and Business Unit
Pick n Pay	No-Name PnP	South Africa and Africa	Herbs and spices (Cape Herb and Spice) Spirit grape and apple ciders and vinegars (Cecil Vinegar) Fresh mushrooms (Denny) Chutneys, dressings and sauces (Montagu Foods) Cheeses, yoghurts and dairy products (Lancewood and Sonnendal) Baking aids (Retailer Brands) Confectionery (Berfin) Soaps and detergents (Chet Chemicals) Household cleaning products (Contactim) Cotton wool, cotton buds, cotton wipes (Cotton King)
Spar	Spar Freshline Squillos Savemor	South Africa and Africa	Herbs and spices (Cape Herb and Spice) Spirit grape and apple ciders and vinegars (Cecil Vinegar) Fresh mushrooms (Denny) Chutneys, dressings and sauces (Montagu Foods) Cheeses (Lancewood) Rusks (Montagu Foods) Instant soups (Retailer Brands) Fruit concentrates and juices (Elvin) Soaps and detergents (Chet Chemicals & Glenmor) Household cleaning products (Contactim) Cotton wool, cotton buds, cotton wipes (Cotton King)
Massmart	M-Label Aro	South Africa	Spirit grape and apple vinegar and vinegars (Cecil Vinegar) Pasta (Pasta Nova) Cheeses (Lancewood) Fresh mushrooms (Denny) Fruit concentrates and juices (Elvin) Cups, foils, kitchenware (Multi-cup) Soaps and detergents (Chet Chemicals) Household cleaning products (Contactim) Cotton products (Cotton King)
Aldi	Aldi	Europe	Herbs and Spices (Natural Herbs and Spices)
Trader Joes	Trader Joes	United States	Herbs and Spices (Cape Herb and Spice)
Loblaw	Presidents Choice	Canada	Herbs and Spices (Cape Herb and Spice)
Spinneys	Spinneys Food	United Arab Emirates	Herbs and spices (Cape Herb and Spice) Chutneys, dressings and sauces (Montagu Foods) Honey (Hurters Honey) Tortilla wraps (Amaro Foods) Cheeses (Lancewood) Snacks and confectionery (Ambassador Foods)

8.2.3 *Principal Brands*

The Group represents several well-known international brands in South Africa in its Principal Brand product offering. The Group sources, imports, markets and distributes Principal Brands under a purchase or distributorship arrangement between the Group and the owner of the brand (typically, international companies in the CPG/FMCG industry).

The Group's Principal Brand offering enables the Group to offer premium international brands to the South African market as many of the Principal Brands represented by the Group are imported, marketed and distributed from European, Asian and American food manufacturers. The relationships with the brand principals are managed by the Business

Unit that sell the particular Principal Brands. However, the Group's management believes that the infrastructure and business support given to Business Units by the Group is a significant factor for prominent brand owners to entrust their Principal Brands to the Group.

The following table sets out some of the key Principal Brands sold by the Group and the relevant Business Unit which sells them:

Business Unit	Principal Brand	Products
Berfin	Taste of Thai	Thai cuisine
	BBQ Friend	Non-stick spray for braai grids
Rialto Foods	Asian Home Gourmet	Asian spices and spice pastes
	Blue Elephant	Thai cuisine
	Carandini	Balsamic vinegars
	Granoro	Pastas
	Olitalia	Olive oils
	Bonne Maman	Jams, preserves and jellies
	Zanetti	Cheeses
	Kikkoman	Soy sauce, food seasoning and flavouring
	Villani	Cured meats
	San Benedetto	Mineral water
	NCP, Sunrise and Superbake	Yeast products
	Tabasco	Hot sauce
	Act II	Popcorn
	Hipp Organic	Infant foods and milk
	Jimmy's	Braai sauces and marinades
	Maille	Mustards
Lancewood	Laughing Cow	Cheese spreads and snacks
	Kiri	Cheese spreads and snacks
	Bel	Cheese products
	Castello	Cheese products
	Lurpak	Butter

The Group has entered into a number of distribution agreements in terms of which it markets and distributes Principal Brands. For example, Lancewood has entered into the following:

- a distribution agreement with Arla Foods relating to the distribution of certain products under the Castello, Arla and Lurpak Principal Brands. This distribution agreement has been entered into for an indefinite term and is terminable by either party on 3 months' notice to the other. Lancewood has exclusive distribution rights in respect of the products in South Africa; and
- a distribution agreement with Fromageries Bel relating to the distribution of certain products under the Laughing Cow, Kiri and Bel Principal Brands. The initial period of the distribution agreement terminates in January 2019 and will continue thereafter indefinitely until terminated by either party on 1 year's notice to the other. Lancewood has exclusive distribution rights in respect of the products throughout Botswana, Lesotho, Malawi, Namibia, South Africa, Swaziland and Zimbabwe.

In addition, Rialto Foods has entered into distribution agreements in respect of a number of the Principal Brands that it markets and distributes in Southern Africa. For example, Rialto Foods is party to a distribution agreement with Bidvest Bakery Solutions in terms of which Rialto Foods is appointed as the sole and exclusive distributor of products under the NCP, Sunrise and Superbake Principal Brands. These yeast products may be sold to retailers and wholesalers (not including in-store deli and bakery sections) in Botswana, Lesotho, Namibia, South Africa, and Swaziland. The arrangement is in place until June 2021 and can be extended by agreement.

Some of the Principal Brands distributed by Rialto Foods are leading brands in their product categories. For example, according to IRi MAT data (December 2017), Act II has a 33% market share based on value, making it the category leader in microwave popcorns. In the hot sauce category, Tabasco is the third largest brand with a market share of 12% as at November 2017 (IRi MAT data, November 2017).

8.3 Food Service Solutions

The Group manufactures and provides custom-made products to leading companies in the food service industry, including quick service restaurant chains such as McDonald's, KFC, Nando's and Famous Brands as well as popular South African family restaurant chains, such as Spur Steak Ranches and Panarottis.

The technical and manufacturing capabilities of the relevant Business Units, as well as trusted relationships with companies in the food service industry has resulted in long-standing and profitable relationships with certain of these key food service industry customers.

Below is a summary of the key customers and products produced or supplied by the Group to the food service industry:

Business Unit	Customer(s)	Products manufactured or supplied
Dickon Hall Foods	McDonald's KFC Nando's Bidvest Foodservice	Sauces
Rialto Foods	Bidvest Foodservice Independent restaurants	Meats and cheeses
Lancewood	Bidvest Foodservice Famous Brands Spur Steak Ranches	Dairy
Finlar	McDonald's Spur Steak Ranches	Meat and chicken products Coated chicken products
Amaro Foods	KFC Nando's Famous Brands	Flour tortilla wraps
Denny	Various restaurants, catering industry	Mushrooms
Multi-cup	KFC Famous Brands Bidvest Foodservice	Paper cups, cup lids, cup holders and stirrers
Cecil Vinegar	Bidvest Foodservice Freddy Hirsch Nando's	Vinegar

Finlar is the Group's most significant supplier to the food service industry. Finlar produces chicken and meat products for McDonald's under an umbrella business relationship agreement. Orders for products are made via purchase orders as and when products are required and the pricing of such products is evaluated on a quarterly basis. All products that are supplied to McDonald's are required to comply strictly with McDonald's specifications to ensure high standards and quality.

Finlar has produced meat and crumbed, formed and par-fried chicken products for McDonald's since McDonald's opened its first outlet in South Africa in 1994. McDonald's currently has over 200 restaurants in South Africa.

Finlar has 2 production plants, 1 in Cape Town (where chicken products are produced) and 1 in Johannesburg (where beef and chicken products are manufactured).

In addition to producing and supplying chicken and meat products to McDonald's locally, Finlar also annually exports over 1 200 tonnes of beef products to McDonald's in Mauritius, the United Arab Emirates and Qatar.

8.4 Outsourced Manufacturing Solutions

Outsourced Manufacturing Solutions are considered as "business-to-business" services as the Business Units manufacture a range of products for other businesses who, in turn, on-sell those products to retailers and consumers.

Outsourced Manufacturing Solutions are provided to leading companies in the national and international CPG/FMCG industry, such as Unilever, Nestlé, Nando's and Kellogg's, and South African companies such as Tiger Brands and County Fair.

Some of the highlights of the Group's Outsourced Manufacturing Solutions are outlined briefly below:

- Dickon Hall Foods

  Dickon Hall Foods provides Outsourced Manufacturing Solutions for a range of products for Tiger Brands and Unilever. One such product is Mrs Balls chutney, which is manufactured for Tiger Brands under a third party manufacturing agreement. Mrs Balls is a well-established brand of chutney in South Africa. Dickon Hall Foods manufactures this product for distribution by Tiger Brands in South Africa, as well as numerous other countries such including New Zealand, Australia, Germany, the United Kingdom and the United States.

  In addition, Dickon Hall manufactures a number of wet condiment products for Unilever under an umbrella third party manufacturing agreement. These products include, amongst other things, sauces and salad dressings under the Knorr brand, chocolate and dessert sauces under the Carte D'or brand as well as mayonnaise and other dressings under the Hellmanns brand.

  Dickon Hall also provides Outsourced Manufacturing Solutions for the production of sauces for Nando's Grocery International.

- Ambassador Foods

  Ambassador Foods provides Outsourced Manufacturing Solutions for Kellogg's in terms of which it manufactures breakfast and other snack bars under the Kellogg's brand. These products include Coco Pop cereal bars, Rice Krispies bars, crunchy nutty honey comb bars, almond and cranberry bars, Special K red berry bars and Special K double chocolate bars. Ambassador Foods entered into a 3-year contract with Kellogg's, commencing in March 2017 relating to the production of these products.

- Finlar

  Finlar provides Outsourced Manufacturing Solutions to Astral in terms of which it processes and packages frozen value-added poultry products for Astral under the County Fair brand. This arrangement has existed for over 20 years.

- Natural Herbs and Spices

  Natural Herbs and Spices provides outsourced manufacturing solutions for certain salt and pepper products as well as salt and pepper grinders for and on behalf of Cerebos on an *ad hoc* order basis.

9. SALES CHANNELS

9.1 Introduction

The Group targets a diverse market which ranges across different countries, currencies, sales channels and customers. Each product manufactured or imported by the Group has various channels in which it may be taken to the market (otherwise called routes to market). The Group has 4 sales channels, namely (i) retail and wholesale, (ii) industrial, (iii) food service industry, and (iv) exports.

The Group adopts a comprehensive route to market strategy that determines how its products reach the market and how they are presented at the point of purchase or the point of consumption (i.e. where the consumer makes a final purchase or consumption decision, at a point in time). The Group's objective in exploiting its sales channels is to get its products where the consumer wants to buy them, when the consumer wants to buy them.

The retail and wholesale channel is the largest contributor to the Group's revenue, contributing over half of the Group's revenue in any period. The food services channel is the next largest contributor followed by the industrial and export sales channels.

9.2 **Sales channels**

9.2.1 *Retail and wholesale channel*

The retail and wholesale channel is the largest contributor to the Group's revenue on an annual basis. This is also true of each of the individual Business Units, save for those Business Units whose operations focus predominantly on providing Outsourced Manufacturing Solutions, food service solutions or exports (namely, Finlar, Dickon Hall Foods, Berfin, Cape Herb and Spice and Natural Herbs and Spices).

The primary sales channel for the Group in the Brand Solutions product offering is to CPG/FMCG retailers and wholesalers who on-sell the Group's products to consumers.

The Group supplies products across all 7 product categories into the retail and wholesale sales channel. Products from the ambient groceries and perishables categories generate the majority of the Group's revenue in the retail sales channel.

The Group's multi-brand strategy, coupled with its long-standing and successful relationships with South Africa's large food retailers, has afforded the Group the ability to strategically position Libstar Brands alongside DOBs, Private Label products and Principal Brands on supermarket shelves. Not only does this balance profitability across product categories, but it ensures that there is a competitive range of products produced under the Group's Brand Solutions product offering in each of the product categories. For example, Lancewood's own-branded cheeses are often packed on shelves alongside specialised DOB and Private Label cheeses that are manufactured by Lancewood on behalf of the retailer, as well as cheeses under Principal Brands distributed by the Group such as Kiri, Castello and Laughing Cow. The result is that a consumer is engaged at the point of sale by a range of brands that have been manufactured and supplied by the Group.

One of the key elements to the growth of the Group's retail and wholesale sales channel is the trusted relationships that the various Business Units have fostered with the Group's customers. A number of these key relationships have been in place since the Group's inception.

The decentralised nature of the Group's operations has allowed each Business Unit the autonomy to develop its own relationships with its customers. Many of the Business Units work alongside their customers in the research and development of new product lines, developing innovative methods to add value to existing products as well as to ensure that the quality of manufactured products remains high. Negotiations between the Business Units and retailers are conducted directly between the retailer and wholesaler and the Business Unit concerned, with support and guidance provided by the Group's central office.

The Group reaches a wide variety of consumers given that its retail and wholesale customers operate from locations in all corners and target consumers from all demographics of South Africa. This ensures that the Group's products find their way into South African homes across a wide geographic area as well as a wide range of income brackets.

9.2.2 *Food services channel*

The Business Units that supply their products through the food services channel supply a range of products to a wide variety of customers in South Africa. The products that are manufactured and supplied through the food services channel primarily consist of products from the perishables category, such as beef patties, chicken patties and related meat products, but also include products from the ambient groceries category (such as sauces and other wet condiments), and products from the baking category (such as flour tortillas wraps). In addition, certain products manufactured by Multi-cup under the specialised packaging product category are sold through the food services channel.

The supply of beef and chicken products by Finlar to McDonald's is the Group's largest contributor to revenue in the food service channel. The other Business Units responsible for the majority of the supply to the food service channel include Lancewood, Rialto Foods, Dickon Hall Foods, Amaro Foods and Multi-cup. Of these Business Units only Finlar and Multi-cup realise the majority of their gross revenue from supplying through the food service channel.

9.2.3 *Industrial channel (Outsourced Manufacturing Solutions)*

The products that are manufactured and sold through the industrial channel include products from 6 of the 7 product categories, namely perishables (value-added chicken, meat and vegetable products and cheeses), ambient groceries (sauces, chutneys and other wet condiments), snacks and confectionery (cereal and snack bars), niche beverages (juices and concentrates), HPC (cleaning products) and specialised packaging categories (paper and plastic cups and lids).

The Business Units responsible for the majority of the Group's revenue in the industrial channel are the following:

- Dickon Hall Foods, which provides Outsourced Manufacturing Solutions to Tiger Brands in the production of Mrs Balls chutney under a third party manufacturing contract as well as manufacturing various wet condiments on behalf of Unilever, Nestlé and Nando's;
- Finlar, which provides Outsourced Manufacturing Solutions to County Fair by packing value-added chicken products under a co-packing agreement;
- Contactim, which provides Outsourced Manufacturing Solutions to Marley in the production of various waste traps and fittings;
- Cecil Vinegar, which provides Outsourced Manufacturing Solutions for each of Kraft Heinz, Froggit Foods and Melissa's through the production of certain vinegar-based products; and
- Dickon Hall Foods and Cecil Vinegar realise the majority of their revenue through the industrial sales channel.

9.2.4 *Exports channel*

A number of Business Units export a range of their products. The Group's top 5 export countries in 2017 were the United States, the United Arab Emirates, Australia, Namibia and Japan. The Group exports to over 65 countries and does business in multiple currencies including US Dollars, Euros and Pound Sterling. Some of the Group's major foreign customers include Trader Joes (USA), Loblaws (Canada) and Spinneys (UAE).

The Group has been exporting products since Cape Herb and Spice was acquired in 2008. The Business Unit responsible for the majority of the Group's export revenue in 2017 was Cape Herb and Spice which contributed 56.3% of the Group's revenue derived from exports.

The exports of the Group have historically been managed on a decentralised basis, with each Business Unit responsible for procuring its own export opportunities and managing its own exports. However, in 2015 the Group acquired Berfin largely to boost the Group's export footprint and to build upon one of the Group's strategic drivers: to drive an export-led growth strategy by exploiting opportunities to export the Group's products and extend the Group's presence into Africa and beyond. Berfin has established close relationships with local and international suppliers, customers and export principals, thus ensuring excellence in the sourcing and export of a wide range of products.

Exports are also carried out by Natural Herbs and Spices (Australia, Japan, UK and USA), Cecil Vinegar (USA, East Africa), Dickon Hall Foods (the UK), Finlar (Africa, Qatar and UAE), Montagu Foods (UAE), Rialto Foods (Namibia and Africa), Lancewood (UAE) and Ambassador Foods (UAE). The Group expects the exports of ambient groceries to grow significantly, as Berfin and other exporters in the Group (such as Cape Herb and Spice and Natural Herbs and Spices) penetrate new markets and exports to certain African countries grow as the markets in those countries recover from recent financial difficulties.

Certain of the Group's large customers in the retail sales channel also indirectly export the Group's products into neighbouring African countries and beyond. For example, Shoprite Checkers and Pick n Pay both export the Group's product offerings to countries such as Botswana, Mozambique Namibia, Zambia and Zimbabwe.

Given that the Business Units who export their products encounter exchange control risks, the Group has forward cover arrangements in place to mitigate any losses that may be incurred due to exchange rate fluctuations.

9.3 Summary of routes to market

The following table sets out a summary of the manner in which each of the Business Units supply Libstar Brands, Licenced Brands, DOB and Private Label products and Principal Brands to the market in each of the sales channels:

	Retail and Wholesale	Industrial	Food service	Export
berfin	Ina Paarman[2] Something South African[2] Macnellis[2] Taste of Thai[2] (import) BBQ Friend[2] (import) Finest Call[2] (import) Giffard[2] (import) Coleway[5] (Aldi's)		Ina Paarman Finest Call Mrs. Balls	Sunripe,[1] Mantelli's Biscuits,[2] Willow Falls,[2] Macnelli's,[2] Mrs Balls,[2] Ina Paarman,[2] De Villiers Chocolate,[2] and Fitch and Leeds[2] (Middle East, UK, USA, Zimbabwe, Australia, Japan and others)
Cape Herb & Spice	Cape Herb & Spice[1] T&ME[1] EatArt[1] Elements of Spice[1] W[5] (Woolworths) Trader Joes[4]	Fairtrade Turqle (the Netherlands) Ukuva Turqle (USA, Australia) El Puente Turqle (Germany) Just BBQ – Food Kitchen (The Netherlands) Carmencita (Spain) Silk Route – Charbrew Company (UK) Verdu Canto (Spain)	Cape Herb & Spice	Cape Herb & Spice,[1] T&ME[1] (USA, Canada, Ireland, UK, France, Israel, the Netherlands, Germany, Portugal, Austria, UAE, Hong Kong, Philippines, Switzerland, Japan, Australia and New Zealand) Elements of Spice[1] (USA, France and Japan) EatArt[1] (USA, Canada, Germany, Switzerland, Australia, New Zealand) Trader Joes,[4] H.E.B Grocery Company,[4] Safeway[4] and Giant Eagle[4] (USA) Loblaws[4] (Canada) Woolworths,[4] David Jones,[4] Aldi's[4] (Australia) B&M,[4] Aldi's[4] (UK) Globus[4] (Switzerland) Spinneys[4] (UAE)
natural	Natural Herbs and Spices[1] Spar[4] Spice Season[5] (Shoprite Checkers) Stonemill Essentials[5] (Aldi)	Cerebos (Cerebos) Oryx Salt (Oryx Desert Salt) Teaspresso Healthwise	Core Catering Liberty Food Service	Natural Herbs and Spices[1] (Japan, Qatar, the UAE, Israel, Australia, China, UK, The Netherlands, Brazil) Stonemill Essentials[5] (Australia) Dollar Tree[4] (USA) Aldi's,[4] Pound Stretcher[4] (UK) Overseas Co Ltd (Japan) Spice Season[5] (Shoprite Checkers Africa)

	Retail and Wholesale	Industrial	Food service	Export
	Chefs @ Work[1] Verjuice[1] Cecil[1] Clarion[1] Gross[3] (Pioneer) Safari[3] (Pioneer) Ritebrand,[4] Housebrand,[4] Monte Verde[5] (Shoprite Checkers) OK[4] (OK Stores) No Name,[4] PnP[5] (Pick n Pay) Savemor[5] (Spar) W[5] (Woolworths)	Wellingtons (Kraft Heinz) Froggit (Froggit Foods) Melissa's (Melissa's) Greenleaf Saint Sebastian Riverpress Spar (Greenleaf) Cambridge (Cambridge) Boxer Flamtech (Elvin)	Wellingtons Cecil Vinegar[1] Safari[3] Freddy Hirsh	Cecil,[1] Safari[3] (neighbouring African countries)
		Mrs Balls, Koo, All Gold (Tiger Consumer Brands) Cross & Blackwell (Tiger Brands) Knorr, Hellmanns, Carte D'or, Fine Foods, (Unilever) Maggi (Nestlé South Africa) Nando's (Nando's Grocery International)	McDonald's Nando's Freddy Hirsh KFC	Nando's Grocery International[4] (UK)
	Robertsons[3] Cartwrights[1] Sheridans[1] Ritebrand,[4] Housebrand[4] (Shoprite Checkers) Spar[4]		Liberty Food Services Robertsons	Robertsons,[3] Cartwrights,[1] Ritebrand,[4] Housebrand[4] (neighbouring African countries)
	Pasta Nova[1] Yummy Pasta[1] San Carlo[1]	Knorr (Unilever)	Pasta Nova	
	W[5] (Woolworths)	Ina Paarman (Ina Paarman)		Spinneys
	Denny[1] Silverstream[1] Montagu[1] Cani[1] Ritebrand,[4] Housebrand[4] (Shoprite Checkers) PnP[5], No Name[4] (Pick n Pay) Spar[4] W[5] (Woolworths)	Lappies barbeque sauces (Lappies) Goldcrest, Weigh-Less (Rialto)	Ocean Basket, Bidvest, Famous Brands, Checkers Foodservice, Fridge Foods, Sovereign Foods	Denny[1] (Namibia, Botswana, Malawi)

	Retail and Wholesale	Industrial	Food service	Export
RIALTO	Goldcrest[1] Cook 'n Bake[1] Truckles[1] Weigh-Less[3] NCP[2] Tabasco[2] Act II[2] Hipp Organic[2] Jimmy's[2] Maille[2] Chief's Choice (Bidvest)[2] Knorr[2] Asian Home Gourmet[2] Granoro[2] Olitalia[2] Bonne Maman[2] Zanetti[2] Kikkoman[2] Villani[2] San Benedetto[2] Di Napoli[2] Elle & Vire[2] Ongs[2] Beretta[2] Alpro[2] Freshline[5] (Spar) Housebrand[4] (Checkers) W[5] (Woolworths)		Cook 'n Bake, Goldcrest, NCP, Weigh-Less, Act II, Asian Home Gourmet, Jimmy's, Kikkoman, Maille, Olitalia, Ongs, Tabasco, Beretta, San Benedetto (Bidvest Foodservice) Granoro, Maille, Olitalia, Tabasco (Vector Logistics)	Cook 'n Bake,[1] Goldcrest,[1] NCP,[2] Weigh-Less,[3] Act II,[2] Granoro,[2] Hipp Organic,[2] Jimmy's,[2] Kikkoman,[2] Knorr,[2] Maille[2] and Tabasco[2] (Botswana, Namibia) Cook 'n Bake,[1] Goldcrest,[1] Weigh-Less,[3] Granoro,[2] Hipp Organic,[2] Knorr,[2] Maille,[2] Tabasco[2] (Swaziland) Cook 'n Bake,[1] Goldcrest,[1] Weigh-Less,[3] Act II,[2] Maille,[2] Tabasco[2] (Lesotho)
LANCEWOOD	Lancewood[1] Caterpak[2] Bel[2] Boursin[2] Laughing Cow[2] Kiri[2] Arla[2] Castello[2] Lurpak[2] Crystal Valley[5] (Shoprite Checkers) PnP[5], No Name[4] (Pick n Pay) Freshline[5] (Spar) W[5] (Woolworths)	Lancewood/Caterpack (In2Food) Lancewood (Rhodes Food Group) Lancewood (Danone SA)	Lancewood/Caterpack (Bidvest Foodservice) Lancewood (Vector Logistics) Lancewood/Caterpack/Bel/Arla (Palman Foods)	Lancewood[1] (UAE, Botswana, Swaziland, Zimbabwe, Seychelles, Namibia, Congo, Malawi, Uganda and Mozambique) Crystal Valley[5] (Swaziland, Namibia) No Name,[4] PnP[5] (Botswana, Swaziland, Zimbabwe and Namibia) Bel,[2] Laughing Cow[2] and Kiri[2] (Botswana, Swaziland and Namibia) Arla,[2] Lurpak[2] and Castello[2] (Botswana and Swaziland)
DENNY	Denny[1] Silverstream[1] Freshline[5] (Spar) Freshmark[5] (Shoprite Checkers) No Name,[4] PnP[5] (Pick n Pay) Fruit & Veg City[4] W[5] (Woolworths)	Ina Paarman Rhodes Foods	Ma Baker Foods Fruitspot	Denny
FINLAR	W[5] (Woolworths)	County Fair (County Fair)	McDonald's	McDonald's, Spinneys (UAE)

	Retail and Wholesale	Industrial	Food service	Export
	W[5] (Woolworths)	W (In2Food)	McDonald's Famous Brands KFC Nando's	Spinneys (UAE)
	W[5] (Woolworths)	W (In2Food)		
	W[5] (Woolworths)	Kellogg's (Kellogg's)		Spinneys[4] (UAE)
	Elvin[1] Slimsy[1] Delicious[1] Ritebrand,[4] Housebrand[4] (Shoprite Checkers) No Name,[4] PnP[5] (Pick n Pay) Spar[4] Fruit & Veg City[4] Boxer[4]		Delicious, Slimsy, Elvin, Sip Sap, Dervic (Checkers Food Services, Fridge Foods, Bidvest Foodservices, Liberty Food Services, Bidvest Bakery Solutions)	Slimsy,[1] Elvin,[1] Delicious,[1] Ritebrand,[4] Housebrand,[4] OK Foods,[4] Sunfirst,[1] Freshers[4] (via agents and retail customers to neighbouring and other African countries, including Mauritius).
CHAMONIX	Chamonix[3] W[5] (Woolworths)			
	Nahoon[1] TAP[1] Novara[1] No Name,[4] PnP[5] (Pick n Pay) Ritebrand,[4] Housebrand, Sheer, Magic[5] (Shoprite Checkers) Pepkor[4] (Pep) Savemor,[5] Spar[4] (Spar) W-LAB[5] (Woolworths) Clicks[4] Great Value[4] (Game) Aro,[4] First Value,[4] M-Brand[4] (Makro) Aro,[4] Red Glove[4] (Boxer Stores)	Bio Classic, Jeyes, Elizabeth Ann (Tiger Brands) Duck, Mr Muscle (S C Johnson) Domestos, Handy Andy, OMO, Sunlight (Unilever) Diversey (Sealed Air) Plush (Plush) MAMMA's (Matrix)		"*Ritebrand*" and "*Housebrand*" via Shoprite to selected African countries "*Ritebrand*", "*Housebrand*", No Name, "*PnP*" and Spar (Botswana, Namibia)
	Preem[1] Astra[1] Ritebrand,[4] Housebrand[4] (Shoprite Checkers) Spar[4] No Name,[4] PnP[5] (Pick n Pay)			Preem[1] (Botswana, Namibia) Ritebrand,[4] Housebrand[4] (African countries) Spar[4] (Namibia, Botswana)

	Retail and Wholesale	Industrial	Food service	Export
CONTACTIM	Easyclean[1] Pharmex[1] Spungold[1] Easytrap[1] No Name,[4] PnP[5] (Pick n Pay) Ritebrand,[4] Housebrand,[4] Captain Clean[5] (Shoprite Checkers) Spar[4] Clicks[4] Unitrade[4] (Unity) Econo[4] (CCW, Jumbo and CBW) Freshers[4] (Fruit & Veg City) Pep[4] (Pep Stores)	Marley		No Name,[4] PnP[4] (neighbouring African countries) Ritebrand,[4] Housebrand,[4] Captain Clean[5] (neighbouring African countries) Easytrap[1] (neighbouring African countries)
COTTONKING	Bella Cotton[1] PnP[4] (Pick n Pay) Caress[5] (Shoprite Checkers) Spar[4] Clicks[4] Ackermans[4] Softi[5] (Dis-Chem)[4] Embody[5] (Woolworths) Pep Stores[4]	–		PnP[4] (neighbouring African countries) Caress[5] (neighbouring African countries)
milli-cup	Aro[4] (Makro) Econo[4] (Masscash) Freshers[4] (Food Lovers' Market)		KFC Wimpy, Steers, Milky Lane, Mugg & Bean, Tasha's, Chaywa (Famous Brands) Vida e Café, Kauai (Bidvest Foodservices) Coca-Cola (Ster Kinekor, Nu Metro) Ciro (Ciro) W (Central Restaurant Supply on behalf of Woolworths)	Tico (Kenya) Coca-Cola[2] (Angola)
Sonnendal	Sonnendal[1] Oh My Goodness[5] (Shoprite Checkers) PnP[4] (Pick n Pay)			
millennium foods	fuel – 100% on the move[1] Oh My Goodness, Pots of the World, Bella Vista[5] (Shoprite Checkers)			Oh My Goodness, Pots of the World, Bella Vista[5] (African countries)

Notes

1. Libstar Brand
2. Principal Brand
3. Licensed Brand
4. Private Label
5. DOB

10. PROCUREMENT

10.1 Procurement strategy

The Group produces and supplies a diverse range of products and requires a variety of raw materials in the production process, including for example milk, beef, chicken, sugar, pepper, dried fruit, edible oils, nuts, peat and bottles. There are in excess of 4 000 different raw materials and packaging items that are purchased by the Group.

As a consequence of the extremely diverse raw material and packaging requirements across the Business Units, the Group operates a decentralised procurement strategy. Each Business Unit is responsible for sourcing its own raw materials and inputs and managing the relationships and procurement terms with its suppliers, as well as inbound logistics. Management believes that this decentralised procurement system provides a strategic advantage to the Group, for a number of reasons:

- there is a direct communication line between the supplier and the Business Unit. If the Group managed procurement on a centralised basis, the communication lines would be burdened by unnecessary delays and bureaucracy;
- it allows for maximum agility at the operational level. In the event that a supplier is unable to provide required raw materials, the Business Unit is able to quickly source such materials from an alternative supplier without having to raise the matter centrally;
- similarly, the Business Unit is able to quickly react to raw material or packaging price fluctuations;
- given the agility of each Business Unit to manage the supply of its required raw materials, the manufacturing and supply of products to customers is generally achieved in shorter time frames, allowing the Group to ensure that its stock levels are constantly replenished;
- few suppliers have the technical and logistical ability to simultaneously meet the needs of all the Business Units. A centralised procurement system in respect of those few raw materials used across the Group would result in some Business Units benefiting from a reliable (and potentially less costly) supply, whereas other Business Units may be inconvenienced and prejudiced; and
- regional deals offered by smaller local suppliers would be lost should the Group manage its procurement centrally with suppliers able to supply to the Group.

The senior operations team of a Business Unit is responsible for sourcing of availability of raw materials, agreeing pricing with suppliers and procurement decisions in general. Libstar promotes procurement best practice with guidelines and training in areas such as annual key supplier reviews covering growth, innovation, discounts and credit terms, competitive tenders and specification optimisation. In addition, Libstar ensures governance through its anti-bribery and corruption policies. The Group also conducts periodic training for the Business Units in best procurement practices.

As part of the procurement best practice initiative, the Group has set up a procurement database which extracts procurement information from the Business Units to allow data mining in respect of spend on raw material, packaging and services at the item level, spend by supplier as well as price comparisons. This provides the input for spend analysis, identification of best deals, and irregularities in pricing.

The Group's procurement spend can be broadly classified as follows:

- **High spend items procured by a single Business Unit:** Many of the high cost procurement items such as beef, chicken and milk are procured by only one Business Unit. In these instances, the Group ensures that the product knowledge and procurement expertise lies in the Business Unit and spend is thus completely decentralised to promote agility;
- **High spend items procured by multiple Business Units:** A number of large spend raw materials are procured by multiple Business Units. These items include, for example, flour, tomato paste, various packaging items, edible oil and sugar. To allow individual business units to take advantage of the best deal available, the procurement database is analysed by Libstar's central office to identify differences in pricing for each common procurement item with significant spend. This information is then shared with those Business Units who buy the specific item to allow them to either negotiate a better deal with the current supplier or to move to the supplier offering the best deal. This comparative buying information allows each Business Unit to assess the cost saving benefits to their own business without impairing their autonomy to exploit regional deals that cannot be realised by the Group as a whole; and

- **Low cost items procured by one or more Business Units:** There are a large number of low cost raw materials that are procured by one or more Business Units. These items include, for example, onion powder, butter milk and riboflavin. While this spend information is available in the central database, the Business Units have the freedom to source locally. The costs relating to potential service and quality issues that could result far outweigh the benefits of a centrally co-ordinated effort.

In practice, the Group has found that the ability of the Business Units to negotiate their own procurement deals results in more favourable pricing than would often be the case with a centralised procurement strategy. Further, the spend database provides the necessary oversight to identify irregularities.

10.2 **Suppliers**

In 2017, the Group sourced raw materials from over 500 South African and international suppliers. Many of the supply arrangements in place with the Business Units have been developed over a number of years. In many cases, the Business Units purchase their raw materials from various sources and have developed strong relationships within available supply networks. This means that the Group is exposed to less risk in the supply chain. The Group receives raw materials from a multitude of suppliers across the country and, where import is cost effective and/or required, from abroad. While the Group has a number of foreign suppliers (most notably in the cases of Rialto Foods, Multi-cup and Lancewood), wherever possible, the Business Units source their raw materials from local South African suppliers. The Group also imports raw materials from countries such as Vietnam, India, Korea, Italy, Brazil, China and Thailand.

In most instances, the Group's customers require a Business Unit to have contingency plans in place with regard to the sourcing of its raw materials. For example, both of Finlar's Cape Town and Johannesburg facilities have extensive contingency plans in place with regard to the supply to McDonald's of beef and chicken products. The Group is covered with business interruption insurance for such circumstances, in the event that it is required (see paragraph 19 of this Section 2 ("*Business Overview*")).

A small number of Business Units source almost all their products abroad and import them for the South African market. Rialto Foods, for example, sources, imports and packs products in both the ambient groceries and perishables product categories and sells them to the South Africa market, chiefly under DOB for Woolworths and as Principal Brands. Such products include non-branded items such as flour (from Italy) through to other Principal Brands such as Tabasco sauce (from the USA), Zanetti cheese (from Italy) and Kikkoman soy sauce (from Japan).

10.3 **Procurement best practices**

Recognising the importance of supply chain management and its customers' exposure and supply chain risks, the Group seeks to adopt international best practices in its procurement strategies. The Group's supply chain governance policy governs all aspects of its supply chain, including sourcing, procurement, product safety, quality management, occupational health and safety, environmental management, industrial relations and sustainability.

A number of the Group's suppliers are regularly audited by the major customers of the Group. For example, customers such as Woolworths, McDonald's and Pick n Pay conduct regular audits of each of the Business Units from whom they purchase products. These audits include an assessment of the applicable Business Unit's suppliers against stringent criteria such as, amongst other things, factory standards, ingredients, food safety, food quality, social and ethical compliance and packaging standards. Many of these customers also require that Business Units may only purchase from a list of pre-approved suppliers. The Group takes care in ensuring that it sources its raw materials from suppliers who are able to meet the standards set by its customers. This is a key component in its supply chain strategy and assists to ensure long and profitable relationships with the Group's customers.

11. PRODUCTION

11.1 Decentralised production facilities

The Group operates over 35 production facilities and a number of warehousing facilities and distribution depots. Across these production facilities, the Group operates more than 200 production and packing lines and covering over 75 unique manufacturing technologies in the production of its products. A "unique manufacturing technology" is defined as a set of skills, knowledge and machines necessary to produce a particular range of products. Unique manufacturing technologies relate to those technologies that are essential to manufacture a product range but are not easily acquired.

Production lines produce a multitude of products across all 7 product categories, ranging from beef patties, chutney and tea bags to soaps, washing powders and cotton buds across the Business Units.

Given the diversity of the production facilities, technologies and products produced across the Business Units, the Group has adopted a decentralised production operation, with each Business Unit being in control of its own system design, manufacturing and maintenance according to its own particular operational needs in accordance with group standards and selected best practice methodologies.

At the same time, the Group understands the need to provide central support and appropriate oversight of each Business Unit's production processes, asset care and quality management procedures. To meet these requirements, the Group has developed a Group manufacturing strategy, which aims to (i) ensure production and technical governance, (ii) promote best industry practice and to ensure that minimum standards of good manufacturing practice are met, (iii) support creativity, innovation and entrepreneurship in operations, (iv) provide support services and systems and to troubleshoot and assist where required, and (v) assist in the design and installation of new and expanding production facilities.

11.2 Governance and Accreditation

The production of CPG products requires high levels of governance to meet stakeholder expectations and requirements relating to food quality and safety, occupational health and safety, environmental management and asset care. To ensure the maintenance of high standards and proper governance across the Group, the Group has implemented a comprehensive supply chain governance programme which deals with each of these aims. This policy is based largely on ISO Standards.

The Group's supply chain governance programme is unique and is a significant selling point to the Group's customers. The Group has dedicated substantial resources and developed intellectual capital in the development of its supply chain governance programme. Implementation by the Business Units is mandatory so as to ensure that the manufacturing and supply chain policies, standards and best practices are implemented, maintained and woven into the fabric of operations. All Business Units are required to develop, implement, maintain and continually improve individual and locally relevant programmes that are fit for purpose based on the relevant organisational risks, context, size and complexity of operations. There are a number of key enablers that allow the Business Units to achieve these aims, including:

- obligatory compliance with legal requirements as well as certain standards and certifications by accredited certification bodies;
- obligatory compliance with clearly articulated and documented operations policies that are set by the Group;
- structured standardised monthly management reporting on operations;
- clearly defined exception reporting based on a defined set of exceptions;
- scheduled annual management review by site management, attended by Group technical management;
- an integrated governance, risk and compliance management enterprise software solution for health and safety and product quality and an enterprise computerised maintenance management system provides both local operation and group oversight;
- defined levels of authority for supply chain decision-making based on risk assessment and corporate policy; and

- a peer review system whereby individuals within each of the Business Units are trained to conduct audits into the operations of other Business Units. These peer reviews are vital to leverage Group learning and expertise.

As part of this strategy, each Business Unit is required to achieve compliance with a number of key standards in addition to the standards that have been imposed on them by their customers, including:

- **FSSC 22000 or ISO 9001:** FSSC 22000 certification is required for all food production facilities while ISO 9001 certification is required for non-food manufacturing units. FSSC 22000 is a widely accepted international food safety and quality management system and 1 of only 8 GFSI accredited standards that provides a framework for managing food safety which demonstrates that the Group has a robust food safety management system in place. ISO 9001 is a set of international standards on quality management and quality assurance developed to help companies effectively document the quality system elements to be implemented to maintain an efficient quality system;
- **ISO 14001, 45000 and 55001:** These international standards specify requirements relating to effective environmental management, occupational health and safety management and asset management systems; and
- **Halaal and Kosher certifications:** These are certifications provided to compliant food manufacturers confirming that the processes employed and products produced are compliant with certain religious and cultural requirements.

The Group has achieved compliance with over 50 unique codes and has received more than 150 certifications, including 34 proprietary (customer specific) codes and 25 industry related codes. Some of the highlights of the Group's certifications are as follows:

- 14 of the food production facilities are in possession of FSSC 22000 certifications, a further 8 have complied with internal audits and are expecting to receive formal FSSC 22000 certification shortly and the remaining facilities are at various stages of achieving compliance with the relevant food safety standards. Certain facilities of the Group that were recently acquired are still in the process of FSSC 22000 achieving compliance for certification. Certain of the production facilities within the Group also comply with other recognised industry standards such as BRC Global Standards;
- 3 of the non-food production facilities have received ISO 9001 certifications. Certain non-food production of the Group that were recently acquired are still in the process of ISO 9001 certification and 2 non-food production facilities have passed the first stage of the ISO 9001 compliance certification process;
- 24 of the Group's manufacturing and warehousing facilities are in possession of Halaal and/or Kosher certifications; and
- 26 of the manufacturing and warehousing facilities in the Group have passed strict health and safety, food safety and quality control audits conducted by a number of the Group's key customers, such as Woolworths, McDonald's and Pick n Pay.

11.3 Production capabilities

The Group's key production strengths are (i) its knowledge of food production processes and standards for a wide range of products from sourcing to final packaging, (ii) its ability to manage the manufacturing process for both high volume and low volume products in a cost effective manner and to the required standard, (iii) its understanding of the application of a wide range of packaging technologies, (iv) its ability to adhere to the highest international standards of manufacturing and governance at low cost, and (v) its ability to design and construct consumer goods production plants at minimum cost.

The production facilities operated by each of the Business Units vary in their capabilities and output capacity. The following are some examples of the Group's production capabilities statistics in 2017:

- Finlar processed over 9 000 tonnes of beef and over 10 000 tonnes of chicken;
- Lancewood processed approximately 145 million litres of fresh milk with which it manufactured over 11 000 tonnes of hard cheese and 5 500 tonnes of soft cheese;
- Cecil Vinegar manufactured over 30 million litres of vinegar;

- Chet Chemicals bottled approximately 12 million litres of bleach, 13 million litres of liquid detergent, 6 300 tonnes of washing powder and 11 million litres of foam bath;
- Dickon Hall Foods and Montagu Foods manufactured and bottled over 13 000 tonnes of chutney;
- Retailer Brands manufactured approximately 1 600 tonnes of bicarbonate of soda, 850 tonnes of jelly, 1 100 tonnes of soup and 550 tonnes of essences and colourants under the Robertsons brand; and
- Ambassador Foods processed over 400 tonnes of cashew nuts and over 300 tonnes of almonds.

The Group generally produces all of its own products, however, there are very few instances where outsourcing occurs. For example, during peak milk receipt seasons, Lancewood outsources hard cheese manufacturing to Jireh Dairies. This cheese is in turn returned to Lancewood for final inspection and packing before being supplied to Lancewood's customers. Lancewood also outsources the production of cheese slices to Hochland SE in Germany.

The following table shows the capabilities of each of the production facilities operated by the Business Units and indicates whether the premises from which the Business Units operate their production facilities are owned or leased by the Group:

Business Unit	Number of production lines	Unique production technology	Production capabilities
berfin	1	0	Sourcing and export of products originating from South Africa. Limited down packing.
Cape Herb & Spice natural eat.art	19	4	International sourcing of an extensive range of herbs and spices, sterilisation, blending and packing for local and export markets. Significant allergen and organic product sourcing and handling expertise. Hand and automated packing of spices and herbs into a variety of containers and bags. Sourcing, flavouring and packing of a range of black, red and herbal teas. Design and execution of gifting solutions.
CeciL VINEGAR WORKS	6	4	Production and bottling of spirit, wine and apple cider vinegar. Preparation and bottling of speciality balsamic vinegars and reductions as well as olive oil bottling. Bottling of flammable liquids.
DickonHallFoods	39	3	Production and packing of wet sauces, salad dressings and mayonnaise into glass and plastic jars and bottles and flexible pouches.
Pasta Nova	2	2	Manufacture and packing of long and short dried pasta products.
HONEY	2	1	Sourcing and processing of local and imported honey products and packing in glass and plastic jars and stick packs.
MONTAGU FOODS CANI	13	4	Production of wet sauces, marinades and salad dressings incorporating hot cooking and cold blending procedures, packing into glass and plastic bottles and flexible pouches. Canning capability for soups, sauces and value-added mushroom products. Production of rusks, shortbread and crunchies.

Business Unit	Number of production lines	Unique production technology	Production capabilities
RIALTO	4	3	Sourcing, portioning and packing of exotic meats and cheeses.
LANCEWOOD Jannandal	35	6	Production of a range of hard and soft cheese products, process cheese, butter and whey powder. Receiving and processing of fresh milk into pasteurised milk, yoghurt and maas in various flexible and rigid pack formats. Juice manufacturing and bottling.
DENNY	3 (with 123 growing rooms)	2	Growing, harvesting and packing of fresh mushrooms, including compost production.
FINLAR	6	3	Meat patty forming and individual quick freezing, chicken portion forming, coating, par frying and individual quick freezing, fully cooked chicken (coated and uncoated) and whole muscle chicken (formed and coated).
AMARO FOODS AMARO FOODS Gluten Free	19	11	Production of a range of artisanal and conventional breads, croissants and flapjacks in large and small volume, fresh or frozen. High volume wrap production, ethnic bread products such as naan and roti's, flour tortilla wraps. Small to medium volume bread and confectionery production of gluten free products.
[illegible]	22	2	Production and packing of baking chemicals and essences, powdered soups and jellies incorporating dry blending, wet blending, pouch filling, liquid filling and spice bottle filling capabilities.
AMBASSADOR AMBASSADOR	18	8	Sorting, wet and dry roasting, flavouring, blending and packaging of edible nuts, seeds, fruit and granolas into tubs, stand-up pouches and pillow pouches. Production of cereal and snack bars. Production of nougat, fudge, Turkish delight and brittles.
ELVIN	11	3	Production and bottling of various forms of juice concentrates and full strength juices, incorporating cold blending and filling, hot blending and filling, carton filling.
CHAMONIX	4	3	Bottling of still and sparking spring water, flavoured waters and carbonated soft drinks.
[illegible]	2	3	Grading and sterilising of rooibos tea and production and bulk packing of green rooibos tea. Production of high quality natural essences.
Chat Chemicals	12	4	Production and packing of dry washing powder, detergent, bleach and personal care liquids.
Glenmor Soap	2	2	Production and packing of laundry and beauty soap.

Business Unit	Number of production lines	Unique production technology	Production capabilities
CONTACTIM COTTONEING	42	9	Production and packaging of steel wool products, brass and galvanised pot scourers, sponge scourers and roto moulding, production and packing of a full range of cotton wool products including cotton buds, facial pads and cotton wool balls and rolls.
multi-cup	2	0	Sourcing of paper cups and a range of food service consumables with down packing capability.
millennium foods	6	5	The preparation of chilled ready meals, salads, sandwiches and desserts.

The design and construction of consumer goods facilities is complex especially the requirements relating to food safety along with the requirements for low cost production. The lack of service providers who have the requisite food manufacturing and CPG facility design experience and who were able to present low operating cost facilities that nevertheless met international standards has led Libstar to develop an in-house plant engineering and construction project management capability. The Group makes use of the latest software to design ideas, visualise concepts, and simulate how such designs will perform (3D computer aided design (CAD) software) and project management tools, along with bespoke methodologies for plant sizing and layouts. The in-house plant engineering and construction project management team has a track record of successful project implementation having concluded more than 56 projects in the last 8 years with a further 39 identified major projects required to take advantage of new opportunities and internal growth. One such project is investment in on-site bottle blowing machines for 4 of the production facilities within the Group.

The longstanding relationships that the Business Units maintain with their customers is testament to the Group's manufacturing capabilities and the quality of the products they manufacture. In addition, the relationships that the Group has with these customers, coupled with their knowledge of the Group's production capabilities has resulted in the Group acquiring a number of key accounts. For example, in 2015, Dickon Hall Foods secured the contract to produce the Fine Foods range for Unilever.

The Group prides itself on being a reliable production partner to its customers and is well placed from a manufacturing capability perspective to deliver its product offerings to existing as well as new customers. In particular, given certain socio-economic and political instabilities in South Africa, multi-national CPG/FMCG companies are hesitant to establish their own production facilities in country and prefer to partner with existing producers such as the Group for Outsourced Manufacturing Solutions. The Group believes it is a particularly attractive partner for at least 2 reasons: firstly, given the Group's decentralised structure, the Business Units are operationally much quicker and more responsive than alternative centralised operations, and secondly, the Group has the necessary managerial and corporate experience and expertise at central office level to understand the requirements of large multi-national corporates. The Group's association with multi-nationals is a key aspect of its marketability and attractiveness to customers both within and outside of South Africa.

For example, Ambassador Foods recently established a new facility in White River, Mpumalanga Province pursuant to a third-party manufacturing agreement with Kellogg's.

12. DISTRIBUTION AND LOGISTICS

In line with the Group's decentralised business model, each of the Business Units takes responsibility for the distribution of its products to its customers. The distribution arrangements of each Business Unit are a reflection of its customer's requirements with most Business Units running a combination of its own, outsourced and customer-facilitated logistics.

In the retail and wholesale sales channel, the Group's ambient groceries, perishables, snacks and confectionery, baking, niche beverages and HPC products are generally transported to the customers' distribution centres situated in most of the commercial hubs throughout South Africa. These generally provide coverage of the major metropoles for the Group's major retail customers such as Woolworths, Shoprite Checkers and Pick n Pay. The majority of the Business Units make use of logistics service

providers to distribute their products to customers. Most of the Business Units utilise Imperial Retail Logistics as their logistics provider, but have the discretion to contract with any logistics service provider where they can secure better pricing and/or distribution arrangements more suited to their business needs.

Once the Group's products are delivered to retail customers at their distribution centres, the retailers themselves arrange for the products to be distributed to retail outlets within the retailers' chain of stores. Certain customers, such as Shoprite Checkers, operate export distribution centres from which they distribute products to their own stores located outside of South Africa.

The major retailers charge a fee for warehousing the Group's products and delivery to their own retail outlets. As a result, the Group generally tries to keep its own warehousing costs at a minimum and therefore does not invest in large warehousing operations. Each of the Business Units have some level of finished goods warehousing, which is dependent on operational requirements and other factors such as seasonal surge, minimum production runs and the volatility of demand. However, Business Units strive to minimise stock holding in order to (i) optimise their product flow and working capital, (ii) keep warehousing costs to a minimum, and (iii) reduce security and stock redundancy risks.

Business Units delivering their products directly to their customers' stores is not common within the Group, however, some Business Units, including Denny, Contactim and Rialto Foods, do make certain deliveries.

The Group distributes products through its export channel using sea freight to either the customer's distribution centre or a regional distributor. Each Business Unit manages its own export distribution. The transportation of these goods via sea is managed on an *ad hoc* basis and there are no long-term agreements in place. However, long-standing relationships based on a proven track record of cost competitiveness and service quality do exist in most instances. Similar arrangements exist for inbound logistics for imported products.

Inbound logistics are handled on a similar basis with each Business Unit making their own arrangements to best suit their needs. Suppliers typically deliver directly to the production facilities of the Business Units, but there are a few notable exceptions. For example:

- Lancewood has a long-standing fixed term contract with Milktrans for milk collection at individual producers and delivery to the production facilities in George; and
- imported raw materials and finished products are generally collected at their point of entry into South Africa, with each the Business Unit responsible for the logistics of transporting those materials from the port to its facilities.

In certain instances, supply to the Business Units will be made in volumes that require a supplier to have on-site storage facilities at a Business Unit's premises. By way of example, Amaro Foods has a number of silos provided by Pioneer Foods at its production facility for the storage of flour. Similarly, Finlar Foods, Amaro, Chamonix and Contactim (amongst others) have storage facilities for liquid nitrogen, liquid carbon dioxide and liquefied petroleum gas supplied by Afrox, Air Products and Air Liquide. Moreover, a packaging facility adjacent to Lancewood's premises has been established by Polyoak to ensure that Lancewood's packaging material demands can be met.

13. SALES AND MARKETING

13.1 Sales team overview

The sales function of the Group is conducted in a decentralised way. Each Business Unit is responsible for managing its own customer base and agreeing trading terms with them. To facilitate this process, each Business Unit has a customer service team comprised of key customer account managers who are managed by a sales executive. Customer account managers regularly call upon national and regional buyers and are responsible for, amongst other things, seeking new channels and customers, sales, volume and value growth, price negotiations, promotions, margin management, product listings, category growth strategies and building customer relationships.

Libstar provides support to the sales teams within Business Units through a Group sales executive who is responsible for co-ordinating the decentralised sales functions, and interacting with senior executives at all major retail customers on a regular basis.

The Group also makes use of sales agents whose function it is to ensure that Libstar Brands, DOBs, Private Label and Principal Brands are available and visible on retailers and wholesalers' shelves at all times. Sales agents also monitor the stock on retailer's shelves for expiry dates and damages. These sales agents are managed and controlled by the respective sales teams in each Business Unit.

13.2 **Marketing team overview**

The marketing function of the Group is co-ordinated from head office by a Group marketing executive, who also performs the function of the Group sales executive. The role of the Group marketing executive is to lead and direct best practice marketing processes and procedures for the Group as a whole.

Selected Business Units (Lancewood, Rialto Foods, Denny, Cape Herb and Spice and Elvin) have their own marketing teams that consist of marketing executives or marketing managers with brand managers reporting to them. Their key responsibilities are to build and grow their respective brands' value.

The marketing teams are consumer and shopper focused.

Key result indicators for the marketing teams are brand health, brand growth and brand profitability. These are measured internally through brand financial reports and externally through on-going consumer tracking research. This tracks indicators such as brand market shares, consumer awareness, usage of products and consumer perceptions.

Key Libstar Brands, such as Lancewood, Denny, Elvin, Goldcrest, Cape Herb and Spice and Cook 'n Bake, have brand plans that set out brand objectives, strategies, action plans and investment budgets. Brand communication strategies in general consist of above-the-line consumer advertising in television, print and digital media and in below-the-line media/promotions such as in-store product demonstrations, in-store point of sale material, sales and merchandising incentives. All creative concepts and designs are produced through professional advertising and design agencies in line with brand positioning. A key focus area across the Libstar Brands and Principal Brands is packaging design, to ensure on-shelf impact and visibility.

13.3 **Demand Management Programme**

The sales and marketing functions discussed in paragraph 13.1 of this Section 2 ("*Business Overview*") operate within a proprietary demand management programme, known as the "*Libstar Demand Management Programme*" ("**Demand Management Programme**"). The Demand Management Programme is an initiative to make the Libstar Brands and other Group products and stock-keeping units available wherever and whenever the consumer wishes to buy and consume them.

Demand management is a critical part of the Group's strategy of driving category growth and profitability. Managing demand enables the Group to improve its ability to meet the needs of its customers and consumers to profitably deliver the business, channel, customer, product category, shopper and consumer objectives.

To build the Group's demand management capabilities, grow its customer base and product categories profitably and ensure that it applies and embeds demand management within each Business Unit, Libstar established the "*Libstar Learning Academy*". The Libstar Learning Academy supports Business Units to implement demand management strategies through "playbooks" that are made available to all Business Units via the internet portal, www.libstarlearning.com, to educate and provide the necessary tools to achieve profitable growth, build capability and grow customers and product categories profitably. The Group's goal is to use demand management as a tool to drive mutual profitable and sustainable growth alongside its customers.

The demand management playbooks are designed to support everyday tasks and a Business Unit's understanding of its customers, consumers, channels, product categories and brands. This is achieved through a focus on key demand management activities and strategies in 4 different streams, as set out briefly below:

- **Consumer demand:** The Group recognises that managing consumer demand begins with understanding the consumers who are targeted by the Group and how products within each of the product categories and sub-categories reach them. The Group's focus is on consumer insights at every key point of contact in order to influence how consumers think and feel about

the Group's products. This allows the Group to create meaningful brand positioning, portfolios, brand strategies, effective communication and activation that ensure the Group's brands and products satisfy its consumers. Meeting consumer demand is managed through a number of activities, from gaining insight into consumer behaviour in different segments of the market through to developing brand and portfolio strategies and brand activation.

- **Point of purchase ("POP") and point of consumption ("POC") channel and customer demand:** The POP or POC is where the consumer, as shopper, makes a final purchase or consumption decision, at a point in time. The Group reaches and influences consumers when they consider where to purchase by managing POP and POC channels and customer demand. The Group works closely with its customers to gain insight into POP and POC channels and to develop strategies and action plans that ensure the Groups products are available where shoppers and consumers want to buy them. In this way, the Business Units are invaluable partners to their customers and are often requested by customers to drive growth in a product category through joint business planning.
- **Shopper demand:** The Group is focused on understanding what drives shoppers to purchase its products, which is fundamental to influencing consumer decisions and achieving results at the POP and POC. By exploiting this information, the Group is able to ensure that shoppers are aware of and purchase the Group's products and brands when they consider what to purchase. In this way, shoppers are influenced to purchase the products and brands supplied by the Group, ahead of those of the Group's competitors. The Group's strategies and tactics are therefore based on what it can do to influence shoppers and change their behaviour at each purchase decision point.
- **Category demand**: Significant profitable category growth opportunities exist for customers, categories, brands and services. The category is the context in which Libstar categories, segments and brands compete and includes all competitor brand activity. The category is defined at the POP and POC, by the consumer, shopper, customer, competitors and influenced by government legislation. Category insight, vision and strategy allows Libstar and its customers to achieve their category and brand objectives.

14. CUSTOMERS

14.1 Introduction and customer strategy

The Group supplies products to a wide variety of customers both within South Africa and internationally. Libstar has a track record of growing customer relationships and works continuously with its customers in areas of product innovation, brand placement and promotional activity.

The Group strives to offer products that are attractive to its customers and to identify short, medium and long-term growth opportunities with prioritised customers. Identifying these growth opportunities assists the Group in its understanding of the current market reality and what the future opportunities could be for growth in the market amongst the Group's product categories and the Group's top customers.

Regular assessments are conducted by the Group to assist with its understanding of:

- where Libstar is under- or over-performing with its customers;
- which customers are growing ahead of the market;
- the activation quality in the customer, including availability, rate of sale and stock levels;
- the profit that is achieved with each customer;
- the priority customer insights and service requirements of each customer;
- which customer relationships can be developed (and how they can be developed) to improve the performance of the movement of the Group's products; and
- prepare and review category growth plans.

In line with industry standards, the Group does not have written contracts with the majority of its customers. The Group therefore contracts largely on a purchase order basis and on the basis of standard trading terms under which such purchase orders are delivered. The Group therefore

endeavours to build relationships with its customers to foster trust and retain business. Many of the Group's customers have therefore been supplied by the Group for many years, for example:

- Finlar has supplied meat and chicken to McDonald's for over 20 years;
- Dickon Hall Foods has had a relationship with Tiger Brands since 2000 producing Mrs Balls chutney and with Unilever Foods for 10 years, manufacturing several products including Knorr salad dressing; and
- Cape Herb and Spice has held a trading relationship with Trader Joes and Loblaws since 2003.

14.2 Top customers

The Group's customers include leading international retailers and brand owners, some of whom have been doing business with the Group since its inception (and before that with Business Units prior to their acquisition). The Group's top customers as at 31 December 2017 are set out below.

Rank	Customer	Geography	Channel	Product categories	Currency
1	Woolworths	National	Retail	Ambient groceries, perishables, baking, snacks and confectionery, HPC, niche beverages	ZAR
2	Shoprite Checkers	National	Retail	Ambient groceries, perishables, baking, HPC, niche beverages	ZAR
3	Pick n Pay	National	Retail	Ambient groceries, perishables, baking, HPC, niche beverages	ZAR
4	McDonald's	National	Food Service	Perishables, baking	ZAR
5	Spar	National	Retail	Ambient groceries, perishables, baking, HPC, niche beverages	ZAR
6	Tiger Brands	National	Industrial	Ambient groceries	ZAR
7	Trader Joes	United States	Export	Ambient groceries	USD
8	Makro	National	Retail	Ambient groceries, perishables, HPC	ZAR
9	Unilever	National	Industrial	Ambient groceries	ZAR
10	Bidvest	National	Food Service	Ambient groceries	ZAR

The Group's top blue chip customers, which include Woolworths, Shoprite Checkers, Pick n Pay and Spar, sell their products to a broad spectrum of consumers in the South African market, between them targeting high, middle and low income households across a wide geographic territory.

The Group has also fostered long standing relationships with a range of large retailers in the South African CPG industry, including Clicks and Dis-Chem and abroad, including Spinneys (UAE), Aldi (UK) and Loblaw (Canada).

Whilst the Group has long standing relationships with its major customers, it continues to conclude arrangements with new customers. For example, in March 2017, Ambassador Foods concluded a manufacturing and supply agreement with Kellogg's, relating to the manufacturing and supply of Kellogg's branded cereal bars.

15. PRODUCT INNOVATION

15.1 The importance of ideation and innovation

Product innovation ensures that the Group successfully delivers new or improved products, processes and services that reach consumers, are aligned with the Group's business objectives and strategy. Product innovation is the action of translating ideas into new products and services or improving the Group's existing products. The Group believes in working with its customers in the process of product innovation as well as showcasing its new products to customers for entry to the market.

The Group conducts extensive market research and develops new and exciting products to offer a competitive product range to its customers and consumers. The Libstar office in Cape Town includes a testing kitchen facility that is used for product innovation and ideation as well as showcasing the Group's product portfolio to its current and prospective customers. Customers and consumers are also invited to attend cooking sessions where the Group works together with the customer to create new products for the market.

15.2 **Innovation process**

The Group has created a consumer insight-led innovation process and seeks to bring innovation to the market through activities that bring the Group's brands to life and engage its target market. An innovation culture is encouraged throughout the Business Units. The Demand Management Programme plays an important role in the Group's product innovation and provides Business Units with formal processes and procedures to execute innovation.

Similar to the marketing function of each business, innovation is carried out in a decentralised way in the Group, with each Business Unit being responsible for their own innovation in accordance with the Demand Management Programme.

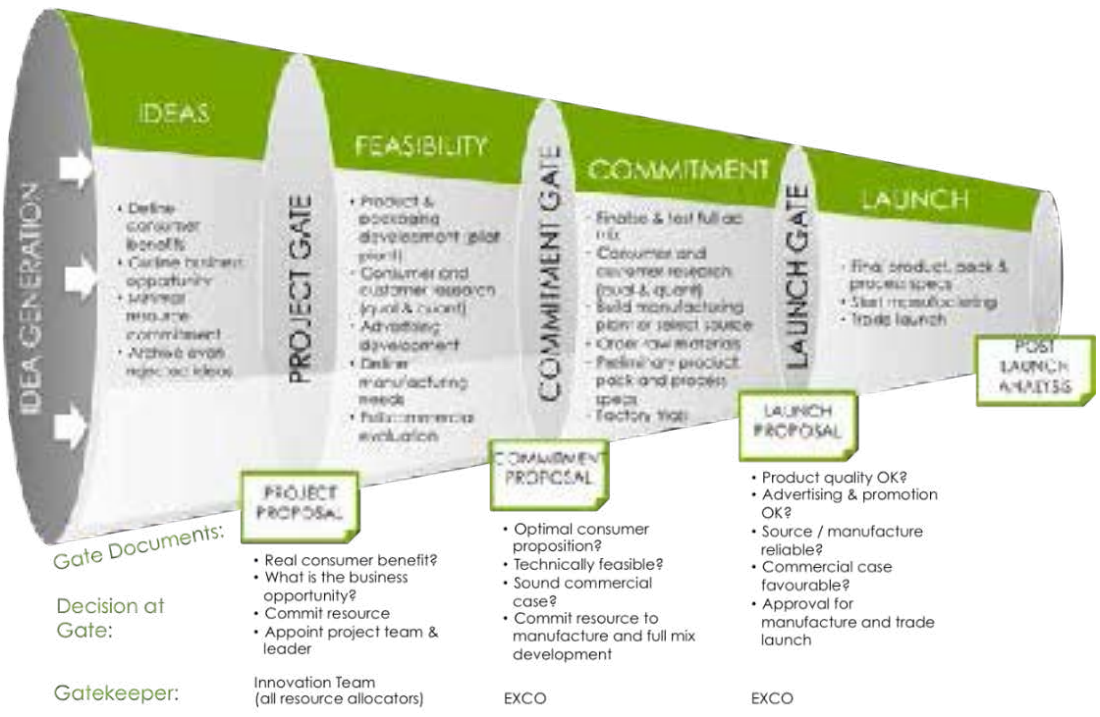
Each Business Unit effectively manages an innovation pipeline which is then turned into the successful launch of new products.

Managing innovation is a disciplined process whereby each Business Unit:

- considers what is required to compete in the marketplace, including considering the requirements of consumers;
- considers how it can differentiate its products with unique attributes to satisfy unmet consumer needs;
- constantly seeks to improve the way in which it operates, evaluates and screens ideas to ensure more successful product launches, focusing on commercial opportunities and limiting wasted resources;
- encourages idea generation and creative thinking within a commercial discipline;
- delivers product category and brand growth; and
- successfully launches new products and services or improves existing products and services.

The Libstar innovation process supports the Group's business strategy by giving a framework to generate new ideas, assess market potential, choose the best ideas and opportunities, allocate resources, manage projects, optimise the Group's portfolio of products and contribute to the annual activity calendar. The scale of the innovation determines which of these process steps to consider.

The Libstar innovation process consists of 4 phases (ideas, feasibility, commitment and launch) and 3-stage gates (project proposal, commitment proposal and launch proposal) as depicted in the diagram below:



Source: Libstar Demand Management Playbook

15.3 Measuring the success of innovation projects

At the launch of a new product all marketing and sales metrics are carefully monitored. The success of the innovation rests in the achievement of the goals set out in the business proposal and activation plan. The following are examples of the Group's successful product launches:

- Finlar has developed a gluten free crumbed chicken range for Woolworths, as well as grilled chicken patties for McDonald's;
- Ambassador Foods has developed carb clever bars, seed stick dippers and nibbles for Woolworths, as well as new cereal bars for Kellogg's;
- Rialto Foods has developed products to enhance the Asian product offering by Woolworths, as well as relaunch and tiering of the pasta category for Woolworths;
- Amaro has developed a braai range for Woolworths, as well as an ethnic range of wraps for KFC;
- Montagu Foods has developed tomato sauce for Spar, and mushroom burgers, bites and nuggets branded as Denny products for certain retail customers;
- Dickon Hall Foods has developed Jalapeno sauce for McDonald's; and
- Chet Chemicals has developed all-in-one dish machine tablets for DOB customers, as well as an eco-friendly range of household cleaning products for Woolworths.

The Group is also in the process of developing new products to be introduced to the market. For example, Denny is developing a number of value-added mushroom products that are expected to result in growth for Denny.

16. BROAD-BASED BLACK ECONOMIC EMPOWERMENT

The Group recognises the regulatory environment in which it operates, including certain obligations arising from the DTI's B-BBEE policies.

As a result, the Group expends resources in areas that add value to the business as well as contribute to the growth and development of the economies in which Business Units operate. To achieve this, a critical element has been to align transformation endeavours with its business strategies and objectives in the following extents:

- recruitment within set employment equity targets per Business Unit, as well as employee development and skills training;
- profitable and enduring enterprise development projects at Business Unit level that are capable of creating value to the business;
- contribution to the development of the communities within which Business Units operate through socio-economic development, skills development, enterprise development as well as preferential procurement practices; and
- the Group is currently certified a level 7 contributor to B-BBEE, as verified in terms of the Agriculture Sector Code. This verification certificate will remain valid until May 2018. The verification was conducted by Moore Stephens BEE Services under the aegis of the South African National Accreditation System (SANAS) agency.

17. INFORMATION TECHNOLOGY

17.1 Introduction

The information technology systems within the Group are highly diverse and decentralised. This is in line with the Group's decentralised business model and has arisen largely due to the Group's acquisition of new businesses which operate different information technology systems and have continued to do so after their acquisition.

17.2 Moving towards centralised information technology operations

Following an assessment by Dimension Data into the Group's information technology environment in 2016, the Group decided to standardise the information technology systems and processes across the Group. The Business Units' information technology systems and process are therefore in the process of evolving from a decentralised to a centralised operation. Key milestones in the

centralisation process include the establishment of a wide area network ("**WAN**") for the Group, undertaking significant upgrades to the Group's information technology systems and processes, standardising software and hardware used by each of the Business Units, standardising the Group's operating systems and office applications, establishing cloud architecture throughout the Group, and consolidating back-up, disaster recovery and security systems.

In addition to these benefits, centralising the Group's information technology will also reduce the Group's exposure to diminished operating capacity through IT malfunction or exposure to external risks. Moreover, a centralised system will reduce the Group's costs due to improved operational efficiencies.

A number of the above milestones have already been achieved and implemented. It is expected that the centralised information technology system will be fully implemented by 2019. For example, a Group-wide WAN was recently established, providing each of the Business Units with access to datacentres and reducing the number of servers throughout the Group

17.3 Existing technology systems

The Group relies on its information technology systems and processes for the reliable and efficient running of its business, including payroll, ordering, warehouse management, biometric access control, enterprise resource planning systems, reporting systems and health and safety management. The Group's key information technology systems include Syspro (for financial management), Pastel Evolution (for accounting), Isometrix (for environmental and health and safety risk management), Qlik View and Qlik Sense (for business intelligence and performance trend analysis), Prophix (for budgeting, forecasting and planning), The Consolidation Database (Datamart/Flowgear) (for data storage), Procure (a procurement database) and Translution and various other applications (for warehouse and manufacturing data and process management).

Certain IT functions are outsourced by the Group, including the WAN which is provided by Vodacom as well as mail, Mimecast, Microsoft Office 365 licensing requirements and physical architecture for a hybrid cloud model, all of which are provided by Stortech. The remainder of the IT functions are performed in-house by the Chief Information Officer of the Group who is supported by a network engineer and internal personnel at the Business Units who are part of an ad hoc steering committee of between 6 to 8 people.

For a discussion of the risks relating to the information technology systems in the Group, please see paragraphs 1.6 of Section 1 ("*Risk Factors*").

18. INTELLECTUAL PROPERTY

The Group has an extensive range of registered and unregistered intellectual property rights that are used throughout its product categories and product offerings. Intellectual property interests of the Group are vital to its business. These trademarks are protected against infringements by third parties.

18.1 Trademarks

Libstar Operations owns the word trademark "*Libstar*" and the star image in Libstar's name.

At an operations level, the Group has an extensive trademark portfolio with approximately 425 trademarks. The Group's trademarks are registered in South Africa and the European Community Trademark Office, as well as in a number of other jurisdictions across southern Africa, including Angola, Botswana, Malawi, Mauritius, Mozambique, Namibia, Nigeria, Seychelles, Swaziland, Zambia and Zimbabwe.

When the Group acquires a target business, the Group generally takes transfer of the trademarks and other intellectual property of the target business. In this way, the Group builds its intellectual property portfolio and acquires the rights to use the trademarks that are associated with the target's brand. The management of the Group's trademarks as well as the custodianship of the Group's own and Principal Brands is managed by the Group's central office.

Certain of the key Libstar Brands have been registered as trademarks in the jurisdictions in which they are used, as indicated in the following table:

Trademark	Business Unit	Jurisdiction(s) registered
	Retailer Brands	South Africa
	Retailer Brands	South Africa
	Glenmor	South Africa
	Elvin	Angola, South Africa and Zambia
	Cape Herb and Spice	South Africa
	Lancewood	Angola, Botswana, Malawi, Mauritius, Mozambique, Namibia, Nigeria, Seychelles, South Africa, Zambia, Zimbabwe
	Elvin	Angola, Botswana, Mauritius, Mozambique, South Africa, Zambia and Zimbabwe
	Rialto Foods	Botswana, Lesotho, Namibia, South Africa, Swaziland, Zimbabwe
	Rialto Foods	South Africa
	Elvin	Angola, Botswana, Mauritius, Mozambique, South Africa, Zambia, Zimbabwe
	Denny	South Africa
	Rialto Foods	Morocco, Namibia, South Africa, Swaziland, Zambia, Zimbabwe
	Natural Herbs and Spices	South Africa
	Berfin	South Africa
	Rialto Foods	South Africa

The Group's trademarks are protected for varying periods of time, usually for between 10 and 50 years depending on the territory in which the trademarks are registered. The Group ensures that these trademarks are renewed periodically, as and when required.

18.2 **Domain names**

Libstar Operations is the registrant in South Africa of a number of domain names that are associated with a number of the Business Units. These Business Units include Ambassador Foods, Berfin, Cani Rusks, Cecil Vinegar, Denny, Elvin, Lancewood, Rialto Foods, Cape Herb and Spice and Chet. Some of these domain names host operational websites in respect of certain Business Units, whereas others do not and are used for e-mail servers and the like.

In addition, the domain names www.libstar.co.za and www.libstarlearning.com are registered.

The Group's domain names are renewed on an annual basis.

18.3 **Intellectual property throughout the product offerings**

In the Brand Solutions product offering, where the Group produces, markets and sells its products under Libstar Brands or under Licensed Brands, the Group either owns or licenses the intellectual property associated with the products supplied.

In the DOB and Private Label Brand Solutions product offerings, the customer generally retains ownership of any intellectual property rights used in the production, packaging and presentation of the product.

In the Principal Brands Brand Solutions product offering, the Principal Brand owners retain ownership of their intellectual property.

In the Outsourced Manufacturing Solutions product offering, the general position is that the Group does not acquire any rights to the intellectual property (including recipes, trade secrets or trademarks) vesting in the manufactured products other than to use that intellectual property to manufacture the product. For example, Dickon Hall Foods acquires no rights to the intellectual property in the products that it manufactures under its third party manufacturing agreements with Tiger Brands (under which it manufactures Mrs Balls chutney) or Unilever (under which it manufactures Knorr salad dressings and sauces and Hellmanns mayonnaises and sauces). The recipes, trade secrets, trademarks, know-how and other intellectual property proprietary to the customer remains with the customer. Similarly, Ambassador Foods acquires none of the intellectual property relating to the cereal bars that it manufactures for Kellogg's under the manufacturing and supply master agreement that is in place. Unlike the other third party manufacturing arrangements in place in the Group, however, Ambassador Foods does acquire ownership of any improvements that it makes to Kellogg's intellectual property. As a result, should Ambassador Foods make any alteration, revision or reformulation of Kellogg's recipes, Libstar Operations will be deemed to be the owner of that improved recipe.

In the food services product offering, where the customer provides the Group with the recipe to manufacture the products, the customer generally retains ownership of their intellectual property.

18.4 **Encumbrances over intellectual property**

All intellectual property owned (now or in the future) by Libstar Operations and several Business Units has been hypothecated as security for the indebtedness of the Group to Nedbank and Standard Bank.

19. INSURANCE

The Group maintains comprehensive insurance policies with Nzalo Insurance Services Limited, Tetelestai Risk, ITOO Insurance, AIG Insurance Company, Compass Insurance Company Limited, Factory & Industrial Firmsure, AI South Africa Limited and Genric Insurance Company Limited through its broking relationship with Econorisk. These policies are managed centrally and cover the Company and each of the Business Units for such amounts and perils that the Group believes to be in line with best practice in the industry in which it operates.

The insurance policies taken out by the Group cover, amongst other things, assets and business interruption, buildings, commercial crime, primary public and product liability, product recall and replacement, Hazchem, motor fleet and machinery breakdown, as well as directors' and officers' liability insurance (up to R250 million per claim).

20. EMPLOYEES

20.1 Overview

The Group understands the value of people to its business. Each Business Unit continuously seeks to add strategic value to its business through the personnel it employs. As at 31 December 2017, the Group employed 6 335 employees across all of the Business Units and, during the course of 2017, employed 2 431 new employees.

The Group employed the following numbers of permanent employees at various levels as at the dates specified below:

Category of employment	31 December 2017	31 December 2016	31 December 2015	31 December 2014
Management	139	112	127	84
Administration	709	621	736	463
Production, distribution and other	5 487	4 910	5 829	3 665
Total	6 335	5 643[1]	6 692	4 212

Note:

1. Due to the outsourcing of warehousing and distribution to the Imperial Group, employee numbers decreased significantly from those at 31 December 2015 consequent upon the transfer of employees to the logistics group.

In line with the Group's decentralised business model, each Business Unit is responsible for its own employees and human resources management. Employees are seen as a crucial asset in ensuring the translation of boardroom strategies into action plans as well as to develop a culture of success and value creation within the Group. Each Business Unit has initiatives in place to ensure its workforce contributes to the success of the business and growth of a culture of leadership, employee engagement and ongoing performance measurement, recognition and reward.

The Group is committed to uplifting previously disadvantaged persons through its employment strategies. At management level, approximately 17% of employees are previously disadvantaged persons and, across all levels of employment within the Group, approximately 88% of employees are previously disadvantaged persons.

20.2 Libstar employee and organisational value creation model

Libstar operates an employee and organisational value creation model, the prime objective being to align and integrate all elements of a value creating organisation to build individual and organisational value. Through the implementation of this model and approach, the Group aims to achieve the following objectives:

- **a clear purpose and direction:** ensure that vision, direction, strategy and goals are clearly defined, communicated and understood by employees, both individually and in teams. The purpose and direction of the Group must be clear to all levels of the organisation;
- **alignment:** align the organisational culture, structure and design to value drivers thus ensuring the successful implementation of strategy. This also entails the alignment of business processes, systems, procedures, competencies, rewards and incentives, balanced scorecards and industrial relations fit;
- **performance management:** a clear approach to performance management for the organisation, team and individual that will:
  - clearly define roles, purpose and functions coupled with accountability;
  - use scorecards to review performance against goals, targets and action plans; and
  - bring about a clear understanding of the consequences of performance and non-performance.
- **inspiring, caring, equitable and professional climate:** create a climate within the organisation that will be conducive to self-motivation and inspiration of individual employees and teams. To bring about an inspiring caring climate the Group will address the following aspects:
  - leadership, insight, style and behaviour;
  - values, ethics, corporate governance and code of conduct;
  - clarity, order, fairness, rules of the game;
  - communication, involvement, information and influence;

- remuneration and benefits;
- employment practices;
- workplace and environmental safety; and
- responsible societal involvement.

- **sustainable competencies and intellectual capital:** to build sustainable competencies and intellectual capital in the Group so that value creation can take place over an extended period. This aspect deals with the development, attraction and retention of high calibre employees. It defines the systems that need to be in place in order to build sustainable competence and intellectual capital. The 3 focus areas are:
  - talent identification, succession and career routing;
  - appropriate rewards and incentives; and
  - competence and skills development.
- **relevant structured team forums:** team forums are a fundamental element of this model. It allows for all the elements to be fully integrated and synergised, and where structured team forums can talk about work. Teams talk in forums which are focused and structured for:
  - information sharing, involvement and innovation;
  - reviewing performance, setting stretch targets and solving problems;
  - monitoring and aligning team performance and behaviour; and
  - shared learning, coaching and mentoring.

20.3 **Employee development**

In line with the Employee and organisational value creation model, the Group has a number of competency and skills development programmes, as follows:

- **Talent development:** this entails the identification of high potential employees who show leadership potential;
- **Leadership development:** the Group has a formal leadership development programme directed at the growth of management skills within middle management at each Business Unit;
- **Marketing and sales skills development:** the base for this development is the Demand Management Programme as defined and discussed in paragraph 13.3 of this Section 2 ("*Business Overview*"). Development opportunities exist by means of online learning modules through the Group's internet portal www.libstarlearning.com; and
- **Libstar Academy**: this consists of internship and learnership development programmes focused on workplace experience and vocation-specific training.

20.4 **Employee incentive schemes**

The Group has a short-term incentive scheme ("**STI Scheme**") as well as a long-term incentive scheme ("**LTI Scheme**"). There are currently 209 participants on the STI Scheme and 69 participants on the LTI Scheme.

The STI Scheme is a bonus scheme, calculated with reference to a particular Business Unit's EBITDA performance against budget and individual key performance indicators, which is intended for senior employees who are in positions that can positively influence the results of the Group. Further details of the LTI Scheme are summarised in paragraph 3.1 of Section 10 ("*Additional Information*").

The LTI Scheme is a "phantom share" incentive scheme that is linked to the share price of Libstar and in terms of which executives share in the appreciation of the share over a 3-year period. Further details of the LTI Scheme are summarised in paragraph 3.2 of Section 10 ("*Additional Information*").

20.5 **Temporary employees**

Traditionally, South African manufacturing companies relied heavily on "Labour Broking" for temporary employment provision amongst other things for the degree of flexibility that it provided to Business Units during both peak and off-peak periods. A number of Business Units that were acquired over the years were no exception.

Labour broking in South Africa has however fallen out of favour with trade unions for, amongst other reasons, lack of employment security. The amendments to the South African labour legislation introduced in 2015 resulted in onerous provisions for "non-standard" employment contracting and

practices. Among others, a “deeming provision” was introduced by statute that protects employees in non-standard employment arrangements by deeming them to be permanent employees following a period of 3 months of non-standard employment and also by affording them the right to “equal pay for equal work”.

This resulted in the Group reviewing its practices in relation to non-standard employees. As a result of the review, the Group implemented new contracting arrangements at 4 of the Business Units. The new contractual arrangements resulted in the restructuring of affected Business Units and the retrenchment of approximately 1 000 employees. As part of the retrenchment exercise, Libstar agreed to contract with the 1 000 retrenched employees to render service whenever Libstar requires additional assistance on a part-time or temporary basis.

20.6 **Trade unions**

The Group has a strong industrial relations record and Business Units have healthy relationships with trade unions which represent its employees as at 31 December 2017. Approximately 37% of the Group’s unskilled and semi-skilled employees were members of trade unions. Given the Group’s decentralised business model, collective bargaining, recognition and wage agreements are concluded between trade unions at individual Business Units.

A number of trade unions enjoy recognition across Business Units, including the Food and Allied Workers Union (FAWU), the South African Clothing and Textiles Workers Union (SACTWU), the South African Catering Commercial Allied Workers Union (SACCAWU), the Federal Council of Retail and Allied Workers (FEDCRAW), the National Union of Food Beverage and Wine Spirits & Allied Workers (NUFBWSAW), the Transport Action Retail & General Workers Union (Thor), Independent Commercial Hospitality and Allied Workers Union (ICHAWU), Hotel, Liquor, Catering, Commercial & Allied Workers Union of South Africa (HOTELLICA), Solidarity and the South African Chemical Workers Union (SACWU).

A number of procedural and recognition agreements are in place at, for example, Amaro Foods, Ambassador Foods, Cape Herb and Spice, Denny, Dickon Hall Foods, Finlar, Lancewood, Retailer Brands and Rialto Foods. These agreements govern, amongst others, the trade unions’ rights to access the workplace, deduction of union subscriptions, appointment of union representatives, as well as bargaining rights in so far as wages and terms and conditions of employment are concerned. Recognition agreements are generally in place for an indefinite period while wage agreements are generally renegotiated annually.

The Group has experienced very few instances of industrial action. These have been brought about in the main by wage disputes and include the following incidents:

- in 2014 Ambassador Foods employees were locked out for a 6-week period pursuant to a wage dispute;
- in 2015 Denny’s employees at each of the Deodar and Shongweni sites undertook unprotected and protected strike action respectively, over wage disputes;
- in 2016, employees of Amaro Foods stopped production at the Epping Plant over a proposal to amend the shift structure;
- in 2016, Elvin experienced a 6-week lock-out over a wage dispute;
- in January 2017, employees at Dickon Hall Foods engaged in a single day work stoppage over employees’ interpretation of certain amendments that were made to the SA LRA;
- in March 2017, employees of Retailer Brands engaged in a protected strike over a wage dispute. This strike action lasted for 2 weeks; and
- in March/April 2018, employees of Dickon Hall Foods engaged in strike action which was addressed by the Group through the normal legal channels.

All of these actions have all been resolved and none had a material impact on the operations or financial performance of the Group.

20.7 **Pension and provident funds**

Most Group companies offer benefits of Pension and Provident funds. These funds are governed by different rules and different benefit structures to its members. Retirement fund providers within the Group include the Old Mutual Superfund Provident Fund, the NMG Umbrella Provident Fund, the Aster Marinus Group Provident Fund, the TSA Group Life Plan underwritten by Sanlam, the GTC Group Provident Fund and the GTC Group Pension Fund.

In most instances, the relevant Business Unit (as employer) is required to make an employer's contribution on behalf of the members of the fund. In other Business Units, retirement fund contributions are made by employees from their "Total Cost to Company" remuneration. Membership of the funds in most instances also provides other benefits such as life, funeral and disability cover to its members. In addition, some funds offer different levels of contribution, given affordability among different employee groups.

21. IMMOVABLE PROPERTY

Details of the immovable properties owned and leased by the Group are summarised in Annexure 12 ("*Details of Immovable Properties owned or leased by the Group*"). The Group operates from over 40 sites across South Africa, has over 60 lease agreements in place and owns over 10 properties. Certain of the Group's facilities are situated in strategic locations to best serve the needs of the respective Business Unit's operations. For example, Lancewood is situated in George, Western Cape province in close proximity to suppliers of milk, which is essential to its business given the need for fresh ingredients to manufacture high quality cheese products.

The majority of the facilities utilised by the Group are leased, however the Group also owns a number of immovable properties, which are in the process of being transferred to the Group's property owing company, Libstar Properties, which is wholly owned by Libstar Operations. In April 2018, the Group entered into a number of intra-group transactions which include, amongst other things, the transfer of all immoveable properties owned by Ambassador Foods Proprietary Limited, Cecil Vinegar Works Proprietary Limited and Libstar Operations into the name of Libstar Properties. These transactions are summarised in paragraph 2 of Annexure 15 ("*Material Contracts*"). Registration of transfer of these immoveable properties in the relevant Deeds Office is in the process of being carried out.

Where a Business Unit leases premises for the operation of its business, the lease generally subsists for a period of between 2½ and 10 years. The Group has approximately 7 leases in place that are concluded for periods of 10 years or more, 1 of which is concluded on premises that are zoned as "agricultural land" (on which see a further discussion in paragraph 1.31 of Section 1 ("*Risk Factors*"). This is in line with the Group's overall strategy to either lease premises for a period of time within this range or alternatively to buy premises from which to operate after this time period expires. The leases with third parties are not concluded on standardised terms. The majority of the lease agreements contain options to renew the lease (exercisable at the discretion of the relevant Business Unit) for a further period, usually between 2 and 5 years.

The Company is headquartered in Dunkeld, Johannesburg, Gauteng Province. Libstar moved into these premises in February 2013 and has secured these premises under lease until 31 March 2021. The headquarters comprises of just over 600m^2 of office space, balconies and store rooms and includes approximately 26 parking bays.

The Group also has a branch office in Plattekloof, Cape Town, Western Cape Province. This lease commenced on 1 February 2014 and will expire at the end of June 2018 with an option to renew. The office space measures approximately 470m^2 and includes a number of parking bays. The Cape Town branch office also includes a testing kitchen facility that is used for product innovation and ideation as well as showcasing the Group's product portfolio to its current and prospective customers. Customers are also invited to attend cooking sessions where the Group works together with the customer to create new products for the market.

In addition to this test kitchen facility, the Group also showcases some of its product offerings at the Villa 47 restaurant in Cape Town, Western Cape Province. This restaurant is operated by the Rialto Foods division and plays an important role in advertising products supplied by Rialto Foods to its key customers, such as Woolworths.

A number of the business units, namely Chet Chemicals, Lancewood and Elvin, operate small factory shops where their products are sold directly to the public, usually at slightly discounted prices.

SECTION 3: INDUSTRY OVERVIEW

This Pre-listing Statement contains market data and certain industry data and forecasts which we have obtained from internal company surveys, market research, publicly available information, reports of governmental agencies, and industry publications and surveys. The statements in this Pre-listing Statement relating to the market data and certain industry data and forecasts are each according to such sources as well as the Group's own internal surveys and estimates. While the Group is not aware of any misstatements regarding the industry data presented herein, its estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under Section 1 ("*Risk Factors*") appearing elsewhere in this Pre-listing Statement.

1. SOUTH AFRICA MACRO-ECONOMIC ENVIRONMENT

South Africa is a large and diversified economy. Key economic sectors include mining, manufacturing, financial services and consumer and retail. It is the third largest economy in Africa and 39th largest globally with Gross Domestic Product ("**GDP**") of R4 327 billion recorded in 2016 (according to the International Monetary Fund).

South Africa has witnessed a period of moderate economic performance with real GDP growth declining over the 5-year period from 3.6% in 2011 to 0.7% in 2016 as shown in the table below. Real GDP growth did, however, accelerate in 2017 and is expected to increase to approximately 1.8% in 2019 (National Treasury) with nominal USD GDP per capita expected to increase from USD5 302 in 2016 to USD6 860 in 2022. The South African economy has moved out of technical recession and has posted positive growth of 2.5%, 2.0% and 3.1% in the second, third and fourth quarters of 2017, respectively, after recording 2 successive quarters of negative growth (in the fourth quarter of 2016 and the first quarter of 2017). South Africa's future economic prospects have improved over the last 3 months in particular. The SARB has revised its 2018 and 2019 real GDP growth forecasts upwards from 1.4% and 1.6% to 1.5% and 1.8%, respectively between its January 2018 Monetary Policy Committee and February 2018 budget.

	2011A	2012A	2013A	2014A	2015A	2016A	2017A	2018E	2019E
Real GDP growth (%)	3.6%	2.5%	2.2%	1.9%	0.5%	0.7%	1.3%	1.5%	1.8%

Source: SARB, National Treasury

The economic outlook does, however, remain vulnerable to global macro-economic changes and political risks. The recovery in real GDP growth is predicated on numerous factors including:

- an easing in monetary policy;
- the resiliency of the Rand, over the last 18 months; and
- an improved inflation outlook.

The SARB reduced the repurchase rate ("repo rate") by 25 basis points from 7.00% to 6.75% on 21 July 2017 and has remained unchanged at recent MPC meetings. Lower than expected hikes in electricity prices and the stronger exchange rate post the December 2017 Elective Conference of the ANC outcome have been supportive of the SARB's monetary policy. The repo rate is defined as the rate at which the private sector banks borrow funds from the SARB and is used as one of the monetary measures to control inflation. The cut represents the first reduction in the repo rate since 2012, as indicated in the table below. The repo rate was cut largely due to a faster than expected moderation in food inflation.

	2011A	2012A	2013A	2014A	2015A	2016A	18 Jan 2018
SARB repo rate (%)	5.50%	5.00%	5.00%	5.75%	6.25%	7.00%	6.75%

Source: SARB

Consumer price inflation ("**CPI**") fell within the SARB's target band of between 3.0% and 6.0% during April 2017 and is forecasted to trend lower as shown in the table below. The Monetary Policy Committee has a preference for CPI expectations to be anchored closer to the mid-point of the target range (i.e. 4.5%). An easing in the repo rate provides a catalyst for growth as banks reduce their prime lending rates to the public thereby encouraging lending and consumption of goods and services.

	2011A	2012A	2013A	2014A	2015A	2016A	2017A	2018E	2019E
CPI[1] (%)	5.0%	5.7%	5.8%	6.1%	4.6%	6.3%	5.3%	5.3%	5.4%
Food inflation (%)	4.6%	7.9%	5.9%	7.6%	6.1%	9.9%	4.6%	5.0%	5.9%

Source: StatsSA (2011A – 2016A), National Treasury (2018E – 2019E)

Note:

1. Consumer price inflation.

The South African Rand has strengthened against the US Dollar from 13.77 USD/ZAR on 1 December 2017 to 12.04 USD/ZAR on 16 April 2018. Recent Rand strength has been underpinned by the election of Deputy President Cyril Ramaphosa as the new leader of the ANC, supported further by dollar weakness. In the near term, the Rand is expected to remain sensitive to the sentiment generated by political developments, capital flows to emerging markets as well as trade account balances. In March 2018, ratings agency Moody's affirmed South Africa's investment-grade credit rating and revised its credit outlook from negative to stable on the back of more transparent and predictable policy framework.

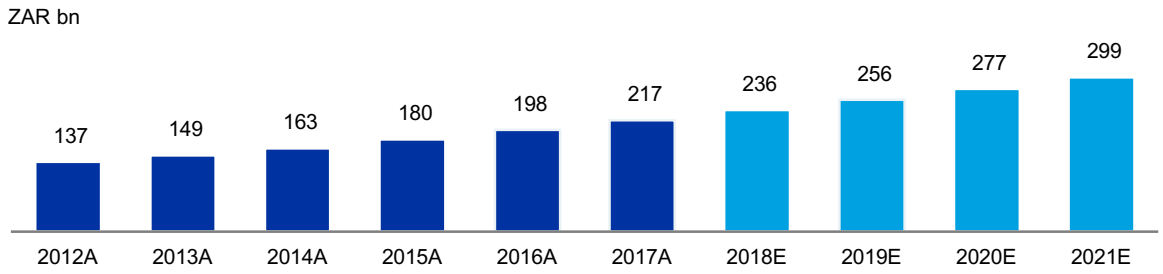
The inflation outlook has improved significantly, due to multiple factors, indicative of weaker underlying inflation pressures, at a time when the impact of exogenous shocks on inflation has been dissipating. These shocks have included food price inflation due to severe drought across a large portion of the country and, to a lesser extent, an increase in the international oil price earlier in 2017 that has since reversed.

Food inflation decreased from 9.9% in 2016 to 4.6% in 2017 due to lower agricultural prices despite elevated levels in meat price inflation, according to the National Treasury, as per the table above.

2. FMCG MARKET OVERVIEW

The total value of food and beverages manufactured and sold in South Africa was approximately R515 billion in 2017, according to data released by Statistics South Africa ("**Stats SA**"). This represents a 3.4% increase from R497 billion in 2016, and accounted for 23.9% of the value of all goods manufactured in South Africa, down 0.3% from 2016. Of this total, approximately R377 billion (73%) relates to food.

According to Euromonitor, South Africa's packaged food sales had a total value of approximately R217 billion in 2017, which has grown 9.4% from R198 billion in 2016. As indicated in the graph below, packaged food sales are expected to grow to R299 billion in 2021.



According to Euromonitor, South African consumers are likely to continue to be attracted to both affordability and convenience when choosing packaged food products. This bodes well for private label offerings which are typically priced at a discount to the Dealer Own Brands. There may also be more of a swing towards value-added products with slightly higher prices, such as Dealer Own Brands. This trend is likely to be particularly obvious among mid to higher LSM (living standards measure) groups, who are generally willing to pay more for packaged food products which offer additional benefits, particularly related to health and wellness. This demographic is also growing in number and income levels as per the table below.

Most of the packaged food consumed in South Africa is produced domestically largely due to high costs related to importing food products into South Africa, as well as the competitive domestic industry. The industry is made up of both large domestic food producers as well as prominent multinational companies that have been present in South Africa for more than 30 years.

Source: Euromonitor packaged food in South Africa report (December 2017), Euromonitor data (23 January 2018)

3. THE SOUTH AFRICAN CONSUMER

According to the data released by Stats SA, South Africa's mid-year population is estimated to be at 56.5 million people with an unemployment rate of 26.7% as of fourth quarter of 2017. The nominal GDP in 2018 is expected to be USD361 billion with a nominal GDP per capita expected to be USD6 292 in the same year. The South African consumer is expected to benefit from a more conducive economic environment from 2018. Consumption growth is likely to be supported by rising GDP per capita, household expenditure and favourable population demographics including urbanisation.

	2008A	2009A	2010A	2011A	2012A	2013A	2014A	2015A	2016A
Household expenditure (ZARtn)	1.55	1.55	1.62	1.71	1.77	1.80	1.81	1.85	1.86
Urbanisation (%)	61%	62%	62%	63%	63%	64%	64%	65%	65%

Source: World Bank Development Indicator February 2018.

The South African food industry serves a diverse consumer base that encompasses wide differences in income, demographics, consumption patterns and preferences. The South African Advertising Research Foundation (''**SAARF**'') LSM is the most widely used segmentation tool in South Africa, and it divides the population into 10 LSM groups, from 1 (lowest) to 10 (highest).

The LSM categories cut across race, gender and other categorisation techniques, to group the population according to their living standard, using wealth and access indicators such as degree of urbanisation, ownership of cars and major appliances and access to basic services such as water and electricity. While household income is not by itself a variable in determining LSM, higher LSM consumers tend to have higher incomes and *vice-versa.*

SA LSM Levels	2010A	2015A	Change
LSM 1 – 4	29.0%	22.3%	(6.7%)
LSM 5 – 7	47.5%	53.2%	5.7%
LSM 8 – 10	23.4%	24.5%	1.1%

Source: SAARF

SA labour force monthly income (ZAR)	2010A	2015A	Change
Up to 799	4.2%	1.7%	(2.5%)
800 – 1 399	12.3%	5.4%	(6.9%)
1 400 –2 499	13.4%	8.4%	(5.0%)
2 500 –4 999	20.6%	21.2%	0.6%
5 000 –7 999	15.6%	18.2%	2.6%
8 000 –10 999	11.2%	12.0%	0.8%
11 000 –9 999	11.8%	14.4%	2.6%
+ 20 999	10.9%	18.7%	7.8%

Source: SAARF

South Africa's ongoing social and economic transformation has led to the expansion of the emerging middle class, and this has been reflected in declines in the lowest LSM 1 – 4 bands from 29% in 2010 to 22% in 2015, as highlighted in the table above. The corresponding growth has been captured in the LSM 5 – 7 which grew from 48% in 2010 to 53% in 2015, whilst the LSM 8 – 10 band increased from 23% to 25% over the same period. The emerging middle class is heavily represented in these LSM bands, which makes up the majority of the South African population, and account for a large and increasing proportion of consumer spending. Over time, the growth of this segment, which enjoys greater

disposable incomes than lower LSM bands, has been positive for the South African food industry and the economy in general. Furthermore, South Africa has a young population (<30 years), which accounts for c.56% of the total population according to Stats SA. This large young population is expected to drive consumption and economic growth in the coming decades.

4. SOUTH AFRICA KEY PACKAGED FOOD INDUSTRY TRENDS

The South African packaged food market size in 2017 was R216.9 billion measured in RSP sales. The packaged food industry has been affected by an improved macro-economic environment in South Africa in 2017. Packaged food achieved strong retail value growth of 9.4% in 2017 compared to 2016. Euromonitor forecasts the total packaged food industry in South Africa to increase by a CAGR of 8.4% in the period from 2017 to 2021 to a total value of R299.1 billion.

Increasingly busy schedules, especially for high-income consumers, caused a rise in demand for convenience, in terms of points of sales (store formats) and consumption patterns (snacking) in 2017. Furthermore, health-centric consumers were continuously more concerned about the health benefits of food, which translated in the emergence of an offering with lighter, more functional features, even in traditionally unhealthy categories such as oil and fats.

While health and wellness, combined with convenience, remains a leading trend within the South African packaged food industry, there are a number of responsible consumers concerned with issues of social responsibility that are progressively shifting their consumption preferences in favour of products with certain intangible features. These features include themes such as the geographic origin of these products, social and environmental standards, sourcing of materials and production processes.

4.1 Value

Consumption patterns in South Africa were affected by inflation, partly driven by an increase in commodity prices, thus driving retail value growth in 2017. As a response to increasing food prices, South African consumers recorded a dual behavior by shifting to more affordable products and bulk purchasing for the long-term (benefiting from promotional activities), coupled with indulgence purchases of expensive, non-essential products, particularly in the snacking segment, resulting in retail sales volume and value growth.

In order to satisfy evolving customer needs and stimulate spending, manufacturers are shifting their capabilities to target consumers' demand for higher value-added convenient snacking products. As a result, and in order to increase their market shares, manufacturers are continually seeking to benefit from new innovations and product launches, often through acquisitions. These transactions help to consolidate the market and provide producers with relative leverage to face increasing input prices.

According to Nielsen research, South African consumers are price sensitive. The Nielsen Global Private Label Survey (Quarter 3, 2016) shows that 83% of surveyed customers somewhat or strongly agreed to the importance to get the best price and 70% compared private label to branded product prices, in order to seek the best value for money.

Moreover, consumers in South Africa are quality driven, which has changed the approach that private label producers are taking. According to Euromonitor private label penetration in the packaged food industry is relatively low in South Africa. In South Africa private label products in the packaged food industry only make up 15.4% of the industry compared to 31.5% in European countries such France, Germany and the UK. South African retailers have had to diversify their offering to appeal to more demanding consumers. This has resulted in the appearance of the high-value segment within retailers' offerings (e.g. at Woolworths), which are often priced at a premium to branded products.

Consequently, South African consumers have a positive perception of the quality of private label offering. Nielsen research shows that 71% of surveyed customers strongly agree that private label is a good alternative to branded products and 63% consider private label product quality just as good as the quality of branded products.

Source: "The state of private label in South Africa: where it's growing, where it's not, and what the future holds" Nielsen (Quarter 3, 2016); Euromonitor packaged food in South Africa report (December 2017).

Evolution of the private label share in the total packaged food industry, per county

Geography	2012A	2013A	2014A	2015A	2016A	2017A
France	25.0%	24.9%	24.6%	24.0%	23.6%	23.2%
Germany	34.8%	35.2%	35.2%	35.0%	34.8%	34.8%
United Kingdom	35.4%	35.6%	36.0%	36.0%	36.2%	36.4%
Average	**31.7%**	**31.9%**	**31.9%**	**31.7%**	**31.5%**	**31.5%**
Median	**34.8%**	**35.2%**	**35.2%**	**35.0%**	**34.8%**	**34.8%**
South Africa	13.3%	14.1%	14.6%	14.9%	15.2%	15.4%

Source: Calculated based on Euromonitor data (23 January 2018)

Evolution of value share of private label market share across consumer categories in South Africa

Private label share (%)	2012A	2013A	2014A	2015A	2016A	2017A	Change 2012A – 2017A
Packaged foods	13.3%	14.1%	14.6%	14.9%	15.2%	15.4%	2.1%
Soft drinks	4.6%	4.6%	4.8%	4.9%	5.1%	5.5%	0.9%
Hot drinks	3.9%	4.1%	4.6%	4.7%	4.6%	3.4%	(0.5%)
Home care	8.8%	9.1%	9.1%	9.1%	9.3%	9.5%	0.7%

Private label share (%)	2011A	2012A	2013A	2014A	2015A	2016A	Change 2011A – 2016A
Beauty and personal care[1]	2.2%	2.2%	2.2%	2.3%	2.3%	2.3%	0.1%

Source: Calculated based on Euromonitor data (23 January 2018)

Note:

1. This category is not broken out by premium and mass positioning Depilatories, Oral Care and Men's Shaving and are excluded from Beauty and Personal Care private label market share.

Private label market share across packaged food categories in South Africa

(Market share as % of RSP sales)	2017A private label share	2012A – 2017A change in private label share
Packaged food	15.4%	2.1%
Rice	16.0%	3.3%
Cheese	8.5%	2.9%
Perishables		
Sour milk products[1]	18.2%	3.8%
Meat and seafood[2]	19.9%	0.2%
Fruit and vegetables[3]	25.9%	3.8%
Ice cream[4]	9.1%	2.4%
Ready meals	74.1%	6.2%
Spreads	14.1%	4.1%

(Market share as % of RSP sales)	2017A private label share	2012A – 2017A change in private label share
Ambient groceries		
Edible oils	9.2%	1.5%
SD&C[5]	11.0%	1.2%
Baby food	0.4%	0.0%
Pasta	33.1%	2.2%
Noodles	31.5%	2.8%
Soup	19.9%	0.2%
Baking		
Baked goods	8.8%	1.6%
Snacks and confectionery		
Confectionery	4.6%	1.8%
Savoury snacks	11.4%	2.8%
Breakfast cereals	6.5%	2.2%
Sweet snacks[6]	17.1%	5.4%

Source: Calculated based on Euromonitor data (23 January 2018)

Notes:

1. Includes yoghurt;
2. Processed meat and seafood;
3. Processed fruit and vegetables;
4. Includes other frozen desserts;
5. Sauces, dressings and condiments; and
6. Includes sweet biscuits, snack bars and fruit snacks.

4.2 Healthier lifestyles

Consumers are increasingly concerned about health benefits of food. Manufacturers have started offering products that claim to be natural or fat-free, unsalted or contain added essential vitamins and minerals. Although largely restricted to higher LSM segments of the population, preference for healthier nutritional alternatives allows producers to charge premiums to consumers which are willing to pay for those extra benefits. Notably, this preference for healthy alternatives has also extended into segments that have been generally considered unhealthy, e.g. oils and fats.

These new trends are fostering new product development which focuses on reducing caloric content, providing extra functionalities (e.g. improved digestion), and lowering cholesterol without compromising taste. These products reinforce customer loyalty and allow producers to retain their niche.

The food segment is becoming increasingly regulated with legislators restricting certain labelling practices since the issuance of The South African Food Labelling Regulations (R146/2010) which were published in the Government Gazette, in March 2010 (Health Department of South Africa). Manufacturers are only allowed to make claims if certain stipulated criteria are met, i.e. manufacturers will need to ensure that the functionality and value proposition of products are reached. Descriptive labelling and technological advanced packaging is required to allow products to retain their freshness and natural or enhanced features. Existing examples of manufacturers emphasising healthy attributes through their detailed labelling include Woolworths (which displayed nutritional details on their packaging particularly within ready meals) and Denny Mushrooms (which also added nutritional information to the packaging of all its products).

4.3 Convenience

Demand for convenience and "on-the-go" meals continued to rise in 2017, particularly among middle-to-higher-income consumers, who are in the best position to pay more for added convenience. As lifestyles become increasingly fast-paced, consumers have less time to prepare meals, thereby boosting demand for convenient, healthy and nutritious snacks, many of which lend themselves to

on-the-go snacking. The growing popularity of snacking has triggered product innovation and the development of new categories such as drinking yoghurt and prepared cereal cups.

Changing lifestyles have not only modified consumption patterns, but also purchasing behaviours. The emergence and growth of convenience formats has been successful. The idea is to provide convenient and efficient service and also to create the opportunity for the company to sell more products to clients and customers. The popularity of prepared and ready meals which often have longer shelf-lives and individual portions is explained by customers seeking efficient solutions to nutrition.

Several retailers have capitalised on this trend. For instance, Woolworths has recently increased its product range beyond the traditional convenience store. Other industry participants such as Game, a discount retailer of consumer goods, moved towards allocating more shelf space for packaged food and fresh food products.

Source: Euromonitor packaged food in South Africa report (December 2017), Euromonitor data (23 January 2018)

5. KEY TRENDS IN LIBSTAR'S PRODUCT CATEGORIES

5.1 Perishables

Perishable products are defined as those products that are likely to decay or spoil within a short period of time. The perishables product category is the Group's largest category and contributed R3.7 billion or 42% to the Group's revenue in the 2017 financial year.

Within this product category, products sold by Libstar mainly fall into the following sub-categories: cheese; processed meat and seafood; and processed fruit and vegetables.

Market size (RSP sales, ZAR bn)	2015A	2017A	2021E	CAGR2015 – 2017A	CAGR2017A – 2021E
Perishables	***81.4***	***97.2***	***132.1***	***9.3%***	***8.0%***
Core Libstar categories					
Cheese	17.4	20.9	28.7	9.5%	8.2%
Meat and seafood[1]	12.5	14.4	19.1	7.6%	7.2%
Fruit and vegetables[2]	7.0	8.0	10.0	6.3%	5.8%
Ready meals	3.6	4.2	5.8	8.0%	8.1%
Other categories					
Sour milk products[3]	8.1	9.9	13.5	10.6%	8.0%
Ice cream[4]	2.7	3.4	5.2	12.4%	10.6%
Spreads	1.9	2.3	3.2	11.3%	8.4%
Dairy[5]	28.1	34.0	46.7	10.0%	8.3%

Source: Calculated based on Euromonitor data (23 January 2018)

Notes:

1. Processed meat and seafood;
2. Processed fruit and vegetables;
3. Includes yoghurt;
4. Includes other frozen desserts; and
5. Excludes cheese and sour milk products.

5.1.1 *Cheese*

In 2017, the cheese market in South Africa represented a total of R20.9 billion in RSP sales and 21.5% of the total perishables market. It represented 33.6% of perishables markets excluding the remaining dairy segment. Historically, the category achieved an average growth of 9.5% during the 2015 to 2017 period, slightly ahead of the total perishables category, that grew at 9.3%.

According to Euromonitor, the growth of the cheese RSP sales is expected to slow slightly to 8.2% for the 2017 to 2021 period. This is mainly driven by macro-economic uncertainty affecting South African households, the shift in consumer's attitudes to fat and the perception of cheese as a high-end product.

Key trends

Increasing regulation

South African legislators issued the new dairy regulation R260, which was introduced by the Department of Agriculture, Forestry and Fisheries in 2015 and came into force in March 2016. The new ruling requires manufacturers to show detailed ingredients lists, batch codes and “best by”, “use by”, “sell by” dates, as well as a more comprehensive view with regards to fat content. The impact of the new regulation in the cheese category was limited as only a few sub-segments were affected (i.e. cottage cheese), but it does frame the legal environment in which the category develops. Despite the short-term costs for sellers of cheese products that were required to update their packaging, the new legislation has proven positive for cheese, with customers being attracted to more descriptive labelling according to Euromonitor.

Growing inflation

In the South African food market, cheese is regarded as an expensive product and thus, targets mid-to-high income consumers. As inflation remained high, businesses did not transfer these increasing costs to customers and maintained their price increases below inflation, fearing that already financially weakened households would decrease their sales volumes. Increasing inflation was partially eased by a drop in raw milk prices, which was driven by the expanding supply of milk.

Increasing penetration

South African consumption levels of cheese have remained low, with room for growth remaining. Popularisation of TV cooking programs has promoted the use of cheese in cooking, which is expected to support volume growth.

Packaged hard cheese is the most dynamic category in 2017 and many players in this category focus on creating new consumption moments, encouraging consumers to snack on their products instead of confectionery, such as chocolate. For some market participants, this has involved adapting the packaging of their hard cheeses to make them more suitable for consumption on the go.

Supermarkets as preferred distribution channel

Supermarkets are the dominant distribution channel for cheese, accounting for a steady 71.8% value share in 2017. This channel offers the optimum balance between convenience, value, and a wide range of brands and prices with frequent promotions. The strongest share gain was however seen for convenience stores, with this channel gaining half a percentage point share to reach 4.0% of value sales in 2017. This channel is benefiting from offering snack cheese products that can be consumed on-the-go.

Outlook

The same problems that characterised cheese sales in the past 3 years are likely to continue hindering its performance over the forecast period from 2017 to 2021. For instance, cheese will remain out of the financial reach of a number of consumers, while rising health trends could prove a double-edged sword for this category. Pricing competition is expected to intensify with unitary prices predicted to decline driven by an increased use of price promotions. However, Euromonitor expects a high single-digit growth of 8.2% for the 2017 to 2021 period, as the category becomes more easily available and distribution expands via convenience channels.

Competitive landscape

Parmalat is the clear leader in cheese, accounting for a 28.7% share of value sales in 2017, well ahead of its nearest competitor, Dairybelle with a market share of 14.8%. Parmalat also extended its lead during 2017, thanks to good growth of its Italian brand Galbani in mozzarella and mascarpone, which was launched in 2015. Its French brand Président also enjoyed continued success which is positioned in the premium segment. The rest of the market is highly fragmented. Private label’s market share increased by 2.9% to 8.5% in the period from 2012 to 2017, remaining below the packaged food private label share of 15.4%.

Source: Euromonitor cheese in South Africa report (September 2017), Euromonitor data (23 January 2018)

5.1.2 *Processed meat and seafood*

The meat and seafood market represented a total of R14.4 billion in RSP sales in 2017. The average annual growth in RSP sales from 2015 to 2017 was 7.6%. Euromonitor research expects average annual RSP sales growth to be 7.2% in the period from 2017 to 2021. The major trends in this category include the shift from fresh to processed products, growing demand for shelf stable meat and greater competition for manufacturers.

Key trends

Consumers are turning from fresh to processed meat and seafood

Processed meat and seafood achieved value growth of 7.6% in the period from 2015 to 2017, marginally stronger than in the previous year. This slight increase in growth can be attributed to consumers turning to processed meat and seafood as they offer cheaper unit prices compared to fresh meat and seafood as pressure on rising food prices increased during the review period. For example, consumers turned to shelf stable fish and shelf stable meat products, such as Lucky Star fish, because it is much cheaper than fresh red meat and fresh fish.

The chilled sub-segment within processed meat and seafood is the biggest category by current value, with shelf stable meat and seafood experiencing the fastest growth in value. This is mainly because consumers have been substituting fresh meat with shelf stable meat, since it is more affordable for the majority of the population.

Increasing raw material prices

The price of processed seafood increased due to a rise in the price of raw materials which are largely imported and made more expensive by the volatile local currency. The increase in the price of maize and other soft commodities used as poultry feed caused the price of poultry and poultry products to increase. Imported raw materials used in processed seafood were made more expensive by the volatile currency causing an increase in the average unit price of processed seafood in 2017. Private label products in processed meat and seafood offer cheaper unit prices making it more difficult for brands to compete.

Outlook

South Africa's agreement with the US to import 65 tons of tariff-free chicken will affect the performance of processed poultry until the oversupply of chicken is balanced. Frozen processed meat and seafood remains targeted at higher-income consumers as a result of its price.

The unit prices of processed meat and seafood are driven by the costs of imports. Unit prices are expected to rise as a result of the weak exchange rate, although manufacturers' promotional discounts should temper this rise. Shelf stable meat and seafood is also dependent on fluctuating steel prices because the products are predominately sold in metal food cans.

Innovation and new product launches are expected to drive volume growth over the forecast period from 2017 to 2021. This is particularly true in frozen meat and seafood where consumers look for quality and healthy aspects as well as flavour in products. Although there are new flavour innovations in this category, there is still room for new variants in order to create "whole meals".

Competitive landscape

The top 3 companies by value share are Oceana Brands, Tiger Brands and Eskort Bacon Co-operative, each holding 21.1%, 14.9% and 9.1%, respectively, with private label holding 19.9% value share in 2017. The shelf stable Lucky Star brand leads processed meat and seafood and has been the main driver of Oceana Brand's large value share, whilst the Enterprise brand has contributed significantly to Tiger Brand's market share. Private label's market share increased by 0.2% to 19.9% in the period from 2012 to 2017.

Source: Euromonitor meat and seafood in South Africa report (November 2017), Euromonitor data (23 January 2018)

5.1.3 *Processed fruit and vegetables*

Processed fruits and vegetables achieved RSP sales of R8.0 billion in 2017, representing an average annual growth of 6.3% from 2015 to 2017. Euromonitor expects the average growth to marginally reduce to 5.8% in the period from 2017 to 2021, with the main trends including growing demand for fresh products and shelf stable beans, as well as specific dieting.

Key trends

Growing demand for fresh products

Consumers still continue to prefer fresh fruit and vegetables over processed fruit and vegetables, primarily due to affordability and the negative health perceptions related to processed food products.

Shelf stable beans are increasingly popular

Shelf stable products remains the largest category within processed fruit and vegetables, whilst beans were the fastest growing shelf stable product in 2017, because of their versatility for use in a number of South African dishes. They are also affordable, filling and nutritious.

Banting is becoming a popular diet

Banting is a diet that has become increasingly popular in South Africa. It involves eating high fat and low carbohydrate foods and caters to a consumer shift towards health and wellness.

Outlook

The processed fruit and vegetables category is expected to post RSP sales growth of 5.8% over the forecast period from 2017 to 2021. Manufacturers are expected to continue emphasising the benefits and versatility of processed foods to target lower income households. Unit prices are expected to decline over the forecast period as manufacturer's attempt to attract low-to-mid income consumers to this category, as well as retain price sensitive consumers.

Competitive landscape

The top 3 companies by market share are Tiger Brands, McCain and Rhodes. Tiger Brands is the clear leader in the market with a value share of 32.7%, more than double the size of its closest competitors, who have 15.0% and 10.3% value share respectively. Tiger Brands' position in the market can be attributed to its Koo brand. Private labels market share increased from 22.1% in 2012 to 25.9% in 2017 due to the availability of a wide variety of products meeting price points for all LSM consumers.

Source: Euromonitor processed fruit and vegetables in South Africa report (November 2017), Euromonitor data (23 January 2018)

5.1.4 *Ready meals*

Ready meals achieved RSP sales of R4.2 billion in 2017, representing an average annual growth of 8.0% from 2015 to 2017. Euromonitor expects the average growth to marginally increase to 8.1% in the period from 2017 to 2021, reflecting consumers' increasing preference for convenient, healthy and varied food alternatives.

Key trends

Growing demand for convenient and healthy food alternatives

Consumer demand for convenience remains a significant factor in the development of ready meals, especially among consumers with busy lifestyles seeking for healthy and varied alternatives. However, the relatively high price of most ready meals limits their appeal to the wealthier demographics.

Supermarkets remain the leading channel

Supermarkets held a dominant position with 69% share of retail value sales in 2017. Convenience stores ranked second with a 15% share due to their longer operating hours and convenient locations.

Weight of private label

Private label dominates the category, accounting for 74.1% of value sales in 2017, having grown 6.2% from 2012. This expansion was driven by many retailers expanding their lines to offer products at different price points to cater a wider audience.

Outlook

The ready meals category is expected to reach RSP sales of R5.8 billion in 2021. Growing demand is expected to stimulate manufacturers to expand their offering to include cultural cuisines and increase variety of offering to attract consumers. In this way, wealthier demographics are expected to continue focusing on healthier alternatives whereas middle-income consumers are expected to focus on affordability.

Competitive landscape

The top 3 branded companies by market share are Oetker Gruppe, (including Dr Oetker Food-Service), Unilever and Mars. The market is fragmented with the top 3 branded market participants accounting for 10.7% of the value share in 2017. Oetker Gruppe holds a 7.3% value share, whereas Unilever and Mars have 2.2% and 1.2% value shares respectively.

Private labels held 74.1% of the value market share, having increased from 67.9% in 2012. Woolworths held 34.4%, Pick n Pay Retailers and Shoprite Checkers held value market shares of 34.4%, 16.9% and 8.3% in 2017, respectively.

Source: Euromonitor ready meals in South Africa report (November 2017), Euromonitor data (23 January 2018)

5.2 Ambient groceries

Ambient groceries (also known as "shelf-stable" groceries) are a category of foods that can be stored and preserved at room temperature in a sealed container. The ambient groceries product category is the Group's second largest category and contributed R2.6 billion or 30% of the Group's revenue in the 2017 financial year.

Market size (RSP sales, ZAR bn)	**2015A**	**2017A**	**2021E**	**CAGR 2015 – 2017A**	**CAGR 2017A – 2021E**
Ambient groceries	***27.9***	***32.8***	***44.1***	***8.4%***	***7.7%***
Core Libstar categories					
SD&C[1]	7.4	8.8	12.0	9.3%	8.0%
Other categories					
Edible oils	12.0	13.7	18.2	7.2%	7.3%
Baby food	5.0	6.0	8.4	9.7%	8.6%
Pasta and noodles	2.0	2.3	3.0	7.3%	6.9%
Soup	1.6	1.9	2.5	9.8%	7.6%
Commodity-like categories[2]					
Rice	16.6	20.4	29.0	11.0%	9.1%

Source: Calculated based on Euromonitor data (23 January 2018)

Notes:

1. Sauces, Dressings and Condiment; and
2. Excluded from total Ambient groceries, included in total packaged food category.

5.2.1 *Sauces, dressings and condiments*

Sauces, dressings and condiments represented R8.8 billion RSP sales in 2017 and are forecast to grow on average by 8.0% annually until 2021. This is a slight decrease of the historical average growth of 9.3% from 2015 to 2017. The underlying trend in this category is the consumer shift towards health and wellness food products.

Key trends

Shift to health and wellness

The global trend towards health and wellness continues to be prominent as manufacturers introduce more variants of their products with less sugar and sodium. Despite this, familiar sauce and condiments continue to be the leaders due to the accustomed nature of their tastes and their multi-functionality. For example, tomato sauce and mayonnaise remained the biggest categories by retail value and volume within table sauces in South Africa.

Chutney and chilli sauces are increasingly popular

These sauces have multiple uses and niche brands such as Tabasco have experienced strong growth. The main driver of this trend is that a greater number of consumers enjoy the hot and spicy flavours. Similarly, table sauces such as chutney are very popular due to their flexibility in use.

Supermarkets continue to remain the leading distribution channel

The majority of retail value sales in 2017 were attributable to supermarkets. Increased competition between independent grocers, convenience stores and supermarkets has also resulted in higher promotional pricing, which in turn has led to volume sales growth.

Outlook

Euromonitor expects global trends, such as reduced sodium and sugar sauces, and spicier flavours, to make their way into the South African market over the next 4 years. Dry sauces and chili sauces are expected to achieve the highest retail volume growth rates over the forecast period. These products are expected to be popular among consumers due to their taste profile and their versatility. Unit prices are set to increase over the forecast period from 2017 to 2021 due to increases in input costs. However, growing competition and promotional discounts are expected to curb price increases.

Competitive landscape

Tiger Brands and Unilever had 29.0% and 19.8% value share, respectively in 2017. Tiger Brands' high market share is largely attributable to the company's All Gold and Crosse & Blackwell brands. Private labels also had a significant value share of 11.0% in 2017, mainly because of their selective pricing. Private label products are not necessarily the cheapest on the shelves when compared to branded products, since private labels cater to consumers at different income levels leveraging on various price points. Private labels also had a strong presence of 11.0% value share in 2017 which represents an increase of 1.2% since 2012.

Source: Euromonitor sauces, dressings and condiments in South Africa report

5.3 Snacks and confectionery

The snacks and confectionery product category consists of fruits and nuts, snack bars and confectionery. The fruit and nuts category includes edible nuts and dried fruit, whilst the snacks category includes nut bars, cereal bars and energy bars. Finally, the confectionery category includes sweet products such as nougat, fudge and Turkish delight.

The products under the snacks and confectionery product category respond to the consumer's demand for convenience and "*on-the-go*" snacking. Consumer trends indicate continuing growth in the convenience snacking market, especially in the category of healthy snacks.

Within snacks and confectionery, Libstar mainly operates in the savoury snacks segment. The snacks and confectionery product category contributed R0.4 billion or 5% to the Group's revenue in the 2017 financial year.

Market size (RSP sales, ZAR bn)	2015A	2017A	2021E	CAGR 2015 – 2017A	CAGR 2017A – 2021E
Snacks and confectionery	***36.1***	***44.4***	***62.2***	***10.8%***	***8.8%***
Core Libstar categories					
Savoury snacks	11.4	14.0	19.7	11.0%	8.9%
Other categories					
Confectionery	14.0	17.2	24.0	10.9%	8.7%
Breakfast cereals	6.1	7.3	10.1	9.7%	8.4%
Sweet snacks[1]	4.7	5.8	8.4	11.5%	9.6%

Source: Calculated based on Euromonitor data (23 January 2018)

Note:

1. Includes sweet biscuits, snack bars and fruit snacks.

5.4 Savoury snacks

Savoury snacks achieved R14.0 billion RSP sales in 2017 and Euromonitor expects it to grow to R19.7 billion in 2021, at an average growth rate of 8.9% per year. This is compared to a strong historical average growth rate of 11.0% from 2015 to 2017. The underlying trends in this category are based on changing snack preferences and increased competition from large retailers.

Key trends

Increasing on-the-go and healthy consumption

As convenience and health become increasingly relevant for consumers manufacturers are reformulating their offering to include healthier varieties, with less colourants or artificial ingredients and inclusion of new materials including cereals (i.e. quinoa), and more vegetables and legumes. Furthermore, as demand grows for on-the-go consumption, smaller pack sizes are also being introduced. In terms of particular varieties, potato chips and puff snacks are popular indulgent treats as an alternative to confectionery. However, products such as nuts, seeds, rice cakes and popcorn are also considered healthier on-the-go snack options.

Rising competition from street vendors

Although supermarkets remained the largest retail channel for the category in 2017, a large quantity of puffed snacks and crisps are re-sold by street vendors on street pavements, buses and trains. Products from companies such as Truda Foods, Frimax Foods and Champ Food are only sold in wholesalers, so that they can then be distributed to spazas, independent small grocers and street vendors. Their success is based on offering low prices, accessing lower-income areas and being able to penetrate small towns and public transport hubs, which mainstream brands are not able to reach.

Cross over between sweet and savory snacks

Globally, there has been a trend of savoury snacks to include sweet offerings. The introduction of PepsiCo's Lay's chocolate-coated chip is an example of this. In general, more salty and sweet flavours are being introduced to the market and some products such as salted caramel are becoming particularly popular amongst the upper LSM group.

Outlook

Healthier snacks are expected to become increasingly important for the 2017 to 2021 period, as added benefits to health become more relevant to consumers. To satisfy these new nutritional needs, a large number of launches are expected particularly in salty snacks. This will be particularly true among upper-LSM groups who are prepared to pay premium prices for added benefits. There is also an opportunity for smaller, on-the-go pack sizes, especially for the rice snacks, savoury biscuits and popcorn categories. Retail volume growth is expected to exceed value growth, mainly due to intensified competition resulting in more frequent price promotions.

Competitive landscape

Savoury snacks are dominated by PepsiCo, with a 2017 value share of 45.5%, and AVI, with a 2017 value share of 17.2%. The third largest company in the market is Truda Foods, with a 2.8% value share in the same period. International manufacturers maintained their lead in savoury snacks in 2017 due to their strong marketing and product development capabilities. Despite, from a low share, private labels continued to experience growth to reach a market share of 11.4% in 2017, an increase of 2.8% from 2012. This growth was driven by an increased number of retailers who expanded their ranges, especially in the vegetable, pulse and bread chips categories.

Source: Euromonitor savoury snacks in South Africa (August 2017), Euromonitor data (23 January 2018)

Consolidation in packaged food categories in South Africa

		Presence of main companies in top 3 by category		
	Consolidated market share for the top 3 companies (2017A)	**Tiger Brands**	**Pioneer Foods**	**Unilever**
Packaged food	23.9%	√	√	–
Rice	57.3%	√	√	–
Perishables				
Cheese	54.5%	–	–	–
Sour milk products[1]	54.2%	–	–	–
Meat and seafood[2]	45.1%	√	–	–
Fruit and vegetables[3]	58.0%	√	–	–
Ice cream[4]	78.7%	–	–	√
Ready meals	9.5%	–	–	√
Spreads	50.6%	√	√	–
Ambient groceries				
Edible oils	51.0%	–	–	–
SD&C[5]	57.3%	√	–	√
Baby food	83.8%	√	–	–
Pasta	64.1%	√	√	–
Noodles	55.1%	√	–	–
Soup	72.6%	–	–	√
Baking				
Baked goods	63.1%	√	√	–
Snacks and confectionery				
Confectionery	61.3%	√	–	–
Savoury snacks	65.5%	–	–	–
Breakfast cereals	72.7%	√	√	–
Sweet snacks[6]	56.5%	–	√	–

Source: Calculated based on Euromonitor data (23 January 2018)

Notes:

1. Includes yoghurt;
2. Processed meat and seafood;
3. Processed fruit and vegetables;
4. Includes other frozen desserts;
5. Sauces, dressings and condiments; and
6. Includes sweet biscuits, snack bars and fruit snacks.

5.5 **Baking**

The baking products category consists of baked goods such as flour tortilla wraps, buns, rolls, speciality breads and gluten-free baked products, as well as "rusks", a traditional South African hard biscuit that is commonly eaten with a hot beverage, and baking aids. The baking product category contributed R0.5 billion or 6% to the Group's revenue in the 2017 financial year.

Market size RSP sales, ZAR bn)	**2015A**	**2017A**	**2021E**	**CAGR 2015 – 2017A**	**CAGR 2017A – 2021E**
Baked goods	*17.9*	*22.1*	*31.7*	*11.2%*	*9.5%*

Source: Calculated based on Euromonitor data (23 January 2018)

5.5.1 *Baked goods*

Baked goods represented R22.1 billion RSP sales in 2017 grew at a CAGR of 11.2% in the period from 2015 to 2017. Euromonitor expects the average growth to remain high at 9.5% per year until 2021 and the important trends are based on rising health awareness amongst consumers and an increase preference to packaged baked goods.

Key trends

Growing demand for brown bread

White bread continues to be the most popular type of food in South Africa, mainly due its appeal towards lower income consumers. However, the shift towards speciality bread amongst mid- to high-income consumers has led to growing demand for brown bread. This shift has been caused by the increasing tendency of higher income individuals to seek additional nutrition and more variety.

Increased prevalence of functional bread

Consumers are more educated in terms of labelling and nutritional value, which has led to an increased prevalence of healthy alternatives with emergence of low glycemic index (G.I.) and functional offerings.

Packaged baked goods are preferred to unpackaged baked goods

Although unpackaged baked goods are cheaper, consumers' preference for packaged baked goods has resulted in significantly higher growth for packaged baked goods. Within this category, packaged cakes are becoming more popular amongst low income consumers, due to the lower price point.

Outlook

Euromonitor expects baked goods to grow in value terms from R22.1 billion in 2017 to R31.7 billion in 2021. Within baked goods, bread is expected to be the highest growing product over this period, since it is an essential part of the South African consumers' diet. Manufacturers will continue to focus on premium offerings. This trade up to value-added and more nutritional options from mid to high income consumers, alongside rising commodity prices, will contribute to higher unit prices in the medium term. The leading distribution for sales of baked goods is expected to be from supermarkets, followed by smaller independent grocers.

Competitive landscape

The top 3 companies by market share in 2017 are Pioneer Foods, Tiger Brands and Premier Foods, with 26.4%, 23.1% and 13.6% value share respectively. Baked goods have seen a rise in the variety of flavoured and speciality breads, whilst the top 3 companies have established robust market positions through strong brand presence. For example, Pioneer Food's Sasko brand contributed significantly to Pioneer Food's 2017 share with its strong position in packaged breads, whilst Premier Foods launched 2 new cake mixes to meet consumer demand for convenience. Private labels also had a strong presence of 8.8% value share in 2017 and 1.6% absolute growth from 2012 to 2017. Although low income South Africans remain price sensitive and prefer cheaper products, consumers do not always opt for private label products, who offer a wide range of bread prices. The artisanal segment had a market share of 21.4% in 2017.

Source: Euromonitor baked goods in South Africa report (November 2017), Euromonitor data (23 January 2018)

5.6 Niche beverages

Market size RSP sales, ZAR bn)	2015A	2017A	2021E	CAGR 2015 – 2017A	CAGR 2017A – 2021E
Beverages	***74.8***	***90.4***	***139.0***	***9.9%***	***11.4%***
Soft drinks[1]	65.9	79.4	122.8	9.8%	11.5%
Core Libstar categories					
Juice[1]	9.7	11.9	17.8	10.7%	10.7%
Concentrates[1]	6.1	7.1	10.7	8.2%	10.6%
Bottled water[1]	4.6	5.3	7.6	7.3%	9.4%
Other categories					
Carbonates[1]	37.7	46.2	74.7	10.7%	12.8%
Sports and energy drinks[1]	6.8	7.6	10.1	5.9%	7.3%
RTD tea[1]	1.0	1.3	2.0	12.6%	10.8%
Hot drinks	8.9	11.0	16.2	11.0%	10.3%
Tea	3.4	4.9	7.7	19.6%	12.0%
Coffee	2.8	3.2	4.7	7.0%	10.3%
Other hot drinks	2.7	2.9	3.8	3.3%	7.1%

Source: Calculated based on Euromonitor data (23 January 2018)

Note:

1. Based on off-trade sales.

The niche beverages category consists of a wide range of products including soft and hot drinks. Within soft drinks, Libstar mainly operates in the juice, concentrates and bottled water categories. The niche beverages product category contributed R0.4 billion or 5% to the Group's revenue in the 2017 financial year.

5.6.1 *Juice*

Juice RSP sales in 2017 were R11.9 billion, showing an average growth per year of 10.7% from R9.7 billion in 2015. The average annual growth rate is expected to remain constant at 10.7% over the next 4 years, with the main trends being health awareness, brand loyalty and increasing demand for coconut water.

Key trends

Increasing demand for coconut water amongst higher income individuals

Coconut water registered strong growth over the past few years, with the main driver being the diet and hydration health benefits of the drink. Coconut water in South Africa is mostly imported from Asian countries and primarily targeted at higher LSM consumers.

Rising interest in "super fruit" juices and health awareness

There has been growth in demand for healthy juices as a result of several health awareness aimed government campaigns across South Africa. Interest in "super fruit" juices such as pomegranate and aloe vera has increased among higher-LSM consumers and health conscious consumers with specific requirements. "Super fruit" juices are also an example that portfolio diversification is becoming an important strategic objective, especially due to new market entrants.

Capturing brand loyalty is becoming important

An increasing number of companies are targeting school students with the hope that students will grow attached to their brands and therefore maintain future loyalty to the brand.

Outlook

The sugar tax, which was introduced in April 2018 is expected to increase interest in functional drinks, which consist of ingredients such as aloe and baobab. Moreover, 100% juices are predicted to register the strongest performance from the different juice types in the 2017 to 2021 period. Other diverse categories like coconut and other plant waters are also estimated to continue growing over the same period. However, as more companies enter the market and consumer preferences shift to health and wellness options, growth of such juices will start to decline. Increasing shortages of soft commodities may lead to further price increases, which will reduce demand of lower income consumers.

Competitive landscape

Clover and Pioneer Foods are the largest participants in the niche beverage category, with 24.3% and 22.1% 2017 market value share respectively, whilst private label competitors made up 12.5% of the total market in 2017. Clover continues to lead with its Clover Krush brand, which is performing well within the "not from concentrate, 100% juice". However, competition in juice has intensified as a result of pressure from leading companies in other categories. For example, during the review period, SoftBev entered the juice category through the acquisition of the Capri-Sun brand. Clover and Pioneer Foods are also facing increasing pressure from competitors in the private label space. The introduction of a sugar tax, which exempts "not from concentrate, 100% juice" is also driving market participants to shift to healthier beverages. For example, Pioneer Foods joined "not from concentrate, 100% juice" by introducing a new range of Liquid Fruit sold at competitive prices.

Source: Euromonitor juice in South Africa report (February 2017), Soft drinks in South Africa (March 2018), Euromonitor data (23 January 2018)

5.6.2 *Concentrates*

RSP sales in 2017 of concentrates were R7.1 billion, having grown by a CAGR of 8.2% from R6.1 billion in 2015. The concentrates category is forecasted to grow at a value CAGR of 10.6% until 2021, according to Euromonitor and the major trends that will drive this growth will be affordability and portfolio diversification.

Key trends

Concentrate affordability is increasingly important

The affordability of concentrates continued to attract lower LSM consumers, who have been struggling with shrinking disposable incomes, with a proportion trading down to private label products. For example, Fusion has gained popularity in liquid concentrates through its affordable prices. In response to market conditions, leading market participants conducted promotions across stores, with the most common being combo deals.

Increasing portfolio diversification

Since 2016, an increasing number of competitors diversified their portfolios to participate in new niches. For example, Elvin Food & Beverages launched a premium low-calorie iced tea concentrate in 2016. Brand names are under rising pressure from substitutes such as RTD (ready to drink) sport drinks, coconut water and functional bottled water, which are perceived to be cheaper and more convenient.

Shift in type of concentrates

Fruity and ice tea variants are expected to gain momentum, while concentrated sports drinks are expected to continue decreasing. Moreover, more multi-functional products are expected to be introduced.

Outlook

The sugar tax introduced in April 2018 will increase production costs for concentrates including high amounts of sugar, which may result in category decline as consumers find less value in products. There are still opportunities for growth for sugar-free concentrates and products with higher levels of concentration, as they will mitigate the additional costs. Companies in the market continue to adopt alternative approaches to manage rising production costs, such as introducing more concentrates products or reducing content

in packages while expected to gradually shift to reduced-sugar variants. Disrupted flows of supplies for international brands will lead retailers to focus on local suppliers. Such international brands are estimated to lose share to local competitors.

Competitive landscape

Pioneer Foods is the largest company in the market, with 20.8% value share in 2017. It is followed by private labels, Dynamic Brands and Coca-Cola, which contributed 9.9%, 9.5% and 1.0% of value share in 2017, respectively. Driven by the affordability of the products, private label is expected to continue to gain momentum.

Source: Euromonitor concentrates in South Africa report (February 2017), Soft drinks in South Africa (March 2018), Euromonitor data (23 January 2018)

5.6.3 *Bottled water*

The bottled water market in South Africa reached R5.3 billion in 2017 RSP sales, increasing annually by 7.3% since 2015. This growth is expected to accelerate during the period from 2017 to 2021, reaching a high single-digit growth of 9.4% to R7.6 billion.

Key trends

Shift towards purified water products

Repeated reports of pollution in various South African reservoirs and lack of infrastructure maintenance by some local organisations led to consumers increasingly questioning the reliability of tap water in South Africa. In response, retailers such as Pick n Pay introduced purified water refilling stations in their stores. The affordability of these stations attracted middle-income consumers and has resulted in water filling stations gaining momentum, with companies introducing both refilled and packaged water under the same brand. For example, Engen has started distributing similar purified water products.

Rise in recycled PET packaging

Bottled water companies are increasingly using recycled PET packaging, in an effort to address environmental concerns while remaining affordable. Regarding the size of the packaging, 5-litre PET bottles became popular in provinces affected by shortages and in order to attract shoppers seeking value for money, whereas in 750ml sizes also gained momentum as perceived as more convenient.

Functional water is gaining momentum

Multi-functional bottled water is expected to experience growth as manufacturers attract consumers from sports and energy drinks. In this way, companies are seeking to reposition multi-functional bottled water through the sponsorship of health and sporting events.

Outlook

Bottled water is expected to enjoy relatively strong growth from 2017 to 2021, mainly driven by still bottled water as health conscious consumers move away from soft drinks. Moreover, the increasing deterioration of the quality of tap water is driving the perception of bottled water towards a necessity rather than a lifestyle product, especially for the higher LSM consumers. The growth could be slower among lower LSM consumers, who are less educated about the added value of bottle water in comparison to drinking tap water. Functional bottled water is expected to expand from 2017 to 2021, as companies attempt to compete with other categories such as coconut and other plant waters. Bottled water is expected to see more innovation in terms of flavour, packaging sizes and promotional initiatives.

Competitive landscape

Coca Cola is the largest company in the market with a 2017 value share of 41.9%. It is then followed by Ekhamanzi Springs and Clover, who held 13.3% and 7.7% value share respectively in 2017. Coca Cola's leadership was driven by the Valpre and Bonaqua brands, as well as its extensive distribution network. Competition intensified as players launched renewed marketing campaigns and cheaper offerings. A notable example was Ekhamanzi Springs' "Pink for a Purpose" campaign, supported the South African Cancer Association.

Source: Euromonitor bottled water in South Africa report (February 2017), Soft drinks in South Africa (March 2018), Euromonitor data (23 January 2018).

5.7 HPC

The home, beauty and personal care category (HPC) consists of a wide range of products from soft and industrial strength cleaning equipment to fabrics and other hygiene products. Within home care, Libstar mainly operates in the laundry care segment. The HPC product category contributed R0.8 billion or 9% to the Group's revenue in the 2017 financial year.

Market size (RSP sales, ZARbn)	2015A	2017A	2021E	CAGR 2015 – 2017A	CAGR 2017A – 2021E
Home care	***19.6***	***22.7***	***30.2***	***7.6%***	***7.4%***
Core Libstar categories					
Laundry care	11.4	13.3	18.0	8.1%	7.8%
Other categories					
Dishwashing	1.8	2.1	2.9	8.2%	8.6%
Polishes	1.8	2.0	2.5	5.5%	6.1%
Surface care	1.2	1.4	1.9	7.6%	7.4%
Home insecticides	1.0	1.1	1.5	7.3%	6.7%
Bleach	1.1	1.2	1.5	6.0%	5.2%
Air care	0.8	0.9	1.1	6.3%	6.1%
Toilet care	0.5	0.6	0.8	7.3%	6.1%

Market size (RSP sales, ZARbn)	2014A	2016A	2020E	CAGR 2014– 2016A	CAGR 2016A – 2020E
Beauty and personal care	35.4	43.1	62.4	10.3%	9.7%
Premium	7.5	9.6	15.0	13.3%	11.9%
Mass	27.9	33.4	47.4	9.5%	8.8%

Source: Calculated based on Euromonitor data (23 January 2018)

Note:

1. Beauty and Personal Care 2017 actual data not available at the time of the preparation of the Pre-listing Statement.

5.7.1 *Laundry care*

The laundry care segment is the largest within the home care category with R13.3 billion RSP sales, accounting for 58.6% of total home care RSP value in 2017. The laundry care category registered a high single-digit growth of 8.1% annually in the period from 2015 to 2017. The laundry care category grew ahead of the total home care category growth of 7.6% in the period from 2015 to 2017. During the forecast period from 2017 to 2021, laundry care is expected to continue to grow at a CAGR of 7.8%.

Key trends

Hand washing remains the dominant format

Automatic washing machines are still in a relatively low number of households, meaning that laundry washing is dominated by hand washing in South Africa. Many low income areas do not have access to built-in plumbing facilities and cannot afford washing machines and the related maintenance costs. High-income households also tend to have full time or part time domestic workers which handle laundry and general household cleaning. This creates less need for machines, as domestic workers can wash clothing items and fine fabrics by hand.

Increasing competition

Businesses within laundry care continue to compete aggressively in an attempt to maintain and grow their market share, which has led to several price promotions across retail channels. The high level of competition is also being influenced by the purchasing decisions of consumers, who are seeking greater value for money.

Outlook

Euromonitor expects the laundry care category to grow by 7.8% in the forecast period from 2017 to 2021. Given the difficult economic outlook in South Africa, lower to middle income earning households are likely to buy private label offerings, which are cheaper in unit price. Businesses offering branded products will therefore continue offering price promotions to maintain their positions in the market. In the coming years, larger and more economical pack sizes are likely to pose new opportunities for growth.

Competitive landscape

Unilever is the clear leader in the category with 52.3% of 2017 value share, whilst Procter & Gamble (10.8% of market share), Colgate-Palmolive (9.2%) and private labels (9.3%) follow with much smaller value shares in the same period. Private labels' presence continues to strengthen as consumers remain price sensitive and show increased interest in cheaper alternatives, especially in the low-to-mid income household bracket.

Source: Euromonitor laundry care in South Africa report (January 2017), Euromonitor data (23 January 2018)

SECTION 4: REGULATION

The Group is required to comply with numerous regulations and legislations in the various jurisdictions in which it operates. Below are brief summaries of key pieces of legislation applicable to the Group in South Africa.

1. **FOOD INDUSTRY**

The production, manufacture, use, possession and distribution of food is governed by a number of laws and regulations in South Africa. In particular, the Foodstuffs, Cosmetics and Disinfectants Act, No 54 of 1972 ("**FCDA**") and the SA Consumer Protection Act have created stringent obligations on food producers to adhere to applicable regulations.

There have been a number of regulations passed under the FCDA, including the regulations governing general hygiene requirements for food premises and the transport of food ("**FCDA Regulations**") as well as regulations relating to the application of the hazard analysis and critical control point system ("**HACCP Regulations**"). The FCDP Regulations govern, amongst other things, the use of appliances, processes, methods and containers that are used in the manufacture, treatment, packaging, storing or conveyancing of any food products in the course of a trade or business. The FCDA Regulations also make provision for the appointment of inspectors by the Director-General of Health. These inspectors may enter any premises in which any food product is manufactured, treated, packed, stored or conveyed to inspect such premises.

The HACCP Regulations set out requirements for food producers to implement a hazard analysis and critical control point system ("**HACCP System**") to the satisfaction of an authorised health authority in relation to certain foodstuffs that may be handled by that food producer, including meat, sugar, fruit and vegetables, oils, grains, cereals, beverages, milk, coffee, tea, salt and herbs and spices. The HACCP Regulations require that valid certifications must be obtained by food producers relating to their HACCP System.

2. **CONSUMER PROTECTION**

The CPA has been in effect in South Africa since 2011 and is aimed at promoting fairness, openness and good business practice between the suppliers of goods or services and consumers of such goods and services.

Some of the Business Units supply goods directly to consumers in addition to supplying such goods to retailers who, in turn, sell the goods to the end consumers. Where a Business Unit supplies goods to consumers, that Business Unit is subject to the CPA and is required to uphold the consumer protections afforded to consumers in terms of the legislation. The CPA places obligations on suppliers relating to, amongst other things, product labelling and trade descriptions, disclosure of prices, promotional activities and competitions.

In addition, the CPA affords protections to consumers by the imposition of statutory warranties. For example, where goods supplied are subject to the CPA there are implied warranties to the effect that the product (a) is reasonably suitable for the purpose for which it is generally intended, (b) is of good quality, good working order and free from any defects, (c) is useable and durable for a reasonable length of time having regard to the use to which they would normally be put and the surrounding circumstances of the supply of the goods, and (d) complies with any compulsory standards that have been set under the Standards Act, No 29 of 1993 or other public regulation.

In most instances where the Business Units supply goods to retailers or manufacturers and distributors in the CPG/FMCG industry, the CPA will not apply. However, the CPA does contain provisions relating to strict product liability for harm caused by defective products. As manufacturers, importers, distributors and retailers in the supply chain, Business Units may be held strictly liable on a joint and several basis with all other members of the supply chain for the following types of harm suffered by a consumer caused by a defect in a product: (a) death or illness of or injury to any natural person, (b) any loss of, or physical damage to any property, irrespective of whether it is moveable or immoveable, or (c) any economic loss that results from harm contemplated in (a) or (b). Where a Business Unit is only a distributor or retailer of goods, which is seldom the case in the Group's business, it may be able to escape liability where it would be inappropriate for it to have discovered any defect given its role in the supply chain.

3. COMPETITION

The SA Competition Act regulates the business practices of firms to achieve efficiency and competitiveness in the South African economic environment. The SA Competition Act seeks to balance the interests of a variety of stakeholders, including employees, business owners and consumers.

One of the methods of achieving these balances is the prohibition of restrictive horizontal and vertical practices and abuse of dominance. These are some of the main prohibitions in the SA Competition Act that affect the business of the Group. Prohibited horizontal practices are constituted by certain types of relationships or arrangements between competitors at the same level while prohibited vertical practices are constituted by conduct arising out of the interaction between a firm and its suppliers upstream or its customers downstream.

Where a firm is found by the SA Competition Commission to have engaged in a prohibited practice, an appropriate order may be made against that firm. Such an order may take the form of (a) issuing injunctions in respect of the prohibited practice, (b) ordering that certain actions be taken to end the prohibited practice, (c) imposing an administrative penalty on a firm, (d) ordering the divestiture of assets or businesses, (e) declaring conduct prohibited for purposes of civil actions, and (f) declaring the whole or any part of an agreement void.

4. ENVIRONMENTAL AND HEALTH AND SAFETY

The environmental and health and safety landscape is heavily regulated in South Africa. There is a broad spectrum of legislation and regulations governing the environmental impact of manufacturing operations. This includes legislation such as:

- the National Environmental Management Act, No 15 of 2009 which, amongst other things, imposes a general duty of care to take reasonable measures to prevent, minimise and rectify significant pollution and environmental degradation;
- the National the Water Act, No 36 of 1998 which regulates the use of water and the need to obtain a water use licence;
- the National Environmental Management: Air Quality Act, No 39 of 2004 which regulates atmospheric emissions; and
- the Waste Act, No 59 of 2008, which regulates the storage, accumulation, transportation, treatment and disposal of waste.

In addition, municipalities are empowered to pass by-laws, which apply to activities in their areas of jurisdiction. Typically, these municipal by-laws regulate matters including waste storage and disposal, fire safety and emergency incidents, flammable liquid storage, electricity supply and sewage disposal. Penalties for non-compliance with by-laws are generally not severe and include fines.

From an occupational health and safety perspective, employers in South Africa are obliged to take certain steps and implement certain policies and procedures relating to the health and safety of their employees. Employers are also obliged to provide suitable conditions and amenities that must be available to employees in the workplace. The Occupational Health and Safety Act, No 85 of 1993 seeks to, amongst other things, provide for the health and safety of persons at work against hazards arising out of or in connection with their employment activities. In general, employers are required to assess risks in the workplace, to establish precautionary measures to address those risks and to provide the means to apply those precautionary measures. This includes the appointment of health and safety representatives and, under certain circumstances, health and safety committees.

The Compensation for Occupational Injuries and Diseases Act, No 130 of 1993 also establishes a regime whereby employees are compensated for disablement caused by occupational injuries or diseases sustained in the course of their employment or for death resulting from such injuries or diseases.

5. PROTECTION OF PERSONAL INFORMATION

The Protection of Personal Information Act, No 4 of 2013 ("**POPI**") aims to give effect to the right to privacy, by introducing measures to ensure that the personal information of a data subject is safeguarded when it is processed by a responsible party. POPI regulates the collection, dissemination, use and retention of personal information by responsible parties.

POPI was signed into law by the President of South Africa on 19 November 2013 and published in the Government Gazette on 26 November 2013. While certain provisions in POPI are in effect (i.e. the provisions relating to the establishment of the office of the information regulator, as well as the procedure for making regulations), the commencement date of the remaining provisions in POPI has not yet been proclaimed by the President. Once POPI is in force, the Group will have a grace period of at least 12 months (or such longer period as may be prescribed) to comply with its provisions insofar as the Group processes the personal information of its suppliers and customers and, where relevant, consumers.

POPI regulates the collection, dissemination, use and retention of personal information by responsible parties. POPI provides protection for the personal information of both natural persons and juristic persons who are data subjects. Where a responsible party, amongst other things, collects, receives, records, uses or disseminates personal information of a data subject, that responsible party is obliged in terms of POPI to take measures to ensure the conditions for lawful processing of personal information are complied with. These conditions include, amongst other things, ensuring the security, integrity and confidentiality of the personal information in its possession or under its control is maintained. This requires the responsible party to take appropriate and reasonable technical and organisational measures to prevent loss of, damage to or unauthorised destruction of personal information and unlawful access to or processing of personal information.

Whilst POPI does not prescribe specific safeguards that need to be in place, a responsible party will be required to have due regard to the generally accepted information and security policies and procedures which may apply to it or be required in terms of specific industry or professional rules and regulations. This may require that certain technical and operational safeguards are adopted by the responsible party.

SECTION 5: SELECTED CONSOLIDATED FINANCIAL AND OTHER INFORMATION

1. PRESENTATION OF FINANCIAL AND OTHER INFORMATION

1.1 Historical financial information

The Group presents its consolidated financial statements in South African Rand.

The historical financial information presented in this Pre-listing Statement consists of the audited consolidated financial statements of the Group as of and for each of the years ended 31 December 2014 ("**FY2014**"), 2015 ("**FY2015**"), 2016 ("**FY2016**") and 2017 ("**FY2017**") including the related notes thereto, prepared in accordance with IFRS and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Report Standards Council (the "**Historical Financial Information**"), contained in Annexure 1 ("*Report of Historical Financial Information of the Group for the financial years ended 31 December 2017, 2016, 2015 and 2014*").

1.2 Financial information by product category

The Group operates in the following 7 product categories: perishables, ambient groceries, HPC, baking and baking aids, niche beverages, snacks and confectionery and specialised food packaging. The Group presents certain historic financial data in this Pre-listing Statement on a segmental basis, including revenue and Adjusted EBITDA.

1.3 *Pro forma* financial information

The *pro forma* statements of profit or loss and other comprehensive income for FY2017 and the financial position as of 31 December 2017 contained in Annexure 3 ("*Pro forma Financial Information of the Group*") ("***Pro forma* Financial Information**") have been prepared to show the impact of the Subdivision, the Pre-IPO Dividend, the Listing and the transaction costs associated with the Listing and the BEE Transaction (collectively, the "**Transactions**") as if such *pro forma* Transactions had occurred on 1 January 2017 for the purposes of the *pro forma* statement of profit or loss and other comprehensive income, and on 31 December 2017 for purposes of the *pro forma* statement of financial position. The *Pro forma* Financial Information has been prepared for illustrative purposes only and, because of its nature, may not fairly present the Group's financial position, changes in equity or results of operations.

The *Pro forma* Financial Information has been prepared in a manner which is consistent with the accounting policies adopted by the Group in the preparation of the audited Historical Financial Information set out in Annexure 1 ("*Report of Historical Financial Information of the Group for the financial years ended 31 December 2017, 2016, 2015 and 2014*").

The Listings Requirements regarding the preparation and presentation of the *Pro forma* financial information vary in certain respects from Article 11 of Regulation S-X promulgated under the US Securities Act and, accordingly, the *Pro forma* Financial Information included herein should not be relied upon as if it had been prepared in accordance with such requirements.

1.4 *Pro forma* Organic Revenue Growth

The *pro forma* organic revenue growth of the Group for the years ended 31 December 2015, 2016 and 2017 contained in Annexure 5 ("*Report on the Pro Forma Organic Revenue Growth of the Group*") ("***Pro forma* Organic Revenue Growth**") has been prepared to illustrate the revenue growth of the Group, year-on-year, excluding the effects of acquisitions that took place during the course of a specific financial year with an adjustment to remove the revenue in respect of that acquisition for the full 12-month period of the following financial year, which facilitates the comparison of revenue year-on-year excluding the effects of an acquisition that was not included in trading for a full 12 months in respect of both years.

The Listings Requirements regarding the preparation and presentation of the *Pro forma* Organic Revenue Growth vary in certain respects from Article 11 of Regulation S-X promulgated under the US Securities Act and, accordingly, the *Pro forma* Organic Revenue Growth included herein should not be relied upon as if it had been prepared in accordance with such requirements.

1.5 Non-IFRS financial measures

This Pre-listing Statement contains financial measures that are not presented in accordance with IFRS or any other internationally accepted accounting principles (the "**Non-IFRS financial measures**"). In this Pre-listing Statement, references to the following terms have the following meanings:

"**EBITDA**" represents profit/(loss) for the year from continuing operations adjusted for the following:

- interest and tax expenses;
- amortisation of intangible assets in relation to customer contracts;
- amortisation of intangible assets in relation to computer software and website costs; and
- depreciation of property, plant and equipment;

"**Adjusted EBIT**" represents profit/(loss) for the year from continuing operations adjusted for the following:

- interest and tax expenses:
- gains or losses on the disposal of property, plant and equipment, gains or losses on the disposal of non-current assets held for sale;
- impairment losses on goodwill and customer contracts;
- amounts payable in respect of onerous contracts relating to the early termination of lease obligations, retrenchment and restructuring costs incurred as a result of rationalising various Business Units within the Group including start-up costs of new operations and closure and relocation costs;
- acqiusition related costs, due diligence costs relating to the actual acquisitions and amortisation of customer contracts arising from acquisitions;
- expenses relating to professional, legal and consulting fees in respect of shareholder transactions, strategic advisory fees and once-off legal costs (including costs associated with the Offering);
- amortisation of intangible assets in relation to customer contracts;
- securities transfer tax relating to shareholder transactions;
- income from government grants; and
- expenses relating to non-cash flow items that represent straight-lining of operating leases, unrealised foreign exchange gains or losses, expenses relating to share appreciation rights granted to management, fair value adjustment to put options exercisable by executive management,

(collectively, "**EBIT Adjusting Items**");

"**Adjusted EBITDA**" represents profit/(loss) for the year from continuing operations adjusted for the following:

- EBIT Adjusting Items;
- amortisation of intangible assets in relation to computer software and website costs; and
- depreciation of property, plant and equipment;

"**Adjusted EBITDA Margin**" represents Adjusted EBITDA divided by revenue;

"**Adjusted EBITDA Growth**" represents the growth in Adjusted EBITDA year-on-year;

"**Net Debt**" represents gross debt less cash and cash equivalents. Gross debt is measured as the sum of long-term debt and short-term debt;

"**Adjusted Return on Tangible Invested Capital**" or "**Adjusted ROIC**"	represents Adjusted EBIT plus amortisation of customer relationships after taxes as a percentage of the average total invested capital. Average total tangible invested capital is measured as the sum of total share equity, including non-controlling interests and Net Debt less goodwill and intangible assets relating to customer relationships.

In addition to the above, the Pre-listing Statement includes other measures that are not measures defined by IFRS. These include *pro forma* base year revenue for 2014, *Pro forma* Organic Revenue Growth 2014 versus 2015, revised *pro forma* base year revenue for 2015, *Pro forma* Organic Revenue Growth 2015 versus 2016, revised *pro forma* base year revenue for 2016 and *Pro forma* Organic Revenue Growth 2016 versus 2017.

For more information regarding the calculation of these Non-IFRS financial measures, see further below in this Section 5 ("*Selected Consolidated Financial and other Information*").

In this Pre-listing Statement, the Group's Non-IFRS financial measures are presented for the Group and its consolidated Subsidiaries. There are no generally accepted accounting principles governing the calculation of Non-IFRS financial measures. Non-IFRS financial measures and the criteria upon which they are based can vary from company to company. Such measures, by themselves, do not provide sufficient basis to compare the Group's performance or liquidity with that of other companies and should not be considered in isolation, or as a substitute for, operating profit, profit before tax or as an alternative to any other measure of performance under IFRS, or cash flow from operating, investing or financing activities, or as an alternative to any other measure of liquidity under IFRS.

The Non-IFRS financial measures are included in this Pre-listing Statement as supplemental disclosure because the Group believes that these measures provide useful comparative information to an investor, help investors evaluate the performance of the underlying business or are measures commonly used by certain investors and securities analysts for evaluating performance.

However, the Group's definition, presentation or calculation of each of the Non-IFRS financial measures may be different from definitions, presentations and calculations used by other companies and therefore comparability may be limited. Investors should therefore exercise caution in comparing Non-IFRS financial measures reported by the Group to similar measures of other companies.

Rounding

Some financial information in this Pre-listing Statement has been rounded and, as a result, the numerical figures shown as totals in this Pre-listing Statement may vary slightly from the exact arithmetic aggregation of the figures that precede them.

2. SELECTED FINANCIAL DATA

The following tables present selected financial information of the Group as of the dates and for the periods indicated. The selected financial information in the section headed Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position and Cash Flow Data below has been extracted without material adjustment from the Historical Financial Information included in Annexure 1 ("*Report of Historical Financial Information of the Group for the financial years ended 31 December 2017, 2016, 2015 and 2014*").

2.1 **Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position and Cash Flow Data**

Statement of Profit or Loss and Other Comprehensive Income Data

	FY2017 (R'000)	FY2016 (R'000)	FY2015 (R'000)	FY2014 (R'000)
CONTINUING OPERATIONS				
Revenue	8 826 506	8 020 505	6 175 709	4 752 303
Cost of sales	(6 814 506)	(6 213 634)	(4 826 195)	(3 714 836)
Gross profit	**2 012 000**	**1 806 871**	**1 349 514**	**1 037 467**
Other income	146 638	67 478	34 669	25 279
Operating expenses	(1 564 856)	(1 330 371)	(1 018 092)	(961 663)
Share of profits of associates, net of tax	–	–	1 018	441
Operating profit	**593 782**	**543 978**	**367 109**	**101 524**
Investment income	25 754	17 784	14 522	15 035
Finance costs	(254 448)	(251 732)	(203 812)	(128 705)
Profit/(loss) before tax	**365 088**	**310 030**	**177 819**	**(12 146)**
Income tax expense	(133 046)	(96 732)	(26 769)	(35 872)
Profit/(loss) for the year from continuing operations	**232 042**	**213 298**	**151 050**	**(48 018)**
DISCONTINUED OPERATIONS				
Loss for the year from discontinued operations	(42 346)	(13 156)	(8 608)	(2 350)
Profit/(loss) for the year	**189 696**	**200 142**	**142 442**	**(50 368)**

Statement of Financial Position Data

	FY2017 (R'000)	FY2016 (R'000)	FY2015 (R'000)	FY2014 (R'000)
Assets				
Non-current assets				
Property, plant and equipment	1 041 225	789 891	729 476	517 956
Goodwill	2 521 058	2 445 535	2 423 026	1 952 074
Intangible assets	2 449 507	2 440 230	2 573 192	2 314 613
Investments in associates	–	–	6 459	5 441
Other financial assets	9 600	–	–	–
Operating lease asset	5 439	–	–	–
Deferred tax assets	6 490	3 714	4 463	177
Non-current assets	**6 033 319**	**5 679 370**	**5 736 616**	**4 790 261**
Current assets				
Inventories	1 137 107	993 060	881 681	531 464
Trade and other receivables	1 618 108	1 459 469	1 343 591	895 312
Biological assets	26 162	22 560	20 858	–
Other financial assets	115 647	24 434	18 746	439
Current tax receivable	11 646	28 009	70 769	2 937
Cash and bank balances	550 708	292 167	281 116	198 852
Current assets	**3 459 378**	**2 819 699**	**2 616 761**	**1 629 004**
Assets classified as held for sale	–	**52 070**	**48 770**	**84 600**
Total assets	**9 492 697**	**8 551 139**	**8 402 147**	**6 503 865**

	FY2017 (R'000)	FY2016 (R'000)	FY2015 (R'000)	FY2014 (R'000)
Equity and liabilities				
Capital and reserves attributable to equity holders of the parent				
Share capital	4 187 177	3 886 410	3 827 662	2 996 233
Non-distributable reserve	–	–	–	336
Defined benefit plan reserve	(1 340)	(881)	479	–
Retained earnings	445 895	264 052	68 856	(59 269)
Premium on acquisition of non-controlling interests	(63 624)	(18 390)	(22 822)	–
Put options exercisable by non-controlling interests and executive management	(8 836)	(55 129)	(90 108)	(174 766)
Capital and reserves attributable to equity holders of the parent	**4 559 272**	**4 076 062**	**3 784 067**	**2 762 534**
Non-controlling interest	**7 696**	**9 523**	**25 134**	**64 339**
Total equity	**4 566 968**	**4 085 585**	**3 809 201**	**2 826 873**
Non-current liabilities				
Other financial liabilities	2 014 548	1 931 551	2 054 553	1 760 095
Deferred tax liabilities	815 948	791 863	818 174	742 683
Employee benefits	8 372	6 976	5 718	–
Share appreciation rights	34 019	7 360	–	–
Operating lease liability	6 002	7 176	6 161	835
Non-current liabilities	**2 878 889**	**2 744 926**	**2 884 606**	**2 503 613**
Current liabilities				
Trade and other payables	1 498 818	1 210 297	1 227 106	816 688
Provisions	–	–	12 343	–
Other financial liabilities	348 146	312 562	282 606	265 138
Current tax payable	495	2 038	48 206	9 497
Bank overdraft	199 381	160 791	102 731	72 284
Current liabilities	**2 046 840**	**1 685 688**	**1 672 992**	**1 163 607**
Liabilities directly associated with assets classified as held for sale	–	**34 940**	**35 348**	**9 722**
Total liabilities	**4 925 729**	**4 465 554**	**4 592 946**	**3 676 992**
Total equity and liabilities	**9 492 697**	**8 511 139**	**8 402 147**	**6 503 865**

Cash Flow Data

	FY2017 (R'000)	FY2016 (R'000)	FY2015 (R'000)	FY2014 (R'000)
Net cash flow from operating activities	572 614	149 184	185 631	128 131
Net cash flow from investment activities	(605 779)	(154 809)	(1 219 284)	(4 731 886)
Net cash flow from financing activities	266 609	(37 900)	1 068 493	4 730 323
Net increase/(decrease) in cash and cash equivalents	233 444	(43 525)	34 840	126 568
Cash and cash equivalents at the beginning of the year	117 883	161 408	126 568	–
Cash and cash equivalents at the end of the year	**351 327**	**117 883**	**161 408**	**126 568**

2.2 Other Selected Financial Data

The table below contains certain IFRS, non-IFRS and *pro forma* financial measures that are presented to provide investors with additional financial information that is regularly reviewed by management. The non-IFRS measures should not be viewed in isolation or as an alternative to the equivalent IFRS measure. The non-IFRS financial measures are not uniformly defined by all companies. Accordingly, such measures may not be comparable with similarly titled measures and disclosures by other companies. For further information, see this Section 5 ("*Presentation of financial and other information – Non-IFRS measures*").

	FY2017 (R'000)	FY2016 (R'000)	FY2015 (R'000)	FY2014 (R'000)
Continuing operations				
Revenue	8 826 506	8 020 505	6 175 709	4 752 303
Revenue Growth (%)	10.0	29.9	30.0	–
Pro Forma Organic Growth (%)[1]	8.1	18.4	15.4	–
Gross profit	2 012 000	1 806 871	1 349 514	1 037 467
Gross profit margin (%)	22.8	22.5	21.9	21.8
EBITDA[2]	860 258	791 733	585 917	386 692
Adjusted EBITDA[3]	940 285	816 381	657 934	504 655
Adjusted EBIT[3]	806 765	700 332	564 172	423 293
Adjusted EBITDA Margin (%)	10.7	10.2	10.7	10.6
Total capital expenditures[4]	315 115	216 526	159 652	102 543
Adjusted ROIC (%)[5]	23.2	23.4	25.2	–
Working capital (at end of period)[6]	1 305	1 265	1 007	610

2.2.1 *Other Financial and Operating Data*

Notes:

1. For information regarding the calculation of *Pro forma* Organic Growth, see Annexure 5 ("*Report on the Pro Forma Organic Revenue of the Group*").
2. The following table sets forth a reconciliation of the Group's EBITDA to operating profit for continuing operations. The calculation of EBITDA includes the loss attributable to the central offices of the Group.

	FY2017 (R'000)	FY2016 (R'000)	FY2015 (R'000)	FY2014 (R'000)
Profit/(loss) for the year from continuing operations	**232 042**	**213 298**	**151 050**	**(48 018)**
Income tax expense	133 046	96 732	26 769	35 872
Profit/(loss) before tax	**365 088**	**310 030**	**177 819**	**(12 146)**
Investment income	(25 754)	(17 784)	(14 522)	(15 035)
Finance costs	254 448	251 732	203 812	128 705
Operating profit from continuing operations	593 782	543 978	367 109	101 524
Amortisation of customer contracts and software	141 076	136 524	129 008	204 714
Depreciation of property, plant and equipment	125 400	111 231	89 800	80 454
EBITDA	**860 258**	**791 733**	**585 917**	**386 692**

3. For information on the calculation of Adjusted EBITDA and Adjusted EBIT see ("*Segmental Analysis—Basis of Segmentation*) in Annexure 1 ("*Report of Historical Financial Information of the Group for the financial years ended 31 December 2017, 2016, 2015 and 2014*"),
4. Total capital expenditures include the purchase of property, plant and equipment and computer software.

5. The following table sets forth the calculation of the Group's Adjusted ROIC:

	FY2017 (R'000)	FY2016 (R'000)	FY2015 (R'000)	FY2014 (R'000)
Profit/(loss) for the year from continuing operations	**232 042**	**213 298**	**151 050**	**(48 018)**
Income tax expense	133 046	96 732	26 769	35 872
Profit/(loss) before tax	**365 088**	**310 030**	**177 819**	**(12 146)**
Investment income	(25 754)	(17 784)	(14 522)	(15 035)
Finance costs	254 448	251 732	203 812	128 705
Operating profit from continuing operations	**593 782**	**543 978**	**367 109**	**101 524**
EBIT Adjusting Items*	212 983	156 355	197 063	321 769
Adjusted EBIT	**806 765**	**700 332**	**564 172**	**423 293**
Amortisation of customer relationships ("**CRA**")	(132 956)	(131 706)	(125 046)	(203 806)
Adjusted EBIT (after add-back of CRA)	**673 809**	**568 626**	**439 126**	**219 487**
Tangible Invested Capital	2 252 839	1 930 076	1 568 806	941 650
Adjusted ROIC (%)**	23.2	23.4	25.2	–

* For information on the calculation of EBIT Adjusting Items see ("*Segmental Analysis—Basis of Segmentation*) in Annexure 1 ("*Report of Historical Financial Information of the Group for the financial years ended 31 December 2017, 2016, 2015 and 2014*").

** For information on the calculation of Adjusted ROIC see Annexure 7 ("*Report on the Adjusted Return on Tangible Invested Capital of the Group*").

6. The following table sets forth the calculation of the Group's working capital:

	FY2017 (R'000)	FY2016 (R'000)	FY2015 (R'000)	FY2014 (R'000)
Inventories	1 137 107	993 060	881 681	531 464
Trade and other receivables	1 618 108	1 459 469	1 343 591	895 312
Biological assets	26 162	22 560	20 858	–
Trade and other payables	(1 498 818)	(1 210 297)	(1 227 106)	(816 688)
Provisions	–	–	(12 343)	–
Working capital	**1 282 589**	**1 264 792**	**1 006 681**	**610 088**

3. SELECTED FINANCIAL INFORMATION BY PRODUCT CATEGORY

3.1 Perishables

	FY2017 (R'000)	FY2016 (R'000)	FY2015 (R'000)	FY2014 (R'000)
Revenue	3 729 671	3 259 440	2 585 238	1 980 132
Revenue growth (%)	14.4	26.1	30.6	–
Operating profit	371 759	356 363	235 534	111 374
EBITDA[1]	444 003	429 231	301 887	202 107
Adjusted EBITDA[1]	446 280	405 352	294 069	195 450
Adjusted EBIT[1]	411 909	369 834	262 244	171 652
Adjusted EBITDA Margin (%)	12.0	12.4	11.4	9.9

1. The calculations of EBITDA, Adjusted EBITDA and Adjusted EBIT for the perishables product category are as set forth in ("*Segmental Analysis—Basis of Segmentation*) to Annexure 1 ("*Report of Historical Financial Information of the Group for the financial years ended 31 December 2017, 2016, 2015 and 2014*").

3.2 **Ambient groceries**

	FY2017 (R'000)	FY2016 (R'000)	FY2015 (R'000)	FY2014 (R'000)
Revenue	2 644 880	2 604 168	1 606 064	971 085
Revenue growth (%)	1.6	62.1	65.4	–
Operating profit	282 221	222 972	132 088	76 069
EBITDA[1]	382 943	318 360	212 111	169 257
Adjusted EBITDA[1]	350 183	317 585	237 202	185 703
Adjusted EBIT[1]	311 339	284 075	214 344	171 106
Adjusted EBITDA Margin (%)	13.2	12.2	14.8	19.1

1. The calculations of EBITDA, Adjusted EBITDA and Adjusted EBIT for the ambient groceries product category are as set forth in ("*Segmental Analysis—Basis of Segmentation*) to Annexure 1 ("*Report of Historical Financial Information of the Group for the financial years ended 31 December 2017, 2016, 2015 and 2014*").

3.3 **Baking**

	FY2017 (R'000)	FY2016 (R'000)	FY2015 (R'000)	FY2014 (R'000)
Revenue	515 406	449 348	353 828	371 836
Revenue growth (%)	14.7	27.0	(4.8)	–
Operating profit	52 383	35 285	20 666	7 644
EBITDA[1]	79 117	59 854	42 925	39 770
Adjusted EBITDA[1]	77 125	59 749	46 436	41 632
Adjusted EBIT[1]	59 797	44 586	33 583	25 020
Adjusted EBITDA Margin (%)	15.0	13.3	13.1	11.2

1. The calculations of EBITDA, Adjusted EBITDA and Adjusted EBIT for the baking product category are as set forth in ("*Segmental Analysis—Basis of Segmentation*) to Annexure 1 ("*Report of Historical Financial Information of the Group for the financial years ended 31 December 2017, 2016, 2015 and 2014*").

3.4 **Snacks and confectionery**

	FY2017 (R'000)	FY2016 (R'000)	FY2015 (R'000)	FY2014 (R'000)
Revenue	428 505	369 035	323 086	258 554
Revenue growth (%)	16.1	14.2	25.0	–
Operating profit	51 569	29 802	34 783	34 039
EBITDA[1]	65 818	40 184	42 447	45 869
Adjusted EBITDA[1]	71 551	46 744	43 017	45 693
Adjusted EBIT[1]	61 704	40 764	39 755	42 043
Adjusted EBITDA Margin (%)	16.7	12.7	13.3	17.7

1. The calculations of EBITDA, Adjusted EBITDA and Adjusted EBIT for the snacks and confectionery product category are as set forth in ("*Segmental Analysis—Basis of Segmentation*) to Annexure 1 ("*Report of Historical Financial Information of the Group for the financial years ended 31 December 2017, 2016, 2015 and 2014*").

3.5 **Niche Beverages**

	FY2017 (R'000)	FY2016 (R'000)	FY2015 (R'000)	FY2014 (R'000)
Revenue	428 278	345 858	344 283	282 646
Revenue growth (%)	23.8	0.5	21.8	–
Operating profit	(57 057)	(10 569)	26 650	15 891
EBITDA[1]	(46 194)	(964)	35 704	29 047
Adjusted EBITDA[1]	3 126	(1 312)	35 704	28 626
Adjusted EBIT[1]	(2 789)	(6 697)	30 870	23 591
Adjusted EBITDA Margin (%)	0.7	(0.4)	10.4	10.1

1. The calculations of EBITDA, Adjusted EBITDA and Adjusted EBIT for the niche beverages product category are as set forth in ("*Segmental Analysis—Basis of Segmentation*) to Annexure 1 ("*Report of Historical Financial Information of the Group for the financial years ended 31 December 2017, 2016, 2015 and 2014*").

3.6 **HPC**

	FY2017 (R'000)	FY2016 (R'000)	FY2015 (R'000)	FY2014 (R'000)
Revenue	826 887	740 513	750 649	707 553
Revenue growth (%)	11.7	(1.4)	6.1	–
Operating profit	4 847	(8 395)	(3 839)	5 344
EBITDA[1]	39 284	20 088	23 581	44 590
Adjusted EBITDA[1]	43 729	24 166	40 826	50 748
Adjusted EBIT[1]	21 475	7 866	26 464	35 700
Adjusted EBITDA Margin (%)	5.3	3.3	5.4	7.2

1. The calculations of EBITDA, Adjusted EBITDA and Adjusted EBIT for the HPC product category are as set forth in ("*Segmental Analysis—Basis of Segmentation*) to Annexure 1 ("*Report of Historical Financial Information of the Group for the financial years ended 31 December 2017, 2016, 2015 and 2014*").

3.7 **Specialised Food Packaging**

	FY2017 (R'000)	FY2016 (R'000)	FY2015 (R'000)	FY2014 (R'000)
Revenue	252 879	252 143	212 561	180 497
Revenue growth (%)	0.3	18.6	17.8	–
Operating profit	13 872	16 665	10 573	5 475
EBITDA[1]	17 456	20 513	14 042	8 845
Adjusted EBITDA[1]	17 220	20 458	15 578	8 861
Adjusted EBIT[1]	15 903	18 877	14 376	7 758
Adjusted EBITDA Margin (%)	6.8	8.1	7.3	5.0

1. The calculations of EBITDA, Adjusted EBITDA and Adjusted EBIT for the specialised food packaging product category are as set forth in ("*Segmental Analysis—Basis of Segmentation*) to Annexure 1 ("*Report of Historical Financial Information of the Group for the financial years ended 31 December 2017, 2016, 2015 and 2014*").

SECTION 6: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with Section 5 ("*Selected Consolidated Financial and Other Information*") as well as with Annexure 1 ("*Report of Historical Financial Information of the Group for the financial years ended 31 December 2017, 2016, 2015 and 2014*"). The following discussion includes forward-looking statements which, although based on assumptions and/or estimates that the Group considers reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements. For a discussion of some of those risks and uncertainties, please refer to the sections entitled "*Special note regarding forward-looking statements*" in the preamble to this Pre-listing Statement on page 8 and Section 1 ("*Risk Factors*").

1. OVERVIEW

Libstar is a leading producer and supplier of high quality products in the CPG industry and markets 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 and maintaining the flexibility to capitalise on growth areas in the CPG industry.

The Group operates across 27 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 Operations acquires small- to medium-sized businesses that demonstrate strong management drive and high quality operations and provides a platform for these businesses to grow through the provision of working capital and investment in infrastructure that builds manufacturing capability and capacity.

The Group produces and supplies an extensive range of products across 7 product categories, namely (i) perishables, (ii) ambient groceries, (iii) baking, (iv) snacks and confectionery, (v) niche beverages, (vi) HPC, and (vii) specialised food packaging.

These products are supplied to the Group's customers through 3 distinct product offerings which are aligned to the Group's overall strategy and position in the market. The first product offering, namely Brand Solutions, comprises (i) brands that are proprietary or licenced to the Group, namely Libstar Brands and Licenced Brands, (ii) brands that are produced by the Group in partnership with or on behalf of its customers, namely DOBs and Private Labels, and (iii) brands that are sourced, marketed and distributed by the Group on behalf of brand-owners, namely Principal Brands. The Group's second and third product offerings are the provision of Outsourced Manufacturing Solutions and the production and supply of products to the food service industry, respectively. These product offerings ensure that the Group has a strong presence across the major outlets within the CPG industry as well as a diverse selection of products available to end consumers at the point of purchase.

In turn, the Group's product offerings are delivered to the market through 4 channels, namely (i) retail and wholesale, (ii) industrial, (iii) food service industry, and (iv) exports. The Group's strategy is aimed at exploiting these 4 sales channels to ensure that the Group's Brand Solutions are positioned for consumer purchase at the right place and time.

In 2017, the Group generated revenue of R8.8 billion (representing a 10.0% revenue growth from that in 2016), operating profit of R594 million, profit before tax of R365 million, profit for the year from continuing operations of R232 million and Adjusted EBITDA of R940 million, with a 10.7% Adjusted EBITDA Margin and a 15.2% Adjusted EBITDA growth from that achieved in 2016. In 2016, the Group generated revenue of R8.0 billion (representing a 29.9% revenue growth from that in 2015), operating profit of R544 million, profit before tax of R310 million, profit for the year from continuing operations of R213 million and Adjusted EBITDA of R816 million, with a 10.2% Adjusted EBITDA Margin and a 24.1% Adjusted EBITDA growth from that achieved in 2015. In 2015, the Group generated revenue of R6.2 billion (representing a 30% revenue growth from that in 2014), operating profit of R367 million, profit before tax of R178 million, profit for the year from continuing operations of R151 million and Adjusted EBITDA of R658 million, with a 10.7% Adjusted EBITDA Margin and a 30.4% Adjusted EBITDA growth from that achieved in 2014.

2. RECENT DEVELOPMENTS

The Group entered into Senior Facility E for R800 million on 28 February 2018. The facility was fully drawn to fund the repayment of an intra-group shareholder loan made by Libstar to Libstar Operations, which proceeds were in turn used by Libstar to pay the Pre-IPO Dividend in February 2018. The terms of Senior Facility E provide for a bullet repayment of principal on 31 March 2019 and interest payments due on 31 March 2018, 30 June 2018, 30 September 2018 and 31 December 2018.

3. KEY FACTORS AFFECTING THE GROUP'S RESULTS OF OPERATIONS

The Group's results of operations are driven by a combination of factors affecting the markets in which it operates. The following discussion provides an overview of the key factors that have affected the historical results of operations of the Group's business and are expected to affect its consolidated results of operations in future periods.

3.1 Macro-economic conditions

Consumer demand for the Group's products is significantly impacted by local, national and regional economic conditions in South Africa. South Africa's economic growth, consumer indebtedness and rising unemployment are likely to continue to influence consumer behaviour and spending patterns. While demand for the Group's products is likely to grow, price points and affordability will be prioritised. These economic trends have a direct effect on the Group's sales and consequently its results of operations and financial performance.

South Africa is experiencing uncertain political, economic and labour conditions, which have impacted and are likely to continue to impact businesses and investor confidence, both of which have fallen over the last 5 years. In 2017, these conditions led to the country's credit rating being downgraded. GDP growth has also been slow, amounting to 1.3% and 0.3% in 2015 and 2016, respectively (Source: *Statistics South Africa – Gross Domestic Product, 2017*). Despite the modest macro-economic growth rates, the Group has significantly out-performed the South African macro-economic trends in the period under review reflecting its focus on the high end of the markets in which it participates, which are historically less exposed to the effects of shifting macro-economic conditions.

3.2 Acquisitions

Historically, a significant part of the Group's growth has been driven by acquisitions, and the Group plans to continue to enter into selective acquisitions going forward.

The following table shows the revenue and operating profit attributable to each material acquisition in the year in which the transaction occurred for acquisitions made in the 2015, 2016 and 2017 financial years:

Name of Company Acquired	Date of Acquisition	Product category	Contribution to revenue in year of acquisition (R'000)	Contribution to operating profit in year of acquisition (R'000)
Millennium Foods Proprietary Limited	31 December 2017	Perishables	–	–
Sonnendal Dairies Proprietary Limited	1 November 2017	Perishables	89 609	1 644
Khoisan Gourmet Proprietary Limited	1 October 2017	Niche beverages	58 409	(2 783)
Ambassador Confectionery Proprietary Limited	1 March 2016	Snacks and confectionery	26 903	(3 948)
Neshteek Trade and Invest Proprietary Limited (trading as Cecil Vinegar Works)	1 October 2015	Ambient groceries	41 757	2 250
Chamonix	1 July 2015	Niche beverages	36 348	2 867
Denny Mushrooms Proprietary Limited	1 July 2015	Perishables	247 348	20 050
Natural Herbs and Spices Proprietary Limited	1 July 2015	Ambient groceries	69 068	6 256
Patleys Proprietary Limited	1 October 2015	Ambient groceries	188 532	(4 990)
Choice Wise Trading Proprietary Limited (Pasta Nova)	1 March 2015	Ambient groceries	28 925	644
Berfin	1 January 2015	Ambient groceries	110 714	4 219

Kalk Bay Foods Proprietary Limited was acquired on 1 January 2016 and subsequently formed part of Cape Herb & Spice Proprietary Limited. In its year of acquisition, Kalk Bay Foods Proprietary Limited generated revenue amounting to R48.7 million.

The results of each business acquired by the Group were consolidated with the Group's results from its date of acquisition. The impact of an acquisition in any period depends on the date of its acquisition, with the full impact of an acquisition being seen on the subsequent full period. As a result, acquisitions make the comparison of performance between periods difficult. This difficulty is increased because the Group has undertaken multiple acquisitions throughout the period under review, particularly in 2015.

The Group's acquisition strategy is to target businesses that are complementary to its existing businesses and that management believes have the potential for growth and improved profitability under the Group's ownership. In certain circumstances, the businesses acquired during the periods under review operated at lower margins than the Group, and following the acquisition the Group has invested to grow those businesses and to improve their profitability. As a result, in the short term the costs associated with an acquisition and the lower margins of the acquired businesses can adversely impact the Group's margins.

3.3 Inflation

The Group's business is adversely impacted by inflation in South Africa. Since 2015, the Group has faced inflationary pressure due to increases in the price of food, electricity and fuel, exchange rate depreciation, severe droughts and other factors outside of its control. According to the SARB, the year-on-year inflation rate as measured by the consumer price index for all urban areas increased by 4.7% in December 2017, respectively, in line with the SARB's short-term forecast. Food and non-alcoholic beverage inflation was 4.2% in December 2017, with the contribution to the overall inflation outcome remaining unchanged at 1.2%. In 2016, consumer price index inflation was 59% as compared to 51% in 2015.

The Group purchases raw materials, including agricultural products and other food products from food companies and packaging suppliers located in South Africa and foreign jurisdictions. Raw materials and other input costs, such as fuel and transportation, are subject to fluctuations in price attributable to a number of factors. Fluctuations in commodity prices can also lead to retail price volatility and intensive price competition, which can in turn influence consumers' buying patterns. The Group's employee expenses are also subject to wage inflation. The cost of raw materials, fuel, labour, distribution and other costs related to the Group's operations can increase from time to time significantly and unexpectedly.

In light of the foregoing, the Group generally evaluates and negotiates price increases with its customers periodically to pass through increases in the prices of raw materials and other input costs generally during the first and third financial quarters. The Group's ability to pass through price increases depends, among other things, on prevailing competitive conditions and pricing methods in the markets in which the Group operates. This can result in temporary timing differences between incurring such costs and adjusting prices charged to customers, which can impact the Group's operating margins in a given period.

3.4 Exchange rate fluctuations

The Group's revenue and results of operations are also affected by foreign currency transaction and translation impacts.

The Group's main operating and reporting currency is the South African Rand. Currency exchange rate fluctuations have a significant impact on the market prices of commodities that the Group procures to manufacture its products. The Group imports a number of raw materials from growers, commodity processors, other food companies and suppliers located in foreign jurisdictions. Since these imports are principally denominated in Euros and US Dollars, their costs may rise or decline depending on the value of the Rand. The Group's export revenue provides a partial natural hedge to the import of foreign country exposures.

The Group's policy is to enter into forward foreign exchange rate contracts to hedge its exposure to currency transaction risks. While this policy reduces short-term risk, sustained movement in exchange rates have the effect of increasing or decreasing the Rand value of the Group's foreign currency-denominated transactions, which may have the potential of affecting the Group's results of operations over time.

In recent years, the value of the Rand as measured against the euro and the US Dollar has fluctuated considerably, impacting the Group's results of operations. Overall, these exchange rate fluctuations have had a mixed effect on the revenue generated by the Group in the years ended 31 December 2017, 2016 and 2015. In 2016, the Group recognised losses on foreign exchange of R13.0 million, respectively, compared to a gain on foreign exchange of R15.0 million in 2015. In 2017, the Group recognised gains on foreign exchange of R129.2 million, respectively, compared to a loss on foreign exchange of R13.0 million in 2016. These fluctuations have primarily affected business units engaged in export and import activities, such as Cape Herb and Spice, Ambassador Foods, Rialto Foods and Berfin.

3.5 Seasonality

The Group's revenue and results of operations have historically fluctuated throughout the year in response to seasonal patterns. The Group's revenue is relatively low during the months of January and February, increases in March and April during the Easter holiday and peaks in the months of September through December, particularly reflecting the summer months' period and the Christmas season. The Group's profits are also higher in those months, with almost 40% of total revenue being generated during the last 4 peak months of the year, being September to December. The perishables, ambient groceries, niche beverages and baking product categories, in particular, are susceptible to these seasonal impacts.

3.6 Discontinued operations

In 2014, the Group entered into discussions with Premier Foods Proprietary Limited to sell the La Femme division. The sale agreement for the La Femme division was concluded in February 2015 and the effective date of sale was 1 March 2015.

At the end 2015, the Group decided to discontinue the operations of the Noodle Master division of Libstar Operations. The plant and equipment were sold to Kelloggs Tolaram South Africa Proprietary Limited on 31 December 2017.

In 2017, the Group decided to sell African Pride Wines, a division of Berfin. The sale was concluded on 31 August 2017.

As a result of the foregoing, the results of the La Femme division have been included as a loss from discontinued operations in the Group's statement of comprehensive income for FY2015 and FY2014. The results of the Noodle Master division have been included in the Group's statement of comprehensive income as discontinued operations for FY2017, FY2016, and FY2015. The results of the African Pride Wines division have been included in the Group's statement of comprehensive income as operations held for sale for FY2017, FY2016, and FY2015.

The Group reported a loss from discontinued operations of R42.3 million, R13.2 million and R8.6 million for FY2017, FY2016 and FY2015, respectively.

3.7 Impact of Offer and use of proceeds

In FY2017, the Group incurred commissions, fees and other expenses associated with the Listing and Offer of the Offering, which the Group treated as exceptional items (see paragraph 20 of Section 10 ("*Additional Information*")). In addition, following the Listing the Group expects to incur additional expenses on an ongoing basis associated with its reporting obligations and the costs of maintaining the listing of its Shares. The Group expects to benefit from a lower interest expense in the short-term due to the repayment of the certain of its indebtedness with the net proceeds of the primary Offer. However, indebtedness and interest expense are expected to increase in the medium term as the Group continues to execute its growth strategy.

3.8 Supply chain optimisation

The Group has implemented a comprehensive supply chain optimisation programme during the period under discussion. This programme governs all aspects of the supply chain, including procurement, product safety, quality management, occupational health and safety, environmental management, industrial relations and sustainability. As part of this programme, the Group has relocated certain production facilities to the premises of other business units to maximise efficiency (see paragraph 4.7 of Section 2 ("*Business Overview*")). As a result of this program, the Group has reduced costs and improved gross margins during the periods under review.

4. CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The consolidated financial statements have been prepared in accordance with IFRS. The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates and assumptions. It also requires the management to exercise its judgment in the process of applying the Group's accounting policies. Although the Group has internal control systems in place intended to ensure that estimates can be reliably measured, actual amounts may differ from those estimates. The most significant use of judgements and estimates are with respect to the following matters: (i) purchase price allocation process in accounting for acquisitions; (ii) goodwill impairment; (iii) impairment of financial assets; (iv) intangible assets; (v) the establishment of share-based payment expenses in the context of the Group's share-based compensations scheme; (vi) valuation of biological assets, and (vii) deferred tax assets. For information on the Group's accounting policies (see Annexure 1 ("*Report of Historical Financial Information of the Group for the financial years ended 31 December 2017, 2016, 2015 and 2014*")).

5. EXPLANATION OF KEY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ITEMS

5.1 Revenue

Revenue comprises the invoiced value for the sale of goods net of sales rebates, discounts, VAT and other taxes directly attributable to revenue and after eliminating sales within the Group.

Revenue from the sale of goods is recognised when the outcome of a transaction can be measured reliably and when it is probable that the economic benefits associated with the transaction will flow to the Group. Revenue is recognised when all the following conditions are satisfied: the Group has transferred to the buyer the significant risks and rewards of ownership of the goods which usually takes place on despatch of the goods; the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; it is probable that the economic benefits associated with the transaction will flow to the entity; the amount of revenue can be measured reliably; and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

5.2 Cost of sales

Cost of sales consists of costs directly attributable to manufacturing, including raw materials, labour, royalty costs, energy, other utilities and overhead costs attributable to the manufacturing processes and factories. The Group's principal raw materials include sugar and other sweeteners, fats and oils, dairy products, cocoa and chocolate, seasonal and non-seasonal fruit and vegetables, dried pulses, tomato paste, wheat, meat and paper and plastic products. In addition, cost of sales includes certain finished products produced under co-packing arrangements by third parties. Manufacturing overheads include plant supervision and management costs, technical and engineering support costs, costs for the storage of raw material and finished goods inventory, health and safety compliance costs, maintenance and insurance costs, quality control costs and depreciation relating to manufacturing equipment.

5.3 Other income

Other income includes bad debts recovered; bargain purchases; commissions received; gains on disposal of property, plant and equipment; gains on foreign exchange; government grants; insurance claims received; loans from other entities written off, rental incomes and sundry income.

5.4 Operating expenses

Operating expenses principally include employee benefit expenses (including salaries and wages), depreciation of property, plant and equipment and amortisation of intangible assets, as well as impairment loss on goodwill, loss on disposal of property, plant and equipment, loss on disposal of noncurrent assets held for sale, loss on foreign exchange, research and development costs, operating lease charges and other operating expenses incurred during the period.

5.4.1 *Investment income*

Investment income comprises interest income on financial assets including bank deposits; investments; interest received on other loans and receivables and other interest received.

5.4.2 *Finance costs*

Finance costs include interest on bank overdraft, bank loans and asset-based finance; interest paid to related parties; interest paid to suppliers and interest on late payment of tax.

5.4.3 *Income tax expense*

Income tax expense comprises current and deferred income tax. Current income tax is the expected tax payable on the taxable income for the year using the statutory tax rate of 28%; together with any adjustments to tax payable in respect of previous years. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the Statement of Financial Position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The Group's effective tax rate can vary from period to period reflecting the proportion of tax deductions available.

6. RESULTS OF OPERATIONS

6.1 Comparison of Financial Results for FY2017 and FY2016

The following table sets out our audited consolidated Statement of Profit or Loss and Other Comprehensive Income for FY2017 and FY2016:

	FY2017 (R'000)	FY2016 (R'000)	Change (%)
CONTINUING OPERATIONS			
Revenue	8 826 506	8 020 505	10.0
Cost of sales	(6 814 506)	(6 213 634)	9.7
Gross profit	**2 012 000**	**1 806 871**	**11.4**
Other income	146 638	67 478	117.3
Operating expenses	(1 564 856)	(1 330 371)	17.6
Share of profits of associates, net of tax	–	–	–
Operating profit	**593 782**	**543 978**	**9.2**
Investment income	25 754	17 784	44.8
Finance costs	(254 448)	(251 732)	1.1
Profit/(loss) before tax	**365 088**	**310 030**	**17.8**
Income tax expense	(133 046)	(96 732)	37.5
Profit for the period from continuing operations	**232 042**	**213 298**	**8.8**
DISCONTINUED OPERATIONS			
Loss for the period from discontinued operations	(42 346)	(13 156)	(221.8)
Profit for the period	**189 696**	**200 141**	**(5.2)**

6.1.1 *Revenue*

Revenue increased by 10.0%, from R8 021 million for FY2016 to R8 827 million for FY2017. The increase was driven mainly by strong organic growth in several product categories and the acquisitions of Sonnendal and Khoisan. *Pro forma* Organic Growth Revenue of 8.14% was driven mainly by growth within several product categories, in particular, within perishables, snacks and confectionary, baking and household and personal care.

The following table shows a breakdown of revenue and Revenue Growth by product category in FY2017 and FY2016.

	Revenue FY2017 (R'000)	Revenue FY2016 (R'000)	Revenue Growth (%)
Perishables	3 729 671	3 259 440	14.4
Ambient groceries	2 644 880	2 604 168	1.6
Snacks and confectionery	428 505	369 035	16.1
Baking	515 406	449 348	14.7
Specialised Food Packaging	252 879	252 143	0.3
Household and personal care	826 887	740 513	11.7
Niche Beverages	428 278	345 858	23.8
Total	**8 826 506**	**8 020 505**	**10.0**

Revenue from perishables increased by 14.4%, from R3 259 million for FY2016 to R3 730 million for FY2017. The increase was driven mainly by the acquisition of Sonnendal, and organic growth particularly in the sale of soft cheese and hard cheese products reflecting the introduction of new innovative products, and the sale of chicken and beef products.

Revenue from ambient groceries increased by 1.6%, from R2 604 million for FY2016 to R2 645 million for FY2017. Organic growth in most Business Units was offset by a decrease of revenues in Rialto Foods, reflecting the discontinuation of less profitable product lines.

Revenue from snacks and confectionery increased by 16.1%, from R369 million for FY2016 to R429 million for FY2017. The increase was driven mainly by organic growth from the introduction of new snack bar lines in the health category.

Revenue from baking increased by 14.7%, from R449 million for FY2016 to R515 million for FY2017. The increase was driven mainly by strong growth in the wraps product line.

Revenue from specialised food packaging increased by 0.3%, from R252 million for FY2016 to R253 million for FY2017. The increase in revenue resulting from the acquisition of several new customers was almost fully offset by the loss of a significant customer.

Revenue from HPC increased by 11.7%, from R741 million for FY2016 to R827 million for FY2017. The increase was driven mainly by volume growth across a number of existing product lines and the introduction of new products in the beauty and laundry divisions.

Revenue from niche beverages increased by 23.7%, from R346 million for FY2016 to R428 million for FY2017. The increase reflects the acquisition of Khoisan.

6.1.2 *Cost of sales*

Cost of sales increased by 9.7%, from R6 214 million for FY2016 to R6 815 million for FY2017. This increase was primarily related to the increase in revenue as a result of both organic and acquisitive growth.

6.1.3 *Gross profit*

Gross profit increased by 11.4%, from R1 807 million for FY2016 to R2 012 million for FY2017. The increase was driven mainly by an increase in revenue and production efficiencies, which resulted in an increase in gross margin (expressed as a percentage of revenue) from 22.5% for FY2016 to 22.8% for FY2017.

6.1.4 *Other income*

Other income was R67 million for FY2016 and R147 million for FY2017. The primary components of other income for FY2017 included a foreign exchange gain of R129 million. In light of fluctuations in the Rand against other currencies, the Company elected to enter into numerous foreign exchange contracts in FY2016, which resulted in such gain. The primary components of other income for FY2016 included insurance proceeds of R77 million relating to the replacement of plant and equipment in connection with the fire that occurred

on 22 February 2016 in the Finlar Johannesburg plant, which resulted in damage to the chicken plant and part of the finished goods storage facility. The foregoing insurance proceeds exceeded the book value of the damaged plant and equipment, resulting in a gain on disposal of property, plant and equipment of R50 million for FY2016.

6.1.5 *Operating expense*

Operating expenses increased by 17.6%, from R1 330 million for FY2016 to R1 565 million for FY2017. The increase was driven mainly by a R50 million impairment loss of goodwill in relation to Elvin. Furthermore, the Company had a R27 million charge for the share appreciation management scheme. Excluding these charges, the operating expenses increased by 12.8%. This increase principally reflects an increase in revenue from organic growth and acquisitions. Operating expense as a percentage of revenue increased from 16.6% for FY2016 to 17.7% for FY2017.

6.1.6 *Operating profit*

Operating profit increased by 9.2%, from R544 million for FY2016 to R594 million for FY2017. The increase was a result of the factors discussed above. During the same period, Adjusted EBITDA increased by 15.2%, from R816 million for FY2016 to R940 million for FY2017. The increase was driven mainly by the exclusion of the exceptional expenses discussed above.

The following table shows a breakdown of operating profit and Adjusted EBITDA by product category in FY2017 and FY2016.

	FY2017 (R'000)	**FY2016 (R'000)**
Perishables		
Operating profit	371 759	356 363
Adjusted EBITDA	446 280	405 352
Ambient groceries		
Operating profit	282 211	222 972
Adjusted EBITDA	350 183	317 585
Snacks and confectionery		
Operating profit	51 569	29 802
Adjusted EBITDA	71 551	46 744
Baking		
Operating profit	52 383	35 285
Adjusted EBITDA	77 125	59 749
Specialised Food Packaging		
Operating profit	13 872	16 665
Adjusted EBITDA	17 220	20 458
Household and personal care		
Operating profit	4 847	(8 395)
Adjusted EBITDA	43 729	24 166
Niche Beverages		
Operating profit	(57 057)	(10 569)
Adjusted EBITDA	3 126	(1 312)
Corporate		
Operating profit	(125 812)	(98 145)
Adjusted EBITDA	(68 928)	(56 361)
Operating profit	**593 782**	**543 978**
Adjusted EBITDA	**940 285**	**816 381**

Operating profit from perishables increased by 4.3%, from R356 million for FY2016 to R372 million for FY2017. The increase was driven mainly by organic and acquisitive growth. During the same period, Adjusted EBITDA increased by 10.1%, from R405 million for FY2016 to R446 million for FY2017. The difference in growth between operating profits

and Adjusted EBITDA reflects the exclusion of foreign exchange losses from the Adjusted EBITDA calculation which amounted to losses of R25 million for FY2016 and R1 million gain for FY2017.

Operating profit from ambient groceries increased by 26.6%, from R223 million for FY2016 to R282 million for FY2017. The increase was driven mainly by gains on foreign exchange. During the same period, Adjusted EBITDA increased by 10.3%, from R318 million for FY2016 to R350 million for FY2017. The difference in growth between operating profits and Adjusted EBITDA reflects the exclusion of foreign exchange gains from the Adjusted EBITDA calculation which amounted to Operating R6 million for FY2016 and R43 million for FY2017.

Operating profit from snacks and confectionery increased by 73.3%, from R30 million for FY2016 to R52 million for FY2017. During the same period, Adjusted EBITDA increased by 53.2%, from R47 million for FY2016 to R72 million for FY2017. The increase for both was driven mainly by revenue growth and gross profit margin improvement.

Operating profit from baking increased by 51.4%, from R35 million for FY2016 to R53 million for FY2017. During the same period, Adjusted EBITDA increased by 28.3%, from R60 million for FY2016 to R77 million for FY2017. The increase for both was driven mainly by improved margins as a result of changes in the sales mix characterized by an increase in Robertson's sales volumes.

Operating profit from specialised food packaging decreased by 17.6%, from R17 million for FY2016 to R14 million for FY2017. During the same period, Adjusted EBITDA decreased by 15.0%, from R20 million for FY2016 to R17 million for FY2017. The decrease for both was driven mainly by a decrease in sales volume.

Operating profit from HPC increased by 162.5%, from a loss of R8 million for FY2016 to a profit of R5 million for FY2017. During the same period, Adjusted EBITDA increased by 83.3%, from R24 million for FY2016 to R44 million for FY2017. The increase for both was driven mainly by organic growth volume across a number of existing product lines, improved margins and the introduction of new products in the beauty and laundry divisions.

Operating loss from niche beverages increased by 418% from a loss of R11 million for FY2016 to a loss of R57 million for FY2017. The increase was principally caused by reduced margins in dairy blends resulting from promotional pricing, reduced sales at Elvin, which resulted in an impairment loss of R50 million against Elvin's goodwill in FY2017, and production inefficiencies in the Chamonix plant during the early part of the year. During the same period, however, Adjusted EBITDA increased by 400.0%, from a loss of R1 million for FY2016 to a gain of R3 million for FY2017. The increase in Adjusted EBITDA resulted from adding back the Elvin impairment loss.

6.1.7 *Finance costs*

Finance costs increased by 0.8%, from R252 million for FY2016 to R254 million for FY2017. The increase was driven mainly by an increase in indebtedness, partially offset by a decrease in the JIBAR and South African prime interest rates.

6.1.8 *Income tax expense*

Income tax expense increased by 37.1%, from R97 million for FY2016 to R133 million for FY2017. The increase was driven mainly by improved profit before tax. The effective tax rate was 36.4% for FY2017 compared to 31.2% for FY2016. The increase in the effective tax rate reflects the impairment charges discussed above that are not deductible.

6.1.9 *Profit for the period from continuing operations*

For the reasons discussed above, profit for the period from continuing operations for FY2017 was R232 million, an increase of 8.9%, from R213 million for FY2016.

6.1.10 *Loss for the period from discontinued operations.*

Loss for the period was R13 million for FY2016 reflecting the discontinuation of Noodle Master and R42 million for FY2017 reflecting the discontinuation of African Pride Wines.

6.1.11 *Profit for the period*

Profit for the period decreased by 5.0%, from R200 million for FY2016 to R190 million for FY2017. The decrease was driven mainly by the impairment losses attributable to Elvin and African Pride Wines.

6.2 Comparison of Financial Results for FY2016 and FY2015

The following table sets out our audited consolidated Statement of Profit or Loss and Other Comprehensive Income for FY2016 and FY2015:

	FY2016 (R'000)	FY2015 (R'000)	Change (%)
CONTINUING OPERATIONS			
Revenue	8 020 505	6 175 709	29.9
Cost of sales	(6 213 634)	(4 826 195)	28.7
Gross profit	**1 806 871**	**1 349 514**	**33.9**
Other income	67 478	34 669	94.6
Operating expenses	(1 330 371)	(1 018 092)	30.7
Share of profits of associates, net of tax	–	1 018	100
Operating profit	**543 978**	**367 109**	**48.1**
Investment income	17 784	14 522	22.5
Finance costs	(251 732)	(203 812)	23.5
Profit/(loss) before tax	**310 030**	**177 819**	**74.4**
Income tax expense	(96 732)	(26 769)	261.4
Profit/(loss) for the period from continuing operations	**213 298**	**151 050**	**41.2**
DISCONTINUED OPERATIONS			
Loss for the period from discontinued operations	(13 156)	(8 608)	52.8
Profit/(loss) for the period	**200 142**	**142 442**	**40.5**

6.2.1 *Revenue*

Revenue increased by 29.9% from R6 176 million for FY2015 to R8 020 million for FY2016. This increase was primarily due to the impact of the acquisitions made in FY2015. *Pro forma* Organic Growth Revenue of 18.0% was driven mainly by growth within the perishables and snacks and confectionery product categories resulting from the development of new products and expansion into new markets, improved market share in the cheese sub-category, and brand promotional activity.

The following table shows a breakdown of revenue and revenue growth by product category for FY2016 and FY2015.

	Revenue FY2016 (R'000)	Revenue FY2015 (R'000)	Revenue Growth (%)
Perishables	3 259 440	2 585 238	26.1
Ambient groceries	2 604 168	1 606 064	62.1
Snacks and confectionery	369 035	323 086	14.2
Baking	449 348	353 828	27.0
Specialised Food Packaging	252 143	212 561	18.6
Household and personal care	740 513	750 649	(1.4)
Niche Beverages	345 858	344 283	0.5
Total	**8 020 505**	**6 175 709**	**29.9**

Revenue from perishables increased by 26.1% from R2 585 million for FY2015 to R3 259 million for FY2016. This increase was primarily due to the impact of the acquisition of Denny in July 2015 as well as increased revenue from beef patty exports and increased market share in the cheese sub-category.

Revenue from ambient groceries increased by 62.1% from R1 606 million for FY2015 to R2 604 million for FY2016. This increase was partly due to the impact of the acquisitions made in FY2015, as well as an increase in export revenue of Cape Herb and Spice.

Revenue from snacks and confectionery increased by 14.2% from R323 million for FY2015 to R369 million for FY2016. The increase was primarily due to the impact of the acquisition of Ambassador Confectionery in FY2016, the introduction of new innovative products including a range of cereals and breakfast and health bars, and growth in the healthy snacks sub-category.

Revenue from baking increased by 26.8% from R354 million for FY2015 to R449 million for FY2016. The increase was driven primarily by the introduction of new innovative products, including tortilla wraps, and the expansion of the customer base.

Revenue from specialised food packaging increased by 18.3%, from R213 million for FY2015 to R252 million for FY2016. The increase was driven mainly by the introduction of new innovative products and the expansion of the customer base.

Revenue from HPC decreased by 1.3%, from R751 million for FY2015 to R741 million for FY2016. The decrease was mainly due to aggressive pricing among branded competitors in the detergent sub-category that caused the Group to decrease its price and a reduction in revenue from outsourced manufacturing customers.

Revenue from niche beverages increased slightly by 0.6%, from R344 million for FY2015 to R346 million for FY2016. This relatively flat performance resulted from intensified competition for Elvin and lost sales at Chamonix in the first year post-acquisition due to production efficiency problems.

6.2.2 *Cost of sales*

Cost of sales increased by 36.2% from R4 581 million for FY2015 to R6 239 million for FY2016. This increase was primarily related to the increase in revenue as a result of both organic and acquisitive growth.

6.2.3 *Gross profit*

Gross profit increased by 33.8 % from R1 356 million for 2015 to R1 815 million for FY2016. The increase was driven mainly by an increase in revenue and production efficiencies, which resulted in an increase in gross margin (expressed as a percentage of revenue) from 21.9% for FY2015 to 22.5% for FY2016.

6.2.4 *Other income*

Other income was R35 million for FY2015 and R67 million for FY2016. The primary components of other income for FY2015 included a foreign exchange gain of R15 million from foreign exchange contracts entered into in 2015 and a gain from the disposal of La Femme.

6.2.5 *Operating expense*

Operating expenses increased by 30.6%, from R1 018 million for FY2015 to R1 330 million for FY2016. The increase was driven mainly by the full-year impact of acquisitions made in FY2015 and FY2016 as well as inflationary pressure on costs, and an increase in salaries and wages (reflecting inflationary pressure) arising from new legislation that mandates the conversion of temporary workers into permanent workers. Expressed as a percentage of revenue, operating expenses increased from 16.5% for FY2015 to 16.6% for FY2016.

Set forth below is a breakdown of these operating expenses during the indicated period:

	FY2016 (R'000)	FY2015 (R'000)	Change (%)
Depreciation of property, plant and equipment	111 232	89 800	23.9
Amortisation of intangible assets	136 524	129 008	5.8
Employee benefits	954 245	702 747	35.8
Other	128 370	96 537	33.0
Operating expenses	**1 330 371**	**1 018 092**	**30.6**

6.2.6 *Operating profit and Adjusted EBITDA*

Operating profit increased by 48.1%, from R367 million for FY2015 to R544 million for FY2016. During the same period, Adjusted EBITDA increased by 24.1% from R658 million for FY2015 to R816 million for FY2016. The increase for both was primarily due to the increase in revenue, improved margins and cost containment relative to increase in revenue.

The following table shows a breakdown of operating profit and Adjusted EBITDA by product category for FY2016 and FY2015.

	FY2016 (R'000)	FY2015 (R'000)
Perishables		
Operating profit	356 363	235 534
Adjusted EBITDA	405 352	294 069
Ambient groceries		
Operating profit	222 972	132 088
Adjusted EBITDA	317 585	237 202
Snacks and confectionery		
Operating profit	29 802	34 783
Adjusted EBITDA	46 744	43 017
Baking		
Operating profit	35 285	20 666
Adjusted EBITDA	59 749	46 436
Specialised Food Packaging		
Operating profit	16 665	10 573
Adjusted EBITDA	20 458	15 577
Household and personal care		
Operating profit	(8 395)	(3 839)
Adjusted EBITDA	24 166	40 826
Niche Beverages		
Operating profit	(10 569)	26 650
Adjusted EBITDA	(1 312)	35 704
Corporate		
Operating profit	(98 145)	(89 346)
Adjusted EBITDA	(56 361)	(54 897)
Operating profit	**543 978**	**367 109**
Adjusted EBITDA	**816 381**	**657 934**

Operating profit from perishables increased by 50.8%, from R236 million for FY2015 to R356 million for FY2016. During the same period, Adjusted EBITDA for this product category increased by 37.8% from R294 million for FY2015 to R405 million for FY2016. The increase for both was primarily due to an increase in revenue resulting from higher margins at Denny relative to the historic Group average and improved margins at Lancewood.

Operating profit from ambient groceries increased by 68.9%, from R132 million for FY2015 to R223 million. During the same period, Adjusted EBITDA for this product category increased by 34.2% from R237 million for FY2015 to R318 million for FY2016. The increase for both was primarily due to an increase in revenue and higher margins resulting from cost containment relative to the increase in revenue.

Operating profit from snacks and confectionery decreased by 14.3%, from R35 million for FY2015 to R30 million. This decrease was primarily due to impairment losses and foreign exchange losses. During the same period, Adjusted EBITDA for this product category increased by 9.3% from R43 million for FY2015 to R47 million for FY2016. This increase was primarily due to the increased revenue and the exclusion of foreign exchange losses from the calculation of Adjusted EBITDA.

Operating profit from baking increased by 66.7% from R21 million for FY2015 to R35 million for FY2016. During the same period, Adjusted EBITDA for this product category increased by 30.4% from R46 million for FY2015 to R60 million for FY2016. The increase for both was primarily due to the introduction of new innovative products and the expansion of the customer bases.

Operating profit from specialised food packaging increased by 54.5%, from R11 million for FY2015 to R17 million for FY2016. During the same period, Adjusted EBITDA for this product category increased by 25.0% from R16 million for FY2015 to R20 million for FY2016. The increase for both was primarily due to the introduction of new innovative products and the expansion of the customer bases.

Operating profit from HPC decreased by 100.0%, from a loss of R4 million for FY2015 to a loss of R8 million for FY2016, a decrease of R4 million. During the same period, Adjusted EBITDA for this product category decreased by 41.5% from R41 million for FY2015 to R24 million for FY2016. The decrease for both was primarily due to restructuring costs incurred by Chet Chemicals in 2016.

Operating profit from niche beverages decreased by 140.7%, from R27 million for FY2015 to a loss of R11 million for FY2016. During the same period, Adjusted EBITDA for this product category decreased by 102.8% from R36 million for FY2015 to a loss of R1 million for FY2016. The decrease for both was primarily due to the loss of revenue and margin compression due to price pressure arising from competition in the market at Elvin and production inefficiencies at Chamonix.

6.2.7 *Finance costs*

Finance costs increased by 23.5%, from R204 million for FY2015 to R252 million for FY2016. The increase was driven mainly by the full year impact of the additional indebtedness incurred to finance the 2015 acquisitions.

6.2.8 *Income tax expense*

Income tax expense increased from R27 million for FY2015 to R97 million for FY2016. The increase was mainly due to an increase in taxable profit during the period. The effective tax rate for FY2016 was 31.2% compared to 15.1% for FY2015.

6.2.9 *Profit for the year from continuing operations*

For the reasons discussed above, profit for the period from continuing operations increased by 41.1%, from R151 million for FY2015 to R213 million for FY2016.

6.2.10 *Loss for the year from discontinued operations*

Loss for the year from discontinued operations was R13 million for FY2016. The loss related to costs associated with the Group's discontinuation of the Noodle Master and African Pride Wines businesses.

6.2.11 *Profit for the year*

Profit for the year increased by 40.8% from R142 million for FY2015 to R200 million for FY2016. The increase was driven mainly by the reasons set out above.

7. LIQUIDITY, CASH FLOW AND CAPITAL RESOURCES

The Group's liquidity requirements arise primarily from its need to fund capital expenditures for the purchase, maintenance and replacement of assets, for acquisitions, working capital, and to service debt. Historically, the Group has generated adequate positive cash flows from operations and bank borrowings to finance its cash needs. The Group believes that its operating cash flows and borrowing capacity under the Asset Backed Facility and the Revolving Credit Facility will be sufficient to meet its requirements and commitments for the foreseeable future. The Group's future financing requirements will depend on a number of factors, many of which are beyond the Group's control (see paragraph 1.22 of Section 1 ("*Risk Factors*")).

7.1 Cash Flow Data

The following table sets forth the Group's consolidated cash flow data from continuing operations and operations held for sale for each of the periods indicated.

	FY2017 (R'000)	FY2016 (R'000)	FY2015 (R'000)
CONTINUING OPERATIONS			
Net cash flow from operating activities	572 614	149 184	185 631
Net cash flow utilised in investment activities	(605 779)	(154 809)	(1 219 284)
Net cash flow (utilised in)/from/financing activities	266 609	(37 900)	1 068 493
Net increase/(decrease) in cash and cash equivalents	**233 444**	**(43 525)**	**34 840**
Cash and cash equivalents at the beginning of the period	117 883	161 408	126 568
Cash and cash equivalents at the end of the period	**351 327**	**131 376**	**161 408**

	FY2017 (R'000)	FY2016 (R'000)	FY2015 (R'000)
Inventories	1 137 107	993 060	881 681
Trade and other receivables	1 618 108	1 459 469	1 343 591
Biological assets	26 162	22 560	20 858
Trade and other payables	(1 476 341)	(1 210 298)	(1 227 102)
Provisions	–	–	(12 343)
Working capital	**1 305 036**	**1 264 791**	**1 006 685**

Net cash flow from operating activities

Net cash from operating activities increased from R149 million for FY2016 to R573 million for FY2017. The increase was driven mainly by improved cash flow from operations and a decrease in working capital due to a reduction in inventories and receivables and an increase in trade and other payables.

Net cash from operating activities decreased from R186 million for FY2015 to R149 million for FY2016. This decrease was principally due to an increase in working capital resulting from a build-up of raw material inventories and imported finished goods before the financial year-end in order to secure better pricing terms and beneficial foreign exchange rates, which more than offset the improvement in cash flow from operations (before changes in working capital).

Net cash flow utilised in investment activities

Net cash flow used in investment activities for FY2017 was R606 million. The principal components included the purchase of property and equipment as well as the acquisitions of Khoisan and Sonnendal.

Net cash utilised in investment activities for FY2016 was R155 million. The principal components included the purchase of property, plant and equipment and computer software and acquisitions of businesses, partly offset by proceeds from insurance received in connection with fire at the Finlar plant.

Net cash utilised in investment activities for FY2015 was R1 219 million. The principal components included the acquisition of businesses, reflecting the high level of acquisition activity in 2015, and the purchase of property, plant and equipment and computer software

Net cash flow from financing activities

Net cash from financing activities for FY2017 was R267 million. The principal components included proceeds from the R132 million issue of equity shares and R300 million proceeds from term loans and asset based finance which were partly offset by the repayment of term loans and asset based finance and the repurchase of shares for R40 million.

Net cash used in financing activities for FY2016 was R38 million. The principal components included the repayment of term loans and asset based financing and a share buyback, partially offset by the proceeds from the issuance of equity shares and proceeds drawn from term loans and asset-based financing.

Net cash from financing activities for FY2015 was R1 068 million. The principal components included proceeds from the issue of equity shares and proceeds drawn from term loans and asset-based financing, partially offset by repayments of term loans and asset-based financing and additional interest acquired in existing subsidiaries.

8. INDEBTEDNESS

The following table sets out the components of the Group's net debt as of 31 December 2017.

	As of 31 December 2017 (R'000)
Term loans[1]	1 947 099
Asset-based finance[2]	269 047
Bank overdraft[3]	199 381
Cash and cash equivalents[4]	(550 708)
Net debt	1 864 819

1. Term loans comprise loans under Senior Facility A, Senior Facility B, Senior Facility C, Senior Facility D and the Rand Merchant Bank Loan. For more information regarding the Facilities see Annexure 12 ("*Details of Material Third Party and Intra-Group Borrowings"*).
2. Asset-based finance consists of borrowings under the Asset Backed Facility. The Asset Backed Facility is secured by assets owned by the Group. The total amount available under the Asset Backed Facility is R514 million. For more information regarding the Facilities see Annexure 12 ("*Details of Material Third Party and Intra-Group Borrowings*").
3. Bank overdraft consists of the Revolving Credit Facility with total borrowing availability of R464 million, which was undrawn as of 31 December 2017. For more information regarding the Facilities see Annexure 12 ("Details of Material Third Party and Intra-Group Borrowings").
4. A portion of the proceeds from the Offering will be used to pay existing debt.

9. CAPITAL EXPENDITURES

The Group's capital expenditures are intended to ensure operational efficiency in maintaining and replacing assets, comply with environmental laws and build capacity for growth. The Group expects future capital expenditure requirements to arise primarily in connection with general maintenance, modernisation and expansion of the Group's production facilities and new product development. In addition, for FY2016 and FY2017, capital expenditures included the cost to rebuild the Finlar Johannesburg plant that was damaged by the fire incident in 2016.

The Group's capital expenditure for FY2017 was R315 million, compared to R217 million for FY2016. The increase was driven mainly by the rebuilding of the Finlar facility following the fire in 2016 (R90.5 million), leasehold improvements in Montagu Foods in order to facilitate the move of the Denny cannery to that facility (R25.8 million), additional facilities and machinery in Ambassador Foods (R18.1 million), and the construction of a wrap plant for Amaro Foods (R20.1 million).

The Group currently expects to undertake an investment of approximately R260 million in 2018 in connection with 20 projects involving the maintenance and upgrade of equipment and the expansion of production capabilities at various business units across all product categories.

10. CONTRACTUAL OBLIGATIONS

The following table is a summary of the Group's contractual obligations and commitments owed to third parties as of 31 December 2017.

	Less than 1 year (R'000)	2 – 5 years (R'000)	Over 5 years (R'000)	Total (R'000)
Bank overdrafts[1]	199 381	–	–	199 381
Trade and other payables	1 471 042	–	–	1 471 042
Other financial liabilities[2]	461 073	2 029 281	–	2 490 354
Put Options[3]	8 835	–	–	8 835
Total financial liabilities	**2 140 331**	**2 029 281**	**–**	**4 169 612**

Notes:

1. Trade and other payables excludes value-added-tax payables.
2. Other financial liabilities include bank loans, asset based finance and loans payable.
3. For more information regarding the Put Options see Annexure 16 ("Issues and Repurchases of Shares").

In addition, as of 31 December 2017, the Group's commitments on operating leases were as follows:

	Less than 1 year (R'000)	2 – 5 years (R'000)	Over 5 years (R'000)	Total (R'000)
Operating leases	102 352	238 228	87 965	**428 545**

11. OFF STATEMENT OF FINANCIAL POSITION ARRANGEMENTS AND CONTINGENT LIABILITIES

As of 31 December 2017, the Group did not have any off-Statement of Financial Position arrangements or contingent liabilities, except for the operating leases outlined in "*—Contractual Obligations*".

12. QUANTITATIVE AND QUALITATIVE DISCLOSURE ON MARKET RISK

The individual companies within the Group provide services to the business, co-ordinate access to domestic and international financial markets, monitor and manage the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include currency risk, interest risk, credit risk, and liquidity risk.

12.1 Currency risk

The Group's activities expose it primarily to foreign currency exchange rate risk, in particular to the US Dollar and Euro. The Group routinely enters into derivative financial instruments to manage this risk, specifically forward foreign exchange contracts to hedge the exchange rate risk arising from the export and import of food products. For information regarding the Group's exposure to foreign currency risk, its foreign exchange hedging contracts, and its sensitivity to movements in foreign currency exchange rates, see note 38.4 to Annexure 1 ("*Report of Historical Financial Information of the Group for the financial years ended 31 December 2017, 2016, 2015 and 2014*").

12.2 Interest rate risk

As of 31 December 2017, all of the Group's indebtedness bears interest at floating rates. The Group does not hedge its interest rate risk exposure. For information regarding the Group's sensitivity to interest rate movements, see note 38.6 of Annexure 1 ("*Report of Historical Financial Information of the Group for the financial years ended 31 December 2017, 2016, 2015 and 2014*").

12.3 Credit risk

Credit risk arises from the risk that a counterparty may default or not meet its obligations. The Group limits its counterparty risk exposure by dealing exclusively with well-established institutions of high credit standing. The Group does not expect any counterparties to fail to meet their obligations given their high credit ratings.

The Group's credit risk exposure, in respect of its customer base, is represented by the net aggregate balance of amounts receivable. Credit risk in respect of the Group's customer base is controlled by the application of credit limits and credit monitoring procedures. Certain significant receivables are monitored on a daily basis. Where appropriate, credit guarantee insurance is obtained. The Group does not hold any collateral in respect of its customers. The maximum credit exposure as of 31 December 2017 was R1 524 million.

12.4 **Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk may also arise where an entity is required to pay its liabilities earlier than expected.

The Group manages liquidity risk by maintaining sufficient cash, ensuring the availability of funding through its committed credit facilities and using trade supplier payment terms. The Group's management team monitors its liquidity regularly based on estimated cash flows.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established a liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

SECTION 7: MANAGEMENT AND CORPORATE GOVERNANCE

1. DIRECTORS AND MANAGEMENT

1.1 Directors

The Board consists of 2 executive Directors and 5 non-executive Directors, 3 of whom are independent non-executive Directors.

The composition of the Board upon Listing will remain unaltered.

The Directors as at the Listing are set out in the following table:

Name, Age and Nationality	Position	Business address	Date appointed
Andries Vlok van Rensburg, 63 (South African)	Co-founder and CEO (Executive Director)	1st Floor, Bloomberg House, 43 Bloulelie Crescent, Plattekloof, 7550	09/06/2014
Robin Walter Smith, 59 (South African)	Co-founder and Group Financial Director[1] (Executive Director)	62 Hume Road, Dunkeld, Johannesburg, 2196	03/10/2014
Wahid Suleiman Hamid, 59 (United States)	Chairman/Non-executive Director	Level 3 Gate Village 8, Dubai International Finance Centre, Dubai, United Arab Emirates, 0000	02/12/2014
Sandeep Khanna, 44 (Indian)	Non-executive Director	1st Floor, The Place, 1 Sandton Drive, Sandton, 2196	09/06/2014
JP Landman, 62 (South Africa)	Independent, Non-executive Director	137 4th Avenue, Melville, 2092	01/03/2018
Wendy Luhabe, 60 (South Africa)	Independent, Non-executive Director	213 Panorama Drive, Constantia Kloof, 1709	01/03/2018
Phumzile Langeni, 44 (South Africa)	Independent, Non-executive Director	1st Floor, Vdara Suites, 41 Rivonia Road, Sandhurst	01/03/2018

Note:

1. Mr Robin Smith was confirmed as an appropriately qualified Financial Director with sufficient experience and expertise by the audit and risk committee on 27 March 2018.

Further details of the Directors of the Company, including information as to their other directorships held in the past 5 years, as well as details of members of the board of directors of the operating Subsidiaries of the Group are set out in Annexure 10 ("*Details of Subsidiaries, Directors and Other Directorships*").

A brief biography of each of the current Directors is set out below.

Andries Vlok van Rensburg – Co-founder and CEO (Executive Director)

Mr Van Rensburg joined Sasol in 1982 and before long he was promoted to a position of operations manager. In 1989 he acted on his passion for the food business and took up a position with Tiger Brands, where he served as managing director of subsidiaries such as Oceana Fishing, Langeberg Foods and the Tiger Brands Culinary Division. Mr Van Rensburg co-founded Libstar in 2005 where he has worked continuously since. Mr Van Rensburg obtained a B.Eng and M.Eng from the University of Stellenbosch in 1979 and 1982 respectively. He also obtained a MBL from the University of South Africa in 1985.

Robin Walter Smith – Co-founder and Group Financial Director (Executive Director)

A chartered accountant, Mr Smith left the accounting profession for financial management positions in commerce and industry. Mr Smith was a shareholder and served as the financial director of the Sherwood Export group for 10 years, as financial director for South African Breweries ("**SAB**") African operations, and then as commercial director for SAB International. Mr Smith was director of Brait South Africa and a shareholder and director of Metier Investment and Advisory Services Proprietary Limited before co-founding Libstar in 2005, where he has worked continuously since. Mr Smith obtained a B.Compt and B.Compt Honours degrees from the University of South Africa and qualified as a chartered accountant through SAICA in 1983.

Mr Smith serves as the Company's Financial Director on a full-time basis and dedicates his time fully to such role. From 1 October 2017, Mr Smith was joined by Charl de Villiers who has brought further experience and capacity to manage the Group's financial operations.

Wahid Suleiman Hamid – Chairman (Non-executive Director)

Mr Hamid is Managing Partner of the Abraaj Group. He is, a member of Abraaj's Global Investment Committee, and the Management Executive Committee. Mr Hamid has been a Director of the Company since 2014.

Before joining Abraaj, Mr Hamid was Senior Vice President of Corporate Strategy and Development at PepsiCo, a member of PepsiCo's Executive Management Committee and a board member of PepsiCo Americas.

Previously, Mr Hamid spent 15 years with Boston Consulting Group ("**BCG**"), where his last role was Senior Partner and Managing Director in New York. During his tenure at BCG, he led the firm's consumer goods and retail practice across Asia Pacific.

Mr Hamid obtained an Honorary PHD in Humane Letters from Occidental College in May 2011, an MBA from the Wharton School, University of Pennsylvania in 1988 and a BSEE from the California Institute of Technology in May 1983.

Sandeep Khanna (Non-executive Director)

Mr Khanna is a seasoned investor and pioneer of private equity with over 20 years of experience in Africa. Mr Khanna has demonstrated a track record of investing in Africa since 1995 through direct investing, Investment Committee membership and senior key leadership positions held at 2 leading emerging markets fund management firms over investment cycle of several funds. Mr Khanna is a Chartered Management Accountant in United Kingdom.

Mr Khanna has been a Director of the Company since 2014.

JP Landman (Independent Non-executive Director)

Mr Landman is an independent analyst on political-economic trends, focusing on trends in politics, economics, demography and social capital. Mr Landman has previously worked at an investment house listed on the JSE, where he was rated number one analyst in his category. Mr Landman has a BA LLB from Stellenbosch University (1978), studied Economics at Harvard (1998 and again in 2005), and obtained a MPhil in Future Studies (*cum laude*) from Stellenbosch in 2003. In 2009, he completed a course at Oxford University Continuing Education on the economies of the BRIC countries (Brazil, Russia, India and China).

Mr Landman was appointed as a Director on 1 March 2018.

Wendy Luhabe (Lead Independent Non-executive Director)

Ms Luhabe started her career in marketing and worked in the cosmetics and automotive sectors, including working in Germany and the US for the BMW Group. She graduated with a BCom from the University of Lesotho in 1981, and was among the first generation of black women to qualify with a commerce degree. She has been a social entrepreneur for 25 years and has been involved in human resources development and the economic empowerment of women. She pioneered the founding of Women Investment Portfolio Holdings, Women Private Equity Fund and more recently, Women in Infrastructure, Development and Energy.

Ms Luhabe has served as a non-executive director and chairman of companies in a diverse range of industries since 1992. Her first board appointments were with Imperial Cold Storage and

Tiger Brands. She is a recipient of four Honorary Doctorates for her contribution to the empowerment of women in various sectors of the economy. Ms Luhabe was the founding Chancellor of the University of Johannesburg.

Ms Luhabe was appointed as a Director on 1 March 2018.

Phumzile Langeni (Independent Non-executive Director)

Ms Langeni is the Executive Chairman of Afropulse Group Proprietary Limited, a women-led investment, investor relations and corporate advisory house. She is a stock broker by training and was previously the economic adviser to the Minister of Minerals and Energy. Ms Langeni is the non-executive chairman of 2 unlisted companies Mineworkers Investment Company Proprietary Limited, Primedia Proprietary Limited, as well as a non-executive director of Imperial Holdings Limited, Transaction Capital Proprietary Limited and Metrofile Holdings Limited. Ms Langeni's qualifications are a BCom from the University of KwaZulu-Natal, BCom (Hons) (UNISA) and MCom (University of Pretoria).

Ms Langeni was appointed as a Director on 1 March 2018.

1.2 **Executive Management**

Further particulars of the executive management team of the Group are set out in the following table:

Name, Age and Nationality	Position	Business address	Date appointed
Andries Vlok van Rensburg, 63 (South African)	Co-founder and CEO (Executive Director)	1st Floor, Bloomberg House, 43 Bloulelie Crescent, Plattekloof, 7550	09/06/2014
Robin Walter Smith, 59 (South African)	Co-founder and Group Financial Director (Executive Director)	62 Hume Road, Dunkeld, Johannesburg, 2196	03/10/2014
Timothy Francis Judge, 50 (South African; British)	Group Supply Chain Executive	1st Floor, Bloomberg House, 43 Bloulelie Crescent, Plattekloof, Cape Town, 7550	26/04/2017
Solach Pather, 44 (South African)	Group Financial Manager	62 Hume Road, Dunkeld, Johannesburg, 2196	20/11/2006
Andre Daniël Naude, 64 (South African)	Sales/Marketing and Strategic Planning Executive	1st Floor, Bloomberg House, 43 Bloulelie Crescent, Plattekloof, 7550	01/06/2006
Peter Steyn Grobler, 58 (South African)	Group Technical and Manufacturing Executive	1st Floor, Bloomberg House, 43 Bloulelie Crescent, Plattekloof, 7550	01/01/2011
Charl de Villiers, 33 (South African)	Senior Financial and Commercial Executive	1st Floor, Bloomberg House, 43 Bloulelie Crescent, Plattekloof, Cape Town, 7550	01/10/2017
Rufaro Dhlembeu, 34 (Zimbabwean)	Group Financial Controller	62 Hume Road, Dunkeld, Johannesburg, 2196	27/09/2010

A brief biography of members of the executive management of the Group is set out below, which should be read in conjunction with the biographies of Smith and van Rensburg in paragraph 1.1 of this Section 7 ("*Management and Corporate Governance*").

Timothy Francis Judge – Group Supply Chain Executive

Mr Judge, a chartered accountant, is an entrepreneurial investment manager with 20 years' experience in private equity, information technology, professional and financial services, and merchant banking. Until recently, Mr Judge's responsibilities at Libstar involved assisting with M&A activity and the integration into the Group of new acquisitions. Mr Judge was recently appointed to the position of Group Supply Chain Executive, tasked with driving efficiencies and savings across the Group's supply chains. He is also pivotal to commercial and operational matters, assisting Libstar companies with the implementation of growth strategies and operational improvement plans. Mr Judge has been employed by the Group for 8 years. Previously, Mr Judge managed a portfolio of technology-related private equity investments at Standard Corporate and Merchant Bank. Mr Judge was Chief Financial Officer for the Virgin Group's direct banking and finance operation in the UK and then took up the commercial director role at Dimension Data. He later became Chief Financial Officer of its Global Solutions and Services portfolios. Mr Judge joined Libstar in 2008. He obtained a BCom from the University of Cape Town in 1989 and a (B.Compt Honours) from the University of South Africa in 2000.

Peter Steyn Grobler – Group Technical and Manufacturing Director

Mr Grobler is a qualified and registered professional mechanical engineer with an MBA. He has worked in the fields of design engineering and project management, original equipment manufacture ("**OEM**") and FMCG manufacture. Mr Grobler has more than 30 years' experience, the bulk of which have been spent in food manufacturing. Over the years Mr Grobler has been involved in a wide range of manufacturing activities such as facility design and construction, project management, manufacturing strategy development, training as well as line management from operations manager level to executive level.

Mr Grobler started his career as a design engineer in consulting practice where he rose to the level of senior design engineer and manager of the mechanical engineering department. Subsequent to this, Grobler worked in OEM before moving into FMCG manufacture where he has been involved in a wide range of product manufacturing including fishing, canned and frozen products, confectionery, milling and baking and condiments. Mr Grobler joined Libstar in 2011 where he has continuously worked since and is currently responsible for manufacturing and technical at the Group. Previous positions held by Grobler include general manager of manufacturing at Afrox, supply chain director at Tiger Brands, manufacturing director at Langeberg Foods and general manager at Lamberts Bay Fishing.

Mr Grobler obtained a BSc (Mech Eng) (Hons) from the University of Cape Town in 1983, as well as an MBA from the University of Stellenbosch in 1989.

André Daniël Naude – Sales/Marketing and Organisational Development Executive

Mr Naude joined Libstar in June 2008 and has since been responsible for group marketing, sales, strategic planning and organisational and people development. Mr Naude has more than 35 years marketing, sales and general management experience with companies such as Reckitt Benckiser, Tiger Brands, Premier Foods and Barloworld. Mr Naude spent close to 12 years with Tiger Brands where he held various marketing and sales executive and directorship positions. Mr Naude obtained a BCom and an MBA from the University of Stellenbosch in 1975 and 1979 respectively.

Solach Pather – Group Financial Manager and Company Secretary

Mrs Pather rose quickly through the ranks of several leading South African financial institutions before joining Libstar in 2006 where she has continuously worked since. Mrs Pather completed her articles at De Witt and Saestad in 2000. After qualifying as a chartered accountant, she was appointed to a management position at BDO Spencer Stewart. A year later, BHP Billiton approached Mrs Pather to join as Accountant: Compliance, which was shortly followed by a promotion to Management Accountant. In 2003, she was appointed Financial Officer at Standard Chartered Bank, where she was responsible for overseeing the finance department and the preparation of management reports for the board of directors. Mrs Pather spent 2 years at Nedbank, as Senior Financial Manager, prior to joining Libstar in 2006.

Mrs Pather obtained a B.Compt Honours, H.Dip Tax and is registered as a Chartered Accountant.

Charl de Villiers – Senior Financial and Commercial Executive

Mr de Villiers is a qualified and registered chartered accountant who acted as the chief financial officer of the JSE-listed investment holding company Stellar Capital Partners before joining the Group in 2017. Prior to joining Stellar Capital Partners, Mr de Villiers acted as a corporate finance executive with AfrAsia Corporate Finance (now Stellar Credit, a wholly-owned subsidiary of Stellar Capital Partners) where he gained significant experience in managing complex transactional, regulatory and accounting challenges. Mr de Villiers has also served on a number of boards and sub-committees of Stellar Capital Partners' investee companies.

Mr de Villiers graduated with a B.Acc LLB (*cum laude*) from Stellenbosch University in 2007 where he also achieved his B.Acc Honours in the following year. Mr de Villiers will work with Smith and assist him in the financial directorship of the Group.

Rufaro Dhlembeu – Group Financial Controller

Ms Dhlembeu is a qualified chartered accountant. She joined Libstar in September 2010 as the Group Financial Controller where she has worked continually since. Her responsibilities include all aspects of financial reporting, including consolidation of management accounts, preparation of Board packs and documentation for the Audit and Risk Committee. In addition, she manages the external audit as the key liaison for the Group, and compiles the Group annual report. She also oversees transactional banking aspects of the Group, and consolidates the Group annual budget. Prior to joining Libstar, she was involved in public sector audits and served her articles at Moore Stephens Inc, Cape Town. Ms Dhlembeu holds a Bachelor of Business Science (Honours) in Finance from the University of Cape Town and a Bachelor of Accounting Science (Honours) from the University of South Africa.

1.3 **Directors' declarations**

Save as disclosed at the end of this paragraph 1.3, none of the Directors mentioned in paragraphs 1.1 and 1.2 of this Section 7 ("*Management and Corporate Governance*") have:

- been involved with any receiverships or been a director of a company that has been put into liquidation or been placed under business rescue proceedings or had an administrator or other executor appointed during the period when he/she was (or within the preceding 12 months had been) one of its directors, or alternate directors or equivalent position;
- been involved in any business rescue plans and/or resolutions proposed by any entity to commence business rescue proceedings, application having been made for any entity to begin business rescue proceedings, notices having been delivered in terms of Section 129(7) of the SA Companies Act, receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangement with creditors generally or any class of creditors of any company; where he/she was or is a director, with an executive function within such company at the time of, or within the 12 months preceding, any such event;
- been involved in any compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where he/she is or was a partner at the time of or within 12 months preceding such event;
- either themselves or any company of which he/she was a director or an alternate director or officer at the time of the offence, been convicted in any jurisdiction of any criminal offence, or an offence under legislation relating to the SA Companies Act;
- been removed from an office of trust on grounds of misconduct involving dishonesty;
- been disqualified by a court from acting as a director of a company, or from acting in management or conduct of the affairs of a company;
- been convicted on an offence resulting from dishonesty, fraud, theft, perjury, misrepresentation or embezzlement;
- been declared bankrupt, insolvent or sequestrated in any jurisdiction;
- been a party to a creditor scheme of arrangement or made any other form of individual voluntary compromise with his/her creditors;
- been found guilty in disciplinary proceedings, by an employer or regulatory body, due to dishonest activities;

- received public criticisms from statutory or regulatory authorities, including professional bodies;
- had any court grant an order declaring him to be a delinquent or placed such director under probation in terms of section 162 of the SA Companies Act and/or section 47 of the Close Corporations Act 69 of 1984;
- been barred from entry into any profession or occupation; or
- been convicted in any jurisdiction of any criminal offence, or an offence under legislation relating to the SA Companies Act.

Phumzile Langeni has disclosed that Esibayeni Meats CC, a business which she owned with a number of other members, was placed in voluntary liquidation in 2001.

2. QUALIFICATION, REMUNERATION, BORROWING POWERS AND APPOINTMENT OF DIRECTORS

2.1 Extracts from the MOI of the Company relating to Directors

The relevant provisions of the MOI of the Company concerning the qualification, remuneration and appointment of the Directors are set out in Annexure 11 ("*Summaries of MOIs of Libstar and Libstar Operations*").

2.2 Borrowing powers

The borrowing powers exercisable by the Directors are governed by the MOI of the Company, a summary of which is set out in Annexure 11 ("*Summaries of MOIs of Libstar and Libstar Operations*"). The borrowing powers of the Directors are not limited in terms of the MOI of the Company and the Directors may borrow for the purposes of the Company such sums as they think fit, and secure the payment or repayment of any such sums, or any other sum, as they think fit, whether by the creation and issue of securities, mortgage or charge upon all or any of the property or assets of the Company. These borrowing powers can only be varied by an amendment effected in accordance with section 16(1) of the SA Companies Act and a special resolution passed by the holders of the Ordinary Shares in the Company.

The borrowing powers of the Company and its Subsidiaries have not been exceeded during the past 3 years. As at the Last Practicable Date, there are no applicable exchange control restrictions on the borrowing powers of the Company or its major Subsidiaries.

2.3 Directors' and managerial service contracts and restraints of trade

All the executive Directors and members of the executive management team of the Group have concluded service agreements with the Group. Copies of service agreements entered into during the 3 years preceding the Last Practicable Date are available for inspection as set out in paragraph 22 of Section 10 ("*Additional Information*"). The salient terms of the service agreements of the current executive and non-executive Directors and senior management are set out below:

Name	Position	Date of appointment in current role	Notice period	Restraint
Andries Vlok van Rensburg	Group Chief Executive Officer	1 September 2005 and new agreement signed on 29 August 2014	3 months	A restraint is in place (as summarised below).
Robin Walter Smith	Group Financial Director	1 September 2005 and new agreement signed on 29 August 2014	3 months	A restraint is in place (as summarised below).
Wahid Suleiman Hamid	Non-executive Director	2 February 2014	None	No restraint
Sandeep Khanna	Non-executive Director	9 June 2014	None	No restraint
JP Landman	Independent Non-executive Director	1 January 2018	None	No restraint
Wendy Luhabe	Independent Non-executive Director	1 January 2018	None	No restraint
Phumzile Langeni	Independent Non-executive Director	1 January 2018	None	No restraint

Name	Position	Date of appointment in current role	Notice period	Restraint
Timothy Francis Judge	Group Senior Corporate Finance Executive	1 June 2009 and new agreement signed on 29 August 2014	3 months	No restraint
Peter Steyn Grobler	Group Technical and Manufacturing Executive	1 January 2011 and new agreement signed on 29 August 2014	3 months	No restraint
André Daniël Naude	Sales/Marketing and Strategic Planning Executive	1 June 2009 and new agreement signed on 29 August 2014	3 months	No restraint
Solach Pather	Group Financial Manager	20 November 2006 and new agreement signed on 29 August 2014	3 months	No restraint
Charl de Villiers	Senior Financial and Commercial Executive	1 October 2017	3 months	No restraint
Rufaro Dhlembeu	Group Financial Controller	27 September 2010 and new agreement signed on 29 August 2014	3 months	No restraint

The terms of the restraint of trade referred to in the table above restrict the following activities during the period of employment of the relevant Director and for a period of 36 months post-termination of employment:

- competing with the Group or being interested in any business which trades in any field of activity which is similar to any of the fields of activity of the businesses within the Group;
- attempting to solicit any business relating to such field of activity from or entice away from the Group and principal or customer of the Group; and
- persuading, inducing, encouraging or procuring any employee of the Group or any person who was an employee of the Group at any time during the previous months.

The restraint applies in every province of South Africa, every other territory in which the Group carries on business as at the date of termination of employment and any other territory which the Board has resolved the Group should enter within the period of the restraint, or which is recorded in the relevant board minutes as being under consideration by the Board.

The terms of the appointment letters in respect of each of the non-executive Directors and independent non-executive Directors are substantially similar. In summary, and amongst other things:

- such Directors are obliged to attend all scheduled and *ad hoc* board and committee meetings of committees of which they are members for the duration of their appointment and provide input commensurate with their level of skill and experience;
- such Directors are required to offer advice and provide support to the executive team of the Group and to allocate sufficient time to perform their duties as a member of the Board and any committees on which they serve;
- the Group pays an approved annual fee payable monthly which is subject to the approval of the Remuneration Committee, the Board and the shareholders on an annual basis; and
- Directors are required to comply with the Listings Requirements and will be required to comply with the Group's policies relating to dealing in securities.

2.4 Director's remuneration and benefits

None of the non-executive Directors (Wahid Suleiman Hamid and Sandeep Khanna) receive any salaries, service fees, bonuses, contributions to pension funds or other related benefits or remuneration from the Group. The total aggregate remuneration paid and benefits accrued to the executive Directors for the financial year ended 31 December 2017 is set out in the table that follows. Each of JP Landman, Wendy Luhabe and Phumzile Langeni were appointed with effect from 1 March 2018 and therefore no remuneration was paid, nor any benefits received, in 2017.

	Basic salary (cost to company)/ service fee (ZAR)	Bonuses and performance related payments (ZAR)	Contribution to pension funds (ZAR)	Other related benefits (ZAR)	Total (ZAR)
Andries Vlok van Rensburg	4 850 000	2 005 000	–	–	6 855 000
Robin Walter Smith	3 400 000	1 230 000	–	–	4 630 000
Wahid Suleiman Hamid	–	–	–	–	–
Sandeep Khanna	–	–	–	–	–
JP Landman	–	–	–	–	–
Wendy Luhabe	–	–	–	–	–
Phumzile Langeni	–	–	–	–	–
Total	**8 250 000**	**3 235 000**	**–**	**–**	**11 485 000**

The Directors do not receive sums by way of expense allowance, any material benefits not included in the above table, contributions under any pension scheme, any commission, gain or profit-share. The executive Directors do, however, receive benefits from the LTI Scheme.

No fees have been paid, accrued or are proposed to be paid to any third party *in lieu* of Directors' fees. Furthermore, no payment has been made to any Director or proposed director in the 3 years preceding the Last Practicable Date as an inducement to become a Director.

The remuneration payable to the Directors will not be varied as a consequence of the Listing. The remuneration payable to Directors is subject to annual review by the Remuneration Committee in December of every year.

The independent non-executive Directors are paid monthly service fees which are subject to the approval of the Remuneration Committee, the Board and the shareholders on an annual basis. The proposed remuneration and benefits to be paid to each of the Directors for the financial year ending 31 December 2018 is set out in the following table:

	Basic salary/ service fee (cost to company)/ service fee (ZAR)	Bonuses and performance related payments (ZAR)[2]	Contribution to pension funds (ZAR)	Other related benefits (ZAR)[3]	Total (ZAR)
van Rensburg	6 090 000[1]	–	–	310 000	**6 400 000**
Smith	4 270 000[1]	–	–	200 000	**4 470 000**
Wahid Suleiman Hamid	270 000	–	–	1 050 000[4]	**1 320 000**
Sandeep Khanna	270 000	–	–	650 000	**920 000**
JP Landman	270 000	–	–	240 000	**510 000**
Wendy Luhabe	270 000	–	–	310 000	**580 000**
Phumzile Langeni	270 000	–	–	260 000	**530 000**
Total	**11 710 000**	**–**	**–**	**3 020 000**	**14 730 000**

Notes:

1. Includes salary as well as directors fees of R270 000.
2. Bonuses are determined at the end of the financial year and have not been proposed as at the Last Practicable Date.
3. Other related benefits include remuneration payable as consideration for service on the committees of the Board, discussed in paragraph 5.4 of this Section 7 *("Management and Corporate Governance")*.
4. Includes a fee of R700 000 as consideration payable to the chairman of the Board.

In addition to the total remuneration packages, executive Directors and senior management of the Group participate in the LTI Scheme and the STI Scheme (as discussed in paragraph 3 of this Section 7 ("*Management and Corporate Governance*")).

No payments have been made to, or have been agreed to be paid to, any Director, or any company in which he/she has a beneficial interest, directly or indirectly, or of which he/she is a director ("**Associate Company**") or to any partnership, syndicate or other association of which he/she is a member ("**Associate Entity**"), either to introduce him/her to become, or to qualify him/her as a Director or otherwise for services rendered by him/her or the Associate Company or the Associate Entity in connection with the promotion or formation of the Company.

3. EMPLOYEE INCENTIVE SCHEMES

3.1 LTI Scheme

Libstar Operations established a long-term incentive scheme known as the Libstar Management Long Term Incentive Plan (the "**LTI Scheme**"), a share appreciation rights scheme involving the issue of notional appreciation units to eligible employees which are used to determine the value of a deferred cash bonus. No actual Ordinary Shares have been or will be issued under the LTI Scheme and no actual share options have been or will be granted to participants.

The rules of the LTI Scheme were approved on 7 December 2015 by the Remuneration Committee. The Rules of the LTI Scheme are available for inspection from the date of this Pre-listing Statement for a period of not less than 14 calendar days after the Closing Date at the Company's registered office, being 1st Floor, 62 Hume Road, Johannesburg, South Africa.

Purpose

The LTI Scheme is designed to be a value based incentive scheme which is cash-settled. The purpose of the LTI Scheme is to attract, retain, motivate and reward eligible employees who are able to influence the performance of the Group, on a basis which aligns their interests with those of the Shareholders.

Participants and basis of award

The LTI Scheme is a cash incentive scheme for which senior employees, middle management and specialists in the Group are eligible. In terms of the rules of the LTI Scheme, the term "*Eligible Employee*" means a senior employee of any member of the Group, including any present or future director holding salaried employment or office.

Administration

The LTI Scheme is administered by Libstar's Central Office in consultation with an independent remuneration consultant (OIM Group Proprietary Limited).

Awards and calculation of cash payments

Awards of units are made annually, effective 1 January, at the discretion of the Board and after the publication of the final financial statements for the prior year.

In 2017, the following awards had been made since inception of the LTI Scheme:

Year	Awards made
2016	47
2017	64

The number of units awarded to an eligible employee is based on the performance of both the executive and his/her specific Business Unit and is determined taking into account any bonus earned or received by the relevant eligible employee under the STI Scheme (the details of which are set out in paragraph 3.2 of this Section 7 ("*Management and Corporate Governance*")) in the preceding year, in accordance with a formula set out in the rules of the LTI Scheme.

The price of a unit is determined with reference to the value of an actual issued share in Libstar. The value of Libstar shares is determined annually (as at 31 December) by the Board.

Vesting

Participants in the LTI Scheme participate through the appreciation unit method. The units vest and are paid out in full after a period of 3 years.

Conditions of participation

The vesting of units is subject to the continued employment of the participant.

If a participant ceases to be employed by the Group by reason of a no-fault termination (death, injury, disability or ill health, dismissal based on operational requirements, retirement, the Business Unit by which the participant is employed ceasing to be a member of the Group or by mutual agreement) prior to the vesting and/or exercise of his/her units, the units available to vest in and/or be exercised by the participant shall vest and/or be exercised on the date of termination of employment and shall then be settled to the participant.

The number of units which may be settled to him/her is to be calculated in accordance with the following formula:

$$A \times \frac{B}{C}$$

Where:

A = the targeted number of units awarded;

B = the lesser of (a) number of completed calendar months which have elapsed from the award date to the date of termination of employment; and (b) 36 calendar months; and

C = 36 calendar months.

If a participant ceases to be employed by the Group by reason of a fault termination (i.e. termination of employment due to misconduct, poor performance or resignation), at any time prior to exercise, allocations which have not yet been exercised by him/her shall be cancelled, unless the Board determines otherwise, in which case the units available to be settled to him/her as determined by the Board shall be so settled.

Manner of settlement

The value that accrues to the participants of the LTI Scheme is equal to the growth (appreciation) in the value of the notional units at the end of the third anniversary of the effective date of the award. This value is paid out in cash.

Change of control

The allocation or awards of participants under the LTI Scheme shall continue to vest, be exercised and settled, subject to tax liability in accordance with the provisions of the rules of the LTI Scheme, unless a participant resigns within 1 year following the change of control, in which case such participant's awards shall be treated as if the termination of employment is a no-fault termination.

Liquidation

Upon involuntary liquidation of the Group, each participant shall have a claim against the Group in liquidation for all appreciation units, which shall have vested, been exercised or settled.

Amendments to the Rules

The board of directors of Libstar Operations is entitled to amend any of the provisions of the LTI Scheme; provided that no such amendments that negatively affects the allocations payable under the LTI Scheme and/or the awards of any participant may be effected without the prior written consent of the participant concerned. The board of directors of Libstar Operations may also terminate the LTI Scheme should it so resolve, subject to any existing allocations or awards.

3.2 **STI Scheme**

The STI Scheme is a bonus scheme that is focused on senior management across the Business Units as well as at Central Office level. Bonuses are paid to senior employees who have been invited to participate in the STI Scheme, and are based upon firstly, the financial performance of a particular Business Unit (rather than the financial performance of the Group) and secondly, the performance of that particular participant in the STI Scheme in the achievement of his/her performance indicators.

The rules applicable to the STI Scheme have not been formally documented. However, an arithmetic structure was developed for the calculation of bonuses under the STI Scheme (which structure was approved by the Remuneration Committee on 3 December 2010) and each individual Business Unit applies this structure to its own business annually in the calculation of bonuses.

Purpose

The key objective of the STI Scheme is to facilitate the attraction, retention and motivation of senior employees across the Business Units.

Administration

The STI Scheme is administered by the Remuneration Committee, in consultation with senior management from each Business Unit and is co-ordinated by an independent remuneration consultant.

Participants and basis of award

Participation in the STI Scheme is limited to senior employees of the Group who are nominated by the CEO of the relevant Business Unit. Nominations are made on an annual basis.

The following number of payments have been made to participants of the STI Scheme since inception of the scheme:

Year	Payments made
2010	33
2011	37
2012	52
2013	70
2014	117
2015	135
2016	160
2017	148

Payments and manner of settlement

Payments are calculated and paid to participants annually at the end of a financial year. Payments in terms of the STI Scheme are subject to the discretion of and final approval by the Directors as well as the Remuneration Committee. The Group aims to align payments with the CPG market practice, based on typical annual turnover, profit before tax, employee numbers and size of annual salary and wage bill.

Bonus payments for newly acquired businesses are capped, but the capping is removed when the Remuneration Committee is satisfied that company financial results and management practices have stabilised.

Calculation of STI payments

Financial targets are agreed for each Business Unit as part of the annual budgeting process. This includes, amongst others, EBITDA targets as well as net working capital days (debtors days, creditor days and working capital) targets that are utilised in the calculation of the STI bonuses.

STI bonuses are based on 2 components, namely achievement of agreed financial targets at Business Unit level (EBITDA and net working days capital targets), as well as achievement by STI participants of individualised employee performance indicators. The financial component is weighted at 60% of the eventual bonus, whilst employee performance indicators are weighted at 40%.

To qualify for payment of STI bonuses, the Business Unit of the participant must achieve at least 90% of its financial target. For the employee to qualify, he/she must achieve at least 50% of personal performance targets.

Conditions of participation

Eligible employees are nominated to participate in the STI Scheme by the Chief Executive Officer (or his/her equivalent) of the relevant Business Unit, or alternatively, by the Group Chief Executive in respect of Central Office employees whereafter nominations are scrutinised and accepted by the Remuneration Committee.

Limits and adjustments

Payment in respect of a financial year will be made in December of each year, based on estimates for EBITDA and net working capital days as at October and approved by the Remuneration Committee meeting late November or early December. Adjustments are made in the next bonus cycle for any variances based on actual financial results. These adjustments are calculated after the assessment of the annual audited financial results and may result in claw-backs where an amount representing any over-payment in the previous bonus cycle is deducted from the amount payable to a participant in the next bonus cycle, or alternatively top-up payments made by the Business Unit to a participant where an under-payment was made in the previous bonus cycle. Any such adjustments in respect of material variances in the actual financial results are given effect to at the end of the following bonus cycle.

Amendments to the STI Scheme

The design of the STI Scheme is subject to periodic review by the Remuneration Committee.

4. INTERESTS OF DIRECTORS

4.1 Directors' interests in shares

A number of the executive Directors, including Directors who were Directors in the 18 months preceding the Last Practicable Date, and their associates have direct and indirect holdings in the Ordinary Shares as set out in the following table:

	Direct shareholding in share capital of the Company	Indirect shareholding in share capital of the Company	
Name	**Number of Ordinary Shares held**	**Ordinary shares of no par value in Management Funding SPV[1]**	**Units in Ratchet Trust[2]**
Smith	4 581 417	6 775	11.1
van Rensburg	5 611 391	7 291	12.9
Timothy Francis Judge	559 502	1 075	8.4
Terrence William Millar (via the Terry Millar Family Trust)	16 373	–	4.4
Total	**10 768 683**	**15 141**	**36.8**

Notes:

1. The Management Funding SPV holds 2 349 038 Ordinary Shares.
2. The Ratchet Trust holds 1 000 000 A Preference Shares. The terms of the A Preference Shares and the Ratchet Trust are discussed in further detail in paragraph 2.4 of Section 10 ("*Additional Information*").

The shares in the Management Funding SPV were issued to Smith and van Rensburg on 12 January 2018. In addition to Smith and van Rensburg, who hold shares in the Management Funding SPV (as to 36.5% and 39.3% respectively), certain members of senior management in the Group hold an indirect interest in the Company through their shareholding in the Management Funding SPV. These are as follows: Shelley Ann Barnard (309 shares (1.7%)), Leon Hendrik Conradie (285 shares (1.5%)), Derek Alexander Couzens (313 shares (1.7%)), Rufaro Dhlembeu (370 shares (2.0%), Timothy Francis Judge (1 075 shares (5.8%), Reilly Wayne Keen (223 shares (1.2%)), André Daniël Naude (545 shares (2.9%)), Willem Bernard Pieterse (Jnr) (1 047 shares (5.7%)) and Richelieu van Schalkwyk (313 shares (1.7%).

Each of Smith and van Rensburg (both of whom are currently Directors) and Timothy Francis Judge and Terrence William Millar (via the Terry Millar Family Trust) (who were Directors in the last 18 months) hold units in the Ratchet Trust, as discussed further in paragraph 2.4 of Section 10 ("*Additional Information*").

Save for the interests disclosed or referred to in the table above, there are no direct or indirect beneficial interests of the Directors' (or their associates), including any Director who has resigned in the last 18 months, holdings in the share capital of the Company.

Save as disclosed above and in paragraph 2.4 of Section 10 ("*Additional Information*") read together with Annexure 9 ("*Selling Shareholders and Lock-Up Arrangements*"), there have been no changes in the direct or indirect beneficial interests of the Directors (or their associates) between the preceding financial year and the Last Practicable Date.

4.2 Directors' interests in the transaction

Smith and van Rensburg (both of whom are currently Directors) as well as Terrence Millar (via the Terrence Millar Family Trust) and Timothy Judge (who were Directors in the last 18 months) have a direct interest in the Offer for Sale. Smith, van Rensburg as well as Terrence Millar (via the Terry Millar Family Trust) and Timothy Judge have an indirect interest in the Offer and the Listing in that they hold units in the Ratchet Trust, which in turn holds the A Preference Shares which entitle the

Ratchet Trust to participate in a distribution if certain minimum financial targets are reached upon implementation of the Listing, as discussed in paragraph 2.4 of Section 10 ("*Additional Information*").

Save as disclosed above, none of the Directors (or any person who has resigned as a Director in the last 18 months) in any transactions of the Group during the current or immediately preceding financial year or during an earlier financial year which remains outstanding or unperformed.

5. CORPORATE GOVERNANCE

5.1 Regulatory landscape

The Company and its Directors are subject to the corporate governance and financial reporting requirements of the SA Companies Act, the Listings Requirements and the King Code.

5.2 Commitment and approach

The Board is responsible for ensuring that the Company complies with all of its statutory obligations specified in the MOI of the Company, the SA Companies Act, the Listings Requirements and all other regulatory requirements. The Board at all times acts in the best interest of the Company in ensuring an effective compliance framework, the integrity of its financial reporting and risk management, together with timely and transparent disclosures to Shareholders.

The Group is committed to the promotion of good corporate governance and to the principles of openness, integrity and accountability in its dealings with all its stakeholders. Libstar's values are aimed at building and maintaining a culture that promotes professional conduct, commitment, and open and honest communication. The Board endorses the King Code and recognises the need to conduct the affairs of the Company with integrity and in accordance with generally accepted corporate practices.

Following the conversion of the Company from a private company to a public company to be listed on the exchange operated by the JSE, the Directors have begun and will continue to pro-actively take steps to ensure full compliance with the Listings Requirements and the principles of the King Code. Further particulars of the Company's compliance with the King Code is set out in Annexure 18 ("*King IV Register*").

The Group's business is managed by the Directors, the executive management and senior employees of the Group and no third party is appointed under any contract or arrangement to manage any part of the business.

5.3 Board of Directors' practices

The Board takes overall responsibility for directing the Company and to achieve its strategic objectives, vision and mission. The primary responsibilities of the Board include, amongst other things, the following:

- approving the strategic direction of the Group;
- approving and reviewing budgets, business plans and policies;
- ensuring ethics are effectively managed;
- ensuring effective governance of risk;
- ensuring that the Group has an effective Audit and Risk Committee;
- retaining full and effective control of the Company;
- monitoring the activities of the executive management; and
- ensuring that Libstar complies with applicable laws, regulations and codes of business practice.

There exists a clear division of responsibilities at Board level that ensures a balance of powers and authority, such that no one individual has unfettered powers of decision-making. The executive Directors and executive management team are responsible for the day-to-day management of the Company's operations. In line with the Group's decentralised business model, the Board and the executive management team are supported by senior management teams from each of the Business Units.

Members of the Board are appointed by the Shareholders.

The Board also has the power to appoint additional Directors.

The Board has a minimum of 4 scheduled meetings per financial year, excluding any *ad hoc* meetings held to consider special business.

The Board is in the process of preparing a Board Charter regulating, amongst other things, the role and responsibilities of the chairperson, the lead independent director and the Board as a whole and has undertaken to adopt the Board Charter as soon as practicable after the Listing.

5.4 **Committees**

The Board has the following committees, namely an Audit and Risk Committee, a Social and Ethics Committee (previously called the environmental, social and governance committee), a Remuneration Committee, a Nomination Committee, an investment and strategy committee ("**Investment Committee**") and an IT Steering Committee.

5.4.1 Audit and Risk Committee

The Board has established an Audit and Risk Committee which is governed by section 94(7) of the SA Companies Act and the terms of reference of the Audit and Risk Committee.

The Audit and Risk Committee serves in an advisory capacity to the Board and assist the Directors to discharge their duties relating to the safeguarding of assets, the operation of adequate systems, financial risk management and controls, the review of financial information, and the preparation of annual financial statements and other manners incorporated in the annual report.

The Audit and Risk Committee is responsible for reviewing the year-end financial statements and recommending to the Board whether to adopt them, as well as:

- taking appropriate steps to ensure that the financial statements are prepared in accordance with IFRS and in the manner required by the SA Companies Act;
- considering and where appropriate, making recommendations on internal financial controls;
- ensuring that the Company has established and complies with appropriate financial reporting procedures, dealing with concerns or complaints relating to such procedures, accounting policies, internal audit, the auditing or content of annual financial statements and internal financial controls;
- reviewing the external audit reports on the annual financial statements;
- confirming the internal audit plan and ensuring that the risk management procedures are adequate;
- reviewing the internal audit findings and where relevant, making recommendations to the Board and evaluating the effectiveness of risk management;
- controlling the governance processes;
- verifying the independence of the external auditors;
- annually approving the audit fees and engagement terms of the external auditors, including a review of the appropriate documentation set out in the Listings Requirements to assess the suitability of the external auditors, determining the nature and extent of allowable non-audit services, and approving the contract terms for the provision of non-audit services by the external auditors of the Group;
- considering, on an annual basis, and satisfying itself of the appropriateness of the expertise, experience and performance of the Financial Director, and reporting to shareholders in the Company's annual report that the Audit and Risk Committee has executed this responsibility; and
- reviewing and reporting on the expertise, resources and experience of the Company's finance function.

The Audit and Risk Committee is also responsible for:

- monitoring the implementation of the Group's risk management policy and plan;
- recommending the levels of risk tolerance and appetite to the Board and monitoring that risks are managed within the acceptable levels;
- overseeing the integration of the risk management plan in day-to-day activities of the operations, and
- exchanging information relevant to financial controls and reporting.

The Audit and Risk Committee reports to the Shareholders in the annual report of the Company.

The Audit and Risk Committee is chaired by Phumzile Langeni, or such other chairperson as may be appointed by the Board and its other members are Sandeep Khanna and JP Landman.

The Audit and Risk Committee has a minimum of 2 scheduled meetings per financial year and last met in March 2018. Further meetings may be called by the chairperson of the Audit and Risk Committee or any other member of the committees, or at the instance of the internal or external auditors or the Board or the CFO, subject to the Audit and Risk Committee being in agreement with the circumstances giving rise to the request for such additional meetings.

5.4.2 *Remuneration Committee*

The mandate of the Remuneration Committee is to contribute to the long-term financial and commercial viability of the Group by reviewing and maintaining compensation policies and plans, to enable the Group to attract and retain employees, managers and executive Directors and maintain an effective Board.

The remuneration policy and related implementation report is tabled each year for separate non-binding advisory votes by Shareholders at the annual general meeting of the Company. The remuneration policy records the measures that the Board commits to take in the event that either the remuneration policy or the implementation report, or both, are voted against by 25% or more of the votes exercised by the Shareholders at the annual general meeting of the Company. The Company is aware that in the event that either the remuneration policy or the implementation report, or both, are voted against by Shareholders exercising 25% or more of the voting rights exercised, the Company must in its voting results announcements pursuant to section 3.91 of the Listings Requirements provide for (i) an invitation to dissenting Shareholders to engage with the Company, and (ii) the manner and timing of such engagement.

The role of the Remuneration Committee is to assist the Board to ensure that the remuneration philosophy is applied consistently throughout the Group, the Group remunerates Directors and executives fairly and responsibly and the disclosure of Director remuneration is accurate, complete and transparent.

It is the Remuneration Committee's responsibility to determine the remuneration, incentive arrangements and benefits of the executive Directors and executive management. The Remuneration Committee is responsible for ensuring that levels of remuneration are sufficient to attract, retain and motivate executives of the calibre required for high-level management as well as key personnel positions. It is also responsible for measuring the performance of the executive Directors in discharging their functions and responsibilities. The total remuneration packages of the executive Directors and senior management are subject to annual review and benchmarked against external market data.

The members of the Remuneration Committee are Wahid Hamid (chairperson), Sandeep Khanna, Wendy Luhabe and van Rensburg.

The Remuneration Committee has a minimum of 2 scheduled meetings per financial year and last met in March 2018.

5.4.3 *Social and Ethics* Committee

The Board has approved terms of reference for the Social and Ethics Committee which regulate the workings and the mandate of the Social and Ethics Committee.

In addition to performing the duties required to be undertaken by the Social and Ethics Committee pursuant to Regulation 43 of the SA Companies Act, the Social and Ethics Committee assists the Board with monitoring and reporting on social, ethical and transformational practices that are consistent with good and responsible corporate citizenship. The Social and Ethics Committee also reviews the Group's performance annually on performance areas relating to corporate social investment, stakeholder relations, broad-based black economic empowerment, labour relations and working conditions, employment equity, consumer relations and ethics, governance and compliance.

Wendy Luhabe, Leon Conradie, Peter Steyn Grobler, Terence Millar and Solach Pather are the members of the Social and Ethics Committee. The Social and Ethics Committee is chaired by Wendy Luhabe or such other chairperson appointed by the Board. The company secretary of the Company is the secretary of the Social and Ethics Committee.

The Social and Ethics Committee meets a minimum of 2 times per financial year and last met on 29 November 2017. *Ad hoc* meetings are held to consider special business, as required.

5.4.4 *Investment Committee*

The mandate of the Investment Committee is governed by terms of reference approved by the Board. The Investment Committee's key responsibilities include:

- advising executive management on acquisition, merger and disposal opportunities and all aspects of other material transactions not in the ordinary course of business, and matters related thereto;
- approving any recommendations or proposals made to the Board in relation to acquisition, merger and disposal opportunities or transactions; and
- fulfilling such additional functions that the Board may deem appropriate.

The Investment Committee does not have a formal meeting schedule and meets as often as is required or desirable, having regard to the matters that fall within its mandate. Meetings are scheduled by the chairman of the Investment Committee, in consultation with the CEO, or at the instance of the Board.

Sandeep Khanna, Wahid Hamid, van Rensburg, Smith and JP Landman are members of the Investment Committee, which is chaired by Sandeep Khanna. The members of the Investment Committee are appointed by the Board. The Investment Committee must have at least 3 members, of which 2 must be independent non-executives.

5.4.5 *Nomination* Committee

The mandate of the Nomination Committee is to contribute to the long-term financial and commercial viability of the Company by reviewing and maintaining with an appropriate composition to enable it to operate effectively. The role of the Nomination Committee is to:

- regularly review the Board structure, size and composition and make recommendations to the Board regarding any changes that are deemed necessary;
- ensure that Directors are appointed through a formal process, including identifying suitable members for the Board, performing reference and background checks of candidates prior to nomination, and formalising the appointment of directors through an agreement between the Company and the Director;
- ensure that the Board is comprised of persons from demographics that promote gender and race diversity and that this diversity is reported to Shareholders in the annual reports of the Group. The Board affirms the Company's commitment to ensuring that appointments to the Board are made with due regard to diversity in respect of the Company's transformation initiatives, specifically in terms of gender and race experience (acknowledging the need for an appropriate mix of qualifications, skills and experience across the Board). The Nomination Committee sets appropriate annual objectives to be adopted by the Board in order to achieve gender and race diversity, including the setting of voluntary targets with regard to the number of women and previously disadvantaged persons on the Board or involved with senior management of the Group, as well as the nature of the roles occupied by such persons;
- overseeing and ensuring that the induction and ongoing training and development of Directors takes place;
- ensuring that a mentorship programme is offered to Directors; and
- formal succession plans for the Board, the CEO and senior management are in place.

Sandeep Khanna, van Rensburg and Smith are members of the Nomination Committee, which is chaired by Sandeep Khanna.

5.4.6 *IT Steering Committee*

The role of the IT Steering Committee is to oversee the information technology for the Group.

5.5 Internal control systems

The Group has implemented systems of internal control which are designed to detect and minimise the risk of fraud, potential liability, loss and material misstatement. These systems also provide reasonable, but not absolute, assurance regarding compliance with statutory laws and regulations and the maintenance of proper accounting records. The Group makes use of various third party software systems (a number of which are outlined in paragraph 17.3 of Section 2 ("*Business Overview*"), to manage a range of operational and management systems and identify, amongst other things, health and safety and technical risks in the production facilities of the Business Units.

The purpose of the systems of internal control is to maintain a sound system of risk management and sustain an effective internal control environment, ensuring that the financial statements are honest and reliable, as well as to safeguard the Group's assets.

The Group also has certain cost control measures in place, including an independent internal audit function which reports directly to the Board. An internal audit plan is agreed on an annual basis and adapts a risk-based approach to key financial aspects impacting the Group.

5.6 Company secretarial function

Solach Pather has been appointed as company secretary of the Company and is appropriately empowered to fulfil duties with regard to assistance to the Board. Although Mrs Pather has been fulfilling the role of company secretary for several years, the Board formally appointed Mrs Pather by resolution on 16 April 2018 and confirmed that Mrs Pather is a suitably qualified, competent and experienced company secretary. The Board will confirm its satisfaction as to her competence, qualifications and experience on an annual basis. The company secretary of the Company is required to provide the Directors, collectively and individually, with guidance as to their duties, responsibilities and powers and is also required to ensure that the Directors are aware of all laws and legislation relevant to, or affecting the Company and reporting to any meetings, of the Shareholders of the Company or of the Directors, any failure on the part of the Company or a Director to comply with the MOI of the Company or the SA Companies Act.

The company secretary must certify in the Company's annual financial statements whether the Company has filed required returns and notices in terms of the SA Companies Act, and whether all such returns and notices appear to be true, correct and up to date, and ensure that a copy of the Company's annual financial statements is sent, in accordance with the SA Companies Act, to every person who is entitled to it. Furthermore, the company secretary is responsible for carrying out the functions of a person designated in its annual returns to ensure the Company's compliance with its transparency, accountability and integrity of requirements set out in sections 22 to 34 of the SA Companies Act, and the enhanced accountability and transparency requirements set out in Chapter 3 of the SA Companies Act, to the extent applicable. The company secretary is also required to ensure that minutes of all Shareholders' meetings, Directors' meetings and any committee meetings of the Directors are properly recorded in accordance with sections 24(d) and (e) and section 73 of the SA Companies Act.

SECTION 8: PARTICULARS OF THE OFFER

1. PURPOSE OF THE OFFER AND LISTING

The Company anticipates that the Listing will have the following benefits for the Group and its stakeholders:

- to facilitate the Selling Shareholders' exit from the Company;
- provide the Group with additional capital to repay outstanding debt owed under the Facilities;
- establish a platform from which equity capital may be raised in the future to facilitate further growth and potential value accretive acquisition opportunities;
- provide investors, both institutional and private, with an opportunity to participate in the income streams and future capital growth of the Group; and
- increase the public profile and transparency of the Group's businesses and thereby assist in unlocking new business opportunities, particularly internationally.

The Company will not receive any proceeds from the sale of the Sale Shares to be sold by the Selling Shareholders or Over-allotment Shares, if any to be sold by the Stabilisation Manager.

2. THE OFFER

The Offer comprises an Offer for Subscription by the Company and a concurrent Offer for Sale by the Selling Shareholders in terms of a private placement to the Offerees, to whom the Offer will specifically be addressed, of a minimum of 237 653 915 Offer Shares (based on a minimum free-float of 40% and an Offer Price at the mid-point of the Offer Price Range) to be placed within the Offer Price Range, subject to the fulfilment (or waiver, where capable, by the Company in its sole discretion) of the conditions precedent specified in paragraph 4 of this Section 8 ("*Particulars of the Offer*").

The Offer Shares comprise 105 263 158 new Subscription Shares and a minimum of 132 390 757 existing Sale Shares and will rank *pari passu* with all of the other issued Ordinary Shares (based on a minimum free-float of 40% and the mid-point of the Offer Price Range).

The Corporate Selling Shareholders will grant to the Stabilisation Manager an Over-allotment Option to purchase a minimum of 35 648 087 Over-allotment Shares (at the Offer Price), which may be used for the purposes of covering over-allotments before the end of the Stabilisation Period.

The Offer Shares will be issued in dematerialised form only and, accordingly, no physical Documents of Title will be issued or delivered to successful applicants.

The Company, the Selling Shareholders and the Joint Bookrunners have entered into the Sponsor and Placement Agreement in connection with the Offer, the details of which are set out in paragraph 11 of this Section 8 ("*Particulars of the Offer*"), and the Offer is conditional on, amongst other things, the Sponsor and Placement Agreement becoming unconditional and the JSE's approval of the Listing, failing either of which, the Offer and any acceptance thereof shall not be of any force or effect and no person shall have any claim whatsoever against the Company, any Selling Shareholder, any of the Joint Bookrunners or any other person as a result of the failure of any condition.

The Offer will consist of an offering to selected Offerees, to whom the Offer will specifically be addressed, and, accordingly, is not an invitation to the general public to subscribe for or purchase the Offer Shares.

3. TIME AND DATE OF OPENING AND CLOSING THE OFFER

The expected dates of certain important steps relating to the Offer and the Listing are as follows:

	2018
Opening date of the Offer on:	09:00 on Tuesday, 24 April
Publication of the Pre-listing Statement on:	Tuesday, 24 April
Release of the abridged Pre-listing Statement on SENS on:	Tuesday, 24 April
Publication of the abridged Pre-listing Statement in the press on:	Wednesday, 25 April
Expected last date and time for invited investors to submit their application forms to the Joint Bookrunners in order to be considered for participation in the Offer on:	14:00 on Thursday, 3 May
Expected Closing Date of the Offer on:	14:00 on Thursday, 3 May
Expected date for successful applicants to be advised of allocations on:	Friday, 4 May
Expected publication date of the final Offer Price and final number of Offer Shares released on SENS on:	Friday, 4 May
Expected date of results of the Offer published in the South African press on:	Friday, 4 May
Results of the private placement released on SENS on:	Friday, 4 May
Last date for successful investors to make payment for allocated shares on:	Wednesday, 9 May
Expected listing of Offer Shares on the JSE on:	09:00 on Wednesday, 9 May

Any changes to these dates and times will be announced on SENS.

4. CONDITIONS PRECEDENT TO THE OFFER AND LISTING

The Offer and Listing are subject to the fulfilment (or waiver, where capable, by the Company in its sole discretion) of the following conditions precedent:

- the Sponsor and Placement Agreement having become unconditional and not having been terminated;
- the approval for the Listing having been granted by the JSE and not been revoked or withdrawn; and
- as at the Listing Date, at least 20% of Company's Ordinary Shares being held by public shareholders, unless the JSE determines otherwise.

If the Offer Price is below the Offer Price Range for any reason, or if the Directors in their discretion determine that it would not be advisable to proceed, the Company shall not be obliged to proceed with the Offer but reserves the right to do so.

5. OFFER PRICE

It is currently estimated that the Offer Shares will be offered for subscription and sale pursuant to the Offer within the Offer Price Range. However, the Offer Price may be outside the Offer Price Range. The Offer Price will be exclusive of STT and will be payable in full in Rand without deduction or set-off. The Company will pay STT due on the transfer of any Sale Shares and Over-allotment Shares.

The Joint Bookrunners are seeking indications of interest from selected Offerees to subscribe for (in terms of subscriptions for Subscription Shares) and/or purchase (in terms of purchases of Sale Shares) the Offer Shares as part of a "book building" process. Offerees shall, in respect of South African investors, comprise of only persons falling within the ambit of section 96(1)(a) of the SA Companies Act, and, in respect of foreign investors, shall only comprise selected institutional investors in other jurisdictions, subject to certain conditions. Following this book building process, the Offer Price will be determined by the Joint Bookrunners and the Company either prior to, or on the Closing Date, and will be announced on SENS and in the South African Press on Friday, 4 May 2018. Any change to these dates and times will be announced on SENS.

Among the factors which may be considered by the Joint Bookrunners and the Company in determining the Offer Price are the prices at which investors bid to acquire the Offer Shares during the book building process and the desire to establish an orderly after-market in the Ordinary Shares.

6. TERMS, CONDITIONS AND PROCEDURES FOR ACCEPTANCE

6.1 Participation in the Offer

An Offeree wishing to participate in the Offer should contact the Joint Bookrunners prior to the Closing Date, which is expected to be on Thursday, 3 May 2018. Indications of interest for the Offer need to be submitted by 14:00 on the Closing Date. Such cut-off time is as specified in the "*Important Dates and Times*" Section on page 18 of this Pre-listing Statement. Any material change thereto will be announced on SENS.

Successful applicants are expected to be advised of their allocations of Offer Shares on Friday, 4 May 2018.

6.2 Representation

Any person applying for or accepting an offer of Offer Shares shall be deemed to have represented to the Company and the Joint Bookrunners that such person was in possession of a copy of this Pre-listing Statement at that time and was a person whose ordinary business or part of whose ordinary business, is to deal in securities, whether as principals or agents.

Any person applying for or accepting an offer of Offer Shares on behalf of another:

- shall be deemed to have represented to the Company and the Joint Bookrunners that such person is duly authorised to do so and warrants, to the extent applicable, that such person and the purchaser and/or subscriber for whom such person is acting as agent is duly authorised to do so in accordance with all relevant laws;
- guarantees the payment of the Offer Price;
- shall be deemed to confirm that a copy of this Pre-listing Statement was in the possession of the purchaser and/or subscriber for whom they are acting as agent; and
- shall, in relation to an application for Offer Shares, warrant that the purchaser and/or subscriber for whom such person is acting as agent is acting as principal.

6.3 Issue and allocation of Ordinary Shares

There are no conversion or redemption provisions relating to the Offer Shares.

All Ordinary Shares issued pursuant to the Offer will be allotted subject to the provisions of the MOI of the Company and will rank *pari passu* in all respects with the existing Ordinary Shares in issue.

In the event of an over-application for Offer Shares, the Joint Bookrunners, after consultation with the Company, will determine the basis for allocating the Offer Shares in accordance with the Listings Requirements. Factors to be considered in allocating Offer Shares include the JSE spread requirements and the need for promoting liquidity, tradability and an orderly after-market in the Offer Shares.

It is intended that notice of the allocations of Offer Shares will be given on Friday, 4 May 2018. Applicants may receive no Offer Shares or fewer than the number of Offer Shares for which they applied.

6.4 Dematerialisation of Offer Shares

The Offer Shares will be issued or transferred to the extent applicable, to successful applicants in dematerialised form only. Accordingly, all successful applicants must appoint a CSDP under the terms of the SA Financial Markets Act, directly or through a Broker, to receive and hold the Offer Shares on their behalf. Should a Shareholder require a physical share certificate for its Offer Shares, it will have to materialise its Offer Shares following the Listing and should contact its CSDP to do so. There are risks associated with holding shares in certificated form, including the risk of loss or tainted scrip, which is no longer covered by the JSE Guarantee Fund. All Shareholders who elect to convert their Dematerialised Shares into Certificated Shares will have to dematerialise their Offer Shares should they wish to trade them in accordance with the rules of Strate (see paragraph 10 of this Section 8 ("*Particulars of the Offer*")).

Each applicant's duly appointed CSDP or Broker will receive the Offer Shares in dematerialised form on its behalf against payment of the Offer Price by the applicant's CSDP, which is expected to occur on Wednesday, 9 May 2018.

6.5 Payment and delivery of Offer Shares

Each successful applicant must, as soon as possible after being notified of an allocation of Offer Shares, forward to:

- its CSDP, all information required by its CSDP and instruct its CSDP to pay, against delivery of the applicant's allocation of Offer Shares, the aggregate price for such Offer Shares to the account designated by the Company. Such information and instructions must be confirmed to the applicant's CSDP no later than 12:00 on Monday, 7 May 2018; and
- Standard Bank, details of its CSDP, the name of the account holder and number of Ordinary Shares to be acquired and such other information as is required by Standard Bank in order to effect delivery of the relevant Offer Shares. Such information must be confirmed to Standard Bank no later than 12:00 on Monday, 7 May 2018.

By no later than 09:00 on Wednesday, 9 May 2018, each applicant must place its funds with its CSDP or make other necessary arrangements to enable its CSDP to make payment for the allocated Offer Shares on the Settlement Date, in accordance with each applicant's agreement with its CSDP.

The applicant's CSDP must commit in Strate to the receipt of the applicant's allocation of Offer Shares against payment by no later than 12:00 on Wednesday, 9 May 2018.

On the Settlement Date (which is expected to be Wednesday, 9 May 2018), the applicant's allocation of Offer Shares will be credited to the applicant's CSDP or broker account against payment during the Strate settlement runs which occur throughout the day.

7. USE OF PROCEEDS

The gross proceeds receivable by the Company from the allotment and issue of the Subscription Shares are estimated to be approximately R1 500 000 000, before deducting commissions, fees and other Offer expenses, which are expected to amount to R73 250 000.

The Company intends to use the net proceeds received by it to repay a portion of the indebtedness outstanding under the Facilities (including Senior Facility E), thereby creating more flexibility for the Group to pursue its acquisitive and internal investment growth strategy.

On 28 February 2018, the Company declared a Pre-IPO Dividend of R800 000 000 to its Shareholders from contributed tax capital utilising the proceeds received from the partial repayment on an intra-group shareholder loan made by Libstar to Libstar Operations. Libstar Operations in turn funded such repayment through debt funding advanced by the Lenders (and Investec Asset Management Proprietary Limited (acting as agent for its clients)) under Senior Facility E. Further details of the additional Facilities (including Senior Facility E) and the intra-group loans are contained in Annexure 13 ("*Details of Material Third Party and Intra-Group Borrowings*").

8. EXCHANGE CONTROL REGULATIONS

Currency and shares are not freely transferable from South Africa and must be dealt with in terms of the Exchange Control Regulations as described more fully in Section 12 ("*Exchange Rates and Exchange Control*"). The Exchange Control Regulations also regulate the acquisition by former residents and non-residents of the Common Monetary Area of Offer Shares. Applicants who are resident outside the Common Monetary Area should seek advice as to whether any governmental and/or other legal consent is required and/or whether any other formality must be observed to enable an acceptance of the Offer.

9. APPLICABLE LAW

The Offer, applications, allocations and acceptances in terms thereof will be exclusively governed by the laws of South Africa, and each applicant will be deemed, by applying for Offer Shares, to have consented and submitted to the jurisdiction of the courts of South Africa in relation to all matters arising out of or in connection with the Offer.

10. STRATE AND TRADING OF SHARES ON THE JSE

Shares may only be traded on the JSE in electronic form (Dematerialised Shares) and will be trading for electronic settlement via Strate immediately following the Listing.

Strate is a system of "paperless" transfer of securities. If investors have any doubt as to the mechanics of Strate they should consult their Broker, CSDP or other appropriate adviser, and they are referred to the Strate website at http://www.strate.co.za. The contents of this website are not incorporated by reference and do not form part of this Pre-listing Statement and should not be relied upon for the purposes of forming an investment decision with respect to the Offer Shares. Some of the principal features of Strate are as follows:

- electronic records of ownership replace share certificates and physical delivery of certificates;
- trades executed on the JSE must be settled within 3 Business Days;
- all investors owning Dematerialised Shares or wishing to trade their securities on the JSE are required to appoint either a Broker or a CSDP to act on their behalf and to handle their settlement requirements; and
- unless investors owning Dematerialised Shares specifically request their CSDP to register them as an "own name" shareholder (which entails a fee), their CSDP's or Broker's nominee company, holding shares on their behalf, will be the shareholder of the relevant company and not the investor. Subject to the agreement between the investor and the CSDP or Broker (or the CSDP's or Broker's nominee company), generally in terms of the rules of Strate, the investor is entitled to instruct the CSDP or Broker (or the CSDP's or Broker's nominee company) as to how it wishes to exercise the rights attaching to the Offer Shares and/or to attend and vote at shareholders' meetings.

11. SPONSOR AND PLACEMENT AGREEMENT

11.1 Commissions

The total fees and commissions payable to the Joint Bookrunners pursuant to the Sponsor and Placement Agreement will comprise the following:

- a commission of 2% of the net proceeds received by the Company in respect of the Subscription Shares issued on Listing, to be paid by the Company on the Listing Date to the Joint Bookrunners in accordance with the proportions agreed between them; and
- a commission of 2% of the net proceeds received by the Selling Shareholders in respect of the Sale Shares sold on Listing, to be paid by the Selling Shareholders according to the number of Sale Shares sold by each of them on the Listing Date to the Joint Bookrunners in accordance with the proportions agreed between them (including any Over-allotment Shares sold by the Corporate Selling Shareholders under the Over-allotment Option).

The Sponsor and Placement Agreement also contemplates the potential payment of certain discretionary commissions by the Company and the Corporate Selling Shareholders of up to 1% of the proceeds from the Offer (inclusive of the proceeds from the Subscription Shares and the Sale Shares) payable to the Joint Bookrunners in a proportion that shall be determined by the Company and the Corporate Selling Shareholders.

11.2 Conditions

The Sponsor and Placement Agreement is subject to a number of conditions that are customary for an agreement of its nature, including, amongst other things, approval of this Pre-listing Statement by an agreed date, receipt of certain completed documents, no material adverse change having occurred and the Listing occurring by a particular date.

11.3 Termination

In addition, the Joint Bookrunners may, in their absolute discretion acting together and in good faith, and having consulted with the Company and the Corporate Selling Shareholders give notice to the Company and the Corporate Selling Shareholders to terminate the Sponsor and Placement Agreement (in the case of a notice given on or before Listing) or terminate the obligations of the Joint Bookrunners in relation to the Over-allotment Shares (in the case of a notice given after Listing). These conditions and circumstances relate to, amongst others, if:

- any statement contained in any offer document is or has become or has been discovered to be untrue, incorrect or misleading in any material respect;

- any matter has arisen which is materially adverse to the Company, the Group or the Offer and which would require the publication of a supplementary Pre-listing Statement;
- there has been a material breach by the Company or the Corporate Selling Shareholders of any of the representations, warranties or undertakings contained in the Sponsor and Placement Agreement;
- there has been a material adverse change or has been or is likely to be a material adverse change in the financial markets in South Africa, the United States, the United Kingdom or in any member or associate member of the European Union or the international financial markets such as to make it in the judgment of the Joint Bookrunners (acting jointly and in good faith) impracticable or inadvisable to proceed with the Offer or the delivery of the Offer Shares;
- the application for Listing is refused by the JSE or, in the judgement of the Sponsor acting in good faith in pursuance of its duties as sponsor and after consultation where reasonably practicable with the Company and the Corporate Selling Shareholders, will not be granted.

12. LISTING OF THE OFFER SHARES ON THE JSE

The JSE has granted the Company a listing in respect of all of its issued Ordinary Shares in the "*Food Products*" sector of the Main Board of the JSE under the share code "LBR", and ISIN: ZAE000250239, subject to the conditions precedent referred to in paragraph 4 of this Section 8 ("*Particulars of the Offer*") being fulfilled. The Listing is expected to be effective from the commencement of business on Wednesday, 9 May 2018. Securities for which Listing is sought will be fully paid up and freely transferable.

13. LOCK-UP ARRANGEMENTS

The Company has agreed to certain lock-up arrangements in the Sponsor and Placement Agreement. The Company will not be entitled to issue, sell, transfer or otherwise dispose of, any Ordinary Shares, or any economic interest therein, without the consent of the Joint Bookrunners (which may not be unreasonably withheld or delayed), for a period of 180 days following the Listing Date subject to customary exceptions. These exceptions permit the Company to transfer its Ordinary Shares in certain situations, including:

- the issue and offer by or on behalf of the Company of the Offer Shares; and
- the issue by the Company of any Ordinary Shares to the Corporate Selling Shareholders pursuant to the Interim Agreement.

In addition, each of Abraaj, Smith and van Rensburg have agreed that they will not, without the prior written consent of the Joint Bookrunners, sell, transfer or otherwise dispose of any Ordinary Shares, or any economic interest therein, for the Lock-up Period of 180 days following the Listing Date.

The lock-up arrangements for each of Abraaj, Smith and van Rensburg are subject to certain exceptions. These exceptions permit the parties who are subject to the lock-up to transfer their Ordinary Shares in certain situations, such as, amongst others:

- a disposal of Ordinary Shares or Over-allotment Shares made for the purposes of the Offer;
- any disposal notified in writing in advance to the Joint Bookrunners and the Company and to which the Joint Bookrunners have given their prior consent in writing;
- any disposal of Ordinary Shares pursuant to a scheme of reconstruction in relation to the Company;
- any disposal of Ordinary Shares pursuant to a compromise or arrangement the SA Companies Act providing for the acquisition by any person (or group of persons acting in concert) of 50% or more of the ordinary share capital of the Company);
- disposal by way of a gift to, amongst other persons, a family member or certain trustees of charitable trusts, subject to certain provisions; or
- any sale by a Corporate Selling Shareholder to its ultimate holding company or any of its Subsidiaries, or to any Subsidiary of its ultimate holding company, subject to certain provisions.

The remaining Management Shareholders besides Smith and van Rensburg (i) may elect to either not dispose of any of their Ordinary Shares on Listing or to dispose of the whole or a portion of their Ordinary Shares on Listing in accordance with Annexure 9 ("*Selling Shareholders and Lock-Up Arrangements*"), and (ii) will not be subject to any lock-up arrangements. Details of the Selling Shareholders and lock-up arrangements are also set out in Annexure 9 ("*Selling Shareholders and Lock-Up Arrangements*").

14. JOINT BOOKRUNNERS

Name:	J.P. Morgan Securities plc
Registration number:	2711006
Registered office:	25 Bank Street, Canary Wharf, London E14 5JP, United Kingdom
Directors:	Sir Winfried Bischoff (Chairman) Viswas Raghavan (Chief Executive Officer) Elena Korablina Daniel Pinto Laban Jackson Scott Moeller Jane Moran Monique Shivanandan Andrew Cox Mark Garvin Julia Meazzo Jason Sippel
Name:	The Standard Bank of South Africa Limited
Registration number:	1962/000738/06
Registered office:	9th Floor, Standard Bank Centre, 5 Simmonds Street, Johannesburg, South Africa, 2000
Directors:	TS Gcabashe (Chairman) SK Tshabalala (Chief Executive) A Daehnke RMW Dunne GJ Fraser-Moleketi H Hu GMB Kennealy BJ Kruger JH Maree NNA Matyumza KD Moroka ML Oduor-Otieno AC Parker ANA Peterside MJD Ruck PD Sullivan L Fuzile JM Vice L Wang

15. OVER-ALLOTMENT AND STABILISATION

In connection with the Offer, the Stabilisation Manager may, subject to law and only during the Stabilisation Period, over-allot Ordinary Shares or effect transactions which may support the market price of the Ordinary Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. Such stabilising action may under no circumstances continue beyond the Stabilisation Period. There is, however, no assurance that the Stabilisation Manager will undertake stabilisation actions. Such transactions may be effected on the JSE and will be carried out in accordance with applicable rules and regulations of the JSE. Such stabilisation, if commenced, may be discontinued at any time without prior notice and will in any event be discontinued after the Stabilisation Period. In terms of the Sponsor and Placement Agreement, the Corporate Selling Shareholders have granted the Stabilisation Manager the Over-allotment Option which is up to 15% of the final number of the Offer Shares and up to a minimum of 35 648 087 Ordinary Shares. In terms of the Stock Lending Agreement, the Corporate Selling Shareholders have also granted the Stabilisation Manager a stock loan for the same number of Ordinary Shares for the purpose of allowing the Stabilisation Manager to cover short positions resulting from any over-allotment and/or from sales of Ordinary Shares effected by it during the Stabilisation Period.

The terms of the Over-allotment Option and stablisation are regulated in terms of the Sponsor and Placement Agreement, as well as the Stock Lending Agreement.

16. MINIMUM SUBSCRIPTION

There is no minimum capital requirement to be realised by the Offer. The minimum subscription that must be realised by the Company is that which enables it to ensure (in conjunction with the Sale Shares sold by the Selling Shareholders) that the Company has, once the Offer is completed, such number and composition of shareholders as will enable it to meet the minimum free-float and shareholder spread requirements, as prescribed by the Listings Requirements and acceptable to the JSE.

The Listings Requirements provide that a minimum of 20% of the shares must be held by the public, as defined by the Listings Requirements. The Listing will not proceed if this minimum requirement is not achieved, and any acceptance of the Offer shall not take effect and no person shall have any claim whatsoever against the Company, the Selling Shareholders, the Joint Bookrunners or any other person as a result of the failure of any condition.

Notwithstanding the above, the Company is targeting such number and composition of shareholders as will enable it to meet a free-float of 40% (taking into account both the number of Sale Shares sold by the Selling Shareholders and the number of Subscription Shares issued by the Company on Listing). This targeted free-float is not a condition to Listing.

17. STATEMENTS AND REPORTS RELATING TO THE OFFER

17.1 Statement as to adequacy of capital

The Directors are of the opinion that the:

- working capital available to the Company and its Subsidiaries is adequate for the present requirements of the Company and, accordingly, for a period of 12 months from the date of issue of this Pre-listing Statement;
- the Company and its Subsidiaries will be able, in the ordinary course of business, to pay its debts;
- assets of the Company will be in excess of its liabilities, the assets and liabilities being recognised and measured in accordance with the accounting policies used in the latest audited annual financial statements for the year ended 31 December 2017; and
- stated capital and/or reserves are adequate for the ordinary purposes of the Company.

The application for Listing does not coincide, directly or indirectly, with the acquisition by the Company, or any of its Subsidiaries, of securities in, any other company.

17.2 Reports by Directors as to material changes

The Directors report that there have been no material changes in the financial and trading position or the assets and liabilities of the Company or any Subsidiary between 31 December 2017 and the Last Practicable Date other than the incurrence of additional debt funding by Libstar Operations under Senior Facility E, which was ultimately used to fund the Pre-IPO Dividend.

17.3 Statements as to no other Listing

The Company has not applied for a listing on any securities exchange other than the JSE and has accordingly never been refused a listing on any exchange nor had any such application for a listing been deferred.

17.4 Business undertakings to be acquired

As at the Last Practicable Date, the Company, and its Subsidiaries, have not identified any business undertaking which it will purchase directly or indirectly using the proceeds of the Offer, or any part of such proceeds, or any other funds.

17.5 Company's acquisition of Subsidiary/ies

As at the Last Practicable Date, no part of the proceeds of the Offer, whether directly or indirectly, will be used in a manner that results in the acquisition by the Company or any Member of the Group of securities of any other legal person, with the direct or indirect result that the other juristic person will become a Subsidiary of the Company.

17.6 **Reports by the Reporting Accountants of the Company**

The Report of Historical Financial Information of the Group as of 31 December 2017, 2016, 2015 and 2014 and for the years then ended included in Annexure 1 of this Pre-listing Statement have been reported on by KPMG's independent reporting accountant, as stated in their reports appearing in Annexure 2A ("*Independent Reporting Accountants' Report on the Historical Financial Information of the Group for the financial years ended 31 December 2016, 2015 and 2014*") and Annexure 2B ("*Independent Reporting Accountants' Report on the Historical Financial Information of the Group for the financial year ended 31 December 2017*").

The *pro forma* financial information of the Group included in this Pre-listing Statement is the subject of KPMG's independent reporting accountant's report also included in this Pre-listing Statement in Annexure 4 ("*Independent Reporting Accountant's Report on the Pro Forma Financial Information of the Group*").

The *Pro forma* Organic Revenue Growth of the Group included in this Pre-listing Statement is the subject of KPMG's independent reporting accountant's report also included in this Pre-listing Statement as Annexure 6 ("*Independent Reporting Accountant's Report on the Report of the Pro Forma Organic Revenue Growth of the Group*").

The Adjusted ROIC in this Pre-listing Statement is the subject of KPMG's independent reporting accountant's report also included in this Pre-listing Statement as Annexure 8 ("*Independent Reporting Accountant's Report on the Adjusted Return on Tangible Invested Capital of the Group"*).

18. ADDITIONAL FINANCIAL INFORMATION

The *Pro forma* financial information for the Company, the preparation of which is the responsibility of the Directors, is presented in Annexure 3 ("*Pro Forma Financial Information of the Group*") Pre-listing Statement.

The *Pro forma* Financial Information should be read in conjunction with the Independent Reporting Accountants' Report thereon as presented in Annexure 4 ("*Independent Reporting Accountants' Report on the Pro Forma Financial Information of the Group*").

The *Pro forma* Financial Information has been prepared for illustrative purposes only and, because of its nature, may not fairly present the Company's financial position, changes in equity or results of operations, nor the effect and impact of the Offer going forward.

The Independent Reporting Accountants have provided confirmation to the JSE that they have reviewed this Pre-listing Statement and that the content hereof is not contradictory to any of the information contained in any of their reports.

SECTION 9: SELLING AND TRANSFER RESTRICTIONS

The distribution of this Pre-listing Statement and the Offer for Subscription and Offer for Sale of Offer Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this Pre-listing Statement comes should inform themselves about and observe any such restrictions, including those in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. No action has been taken or will be taken in any jurisdiction that would permit a public offering or sale of the Offer Shares, or possession or distribution of this Pre-listing Statement or any other offering or publicity material relating to the Offer Shares, in any country or jurisdiction where action for that purpose is required.

None of the Offer Shares may be offered for subscription, sale or purchase or be delivered, or be subscribed, sold or delivered, and this Pre-listing Statement and any other offering material in relation to the Offer Shares may not be circulated, in any jurisdiction where to do so would breach any securities laws or regulations of any such jurisdiction or give rise to an obligation to obtain any consent, approval or permission, or to make any application, filing or registration.

AUSTRALIA

This Pre-listing Statement and the Offer is only made available in Australia to persons to whom a disclosure document is not required to be given under Chapter 6D of the Australian Corporations Act, 2001 (Cth) ("**Australian Corporations Act**"). This Pre-listing Statement is not a prospectus, product disclosure statement or any other form of formal "disclosure document" for the purposes of the Australian Corporations Act, and is not required to, and does not, contain all the information which would be required in a disclosure document under the Australian Corporations Act. If you are in Australia, this offering memorandum is made available to you provided you are a person to whom an offer of securities can be made without a disclosure document such as a professional investor or sophisticated investor for the purposes of Chapter 6D of the Australian Corporations Act.

This Pre-listing Statement has not been and will not be lodged or registered with the Australian Securities and Investments Commission or Australian Stock Exchange or any other regulatory body or agency in Australia.

The persons referred to in this Pre-listing Statement may not hold Australian financial services licences and may not be licenced to provide financial product advice in relation to the securities. No "cooling-off" regime will apply to an acquisition of any interest in the Company.

Any securities issued upon acceptance of the Offer may not be offered for sale or transferred to any person located in, or a resident of, Australia for a period of at least 12 months after the issue, except in circumstances where the person is a person to whom a disclosure document is not required to be given under Chapter 6D of the Australian Corporations Act. Accordingly, each investor acknowledges these restrictions and, by applying for the securities under this Pre-listing Statement, gives an undertaking not to sell these securities (except in the circumstances referred to above) for 12 months after their issue.

CANADA

The Offer Shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or sub-section 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Offer Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Pre-listing Statement (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts ("**NI 33-105**"), the Underwriters

are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

DUBAI INTERNATIONAL FINANCIAL CENTRE

This Pre-listing Statement relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("**DFSA**"). This Pre-listing Statement is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this Pre-listing Statement nor taken steps to verify the information set forth herein and has no responsibility for the Pre-listing Statement. The shares to which this Pre-listing Statement relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers and subscribers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this Pre-listing Statement you should consult an authorised financial adviser. In relation to its use in the Dubai International Financial Centre ("**DIFC**"), this Pre-listing Statement is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the Offer Shares may not be offered or sold directly or indirectly to the public in the DIFC.

EEA

This Pre-listing Statement has been prepared on the basis that all offers of the Offer Shares will be made pursuant to an exemption under the Prospectus Directive, as implemented in Member States of the EEA, from the requirement to produce a prospectus for offers of the Offer Shares. Accordingly, any person making or intending to make any offer within the EEA of Offer Shares which are the subject of the private placement contemplated in this Pre-listing Statement should only do so in circumstances in which no obligation arises for the Company or the Joint Bookrunners to produce a prospectus for such offer. Neither the Company nor the Joint Bookrunners have authorised, nor do they authorise, the making of any offer of Offer Shares through any financial intermediary, other than offers made by the Joint Bookrunners that constitute the final placement of Offer Shares contemplated in this Pre-listing Statement.

In relation to each relevant Member State, an offer to the public of any Offer Shares which is the subject of the Offer contemplated by this Pre-listing Statement may not be made in that relevant Member State except that an offer to the public in that Relevant Member State of any Offer Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that relevant Member State:

- to any legal entity that is a Qualified Investor as defined in the Prospectus Directive;
- by the Joint Bookrunners to fewer than 150, natural or legal persons (other than Qualified Investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Joint Bookrunners; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Offer Shares shall require the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any Offer Shares in any relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offer and any Offer Shares to be offered so as to enable an investor to decide to subscribe for or purchase any Offer Shares, as the same may be varied in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measure in the relevant Member State.

JAPAN

The Offer Shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No 25 of 1948, as amended; the "**FIEA**"). Accordingly, the Offer Shares may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No 228 of 1949, as amended)), or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

SOUTH AFRICA

In South Africa, the Offer will only be made by way of private placement to, and be capable of acceptance by, persons falling within the exemptions set out in section 96(1)(a) of the SA Companies Act and to whom the Offer will be specifically addressed and will only be capable of acceptance by such addressees ("**Qualifying Investors**") and this Pre-listing Statement is only being made available to such Qualifying Investors. The Offer and the Pre-listing Statement do not constitute an offer for the sale of or subscription for, or the solicitation of an offer to buy and to subscribe for, shares to the public as defined in the SA Companies Act and will not be made or distributed, as applicable, to any person in South Africa in any manner which could be construed as an offer to the public in terms of the SA Companies Act. Should any person who is not a Qualifying Investor receive this Pre-listing Statement they should not and will not be entitled to acquire any Offer Shares or otherwise act thereon. This Pre-listing Statement does not, nor is it intended to, constitute a prospectus prepared and registered under the SA Companies Act. The information contained in this Pre-listing Statement constitutes factual information as contemplated in section 1(3)(a) of the SA FAIS Act and should not be construed as an express or implied recommendation, guidance or proposal that any particular transaction in respect of the Offer Shares is appropriate to the particular investment objectives, financial situations or needs of a prospective investor, and nothing in this Pre-listing Statement should be construed as constituting the canvassing for, or marketing or advertising of, financial services in South Africa.

SWITZERLAND

The Offer Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("**SIX**") or on any other stock exchange or regulated trading facility in Switzerland. This Pre-listing Statement has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland.

Neither this Pre-listing Statement nor any other offering or marketing material relating to the Offer Shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland. Neither this Pre-listing Statement nor any other offering or marketing material relating to the Offer, the Company or the Offer Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this Pre-listing Statement will not be filed with, and the offer of Ordinary Shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA ("**FINMA**"), and the offer of Shares has not been and will not be authorised under the Swiss Federal Act on Collective Investment Schemes ("**CISA**"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Offer Shares.

UNITED KINGDOM

This Pre-listing Statement is only addressed to and directed at persons in the United Kingdom that Qualified Investors as defined in the Prospectus Directive who are (i) persons who have professional experience in matters relating to investments falling within article 19(5) of the UK FPO, (ii) persons who are high net worth entities falling within article 49(2)(a) to (d) of the UK FPO, or (iii) other persons to whom they may otherwise lawfully be communicated (all such persons together being referred to as "**relevant persons**"). This Pre-listing Statement must not be acted on or relied on by persons in the United Kingdom who are not relevant persons. Any investment or investment activity to which this Pre-listing Statement relates is available only in the United Kingdom to relevant persons and will be engaged in only with such persons.

UNITED STATES OF AMERICA

Selling restrictions

The Offer Shares have not been and will not be registered under the US Securities Act and, subject to certain exceptions, may not be offered or sold within the United States.

The Offer Shares are being offered and sold outside of the United States in reliance on Regulation S. The Sponsor and Placement Agreement provides that the Joint Global Co-ordinators may, directly or through their respective US broker-dealer affiliates, arrange for the offer and resale of the Offer Shares within the United States only to persons reasonably believed to be QIBs in reliance on Rule 144A or pursuant to another exemption from, or in transactions not subject to, the registration requirements of the US Securities Act. In addition, until 40 days after the commencement of the offering of the Offer Shares an offer or sale of the

Offer Shares within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

Transfer restrictions

Each purchaser of Offer Shares within the United States pursuant to Rule 144A will be deemed by its acceptance of delivery of this Pre-listing Statement to have represented, agreed and acknowledged on its behalf and on behalf of any investor accounts for which it is subscribing for or purchasing the Offer Shares as follows:

- it (a) is a QIB; (b) is aware, and each beneficial owner of such Offer Shares has been advised, that the sale of Offer Shares to it is being made in reliance on Rule 144A; (c) is acquiring such Offer Shares for its own account or for the account of a QIB; and (d) is aware that the Offer Shares are "restricted securities" within the meaning of the US Securities Act and may not be deposited into any unrestricted depository facility, unless at the time of such deposit such Offer Shares are no longer restricted securities under the US Securities Act;
- it is aware that the Offer Shares have not been and will not be registered under the US Securities Act and are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the US Securities Act;
- it understands and agrees that the Offer Shares may not be offered, sold, pledged or otherwise transferred except: (a) to a person whom the seller and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A; (b) outside the United States in accordance with Rule 903 or 904 of Regulation S; (c) pursuant to an exemption from registration under the US Securities Act provided by Rule 144 (if available); (d) pursuant to any other exemption from the registration requirements of the US Securities Act; or (e) pursuant to an effective registration statement under the US Securities Act, in each case, in accordance with any applicable securities laws and regulations of any state or territory of the United States or any other jurisdiction;
- any offer, sale, pledge or other transfer made other than in compliance with the above stated restrictions shall not be recognised by the Company in respect of the Offer Shares; and
- it acknowledges that the Company, the registrars, the Joint Global Co-ordinators, their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Offer Shares for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Prospective investors are hereby notified that sellers of the Offer Shares may be relying on the exemption from the provisions of section 5 of the US Securities Act provided by Rule 144A.

SECTION 10: ADDITIONAL INFORMATION

1. NAME, ADDRESS AND INCORPORATION

The Company was incorporated under the name "Main Street 1242 Proprietary Limited" on 13 February 2014 with registration number 2014/032444/07. It changed its name to "Libstar Holdings Proprietary Limited" on 1 October 2014. It recently changed its name to "Libstar Holdings Limited" on 12 April 2018 and was converted from a private company to a public company with effect from 12 April 2018 with registration number 2014/032444/06.

The Company's registered office and the address of its Transfer Secretaries are set out in the "*Corporate Information and Advisers*" Section on page 8 of this Pre-listing Statement.

The name, date and place of incorporation of each of the Subsidiaries of the Company are set out in Annexure 10 ("*Details of Subsidiaries, Directors and Other Directorships*").

The names and business addresses of the Joint Bookrunners, the Sponsor, Independent Reporting Accountants, Auditors, Legal Advisors, Transfer Secretaries and Company Secretary are set out in the "*Corporate Information and Advisers*" Section on page 8 of this Pre-listing Statement.

2. SHARES OF THE COMPANY

2.1 Authorised and issued shares

The numbers of authorised and issued shares of the Company as at the Last Practicable Date and after the Listing are set out in the table below:

Class of shares	Authorised	Issued prior to Offer[1]	Issued after Offer[2]	Stated capital
Ordinary Shares	10 000 000 000	561 921 408	667 184 566[4]	R4 187 179 498.86
A Preference Shares[3]	1 000 000	1 000 000	1 000 000[3]	R100

Notes:

1. The information in the table above takes into account the effects of the BEE Transaction, further details of which are set out in Annexure 17 *("Salient Features of the BEE Transaction")*.
2. Assuming a full subscription under the Offer for Subscription, at the midpoint of the Offer Price Range.
3. The A Preference Shares will remain in place following Listing, unless there is an "exit event" whereby the aggregate shareholding of the Abraaj Consortium falls below 26% of the aggregate Ordinary Shares in issue. This is discussed in further detail in paragraph 2.4 below. In addition, the JSE will not permit any further A Preference Shares to be issued.
4. This number takes into account the Ordinary Shares issued to the ESOP SPV or the BDT SPV pursuant to the BEE Transaction.

Whether and to what extent the issued Shares will reduce pursuant to the Offer depends on (i) the number of Ordinary Shares sold by the Selling Shareholders pursuant to the Offer for Sale, and (ii) the dilution of the Selling Shareholders' shareholding pursuant to the Offer for Subscription, which will only be determined following the bookbuild.

The Company is in the process of implementing the BEE Transaction and in order to give effect thereto, the Company has, amongst other things, entered into subscription agreements with the ESOP SPV and the BDT SPV in terms of which the Company agreed to issue 39 334 499 Ordinary Shares (representing 7% of the entire issued Ordinary Shares at the Last Practicable Date) to the ESOP SPV and 33 715 284 Ordinary Shares (representing 6% of the entire issued Ordinary Shares at the Last Practicable Date) to the BDT SPV as part of the BEE Transaction. The Ordinary Shares issued by the Company to the ESOP SPV and the BDT SPV will be accounted for as treasury shares. Further details of the BEE Transaction are set out in Annexure 17 ("*Salient Features of the BEE Transaction*").

2.2 Issue of shares

Annexure 16 ("*Issues and Repurchases of Shares*") contains details of the allotments, issues and offers of Shares by the Company and its Subsidiaries which have taken place in the 3 years preceding the Last Practicable Date. Other than the issues referred to in Annexure 16 ("*Issues and Repurchases of Shares*"), no shares have been issued by the Company or by any of its major Subsidiaries in the 3 years preceding the Last Practicable Date.

In terms of the SA Companies Act, the authorised but unissued Ordinary Shares are under the control of the Directors, and the Directors are accordingly able to issue Ordinary Shares subject only to the limitations contained in the SA Companies Act, the MOI of the Company and the Listings Requirements.

On 13 April 2018, the Shareholders of the Company granted the Board a general authority to issue Ordinary Shares for cash (including within the scope of such authority the ability to issue options and securities (including any convertible preference shares in the authorised capital of the Company) that are convertible into ordinary shares), subject to the provisions of the MOI of the Company and the Listings Requirements, which authority shall endure until the first annual general meeting of the Company held after the Listing or 15 months from the date of the resolutions. The general authority to issue these securities was granted on *inter alia* the following basis:

- the Ordinary Shares which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such shares or rights that are convertible into a class of shares already in issue;
- there will be no restrictions in regard to the persons to whom the shares may be issued, provided that such shares are to be issued to "public shareholders" and not to "related parties" (as such terms are defined by the Listings Requirements);
- the total aggregate number of Ordinary Shares which may be issued for cash in terms of this authority may not exceed 15% of the aggregate number of Ordinary Shares expected to be in issue upon the Listing;
- the maximum discount at which the Ordinary Shares may be issued is 10% of the weighted average traded price of those shares over the 30 Business Days prior to the date that the price of the issue is determined or agreed to between the Company and the party/ies subscribing for the Ordinary Shares; and
- upon any issue of ordinary shares which, together with prior issues of Ordinary Shares during the same financial year, will constitute 5% or more of the total number of Ordinary Shares in issue prior to that issue, the Company shall publish an announcement in terms of the Listings Requirements, giving full details thereof.

2.3 Authority to repurchase shares

On 13 April 2018, the Shareholders of the Company granted the Board a general authority to repurchase shares for cash (either directly or through a Subsidiary), subject to the provisions of the MOI of the Company and the Listings Requirements, which authority shall endure until first annual general meeting of the Company held after the Listing or 15 months from the date of the resolutions. The general authority to repurchase shares was granted on *inter alia* the following basis:

- any acquisition of Ordinary Shares shall be purchased through the order book of the trading system of the JSE, and done without any prior understanding or arrangement between the Company and/or the relevant Subsidiary and the counterparty;
- repurchases of shares in aggregate in any financial year may not exceed 20% (or 10% where the repurchase is effected by a Subsidiary) of the Company's issued Ordinary Share capital as at the date of adoption of the resolution;
- repurchases must not be made at a price greater than 10% above the weighted average of the market value of the Ordinary Shares for the 5 Business Days immediately preceding the date on which the transaction is effected;
- the Board shall be required to pass a resolution authorising the repurchase and confirming that all solvency and liquidity requirements have been met and that there have been no material changes to the financial position of the Group; and
- an announcement complying with the Listings Requirements must be published by the Company or its Subsidiary (i) when the Company and/or its Subsidiary/ies have cumulatively repurchased 3% of the Ordinary Shares in issue as at the date of the Listing, and (ii) for each 3% in the aggregate of the initial number of Ordinary Shares acquired thereafter by the Company and/or its Subsidiaries.

2.4 A Preference Shares, the Ratchet Trust and funding by the Abraaj Consortium

The A Preference Shares were authorised in 2014 following the 2014 Reorganisation and issued to the Ratchet Trust on 29 November 2017. The A Preference Shares are held 100% by the Ratchet Trust, a unitised vesting trust established for the benefit of certain members of management of the Group. The members of management who hold an interest in the Ratchet Trust are as follows: van Rensburg (as to 12.9%), Smith (as to 11.1%), Andre Daniël Naude (as to 8.4%), Peter Steyn Grobler (as to 8.4%), Timothy Francis Judge (as to 8.4%), Solach Pather (as to 5.8%), Rufaro Dhlembeu (as to 4.6%), Terrence Millar (as to 4.4%), Luciano Previtera (as to 6.7%), Antonio Coelho Amaro (as to 5.3%), Paul Jibson (as to 5.3%), Michele Mirotto (as to 3.1%), Craig Henry (as to 5.6%), Leon Conradie (as to 3.0%), Charl Benjamin de Villiers (as to 1.5%), Cornel Lodewyks (as to 3.5%) and Daniel Jacobs (as to 2.0%).

The A Preference Shares are profit sharing instruments and have no voting rights, other than a general voting right entitling the holders to vote on amendments to the rights, preference and limitations of the A Preference Shares themselves. The A Preference Shares will not give rise to a dilution of the Ordinary Shares.

The A Preference Shares entitle the Ratchet Trust to a distribution which becomes payable by Libstar upon occurrence of an "exit" event, which constitutes a transaction or corporate action resulting in (i) the shareholding of the Abraaj Consortium reducing below 26% of the aggregate Ordinary Shares (including as a consequence of any transaction or public offering on the JSE or any other securities exchange), or (ii) all or the greater part of the assets or undertaking of the Group are disposed of as contemplated in section 112 of the SA Companies Act ("**Exit**").

The terms of the A Preference Shares provide that if the Abraaj Consortium realises certain Minimum Financial Targets (as defined below) pursuant to an Exit, the Ratchet Trust will be entitled to a distribution which is payable by the Company within 30 days of the date on which an Exit is implemented (being the date upon which the consideration in respect of the Exit is paid in full, unless a portion of the consideration is deferred in which case the Abraaj Consortium and the Ratchet Trust will determine how the deferred consideration will be taken into account in determining the Ratchet Trust's distribution participation) ("**Exit Date**").

On 9 April 2018, the Abraaj Consortium entered into the Interim Agreement (discussed in detail in paragraph 3 of Annexure 15 ("*Material Contracts*")), in terms whereof Abraaj and the PIC (as the members of the Abraaj Consortium) have agreed to fund the distribution payable by the Company to the Ratchet Trust by each subscribing for 1 additional Ordinary Share for an aggregate subscription price equal to the amount of the distribution payable by the Company to the Ratchet Trust (if any) and each at a subscription price *pro rata* to their shareholding in the Company, subject to and immediately before the distribution becomes payable to the Ratchet Trust. The Company will accordingly not incur any liability under the A Preference Shares.

Furthermore, in response to a court application that was instituted on 20 April 2018 against Abraaj, amongst others, by Waco International Holdings Proprietary Limited and its shareholders (of which Standard Bank is a minority shareholder), which seeks to ensure that none of the proceeds raised by Abraaj through the Listing are released, Abraaj has determined not to proceed with a sale of such number of Ordinary Shares under the Sale that would trigger an Exit until such matter is resolved. Abraaj has undertaken not to sell such number of Ordinary Shares as will result in its shareholding, together with the shareholding of the PIC (collectively, Abraaj and PIC constituting the Abraaj Consortium), reducing below 26% of the Ordinary Shares in issue (including those Ordinary Shares issued pursuant to the BEE Transaction) at an Offer Price that would give rise to an obligation on the Abraaj Consortium to fund the distribution payable by the Company to the Ratchet Trust, in circumstances where it would not be able to discharge its obligations to the Company under clause 7 of the Interim Agreement. Assuming an Offer Price at the mid-point of the Offer Price Range, the shareholding of the Abraaj Consortium in such circumstances would be 29.2% of the Ordinary Shares in issue, excluding Ordinary Shares issued pursuant to the BEE Transaction, after the completion of the Offer but before the placement of the Over-allotment Shares. This would result in a maximum free float after the completion of the Offer of 57.8% and a maximum free float after the completion of the Offer and the placement of all of the Over-allotment Shares of 66.4%, in both cases assuming the Management Shareholders retain an aggregate shareholding of 4.4% of the aggregate Ordinary Shares in issue (based on an Offer Price at the mid-point of the Offer Price Range and excluding the Ordinary Shares issued to the ESOP SPV and the BDT SPV pursuant to the BEE Transaction) following the completion of the Offer. The Company has also been named as a respondent in the application against Abraaj; however, the Directors believe that the matter does not concern Libstar and will have no impact on the Company or the Listing except as contemplated above.

The amount of the distribution payable to the Ratchet Trust is calculated in accordance with a formula set out in clause 3 of Annexure B of the MOI of the Company, as set out below:

$$G = [A – (B \times C) + (D \times C)] \times F$$

Where:

A = Total Receipts (but excluding cash received in the form of interest, loan repayments and/or distributions paid to the Abraaj Consortium as holder of the Ordinary Shares and any other shares and/or shareholders loans held by it in the Group between the Closing Date and the Exit Date (collectively, the "**Interim Payments**"), expressed in ZAR;

B = Total Investment expressed in ZAR;

C = the percentage of the Abraaj Consortium's total Ordinary Shares that are disposed of pursuant to the Exit;

D = Interim Payments received by the Abraaj Consortium between the Closing Date and the Exit Date;

E = (A + (D x C))/(B x C), calculated in accordance with the principles relating to the calculation of MoC, provided that if the Exit is a Full Exit and the Exit Date falls after the first anniversary of the Closing Date but prior to the fourth anniversary of the Closing Date, E shall, instead be calculated as follows: E = (MoC – 1) x (5/the number of completed years between the Closing Date and the Exit Date) + 1 ("**Extrapolated MOC**");

F = the percentage calculated in accordance with the following formula:

F = (E – 2.0)* 10%

Provided that if the ZAR MoC exceeds 3.0x, F shall be fixed at 10%;

G = the cumulative ZAR distribution participation of the holder of the A Preference Shares.

For purposes of this paragraph 2.4 and elsewhere in this Pre-listing Statement, the following words and expressions bear the meanings assigned to them below:

"**Abraaj Co-Investor**"	means entities which become co-investors with Abraaj in the Company pursuant to co-investment arrangements arising from such co-investors' participation in one or more of the Abraaj funds and/or strategic relationships with the Abraaj Group and to which Abraaj may transfer its Ordinary Shares in accordance with the relevant provisions of the Shareholders Agreement (including any company established by such Abraaj Co-Investor for purpose of such Abraaj Co-Investor's investment in the Company);
"**Abraaj Consortium**"	means, collectively, Abraaj, the Abraaj Co-Investors and any entities to which Shares may be transferred by them in terms of the relevant provisions of the Shareholders Agreement, including the PIC;
"**Closing Date**"	means 1 October 2014;
"**Measurement Date**"	means at least 5 Business Days before the Exit Date;
"**Minimum Financial Targets**"	means a MoC of at least 1.5x in USD and 2.0x in ZAR;
"**MoC**"	means the Abraaj Consortium's Total Receipts divided by the Abraaj Consortium's Total Investment, calculated in accordance with the formula specified for determining E. For this purpose, MoC will be calculated on the Measurement Date in USD and ZAR on a cash in cash out basis (converted from USD into ZAR and *vice versa* on payment or receipt at the applicable rate at which such conversion was effected or, in the absence of any such conversion, the mid-market USD/ZAR spot rate applicable on the date of payment or receipt (as applicable) and, in the case of payments to be effected on or after the Exit Date, at the applicable forward USD/ZAR rate as at the Exit Date;
"**Shareholders Agreement**"	means the shareholders agreement first entered into between Abraaj and the remaining shareholders of the Company, as amended or replaced from time to time;
"**Total Investment**"	means without double counting, the total amount invested by the Abraaj Consortium in the Group, including without limitation (i) Ordinary Shares and any other shares and/or shareholders' loans subscribed for or advanced to the Group from time to time (ii) any funding advanced by the Abraaj Consortium directly and/or indirectly to the Group from time to time; and (iii) all third party costs incurred by the Abraaj Consortium in relation to the 2014 Reorganisation transaction and the investment by the Abraaj Consortium in the Group including, without limitation, all costs related to due diligence investigations, legal and any other advisory fees.

"**Total Receipts**"	means without double counting, all cash actually received or to be received by the Abraaj Consortium in respect of its Total Investment (for the avoidance of doubt, the cash actually received or to be received will be net of any amounts actually withheld by the Group in accordance with applicable tax legislation, including without limitation, cash received in the form of interest, loan repayments and/or distributions paid to the Abraaj Consortium as holder of Ordinary Shares and any other shares and/or shareholders loans held by it in the Group, and/or any proceeds from the disposal of all or part of the Ordinary Shares and any other shares and/or shareholders loans held by it in the Group, including any fees payable to any member of the Abraaj Consortium from time to time in terms of the Shareholders Agreement.

On the Measurement Date, Abraaj will provide the Ratchet Trust with a certificate setting out the basis for calculating the MoC (or Extrapolated MoC as applicable) in USD and ZAR to be realised upon an Exit Date as well as the cumulative ZAR distribution participation of the Ratchet Trust as calculated in accordance with the formula.

The A Preference Shares do not entitle the Ratchet Trust to any of the surplus assets of the Company on a winding-up or liquidation or to participate in the profits or the assets of Libstar other than upon the occurrence of an Exit. However, the A Preference Shares rank in priority to any payment in respect of the Ordinary Shares in respect of the repayment of the issue price paid up thereon.

The A Preference Shares are expected to remain as part of the Company's authorised and issued share capital after the Listing. The Company intends to redeem or repurchase the A Preference Shares at nominal value in due course after the payment of the Exit distribution, if any, or in the event that an Exit occurs but the Minimum Financial Targets for an Exit distribution are not achieved. The Company has discretion to redeem the A Preference Shares in terms of the rights attaching to the A Preference Shares.

2.5 Alterations to authorised and issued shares

On 9 April 2018, the Shareholders approved the following changes to the Ordinary Share capital:

- the shareholders of the Company approved the subdivision of each Ordinary Share into 125 Ordinary Shares such that, following the Subdivision, the Company had an authorised Ordinary Share capital consisting of 1 250 000 000 Ordinary Shares and an issued Ordinary Share capital consisting of 488 871 625 Ordinary Shares; and
- the shareholders of the Company approved an increase in the number of authorised Ordinary Shares by 8 750 000 000 Ordinary Shares such that the number of authorised Ordinary Shares is 10 000 000 000 Ordinary Shares.

Aside from these alterations and the share issues and repurchases referred to in Annexure 16 ("*Issues and Repurchases of Shares*"), there have been no other alterations in the authorised shares of the Company in the 3 years prior to the Last Practicable Date.

2.6 Voting, variation, conversion of rights and other rights of shareholders

The provisions of the MOI of the Company relating to the voting rights and variation of rights attaching to Ordinary Shares are summarised in Annexure 11 ("*Summaries of MOIs of Libstar and Libstar Operations*").

There are no conversion or exchange rights to Ordinary Shares, nor do any Shareholders have any redemption rights or preferential rights to profits or capital.

The rights of Shareholders to participate in dividends, rights to profits or capital, including the rights of Shareholders on liquidation or distribution of capital assets of the Company, are determined by the MOI of the Company and the relevant summaries thereof are set out in Annexure 11 ("*Summaries of MOIs of Libstar and Libstar Operations*").

2.7 Dividend policy

The Company has an initial target dividend pay-out ratio of 30-40% of *pro forma* profit after tax. The amount, timing and frequency of future dividends will be at the sole discretion of the Board and will be function of the profitability, growth opportunities and strategy of the Group.

2.8 Options or preferential rights in respect of shares

A number of the Management Shareholders were granted put options (with corresponding call options in favour of the Company) to require the Company to repurchase their Ordinary Shares at various times and at various prices, all pursuant to the Shareholders Agreement. All of these put options have been fully implemented prior to the Listing, details of which are included in Annexure 16 ("*Issues and Repurchases of Shares*"). There are no further options or preferential rights in respect of shares in place in respect of the Company.

Save as contemplated above, there is no contract or arrangement, nor has any been proposed, whereby any option or preferential right of any kind has been or will be given to any person to subscribe for any shares in the Company or any of its major Subsidiaries.

3. MAJOR SHAREHOLDERS OF LIBSTAR

3.1 Share ownership

As at the Last Practicable Date, to the best of the Directors' knowledge and belief, the following Shareholders have direct beneficial interests in 5% or more of the issued shares of the Company:

Ordinary Shareholder	Number of Ordinary Shares held prior to Offer	Percentage of Ordinary Shares owned
Abraaj	345 873 992	61.55%
PIC	94 393 121	16.80%

The A Preference Shares are held 100% by the Ratchet Trust, as discussed in paragraph 2.4 of this Section 10 ("*Additional Information*").

3.2 Controlling shareholder

As at the Last Practicable Date, Abraaj was the controlling Shareholder of the Company, holding 61.55% of the Ordinary Shares.

Whether and to what extent Abraaj's and PIC's shareholding will reduce pursuant to the Offer depends on (i) the number of Ordinary Shares sold by Abraaj and PIC pursuant to the Offer for Sale, and (ii) the dilution of Abraaj's and PIC's shareholding pursuant to the Offer for Subscription, which will only be determined following the bookbuild.

3.3 Shareholders Agreement and Interim Agreement

The shareholders' agreement in respect of Libstar will terminate on and with effect from 23 April 2018 pursuant to the Interim Agreement.

4. BEE TRANSACTION

Libstar has recently introduced an employee share scheme and a BEE development scheme. Further particulars of the BEE Transaction are set out in Annexure 17 ("*Salient Features of the BEE Transaction*").

It has been agreed that the shareholding of the Management Shareholders will not be diluted pursuant to the implementation of the BEE Transaction. To achieve this, Abraaj and the PIC have entered into and implemented a sale of shares agreement with the Management Shareholders in terms of which, Abraaj and PIC agreed to sell a portion of their Ordinary Shares to each of the Management Shareholders proportionate to their respective existing shareholdings in the Company. The purchase price payable by each of the Management Shareholders in respect of such transfer of shares is nil and, following the sale, each Management Shareholder holds the number of shares indicated in Annexure 9 ("*Selling Shareholders and Lock-Up Arrangements*").

5. MATERIAL LEASE PAYMENTS, COMMITMENTS AND CONTINGENT LIABILITIES

Details regarding the Company's lease payments and commitments are set out in Annexure 13 ("*Details of Material Third Party and Intra-Group Borrowings*"). The Group has a master instalment sale agreement in place with each of Standard Bank and Nedbank pursuant to which certain of the Business Units enter into leases to finance the acquisition of equipment. The details of these master instalment sale agreements are set out below and in Annexure 13 ("*Details of Material Third Party and Intra-Group Borrowings*").

There are 2 material finance leases in place pursuant to the master instalment sale agreements, as follows:

- a finance lease in respect of Finlar's chicken facility in an aggregate amount of R57 911 089.80, repayable in 59 equal monthly payments of R965 184.83 each. Interest on the facility accrues at 0.5% below the prime lending rate of Standard Bank. The finance lease will be fully repaid in January 2023; and
- a finance lease in respect of an upgrade to Amaro Foods' wrap facility in an aggregate amount of R16 783 295.40, repayable in 60 monthly instalments of R279 721.59. Interest on the facility accrues at 10.25% per annum. The finance lease will be fully repaid in December 2022.

Aside from these finance leases, the Company has no material contingent liabilities or material lease payments.

6. MATERIAL CONTRACTS

As at the Last Practicable Date, other than:

- the Sponsor and Placement Agreement;
- the agreements relating to material acquisitions and disposals in the 2 years prior to the Last Practicable Date as set out in Annexure 14 ("*Material Acquisitions and Disposals*");
- the Common Terms Agreement and finance arrangements summarised in Annexure 13 ("*Details of Material Third Party and Intra-Group Borrowings*");
- the contracts summarised in Annexure 15 ("*Material Contracts*"); and
- the contracts giving effect to the BEE Transaction to which Libstar is a party as summarised in Annexure 17 ("*Salient Features of the BEE Transaction*"),

there are no material contracts entered in to by the Company or its major Subsidiaries or by any other Subsidiary where it is material to the Company. A "material contract" in this context includes any restrictive funding arrangements and/or contracts entered into (whether verbally or in writing) otherwise than in the ordinary course of business carried on, or proposed to be carried on, by the Company or its Subsidiaries (i) during the 2 years preceding the Last Practicable Date, or (ii) at any time but containing an obligation or settlement that is material to Libstar or its major Subsidiaries or any other Subsidiary where it is material to the Company as at the date of this Pre-listing Statement.

As at the Last Practicable Date, neither Libstar nor its major Subsidiary have entered into any agreements relating to the payment of technical, administrative or secretarial fees.

Save as disclosed in paragraph 8.2.1 of Section 2 ("*Business Overview*") neither Libstar nor its major Subsidiary have entered into any agreements in terms of which royalties are payable.

7. MATERIAL CHANGES

The Directors report that there have been no material changes in the financial and trading position or the assets and liabilities of Libstar or any Subsidiaries between 31 December 2017 and the Last Practicable Date, other than the incurrence of additional debt funding by Libstar Operations under Senior Facility E which was ultimately used to fund the Pre-IPO Dividend.

There have been no material changes in the business of Libstar during the past 5 years.

8. GOVERNMENT PROTECTION OR INVESTMENT ENCOURAGEMENT LAWS

The Company does not benefit from any significant government protection or investment encouragement law.

9. MATERIAL LOANS, LOAN CAPITAL AND INTER-COMPANY BALANCES

Save as set out in Annexure 13 ("*Details of Material Third Party and Intra-Group Borrowings*"), there are no material third party or intra-group borrowings as at the Last Practicable Date.

10. PRINCIPAL IMMOVABLE PROPERTY OWNED OR LEASED

As at the Last Practicable Date the Group owns over 10 immovable properties and has over 60 lease agreements in place. Details of the immovable properties owned and leased by the Group are set out in Annexure 12 ("*Details of Immovable Properties owned or leased by the Group*"). In April 2018, the Group

undertook a number of intra-group transactions to transfer all owned immoveable properties into the name of Libstar Properties. These transactions are summarised in paragraph 2 of Annexure 15 ("*Material Contracts*"). The transactions have been substantially implemented and formal transfer of the immoveable properties is in the process of being completed in the Deeds Office. In addition, the Group is in the process of transferring all lease agreements entered into by the respective Business Units into the name of Libstar Operations.

None of the Directors had any material interest in any of the immovable properties owned by the Group.

11. MATERIAL ACQUISITIONS AND DISPOSALS

Although certain of the lease agreements to which certain Business Units are a party contain rights of first refusal (as summarised in Annexure 12 ("*Details of Immovable Properties owned or leased by the Group*")), there are no options to acquire immovable property and other properties in the nature of a fixed asset by the Company and its major Subsidiary or any Subsidiary where such acquisition would be material to the Group.

The application for Listing does not coincide, directly or indirectly, with the acquisition by the Company, its major Subsidiary or any of its Subsidiaries where such acquisition would be material to the Company, of securities in or of the business undertaking of any other company, in consequence of which that company or business undertaking will become a Subsidiary of or part of the business of Libstar.

The Group has disposed of 3 businesses in the 3 years preceding the Last Practicable Date, being (i) the disposal of the business of La Femme to Premier Foods, (ii) the disposal of the business of African Pride Wines to the executive management of African Pride Wines, and (iii) the disposal of certain assets owned by Noodle Master relating to the production of noodles to Kellogg Tolaram South Africa Proprietary Limited.

Further particulars regarding material acquisitions and disposals made by the Group within the 3 years preceding the Last Practicable Date is set out in Annexure 14 ("*Material Acquisitions and Disposals*"). In respect of each of the material acquisitions disclosed in Annexure 14 ("*Material Acquisitions and Disposals*"):

- no vendor has guaranteed the book debts of the material assets acquired by the Group;
- the agreements in respect of which the material assets were acquired contain warranties that are normal for transactions of their nature;
- there are no liabilities for accrued taxation that will be settled in terms of the agreements;
- save for the acquisition of the material assets, the Group has not purchased any other securities in any company or other entity that will be accounted for as a subsidiary;
- no promoter or Director (or any partnership, syndicate or other association in which a promoter or Director had an interest) had any beneficial interest, direct or indirect, in any transaction relating to any of the material assets;
- save as otherwise expressly contemplated, no cash or securities have been paid or any benefit given within the 3 preceding years of this Pre-listing Statement or is proposed to be paid or given to any promoter (not being a Director); and/or
- all of the assets acquired have been transferred into the name of the Company or its Subsidiaries, as applicable, and none of these assets have been ceded or pledged in favour of any person, save as otherwise contemplated in Annexure 13 ("*Details of Material Third Party and Intra-Group Borrowings*").

In certain cases, the transaction documents giving effect to the material acquisitions contain certain restraint or non-compete provisions which have been highlighted in Annexure 14 ("*Material Acquisitions and Disposals*").

12. COMMISSIONS PAID OR PAYABLE IN RESPECT OF UNDERWRITING

No commissions, discounts, brokerages or other special terms have been granted by the Company in the 3 years preceding the Last Practicable Date in connection with the issue or sale of any shares save for the commissions payable in connection with the Offer in terms of the Sponsor and Placement Agreement, a summary of which is as set out in paragraph 11.1 of Section 8 ("*Particulars of the Offer*").

13. INTERESTS OF DIRECTORS AND PROMOTERS

Save as set out in Annexure 16 ("*Issues and Repurchases of Shares*"):

- neither the Company nor any of its major Subsidiaries nor any other person has paid any amounts nor agreed to pay any amounts in the 3 years preceding the Last Practicable Date to any Directors or to a related person, or to any company of which a Director is also a director, or in which Directors are beneficially interested, directly or indirectly (the "**associate company**") or to any partnership, syndicate or other association of which the Directors are members (the "**associate entity**"), in cash or in securities or otherwise, either as an inducement to become or to qualify a person as a Director or for services rendered by Directors or by the associate company or associate entity in connection with the promotion or formation of the Company. For the purposes of this paragraph, Director includes a reference to the directors of the Subsidiaries;
- no Director or promoter of the Company has any material beneficial interest, either direct or indirect, in (i) the promotion of the Company; (ii) any property proposed to be acquired by the Company out of the proceeds of the Offer; or (iii) any property acquired or proposed to be acquired by the Company or any of its major Subsidiaries in the 3 years immediately preceding the Last Practicable Date; and
- no Director or promoter of the Company has been a member of a partnership, syndicate or other association of persons that had such an interest nor has any cash or securities been paid or any other benefit given to any promoter in the aforementioned 3-year period.

14. AMOUNTS PAID OR PAYABLE TO PROMOTERS

No amount has been paid or proposed to be paid in the 3 years preceding the Last Practicable Date to any promoter, or to any partnership, syndicate or other association of which that promoter is or was a member, nor has any cash or security been paid nor proposed, nor any other benefit given nor proposed to any such promoter, partnership, syndicate or other association in the aforementioned 3-year period.

15. LISTING ON THE JSE

The JSE has granted the Company a listing in respect of all of the Company's issued Ordinary Shares in the "*Food Products*" sector of the Main Board of the JSE under the share code "LBR", and ISIN: ZAE000250239.

As of the date of the Listing, the Company will be required to comply with the Listings Requirements.

16. LOANS TO DIRECTORS AND MANAGERS

The Group has not made any material loans to Directors and managers, nor has it furnished any security to or for the benefit of any Director or manager as at the Last Practicable Date.

17. LITIGATION

There are no legal or arbitration proceedings (including any such proceedings that are pending or threatened) of which the Group is aware, which may or may have had, in the 12 months prior to the Last Practicable Date, a material effect on the financial position of the Company.

18. VENDORS

The only material assets purchased by the Company and its major Subsidiaries from vendors in the 3 years preceding the Last Practicable Date are as set out in Annexure 14 ("*Material Acquisitions and Disposals*").

19. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, whose names are set out in paragraph 1.1 of Section 7 ("*Management and Corporate Governance*"), have considered all statements of fact and opinion in this Pre-listing Statement in relation to the Company and its business and:

- collectively and individually, accept full responsibility for the accuracy of the information given; and
- certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading and all reasonable enquiries to ascertain such facts have been made; and
- have been advised that this Pre-listing Statement contains all information required by law and the Listings Requirements.

20. ESTIMATED EXPENSES OF THE OFFER AND LISTING

As at the Last Practicable Date, the estimated expenses of the Listing and Offer (exclusive of VAT) are as follows:

Nature of expense	Payable to	Estimated amount (R'000)
Joint Bookrunners	J.P. Morgan	12 000
	Standard Bank	18 000
South African Legal Advisors to Libstar	Cliffe Dekker Hofmeyr	6 500
US and English Legal Advisors to Libstar	Clifford Chance LLP	7 650
Auditors to Libstar	Moore Stephens	5 500
Independent Reporting Accountants	KPMG	8 100
South African Legal Advisors to the Joint Bookrunners	Webber Wentzel	2 500
US and English Legal Advisors to the Joint Bookrunners	Linklaters LLP	6 800
Transfer secretaries	Computershare	500
Listing fees	JSE	650
Documentation inspection fees	JSE	101
Printing, publication and distribution costs	Ince	300
Total estimated expenses and fee		73 250[1]

Note:

1. Please see the note 5 on page 261 pertaining to the costs of the Offer and the Listing in Annexure 3 ("*Pro Forma Financial Information of the Group*").

No preliminary expenses have been incurred in relation to the Listing, and the table above represents the total estimated cost of the Listing.

Disclosure of conflict:

The Standard Bank of South Africa Limited

Shareholders are advised that Standard Bank has been appointed as Joint Global Co-ordinators and Joint Bookrunners and Sponsor in relation to the Listing and are referred to in the "*Estimated Expenses of the Offer and Listing*" above which sets out fees payable to Standard Bank in respect of the Listing.

In its capacity as Sponsor, Standard Bank has confirmed to the JSE and to Libstar that there is no matter that would impact on its ability to exercise reasonable care and judgement to achieve and maintain independence and objectivity in professional dealings in relation to Libstar, and that would impact on its ability to act within the Code of Conduct as set out in the Listings Requirements. Standard Bank's JSE and regulatory team is a separate and distinct unit within the larger Standard Bank Corporate Finance Division comprising of its own dedicated team members.

Standard Bank has various internal procedures in place to ensure that its ability to act independently as JSE Sponsor, is not compromised. Pursuant to these internal procedures, Standard Bank has a Compliance Control Room function that identifies and manages conflicts risks and ensures that strict "Chinese Walls" are maintained to ensure that as JSE sponsor, it is able to act independently from other divisions within Standard Bank. Standard Bank also enforces and implements physical and logical access restrictions to information, which is limited to deal teams for whom the information is relevant, for the purpose of fulfilling the client mandate.

21. CONSENTS

The Independent Reporting Accountants whose reports are included as Annexure 2A ("*Independent Reporting Accountants' Report on the Historical Financial Information of the Group for the financial years ended 31 December 2016, 2015 and 2014*"), Annexure 2B ("*Independent Reporting Accountants' Report on the Historical Financial Information of the Group for the financial year ended 31 December 2017*"), Annexure 4 *("Independent Reporting Accountants' Report on the Pro Forma Financial Information of the Group")*, Annexure 6 ("*Independent Reporting Accountants' Report on the Report of the Pro Forma Organic Revenue Growth of the Group*") and Annexure 8 ("*Independent Reporting Accountant's Report on the Adjusted Return on Tangible Invested Capital of the Group*") have given and have not, prior to publication, withdrawn their written consent to the inclusion of their reports in the form and context in which they appear. A written consent under the JSE Listing Rules is different from a consent filed in the US Securities and Exchange Commission under section 7 of the US Securities Act. As the Offer Shares have not been and will not be registered under the US Securities Act, KPMG has not filed a consent under section 7 of the US Securities Act.

Each of the advisers, whose names appear in the "*Corporate Information and Advisers*" Section on page 8 of this Pre-listing Statement, have consented in writing to act in the capacities stated and to their names appearing in the Pre-listing Statement, and have not withdrawn their consent prior to the publication of the Pre-listing Statement.

22. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company and at the Johannesburg offices of Standard Bank at the addresses given in the "*Corporate Information and Advisers*" Section of this Pre-listing Statement, during normal office hours from the date of issue of this Pre-listing Statement for a period of not less than 14 calendar days after the Closing Date:

- a signed copy of this Pre-listing Statement;
- the MOI of the Company and Libstar Operations;
- the Sponsor and Placement Agreement;
- the Material Contracts;
- the reports of the Independent Reporting Accountants, which are included in Annexure 2A ("*Independent Reporting Accountants' Report on the Historical Financial Information of the Group for the financial years ended 31 December 2016, 2015 and 2014*"), Annexure 2B ("*Independent Reporting Accountants' Report on the Historical Financial Information of the Group for the financial year ended 31 December 2017*") Annexure 4 ("*Independent Reporting Accountants' Report on the Pro Forma Financial Information of the Group*"), Annexure 6 ("*Independent Reporting Accountants' Report on the Report of the Pro Forma Organic Revenue Growth of the Group*") and Annexure 8 ("*Independent Reporting Accountant's Report On the Report of the Adjusted Return on Tangible Invested Capital of the Group*");
- the audited consolidated financial statements of the Company for the years 31 December 2014, 31 December 2015, 31 December 2016 and 31 December 2017, as reproduced in Annexure 1 ("*Report of Historical Financial Information of the Group for the financial years ended 31 December 2017, 2016, 2015 and 2014*");
- the *Pro forma* Financial Information in respect of the Group for the year ended 31 December 2017, as reproduced in Annexure 3 ("*Pro Forma Financial Information of the Group*");
- copies of the service contracts of the executive Directors of the Company and its major Subsidiaries;
- the written consents of the advisers of the Company to being named as acting in the stated capacity in the "*Corporate information and Advisers*" Section on page 8 of this Pre-listing Statement and the use of their names in this Pre-listing Statement;
- the written consents of the Independent Reporting Accountants to being named as acting in the stated capacity in the Section entitled "*Corporate information and Advisers*", the use of their names in this Pre-listing Statement and the inclusion of their reports herein. A written consent under the JSE Listing Rules is different from a consent filed in the US Securities and Exchange Commission under section 7 of the US Securities Act. As the Offer Shares have not been and will not be registered under the US Securities Act, KPMG has not filed a consent under section 7 of the US Securities Act;
- the rules of the LTI Scheme; and
- the rules of the Employee Share Scheme and the BEE Development Scheme.

SECTION 11: TAXATION

1. SOUTH AFRICAN TAXATION

1.1 General

This summary of certain material South African tax consequences only deals with initial purchasers of Offer Shares that are SA Holders and Non-SA Holders (as defined below), and that will hold the Offer Shares as capital assets. As used herein the term "**SA Holder**" means a "shareholder" who is: (i) a natural person ordinarily resident in South Africa; (ii) a natural person not ordinarily resident in South Africa but whose physical presence reckoned as a number of days during specified periods in South Africa exceeds certain prescribed thresholds or (iii) a person, other than a natural person, which is incorporated, established or formed in South Africa or which has its place of effective management in South Africa. The term does not include a non-natural person incorporated, established or formed in South Africa, if that person is deemed to be exclusively the resident of another country for purposes of the application of any agreement entered into between South Africa and that other country for the avoidance of double taxation. The term "**Non-SA Holder**" means a "shareholder" other than a "SA Holder". In general, a "shareholder" means the registered shareholder in respect of a share or, where some person other than the registered shareholder is entitled to all or part of the benefit of the rights of participation in the profits, income or capital attaching to that share, that other person to the extent of that entitlement. Prospective purchasers with questions regarding their status as either South African residents or shareholders should consult their tax advisers.

The following paragraphs contain a general summary of South African tax implications. The tax analysis is therefore not comprehensive or determinative and should not be regarded as tax advice given by the Company or any of its advisers to the Offer.

The summary of South African tax consequences set out below is for general information only. All prospective purchasers and subscribers should consult their tax advisers as to the particular tax consequences to them of owning the Ordinary Shares, including the applicability and effect of other tax laws and possible changes in tax law.

1.2 Dividends

A "dividend" is defined as any amount transferred or applied by a company for the benefit of any shareholder by virtue of any share held by that shareholder in that company, whether by way of a distribution, or as consideration for the acquisition of any share in that company. The "dividend" definition contains 4 exclusions. Firstly, amounts resulting in a reduction of contributed tax capital ("**CTC**") will not constitute dividends. Secondly, dividends will not include capitalisation awards. Thirdly, an open market purchase (i.e. general repurchase) by a listed company of its own shares on the exchange operated by the JSE will not constitute a dividend. Fourthly, dividends will not include redemptions of a participatory interest in a foreign collective investment scheme (specifically stated in the "**foreign dividend**" definition).

CTC, in its basic form, will comprise amounts received by or accrued to a company as consideration for the issue of its shares. This would therefore typically be stated capital (excluding any portion thereof which comprises capitalised reserves).

In general, dividends paid by the Company will be exempt from South African income tax in their hands. The position of the non-SA Holders will also depend on the tax legislation in which they are tax resident.

1.3 Dividends tax

DWT is a withholding tax imposed on dividends paid to shareholders.

DWT is imposed in respect of any dividend paid by a company and is levied at a rate of 20%. Subject to certain administrative requirements, this rate may be reduced to as low as 5% under the provisions of certain double tax agreements. In addition, the DWT legislation includes a number of exemptions, including exemptions for dividends declared to a company which is a South African resident (subject to certain administrative requirements) and dividends paid to certain exempt entities. Dividends paid to natural persons will be subject to the DWT.

1.4 **Distributions of CTC**

A distribution by a company of CTC generally does not constitute a dividend for DWT purposes. Instead, for CGT purposes the distribution of CTC will be allocated against the full base cost of the share, i.e. the SA Holders will be subject to CGT on any capital gain realised as a result of a distribution of CTC which is in excess of the base cost of the shares (the base cost would include, amongst other things, the original consideration for the shares).

1.5 **Taxation of capital gains and losses**

1.5.1 *SA Holders – individuals*

A disposal of shares by an individual who is an SA Holder for tax purposes and who holds the shares as capital assets may give rise to a gain (or loss) for the purposes of CGT. The capital gain (or loss) on disposal of the shares is equal to the difference between the disposal proceeds and the base cost. A shareholder's base cost for the shares will generally be the consideration paid for those shares. The base cost for the listed shares may be increased by one-third of any interest incurred to finance the cost of acquiring the shares, and other direct costs incurred in acquiring the shares, to the extent that such amounts are not otherwise allowable for deduction in the determination of taxable income. A gain on a disposal of shares, together with other capital gains, less allowable capital losses in a year of assessment, is subject to tax at the individual's marginal tax rate (currently a maximum rate of 45%) to the extent that it exceeds the annual exclusion (R40 000 for the years of assessment ended 28 February 2018). Only 40% of the net capital gain is included in taxable income, resulting in a maximum effective tax rate on capital gains of 18%. On the death of a taxpayer, there is a deemed disposal of the shares at market value, unless the shares are bequeathed to, or in favour of, a surviving spouse. Deemed disposals to a surviving spouse, who is a South African resident, are treated, in practical effect, as taking place at no gain or loss. The annual exclusion where death occurs during the year of assessment ending 28 February 2018 is R300 000. Where a taxpayer emigrates (i.e. gives up South African tax residence) there will also be a deemed disposal of the shares at market value and this may trigger CGT.

1.5.2 *SA Holders – corporates*

A disposal of shares by a South African resident corporate shareholder, that holds the shares as capital assets may give rise to a capital gain (or loss) for the purposes of CGT. The capital gain (or loss) on disposal of the shares is equal to the difference between the disposal proceeds and the base cost. A shareholder's base cost for the shares will generally be the consideration paid for the shares. The base cost for the shares may be increased by one third of any interest incurred to finance the cost of acquiring the shares, and other direct costs incurred in acquiring the shares, to the extent that such amounts are not otherwise allowable for deduction in the determination of taxable income. A capital gain on a disposal of shares by a corporate shareholder, together with other capital gains, less allowable losses in a year of assessment, is subject to tax at the normal tax rate for companies (currently 28%). Only 80% of the net capital gain is included in taxable income, resulting in a maximum effective tax rate on capital gains of 22.4%.

1.5.3 *Non-SA Holders – individuals and corporates*

A disposal of shares by a Non-SA Holder would give rise to a gain (or loss) for the purposes of CGT to the extent that the gains are realised pursuant to the disposal of any interest in immovable property situated in South Africa. An interest in immovable property situated in South Africa includes shares if:

- 80% or more of the market value of the interest in immovable property, at the time of disposal, is attributed directly or indirectly to immovable property held otherwise than as trading stock; and
- the shareholder (alone or together with any connected person in relation to that shareholder), directly or indirectly holds at least 20% of the shares.

Currently not more than 80% of the market value of the shares in the Company is attributable to immovable property and consequently the shares will not fall within the ambit of the South African CGT legislation. Even if this were the case, the provisions of an applicable double

tax agreement between South Africa, and their country of tax residence would need to be consulted in order to determine which country has taxing rights in respect of any gain realised.

1.6 Estate duty

Where a person who is an SA Holder holds shares at the date of his or her death, the market value of such shares will be included in the estate. Estate duty is levied at a flat rate of 20% on the dutiable amount of the deceased estate to the extent that it exceeds R3.5 million per estate. In determining the dutiable amount of an estate, deductions are, amongst other things, allowed for the value of bequests and property left to a surviving spouse, and estate liabilities, including CGT paid on the deemed disposal of the shares on date of death.

1.7 Securities transfer tax

STT of 0.25% of the applicable taxable amount is payable in respect of every "transfer" of securities issued by a company incorporated in South Africa. "**Transfer**" includes any cancellation or redemption of a security, but does not include the issue of a security or any event that does not result in a change in beneficial ownership of a security. A purchase of shares from or through the agency of a JSE registered broker is subject to STT of 0.25% of the purchase consideration. The STT is payable by the broker, which may recover it from the transferee. Where shares are not purchased from or through the agency of a broker, but the change in beneficial ownership is effected by a CSDP, STT of 0.25% of the greater of the declared purchase consideration or the JSE closing price of shares on the date of the transaction is payable by the CSDP, which may recover it from the transferee.

In any other case of a change in beneficial ownership of shares, STT of 0.25% of the greater of the declared purchase consideration or the JSE closing price of shares is payable by the transferee through the broker or CSDP, which holds the shares in custody. If the shares are not held in custody by a broker or CSDP, the STT is payable by the transferee through the issuing company.

2. CERTAIN US FEDERAL INCOME TAX CONSIDERATIONS

2.1 General

The following summary is a description of certain US federal income tax considerations relevant to a US Holder (as defined below) acquiring, holding and disposing of Offer Shares purchased in connection with the Offer for Subscription or the Offer for Sale. This summary is based upon existing US federal income tax law, which is subject to change, possibly with retrospective effect. This summary does not discuss all aspects of US federal income taxation which may be relevant to particular investors in light of their individual investment circumstance, including investors subject to special tax rules including financial institutions, insurance companies, broker-dealers, traders in securities who mark their positions to market, tax-exempt organisations, partnerships or other pass-through entities, holders who are not US Holders, holders who own (directly, indirectly or constructively) 10% or more of the Company's voting stock, investors that will hold the Offer Shares as part of a straddle, hedge, conversion, constructive sale, or other integrated transaction for US federal income tax purposes, or investors that have a functional currency other than the US Dollar. In addition, this summary does not discuss any other US federal tax issues, such as the Medicare tax on net investment income or alternative minimum tax considerations, or state, local or non-US tax considerations. This summary assumes that investors will hold their Offer Shares as "capital assets" (generally, property held for investment) for US federal income tax purposes. US Holders are urged to consult their tax advisor regarding the US federal, state, local and non-US income and other tax considerations relevant to an investment in the Offer Shares.

For purposes of this summary, a "US Holder" is a beneficial owner of the Offer Shares that is for US federal income tax purposes (i) an individual who is a citizen or resident of the United States, (ii) a corporation created in, or organised under the law of, the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is includible in gross income for US federal income tax purposes regardless of its source, or (iv) a trust the administration of which is subject to the primary supervision of a US court and which has one or more US persons who have the authority to control all substantial decisions of the trust.

If an entity or arrangement classified as a partnership for US federal income tax purposes holds the Offer Shares, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. Partnerships considering an investment in Offer Shares should consult their own tax advisors regarding the US federal income tax consequences of an investment in Offer Shares.

The Company expects, and this discussion assumes, that it will not be a passive foreign investment company (a "**PFIC**") (see further under "*Passive Foreign Investment Company Rules*").

2.2 Dividends

The US Dollar value of distributions paid by the Company (including the amount of any South African taxes withheld) out of its earnings and profits, as determined under US federal income tax principles, will be subject to tax as foreign source ordinary dividend income and will be includible in a US Holder's gross income upon receipt. The Company does not maintain calculations of its earnings and profits in accordance with US federal income tax accounting principles, so a US Holder should therefore assume that any distribution by the Company with respect to Offer Shares will constitute ordinary dividend income. Dividends paid by the Company generally will be taxable to non-corporate US Holders at the reduced rates normally applicable to long-term capital gains, provided the Company qualifies for the benefits of the tax treaty between the United States and South Africa (the "**Treaty**") and certain other requirements are met. The Company expects to qualify for the benefits of the Treaty so long as the Ordinary Shares are listed on the JSE and provided that the Ordinary Shares are regularly traded for purposes of the Treaty. No assurance can be provided that the Ordinary Shares will be regularly traded for this purpose. Dividends received on the Offer Shares will not be eligible for the dividends received deduction allowed to corporate shareholders in certain circumstances. US Holders should consult their own tax advisors about how to account for payments that are not made in US Dollars.

In the event that dividends on the Offer Shares are subject to South African withholding tax, a US Holder may be entitled, subject to generally applicable limitations and conditions, to claim a US foreign tax credit in respect of any such taxes withheld on dividends received on the Offer Shares. If a US Holder is eligible for benefits under the Treaty or otherwise is entitled to a refund for the taxes withheld, such holder will not be entitled to a foreign tax credit for the amount of any non-US taxes withheld in excess of the applicable rate under the Treaty or for the taxes with respect to which such holder can obtain a refund from the South African taxing authorities. US Holders who do not elect to claim a credit for any foreign income taxes paid or accrued during the taxable year may instead claim a deduction of such taxes. The rules relating to the foreign tax credit are complex, and US Holders are urged to consult their own tax advisers regarding the availability of foreign tax credits in their particular circumstances.

2.3 Sale or other taxable disposition of Offer Shares

A US Holder will recognise US source capital gain or loss upon the sale or other taxable disposition of Offer Shares in an amount equal to the difference between the US Dollar value of the amount realised upon the disposition and such US Holder's adjusted tax basis in such Offer Shares (generally their cost in US Dollars). Any capital gain or loss will be long-term if the Offer Shares have been held for more than 1 year. Certain non-corporate US Holders, including individuals, are eligible for reduced rates of tax on long-term capital gains. The deductibility of capital losses may be subject to limitations. Any gain or loss will generally be US source.

US Holders should consult their own tax advisor about how to account for the purchase price of Offer Shares or sale or other disposition proceeds that are not paid in US Dollars.

2.4 Passive foreign investment company rules

The Company does not believe it was a PFIC for US federal income tax purposes for its most recent taxable year and does not expect to be a PFIC for the current taxable year or in the foreseeable future. In general, a non-US corporation will be classified as a PFIC for any taxable year if at least (i) 75% of its gross income is classified as ''passive income'', or (ii) 50% of the average quarterly value of its assets produce or are held for the production of passive income. For this purpose, passive income generally includes, among other items, dividends, interest, gains from certain commodities transactions, certain rents, royalties and gains from the disposition of passive assets.

If the Company is classified as a PFIC at any time that a US Holder holds its Offer Shares, such US Holder may be subject to materially adverse US federal income tax consequences compared to an investment in a company that is not considered a PFIC, including being subject to greater amounts of US tax and being subject to additional US tax form filing requirements. If the Company is a PFIC in the taxable year a dividend is paid or the prior taxable year, such dividend will not be eligible for the reduced rates of taxation. US Holders should consult their own tax advisors about the application of the PFIC rules to an investment in Offer Shares.

2.5 Information reporting and backup withholding

A US Holder may be subject to information reporting on amounts received from a distribution on, or disposition of, Offer Shares, unless such US Holder establishes that it is exempt from these rules. If a US Holder does not establish that it is exempt from these rules, it may be subject to backup withholding on the amounts received unless it provides a taxpayer identification number and otherwise complies with the requirements of the backup withholding rules. The amount of any backup withholding from a payment that a US Holder receives will be allowed as a credit against such US Holder's US federal income tax liability and may entitle such holder to a refund, provided that the required information is timely furnished to the Internal Revenue Service.

In addition, US Holders should consult their tax advisors about any reporting obligations that may apply as a result of the acquisition, holding or disposition of the Offer Shares. Failure to comply with applicable reporting obligations could result in the imposition of substantial penalties.

The discussion in this Section 11 ("*Taxation*") is a general summary. It does not cover all tax matters that may be of importance to a particular investor. Each prospective investor is urged to consult its own tax advisor about the tax consequences to it of an investment in the Offer Shares in the investor's own circumstances.

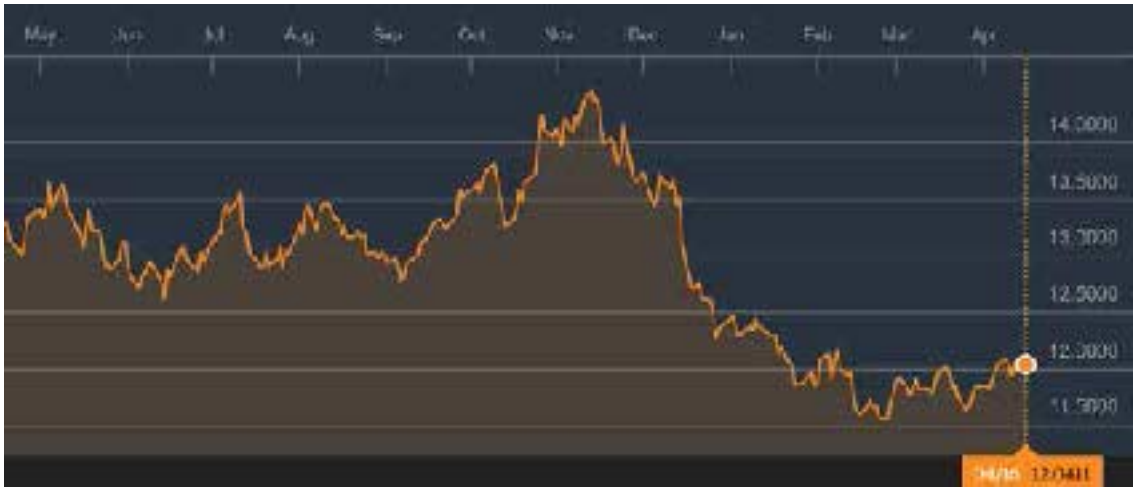
SECTION 12: EXCHANGE RATES AND EXCHANGE CONTROL

1. EXCHANGE RATES

1.1 Rand/United States dollar exchange rate

The table below sets out the Bloomberg Composite Rate expressed as Rands per USD1.00 for the periods from 17 April 2017 to 16 April 2018. The Bloomberg Composite Rate is a "best market" calculation. At any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications. The ask rate is set to the lowest ask rate offered by these banks. The Bloomberg Composite Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate.

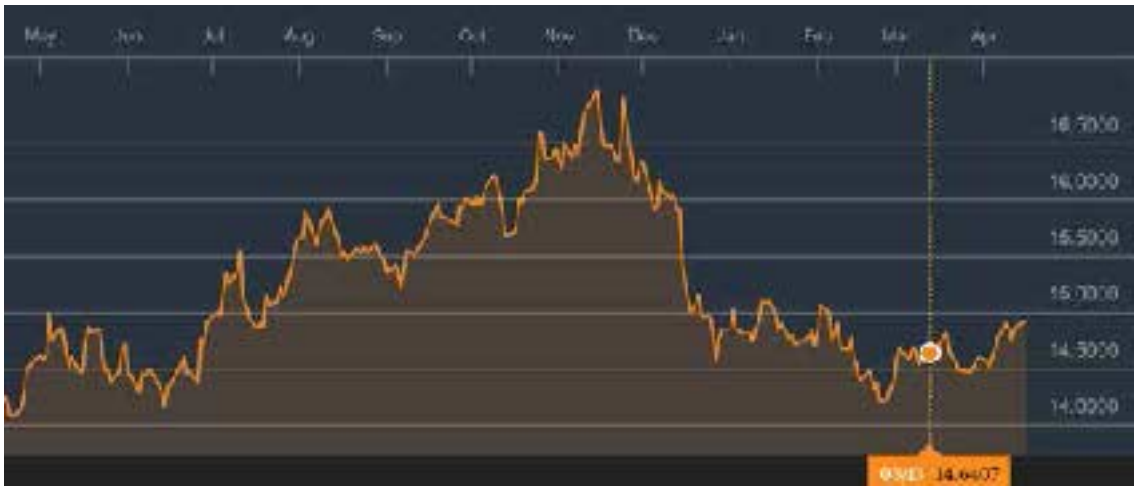
The rates set out in the table below are provided solely for convenience and were not used in the preparation of the financial information included elsewhere in this Pre-listing Statement. The Company makes no representations that the Rand amounts referred to in the table below could have been, or could be, converted into United States Dollars at that rate or at any other rate.



1.2 Rand/Euro exchange rate

The table below sets out the Bloomberg Composite Rate expressed as Rands per €1.00 for the periods from 17 April 2017 to 16 April 2018. The Bloomberg Composite Rate is a "best market" calculation. At any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications. The ask rate is set to the lowest ask rate offered by these banks. The Bloomberg Composite Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate.

The rates set out in the table below are provided solely for convenience and were not used in the preparation of the financial information included elsewhere in this Pre-listing Statement. The Company makes no representations that the Rand amounts referred to in the table below could have been, or could be, converted into Euro at that rate or at any other rate.



2. GENERAL

Currency and shares are not freely transferable from South Africa to any jurisdiction outside the geographical borders of South Africa or jurisdictions outside of the Common Monetary Area. These transfers must comply with the Exchange Control Regulations as described below. The Exchange Control Regulations also regulate the acquisition by former residents and non-residents of Offer Shares.

Applicants who are resident outside the Common Monetary Area should seek advice as to whether any governmental and/or other legal consent is required and/or whether any other formality must be observed to enable an application to be made in response to the Offer. The following summary is intended as a guide and is therefore not comprehensive. If investors are in any doubt regarding Exchange Control Regulations, they should consult their professional adviser.

3. EMIGRANTS FROM THE COMMON MONETARY AREA

A former resident of the Common Monetary Area who has emigrated from South Africa may use funds from their emigrant's capital account to acquire Offer Shares in terms of this Pre-listing Statement.

All payments in respect of subscriptions for or purchases of Offer Shares by an emigrant using funds from their emigrant's capital account must be made through the authorised dealer in foreign exchange controlling their remaining assets.

Shares issued in respect of Offer Shares acquired with funds from their emigrant's capital account in terms of this Pre-listing Statement will be credited to their emigrant share accounts at the CSDP controlling their remaining portfolios.

Shares issued in certificated form in respect of Offer Shares acquired with funds from their emigrant's capital account in terms of this Pre-listing Statement will be endorsed "Non-Resident" in accordance with the Exchange Control Regulations and will be placed under the control of an authorised dealer in foreign exchange through which the payment was made.

If applicable, refund monies payable in respect of unsuccessful applications or partly successful applications for Offer Shares, as the case may be, in terms of this Pre-listing Statement, emanating from emigrant capital accounts, will be returned, in terms of the Exchange Control Regulations, to the authorised dealer administering such emigrant capital Rand, for credit to such applicants' emigrant capital accounts.

The CSDP or Broker through which the Company's shareholders have dematerialised their shares is responsible for ensuring adherence to the Exchange Control Regulations.

4. APPLICANTS REGISTERED OUTSIDE THE COMMON MONETARY AREA

A person who is not resident of the Common Monetary Area, including an emigrant not using funds from their emigrant's capital account, should obtain advice as to whether any governmental and/or other legal consent is required and/or whether any other formality must be observed to enable an application to be made in response to the Offer to be made in terms of the Offer.

Any share certificates issued to non-residents of South Africa will be endorsed "Non-Resident" in accordance with the South African Exchange Control Regulations.

All dematerialised shares issued will be credited directly to the shareholder's non-resident share account held by his duly appointed CSDP. The CSDP or Broker through whom the Company's Shareholders have dematerialised their Ordinary Shares will ensure that they adhere to the Exchange Control Regulations.

If applicable, refund monies payable in respect of unsuccessful applications or partly successful applications for Offer Shares, as the case may be, in terms of this Pre-listing Statement, emanating from a person who is not a resident of the Common Monetary Area will be returned (subject to compliance with Exchange Control Regulations).

5. **OFFER SHARES ACQUIRED BY NON-RESIDENTS**

Persons resident outside the Common Monetary Area applying for Offer Shares pursuant to this Pre-listing Statement should note that, while there are no restrictions similar to those placed on emigrants using funds from their emigrant's capital account, in regard to Offer Shares acquired by non-residents pursuant to this Pre-listing Statement, in the case of certificated shares, the share certificates will be endorsed with the words "Non-Resident" and, in the case of dematerialised shares, an appropriate electronic entry will be made in the relevant register reflecting a "Non-Resident" endorsement.

Signed at Cape Town on 24 April 2018 by Andries Vlok van Rensburg on behalf of the Company in terms of a resolution of the Directors.

By order of the Board

Andries Vlok van Rensburg
LIBSTAR HOLDINGS LIMITED

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Gauteng
South Africa

(PO Box 630, Northlands, 2116)

REPORT OF HISTORICAL FINANCIAL INFORMATION OF THE GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2017, 2016, 2015, 2014

INTRODUCTION

The definitions commencing on page 19 of the Pre-listing Statement under the heading "*Definitions and Interpretation*" apply, *mutatis mutandis,* to this report.

As detailed in the Pre-listing Statement, Libstar is proposing a Listing.

The Historical Financial Information included in this report relates to the Group.

BASIS OF PREPARATION

The consolidated statements of financial position as at 31 December 2017, 31 December 2016, 31 December 2015 and 31 December 2014, the consolidated statements of profit or loss and other comprehensive income, consolidated statements of cash flows and the consolidated statements of changes in equity for the 4 years ended 31 December 2017, 31 December 2016, 31 December 2015 and 31 December 2014, the accounting policies and the notes thereto ("**Historical Financial Information of the Group**") have been extracted, from the audited consolidated financial statements of the Group for the years ended 31 December 2017, 31 December 2016, 31 December 2015 and 31 December 2014 ("**Audited Financial Statements**"). The Audited Financial Statements were prepared in accordance with IFRS and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by Financial Reporting Standards Council.

The Historical Financial Information of the Group is denominated in South African Rands which is the functional currency of the Group.

The additional disclosure required in terms of sections 8.11 and 8.12 of the Listings Requirements has been included in the Report of Historical Financial Information of the Group.

The statutory consolidated financial statements of the Group have been audited by Moore Stephens and unqualified audit opinions have been issued thereon.

The Audited Financial Statements have been audited by KPMG and unqualified audit opinions have been issued thereon. KPMG is the independent reporting accountant to the Group and has issued the Reporting Accountant's report on this Report of Historical Financial Information of Group which is included as Annexure 2A ("*Independent Reporting Accountants' Report on the Historical Financial Information of the Group for the financial years ended 31 December 2016, 2015 and 2014*") and Annexure 2B ("*Independent Reporting Accountants' Report on the Historical Financial Information of the Group for the financial year ended 31 December 2017*").

The Directors are responsible for the Report of Historical Financial Information of the Group included in this Pre-listing Statement.

DIRECTORS' COMMENTARY

1. REVIEW OF ACTIVITIES

The Group is engaged in the manufacture, import and supply of various food and beverage products as well as household and personal care products to the retail and food services trade and operates principally in South Africa.

The operating results and state of affairs of the Group are fully set out in the attached Report of Historical Financial Information. A summary of key factors affecting the financial results of the Group are set out below:

31 December 2017

The following significant events took place during the year:

- Put options were exercised on 31 March 2017 for R39 million.
- Put options were exercised on 30 August 2017 for R32 million.
- Put options were exercised on 31 December 2017 for R19 million.
- The Group acquired a 70% interest in Khoisan Gourmet (Pty) Ltd. Khoisan Gourmet (Pty) Ltd is a packer and supplier of specialty teas to export markets such as Germany and Sweden. The effective date of the acquisition was 1 October 2017.
- The Group acquired the entire issued share capital of Sonnendal Dairies (Pty) Ltd. Sonnendal Dairies (Pty) Ltd is a manufacturer of dairy products, particularly yoghurt. The effective date of the acquisition was 1 November 2017.
- The Group acquired the business of Millennium Foods (Pty) Ltd for an exchange of shares in Libstar Holdings. Millennium Foods (Pty) Ltd is a producer of ready-to-eat meals. The effective date of the transaction was 31 December 2017.
- The Group acquired a further 30% interest in Choice Wise Trading (Pty) Ltd, effective 1 January 2017.
- The Group acquired a further 30% interest in Hurters Honey (Pty) Ltd, effective 31 December 2017.
- The Group acquired a further 30% interest in Contactim (Pty) Ltd, effective 31 December 2017.
- The Group acquired a further 49% interest in Ambassador Confectionery (Pty) Ltd, effective 31 December 2017.
- The Group acquired a further 30% interest in Khoisan Gourmet (Pty) Ltd, effective 31 December 2017.
- The Group acquired a further 30% interest in Cecil Vinegar Works (Pty) Ltd, effective 31 December 2017.
- The Group acquired a further 10.5% interest in Amaro Gluten Free, effective 31 December 2017.
- The Group disposed of the plant and equipment in its Noodle Master operation to Kellogg Tolaram (Pty) Ltd, effective 31 December 2017.
- The Group disposed African Pride Wines, effective 31 August 2017.

Revenue for the year ended 31 December 2017 was R8.8 billion, representing an increase of 10.0% from the year ended 31 December 2016. This was attributable to organic growth within the perishables, baking aids and snacks and confectionery product categories resulting from the development of new products as well as acquisitive growth in the niche beverages category.

Operating expenses for the year ended 31 December 2017 increased by 17.6%, from the comparative prior year period. The increase was driven mainly by an impairment loss of goodwill of R50 million in respect of Elvin as well as a charge of R27 million in respect of share appreciation rights granted.

Finance costs for the year ended 31 December 2017 were R254 million, in line with the comparative prior period of R252 million.

During the year, the Company issued a further 185 182 Ordinary Shares in order to fund further acquisitions made and put options exercised in its Subsidiaries. The put options exercised in the Company resulted in a share buy-back of 25 530 Ordinary Shares. Total Ordinary Shares issued as at 31 December 2017 were 3 910 973.

31 December 2016

- On 22 February 2016, a fire erupted in the Finlar Johannesburg plant which resulted in damage to the chicken plant and part of the finished goods storage facility. The beef facility remained fully operational. The chicken products were manufactured at the Cape Town facility until the chicken plant was re-built. The fire did not have a material impact on the financial performance of the Group.
- Put options were exercised on 31 March 2016 for R43 million.
- The Group acquired a 51% interest in Ambassador Confectionery (Pty) Ltd. The effective date of the transaction was 1 March 2016.
- The Group acquired a further 25% interest in Cani Rusks (Pty) Ltd, effective 1 January 2016.
- The Group acquired a further 67% interest in Kalk Bay Foods (Pty) Ltd, effective 1 January 2016.
- The Group acquired a further 10% interest in Elvin Group (Pty) Ltd, effective 1 January 2016.
- The Group acquired a further 9.4% interest in Multi-cup Solutions (Pty) Ltd, effective 1 January 2016.
- Revenue for the year ended 31 December 2016 was R8.0 billion, representing an increase of 29.8% from the year ended 31 December 2015. This was mainly attributable to organic growth within the perishables and snacks and confectionery product categories resulting from the development of new products and expansion into new markets.

Operating expenses for the year ended 31 December 2016 increased by 30.6%, from the comparative prior year period. The increase was driven mainly by an increase in salaries and wages arising from new legislation to convert temporary workers sourced from labour brokers into permanent workers, as well as inflationary pressure on costs.

Finance costs for the year ended 31 December 2016 were R252 million, an increase of 23.5%, from the comparative prior year period. The increase was driven mainly by an increase in interest paid on asset-based funding, which was drawn down to rebuild and replace equipment for the chicken facility following the fire at the Finlar plant, replacement of existing equipment, and investment in new equipment to increase capacity and efficiencies.

During the year, the Company issued a further 56 898 Ordinary Shares following rights issues arising from further acquisitions made and put options exercised in its Subsidiaries. The put options exercised in the Company resulted in a share buy-back of 30 694 Ordinary Shares. Total Ordinary Shares issued as at 31 December 2016 were 3 751 321.

31 December 2015

The following significant events took place during the year:

- The Group acquired the shares of Berfin (Pty) Ltd and African Pride Wines. The business operations were subsequently restructured into Berfin. Berfin (Pty) Ltd markets and distributes food and beverage products into Asian, European and African export markets as well as wines under its own label as well as those of other producers in terms of agency and distributor agreements. The effective date of the transaction was 1 January 2015.
- The Group acquired the business operations of Choice Wise Trading (Pty) Ltd, a company that supplies pasta to various retailers, wholesalers, manufacturers and catering suppliers. The effective date of the transaction was 1 March 2015.
- The Group acquired the shares of Natural Herbs and Spices (Pty) Ltd. Natural Herbs and Spices (Pty) Ltd is a manufacturer of a vast array of packaged spice products predominantly to the export market. All their ingredients are naturally produced. The effective date of the transaction was 1 July 2015.
- The Group acquired the shares of Denny Mushrooms (Pty) Ltd. The company is a leading manufacturer of fresh mushrooms in South Africa. Denny Mushrooms (Pty) Ltd also produces a wide range of wet food products and condiments. The effective date of the transaction was 1 July 2015.
- The Group acquired the shares of Patleys (Pty) Ltd. The company is a leading marketer and distributor of local and imported brands. Principal brands include Tabasco, Lurpak, Bel, Kiri, Laughing Cow, Thistlewood and Maille. The effective date of the transaction was 1 October 2015.
- The Group acquired the shares of Maitland Vinegar Works (Pty) Ltd. The business operations were subsequently restructured into Cecil Vinegar Works (Pty) Ltd. The company manufactures naturally fermented vinegar as well as imports speciality vinegars which are distributed into leading retailers. The effective date of the transaction was 1 October 2015.

- The Group acquired the water business operations of Cape Chamonix Wine and Spring Water (Pty) Ltd, a company that produces still and sparkling spring water as well as flavoured waters made with its spring water. The effective date of the transaction was 1 October 2015.
- The Group acquired the business operations of Multi-cup CC. Multi-cup CC is a manufacturer of paper and plastic cups. The effective date of the transaction was 1 October 2015.
- The Group disposed of its business operations in La Femme. The effective date of the transaction was 1 March 2015.

Revenue for the year ended 31 December 2015 was R6,2 million, an increase of 29.9%, from the year ended 31 December 2014, driven mainly by acquisitions listed above.

Operating expenses for the year ended 31 December 2015 increased by 5.8%, from the comparative prior year period. The increase was driven mainly by increased operating lease charges, the loss on disposal of property, plant and equipment and an increase in employee benefits comprising salaries and wages.

Finance costs for the year ended 31 December 2015 were R204 million, an increase of R75 million from the comparative prior year period. The increase was driven mainly by an increase in term loans to fund the acquisitions completed in 2015.

During the year, a further 759 579 Ordinary Shares were issued following rights issues arising from further acquisitions made and put options exercised. The put option exercised in the Company resulted in a share buy-back of 30 695 Ordinary Shares. Total Ordinary Shares issued as at 31 December 2015 were 3 725 117.

31 December 2014

In 2014, Abraaj acquired the shares and businesses of the Group from its previous shareholders. In addition, during the year, various legal entities within the Group were restructured into operating divisions of Libstar Operations. Total Ordinary Shares issued as at 31 December 2014 were 2 996 233.

- The Group acquired the business operations of Hurters Honey CC, which procures and packs honey for sale to retail and industrial customers.
- Operating expenses during the year ended 31 December 2014 included transaction costs of R61 million and expenses related to accelerated vesting of share appreciation rights of R32 million relating the acquisition and restructuring of the business, which reduced the Group's profit for the year.

1. **Events after the reporting period**

   On 28 February 2018, the Group declared a distribution of contributed tax capital of R800 million to its shareholders. This distribution was funded indirectly through a new term loan facility (Senior Facility E) of the same amount advanced to Libstar Operations.

2. **Non-current assets**

   There were no major changes in the nature of the non-current assets of the Group during the 4-year period 1 January 2014 to 31 December 2017.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2017 Audited R'000	2016 Audited R'000	2015 Audited R'000	2014 Audited R'000
CONTINUING OPERATIONS					
Revenue	1	8 826 506	8 020 505	6 175 709	4 752 303
Cost of sales		(6 814 506)	(6 213 634)	(4 826 195)	(3 714 836)
Gross profit		2 012 000	1 806 871	1 349 514	1 037 467
Other income	2	146 638	67 478	34 669	25 279
Operating expenses		(1 564 856)	(1 330 371)	(1 018 092)	(961 663)
Share of profits of associates, net of tax	13	–	–	1 018	441
Operating profit	3	593 782	543 978	367 109	101 524
Investment income	4	25 754	17 784	14 522	15 035
Finance costs	5	(254 448)	(251 732)	(203 812)	(128 705)
Profit/(loss) before tax		365 088	310 030	177 819	(12 146)
Income tax expense	6	(133 046)	(96 732)	(26 769)	(35 872)
Profit/(loss) for the year from continuing operations		232 042	213 298	151 050	(48 018)
DISCONTINUED OPERATIONS					
Loss for the year from discontinued operations	7	(42 346)	(13 156)	(8 608)	(2 350)
Profit/(loss) for the year		189 696	200 142	142 442	(50 368)
Other comprehensive income for the year, net of tax		(459)	(881)	440	–
Defined benefit plan actuarial (losses)/gains	23	(459)	(881)	440	–
Total comprehensive income for the year		189 237	199 261	142 882	(50 368)
Profit/(loss) attributable to:					
Equity holders of the parent		188 353	200 724	134 132	(59 269)
Non-controlling interest		1 343	(582)	8 310	8 901
		189 696	200 142	142 442	(50 368)
Total comprehensive income attributable to:					
Equity holders of the parent		187 894	199 843	134 572	(59 269)
Non-controlling interest		1 343	(582)	8 310	8 901
		189 237	199 261	142 882	(50 368)
Basic and diluted earnings per share (cents)					
From continuing operations	8	6 133	5 713	4 517	(1 900)
From continuing and discontinued operations	8	5 028	5 367	4 242	(1 978)
Headline and diluted headline earnings per share (cents)					
From continuing operations	8	7 489	4 734	4 770	(1 703)
From continuing and discontinued operations	8	7 149	4 388	4 305	(1 782)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2017 Audited R'000	2016 Audited R'000	2015 Audited R'000	2014 Audited R'000
ASSETS					
Non-current assets		6 033 319	5 679 370	5 736 616	4 790 261
Property, plant and equipment	10	1 041 225	789 891	729 476	517 956
Goodwill	11	2 521 058	2 445 535	2 423 026	1 952 074
Intangible assets	12	2 449 507	2 440 230	2 573 192	2 314 613
Investments in associates	13	–	–	6 459	5 441
Other financial assets	18	9 600	–	–	–
Operating lease asset		5 439	–	–	–
Deferred tax assets	14	6 490	3 714	4 463	177
Current assets		3 459 378	2 819 699	2 616 761	1 629 004
Inventories	15	1 137 107	993 060	881 681	531 464
Trade and other receivables	16	1 618 108	1 459 469	1 343 591	895 312
Biological assets	17	26 162	22 560	20 858	–
Other financial assets	18	115 647	24 434	18 746	439
Current tax receivable		11 646	28 009	70 769	2 937
Cash and bank balances	19	550 708	292 167	281 116	198 852
Assets classified as held for sale	20	–	52 070	48 770	84 600
Total assets		9 492 697	8 551 139	8 402 147	6 503 865
EQUITY AND LIABILITIES					
Capital and reserves attributable to equity holders of the parent		4 559 272	4 076 062	3 784 067	2 762 534
Share capital	21	4 187 177	3 886 410	3 827 662	2 996 233
Non-distributable reserves	22	–	–	–	336
Defined benefit plan reserve	23	(1 340)	(881)	479	–
Retained earnings		445 895	264 052	68 856	(59 269)
Premium on acquisition of non-controlling interests	24	(63 624)	(18 390)	(22 822)	–
Put options exercisable by non-controlling interests and executive management		(8 836)	(55 129)	(90 108)	(174 766)
Non-controlling interests		7 696	9 523	25 134	64 339
Total equity		4 566 968	4 085 585	3 809 201	2 826 873
Non-current liabilities		2 878 889	2 744 926	2 884 606	2 503 613
Other financial liabilities	26	2 014 548	1 931 551	2 054 553	1 760 095
Deferred tax liabilities	14	815 948	791 863	818 174	742 683
Employee benefits	23	8 372	6 976	5 718	–
Share appreciation rights	25	34 019	7 360	–	–
Operating lease liability		6 002	7 176	6 161	835
Current liabilities		2 046 840	1 685 688	1 672 992	1 163 607
Trade and other payables	27	1 498 818	1 210 297	1 227 106	816 688
Provisions	28	–	–	12 343	–
Other financial liabilities	26	348 146	312 562	282 606	265 138
Current tax payable		495	2 038	48 206	9 497
Bank overdraft	19	199 381	160 791	102 731	72 284
Liabilities directly associated with assets classified as held for sale	20	–	34 940	35 348	9 772
Total liabilities		4 925 729	4 465 554	4 592 946	3 676 992
Total equity and liabilities		9 492 697	8 551 139	8 402 147	6 503 865
Net asset value per share (Rands)		**1 168**	**1 089**	**1 023**	**944**
Net tangible asset value per share (Rands)		**104**	**(3)**	**(100)**	**(233)**

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2017 Audited R'000	2016 Audited R'000	2015 Audited R'000	2014 Audited R'000
NET CASH FLOW FROM OPERATING ACTIVITIES		572 614	149 184	185 631	128 131
Cash generated from continuing operations	29	953 943	519 315	508 233	311 568
Finance income received		25 754	17 784	14 522	15 035
Finance costs paid		(254 448)	(251 732)	(203 812)	(128 705)
Taxation paid	30	(145 292)	(125 141)	(122 965)	(77 094)
Cash (utilised by)/generated from discontinued operations		(7 343)	(11 042)	(10 347)	7 327
NET CASH FLOW FROM INVESTMENT ACTIVITIES		(605 779)	(154 809)	(1 219 284)	(4 731 886)
Purchase of property, plant and equipment and computer software		(315 115)	(216 526)	(159 652)	(102 543)
Sale of property, plant and equipment and computer software		(6 914)	12 548	–	2 325
Proceeds from insurance		–	77 566	–	–
Proceeds from sale of non-current assets held for sale		–	–	99 546	–
Other financial assets acquired		–	(666)	–	(1 993)
Acquisition of businesses (net of cash acquired)	31	(283 750)	(26 956)	(1 159 178)	(4 629 675)
Investment activities by discontinued operations		–	(775)	–	–
NET CASH FLOW FROM FINANCING ACTIVITIES		266 609	(37 900)	1 068 493	4 730 323
Proceeds from issue of equity shares		132 151	89 442	862 124	2 996 233
Share buy-back		(39 961)	(42 511)	(36 723)	–
Loans advanced by shareholders		19 385	1 185	–	–
Loans advanced to shareholders		(43 059)	–	(1 185)	–
Proceeds from other financial liabilities		35 040	–	–	–
Additional interest acquired in existing subsidiaries		–	(9 807)	(69 888)	–
Repayment of loans from non-controlling interests		(6 518)	(4 798)	(19 294)	–
Repayment of other loans payable		–	(3 261)	(8 570)	583
Proceeds from term loans and asset-based financing		300 274	70 975	418 612	1 762 007
Repayment of term loans and asset-based financing		(130 703)	(137 952)	(77 035)	(29 429)
Dividends paid to non-controlling interests		–	(789)	(450)	–
Financing activities from discontinued operations		–	(384)	902	929
Net increase/(decrease) in cash and cash equivalents		233 444	(43 525)	34 840	126 568
Cash and cash equivalents at the beginning of the year		117 883	161 408	126 568	–
Cash and cash equivalents at the end of the year		351 327	117 883	161 408	126 568
Continuing operations	19	351 327	131 376	178 385	126 568
Discontinued operations	20	–	(13 493)	(16 977)	–

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital R'000	Non-distributable reserves[1] R'000	Defined benefit plan reserve[2] R'000	Premium on acquisition of non-controlling interests[3] R'000	Retained earnings R'000	Put options exercisable by non-controlling interests and executive management[4] R'000	Non-controlling interests R'000	Total R'000
Balance at 1 January 2014	–	–	–	–	–	–	–	–
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**(59 269)**	**–**	**8 901**	**(50 368)**
Profit or loss for the year	–	–	–	–	(59 269)		8 901	(50 368)
Transactions with owners of the Company								
Contributions and distributions	**2 996 233**	–	–	–	–	–	–	**2 996 233**
Issue of shares	2 996 233	–	–	–	–	–	–	2 996 233
Changes in ownership interests	**–**	**336**	**–**	**–**	**–**	**–**	**55 438**	**55 774**
Acquired as part of a business combination	–	336	–	–	–	–	55 438	55 774
Put options raised in respect of non-controlling interests and executive management	–	–	–	–	–	(174 766)	–	(174 766)
Balance at 31 December 2014	2 996 233	336	–	–	(59 269)	(174 766)	64 339	2 826 873

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Share capital R'000	Non-distributable reserves[1] R'000	Defined benefit plan reserve[2] R'000	Premium on acquisition of non-controlling interests[3] R'000	Retained earnings R'000	Put options exercisable by non-controlling interests and executive management R'000	Non-controlling interests R'000	Total R'000
Balance at 1 January 2015	**2 996 233**	**336**	**–**	**–**	**(59 269)**	**(174 766)**	**64 339**	**2 826 873**
Total comprehensive income for the year	**–**	**(336)**	**440**	**–**	**134 132**	**–**	**8 311**	**142 547**
Profit for the year	–	–	–	–	133 796	–	8 311	142 107
Other comprehensive income for the year	–	–	440	–	–	–	–	440
Movement in reserves	–	(336)	–	–	336	–	–	–
Transactions with owners of the Company								
Contributions and distributions	**831 429**	–	–	–	**(6 029)**	–	**(450)**	**824 950**
Share buy-back	(30 695)	–	–	–	(6 029)	–	–	(36 724)
Issue of shares	862 124	–	–	–	–	–	–	862 124
Dividends paid to non-controlling interests	–	–	–	–	–	–	(450)	(450)
Changes in ownership interests	–	–	**39**	**(22 822)**	**–**	**–**	**(47 066)**	**(69 849)**
Acquired as part of a business combination	–	–	39	–	–	–	–	39
Purchase of non-controlling interest in subsidiary	–	–	–	(22 822)	–	–	(47 066)	(69 888)
Movement in put options	**–**	**–**	**–**	**–**	**22**	**84 658**	**–**	**84 680**
Put options exercised	–	–	–	–	–	101 300	–	101 300
Put options arising from business combinations	–	–	–	–	–	(961)	–	(961)
Fair value adjustment taken through equity	–	–	–	–	–	(15 659)	–	(15 659)
Transfer from retained earnings on exercise of put options by executive management	–	–	–	–	22	(22)	–	–
Balance at 31 December 2015	**3 827 662**	**–**	**479**	**(22 822)**	**68 856**	**(90 108)**	**25 134**	**3 809 201**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Share capital R'000	Non-distributable reserves[1] R'000	Defined benefit plan reserve[2] R'000	Premium on acquisition of non-controlling interests[3] R'000	Retained earnings R'000	Put options exercisable by non-controlling interests and executive management[4] R'000	Non-controlling interests R'000	Total R'000
Balance at 1 January 2016	**3 827 662**	**–**	**479**	**(22 822)**	**68 856**	**(90 108)**	**25 134**	**3 809 201**
Total comprehensive income for the year	**–**	**–**	**(1 360)**	**–**	**201 203**	**–**	**(582)**	**199 260**
Profit or loss for the year	–	–	–	–	200 724	–	(582)	200 142
Movement in reserves	–	–	(479)	–	479	–	–	–
Other comprehensive income for the year	–	–	(881)	–	–	–	–	(881)
Transactions with owners of the Company								
Contributions and distributions	**58 748**	**–**	**–**	**–**	**(11 817)**	**–**	**(790)**	**46 141**
Share buy-back	(30 694)	–	–	–	(11 817)	–	–	(42 511)
Issue of shares	89 442	–	–	–	–	–	–	89 442
Dividends paid to non-controlling interests	–	–	–	–	–	–	(790)	(800)
Changes in ownership interests	**–**	**–**	**–**	**4 432**	**–**	**–**	**(14 239)**	**(9 807)**
Purchase of non-controlling interest in subsidiary	–	–	–	4 432	–	–	(14 239)	(9 807)
Movement in put options	**–**	**–**	**–**	**–**	**5 810**	**34 979**	**–**	**40 789**
Put options exercised	–	–	–	–	–	48 895	–	48 895
Fair value adjustment taken through equity	–	–	–	–	–	(8 106)	–	(8 106)
Transfer from retained earnings on exercise of put options by executive management	–	–	–	–	5 810	(5 810)	–	–
Balance at 31 December 2016	**3 886 410**	**–**	**(881)**	**18 390**	**264 052**	**(55 129)**	**9 523**	**4 085 585**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Share capital R'000	Non-distributable reserves[1] R'000	Defined benefit plan reserve[2] R'000	Premium on acquisition of non-controlling interests[3] R'000	Retained earnings R'000	Put options exercisable by non-controlling interests and executive management[4] R'000	Non-controlling interests R'000	Total R'000
Balance at 1 January 2017	**3 886 410**	**–**	**(881)**	**(18 390)**	**264 052**	**(55 129)**	**9 523**	**4 085 585**
Total comprehensive income for the year	**–**	**–**	**(459)**	**–**	**188 353**	**–**	**1 343**	**189 237**
Profit or loss for the year	–	–	–	–	188 353	–	1 343	189 696
Other comprehensive income for the year	–	–	(459)	–	–	–	–	(459)
Transactions with owners of the Company								
Contributions and distributions	**300 767**	**–**	**–**	**–**	**(33 816)**	**–**	**–**	**266 951**
Share buy-back	(25 530)	–	–	–	(33 816)	–	–	(59 346)
Issue of shares	326 297	–	–	–	–	–	–	326 297
Changes in ownership interests	**–**	**–**	**–**	**(45 234)**	**–**	**–**	**(3 170)**	**(48 404)**
Purchase of non-controlling interest in subsidiary	–	–	–	(45 234)	–	–	(3 170)	(48 404)
Movement in put options	**–**	**–**	**–**	**–**	**27 306**	**46 293**	**–**	**73 599**
Put options exercised	–	–	–	–	–	97 458	–	97 458
Fair value adjustment taken through equity	–	–	–	–	–	(18 049)	–	(18 049)
Transfer from retained earnings on exercise of put options by executive management	–	–	–	–	27 306	(33 116)	–	(5 810)
Balance at 31 December 2017	**4 187 177**	**–**	**(1 340)**	**(63 624)**	**445 895**	**(8 836)**	**7 696**	**4 566 968**
Notes	21		23	24				

1 Non-distributable reserves: translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

2 Defined benefit plan reserve: Reserves comprises actuarial gains or losses in respect of defined benefit obligations that are recognised in other comprehensive income.

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 Put options exercisable by non-controlling interest and executive management relates to the liability raised in respect of put options exercisable by non-controlling interests and executive management as detailed in note 26.

SEGMENTAL ANALYSIS

BASIS OF SEGMENTATION

The executive management of the Group has chosen to organise the Group into product 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 7 Product Categories.

The following summary describes each segment:

Perishables

Perishable products are products that are likely to decay or spoil within a short period of time.

Ambient Groceries

Ambient groceries (also known as "shelf-stable" groceries) is a category of foods that can be stored and preserved at room temperature.

Snacks and Confectionery

Premium snacks and confectionery products.

Baking and Baking Aids

Baked goods, specialised gluten free offering and baking aids.

Niche Beverages

The niche beverages product category consists of beverages that do not fall within the mainstream beverage market.

Household and Personal Care

Detergents and household cleaning products.

Specialised Food Packaging

The specialised food packaging product category is made up of custom-made, disposable packaging solutions for various food and drink products sold largely in the food services industry.

	2017 R'000	2016 R'000	2015 R'000	2014 R'000
INFORMATION ABOUT REPORTABLE SEGMENTS				
Revenue				
Perishables	3 729 671	3 259 440	2 585 238	1 980 132
Ambient Groceries	2 644 880	2 604 168	1 606 064	971 085
Snacks and Confectionery	428 505	369 035	323 086	258 554
Baking and Baking Aids	515 406	449 348	353 828	371 836
Niche Beverages	428 278	345 858	344 283	282 646
Household and Personal Care	826 887	740 513	750 649	707 553
Specialised Food Packaging	252 879	252 143	212 561	180 497
	8 826 506	**8 020 505**	**6 175 709**	**4 752 303**
Revenue comprised as follows:				
Total revenue for reportable segments	8 853 712	8 040 822	6 208 366	4 759 577
Elimination of inter segment revenue:	(27 206)	(20 317)	(32 657)	(7 274)
Perishables	(2 215)	(287)	(881)	(155)
Ambient Groceries	(15 156)	(2 001)	(9 287)	(3 228)
Snacks and Confectionery	(214)	(1 989)	(457)	(304)
Baking and Baking Aids	(4 360)	(5 090)	(12 420)	(3 587)
Niche Beverages	(2 413)	(3 913)	–	–
Household and Personal Care	(2 592)	(76)	(2 788)	–
Specialised Food Packaging	(256)	(6 961)	(6 824)	–
	8 826 506	**8 020 505**	**6 175 709**	**4 752 303**

	2017 R'000	2016 R'000	2015 R'000	2014 R'000
Operating profit (EBIT)				
Perishables	371 759	356 363	235 534	111 374
Ambient Groceries	282 221	222 972	132 088	76 069
Snacks and Confectionery	51 569	29 802	34 783	34 039
Baking and Baking Aids	52 383	35 285	20 666	7 644
Niche Beverages	(57 057)	(10 569)	26 650	15 891
Household and Personal Care	4 847	(8 395)	(3 839)	5 344
Specialised Food Packaging	13 872	16 665	10 573	5 475
Corporate	(125 812)	(98 145)	(89 346)	(154 312)
	593 782	**543 978**	**367 109**	**101 524**
Reconciliation of operating profit per segment to profit before tax				
Operating profit	593 782	543 978	367 109	101 524
Investment income	25 754	17 784	14 522	15 035
Finance costs	(254 448)	(251 732)	(203 812)	(128 705)
Profit before tax	**365 088**	**310 030**	**177 819**	**(12 146)**

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.

Adjusted EBIT and EBITDA

Group – continuing operations

Operating profit (EBIT)	**593 782**	**543 978**	**367 109**	**101 524**
Amortisation of customer contracts	132 956	131 706	125 046	203 806
Due diligence costs	4 428	2 730	13 728	443
Expenses related to share appreciation rights granted	26 660	7 360	–	32 447
Fair value adjustment to put options	(1 436)	23 504	16 879	–
Government grants	(256)	(5 056)	(2 176)	(14 211)
Impairment losses on goodwill and customer relationships	50 000	4 483	–	9 702
Loss/(gain) on disposal of property, plant and equipment	959	(50 511)	10 953	(1 349)
Onerous contracts	–	–	5 982	–
Costs and fees attributable to the Initial Public Offering	22 583	–	–	–
Restructuring	–	–	1 677	4 962
Retrenchment and settlement costs	15 193	14 030	12 294	2 615
Securities Transfer Tax	275	1 144	1 914	8 744
Straight-lining of operating leases	(459)	999	3 408	8
Strategic advisory fees	2 291	2 385	3 116	61 214
Unrealised loss/(gain) on foreign exchange	(40 211)	23 580	4 242	13 388
Adjusted EBIT	**806 765**	**700 332**	**564 172**	**423 293**
Amortisation of software	8 120	4 818	3 962	908
Depreciation of property, plant and equipment	125 400	111 231	89 800	80 454
Adjusted EBITDA	**940 285**	**816 381**	**657 934**	**504 655**

	2017 R'000	2016 R'000	2015 R'000	2014 R'000
Perishables				
Operating profit (EBIT)	**371 759**	**356 363**	**235 534**	**111 374**
Amortisation of customer contracts	37 873	37 350	34 528	66 935
Due diligence costs	17	–	–	–
Government grants	–	(1 072)	(353)	(12 492)
Loss/(gain) on disposal of property, plant and equipment	(425)	(51 172)	78	(8)
Retrenchment and settlement costs	3 807	2 453	714	–
Securities Transfer Tax	–	–	1 272	–
Straight-lining of operating leases	511	(379)	666	1 542
Strategic advisory fees	–	861	–	2 192
Unrealised loss/(gain) on foreign exchange	(1 633)	25 430	(10 195)	2 109
Adjusted EBIT	**411 909**	**369 834**	**262 244**	**171 652**
Amortisation of software	87	638	346	2
Depreciation of property, plant and equipment	34 284	34 880	31 479	23 796
Adjusted EBITDA	**446 280**	**405 352**	**294 069**	**195 450**
Ambient Groceries				
Operating profit (EBIT)	**282 221**	**222 972**	**132 088**	**76 069**
Amortisation of customer contracts	61 878	61 878	57 165	78 591
Government grants	(137)	(848)	(1 823)	(1 689)
Loss/(gain) on disposal of property, plant and equipment	1 102	1 738	3	(481)
Onerous contracts	–	–	5 982	–
Restructuring	–	–	1 677	4 218
Retrenchment and settlement costs	7 704	2 509	2 273	2 192
Straight-lining of operating leases	72	891	1 702	1 155
Strategic advisory fees	1 716	803	746	–
Unrealised loss/(gain) on foreign exchange	(43 217)	(5 868)	14 531	11 051
Adjusted EBIT	**311 339**	**284 075**	**214 344**	**171 106**
Amortisation of software	582	1 175	527	67
Depreciation of property, plant and equipment	38 262	32 335	22 331	14 530
Adjusted EBITDA	**350 183**	**317 585**	**237 202**	**185 703**
Snacks and confectionery				
Operating profit (EBIT)	**51 569**	**29 802**	**34 783**	**34 039**
Amortisation of customer contracts	4 402	4 402	4 402	8 180
Government grants	(24)	(2 875)	–	–
Impairment losses on goodwill	–	4 483	–	–
Loss/gain on disposal of property, plant and equipment	124	451	37	(404)
Retrenchment and settlement costs	354	638	395	–
Straight-lining of operating leases	448	31	(35)	–
Unrealised loss on foreign exchange	4 831	3 832	173	228
Adjusted EBIT	**61 704**	**40 764**	**39 755**	**42 043**
Amortisation of software	257	278	–	–
Depreciation of property, plant and equipment	9 590	5 702	3 262	3 650
Adjusted EBITDA	**71 551**	**46 744**	**43 017**	**45 693**

	2017 R'000	2016 R'000	2015 R'000	2014 R'000
Baking and Baking Aids				
Operating profit (EBIT)	**52 383**	**35 285**	**20 666**	**7 644**
Amortisation of customer contracts	9 406	9 406	9 406	15 514
Government grants	–	(218)	–	(30)
Loss/(gain) on disposal of property, plant and equipment	(51)	(1 065)	1 838	(31)
Restructuring	–	–	–	744
Retrenchment and settlement costs	306	326	330	322
Straight-lining of operating leases	(2 268)	852	1 343	857
Unrealised loss on foreign exchange	21	–	–	–
Adjusted EBIT	**59 797**	**44 586**	**33 583**	**25 020**
Amortisation of software	669	269	594	61
Depreciation of property, plant and equipment	16 659	14 894	12 259	16 551
Adjusted EBITDA	**77 125**	**59 749**	**46 436**	**41 632**
Specialised Food Packaging				
Operating profit (EBIT)	**13 872**	**16 665**	**10 573**	**5 475**
Amortisation of customer contracts	2 267	2 267	2 267	2 267
Due diligence costs	–	–	1 534	–
Government grants	(95)	(43)	–	–
Loss/(gain) on disposal of property, plant and equipment	(141)	(12)	1	5
Retrenchment and settlement costs	–	–	–	11
Adjusted EBIT	**15 903**	**18 877**	**14 375**	**7 758**
Amortisation of software	155	155	155	62
Depreciation of property, plant and equipment	1 162	1 426	1 047	1 041
Adjusted EBITDA	**17 220**	**20 458**	**15 577**	**8 861**
Household and Personal Care				
Operating profit (EBIT)	**4 847**	**(8 395)**	**(3 839)**	**5 344**
Amortisation of customer contracts	12 183	12 183	13 058	24 198
Impairment losses	–	–	–	9 702
Loss/(gain) on disposal of property, plant and equipment	994	(103)	8 996	2
Retrenchment and settlement costs	2 118	4 337	8 582	–
Straight-lining of operating leases	653	(396)	(268)	(3 546)
Strategic advisory fees	212	54	202	–
Unrealised loss/(gain) on foreign exchange	468	186	(267)	–
Adjusted EBIT	**21 475**	**7 866**	**26 464**	**35 700**
Amortisation of software	4 052	986	1 212	463
Depreciation of property, plant and equipment	18 202	15 314	13 150	14 585
Adjusted EBITDA	**43 729**	**24 166**	**40 826**	**50 748**

	2017 R'000	2016 R'000	2015 R'000	2014 R'000
Niche Beverages				
Operating profit (EBIT)	**(57 057)**	**(10 569)**	**26 650**	**15 891**
Amortisation of customer contracts	4 948	4 220	4 220	8 121
Impairment losses on goodwill	50 000	–	–	–
Gain on disposal of property, plant and equipment	(651)	(348)	–	(421)
Retrenchment and settlement costs	527	–	–	–
Straight-lining of operating leases	125	–	–	–
Unrealised gain on foreign exchange	(681)	–	–	–
Adjusted EBIT	**(2 789)**	**(6 697)**	**30 870**	**23 591**
Amortisation of software	21	21	–	–
Depreciation of property, plant and equipment	5 894	5 364	4 834	5 035
Adjusted EBITDA	**3 126**	**(1 312)**	**35 704**	**28 626**
Corporate				
Operating profit (EBIT)	**(125 812)**	**(98 145)**	**(89 346)**	**(154 312)**
Due diligence costs	4 411	2 730	12 194	443
Expenses relating to share appreciation rights granted	26 660	7 360	–	32 447
Fair value adjustment to put options	(1 436)	23 504	16 879	–
Loss/(gain) on disposal of property, plant and equipment	7	–	–	(11)
Costs and fees attributable to the Initial Public Offering	22 583	–	–	–
Retrenchment and settlement costs	377	3 767	–	–
Securities transfer tax	275	1 144	642	8 744
Strategic advisory fees	363	667	2 168	59 022
Adjusted EBIT	**(72 572)**	**(58 973)**	**(57 463)**	**(53 667)**
Amortisation of software	2 297	1 296	1 128	253
Depreciation of property, plant and equipment	1 347	1 316	1 438	1 266
Adjusted EBITDA	**(68 928)**	**(56 361)**	**(54 897)**	**(52 148)**
EBITDA				
Group – continuing operations				
Operating profit (EBIT)	593 782	543 978	367 109	101 524
Amortisation of customer contracts and software	141 076	136 524	129 008	204 714
Depreciation of property, plant and equipment	125 400	111 231	89 800	80 454
EBITDA	**860 258**	**791 733**	**585 917**	**386 692**
Perishables				
Operating profit (EBIT)	371 759	356 363	235 534	111 374
Amortisation of customer contracts and software	37 960	37 988	34 874	66 937
Depreciation of property, plant and equipment	34 284	34 880	31 479	23 796
EBITDA	**444 003**	**429 231**	**301 887**	**202 107**
Ambient Groceries				
Operating profit (EBIT)	282 221	222 972	132 088	76 069
Amortisation of customer contracts and software	62 460	63 053	57 692	78 658
Depreciation of property, plant and equipment	38 262	32 335	22 331	14 530
EBITDA	**382 943**	**318 360**	**212 111**	**169 257**

	2017 R'000	2016 R'000	2015 R'000	2014 R'000
Snacks and confectionery				
Operating profit (EBIT)	51 569	29 802	34 783	34 039
Amortisation of customer contracts and software	4 659	4 680	4 402	8 180
Depreciation of property, plant and equipment	9 590	5 702	3 262	3 650
EBITDA	**65 818**	**40 184**	**42 447**	**45 869**
Baking and Baking Aids				
Operating profit (EBIT)	52 383	35 285	20 666	7 644
Amortisation of customer contracts and software	10 075	9 675	10 000	15 575
Depreciation of property, plant and equipment	16 659	14 894	12 259	16 551
EBITDA	**79 117**	**59 854**	**42 925**	**39 770**
Specialised Food Packaging				
Operating profit (EBIT)	13 872	16 665	10 573	5 475
Amortisation of customer contracts and software	2 422	2 422	2 422	2 329
Depreciation of property, plant and equipment	1 162	1 426	1 047	1 041
EBITDA	**17 456**	**20 513**	**14 042**	**8 845**
Household and Personal Care				
Operating profit (EBIT)	4 847	(8 395)	(3 839)	5 344
Amortisation of customer contracts and software	16 235	13 169	14 270	24 661
Depreciation of property, plant and equipment	18 202	15 314	13 150	14 585
EBITDA	**39 284**	**20 088**	**23 581**	**44 590**
Niche Beverages				
Operating profit (EBIT)	(57 057)	(10.569)	26 650	15 891
Amortisation of customer contracts and software	4 969	4 241	4 220	8 121
Depreciation of property, plant and equipment	5 894	5 364	4 834	5 035
EBITDA	**(46 194)**	**(964)**	**35 704**	**29 047**
Corporate				
Operating profit (EBIT)	(125 812)	(98 145)	(89 346)	(154 312)
Amortisation of customer contracts and software	2 297	1 296	1 128	253
Depreciation of property, plant and equipment	1 347	1 316	1 438	1 266
EBITDA	**(122 168)**	**(95 533)**	**(86 780)**	**(152 793)**

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 year	**1 004 528**	**857 228**	**566 061**	**332 776**

Major customers

During the period under review, revenue from certain customers exceeded 10% of total revenue.

Customer A	18%	18%	19%	20%
Customer B	14%	13%	14%	14%
Customer C	10%	10%	11%	11%

ACCOUNTING POLICIES

Statement of compliance

The Historical Financial Information of the Group has been prepared in accordance with IFRS and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and the Listings Requirements. These accounting policies are consistent with the previous period.

These accounting policies are consistent with the previous period.

Functional and presentation currency

This Historical Financial Information is presented in South African Rand, which is the Company's functional and the Group's presentation currency. All financial information presented in Rand has been rounded to the nearest thousand, unless otherwise stated.

Basis of preparation

The Historical Financial Information has been prepared on the historical cost basis except for certain financial instruments and biological assets which are stated at fair value.

The principal accounting policies are set out below.

Basis of consolidation

Subsidiaries:

The consolidated Historical Financial Information incorporates the historical financial information of the Company and entities controlled by the Company (its Subsidiaries). The results of Subsidiaries acquired during the year are included in the consolidated Historical Financial Information from the date on which the Group obtains control. Control is achieved where the Company:

- has power to direct the income generating activities of an entity;
- has exposure or rights to variable returns from its involvement in the entity; and
- has the ability to use its power over the investee to affect the amount of its returns.

Management used their judgement to determine when all the indicators of control had been met. Factors such as effective date, payment date, and ability to exercise power and govern are taken into account in the determination of control.

Income and expenses of Subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Subsidiaries that will be disposed of/discontinued within 12 months are consolidated in line with the principles of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations and disclosed as held for sale/discontinued.

Total comprehensive income of Subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing Subsidiaries:

Changes in the Group's ownership interests in Subsidiaries that do not result in the Group losing control over the Subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the Subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Disposal of subsidiaries:

When the Group has lost control of a Subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the Subsidiary and any non-controlling interests. When assets of the Subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by the applicable IFRS). The fair value

of any investment retained in the former Subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Business combinations

Acquisitions of Subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

The identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Critical accounting estimates and assumptions were made during the purchase price allocation process in accounting for acquisitions as business combinations in accordance with IFRS 3 Business combinations. These estimates and assumptions related to the determination of useful lives of tangible and intangible assets, discount rates, growth rates and valuation of unlisted investments.

Non-controlling interests

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may initially be measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

The Group does not have Subsidiaries that have a material non-controlling interest in the context of the Group and accordingly detailed non-controlling interest disclosure is not required in the terms of IFRS 12 Disclosure of Interests in Other Entities. In determining whether or not any non-controlling interests are material, the Group considered the share of the individual non-controlling interest in the consolidated net assets of the Group.

Business combination achieved in stages

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Investment in subsidiaries

Where necessary, adjustments are made to the Historical Financial Information of Subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a Subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in this Historical Financial Information using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of the individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

When a member of the Group transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

The calculation of the recoverable amount requires the use of estimates and assumptions concerning the future cash flows which are inherently uncertain and could change over time. In addition, changes in economic factors, such as discount rates, could also impact this calculation. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a Subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible assets

- ***Intangible assets acquired separately***

  Intangible assets acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

- ***Internally-generated intangible assets – research and development expenditure***

  Expenditure on research activities is recognised as an expense in the period in which it is incurred.

  The amount initially recognised for internally-generated intangible assets is the sum of the development expenditure incurred from the date when the intangible asset first meets the recognition criteria. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

- ***Intangible assets acquired in a business combination***

  Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

  Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

- ***Derecognition of intangible assets***

  An intangible asset is derecognised on disposal, or when no future economic benefits are expected from its use. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Impairment of tangible and intangible assets excluding goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash- generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the Group; and
- the cost of the item can be measured reliably.

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation is recognised so as to write off the cost less their residual values over their useful lives, using the straight-line method. Residual values are taken into account where appropriate. The estimated lives of property, plant and equipment for current and comparative periods are reflected in note 10. The estimated lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programs are taken into account. Residual value assessments consider issues such as market conditions, the remaining life of the asset and projected disposal values.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit and loss as incurred.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Discontinued operations

A discontinued operation is a clearly distinguishable component of the Group's business that is abandoned or disposed of pursuant to a single plan and which represents a separate major line of business or geographical area of operation that can be distinguished physically, operationally and for financial reporting purposes.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative profit or loss is restated as if the operation had been discontinued from the start of the previous period.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories by the method most appropriate to the particular class of inventory, with the majority being valued on a first-in first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

An allowance is raised to write inventories down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct costs to sell on certain inventory items.

Biological assets

Biological assets are stated at fair value less estimated costs to sell, with any resultant gain or loss recognised in profit or loss. Costs to sell include all costs that would be necessary to sell the assets, excluding costs necessary to get the assets to market.

Financial assets

All financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' ("**FVTPL**") and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Recognition of financial assets

The Group initially recognises a financial asset only when it becomes party to the contractual provisions of the instrument.

- ***Effective interest method***

  The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

  Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

- ***Financial assets at FVTPL***

  Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

- ***Loans and receivables***

  Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

- ***Impairment of financial assets***

  The Group assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

  For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

  The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

- ***Derecognition of financial assets***

  The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expires, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities

Financial liabilities are classified as either financial liabilities "at FVTPL" or "other financial liabilities".

- ***Recognition of financial liabilities***

  The Group initially recognises a financial liability only when it becomes party to the contractual provisions of the instrument.

- ***Financial liabilities at FVTPL***

  Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

- ***Other financial liabilities***

  Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

  Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

- ***Derecognition of financial liabilities***

  The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risk, including foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss.

A derivative with a positive fair value is recognised as a financial asset; a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

The Group does not use hedge accounting.

Classification of financial assets and financial liabilities

The Group's classification of financial assets and financial liabilities are as follows:

Description of asset/liability	Classification
Loans and advances receivable	Loans and receivables
Trade and other receivables	Loans and receivables
Cash and cash equivalents	Loans and receivables
Forward exchange contract asset/(liability)	Financial asset/(liability) carried at fair value through profit or loss
Put options exercisable	Financial liabilities at fair value
Loans payable and borrowings	Financial liabilities at amortised cost
Trade and other payables	Financial liabilities at amortised cost

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

- ***Sale of goods***

  Revenue from the sale of goods is recognised when the amount of revenue and the associated costs can be measured reliably and significant risk and rewards of ownership of the goods have passed to the customer. The Group considers these factors to have been met at the point at which the goods have been delivered or collected by the customer and the Group no longer has involvement or control over the goods.

  Refer to the Segmental Analysis for a detailed revenue disclosure.

Interest received

Interest revenue is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Government grants

- ***Grants related to assets***

  The Group applies for grants in relation to the purchase of items of machinery and plant through various government incentive programmes. These grants are recognised when there is reasonable assurance that:

(a) the Group will comply with the conditions attached to the grant; and

(b) the grants will be received.

Given the nature of the grants, these conditions are often only met when the grant is received by the Group. Where significant, the grant is recognised against the cost of the related asset and recognised in profit or loss over the life of the asset as a reduced depreciation expense. When the grant is not significant, it is recognised immediately in profit or loss as other income.

- ***Grants relating to income and expenses***

  The Group receives annual SETA grants in respect of qualifying traineeships offered. These grants are recognised as other income in the same period as the related employee expense.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

- ***The Group as lessor***

  Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

- ***The Group as lessee***

  Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

  In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies

- ***Foreign currency transactions***

  Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

  Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

- ***Foreign operations***

  The results and financial position of each Group entity are expressed in Rand, which is the functional currency of the Group and the presentation currency for the consolidated Historical Financial Information.

  For the purpose of presenting consolidated Historical Financial Information, the assets and liabilities of the Group's foreign operations are expressed in Rand using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

  On disposal of a foreign operation, the deferred cumulative amount recognised in other comprehensive income relating to that particular operation is recognised in profit or loss.

Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest rate method.

Employee benefits

- ***Short-term employee benefits***

  Short-term employee benefits are those that are due to be settled within 12 months after the end of the period in which the services have been rendered. The accruals for employee entitlements to salaries, performance bonuses and annual leave represent the amounts which the Company has a present obligation to pay as a result of employees' services provided to the reporting date.

  Short-term employee benefits are measured on an undiscounted basis and are recognised as employee benefit expenses in profit or loss in the period in which the employee renders the related service.

- ***Defined benefit plans***

  A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is actuarially calculated separately for each plan by deducting the fair value of plan assets from the gross obligation or post-retirement benefits. The gross obligation is determined by estimating the future benefit attributable to employees in return for services rendered to date.

  This future benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. Independent actuaries perform this calculation annually using the projected unit credit method.

  Past service costs are recognised in profit or loss at the earlier of when –

  (i) plan amendment or curtailment occurs; or

  (ii) the entity recognises the relating restructuring or termination benefits.

  To the extent that the benefits are already vested, past service costs are recognised immediately. Improvements to a defined benefit pension plan relating to past service are recognised in profit or loss and expensed on a straight-line basis over the period during which the benefits vest.

  The Group recognises actuarial gains and losses in respect of defined benefit obligation in other comprehensive income.

Share-based payments

- ***Share appreciation rights***

  The Group operates the LTI scheme, which is a share appreciation rights compensation scheme. The share appreciation rights are settled in cash at the discretion of the Board. The fair value of the employee services received in exchange for the grant of the share appreciation rights is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the share appreciation rights granted. At each reporting date, the Group revises its estimate of the number of share appreciation rights that are expected to become exercisable.

Provisions

The Group recognises a provision when it has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and where a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money.

- ***Restructuring***

  A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan and has either started to implement the plan or announced its main features to those affected by it. Future operating costs are not provided for.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

- ***Current tax***

  The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and comprehensive income because of items of income or

expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

- ***Deferred tax***

  Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit.

  Deferred tax liabilities are generally recognised for all taxable temporary differences.

  Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Future taxable profits are estimated based on business plans which include estimates and assumptions regarding economic growth, inflation, taxation rates and competitive forces.

  Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

  Deferred tax liabilities are recognised for taxable temporary differences associated with investments in Subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

  The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

  Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

  Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

- ***Current and deferred tax for the period***

  Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

Judgements

The preparation of the consolidated Historical Financial Information in conformity with IFRS requires management to make judgements, estimates and assumptions that may affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about areas of estimation and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the Historical Financial Information are described in the following notes:

Note 10 – useful lives of property, plant and equipment; and

Note 12 – useful lives and impairment test on intangible assets.

Put Options exercisable by non-controlling interest and executive management

Put options exercisable by non-controlling interests and executive management are recognised as a financial liability. On initial recognition, the fair value of the option is recognised as a reduction to equity. Subsequently the fair value adjustments on non-controlling interest is recognised through equity, whereas executive management fair value adjustments are recognised through profit or loss.

Adjusted EBIT and Adjusted EBITDA

The Group applies adjusted earnings before interest and tax ("**adjusted EBIT**") and adjusted earnings before interest, tax, depreciation and amortisation ("**adjusted EBITDA**") 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 adjusted EBIT and adjusted EBITDA measures, respectively, the following adjustments are made to EBIT (operating profit as disclosed in the financial statements).

	Adjustment included in calculation of:	
	Adjusted EBITDA	**Adjusted EBIT**
Add back: Amortisation of intangible assets in relation to customer contracts	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	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) and fair value adjustment to put options exercisable by executive management	Yes	Yes
Add back or deduct: The unrealised foreign exchange 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: The cost of the long-term management incentive scheme (LTI Scheme)	Yes	Yes

Standards and interpretations not yet effective

The following standards, amendments and interpretations are not yet effective and have not been early adopted by the Group (the effective dates stated below refer to periods beginning on or after the stated dates):

- ***IFRS 9 Financial Instruments (effective from 1 January 2018)***

  The final version of IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. The standard provides guidance on classification and measurement, impairment, hedge accounting and derecognition of financial instruments.

  Given the nature of the Group's financial instruments, no change is expected to the classification and measurement of these instruments as a result of the adoption of IFRS 9. The Group currently impairs individual debtors when an incurred loss event has occurred and uses provision matrices to calculate a general impairment provision for trade receivables. The Group is assessing how to incorporate forward looking information into these impairment calculations as required by IFRS 9.

The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Group will apply IFRS 9 for the first time in its financial statements for the year ending 31 December 2018.

- ***IFRS 15 – Revenue from contracts from customers (effective 1 January 2018)***

  This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services.

  The standard contains a single model that applies to contracts with customers and 2 approaches to recognising revenue: at a point in time or over time. The model features a contract-based 5-step analysis of transactions to determine whether, how much and when revenue is recognised.

  The Group has done a preliminary assessment of the impact of the new standard and noted the following:

  1. the Group does not expect any additional performance obligations to be identified;
  2 the Group does not expect a change in the timing of revenue recognition as in most cases both risks and rewards and control of the goods passes on collection or delivery;
  3 the impact of volume rebates on the transaction price is being considered based on the guidance in IFRS 15 on variable consideration. The impact has not yet been determined;
  4. rebates, distribution allowances and other amounts payable to customers will be deducted from the transaction price in line with the guidance in IFRS 15 on consideration payable to a customer. This is in line with current practices;
  5. a more detailed assessment will be performed and future financial statements will include additional detail in this respect; and
  6. the Group does not incur significant costs to obtain or fulfil contracts.

  The Group is considering applying the cumulative effect approach on transition.

  A more detailed assessment will be performed and additional information provided in future financial statements.

  The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Group will apply IFRS 15 for the first time in its financial statements for the year ending 31 December 2018.

- ***IFRS 16 – Leases (effective from 1 January 2019)***

  IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ("**lessee**") and the supplier ("**lessor**"). IFRS 16 replaces the previous leases Standard, IAS 17 Leases, and related Interpretations. IFRS 16 includes a single model for leases which will result in almost all leases being included in the Statement of Financial Position. No significant changes have been included for lessors. IFRS 16 also includes extensive new disclosure requirements for both lessees and lessors.

  This new standard will most likely have a significant impact on the Group as a result of recognising leased assets and related liabilities in the Statement of Financial Position. The Group has begun a detailed assessment to determine the extent of the impact of IFRS 16 and will disclose more detailed information in future financial statements.

  The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted. The Group will apply IFRS 16 for the first time in its financial statements for the year ending December 2019.

- ***Amendments to IAS 12 – Income Taxes (effective from 1 January 2019)***

  As part of the Annual Improvements 2015 – 2017 Cycle, the amendment provides clarification that all income tax consequences of dividend income should be recognised in profit or loss, regardless of how the tax arises.

		2017 R'000	2016 R'000	2015 R'000	2014 R'000
1.	**REVENUE** Refer to the Segmental Analysis for detailed revenue disclosure by segment.	8 826 506	8 020 505	6 175 709	4 752 303
2.	**OTHER INCOME**				
	Bad debts recovered	173	1 748	706	1 523
	Bargain purchase	–	–	964	–
	Commissions received	39	–	36	2 731
	Gain on disposal of property, plant and equipment	–	50 511	–	1 349
	Gain on foreign exchange	129 249	–	15 032	–
	Realised gain on foreign exchange	89 038	–	19 554	–
	Unrealised gain/(loss) on foreign exchange	40 211	–	(4 522)	–
	Fair value adjustment to put options exercisable by executive management	1 436	–	–	–
	Government grants[1]	684	5 056	2 176	14 211
	Insurance claims received	552	614	1 252	182
	Recoveries	11	698	1 424	–
	Rental income	4 311	4 890	5 160	2 962
	Sundry income	10 183	3 961	7 919	2 321
		146 638	**67 478**	**34 669**	**25 279**

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

	2017 R'000	2016 R'000	2015 R'000	2014 R'000
3. OPERATING PROFIT				
Operating profit from continuing operations is calculated after taking into account the following:				
3.1 Operating expenditure				
Depreciation of property, plant and equipment (refer note 10)	125 400	111 232	89 800	80 454
Amortisation of computer software (refer note 12)	8 120	4 818	3 962	908
Amortisation of customer relationships (refer note 12)	132 956	131 706	125 046	203 806
Impairment loss on goodwill (refer note 11)	50 000	4 483	–	–
Impairment loss on intangible assets (refer to note 12)	–	–	–	9 702
Fair value adjustment to put options exercisable by executive management	–	23 504	16 879	–
Loss on disposal of property, plant and equipment	959	–	10 953	–
Loss on foreign exchange	–	13 005	–	10 668
Realised gain on foreign exchange	–	(10 575)	–	(2 720)
Unrealised loss on foreign exchange	–	23 580	–	13 388
Employee benefits	1 041 415	954 245	702 747	556 711
Salaries and wages	1 025 539	940 215	690 453	554 096
Retrenchment and settlement costs	15 876	14 030	12 294	2 615
Strategic advisory fees	2 291	2 385	3 116	61 214
Due diligence costs	4 428	2 730	13 728	443
Charges relating to share appreciation rights granted	26 660	7 360	–	32 447
Expenses incurred in relation to onerous contracts	–	–	5 982	–
Restructuring costs (including startup costs of new operations and closure and relocation costs)	–	–	1 677	4 962
Securities transfer tax	275	1 144	1 914	8 742
Operating lease charges	91 761	91 305	84 798	69 402
Premises	80 761	77 231	65 399	57 982
Straight-lining of operating leases	(459)	999	3 408	7 587
Motor vehicles and equipment	11 459	13 075	15 991	3 833
Research and development costs expensed as incurred	832	1 611	1 386	474
Auditors' remuneration	6 007	7 475	6 488	5 436
4 INVESTMENT INCOME				
Interest income on financial assets:	25 754	17 784	14 522	15 035
Bank deposits	25 255	17 754	12 755	14 711
Investments	–	–	449	–
Interest received on other loans and receivables	–	–	97	2
Other interest received	499	30	1 221	322
Finance income earned on financial assets by category of asset:				
Loans and receivables (including bank and cash balances)	25 754	17 784	14 522	15 035
	25 754	**17 784**	**14 522**	**15 035**

	2017 R'000	2016 R'000	2015 R'000	2014 R'000
5. FINANCE COSTS				
Interest on bank overdraft, bank loans and asset-based finance	239 894	237 654	194 524	110 410
Interest paid to related parties	4 607	7 658	5 791	14 916
Interest paid to suppliers	9 810	5 998	3 417	3 375
Interest on late payment of tax	137	422	80	4
	254 448	**251 732**	**203 812**	**128 705**

6. TAXATION				
6.1 Income tax recognised in statement of profit or loss and other comprehensive income				
Current income tax	162 187	121 853	92 110	83 654
Current year	162 187	121 267	92 110	83 654
Under provision previous years	–	586	–	–
Deferred tax	(29 141)	(25 121)	(65 341)	(47 782)
Current year	(29 141)	(25 121)	(65 341)	(47 782)
Total tax expense for the year	**133 046**	**96 732**	**26 769**	**35 872**
The expense for the year can be reconciled to the accounting profit as follows:				
Profit/(loss) before tax from continuing operations	365 088	310 030	177 819	(12 146)
Income tax expense calculated at statutory rate of 28%	102 225	86 808	49 789	(3 401)
Exempt income[1]	(2 154)	(1 531)	(8 444)	(613)
Non-deductible expenditure[2]	13 833	7 884	14 289	22 093
Impairment loss on goodwill	14 000	–	–	–
Reversal of deferred tax on sale of customer contract	–	–	(27 918)	16 368
Effect of previously unrecognised and unused tax losses and tax offsets now recognised as deferred tax assets	–	1 106	–	–
Assessed loss utilised on accelerated tax allowances	–	(2 437)	–	–
Deferred capital gain	–	(2 627)	(1 631)	–
Prior period tax adjustment	5 142	505	(2 671)	2
Acquisition of businesses	–	781	2 325	–
Capital gains tax	–	–	1 030	1 423
Effect of rate change	–	6 243	–	–
Income tax expense recognised in profit or loss	**133 046**	**96 732**	**26 769**	**35 872**

1 Exempt income includes employment tax incentive refunds; S12H learnership deductions; share of profit from associates; and DTI refunds.

2 Non-deductible expenditure includes donations; non-deductible legal and professional fees; fines and penalties; non-deductible restructuring costs and fair value adjustments on put options exercisable by executive management.

	2017 R'000	2016 R'000	2015 R'000	2014 R'000
7. **PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS**				
Loss from discontinued operations	(42 346)	(13 156)	(8 608)	(2 350)

Loss from discontinued operations recognised in the Statement of Profit or Loss and Other Comprehensive Income consists of the following:

7.1 **Loss from discontinued operation – Noodle Master**

At the end 2015, the Group resolved to discontinue the operations of Noodle Master. The plant and equipment were sold to Kellogg Tolaram (Pty) Ltd on 31 December 2017.

Noodle Master was classified as a discontinued operation and the divisions results included in the Statement of Profit or Loss and Other Comprehensive Income are set out below:

	2017 R'000	2016 R'000	2015 R'000	2014 R'000
Revenue	69 067	54 419	22 976	3 729
Cost of sales	(73 096)	(59 657)	(25 654)	(12 493)
Gross profit	(4 029)	(5 238)	(2 678)	(8 764)
Other income	91	28	3	80
Operating expenses	(12 391)	(5 159)	(14 818)	(4 808)
Operating loss	(16 330)	(10 369)	(17 493)	(13 492)
Investment income	–	0	6	15
Finance costs	(1 582)	(1 900)	(1 485)	(1 664)
Loss before tax	(17 911)	(12 269)	(18 972)	(15 141)
Income tax	4 212	(168)	–	–
Loss for the year from discontinued operation	**(13 700)**	**(12 437)**	**(18 972)**	**(15 141)**
Loss from discontinued operation attributable to:				
Equity holders of the parent	(13 700)	(12 437)	(18 972)	(15 141)
Non-controlling interest	–	–	–	–
	(13 700)	**(12 437)**	**(18 972)**	**(15 141)**

7.2 **Loss from discontinued operation – African Pride Wines**

On 31 August 2017, the Group sold African Pride Wines.

African Pride Wines was classified as a discontinued operation and the divisions results included in the Statement of Profit or Loss and Other Comprehensive Income are set out below:

	2017 R'000	2016 R'000	2015 R'000	2014 R'000
Revenue	11 820	33 700	37 052	–
Cost of sales	(11 172)	(25 695)	(30 571)	–
Gross profit	648	8 005	6 481	–
Other income	421	(453)	2 470	–
Operating expenses[1]	(31 404)	(7 840)	(8 504)	–
Operating loss	(30 336)	(288)	447	–
Investment income	–	–	51	–
Finance costs	(69)	(432)	(170)	–
Profit/(loss) before tax	(30 404)	(719)	328	–
Income tax	1 758	–	–	–
Profit/(loss) for the year from discontinued operation	(28 646)	(719)	328	–

	2017 R'000	2016 R'000	2015 R'000	2014 R'000
Loss from discontinued operation attributable to:				–
Equity holders of the parent	(27 696)	(503)	229	–
Non-controlling interest	(950)	(216)	98	–
	(28 646)	**(719)**	**328**	**–**

1 Included in operating expenses for 2017 are impairment losses of R16.8m and R8.3m in respect of goodwill and customer relationships respectively.

7.3 **Profit from discontinued operation – La Femme**

During 2014, the Directors entered into discussions with Premier Foods to sell the La Femme division of Libstar Operations. The sale agreement was concluded in February 2015.

The effective date of the sale was 1 March 2015.

La Femme was classified as a discontinued operation and the divisions results included in the Statement of Profit or Loss and Other Comprehensive Income are set out below:

	2017 R'000	2016 R'000	2015 R'000	2014 R'000
Revenue	–	–	9 906	58 736
Cost of sales	–	–	(5 355)	(26 749)
Gross profit	–	–	4 551	31 987
Other income[1]	–	–	7 468	205
Operating expenses	–	–	(1 821)	(18 234)
Operating profit	–	–	10 198	13 958
Finance costs	–	–	(162)	(1 167)
Profit before tax	–	–	10 036	12 791
Income tax expense	–	–	–	
Profit for the year from discontinued operation	**–**	**–**	**10 036**	**12 791**
Profit from discontinued operation attributable to:				
Equity holders of the parent	–	–	10 036	12 791
Non-controlling interest	–	–	–	–
	–	**–**	**10 036**	**12 791**

1 Included in operating income for 2015 is R7.3m relating to the profit on disposal of La Femme.

7.4 **Income tax in respect of non-current assets held for sale and discontinued operations recognised in statement of profit or loss and other comprehensive income**

	2017 R'000	2016 R'000	2015 R'000	2014 R'000
Current income tax	–	–	–	–
Deferred tax	5 970	(168)	–	–
Total tax for the year	**5 970**	**(168)**	**–**	**–**
The tax for the year can be reconciled to the accounting profit as follows:				
Loss before tax	(48 316)	(12 269)	(8 936)	(2 350)
Income tax expense calculated at statutory rate of 28%	(13 528)	(3 435)	(2 502)	(658)
Tax losses utilised	14 782	3 267	2 502	658
Goodwill impairment	4 716	–	–	–
Income tax recognised in profit or loss	**5 970**	**(168)**	**–**	**–**

	2017 R'000	2016 R'000	2015 R'000	2014 R'000

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:

Earnings used in the calculation of basic earnings per share	188 353	200 724	134 132	(59 269)
From continuing operations	229 749	213 664	142 838	(56 919)
From discontinued operations	(41 396)	(12 940)	(8 706)	(2 350)
Weighted average number of ordinary shares for the purposes of basic earnings per share ('000)	3 746	3 740	3 162	2 996
Basic earnings per share in cents				
From continuing operations	**6 133**	**5 713**	**4 517**	**(1 900)**
From discontinued operations	**(1 105)**	**(346)**	**(275)**	**(78)**
From continuing and discontinued operations	**5 028**	**5 367**	**4 242**	**(1 978)**

8.2 Diluted earnings per share

There are no convertible shares, share options, warrants or any other instruments in issue that have a potential dilutive effect on the earnings per Ordinary Share.

8.3 Headline and diluted headline earnings per share

The headline earnings used in the calculation of headline earnings per Ordinary Share are as follows:

	Gross	Net
2017		
Basic earnings from continuing operations	229 749	229 749
Adjustments	50 959	50 780
Impairment of goodwill	50 000	50 000
Loss on disposal of property, plant and equipment	959	780
Headline earnings from continuing operations	**280 708**	**280 529**
2016		
Basic earnings from continuing operations	213 664	213 664
Adjustments	(46 028)	(36 609)
Impairment of goodwill	4 483	4 483
Gain on disposal of property, plant and equipment	(50 511)	(41 092)
Headline earnings from continuing operations	**167 636**	**177 056**
2015		
Basic earnings from continuing operations	142 838	142 838
Adjustments	9 653	7 974
Gain on bargain purchase	(964)	(694)
Reclassification of foreign currency translation reserve	(336)	(242)
Loss on disposal of property, plant and equipment	10 953	8 910
Headline earnings from continuing operations	**152 491**	**150 812**

	Gross	Net
2014		
Basic earnings from continuing operations	(56 919)	(56 919)
Adjustments	8 353	5 888
Impairment of intangible assets	9 702	6 985
Gain on disposal of property, plant and equipment	(1 349)	(1 097)
Headline earnings from continuing operations	(48 566)	(51 031)

	2017 R'000	2016 R'000	2015 R'000	2014 R'000
Basic earnings from discontinued operations	(41 396)	(12 940)	(8 706)	(2 350)
Adjustments (net of tax)	28 658	–	(5 994)	–
Impairment of property, plant and equipment	5 825	–	–	–
Impairment of intangible assets	5 990	–	–	–
Impairment of goodwill	16 844	–	–	–
(Gain)/loss on disposal of non-current assets held for sale	–	–	(5 994)	–
Headline earnings from discontinued operations	(12 738)	(12 940)	(14 700)	(2 350)
Headline earnings from continuing and discontinued operations	267 791	164 116	136 112	(53 381)
Headline earnings per share in cents				
From continuing operations	7 489	4 734	4 770	(1 703)
From discontinued operations	(340)	(346)	(465)	(78)
From continuing and discontinued operations	7 149	4 388	4 305	(1 782)

9. **DIRECTORS' REMUNERATION**

Name/Designation	Directors' fees R'000	Basic salary R'000	Bonuses R'000	Value of options R'000	Interest benefits R'000	Value of non-cash benefits R'000	Pension scheme contributions R'000	Compensation for loss of office R'000	Total remuneration and benefits R'000
2017									
Mr AV van Rensburg (Executive Director)	–	4 850	2 005	–	–	–	–	–	6 855
Mr RW Smith (Executive Director)	–	3 400	1 230	–	–	–	–	–	4 630
Mr TF Judge (Executive Director)	–	2 520	955	–	–	–	–	–	3 475
Mr TW Millar (Executive Director)	–	1 617	669	–	–	–	–	–	2 286
Total – 2017	**–**	**12 387**	**4 859**	**–**	**–**	**–**	**–**	**–**	**17 246**
2016									
Mr R Den Besten (Non-executive Director)	140	–	–	–	–	–	–	–	140
Mr AV van Rensburg (Executive Director)	–	4 450	1 740	–	–	–	–	–	6 190
Mr RW Smith (Executive Director)	–	3 200	1 008	–	–	–	–	–	4 208
Mr TW Millar (Executive Director)	–	2 794	1 465	–	–	–	–	–	4 259
Total – 2016	**140**	**10 444**	**4 213**	**–**	**–**	**–**	**–**	**–**	**14 797**
2015									
Mr AV van Rensburg (Executive Director)	–	4 050	1 571	–	–	–	–	–	5 621
Mr RW Smith (Executive Director)	–	2 950	1 045	–	–	–	–	–	3 995
Mr TW Millar (Executive Director)	–	2 900	1 243	–	–	–	–	–	4 143
Total – 2015	**–**	**9 900**	**3 859**	**–**	**–**	**–**	**–**	**–**	**13 759**
2014									
Mr AV van Rensburg (Executive Director)	–	3 800	1 325	–	–	–	–	–	5 125
Mr RW Smith (Executive Director)	–	2 720	970	–	–	–	–	–	3 690
Mr TW Millar (Executive Director)	–	2 700	370	–	–	–	–	–	3 070
Total – 2014	**–**	**9 220**	**2 665**	**–**	**–**	**–**	**–**	**–**	**11 885**

	2017 R'000	2016 R'000	2015 R'000	2014 R'000
10. **PROPERTY, PLANT AND EQUIPMENT**				
Cost	1 430 484	1 054 257	890 677	596 000
Accumulated depreciation and impairment	(389 259)	(264 367)	(161 201)	(78 044)
	1 041 225	**789 891**	**729 476**	**517 956**

	Freehold land and buildings R'000	Plant, vehicles, machinery and equipment* R'000
31 December 2017		
Cost		
At 1 January 2017	116 427	937 831
Additions	17 119	284 595
Disposals	–	(6 266)
Business combinations (note 31)	–	80 778
At 31 December 2017	133 546	1 296 938
Total cost at 31 December 2017		**1 430 484**
Accumulated depreciation and impairment		
At 1 January 2017	(6 559)	(257 808)
Eliminated on disposals of assets	–	566
Depreciation charge	(5 550)	(119 850)
Depreciation from discontinued operations	–	(59)
At 31 December 2017	(12 109)	(377 150)
Total accumulated depreciation and impairment at 31 December 2017		**(389 259)**
Carrying value at 31 December 2017	**121 437**	**919 788**
Total carrying value at 31 December 2017		**1 041 225**
31 December 2016		
Cost		
At 1 January 2016	105 007	785 670
Additions	11 420	195 676
Disposals	–	(16 039)
Assets written off due fire	–	(30 741)
Business combinations (note 31)	–	4 460
Transfer to intangible assets	–	(1 196)
At 31 December 2016	116 427	937 831
Total cost at 31 December 2016		**1 054 257**

	Freehold land and buildings R'000	Plant, vehicles, machinery and equipment* R'000
Accumulated depreciation and impairment		
At 1 January 2016	(3 449)	(157 752)
Eliminated on disposals of assets	–	2 878
Assets written off due fire	–	4 306
Depreciation charge	(3 110)	(108 121)
Depreciation from discontinued operations	–	(46)
Transfer to intangible assets	–	927
At 31 December 2016	(6 559)	(257 808)
Total accumulated depreciation and Impairment at 31 December 2016		**(264 367)**
Carrying value at 31 December 2016	**109 867**	**680 023**
Total carrying value at 31 December 2016		**789 891**
31 December 2015		
Cost		
At 1 January 2015	30 500	565 500
Additions	5 323	146 346
Disposals	–	(15 645)
Business combinations (note 31)	49 453	112 452
Transfer to intangible assets	19 731	(19 731)
Reclassified as non-current assets held for sale	–	(3 252)
At 31 December 2015	105 007	785 670
Total cost at 31 December 2015		**890 677**
Accumulated depreciation and impairment		
At 1 January 2015	–	(78 044)
Eliminated on disposals of assets	–	6 246
Depreciation charge	(1 981)	(87 819)
Depreciation from discontinued operations	–	(2 597)
Transfer to intangible assets	(1 468)	1 468
Reclassified as non-current assets held for sale	–	2 994
At 31 December 2015	(3 449)	(157 752)
Impairment at 31 December 2015		**(161 201)**
Carrying value at 31 December 2015	**101 558**	**627 918**
Total carrying value at 31 December 2015		**729 476**

	Freehold land and buildings R'000	Plant, vehicles, machinery and equipment* R'000
31 December 2014		
Cost		
At 1 January 2014	–	–
Additions	–	101 977
Disposals	–	(5 068)
Business combinations (note 31)	30 500	556 679
Reclassified as non-current assets held for sale	–	(65 513)
Government grants in respect of machinery reclassified as held for sale	–	(22 575)
At 31 December 2014	30 500	565 500
Total cost at 31 December 2014		**596 000**
Accumulated depreciation and impairment		
At 1 January 2014	–	–
Eliminated on disposals of assets	–	4 092
Depreciation charge	–	(80 454)
Depreciation from non-current assets held for sale and discontinued operations	(3 836)	–
Reclassified as non-current assets held for sale	–	2 154
At 31 December 2014	–	(78 044)
Total accumulated depreciation and impairment at 31 December 2014		**(78 044)**
Carrying value at 31 December 2014	**30 500**	**487 456**
Total carrying value at 31 December 2014		**517 956**

Estimated useful lives

Land – Unlimited

Buildings – 20 years

Plant, vehicles, machinery and equipment – 4 to 12 years

* The majority of the value of property plant and equipment lies in the machinery. The other categories of property, plant and equipment are not deemed to be material enough to disclose separately.

Certain items of plant, vehicles, machinery and equipment are pledged as security for the associated asset based finance agreement entered into to finance their acquisition. These asset-based finance agreements are detailed in note 26.

The Group has signed a general and special notarial bond over all the movable assets in favour of Nedbank and Standard Bank. Refer to note 38.8 (*Liquidity risk management*) for further details.

At the end of the 2017 financial year, the Group had no material capital commitments (2016: The Group had capital commitments of approximately R44 million in relation to the rebuilding of the Finlar production facility, 2015: Rnil, 2014: Rnil).

	2017 R'000	2016 R'000	2015 R'000	2014 R'000
11. **GOODWILL**				
Cost	2 592 385	2 450 018	2 423 026	1 952 074
Accumulated impairment	(71 327)	(4 483)	–	–
	2 521 058	**2 445 535**	**2 423 026**	**1 952 074**

	Goodwill R'000
31 December 2017	
Cost	
At 1 January 2017	2 450 018
Business combinations (note 31)	142 367
At 31 December 2017	2 592 385
Accumulated impairment	
At 1 January 2017	(4 483)
Impairment (note 12.4)	(50 000)
Impairment relating to discontinued operations	(16 844)
At 31 December 2017	(71 327)
Carrying value at 31 December 2017	**2 521 058**
31 December 2016	
Cost	
At 1 January 2016	2 423 026
Business combinations (note 31)	26 992
At 31 December 2016	2 450 018
Accumulated impairment	
At 1 January 2016	–
Impairment (note 12.4)	(4 483)
At 31 December 2016	(4 483)
Carrying value at 31 December 2016	**2 445 535**
31 December 2015	
Cost	
At 1 January 2015	1 952 074
Business combinations (note 31)	483 308
Disposal of non-current asset held for sale	(12 356)
At 31 December 2015	2 423 026
Accumulated impairment	
At 1 January 2015	–
At 31 December 2015	–
Carrying value at 31 December 2015	**2 423 026**

	Goodwill R'000
31 December 2014	
Cost	
At 1 January 2014	–
Business combinations (note 31)	–
At 31 December 2014	1 952 074
	1 952 074
Accumulated impairment	
At 1 January 2014	–
At 31 December 2014	–
Carrying value at 31 December 2014	**1 952 074**
Estimated useful lives	Indefinite

11.1 **Allocation of goodwill to cash-generating units**

Goodwill has been allocated to groups which are represented by the operating segments. For impairment testing purposes goodwill is further allocated to the individual cash-generating units, represented by subsidiaries and divisions in the Group.

Cash-generating groups

Perishables

Ambient Groceries

Snacks and Confectionery

Baking and Baking Aids

Niche Beverages

Household and Personal Care

Specialised Food Packaging

The carrying amount of goodwill was allocated to cash-generating groups is as follows:

	2017 R'000	2016 R'000	2015 R'000	2014 R'000
Perishables	1 126 250	1 045 571	1 045 571	680 773
Ambient Groceries	653 751	670 640	652 595	534 664
Snacks and Confectionery	228 980	228 980	224 516	224 516
Baking and Baking Aids	250 468	250 468	250 468	250 468
Niche Beverages	162 745	151 012	151 012	151 012
Household and Personal Care	61 864	61 864	61 864	75 522
Specialised Food Packaging	37 000	37 000	37 000	35 119
	2 521 058	**2 445 535**	**2 423 026**	**1 952 074**

Refer to note 12.3 for further details on impairment testing of goodwill.

	2017 R'000	2016 R'000	2015 R'000	2014 R'000
12. **INTANGIBLE ASSETS**				
Cost	3 075 685	2 917 167	2 911 627	2 529 029
Accumulated amortisation and impairment	(626 177)	(476 937)	(338 435)	(214 416)
	2 449 507	**2 440 230**	**2 573 192**	**2 314 613**

	Brands* R'000	Computer software and website costs R'000	Customer relationships R'000
31 December 2017			
Cost			
At 1 January 2017	624 326	22 240	2 270 601
Additions	–	13 401	–
Disposals	–	(1 257)	–
Business combinations (note 31)	20 465	4	125 905
At 31 December 2017	644 791	34 388	2 396 506
Total cost at 31 December 2017			**3 075 685**
Accumulated amortisation and impairment			
At 1 January 2017	–	(10 529)	(466 408)
Eliminated on disposals of assets	–	911	–
Amortisation charge	–	(8 120)	(132 956)
Amortisation from discontinued operations	–	–	(756)
Impairment relating to discontinued operations	–	–	(8 319)
At 31 December 2017	–	(17 738)	(608 439)
Total accumulated amortisation and impairment at 31 December 2017			**(626 177)**
Carrying value at 31 December 2017	**644 791**	**16 649**	**1 788 067**
Total carrying value at 31 December 2017			**2 449 507**
Estimated useful lives	Indefinite	3 – 6 years	5 – 20 years

	Brands* R'000	Computer software and website costs R'000	Customer relationships R'000
31 December 2016			
Cost			
At 1 January 2016	624 326	11 700	2 275 601
Additions	–	9 430	–
Disposals	–	(90)	–
Business combinations (note 31)	–	4	–
Transfer from property, plant and equipment	–	1 196	–
Reversal of contingent consideration	–	–	(5 000)
At 31 December 2016	624 326	22 240	2 270 601
Total cost at 31 December 2016			**2 917 167**
Accumulated amortisation and impairment			
At 1 January 2016	–	(4 867)	(333 568)
Eliminated on disposals of assets	–	83	–
Amortisation charge	–	(4 818)	(131 706)
Amortisation from discontinued operations	–	–	(1 134)
Transfer from property, plant and equipment	–	(927)	–
At 31 December 2016	–	(10 529)	(466 408)
Total accumulated amortisation and impairment at 31 December 2016			**(476 937)**
Carrying value at 31 December 2016	624 326	11 711	1 804 193
Total carrying value at 31 December 2016			**2 440 230**
Estimated useful lives	Indefinite	3 – 6 years	5 – 20 years

	Brands* R'000	Computer software and website costs R'000	Customer relationships R'000
31 December 2015			
Cost			
At 1 January 2015	487 796	3 171	2 038 062
Additions	–	7 983	–
Disposals	–	(498)	–
Business combinations (note 31)	136 530	1 050	280 292
Disposal of non-current assets held for sale	–	–	(42 753)
Transfer from property, plant and equipment	–	–	–
Reclassified as held for sale	–	(6)	–
At 31 December 2015	624 326	11 700	2 275 601
Total cost at 31 December 2015			**2 911 627**
Accumulated amortisation and impairment			
At 1 January 2015	–	(908)	(213 508)
Amortisation charge	–	(3 962)	(125 046)
Amortisation from discontinued operations	–	(2)	(1 134)
Disposal of non-current assets held for sale	–	–	6 120
Reclassified as discontinued operations	–	5	–
At 31 December 2015	–	(4 867)	(333 568)
Total accumulated amortisation and impairment at 31 December 2015			**(338 435)**
Carrying value at 31 December 2015	624 326	6 833	1 942 033
Total carrying value at 31 December 2015			**2 573 192**
31 December 2014			
Cost			
At 1 January 2014	–	–	–
Additions	–	566	–
Business combinations (note 31)	487 796	2 605	2 038 062
Impairments	–	–	–
At 31 December 2014	487 796	3 171	2 038 062
Total cost at 31 December 2014			**2 529 029**
Accumulated amortisation and impairment			
At 1 January 2014	–	–	–
Amortisation charge	–	(908)	(203 806)
Impairment relating to discontinued operations	–	–	(9 702)
At 31 December 2014	–	(908)	(213 508)
Total accumulated amortisation and impairment at 31 December 2014			**(214 416)**
Carrying value at 31 December 2014	487 796	2 263	1 824 554
Total carrying value at 31 December 2014			**2 314 613**

Comprises well-established growing brands which are considered to have indefinite useful lives and are not amortised.

Certain brands and trademarks are pledged as security for the financing facilities detailed in note 38.8.

	2017 R'000	2016 R'000	2015 R'000	2014 R'000
12.1 **Allocation of brands to cash generating units**				
The carrying amount of intangible assets with indefinite useful lives was allocated to cash-generating groups as follows:				
Perishables	438 082	424 712	424 712	288 182
Ambient Groceries	14 146	14 146	14 146	14 146
Baking and Baking Aids	11 103	11 103	11 103	11 103
Niche Beverages	97 182	90 087	90 087	90 087
Household and personal care	84 278	84 278	84 278	84 278
	644 791	**624 326**	**624 326**	**487 796**

12.2 **Total value of goodwill and intangible assets with indefinite lives**

The aggregate value of goodwill and intangible assets with indefinite useful lives allocated to cash-generating groups was as follows:

	Goodwill	Brands	Total
Perishables	1 126 250	438 082	1 564 332
Ambient Groceries	653 751	14 146	667 897
Snacks and Confectionery	228 980	–	228 980
Baking and Baking Aids	250 468	11 103	261 571
Niche Beverages	162 745	97 182	259 927
Household and Personal Care	61 864	84 278	146 142
Specialised Food Packaging	37 000	–	37 000
	2 521 058	**644 791**	**3 165 849**

12.3 **Impairment testing of goodwill and intangible assets with indefinite lives**

Annually or if there is an indication of impairment, the Group assesses the cash generating units for impairment. Goodwill acquired through business combinations, brands and customer relationships have been allocated to cash-generating units to facilitate this assessment.

The key assumptions disclosed below are based on management's experience and expectations. Management considers forecast cash flow periods of 5 years to be appropriate.

Methods and assumptions

The Group applies a discounted cash flow methodology (value in use) to assess the recoverable amount of cash-generating units. This methodology entails a calculation of the present value of future cash flows generated by applicable cash-generating units over an appropriate period and incorporates a terminal growth rate.

These cash flows are based on forecasts which include assumptions on profit before interest and tax, depreciation, working capital movements, capital maintenance expenditure, an appropriate discount rate and a terminal growth rate. The terminal growth rate used is dependent on the industry and maturity of the cash-generating unit.

Brands and customer relationships

The main inputs used for forecasting the recoverable amount are forecast sales to which the brands or customer relationships contribute and estimated cash flows earned from these sales, a tax rate of 28% and an appropriate discount rate.

Discount rates

Approximate after-tax discount rates applied	12.20%	12.50%	12.50%	11.00%

The discounted cash flow model is sensitive to the discount rates, although slight movements in the discount rate will not result in any material movements to recoverable amounts which could cause them to be exceeded by carrying amounts.

Growth rates

Approximate terminal growth rates applied	5.40%	6.10%	5.20%	5.00%

		2017 R'000	2016 R'000	2015 R'000	2014 R'000
12.4	**Recorded impairments from continuing operations**				
	Impairment losses recognised during the year are as follows:				
	Goodwill	50 000	4 483	–	–
	Non-contractual customer relationships	–	–	–	9 702
		50 000	4 483	–	9 702
	Elvin				
	Goodwill	50 000	–	–	–

The trading results of Elvin were negatively impacted by numerous factors including increased competitor pressure; labour unrest and a protracted strike which led to lost production time; production inefficiencies and the movement of production lines to other divisions within the Group. As a result of this, Elvin did not meet its budget targets for the current financial year and the longer-term forecasts have been revised. In assessing the recoverable amount of this cash generating unit, management recorded an impairment loss to the goodwill as outlined above.

The Blenders	–	4 483	–	–

The impairment losses above relate to the restructuring of the operations of The Blenders. The private label tea business was sold to Joekels Tea Packers. The Woolworths tea business was transferred to Cape Herb and Spice and the remaining operations were closed. Goodwill and non-contractual customer relationships relating to the operations that were closed down have been written off in full.

La Femme	–	–	–	9 702

The impairment losses above relate to the restructuring of the operations of La Femme. The La Femme business was sold to Premier Foods and the Cotton King business was transferred to Contactim.

13. INVESTMENTS IN ASSOCIATES

Name of associate	Principal activity	Country of incorporation	Proportion of ownership interest held (%) 2017	2016	2015	2014
Kalk Bay Foods	Manufacturing	South Africa	100%	100%	33.33%	33.33%

During 2016 the Group acquired a further 66.67% interest in Kalk Bay Foods. The entire business operations of Kalk Bay Foods was sold to Libstar Operations.

(Refer to business combinations note 31)

	2017 R'000	2016 R'000	2015 R'000	2014 R'000
Balance at beginning of the year	–	6 459	5 441	–
Acquired as part of business combinations	–	–	–	5 000
Group's share of profits of associates	–	–	1 018	441
Reversal of investment as part of business combination	–	(6 459)	–	–
Group's share of net assets of associates	**–**	**–**	**6 459**	**5 441**

	2017 R'000	2016 R'000	2015 R'000	2014 R'000
14. **DEFERRED TAX ASSETS/(LIABILITIES)**				
Deferred tax asset	6 490	3 714	4 463	177
Deferred tax liability	(815 948)	(791 863)	(818 174)	(742 683)
	(809 458)	**(788 149)**	**(813 711)**	**(742 506)**
Balance at beginning of the year	(788 149)	(813 711)	(742 506)	–
Charge in profit or loss – continuing operations	29 141	25 121	65 341	47 782
Charge in profit or loss – discontinued operations	5 970	(168)	(1)	–
Non-current assets held for sale	–	168	2 764	–
Disposal of asset held for sale	(4 212)	–	–	–
Prior period adjustment correction	(2 379)	–	–	–
Business combinations (note 31)	(49 829)	440	(139 309)	(790 288)
Balance at the end of the year	**(809 458)**	**(788 149)**	**(813 711)**	**(742 506)**
Due to the following timing differences:				
Property, plant and equipment	(151 854)	(113 628)	(114 253)	(103 165)
Intangible assets	(681 126)	(675 457)	(715 049)	(650 175)
Operating lease liability	993	1 533	1 107	555
Accruals	39 535	27 675	20 580	11 532
Prepaid expenses	(1 179)	(1 549)	(2 055)	(698)
Consumable stores allowance	(12 318)	(10 531)	(9 891)	–
Assessed losses	15 876	3 249	2 664	848
Income received in advance	(400)	1 352	54	–
Capital gains tax – deferred	(6 304)	(18 543)	(1 738)	(2 575)
Investment in associate	–	–	(1 014)	(732)
Post retirement medical aid contribution liability	2 344	1 953	1 601	–
Forward exchange contracts	(15 025)	(4 203)	4 283	1 904
	(809 458)	**(788 149)**	**(813 711)**	**(742 506)**

There are no unrecognised income tax losses.

15. **INVENTORIES**				
Raw materials and components	405 618	322 584	229 969	201 502
Work in progress	141 880	63 895	102 532	81 803
Finished goods and merchandise	517 575	551 294	507 752	252 699
Consumable stores and spares	16 960	12 045	20 466	1 616
Goods in transit	82 254	57 850	25 774	–
Provision for stock write-down: finished goods	(27 180)	(14 608)	(4 812)	(6 156)
	1 137 107	**993 060**	**881 681**	**531 464**

All inventories are carried at cost, with the exception of certain items of finished goods against which a provision for stock write-down of R27.2m (2016: R14.6m, 2015: R4.8m, 2014: R6.2m) has been raised.

The cost of inventories recognised as an expense during the period was R5.2m (2016: R4.9m, 2015: R4.0m, 2014: R3.2m).

	2017 R'000	2016 R'000	2015 R'000	2014 R'000
16. **TRADE AND OTHER RECEIVABLES**				
Trade receivables	1 549 957	1 364 489	1 281 809	859 680
Less: allowance for doubtful debts	(25 517)	(18 095)	(14 709)	(2 889)
	1 524 440	**1 346 394**	**1 267 100**	**856 791**
Prepayments and deposits	45 348	51 239	42 810	18 964
Value-added tax receivable	47 427	41 823	16 165	–
Other receivables	893	20 013	17 516	19 557
	1 618 108	**1 459 469**	**1 343 591**	**895 312**
16.1 **Trade receivables**				
Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.				
Ageing of past due but not impaired				
1 month past due	263 823	180 787	187 907	89 468
2 months past due	33 871	25 868	57 183	31 278
3 or more months past due	30 732	31 791	27 646	16 840
Total	**328 426**	**238 446**	**272 736**	**137 586**
Movement in the allowance for doubtful debts				
Balance at beginning of the year	18 095	14 709	2 889	–
Acquired through business combination	–	–	10 310	2 495
Amounts raised during the current year	25 571	17 638	2 491	–
Impairment losses recognised on receivables	–	–	–	394
Amounts reversed during the current year	(18 095)	(14 252)	(981)	–
Balance at end of the year	**25 571**	**18 095**	**14 709**	**2 889**

The Group's policy is to provide fully for those customers who have otherwise been identified as non-recoverable. The credit quality of the customer base is considered to be good, based on historical default rates. In the current year the Group wrote off R2.7m (2016: R1.3m, 2015: R3.0m, 2014: R3.0m) of bad debts. The Group's top 3 customers, being leading retailers, comprise 30% of the carrying amount of trade receivables. The Group limits its credit exposure risk by dealing mainly with well-established institutions of high credit standing. Accordingly, the Directors believe that no further provision is required in excess of the allowance for doubtful debts.

	2017 R'000	2016 R'000	2015 R'000	2014 R'000
17. **BIOLOGICAL ASSETS**				
Mushrooms	26 162	22 560	20 858	–
	26 162	**22 560**	**20 858**	**–**

The Group is engaged in mushroom production for supply to various customers.

The fair value of mushrooms in the growing cycle is calculated as the future expected net cash flows from the asset, which includes a number of assumptions, primarily based on the historical production yield and the weighted average selling price per kilogram produced.

The Group is exposed to financial risks that may arise from disease affecting its mushroom plant. Stringent biosecurity measures are in place to limit the effect of this risk.

Balance at beginning of the year	22 560	20 858	–	–
Acquired through business combinations	–	–	19 483	–
Transferred for processing and sold	(76 443)	(77 721)	(45 451)	–
Gain arising from change in fair value due to physical change	77 346	78 375	44 056	–
Gain arising from change in fair value less estimated point of sale costs	219	252	412	–
Changes attributable to raw materials and overheads	2 480	796	2 358	–
Balance at the end of the year	**26 162**	**22 560**	**20 858**	**–**
The biological asset valuation comprised:				
Compost production cycle	6 754	4 975	4 689	–
Growing room cycle	11 757	11 056	10 546	–
Rooms in cropping	7 329	6 300	5 457	–
Spent compost	322	229	166	–
	26 162	**22 560**	**20 858**	**–**

Management performs regular industry trend analysis to ensure that the Group's pricing structure is in line with the market and to ensure that the projected harvest volumes are consistent with the expected demand.

Health and safety risks

Due to the fact that the Group operates in the fresh food industry, the Group is exposed to several food safety standards and laws. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular health and safety inspections.

The value of the biological assets at the end of the financial period is deemed not to be material. Therefore, no additional disclosures will be made.

	2017 R'000	2016 R'000	2015 R'000	2014 R'000
18. OTHER FINANCIAL ASSETS				
Financial assets carried at fair value through profit or loss ("FVTPL")				
Foreign exchange contracts	69 628	22 727	16 520	439
Loans and receivables	55 619	1 707	2 226	–
Loan to shareholders	43 059	–	1 185	–
Loan to Kellogg Tolaram South Africa (Pty) Ltd	12 000	–	–	–
Other	560	1 707	1 041	–
	125 247	**24 434**	**18 746**	**439**
Non-current assets	9 600	–	–	–
Current assets	115 647	24 434	18 746	439
	125 247	**24 434**	**18 746**	**439**
18.1 **Loans to related parties**				
Management Funding SPV	23 674	–	–	–
The above amount represents the amounts receivable from management shareholders in respect of the purchase of non-controlling interests in subsidiaries as detailed in note 24. The loan was repaid in full on 3 January 2018.				
Executive management	19 385	–	–	–
The above amount represents the amounts receivable from management shareholders in respect of the put option exercised by the Terry Millar Family Trust. The amount was repaid in full during February 2018.				
	43 059	**–**	**–**	**–**
18.2 **Loans to other entities**				
Kellogg Tolaram South Africa (Pty) Ltd	12 000	–	**–**	–
The loan is repayable in 60 monthly instalments and bears interest at the prime interest rate plus 1.00%. The loan is secured by the assets sold.				
19. CASH AND BANK BALANCES				
Cash on hand	669	602	99	1 651
Bank balances	549 650	291 565	281 017	197 201
Short-term deposits	389	–	–	–
Bank overdrafts	(199 381)	(160 791)	(102 731)	(72 284)
	351 327	**131 376**	**178 385**	**126 568**
Current assets	550 708	292 167	281 116	198 852
Current liabilities	(199 381)	(160 791)	(102 731)	(72 284)
	351 327	**131 376**	**178 385**	**126 568**

Bank overdrafts form an integral part of the Group's cash management and are included as cash equivalents.

The Group has signed a cession of all its rights and claims in respect of bank accounts maintained in its jurisdiction of incorporation, from time to time.

Refer to note 38.8 Liquidity risk management for details of financing facilities and details about securities for bank facilities.

	2017 R'000	2016 R'000	2015 R'000	2014 R'000
20 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE				
Total assets classified as held for sale	–	52 070	48 770	84 600
Total liabilities classified as held for sale	–	(34 940)	(35 348)	(9 772)
Net assets classified as held for sale	**–**	**17 130**	**13 422**	**74 828**

20.1 **La Femme**

During 2014, the Directors had entered into discussions with Premier Foods to sell the La Femme division of Libstar Operations. The effective date of sale was 1 March 2015.

The assets and liabilities were classified as held for sale as detailed below:

Assets classified as held for sale	–	–	–	84 600
Property, plant and equipment	–	–	–	63 358
Intangible assets	–	–	–	9 715
Trade and other receivables	–	–	–	11 527
Liabilities directly associated with assets classified as held for sale	–	–	–	(9 772)
Trade and other payables	–	–	–	(8 672)
Borrowings	–	–	–	(929)
Operating lease liability	–	–	–	(171)
Net liabilities classified as held for sale	**–**	**–**	**–**	**74 828**

20.2 **Noodle Master**

At the end of 2015, the Group resolved to discontinue the operations of Noodle Master. The viability of Noodle Master was reassessed during the current financial year and the Directors resolved to continue with the plans to discontinue this operation.

The assets and liabilities were classified as held for sale as detailed below:

Assets classified as held for sale	–	52 070	48 770	–
Property, plant and equipment	–	20 900	22 833	–
Intangible assets	–	4	1	–
Other financial liabilities	–	–	–	–
Deferred tax		–		
Inventories	–	16 173	11 308	–
Trade and other receivables	–	14 994	14 628	–
Liabilities directly associated with assets classified as held for sale	–	(34 940)	(35 348)	–
Trade and other payables	–	(17 068)	(13 776)	–
Deferred tax liability	–	(2 931)	(2 764)	–
Borrowings	–	(1 447)	(1 831)	–
Bank overdraft	–	(13 493)	(16 977)	–
Net assets classified as held for sale	**–**	**17 130**	**13 422**	**–**

	2017 R'000	2016 R'000	2015 R'000	2014 R'000
21. SHARE CAPITAL				
Share capital	4 187 177	3 886 410	3 827 662	2 996 233
Share premium	–	–	–	–
	4 187 177	**3 886 410**	**3 827 662**	**2 996 233**
Authorised capital comprises:				
10 000 000 Ordinary Shares				
1 000 000 A Preference Shares				
Issued capital comprises:				
3 910 973 (2016: 3 751 321; 2015: 3 725 117; 2014: 2 996 233) fully paid Ordinary Shares	4 187 177	3 886 410	3 827 662	2 996 233
1 000 000 A Preference Shares	–	–	–	–
	4 187 177	**3 886 410**	**3 827 662**	**2 996 233**

	Number of shares	Share capital R'000
21.1 **Fully paid ordinary shares**		
Balance at 1 January 2014	–	–
Share issue	2 996 233	2 996 233
Balance at 1 January 2015	2 996 233	2 996 233
Share buy-back	(30 695)	(30 695)
Share issue	759 579	862 124
Balance at 1 January 2016	3 725 117	3 827 662
Share buy-back	(30 694)	(30 694)
Share issue	56 898	89 442
Balance at 1 January 2017	3 751 321	3 886 410
Share buy-back	(25 530)	(25 530)
Share issue	185 182	326 297
Balance at 31 December 2017	**3 910 973**	**4 187 177**

21.2 **Shares issued for business acquisitions**

During 2017, the Group entered into an arrangement relating to the purchase of the business operations of Millennium Foods. The details of the arrangement are as follows:

Date of issue of shares	31 December 2017
Number of Ordinary Shares issued	39 160
Fair value of Ordinary Shares issued (R'000)	69 000

The fair value of the Ordinary Shares was determined based on the valuation approved by the Board.

The fair value is determined with reference to the Group's enterprise value and the EBITDA for the year ended 31 December 2016.

During 2016, the Group entered into a share-based payment arrangement relating to the purchase of the issued share capital in Kalk Bay Foods. The details of the share based payment are as follows:

Date of issue of Ordinary Shares	31 May 2016
Number of Ordinary Shares issued	12 405
Fair value of Ordinary Shares issued (R'000)	19 500

The fair value of the Ordinary Shares was determined based on the valuation approved by the Board.

The fair value is determined with reference to the Group's enterprise value and the EBITDA for the year ended 31 December 2015.

During 2015, the Group entered into a share-based payment arrangement relating to the purchase of the issued share capital in Denny Mushrooms. The details of the share based payment are as follows:

Date of issue of Ordinary Shares	1 July 2015
Number of Ordinary Shares issued	40 262
Fair value of Ordinary Shares issued (R'000)	44 537

The fair value of the Ordinary Shares was determined based on the valuation approved by the Board.

The fair value is determined with reference to the Group's enterprise value and the EBITDA for the year ended 31 December 2014.

	2017 R'000	2016 R'000	2015 R'000	2014 R'000
22. NON-DISTRIBUTABLE RESERVES				
Foreign currency translation reserve	–	–	–	336
	–	**–**	**–**	**336**
22.1 Foreign currency translation reserve				
Balance at beginning of year	–	–	336	–
Acquired through business combinations	–	–	–	336
Released to profit or loss during the year	–	–	(336)	–
	–	**–**	**–**	**336**

Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. South African Rands) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve (in respect of translating the net assets of foreign operations) are reclassified to profit or loss on the disposal or partial disposal of the foreign operation.

	2017 R'000	2016 R'000	2015 R'000	2014 R'000
23. **EMPLOYEE BENEFITS**				
Post-retirement medical aid contribution liability				
Actuarially determined present value of unfunded obligations	8 372	6 976	5 718	–
Movement in present value of the defined benefit obligation				
Balance at the beginning of the year	6 976	5 718	–	–
Acquired through business combinations	–	–	5 976	–
Transfer from statement of comprehensive income – operating profit	766	676	312	–
Current service costs	101	73	36	–
Interest cost	665	603	276	–
Contributions paid	(350)	(299)	(130)	–
Actuarial loss/(gain) recognised in other comprehensive income	980	881	(440)	–
	8 372	**6 976**	**5 718**	**–**

The company has an obligation to provide certain post-retirement medical aid benefits to certain eligible employees and pensioners. The entitlement to these benefits for current employees is dependent upon the employee remaining in service until retirement age.

The actuarial valuation of the post-retirement medical aid contributions liability was performed at 31 December 2017.

	2017 R'000	2016 R'000	2015 R'000	2014 R'000
Expense recognised in profit or loss				
Current service costs	101	73	36	–
Interest on obligation	665	603	276	–
Actuarial losses/(gains) recognised in other comprehensive income				
Amount acquired through business combinations	–	–	(39)	–
Amount accumulated in retained earnings at the beginning of the year	881			
Recognised during the year	980	881	(440)	–
Amount accumulated in retained earnings at the end of the year	1 861	881	(479)	(479)
Actuarial assumptions				
The following are the principal actuarial assumptions at the reporting date:				
Discount rate	9.60%	9.73%	8.50%	–
Medical inflation	7.50%	7.50%	7.00%	–

Assumed medical aid contribution rates have a significant effect on the amounts recognised in profit or loss. A 1 percentage point change in assumed medical aid contribution rates would have the following effects:

	Increase	Decrease
Effect on the aggregate service and interest cost	112	(95)
Effect on defined benefit obligation	1 043	(878)

	2017 R'000	2016 R'000	2015 R'000	2014 R'000
24. PREMIUM ON ACQUISITION OF NON-CONTROLLING INTERESTS				
Balance at the beginning of the year	(18 390)	(22 822)	–	–
Transfer of reserves from non-controlling interests	3 170	14 239	47 066	–
Transfer of loans from non-controlling interests	78 984	9 727	15 608	–
Acquisition of non-controlling interests	(127 388)	(19 534)	(85 496)	–
	(63 624)	**(18 390)**	**(22 822)**	**–**

During 2017, the Group acquired additional interests in certain subsidiaries as outlined below:

- Ambassador Confectionery (Pty) Ltd – 49%
- Cecil Vinegar Works (Pty) Ltd – 30%
- Choice Wise Trading (Pty) Ltd – 30%
- Contactim (Pty) Ltd – 30%
- Hurters Honey (Pty) Ltd – 30%
- Khoisan Gourmet (Pty) Ltd – 30%
- Amaro Gluten Free – 10.5%

During 2016, the Group acquired additional interests in certain subsidiaries as outlined below:

- Cani Rusks (Pty) Ltd – 25%
- Elvin Group (Pty) Ltd – 10%
- Amaro Gluten Free – 5%
- Multi-cup Solutions (Pty) Ltd – 9.4%

During 2015, Libstar Operations acquired additional interests in certain subsidiaries as outlined below:

- Ambassador Foods (Pty) Ltd – 30%
- Elvin Group (Pty) Ltd – 20%
- Glenmor – 15%
- Multi-cup Solutions (Pty) Ltd – 5.6%

25. SHARE APPRECIATION RIGHTS				
Share appreciation rights	34 019	7 360	–	–
	34 019	**7 360**	**–**	**–**

25.1 Details of the employee share appreciation rights scheme of the Company

During the year, the Company established a share appreciation rights scheme (the LTI Scheme) for executives and senior employees of the Company and its Subsidiaries. In accordance with the terms of the LTI Scheme, qualifying executives and senior employees may be awarded units annually, based upon their performance. Each unit allocated is the equivalent of an Ordinary Share in the Company. The units allocated are issued at the then prevailing market value of an Ordinary Share in the Company. The units vest over a 3-year period from the date of issue. Upon vesting of a unit, the holder thereof is entitled to receive the difference between the then determined market value of the unit and its issue price, payable in cash.

The number of units granted is calculated in accordance with the performance-based formula approved by the Directors and the Remuneration Committee. The formula rewards executives and senior employees to the extent of the Group's and the individual's achievement judged against both qualitative and quantitative criteria from the following financial measures:

- improvement in share price;
- improvement in net profit; and
- employee performance bonus for the prior financial year.

The following share-based payment arrangements were awarded during the current year:

Unit series	Number	Grant date	Vesting date	Issue price
(1) Granted on 1 January 2016	27 706	01/01/2016	31/12/2018	R1 572.66
(2) Granted on 1 January 2017	31 199	01/01/2017	31/12/2019	R1 761.69

25.2 **Fair value of the share appreciation rights allocated in the year**

The total movement of the share appreciation rights during the financial year is R27m (2016: R7m). Units were priced using a binomial unit pricing model. Expected volatility is based on the historical share price volatility over the past 3 years.

Inputs into the model

	2016	2017
Issue date share price	R1 572.66	R1 761.69
Expected vesting date share price	R2 601.69	R3 205.25
Expected volatility	15.0%	15.0%
Vesting period	3 years	3 years
Dividend yield	0%	0%
Risk-free interest rate	8.7%	8.7%

25.3 **Movements in share appreciation rights during the year**

The following table reconciles the share appreciation rights outstanding under the LTI Scheme:

	Number of units issued	Weighted average issue price R	Number vested	Value R'000
Balance at 1 January 2016	–	–	–	–
Allocated during the year	27 706	1 573	–	7 360
Balance at 31 December 2016	27 706		9 235	7 360
Movement in fair value of units issued in 2016	–	–	–	11 646
Allocated during the year	31 199	1 762	–	15 013
Balance at 31 December 2017	**58 905**	**834**	**28 870**	**34 019**

The first allocation of units will vest in full on 31 December 2018. The second allocation of units will vest in full on 31 December 2019.

On the assumption that all awards are fully vested and based on the most recent valuation, the liability in respect of the share appreciation rights increases to R73.5m.

	2017 R'000	2016 R'000	2015 R'000	2014 R'000
26. OTHER FINANCIAL LIABILITIES				
Financial liabilities carried at fair value through profit or loss ("FVTPL")				
Foreign exchange contract	16 371	18 518	29 110	7 260
Put options exercisable by non-controlling interests and executive management (note 26.5)	8 836	89 680	106 962	174 766
Other	–	–	5 000	–
Financial liabilities carried at amortised cost				
Bank loans	1 947 099	1 898 135	2 007 073	1 716 701
Asset based finance	269 043	148 436	96 511	45 306
Loans payable	38 328	89 344	92 503	81 200
Other financial liabilities (note 26.4)	83 017	–	–	–
	2 362 694	**2 244 113**	**2 337 159**	**2 025 233**
Non-current	2 014 548	1 931 551	2 054 553	1 760 095
Current	348 146	312 562	282 606	265 138
	2 362 694	**2 244 113**	**2 337 159**	**2 025 233**
26.1 **Bank loans**				
Facility A				
– Nedbank	180 516	311 434	354 561	383 350
– Standard Bank	246 724	311 434	354 561	383 351
– Investec Bank Limited	66 208	–	–	–
The above loans are repayable quarterly commencing 31 March 2015. The loans bear interest at the prevailing JIBAR rate plus 2.85%.				
Facility B				
– Nedbank	285 000	375 000	375 000	375 000
– Standard Bank	575 000	575 000	575 000	575 000
– Investec Bank Limited	90 000	–	–	–
The above loans are repayable as a single bullet payment on 2 October 2020 with interest repayable quarterly. The loans bear interest at the prevailing JIBAR rate plus 3.30%.				
Facility C				
– Nedbank	116 377	161 006	172 170	–
– Standard Bank	154 377	161 006	172 170	–
– Investec Bank Limited	38 000	–	–	–
The above loans are repayable as a single bullet payment on 2 October 2021 with interest repayable quarterly. The loans bear interest at the prevailing JIBAR rate plus 3.50%.				
Facility D				
– Nedbank	95 987	–	–	–
– Standard Bank	95 987	–	–	–
The above loans are repayable as a single bullet payment on 2 October 2020 with interest repayable quarterly. The loans bear interest at the prevailing JIBAR rate plus 3.50%.				
The above loans are secured as detailed in note 38.8.				
Rand Merchant Bank	2 923	3 255	3 611	–
The loan is repayable in monthly instalments and bears interest at the prime interest rate less 0.25%. The loan is secured by a general suretyship limited to R4 500 000 from Berfin and a general suretyship limited to R4 500 000 from GC McGregor.				
	1 947 099	1 898 135	2 007 074	1 716 701

		2017 R'000	2016 R'000	2015 R'000	2014 R'000
26.2	**Asset-based finance**				
	ABSA Limited	–	–	226	439
	Standard Bank	135 351	59 128	17 295	–
	Nedbank	133 692	89 308	78 990	44 867
		269 043	148 436	96 511	45 306

The asset based financial liabilities are held by various financial institutions, are repayable in monthly instalments over an average of 5 years and bear interest at rates between the prevailing prime interest rate and 1% less per annum.

The above asset based financial liabilities are secured as detailed in note 38.8.

26.3	**Loans payable**				
	Woolworths Holdings Limited	–	–	1 502	2 068
	Delicate Flore	–	–	1 759	–
	The above loans were repaid in 2016.				
	Provisur Technologies Inc.	–	–	–	8 004

The balance represents the amount previously owing to Provisur Technologies Inc. in respect of the chicken and beef facility for Finlar. The amount bears no interest and was repaid in full in 2015.

	28 310	79 326	79 224	61 110
J Hurter	–	1 974	1 939	2 914
The Sean McLeod Trust	–	7 480	7 029	7 016
The Jason Young Trust	–	7 480	7 217	7 213
The John Mertsch Family Trust	–	7 480	7 484	7 461
Elvin Holdings (Pty) Ltd	–	–	–	13 929
Mark Pollock Investments (Pty) Ltd	4 287	4 494	4 210	4 504
ARH Investments (Pty) Ltd	4 287	4 494	4 210	4 504
R van Schalkwyk	–	–	3 039	3 055
J van Schalkwyk	–	–	–	2 774
C McMurdo	–	–	–	505
D Couzens	–	–	2 516	2 522
Break Even 81 (Pty) Ltd	–	–	4 172	4 713
N Wood	–	2 700	2 700	–
MR Wadee	–	3 894	3 669	–
WD Vermeulen	–	3 461	3 261	–
NS Pepperell	–	6 598	6 216	–
G McGregor	19 736	19 936	17 968	–
H Loebenstein	–	1 994	1 797	–
M Graham	–	1 994	1 797	–
The Grandi Trust	–	5 347	–	–
The Terry Millar Family Trust	–	–	–	–

The loans are unsecured, bear interest at the prime interest rate and are repayable over variable periods from 1 to 5 years.

Gham Gourmet	10 018	10 018	10 018	10 018

The loan is unsecured, interest free and has no fixed repayment terms. The loan is subordinated in favour of the creditors of Libstar Food Solutions.

	38 328	89 344	92 503	81 200

		2017 R'000	2016 R'000	2015 R'000	2014 R'000
26.4	**Other financial liabilities**				
	Amounts payable to non-controlling interest	28 592	–	–	–
	The Sean McLeod Trust	4 092	–	–	–
	The Jason Young Trust	69	–	–	–
	The John Mertsch Family Trust	1 769	–	–	–
	MR Wadee	6 323	–	–	–
	WD Vermeulen	5 620	–	–	–
	NS Pepperell	10 719	–	–	–
	The above amounts relate to cash payments due to non-controlling interests in Subsidiaries which were acquired on 31 December 2017. The above amounts were settled in January 2018.				
	Amounts payable to executive management				
	The Terry Millar Family Trust	19 385	–	–	–
	The above amount represents the settlement value of the put option exercised by executive management during December 2017. The amount will be settled by 28 February 2018.				
	Hellmann Worldwide Logistics	35 040	–	–	–
	The above amount represents short-term funding provided by Hellmann Worldwide Logistics to certain Business units within the Group. The amount was repaid in full in January 2018.				
		83 017	**–**	**–**	**–**
26.5	**Put options exercisable by non-controlling interests and executive management**				
	Put options exercisable by non-controlling interests	8 835	28 897	27 174	75 132
	Put options exercisable by executive management	–	60 783	79 791	99 634
		8 835	**89 680**	**106 965**	**174 766**

Put options exercisable by non-controlling interests

Entity	Shares 2017	2016	2015	2014	Effective date From	To	2017 R'000	2016 R'000	2015 R'000	2014 R'000
Ambassador Foods (Pty) Ltd (incorporating Image Z Wise Trading (Pty) Ltd)	–	–	–	30%	01/08/14	31/07/15	–	–	–	54 089
Berfin (Pty) Ltd	30%	30%	30%	–	01/01/18	30/06/18	–	–	–	–
Choice Wise Trading (Pty) Ltd	–	30%	30%	–	01/03/18	30/09/18	–	–	–	–
Contactim (Pty) Ltd	–	30%	30%	30%	01/01/16	01/04/16	–	5 654	7 447	–
Elvin Group (Pty) Ltd	–	–	10%	30%	01/01/15	01/01/17	–	–	4 921	17 075
Glenmor	30%	30%	45%	45%	01/01/15	01/01/17	–	–	650	361
Hurters Honey (Pty) Ltd	–	30%	30%	30%	28/02/17	30/04/17	–	6 556	3 203	–
Multi-cup Solutions (Pty) Ltd	–	–	9.4%	15%	01/01/15	31/03/15	–	–	395	–
Cecil Vinegar Works (Pty) Ltd	–	30%	30%	–	01/09/18	31/03/19	–	6 760	961	–
Amaro Gluten Free	37%	40%	45%	45%	01/10/13	Indefinite	8 835	9 927	9 597	3 607
							8 835	**28 897**	**27 174**	**75 132**

The put options are granted in favour of minority shareholders in the above subsidiaries, in terms of the relevant shareholder agreements. The strike price of the put options during the effective period, is the value of the shares at date of exercise as set out in the relevant shareholders agreement, prior to which the put options are exercisable at a discount.

Put options exercisable by non-controlling interests

Entity	Shares 2017	2016	2015	2014	Effective date From	To	2017 R'000	2016 R'000	2015 R'000	2014 R'000
Libstar Operations	–	0%[1]	10%	20%	03/10/14	31/03/16	–	–	40 949	73 404
Libstar Operations	–	5.5%[2]	5.5%	5.5%	03/10/14	31/03/18	–	60 783	38 842	26 230
							–	**60 783**	**79 791**	**99 634**

The put options are granted in favour of executive management of Libstar Holdings, in terms of the Option agreement. The strike price of the put options during the effective period, is the market value of the shares at the date of exercise.

During the year under review, the remaining put options were exercised.

1. The market value of the shares is based on the results of Cape Herb and Spice.

2. The market value of the shares is based on the results of Finlar.

Reconciliation of put options

	Put options exercisable by non-controlling interests	Put options exercisable by executive management	Total
Balance at 1 January 2014	–	–	–
Put options arising from business combinations	75 132	99 634	174 766
Balance at 31 December 2014	75 132	99 634	174 766
Fair value adjustments through profit or loss	–	16 879	16 879
Fair value adjustments through equity	15 659	–	15 659
Put options arising from business combinations	961	–	961
Put options exercised during the year	(64 578)	(36 722)	(101 300)
Balance at 31 December 2015	27 174	79 791	106 965
Fair value adjustments through profit or loss	–	23 504	23 504
Fair value adjustments through equity	8 106	–	8 106
Put options arising from business combinations	–	–	–
Put options exercised during the year	(6 383)	(42 512)	(48 895)
Balance at 31 December 2016	28 897	60 783	89 680
Fair value adjustments through profit or loss	–	(1 436)	(1 436)
Fair value adjustments through equity	18 049	–	18 049
Put options exercised during the year	(38 111)	(59 347)	(97 458)
Balance at 31 December 2017	8 835	–	8 835

The fair value measurements of the put options have been categorised as Level 3 fair values based on the inputs the valuation techniques used.

	2017 R'000	2016 R'000	2015 R'000	2014 R'000
27. **TRADE AND OTHER PAYABLES**				
Trade payables	1 139 725	828 512	943 551	617 452
Accrued expenses	328 082	345 361	248 315	180 339
Value-added tax payable	27 776	32 282	32 352	17 465
Other payables	3 235	4 141	2 888	1 432
	1 498 818	**1 210 296**	**1 227 106**	**816 688**
28. **PROVISIONS**				
Restructuring and retrenchment costs	–	–	12 343	–
	–	**–**	**12 343**	**–**

28.1 **Provision for restructuring costs**

During the 2015 financial year, management began a restructure of the business operations of Patleys and Chet Chemicals. These restructuring processes were completed in 2016.

	R'000
Balance at 1 January 2015	–
Additions during the year	12 343
Balance at 31 December 2015	**12 343**
Utilisation during the year	(12 343)
Balance at 31 December 2016	**–**
Utilisation during the year	–
Balance at 31 December 2017	–

	2017 R'000	2016 R'000	2015 R'000	2014 R'000
29. CASH GENERATED FROM CONTINUING OPERATIONS				
Profit/(loss) before taxation from continuing operations	365 088	310 030	177 819	(12 146)
Adjustments for:	518 234	448 624	470 007	439 646
Depreciation, amortisation and impairments	316 476	252 239	218 808	294 870
Contingent consideration	–	5 000	(5 000)	–
Government grants in respect of property, plant and equipment	–	–	–	22 575
Loss/(gain) on disposal of property, plant and equipment	959	(50 511)	10 956	(1 349)
Share of profits of associates, net of tax	–	–	(1 018)	(441)
Investment income	(25 754)	(17 784)	(14 522)	(15 035)
Finance costs	254 448	251 732	203 812	128 705
Bargain purchase	–	–	(964)	9 486
Fair value adjustment on put options exercisable by executive management	(1 436)	23 504	16 879	–
Fair value adjustment on forward exchange contracts	(47 901)	(16 799)	23 645	–
Movements in employee benefits	1 396	(102)	(258)	835
Movements in operating lease assets and accruals	(6 613)	6 328	5 326	–
Movements in provisions	–	(12 343)	12 343	–
Movements in share appreciation rights	26 659	7 360	–	–
Changes in working capital:	70 621	(239 339)	(139 593)	(115 932)
Inventories	(34 373)	(102 884)	(173 306)	(79 021)
Trade and other receivables	(80 284)	(106 007)	(173 036)	(124 058)
Biological assets	(3 602)	(1 702)	(1 375)	–
Trade and other payables	188 880	(28 746)	208 124	87 147
	953 943	519 315	508 233	311 568
30. TAXATION PAID				
Balance at beginning of the year	25 971	22 563	(6 560)	–
Balance acquired from business combinations (note 31)	2 075	120	(1 732)	–
Current tax for the year recognised in profit or loss	(162 187)	(121 853)	(92 110)	(83 654)
Balance at end of the year	(11 151)	(25 971)	(22 563)	6 560
	(145 292)	(125 141)	(122 965)	(77 094)

31. ACQUISITION OF BUSINESSES

Acquisitions were accounted for using the acquisition method where the Group performed purchase price allocations.

The key assumptions made in performing the purchase price allocations were (i) customer relationships were valued using a discounted cash flow approach specific to the earnings from long standing customers, (ii) Brands were valued using the relief from royalty valuation methodology based on the expectation of revenue growth and royalty rates applicable to similar transactions. The royalty rate used was 5% (2016: n/a; 2015: 5%; 2014: 3%); and (iii) Discount rate applied was 13.7% (2016: 12.5%; 2015: 11.5%; 2014: 11.0%), comprising a base discount rate of 12.2% adjusted for a specific risk premium of 1.5%.

31.1 Subsidiaries acquired during 2017 – Khoisan Tea Import and Export (Pty) Ltd

The Group acquired the business operations of Khoisan Tea Import and Export (Pty) Ltd, for a consideration of R119 563 000.

The effective voting interests are:

Libstar Operations	70%
The Rosenheim Properties Trust	20%
The Gress Family Trust	10%

Khoisan Tea Import and Export (Pty) Ltd is a packer and supplier of natural and organic speciality teas and a variety of spices, primarily for export markets (such as Germany and Sweden). The acquisition is anticipated to grow the Group's export footprint as well as its presence in the beverages category.

The fair value of the assets and liabilities acquired is reflected below:

	R'000
Property, plant and equipment	8 066
Intangible assets	44 055
Goodwill	61 732
Inventories	83 428
Trade and other receivables*	25 085
Trade and other payables	(14 939)
Deferred tax	(12 110)
Tax receivable	2 042
Bank overdraft	(47 983)
Total	**149 376**
Funded as follows:	
	119 563
Cash	69 563
Borrowings	50 000
Non-controlling interests	29 813
Total	**149 376**

The effective date of the transaction was 1 October 2017.

Goodwill represents the difference between the purchase consideration and fair value of net assets acquired as there were no further separately identifiable intangible assets.

** The gross contractual amounts for receivables is considered to approximate fair value of the receivables. The Group expects to collect all outstanding contractual cash flows.*

During the year ended 31 December 2017, Khoisan Tea Import and Export (Pty) Ltd contributed the following to the Group's revenue and net profit:

Revenue	58 409
Loss after tax	(2 783)

31.2 **Subsidiaries acquired during 2017 – Sonnendal Dairies (Pty) Ltd**

The Group acquired the entire issued share capital of Sonnendal Dairies (Pty) Ltd, for a consideration of R76 187 767.

The effective voting interests are:

Libstar Operations	100%

Sonnendal Dairies (Pty) Ltd is a manufacturer of dairy products, primarily yoghurts. The acquisition is anticipated to grow the Group's footprint in the perishables category and complement the existing dairy category.

The fair value of the assets and liabilities acquired is reflected below:

	R'000
Property, plant and equipment	68 856
Intangible assets	60 409
Goodwill	49 788
Other financial assets	17 144
Inventories	24 833
Trade and other receivables*	40 725
Tax receivable	33
Other financial liabilities	(44 425)
Trade and other payables	(75 174)
Deferred tax	(25 985)
Bank overdraft	(40 016)
Total	76 188
Funded as follows:	
Cash	–
Borrowings	76 188
Total	76 188

The effective date of the transaction was 1 November 2017.

Goodwill represents the difference between the purchase consideration and fair value of net assets acquired as there were no further separately identifiable intangible assets.

** The gross contractual amounts for receivables is considered to approximate fair value of the receivables. The Group expects to collect all outstanding contractual cash flows.*

During the year ended 31 December 2017, Sonnendal contributed the following to the Group's revenue and net profit:

Revenue	89 609
Profit after tax	1 644

31.3 **Subsidiaries acquired during 2017 – Millennium Foods (Pty) Ltd**

The Group acquired the business operations of Millennium Foods (Pty) Ltd for a consideration of R69 000 000.

The effective voting interests are:

Libstar Operations	100%

Millennium Foods (Pty) Ltd is a manufacturer of prepared meals. The acquisition allows the Group to diversify its product offering within the perishables category in the market whilst providing synergies of supply with existing businesses within the Group.

The fair value of the assets and liabilities acquired is reflected below:

	R'000
Property, plant and equipment	3 855
Intangible assets	41 906
Goodwill	30 847
Inventories	1 411
Trade and other receivables	12 350
Trade and other payables	(9 635)
Deferred tax	(11 734)
Total	**69 000**
Funded as follows:	
Shares issued in Libstar	69 000
Total	**69 000**

The effective date of the transaction was 31 December 2017.

31.4 **Subsidiaries acquired during 2016 – Ambassador Confectionery (Pty) Ltd**

During the 2016 financial year, the Group acquired 51% of the issued share capital of Ambassador Confectionery (Pty) Ltd.

The effective voting interests are:

Libstar Operations	51%
The Grandi Trust	49%

The principal activity of Ambassador Confectionery (Pty) Ltd is the manufacture of handmade confectionery products. The acquisition is anticipated to grow the Group's footprint in the snacks and treats category.

The effective date of the transaction was 1 March 2016.

The fair value of the assets and liabilities acquired is reflected below:

Fair value of assets/(liabilities) acquired	
Property, plant and equipment	4 031
Goodwill	8 947
Inventories	1 758
Trade and other receivables*	1 263
Cash	(2 448)
Trade and other payables	(3 997)
Other financial liabilities	(4 454)
	5 100
Consideration paid	
Bank loans	–
Cash	5 100
	5 100

The acquisition was funded through cash.

Goodwill represents the difference between the purchase consideration and fair value of net assets acquired as there were no further separately identifiable intangible assets.

* *The gross contractual amounts for receivables is considered to approximate fair value of the receivables. The Group expects to collect all outstanding contractual cash flows.*

	R'000
During the year ended 31 December 2016, Ambassador Confectionery (Pty) Ltd contributed the following to the Group's revenue and net profit:	
Revenue	26 903
Profit after tax	(3 948)

31.5 **Subsidiaries acquired during 2016 – Kalk Bay Foods (Pty) Ltd**

During the 2016 financial year the Group acquired a further 66.6% of the issued share capital in its associate, Kalk Bay Foods (Pty) Ltd[1]

The effective voting interests are:

Libstar Holdings	100%

The principal activity of Kalk Bay Foods (Pty) Ltd is quality gifting of food products. The business operations of Kalk Bay Foods (Pty) Ltd have been sold to Libstar Operations.

The effective date of the transaction was 1 January 2016.

The fair value of the assets and liabilities acquired is reflected below:

Fair value of assets/(liabilities) acquired	
Property, plant and equipment	429
Goodwill	18 045
Inventories	6 737
Trade and other receivables*	8 608
Cash	3 092
Taxation	120
Trade and other payables	(8 513)
Deferred tax assets	441
Fair value of investment previously accounted for under equity method	(6 459)
	22 500
Consideration paid	
Prior investment in associate	–
Cash	22 500
	22 500

The acquisition was funded through cash and term loans.

Goodwill represents the difference between the purchase consideration and fair value of net assets acquired as there were no further separately identifiable intangible assets.

** The gross contractual amounts for receivables is considered to approximate fair value of the receivables. The Group expects to collect all outstanding contractual cash flows.*

During the year ended 31 December 2016, Kalk Bay Foods (Pty) Ltd contributed the following to the Group's revenue and net profit:

Revenue	48 637
Profit after tax	3 471

[1] The value of the previously held interest does not differ significantly from the fair value of the interest as at acquisition date. Therefore, the re-measurement of the investment to fair value is considered not to be necessary.

31.6 **Subsidiaries acquired during 2015 – Berfin (Pty) Ltd and African Pride Wines**

During the 2015 financial year, the Group acquired the business operations of Berfin (Pty) Ltd and African Pride Wines.

The effective voting interests are:

Libstar Operations	70.0%
G McGregor	25.0%
H Loebenstein	2.5%
M Graham	2.5%

The principal activity of Berfin (Pty) Ltd is the distribution of food and beverage products, predominantly to export markets. African Pride Wines distributes various branded wines. The acquisition of these 2 companies will enable the Group to grow its distribution and export capacity.

The effective date of the transaction was 1 January 2015.

The fair value of the assets and liabilities acquired is reflected below:

	R'000
Fair value of assets/(liabilities) acquired	
Property, plant and equipment	8 382
Computer software and website costs	262
Customer relationships	25 006
Goodwill	71 811
Inventories	8 916
Trade and other receivables*	42 057
Cash	16 752
Trade and other payables	(27 118)
Other financial liabilities	(9 040)
Deferred tax liabilities	(5 463)
Taxation	(6 565)
	125 000
Consideration paid	
Bank loans	58 000
Cash	67 000
	125 000

The acquisition was funded through cash and term loans.

Goodwill represents the difference between the purchase consideration and fair value of net assets acquired as there were no further separately identifiable intangible assets.

** The gross contractual amounts for receivables is considered to approximate fair value of the receivables. The Group expects to collect all outstanding contractual cash flows.*

During the year ended 31 December 2015, Berfin and African Pride Wines contributed the following to the Group's revenue and net profit:

Revenue	110 714
Profit after tax	4 219

31.7 **Subsidiaries acquired during 2015 – Natural Herbs and Spices (Pty) Ltd**

During the 2015 financial year the Group acquired the entire issued share capital of Natural Herbs and Spices (Pty) Ltd.

The effective voting interests are:

Libstar Holdings	100%

The principal activity of Natural Herbs and Spices (Pty) Ltd is the manufacture and supply of herb and spice products including pestos and bread dippers both locally and abroad. The acquisition is in line with the Group's strategy to grow its international footprint and the acquisition provides synergies with the existing Cape Herb and Spice operation.

The effective date of the transaction was 1 July 2015.

The fair value of the assets and liabilities acquired is reflected below:

	R'000
Fair value of assets/(liabilities) acquired	
Property, plant and equipment	4 942
Customer relationships	85 053
Goodwill	35 045
Inventories	17 213
Trade and other receivables*	33 117
Cash	8 915
Loans from related entities	1 010
Trade and other payables	(24 635)
Deferred tax liabilities	(24 580)
	136 080
Consideration paid	
Loans	45 000
Cash	91 080
	136 080

The acquisition was funded through cash and term loans.

Goodwill represents the difference between the purchase consideration and fair value of net assets acquired as there were no further separately identifiable intangible assets.

** The gross contractual amounts for receivables is considered to approximate fair value of the receivables. The Group expects to collect all outstanding contractual cash flows.*

During the year ended 31 December 2015, Natural Herbs and Spices contributed the following to the Group's revenue and net profit:

Revenue	69 068
Profit after tax	6 256

31.8 **Subsidiaries acquired during 2015 – Choice Wise Trading (Pty) Ltd t/a Pasta Nova**

During the 2015 financial year the Group acquired the business operations of Choice Wise Trading (Pty) Ltd t/a Pasta Nova.

The effective voting interests are:

Libstar Operations	70%
N Wood	30%

The principal activity of Choice Wise Trading (Pty) Ltd t/a Pasta Nova is the manufacture and wholesale of pasta. The acquisition is in line with the Group's strategy to become a preferred supplier to retail customers.

The effective date of the transaction was 1 March 2015.

The fair value of the assets and liabilities acquired is reflected below:

	R'000
Fair value of assets/(liabilities) acquired	
Property, plant and equipment	6 881
Customer relationships	7 269
Inventories	1 964
Trade and other receivables*	7 382
Gain on bargain purchase	(678)
Trade and other payables	(2 906)
Deferred tax liabilities	(2 035)
Bank overdraft	(2 877)
	15 000
Consideration paid	
Bank loans	6 000
Cash	9 000
	15 000

The acquisition was funded through cash and term loans.

Goodwill represents the difference between the purchase consideration and fair value of net assets acquired as there were no further separately identifiable intangible assets.

** The gross contractual amounts for receivables is considered to approximate fair value of the receivables. The Group expects to collect all outstanding contractual cash flows.*

During the year ended 31 December 2015, Choice Wise Trading (Pty) Ltd t/a Pasta Nova contributed the following to the Group's revenue and net profit:

Revenue	28 925
Profit after tax	644

31.9 **Subsidiaries acquired during 2015 – Denny Mushrooms (Pty) Ltd**

During the 2015 financial year the Group acquired the entire issued share capital of Denny Mushrooms (Pty) Ltd.

The effective voting interests are:

Libstar Operations	100%

The principal activity of Denny Mushrooms (Pty) Ltd is the production and sale of fresh and canned mushrooms as well as soups and sauces. The acquisition is in line with the Group's strategy to become a preferred supplier to retail customers.

The effective date of the transaction was 1 July 2015.

The fair value of the assets and liabilities acquired is reflected below:

	R'000
Fair value of assets/(liabilities) acquired	
Property, plant and equipment	76 507
Brands and intangible assets	249 403
Goodwill	364 794
Inventories	50 215
Biological assets	19 483
Trade and other receivables*	58 134
Cash	51 303
Income tax	2 411
Other financial assets	478
Trade and other payables	(50 889)
Other financial liabilities	(29 492)
Deferred tax liabilities	(89 027)
	703 320
Consideration paid	
Bank loans	200 000
Cash	503 320
	703 320

The acquisition was funded through cash and term loans.

Goodwill represents the difference between the purchase consideration and fair value of net assets acquired as there were no further separately identifiable intangible assets.

During the year ended 31 December 2015, Denny contributed the following to the Group's revenue and net profit:

Revenue	248 332
Profit after tax	20 050

** The gross contractual amounts for receivables is considered to approximate fair value of the receivables. The Group expects to collect all outstanding contractual cash flows.*

31.10 **Subsidiaries acquired during 2015 – Patleys (Pty) Ltd**

During the 2015 financial year the Group acquired the entire issued share capital in Patleys (Pty) Ltd.

The effective voting interests are:

Libstar Operations	100%

The principal activity of Patleys (Pty) Ltd is the sourcing and distribution of local and international branded food products. The acquisition is in line with the Group's strategy to become a preferred supplier to retail customers.

The effective date of the transaction was 1 October 2015.

The fair value of the assets and liabilities acquired is reflected below:

	R'000
Fair value of assets/(liabilities) acquired	
Property, plant and equipment	13 321
Computer software and website costs	788
Goodwill	2 477
Inventories	93 397
Trade and other receivables*	119 941
Deferred tax assets	975
Cash	33 240
Income tax	2 192
Trade and other payables	(83 972)
	182 359
Consideration paid	
Cash	182 359
	182 359

The acquisition was funded through cash.

Goodwill represents the difference between the purchase consideration and fair value of net assets acquired as there were no further separately identifiable intangible assets.

During the year ended 31 December 2015, Patleys contributed the following to the Group's revenue and net profit:

Revenue	188 553
Loss after tax	(4 990)

** The gross contractual amounts for receivables is considered to approximate fair value of the receivables. The Group expects to collect all outstanding contractual cash flows.*

31.11 **Subsidiaries acquired during 2015 – Chamonix a division of Libstar Operations**

During the 2015 financial year the Group, through its subsidiary Libstar Operations, acquired the water business operations of Chamonix.

The effective voting interests are:

Libstar Operations	100%

The principal activity of Chamonix is the production of still, sparkling and flavoured water.

The effective date of the transaction was 1 July 2015.

The fair value of the assets and liabilities acquired is reflected below:

	R'000
Fair value of assets/(liabilities) acquired	
Property, plant and equipment	8 588
Customer relationships	14 955
Inventories	3 439
Trade and other receivables*	8 255
Gain on bargain purchase	(286)
Trade and other payables	(5 764)
Deferred tax liabilities	(4 187)
	25 000
Consideration paid	
Cash	25 000
	25 000

The acquisition was funded through cash.

Goodwill represents the difference between the purchase consideration and fair value of net assets acquired as there were no further separately identifiable intangible assets.

During the year ended 31 December 2015 Chamonix contributed the following to the Group's revenue and net profit:

Revenue	36 348
Profit after tax	2 867

** The gross contractual amounts for receivables is considered to approximate fair value of the receivables. The Group expects to collect all outstanding contractual cash flows.*

31.12 **Subsidiaries acquired during 2015 – Cecil Vinegar Works (Pty) Ltd**

During the 2015 financial year the Group acquired the business operations of Cecil Vinegar Works (Pty) Ltd.

The effective voting interests are:

Libstar Operations	70.0%
MR Wadee	8.4%
WD Vermeulen	7.4%
NS Pepperell	14.2%

The principal activity of Cecil Vinegar Works (Pty) Ltd is the manufacture of a variety of vinegars. The acquisition is in line with the Group's strategy to become a preferred supplier to retail customers.

The effective date of the transaction was 1 October 2015.

The fair value of the assets and liabilities acquired is reflected below:

	R'000
Fair value of assets/(liabilities) acquired	
Property, plant and equipment	43 276
Customer relationships	35 136
Goodwill	7 300
Inventories	12 459
Trade and other receivables*	20 415
Income tax	201
Trade and other payables	(20 365)
Deferred tax liabilities	(14 987)
Bank overdraft	(1 696)
	81 739
Consideration paid	
Bank loans	40 000
Cash	41 739
	81 739

The acquisition was funded through cash and bank term loans.

Goodwill represents the difference between the purchase consideration and fair value of net assets acquired as there were no further separately identifiable intangible assets.

** The gross contractual amounts for receivables is considered to approximate fair value of the receivables. The Group expects to collect all outstanding contractual cash flows.*

During the year ended 31 December 2015, Cecil Vinegar Works contributed the following to the Group's revenue and net profit:

Revenue	41 764
Profit after tax	2 250

31.13 **Subsidiaries acquired during 2015 – Multi-cup Solutions (Pty) Ltd**

During the 2015 financial year the Group, through its subsidiary Multi-cup Solutions (Pty) Ltd, acquired the business operations of Cupmasters (Pty) Ltd.

The effective voting interests in Multi-cup Solutions (Pty) Ltd are:

Libstar Operations	91%
R van Schalkwyk	5%
D Couzens	4%

The principal activity of Cupmasters (Pty) Ltd is the manufacture of paper and plastic cups. The acquisition is in line with the Group's strategy to grow its footprint in the fast-moving consumer goods sector and particularly in food and beverage solutions.

The effective date of the transaction was 1 October 2015.

The fair value of the assets and liabilities acquired is reflected below:

	R'000
Fair value of assets/(liabilities) acquired	
Property, plant and equipment	8
Goodwill	1 881
Inventories	616
Trade and other receivables*	570
Trade and other payables	(575)
	2 500
Consideration paid	
Cash	2 500
	2 500

The acquisition was funded through cash and bank term loans.

Goodwill represents the difference between the purchase consideration and fair value of net assets acquired as there were no further separately identifiable intangible assets.

** The gross contractual amounts for receivables is considered to approximate fair value of the receivables. The Group expects to collect all outstanding contractual cash flows.*

The revenue from Cupmasters (Pty) Ltd has been incorporated into Multi-cup Solutions (Pty) Ltd and has not been separately disclosed as it is not significant.

31.14 **Subsidiaries acquired during 2014 – Liberty Star Consumer Holdings**

Effective 1 January 2014, Libstar Holdings acquired 100% of the shares in Liberty Star Consumer Holdings. As part of a business restructure, the business operations and investments in subsidiaries of Liberty Star Consumer Holdings were sold to Libstar Operations, a wholly owned subsidiary of Libstar Holdings.

The fair value of the assets and liabilities acquired is reflected below:

	R'000
Fair value of assets/(liabilities) acquired	
Property, plant and equipment	585 586
Intangible assets	2 528 463
Goodwill	1 944 689
Investment in associate	5 000
Inventories	460 720
Trade and other receivables*	778 686
Cash	(113 822)
Other financial assets	3 112
Trade and other payables	(734 552)
Other financial liabilities	(10 747)
Deferred tax liabilities	(790 288)
Loans from related parties	(100 557)
Non-controlling interests	(55 438)
	4 500 852
Consideration paid	
Bank loans	1 716 701
Cash	2 784 152
	4 500 853

The acquisition was funded through cash and term loans.
Goodwill represents the difference between the purchase consideration and fair value of net assets acquired as there were no further separately identifiable intangible assets.

** The gross contractual amounts for receivables is considered to approximate fair value of the receivables. The Group expects to collect all outstanding contractual cash flows.*

During the year ended 31 December 2014, Libstar Operations and its subsidiaries contributed the following to the Group's revenue and net profit:

Revenue	4 738 669
Loss after tax	(31 333)

31.15 **Subsidiaries acquired during 2014 – Hurters Honey (Pty) Ltd**

During the 2014 financial year the Group acquired the business operations of Hurters Honey (Pty) Ltd.

The effective voting interests in Hurters Honey (Pty) Ltd are:

Libstar Operations	70%
J Hurter	30%

The principal activity of Hurters Honey (Pty) Ltd is the procurement of honey which is then refined and packaged for sale to retail and industrial sales. The acquisition is in line with the Group's strategy to become a preferred supplier to retail customers.

The effective date of the transaction was 1 March 2014.

The fair value of the assets and liabilities acquired is reflected below:

	R'000
Fair value of assets/(liabilities) acquired	
Property, plant and equipment	1 593
Goodwill	7 385
Inventories	4 592
Trade and other receivables*	1 493
Trade and other payables	(63)
	15 000
Consideration paid	
Cash	15 000
	15 000

The acquisition was funded through cash.

Goodwill represents the difference between the purchase consideration and fair value of net assets acquired as there were no further separately identifiable intangible assets.

** The gross contractual amounts for receivables is considered to approximate fair value of the receivables. The Group expects to collect all outstanding contractual cash flows.*

During the year ended 31 December 2014, Hurters Honey (Pty) Ltd contributed the following to the Group's revenue and net profit:

Revenue	17 363
Profit after tax	450

32. COMMITMENTS

	2017 R'000	2016 R'000	2015 R'000	2014 R'000
Minimum lease payments due on operating leases – as lessee (expense)				
– within one year	102 352	71 151	74 769	62 950
– in 2nd to 5th year inclusive	238 228	141 151	135 885	183 458
– later than 5 years	87 965	2 470	9 711	18 145
	428 545	214 772	220 365	264 553

33. GOVERNMENT GRANTS

The Group obtained as income a government grant of R1m (2016: R5m, 2015: R2m, 2014: R14m). The Group benefits from such assistance under the Manufacturing Competitiveness Enhancement Programme, skills development and under the Employer Tax Incentive programme.

All government grants received during the current financial year have been classified as income and all conditions relating to these grants have been fulfilled.

34. RELATED PARTY DISCLOSURES

34.1 Related party relationships

Shareholders

Abraaj
PIC
Executive Management
Management Funding SPV

Directors

WS Hamid
TF Judge
S Khanna
JP Landman
P Langeni
W Luhabe
A Mazhar
TW Millar
M Muller
R Nosi
A Patel
RW Smith
AV van Rensburg

34.2 Related party balances

Refer to note 18.1, note 26.3 and 26.4

34.3 Related party transactions

Directors' remuneration

Refer to note 9.

35. SUBSEQUENT EVENTS

The following material events occurred during the period subsequent to 31 December 2017 but prior to these financial statements being authorised for issue:

35.1 *Capital distribution*

The Company declared a distribution of contributed tax capital of R800m to its shareholders on 28 February 2018 (the Pre-IPO Dividend). This was funded by raising a new term loan facility (Senior Facility E) of the same amount.

36. GOING CONCERN

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

37. VALUATION OF CALL OPTIONS

37.1 Call options exercisable by the Company

Entity	Shares 2017	Shares 2016	Shares 2015	Shares 2014	Effective date From	Effective date To	2017 R'000	2016 R'000	2015 R'000	2014 R'000
Ambassador Foods (Pty) Ltd (incorporating Image Z Wise Trading)	–	–	–	30%	01/08/11	Indefinite	–	–	–	54 089
Contactim (Pty) Ltd	–	30%	30%	30%	01/10/12	Indefinite	–	5 654	7 447	–
Elvin Group (Pty) Ltd	–	–	10%	30%	02/01/12	Indefinite	–	–	4 921	17 075
Glenmor	30%	30%	30%	45%	01/01/12	01/01/17	–	–	650	361
Hurters Honey (Pty) Ltd	–	30%	30%	30%	01/03/14	Indefinite	–	7 028	3 203	–
Multi-cup (Pty) Ltd	–	–	9.4%	15%	01/01/12	Indefinite	–	–	395	–
Cecil Vinegar Works (Pty) Ltd	–	30%	30%	–	01/10/16	Indefinite	–	7 804	1 019	–
Amaro Gluten Free	37%	40%	45%	45%	01/10/13	Indefinite	8 835	9 928	9 597	3 607
							8 835	30 414	27 232	75 132

The call options are granted in favour of the Company in respect of minority shareholdings in certain subsidiaries, in terms of the relevant shareholder agreements. The strike price of the call option during the effective period is the market value of the shares at the date of exercise, prior to which, the call options are exercisable at premium to the market value.

No call options were exercised during the current financial year.

38. RISK MANAGEMENT

38.1 Financial risk management objectives

The individual companies within the Group provide services to the business, co-ordinate access to domestic and international financial markets, monitor and manage the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the Board, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

38.2 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged.

The capital structure of the Group consists of net debt (bank loans and asset based finance as detailed in note 26 offset by cash and bank balances as detailed in note 19) and equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests as detailed in notes 21, 23, 24 and 26).

The Group is not subject to any externally imposed capital requirements.

Gearing ratio

	2017 R'000	2016 R'000	2015 R'000	2014 R'000
The gearing ratio at end of the reporting period was as follows:				
Bank loans and asset based finance and loans payable	2 299 159	2 046 571	2 106 845	1 772 079
Bank overdraft/(cash)	(351 327)	(131 376)	(178 385)	(126 568)
Net debt	1 947 832	1 915 195	1 928 460	1 645 511
Total equity (including shareholder loans)	4 566 968	4 085 581	3 809 201	2 826 873
Net debt to equity ratio	0.43	0.47	0.51	0.58

Total equity includes loans from the equity holders of the parent and loans from the non-controlling equity holders of the Subsidiaries.

The Group endeavours to maintain a net debt to equity ratio below 0.75.

38.3 **Market risk**

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into derivative financial instruments to manage its exposure to foreign currency risk, specifically forward foreign exchange contracts to hedge the exchange rate risk arising on the export and import of food products to and from Australia, New Zealand, the United Kingdom, the European Union, USA and Canada.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

38.4 **Foreign currency risk management**

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

Foreign currency exposure at balance sheet date

Assets				
Trade debtors, USD 5 590 318 (2016: 3 590 050)	72 636	48 920	67 385	11 869
Trade debtors, EUR 845 952 (2016: 96 711)	13 188	1 615	2 576	2 765
Trade debtors, GBP 395 555 (2016: 215 206)	7 134	3 077	4 508	3 861
Trade debtors, AUD 1 823 512 (2016: 320 733)	19 052	3 156	10 739	3 826
Trade debtors, NZD 44 005 (2016: 234 939)	429	2 225	23	290
Trade debtors, SGD nil (2016:nil)	–	–	91	–
Trade debtors, THB nil (2016: nil)	–	–	354	–
Trade debtors, CAD 43 785 (2016: nil)	477	–	–	–
Liabilities				
Trade creditors, USD 1 637 291 (2016: 582 222)	20 362	7 924	6 850	1 726
Trade creditors, EUR 300 542 (2016: 509 685)	3 504	8 512	71 122	34 283
Trade creditors, GBP 30 862 (2016: 251 163)	401	3 592	9	18
Trade creditors, AUD 289 (2016: nil)	3	–	–	–
Trade creditors, YEN 658 480 (2016: nil)	72	–	14	–
Exchange rates used for conversion of foreign items				
US Dollar	12.3551	13.6265	15.5742	11.6195
Euro	14.7995	16.7000	17.0078	14.1223
Pound Sterling	16.6686	14.3000	23.1121	18.1078
Australian Dollar	9.6430	9.8400	11.4025	9.5238
New Zealand Dollar	8.7729	9.4700	10.6838	9.1158
Singapore Dollar	–	–	10.9742	–
Thai Baht	–	–	0.4315	–
Japanese Yen	0.1097	–	0.1294	–

Forward exchange contracts which relate to future commitments

	Foreign amount '000	Rand amount R'000	Fair value R'000
31 December 2017			
United States Dollar	24 961	571 087	46 286
Euro	16 253	259 633	(8 531)
Pound Sterling	3 304	63 046	6 404
Australian Dollar	8 166	89 618	9 063
New Zealand Dollar	32	313	35
Singapore Dollar	1	7	–
	52 717	983 704	53 257
31 December 2016			
United States Dollar	17 259	410 466	11 429
Euro	11 291	178 817	(12 245)
Pound Sterling	500	9 862	1 566
Australian Dollar	3 629	40 704	3 459
	32 679	639 849	4 209
31 December 2015			
United States Dollar	12 372	196 911	(25 237)
Euro	12 821	221 240	13 386
Pound Sterling	250	5 886	(1 124)
Singapore Dollar	320	3 573	385
	25 763	427 610	(12 590)
31 December 2014			
United States Dollar	19 295	232 669	(5 235)
Euro	9 236	133 938	(1 805)
Pound Sterling	695	13 048	222
Singapore Dollar	100	881	(2)
	29 326	380 536	(6 821)

The fair value gain/(loss) is calculated as the difference between the exchange rate contracted and the forward rate at the reporting date.

Foreign currency sensitivity analysis

The Group is mainly exposed to the US Dollar and Euro.

The following table details the Group's sensitivity to a 10% increase and decrease in the South African Rand (ZAR) against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonable possible change in foreign exchange rates that the Group is mainly exposed to, namely the US Dollar and the Euro. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit and equity where the ZAR strengthens 10% against the relevant currencies. For a 10% weakening of the ZAR against the relevant currencies, there would be a comparable impact on the profit and equity and the balances below would be negative.

	2017 R'000	2016 R'000	2015 R'000	2014 R'000
Impact on profit and equity				
United States Dollar	64 585	55 862	94 278	11 786
Euro	14 332	(11 517)	(116 582)	(44 511)
Pound Sterling	11 223	(735)	10 398	6 959
Australian Dollar	18 369	3 106	12 245	3 644
New Zealand Dollar	376	2 107	25	264
Thai Baht	–	–	15	–

The Group does not make use of hedge accounting.

38.5 **Interest rate risk management**

The Group is exposed to interest rate risk because entities in the Group borrow funds at floating interest rates. The risk is managed by the Group by fixing the interest rate of the loan over the period of the loan.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

38.6 **Interest rate sensitivity analysis**

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 1% per annum increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonability of possible change in interest rates.

If interest rates had been 1% per annum higher/lower and all other variables were held constant, the Group's:

- profit for the year ended 31 December 2017 would decrease/increase by R24.4m (2016: R22.9m, 2015: R22.9m, 2014: R19.1m). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings; and
- other comprehensive income for the year would remain unchanged as the Group has no available-for-sale fixed rate instruments.

38.7 **Credit risk management**

Credit risk arises from the risk that a counterparty may default or not meet its obligations timeously.

The Group limits its counterparty exposure arising from financial instruments by only dealing with well-established institutions of high credit standing. The group does not expect any counterparties to fail to meet their obligations given their high credit ratings.

The Group's credit exposure, in respect of its customer base, is represented by the net aggregate balance of amounts trade receivable. The maximum credit exposure at balance sheet date was R1.524m (2016: R1.346m, 2015: R1.267m, 2014: R0.857m).

Cash and cash equivalents are kept with counterparties that have sound credit ratings. Management does not expect any counter parties to fail to meet their obligations.

The Group's credit exposure in respect of the financial assets are considered not to be material. Therefore, no additional disclosures will be made.

Credit risk in respect of the Group's customer base is controlled by the application of credit limits and credit monitoring procedures. Certain significant receivables are monitored on a daily basis. Where appropriate, credit guarantee insurance is obtained. The Group does not hold any collateral in respect of its customers.

38.8 **Liquidity risk management**

Liquidity and interest risk tables

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

	Weighted average effective interest %	Between Between Carrying value R'000	Less than 1 year R'000	2 and 5 years R'000	More than 5 years R'000	Total R'000
31 December 2017						
Trade and other payables[1]	0.00	1 471 042	1 471 042	–	–	1 471 042
Bank overdraft	10.25	199 381	199 381	–	–	199 381
Put options	0.00	8 835	8 835	–	–	8 835
Other financial liabilities[2]	10.35	2 337 487	461 073	2 029 281	–	2 490 354
		4 016 745	2 140 331	2 029 281	–	4 169 612
31 December 2016						
Trade and other payables[1]	0.00	1 178 014	1 178 014	–	–	1 178 014
Bank overdraft	10.48	160 791	160 791	–	–	160 791
Put options	0.00	89 680	82 920	6 760	–	89 680
Other financial liabilities[2]	9.21	2 135 915	392 009	2 719 575	–	3 111 584
		3 564 400	1 813 734	2 726 335	–	4 540 069
31 December 2015						
Trade and other payables[1]	0.00	1 194 754	1 194 754	–	–	1 194 754
Bank overdraft	9.61	102 731	102 731	–	–	102 731
Put options	0.00	106 965	102 801	4 164	–	106 965
Other financial liabilities[2]	7.55	2 201 087	340 747	2 594 184	–	2 934 931
		3 605 537	1 741 033	2 598 348	–	4 339 381
31 December 2014						
Trade and other payables[1]	0.00	799 226	799 226	–	–	799 226
Bank overdraft	9.08	72 284	72 284	–	–	72 284
Put options	0.00	174 766	174 766	–	–	174 766
Other financial liabilities[2]	8.91	1 843 207	217 275	1 209 042	1 174 729	2 601 046
		2 889 483	1 263 551	1 209 042	1 174 729	3 647 322

[1] *Trade and other payables excludes value-added-tax payables.*
[2] *Other financial liabilities include bank loans, asset based finance and loans payable.*

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Liquidity risk

The following table indicates the periods in which the cash flows associated with derivatives are expected to occur:

	Carrying amount R'000	6 months or less R'000	6 – 12 months R'000	Total Contractual Cashflows R'000
31 December 2017				
FECs used for hedging				
– Imports	(16 371)	(319 970)	(579)	(320 549)
– Exports	69 628	91 306	551 778	643 083
	53 257	(228 664)	551 199	322 534
31 December 2016				
FECs used for hedging				
– Imports	(18 517)	(573 450)		(573 450)
– Exports	22 727	38 135		38 135
	4 210	(535 315)	–	(535 315)
31 December 2015				
FECs used for hedging				
– Imports	(29 110)	(222 913)	–	(222 914)
– Exports	16 520	60 523	138 368	198 891
	(12 590)	(162 390)	138 368	(24 023)
31 December 2014				
FECs used for hedging				
– Imports	(7 260)	(193 477)	(187 060)	(380 537)
– Exports	439	–	–	–
	(6 821)	(193 477)	(187 060)	(380 537)

Ultimate responsibility for liquidity risk management rests with the Board, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Details of additional facilities that the Group has at its disposal to further reduce liquidity risk are given below.

Financing facilities

Collective financing facilities provided to the Group are as follows:

- Senior Facility A – amortising term loan facility of R766 701 000 – fully utilised;
- Senior Facility B – amortising term loan facility of R950 000 000 – fully utilised;
- Senior Facility C – amortising term loan facility of R308 754 675 – fully utilised;
- Senior Facility D – amortising term loan facility of R500 000 000 – utilisation of R191 972 977 with a further availability of R308 027 023 subject to credit approval by lenders;
- Asset Backed Facility – an asset based finance facility of R367 000 000; and
- Revolving Credit Facility – a general banking facility of R464 000 000 available by way of an overdraft facility and/or letters of guarantee and/or Letters of Credit and/or Forward Exchange Contracts (being 10% of the amount of the forward exchange contracts).

The Senior Facility A, Senior Facility B, Senior Facility C and Senior Facility D loans are held by Libstar Operations.

The above asset based finance facilities and general banking facilities are shared by the following entities:

– Libstar Operations and its respective divisions being Amaro Foods, Cape Herb and Spice, Chamonix, Chet, Dickon Hall Foods, Finlar, Lancewood, Millennium Foods, Montagu Foods, Noodle Master, Retailer Brands, Rialto Foods Sonnendal. Ambassador Foods, Cani Rusks, Choice Wise Trading, Contactim, Denny, Elvin, Hurters Honey, Khoisan, Multi-cup, Natural Herbs and Spices and Cecil Vinegar Works
– Berfin
– Glenmor
– Image Z Wise Trading (Pty) Ltd
– Libstar Properties
– Maitland Vinegar Works (Pty) Ltd
– Amaro Gluten Free

Security agreements currently held in favour of the Debt guarantor to establish security are as follows:

A pledge and cession of all shares, securities and other ownership interest it holds, from time to time, in any Affiliate, associate company or another person in which it is invested;

- A cession of all present and future claims, from time to time, against any person, including its trade debtors
- A cession of its present and future claims, from time to time, against any person under the Acquisition Documents;
- A cession of all rights and claims in respect of bank accounts maintained, from time to time;
- A cession of all insurances taken out by or for the benefit of that Obligor, from time to time, and all proceeds receivable under those insurances;
- A hypothecation of all the trade marks, patents and designs of that Obligor;
- A cession of all the Intellectual Property Rights of that Obligor;
- First ranking covering mortgage bonds over all the immovable property of which the Obligor is the registered owner;
- A general notarial bond over all the movable assets of the Obligor;
- A special notarial bond over certain movable assets of the Obligor.

Financing facilities

The security for the Senior Facility A, Senior Facility B, Senior Facility C and Senior Facility D term loans are provided by Libstar Operations being the Original Guarantor and Elvin, Ambassador Foods, Contactim, Denny and Libstar Properties being the additional guarantors.

Certain items of plant, machinery, equipment and vehicles are pledged as security for the associated asset based finance agreements entered into to finance their acquisition.

38.9 **Fair values**

The fair values of all financial instruments are substantially the same as the carrying amount reflected on the statement of financial position.

The value of the biological assets and the assets held for sale at the end of the reporting period are considered not to be material. Therefore, no additional disclosures are required to be made.

FEC derivative instruments are measured as disclosed in note 39.2 and the fair values are disclosed in note 38.8.

Put option liabilities are carried at fair value and measured as disclosed in note 39.2 and the fair values are disclosed in note 26.5.

39. FINANCIAL INSTRUMENTS

39.1 Categorisation of financial assets and liabilities

The table below sets out the Group's classification of each class of assets and liabilities:

	Financial assets/ liabilities Fair value through profit or loss R'000	Financial liabilities Fair value through equity R'000	Financial assets/ liabilities Amortised cost R'000
31 December 2017			
Other financial assets[1]	69 628	–	55 619
Trade and other receivables	–	–	1 525 333
Cash and bank balances	–	–	550 708
Total assets from continuing operations	69 628	–	2 131 660
Other financial liabilities[1]	16 371	–	2 337 488
Trade and other payables	–	–	1 471 042
Bank overdraft	–	–	199 381
Put options[2]	–	8 835	–
Total liabilities from continuing operations	16 371	8 835	4 007 911
31 December 2016			
Other financial assets[1]	22 727	–	1 707
Trade and other receivables	–	–	1 366 407
Cash and bank balances	–	–	292 167
Total assets from continuing operations	22 727	–	1 660 281
Other financial liabilities[1]	18 518	–	2 135 915
Trade and other payables	–	–	1 178 014
Bank overdraft	–	–	160 791
Put options[2]	60 783	28 897	–
Total liabilities from continuing operations	79 301	28 897	3 474 720
31 December 2015			
Other financial assets[1]	16 520	–	2 226
Trade and other receivables	–	–	1 284 616
Cash and bank balances	–	–	281 116
Total assets from continuing operations	16 520	–	1 567 955
Other financial liabilities[1]	34 110	–	2 196 084
Trade and other payables	–	–	1 194 754
Bank overdraft	–	–	102 731
Put options[2]	79 791	27 174	–
Total liabilities from continuing operations	113 901	27 174	3 493 569
31 December 2014			
Other financial assets[1]	439	–	–
Trade and other receivables	–	–	876 348
Cash and bank balances	–	–	198 852
Total assets from continuing operations	439	–	1 075 200
Other financial liabilities[1]	7 260	–	1 843 207
Trade and other payables	–	–	799 223
Bank overdraft	–	–	72 284
Put options[2]	99 634	75 132	–
Total liabilities from continuing operations	106 894	75 132	2 714 714

[1] *These financial assets/liabilities comprise forward exchange contracts and are categorised as level 2 per the fair value hierarchy.*

[2] *These financial liabilities comprise put options and are categorised as level 3 per the fair value hierarchy.*

There have been no changes to the classification during the current financial year.

The carrying amount of cash and bank balances and bank overdrafts approximates fair value because of the short maturity of these instruments.

Trade and other receivables, investments, loans and trade and other payables reflected on the statement of financial position approximate the fair values thereof.

Borrowings (term loans, asset based finance and loans payable) are measured at amortised cost using the effective interest rate method and the carrying amounts approximate their fair value.

There are no significant differences between carrying values and fair values of financial assets and liabilities.

39.2 **Measurement of fair values**

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

– Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

– Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

– Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between level 2 and 3 of the fair value hierarchy for the years ended 31 December 2017, 2016, 2015 or 2014.

Type	Valuation Technique	Fair value hierarchy	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Forward exchange contracts	Forward Pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.	Level 2	Not applicable	Not applicable
Put options exercisable by non-controlling interests and executive management	Equity valuation: The fair value is determined as EBITDA for the last financial period, multiplied by a pre-determined multiple, adjusted for external borrowings and cash on hand.	Level 3	Unobservable inputs include the EBITDA which is calculated based on the financial results for the last period and the EBITDA multiple. The multiple varies as this is negotiated between the parties at the time of inception.	Not applicable

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF THE GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2016, 2015 AND 2014

The Directors
Libstar Holdings Limited
1st Floor
62 Hume Road
Dunkeld
2196

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF THE GROUP

The definitions commencing on page 19 of the Pre-listing Statement to which this letter is attached apply *mutatis mutandis* to this report.

Introduction

At your request, and for the purposes of the Pre-listing Statement, we have audited the historical financial information of the Group as at and for the years ended 31 December 2016, 31 December 2015 and 31 December 2014 presented in the Report of Historical Financial Information of Libstar for the 4 years ended 31 December 2017, 31 December 2016, 31 December 2015 and 31 December 2014 ("**Report of the Historical Financial Information of the Group**"). Libstar Holdings Proprietary Limited has been renamed Libstar Holdings Limited.

The consolidated statements of financial position as at 31 December 2016, 31 December 2015 and 31 December 2014, the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended 31 December 2016, 31 December 2015 and 31 December 2014, a summary of significant accounting policies and notes thereto is included in the Report of the Historical Financial Information of the Group, as presented in Annexure 1 ("*Report of Historical Financial Information of the Group for the financial years ended 31 December 2017, 2016, 2015, 2014*") to the Pre-listing Statement, is prepared in compliance with IFRS and the Listings Requirements.

The directors of Libstar (the "**Directors**") are responsible for the preparation of the Historical Financial Information. The Directors are responsible for the compilation, contents and preparation of the Pre-listing Statement including the Historical Financial Information for the 3 years ended 31 December 2016, 31 December 2015 and 31 December 2014 which forms part of the Report of Historical Financial Information of the Group in accordance with IFRS and the Listings Requirements.

KPMG Inc. is the independent reporting accountant to the Group.

Part A – Historical Financial Information for the year ended 31 December 2016

Independent Reporting Accountant's Audit Report on the Historical Financial Information

Opinion

We have audited the Historical Financial Information, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 December 2016, including a summary of significant accounting policies and the notes thereto, which forms part of the Report of Historical Financial Information of the Group as presented in Annexure 1 ("*Report of Historical Financial Information of the Group for the financial years ended 31 December 2017, 2016, 2015, 2014*") to the Pre-listing Statement (collectively the "**Historical Financial Information for the year ended 31 December 2016**").

In our opinion, the Historical Financial Information for the year ended 31 December 2016, which forms part of the Report of Historical Financial Information of the Group as presented in Annexure 1 ("*Report of Historical Financial Information of the Group for the financial years ended 31 December 2017, 2016, 2015, 2014*") to the Pre-listing Statement, presents fairly, in all material respects, for the purpose of the Pre-listing Statement the consolidated financial position of the Group at 31 December 2016 and its consolidated financial performance and consolidated cash flows for the for the year then ended in accordance with IFRS and the Listings Requirements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("**ISAs**"). Our responsibilities under those standards are further described in the Independent Reporting Accountant's Responsibilities for the Historical Financial Information section of our report. We are independent of the Group in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors ("**IRBA Code**") and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified opinion on the Historical Financial Information for the year ended 31 December 2016.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Historical Financial Information for the year ended 31 December 2016. These matters were addressed in the context of our audit of the Historical Financial Information for the year ended 31 December 2016 as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of goodwill and intangible assets (R2 445 million and R2 440 million)

Refer notes 11 and 12 to the Historical Financial Information for the year ended 31 December 2016

Key Audit Matter	***How the Key Audit Matter was addressed in our audit***
Goodwill and intangible assets comprise 57.1% of the total assets of the group. The Directors conduct annual impairment assessments to test the recoverability of carrying amounts of goodwill and intangible assets, which are allocated to cash-generating units for the purpose of assessing impairment. Impairment assessments of goodwill and intangible assets are performed using individual discounted cash flow methodology (Value in use). As disclosed in note 12.3, there are a number of key judgements made in determining the inputs into the discounted cash flow model. Given the significance of the goodwill and intangible assets to the historical financial information and of the judgements involved in assessing any potential impairment, the impairment assessment of goodwill and intangibles was considered to be a key audit matter.	Our audit procedures included: • we critically evaluated whether the discounted cash flow methodology complies with the requirements of IAS 36; • we challenged the assumptions used by the Directors in the calculations for each cash generating unit and – – involved our valuation specialists to evaluate and re-calculate the discount rates and evaluate the perpetuity growth rates in relation to external market data; and – assessed the reasonableness of assumptions relating to revenue growth and profit growth in relation to our knowledge of the Group and the industries in which it operates; • we analysed the future projected cash flows for the individual cash-generating units to determine whether they are reasonable and supportable given the current macro-economic climate and expected future performance of each cash generating unit; • we compared the projected cash flows, including the assumptions relating to revenue growth rates, profit growth and perpetuity growth rates, against historical performance to test the accuracy of the Directors' projections; • we subjected the specific risk adjustment of the discount rate to sensitivity analyses by changing it by 1 percentage point; and • we evaluated the adequacy of the financial statement disclosures, including the disclosure of key assumptions made by the Directors.

Business acquisitions

Refer note 31 to the Historical Financial Information for the year ended 31 December 2016

Key Audit Matter	***How the Key Audit Matter was addressed in our audit***
During the year, the Group acquired the following businesses: Kalk Bay Foods Proprietary Limited (balance of the 66% of the shares held by outside shareholders); and Ambassador Confectionary Proprietary Limited (51%). These acquisitions were accounted for using the acquisition method, where the Group performed a purchase price allocations ("**PPA**") exercise as disclosed in note 31. We have determined this to be a key audit matter based on the quantitative material value of the acquisitions of R28 million (in aggregate), the significant management judgement and estimates made as part of the PPA relating to determining the fair value of the assets and liabilities acquired.	Our audit procedures included: • we inspected the purchase agreements to obtain an understanding of the transactions, the key terms and the effective dates and – – challenged the assumptions used by the directors in the calculations of the customer relationships, brands and resulting goodwill; and – involved our valuation specialists to assist us in evaluating the Directors' valuation methodologies and key assumptions and inputs used in measuring the fair value of customer relationships, brands and resulting goodwill; • we evaluated the effective dates, appropriateness of the accounting treatment and consideration of the acquisitions based on the contractual agreements and regulatory requirements; • we evaluated the adequacy of the related disclosures in note 31 to the consolidated financial statements.

Responsibilities of the Directors for the Historical Financial Information for the year ended 31 December 2016

The Directors are responsible for the preparation and fair presentation of the Historical Financial Information for the year ended 31 December 2016 in accordance with the IFRS and the Listings Requirements, and for such internal control as the Directors determine is necessary to enable the preparation of Historical Financial Information for the year ended 31 December 2016 that is free from material misstatement, whether due to fraud or error.

In preparing the Historical Financial Information for the year ended 31 December 2016, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Independent Reporting Accountant's Responsibilities for the Historical Financial Information for the year ended 31 December 2016

Our objectives are to obtain reasonable assurance about whether the Historical Financial Information for the year ended 31 December 2016 is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Historical Financial Information for the year ended 31 December 2016.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Historical Financial Information for the year ended 31 December 2016, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our independent reporting accountant's report to the related disclosures in the Historical Financial Information for the year ended 31 December 2016 or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent reporting accountant's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Historical Financial Information for the year ended 31 December 2016, including the disclosures, and whether the Historical Financial Information for the year ended 31 December 2016 represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Historical Financial Information for the year ended 31 December 2016. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the Historical Financial Information of the current period and are therefore the key audit matters. We describe these matters in our independent reporting accountant's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Part B – Historical Financial Information for the years ended 31 December 2015 and 31 December 2014

Independent Reporting Accountant's Audit Report on the Historical Financial information

We have audited the Historical Financial Information of the Group, which comprises the consolidated statements of financial position as at 31 December 2015 and 31 December 2014, the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended 31 December 2015 and 31 December 2014, including a summary of significant accounting policies and the notes thereto which forms part of the Report of Historical Financial Information of the Group as presented in Annexure 1 ("*Report of Historical Financial Information of the Group for the financial years ended 31 December 2017, 2016, 2015, 2014*") to the Pre-listing Statement (collectively the "**Historical Financial Information for the years ended 31 December 2015 and 31 December 2014**").

Responsibilities of the Directors for the Historical Financial Information for the years ended 31 December 2015 and 31 December 2014

The Directors are responsible for the preparation and fair presentation of the Historical Financial Information for the years ended 31 December 2015 and 31 December 2014 in accordance with the IFRS and the Listings Requirements, and for such internal control as the Directors determine is necessary to enable the preparation of Historical Financial Information for the years ended 31 December 2015 and 31 December 2014 that is free from material misstatement, whether due to fraud or error.

Independent Reporting Accountant's Responsibilities for the Historical Financial Information for the years ended 31 December 2015 and 31 December 2014

Our responsibility is to express an opinion on the Historical Financial Information for the years ended 31 December 2015 and 31 December 2014 based on our audit. We conducted our audits in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Historical Financial Information for the years ended 31 December 2015 and 31 December 2014 is free from material misstatement.

Scope of audit

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Historical Financial Information for the years ended 31 December 2015 and 31 December 2014. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Historical Financial Information for the years ended 31 December 2015 and 31 December 2014, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Historical Financial Information for the years ended 31 December 2015 and 31 December 2014, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Historical Financial Information for the years ended 31 December 2015 and 31 December 2014.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Historical Financial Information for the years ended 31 December 2015 and 31 December 2014, as set out in Annexure 1 ("*Report of Historical Financial Information of the Group for the financial years ended 31 December 2017, 2016, 2015, 2014*") to the Pre-listing Statement, presents fairly, in all material respects, for the purpose of the Pre-listing Statement, the consolidated financial position of the Group as at and for the years ended 31 December 2015 and 31 December 2014 and its consolidated financial performance and its consolidated cash flows for the periods then ended in accordance with IFRS and the Listings Requirements.

KPMG Inc.
Registered Auditor

Anthony Berrange
Director
Registered Auditor

18 April 2018

KPMG Crescent
85 Empire Road
Johannesburg
2193
(Private Bag 9, Parkview, 2122)

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF THE GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

The Directors
Libstar Holdings Limited
1st Floor
62 Hume Road
Dunkeld
2196

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE REPORT OF HISTORICAL FINANCIAL INFORMATION OF THE GROUP

The definitions commencing on page 19 of the Pre-listing Statement to which this letter is attached apply *mutatis mutandis* to this report.

Introduction

At your request, and for the purposes of the Pre-listing Statement, we have audited the historical financial information of the Group as at and for the year ended 31 December 2017 presented in the Report of Historical Financial Information of Libstar for the year ended 31 December 2017, 31 December 2016, 31 December 2015 and 31 December 2014 ("**Report of the Historical Financial Information of the Group**"). Libstar Holdings Proprietary Limited has been renamed Libstar Holdings Limited.

The consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 December 2017, a summary of significant accounting policies and notes thereto is included in the Report of Historical Financial Information of the Group, as presented in Annexure 1 ("*Report of Historical Financial Information of the Group for the financial years ended 31 December 2017, 2016, 2015 and 2014*") to the Pre-listing Statement, in compliance with IFRS and the Listings Requirements.

The directors of Libstar (the "**Directors**") are responsible for the preparation of the Historical Financial Information. The Directors are responsible for the compilation, contents and preparation of the Pre-listing Statement including the Historical Financial Information for the year ended 31 December 2017 which forms part of the Report of Historical Financial Information of the Group in accordance with IFRS and the Listings Requirements.

KPMG Inc. is the independent reporting accountant to the Group.

Part A – Historical Financial Information for the year ended 31 December 2017

Independent Reporting Accountant's Audit Report on the Historical Financial Information

Opinion

We have audited the Historical Financial Information, which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 December 2017, including a summary of significant accounting policies and the notes thereto, which forms part of the Report of Historical Financial Information of the Group as presented in Annexure 1 ("*Report of Historical Financial Information of the Group for the financial years ended 31 December 2017, 2016, 2015 and 2014*") to the Pre-listing Statement (collectively the "**Historical Financial Information for the year ended 31 December 2017**").

In our opinion, the Historical Financial Information for the year ended 31 December 2017, which forms part of the Report of Historical Financial Information of the Group as presented in Annexure 1 ("*Report of Historical Financial Information of the Group for the financial years ended 31 December 2017, 2016, 2015, 2014*") to the Pre-listing Statement, presents fairly, in all material respects, for the purpose of the Pre-listing Statement the consolidated financial position of the Group at 31 December 2017 and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with IFRS and the Listings Requirements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("**ISAs**"). Our responsibilities under those standards are further described in the Independent Reporting Accountant's Responsibilities for the Historical Financial Information section of our report. We are independent of the Group in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors ("**IRBA Code**") and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified opinion on the Historical Financial Information for the year ended 31 December 2017.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Historical Financial Information for the year ended 31 December 2017. These matters were addressed in the context of our audit of the Historical Financial Information for the year ended 31 December 2017 as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of goodwill and intangible assets (R2 521 million and R2 450 million)

Refer notes 11 and 12 to the Historical Financial Information for the year ended 31 December 2017

Key Audit Matter	***How the Key Audit Matter was addressed in our audit***
Goodwill and intangible assets comprise 52.4% of the total assets of the group. The directors conduct annual impairment assessments to test the recoverability of carrying amounts of goodwill and intangible assets, which are allocated to cash-generating units for the purpose of assessing impairment. Impairment assessments of goodwill and intangible assets are performed using individual discounted cash flow methodology (Value in use). As disclosed in note 12.3, there are a number of key judgements made in determining the inputs into the discounted cash flow model. Given the significance of the goodwill and intangible assets to the historical financial information and of the judgements involved in assessing any potential impairment, the impairment assessment of goodwill and intangibles was considered to be a key audit matter.	Our audit procedures included: • we critically evaluated whether the discounted cash flow methodology complies with the requirements of IAS 36; • we challenged the assumptions used by the directors in the calculations for each cash generating unit and – – involved our valuation specialists to evaluate and re-calculate the discount rates and evaluate the perpetuity growth rates in relation to external market data, and – assessed the reasonableness of assumptions relating to revenue growth and profit growth in relation to our knowledge of the Group and the industries in which it operates; • we analysed the future projected cash flows for the individual cash-generating units to determine whether they are reasonable and supportable given the current macro-economic climate and expected future performance of each cash generating unit; • we compared the projected cash flows, including the assumptions relating to revenue growth rates, profit growth and perpetuity growth rates, against historical performance to test the accuracy of the Directors' projections; • we subjected the specific risk adjustment of the discount rate to sensitivity analyses by changing it by 1 percentage point; and • we evaluated the adequacy of the financial statement disclosures, including the disclosure of key assumptions made by the Directors.

Business acquisitions

Refer note 31 to the Historical Financial Information for the year ended 31 December 2017

Key Audit Matter	***How the Key Audit Matter was addressed in our audit***
During the year, the Group acquired the following businesses: • Khoisan Tea Import and Export Proprietary Limited (70%); • Sonnendal Dairies Proprietary Limited (100%); and • Millennium Foods Proprietary Limited (100%). These acquisitions were accounted for using the acquisition method, where the Group performed a purchase price allocations ("**PPA**") exercise as disclosed in note 31. We have determined this to be a key audit matter based on the quantitative material value of the acquisitions of R265 million (in aggregate), the significant management judgement and estimates made as part of the PPA relating to determining the fair value of the assets and liabilities acquired.	Our audit procedures included: • we inspected the purchase agreements to obtain an understanding of the transactions, the key terms and the effective dates and – – challenged the assumptions used by the directors in the calculations of the customer relationships, brands and resulting goodwill; and – involved our valuation specialists to assist us in evaluating the Directors' valuation methodologies and key assumptions and inputs used in measuring the fair value of customer relationships, brands and resulting goodwill; • we evaluated the effective dates, appropriateness of the accounting treatment and consideration of the acquisitions based on the contractual agreements and regulatory requirements; • we evaluated the adequacy of the related disclosures in note 31 to the consolidated financial statements.

Responsibilities of the Directors for the Historical Financial Information for the year ended 31 December 2017

The Directors are responsible for the preparation and fair presentation of the Historical Financial Information for the year ended 31 December 2017 in accordance with the IFRS and the Listings Requirements, and for such internal control as the Directors determine is necessary to enable the preparation of Historical Financial Information for the year ended 31 December 2017 that is free from material misstatement, whether due to fraud or error.

In preparing the Historical Financial Information for the year ended 31 December 2017, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Independent Reporting Accountant's Responsibilities for the Historical Financial Information for the year ended 31 December 2017

Our objectives are to obtain reasonable assurance about whether the Historical Financial Information for the year ended 31 December 2017 is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Historical Financial Information for the year ended 31 December 2017.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the Historical Financial Information for the year ended 31 December 2017, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Conclude on the appropriateness of the Directors use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our independent reporting accountant's report to the related disclosures in the Historical Financial Information for the year ended 31 December 2017 or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent reporting accountant's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the Historical Financial Information for the year ended 2017, including the disclosures, and whether the Historical Financial Information for the year ended 2017 represents the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Historical Financial Information for the year ended 2017. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the Historical Financial Information of the current period and are therefore the key audit matters. We describe these matters in our independent reporting accountant's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Inc.
Registered Auditor

Ivan Engels
Director
Registered Auditor

18 April 2018

1 Mediterranean Street
Foreshore
Cape Town City Centre
Cape Town, 8001
(PO Box 4609, Cape Town, 8000)

PRO FORMA FINANCIAL INFORMATION OF THE GROUP

PRO FORMA FINANCIAL INFORMATION OF LIBSTAR

Basis of preparation

The definitions commencing on page 19 of the Pre-listing Statement have been used throughout this Annexure 3 ("*Pro Forma Financial Information*").

The *Pro forma* Financial Information has been prepared for illustrative purposes only and because of its nature may not fairly present Libstar's financial position, changes in equity and results of operations.

The *Pro forma* Financial Information is based on the audited Historical Financial Information of Libstar as at and for the year ended 31 December 2017, as presented in Annexure 1 ("*Report of Historical Financial Information of the Group for the financial years ended 31 December 2017, 2016, 2015 and 2014*").

The *Pro forma* Financial Information has been prepared to illustrate the impact of the Subdivision, the Pre-IPO Dividend, the Listing and the transaction costs associated with the Listing, as well as the BEE Transaction (collectively, the "**Transactions**") on the Historical Financial Information. The *Pro forma* Financial Information has been prepared on the assumption that the Transactions occurred on 1 January 2017 for statement of profit or loss and other comprehensive income purposes and on 31 December 2017 for statement of financial position purposes.

The *Pro forma* Financial Information has been prepared using the accounting policies of Libstar which comply with IFRS and are consistent with those applied in the Historical Financial Information.

The *Pro forma* Financial Information is the responsibility of the Directors.

KPMG's independent reporting accountant's report on the *Pro forma* Financial Information is set out in Annexure 4 ("*Independent Reporting Accountants' Report on the Pro Forma Financial Information*").

***Pro forma* statement of profit or loss and other comprehensive income of Libstar for the year ended 31 December 2017**

	Group before the Transactions R000's Audited Column 1	Subdivision R000's *Pro forma* Column 2	Pre-IPO Dividend R000's *Pro forma* Column 3	Listing R000's *Pro forma* Column 4	Transaction Costs R000's *Pro forma* Column 5	Total R000's *Pro forma* Column 6	BEE Transaction R000's *Pro forma* Column 7	Group subsequent to the Transactions R000's *Pro forma* Column 8
Revenue	8 826 506	–	–	–	–	8 826 506	–	8 826 506
Cost of sales	(6 814 506)	–	–	–	–	(6 814 506)	–	(6 814 506)
Gross profit	**2 012 000**	**–**	**–**	**–**	–	**2 012 000**	**–**	**2 012 000**
Other income	146 638	–	–	–	–	146 638	–	146 638
Operating expenses	(1 564 856)	–	–	–	(20 767)	(1 585 623)	(87 819)	(1 673 442)
Operating profit	**593 782**	**–**	**–**	**–**	**(20 767)**	**573 015**	**(87 819)**	**485 196**
Investment income	25 754	–	–	22 436	–	48 190	–	48 190
Finance costs	(254 448)	–	(92 279)	148 655	–	(198 072)	–	(198 072)
Profit before tax	**365 088**	**–**	**(92 279)**	**171 091**	**(20 767)**	**423 133**	**(87 819)**	**335 314**
Tax expense	(133 046)	–	25 838	(47 905)	–	(155 113)	–	(155 113)
Profit for the year – continuing operations	**232 042**	**–**	**(66 441)**	**123 186**	**(20 767)**	**268 020**	**(87 819)**	**180 201**
Loss for the year from operations held for sale	(42 346)	–	–	–	–	(42 346)	–	(42 346)
Profit for the year	**189 696**	**–**	**(66 441)**	**123 186**	**(20 767)**	**225 674**	**(87 819)**	**137 855**
Other comprehensive income, net of tax	**(459)**	**–**	**–**	**–**	**–**	**(459)**	**–**	**(459)**
Defined benefit plan actuarial gains/(losses)	(459)	–	–	–	–	(459)	–	(459)
Total comprehensive profit for the year	**189 237**	**–**	**(66 441)**	**123 186**	**(20 767)**	**225 215**	**(87 819)**	**137 396**
Profit attributable to:	**189 696**	**–**	**(66 441)**	**123 186**	**(20 767)**	**225 674**	**(87 819)**	**137 855**
Equity holders of the parent	188 353	–	(66 441)	123 186	(20 767)	224 331	(87 819)	136 512
Non-controlling interest	1 343	–	–	–	–	1 343	–	1 343
Total comprehensive profit attributable to:	**189 237**	**–**	**(66 441)**	**123 186**	**(20 767)**	**225 215**	**(87 819)**	**137 396**
Equity holders of the parent	187 894	–	(66 441)	123 186	(20 767)	223 872	(87 819)	136 053
Non-controlling interest	1 343	–	–	–	–	1 343	–	1 343
Basic earnings from continuing operations per share (cents)	6 133	(6 086)	(14)	15	(3)	45	(15)	30
Basic earnings from discontinued operations per share (cents)	(1 105)	1 097	–	1	–	(7)	–	(7)
Basic earnings from continuing and discontinued operations per share (cents)	5 028	(4 990)	(14)	16	(3)	38	(15)	23

	Group before the Transactions R000's Audited Column 1	Subdivision R000's *Pro forma* Column 2	Pre-IPO Dividend R000's *Pro forma* Column 3	Listing R000's *Pro forma* Column 4	Transaction Costs R000's *Pro forma* Column 5	Total R000's *Pro forma* Column 6	BEE Transaction R000's *Pro forma* Column 7	Group subsequent to the Transactions R000's *Pro forma* Column 8
Diluted basic earnings from continuing operations per share (cents)	6 133	(6 086)	(14)	15	(3)	45	(15)	30
Diluted basic earnings from discontinued operations per share (cents)	(1 105)	1 097	–	1	–	(7)	–	(7)
Diluted basic earnings from continuing and discontinued operations per share (cents)	5 028	(4 990)	(14)	16	(3)	38	(15)	23
Headline earnings from continuing operations per share (cents)	7 489	(7 431)	(14)	12	(3)	53	(15)	38
Diluted headline earnings from continuing operations per share (cents)	7 489	(7 431)	(14)	12	(3)	53	(15)	38
Weighted average number of shares in issue at the end of the period ('000)	3 746	488 707	488 707	593 970	593 970	593 970	593 970	593 970
Diluted weighted average number of shares in issue at the end of the period ('000)	3 746	488 707	488 707	593 970	593 970	593 970	597 697	597 697
Basic earnings from continuing operations attributable to the equity holders of the parent	229 749	–	(66 441)	123 186	(20 767)	265 727	(87 819)	177 908
Basic earnings from discontinued operations attributable to equity holders of the parent	(41 396)	–	–	–	–	(41 396)	–	(41 396)
Basic earnings from continuing and discontinued operations attributable to the equity holders of the parent	188 353	–	(66 441)	123 186	(20 767)	224 331	(87 819)	136 512
Diluted earnings from continuing operations attributable to the equity holders of the parent	229 749	–	(66 441)	123 186	(20 767)	265 727	(87 819)	177 908
Diluted earnings from discontinued operations attributable to the equity holders of the parent	(41 396)	–	–	–	–	(41 396)	–	(41 396)
Diluted earnings from continuing and discontinued operations attributable to the equity holders of the parent	188 353	–	(66 441)	123 186	(20 767)	224 331	(87 819)	136 512
Reconciliation of headline earnings and diluted headline earnings from continuing operations:								
Basic earnings attributable to equity holders of the parent	229 749	–	(66 441)	123 186	(20 767)	265 727	(87 819)	177 908

	Group before the Transactions R000's Audited Column 1	Subdivision R000's *Pro forma* Column 2	Pre-IPO Dividend R000's *Pro forma* Column 3	Listing R000's *Pro forma* Column 4	Transaction Costs R000's *Pro forma* Column 5	Total R000's *Pro forma* Column 6	BEE Transaction R000's *Pro forma* Column 7	Group subsequent to the Transactions R000's *Pro forma* Column 8
Adjustments								
Impairment of goodwill	50 000	–	–	–	–	50 000	–	50 000
Loss on disposal of property, plant and equipment	959	–	–	–	–	959	–	959
Taxation impact of adjustments	(179)	–	–	–	–	(179)	–	(179)
Headline earnings attributable to equity holders of the parent	**280 529**	**–**	**(66 441)**	**123 186**	**(20 767)**	**316 507**	**(87 819)**	**228 688**
Dilutive impact of the BEE Transaction	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Diluted headline earnings attributable to equity holders of the parent	**280 529**	**–**	**(66 441)**	**123 186**	**(20 767)**	**316 507**	**(87 819)**	**228 688**
Reconciliation of headline earnings and diluted headline earnings from discontinued operations:								
Basic earnings from discontinued operations	**(41 396)**	**–**	**–**	**–**	**–**	**(41 396)**	**–**	**(41 396)**
Adjustments								
Impairment of property, plant and equipment	**5 825**	**–**	**–**	**–**	**–**	**5 825**	**–**	**5 825**
Impairment of intangible assets	**5 990**	**–**	**–**	**–**	**–**	**5 990**	**–**	**5 990**
Impairment of goodwill	**16 844**	**–**	**–**	**–**	**–**	**16 844**	**–**	**16 844**
Headline earnings attributable to equity holders of the parent	**(12 737)**	**–**	**–**	**–**	**–**	**(12 737)**	**–**	**(12 737)**
Dilutive impact of BEE Transaction	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Headline and diluted headline earnings from continuing and discontinued operations	**267 792**	**–**	**(66 441)**	**123 186**	**(20 767)**	**303 770**	**(87 819)**	**215 951**
Reconciliation of headline earnings and diluted headline earnings from discontinued operations:								
Basic earnings from discontinued operations	**(41 396)**	**–**	**–**	**–**	**–**	**(41 396)**	**–**	**(41 396)**

Notes to the *pro forma* statement of profit or loss and other comprehensive income for the year ended 31 December 2017:

1. Column 1 presents the historical statement of profit or loss and other comprehensive income of Libstar, which has been extracted, without adjustment, from the audited statement of profit or loss and other comprehensive income of Libstar for the year ended 31 December 2017, as presented in the Report on Historical Financial Information of the Group, which is attached as Annexure 1 ("*Report on the Historical Financial Information of the Group for the financial years ended 31 December 2017, 2016, 2015 and 2014*").
2. Column 2 presents the financial effects of the Subdivision. The Subdivision will result in an increase in the weighted average number of Ordinary Shares and the diluted weighted average number of Ordinary Shares in the ratio of 125 new Ordinary Shares for each 1 Ordinary Share previously in issue. The Subdivision will have a continuing effect on the weighted average number of shares and the diluted weighted number of shares.
3. Column 3 presents the financial effects of the Pre-IPO Dividend which results in increased borrowings by Libstar Operations of R800 million.

   The additional finance cost charge on repayment of borrowings in respect of Senior Facility E (bearing interest at JIBAR plus 3.75% per annum, compounded daily) is R92.3 million (R66.4 million net of taxation).

   This adjustment will have a continuing effect on the *pro forma* statement of profit or loss and other comprehensive income.
4. Column 4 presents the financial effects on the statement of profit or loss and other comprehensive income of the Listing where the Company raises an estimated R1.5 billion through the issue of 105 263 158 Ordinary Shares at R14.25 per share, representing the mid-point of the Offer Price Range. The proceeds from the issue will be used to repay borrowings and consequently reduce the associated finance costs of borrowings on Senior Facility E (R800 million), Senior Facility C (R309 million) and Senior Facility D (R192 million) with the balance of R199 million held as cash and cash equivalents:

   The interest saving on repayment of borrowings (bearing interest at JIBAR plus 3.75% per annum on Senior Facility E and JIBAR plus 3.5% per annum on Senior Facility C and Senior Facility D, compounded monthly) is R148.7 million.

   The additional interest earned on cash and cash equivalents (bearing interest at JIBAR, compounded monthly) is R22.4 million.

   This adjustment will have a continuing effect on the *pro forma* statement of profit or loss and other comprehensive income.
5. Column 5 presents the financial effects relating to the transaction costs associated with the Listing, as presented in paragraph 20 of Section 10 ("*Additional Information*") and which is reconciled as follows:

Description	**R'000**
Total estimated expenses of the Offer and Listing per Section 10	**73 250**
Expenses incurred and recognised during the year ended 31 December 2017 and included in column 1	22 483
Expenses expected to be incurred subsequent to 31 December 2017	50 767

   Transaction costs of R22.5 million have been recognised in the year ended 31 December 2017 and are included in column 1. Transaction costs amounting to an estimated R50.8 million have been incurred subsequent to 31 December 2017 and included in column 5, of which R20.8 million has been expensed and R30 million has been capitalised to share capital (equity account) in terms of IAS 32: Financial Instruments.

   This adjustment will not have a continuing effect on the *pro forma* statement of profit or loss and other comprehensive income.
6. Column 6 represents the total after the Subdivision, Pre-IPO Dividend, the Listing and the associated costs thereof.

7. Column 7 presents the financial effects on the statement of profit or loss and other comprehensive income of the BEE Transaction:

   The BEE charges of R87.8 million include:

   – The share-based payment benefit provided to the Employee Share Trust, which is recognised as an equity settled share-based payment transaction in terms of IFRS 2 Share-based payments. The IFRS 2 expense for the year ended 31 December 2017 amounts to R7.9 million. The share-based payment vests over a period of 7 years. The share-based payment charge was calculated based on the actual expected number of units to be issued to qualifying beneficiaries at implementation of the BEE Transaction as a percentage of the total expected number of units to be issued to all beneficiaries over the 7-year period (assuming a 15% annual unit replacement rate), which amounts to a percentage of 9% multiplied by a total value of all units in issue at 31 December 2017 of R87.4 million. The total value of all units in issue at 31 December 2017 of R87.4 million has been calculated on the basis of the following assumptions: (i) Offer Price of R14.25 per share, being the mid-point of the Offer Price Range, (ii) equity volatility of 30%, and (iii) dividend yield of 2.6%. The financial statements of Employee Share Trust are consolidated in terms of IFRS 10: Consolidated Financial Statements with Libstar's consolidated financials from the effective date of the BEE Transaction. The Ordinary Shares issued to Employee Share Trust are treated as treasury shares for accounting purposes and are eliminated on consolidation;
   – The share-based payment benefit provided to the special purpose vehicle established for the benefit of certain strategic investors who are Black Persons ("**Strategic Share Trust**"), which is recognised as an equity-settled share-based payment transaction in terms of IFRS 2 Share-based payments. The IFRS 2 expense for the year ended 31 December 2017 amounts to R74.9 million. The total value of all units in issue at 31 December 2017 of R74.9 million has been calculated on the basis of the following assumptions: (i) Offer Price of R14.25 per share, being the mid-point of the Offer Price Range, (ii) equity volatility of 30%, and (iii) dividend yield of 2.6%. The financial statements of Strategic Share Trust are consolidated in terms of IFRS 10: Consolidated Financial Statements with Libstar's consolidated financials from the effective date of the BEE Transaction. The Ordinary Shares issued to Strategic Share Trust are treated as treasury shares for accounting purposes and are eliminated on consolidation; and
   – Transaction costs amounting to R5 million incurred in the implementation of the BEE Transaction.

   This adjustment in relation to the Employee Share Trust will have a continuing effect on the *pro forma* statement of profit or loss and other comprehensive income whilst the adjustment in relation to the Strategic Share Trust will not have a continuing effect on the *pro forma* statement of profit or loss and other comprehensive income.

8. Column 8 presents the *pro forma* statement of profit or loss and other comprehensive income of the Group subsequent to the Transactions.

Pro forma statement of financial position as at 31 December 2017

	Group before the Transactions R000's Audited	Subdivision R000's *Pro forma*	Pre-IPO Dividend R000's *Pro forma*	Listing R000's *Pro forma*	Transaction costs R000's *Pro forma*	Total After R000's *Pro forma*	BEE Transaction R000's *Pro forma*	Group subsequent to the Transactions R000's *Pro forma*
	Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8
ASSETS								
Non-current assets	**6 033 319**	**–**	**–**	**–**	**–**	**6 033 319**	**–**	**6 033 319**
Property, plant and equipment	1 041 225	–	–	–	–	1 041 225	–	1 041 225
Goodwill	2 521 058	–	–	–	–	2 521 058	–	2 521 058
Intangible assets	2 449 507	–	–	–	–	2 449 507	–	2 449 507
Other financial assets	9 600	–	–	–	–	9 600	–	9 600
Operating lease asset	5 439	–	–	–	–	5 439	–	5 439
Deferred tax assets	6 490	–	–	–	–	6 490	–	6 490
Current assets	**3 459 378**	**–**	**–**	**200 000**	**(50 767)**	**3 608 611**	**–**	**3 608 611**
Inventories	1 137 107	–	–	–	–	1 137 107	–	1 137 107
Trade and other receivables	1 618 108	–	–	–	–	1 618 108	–	1 618 108
Biological assets	26 162	–	–	–	–	26 162	–	26 162
Other financial assets	115 647	–	–	–	–	115 647	–	115 647
Current tax receivable	11 646	–	–	–	–	11 646	–	11 646
Cash and bank balances	550 708	–	–	200 000	(50 767)	699 941	–	699 941
Assets classified as held for sale	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total assets	**9 492 697**	**–**	**–**	**200 000**	**50 767**	**9 641 930**	**–**	**9 641 930**
EQUITY AND LIABILITIES								
Capital and reserves	**4 566 968**	**–**	**(800 000)**	**1 500 000**	**(50 767)**	**5 216 201**	**–**	**5 216 201**
Issued capital	4 187 177	–	(800 000)	1 500 000	(30 000)	4 857 177	–	4 857 177
Defined benefit plan reserve	(1 340)	–	–	–	–	(1 340)	–	(1 340)
Share-based payment reserve	–	–	–	–	–	–	87 819	87 819
Retained earnings	445 895	–	–	–	(20 767)	425 128	(87 819)	337 309
Premium on acquisition of non-controlling interests	(63 624)	–	–	–	–	(63 624)	–	(63 624)
Put options exercisable by executive management	(8 836)	–	–	–	–	(8 836)	–	(8 836)
Non-controlling interest	7 696	–	–	–	–	7 696	–	7 696

	Group before the Transactions R000's Audited	Subdivision R000's *Pro forma*	Pre-IPO Dividend R000's *Pro forma*	Listing R000's *Pro forma*	Transaction costs R000's *Pro forma*	Total After R000's *Pro forma*	BEE Transaction R000's *Pro forma*	Group subsequent to the Transactions R000's *Pro forma*
	Column 1	**Column 2**	**Column 3**	**Column 4**	**Column 5**	**Column 6**	**Column 7**	**Column 8**
Non-current liabilities	**2 878 889**	**–**	**800 000**	**(1 300 000)**	**–**	**2 378 889**	**–**	**2 378 889**
Other financial liabilities	2 014 548	–	800 000	(1 300 000)	–	1 514 548	–	1 514 548
Deferred tax liabilities	815 948	–	–	–	–	815 948	–	815 948
Employee benefits	8 372	–	–	–	–	8 372	–	8 372
Share appreciation rights	34 019	–	–	–	–	34 019	–	34 019
Operating lease liability	6 002	–	–	–	–	6 002	–	6 002
Current liabilities	**2 046 840**	**–**	**–**	**–**	**–**	**2 046 840**	**–**	**2 046 840**
Trade and other payables	1 498 818	–	–	–	–	1 498 818	–	1 498 818
Other financial liabilities	348 146	–	–	–	–	348 146	–	348 146
Current tax payables	495	–	–	–	–	495	–	495
Bank overdraft	199 381	–	–	–	–	199 381	–	199 381
Liabilities directly associated with assets classified as held for sale/discontinued operations	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total liabilities	**4 925 729**	**–**	**800 000**	**(1 300 000)**	**–**	**4 425 729**	**–**	**4 425 729**
Total equity and liabilities	**9 492 697**	**–**	**–**	**200 000**	**(50 767)**	**9 641 930**	**–**	**9 641 930**
Shares in issue at end of year (000)	3 911	488 872	488 872	594 135	594 135	594 135	–	594 135
NAV per share (cents)	116 773	(115 839)	(164)	116	(9)	878	–	878
TNAV per share (cents)	10 377	(10 294)	(164)	267	(9)	178	–	178

Equity Reconciliation as at 31 December 2017

	Shares Issued '000	Share Capital R'000	Defined Benefit Plan Reserve R'000	Share-based payment reserve R'000	Retained earnings R'000	Premium on acquisition of non-controlling interests R'000	Put options exercisable by executive management R'000	Non-controlling interest R'000	Total
Equity Reconciliation									
Opening balance	**3 911**	**4 187 177**	**(1 340)**	**–**	**445 895**	**(63 624)**	**(8 836)**	**7 696**	**4 566 968**
Effect of the Subdivision	484 961	–	–	–	–	–	–	–	–
Effect of the Pre-IPO Dividend	–	(800 000)	–	–	–	–	–	–	(800 000)
Effect of the BEE Transaction	–	–	–	87 819	(87 819)	–	–	–	–
Issue of Ordinary Shares in respect of the Listing	105 263	1 500 000	–	–	–	–	–	–	1 500 000
Share issue costs	–	(30 000)	–	–	(20 767)	–	–	–	(50 767)
Total	**594 135**	**4 857 177**	**(1 340)**	**87 819**	**337 309**	**(63 624)**	**(8 836)**	**7 696**	**5 216 201**

Notes to the *pro forma* statement of financial position as at 31 December 2017:

1. Column 1 presents the historical statement of financial position of Libstar, which has been extracted, without adjustment, from the audited statement of financial position of Libstar for the year ended 31 December 2017, as presented in the Report on Historical Financial Information of the Group, which is attached as Annexure 1 ("*Report of Historical Financial Information of the Group for the financial years ended 31 December 2017, 2016, 2015 and 2014*").
2. Column 2 presents the financial effects on the Subdivision, resulting in 125 Ordinary Shares being issued for each 1 Ordinary Share in issue previously.
3. Column 3 presents the financial effects of the Pre-IPO Dividend which results in increased borrowings by Libstar Operations of R800 million and a net reduction in ordinary share capital of similar amount.
4. Column 4 presents the financial effects on the statement of financial position of the Listing as follows:
   - estimated increase in issued share capital of R1.5 billion;
   - estimated repayment of borrowings of R1.3 billion; and
   - an increase in cash and cash equivalents of R200 million.
5. Column 5 presents the financial effects relating to the transaction costs incurred subsequent to 31 December 2017 associated with the Listing amounting to an estimated R50.8 million, of which R20.8 million has been expensed and R30 million has been capitalised to share capital (equity account) in terms of IAS 32: Financial Instruments. Also refer to note 5 of the *pro forma* statement of profit or loss and other comprehensive income.
6. Column 6 represents the total after the Subdivision, Pre-IPO Dividend, the Listing and the associated costs thereto.
7. Column 7 presents the financial effects on the statement of financial position of the BEE Transaction:
   - the share-based payment benefit provided to the Employee Share Trust, which is recognised as an equity settled share-based payment transaction in terms of IFRS 2 Share-based payments. The IFRS 2 expense for the year ended 31 December 2017 amounts to R7.9 million. The share-based payment vests over a period of 7 years. The share-based payment charge was calculated based on the actual expected number of units to be issued to qualifying beneficiaries at implementation of the BEE Transaction as a percentage of the total expected number of units to be issued to all beneficiaries over the 7-year period (assuming a 15% annual unit replacement rate), which amounts to a percentage of 9% multiplied by a total value of all units in issue at 31 December 2017 of R87.4 million. The total value of all units in issue at 31 December 2017 of R87.4 million has been calculated on the basis of the following assumptions: (i) Offer Price of R14.25 per share, being the mid-point of the Offer Price Range, (ii) equity volatility of 30%, and (iii) dividend yield of 2.6%. The financial statements of the Employee Share Trust are consolidated in terms of IFRS 10: Consolidated Financial Statements with Libstar's consolidated financials from the effective date of the BEE Transaction. The Ordinary Shares issued to Employee Share Trust are treated as treasury shares for accounting purposes and are eliminated on consolidation;
   - the share-based payment benefit provided to the Strategic Share Trust, which is recognised as an equity-settled share-based payment transaction in terms of IFRS 2 Share-based payments. The IFRS 2 expense for the year ended 31 December 2017 amounts to R74.9 million. The total value of all units in issue at 31 December 2017 of R74.9 million has been calculated on the basis of the following assumptions: (i) Offer Price of R14.25 per share, being the mid-point of the Offer Price Range, (ii) equity volatility of 30%, and (iii) dividend yield of 2.6%. The financial statements of the Strategic Share Trust are consolidated in terms of IFRS 10: Consolidated Financial Statements with Libstar's consolidated financials from the effective date of the BEE Transaction. The Ordinary Shares issued to Strategic Share Trust are treated as treasury shares for accounting purposes and are eliminated on consolidation; and
   - Transaction costs amounting to R5 million incurred in the implementation of the BEE Transaction.
8. Column 8 presents the *pro forma* statement of financial position of Libstar subsequent to the Transactions.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION OF THE GROUP

The Directors
Libstar Holdings Limited
1st Floor
62 Hume Road
Dunkeld
2196

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE COMPILATION OF THE *PRO FORMA* FINANCIAL INFORMATION OF THE GROUP

The definitions commencing on page 18 of the Pre-listing Statement to which this letter is attached apply *mutatis mutandis* to this report.

Introduction

We have completed our assurance engagement to report on the compilation of the *Pro forma* Financial Information of the Group by the directors of the Company (the "**Directors**"). Libstar Holdings Proprietary Limited has been renamed Libstar Holdings Limited. The *Pro forma* Financial Information consists of the *pro forma* earnings and diluted earnings, headline and diluted headline earnings, net asset value and net tangible asset value per share of the Group, the *pro forma* statement of financial position of the Group, the *pro forma* statement of profit or loss and other comprehensive income of the Group and the related notes, including a reconciliation showing all of the *pro forma* adjustments to the share capital, reserves and other equity items relating to the Company. The *Pro forma* Financial Information is set out in Annexure 3 ("*Pro Forma Financial Information of the Group*"). The *Pro forma* Financial Information has been compiled on the basis of the applicable criteria specified in the Listings Requirements.

The *Pro forma* Financial Information has been compiled by the Directors to illustrate the impact of the Subdivision, the BEE Transaction, the Pre-IPO Dividend, the Listing and the transaction costs associated with the Listing (collectively the "**Transactions**") on the statement of financial position of the Company, the statement of profit or loss and other comprehensive income of the Company and the related notes, including a reconciliation showing all of the *pro forma* adjustments to the share capital, reserves and other equity items relating to the Company.

As part of this process, the Company's earnings, diluted earnings, headline earnings and diluted headline earnings, net asset value and net tangible asset value per share, statement of profit or loss and other comprehensive income and statement of financial position have been extracted by the Directors from the Company's audited historical financial information as at and for the year ended 31 December 2017 included as Annexure 1 ("*Report of Historical Financial Information of the Group for the financial years ended 31 December 2017, 2016, 2015 and 2014*") ("**Audited Historical Financial Information**").

Directors' Responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the *Pro forma* Financial Information on the basis of the applicable criteria as detailed in paragraphs 8.15 to 8.33 of the Listings Requirements and the SAICA Guide on *Pro forma* Financial Information, revised and issued in September 2014 ("**Applicable Criteria**").

Independent Reporting Accountant's independence and quality control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors ("**IRBA**"), that is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independent Reporting Accountant's responsibility

Our responsibility is to express an opinion about whether the *Pro forma* Financial Information has been compiled, in all material respects, by the Directors on the basis of the Applicable Criteria.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of *Pro forma* Financial Information Included in a Prospectus, issued by the International Auditing and Assurance Standards Board. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the *Pro forma* Financial Information on the basis of the Applicable Criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on the Audited Historical Financial Information used in compiling the *Pro forma* Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *Pro forma* Financial Information.

The purpose of the *Pro forma* Financial Information included in the Pre-listing Statement is solely to illustrate the impact of the Transactions on the unadjusted Audited Historical Financial Information as if the Transactions had been undertaken on 1 January 2017 for purposes of the *pro forma* earnings, diluted earnings and the *pro forma* statement of profit or loss and other comprehensive income and on 31 December 2017 for purposes of the *pro forma* net asset value and net tangible asset value per share and *pro forma* statement of financial position. Accordingly, we do not provide any assurance that the actual outcome of the Transactions, subsequent to its implementation, will be as presented in the *Pro forma* Financial Information.

A reasonable assurance engagement to report on whether the *Pro forma* Financial Information has been properly compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the Directors in the compilation of the *Pro forma* Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the Transactions and to obtain sufficient appropriate evidence about whether:

- the related *pro forma* adjustments give appropriate effect to the Applicable Criteria; and
- the *Pro forma* Financial Information reflects the proper application of those *pro forma* adjustments to the unadjusted Audited Historical Financial Information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Company, the Transactions in respect of which the *Pro forma* Financial Information has been compiled and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the *Pro forma* Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the *Pro forma* Financial Information has been compiled, in all material respects, on the basis of the Applicable Criteria.

KPMG Inc.
Registered Auditor

Ivan Engels
Director

Registered Auditor

22 April 2018

1 Mediterranean Street
Foreshore
Cape Town City Centre
Cape Town, 8001
(PO Box 4609, Cape Town, 8000)

REPORT ON THE *PRO FORMA* ORGANIC REVENUE GROWTH OF THE GROUP

BACKGROUND

The definitions commencing on page 19 of the Pre-listing Statement have been used throughout this Annexure 5 ("*Report of the Pro Forma Organic Revenue Growth of the Group*").

PURPOSE OF *Pro forma* REVENUE ORGANIC GROWTH

As part of the financial information disclosure included in the Pre-listing Statement, the Company is presenting the *Pro forma* Organic Revenue Growth of the Group for the years ended 31 December 2015, 2016 and 2017.

The Organic Revenue Growth has been prepared to illustrate the revenue growth of the Group, year-on-year, excluding the effects of acquisitions that took place during the course of a specific financial year with an adjustment to remove the revenue in respect of that acquisition for the full 12 month period of the following financial year, which facilitates the comparison of revenue year-on-year excluding the effects of an acquisition that was not included in trading for a full 12 months in respect of both years.

BASIS OF PREPARATION

The Directors are responsible for the *Pro forma* Organic Revenue Growth set out below, which has been prepared in accordance with the SAICA Guide on *Pro forma* Financial Information, revised and issued in September 2014 and paragraphs 8.15 to 8.33 of the Listings Requirements, as applicable.

Lines 1, 2 and *3 of columns (a) to (d) of Table A below*

The financial information reflected in Lines 1, 2 and 3 of columns (a) to (d) of Table A below has been extracted, without adjustment, from the historical statement of profit or loss and other comprehensive income of Libstar, included in Annexure 1 ("*Report of Historical Financial Information of the Group for the financial years ended 31 December 2017, 2016, 2015, 2014*"), prepared in accordance with IFRS.

Lines 4 and 5 of columns (a) to (d) of Table A below

The *pro forma* adjustments ("**Current Year *Pro forma* Adjustments**") reflected in lines 4 and 5 of Columns (a) to (d) of Table A below comprises adjustments, extracted, from the Group's consolidation stack-up workings, which have been prepared in accordance with Libstar's accounting policies, which are compliant with IFRS and are consistent with those applied in the Report of Historical Financial Information of the Group.

Acquisitions	Revenue R'000
Line 4	
31-Dec-14	**(16 668)**
Hurters Honey	(16 668)
31-Dec-15	**(682 029)**
Berfin*	(70 050)
Cecil Vinegar	(41 757)
Denny – fresh	(218 741)
Denny – food	(28 607)
Natural Herbs	(69 068)
Pasta Nova	(28 925)
Patleys	(188 532)
Chamonix	(36 348)
31-Dec-16	**(26 903)**
Ambassador Confectionery	(26 903)
31-Dec-17	**(148 018)**
Khoisan	(58 409)
Sonnendal	(89 609)

Acquisitions	Revenue R'000
Line 5	
31-Dec-14	**–**
31-Dec-15	**(27 241)**
Hurters Honey	(27 241)
31-Dec-16	**(1 406 596)**
Cecil Vinegar	(158 861)
Denny – fresh	(431 306)
Denny – food	(105 050)
Natural Herbs	(172 346)
Pasta Nova	(40 045)
Patleys	(445 653)
Chamonix	(53 335)
31-Dec-17	**(34 348)**
Ambassador Confectionery	(34 348)

* *Berfin excludes revenue from African Pride Wines as this was discontinued*

Lines 8, 9 and 12 of columns (b) and (c) of Table A below

The *pro forma* adjustments ("**Base Year *Pro forma* Adjustments – 2015**" and "**Base Year *Pro forma* Adjustments – 2016**") reflected in lines 8, 9 and 12 of columns (b) and (c) of Table A below comprises adjustments, extracted, from the Group's consolidation stack-up workings, which have been prepared in accordance with Libstar's accounting policies, which are compliant with IFRS and are consistent with those applied in the Report of Historical Financial Information of the Group.

Acquisitions	Revenue R'000
Line 8	
31-Dec-15	**27 241**
Hurters Honey	27 241
Line 9	
31-Dec-15	**70 050**
Berfin*	70 050
Line 12	
31-Dec-16	**1 406 596**
Cecil Vinegar	158 861
Denny – fresh	431 306
Denny – food	105 050
Natural Herbs	172 346
Pasta Nova	40 045
Patleys	445 653
Chamonix	53 335

* *Berfin excludes revenue from African Pride Wines as this was discontinued*

Lines 6, 10 and 13 and lines 7, 11 and 14 of columns (a) to (d) of Table A below

Lines 6, 10 and 13 and lines 7, 11 and 14 of columns (a) to (d) of Table A below present non-IFRS information and has been calculated as follows:

- Line 6 of column (a) to (b) equals the sum of lines 1 and 2 less lines 3, 4 and 5 of columns (a) to (b) of Table A and represent the *pro forma* revenue growth from 2014 to 2015;
- Line 10 of column (b) and (c) equals the sum of lines 6, 8 and 9 of columns (b) and (c) of Table A and represent the *pro forma* revenue growth from 2015 to 2016;
- Line 13 of column (c) and (d) equals the sum of lines 10 and 12 of columns (c) and (d) of Table A and represent the *pro forma* revenue growth from 2016 to 2017; and
- Line 7 equals the percentage growth of line 6 column (b) and line 6 column a) and represents the *Pro forma* Organic Revenue Growth percentage from 2014 to 2015;
- Line 11 equals the percentage growth of line 10 column (c) and line 10 column (b) and represents the *Pro forma* Organic Revenue Growth percentage from 2015 to 2016; and
- Line 14 equals the percentage growth of line 13 column d) and line 13 column c) and represents the *Pro forma* Organic Revenue Growth percentage from 2016 to 2017.

TABLE A

Table A below sets out the *Pro forma* Organic Revenue Growth which has been calculated by the Directors based on audited financial information for the years ended 31 December 2017, 2016, 2015 and 2014, adjusted for the Current Year *Pro forma* Adjustments and the Base Year *Pro forma* Adjustments.

		a	b	c	d
			Year ended R'000		
Organic growth		**31-Dec-14**	**31-Dec-15**	**31-Dec-16**	**31-Dec-17**
Total revenue		4 814 768	6 245 643	8 108 624	8 907 393
Revenue from continued operations	**1**	4 752 303	6 175 709	8 020 505	8 826 506
Revenue from discontinued operations	**2**	62 465	69 934	88 119	80 887
Pro forma – Discontinued operations revenue adjustment	**3**	(62 465)	(69 934)	(88 119)	(80 887)
Current Year *Pro forma* Adjustments					
Pro forma – Business acquisitions revenue adjustment during the year	**4**	(16 668)	(682 029)	(26 903)	(148 018)
Pro forma – Revenue not included for a full 12 months in either year due to acquisition in previous year	**5**	–	(27 241)	(1 406 596)	(34 348)
***Pro forma* base year revenue for 2014 (all business included for the full 12 months of 2014 and 2015)**	**6**	**4 735 635**	**5 466 439**	**6 587 006**	**8 644 141**
Pro forma Organic Revenue Growth 2014 versus 2015 – percentage	**7**	**15.43%**			
Base Year *Pro forma* Adjustments – 2015					
Pro forma – Revenue from business acquisitions now included for full 12 months	**8**		27 241		
Pro forma – Revenue from business acquisitions effective on 1 Jan 2015	**9**		70 050		
Revised *pro forma* base year revenue for 2015 (all business included for the full 12 months of 2015 and 2016)	**10**		**5 563 730**	**6 587 006**	**8 644 141**
Pro forma Organic Revenue Growth 2015 versus 2016 – percentage	**11**		**18.39%**		
Base Year *Pro forma* Adjustments – 2016					

Organic growth		a Year ended R'000 31-Dec-14	b Year ended R'000 31-Dec-15	c Year ended R'000 31-Dec-16	d Year ended R'000 31-Dec-17
Pro forma – Revenue from business acquisitions now included for full 12 months	**12**			1 406 596	
Revised *pro forma* base year revenue for 2016 (all business in for the full 12 months of 2015 and 2016)	**13**			**7 993 603**	**8 644 141**
Pro forma Organic Revenue Growth 2016 versus 2017 – percentage	**14**			**8.14%**	

Notes to Table A

1. *Lines 1, 2 and 3 of Columns (a) to (d) of Table A above present the revenue relating to the Group for the years ended 31 December 2017, 31 December 2016, 31 December 2015 and 31 December 2014 as extracted from the Report of Historical Financial Information as set out in Annexure 1 ("Report of Historical Financial Information of the Group for the financial years ended 31 December 2017, 2016, 2015, 2014").*

2. *Lines 4 and 5, of Columns (a) to (d) of Table A above present the Current Year Pro Forma Adjustments extracted from the Group's consolidation stack-up workings for the 4 years ended 31 December 2017, 31 December 2016, 31 December 2015 and 31 December 2014. The Current Year Pro Forma Adjustments are compiled as follows:*

Acquisitions	Revenue R'000
Line 4	
31-Dec-14	**(16 668)**
Hurters Honey	(16 668)
31-Dec-15	**(682 029)**
Berfin*	(70 050)
Cecil Vinegar	(41 757)
Denny – fresh	(218 741)
Denny – food	(28 607)
Natural Herbs	(69 068)
Pasta Nova	(28 925)
Patleys	(188 532)
Chamonix	(36 348)
31-Dec-16	**(26 903)**
Ambassador Confectionery	(26 903)
31-Dec-17	**(148 018)**
Khoisan	(58 409)
Sonnendal	(89 609)

Acquisitions	Revenue R'000
Line 5	
31-Dec-14	**–**
31-Dec-15	**(27 241)**
Hurters Honey	(27 241)
31-Dec-16	**(1 406 596)**
Cecil Vinegar	(158 861)
Denny – fresh	(431 306)
Denny – food	(105 050)
Natural Herbs	(172 346)
Pasta Nova	(40 045)
Patleys	(445 653)
Chamonix	(53 335)
31-Dec-17	**(34 348)**
Ambassador Confectionery	(34 348)

* *Berfin excludes revenue from African Pride Wines as this was discontinued*

3. *Lines 8, 9 and 12, of Columns (b) and (c) of Table A above present the Base Year Pro Forma Adjustments – 2015 and Base Year Pro Forma Adjustments – 2016 extracted from the Group's consolidation stack-up workings for the 4 years ended 31 December 2017, 31 December 2016, 31 December 2015 and 31 December 2014. The Base Year Pro Forma Adjustments are compiled as follows:*

Acquisitions	**Revenue R'000**
Line 8	
31-Dec-15	**27 241**
Hurters Honey	27 241
Line 9	
31-Dec-15	**70 050**
Berfin*	70 050
Line 12	
31-Dec-16	**1 406 596**
Cecil Vinegar	158 861
Denny – fresh	431 306
Denny – food	105 050
Natural Herbs	172 346
Pasta Nova	40 045
Patleys	445 653
Chamonix	53 335

* *Berfin excludes revenue from African Pride Wines as this was discontinued*

4. *Lines 6, 10 and 13 of Columns (a) to (d) of Table A above presents the base year organic growth revenue and the revised base year organic growth revenue.*
5. *Lines 7, 11 and 14 of Columns (a) to (d) of Table A above equals the percentage growth and represents the Pro Forma Organic Revenue Growth percentage.*

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE REPORT OF THE *PRO FORMA* ORGANIC REVENUE GROWTH OF THE GROUP

The Directors
Libstar Holdings Limited
1st Floor
62 Hume Road
Dunkeld
2196

INDEPENDENT REPORTING ACCOUNTANTS REPORT ON THE COMPILATION OF THE *PRO FORMA* ORGANIC REVENUE OF THE GROUP

The definitions commencing on page 19 of the Pre-listing Statement to which this letter is attached apply *mutatis mutandis* to this report.

Introduction

We have completed our assurance engagement to report on the compilation of the *Pro forma* Organic Revenue Growth of the Group by the directors of the Company ("**Directors**"). Libstar Holdings Proprietary Limited has been renamed Libstar Holdings Limited. The *Pro forma* Organic Revenue Growth consists of the following:

- *Pro forma* base year revenue for 2014 – Line 6;
- *Pro forma* Organic Revenue Growth 2014 versus 2015 – Line 7;
- Revised *pro forma* base year revenue for 2015 – Line 10;
- *Pro forma* Organic Revenue Growth 2015 versus 2016 – Line 11;
- Revised *pro forma* base year revenue for 2016 – Line 13; and
- *Pro forma* Organic Revenue Growth 2016 versus 2017 – Line 14.

(collectively the "***Pro forma* Organic Revenue Growth of the Group**").

The *Pro forma* Organic Revenue Growth of the Group has been compiled on the basis of the applicable criteria described in the basis of preparation set out in Annexure 5 ("*Report on the Pro Forma Organic Revenue Growth of the Group*") of the Pre-listing Statement, for each of the years ended 31 December 2017, 2016 and 2015 (the "**Applicable Criteria**").

The *Pro forma* Organic Revenue Growth of the Group has been compiled by the Directors to illustrate the *pro forma* revenue growth of the Group, year-on-year, excluding the effects of acquisitions that took place during the course of a specific financial year with an adjustment to remove the revenue in respect of the that acquisition for the full 12-month period of the following financial year, which facilitates the comparison of revenue year-on-year excluding the effects of an acquisition that was not included in trading for a full 12 months in respect of both years.

As part of this process, the Group's revenue for the years ended 31 December 2017, 2016, 2015 and 2014 ("**Audited Revenue**") have been extracted by the Directors from the Historical Financial Information of the Group included as Annexure 1 ("*Report of Historical Financial Information of the Group for the financial years ended 31 December 2017, 2016, 2015 and 2014*"), in respect of which unmodified audit opinions have been issued ("**Audited Financial Information**").

Directors' Responsibility for the Pro Forma Organic Revenue Growth of the Group

The Directors are responsible for compiling the *Pro forma* Organic Revenue growth of the Group on the basis of the Applicable Criteria.

Independent Reporting Accountant's independence and quality control

We have complied with the independence and all other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors' (IRBA) that is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firms apply International Standard on Quality Control 1 and accordingly, maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independent Reporting Accountant's responsibility

Our responsibility is to express an opinion about whether the *Pro forma* Organic Revenue Growth of the Group has been compiled, in all material respects, by the Directors on the basis of the Applicable Criteria.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of *Pro forma* Financial Information Included in a Prospectus, issued by the International Auditing and Assurance Standards Board. This standard requires that the reporting accountants' comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the *Pro forma* Organic Revenue Growth of the Group on the basis of the Applicable Criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any Audited Financial Information used in compiling the *Pro forma* Organic Revenue Growth of the Group, nor have we, in the course of this engagement, performed an audit or review of any financial information, other than Audited Revenue used in compiling the *Pro forma* Organic Revenue Growth of the Group.

The purpose of the *Pro forma* Organic Revenue Growth of the Group included in the Pre-listing Statement is solely to illustrate the impact of the *pro forma* revenue growth of the Group, year-on-year, excluding the effects of acquisitions that took place during the course of a specific financial year with an adjustment to remove the revenue in respect of the that acquisition for the full 12-month period of the following financial year, which facilitates the comparison of revenue year-on-year excluding the effects of an acquisition that was not included in trading for a full 12 months in respect of both years as if the acquisitions had been undertaken on 1 January 2017, 1 January 2016, 1 January 2015 and 1 January 2014, respectively, for purposes of the *Pro forma* Organic Revenue Growth of the Group. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 1 January 2017, 1 January 2016, 1 January 2015 and 1 January 2014 would have been as presented.

A reasonable assurance engagement to report on whether the *Pro forma* Organic Revenue Growth of the Group has been properly compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the Directors in the compilation of the *Pro forma* Organic Revenue Growth of the Group provides a reasonable basis for presenting the significant effects directly attributable to the events and conditions and the Base Year *Pro forma* Adjustments and to obtain sufficient appropriate evidence about whether:

- the Current Year *Pro forma* Adjustments and the Base Year *Pro forma* Adjustments give appropriate effect to the Applicable Criteria; and
- the *Pro forma* Organic Revenue Growth of the Group reflects the proper application of the Current Year *Pro forma* Adjustments and the Base Year *Pro forma* Adjustments to the unadjusted Audited Revenue.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group and the Current Year *Pro forma* Adjustments and the Base Year *Pro forma* Adjustments in respect of which the *Pro forma* Organic Revenue Growth of the Group has been compiled and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the *Pro forma* Organic Revenue Growth of the Group.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the *Pro forma* Organic Revenue Growth has been compiled, in all material respects, on the basis of the Applicable Criteria.

KPMG Inc.
Registered Auditor

Ivan Engels
Director
Registered Auditor

18 April 2018

1 Mediterranean Street
Foreshore
Cape Town City Centre
Cape Town, 8001
(PO Box 4609, Cape Town, 8000)

REPORT ON THE ADJUSTED RETURN ON TANGIBLE INVESTED CAPITAL OF THE GROUP

BACKGROUND

The definitions commencing on page 19 of the Pre-listing Statement have been used throughout this Annexure 7 ("*Report on the Adjusted Return on Tangible Invested Capital of the Group*").

PURPOSE OF *PRO FORMA* RETURN ON TANGIBLE INVESTED CAPITAL

As part of the financial information disclosure included in the Pre-listing Statement, Libstar Holdings Limited and its subsidiaries ("**Libstar**") is presenting the *pro forma* return on tangible invested capital of the Group ("**Adjusted ROIC**") for the years ended 31 December 2015, 2016 and 2017.

The Adjusted ROIC has been prepared to illustrate the return, adjusted for amortisation of intangible assets (customer relationships), generated by the Group on the tangible invested capital of the Group.

BASIS OF PREPARATION

The Directors are responsible for the Adjusted ROIC set out below, which has been prepared in accordance with the SAICA Guide on *Pro forma* Financial Information, revised and issued in September 2014 and paragraphs 8.15 to 8.33 of the Listings Requirements, as applicable.

The Directors have calculated Adjusted ROIC as follows:

		Column A **2014** **R'000**	Column B **2015** **R'000**	Column C **2016** **R'000**	Column D **2017** **R'000**
Row 1	Adjusted EBIT	423 293	564 172	700 332	806 765
Row 2	Add back: Amortisation of customer relationships ("**CRA**")	(203 806)	(125 046)	(131 706)	(132 956)
Row 3	**Adjusted EBIT (after add-back of CRA)**	**219 487**	**439 126**	**568 626**	**673 809**
Row 4	Total equity	2 826 873	3 809 201	4 085 585	4 566 968
Row 5	Add: Total debt	2 090 257	2 405 780	2 386 386	2 545 704
Row 6	Bank loans	1 716 701	2 007 073	1 898 135	1 947 099
Row 7	Asset based finance	45 306	96 511	148 436	269 043
Row 8	Bank overdraft	72 284	102 731	160 791	199 381
Row 9	Put options exercisable by non-controlling interests and executive management	174 766	106 962	89 680	8 836
Row 10	Loans payable	81 200	92 503	89 344	38 328
Row 11	Other financial liabilities	–	–	–	83 017
Row 12	Deduct: Cash and cash equivalents	(198 852)	(281 116)	(292 167)	(550 708)
Row 13	Deduct: Goodwill	(1 952 074)	(2 423 026)	(2 445 535)	(2 521 058)
Row 14	Deduct: Intangible assets (customer relationships)	(1 824 554)	(1 942 033)	(1 804 193)	(1 788 067)
Row 15	**Tangible Invested Capital**	**941 650**	**1 568 806**	**1 930 076**	**2 252 839**
Row 16	**Adjusted ROIC**	**–**	**25.2%**	**23.4%**	**23.2%**

The calculations set out above are referred to as the Adjusted ROIC calculation table for the purposes of the basis of preparation section of this report.

Rows 1, 2, 4, 6, 7, 8, 9, 10, 11, 12, 13 and 14 of columns (A) to (D)

The financial information reflected in Rows 1, 2, 4, 6, 7, 8, 9, 10, 11, 12, 13 and 14 of columns (A) to (D) of the Adjusted ROIC calculation table above has been extracted, without adjustment, from the historical statement of profit or loss and other comprehensive income, the statement of financial position and notes thereto of Libstar, included in Annexure 1 *("Report of Historical Financial Information of the Group for the financial years ended 31 December 2017, 2016, 2015, 2014")*, prepared in accordance with IFRS.

Row 3 of columns (A) to (D)

- Row 3 presents non-IFRS information, it equals the sum of Rows 1 and 2 and represents the Adjusted EBIT of the Group as presented in Annexure 1 ("*Report of Historical Financial Information of the Group for the financial years ended 31 December 2017, 2016, 2015, 2014*"), adjusted by adding back amortisation of customer relationships.
- Management have used this Adjusted EBIT figure excluding the amortisation of customer relationships to reflect the Adjusted EBIT as it relates to tangible assets.

Row 5 of columns (A) to (D)

- Row 5 presents IFRS information, it equals the sum of Rows 6, 7, 8, 9, 10 and 11 and represents the total debt of the Group.

Row 15 of columns (A) to (D)

- Row 15 presents non-IFRS information, equals the sum of Rows 4, 5, 12, 13 and 14 and represents the total Tangible Invested Capital of the Group which has been calculated as follows:
  - *Total Tangible Invested Capital = Total equity + Total debt – Cash and cash equivalents – Goodwill – Intangible assets (customer relationships).*
- Management have used this adjusted figure as it reflects the Total Invested Capital on tangible assets.

Row 16 of columns (A) to (D)

- Row 16 presents non-IFRS information, it represents the after-tax Adjusted ROIC and is calculated as follows:
  - In respect of column B, return on tangible invested capital is calculated by the formula:
    [Row 3 of Column B x (1-28%)]/[(Row 15 of Column A + Row 15 of Column B)/2]
  - In respect of column C, return on tangible invested capital is calculated by the formula:
    [Row 3 of Column C x (1-28%)]/[(Row 15 of Column B + Row 15 of Column C)/2]
  - In respect of column D, return on tangible invested capital is calculated by the formula:
    [Row 3 of Column D x (1-28%)]/[(Row 15 of Column C + Row 15 of Column D)/2].
- Management has used the South African statutory tax rate of 28% for the purposes of presenting the Adjusted ROIC in order to illustrate Adjusted ROIC excluding the effect of tax on intangible assets.

ADJUSTED ROIC

Set out below is Adjusted ROIC and the notes thereto:

		Column A **2014** **R'000**	Column B **2015** **R'000**	Column C **2016** **R'000**	Column D **2017** **R'000**
Row 1	Adjusted EBIT	423 293	564 172	700 332	806 765
Row 2	Add back: Amortisation of CRA	(203 806)	(125 046)	(131 706)	(132 956)
Row 3	**Adjusted EBIT (after add-back of CRA)**	**219 487**	**439 126**	**568 626**	**673 809**
Row 4	Total equity	2 826 873	3 809 201	4 085 585	4 566 968
Row 5	Add: Total debt	2 090 257	2 405 780	2 386 386	2 545 704
Row 6	Bank loans	1 716 701	2 007 073	1 898 135	1 947 099
Row 7	Asset based finance	45 306	96 511	148 436	269 043
Row 8	Bank overdraft	72 284	102 731	160 791	199 381
Row 9	Put options exercisable by non-controlling interests and executive management	174 766	106 962	89 680	8 836
Row 10	Loans payable	81 200	92 503	89 344	38 328
Row 11	Other financial liabilities	–	–	–	83 017
Row 12	Deduct: Cash and cash equivalents	(198 852)	(281 116)	(292 167)	(550 708)
Row 13	Deduct: Goodwill	(1 952 074)	(2 423 026)	(2 445 535)	(2 521 058)
Row 14	Deduct: Intangible assets (customer relationships)	(1 824 554)	(1 942 033)	(1 804 193)	(1 788 067)
Row 15	**Tangible Invested Capital**	**941 650**	**1 568 806**	**1 930 076**	**2 252 839**
Row 16	**Adjusted ROIC**	**–**	**25.2%**	**23.4%**	**23.2%**

Notes

1. Rows 1, 2, 4, 6, 7, 8, 9, 10, 11, 12, 13 and 14 of columns (A) to (D) have been extracted, without adjustment, from the historical statement of profit or loss and other comprehensive income, the statement of financial position and notes thereto of Libstar, included in Annexure 1 *("Report of Historical Financial Information of the Group for the financial years ended 31 December 2017, 2016, 2015, 2014").*
2. Row 3 of columns (A) to (D) equals the sum of Rows 1 and 2 and represents the Adjusted EBIT (after add-back of CRA) of the Group as detailed above. KPMG's Reporting Accountant's Report on the Adjusted EBIT (after add-back of CRA) of the Group is set out in Annexure 8 ("*Independent Reporting Accountant's Report on the Adjusted Return on Tangible Invested Capital of the Group*").
3. Row 5 of columns (A) to (D) equals the sum of Rows 6, 7, 8, 9, 10 and 11.
4. Row 15 of columns (A) to (D) equals the sum of Rows 4, 5, 12, 13 and 14 and represents the total Tangible Invested Capital of the Group as detailed above. KPMG's Reporting Accountant's Report on the Adjusted EBIT (after add-back of CRA) of the Group is set out in Annexure 8 ("*Independent Reporting Accountant's Report on the Adjusted Return on Tangible Invested Capital of the Group*").
5. Row 16 of columns (A) to (D) represents the Adjusted ROIC calculated as detailed above KPMG's reporting accountant's report on the Adjusted EBIT (after add-back of CRA) of the Group is set out in Annexure 8 ("*Independent Reporting Accountant's Report on the Adjusted Return on Tangible Invested Capital of the Group*").

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE ADJUSTED RETURN ON TANGIBLE INVESTED CAPITAL OF THE GROUP

The Directors
Libstar Holdings Limited
1st Floor
62 Hume Road
Dunkeld
2196

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE ADJUSTED RETURN ON TANGIBLE INVESTED CAPITAL OF THE GROUP

The definitions commencing on page 19 of the Pre-listing Statement to which this letter is attached apply *mutatis mutandis* to this report.

Introduction

We have completed our assurance engagement to report on the compilation of the Adjusted Return on Tangible Invested Capital of the Group ("**Adjusted ROIC**") of Libstar Holdings Proprietary Limited, which has been renamed Libstar Holdings Limited (the "**Company**"). The Adjusted ROIC has been prepared by the directors of the Company (the "**Directors**").

The Adjusted ROIC consists of the following:

- Adjusted EBIT (after add-back of CRA) – Row 3;
- Tangible Invested Capital – Row 15; and;
- Adjusted ROIC – Row 16

(collectively the "**Adjustments**").

The applicable criteria on the basis of which the Directors have compiled the Adjusted ROIC are described in the basis of preparation set out in Annexure 7 ("*Report on the Adjusted Return on Tangible Invested Capital of the Group*"), for each of the years ended 31 December 2015, 2016 and 2017 (the "**Applicable Criteria**").

The Adjusted ROIC has been compiled by the Directors to illustrate the return, adjusted for amortisation of intangible assets (customer relationships), generated by the Group on the tangible invested capital of the Group.

As part of this process, Adjusted EBIT, amortisation of customer relationships, total equity, bank loans, asset based finance, bank overdraft, put options exercisable by non-controlling interests and executive management, loans payable, other financial liabilities, cash and cash equivalents, goodwill and intangible assets (customer relationships) ("**Audited Financial Information**") has been extracted by the Directors from the Historical Financial Information of the Group, in respect of which unmodified audit opinions have been issued ("**Audited Financial Statements**").

Directors' Responsibility for the Adjusted ROIC

The Directors are responsible for compiling the Adjusted ROIC on the basis of the Applicable Criteria.

Independent Reporting Accountant's independence and quality control

We have complied with the independence and all other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors' (IRBA) that is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independent Reporting Accountant's responsibility

Our responsibility is to express an opinion about whether the Adjusted ROIC has been compiled, in all material respects, by the Directors on the basis of the Applicable Criteria.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Adjusted ROIC on the basis of the Applicable Criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any Audited Financial Statements used in compiling the Adjusted ROIC, nor have we, in the course of this engagement, performed an audit or review of any other financial information used in compiling the Adjusted ROIC.

The purpose of the Adjusted ROIC included in the Pre-listing Statement is solely to illustrate the return, adjusted for amortisation of intangible assets (customer relationships), generated by the Group on the tangible invested capital of the Group.

A reasonable assurance engagement to report on whether the Adjusted ROIC has been properly compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the Directors in the compilation of the Adjusted ROIC provides a reasonable basis for presenting the significant effects directly attributable to the events and conditions and to obtain sufficient appropriate evidence about whether:

- the Adjustments give appropriate effect to the Applicable Criteria.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group and the Adjustments in respect of which the Adjusted ROIC has been compiled and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Adjusted ROIC.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the Adjusted ROIC has been compiled, in all material respects, on the basis of the Applicable Criteria

KPMG Inc.
Registered Auditor

Ivan Engels
Director
Registered Auditor

18 April 2018

1 Mediterranean Street
Foreshore
Cape Town City Centre
Cape Town, 8001
(PO Box 4609, Cape Town, 8000)

SELLING SHAREHOLDERS AND LOCK-UP ARRANGEMENTS

The following table sets out the Selling Shareholders, the number of Sale Shares offered under the Offer for Sale, the percentage shareholding held by each of them as at the Last Practicable Date and the lock-up arrangements relating to those Selling Shareholders who will be subject to the lock-up arrangements.

	Immediately prior to Listing		Sale Shares available to be sold in the Offer		Lock-Up	
Name of Selling Shareholder	**Number of Ordinary Shares held**	**Percentage of issued share capital**	**Number of Sale Shares**	**Percentage of Shareholders' Equity**	**Percentage of Ordinary Shares subject to lock-up**	**Number of Shares subject to lock-up**
Abraaj	345 873 992	61.55	345 873 992[2]	Up to 100%[2]	100% of unsold Ordinary Shares	100% of unsold Ordinary Shares
PIC	94 393 121	16.80	94 393 121	Up to 100%	0%	–
Management Shareholders						
Tony Amaro	1 041 615	0.19	260 404	25	–	–
Mukuni Trust	3 594 293	0.64	1 797 147	50	–	–
Sancri Trust	3 210 036	0.57	1 605 018	50	–	–
Terry Millar Family Trust	16 373	0.003	16 373	100	–	–
Andre Daniël Naude	1 086 641	0.19	119 531	11	–	–
Andries Vlok Van Rensburg	5 611 391	1.00	2 805 696	50	50	2 805 695
Leon Conradie	148 510	0.03	148 510	100	–	–
Paul Jibson	2 264 998	0.40	1 132 499	50	–	–
Peter Steyn Grobler	1 610 454	0.29	805 227	50	–	–
Robin Walter Smith	4 581 417	0.82	2 290 709	50	50	2 290 708
Rufaro Dhlembeu	192 513	0.03	96 257	50	–	–
Solach Pather	567 944	0.10	283 972	50	–	–
Timothy Francis Judge	559 502	0.10	279 751	50	–	–
Roger Coppin	1 495 842	0.27	1 495 842	100	–	–
Mark Pitts	1 495 842	0.27	1 495 842	100	–	–
Reilly Keen	1 342 600	0.24	1 342 600	100	–	–
Ronald Hoskin	1 225 941	0.22	1 225 941	100	–	–
Irene Ivy Schuurmans	849 742	0.15	849 742	100	–	–

	Immediately prior to Listing		Sale Shares available to be sold in the Offer		Lock-Up	
Name of Selling Shareholder	**Number of Ordinary Shares held**	**Percentage of issued share capital**	**Number of Sale Shares**	**Percentage of Shareholders' Equity**	**Percentage of Ordinary Shares subject to lock-up**	**Number of Shares subject to lock-up**
Shelley Ann Barnard	807 785	0.14	403 893	50	–	–
Derek Couzens	162 708	0.03	78 100	48	–	–
Richelieu Van Schalkwyk	162 708	0.03	81 354	50	–	–
Break Even 81 (Pty) Ltd	545 175	0.10	163 553	30	–	–
Jacques Hurter	1 173 624	0.21	–	–	–	–
John Mertsch Family Trust	830 427	0.15	415 214	50	–	–
Jason Young Trust	957 447	0.17	–	–	–	–
Sean Mcleod Trust	624 227	0.11	249 691	40	–	–
Grandi Trust	438 238	0.08	–	–	–	–
Gress Trust	933 782	0.17	466 891	50	–	–
Rosenheim Properties Trust	1 867 436	0.33	933 718	50	–	–
Anac Trust	1 691 041	0.30	422 760	25	–	–
Dos Santos Family Trust	156 057	0.03	39 014	25	–	–
Millennium Foods (Pty) Ltd	5 009 166	0.89	1 252 292	25	–	–
Management Funding SPV	2 349 037	0.42	–	–	–	–
ESOP SPV	39 334 499	7.00	–	–	–	–
BDT SPV	33 715 284	6.00	–	–	–	–

[1] *All residual Ordinary Shares that Abraaj, Smith and van Rensburg hold post any Sale on Listing will be subject to a lock-up for a period of 180 days.*

[2] *Abraaj shall be entitled to sell 100% of its Ordinary Shares in the Offer, unless circumstances exist as contemplated in paragraph 2.4 of Section 10 ("Additional Information") where Abraaj is unable to settle the distribution payable by the Company to the Ratchet Trust upon the occurrence of an Exit.*

DETAILS OF SUBSIDIARIES, DIRECTORS AND OTHER DIRECTORSHIPS

Name and registration number of Subsidiary	Date and place of incorporation	Issued ordinary share capital	Percentage held, directly or indirectly	Effective date of becoming a subsidiary	Principal business	Directors
Libstar Operations Proprietary Limited 2014/062496/07	2014/03/26 South Africa	4 (issued) 1 000 (authorised)	100% (direct)	06/06/2014	Type of business: Holding company for operational Business units Principal address: 1st Floor, 62 Hume Road, Dunkeld Johannesburg 2196	Andries Vlok van Rensburg Robin Walter Smith Sandeep Khanna Wahid Hamid
Berfin Worldwide Proprietary Limited 2012/015552/07	2012/01/30 South Africa	950 (issued) 1 000 (authorised)	73.68% (indirect)	01/01/2015	Type of business: Exporter of food products Principal address: 1st Floor, 62 Hume Road, Dunkeld Johannesburg 2196	Timothy Francis Judge Robin Walter Smith Grant Christopher McGregor
Glenmor Soap Proprietary Limited 2011/149475/07	2011/12/21 South Africa	100 (issued) 1000 (authorised)	70% (indirect)	01/01/2012	Type of business: Producer of HPC products Principal address: 1st Floor, 62 Hume Road Dunkeld, Johannesburg 2196	Andries Vlok van Rensburg Anthony Richard Harraway Ernst Nicholas Steenkamp Mark Tyson Pollock Robin Walter Smith Rufaro Dhlembeu Solach Pather

Name and registration number of Subsidiary	Date and place of incorporation	Issued ordinary share capital	Percentage held, directly or indirectly	Effective date of becoming a subsidiary	Principal business	Directors
Palpable Way Trade and Invest Proprietary Limited 2013/102445/07	2013/06/20 South Africa	950 (issued) 1 000 (authorised)	73.68% (indirect)	03/10/2014	Type of business: Producer of food products. Principal address: 1st Floor, 62 Hume Road, Dunkeld, Johannesburg, 2196	Antonio Joao Coelho Amaro Jose Agostinho Dos Santos Solach Pather
Libstar Properties Proprietary Limited 1999/002718/07	1999/02/09 South Africa	617 (issued) 1 000 (authorised)	100% (indirect)	01/10/2008	Type of business: Carrying on the business of owning and renting of fixed property in all its aspects	Andries Vlok van Rensburg Robin Walter Smith

OTHER DIRECTORSHIPS

This section sets out the details of the companies and partnerships of which the Directors, the directors of the Company's major subsidiaries and senior management of the Group have been directors or partners at any time in the previous 5 years preceding the Last Practicable Date:

Andries Vlok van Rensburg

Current	**Designation**
Libstar Holdings Limited	Director
Libstar Operations	Director
Liberty Star Consumer Holdings*	Director
Ambassador Foods Proprietary Limited	Director
Cani Rusks Proprietary Limited	Director
Catalyst Manufacturing Proprietary Limited*	Director
Contactim Proprietary Limited	Director
Denny Mushrooms Proprietary Limited	Director
Desert Charm Trading 180 Proprietary Limited*	Director
Dickon Hall Foods Proprietary Limited*	Director
Elvin Group Proprietary Limited	Director
Freeman Thompson Packaging Proprietary Limited*	Director
Glenmor	Director
Gourmet Consumer Holdings Proprietary Limited	Director
Image Z Wise Trading Proprietary Limited t/a Michaels & Michaels*	Director
Libstar Properties Proprietary Limited	Director
Libstar Food Solutions Proprietary Limited*	Director
Mahogany Rose Investments 16 Proprietary Limited	Director
Montagu Foods Proprietary Limited*	Director
Multi-cup Solutions Proprietary Limited	Director
PC Packaging Proprietary Limited*	Director
The Blenders Proprietary Limited*	Director
Directorships held in the 5 years preceding the Last Practicable Date	
Langeberg Holdings Proprietary Limited	Director
Langeberg Foods Africa Proprietary Limited	Director
National Chamber of Milling Proprietary Limited	Director
Tiger Consumer Brands Proprietary Limited	Director
National Cereal Industries Proprietary Limited	Director
Tiger Food Brands Intellectual Property Holding Company Proprietary Limited	Director
National Rice Proprietary Limited	Director
Obaro Besigheidsbeleggings Proprietary Limited	Director
Premier FMCG Proprietary Limited	Director
National Association of Maize Millers Proprietary Limited	Director
Langeberg Food Processors Proprietary Limited	Director
National Cereal Investment Proprietary Limited	Director
National Cereal Holdings Proprietary Limited	Director
South African Fruit and Vegetable Canners' Council Proprietary Limited	Director
Pets Products Proprietary Limited	Director
Castellano Homeowners Association Proprietary Limited	Director
Orley Foods Proprietary Limited	Director
Catalyst Outsource Management Proprietary Limited	Director

Robin Walter Smith

Current	Designation
Libstar Holdings Limited	Director
Libstar Operations	Director
Liberty Star Consumer Holdings*	Director
African Pride Wines Proprietary Limited*	Director
Management Funding SPV	Director
Ambassador Foods Proprietary Limited	Director
Berfin Proprietary Limited*	Director
Berfin Worldwide Proprietary Limited	Director
Brait Advisory Services Proprietary Limited	Director
Brookfield Investments Proprietary Limited	Director
Cani Rusks Proprietary Limited	Director
Cecil Vinegar Works Proprietary Limited	Director
Chet Industries Proprietary Limited	Director
Choice Wise Trading Proprietary Limited t/a Pasta Nova	Director
Contactim Proprietary Limited	Director
Denny Mushrooms Proprietary Limited	Director
Elvin Group Proprietary Limited	Director
Finlar Foods Proprietary Limited	Director
Freeman Thompson Packaging Proprietary Limited*	Director
Glenmor	Director
Gourmet Consumer Holdings Proprietary Limited	Director
Green Valley Food Products Proprietary Limited	Director
Hurters Honey Proprietary Limited	Director
Ideation Developments Proprietary Limited	Director
Image Z Wise Trading Proprietary Limited t/a Michaels & Michaels*	Director
K2016536289 (South Africa) Proprietary Limited	Director
Kalk Bay Foods Proprietary Limited*	Director
Khoisan Gourmet Proprietary Limited	Director
Libstar Properties Proprietary Limited	Director
Libstar Food Solutions Proprietary Limited*	Director
Libstar Manufacturing Solutions Proprietary Limited*	Director
Libstar Personal Care Products Proprietary Limited	Director
Lot 85 Southbroom Proprietary Limited	Director
Maitland Vinegar Works Proprietary Limited	Director
Mullins Food Products SA Proprietary Limited	Director
Multi-cup Solutions Proprietary Limited	Director
Natural Herbs and Spices Proprietary Limited	Director
Nearest Mile Trading Proprietary Limited	Director
Patleys Proprietary Limited	Director
PC Packaging Proprietary Limited*	Director
Rabin van den Berg and Pelkowitz Advisory Services Proprietary Limited	Director
Rialto Brands Proprietary Limited	Director
The New Nation Pizza Company (Africa) Proprietary Limited	Director
The Tea Blenders Proprietary Limited*	Director
The Blenders Proprietary Limited	Director
16 Hans Pirow Street Properties Proprietary Limited	
Directorships held in the 5 years preceding the Last Practicable Date	
Brait South Africa Proprietary Limited	Director
Orley Foods Proprietary Limited	Director
Finlar Fine Foods Proprietary Limited	Director
Bavaria Beverages (South Africa) Proprietary Limited	Director
Metra Holdings Proprietary Limited	Director
Kago Capital Proprietary Limited	Director
Bavaria Breweries (South Africa) Proprietary Limited	Director
Catalyst Outsource Management Proprietary Limited	Director
Hawk's Landing Investments 29 Proprietary Limited	Director

Timothy Francis Judge

Current	Designation
African Pride Wines Proprietary Limited*	Director
Management Funding SPV	Director
Ambassador Confectionery Proprietary Limited	Director
Berfin Proprietary Limited*	Director
Berfin Worldwide Proprietary Limited	Director
Cecil Vinegar Works Proprietary Limited	Director
Choice Wise Trading Proprietary Limited t/a Pasta Nova	Director
Hurters Honey Proprietary Limited	Director
Patleys Proprietary Limited	Director
Directorships held in the 5 years preceding the Last Practicable Date	
Libstar Holdings Limited	Director
Libstar Operations	Director
Kerogem Investments 14 Proprietary Limited	Director
Crestleigh Trading Proprietary Limited	Director
Wavelengths 202 Proprietary Limited	Director

Wahid Suleiman Hamid

Current	Designation
Libstar Holdings Limited	Director
Libstar Operations	Director
Abraaj Group	Director
Fan Milk	Director
Knowledge Platform	Director
KES Power	Director
Directorships held in the 5 years preceding the Last Practicable Date	
None	

Sandeep Khanna

Current	Designation
Libstar Holdings Limited	Director
Libstar Operations	Director
Abraaj South Africa Advisers Proprietary Limited	Director
Directorships held in the 5 years preceding the Last Practicable Date	
Southey Holdings Proprietary Limited	Director
Allied Catering Equipment Proprietary Limited	Director
Scientific Engineering Proprietary Limited	Director
Scaw Limited	Director
Golden Lay Limited	Director

Ahmad Mazhar

Current	Designation
None	
Directorships held in the 5 years preceding the Last Practicable Date	
Libstar	Director
Libstar Operations	Director

Mervin Muller

Current	Designation
Afgri Proprietary Limited	Director
Afgri Holdings Proprietary Limited	Director
Bayport Management Limited (Mauritius)	Director
Bona Fide Bonds Proprietary Limited	Director
Fairy Wing Trading 97 Proprietary Limited	Director

Hanmag 153 Proprietary Limited	Director
Menlyn Maine Investment Holdings Proprietary Limited	Director
Nulane Investments 157 Proprietary Limited	Director
Directorships held in the 5 years preceding the Last Practicable Date	
Libstar Holdings Limited	Director
Libstar Operations	Director
Afrisam (South Africa) Proprietary Limited	Director
Afrisam Consortium Proprietary Limited	Director
Afrisam Group Proprietary Limited	Director
Doves Group Holdings Proprietary Limited	Director
Entabeni Holdings Proprietary Limited	Director
Medipost Holdings Proprietary Limited	Director

Ashish Patel

Current	**Designation**
Duet Vasari Beverages Africa (Holdings) Limited	Director
Duet Vasari Beverages Africa Limited	Director
Directorships held in the 5 years preceding the Last Practicable Date	
Libstar	Director
Libstar Operations	Director
Liberty Star Consumer Holdings	Director

JP Landman

Current	**Designation**
Libstar Holdings Limtied	Director
J P T Genomineerdes Proprietary Limited	Director
Anland Properties Proprietary Limited	Director
Annland Investments Proprietary Limited	Director
Die Afrikaanse Taal en Kultuurvereniging	Director
Aardklop Nasionale Kunstefees	Director
Aardkop Foundation	Director
Directorships held in the 5 years preceding the Last Practicable Date	
Impro Real Estate Investments Proprietary Limited	Director

Wendy Luhabe

Current	**Designation**
Libstar Holdings Limited	Director
BMW (South Africa) Proprietary Limited	Director
Findevco Proprietary Limited	Director
WIP Three Investments Proprietary Limited	Director
Cycad Financial Holdings Limited	Director
GFM Proprietary Limited	Director
Mamalu Investment Proprietary Limited	Director
Women Private Equity Fund Manager Proprietary Limited	Director
Industrial Development Corporation of South Africa Limited	Director
Social Justice Initiative	Director
Women in Infrastructure and Energy Proprietary Limited	Director
SNA Corporation Limited	Director

Arch-Net Proprietary Limited	Director
Investments Four Women Proprietary Limited	Director
Wexley Investments Proprietary Limited	Director
Odyssey Investments Proprietary Limited	Director
Corporate Cartographers Investments Proprietary Limited	Director
Corporate Cartographers Proprietary Limited	Director
Prosperity Holdings Limited	Director
Skills Accel Limited	Director
Kerbyn 347 Proprietary Limited	Director
Sunshine Street Investments 156 Proprietary Limited	Director
The Resilience Company Proprietary Limited	Director
Broadcast Interest Group Proprietary Limited	Director
Yeo 19 Investment Proprietary Limited	Director
Baobab Mobile Proprietary Limited	Director
Xisaka Investments and Trading CC	Member
Bridging the Gap International Associates CC	Member
W Y N L Training CC	Member
Women's Place CC	Member
Phat Girl Slim CC	Member
Mama Mimis CC	Member
Directorships held in the 5 years preceding the Last Practicable Date	
African Dawn Capital Limited	Director
Anbro Capital Proprietary Limited	Director
Ralph Blackie Associates Proprietary Limited	Director
Wiphold Financial Services Holdings Proprietary Limited	Director
Empowerment Exchange Proprietary Limited	Director
The Effectiveness Company Proprietary Limited	Director

Phumzile Langeni

Current	**Designation**
Libstar Holdings Limited	Director
Imperial Holdings Limited	Director
The Ridge School	Director
Transaction Capital Risk Services Proprietary Limited	Director
SA Taxi Finance Holdings Proprietary Limited	Director
Born Free Investments 55 Proprietary Limited	Director
Summer Sun Trading 105 Proprietary Limited	Director
Two Ships Trading 191 Proprietary Limited	Director
Lloyd Vincent Investment Holdings Proprietary Limited	Director
Afropulse Group Proprietary Limited	Director
Primedia Proprietary Limited	Director

St Mary's School Waverley Foundation	Director
Classic Number Trading 186 Proprietary Limited	Director
Transaction Capital Limited	Director
Primedia Holdings Proprietary Limited	Director
Onicaphase Proprietary Limited	Director
Mesotex Proprietary Limited	Director
Transaction Capital Risk Services Holdings Proprietary Limited	Director
Cornwall Crescent Proprietary Limited	Director
Tone Site Trading Proprietary Limited	Director
Wise Whal Trading Proprietary Limited	Director
Kumkani Africa Proprietary Limited	Director
Massmart Holdings Limited	Non-executive Director
Motus Corporation Proprietary Limited	Non-executive Director
Metrofile Holdings Limited	Non-executive Director
Mineworks Investment Company (RF) Proprietary Limited	Non-executive Director
Redefine Properties Limited	Non-executive Director
MCM Veritas Proprietary Limited	Director
Langeni Butcheries CC	Member
Esibayeni Meat Distributors CC	Member
B N P Meats CC	Member
Directorships held in the 5 years preceding the Last Practicable Date	
RPC Astrapack Proprietary Limited	Director
KawZulu-Natal Property Development Holdings Proprietary Limited	Director
Peermont Global Holdings Limited	Director
Peermont Global Proprietary Limited	Director
Peermont Global Holdings I Proprietary Limited	Director
Gwen to Oxford 1 Proprietary Limited	Director
Gwen to Oxford 2 Proprietary Limited	Director
Gwen to Oxford 3 Proprietary Limited	Director
Master Plastics Limited	Director

Reabetswe Tiisetso Nosi

Current	**Designation**
RTT Holdings Proprietary Limited	Alternate Director
Directorships held in the 5 years preceding the Last Practicable Date	
Libstar	Alternate Director
Libstar Operations	Alternate Director
ACWA Power Solafrica Bokpoort Proprietary Limited	Director
CSP Power Plant (RF) Proprietary Limited	Director
Makalani Holdings Proprietary Limited	Alternate Director

Charl de Villiers

Current	Designation
None.	
Directorships held in the 5 years preceding the Last Practicable Date	
Prescient Holdings Proprietary Limited	Alternate Director
Stellar Capital Partners Limited	Director
Stellar Management Services Proprietary Limited	Director
Integrated Equipment Rentals Proprietary Limited	Non-executive Director
Friedshelf 1678 Limited	Director
Stellar Specialised Lending Proprietary Limited	Non-executive Director
Tellumat Proprietary Limited	Non-executive Director
Stellar Credit Proprietary Limited	Non-executive Director

Antonio Joao Coelho Amaro

Current	Designation
Asset Profit Close Corporation	Member
Laurian Botha Proprietary Limited	Director
Tony Amaro Bakeries Proprietary Limited	Director
Palpable Way Trade and Invest Proprietary Limited	Director
Directorships held in the 5 years preceding the Last Practicable Date	
None	

Derek Alexander Couzens

Current	Designation
Multi-cup Solutions Proprietary Limited	Director
In and Out The Box Proprietary Limited	Director
Directorships held in the 5 years preceding the Last Practicable Date	
Western Crown Properties 96 Proprietary Limited	Director

Jose Agostinho Dos Santos

Current	Designation
Palpable Way Trade and Invest Proprietary Limited	Director
Directorships held in the 5 years preceding the Last Practicable Date	
Cani Rusks Proprietary Limited	Director

Peter Steyn Grobler

Current	Designation
Index Capabilities CC	Member
Forgro Invest Proprietary Limited	Director
Directorships held in the 5 years preceding the Last Practicable Date	
None	

Craig Allen Henry

Current	Designation
None	
Directorships held in the 5 years preceding the Last Practicable Date	
Orley Foods Proprietary Limited	Director

Daniel Joachim Jacobus Jacobs

Current	**Designation**
Aithentika Trading and Marketing Proprietary Limited	Director
Ambassador Foods Proprietary Limited	Director
SA Health Snack Proprietary Limited	Director
Image Z Wise Trading Proprietary Limited	Director
Ambassador Confectionery Proprietary Limited	Director
Danie Jacobs Landgoed Proprietary Limited	Director
Sea Control Services Proprietary Limited	Company Secretary
Directorships held in the 5 years preceding the Last Practicable Date	
Eaglewhizz 13 Proprietary Limited	Director
Aithentika Trade Group Proprietary Limited	Director

Reilly Wayne Keen

Current	**Designation**
Dining-In Proprietary Limited	Director
Old Agaricus Proprietary Limited	Director and Company Secretary
Main Street 211 Proprietary Limited	Director
Denny Mushrooms Proprietary Limited	Director
Directorships held in the 5 years preceding the Last Practicable Date	
None	

Grant Christopher McGregor

Current	**Designation**
Calendar Holdings Proprietary Limited	Director
Gemini Moon Trading 467 Proprietary Limited	Director
Group 09 Investments Proprietary Limited	Director
Richdens Proprietary Limited	Director
Berfin	Director
Berfin Gourmet Proprietary Limited	Director
Quintado 111 Proprietary Limited	Director
Berfin Worldwide Proprietary Limited	Director
Directorships held in the 5 years preceding the Last Practicable Date	
None	

Sean Robert Mc Leod

Current	**Designation**
Contactim Proprietary Limited	Director
Directorships held in the 5 years preceding the Last Practicable Date	
None	

Alfred John Mertsch

Current	**Designation**
Contactim Proprietary Limited	Director
Directorships held in the 5 years preceding the Last Practicable Date	
None	

Terrence William Millar

Current	**Designation**
Leafy Lane Home Owners Association (Association incorporated under section 21)	Director
Arbalest Proprietary Limited	Director
Arbalest Solutions Proprietary Limited	Director
Directorships held in the 5 years preceding the Last Practicable Date	
Libstar Holdings Limited	Alternate Director
Libstar Operations	Alternate Director
Liberty Star Consumer Holdings	Director
Finlar Fine Foods Proprietary Limited	Director

Michele Oreste Mirotto

Current	Designation
Rialto Brands Proprietary Limited	Director
Blue Dot Properties 402 Proprietary Limited	Director
Jolly Good Ideas 1 Proprietary Limited	Director
Mount Milner 2 Proprietary Limited	Director
Honovi Properties 51 Proprietary Limited	Director
Alecrist Properties Close Corporation	Member
K2015017092 (South Africa) Proprietary Limited	Director
Directorships held in the 5 years preceding the Last Practicable Date	
Tony Amaro Bakeries Proprietary Limited	Director
K2012018590 (South Africa) Proprietary Limited	Director

Andre Daniël Naude

Current	Designation
Denny Mushrooms Proprietary Limited	Director
Directorships held in the 5 years preceding the Last Practicable Date	
Liberty Star Consumer Holdings	Director

Solach Pather

Current	Designation
Maitland Vinegar Works Proprietary Limited	Director
Ambassador Foods Proprietary Limited	Director
Cani Rusks Proprietary Limited	Director
Libstar Manufacturing Solutions Proprietary Limited	Director
Rialto Foods Proprietary Limited	Director
Tony Amaro Bakeries Proprietary Limited	Director
Cape Herb and Spice Proprietary Limited	Director
Denny Mushrooms Proprietary Limited	Director
Elvin Group Proprietary Limited	Director
Multi-cup Solutions Proprietary Limited	Director
Glenmor	Director
Contactim Proprietary Limited	Director
Image Z Wise Trading Proprietary Limited	Director
Palpable Way Trade and Invest Proprietary Limited	Director
Management Funding SPV	Director
Directorships held in the 5 years preceding the Last Practicable Date	
Liberty Star Consumer Holdings	Director

James Daniel Parkin

Current	Designation
None	
Directorships held in the 5 years preceding the Last Practicable Date	
None	

Ernst Nicholas Steenkamp

Current	Designation
Elvin Group Proprietary Limited	Director
Glenmor	Director
Red Dune Design and Photography Proprietary Limited	Director
Them Stones Proprietary Limited	Director
Directorships held in the 5 years preceding the Last Practicable Date	
None	

Walter Dirk Vermeulen

Current	Designation
Maitland Vinegar Works Proprietary Limited	Director
Cecil Vinegar Works Proprietary Limited	Director
Directorships held in the 5 years preceding the Last Practicable Date	
None	

Luciano Previtera

Current	Designation
Blue Dot Properties 402 Proprietary Limited	Director
Jolly Good Ideas 1 Proprietary Limited	Director
Mount Milner 2 Proprietary Limited	Director
Rialto Foods Proprietary Limited	Director
Rialto Brands Proprietary Limited	Director
Magnolia Ship Suppliers Proprietary Limited	Director
K2015017057 (South Africa) Proprietary Limited	Director
Directorships held in the 5 years preceding the Last Practicable Date	
Liberty Star Consumer Holdings	Director
K2012018590 (South Africa) Proprietary Limited	Director

Paul Jibson

Current	Designation
Cape Herb and Spice Proprietary Limited	Director
Kalk Bay Foods Proprietary Limited	Director
PSI Properties Proprietary Limited	Director
Directorships held in the 5 years preceding the Last Practicable Date	
None	

Rufaro Dhlembeu

Current	Designation
Tony Amaro Bakeries Proprietary Limited	Director
Cape Herb and Spice Proprietary Limited	Director
Elvin Group Proprietary Limited	Director
Multi-cup Solutions Proprietary Limited	Director
Glenmor	Director
Rudita Proprietary Limited	Director
Directorships held in the 5 years preceding the Last Practicable Date	
None	

Willem Bernard Pieterse

Current	Designation
Break Even 81 Proprietary Limited	Director
Whaterwheel Investments 119 Proprietary Limited	Director
Flightime Close Corporation	Member
Slim Break Investments Proprietary Limited	Director
Blue Ocean Holdings Proprietary Limited	Director
Elvin Group Proprietary Limited	Director
Directorships held in the 5 years preceding the Last Practicable Date	
Pixie Dust Trading 105 Proprietary Limited	Director
Totally Solar Proprietary Limited	Director
K2013137792 (South Africa) Proprietary Limited	Director
Luken Solar Power Solutions Proprietary Limited	Director
Daygra Alternate Power Solutions Proprietary Limited	Director

* Dormant Companies

SUMMARIES OF MOIS OF LIBSTAR AND LIBSTAR OPERATIONS

1. THE COMPANY

1.1 Powers and capacity of the Company

The Company has all the legal powers and capacity contemplated in the SA Companies Act. The legal powers and capacity of the Company are not subject to any restrictions, limitations or qualifications, as contemplated in section 19(1)(b)(ii) of the SA Companies Act.

1.2 Amendments to the MOI of the Company

The variation of any preferences, rights, limitations and other terms associated with any class of shares may only be enacted by way of an amendment of the MOI of the Company ("**Libstar MOI**") by special resolution of the Shareholders. If any proposed amendment to the Libstar MOI relates to the variation of any preferences, rights, limitations and/or other terms attaching to any class of shares already in issue, such amendment must be approved by a special resolution of the holders of shares in that class at a separate meeting.

Subject to the provisions of the Libstar MOI, the SA Companies Act and the Listings Requirements, the Libstar MOI may only be amended by a special resolution of Shareholders in terms of section 16(1)(c) of the SA Companies Act, except if such amendments is/are:

- in compliance with a court order as contemplated in sections 16(1)(a) and 16(4) of the SA Companies Act;
- in accordance with clauses 1.9 and 1.10 of the Libstar MOI (which provides (i) to the extent that any provisions of the MOI are based on any unalterable provisions of the SA Companies Act or the regulations published therein, and any of the provisions are amended, the Directors are authorised to amend the Libstar MOI to reflect such amendments (subject to JSE approval), and (ii) the Directors are authorised to amend the Libstar MOI to reflect any amendments which may subsequently be made to the Listings Requirements (subject to JSE approval);
- to correct errors substantiated as such from objective evidence or which are self-evident errors in the Libstar MOI;
- for complying with any applicable requirements of the SA Companies Act when debentures and other debt instruments are created, which the Board is empowered to do so.

1.3 The making of rules

The Board is prohibited from making, amending or repealing any rules for the Company as contemplated in section 15(3) of the SA Companies Act and the Board's capacity to make such rules is excluded.

1.4 Authorised shares and allotment and issue

The classes of shares of the Company, and the number of shares of each class that the Company is authorised to issue is as follows:

- 10 000 000 000 Ordinary Shares; and
- 1 000 000 A Preference Shares.

1.5 Rights attaching to shares

Each Ordinary Share has the following rights:

- the right to attend, participate in, speak at and vote on any matter to be decided by the Shareholders of the Company, in person or by proxy, and to one vote in the case of a vote by means of a poll;

- the right to participate proportionally in any distribution made by the Company and which is not made to the holders of another class of shares in accordance with the preference and rights of such class of shares (and except for the payment *in lieu* of a capitalisation share as contemplated in section 47(1)(c) of the SA Companies Act and any consideration payable by the Company for any of its own Ordinary Shares or for any shares of another company within the same group as contemplated in paragraph a(iii)(aa) and a(iii)(bb) of the definition of "distribution" in the SA Companies Act);
- the irrevocable right to vote on any proposal to amend the preferences, rights, limitations and other terms of the shares;
- the right to receive a portion of the net assets of the Company upon its liquidation; and
- any other rights attaching to the Ordinary Shares in terms of the SA Companies Act or any other law.

Each A Preference Share has the preferences, rights, limitations and other terms set out in Annexure B of the Libstar MOI, and include, amongst other things, the following:

- the A Preference Shares entitle the holders thereof to participate in occurrence of an "exit" event, which constitutes a transaction or corporation action resulting in (i) the shareholding of the Abraaj Consortium reducing below 26%, or (ii) all or the greater part of the assets or undertaking of the Group are disposed of as contemplated in section 112 of the SA Companies Act ("**Exit**");
- the terms of the A Preference Shares provide that if the Abraaj Consortium realises certain minimum financial targets in an Exit, the A Preference Shares will entitle the holders thereof to participate in a distribution which is payable within 30 days of the date on which an Exit is implemented (being the date upon which the consideration in respect of the Exit is paid in full, unless a portion of the consideration is deferred in which case the Abraaj Consortium and the holder of the A Preference Share will determine how the deferred consideration will be taken into account in determining a holder's distribution participation);
- the amount of the distribution is calculated in accordance with a formula set out in clause 3 of Annexure B of the Libstar MOI, and is dependent on, amongst other factors, whether the Abraaj Consortium achieves a full or a partial Exit, the consideration received by the Abraaj Consortium pursuant to the Exit, whether the Exit is implemented within 4 years of the closing date of the transaction in terms of which Abraaj acquired their shares in the Company;
- the A Preference Shares do not entitle the holders to any of the surplus assets of the Company on a winding-up or liquidation or to participate in the profits or the assets of Libstar other than upon the occurrence of an Exit. However, the A Preference Shares rank in priority to any payment in respect of the Ordinary Shares in respect of the repayment of the issue price paid up thereon; and
- the A Preference Shares only entitle their holder to vote in the circumstances specified in section 37(3)(a) of the SA Companies Act.

1.6 **Issue of shares and variation of rights**

The Company is authorised to issue:

- 10 000 000 000 Ordinary Shares, of the same class, each of which ranks *pari passu* (which shall have the meaning ascribed thereto in paragraph 3.29 of the Listings Requirements or any amendments or substitute paragraph in the Listings Requirements) in respect of all rights as contemplated in paragraph 1.5 above; and:
- 1 000 000 A Preference Shares.

The Board shall not have the power to:

- create any class of shares;
- increase or decrease the number of authorised shares of any class of the Company's shares;
- consolidate and reduce the number of the Company's issued and authorised shares of any class;
- subdivide its shares of any class by increasing the number of its issued and authorised shares of that class without an increase of its capital;

- convert one class of shares into one or more other classes, save where a right of conversion attaches to the class of shares created;
- reclassify any classified shares that have been authorised but not issued;
- classify any unclassified shares that have been authorised but not issued; and
- vary any preferences, rights, limitations or other terms attaching to any class of shares of the Company,

and such powers shall only be capable of being exercised by the Shareholders by way of a special resolution adopted by the Shareholders and (to the extent required) an amendment to the Libstar MOI.

The Company has the power, subject to the authority of a special resolution as contemplated in clause 7.2 of the Libstar MOI to subdivide its shares of any class. Such subdivision may be effected through a mere splitting of, and consequential increase in, the authorised and issued shares of the relevant class, and without an issue of new shares and an increase of its capital.

Each share issued by the Company has associated with it an irrevocable right of the Shareholder to vote on any proposal to amend the preferences, rights, limitations and other terms associated with that share. The variation of any preferences, rights, limitations and other terms associated with any class of shares as set out in the Libstar MOI may be enacted only by an amendment of the Libstar MOI by special resolution of the Shareholders. If any amendment of the Libstar MOI relates to the variation of any preferences, rights, limitations or any other terms attaching to any other class of shares already in issue, that amendment must not be implemented without a special resolution adopted by the holders of shares of that class at a separate meeting. In such instances, the holders of such shares will be allowed to vote at the combined general meeting of all Shareholders, subject to clause 23.2 of the Libstar MOI. No resolution of Shareholders in respect of such amendment shall be passed, unless a special resolution of the holders of the shares of that class approve the amendment.

The authorisation and classification of shares, the creation of any class of shares, the conversion of one class of shares into one or more other classes, the consolidation and/or sub-division of securities, the change of the name of the Company, the increase of the number of authorised securities, and the variation of any preferences, rights, limitations and other terms associated with each class of shares as set out in the Libstar MOI may be changed only by an amendment of the Libstar MOI by special resolution of the Shareholders and in accordance with the Listings Requirements, to the extent required, save if such an amendment is ordered by a court in terms of sections 16(1)(a) and 16(4) of the SA Companies Act.

No shares may be authorised in respect of which the preferences, rights, limitations or any other terms of any class of shares may be varied and no such resolution may be proposed to Shareholders for rights to include such variation in response to any objectively ascertainable external fact or facts as provided for in sections 37(6) and 37(7) of the SA Companies Act.

The Company may only issue shares which are fully paid up and freely transferable and only within the classes and to the extent that those shares have been authorised by or in terms of the Libstar MOI.

The Board may, subject to clauses 7.9 and 7.13 of the Libstar MOI, resolve to issue shares of the Company, securities convertible into shares and/or grant options to subscribe for shares, at any time, but only within the classes and to the extent that those shares have been authorised by or in terms of the Libstar MOI and provided that such transaction(s) has/have been approved by the JSE and comply with the Listings Requirements (to the extent required).

Subject to clauses 7.8 and 7.14 of the Libstar MOI, the Board may not issue unissued shares unless such shares have first been offered to existing Shareholders in proportion to their shareholding of that class of shares (on such terms and in accordance with such procedures as the Board may determine), unless the relevant issue of shares:

- is a scrip dividend;
- is a capitalisation issue in accordance with clause 15 of the Libstar MOI, on a *pro rata* basis;
- is for the acquisition of assets, is a vendor consideration placing related to an acquisition of assets, or is an issue for the purposes of an amalgamation or merger;
- is an issue pursuant to options or conversion rights;
- is an issue in terms of an approved share incentive scheme;
- is an issue of shares for cash (as contemplated in the Listings Requirements), which has been approved by the Shareholders by ordinary resolution, either by way of a general authority (which may be either conditional or unconditional) to issue shares in its discretion or a specific authority in respect of any particular issue of shares in accordance with the Listings Requirements, provided that, if such approval is in the form of a general authority to the Directors, it shall be valid only until the next annual general meeting of the Company or for 15 months from the date of the passing of the ordinary resolution, whichever is the earlier and it may be varied or revoked by any general meeting of the Shareholders prior to such annual general meeting;
- otherwise falls within a category in respect of which it is not, in terms of the Listings Requirements, a requirement for the relevant shares to be so offered to existing Shareholders; or
- is otherwise undertaken in accordance with an authority approved by Shareholders in general meeting,

provided that if any entitlement to a fraction of a share arises pursuant to such an offer, all allocations of securities will be calculated in accordance with the prevailing Listings Requirements. After the expiration of the time within which an offer may be accepted, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may, subject to the aforegoing provisions, issue such shares in such manner as they consider most beneficial to the Company. The Directors may exclude any Shareholders or category of Shareholders from an offer contemplated in clause 7.9 of the Libstar MOI if and to the extent that they consider it necessary or expedient to do so because of legal impediments or compliance with the laws or the requirements of any regulatory body of any territory, outside of South Africa, that may be applicable to the offer.

Alterations of share capital, authorised shares and rights attaching to a class/es of shares, all issues of shares for cash, and all issues of options and convertible securities granted or issued for cash must, in addition, be in accordance with the Listings Requirements.

All securities of the Company for which a listing is sought on the JSE and all securities of the same class as securities of the Company which are listed on the JSE must, notwithstanding the provisions of section 40(5) of the SA Companies Act, but unless otherwise required by the SA Companies Act, only be issued after the Company has received the consideration approved by the Company for the issuance of such securities.

Subject to sections 40(5) to 40(7) of the SA Companies Act, when the Company has received the consideration approved by the Board for the issuance of any shares:

- those shares are fully paid up; and
- the Company must issue those shares and cause the name of the holder to be entered onto the Company's securities register in accordance with sections 49 to 56 of the SA Companies Act.

Notwithstanding anything to the contrary contained in the Libstar MOI, any issue of shares, securities convertible into shares, or rights exercisable for shares in a transaction, or a series of integrated transactions (as defined in section 41(4)(b) of the SA Companies Act ("**Series of Integrated Transactions**") shall, if and to the extent that this may be required in terms of the provisions of section 41(3) of the SA Companies Act, require the approval of the Shareholders by special resolution if the voting power of the class of shares that are issued or are issuable as a result of the transaction or Series of Integrated Transactions will be equal to or exceed 30% of the voting power of all the Shares of that class held by Shareholders immediately before that transaction or Series of Integrated Transactions.

Except to the extent that any such right is specifically included as one of the rights, preferences or other terms upon which any class of shares is issued or as may otherwise be provided in the Libstar MOI (as is set out in clause 7.9 of the Libstar MOI), no Shareholder shall have any pre-emptive or other similar preferential right to be offered or to subscribe for any additional shares issued by the Company.

As regards the issue of shares or securities convertible into shares, including options in respect thereof:

- that require the approval of a special resolution as contemplated in sections 41(1) and (3) of the SA Companies Act or as contemplated in the Listings Requirements, the Directors shall not have the power to allot or issue same without the prior approval of a special resolution;
- that require the approval of an ordinary resolution in terms of the SA Companies Act or the Listings Requirements, the Directors shall not have the power to allot or issue same, without the prior approval of an ordinary resolution; and
- other than as contemplated in clauses 7.15.1 and 7.15.2 of the Libstar MOI, the Directors shall have the power to allot or issue same, without any Shareholder approval, provided that the JSE has granted the requisite consent to the listing of such securities and such issue is made subject to the Listings Requirements, where applicable.

1.7 **Shareholders' meetings**

The Board, or any prescribed officer of the Company authorised by the Board, is entitled to a call a Shareholders' meeting at any time.

Every resolution of Shareholders is either: (i) an ordinary resolution (i.e. a resolution supported by more than 50% of the voting rights exercised on the resolution, as provided in section 65(7) of the SA Companies Act); or (ii) a special resolution (i.e. a resolution supported by the holders of at least 75% of the voting rights exercised on the resolution, as provided in section 65(9) of the SA Companies Act).

Voting

Subject to any special rights or restrictions as to voting attached to any shares by or in accordance with the Libstar MOI, at a meeting of the Company:

- every Shareholder present and entitled to exercise voting rights shall be entitled to 1 vote on a show of hands, irrespective of the number of voting rights that Shareholder would otherwise be entitled to exercise;
- any Shareholder who is present at the meeting, whether as a Shareholder or as proxy for a Shareholder, shall be entitled to such number of votes on a poll as determined in accordance with the voting rights associated with the securities held by that Shareholder; and
- the holders of securities other than shares shall not be entitled to vote on any resolution at a meeting of Shareholders.

Voting shall be conducted by means of a polled vote in respect of any matter to be voted on at a meeting of Shareholders if a demand is made for such a vote by:

- at least 5 persons having the right to vote on that matter, either as Shareholders or as proxies representing Shareholders; or
- a Shareholder who is, or Shareholders who together are, entitled, as Shareholders or proxies representing Shareholders, to exercise at least 10% of the voting rights entitled to be voted on that matter; or
- the chairperson of the meeting.

Quorum

A quorum for a Shareholders' meeting to begin or for a matter to be decided shall be at least 3 Shareholders entitled to attend and vote and be present in person. In addition, a Shareholders' meeting may not begin until sufficient Shareholders are present or represented at the meeting to exercise, in aggregate, at least 25% of all the voting rights that are entitled to be exercised in respect of at least 1 matter to be decided at the meeting. A matter to be decided at the meeting may not begin to be considered unless sufficient Shareholders are present or represented at the meeting to

exercise, in aggregate at least 25% of all the voting rights that are entitled to be exercised on that matter at the time the matter is called on the agenda.

1.8 **Election of Directors and alternate Directors and vacancies**

In addition to the minimum number of Directors, if any, that the Company must have to satisfy any requirement in terms of the SA Companies Act, to appoint an Audit Committee and a Social and Ethics Committee, the Board shall comprise not less than 4 Directors.

All Directors shall be elected by an ordinary resolution of the Shareholders at a general or annual general meeting of the Company and no appointment of a Director in accordance with a resolution passed in terms of section 60 of the SA Companies Act shall be competent.

The Board has the power to fill any vacancy on the Board on a temporary basis, as set out in section 68(3) of the SA Companies Act, provided that such appointment must be confirmed by the Shareholders, at the next annual general meeting of the Company, as required in terms of section 70(3)(b)(i) of the SA Companies Act, and exercise all of the powers and perform any of the functions of the Company, as set out in section 66(1) of the SA Companies Act.

If the number of Directors falls below the required minimum, the remaining Directors must as soon as possible and in any event not later than 3 months from the date that the number falls below the minimum, fill the vacancy/ies or call a general meeting for the purpose of filling the vacancies. The failure by the Company to have the minimum number of Directors during the 3 month period does not limit or negate the authority of the Board or invalidate anything done by the Board. After the expiry of the 3 month period the remaining Directors shall only be permitted to act for the purpose of filling vacancies or calling general meetings of Shareholders.

1.9 **Borrowing powers**

Subject to the provisions of the Libstar MOI, the Directors may from time to time, borrow for the purposes of the Company such sums and secure the payment or repayment of any such sums, or any other sum, as they think fit, whether by the creation and issue of securities, mortgage or charge upon all or any of the property or assets of the Company.

The Directors shall (but only to the extent that they are able to do so by the exercise of voting and other rights or powers of control exercisable by the Company) procure that the borrowings of any Subsidiary of the Company from time to time shall not exceed the amount authorised by the Company.

1.10 **Directors' terms of office**

No Director shall be appointed for life or for an indefinite period.

The Directors may from time to time appoint a chief executive officer, executive financial Director and such other executive Directors for such term and at such remuneration as they may think fit (subject only to the requirements of sections 66(8) and 66(9) of the SA Companies Act), and may revoke such appointment subject to the terms of any agreement entered into in any particular case and it may be made a term of his or her appointment that he or she be paid a pension, gratuity and/or other benefit on his retirement from office.

Subject to the provisions of any contract between himself and the Company, a managing Director shall be subject to the same provisions as to disqualification and removal as the other Directors of the Company.

1.11 **Directors' rotation/retirement**

The non-executive Directors shall rotate, amongst other things, as follows:

- at the first annual general meeting, all Directors shall retire from office;
- at each subsequent annual general meeting, at least one third of the non-executive Directors for the time being, or if their number is not 3 or a multiple of 3, the number nearest to one third, but not less than one third, shall retire from office;
- the non-executive Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who were elected as Directors on the same day, those to retire shall, unless they otherwise agree among themselves, be determined by lot; and
- any Director so retiring, shall be eligible for re-election.

A Director shall cease to hold office as such if he reaches the age of 70 years, in which event such Director shall vacate his office at the start of the annual general meeting of the Company in the calendar year in which such Director turns 70 years of age.

1.12 **Remuneration of Directors and alternate Directors and members of board committees**

The Company may pay remuneration to the Directors for their services as Directors in accordance with a special resolution approved by the Shareholders within the previous 2 years, as set out in sections 66(8) and 66(9) of the SA Companies Act, and the power of the Company in this regard is not limited or restricted by the Libstar MOI.

Any Director who:

- serves on any executive or other committee; or
- goes or resides outside South Africa for the purpose of the Company; or
- devotes special attention to the business of the Company; or
- otherwise performs or binds himself to perform services which, in the opinion of a majority of the Directors, are outside the scope of the ordinary duties of a Director,

may be paid extra remuneration or allowances in addition to or in substitution of the remuneration to which he may be entitled as a Director, as a disinterested quorum of the Directors may from time to time determine.

1.13 **General powers and duties of Directors**

The business and affairs of the Company shall be managed by or under the direction of the Board, which has the authority to exercise all the powers and perform any of the functions of the Company, except to the extent that the Listings Requirements, SA Companies Act or the Libstar MOI provides otherwise.

1.14 **Personal financial interests of Directors**

A Director may hold any other office or place of profit under the Company (except that of auditor) or any Subsidiary of the Company in conjunction with the office of Director, for such period and on such terms as to remuneration and otherwise as a disinterested quorum of the Directors may determine.

A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested, provided that the appointment and remuneration in respect of such other office must be determined by a disinterested quorum of Directors.

Each Director and each alternate Director, prescribed officer and member of any committee of the Board (whether or not such latter persons are also members of the Board) shall, subject to the exemptions contained in section 75(2) of the SA Companies Act and the qualifications contained in section 75(3), comply with all of the provisions of section 75 of the SA Companies Act in the event that he/she (or any person who is a related person to them) has a personal financial interest in any matter to be considered by the Board.

Save where the Directors have obtained the prior approval of the JSE to so propose such a resolution, the proposal of any resolution to Shareholders in terms of sections 20(2) and 20(6) of the SA Companies Act to permit or ratify an act of the Directors that is inconsistent with any limitation or restriction imposed by the Libstar MOI, or the authority of the Directors to perform such an act on behalf of the Company, is prohibited.

1.15 **Distributions**

Subject to the provisions of the SA Companies Act, and particularly section 46 of the SA Companies Act, the Company may make a proposed distribution if such distribution: (i) is pursuant to an existing legal obligation of the Company, or a court order; or (ii) is authorised by resolution of the Board in compliance with the Listings Requirements, provided that if such distribution is a repayment of capital, the Company shall not require the subsequent subscription of such amount.

No distribution shall bear interest against the Company, except as otherwise provided under the conditions of issue of the shares in respect of which such distribution is payable.

All unclaimed distributions (other than monetary distributions) may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed, and dividends that remain unclaimed for a period of 3 years from the date on which they were declared may be declared by the Directors to be forfeited for the benefit of the Company. The Directors may at any time annul such forfeiture upon such conditions (if any) as they think fit. All unclaimed monetary distributions due to any Shareholder/s shall be held by the Company in trust until lawfully claimed by such Shareholder/s, provided that such unclaimed monetary distributions shall be subject to the laws of prescription.

Any distribution may be paid wholly or in part:

- by the distribution of specific assets; or
- by the issue of shares, debentures or securities of the Company or of any other company;
- in cash; or
- in any other way which the Directors or the Company in general meeting may at the time of declaring the distribution determine.

All distributions must be made payable to Shareholders registered as at a record date subsequent to the date of declaration of the distribution or the date of confirmation thereof, whichever is the later date.

2. LIBSTAR OPERATIONS

2.1 Powers and capacity of Libstar Operations

Libstar Operations has all the legal powers and capacity contemplated in the SA Companies Act. The legal powers and capacity of Libstar Operations are not subject to any restrictions, limitations or qualifications, as contemplated in section 19(1)(b)(ii) of the SA Companies Act. The MOI of Libstar Operations ("**Libstar Op MOI**") does not contain any restrictive conditions applicable to Libstar Operations as contemplated in section 15(2)(b) or (c) of the SA Companies Act.

2.2 Amendments to the Libstar Op MOI

The Libstar Op MOI may be altered or amended only in the manner set out in sections 16(1)(b)), 17 or 152(6)(b) of the SA Companies Act. Libstar Operations must publish a notice of any alteration of the MOI made in terms of section 17(1) of the SA Companies Act by delivering a copy of the notice to each of the shareholders of Libstar Operations by ordinary mail.

2.3 The making of rules

The authority of the board of directors to make rules for Libstar Operations, as contemplated in section 15(3) of the SA Companies Act is not restricted or limited in any manner by the Libstar Op MOI. The board of directors of Libstar Operations must publish any rules made in terms of sections 15(3) to (5) of the SA Companies Act by delivering a copy of those rules to each of the shareholders of Libstar Operations by ordinary mail.

2.4 Authorised shares and allotment and issue

The authorised share capital of Libstar Operations consists of 1 000 ordinary shares of no par value.

2.5 Rights attaching to shares

The rights attaching to each of the ordinary shares of Libstar Operations are as follows:

- the right to vote on any matter to be decided by the shareholders of Libstar Operations and to 1 vote in the case of a vote by means of a poll;
- the right to participate proportionally in any distribution made by Libstar Operations;
- the right to receive proportionally the net assets of Libstar Operations upon its liquidation; and
- an irrevocable right to vote on any proposal to amend the preferences, rights, limitations and other terms associated with the ordinary shares.

2.6 **Authority to issue securities**

The board of directors of Libstar Operations may, subject to section 41 of the SA Companies Act, resolve to issue shares at any time, but only within the classes and to the extent that those shares have been authorised by or in terms of the Libstar Op MOI and (if applicable) the board of directors of Libstar Operations has determined the preferences, rights and limitations attaching to those shares.

The board of directors of Libstar Operations shall have the power to:

- increase or decrease the number of authorised shares of any class of Libstar Operations' shares;
- consolidate and reduce the number of Libstar Operations' issued and authorised shares of any class;
- subdivide its shares of any class by increasing the number of its issued and authorised shares of that class without an increase of its capital;
- reclassify any classified shares that have been authorised but not issued;
- classify any unclassified shares that have been authorised but not issued; and
- determine the preferences, rights, limitations or other terms attaching to any class of shares of Libstar Operations,

and such powers shall only be capable of being exercised by the shareholders of Libstar Operations by way of a special resolution adopted by the shareholders.

2.7 **Shareholders' meetings**

The board of directors, or any prescribed officer of Libstar Operations authorised by the board of directors, is entitled to a call a shareholders' meeting at any time.

For an ordinary resolution to be approved, such resolution must be supported by more than 50% of the voting rights exercised on the resolution.

For a special resolution to be approved such resolution must be supported by at least 75% of the voting rights exercised on the resolution.

Voting

Subject to any special rights or restrictions as to voting attached to any shares by or in accordance with the Libstar Op MOI, at any meeting of Libstar Operations' shareholders:

- every person present and entitled to exercise voting rights shall be entitled to 1 vote on a show of hands, irrespective of the number of voting rights that person would otherwise be entitled to exercise; and
- on a poll any person who is present at the meeting, whether as a shareholder or as proxy for a shareholder, has the number of votes determined in accordance with the voting rights associated with the securities held by that shareholder.

Voting can be conducted by means of a polled vote in respect of any matter to be voted on at a meeting of the shareholders if a demand is made for such a vote by:

- at least 5 persons having the right to vote on that matter, either as shareholders or as proxies representing such shareholders; or
- a person who is, or persons who together are, entitled as shareholders or proxies representing shareholders, to exercise at least 10% of the voting rights entitled to be voted on that matter; or
- the chairperson of the meeting.

Quorum

A shareholders' meeting may not begin until sufficient registered shareholders are present or represented at the meeting to exercise, in aggregate, at least 25% of all the voting rights that are entitled to be exercised in respect of at least 1 matter to be decided at the meeting.

A matter to be decided at the meeting may not begin to be considered unless sufficient registered shareholders are present or represented at the meeting to exercise, in aggregate at least 25% of all the voting rights that are entitled to be exercised on that matter at the time the matter is called on the agenda.

In addition, if Libstar Operations has more than 2 shareholders, a meeting may not begin, or a matter begin to be debated, unless at least 3 shareholders are present at the meeting.

2.8 **Composition of the board**

The board of directors of Libstar Operations shall comprise of not less than 1 director. For as long as the Company remains the sole shareholder of Libstar Operations, the board of directors shall be elected by the Company.

2.9 **General powers and duties of directors**

The authority of Libstar Operations' board of directors to manage and direct the business and affairs of Libstar Operations, as set out in section 66(1) of the SA Companies Act is not limited or restricted by the Libstar Op MOI. The business and affairs of Libstar Operations shall be managed by or under the direction of Libstar Operations' board of directors, which has the authority to exercise all the powers and perform any of the functions of Libstar Operations, except to the extent that the SA Companies Act or the Libstar Op MOI provides otherwise.

2.10 **Personal financial interests of directors**

Each director and alternate director, each prescribed officer and member of any committee of the board shall, subject to the exemptions and qualifications contained in sections 75(2) and (3) of the SA Companies Act, comply with all of the provisions of section 75 in the event that they (or any person who is a related person to them) has a personal financial interest in any matter to be considered by the board of directors of Libstar Operations.

2.11 **Distributions**

Subject to the provisions of the SA Companies Act, and particularly section 46 of the SA Companies Act, Libstar Operations may make a distribution if such distribution: (i) is pursuant to an existing legal obligation of Libstar Operations, or a court order; or (ii) is authorised by resolution of the board of directors of Libstar Operations.

No distribution shall bear interest against Libstar Operations, except as otherwise provided under the conditions of issue of the shares in respect of which such distribution is payable.

All unclaimed distributions may be invested or otherwise made use of by the board of directors for the benefit of Libstar Operations until claimed, and dividends that remain unclaimed for a period of 3 years from the date on which they were declared may be declared by the board of directors of Libstar Operations to be forfeited for the benefit of Libstar Operations. The board of directors of Libstar Operations may at any time annul such forfeiture upon such conditions (if any) as they think fit.

Any distribution may be paid wholly or in part:

- by the distribution of specific assets; or
- by the issue of shares, debentures or securities of Libstar Operations or of any other company; or
- in cash; or
- in any other way which the board of directors or Libstar Operations in general meeting may at the time of declaring the distribution determine.

DETAILS OF IMMOVABLE PROPERTIES OWNED OR LEASED BY THE GROUP

Details of the immovable properties owned or leased by the Group are as follows:

Amaro Foods	
Business Unit which holds the asset	Amaro Foods
Nature of interest	Lease
Situation and area of the property	Area 1: Portion C2 and C3 of Erf 171782 situated at Epping, Epping, Epping Industrial Township, Western Cape. Area 2: Portion C4 of Erf 171782 situated at Epping, Epping, Epping Industrial Township, Western Cape. Area 3: Erf 21889, Milnerton Township, Cape Town situated at 56 Kyalami Drive, Killarney Gardens. Area 4: Erf 28459, Milnerton Township, Cape Town, situated at 52-54 Kyalami Drive, Killarney Gardens, situated at Milnerton, Western Cape.
Rental payable	Area 1: R536 153 per month plus VAT and operating costs for the first 3 years of the lease (42% of all costs related to the total rentable area) and the rental payable for the remaining 2 years, in respect of year four of the lease shall be R310 239 plus VAT and operating costs (calculated at 42% of all costs related to the total rentable area). The rental shall be subject to an escalation at a rate of 7.5% for the first 3 years of the lease and thereafter subject to an annual escalation at a rate of 7.25%. Area 2: R156 000 per month plus VAT and operating costs (calculated at 26% of all costs related to the total rentable area). The rental shall be subject to an annual escalation at a rate of 7.25% for the duration of the lease. Area 3: R44 400 per month (plus VAT and operational costs), which rental shall be subject to an annual escalation at a rate of 7.25%. Area 4: R126 000 per month plus VAT and operational costs, which rental shall be subject to an escalation at a rate of 8% per annum for the duration of the lease.
Tenure of the property	Area 1: From 1 August 2017 and shall terminate on 31 August 2022, renewable for a further period of 5 years subject to rental escalations at market related rates. Area 2: From 1 August 2017 and shall terminate on 31 August 2022, renewable for a further period of 5 years subject to rental escalations at market related rates. Area 3: From 1 February 2017 and shall terminate on 31 January 2022, renewable for a further period of 60 months. Area 4: From 1 February 2016 and shall terminate on 31 January 2021, with an option to renew for a further period of 12 months subject to a rental escalation of 8% per annum following the renewal.
Right of first refusal	Area 4: The lessee has the right of first refusal in the event that the lessor wishes to sell the leased premises at any time during the subsistence of the lease agreement.

Amaro Gluten Free	
Business Unit which holds the asset	Amaro Gluten Free (in the process of being ceded, assigned and transferred to Libstar Operations)
Nature of interest	Lease
Situation and area of the property	Erf 14661, Bellville, Cape Town situated at Corner Oop and Marvello Street.
Rental payable	For the period 1 September 2016 to 31 August 2017, a rental amount of R64 751.45 (excl. VAT) per month is payable. For the period 1 September 2017 to 31 August 2018, a rental amount of R70 579.08 (excl. VAT) per month is payable. For the period 1 September 2018 to 31 August 2019, a rental amount of R76 931.19 (excl. VAT) per month is payable.
Tenure of the property	From 1 September 2013 until 31 August 2019, with an option to renew for a further 5 years subject to rent in the sum of R84 624.31 in year 1 of the renewal period, which rental shall be subject to an escalation at a rate of 9% per annum for the duration of the renewal period.

Ambassador Foods	
Business Unit which holds the asset	Ambassador Foods (in the process of being ceded, assigned and transferred to Libstar Operations)
Nature of interest	Lease
Situation and area of the property	Remaining extent of Erf 5520, Paarl, division Paarl, Western Cape, in extent 5 466m^2, situated at 11 Eiland Street, Western Cape.
Rental payable	R104 000 per month plus VAT. Thereafter, the monthly rental shall be as follows: Year 2: R60 960 per month plus VAT. Year 3: R142 033.93 per month plus VAT. Year 4: R146 228.22 per month plus VAT. Year 5: R151 247.96 per month plus VAT. Year 6: R157 381.40 per month plus VAT. Year 7: R165 120.42 per month plus VAT. Year 8: R175 429.67 per month plus VAT. Year 9: R190 688.08 per month plus VAT. Year 10: R220 336.77 per month plus VAT.
Tenure of the property	From 1 October 2010 until 30 September 2020, with an option to renew for 2 further 5-year periods on the same terms and conditions save that the monthly rental payable in respect of the extended period shall be agreed mutually by the parties.
Business Unit which holds the asset	Ambassador Foods (in the process of being transferred to Libstar Properties)
Nature of interest	Ownership
Situation and area of the property	Erf 1296, White River Township (deed of transfer T14282/2013). Portion 6 of Erf 1277, White River Township (deed of transfer T89769/2003). Portion 13 of Erf 1277, White River township (deed of transfer T9925/2016).
Rental payable	N/A
Tenure of the property	N/A
Business Unit which holds the asset	Ambassador Foods (in the process of being ceded, assigned and transferred to Libstar Operations)
Nature of interest	Lease
Situation and area of the property	Plot 166 situated at the White River Estates, Mpumalanga.
Rental payable	R20 350 per month.
Tenure of the property	From 1 January 2017 until 1 January 2022, with an option to renew for a further period to be agreed by the parties.

Business Unit which holds the asset	Ambassador Foods
Nature of interest	Lease
Situation and area of the property	1 700m^2 on Portion 109 situated at White River Township, Mpumalanga.
Rental payable	R40 000 per month plus VAT, which rental shall be subject to an annual escalation at a rate of 6%.
Tenure of the property	From 1 January 2017 until 31 December 2020, with an option to renew under the same conditions.
	Berfin
Business Unit which holds the asset	Berfin (through Libstar Operations)
Nature of interest	Ownership (in the process of being transferred to Libstar Properties)
Situation and area of the property	Erf 12684 Constantia, Cape Division, Western Cape, in extent 1 177m^2 (deed of transfer No. T22733/2008), situated at 28 Bell Crescent, Westlake Business Park.
Rental payable	N/A
Tenure of the property	N/A
	Cape Herb and Spice
Business Unit which holds the asset	Cape Herb and Spice (through Libstar Operations)
Nature of interest	Lease
Situation and area of the property	Erf 12701, Westlake, Western Cape, situated at 48 Bell Crescent
Rental payable	From 1 January 2017 until 31 December 2017 – R45 050 per month. From 1 January 2018 until 31 December 2018 – R48 428.75 per month. From 1 January 2019 until 31 December 2019 – R52 060.91 per month. From 1 January 2020 until 31 December 2020 – R55 965.47 per month.
Tenure of the property	From 1 January 2017 until 31 December 2020, with an option to renew for further period to be negotiated between the parties on the same terms and conditions, and subject to the rental being escalated (during the renewal period) in accordance with market related rentals with fair and reasonable escalations based on the then current escalations).
Business Unit which holds the asset	Cape Herb and Spice (through Libstar Operations)
Nature of interest	Lease
Situation and area of the property	Erf 12686 and Erf 12685 situated at 63 Bell Crescent Westlake Business Park, Westlake, Western Cape, in extent approximately 1 378m^2.
Rental payable	From 1 January 2017 until 31 December 2017 – R106 349 per month plus VAT. From 1 January 2018 until 31 December 2018 – R114 325 per month plus VAT. From 1 January 2019 until 31 December 2019 – R122 899 per month plus VAT. From 1 January 2020 until 31 December 2020 – R132 116 per month plus VAT. From 1 January 2021 until 31 December 2021 – R142 025 per month plus VAT.
Tenure of the property	From 1 January 2017 until 31 December 2021, with an option to renew for a further period of 3 years on the same terms and conditions and subject to a rental escalation by mutual agreement between the parties or determined by an arbitrator in accordance with the provisions of the lease agreement.

Business Unit which holds the asset	Cape Herb and Spice (through Libstar Operations)
Nature of interest	Lease
Situation and area of the property	Erf 12702,12704 and Erf 12706 Constantia, Westlake situated at 50 Bell Crescent and 40 Bell Crescent, known as the Cape Herb and Spice and Kalk Bay Food Buildings, respectively.
Rental payable	From 1 January 2017 until 31 December 2017- R373 037.55 per month plus VAT. From 1 January 2018 until 31 December 2018 – R390 265.37 per month plus VAT. From 1 January 2019 until 31 December 2019 – R419 535.27 per month plus VAT. From 1 January 2020 until 31 December 2020 – R451 000.41 per month plus VAT. From 1 January 2021 until 31 December 2021 – R484 825.44 per month plus VAT.
Tenure of the property	From 1 January 2017 until 31 December 2021, with an option to renew for a further period of 5 years on the same terms and conditions and subject to a rental escalation by mutual agreement between the parties or determined by an expert in accordance with the provisions of the lease agreement.
Business Unit which holds the asset	Cape Herb and Spice (through Libstar Operations)
Nature of interest	Lease
Situation and area of the property	Erf 2840 Capricorn, situated at 82 Bridge Place, Capricorn Park and on the corner of Capricorn Drive and Trevor Siljeur Road, Capricorn Park.
Rental payable	From 1 July 2014 to 30 June 2015: R129 381.37 per month (excluding VAT) which rent shall be subject to an annual escalation at a rate of 6% on each anniversary of the commencement date.
Tenure of the property	Lease agreement continuing on month-to-month basis pending conclusion of new lease agreement over premises between Cape Herb and Spice and landlord.
	Cecil Vinegar
Business Unit which holds the asset	Cecil Vinegar (in the process of being ceded, assigned and transferred to Libstar Operations)
Nature of interest	Lease
Situation and area of the property	A1 – A3 situated at Idea Furniture Building, 34 Chilwan Crescent, situated on Erf 29883, previously Erf 24526, Strand.
Rental payable	The monthly rental payable for the first year of the lease was R22 500.00 plus VAT, escalating at 8% until the expiry of the initial period (being 31 October 2016) of the lease. The lease was renewed for a definite period of 3 years from 1 November 2016 until 31 October 2019, during which period the rental payable shall be as follows: Year 1: R31 713.25 per month inclusive of VAT. Year 2: R34 250.31 per month inclusive of VAT. Year 3: R36 990.33 per month inclusive of VAT.
Tenure of the property	From 1 November 2013 until 31 October 2019.

Business Unit which holds the asset	Cecil Vinegar (in the process of being ceded, assigned and transferred to Libstar Operations)
Nature of interest	Lease
Situation and area of the property	Unit C1 situated at Idea Furniture Building, 34 Chilwan Crescent, Helderberg Industrial Park, situated on Erf 29883, previously Erf 24526, Strand, Western Cape
Rental payable	The monthly rental payable for the first year of the lease was R9 720.00 plus VAT, subject to an annual escalation at a rate of 8% until the expiry of the initial period (being 31 October 2016) of the lease. The lease was renewed for a period of 3 years from 1 April 2016 until 31 March 2019, during which period the rental payable shall be as follows: • Year 1: R13 958.61 per month inclusive of VAT; • Year 2: R15 075.30 per month inclusive of VAT; and • Year 3: R16 281.33 per month inclusive of VAT.
Tenure of the property	From 1 April 2013 until 31 March 2019.
Business Unit which holds the asset	Instant Trading Company (Pty) Ltd (in the process of being transferred to Libstar Properties)
Nature of interest	Ownership
Situation and area of the property	Erf 73 Alrode Erf 24822 Strand
Tenure of the property	N/A
Right of first refusal	N/A
Chamonix	
Business Unit which holds the asset	Chamonix (through Libstar Operations)
Nature of interest	Lease
Situation and area of the property	Erf 3468, 3469 and 1665, Franschoek, situated at 8 Uitkyk Street, Franschhoek, Western Cape.
Rental payable	R83 500.00 per month plus VAT, subject to an annual escalation at a rate of 7%.
Tenure of the property	The lease commenced on 1 July 2015 and shall continue for a period of 7 years from the commencement date, with an option to renew for a further period of 7 years.
Right of first refusal	The lease agreement provides that the lessor was, at the time of conclusion of the lease agreement, in the process of applying for the subdivision of the leased premises and to the extent that the subdivision is approved, the lessee will have the right of first refusal to purchase the subdivision.
Chet Chemicals	
Business Unit which holds the asset	Chet Chemicals (through Libstar Operations)
Nature of interest	Lease
Situation and area of the property	Stand 115, Spartan Industrial Township, Kempton Park, measuring approximately 12 264m^2, situated at 40 Steel Road, Spartan, Kempton Park.
Rental payable	Year 1: R328 203.95 per month inclusive of VAT. Year 2: R347 896.18 per month inclusive of VAT. Year 3: R368 769.96 per month inclusive of VAT. Year 4: R390 896.15 per month inclusive of VAT. Year 5: R414 349.92 per month inclusive of VAT.
Tenure of the property	From 1 March 2015 until 28 February 2020, with an option to renew for a further period of 5 years.

Business Unit which holds the asset	Chet Chemicals (through Libstar Operations)
Nature of interest	Lease
Situation and area of the property	Portion 229 of Erf 602, Spartan Industrial Township Extension 2, has been consolidated to created Portion 248 of Erf 602, Spartan Extension 2, Kempton Park, measuring approximately 6 382m^2, situated at corner Loper Road and Berne Avenue, Spartan Industrial Township, Extension 2.
Rental payable	Year 1: R390 452.12 per month inclusive of VAT. Year 2: R413 879.25 per month inclusive of VAT. Year 3: R438 712.00 per month inclusive of VAT. Year 4: R465 034.72 per month inclusive of VAT. Year 5: R492 936.81 per month inclusive of VAT.
Tenure of the property	From 1 March 2015 until 28 February 2020, with an option to renew for a further period of 5 years.
Business Unit which holds asset	Chet Chemicals (through Libstar Operations)
Nature of interest	Lease
Situation and area of property	The building located at Erf 1258, Spartan Industrial Township situated at, 46 Steel Road, Kempton Park
Rental payable	Year 1: R195 556.75 per month including VAT. Year 2: R211 201.29 per month including VAT. Year 3: R228 097.39 per month including VAT.
Tenure of property	1 May 2017 until 30 April 2020.
Business Unit which holds the asset	Chet Chemicals (through Libstar Operations)
Nature of interest	Lease
Situation and area of the property	Erf 119 Spartan Industrial Township, situated at 44 Steel Road, Spartan, Kempton Park
Rental payable	Year 1: R155 675.00 per month excluding VAT. Year 2: R168 129.00 per month excluding VAT. Year 3: R181 579.40 per month excluding VAT. Year 4: R196 105.00 per month excluding VAT. Year 5: R211 793.00 per month excluding VAT.
Tenure of the property	From 1 September 2017 until 25 August 2022, with an option to renew for a further period of 5 years.
Contactim	
Business Unit which holds the asset	Contactim (through Libstar Operations)
Nature of interest	Lease
Situation and area of the property	Portion 25 of Erf 1577, Pietermaritzburg (known as 17 Driftside Road, Pentrich, Pietermaritzburg).
Rental payable	Year 1: R334 210.65 per month plus VAT; Year 2: R344 236.97 per month plus VAT; and Year 3: R364 891.19 per month plus VAT. plus all rates and taxes to the extent that the monthly costs in respect of same exceed R10 703.34.
Tenure of the property	The initial period of the lease expired on 31 May 2016 and was extended from 1 June 2016 until 31 May 2019 with no option to renew further.

Denny	
Business Unit which holds the asset	Denny Mushrooms (Pty) Ltd (in the process of being transferred to Libstar Operations and thereafter to be transferred to Libstar Properties)
Nature of interest	Lease
Situation and area of the property	Erf 4, Epson Downs Township, registration division I.Q, Gauteng, situated at corner Meadowbrook Lane and Sloane Street, Bryanston East.
Rental payable	From 1 March 2015 until 29 February 2016 – R72 710.22 per month inclusive of VAT, operating costs, parking rental and storage rental; From 1 March 2016 until 28 February 2017 – R79 039.70 per month inclusive of VAT, operating costs, parking rental and storage rental; From 1 March 2017 until 28 February 2018 – R85 922.13 per month inclusive of VAT, operating costs, parking rental and storage rental; plus assessment rates and services charges payable monthly.
Tenure of the property	From 1 March 2015 until 28 February 2018.
Business Unit which holds the asset	Denny Mushrooms (Pty) Ltd (in the process of being transferred to Libstar Operations and thereafter to Libstar Properties)
Nature of interest	Ownership
Situation and area of the property	Remainder of Portion 9 (Altona) of the Farm Little Chelsea No 10, In the Nelson Mandela Bay Metropolitan Municipality, Division of Port Elizabeth, Province of Eastern Cape
Rental Payable	N/A
Tenure of the property	N/A
Business Unit which holds the asset	Denny Mushrooms (Pty) Ltd (in the process of being transferred to Libstar Operations and thereafter to Libstar Properties)
Nature of interest	Ownership
Situation and area of the property	Portion 2 of the Farm Groot Phesantekraal No 1165, In the City of Cape Town, Situated in the Cape Division, Province of the Western Cape
Rental payable	N/A
Tenure of the property	N/A
Business Unit which holds the asset	Denny Mushrooms (Pty) Ltd (in the process of being transferred to Libstar Operations and thereafter to Libstar Properties)
Nature of interest	Ownership
Situation and area of the property	Portion 29 of the Farm Kirkfalls Number 14227, Registration division FT, Province of Kwazulu-Natal
Rental payable	N/A
Tenure of the property	N/A
Business Unit which holds the asset	Denny Mushrooms (Pty) Ltd (in the process of being transferred to Libstar Operations and thereafter to Libstar Properties)
Nature of interest	Ownership
Situation and area of the property	Portion 83 (A portion of portion 17) of the Farm Brandvlei No 261, Registration Division I.Q., Province of Gauteng.
Rental payable	N/A
Tenure of the property	N/A
Business Unit which holds the asset	Denny Mushrooms (Pty) Ltd (in the process of being transferred to Libstar Properties)
Nature of interest	Ownership
Situation and area of the property	Portion 160 of the Farm Brandvlei No 261, Registration division I.Q., Province of Gauteng
Rental payable	N/A
Tenure of the property	N/A

Dickon Hall Foods	
Business Unit which holds the asset	Dickon Hall Foods (through Libstar Operations)
Nature of interest	Lease
Situation and area of the property	Erf 197 and 198, Southdale Extension 2, registration division I.R, Gauteng, situated at 10 Landsborough Road.
Rental payable	R236 273.94 per month plus rates, taxes and VAT, subject to an annual escalation at a rate of 8%.
Tenure of the property	From 1 March 2013 until 28 February 2023.

Elvin	
Business Unit which holds the asset	Elvin (in the process of being ceded, assigned and transferred to Libstar Operations)
Nature of interest	Lease
Situation and area of the property	Erf 18943 situated at 9 Brooklyn Road, Woodbrook, Vest-Activ, East London.
Rental payable	R31 136.33 per month plus VAT, subject to an annual escalation at a rate of 9%.
Tenure of the property	From 1 April 2017 until 31 March 2018, with an option to renew for a further period of 3 years.
Business Unit which holds the asset	Elvin (in the process of being ceded, assigned and transferred to Libstar Operations)
Nature of interest	Lease
Situation and area of the property	Erf 18877 situated at 12 Brooklyn Road, Woodbrook, East London.
Rental payable	Year 1: R349 031.78 per month plus VAT. Year 2: R373 464.00 per month plus VAT. Year 3: R399 606.47 per month plus VAT.
Tenure of the property	From 1 August 2017 until 31 July 2020, with an option to renew for a further period of 3 years.

Finlar	
Business Unit which holds the asset	Finlar (through Libstar Operations)
Nature of interest	Lease
Situation and area of the property	Erf 45 and 46, City Deep Extension 1 Township, Gauteng, situated at 82 Merino Avenue, City Deep, measuring 13 407m^2.
Rental payable	The rental payable for the remainder of the initial period (i.e. from 1 January 2017 until 31 December 2017) is R843 180 per month inclusive of VAT. In respect of the renewal period, the rental payable is as follows: • From 1 January 2018 until 31 December 2018 – R910 634.56 (inclusive of VAT) per month. • From 1 January 2019 until 31 December 2019 – R983 485.33 per month inclusive of VAT; • From 1 January 2018 until 31 December 2018 – R1 062 164.15 per month inclusive of VAT; • From 1 January 2018 until 31 December 2018 – R1 147 137.28 per month inclusive of VAT; • From 1 January 2018 until 31 December 2018 – R1 238 908.27 per month inclusive of VAT; • From 1 January 2018 until 31 December 2018 – R1 338 020.93 per month inclusive of VAT; • From 1 January 2018 until 31 December 2018 – R1 445 062.60 per month inclusive of VAT; • From 1 January 2018 until 31 December 2018 – R1 560 667.60 per month inclusive of VAT; • From 1 January 2018 until 31 December 2018 – R1 685 521.02 per month inclusive of VAT; and • From 1 January 2018 until 31 December 2018 – R1 820 362.62 per month inclusive of VAT.
Tenure of the property	1 January 2018 to 31 December 2027, with an option to renew for further 2 periods of 5 years each.

Business Unit which holds the asset	Finlar Fine Foods (in the process of being transferred to Libstar Properties)
Nature of interest	Ownership
Situation and area of the property	Erf 24503, Bellville Township, Western Cape (deed of transfer No. T25118/2015).
Rental payable	N/A
Glenmor	
Business Unit which holds the asset	Glenmor
Nature of interest	Lease
Situation and area of the property	Erf 18877 situated at 12 Brooklyn Road, Woodbrook, East London.
Rental payable	Year 1: R122 762.04 per month plus VAT. Year 2: R131 355.38 per month plus VAT. Year 3: R140 550.26 per month plus VAT.
Tenure of the property	From 1 August 2017 until 31 July 2020, with an option to renew for a further period of 3 years.
Hurters Honey	
Business Unit which holds the asset	Hurters Honey (in the process of being ceded, assigned and transferred to Libstar Operations)
Nature of interest	Lease
Situation and area of the property	Erf 2558, Langebaan situated at 5 Adderley Road, Longacres, Langebaan
Rental payable	R20 000 plus electricity costs per month, subject to an annual escalation at a rate of 10%.
Tenure of the property	From 1 January 2016 until 31 December 2018, with an option to renew for a further 12 months.
Khoisan	
Business Unit which holds the asset	Khoisan (in the process of being ceded, assigned and transferred to Libstar Operations)
Nature of interest	Lease
Situation and area of the property	Erf 170069, Cape Town, situated at 6 Gold Street, Northgate Estate, Ysterplaat, 7405, in extent 1 658m^2.
Rental payable	The monthly rental payable by the lessee for the first year of the lease shall be R151 249.85 plus VAT. Thereafter, the monthly rental shall be subject to an annual escalation at a rate of 7% on 1 January each year. The rental payable for the first renewal period shall be the monthly rental payable in respect of the month immediately prior to the expiry of the initial period escalated by 7% and thereafter, in respect of any further renewal period(s), escalating annually on each anniversary of the commencement date at a rate of 7%.
Tenure of the property	From 1 October 2017 until 31 December 2020, subject to renewal for periods determined by the lessee on written notice to the lessor.
Right of first refusal	The lessee has the right of first refusal in the event that the lessor wishes to sell the leased premises at any time during the subsistence of the lease agreement.

Business Unit which holds the asset	Khoisan (in the process of being ceded, assigned and transferred to Libstar Operations)
Nature of interest	Lease
Situation and area of the property	Remaining Extent 2 of the farm Olyvenbosch Kraal No. 254, in the Cederberg Municipality, Division Clanwilliam, Western Cape, measuring in extent 520 5588 hectare (deed of transfer number T75900/1999).
Rental payable	No rent is payable for the use of the leased premises.
Tenure of the property	From 1 September 2017 and shall subsist for a period of 9 years and 11 months from the date of commencement. The lessee is granted the right to renew the lease agreement. However, the renewal period is unspecified.
Right of first refusal	The lessee has the right of first refusal in the event that the lessor wishes to sell the leased premises at any time during the subsistence of the lease agreement.
Business Unit which holds the asset	Khoisan (in the process of being ceded, assigned and transferred to Libstar Operations)
Nature of interest	Lease
Situation and area of the property	Unit 3 of a building situated at Erf 170068, Cape Town, situated at Gold Street, Northgate Estate, Ysterplaat, 7405.
Rental payable	The monthly rental payable by the lessee for the period between the commencement date until 31 August 2018 shall be R43 923 plus VAT. For the period from 1 September 2013 to 31 August 2019 the monthly rental payable by the lessee shall be the sums of R48 315.30. The rental payable for the first renewal period shall be the monthly rental payable in respect of the month immediately prior to the expiry of the initial period escalated by 8% and thereafter, in respect of any further renewal period(s), escalating annually on 1 September of each year at the rate of 8%.
Tenure of the property	From 1 October 2017 until 31 August 2019, with an option to renew the lease for such further periods of 5 years each as the lessee may determine to the lessor in writing.
Right of first refusal	The lessee has the right of first refusal in the event that the lessor wishes to sell the leased premises at any time during the subsistence of the lease agreement.
	Lancewood
Business Unit which holds the asset	Lancewood (via Libstar Operations)
Nature of interest	Lease
Situation and area of the property	Erf 3727, George Township, division George, Western Cape, situated at Nelson Mandela Blvd, Gate 3, George Industria.
Rental payable	R586 895.44 per month inclusive of operational costs and, water and electricity costs incurred on a monthly basis and presented by the relevant monthly statement, subject to an annual escalation at the aggregate of CPI of the previous 12 months less 2% and subject to a maximum of 3.5%.
Tenure of the property	From 1 August 2015 until 31 July 2020, with an option to renew for a further period of 5 years from 1 August 2020 on the same terms and conditions save that the basic rental shall be increased by the aggregate of CPI of the previous 12 months less 2% and subject to a maximum of 3.5% in respect of the basic monthly rental payable in the last month before the date of renewal.

Business Unit which holds the asset	Lancewood (via Libstar Operations)
Nature of interest	Lease
Situation and area of the property	Erf 14834, George, Western Cape, situated at 14 Ruby Crescent, Tamsui Industria, George.
Rental payable	Rent: R7 904.57 per month, subject to an annual escalation at a rate of 8%. Repayment of Capital is R7 786.21 fixed for 3 years.
Tenure of the property	From 1 March 2017 until 28 February 2020, with an option to renew for a further period of 6 months subject to an increase equal to the CPI at the time of the renewal.
Business Unit which holds the asset	Lancewood (via Libstar Operations)
Nature of interest	Lease
Situation and area of the property	Erf 2054, Meyersdal Ext 17, Ekurhuleni Metropolitan Municipality, Situated at Infinity Office Park Block C, Ground Floor, 2 Robin Street, Cnr of Hennie Alberts and Michelle Avenue, Meyersdal, Alberton.
Rental payable	From 1 August 2018 until 31 July 2019 – R54 929.74 per month inclusive of VAT. From 1 August 2019 until 31 July 2020 – R59 324.12 per month inclusive of VAT. From 1 August 2020 until 31 July 2021 – R64 070.06 per month inclusive of VAT.
Tenure of the property	From 1 August 2018 until 31 July 2021.
Business Unit which holds the asset	Lancewood (via Libstar Operations)
Nature of interest	Lease
Situation and area of the property	Area 1: S30A, situated on level -1 of 6-8 High Street, measuring approximately 25m^2 total storage space. Area 2: Office space measuring approximately 399m^2 of the total office space on the 1st floor plus 2 additional parking bays, 1 High Street. Area 3: Office space measuring approximately 115m^2 of the total office space on the 1st floor of the office building at Erf 35176, situated at 1 High Street.
Rental payable	In respect of Area 1: • From 1 December 2016 until 28 February 2018 – R1 250 per month plus VAT. • From 1 December 2018 until 28 February 2019 – R1 350 per month plus VAT. • From 1 December 2019 until 28 February 2020 – R1 458 per month plus VAT. In respect of Area 2: • From 1 March 2015 until 29 February 2016– R41 496 per month plus VAT. • From 1 March 2016 until 28 February 2017– R44 815.68 per month plus VAT. • From 1 March 2017 until 28 February 2018– R48 400.93 per month plus VAT. • From 1 March 2018 until 28 February 2019– R52 273.01 per month plus VAT. • From 1 March 2019 until 28 February 2020 – R56 454.84 per month plus VAT. • Plus R530 per month per parking bay, subject to an annual escalation of 8%. In respect of Area 3: • From 1 May 2015 until 29 February 2016 – R11 960 per month plus VAT.

	• From 1 March 2016 until 28 February 2017 – R12 916.80 per month plus VAT. • From 1 March 2017 until 28 February 2018 – R13 950.14 per month plus VAT. • From 1 March 2018 until 28 February 2019 – R15 066.16 per month plus VAT. • From 1 March 2019 until 28 February 2020 – R16 271.45 per month plus VAT. Additional parking: • The lessee shall rent 2 additional allocated basement parking bays at R530 per month per bay subject to an annual escalation at a rate of 8%.
Tenure of the property	In respect of Area 1: From 1 December 2016 until the last day of February 2020. In respect of Area 2: From 1 March 2015 until the last day of February 2020. In respect of Area 3: From 1 May 2015 until the last day of February 2020.
Business Unit which holds the asset	Lancewood (via Libstar Operations)
Nature of interest	Lease
Situation and area of the property	Erf 2052, Durban, Pietermaritzburg situated at the 2nd floor of the Stadium Building, Lion Match Park, 892 Umgeni Road, Durban and 4 parking bays.
Rental payable	R18 300.00 per month inclusive of VAT plus operational costs, subject to an annual escalation at a rate of 8%.
Tenure of the property	From 1 February 2018 until 31 January 2020.
Business Unit which holds the asset	Lancewood (via Libstar Operations)
Nature of interest	Lease
Situation and area of the property	Erf 14819 and 22463, George Industria, situated at 7 and 11 Ruby Crescent, Tamsui Industria, George, Western Cape.
Rental payable	R250 000 per month plus VAT, subject to an annual escalation at a rate of 6% at the discretion of the board of directors of Libstar Properties in its capacity as the lessor.
Tenure of the property	From 1 February 2010 and shall continue for a period of 12 years terminating on 31 January 2022.
Business Unit which holds the asset	Lancewood (via Libstar Operations)
Nature of interest	Lease
Situation and area of the property	Shop No. C8 situated on Erf 19878, Ironside No. 8, George Municipality.
Rental payable	R15 645 per month subject to an annual escalation at a rate of 8%.
Tenure of the property	1 April 2017 an shall endure for a period of 5 years
Business Unit which holds the asset	Lancewood (via Libstar Operations)
Nature of interest	Lease
Situation and area of the property	Plot 14840 situated at Ossie Urban Road, Tamsui Industria, George
Rental payable	R17 496 per month plus VAT for the first 2 years. Escalation of 8% in year 3.
Tenure of the property	1 November 2012 until 1 November 2015. Renewal of lease agreement: R23 803.15 per month plus VAT subject to an annual increase of 8% Lease period: 1 November 2017 to 31 October 2020. Renewal of lease agreement: R23 803.15 per month plus VAT subject to an annual increase of 8% Lease period: 1 November 2017 to 31 October 2020.

Libstar Properties	
Business Unit which holds the asset	Libstar Properties
Nature of interest	Ownership
Situation and area of the property	Erf 14818, George Municipality, Division George, Western Cape (deed of transfer No. T74270/2005).
Rental payable	N/A
Tenure of the property	N/A
Business Unit which holds the asset	Libstar Properties
Nature of interest	Ownership
Situation and area of the property	Erf 22463, George Municipality, Division George, Western Cape (deed of transfer No. T68548/2004)
Rental payable	N/A
Tenure of the property	N/A
Business Unit which holds the asset	Libstar Properties
Nature of interest	Ownership
Situation and area of the property	Erf 14819, George Municipality, Division George, Western Cape (deed of transfer No. T110067/2003).
Rental payable	N/A
Tenure of the property	N/A
Business Unit which holds the asset	Libstar Properties
Nature of interest	Ownership
Situation and area of the property	Erf 14816, George Municipality, Division George, Western Cape (deed of transfer No. T12277/2018).
Rental payable	N/A
Tenure of the property	N/A
Libstar Operations	
Company which holds the asset	Libstar Operations
Nature of interest	Lease
Situation and area of the property	Area 1: Units 6, 7, 8 and 9 Bloomberg House, Plattekloof situated on Erf 23333 at 43 Bloulelie Crescent, Plattekloof. Area 2: Unit 5 and 5 parking bays Bloomberg House, corner Silwerboom and Bloulelie Crescent, Plattekloof.
Rental payable	In respect of Area 1, the rental payable for the remaining period is as follows: • From 1 July 2017 until 30 June 2018 – R75 132.78; • From 1 July 2018 until 30 June 2019 – R81 143.40; and • From 1 July 2019 until 30 June 2020 – R87 634.88. In respect of Area 2, the rental payable for the remaining period is as follows: • From 1 July 2017 until 30 June 2018 – R46 575.81; • From 1 July 2018 until 30 June 2019 – R50 301.87; and • From 1 July 2019 until 30 June 2020 – R54 326.03.
Tenure of the property	In respect of Area 1, from 1 February 2014 until 30 June 2020. In respect of Area 2, from 1 July 2015 until 30 June 2020.

Company which holds the asset	Libstar Operations
Nature of interest	Lease
Situation and area of the property	Office 1, Ground Floor and Offices 5-9, First Floor, Bloomberg House, 43 Bloulelie Crescent, Plattekloof, situated on Erf 23333
Rental payable	1 December 2017 – 31 January 2018: R121 708.59. 1 February 2018 – 30 November 2018: R173 953.59. 1 December 2018 – 30 November 2019: R187 869.88. 1 December 2019 – 30 November 2020: R202 899.47. 1 December 2020 – 30 November 2021: R217 102.44. 1 December 2021 – 30 November 2022: R232 299.60.
Tenure of the property	From 1 December 2017 until 30 November 2020.
Company which holds the asset	Libstar Operations
Nature of interest	Lease
Situation and area of the property	Erf 118 Dunkeld, 62 Hume Road, Dunkeld.
Rental payable	1 April 2018 to 31 March 2019: R82 800.94 per month inclusive of VAT. 1 April 2019 to 31 March 2020: R101 000.60 per month inclusive of VAT. 1 April 2020 to 31 March 2021: R108 070.62 per month inclusive of VAT. 1 April 2018 to 31 March 2019: R19 542.06 per month inclusive of VAT payable in respect of 26 parking bays. 1 April 2019 to 31 March 2020: R20 910.01 per month inclusive of VAT payable in respect of 26 parking bays. 1 April 2020 to 31 March 2021: R22 373.71 per month inclusive of VAT payable in respect of 26 parking bays. 1 April 2018 to 31 March 2019: R29 824.12 per month inclusive of VAT payable for operational costs. 1 April 2019 to 31 March 2020: R31 911.81 per month inclusive of VAT payable for operational costs. 1 April 2020 to 31 March 2021: R34 145.64 per month inclusive of VAT payable for operational costs.
Tenure of the property	From 1 April 2018 until 31 March 2021.
	Millennium Foods
Business Unit which holds the asset	Millennium Foods (via Libstar Operations)
Nature of interest	Lease
Situation and area of the property	Erf 21796, Milnerton, Cape Town, situated at Unit 5, Scheckter Road, Killarney Gardens, Western Cape.
Rental payable	R12 916.80 (excluding VAT).
Tenure of the property	1 January 2018 to 31 December 2018
Business Unit which holds the asset	Millennium Foods (via Libstar Operations)
Nature of interest	Lease
Situation and area of the property	Erf 21847, located at 21-23 Scheckter Road, Killarney Gardens, Cape Town and Erf 21795, located at 19 Scheckter Road, Killarney Gardens, Cape Town.
Rental payable	R130 000 per month plus VAT, subject to an annual escalation at a rate of 7%.
Tenure of the property	31 December 2017 to 30 December 2021, with an option to renew for a further period of 3 years.

Montagu Foods	
Business Unit which holds the asset	Montagu Foods (via Libstar Operations)
Nature of interest	Lease
Situation and area of the property	Erf 1637 Montagu, Cabernet Street, Montagu, situated at 2 Cabernet Street, Montagu.
Rental payable	R25 600 per month plus VAT, subject to an annual escalation at a rate of 7%.
Tenure of the property	1 April 2015 until 30 July 2017 with an option to renew for a further period of 3 years.
Business Unit which holds the asset	Montagu Foods (via Libstar Operations)
Nature of interest	Lease
Situation and area of the property	Erf 1636 Montagu, situated at 12 Barlinka Way, Montagu
Rental payable	Year 1: R179 962.50 per month plus VAT, subject to an annual escalation at a rate of 6.5%.
Tenure of the property	The lease shall commence on 1 July 2017 or such other date as may be agreed in writing by the parties. The initial lease period shall be 7 years reckoned from the commencement date. The lease is further subject to an option to renew for a further period of 7 years. Right of First Refusal: Whilst the lease subsists the lessee will have a right of first refusal to purchase the property.
Business Unit which holds the asset	Montagu Foods (Cani Rusks)
Nature of interest	Lease
Situation and area of the property	Erf 674, Zinfandel Street, Saxenburg Park 2, measuring approximately 1 876m^2, Blackheath, Western Cape.
Rental payable	Year 1: R64 159.20 inclusive of VAT; Year 2: R79 343.54 inclusive of VAT; and Year 3: R84 08.55 inclusive of VAT. The annual compound escalations rate is 6% for the initial 2 escalations referenced to a base rate of R35 per square metre. Escalations thereafter will be recalibrated to market rental at the end of year 3 for years 4 to 6, at the end of year 6 for years 7 to 9 as well as at the end of year 9 for years 10 to 12, should the option be exercised by the lessee. Further, the monthly rental shall escalate in the event that there are increases in rates, levies, taxes and insurance premiums payable on the building of which the leased premises forms part during the subsistence of the lease agreement.
Tenure of the property	From 1 November 2014 until 31 October 2020, with an option to renew for a further period of 6 years.
Multi-cup	
Business Unit which holds the asset	Multi-cup (in the process of being ceded, assigned and transferred to Libstar Operations)
Nature of interest	Lease
Situation and area of the property	Erf 3667, Pomona Ext 140, situated at 141 Constantia Road, Pomona, Kempton Park.
Rental payable	From 1 December 2015 until 30 November 2016 – R262 200 per month inclusive of VAT. From 1 December 2016 until 30 November 2017 – R283 176 per month inclusive of VAT. From 1 December 2017 until 31 March 2018 – R305 830.08 per month inclusive of VAT.
Tenure of the property	From 1 December 2015 until 31 March 2018, and in the process of being renewed for a further period of 18 months.

Natural Herbs and Spices	
Business Unit which holds the asset	Natural Herbs and Spices (via Libstar Operations)
Nature of interest	Lease
Situation and area of the property	Erf 25165, Cape Town situated at 5 Rusper Street, Maitland, Cape Town, Western Cape.
Rental payable	R231 773.00 per month plus VAT and subject to an annual escalation at a rate of 8%.
Tenure of the property	From 1 March 2016 until 28 February 2024, with an option to renew for a further period of 5 years.
Right of first refusal	The lessee has the right of first refusal in the event that the lessor wishes to sell the leased premises at any time during the subsistence of the lease agreement.
Pasta Nova	
Business Unit which holds the asset	Pasta Nova (in the process of being ceded, assigned and transferred to Libstar Operations)
Nature of interest	Lease
Situation and area of the property	Portions 13 and 14 of Erf 7, Frankenwald Extension 2, situated at 4 Electron Street, Linbro Park.
Rental payable	Year 1: R144 050.40 per month inclusive of VAT, Year 2: R155 574.43 per month inclusive of VAT, Year 3: R168 020.38 per month inclusive of VAT, plus rates and levies.
Tenure of the property	From 1 June 2017 until 31 May 2020.
Retailer Brands	
Business Unit which holds the asset	Libstar Operations
Nature of interest	Lease
Situation and area of the property	Erf 47, West Turffontein Township, registration division I.R, Gauteng, situate at 110 Side Road, West Turffontein, Johannesburg.
Rental payable	R245 000 per month plus VAT, subject to annual escalation at a rate of 8%.
Tenure of the property	From 1 March 2013 until 28 February 2018, with an option to renew for an unspecified period, which is in the process of being negotiated. Right of First Refusal: Whilst the lease subsists the lessee will have a right of first refusal to purchase the property.
Rialto Foods	
Business Unit which holds the asset	Rialto Foods
Nature of interest	Lease
Situation and area of the property	Erf 4718, Montague Gardens situated at 19 Bolt Street, Montague Gardens.
Rental payable	R262 980 per month plus VAT, subject to an annual escalation at a rate of 8%.
Tenure of the property	From 1 August 2013 until 30 July 2020, with an option for renewal for a further 10 year period provided that the rental payable in respect of the extended period shall be agreed between the parties on the bases of current fair market rentals and annual escalations of comparable premises in the same conditions and areas, failing which agreement the rental shall be determined by a property agent specialising in the letting of commercial properties.

Business Unit which holds the asset	Rialto Foods
Nature of interest	Lease
Situation and area of the property	Erf 25, Longlake Extension 1, Linbro Business Park, situated at Stand 25, First Avenue, Longlake Ext, Linbro Park.
Rental payable	Year 1: R169 603.00 per month plus VAT; Year 2: R183 171.24 per month plus VAT; Year 3: R197 824.94 per month plus VAT; Year 4: R213 659.94 per month plus VAT; Year 5: R230 743.02 per month plus VAT; Year 6: R249 202.46 per month plus VAT; and Year 7: R269 138.66 per month plus VAT, save that the parties may review the rental payable before the end of the 2nd year of the lease and adjust same in accordance with market related rentals as may be obtained from 4 reputable estate agents at the time, which adjustment shall be effective as from the 25th month of the lease.
Tenure of the property	From 1 October 2014 to 21 March 2021.
Business Unit which holds the asset	Rialto Foods
Nature of interest	Lease
Situation and area of the property	Erf 156896, Cape Town situated at 47 Bree Street, Cape Town.
Rental payable	Year 1: R84 300 per month plus VAT, Year 2: R91 997 per month plus VAT, Year 3: R100 157 per month plus VAT, Year 4: R109 171 per month plus VAT, Year 5: R118 996 per month plus VAT, plus municipal rates and taxes.
Tenure of the property	From 1 July 2015 until 30 June 2020, with an option to renew for a further period of 3 years at market related rental and escalations.
Right of first refusal	The lessee has been granted a pre-emptive right to purchase the leased premises in the event that the lessor wishes to sell the leased premises at any time during the subsistence of the lease agreement.
Business Unit which holds the asset	Rialto Foods
Nature of interest	Lease
Situation and area of the property	80 Strand Street, Cape Town, situated at Erf 146708 and Erf 851, Cape Town.
Rental payable	R2500 per month plus VAT, subject to an annual escalation at a rate of 10%.
Tenure of the property	From 1 November 2015 and shall continue for a period of 5 years.
Business Unit which holds the asset	Rialto Foods
Nature of interest	Lease
Situation and area of the property	Unit 6 situated at Erf 21265, 10 Printers Way, Montague Gardens, Cape Town.
Rental payable	Year 1: R68 522.04 per month plus VAT Year 2: R75 374.24 per month plus VAT
Tenure of the property	From 1 January 2017 until 31 December 2018

Business Unit which holds the asset	Rialto Foods
Nature of interest	Lease
Situation and area of the property	Units 1-5 Rialto Park, 8 and 10 Printers Way, Montague Gardens, Cape Town
Rental payable	Year 1: R250 000.00 plus VAT. Year 2: R275 000.00 plus VAT. Year 3: R302 000.00 plus VAT. Year 4: R332 750.00 plus VAT. Year 5: R366 025.00 plus VAT.
Tenure of the property	From 1 January 2014 until 31 December 2018.
	Sonnendal
Business Unit which holds the asset	Sonnendal (in the process of being ceded, assigned and transferred to Libstar Operations)
Nature of interest	Lease
Situation and area of the property	Erf 5268, Cape Town situated at 1 Market Road, Philippi.
Rental payable	The rental payable shall be R13 526 plus VAT until 31 May 2018, whereafter the rental payable shall be determined by mutual agreement and adjusted in accordance with market related rentals.
Tenure of the property	From 1 August 2016 until 31 December 2019.
Business Unit which holds the asset	Sonnendal (in the process of being ceded, assigned and transferred to Libstar Operations)
Nature of interest	Lease
Situation and area of the property	25 Carbon Street, Athlone Industria 2, Cape Town
Rental payable	The rental payable by the Tenant to the Landlord during the Third Renewal Period shall be: • for the period 1 March 2016 to 28 February 2016 R31 691 92 plus VAT; • for the period 1 March 2017 until 28 February 2018 shall be R34 227.27 plus VAT; • for the period from 1 March 2013 to 28 February 2019 the monthly rental payable by the lessee shall be the sums of R36 922.69 plus VAT; • for the period from 1 March 2019 to 28 February 2020 the monthly rental payable by the lessee shall be the sums of R39 922.69 plus VAT; and • for the period from 1 March 2020 to 28 February 2021 the monthly rental payable by the lessee shall be the sums of R43 116.51 plus VAT.
Tenure of the property	From 1 March 2016 until 28 February 2021, with an option to renew the lease for a fourth renewal period.
Business Unit which holds the asset	Sonnendal (in the process of being ceded, assigned and transferred to Libstar Operations)
Nature of interest	Lease
Situation and area of the property	Unit 8 (8 142m^2) and Unit 15 (241m^2) situated at 124 Gunner's Circle Eppindust, upon Erf 14150.
Rental payable	The rental payable by the Tenant to the Landlord shall be as follows: • in respect of Unit 8, for the period from 15 November 2016 to 28 February 2017 shall be R14 200 per month excluding 14% VAT; and • in respect of Unit 15, for the period from 1 January 2017 until 28 February 2018 shall be R24 100 per month excluding 14% VAT.
Tenure of the property	From 15 November 2016 until 28 February 2018, which is in the process of being renewed.

Business Unit which holds the asset	Sonnendal (in the process of being ceded, assigned and transferred to Libstar Operations)
Nature of interest	Lease
Situation and area of the property	Unit 9 (500m^2); Unit 10 (500m^2) and Unit 11 (500m^2) situated at 124 Gunner's Circle Eppindust, upon Erf 14150.
Rental payable	The rental payable by the tenant to the landlord shall be as follows: • in respect of all 3 Units, for the period from 1 February 2013 to 28 February 2014 shall be R42 000 per month excluding VAT; • in respect of all 3 Units, for the period from 1 March 2014 to 28 February 2015 shall be R46 200 per month excluding VAT; • in respect of all 3 Units, for the period from 1 March 2015 to 28 February 2016 shall be R50 820 per month excluding VAT; • in respect of all 3 Units, for the period from 1 March 2016 to 28 February 2017 shall be R55 902 per month excluding VAT; and • in respect of all 3 Units, for the period from 1 March 2017 to 28 February 2018 shall be R61 492 per month excluding VAT.
Tenure of the property	From 1 February 2013 until 28 February 2018 with an option for renewal of a further 5 years, which is in the process of being renewed.
Business Unit which holds the asset	Sonnendal (in the process of being ceded, assigned and transferred to Libstar Operations)
Nature of interest	Lease
Situation and area of the property	Erf 107997, Cape Town situated at 21 Carbon Road, Athlone Industria.
Rental payable	The rental payable shall be R83 539.26 per month for each month during the 1st year of the Lease Period excluding VAT. The rental payable shall be R91 893.19 for each month of the second year of the Lease Period, representing a 10% increase on the rental for the previous year, excluding VAT. The rental payable shall be R111 190.76 for each month of the third year of the Lease Period, representing a 10% increase on the rental for the previous year, excluding VAT. The rental payable shall be R122 309.84 for each month of the fourth year of the Lease Period, representing a 10% increase on the rental for the previous year, excluding VAT.
Tenure of the property	From 1 February 2016 until 28 February 2021.
Business Unit which holds the asset	Sonnendal (in the process of being ceded, assigned and transferred to Libstar Operations)
Nature of interest	Lease
Situation and area of the property	3 Endeavour Street, Athlone Industria 2 (Erf 108864) and 2 Maslamoney Road, Athlone Industria 2 (Erf 108873), in total extent 5 120m^2 situated in Athlone Industria 2.
Rental payable	The monthly rental payable by the Lessee to the Lessor for the hire of the Premises for the period until the first escalation of rental is the sum of R298 000.00 plus VAT. The monthly rental shall escalate at a cumulative rate of 2% on the anniversary of the Agreement and thereafter every 12 months for the duration of the agreement.
Tenure of the property	From 1 March 2016 until 28 February 2021 with an option to renew for a further 5 years.
Business Unit which holds the asset	Sonnendal (in the process of being ceded, assigned and transferred to Libstar Operations)
Nature of interest	Lease
Situation and area of the property	Erf 107998, Cape Town situated on 23 Carbon Road, Athlone Industria, measuring 1 040m^2 at 23 Carbon Road, Athlone Industria.
Rental payable	The rental shall be R41 576.32 per month for the first year of the lease period and shall thereafter escalate annually at the rate of 8%.
Tenure of the property	From 1 March 2016 until 28 February 2021 with an option to renew the lease for further period of 5 years.

DETAILS OF THIRD PARTY AND INTRA-GROUP BORROWINGS

This Annexure 13 ("*Details of Third Party and Intra-Group Borrowings*") contains details, as at 31 December 2017 (unless otherwise specified), of (i) material loans made to the Company and its Subsidiaries, and (ii) all material financial and other related transactions.

The Company has not created any debentures and there are no debentures in issue. There are no debentures created in terms of a trust deed and furthermore no debentures are to be issued in terms of a trust deed. No debenture stock has been created by way of conversion or replacement of debentures previously issued. There are no conversion or redemption rights relating to material loans and or debentures.

Details of all outstanding loan capital are listed below as material borrowings of the Company and its Subsidiaries. There are no material loans receivable by the Company or its Subsidiaries to third parties other than as set out in this Annexure 13 ("*Details of Third Party and Intra-Group Borrowings*").

1. **MATERIAL LOANS MADE BY THIRD PARTIES TO THE COMPANY AND ITS SUBSIDIARIES**

   The Company originally entered into the Common Terms Agreement on or about 29 August 2014 with, *inter alia*, Libstar Operations and Nedbank and Standard Bank (as lenders). The Common Terms Agreement has been amended and restated on each of 29 July 2015 and again on 27 September 2017 and 27 February 2018 (together with Investec Asset Management Proprietary Limited (acting on behalf of its clients)) to agree the principles relating to further facilities advanced by the Lenders to the Group.

   The following facilities have been made available to the Group under the Common Terms Agreement:

   - a R766 701 000 senior amortising term loan facility A, repayable quarterly commencing 31 March 2015 and bearing interest at the prevailing JIBAR rate (3 month) plus 2.85% (5.85% on an unpaid sum) ("**Senior Facility A**");
   - a R950 000 000 senior term loan facility B, repayable as a single bullet payment on 2 October 2020 with interest at the prevailing JIBAR rate (3 month) plus 3.30% (6.3% on an unpaid sum) ("**Senior Facility B**");
   - a R308 754 675.12 senior term loan facility C, repayable as a single bullet payment on 2 October 2021 with interest at the prevailing JIBAR rate (3 month) plus 3.5% (6.27% on an unpaid sum) ("**Senior Facility C**");
   - a R500 000 000 senior term loan facility D, repayable as a single bullet payment on the date which falls 4 years after the date of first utilisation, with interest at the prevailing JIBAR rate (3 month) plus 3.5% (6.5% on an unpaid sum) ("**Senior Facility D**");
   - a R800 000 000 senior term loan facility E, repayable as a single bullet payment on 31 March 2019 with interest at the prevailing JIBAR rate (3 month) plus 3.75% ("**Senior Facility E**");
   - a R362 000 000 vehicle and asset finance facility, repayable in monthly instalments over an average of 5 years and bearing interest at rates ranging between the prevailing interest rate and 1% less per annum (the "**Asset Backed Facility**"); and
   - a R464 000 000 general short-term banking facility to be used by way of an overdraft facility and/or letters of guarantee and/or letters of credit and/or forward exchange contracts (being 10% of the amount of the forward exchange contracts) (the "**Revolving Credit Facility**"),

   (collectively the "**Facilities**").

   The outstanding borrowings under the Facilities as at 31 December 2017 are as follows:

   - Senior Facility A: R493 448 000;
   - Senior Facility B: R950 000 000;
   - Senior Facility C: R308 754 000;
   - Senior Facility D: R191 974 000;
   - Asset Backed Facility: R269 043 000; and
   - Revolving Credit Facility: R0 (R464 000 000 available for borrowing).

The Senior Facility E was advanced to Libstar Operations on 28 February 2018 and had a balance of R800 000 000 as at 31 March 2018.

The Senior Facility A and Senior Facility B loans were made available to Libstar Operations in order for it to refinance certain indebtedness incurred in connection with the 2014 Reorganisation. Libstar Operations applied the amounts borrowed by it under Senior Facility C to discharge/refinance its payment obligations under various acquisition agreements (including, *inter alia*, agreements relating to Libstar Operations' acquisition of Berfin, Pasta Nova and African Pride Wines). The amounts borrowed by Libstar Operations under Senior Facility D was applied towards (i) discharging the purchase price payable under various acquisition agreements, and (ii) funding improvements of immovable property owned or leased by Libstar Operations. Senior Facility E was applied by Libstar Operations to partially repay a portion of an intercompany loan from the Company pursuant to the 2014 Reorganisation.

The Common Terms Agreement contains comprehensive warranties, representations, undertakings, covenants (including restrictions on acquisitions and disposals, financial covenants, a negative pledge and restriction on the incurrence of financial indebtedness) and events of default (in each case, subject to customary agreed exceptions).

The Company, Libstar Operations and other members of the Group have entered into various security agreements in favour of Friedshelf 1553 Proprietary Limited ("**Debt Guarantor**") in order to secure all obligations owing to the Lenders under or in connection with the Facilities. In addition, certain of the Business Units have established security over their assets in favour of Nedbank and Standard Bank (as lenders) directly to secure their obligations arising from the Facilities. The Facilities are secured by, *inter alia*, the following:

- pledges and cessions of shares, securities and other ownership interests;
- cessions of present and future claims against any person, including trade debtors;
- cessions of rights and claims in respect of bank accounts;
- first-ranking covering mortgage bonds over immovable property;
- special and general notarial bonds;
- hypothecation of all trademarks, patents and designs; and
- cession of claims, insurance and intellectual property.

The Facilities are subject to:

- certain events of default, including but not limited to, payment defaults, events of insolvency, audit qualification and breaches of financial covenants or breach of other obligations (i.e. failure to comply with any provision of a finance document). The occurrence of an event of default would entitle Standard Bank (in its capacity as facility agent) to, among other things, accelerate payment of the debt;
- mandatory prepayment triggers such as, but not limited to, enforcement action under sanctions laws and related measures as may be imposed by certain international authorities and governments, material disposals of assets by any member of the Group, cash sweep obligations and a change in control of the Company (specifically, where Abraaj ceases to hold at least 50.1% of the issued Ordinary Shares) or the Company ceasing to hold 100% of Libstar Operations; and
- specified financial covenants, including maintaining a leverage ratio, a senior debt service cover ratio and maximum capital expenditure.

Asset Backed Facility

The terms applicable to advances made under the Asset Backed Facility are, in addition to the Common Terms Agreement, further regulated under a master instalment sale agreement entered into between Libstar Operations and Standard Bank ("**SBSA MISA**") and a number of individual instalment sale agreements entered into between Libstar Operations and Nedbank ("**Nedbank ISAs**"). In terms of the SBSA MISA and the Nedbank ISAs, an agency relationship is established between Libstar Operations and the lender in terms of which (i) Libstar Operations accepts delivery of the goods purchased on behalf of lender and (ii) ownership of the goods purchased pursuant to an advance under the Asset Backed Facility is transferred from the lender to Libstar Operations on full and final discharge of all amounts payable to the lender. The SBSA MISA and the Nedbank ISAs are subject to:

- certain events of default including but not limited to damage to the applicable goods, insolvency and deregistration. The occurrence of a default and failure to remedy such default within the prescribed remedy periods entitles the lender to (i) review the terms of the SBSA MISA and the Nedbank ISAs (as applicable), (ii) increase the applicable interest rate, (iii) claim immediate repayment of amounts

outstanding, (iv) pursue its rights in law and (v) cancel the SBSA MISA and the Nedbank ISAs (as applicable); and

- certain representations, warranties and undertakings including but not limited to, compliance with laws as they apply to the goods purchased, maintenance of preservation of the goods purchased, restrictions on the disposal of goods, insurances in respect of the goods and change in control notification requirements.

Each Business Unit that utilises the Asset Backed Facility is required to (i) accede to the Common Terms Agreement as an "*Additional VAF Borrower*" for purposes of signing up to specified provisions (including but not limited to, events of default, representations, undertakings and warranties) and (ii) conclude a schedule to the SBSA MISA or the Nedbank ISAs (as applicable) which sets out the specific terms (interest rate, repayment instalment schedule etc) applicable to the particular advance.

Further details of the Group's material finance leases are discussed at paragraph 5 of Section 10 ("*Additional Information*").

Revolving Credit Facility

The terms applicable to advances are made under Revolving Credit Facility are, in addition to the Common Terms Agreement, further regulated under (i) an amended and restated facility letter issued on or about 21 December 2015 by Standard Bank to Libstar Operations ("**SBSA RCF Letter**") and (ii) a general banking facility letter issued on 25 July 2015 by Nedbank to Libstar Operations and amended on 3 October 2016 ("**Nedbank RCF Letter**").

In terms of the SBSA RCF Letter:

- Libstar Operations may allocate usage of Standard Bank's commitment under the Revolving Credit Facility; and
- each member of the Group and/or Business Unit that utilises the Revolving Credit Facility is required to (i) accede to the Common Terms Agreement as an "*Additional BSTBF Borrower*" for purposes of signing up to specified provisions (including but not limited to, events of default, representations, undertakings and warranties) and (ii) provide security for its obligations under the Revolving Credit Facility.

In terms of the Nedbank RCF Letter:

- specified members of the Group are "*Borrowers*" and may utilise Nedank's commitment under the Revolving Credit Facility; and
- each member of the Group and/or Business Unit that utilises the Revolving Credit Facility is required to (i) accede to the Common Terms Agreement as an "*Additional BSTBF Borrower*" for purposes of signing up to specified provisions (including but not limited to, events of default, representations, undertakings and warranties) and (ii) provide security for its obligations under the Revolving Credit Facility.

The proceeds obtained by the Company from the Listing will be used to repay a portion of the Group's outstanding borrowings under the Facilities (see paragraph 7 of Section 8 ("*Particulars of the Offer*")). The Common Terms Agreement allows for voluntary pre-payments of the outstanding Facilities in whole or in part out of the internally generated cash flows of the Group (which includes the proceeds of any Ordinary Shares issued by any member of the Group). Payments made in voluntary pre-payment of the outstanding Facilities do not attract pre-payment penalties to the extent paid from the Group's internally generated cash flows.

2. MATERIAL INTER-COMPANY AND INTER-DIVISIONAL LOANS

As at 31 March 2018, the Group had certain material inter-company loan balances outstanding, key being an inter-company loan account between the Company and Libstar Operations in an amount of R3 662 091 565. These loan accounts were established during the 2014 Reorganisation when Libstar Operations acquired the shares in and businesses of certain of the Business Units on loan account. Libstar Operations thereafter repaid a portion of these loan accounts using the proceeds of a bridge loan from Standard Bank and Nedbank, with the remainder being distributed by the applicable Business Units to the Company.

The terms of the inter-company loan between Libstar and Libstar Operations are documented in the transaction agreements giving effect to the 2014 Reorganisation.

In addition, Libstar Operations has loaned various Subsidiaries monies, which remain outstanding as at the Last Practicable Date. These loans are set out in the table below:

Business unit/Subsidiary	Amount outstanding (ZAR)
Berfin	82 025 625
Glenmor Soap	24 958 803
Magnolia Shipping Supplies Proprietary Limited[(1)]	16 052 678

Note:

(1) Magnolia Shipping Supplies Proprietary Limited was acquired by the Group pursuant to the 2014 Reorganisation. At the time of the 2014 Reorganisation, Magnolia Shipping Supplies Proprietary Limited was a wholly owned subsidiary of Rialto Foods.

In each case above, the intra-group loan arose on the acquisition by Libstar Operations of the particular Business Unit/Subsidiary concerned. In the case of Berfin and Glenmor, the loans have been advanced by Libstar Operations under the shareholders agreements in respect of each of them to finance the operations of the particular Business Unit. The salient terms of these shareholder loan are the following: (i) interest accrues at the prime rate and is repayable quarterly in arrears; (ii) the shareholder loan becomes repayable in full when the board of directors of Berfin so resolves or upon the occurrence of certain insolvency-related events; (iii) the repayment of proportionate shareholder loans are subordinated in favour of disproportionate shareholder loans; and (iv) are unsecured.

The intra-group loan in respect of Magnolia Shipping Supplied Proprietary Limited is unsecured, bears interest at the prime lending rate and has no fixed terms of repayment.

3. LOANS TO DIRECTORS AND MANAGEMENT OF THE GROUP

As at 31 March 2018, there are no material outstanding loans that have been made to directors or managers (or their associates) of the Group, neither has any security been furnished by the Company or by any of its subsidiaries to or for the benefit of any director or manager or any associate of any director or manager of the Company.

MATERIAL ACQUISITIONS AND DISPOSALS

Material Acquisitions

Nature of interest acquired	Effective date of transaction	Disposing entity	Price paid in cash	Price paid in securities	Goodwill[1]	Loans incurred to finance acquisition	Name of the disposing entity's shareholder/s	Price paid and date of acquisition if within preceding 3 years
Business of Millennium Foods[2]	1 December 2017	Millennium Foods Proprietary Limited (19 Scheckter Street, Kilarney Gardens, Ysterplaat, Cape Town, 7441)	Nil	R69 000 000	R30 847 159	Nil	Karel La Cock (19 Scheckter Street, Kilarney Gardens, Ysterplaat, Cape Town, 7441) The trustees for the time being of the Skua Family Trust (19 Scheckter Street, Kilarney Gardens, Ysterplaat, Cape Town, 7441)	The seller did not acquire the business in the preceding 3 years.

1. *Goodwill is measured as the excess of the sum of the consideration paid less the fair value of assets identified less liabilities assumed.*
2. *The sale agreement in respect of Millennium Foods contains non-compete/restraint provisions which prevent the sellers from (i) using confidential information, (ii) engaging in or associating with businesses which compete with Millennium Foods, and/or (iii) soliciting employees of Millennium Foods for a period of 36 months from the closing date of the transaction, in each province of South Africa.*

Nature of interest acquired	Effective date of transaction	Disposing entity	Price paid in cash	Price paid in securities	Goodwill	Loans incurred to finance acquisition	Name of the disposing entity's shareholder/s	Price paid and date of acquisition if within preceding 3 years
100% interest in Sonnendal[3]	1 November 2017	Shares in Sonnendal acquired by Libstar Operations from Sontic Holdings Western Cape Proprietary Limited (1 Endevour Road, Athlone Industria II, 7764)	R76 187 767	Nil	R42 964 306	Term facility of R30 000 000 to be advanced once the acquisition of Sonnendal is implemented.	Martin Swanepoel (1 Endeavour Road, Athlone Industria II, 7764)	Sontic Holdings Western Cape Proprietary Limited did not acquire the business in the preceding 3 years.
Remaining 30% interest in Contactim	31 December 2017	The trustees for the time being of the Jason Young Trust (64 Jan Smuts Ave, Gillits, 3610) ("**JY Trust**"). The trustees for the time being of the John Mertsch Family Trust (66 Plantations Estate, Hillcrest, 3610) ("**MF Trust**"). The trustees for the time being of the Sean McLeod Trust (2nd floor, 12 Palm Boulevard, Gateway, 4319) ("**SM Trust**")	R2 183 000, (comprising: R1 700 000 to MF Trust, and R483 000 to SM Trust)	R36 269 020, (comprising R11 117 340 to MF Trust, R12 817 340 to JY Trust and R12 334 340 to SM Trust)	Nil	Nil	N/A	None of JY Trust, MF Trust or SM Trust acquired the shares sold to the Group within the preceding 3 years.

[3] *The sale agreement in respect of Sonnendal contains non-compete/restraint provisions which prevent the sellers from (i) canvassing Sonnendal's customers and suppliers, (ii) engaging in or associating with businesses which compete with Sonnendal, and/or (iii) soliciting employees of Sonnendal for a period of 36 months from the closing date of the transaction, in each province of South Africa.*

Nature of interest acquired	Effective date of transaction	Disposing entity	Price paid in cash	Price paid in securities	Goodwill	Loans incurred to finance acquisition	Name of the disposing entity's shareholder/s	Price paid and date of acquisition if within preceding 3 years
100% interest in Khoisan Tea Import and Export Proprietary Limited ("**Khoisan Tea Import and Export**")	1 January 2017	The trustees for the time being of the Gress Family Trust (6 Gold Street, Northgate Estate, Ysterplaat, Cape Town, 7405) ("**Gress Trust**"). The trustees for the time being the Rosenheim Properties Trust (6 Gold Street, Northgate Estate, Ysterplaat, Cape Town, 7405) ("**RP Trust**")	R152 402 237	Nil	R34 466 528	Term loan facility of R50 000 000	N/A	Neither the Gress Trust nor the RP Trust acquired shares in the preceding 3 years.
Subscription for a 70% interest in Khoisan	1 January 2017	N/A	R700	Nil	Nil	Nil	N/A	N/A
Remaining 30% interest in Khoisan	31 December 2017	Gress Trust (6 Gold Street, Northgate Estate, Ysterplaat, Cape Town, 7405). RP Trust (6 Gold Street, Northgate Estate, Ysterplaat, Cape Town, 7405)	Nil	R37 500 000 (comprising R12 500 000 to Gress Trust and R25 000 000 to RP Trust)	Nil	Nil	N/A	100 shares acquired by Gress Trust on 1 January 2017 for R100. 200 shares acquired by RP Trust on 1 January 2017 for R200.

Nature of interest acquired	Effective date of transaction	Disposing entity	Price paid in cash	Price paid in securities	Goodwill	Loans incurred to finance acquisition	Name of the disposing entity's shareholder/s	Price paid and date of acquisition if within preceding 3 years
51% interest in Ambassador Confectionery	1 March 2016	The trustees for the time being of the Grandi Trust (Duntaw Grange, Duntaw Close. Constantia, 7848) ("**Grandi Trust**")	R5 100 051	Nil	R8 946 506	Nil	N/A	Grandi Trust acquired its shares in Ambassador Confectionery in the preceding 3 years for no cost.
Remaining 49% interest in Ambassador Confectionery	31 December 2017	Grandi Trust (Duntaw Grange, Duntaw Close. Constantia, 7848)	Nil	R5 868 380	Nil	Nil	N/A	Grandi Trust acquired 50% of its shares in Ambassador Confectionery in the preceding 3 years for no cost.
Further 66.6% interest in Kalk Bay Foods Proprietary Limited[4]	1 January 2016	Irene Ivy-Schuurmans (39 Upper Quarterdeck Road, Kalk Bay, 7975). ("**Ivy-Schuurmans**") Shelly Anne Barnard (1st Floor, 62 Hume Road, Dunkeld, 2196) ("**Barnard**")	R3 000 000 paid to Barnard	R19 500 000 comprising R9 500 000 to Barnard and R10 000 000 to Ivy-Schuurmans	R18 045 108	Nil	N/A	Neither Ivy-Schuurmans nor Barnard acquired their shares in the preceding 3 years.

4. Libstar Operations held an existing 33.3% interest in Kalk Bay Foods Proprietary Limited and, as a result of the further acquisition, holds 100% interest in Kalk Bay Foods Proprietary Limited

Nature of interest acquired	Effective date of transaction	Disposing entity	Price paid in cash	Price paid in securities	Goodwill	Loans incurred to finance acquisition	Name of the disposing entity's shareholder/s	Price paid and date of acquisition if within preceding 3 years
100% interest in Maitland Vinegar Works Proprietary Limited ("**MVW**") and subsequent sale of the business of MVW and its wholly owned subsidiary, Instant Trading Company Proprietary Limited[5]	2 October 2015	Pioneer Foods Proprietary Limited (1 Sportica Crescent, Tygervallei, 7530) ("**Pioneer**"). Nigel Sidney Pepperell (35 Vergelegen Street, Nature's Valley, Somerset West, 7130) ("**Pepperell**"). Walter Dirk Vermeulen (4 Oldenland Road, Somerset West, 7130) ("**Vermeulen**"). Mohamed Rafik Wadee (70 Impala Crescent, Extension 5, Lenasia, 1827) ("**Wadee**"). Elvin Holdings Proprietary Limited (9 Rocklands Road, Beacon Bay, East London, 5241) ("**Elvin Holdings**")	R81 739 072.51 (Pioneer: as to 74.795%; Pepperell: as to 8.955%; Vermeulen: as to 5.428%; Wadee as to 5.637% and Elvin Holdings as to 5.185%)	Nil	R7 310 190	R40 000 000	Shareholder of Elvin Holdings was Willie Pieterse (Snr) (Berkshire Park, Cnr Electron and Brooklyn Roads, Woodbrook, East London) Shareholding information of Pioneer Foods cannot be obtained.	None of Pioneer, Pepperell, Vermeulen, Wadee or Elvin acquired their shares in the preceding 3 years.

[5] *The sale agreement in respect of MVW contains non-compete/restraint provisions which prevent the sellers from (i) using confidential information, (ii) engaging in or associating with businesses which compete with MVW, and/or (iii) soliciting employees of MVW for a period of 36 months from the closing date of the transaction, in each province of South Africa.*

Nature of interest acquired	Effective date of transaction	Disposing entity	Price paid in cash	Price paid in securities	Goodwill	Loans incurred to finance acquisition	Name of the disposing entity's shareholder/s	Price paid and date of acquisition if within preceding 3 years
Remaining 30% interest in Cecil Vinegar Works	31 December 2017	Wadee (70 Impala Crescent, Extension 5, Lenasia, 1827). Vermeulen (4 Oldenland Road, Somerset West, 7130), Pepperell (35 Vergelegen Street, Nature's Valley, Somerset West, 7130)	R22 583 316 comprising amounts of R10 681 909 to Pepperell; R5 600 662 to Vermeulen and R6 300 745 to Wadee	Nil	Nil	Nil	N/A	Pepperell acquired shares in Cecil Vinegar on 1 October 2015 for R1 419. Vermeulen acquired shares in Cecil Vinegar on 1 October 2015 for R744. Wadee acquired shares in Cecil Vinegar on 1 October 2015 for R837.
100% interest in Cupmasters Proprietary Limited	1 March 2015	Anne Marie Veronica Le Roux (6 Albion Road, Bryanston)	R2 500 000	Nil	R1 880 861	Nil	N/A	Anne Marie Veronica Le Roux did not acquire shares in the preceding 3 years.

Nature of interest acquired	Effective date of transaction	Disposing entity	Price paid in cash	Price paid in securities	Goodwill	Loans incurred to finance acquisition	Name of the disposing entity's shareholder/s	Price paid and date of acquisition if within preceding 3 years
9.4% interest in Multi-cup	1 January 2016	Derek Alexander Couzens (24 Kirlington Park, 56 Inanda Road, Hillcrest, KZN) ("**Couzens**"). Richelieu van Schalkwyk (17 Weltevredun, Glen Erasmus, Kempton Park) ("**van Schalkwyk**")	R3 565 684 (comprising amounts of R1 461 000 to Couzens and R2 104 684 to van Schalkwyk)	R4 000 000 (comprising amounts of R2 000 000 to Couzens and R2 000 000 to van Schalkwyk)	Nil	Nil	N/A	Neither Couzens nor van Schalkwyk acquired shares in the preceding 3 years.
25% interest in Cani Rusks	1 January 2016	Christelle Wege (16 Sluysken Road, Welgemoed, Cape Town) ("**Wege**"). The trustees for the time being of the Dos Santos Family Trust (PO Box Durbanville, Western Cape, 7551) ("**Dos Santos Trust**")	R1 400 000 (comprising R1 000 000 to Wege and R400 000 to the Dos Santos Trust)	Nil	Nil	Nil	N/A	Wege acquired the relevant 20% interest on 15 November 2014 for an acquisition consideration of R20. The Dos Santos Trust did not acquire the relevant 5% interest within the preceding 3 years.

Nature of interest acquired	Effective date of transaction	Disposing entity	Price paid in cash	Price paid in securities	Goodwill	Loans incurred to finance acquisition	Name of the disposing entity's shareholder/s	Price paid and date of acquisition if within preceding 3 years
10% interest in Elvin	1 January 2016	Shares in Elvin acquired by Libstar Operations from Break Even 81 (Pty) Ltd (PO Box 864, East London, 5200) ("**Break Even**")	R2 868 284	R6 699 864	Nil	Nil	Willie Pieterse (Jnr) (PO Box 864, East London, 5200)	Break Even did not acquire its 10% interest in Elvin within the preceding 3 years
5% interest in Amaro Gluten Free	1 January 2016	Shares in Amaro Gluten Free acquired by Libstar Operations from Su-Aad Arendse (120 Stewart Street, Goodwood)	R1 000 000	Nil	Nil	Nil	N/A	Su-Aad Arendse did not acquire the relevant 5% interest in Amaro Gluten Free within the preceding 3 years
Further 10.52% interest in Amaro Gluten Free	31 December 2017	The trustees for the time being of the Anac Trust (34A Cochrane Avenue, Gunners Circle, Epping 1, Cape Town, 7460) ("**Anac Trust**"). The Dos Santos Trust (PO Box Durbanville, Western Cape, 7551)	Nil	R4 179 374 (comprising R2 089 687 to Anac Trust and R2 089 687 to Dos Santos Trust)	Nil	Nil	N/A	Neither the Anac Trust nor the Dos Santos Trust acquired their shares in Amaro Gluten Free in the preceding 3 years

Nature of interest acquired	Effective date of transaction	Disposing entity	Price paid in cash	Price paid in securities	Goodwill	Loans incurred to finance acquisition	Name of the disposing entity's shareholder/s	Price paid and date of acquisition if within preceding 3 years
100% interest in Natural Herbs and Spices Proprietary Limited[6]	1 July 2015	Bruce Anthony Neill (6 Tanya Street, Constantia, 7800) ("**Bruce**"). Gary Dennis Neill (14 Avenue Lombardie, Constantia, 7800) ("**Gary**"). Mark Russel Neill (5 Mercury Road, Kirstenhof, 7945) ("**Mark**"). Paul David Neill (4 Olive Close, Constantia, 7800) ("**Paul**")	R136 080 000, (comprising R34 020 000 to each of Bruce, Gary, Mark and Paul)	Nil	R35 044 508	R45 000 000	N/A	None of Bruce, Gary, Mark or Paul acquired their shares in the preceding 3 years.

6. *The sale agreement in respect of Natural Herbs and Spices contains non-compete/restraint provisions which prevent the sellers from (i) engaging in or associating with businesses which compete with Natural Herbs and Spices, and/or (ii) soliciting employees of Natural Herbs and Spices for a period of 36 months from the closing date of the transaction, anywhere in the world.*

Nature of interest acquired	Effective date of transaction	Disposing entity	Price paid in cash	Price paid in securities	Goodwill	Loans incurred to finance acquisition	Name of the disposing entity's shareholder/s	Price paid and date of acquisition if within preceding 3 years
100% interest in Denny	1 July 2015	Acquisition of Denny by way of (i) Libstar Operations subscribing for shares in Denny, the proceeds of which were used to repurchase the shares of RMB Ventures 6 (Pty) Ltd and Pan-African Private Equity Fund 1 (Pty) Ltd; and (ii) acquiring shares in Denny from Roger Glynn Coppin (Wanderers Building, The Oval, Corner Sloane and Meadowbrooke Streets, Bryanston, 2146) ("**Coppin**")	R658 782 600	R44 537 400 (comprising R11 815 350 to Coppin, R10 010 700 to Hoskin, R10 896 000 to Keen and R11 815 350 to Pitts	R352 026 165	R200 000 000	N/A – shares were acquired from natural persons	None of the sellers acquired shares in Denny within the preceding 3 years.

Nature of interest acquired	Effective date of transaction	Disposing entity	Price paid in cash	Price paid in securities	Goodwill	Loans incurred to finance acquisition	Name of the disposing entity's shareholder/s	Price paid and date of acquisition if within preceding 3 years
		Reilly Wayne Keen (Wanderers Building, The Oval, Corner Sloane and Meadowbrooke Streets, Bryanston, 2146) ("**Keen**"). Mark Lindsey Pitts (Wanderers Building, The Oval, Corner Sloane and Meadowbrooke Streets, Bryanston, 2146) ("**Pitts**"). Ronald Clement Hoskin (Wanderers Building, The Oval, Corner Sloane and Meadowbrooke Streets, Bryanston, 2146) ("**Hoskin**")						

Nature of interest acquired	Effective date of transaction	Disposing entity	Price paid in cash	Price paid in securities	Goodwill	Loans incurred to finance acquisition	Name of the disposing entity's shareholder/s	Price paid and date of acquisition if within preceding 3 years
100% interest in Patleys Proprietary Limited[7]	1 July 2015	Bidvest Food Africa Proprietary Limited (2nd Floor, Bidvest House, 18 Crescent Drive, Melrose Arch, 2196)	R182 359 000	Nil	Nil	Nil	Shareholding of Bidvest Food Africa Proprietary Limited not available to be provided	This information is not available as Bivest Food Africa Proprietary Limited acquired Patleys pursuant to an internal restructure.
Business of Cape Chamonix Wine and Spring Water Proprietary Limited ("**Cape Chamonix**")[8]	1 July 2015	Business of Cape Chamonix acquired by Libstar Operations from Cape Chamonix (8 Uitkyk Street, Franschhoek, Western Cape Province)	R25 000 000	Nil	Nil	Nil	Cape Chamonix Holdings Proprietary Limited (8 Uitkyk Street, Franschhoek, Western Cape Province)	Cape Chamonix did not acquire the business in the preceding 3 years.

7. *The sale agreement in respect of Patleys contains non-compete/restraint provisions which prevent the sellers from (i) engaging in or associating with businesses which compete with Patleys, and/or (ii) soliciting employees of Patleys for a period of 24 months from the closing date of the transaction, throughout South Africa.*
8. *The sale agreement in respect of Cape Chamonix contains non-compete/restraint provisions which prevent the seller from selling specified products to certain customers identified in the agreement for a period of 5 years from the closing date of the transaction, throughout South Africa.*

Nature of interest acquired	Effective date of transaction	Disposing entity	Price paid in cash	Price paid in securities	Goodwill	Loans incurred to finance acquisition	Name of the disposing entity's shareholder/s	Price paid and date of acquisition if within preceding 3 years
5.6% interest in Multi-cup	1 January 2015	Shares in Multi-cup acquired by Libstar from Johanna van Schalkwyk (1st Floor, West Wing, 18 Hurlingham Road, Illovo, Gauteng, 2196) ("**van Schalkwyk**"). Craig McMurdo (1st Floor, West Wing, 18 Hurlingham Road, Illovo, Gauteng, 2196) ("**McMurdo**")	R3 279 310 (comprising R2 774 276 to van Schalkwyk and R505 034 to McMurdo)	Nil	Nil	Nil	N/A	Johanna van Schalkwyk and Craig McMurdo did not acquire the relevant interests in Multi-cup within the preceding 3 years.
20% interest in Elvin	1 January 2015	Shares in Elvin acquired by Libstar Operations from Elvin Holdings Proprietary Limited (PO Box 864, East London, 5200)	R19 414 250	Nil	Nil	Nil	Willie Pieterse (Snr) (Berkshire Park, Cnr Electron and Brooklyn Roads, Woodbrook, East London)	Elvin Holdings acquired 20% shareholding in Elvin on 1 January 2012 for a subscription price equal to R21 037 134.57.

Nature of interest acquired	Effective date of transaction	Disposing entity	Price paid in cash	Price paid in securities	Goodwill	Loans incurred to finance acquisition	Name of the disposing entity's shareholder/s	Price paid and date of acquisition if within preceding 3 years
100% interest in each of Berfin Proprietary Limited and African Pride Wines Proprietary Limited (linked acquisition) (the business operations of which were subsequently restructured into Berfin)[9]	1 January 2015	Berfin (Pty) Ltd: Grant Christopher McGregor (1 River Walk, Oakwood Country Estate, Hout Bay, 7806) ("**McGregor**"). Afrifresh Group Proprietary Limited (5 Primrose Avenue, Claremont, 7800) ("**Afrifresh**"). African Pride Wines: Afrifresh (5 Primrose Avenue, Claremont, 7800) Michael Hugh Graham (6 Windjammer Way, Gordon's Bay) ("**Graham**"). Harold Lobenstein (49 Quintus Way, Constantia, Cape Town) ("**Lobenstein**")	R125 000 000 (R89 593 000 in respect of Berfin (Pty) Ltd acquisition comprising R27 325 865 to McGregor and R62 267 135 to Afrifresh) (R35 407 000 (in respect of African Pride Wine acquisition comprising R31 866 300 to Afrifresh, R1 770 350 to Graham and R1 770 350 to Lobenstein)	Nil	R71 811 000	R58 000 000	Shareholding information of Afrifresh not available	None of McGregor, Afrifresh, Graham or Lobenstein acquired their shares in the preceding 3 years.

[9] *Libstar Operations subsequently acquired a 70% interest in Berfin with the remaining shareholding was acquired by the management shareholders, Grant McGregor, Michael Graham and Harold Loebenstein. The sale agreement in respect of Berfin and African Pride Wines contains non-compete/restraint provisions which prevent the sellers from (i) in the case of Berfin, being associated with or engaging in any business that is in competition with Berfin's business, save for existing stakes in 2 identified entities and (ii) in the case of African Pride Wines, being associated with or engaging in any business that is in competition with African Pride Wines' business. These restraints apply in South Africa and any other country in which Berfin or African Pride Wines, as applicable, operate and are not limited to any particular time frame.*

Nature of interest acquired	Effective date of transaction	Disposing entity	Price paid in cash	Price paid in securities	Goodwill	Loans incurred to finance acquisition	Name of the disposing entity's shareholder/s	Price paid and date of acquisition if within preceding 3 years
Business of Pasta Nova Proprietary Limited ("**PN**")[10]	1 March 2015	Business of PN acquired by Pasta Nova (Unit 1, 4 Electron Road, Linbro Park, Johannesburg)	R15 000 000	Nil	Nil	R6 000 000	NY Ferrero (16 Melville Road, Illovo, Gauteng Province, 2196). NL Wood (No 4 Fifth Road, Hyde Park, Gauteng Province, 2196)	Pasta Nova did not acquire the business in the preceding 3 years.
30% interest in Hurters Honey[11]	31 December 2017	Jacques Hurter (5 Adderley Road, Langebaan, Western Cape Province, 7357)	Nil	R15 515 766	Nil	Nil	N/A	Jacques Hurter did not acquire the relevant interests in Hurters Honey within the preceding 3 years.
Erf 14816, measuring in extent 695m^2 located in Tamsui, George, George Municipality	27 March 2018	The trustees for the time being of the De Swardt Familie Trust	R8 000 000	Nil	N/A	Nil	N/A	The De Swardt Familie Trust did not acquire the immoveable property in the preceding 3 years.

[10] Libstar Operations subsequently acquired a 70% interest in Pasta Nova whereas the remaining shareholding was acquired by the management shareholder, Nicholas Wood. Nicholas Wood's 30% shareholding in Pasta Nova was later acquired by Libstar Operations on 1 January 2017 for consideration of R3 289 734.10. The sale agreement in respect of the business of PN includes non-compete/restraint provisions whereby the sellers are prohibited from (i) being associated with or engaging in any business that is in competition with Pasta Nova's business, and/or (ii) soliciting any employees from Pasta Nova for a period of 24 months since the closing date of the transaction.

[11] The acquisition of the 30% interest in Hurters Honey rendered Libstar Operations the 100% owner of the shares therein, the other 70% having been acquired effective 1 March 2014.

Material Disposals

Nature of interest disposed of	Date of disposal	Acquiring entity/ persons	Consideration received in cash	Consideration received in securities	Details regarding valuation	Address of acquiring party	Name of the disposing entity's shareholder
Business of La Femme (a division of Libstar Operations)	1 March 2015	Premier Foods Proprietary Limited (subsequently renamed Premier Group Proprietary Limited	R99 546 320	Nil	Valuation of R100 000 000 less employee liabilities at closing (of R453 680)	Building 5, Maxwell Office Park, Magwa Crescent West, Waterfall City, Gauteng, 2090	Shareholding information of Premier Foods not available
Business of African Pride Wines	1 September 2017	Graham and Loebenstein	N/A – transaction implemented through a Repurchase by Berfin of Graham and Lobenstein's shares therein and the transfer of the business of African Pride Wines as consideration therefor (value of R3 988 009.73)	Nil	Aggregate of the claims of each of Graham and Loebenstein against Berfin plus nominal amount for shares in Berfin	Graham: 6 Windjammer Way, Gordon's Bay Lobenstein: 49 Quintus Way, Constantia	N/A
Assets of Noodle Master relating to the manufacture of noodle products	31 December 2017	Kellogg Tolaram South Africa Proprietary Limited	R12 000 000 in 60 equal monthly instalments, plus interest on outstanding balances at the prime rate plus 1%	Nil	Valuation of plant and equipment	1 Woodmead Drive, Building 7, Ground Floor, Woodmead, Johannesburg, Gauteng	Shareholding information of Kellogg Tolaram not available

MATERIAL CONTRACTS

Material contracts which have been entered into either verbally or in writing by the Company or any of its Subsidiaries, being restrictive funding arrangements and/or contracts entered into otherwise than in the ordinary course of the business carried on, or proposed to be carried on, entered into within the 2 years prior to the date of the Pre-listing Statement; or entered into at any time and containing an obligation or settlement that is material to the Company or any of its Subsidiaries, as the case may be, are set out in this Annexure 15 ("*Material Contracts*") as well as Annexure 13 ("*Details of Material Third Party and Intra-Group Borrowings*") and Annexure 17 ("*Salient Features of the BEE Transaction*").

1. 2014 REORGANISATION

The Group carried out a corporate restructure in 2014. In terms of the 2014 Reorganisation, Liberty Star Consumer Holdings unbundled its underlying subsidiaries and business divisions into a new operating company, Libstar Operations. The 2014 Reorganisation was effected through a number of indivisibly linked steps and transactions, the first of which was the establishment of the Company as a new holding company for the Group and the incorporation of Libstar Operations as a wholly owned subsidiary of the Company.

Thereafter, the Company acquired 100% of the issued shares in Liberty Star Consumer Holdings from the existing shareholders, being Old Mutual Life Assurance Company (South Africa) Limited (as to 14.9%), Metier Investment and Advisory Services Proprietary Limited (as to 1.7%), the trustees of the Lereko Metier Sustainable Capital Growth Fund Trust (as to 46.4%), Lereko Investments Proprietary Limited (as to 1.7%), ADP I Holding 6 (as to 20%), the key executives (as to 7.8%) and the LMCGF Parallel Trust I (as to 7.5%). The purchase consideration for the shares of a number of the Management Shareholders was settled by the issue of shares in the Company as an asset-for-share transaction in terms of section 42 of the Income Tax Act.

The Company then acquired the shares of certain reinvesting management shareholders in a number of the companies from which the Business units were ultimately acquired (including in respect of Amaro Foods, Rialto Foods, Finlar and Cape Herb and Spice) and disposed them to Liberty Star Consumer Holdings such that Liberty Star Consumer Holdings held all of the Group's shares in these entities. Libstar Operations then applied the proceeds of a loan received from the Company to acquire all of the business, assets and liabilities of each of Amaro Foods, Rialto Foods, Finlar, Cape Herb and Spice and Lancewood, establishing them as Business units within the Group.

Libstar Operations thereafter acquired all of the shares and claims held by Liberty Star Consumer Holdings in certain of Liberty Star Consumer Holdings subsidiaries (including Glenmor and the companies from which the business operations of Contactim, Kalk Bay Foods, Amaro Gluten Free, Libstar Properties, Cani Rusks, Multi-cup, Ambassador Foods, Elvin and Hurters Honey were ultimately acquired). The result of such acquisitions was that Libstar Operations owned all of the Group's shares in the abovenamed Business Units. Subsequent to the 2014 Reorganisation, Libstar Operations has undertaken certain further corporate actions such that the current structure of the Group is that which is reflected in the organogram in paragraph 6 of Section 2 ("*Business Overview*").

In terms of the 2014 Reorganisation, a loan account was created between the Company and Libstar Operations, a portion of which remains outstanding on Listing. Further details of this loan are included in paragraph 2 of Annexure 13 ("*Details of Material Third Party and Intra-Group Borrowings*").

2. AGREEMENTS IN RESPECT OF THE DIVISIONALISATION OF CERTAIN BUSINESS UNITS AND INTRA-GROUP TRANSFERS OF IMMOVEABLE PROPERTIES

The Company and Libstar Operations have recently concluded a number of agreements with certain of the Business Units which were aimed at (i) divisionalising the business operations of certain Subsidiaries of the Group (namely Elvin, Contactim, Cani Rusks, Hurters Honey, Ambassador Foods, Ambassador Confectionery, Multi-cup, Cecil Vinegar Works, Khoisan Tea, Sonnendal and Pasta Nova) within Libstar Operations ("**Divisionalisation Transactions**"), and (ii) transferring certain of the immoveable properties

held by Libstar Operations and certain Business Units (namely Denny, Ambassador Foods and a wholly-owned Subsidiary of Cecil Vinegar Works) to Libstar Properties ("**Property Transfer Transactions**").

This process involved, amongst other things, the following:

- in respect of the Divisionalisation Transactions:
  - acquiring the minority interests of certain management shareholders of the relevant Business Units which were Subsidiaries. The agreements were concluded as asset-for-share transactions, as contemplated in section 42 of the Income Tax Act. Accordingly, the consideration payable by the Company for the shares of the applicable management shareholders ("**Minority Sale Shares**") was settled by the issuing of such number of securities in the Company, the value of which was equal to the fair market value of the Minority Sale Shares. These transactions were concluded between the Company and the management shareholders (or some of them) of each of Ambassador Confectionery, Cecil Vinegar, Contactim, Hurters Honey, Khoisan Tea and Amaro Gluten Free. Details of the transactions have been included in Annexure 14 ("*Material Acquisitions and Disposals*");
  - the subsequent transfer by the Company of the securities acquired in each of the Business Units which were Subsidiaries to Libstar Operations in exchange for further shares in Libstar Operations in terms of section 42 of the Income Tax Act; and
  - transferring the businesses (inclusive of the fixed and intanglible assets, cash, inventories, debtors, contracts, goodwill and assumed liabilities (but excluding the immoveable properties that were transferred pursuant to the Property Transfer Transactions, where relevant) of each of the wholly-owned Subsidiaries within the Group to Libstar Operations as a liquidation distribution in terms of section 47 of the Income Tax Act; and

- in respect of the Property Transfer Transactions:
  - the immoveable properties owned by Libstar Operations, being those properties utilised by Denny (in each of Gauteng, Western Cape and KwaZulu-Natal provinces) and Finlar (in the Western Cape province) were transferred to Libstar Properties in terms of an asset-for-share agreement pursuant to section 42 of the Income Tax Act and, as consideration for such transfers, Libstar Operations was issued with further shares in Libstar Properties; and
  - the immoveable properties held by each of Ambassador Foods and Instant Trading Company Proprietary Limited (a wholly-owned Subsidiary of Cecil Vinegar Works Proprietary Limited) were transferred to Libstar Properties in terms of a sale of rental enterprise agreement pursuant to section 45 of the Income Tax Act and, as consideration for such transfers, Libstar Properties assumed certain liabilities of each of the sellers and created a loan account for the balance of the aggregate price (being the market value of the properties sold as rental enterprises).

As a result of the Divisionalistaion Transactions and the Property Transfer Transactions, (i) all of the Business Units now operate as divisions of Libstar Operations, save for Berfin and Glenmor which remain Subsidiaries of Libstar Operations with minority shareholders, and (ii) all of the immoveable properties owned by the Group (save for one immoveable property owned by a Subsidiary of Berfin Proprietary Limited, in turn a wholly-owned subsidiary of Libstar Operations) will be held by Libstar Properties.

3. INTERIM AGREEMENT

As noted in paragraph 3.3 of Section 10 ("*Additional Information*"), the current Shareholders have concluded a shareholders' agreement regulating the relationship between themselves on the one hand, and the relationship between the Company and the Shareholders on the other hand ("**Libstar Shareholders' Agreement**"). The Shareholders have agreed to terminate the Libstar Shareholders' Agreement and enter into a new agreement amongst each other, entitled "*Interim Agreement*" ("**Interim Agreement**").

In terms of the Interim Agreement:

- the Shareholders agree that the Libstar Shareholders Agreement shall terminate on and with effect from date upon which this Pre-listing Statement is submitted to the JSE for formal approval, and no party shall have any rights or obligations thereunder from such date, except in respect of causes of action which have arisen before such termination and as may be otherwise agreed in writing;
- the Shareholders agree that they shall adopt such special resolutions as may be required to adopt a new MOI in respect of the Company and constitute the Ordinary Share capital structure of the

Company in such form as the Board considers appropriate in the context of the Listing and the Company shall cause such resolutions to filed with CIPC as soon as practicable thereafter (the date of such filing being the "**Filing Date**"); and

- the Company, in its capacity as the sole shareholder of Libstar Operations, agrees that it shall adopt such special resolutions as may be required to adopt a new MOI in respect of Libstar Operations, and the Company shall cause such resolutions to filed with CIPC as soon as practicable thereafter.

If the Listing has not occurred by a 30 July 2018, then:

- the Libstar Shareholders Agreement shall automatically revive and again be binding on all the parties to thereto as if it was never terminated;
- the Shareholders shall forthwith adopt such special resolutions as may be required to re-adopt the existing MOI of the Company; and
- the Company shall forthwith adopt such special resolutions as may be required to re-adopt the existing MOI of Libstar Operations,

and the Company shall cause such resolutions to filed with CIPC as soon as practicable thereafter and during the period from 30 July 2018 to the date of such filing, the parties to the Interim Agreement agree that they shall, to the maximum extent permitted in law, conduct themselves and exercise all rights and perform all obligations they may have, as if the existing MOI of the Company and Libstar Operations and not the new MOIs had been in force.

It is furthermore agreed in terms of the Interim Agreement that if (i) an Exit occurs, and (ii) a distribution becomes payable by the Company to the Ratchet Trust pursuant to the A Preference Shares ("**A Preference Share Distribution**"), PIC and Abraaj (as members of the Abraaj Consortium) agree to fund 100% of the A Preference Share Distribution by way of the subscription for additional Ordinary Shares on the terms and conditions set out in clause 7 of the Interim Agreement.

4. **SUPPLY AGREEMENT BETWEEN DICKON HALL FOODS AND TIGER BRANDS CONSUMER LIMITED (CULINARY DIVISION) IN RESPECT OF MRS BALLS CHUTNEY**

Dickon Hall Foods and Tiger Consumer Brands Limited ("**Tiger Brands**") entered into a supply agreement on or about 28 May 2015 pursuant to which Tiger Brands appointed Dickon Hall Foods as the supplier of certain variations of the Mrs Balls Chutney product in South Africa.

The supply agreement has an initial effective period ending 31 May 2019. After the termination of the initial period the supply agreement will continue indefinitely until terminated by either party on written notice to the other party of not less than 12 months. In the event of a cancellation, Dickon Hall Foods is obliged to execute any order placed by Tiger Brands with Dickon Hall Foods during the 12 month notice period for the Mrs Ball Chutney products which have not yet been delivered at the end of the notice period.

Dickon Hall Foods has agreed that it will not compete with the products offered by Tiger Brands in South Africa for the term of the supply agreement. This restraint does not apply to the existing customers to which Dickon Hall Foods already supplies chutney products as specified in the agreement.

Should Dickon Hall Foods at any time during the operation of the supply agreement wish to sell its business of the Dickon Hall Division, Dickon Hall Foods is obliged to offer the business for sale to Tiger Brands which holds a right of first refusal in respect of any such sale by Dickon Hall Foods.

The price at which Tiger Brands purchases products from Dickon Hall Foods for distribution in South Africa is to be determined in accordance with the supply agreement (which consists of the materials, packaging at actual cost, labour, overheads and margins) and the price shall be reviewed each year as agreed in writing between the parties and will be effective from 1 January of that year.

Dickon Hall Foods acknowledges that the intellectual property owned by Tiger Brands as set out in the supply agreement is owned by Tiger Brands and may not be used by Dickon Hall Foods other than in compliance with its obligations in the supply agreement.

5. **THIRD PARTY MANUFACTURING AGREEMENT BETWEEN DICKON HALL FOODS AND UNILEVER SOUTH AFRICA PROPRIETARY LIMITED**

Dickon Hall Foods and Unilever entered into a supply agreement on or about 15 July 2015 pursuant to which Dickon Hall Foods supplies Unilever with certain wet condiments such as Knorr salad dressings, Carte D'or dessert sauces, Hellmann's mayonnaise, Fine Foods tomato sauces, chutneys and vinegars.

The supply agreement is a general umbrella agreement setting out certain general terms relating to the contractual relationship of the parties and is effective for an indefinite term. Unilever may terminate the supply agreement in the event that, amongst other reasons, Dickon Hall Foods sells, conveys, assigns, transfers or otherwise disposes of the business or any assets which supplies any product. Either party may terminate the agreement without cause on the giving of 12 months' notice.

Purchase orders are issued by Unilever to Dickon Hall Foods as and when Unilever requires certain products to be produced. Products are to be produced by Dickon Hall Foods strictly in accordance with the specifications and recipes provided by Unilever and Dickon Hall Foods warrants that the products will, amongst other things, be fit for use and human consumption, delivered within the first quarter of the products' shelf life or 8 weeks from the date of manufacture, whichever is earlier.

The price at which Dickon Hall Foods produces the products under the supply agreement are agreed on a quarterly basis with Unilever and are thereafter expressed in the respective purchase orders issued by Unilever for the supply of products.

All intellectual property in the products produced under the supply agreement remains with Unilever and Dickon Hall Foods shall have no rights in or any rights to use any of Unilever's intellectual property except as expressly authorised by Unilever.

ISSUES AND REPURCHASES OF SHARES

This Annexure sets out the details of all material allotments, issues, offers and repurchases of shares by the Company and its Subsidiaries that have taken place in the 3 years preceding the Last Practicable Date.

1. **ISSUE OF SHARES:**

Number of securities allotted in pursuance of any issue or offers	Price and terms of issue or offer	To whom were shares issued	Issued proportionately to all securities holders? If not, explain the basis of the issue and allotment	Date of issue or offer	Value of the asset acquired or to be acquired from proceeds of the issue or offer	Details of any premium/discount on the issue/offer and details of any differentials between premiums/ discounts
Libstar						
1	R1.00	Abraaj	No. Initial issue of 1 share to Abraaj to establish the Company.	06/06/2014	N/A	N/A
2 764 088	R2 764 088 514.49	Abraaj	Yes	01/10/2014	N/A	N/A
30 000	R30 000 000.00	Andries Vlok Van Rensburg	No. Issue of shares to establish Management Shareholders.	03/10/2014	N/A	N/A
25 000	R2 500 000.00	Robin Walter Smith				
7 000	R7 000 000.00	Andre Daniël Naude				
9 000	R9 000 000.00	Peter Steyn Grobler				
3 500	R3 500 000.00	Solach Pather				
3 600	R3 600 000.00	Timothy Francis Judge				
1 200	R1 200 000.00	Rufaro Dhlembeu				
925	R925 445.00	Leon Hendrik Conradie				
20 000	R20 000 000.00	Mukuni Trust				
17 000	R17 000 000.00	Sancri Trust				
16 000	R16 000 000.00	Paul Jibson				
61 369	R61 369 000.00	Irene Ivy-Schuurmans				
12 000	R12 000 000.00	Anac Trust				
25 530	R25 530 000.00	Terry Millar Family Trust				

Number of securities allotted in pursuance of any issue or offers	Price and terms of issue or offer	To whom were shares issued	Issued proportionately to all securities holders? If not, explain the basis of the issue and allotment	Date of issue or offer	Value of the asset acquired or to be acquired from proceeds of the issue or offer	Details of any premium/discount on the issue/offer and details of any differentials between premiums/ discounts
55 070	R62 503 939.05	Abraaj	No. Introduction of additional Management Shareholders and issue of further shares issued to certain existing shareholders.	20/07/2015	N/A	N/A
15 030	R17 059 358.93	PIC				
304	R345 415.64	Antonio Coelho Amaro				
507	R575 692.74	Mukuni Trust				
431	R489 338.83	Sancri Trust				
178	R201 492.46	Andre Daniël Naude				
761	R863 539.10	Andries Vlok van Rensburg				
23	R26 625.79	Leon Hendrik Conradie				
228	R259 061.73	Peter Steyn Grobler				
634	R719 615.92	Robin Walter Smith				
30	R34 541.56	Rufaro Dhlembeu				
89	R100 746.23	Solach Pather				
91	R103 624.69	Timothy Francis Judge				
295 974	R335 931 009.13	Abraaj	No. Increase in shareholding of certain shareholders and Management Shareholders.	25/08/2015	N/A	N/A
80 781	R91 686 444.44	PIC				
1 636	R1 856 405.89	Antonio Coelho Amaro				
2 726	R3 094 060.11	Mukuni Trust				
2 317	R2 629 958.63	Sancri Trust				
954	R1 083 004.02	Andre Daniël Naude				
4 089	R4 641 165.60	Andries Vlok van Rensburg				
126	R143 032.57	Leon Hendrik Conradie				
1 227	R1 392 304.42	Peter Steyn Grobler				
3 408	R3 867 612.85	Robin Walter Smith				
164	R185 580.24	Rufaro Dhlembeu				
477	R541 502.01	Solach Pather				
491	R556 891.59	Timothy Francis Judge				

Number of securities allotted in pursuance of any issue or offers	Price and terms of issue or offer	To whom were shares issued	Issued proportionately to all securities holders? If not, explain the basis of the issue and allotment	Date of issue or offer	Value of the asset acquired or to be acquired from proceeds of the issue or offer	Details of any premium/discount on the issue/offer and details of any differentials between premiums/ discounts
10 410	R11 815 350.00	Roger Glynn Coppin	No. Introduction of additional Management Shareholders.	01/09/2015	N/A	N/A
10 410	R11 815 350.00	Mark Lyndsey Pitts				
9 600	R10 896 000.00	Reilly Wayne Keen				
8 820	R10 010 700.00	Ronald Clement Hoskin				
174 319	R197 852 246.03	Abraaj	No. Increase in shareholding of certain shareholders and Management Shareholders.	31/12/2015	N/A	N/A
47 578	R54 000 306.66	PIC				
2 245	R2 547 404.97	Antonio Coelho Amaro				
3 367	R3 822 265.76	Mukuni Trust				
4 008	R4 548 927.37	Sancri Trust				
363	R412 262.34	Andre Daniël Naude				
8 575	R9 733 464.85	Andries Vlok van Rensburg				
75	R84 248.52	Leon Hendrik Conradie				
1 781	R2 022 134.45	Peter Steyn Grobler				
6 412	R7 277 891.02	Robin Walter Smith				
96	R109 302.95	Rufaro Dhlembeu				
282	R318 956.07	Solach Pather				
192	R218 568.65	Timothy Francis Judge				
955	R1 084 179.93	Roger Glynn Coppin				
955	R1 084 179.93	Mark Lyndsey Pitts				
895	R1 017 487.38	Reilly Wayne Keen				
494	R560 818.31	Ronald Clement Hoskin				

Number of securities allotted in pursuance of any issue or offers	Price and terms of issue or offer	To whom were shares issued	Issued proportionately to all securities holders? If not, explain the basis of the issue and allotment	Date of issue or offer	Value of the asset acquired or to be acquired from proceeds of the issue or offer	Details of any premium/discount on the issue/offer and details of any differentials between premiums/ discounts
27 715 7 509 165 271 242 443 12 954 362 15	R43 567 465.40 R11 803 509.03 R259 549.42 R426 568.71 R380 961.14 R696 381.44 R18 425.84 R1 500 000.00 R568 555.15 R23 894.26	Abraaj PIC Antonio Coelho Amaro Mukuni Trust Sancri Trust Andries Vlok van Rensburg Leon Hendrik Conradie Paul Jibson Robin Walter Smith Rufaro Dhlembeu	No. Increase in shareholding of certain shareholders and Management Shareholders.	07/04/2016	N/A	N/A
6 361 6 043 1 272 1 272 4 262	R10 000 000.00 R9 500 000.00 R2 000 000.00 R2 000 000.00 R6 699 864.00	Irene Ivy-Schuurmans Shelley Ann Barnard Derek Alexander Couzens Richelieu van Schalkwyk Willem Bernard Pieterse Jnr	No. Introduction of new management shareholders and increase in shareholding of existing Management Shareholders.	28/11/2016	N/A	N/A
1 000 000 A Preference Shares	R100	Ratchet Trust	No. A Preference Shares issued to Ratchet Trust, as described in paragraph 2.4 of Section 10 (“*Additional Information*”)	29/11/2017	N/A	N/A

Number of securities allotted in pursuance of any issue or offers	Price and terms of issue or offer	To whom were shares issued	Issued proportionately to all securities holders? If not, explain the basis of the issue and allotment	Date of issue or offer	Value of the asset acquired or to be acquired from proceeds of the issue or offer	Details of any premium/discount on the issue/offer and details of any differentials between premiums/ discounts
49 442	R87 116 218.63	Abraaj	No. Introduction of Management Funding SPV and increase in shareholding of existing Management Shareholders	21/08/2017	N/A	N/A
8 251	R14 538 280.00	PIC				
2 980	R5 250 062.57	Antonio Coelho Amaro				
437	R769 127.10	Mukuni Trust				
390	R686 895.51	Sancri Trust				
128	R224 997.29	Terry Millar Family Trust				
180	R317 887.33	Management Funding SPV				
5 226	R9 207 459.55	Management Funding SPV				
227	R399 795.15	Management Funding SPV				
254	R448 223.35	Paul Jibson				
5 055	R8 906 149.50	Management Funding SPV				
294	R518 254.20	Management Funding SPV				
92	R162 704.43	Solachana Pather				
223	R392 765.80	Management Funding SPV				
95	R168 161.90	Irene Ivy-Schuurmans				
128	R226 132.21	Management Funding SPV				
249	R438 019.50	Management Funding SPV				
249	R438 019.50	Management Funding SPV				
833	R1 467 640.80	Management Funding SPV				
91	R159 774.64	Shelley Ann Barnard				

Number of securities allotted in pursuance of any issue or offers	Price and terms of issue or offer	To whom were shares issued	Issued proportionately to all securities holders? If not, explain the basis of the issue and allotment	Date of issue or offer	Value of the asset acquired or to be acquired from proceeds of the issue or offer	Details of any premium/discount on the issue/offer and details of any differentials between premiums/ discounts
8 805	R15 515 766.00	Jacques Hurter	No. Introduction of new management shareholders and increase in shareholding of existing Management Shareholders.	31/12/2017	N/A	N/A
6 309	R11 117 340.00	John Mertsch Family Trust				
7 274	R12 817 340.00	Jason Young Trust				
4 730	R8 334 340.00	Sean McLeod Trust				
3 330	R5 868 380.00	Grandi Trust				
7 094	R12 500 000.00	Gress Trust				
14 188	R25 000 000.00	Rosenheim Properties Trust				
1 186	R2 089 687.00	Anac Trust				
1 186	R2 089 687.00	Dos Santos Family Trust				
813	R1 432 662	Antonio Coelho Amaro				
791	R1 393 932.00	Mukuni Trust				
707	R1 244 881.00	Sancri Trust				
365	R0.00	Management Funding SPV				
2 065	R3 638 651.00	Management Funding SPV				
58	R102 873.00	Management Funding SPV				
499	R878 379.00	Paul Jibson				
354	R624 584.00	Peter Steyn Grobler				
1 719	R3 029 195.00	Management Funding SPV				
76	R133 335.00	Management Funding SPV				
220	R387 552.00	Management Funding SPV				
329	R580 124.00	Roger Glyn Coppin				
329	R580 124.00	Mark Lyndsey Pitts				
270	R475 432.00	Ronald Clement Hoskin				
187	R329 545.00	Irene Ivy-Schuurmans				
181	R319 643.00	Shelley Ann Barnard				
64	R112 730.00	Management Funding SPV				
64	R112 730.00	Management Funding SPV				
214	R377 621.00	Management Funding SPV				
370	R652 592.00	Jacques Hurter				
183	R322 042.00	John Mertsch Family Trust				

Number of securities allotted in pursuance of any issue or offers	Price and terms of issue or offer	To whom were shares issued	Issued proportionately to all securities holders? If not, explain the basis of the issue and allotment	Date of issue or offer	Value of the asset acquired or to be acquired from proceeds of the issue or offer	Details of any premium/discount on the issue/offer and details of any differentials between premiums/ discounts
211	R371 300.00	Jason Young Trust				
150	R264 300.00	Sean McLeod Trust				
96	R169 979.00	Grandi Trust				
206	R362 112.00	Gress Trust				
411	R724 224.00	Rosenheim Properties Trust				
34	R60 539.00	Anac Trust				
34	R60 539.00	Dos Santos Family Trust				
39 160	R69 000 000.00	Millennium Foods				
5 241	R9 234 899.00	PIC				
39 334 499	Shares issued for nominal value and on the terms set out in Annexure 17 ("*Salient Terms of the BEE Transaction*")	ESOP SPV	No. Shares issued pursuant to the BEE Transaction.	19 April 2018	N/A	N/A
33 715 284	Shares issued for nominal value and on the terms set out in Annexure 17 ("*Salient Terms of the BEE Transaction*")	BDT SPV	No. Shares issued pursuant to the BEE Transaction.	19 April 2018	N/A	N/A
Libstar Operations						
1	R1.00	Libstar	Yes	06/06/2014	N/A	N/A
1	R44 537 400.00	Libstar	Yes	01/09/2015	R44 537 400	N/A
1	R0.00	Libstar	Yes	01/12/2016	N/A	N/A
1	R170 515 540.00	Libstar	Yes	31/12/2017	R170 515 540	N/A

Number of securities allotted in pursuance of any issue or offers	Price and terms of issue or offer	To whom were shares issued	Issued proportionately to all securities holders? If not, explain the basis of the issue and allotment	Date of issue or offer	Value of the asset acquired or to be acquired from proceeds of the issue or offer	Details of any premium/discount on the issue/offer and details of any differentials between premiums/ discounts
Berfin						
699	R99.00	Libstar Operations	No. Establishment of shareholding in Berfin.	01/01/2015	N/A	N/A
25	R25.00	Harold Lobenstein				
250	R250.00	Grant Christopher McGregor				
25	R25.00	Michael Hugh Graham				
Glenmor						
None.						
Libstar Properties						
1	Share to be issued to Libstar Operations as consideration for the transfer of properties with an aggregate value of R46 661 464.10	Libstar Operations	Yes. Libstar Operations is the sole shareholder of Libstar Properties.	20 April 2018	Immoveable properties owned by Libstar Operations with an aggregate value of R46 661 464.10	N/A
Amaro Gluten Free						
None.						

2. **REPURCHASE OF SHARES:**

Number of securities repurchased	Price and terms of repurchase	From whom were repurchases made	Repurchased proportionately from all securities holders? If not, explain the basis of the repurchase	Date of repurchase	Details of any premium/discount on the repurchase and details of any differentials between premiums/discounts
Libstar					
30 695	R73 445 803.59	Irene Ivy-Schuurmans	No. Repurchase pursuant to Call and Put Option Agreement in place with relevant security holder.	31/03/2015	N/A
30 694	R42 051 310.40	Irene Ivy-Schuurmans	No. Repurchase pursuant to Call and Put Option Agreement in place with relevant security holder.	07/04/2016	N/A
17 02	R38 769 158	Terry Millar Family Trust	No. Repurchase pursuant to Call and Put Option Agreement in place with relevant security holder	24/02/2017	N/A
8 51	R19 384 579	Terry Millar Family Trust	No. Repurchase pursuant to Call and Put Option Agreement in place with relevant security holder	31/12/2017	N/A
Libstar Operations					
None.					

Number of securities repurchased	Price and terms of repurchase	From whom were repurchases made	Repurchased proportionately from all securities holders? If not, explain the basis of the repurchase	Date of repurchase	Details of any premium/discount on the repurchase and details of any differentials between premiums/discounts
Berfin					
25	R1 994 004.86 (being the aggregate value of the outstanding shareholder loan claims and shares and settled by the transfer of the African Pride Wines business)	Harold Lobenstein	No. Repurchase completed as part of the disposal of African Pride Wines Business Unit.	01/09/2017	N/A
25	R1 994 004.87 (being the aggregate value of the outstanding shareholder loan claims and shares and settled by the transfer of the African Pride Wines business)	Michael Hugh Graham	No. Repurchase completed as part of the disposal of African Pride Wines Business Unit.	01/09/2017	N/A
Glenmor					
None.					
Libstar Properties					
None.					
Amaro Gluten Free					
50	R500 000	Amaro Foods Community Trust	No. Repurchase was part of a corporate restructuring transaction that did not require repurchases from all shareholders.	11/04/2016	N/A

SALIENT FEATURES OF THE BEE TRANSACTION

INTRODUCTION

The Company is in the process of implementing the BEE Transaction, in terms of which:

- the Employee Share Trust is in the process of being established for the benefit of employees of the Group, at least 80% of whom will be black employees. The trust deed regulating the Employee Share Trust was concluded on 28 March 2018 and is in the process of being registered at the Masters Office of the High Court of South Africa. Once registered, the trustees for the Employee Share Trust will subscribe for ordinary shares in ESOP SPV and become the sole shareholder of the ESOP SPV. The ESOP SPV agreed to subscribe for 39 334 499 Ordinary Shares, constituting 7% of the entire issued Ordinary Shares (calculated as at the Last Practicable Date); and
- the BD Trust is in the process of being established for the benefit of certain black-owned businesses within the Group's value chain. The trust deed regulating the BD Trust was concluded on 28 March 2018 and is in the process of being registered at the Masters Office of the High Court of South Africa. Once registered, the trustees fo the BD Trust will subscribe for ordinary shares in ESOP SPV and become the sole shareholder of BDT SPV. The BDT SPV agreed to subscribe for 33 715 284 Ordinary Shares, constituting 6% of the entire issued Ordinary Shares (calculated as at the Last Practicable Date).

EMPLOYEE SHARE SCHEME

The purpose of the Employee Share Scheme will be to (i) incentivise and motivate the beneficiaries of the Employee Share Scheme to remain in the employ of the Group and to contribute to the profitability, growth and success of the Group, with the added advantage of contributing towards the Black Economic Empowerment credentials of the Group, and (ii) promote the objectives of the B-BBEE Act and BEE Codes by affording Black People the opportunity to participate in the economic benefits arising from the Employee Share Scheme.

The Employee Share Scheme is regulated by the following legal agreements:

- a written trust deed between the Company and the trustees of the Employee Share Trust in terms of which the Employee Share Trust is established;
- a set of written rules governing the Employee Share Scheme ("**Scheme Rules**");
- a written relationship agreement between the Company and the Employee Share Trust, the ESOP SPV, the BD Trust, the BDT SPV, Abraaj and the PIC ("**Relationship Agreement**"), regulating the structure and implementation of the BEE Transaction, the BEE principles that will apply to the Employee Share Scheme and certain other salient features of the relationship between the Company and ESOP SPV;
- a written subscription agreement between the ESOP SPV and the Employee Share Trust ("**Subscription Agreement**"), regulating the subscription for 100% of the issued shares in the ESOP SPV by the Employee Share Trust;
- a written subscription agreement between the ESOP SPV and the Company, regulating the subscription for Ordinary Shares constituting, in aggregate, 7% of the entire issued share capital of the Company by the ESOP SPV;
- a written pledge and cession agrement entered into between the Employee Share Trust, the Company and the ESOP SPV in terms of which the Employee Share Trust has pledged and ceded its rights and interests in and to the shares in the ESOP SPV as security for the performance by the Employee Share Trust of its obligations under the BEE Transaction; and
- a written pledge and cession agreement entered into between the ESOP SPV and the Company in terms fo which the ESOP SPV has pledged and ceded its rights and interest in and to the shares in the Company held by the ESOP SPV as security for the performance by the ESOP SPV of its obligations under the BEE Transaction.

The salient terms of the Employee Share Scheme are as follows:

- It has been established for the benefit of employees who are permanent employees of the Group in the following categories, namely (i) skilled technical and academically qualified employees, junior management and supervisors, (ii) semi-skilled and discretionary decision making employees, and (iii) unskilled and defined decision making employees. Such employees must have been employed by the Group for at least 2 years ("**Qualifying Employees**").
- The Employee Share Trust will have a board of trustees which will comprise of a maximum of 4 trustees, with 2 trustees being nominated by the Board ("**Board Trustees**") and 2 trustees being nominated by beneficiaries ("**Beneficiary Trustees**"). Only Black Persons qualify for nomination as Beneficiary Trustees. Beneficiary Trustees may only hold office for a period of 24 months from date of appointment. Board Trustees may hold office for a period of 24 months from date of appointment.
- The trust deed establishing the Employee Share Trust was signed on 28 March 2018. The Employee Share Trust has been established for the purposes of indirectly acquiring and holding Ordinary Shares, through the ESOP SPV, pursuant to the Employee Share Scheme.
- The Employee Share Trust will subscribe for 100% of the issued shares of ESOP SPV.
- The powers of the Employee Share Trust and the ESOP SPV are restricted such that, for the duration of the period from the 5th Business Day following the date on which the last of the conditions precedent in the Relationship Agreement is fulfilled (or any other date agreed to by the Company, the ESOP SPV and the BDT SPV) ("**Implementation Date**") until the date upon which the ESOP SPV ceases to hold any Ordinary Shares ("**Lock-in Period**"), the Employee Share Trust may not own any assets or carry on any business or incur any indebtedness or allow any encumbrances or dispose of any of the shares in ESOP SPV other than as permitted in terms of the trust deed establishing the Employee Share Trust and the Relationship Agreement, and the ESOP SPV may not own any assets or carry on any business or incur any indebtedness or allow any encumbrances or dispose of any of the Ordinary Shares other than as permitted in terms of the MOI of the ESOP SPV and the Relationship Agreement. The ESOP SPV has also given various warranties in relation to its ownership by Black People in the Relationship Agreement.
- The ESOP SPV agreed to subscribe for 39 334 499 Ordinary Shares, constituting 7% of the issued Ordinary Shares ("**Nominal BEE Shares**") at a nominal subscription price of R0.01 per Nominal BEE Share ("**Subscription Price**").
- The Nominal BEE Shares will rank *pari passu* with all other Ordinary Shares. The ESOP SPV will therefore have voting rights and economic interest rights from the date it is issued with the Nominal BEE Shares.
- The Subscription Price payable by the ESOP SPV for the Nominal BEE Shares will be vendor funded through a notional vendor funding structure ("**NVF**") as set out below:
  - Each Nominal BEE Share will be denominated a notional amount on the date of issue equal to the fair market value per Ordinary Share less 10% if the Listing occurs within 6 months of the Implementation Date, or at a market value determined in terms of a specific formula less 10% if the Listing does not occur within such 6-month period, which will be escalated during the Lock-in Period by a notional rate equal to the prime overdraft rate published by Standard Bank plus 350 basis points calculated from the Implementation Date until the expiry of the Lock-in Period, resulting in a notional outstanding amount per Nominal BEE Share ("**Notional Outstandings**"). Notional Oustandings will be calculated and certified by the Company.
  - The notional amount per Nominal BEE Share will be adjusted with effect from the date of Listing to be the Offer Price per Ordinary Share less 10%.
  - The duration of the NVF is 7 years from the date on which the Nominal BEE Shares are issued.
  - Notional Outstandings will be reduced from time to time by (i) the Subscription Option (as defined below), and (ii) notional dividends. It is intended that there should be a minimum annual reduction in the Notional Outstandings. Such minimum reduction will be calculated by multiplying the percentage of Nominal BEE Shares held by the ESOP SPV (as a percentage of the total issued share capital of the Company) by 40% of the net profit after tax of the Company ("**Proposed Notional Dividend**"). Thus, if the Company declares a dividend to shareholders in a particular year which is less than the Proposed Notional Dividend, a notional dividend will be declared in favour of ESOP SPV which shall be equal to the difference between the Proposed Notional Dividend and the actual dividend declared in favour of the ESOP SPV. If the actual dividends declared to ESOP SPV exceed the Proposed Notional Dividend, no further notional dividend will be declared in favour of the ESOP SPV. The ESOP SPV will retain the benefit of all actual dividends declared in that the amount of dividend declared in excess of the Proposed Notional Dividend will reduce the Notional Outstandings.

- The maximum number of Ordinary Shares which may be utilised for purposes of the Employee Share Scheme are such number of Ordinary Shares constituting 7% of the entire issued Ordinary Shares and this number may not be exceeded without Shareholders' approval (requiring a 75% majority of the votes cast in favour of such resolution by all Shareholders present or represented by proxy at the general meeting to approve such resolution). The Company has granted the ESOP SPV an option which is exercisable at any time for the duration of the NVF (and for so long as the Notional Outstandings do not equal zero), to subscribe for additional Ordinary Shares on the terms and conditions set out in clause 29 of the Relationship Agreement using its own cash anticipated to be derived from the dividends that it receives from the Company ("**Subscription Option**"). The number of Ordinary Shares that the ESOP SPV may subscribe for shall be limited to the same number of Nominal BEE Shares held by it at the time of exercise of the Subscription Option. The subscription price per Ordinary Share at which the ESOP SPV exercises the Subscription Option will be equal to the aggregate of the Notional Outstandings per Nominal BEE Share as at the date on which the subscription price is paid. Contemporaneously with the ESOP SPV exercising the Subscription Option, the Company will repurchase an equivalent number of Nominal BEE Shares at an issue price of R0.01 per Nominal BEE Share which will have the effect of reducing the Notional Outstandings.
- If, by the 7th anniversary of the Implementation Date (or such other date as may be determined by the Company) ("**Maturity Date**"), the Notional Outstandings do not equal zero, the Company has the right and option to repurchase from ESOP SPV ("**Repurchase Option**") such number of Nominal BEE Shares as is calculated in accordance with the following formula:

$$N = \frac{NO}{MV} \times A$$

Where:

N = the number of Nominal BEE Shares in respect of which the Repurchase Option may be exercised by the Company for a period of 70 Business Days following the Maturity Date;

NO = the Notional Outstandings per Nominal BEE Share held by ESOP SPV as at the date on which the Repurchase Option is exercised;

MV = the market value of an Ordinary Share as at the date on which the Repurchase Option is exercised; and

A = the number of Nominal BEE Shares held by ESOP SPV on the date of exercise of the Repurchase Option.

The repurchase price will be R0.01 per Nominal BEE Share ("**Repurchase Price**"). The Company will be entitled to exercise the Repurchase Option for a period of 70 Business Days following the Maturity Date, by means of written notice ("**Repurchase Notice**"). The Repurchase Option may not be implemented for a period of 40 Business Days after receipt of a Repurchase Notice, during which period the ESOP SPV will be entitled to exercise its Subscription Option in respect of all or a portion of the Nominal BEE Shares held by the ESOP SPV. The Repurchase Option shall be implemented by the Company if, by the 40th Business Day following receipt of the Repurchase Notice, the ESOP SPV has not (i) exercised the Subscription Option, and (ii) offered to sell to the Company the relevant number of Nominal BEE Shares in respect of which the Subscription Option was exercised, and (iii) paid the subscription consideration due pursuant to the exercise of the Subscription Option.

- Beneficiaries of the Employee Share Trust will be allocated an equal number of notional units each year for the duration of the Employee Share Scheme. Each notional unit entitles the holder thereof to 1 vote at a meeting of beneficiaries of the Employee Share Trust, a proportion of any net income distributed by the trustees in respect of allocated units from time to time and a proportion of the proceeds available for distribution to beneficiaries upon termination of the Employee Share Trust.
- Upon a beneficiary accepting the allocation of 1 or more units, that beneficiary becomes bound by the trust deed establishing the Employee Share Trust and the Scheme Rules.
- The Scheme Rules are as follows
  - Units are allocated to beneficiaries annually by the Board (or any committee to whom the powers of the Board are delegated) in accordance with the unit allocation terms attached as Annexure A to the Scheme Rules, in consultation with the trustees of the Employee Share Trust and/or the record keeper carrying out administrative activities on behalf of the Employee Share Trust. Once a Qualifying Employee has validity accepted an invitation to become a beneficiary and his/her name has been entered into the beneficiary register, he/she becomes a beneficiary.

- Beneficiaries are not required to pay for their units.

- For the period from the date of first allocation of units until the Maturity Date, all distributions received by the ESOP SPV from the Company shall be applied, firstly to the fullest extent possible taking into account the amount of available cash, to settle or provide for any tax or other liabilities of the ESOP SPV, and secondly, any remaining cash will be utilised to exercise the Subscription Option. Accordingly, it is anticipated that the ESOP SPV will not declare any dividends to the Employee Share Trust prior to the Maturity Date. However, if the ESOP SPV does declare dividends to the Employee Share Trust prior to the Maturity Date, all dividends received by the Employee Share Trust from the ESOP SPV shall be applied firstly to the fullest extent possible taking into account the amount of available cash, to settle or provide for any liabilities of the Employee Share Trust, and the remainder may be distributed to the beneficiaries.

- The trustees of the Employee Share Trust have discretion to withhold or distribute net income of the Employee Share Trust as they deem fit.

- Unless otherwise agreed by the trustees of the Employee Share Trust and the Board, a person who ceases to be an employee of the Group because (i) he/she is lawfully dismissed for any reason whatsoever as an employee of the Company or resigns or is retrenched, or (ii) he/she is finally sequestrated or is the subject of any court proceedings in terms of which his/her units have become attached for purposes of sale in execution shall not be entitled to receive any further allocations of units after the date on which he has ceased to be an employee but will retain all units allocated to him until such date and shall remain a beneficiary until the Maturity Date.

- If prior to the Maturity Date a person (i) retires from employment with the Group upon attaining the retirement age applicable to the retirement fund of which he/she is a member by virtue of his/her employment with the Company, or (ii) ceases to be an employee of the Group as a result of death, or permanent physical, emotional or mental incapacity, he/she will remain a beneficiary and continue to receive annual allocations of units until termination of the Employee Share Scheme.

- A beneficiary may not cede, assign, sell, donate, dispose, or otherwise transfer or part with ownership or possession of or pledge, hypothecate or otherwise encumber any of the units or any rights therein.

- Upon the Notional Outstandings having been settled in full and the ESOP SPV having settled all liabilities due by it, the ESOP SPV will distribute the Ordinary Shares it holds to the Employee Share Trust and in turn, the Employee Share Trust shall distribute such Ordinary Shares to the beneficiaries in proportion to the units held by them.

- The Scheme Rules may be amended from time to time by the Board, in writing, pursuant to the trust deed of the Employee Share Trust and the Scheme Rules. No changes may be made to the trust deed of the Employee Share Trust without the prior written consent of the Company.
- The Board may at any time terminate the Employee Share Scheme, provided that if such termination is proposed prior to the Maturity Date, termination of the Employee Share Scheme shall require the prior approval by way of ordinary resolution of the shareholders of the Company. In the event of such a termination, the Notional Outstandings will have to be settled in accordance with the terms of the Relationship Agreement (as set out above) and the remaining Ordinary Shares held by the ESOP SPV will be distributed to the beneficiaries (as set out above).
- All costs of implementation and administration of the Employee Share Scheme incurred by the trustees in order to give effect to the Employee Share Scheme shall, to the extent the Employee Share Scheme does not have sufficient funds, be funded by the Employee Share Trust through funding received from the Company.

BEE DEVELOPMENT SCHEME

The purpose of the BEE Development Scheme is to encourage the development of black-owned businesses in the Group's value chain.

The BEE Development Scheme is regulated by the following agreements:

- a written trust deed between the Company and the trustees of the BD Trust in terms of which the BD Trust is established;
- a set of written rules governing the BEE Development Scheme ("**BD Scheme Rules**");
- the Relationship Agreement, regulating the structure and implementation of the BEE Transaction, the BEE principles that will apply to the BEE Development Scheme and certain other salient features of the relationship between the Company and the BDT SPV;
- a written subscription agreement between the BDT SPV and the BD Trust regulating the subscription for 100% of the issued shares in the BDT SPV by the BD Trust;
- a written subscription agreement between the BDT SPV and the Company, regulating the subscription for Ordinary Shares constituting, in aggregate, 6% of the entire issued share capital of the Company by the BDT SPV;
- a written pledge and cession agrement entered into between the BD Trust, the Company and the BDT SPV in terms of which the BD Trust has pledged and ceded its rights and interests in and to the shares in the BDT SPV as security for the performance by the BD Trust of its obligations under the BEE Transaction; and
- a written pledge and cession agreement entered into between the BDT SPV and the Company in terms of which the BDT SPV has pledged and ceded its and rights and interest in and to the shares in the Company held by the BDT SPV as security for the performance by the BDT SPV of its obligations under the BEE Transaction.

The salient terms of the BEE Development Scheme are the same as those of the Employee Share Scheme in all respects and the following should be noted:

- the BEE Development Scheme is for the benefit of Black People and entities that are at least 51% black-owned and that form part of the value chain of the Group;
- the BDT SPV agreed to subscribe for 33 715 284 Ordinary Shares, constituting 6% of the entire Ordinary Shares in the Company;
- the acquisition by the BDT SPV of the 6% shareholding in the Company shall occur through a notional vendor funding structure similar to that of the ESOP SPV (as contemplated above), save that the Notional Outstandings of the Nominal BEE Shares held by the BDT SPV will not be reduced by the Proposed Notional Dividend;
- beneficiaries of the BD Trust shall be allocated notional units, entitling the holder thereof to 1 vote at a meeting of beneficiaries to receive a proportion of any net income that is distributed by the trustees from time to time and to receive a proportion of the proceeds available for distribution to beneficiaries upon termination of the BD Trust;
- the rules of the BD Trust are similar to those of the ESOP Trust, save that the material differences are the following:
  - the units created by the ESOP Trust may only be allocated to employees of the Company which qualify for such allocation, whereas the units created by the BD Trust may only be allocated to black-owned businesses in the Group's value chain;
  - the ESOP Trust may not be terminated prior to the expiry of the Maturity Date without the approval of an ordinary resolution of shareholders of the Company, whereas the BD Trust may not be terminated prior to the Maturity Date without the approval of Abraaj and PIC, as long as they remain shareholders of the Company; and
  - beneficiaries of the ESOP Trust are identified by the Board whereas beneficiaries of the BD Trust are identified by the board of the Company, together with Abraaj and PIC; and
- upon settlement of the Notional Outstandings, the BDT SPV shall distribute its remaining Ordinary Shares to the beneficiaries of the BD Trust in proportion to the number of the units held by them.

KING IV REGISTER

Preamble

The Board recognises the link between effective governance, sustainable performance and the creation of long-term value for all of its stakeholders. The Board is committed to principles of integrity, competency, responsibility, accountability, fairness and transparency and recognises the need to implement good corporate governance principles. The Board therefore endeavours to comply with the King Code principles and recommended practice.

Libstar has analysed the compliance with the King Code principles and recommended practices. The analysis of the principles is reflected below, which broadly explains compliance therewith, identifies any current gaps in full compliance and sets out the action or undertakings to be taken to remedy this. The Board undertakes to ensure that, as soon as possible post the Listing Date, the corporate documents of Libstar are aligned to achieve both technical and practical compliance with the outcomes of the King Code as well as to facilitate the implementation thereof. In addition, the Board undertakes to ensure compliance with the disclosure requirements of the King Code and Listings Requirements and intends to do so as soon as is practicable post the Listing Date and in particular when it commences with its Integrated Reporting.

In addition to the definitions contained in the Pre-listing Statement, which are also applicable to this Annexure 18 ("*King IV Register*"), the following words and expressions bear the meanings assigned to them and cognate expressions bear corresponding meanings:

"**Audit and Risk Committee"**	the Audit and Risk Committee established in terms of the Audit and Risk Committee Terms of Reference;
"**Audit and Risk Committee Terms of Reference**"	the Audit and Risk Committee terms of reference adopted by Libstar;
"**Assurance**"	the diligent application of mind to evidence, resulting in a statement or declaration concerning an identified subject matter or subject matter information, and that is made for the purpose of enhancing confidence in that subject matter or subject matter information. The full definition is as set out in the King Code;
"**Board Charter**"	the board charter which Libstar is in the process of preparing;
"**Code of Ethics**"	the code of ethics which Libstar is in the process of preparing;
"**Combined Assurance Model**"	a model incorporating and optimising all Assurance services and functions so that, taken as a whole, it effectively assist with the support and management of a company;
"**CEO**"	chief executive officer;
"**CFO**"	Group financial director;
"**Combined Assurance Model**"	a model incorporating and optimising all assurance services and functions so that, taken as a whole, it effectively assist with the support and management of a company;
"**Executive Directors**"	directors that are involved in the day to day management of Libstar or that are full-time salaried employees of Libstar or any of its subsidiaries;
"**Integrated Report**"	a concise communication about how an organisation's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value in the short, medium and long term;
"**Legal Compliance, Governance Policy and Procedure**"	the legal compliance, governance, policy and procedure adopted by Libstar;

"**Non-Executive Directors**"	directors that are not involved in the day to day management of Libstar or that are not full-time salaried employees of Libstar or any of its subsidiaries;
"**Race and Diversity Policy**"	the race and diversity policy in the process of being adopted by Libstar;
"**Risk Committee Terms of Reference**"	the Risk Committee terms of reference adopted by Libstar;
"**Remuneration Policy and Remuneration Channel**"	the remuneration policy and remuneration channel adopted by Libstar;
"**Social and Ethics Committee**"	the social and ethics committee established in terms of the Social and Ethics Committee Terms of Reference;
"**Social and Ethics Committee Terms of Reference**"	the Social and Ethics committee terms of reference adopted by Libstar; and
"**Triple Context**"	the combined context of the economy, society and environment in which Libstar operates.

The below has incorporated a key to indicate the instances of application and improvements in progress, as follows:

Applied	✓
Partially applied/improvement initiatives in progress	≈
Not applicable	N/A

	Principle	***Applied***	***Comment***
Part 1:	**Ethical leadership and corporate citizenship**		
1.1	The Board should lead ethically and effectively	≈	The Board takes overall responsibility for directing the Company to achieve its strategic objectives, vision, mission and implementation of the ethical practices as advocated under the King Code. It is accountable for the development and execution of the Group's strategy, operating performance and financial results. In addition, the Social and Ethics Committee has been established as required under the SA Companies Act and Board has adopted the Social and Ethics Committee Terms of Reference. A clear division of responsibilities at the head of Libstar is required to ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making and the delegation of powers by the Board does not relieve the Board of its obligations. The Board provides leadership and vision to Libstar in a way that enhances shareholder value and ensures Libstar's long-term organisational health while taking into account the Triple Context in which Libstar operates. In this regard, Libstar is in the process of preparing the Code of Ethics which will binds the Board and Libstar as a whole and which will be based on the values of responsibility, accountability, fairness and transparency to ensure good governance. In commitment to its ethical obligations, the Board manages any conflicts of interest that arise in relation to the members of the Board, which must be disclosed at every Board meeting.

	Principle	Applied	Comment
			Fundamental to its leadership obligations, the Board ensures to acquire a working knowledge and understanding of the business of Libstar and the legal requirements impacting on its business and keeps abreast of any changes in the business of and the economic, political, social and legal climate, as well as the regulatory environment in which Libstar operates. Libstar, on an ongoing basis, identifies the relevant requirements of applicable legislation and regulations that govern its operations. In addition, a risk register is prepared and submitted to the Board which reflects the top 5 risks (a separate agenda item is provided for litigation matters and legal risks) in order to assist the Board in making informed decisions regarding the mitigation and exploitation of risk. Additionally, risk assessments are raised as an agenda item in each of the underlying Business Units agenda item at their quarterly meetings and items of significance highlighted.
1.2	The Board should govern the ethics of the organisation in a way that supports the establishment of an ethical culture	≈	The Board, as the custodian of ethical standards of Libstar, provides the focal point for the approach to ethics by Libstar as a whole and recognises its obligations in terms of Libstar's Triple Context. The Board governs and monitors the ethics of Libstar on the basis of integrity, competency, responsibility, accountability, fairness and transparency. The Board endeavours at all times to ensure that the ethical standards set by it are integrated and understood throughout Libstar and by its relevant stakeholders and therefore has adopted the Social and Ethics Committee Terms of Reference, the Audit Committee Terms of Reference and the Audit and Risk Committee Terms of Reference Libstar is also in the process of adopting the Code of Ethics, to provide assistance in regulating, reporting on and monitoring the ethical standards of Libstar. The Audit and Risk Committee specifically report on any breaches in ethical standards and explain the cause of the breach and action to be taken. In addition, a whistle blowing policy is in the process of being established by the Board for the reporting and investigation of breaches in the ethical and compliance standards established and integrated throughout Libstar.
1.3	The Board should ensure that the organisation is and is seen to be a responsible corporate citizen	≈	The Board acknowledges and will become obliged under the Board Charter to ensure that Libstar complies with all relevant laws, regulations and codes of business practice. Libstar has developed a supply chain governance manual which is applied throughout the Group and which addresses health, safety, environmental and general legal compliance. Furthermore, the Board is committed to ensuring that Libstar is and be seen to be a responsible corporate citizen. The Board ensures that there are compliance and governance policies in place to align Libstar as a corporate citizen, and ensures that compliance with its policies and the outcomes thereof are monitored. In this regard, the Board is fully aware and acts in accordance with its Triple Context when making decisions in relation to society and the environment in which it operates. The Board has constituted the Social and Ethics Committee which monitors activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice with regard to matters relating to good corporate citizenship.

	Principle	*Applied*	*Comment*
Part 2:	**Strategy, Performance and Reporting**		
2.1	The Board should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process	≈	The Board is constantly updating and familiarising itself with the broader objectives of Libstar by undertaking annual and quarterly assessments of the risks and opportunities available to it. The Board on an annual basis considers, amongst other things, key assumptions, capital plans for Libstar's sustainability and expansion, the organisational organogram and optimal performance levels to be achieved. In particular, the Board ensures that the annual business plan and budget of Libstar identifies key operational objectives that are in line with Libstar's mission and values as well as its short, medium and long-term strategies. When considering the annual business plan, the Board takes into account targets and performance management against costs. The Board monitors, and is obliged under its Board Charter to monitor, the implementation of its determined strategies and business plans. The Board recognises that risk management is a key component of good governance, which involves both a consideration of risks and opportunities and that in order to be risk intelligent Libstar needs to not only mitigate negative consequences of actions but also seek out opportunities and positive consequences of taking well informed strategic decisions.
2.2	The Board should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long-term prospects	≈	The Board is the focal point of the reporting obligations and standards of Libstar. As part of its continued efforts to maintain high standards and conformity, the Board has ensured that a standard reporting guideline is prepared. This guideline specifically deals with reporting on financial performance, updates on applicable laws and regulations, operational objectives and measures as well as project performance measures. In addition, the Board commits to complying with its Integrated Reporting obligations, as required.
Part 3:	**Governing Structure and Delegation**		
3.1	The Board should serve as the focal point and custodian of corporate governance in the organisation	≈	The Board recognises its role as the focal point and custodian of corporate governance. Libstar is in the process of finalising the Board Charter and has undertaken to adopt the new Board Charter as soon as practicable after the Listing Date. The Board Charter will detail the manner in which the business of Libstar should be governed by the Board, which Board and will be reviewed annually. The Board will hold sufficient scheduled meetings to discharge all its duties in terms of this Board Charter and the MOI of the Company. In addition, the various committees, being the Audit and Risk Committee, the Remuneration Committee, the Nomination Committee and the Social and Ethics Committee have been established and report to the Board on a regular basis. To assist it with its corporate governance obligations, the committees, Board and members thereof are authorised to obtain independent outside professional advice as and when considered necessary.

	Principle	Applied	Comment
3.2	The Board should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively	≈	The Board and its committees ensure that the composition and size of the Board ensures the presence of a wide range of skills, knowledge and experience without compromising common purpose, involvement, participation and a sense of responsibility amongst the members. In addition to diversity, a mix of independent, Executive Directors and Non-executive Directors are being taken into account in the appointment of the newly re-constituted Board members. On Listing, the Board will be constituted by 2 executive Directors and 5 non-executive Directors (3 of whom will be independent non-executive Directors). In terms of diversity, the Race and Diversity Policy and the Social and Ethics Committee Terms of Reference requires that Libstar's workplace environment must be one in which individuals of ability and application can develop rewarding careers at all levels, regardless of background, race or gender. The Code of Ethics which is in the process of being prepared will strive to eliminate all forms of unfair discrimination and the implementation of affirmative action measures. Moreover, a chair of the Board and the lead independent director have been appointed and the roles and responsibilities of these positions (which are not held by the same person) will be recorded in the Board Charter.
3.3	The Board should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties	≈	The Board has established the following committees required to effectively deal with and dispose of the matters delegated to it, each of which have formal written terms of reference: Audit and Risk Committee, Remuneration Committee, Nomination Committee, Investment Committee and the Social and Ethics Committee. The Board has ensured that the various committees are appropriately constituted with due regard to the skills, expertise and experience and time required by each committee and are entitled to access any required information and outside professional assistance that may be necessary to ensure that the committees are able to effectively discharge their roles and responsibilities. In addition, the Board has ensured that the committees are empowered to make such decisions within its respective mandate as are required, and has ensured that the committees are comprised of mainly Non-executive Directors and the majority of these are independent. The Board has ensured that no one member of a committee or of the Board will have unfettered discretion. All delegated authority is in writing and is evaluated on a regular basis, and does not relieve the Board of ultimate responsibility. Moreover, the members of executive and senior management are invited to attend meetings of the committees as required. The Audit and Risk Committee, which meets at least 2 times in a financial year, will annually consider and assess the expertise and experience of the CFO and the satisfaction therewith will be confirmed in the Integrated Report.

	Principle	Applied	Comment
3.4	The Board should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness	≈	The Board is responsible for annual performance assessments of the Board and its committees and this will be recorded in the Board Charter. In addition, the various committees are required to review their own performance annually, in accordance with the respective terms of reference. Currently, management and Executive Directors are assessed by the Remuneration Committee on an annual basis. As part of its commitment to good corporate governance Libstar is in the process of developing a framework for the evaluation of its Board, committees, the chair and the members of the Board and committees. The focus of the framework will be to ensure that the Board and its committees are regularly reviewed (at least annually) to ensure that it has the competence, capacity and required good governance characteristics to continue to comply with its fiduciary duties under the SA Companies Act and assumed ultimate responsibility as the leading body in the governance and sustainable and ethical operation of Libstar. The Board shall endeavour to ensure the adoption and implementation of such a framework as soon as is practicable post the Listing Date.
3.5	The Board should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities	≈	The Board determines its own levels of materiality in order to determine which roles and responsibilities are delegated and which are retained by it. Any delegation to committees is formally approved and recorded in the specific committees' terms of reference. Before appointing any individuals to positions of authority at Libstar, such as the CEO and company secretary (who is not a director on the Board), the Board ensures that the relevant person has the competency and capacity to deal with matters within its clearly defined mandate. The performance and competency of management will be subject to annual review by the Board. Moreover, the Remuneration Committee annually evaluates the performance the CEO and the CFO and reports the results of these evaluations to the Board. In addition, the Remuneration Committee is in the process of developing and implementing a new succession plan in respect of the Board, CEO and CFO. Overall, the Board ensures that both it and its committees have the required access to outside and/or professional services assistance when required in order to effectively comply with its ultimate responsibilities.

	Principle	Applied	Comment
3.6	The Board should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	≈	The Board is continually conscious of the importance of the governance and management of risk to the overall operation and success of Libstar and in this regard, has assumed ultimate responsibility for the governance of risk, risk management, Assurance and the disclosure thereof. The Board ensures that a risk analysis, with the assistance of the Audit and Risk Committee, is conducted bi-annually and reported to it at least bi-annually in order to determine and integrate the risk appetite of Libstar into any strategies and plans developed for the continued governance of Libstar within its Triple Context. In this regard, the Audit and Risk Committee has been established to assist the Board in identifying and understanding the risks applicable to Libstar and the opportunities that such risks may have and reports to the Board in order for it to make informed decisions from a risk perspective. The Board recognises that risk management is a key component of good governance, which involves both a consideration of risks and opportunities and that in order to be risk intelligent Libstar would need to not only mitigate negative consequences of actions but also seek out opportunities and positive consequences of taking well informed strategic decisions.
3.7	The Board should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.	≈	The Board is continually conscious of the importance of the governance and management of technology and information to the overall operation and success of Libstar. The Board recognises and supports the King Code's identification of both the joint and separate importance of information and technology. In order to assist the Board in making informed decisions regarding the governance of technology and information, the Audit and Risk Committee formulates and monitors compliance with information and technology governance frameworks and philosophies, including the review of measures adopted by Libstar in relation to information security, e-mailing, social media and internet usage, with respect to the security, reliability, availability and confidentiality of its information and technology resources.
3.8	The Board should govern compliance with applicable laws and adopt non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen	≈	The Board recognises the importance of the governance and management of compliance to the overall operation and success of Libstar within its Triple Context and its obligation to be a responsible corporate citizen, the implementation of which has been delegated to management. In this regard, the Board has also appointed the Social and Ethics Committee and the Audit and Risk Committee to assist in the attainment and maintenance of the status of a responsible corporate citizen by taking into account legal and ethical compliance with applicable regulations and policies. The Board recognises its ongoing commitment to the compliance of laws and policies to ensure that Libstar is conducted and operated in a responsible manner. As part of this ongoing commitment, Libstar identifies relevant requirements of applicable legislation, and regulations that govern its operations on a regular basis. Moreover, the Audit and Risk Committee oversees the compliance function to ensure compliance with applicable laws and regulations and advises on adherence to non-binding rules and standards.

	Principle	Applied	Comment
3.9	The Board should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.	≈	The Board is committed to its social and economic responsibilities towards Libstar's employees and members of the Board. In this regard, the Board ensures and monitors, with the assistance of the Remuneration Committee, and as set out in the Remuneration Committee Terms of Reference, that the Remuneration Policy requires that the remuneration packages are market based, transparent and performance dependent. The aim of the Remuneration Committee is to create a remuneration culture based on fairness and to enable the Company to attract and retain employees, managers and executive directors and maintain an effective board. When considering the remuneration packages of the employees of Libstar the strategy of the Group as approved by the Board is considered and decisions are made in the context thereof. In addition, the Remuneration Committee determines, and is required to do so in the Remuneration Committee Terms of Reference, targets for any performance related short-term payment incentives and reviews the Remuneration Policy annually and reports to the Board with any recommended changes thereto.
3.10	The Board should ensure that Assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports	≈	The Board recognises and assumes its overall and ultimate responsibility in relation to Assurance and shall endeavour to ensure that it complies with this principle and the recommended practices, in particular that a Combined Assurance Model is followed and an internal audit function is fully and formally established to be governed by the Audit and Risk Committee, as advocated in the King Code. In the meantime, Libstar has appointed Moore Stephens as its external auditor.
3.11	In the execution of its governance role and responsibilities, the Board should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.	≈	The Board has assumed ultimate accountability and responsibility for the performance and affairs of Libstar, and shall in so doing effectively represent and promote the legitimate interests of Libstar and its shareholders. Libstar is committed to a culture of ethical behaviour and integrity in the conduct of its business. The Board is required to perform its duties and functions honestly, fairly and in the best interests of Libstar. In addition, Libstar is committed to good governance and compliance with legislative requirements at all levels of the business and in all its interactions with stakeholders. Libstar fully embraces an inclusive stakeholder approach, which is monitored by the Social and Ethics Committee. The Board acknowledges and encourages engagement with shareholders. In addition, members of the Social and Ethics Committee are entitled to attend any shareholders meeting and the Social and Ethics Committee reports to the shareholders of Libstar at Libstar's annual general meeting. The Board further recognises its responsibility to ensure that Libstar acts as a good corporate citizen and performs its obligations towards its employees, shareholders, customers, suppliers, competitors and the community in which it operates in good faith.

	Principle	*Applied*	*Comment*
3.12	The Board of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote the good governance and the creation of value by the companies in which it invests.	≈	Libstar is not a financial institution in terms of the Financial Services Board Act 97 of 1990, and therefore this principle is not applicable to Libstar.