LIBSTAR

innovative value creation

REVIEWED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

"Notwithstanding the fact that the results reflect the impact of a challenging trading environment, we were able to generate positive volume and organic revenue growth. Our focus remains on developing our existing categories and channels with capacity and yield-enhancing projects, supported by a strong emphasis on innovation.

"Our Lancewood brand continues to deliver exceptional performance, bolstered by the recent launch of a range of yoghurts and pour-over sauces. We will further enhance our many growth-initiatives across the Group with significant investment in projects to drive operational efficiencies."

Andries van Rensburg, CEO

Salient features

Successful listing on the JSE Limited in May 2018, raising R3 billion primary and secondary capital

Revenue increased 14.2% to R4,529 million from R3,967 million

Gross profit margin of 20.9% (H1 2017: 22.4%), impacted primarily by lower price realisation in mushrooms, traditionally lower margins in Sonnendal Dairies and six -week industrial strike action at Dickon Hall Foods

Operating profit decreased 13.8% to R223 million from R259 million, impacted significantly by unrealised foreign exchange losses of R32 million relative to unrealised foreign exchange gains of R30 million in the comparative period

Normalised EBITDA* increased 4.3% to R398 million

EPS and HEPS from continuing operations of 13 cents (2017: 25 cents)

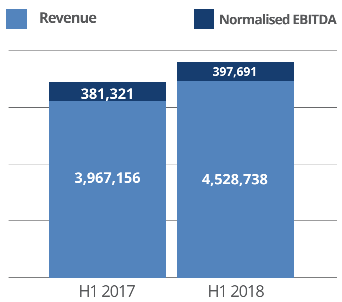
Integration of three new acquisitions, viz Sonnendal Dairies (Perishables), Millennium Foods (Perishables) and Khoisan Tea (Niche Beverages) to build capacity and enter new high-growth sub-categories

Consolidation in the Ambient Groceries category (three Denny Foods factories into Montagu Foods)

**Normalised EBITDA is a performance measure presented in accordance with the accounting policies set out in Libstar's pre-listing statement dated 24 April 2018, the details of which are set out in the segmental information disclosure below.*

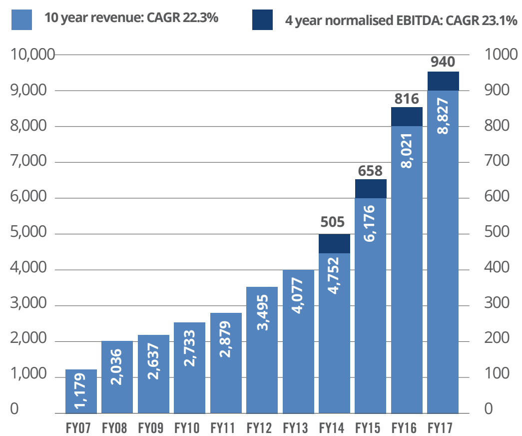
High Growth Track Record

R'000



High Growth Track Record

R'000



About Libstar

Libstar is a leading producer and supplier of high quality products in the consumer packaged goods ("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 home and personal care ("HPC") sectors and maintaining the flexibility to capitalise on growth areas in the CPG industry.

The Group operates in a number of business units, each with varying autonomy. Although the Group operates a decentralised business model, the business units are supported from the central office by an experienced team in all functional business activities such as human resources, finance, sales and marketing and supply chain. Growth is driven from the central office both organically and through expansion projects, as well as acquisitions. Libstar drives the broad group strategy, frameworks, guidelines and governance policies and procedures, and generally provides the platform benefits that assist small to medium-sized business units to grow exponentially. Key to this growth is the strategic allocation of capital by Libstar to fund investments in working capital and infrastructural development that builds manufacturing capability and operational efficiencies.

Group Trading and Financial Performance

Operating conditions in South Africa remain challenging against the backdrop of lower consumer spending and economic growth in most sectors. Despite this, the Group delivered organic revenue growth of 3.7%, organic volume growth of 2.7% and total sales growth of 14.2% during the first half of the year.

Gross profit margins of 20.9% were negatively impacted due mainly to the lag effect between rising input costs and the implementation of price increases to customers. Lower production volumes and lower price realisations of fresh mushrooms impacted both revenue and gross profit. Sonnendal Dairies, which was acquired in late 2017 for the strategic purpose of providing manufacturing capacity and expertise in the yoghurt category, experienced lower-than-Group-average margins. New product innovation in the period under review saw the launch of an exciting range of premium yoghurt products under the Lancewood brand in August. In addition, the effect of price increases to customers and the results of cost-saving initiatives resulted in the group's gross margins being returned to prior period levels by the end of August which are expected to be maintained through to the end of the year.

Operating expenses were well controlled at 16.4% of net revenue (2017: 16.8%). The impact of unrealised foreign exchange losses of R32 million on profit before taxation was significant relative to the comparative period in which an unrealised foreign exchange gain of R30 million was recorded. This resulted in net realised and unrealised foreign exchange gain in the current period of R3 million relative to R41 million during H1 2017. The Group continues to purchase foreign exchange contracts on a six to nine month forward-looking basis in order to minimise the impact of realised foreign exchange losses. Finance costs increased relative to the comparative period, mainly due to higher levels of borrowing resulting from acquisitions made in the latter part of 2017 and the additional facility utilised to fund a distribution of capital to shareholders in the first quarter. Net indebtedness following the initial public offering reduced to R1.3 billion from R1.9 billion at 31 December 2017.

SEGMENTAL RESULTS

	6 months ended 30 Jun 2018 R'000	6 months ended 30 Jun 2017 R'000	Change %
Segmental Revenue			
Perishables	2 172 598	1 673 933	29,8
Ambient Groceries	1 107 388	1 225 206	(9,6)
Snacks and Confectionery	212 322	193 125	9,9
Baking and Baking Aids	255 766	225 627	13,4
Niche Beverages	296 607	187 513	58,2
Household and Personal Care	377 519	357 795	5,5
Specialised Food Packaging	106 537	103 957	2,5

	6 months ended 30 Jun 2018 R'000	6 months ended 30 Jun 2017 R'000	Change %
Segmental EBITDA*			
Perishables	189 388	181 448	4,4
Ambient Groceries	143 352	148 920	(3,7)
Snacks and Confectionery	34 977	30 483	14,7
Baking and Baking Aids	39 758	34 034	16,8
Niche Beverages	16 697	836	1897,2
Household and Personal Care	15 922	14 016	13,6
Specialised Food Packaging	4 139	6 817	(39,3)

Perishables

Perishables revenue increased by 29.8% to R2,173 million, driven by volume growth, mainly due to the acquisition of Sonnendal Dairies and Millennium Foods during the last quarter of 2017. The revenue growth excluding these acquisitions was 12.5%, due mainly to increased volumes in hard cheese in the retail, food service and export channels. Revenue and gross profit margins were negatively impacted by increased promotional activity and discount in chicken products as well as low price realisation in fresh mushrooms. Production and sales levels of fresh mushrooms improved during the second quarter, following a particularly slow first quarter. Normalised EBITDA increased by 4.4% to R189 million whilst Normalised EBIT decreased by 1.2% to R162 million.

The Group expects continued strong cheese performance during the second half of the year, bolstered by the launch of new yoghurts, spreads and sauces. Initiatives are being implemented to control the margins in fresh mushrooms and focus sales on the upper end of the market.

Ambient Groceries

Ambient Groceries revenue decreased 9.6% to R1,107 million because of production stoppages and industrial action at Dickon Hall Foods that resulted in six weeks lost production and sales. The effect of the industrial action on revenue amounted to approximately R63 million. Despite strong growth in the local herbs and spices market, the Group experienced slow shipments to certain international markets. The consolidation of three wet-condiment plants into the Montagu manufacturing facility was completed during March. However, commissioning delays impacted negatively on first quarter results, resulting in approximately R16 million lost sales. Normalised EBITDA and Normalised EBIT decreased by 3.7% and 8.2% to R143 million and R120 million respectively.

Production at Dickon Hall Foods and Montagu is now fully online with the Group looking forward to the launch of new private label wet condiments. Exports of herbs and spices are expected to normalise in the second half of the year.

Snacks & Confectionery

Snacks and Confectionery revenue increased 9.9% to R212 million, driven mainly by the introduction of new products. Normalised EBITDA and Normalised EBIT increased by 14.7% and 14.6% to R35 million and R30 million respectively.

Baking & Baking Aids

Baking and Baking Aids revenue increased 13.4% to R256 million, due to the transfer of the NCP yeast and Cook 'n Bake products from the Ambient Groceries category to the Baking and Baking Aids category from April 2018 as well as growth in the baking aids category in the retail channel. Normalised EBITDA and Normalised EBIT increased by 16.8% and 22.3% to R40 million and R31 million respectively.

The launch of new private label baking aids in the retail channel and commissioning of a par-bake artisanal breads and rolls facility during the fourth quarter, is expected to support the category's growth trajectory.

Niche Beverages

Niche Beverages revenue increased 58.2% to R297 million, driven by increased water sales in the first quarter as a result of the drought in the Western Cape and the acquisition of Khoisan Gourmet during the last quarter of 2017. Normalised EBITDA and Normalised EBIT increased to R17 million and R12 million respectively.

The Group expects continued strong performance from tea products.

Household and Personal Care

Household and Personal Care revenue increased 5.5% to R378 million, mainly due to improved sales volumes. Normalised EBITDA and Normalised EBIT increased by 13.6% and 29.2% to R16 million and R7 million respectively.

The cost-savings and efficiency initiatives within the category have borne fruit during the first half of the year, with these savings expected to continue into the latter part of the year supported by the launch of new private label cotton products.

Specialised Food Packaging

Specialised food packaging revenue increased 2.5% to R107 million, driven primarily by price increases. Volumes have been under pressure because of the loss of key accounts in the second half of 2017. Normalised EBIT+ decreased 44.3% to R3 million. Normalised EBITDA+ decreased 39.3% to R4 million. Initiatives which focus on environmentally-friendly packaging solutions are expected to bolster second half performance.

Cash Flow and Capital Expenditure

During the period under review, the Group invested R152 million in capital expenditure, representing 3.3% of net sales and made a capital distribution of R800 million to shareholders on 28 February 2018. Of the proceeds from the initial public offering of R1.5 billion, R1.1 billion was utilised to repay term loans. Net working capital at the close of the period was well managed at 50 days (2017: 54 days), although higher inventory levels were maintained throughout the period to improve service levels in dairy and HPC products which resulted in a net investment in working capital of R86 million (2017: net reduction of R31 million). The Group generated R80 million from operating activities (2017: R233 million).

Strategy

Libstar's strategy is to remain focussed on:

- Channel and category growth;
- Export growth;
- Supply chain optimisation;
- Significant enhancement of our go-to-market and execution capabilities; and
- The active pursuit of value and earnings enhancing acquisitions.

Outlook

Although market conditions are expected to remain tough, the Group is looking forward to a stronger performance in the second half of the year.

There are growth opportunities across our business driven by the completion of several earnings- enhancing projects and the introduction of higher-margin innovative new products. We have started producing a new range of dairy products which are already selling extremely well and are launching other products, including private label wet condiments and prepared meals. We are commissioning a par-bake artisanal breads and rolls facility in the fourth quarter.

We are focused on margin improvements through lower cost manufacturing and packaging as well as procurement and other supply chain efficiencies. We are also concentrated on the more resilient upper-end of the market.

Benefits from the integration of recently acquired businesses are coming through. Additionally, the integration of Denny Foods into Montagu Foods has been a success and there are further consolidation exercises underway.

We are not expecting any repeat of the once-off incidents from the first half of the year which reduced our revenues quite considerably. Dickon Hall's trading is catching up following the strike earlier in the year.

Libstar's Normalised EBITDA is typically weighted ~60% towards the second half of the year, particularly in the fourth quarter.

Dividend

The Board will, at the next year-end reporting date, assess the full year operational performance of the Group and make an appropriate recommendation as to the declaration of a dividend to shareholders. Accordingly, the Company will not declare an interim dividend. The Company has an initial target dividend pay-out ratio of 30-40% of profit after tax. The amount, timing and frequency of future dividends will be at the sole discretion of the Board and will be a function of the profitability, growth opportunities and strategy of the Group.

CHANGES TO THE BOARD AND COMMITTEE COMPOSITIONS

With effect from 9 May 2018:

- Wendy Luhabe was appointed as Chairperson of the Board, and the Nominations Committee;
- Phumzile Langeni was appointed as Chairperson of the Audit and Risk Committee and Social and Ethics Committee;
- JP Landman was appointed as Lead-independent Director and Chairperson of the Investment and Strategy Committee; and
- Wahid Hamid was appointed as Chairperson of the Remuneration Committee.

By order of the Board

Johannesburg
4 September 2018

W Luhabe Chairperson	**A van Rensburg** Chief Executive Officer	**R Smith** Financial and Commercial Director

FORWARD-LOOKING STATEMENTS

Any forward-looking statements included in this results announcement involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Group to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Any reference to forward-looking information included in this results announcement does not constitute an earnings forecast and has not been reviewed or reported on by the Group's external auditors.

REVIEWED CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	6 months ended 30 Jun 2018 Reviewed R '000	6 months ended 30 Jun 2017 Reviewed R '000	Year ended 31 Dec 2017 [1] Restated Audited R '000
CONTINUING OPERATIONS				
Revenue		4 528 738	3 967 156	8 796 450
Cost of sales		(3 584 172)	(3 079 789)	(6 788 632)
Gross profit		**944 566**	**887 367**	**2 007 818**
Other income	5	7 053	50 019	146 653
Operating expenses		(728 130)	(678 102)	(1 558 640)
Operating profit	6	**223 489**	**259 284**	**595 831**
Investment income		21 027	10 816	25 754
Finance costs		(154 493)	(122 084)	(254 431)
Profit before tax		**90 023**	**148 016**	**367 154**
Income tax expense		(24 882)	(34 737)	(134 174)
Profit for the period from continuing operations		**65 141**	**113 279**	**232 980**
DISCONTINUED OPERATIONS				
Loss for the period from discontinued operations		(2 849)	(13 350)	(43 283)
Profit for the period		**62 292**	**99 929**	**189 697**
Other comprehensive income for the period, net of tax		**(247)**	**-**	**(459)**
Defined benefit plan actuarial (losses)/gains		(247)	-	(459)
Total comprehensive profit / (loss) for the period		**62 045**	**99 929**	**189 238**
Profit / (loss) attributable to:				
Equity holders of the parent		63 820	101 914	188 354
Non-controlling interest		(1 528)	(1 985)	1 343
		62 292	99 929	189 697
Total comprehensive income attributable to:				
Equity holders of the parent		63 573	101 914	187 895
Non-controlling interest		(1 528)	(1 985)	1 343
		62 045	99 929	189 238
Basic and diluted earnings per share (cents)				
From continuing operations	7	13	25	49
From continuing and discontinued operations	7	12	22	40
Headline earnings per share (cents)				
From continuing operations	7	13	25	60
From continuing and discontinued operations	7	12	23	57

[1] *The December 2017 numbers have been restated to reflect Pasta Nova as a discontinued operation.*

REVIEWED CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	At 30 Jun 2018 Reviewed R '000	At 30 Jun 2017 Reviewed R '000	At 31 Dec 2017 Audited R '000
ASSETS			
Non-current assets	**6 031 717**	**5 687 698**	**6 033 319**
Property, plant and equipment	1 103 649	857 005	1 041 225
Goodwill	2 521 058	2 445 579	2 521 058
Intangible assets	2 376 992	2 379 953	2 449 507
Other financial assets	8 860	-	9 600
Operating lease asset	4 248	3 686	5 439
Deferred tax assets	16 910	1 475	6 490
Current assets	**3 667 931**	**2 762 296**	**3 459 378**
Inventories	1 188 231	971 397	1 137 107
Trade and other receivables	1 482 091	1 350 053	1 618 108
Biological assets	26 990	23 118	26 162
Other financial assets	24 562	22 921	115 647
Current tax receivable	61 031	54 125	11 646
Cash and bank balances	885 026	340 682	550 708
Assets classified as held for sale	**21 834**	**12 000**	**-**
Total assets	**9 721 482**	**8 461 994**	**9 492 697**
EQUITY AND LIABILITIES			
Capital and reserves attributable to equity holders of the parent	**5 260 384**	**4 145 150**	**4 559 273**
Share capital	4 829 235	3 886 410	4 187 177
Defined benefit plan reserve	(1 587)	(881)	(1 340)
Retained earnings	509 716	365 966	445 896
Premium on acquisition of non-controlling interests	(67 484)	(18 390)	(63 624)
Put options exercisable by non-controlling interests and executive management	(9 496)	(87 955)	(8 836)
Non-controlling interests	**10 028**	**7 538**	**7 696**
Total equity	**5 270 412**	**4 152 688**	**4 566 969**
Non-current liabilities	**2 439 078**	**2 785 485**	**2 878 889**
Other financial liabilities	1 604 677	1 981 405	2 014 548
Deferred tax liabilities	805 761	768 131	815 948
Employee benefits	8 197	6 854	8 372
Share appreciation rights	12 342	20 689	34 019
Operating lease liability	8 101	8 406	6 002
Current liabilities	**2 001 834**	**1 523 821**	**2 046 839**
Trade and other payables	1 388 058	1 110 872	1 498 817
Other financial liabilities	372 077	254 425	348 146
Current tax payable	3 442	1 520	495
Bank overdraft	238 257	157 004	199 381
Liabilities directly associated with assets classified as held for sale	**10 158**	**-**	**-**
Total liabilities	**4 451 070**	**4 309 306**	**4 925 728**
Total equity and liabilities	**9 721 482**	**8 461 994**	**9 492 697**

REVIEWED CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital R '000	Defined benefit plan reserve [1] R '000	Premium on acquisition of non-controlling interests [2] R '000	Retained earnings R '000	Put options exercisable by non-controlling interests & executive mngmt [3] 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 period	-	-	-	101 914	-	(1 985)	99 929
Profit or loss for the period	-	-	-	101 914	-	(1 985)	99 929
Transactions with owners of Company							
Movement in put options	-	-	-	-	(32 826)	-	(32 826)
Fair value adjustment taken through equity	-	-	-	-	(32 826)	-	(32 826)
Balance at 30 June 2017	3 886 410	(881)	(18 390)	365 966	(87 955)	7 538	4 152 687
Total comprehensive income for period	-	(459)	-	86 440	-	3 328	89 309
Profit or loss for the period	-	-	-	86 440	-	3 328	89 768
Other comprehensive income for period	-	(459)	-	-	-	-	(459)
Transactions with owners of 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	79 119	-	106 425
Put options exercised	-	-	-	-	97 458	-	97 458
Fair value adjustment taken through equity	-	-	-	-	14 777	-	14 777
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)	445 896	(8 836)	7 696	4 566 969
Total comprehensive income for period	-	(247)	-	63 820	-	(1 528)	62 045
Profit or loss for the period	-	-	-	63 820	-	(1 528)	62 292
Other comprehensive income for period	-	(247)	-	-	-	-	(247)
Transactions with owners of Company							
Contributions and distributions	642 058	-	-	-	-	-	642 058
Capital distribution	(800 000)	-	-	-	-	-	(800 000)
Issue of shares	1 500 730	-	-	-	-	-	1 500 730
Held as treasury shares	(730)	-	-	-	-	-	(730)
Capitalisation of costs directly attributable to issue of shares	(57 942)	-	-	-	-	-	(57 942)
Changes in ownership interests	-	-	(3 860)	-	-	3 860	-
Purchase of non-controlling interest in subsidiary	-	-	(3 860)	-	-	3 860	-
Movement in put options	-	-	-	-	(660)	-	(660)
Fair value adjustment taken through equity	-	-	-	-	(660)	-	(660)
Balance at 30 June 2018	4 829 235	(1 587)	(67 484)	509 716	(9 496)	10 028	5 270 413

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

REVIEWED CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	6 months ended 30 Jun 2018 Reviewed R '000	6 months ended 30 Jun 2017 Reviewed R '000	Year ended 31 Dec 2017 Audited R '000
NET CASH FLOW FROM OPERATING ACTIVITIES		**80 104**	**233 232**	**572 614**
Cash generated from continuing operations	10	308 219	430 701	955 204
Finance income received		21 027	10 816	25 754
Finance costs paid		(154 493)	(122 084)	(254 431)
Taxation paid		(91 645)	(91 173)	(145 191)
Cash (utilised by) / generated from discontinued operations		(3 004)	4 972	(8 722)
NET CASH FLOW FROM INVESTMENT ACTIVITIES		**(150 845)**	**(138 861)**	**(605 779)**
Purchase of property, plant and equipment and computer software		(151 582)	(138 861)	(315 115)
Sale of property, plant and equipment and computer software		737	-	(6 914)
Acquisition of businesses (net of cash acquired)		-	-	(283 750)
NET CASH FLOW FROM FINANCING ACTIVITIES		**362 533**	**(28 576)**	**266 609**
Proceeds from issue of equity shares		1 500 000	-	132 151
Capital distribution		(800 000)	-	-
Share issue costs		(5 483)	-	-
Share buyback		-	-	(39 961)
Loans (repaid to) / advanced by shareholders		(19 384)	-	19 384
Loans repaid by / (advanced to) shareholders		41 767	-	(43 059)
Proceeds from other financial liabilities		(35 040)	-	35 040
Repayment of loans from non controlling interests		(28 880)	(915)	(6 518)
Proceeds from term loans and asset based financing		846 206	51 478	300 274
Repayment of term loans and asset based financing		(1 136 653)	(79 139)	(130 703)
Net increase in cash and cash equivalents		291 792	65 795	233 444
Cash and cash equivalents at the beginning of the period		351 327	117 883	117 883
Cash and cash equivalents at the end of the period		643 119	183 678	351 327
Continuing operations		646 769	183 678	351 327
Discontinued operations		(3 650)	-	-

BASIS OF SEGMENTATION

The executive management team of the Group has chosen to organise the Group into categories and manage the operations in that manner. The information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance is based on seven 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 packaging solutions for various food and drink products sold largely in the food services industry.

REVIEWED CONDENSED INTERIM CONSOLIDATED SEGMENTAL INFORMATION

INFORMATION ABOUT REPORTABLE SEGMENTS	6 months ended 30 Jun 2018 R'000	6 months ended 30 Jun 2017 R'000	Change %	Year ended 31 Dec 2017 R'000
Revenue				
Perishables	2 172 598	1 673 933	29,8	3 729 670
Ambient Groceries	1 107 388	1 225 206	(9,6)	2 614 824
Snacks and Confectionery	212 322	193 125	9,9	428 505
Baking and Baking Aids	255 766	225 627	13,4	515 406
Niche Beverages	296 607	187 513	58,2	428 278
Household and Personal Care	377 519	357 795	5,5	826 887
Specialised Food Packaging	106 537	103 957	2,5	252 879
	4 528 738	3 967 156	14,2	8 796 450
Operating profit (EBIT)				
Perishables	137 810	152 324	(9,5)	371 759
Ambient Groceries	53 517	119 612	(55,3)	284 270
Snacks and Confectionery	30 221	22 855	32,2	51 569
Baking and Baking Aids	25 893	20 028	29,3	52 383
Niche Beverages	8 086	(4 468)	281,0	(57 057)
Household and Personal Care	489	(1 815)	126,9	4 847
Specialised Food Packaging	2 399	5 283	(54,6)	13 872
Corporate	(34 925)	(54 535)	36,0	(125 812)
	223 489	259 284	(13,8)	595 831
Reconciliation of operating profit per segment to profit before tax				
Operating profit	223 489	259 284	(13,8)	595 831
Investment income	21 027	10 816	94,4	25 754
Finance costs	(154 493)	(122 084)	(26,5)	(254 431)
Profit before tax	90 023	148 016	(39,2)	367 154

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.

NORMALISED EBIT AND EBITDA

Group - continuing operations	6 months ended 30 Jun 2018 R'000	6 months ended 30 Jun 2017 R'000	Change %	Year ended 31 Dec 2017 R'000
Operating profit	223 489	259 284	(13,8)	595 831
Amortisation of customer contracts	70 420	65 551		131 486
Due diligence costs	738	1 899		4 428
Expenses relating to share appreciation rights granted	(21 677)	13 330		26 660
Fair value adjustment to put options	-	1 667		(1 436)
Government grants	-	(137)		(256)
Impairment losses on goodwill and customer relationships	-	-		50 000
Loss on disposal of property, plant and equipment	1 383	306		959
Costs and fees attributable to the Initial Public Offering	7 303	-		22 583
Retrenchment and settlement costs	1 459	5 479		15 193
Securities transfer tax	-	-		275
Straight lining of operating leases	2 181	136		(459)
Strategic advisory fees	77	1 662		2 291
Unrealised loss/(gain) on foreign exchange	32 173	(29 761)		(40 211)
Normalised EBIT	317 546	319 416	(0,6)	807 344
Amortisation of software	2 816	2 030		8 120
Depreciation of property, plant and equipment	77 329	59 875		124 901
Normalised EBITDA	397 691	381 321	4,3	940 365

	6 months ended 30 Jun 2018 R'000	6 months ended 30 Jun 2017 R'000	Change %	Year ended 31 Dec 2017 R'000
PERISHABLES				
Operating profit	137 810	152 324	(9,5)	371 759
Amortisation of customer contracts	22 338	18 675		37 873
Due diligence costs	81	-		17
Gain on disposal of property, plant and equipment	(177)	(584)		(425)
Retrenchment and settlement costs	747	3 015		3 807
Straight lining of operating leases	1 765	-		511
Strategic advisory fees	3	-		-
Unrealised gain on foreign exchange	(619)	(9 469)		(1 633)
Normalised EBIT	161 948	163 961	(1,2)	411 909
Amortisation of software	293	77		87
Depreciation of property, plant and equipment	27 147	17 410		34 284
Normalised EBITDA	189 388	181 448	4,4	446 280
AMBIENT GROCERIES				
Operating profit	53 516	119 612	(55,3)	284 270
Amortisation of customer contracts	30 575	30 576		60 408
Government grants	-	(137)		(137)
Loss/(gain) on disposal of property, plant and equipment	1 775	(9)		1 102
Retrenchment and settlement costs	491	1 568		7 704
Straight lining of operating leases	(79)	(319)		72
Strategic advisory fees	-	1 309		1 716
Unrealised loss/(gain) on foreign exchange	34 192	(21 338)		(43 217)
Normalised EBIT	120 469	131 262	(8,2)	311 918
Amortisation of software	453	173		582
Depreciation of property, plant and equipment	22 430	17 485		37 763
Normalised EBITDA	143 352	148 920	(3,7)	350 263
SNACKS AND CONFECTIONERY				
Operating profit	30 221	22 855	32,2	51 569
Amortisation of customer contracts	2 201	2 201		4 402
Government grants	-	-		(24)
Loss on disposal of property, plant and equipment	24	49		124
Retrenchment and settlement costs	-	-		354
Straight lining of operating leases	-	-		448
Strategic advisory fees	74	-		-
Unrealised loss/(gain) on foreign exchange	(2 353)	1 213		4 831
Normalised EBIT	30 168	26 318	14,6	61 704
Amortisation of software	365	323		257
Depreciation of property, plant and equipment	4 444	3 842		9 590
Normalised EBITDA	34 977	30 483	14,7	71 551

SEGMENTAL INFORMATION (CONT.)

	6 months ended 30 Jun 2018 R'000	6 months ended 30 Jun 2017 R'000	Change %	Year ended 31 Dec 2017 R'000
BAKING AND BAKING AIDS				
Operating profit	**25 893**	**20 028**	**29,3**	**52 383**
Amortisation of customer contracts	4 703	4 703		9 406
Gain on disposal of property, plant and equipment	-	-		(51)
Retrenchment and settlement costs	117	56		306
Straight lining of operating leases	(51)	219		(2 268)
Unrealised loss/(gain) on foreign exchange	(67)	1		21
Normalised EBIT	**30 594**	**25 007**	**22,3**	**59 797**
Amortisation of software	397	384		669
Depreciation of property, plant and equipment	8 766	8 643		16 659
Normalised EBITDA	**39 758**	**34 034**	**16,8**	**77 125**
SPECIALISED FOOD PACKAGING				
Operating profit	**2 399**	**5 283**	**(54,6)**	**13 872**
Amortisation of customer contracts	1 133	1 133		2 267
Government grants	-	-		(95)
Gain on disposal of property, plant and equipment	(45)	(135)		(141)
Unrealised loss on foreign exchange	9	-		-
Normalised EBIT	**3 496**	**6 281**	**(44,3)**	**15 903**
Amortisation of software	54	-		155
Depreciation of property, plant and equipment	588	536		1 162
Normalised EBITDA	**4 139**	**6 817**	**(39,3)**	**17 220**
HOUSEHOLD AND PERSONAL CARE				
Operating profit	**489**	**(1 815)**	**126,9**	**4 847**
Amortisation of customer contracts	6 092	6 092		12 183
Loss/ (gain) on disposal of property, plant and equipment	(192)	991		994
Retrenchment and settlement costs	-	92		2 118
Straight lining of operating leases	546	236		653
Strategic advisory fees	-	63		212
Unrealised loss/(gain) on foreign exchange	160	(168)		468
Normalised EBIT	**7 095**	**5 491**	**29,2**	**21 475**
Amortisation of software	-	-		4 052
Depreciation of property, plant and equipment	8 827	8 525		18 202
Normalised EBITDA	**15 922**	**14 016**	**13,6**	**43 729**

	6 months ended 30 Jun 2018 R'000	6 months ended 30 Jun 2017 R'000	Change %	Year ended 31 Dec 2017 R'000
NICHE BEVERAGES				
Operating profit	**8 086**	**(4 468)**	**281,0**	**(57 057)**
Amortisation of customer contracts	3 377	2 172		4 948
Impairment losses on goodwill	-	-		50 000
Gain on disposal of property, plant and equipment	(29)	(14)		(651)
Retrenchment and settlement costs	105	371		527
Straight lining of operating leases	-	-		125
Unrealised loss/(gain) on foreign exchange	851	-		(681)
Normalised EBIT	**12 390**	**(1 939)**	**739,0**	**(2 789)**
Amortisation of software	-	4		21
Depreciation of property, plant and equipment	4 307	2 771		5 894
Normalised EBITDA	**16 697**	**836**	**1897,2**	**3 126**
CORPORATE				
Operating profit	**(34 925)**	**(54 535)**	**36,0**	**(125 812)**
Due diligence costs	656	1 899		4 411
Expenses relating to share appreciation rights granted	(21 677)	13 330		26 660
Fair value adjustment to put options	-	1 667		(1 436)
Loss on disposal of property, plant and equipment	28	7		7
Costs and fees attributable to the Initial Public Offering	7 303	-		22 583
Retrenchment and settlement costs	-	377		377
Securities transfer tax	-	-		275
Strategic advisory fees	-	290		363
Normalised EBIT	**(48 615)**	**(36 965)**	**(31,5)**	**(72 572)**
Amortisation of software	1 253	1 068		2 297
Depreciation of property, plant and equipment	820	664		1 347
Normalised EBITDA	**(46 542)**	**(35 233)**	**(32,1)**	**(68 928)**

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	586 126	510 234	14,9	1 004 528

MAJOR CUSTOMERS

During the period under review, revenue from certain customers exceeded 10% of total revenue.

Customer A	19%	17%		18%
Customer B	14%	14%		14%
Customer C	12%	13%		10%

Notes to the reviewed condensed interim consolidated financial statements

1. Reporting entity

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.

2. Financial preparation and review opinion

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

These condensed consolidated interim financial statements have been prepared by R Dhlembeu CA(SA) and P Makate CA(SA) under the supervision of R Smith CA(SA), the Group Financial and Commercial Director, and CB de Villiers CA(SA). The results were approved by the Board of Directors on 3 September 2018 and the Directors take full responsibility for the preparation thereof.

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

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

3. Accounting policies

The accounting policies applied by the Group in these reviewed condensed consolidated interim financial statements are consistent with those applied in the consolidated annual financial statements for the year ended 31 December 2017 except as detailed below:

- The Group adopted IFRS 15 - Revenue from contracts from customers with effect from 1 January 2018. The new standard features a contract-based five step analysis of transactions to determine whether, how much and when revenue is recognised. The new standard has not had any effect on the timing or quantum of revenue recognition for the Group.
- The Group adopted IFRS 9 - Financial instruments with effect from 1 January 2018. Given the nature of the Group's financial instruments, there has been no change to the classification and measurement as a result of the adoption of IFRS 9.

4. Accounting judgements and estimates

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

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated annual financial statements for the year ended 31 December 2017.

5. Other income

	6 months ended 30 Jun 2018 R '000	6 months ended 30 Jun 2017 R '000	Year ended 31 Dec 2017 R '000
Bad debts recovered	13	27	173
Commissions received	16	20	39
Gains on foreign exchange	2 851	41 472	129 337
Realised gain on foreign exchange	35 024	11 711	89 126
Unrealised gain / (loss) on foreign exchange	(32 173)	29 761	40 211
Fair value adjustment to put options exercisable by executive management	-	1 667	1 436
Government grants[1]	-	450	684
Insurance claims received	159	1 439	552
Recoveries	-	-	11
Rental income	2 256	2 581	4 311
Sundry income	1 758	2 363	10 110
	7 053	**50 019**	**146 653**

[1] *Income from government grants includes income received under the Manufacturing Competitiveness Enhancement Program, Skills Development Program and the Employer Tax Incentive program*

6. Operating Profit

	6 months ended 30 Jun 2018 R '000	6 months ended 30 Jun 2017 R '000	Year ended 31 Dec 2017 R '000
Operating profit from continuing operations is calculated after taking into account the following:			
Operating expenditure			
Depreciation of property, plant and equipment	77 874	61 277	125 104
Amortisation of computer software	2 842	2 036	8 120
Amortisation of customer relationships	70 784	66 235	132 462
Impairment loss on goodwill	-	-	50 000
Loss on disposal of property, plant and equipment	1 383	306	959
Employee benefits	552 265	500 089	1 038 333
Salaries and wages	550 806	494 610	1 022 457
Retrenchment and settlement costs	1 459	5 479	15 876
Strategic advisory fees	78	1 662	2 291
Due diligence costs	738	1 899	4 428
Charges relating to/(reversal of) share appreciation rights granted	(21 677)	13 330	26 660
Securities transfer tax	-	-	275
Operating lease charges	40 209	23 323	91 478
Premises	32 551	19 789	80 534
Straight-lining of operating leases	2 181	136	(459)
Motor vehicles & equipment	5 477	3 398	11 403

7. Earnings per share

	6 months ended 30 Jun 2018 R '000	6 months ended 30 Jun 2017 R '000	Year ended 31 Dec 2017 R '000
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	63 820	101 914	188 354
From continuing operations	66 669	115 264	231 637
From discontinued operations	(2 849)	(13 350)	(43 283)
Weighted average number of ordinary shares for the purposes of basic earnings per share ('000)	523 347	468 915	468 189
Basic earnings per share in cents			
From continuing operations	13	25	49
From discontinued operations	(1)	(3)	(9)
From continuing and discontinued operations	12	22	40

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 share.

Headline earnings per share

Headline earnings is calculated based on HEPS Circular 2 of 2015- Headline earnings issued by the South African Institute of Chartered Accountants
The headline earnings used in the calculation of headline earnings per share are as follows:

	Gross	Net
Six months ended 30 June 2018		
Basic earnings from continuing operations	66 669	66 669
Adjustments	1383	1 073
Loss on disposal of property, plant and equipment	1383	1 073
Headline earnings from continuing operations	68 052	67 743
Six months ended 30 June 2017		
Basic earnings from continuing operations	115 264	115 264
Adjustments	306	237
Loss on disposal of property, plant and equipment	306	237
Headline earnings from continuing operations	115 570	115 502
Year ended 31 December 2017		
Basic earnings from continuing operations	231 637	231 637
Adjustments	50 959	50 744
Impairment of goodwill	50 000	50 000
Loss on disposal of property, plant and equipment	959	744
Headline earnings from continuing operations	282 596	282 381

	6 months ended 30 Jun 2018 R '000	6 months ended 30 Jun 2017 R '000	Year ended 31 Dec 2017 R '000
Basic earnings from discontinued operations	(2 849)	(13 350)	(43 283)
Adjustments (net of tax)	-	5 825	28 658
Impairment of property, plant and equipment	-	5 825	5 825
Impairment of intangible assets	-	-	5 990
Impairment of goodwill	-	-	16 844
Headline earnings from discontinued operations	(2 849)	(7 525)	(14 624)
Headline earnings from continuing and discontinued operations	64 894	107 977	267 757
Headline earnings per share in cents			
From continuing operations	13	25	60
From discontinued operations	(1)	(2)	(3)
From continuing and discontinued operations	12	23	57

8. Property, plant and equipment

During the 6-month period ended 30 June 2018, the Group acquired plant, equipment and computer software in the amount of R152 million (2017: R139 million). R28 million related to Lancewood in respect of capacity enhancing equipment and leasehold improvements. Further significant capital expenditure related to capacity enhancing projects at Ambassador Foods comprising facility upgrades and new expansionary machinery of R29 million.

There has been no major change in the nature of property, plant and equipment, the policy regarding the use thereof, or the encumbrances over the property, plant and equipment as disclosed in the audited financial statements for the year ended 31 December 2017.

9. Financial instruments

At the reporting dates, the financial assets and liabilities of the Group that are classified at fair value through profit and loss comprise forward exchange contracts. These are classified at a Level 2 in terms of the fair value hierarchy.

10. Cash generated from continuing operations

	6 months ended 30 Jun 2018 R '000	6 months ended 30 Jun 2017 R '000	Year ended 31 Dec 2017 R '000
Profit before taxation from continuing operations	90 023	148 016	367 154
Adjustments for:	304 581	251 720	517 426
Depreciation, amortisation and impairments	151 500	129 548	315 685
Loss on disposal of property, plant and equipment	1 383	306	959
Investment income	(21 027)	(10 816)	(25 754)
Finance costs	154 493	122 084	254 431
Fair value adjustments on put options execisable by executive management	-	(1 667)	(1 436)
Fair value adjustment on forward exchange contracts	36 794	1 513	(47 901)
Movements in employee benefits	(175)	(122)	1 396
Movements in operating lease assets and accruals	3 290	(2 456)	(6 613)
Movements in share appreciation rights	(21 677)	13 330	26 659
Changes in working capital:	(86 385)	30 965	70 624
Inventories	(54 517)	21 663	(34 373)
Trade and other receivables	126 781	109 416	(80 281)
Biological assets	(828)	(558)	(3 602)
Trade and other payables	(157 821)	(99 555)	188 880
	308 219	430 701	955 204

11. Subsequent events

There have been no material subsequent events from reporting date to the date of issue of this announcement.

CORPORATE INFORMATION

Registered Office Address

1st Floor, 62 Hume Road, Dunkeld,
Johannesburg, 2196, South Africa
(PO Box 630, Northlands, 2116)

Website

www.libstar.co.za

Directors

Wendy Luhabe (Chairperson)
Phumzile Langeni (Independent Non-executive)
Wahid Suleiman Hamid (Non-executive)
Sandeep Khanna (Non-executive)
JP Landman (Lead-independent)
Andries Vlok van Rensburg (CEO)
Robin Walter Smith (CFO)

Company Secretary

Solach Pather
1st Floor, 62 Hume Road, Dunkeld,
Johannesburg, 2196, South Africa
(PO Box 630, Northlands, 2116)

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)

Investor Relations

Nicholas Williams, Patamola
+27 (0)82 600 2192
nicholas@patamola.co.za

Disclaimer

This document contains forward-looking statements, market information, information regarding the organic sale volumes of the Group and quantification of various extraneous factors which may have impacted on the results presented ("Non-IFRS Information"). Forward-looking information included in this document involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Libstar Holdings Limited (the "Group") to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Any reference to forward-looking information included in this results announcement does not constitute an earnings forecast. The Non-IFRS Information has not been reviewed or reported on by the Group's external auditors.

LIBSTAR

innovative value creation

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