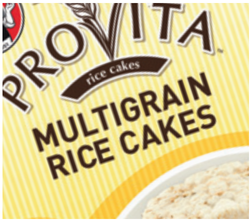
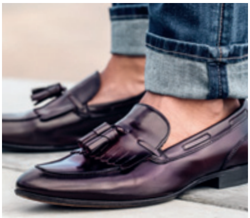
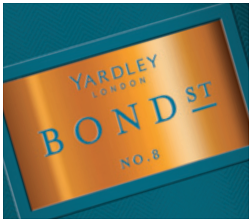
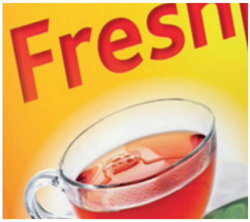
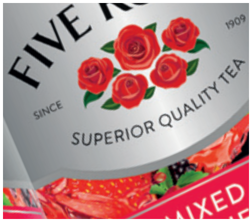
AVI

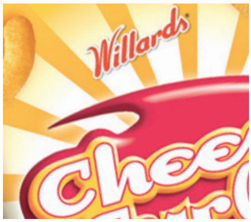
GROWING GREAT BRANDS

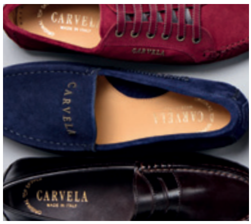
SENS DOCUMENT UNAUDITED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

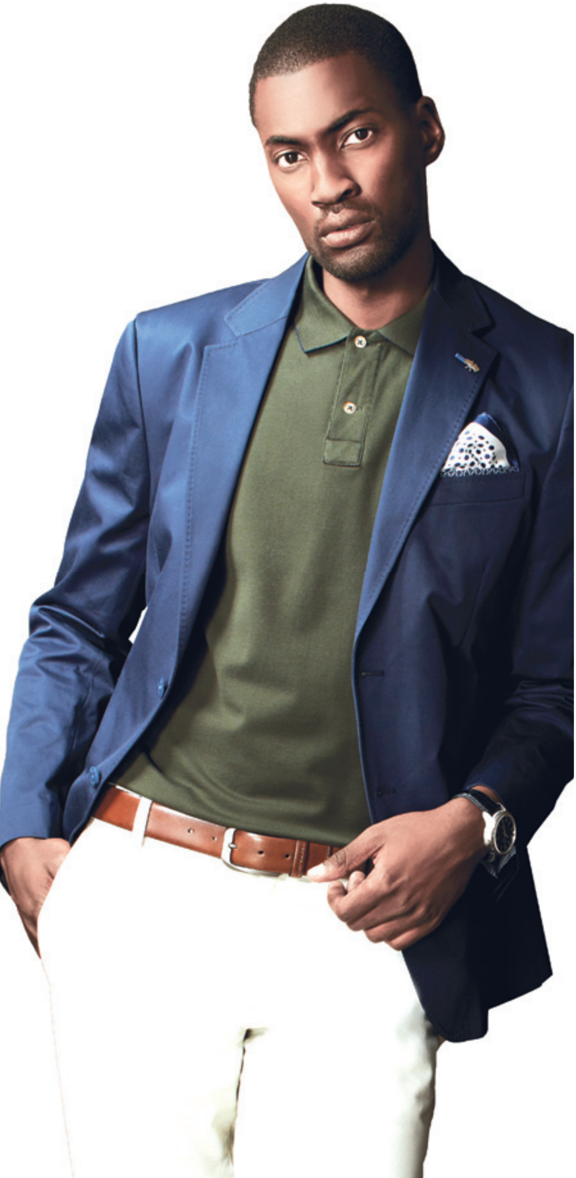


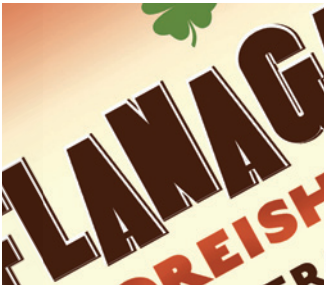



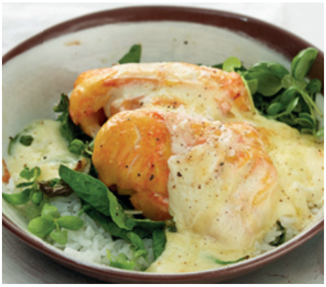



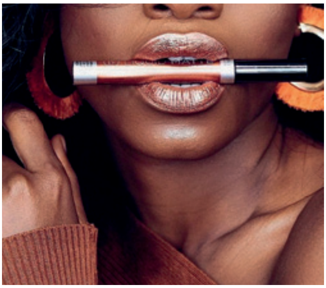











AVI LIMITED

ISIN: ZAE000049433 Share code: AVI
Registration number: 1944/017201/06
("AVI" or "the Group" or "the Company")

For more information, please visit our website:
www.avi.co.za

AVI

KEY FEATURES

Sound profit growth in a challenging demand environment

Well managed balance of value versus volume across key categories

Revenue up 2,3% to R7,30 billion

Gross profit margin recovery in line with easing of Rand driven cost pressures

Operating profit up 8,7% to R1,53 billion

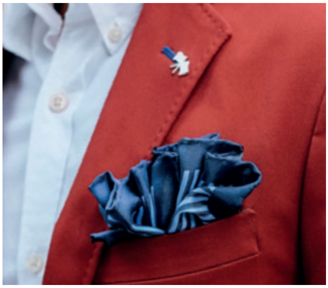
Cash from operations up 12,1% to R1,87 billion

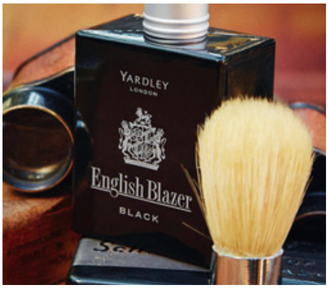
Capital expenditure of R193,2 million to grow and sustain our businesses

Return on capital employed of 28,5%

Headline earnings per share up 7,5% to 325,6 cents

Interim dividend up 8,0% to 175 cents per share





GROUP OVERVIEW

AVI sustained profit growth in a challenging environment characterised by low economic growth and constrained consumer spending.

Group revenue for the semester increased by 2,3%, from R7,13 billion to R7,30 billion. It was encouraging to see volume growth again in the Spitz business, with customers responding positively to stable selling prices, however sales volumes declined in some key food and beverage categories following several years of above inflation price increases to offset severe cost pressures from a weakening Rand and higher raw material prices. These pressures abated considerably in the semester, and consequently there were few selling price increases, with most of the price inflation reflecting increases implemented in the last financial year. The continued strength of the Rand supports stable selling prices into the next financial year, which should result in improved demand for our brands. Less pressure on unit cost of sales allowed some recovery of accumulated cost pressures and the gross profit margin improved from 43,8% to 45,0%. In addition, selling and administrative costs were well controlled and included savings from restructuring initiatives during the previous financial year. Operating profit increased 8,7% from R1,41 billion to R1,53 billion and the operating profit margin improved from 19,7% to 21,0%.

The overall performance from Entyce and Snackworks was sound, with good growth in operating profit despite pressure on sales volumes in the biscuit, tea and coffee categories. I&J benefited from the non-recurrence of the unprotected strike at its fishing operations in August 2016, which resulted in an increase in operating profit notwithstanding the impact of the stronger Rand on export revenue. Indigo Brands performed well in the domestic market to offset pressure in several key export markets and match a strong first half in the prior financial year. Spitz had a pleasing first half supported by stable selling prices in line with the stronger Rand, which resulted in sales volume growth and an increase in the gross profit margin. Green Cross had a poor semester, failing to achieve sales and profitability targets.

Headline earnings rose 8,3%, from R0,98 billion to R1,06 billion, with the growth in operating profit and lower finance costs partially offset by a decline in earnings from I&J's Australian joint venture. Headline earnings per share increased 7,5% from 302,9 cents to 325,6 cents with a 0,8% increase in the weighted average number of shares in issue due to the vesting of employee share options, including the AVI Black Staff Empowerment Scheme.

Cash generated by operations, before working capital changes, increased 12,1% to R1,87 billion. Working capital rose R310,2 million, mostly due to an increase in debtors payments deferred to the first business day in January. Capital expenditure of R193,2 million, which included capacity and efficiency projects in the manufacturing operations as well as new and refurbished stores in the retail businesses, was lower than last year due mainly to different timing of spend, with the full year forecast in line with last year. Other material cash outflows during the period were dividends of R795,4 million and taxation of R330,0 million. Net debt at the end of December 2017 was R1,21 billion compared to R1,49 billion at the end of December 2016.

DIVIDEND

An interim dividend of 175 cents per share has been declared, an increase of 8,0% on last year's interim dividend.

SEGMENTAL REVIEW

Six months ended 31 December

	Segmental revenue			Segmental operating profit		
	2017 Rm	2016 Rm	% change	**2017 Rm**	2016 Rm	% change
Food & Beverage brands	**5 413,6**	5 326,2	1,6	**1 054,9**	968,8	8,9
Entyce Beverages	**2 039,0**	1 987,8	2,6	**424,3**	389,0	9,1
Snackworks	**2 176,5**	2 195,1	(0,8)	**452,0**	412,4	9,6
I&J	**1 198,1**	1 143,3	4,8	**178,6**	167,4	6,7
Fashion brands	**1 886,8**	1 808,4	4,3	**482,7**	449,7	7,3
Personal Care	**631,4**	620,9	1,7	**140,3**	140,1	0,1
Footwear & Apparel	**1 255,4**	1 187,5	5,7	**342,4**	309,6	10,6
Corporate	**–**	–		**(7,4)**	(10,8)	
Group	**7 300,4**	7 134,6	2,3	**1 530,2**	1 407,7	8,7

Entyce Beverages

Revenue increased 2,6% to R2,04 billion while operating profit increased 9,1% to R424,3 million with the operating profit margin at 20,8% compared to 19,6% in the prior year.

Tea revenue grew by 8,3% due mainly to selling price increases implemented in the prior financial year, offset by a 4,1% decrease in volumes. The premium Five Roses and Freshpak tea brands continued to perform well considering the significant price inflation over the last three years. Better import exchange rates ameliorated raw material cost pressures, and the gross profit margin improved. Together with well controlled selling and administrative costs, including savings from the restructuring completed in the prior financial year, this resulted in good growth in operating profit and an improved operating profit margin.

Coffee revenue and operating profit were lower than the first half of last year, due mainly to significant pressure on mixed instant volumes from sustained aggressive competitor activity. This was partially offset by growth from the Hug In A Mug speciality coffee range. Price points for our mixed instant coffee brands were reduced late in the semester to improve demand going into the second half of the year. Overall coffee profit and profit margins remain healthy, and the stronger Rand together with lower coffee bean prices secured for the second half will provide opportunity to increase volumes and improve profit margins.

Creamer performance for the semester was solid, with effective promotional activity resulting in flat sales volumes despite aggressive competitor activity. Raw material cost pressures abated in line with better import exchange rates achieved, resulting in a slight improvement in gross profit margin. Operating profit was in line with the first half of last year.

Snackworks

Revenue of R2,18 billion was 0,8% lower than last year while operating profit rose 9,6%, from R412,4 million to R452,0 million. The operating profit margin increased from 18,8% to 20,8%.

Biscuits revenue decreased by 3,1% due to an 8,4% decrease in sales volumes, with constrained consumers migrating to lower priced offerings, partially offset by higher prices attributable to increases implemented in the prior financial year. Raw material cost pressures abated with lower wheat prices and better import exchange rates partially offset by high butter prices, resulting in an increase in the gross profit margin that, with the benefit of well controlled selling and administrative costs, produced solid operating profit growth and an increase in the operating profit margin.

Snacks revenue grew 7,1% due mainly to price increases implemented in the prior financial year and a small increase in sales volumes. Gross profit margin improved with better import exchange rates achieved and lower maize prices offsetting other cost pressures. Selling and administrative costs were well controlled, contributing to strong growth in operating profit for the semester.

I&J

Revenue increased by 4,8% from R1,14 billion to R1,20 billion while operating profit increased from R167,4 million to R178,6 million. The operating profit margin increased from 14,6% to 14,9%.

Revenue growth stems from higher sales volumes and higher selling prices in domestic and export markets, partially offset by lower Rand exchange rates achieved on export sales in line with the strengthening of the Rand. Sales volumes increased, despite lower quota, due to the non-recurrence of the unprotected strike in August 2016.

Operating profit increased despite the stronger Rand due to non-recurrence of the unprotected strike in August 2016, supported by sound performance from the fishing and processing operations and good cost control.

Abalone profit declined due to the impact of the stronger Rand that reduced current period revenue and resulted in a negative fair value adjustment to the value of live abalone on hand at the end of December.

Personal Care

Indigo's revenue from owned brands grew by 4,7% due to volume growth from gains in market share in key categories and price increases implemented in the last financial year. Total revenue growth was lower at 1,7% due to lower growth in Coty revenue. Export sales volumes declined with less launch activity and due to higher price points in some markets in line with the stronger Rand. This offset operating profit growth of 4,5% in the domestic market, resulting in a slight increase in operating profit for the semester. The operating profit margin decreased from 22,6% to 22,2%.

Footwear and Apparel

The Footwear and Apparel category increased revenue by 5,7% to R1,26 billion while operating profit increased by 10,6% from R309,6 million to R342,4 million. The operating profit margin increased from 26,1% to 27,3%.

The Spitz business grew revenue by 6,8% as a result of higher sales volumes, particularly in the core Carvela and Lacoste brands, and a change in sales mix, with lower volumes sold through end of season sales. Selling prices of core ranges have not been increased since April 2016, resulting in improved demand in the semester and a particularly strong December performance. Gross profit margin improved in line with better exchange rates achieved and selling and administrative costs included savings from restructuring work completed last year. Consequently, operating profit for the semester grew by 15,2% from R290,4 million to R334,6 million, and the operating profit margin improved from 29,9% to 32,3%.

Green Cross operating profit declined from R18,7 million to R4,2 million primarily due to poor performance of the Summer 2017 range which resulted in a decline in sales volumes as well as gross profit margin. Costs were well controlled but savings were insufficient to offset the decline in gross profit margin. Subsequent to the end of the semester, reporting lines for key activities in Green Cross have been changed to provide direct oversight from the Spitz management team and we are optimistic that this will yield material improvements in merchandise planning, stock turn over and retail trading densities in the next twelve months.

Cash flow for the period was positive due mainly to reduction in stock levels and we do not foresee that Green Cross will require material funding through a period of recovery as cash will be generated from the reduction of high inventory levels and capital expenditure requirements are insignificant.

OUTLOOK

The trading environment is expected to remain difficult through the second semester and into the next financial year. Recent political developments whilst positive are unlikely to materially change consumer spending in the short term and the increase in the VAT rate may further dampen spending. Our expectation is that many of our categories are likely to have low, or even negative, growth rates until there is a meaningful improvement in the economy. Notwithstanding this, our brands remain healthy and appealing to many consumers and the exchange rates secured for the second semester are at better levels than for the same period in the prior financial year, which will support stable selling prices and improved demand without sacrificing profitability. We will continue to react quickly to market changes as we pursue the most appropriate balance of price, sales volumes and profit margins for each of our brands.

We will sustain investment that underpins our manufacturing capacity, product quality and service levels. In addition to the savings being realised from restructuring completed in the prior financial year, we will continue to review organisational structures and fixed overhead costs to improve operational effectiveness and reduce our cost base. AVI International, supported by our South African manufacturing capabilities, remains focused on steadily building our brands' shares in export markets whilst sustaining strong profit margins.

I&J's prospects remain materially dependant on exchange rates and fishing performance. Notwithstanding the stronger Rand, taking account of currency hedges and assuming reasonably consistent catch rates, I&J should be able to achieve another semester of sound profit performance supported by an improved sales mix, increases in export selling prices and cost saving initiatives.

Projects to provide alternative water supply to the group's Cape Town operations will be commissioned in March 2018. Provided these projects meet the planned design outputs, the impact of restricted municipal water supply on our operations will not be significant.

The Board is confident that AVI remains well positioned to compete effectively; prudently manage fixed and variable costs; and, recognising the challenging environment, be alert for appropriate acquisition opportunities both domestically and regionally.

The above outlook statements have not been reviewed or reported on by AVI's auditors.

Gavin Tipper
Chairman

Simon Crutchley
CEO

12 March 2018

CONDENSED CONSOLIDATED BALANCE SHEET

	Unaudited at 31 December		Audited at 30 June
	2017 Rm	2016 Rm	2017 Rm
Assets			
Non-current assets			
Property, plant and equipment	**3 455,8**	3 433,8	3 480,8
Intangible assets and goodwill	**993,3**	1 143,5	994,0
Investments	**365,3**	394,4	376,9
Deferred taxation	**17,2**	16,8	24,1
	4 831,6	4 988,5	4 875,8
Current assets			
Inventories and biological assets	**1 869,2**	1 828,5	2 068,8
Trade and other receivables including derivatives	**2 423,4**	2 132,7	2 074,9
Cash and cash equivalents	**334,2**	412,8	246,7
	4 626,8	4 374,0	4 390,4
Total assets	**9 458,4**	9 362,5	9 266,2
Equity and liabilities			
Capital and reserves			
Total equity	**5 129,8**	4 785,8	4 851,7
Non-current liabilities			
Operating lease straight-line liabilities	**13,6**	15,0	12,8
Employee benefit liabilities	**386,6**	353,2	379,7
Deferred taxation	**405,9**	412,1	375,6
	806,1	780,3	768,1
Current liabilities			
Current borrowings	**1 542,9**	1 902,0	1 690,8
Trade and other payables including derivatives	**1 897,6**	1 829,1	1 925,8
Current tax liabilities	**82,0**	65,3	29,8
	3 522,5	3 796,4	3 646,4
Total equity and liabilities	**9 458,4**	9 362,5	9 266,2

Net debt*	**1 208,7**	1 489,2	1 444,1

** Comprises current borrowings less cash and cash equivalents.*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited six months ended 31 December 2017 Rm	2016 Rm	% change	Audited year ended 30 June 2017 Rm
Revenue	**7 300,4**	7 134,6	2,3	13 184,6
Cost of sales	**(4 018,4)**	(4 011,0)	0,2	(7 422,4)
Gross profit	**3 282,0**	3 123,6	5,1	5 762,2
Selling and administrative expenses	**(1 751,8)**	(1 715,9)	2,1	(3 376,9)
Operating profit before capital items	**1 530,2**	1 407,7	8,7	2 385,3
Interest received	**2,4**	2,1	14,3	5,1
Finance costs	**(74,3)**	(82,0)	(9,4)	(157,5)
Share of equity-accounted earnings of joint ventures	**25,4**	42,2	(39,8)	63,2
Capital items	**3,4**	11,9	(71,4)	(127,5)
Profit before taxation	**1 487,1**	1 381,9	7,6	2 168,6
Taxation	**(423,6)**	(393,9)	7,5	(615,4)
Profit for the period	**1 063,5**	988,0	7,6	1 553,2
Profit attributable to:				
Owners of AVI	**1 063,5**	988,0	7,6	1 553,2
Other comprehensive income, net of tax	**(59,4)**	(29,6)		(59,2)
Items that are or may be subsequently reclassified to profit or loss				
Foreign currency translation differences	**(29,4)**	(47,0)		(37,5)
Cash flow hedging reserve	**(41,7)**	24,2		(8,7)
Taxation on items that are or may be subsequently reclassified to profit or loss	**11,7**	(6,8)		2,4
Items that will never be reclassified to profit or loss				
Actuarial losses recognised	**–**	–		(21,4)
Taxation on items that will never be reclassified to profit or loss	**–**	–		6,0
Total comprehensive income for the period	**1 004,1**	958,4	4,8	1 494,0
Total comprehensive income attributable to:				
Owners of AVI	**1 004,1**	958,4	4,8	1 494,0
Depreciation and amortisation of property, plant and equipment, fishing rights and trademarks included in operating profit	**207,5**	195,7	6,0	397,4
Earnings per share				
Basic earnings per share (cents)#	**326,2**	305,4	6,8	479,0
Diluted basic earnings per share (cents)##	**324,2**	302,9	7,0	475,2
Headline earnings per share (cents)#	**325,6**	302,9	7,5	507,7
Diluted headline earnings per share (cents)##	**323,6**	300,4	7,7	503,6

 # Basic earnings and headline earnings per share are calculated on a weighted average of 325 996 202 (31 December 2016: 323 496 762 and 30 June 2017: 324 230 182) ordinary shares in issue.

Diluted basic earnings and diluted headline earnings per share are calculated on a weighted average of 328 029 825 (31 December 2016: 326 188 161 and 30 June 2017: 326 828 137) ordinary shares in issue.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited six months ended 31 December			Audited year ended 30 June
	2017 Rm	2016 Rm	% change	2017 Rm
Operating activities				
Cash generated by operations before working capital changes	**1 870,5**	1 669,3	12,1	2 993,6
Increase in working capital	**(310,2)**	(433,4)	(28,4)	(675,0)
Cash generated by operations	**1 560,3**	1 235,9	26,2	2 318,6
Interest paid	**(74,3)**	(82,0)	(9,4)	(157,5)
Taxation paid	**(330,0)**	(289,2)	14,1	(546,7)
Net cash available from operating activities	**1 156,0**	864,7	33,7	1 614,4
Investing activities				
Interest received	**2,4**	2,0	20,0	5,1
Property, plant and equipment acquired	**(193,2)**	(284,0)	(32,0)	(545,6)
Additions to intangible assets	**–**	–		(2,3)
Proceeds from disposals of property, plant and equipment	**3,0**	4,9	(38,8)	18,0
Movement in joint ventures and other investments	**19,1**	36,8	(48,1)	79,1
Net cash used in investing activities	**(168,7)**	(240,3)	(29,8)	(445,7)
Financing activities				
Proceeds from shareholder funding	**47,2**	35,2	34,1	63,3
Short-term funding (repaid)/raised	**(147,9)**	164,3	(190,0)	(46,9)
Dividends paid	**(795,4)**	(716,0)	11,1	(1 244,5)
Net cash used in financing activities	**(896,1)**	(516,5)	73,5	(1 228,1)
Increase/(decrease) in cash and cash equivalents	**91,2**	107,9	(15,5)	(59,4)
Cash and cash equivalents at beginning of period	**246,7**	309,1		309,1
	337,9	417,0		249,7
Translation of cash equivalents of foreign subsidiaries	**(3,7)**	(4,2)	(11,9)	(3,0)
Cash and cash equivalents at end of period	**334,2**	412,8		246,7

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital and premium Rm	Treasury shares Rm	Reserves Rm	Retained earnings Rm	Total equity Rm
Six months ended 31 December 2017					
Balance at 1 July 2017	280,3	(541,9)	447,2	4 666,1	4 851,7
Profit for the period	–	–	–	1 063,5	1 063,5
Other comprehensive income					
Foreign currency translation differences	–	–	(29,4)	–	(29,4)
Cash flow hedging reserve, net of tax	–	–	(30,0)	–	(30,0)
Total other comprehensive income	–	–	(59,4)	–	(59,4)
Total comprehensive income for the period	–	–	(59,4)	1 063,5	1 004,1
Transactions with owners, recorded directly in equity					
Share-based payments	–	–	17,6	–	17,6
Deferred taxation on Group share scheme recharge	–	–	4,6	–	4,6
Dividends paid	–	–	–	(795,4)	(795,4)
Own ordinary shares sold by AVI Share Trusts	–	44,5	–	2,7	47,2
Total contributions by and distributions to owners	–	44,5	22,2	(792,7)	(726,0)
Balance at 31 December 2017	**280,3**	**(497,4)**	**410,0**	**4 936,9**	**5 129,8**
Six months ended 31 December 2016					
Balance at 1 July 2016	114,3	(435,9)	456,7	4 354,4	4 489,5
Profit for the period	–	–	–	988,0	988,0
Other comprehensive income					
Foreign currency translation differences	–	–	(47,0)	–	(47,0)
Cash flow hedging reserve, net of tax	–	–	17,4	–	17,4
Total other comprehensive income	–	–	(29,6)	–	(29,6)
Total comprehensive income for the period	–	–	(29,6)	988,0	958,4
Transactions with owners, recorded directly in equity					
Share-based payments	–	–	12,1	–	12,1
Deferred taxation on Group share scheme recharge	–	–	6,6	–	6,6
Dividends paid	–	–	–	(716,0)	(716,0)
Issue of ordinary shares to AVI Share Trusts	166,0	(166,0)	–	–	–
Own ordinary shares sold by AVI Share Trusts	–	35,7	–	(0,5)	35,2
Total contributions by and distributions to owners	166,0	(130,3)	18,7	(716,5)	(662,1)
Balance at 31 December 2016	**280,3**	**(566,2)**	**445,8**	**4 625,9**	**4 785,8**
Year ended 30 June 2017					
Balance at 1 July 2016	114,3	(435,9)	456,7	4 354,4	4 489,5
Profit for the year	–	–	–	1 553,2	1 553,2
Other comprehensive income					
Foreign currency translation differences	–	–	(37,5)	–	(37,5)
Actuarial losses recognised, net of tax	–	–	(15,4)	–	(15,4)
Cash flow hedging reserve, net of tax	–	–	(6,3)	–	(6,3)
Total other comprehensive income	–	–	(59,2)	–	(59,2)
Total comprehensive income for the period	–	–	(59,2)	1 553,2	1 494,0
Transactions with owners, recorded directly in equity					
Share-based payments	–	–	28,0	–	28,0
Deferred taxation on Group share scheme recharge	–	–	21,4	–	21,4
Dividends paid	–	–	–	(1 244,5)	(1 244,5)
Issue of ordinary shares to AVI Share Trusts	166,0	(166,0)	–	–	–
Own ordinary shares sold by AVI Share Trusts	–	60,0	–	3,3	63,3
Transfer between reserves	–	–	0,3	(0,3)	–
Total contributions by and distributions to owners	166,0	(106,0)	49,7	(1 241,5)	(1 131,8)
Balance at 30 June 2017	**280,3**	**(541,9)**	**447,2**	**4 666,1**	**4 851,7**

SUPPLEMENTARY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2017

AVI Limited ("AVI" or "the Company") is a South African registered company. These condensed consolidated interim financial statements comprise the Company and its subsidiaries (together referred to as "the Group") and the Group's interest in joint ventures.

1. Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards, the presentation and disclosure requirements of IAS 34 – *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE Limited (the "JSE") and the Companies Act of South Africa. These condensed consolidated interim financial statements have not been reviewed or audited by the auditors.

2. Basis of preparation

The condensed consolidated interim financial statements are prepared in millions of South African Rands ("Rm") on the historical cost basis, except for derivative financial instruments, biological assets and liabilities for cash settled share-based payment arrangements, which are measured at fair value.

The accounting policies used in the preparation of these interim financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in preparing the interim financial statements for the six months ended 31 December 2016 and the annual financial statements for the year ended 30 June 2017.

The Group has adopted the following new accounting standards, including any consequential amendments to other standards, in the preparation of these interim results, all of which became effective for the Group from 1 July 2017:

Amendments to IAS 7 (*Disclosure Initiative*)

The amendments to IAS 7 provide for disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. This includes providing a reconciliation between the opening and closing balances for liabilities arising from financing activities.

Annual improvements to IFRSs: 2014 – 2016 (Amendments to IFRS 12 *Disclosure of Interests in Other Entities*)

The new cycle of improvements provides clarity that the IFRS 12 disclosure requirements for interests in other entities also apply to interests that are classified as held for sale or distribution.

The new and revised standards described have been adopted in accordance with IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors* as well as the specific requirements of each individual standard. They have had no impact on the condensed interim results disclosure.

The remaining standards, amendments and interpretations, which became effective in the interim period ended 31 December 2017 were assessed for applicability to the Group and management concluded that they were not applicable to the business of the Group and consequently have no impact.

2. Basis of preparation continued

New standards and interpretations in issue not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective for the six months ended 31 December 2017. These include the following key standards that are applicable to the business of the Group.

Standard		Effective date periods beginning on or after	Effective date for Group
IFRS 15	Revenue from contracts with customers	1 January 2018	30 June 2019
IFRS 9	Financial Instruments	1 January 2018	30 June 2019
IFRS 16	Leases	1 January 2019	30 June 2020

The Group is currently performing a detailed assessment of the impact of the changes and related disclosures required by the above standards.

3. Segmental results

	Unaudited six months ended 31 December			Audited year ended 30 June
	2017 Rm	2016 Rm	% change	2017 Rm
Segmental revenue				
Food & Beverage brands	**5 413,6**	5 326,2	1,6	10 076,0
Entyce Beverages	**2 039,0**	1 987,8	2,6	3 757,1
Snackworks	**2 176,5**	2 195,1	(0,8)	3 956,2
I&J	**1 198,1**	1 143,3	4,8	2 362,7
Fashion brands	**1 886,8**	1 808,4	4,3	3 108,6
Personal Care	**631,4**	620,9	1,7	1 194,5
Footwear & Apparel	**1 255,4**	1 187,5	5,7	1 914,1
Corporate and consolidation	**–**	–		–
Group	**7 300,4**	7 134,6	2,3	13 184,6
Segmental operating profit before capital items				
Food & Beverage brands	**1 054,9**	968,8	8,9	1 790,6
Entyce Beverages	**424,3**	389,0	9,1	735,1
Snackworks	**452,0**	412,4	9,6	666,4
I&J	**178,6**	167,4	6,7	389,1
Fashion brands	**482,7**	449,7	7,3	607,5
Personal Care	**140,3**	140,1	0,1	241,5
Footwear & Apparel	**342,4**	309,6	10,6	366,0
Corporate and consolidation	**(7,4)**	(10,8)	31,5	(12,8)
Group	**1 530,2**	1 407,7	8,7	2 385,3

4. Determination of headline earnings

	Unaudited six months ended 31 December			Audited year ended 30 June
	2017 Rm	2016 Rm	% change	2017 Rm
Profit for the year attributable to owners of AVI	**1 063,5**	988,0	7,6	1 553,2
Total capital items after taxation	**2,1**	8,2		(92,8)
Net gain / (loss) on disposal of property, plant and equipment	**3,4**	(3,2)		9,7
Impairment of property, plant and equipment	**–**	–		(2,3)
Impairment of Green Cross trademark*	**–**	–		(150,0)
Joint venture capital profit	**–**	15,1		15,1
Taxation attributable to capital items	**(1,3)**	(3,7)		34,7
Headline earnings	**1 061,4**	979,8	8,3	1 646,0
Headline earnings per ordinary share (cents)	**325,6**	302,9	7,5	507,7
Diluted headline earnings per ordinary share (cents)	**323,6**	300,4	7,7	503,6

	Number of shares	Number of shares	% change	Number of shares
Weighted average number of ordinary shares	**325 996 202**	323 496 762	0,8	324 230 182
Weighted average diluted number of ordinary shares	**328 029 825**	326 188 161	0,6	326 828 137

* *The Green Cross trademark of R399,7 million was recognised on acquisition of the business on 1 March 2012. As part of the annual review for the year ended 30 June 2017 of the carrying amounts of trademarks with indefinite useful lives, an impairment of R150 million was raised against the trademark in recognition of the longer period required to grow the business to AVI's target profitability in the current constrained environment.*

5. Commitments

	Unaudited six months ended 31 December		Audited year ended 30 June
	2017 Rm	2016 Rm	2017 Rm
Capital expenditure commitments for property, plant and equipment	**251,1**	250,9	351,8
Contracted for	**153,5**	169,1	97,6
Authorised but not contracted for	**97,6**	81,8	254,2

It is anticipated that this expenditure will be financed by cash resources, cash generated from activities and existing borrowing facilities. Other contractual commitments have been entered into in the normal course of business.

6. Fair value classification and measurement

The Group measures derivative foreign exchange contracts, fuel swaps and biological assets at fair value.

The fair value of foreign exchange contracts and fuel swaps is determined based on inputs as described in Level 2 of the fair value hierarchy being quotes from financial institutions. Similar contracts are traded in an active market and the quotes reflect the actual transactions on similar instruments. The carrying values of all other financial assets or liabilities approximate their fair values based on the nature or maturity period of the financial instrument.

Biological assets comprise abalone which is farmed by I&J. These assets are disclosed as Level 3 financial instruments with their fair value determined using a combination of the market comparison and cost technique as prescribed by IAS 41.

There were no transfers between Levels 1, 2 or 3 of the fair value hierarchy during the six months ended 31 December 2017.

7. Post-reporting date events

No significant events that meet the requirements of IAS 10 have occurred since the reporting date.

8. Dividend declaration

Notice is hereby given that a gross interim ordinary dividend No 89 of 175 cents per share for the six months ended 31 December 2017 has been declared payable to shareholders of ordinary shares. The dividend has been declared out of income reserves and will be subject to dividend withholding tax at a rate of 20%. Consequently a net interim dividend of 140 cents per share will be distributed to those shareholders who are not exempt from paying dividend tax. In terms of dividend tax legislation, the dividend tax amount due will be withheld and paid over to the South African Revenue Services by a nominee company, stockbroker or Central Securities Depository Participant ("CSDP") (collectively "regulated intermediary") on behalf of shareholders. However, all shareholders should declare their status to their regulated intermediary, as they may qualify for a reduced dividend tax rate or exemption. AVI's issued share capital at the declaration date is 351 673 245 ordinary shares. AVI's tax reference number is 9500/046/71/0. The salient dates relating to the payment of the dividend are as follows:

Last day to trade cum dividend on the JSE	Tuesday, 17 April 2018
First trading day ex dividend on the JSE	Wednesday, 18 April 2018
Record date	Friday, 20 April 2018
Payment date	Monday, 23 April 2018

In accordance with the requirements of Strate Limited, no share certificates may be dematerialised or rematerialised between Wednesday, 18 April 2018 and Friday, 20 April 2018, both days inclusive.

Dividends in respect of certificated shareholders will be transferred electronically to shareholders' bank accounts on payment date. In the absence of specific mandates, dividend cheques will be posted to shareholders. Shareholders who hold dematerialised shares will have their accounts at their CSDP or broker credited on Monday, 23 April 2018.

9. Preparation of financial statements

These condensed consolidated interim financial statements have been prepared under the supervision of Owen Cressey CA(SA), the AVI Group Chief Financial Officer.

ADMINISTRATION AND PRINCIPAL SUBSIDIARIES

ADMINISTRATION

Company registration
AVI Limited ("AVI")
Reg no: 1944/017201/06
Share code: AVI
ISIN: ZAE000049433

Company Secretary
Sureya Scheepers

Business address and registered office
2 Harries Road
Illovo
Johannesburg 2196
South Africa

Postal address
PO Box 1897
Saxonwold 2132
South Africa

Telephone: +27 (0)11 502 1300
Telefax: +27 (0)11 502 1301
E-mail: info@avi.co.za
Website: www.avi.co.za

Auditors
Ernst & Young Inc.
Appointed 30 January 2018

Sponsor
The Standard Bank of
South Africa Limited

Commercial bankers
Standard Bank
FirstRand Bank

Transfer secretaries
Computershare Investor
Services Proprietary Limited
Business address
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15 Biermann Avenue
Rosebank
Johannesburg 2196

Postal address
PO Box 61051
Marshalltown 2107
South Africa
Telephone: +27 (0)11 370 5000
Telefax: +27 (0)11 370 5271

PRINCIPAL SUBSIDIARIES

Food & Beverage Brands
National Brands Limited
Reg no: 1948/029389/06
(incorporating Entyce Beverages
and Snackworks)

30 Sloane Street
Bryanston 2021

PO Box 5159
Rivonia 2128

Managing director
Gaynor Poretti
Telephone: +27 (0)11 707 7200
Telefax: +27 (0)11 707 7799

I&J
**Irvin & Johnson Holding
Company Proprietary Limited**
Reg no: 2004/013127/07

1 Davidson Street
Woodstock
Cape Town 7925

PO Box 1628
Cape Town 8000

Managing director
Jonty Jankovich
Telephone: +27 (0)21 440 7800
Telefax: +27 (0)21 440 7270

Fashion Brands
Personal Care
Indigo Brands Proprietary Limited
Reg no: 2003/009934/07

16 – 20 Evans Avenue
Epping 1 7460

PO Box 3460
Cape Town 8000

Managing director
John Knox
Telephone: +27 (0)21 507 8500
Telefax: +27 (0)21 507 8501

Footwear & Apparel
A&D Spitz Proprietary Limited
Reg no: 1999/025520/07

29 Eaton Avenue
Bryanston 2021

PO Box 782916
Sandton 2145

Acting managing director
Simon Crutchley
Telephone: +27 (0)11 707 7300
Telefax: +27 (0)11 707 7763

**Green Cross Manufacturers
Proprietary Limited**
Reg no: 1994/08549/07

26 – 30 Benbow Avenue
Epping Industria
7460

PO Box 396
Epping Industria 7475

Acting managing director
Simon Crutchley
Telephone: +27 (0)21 507 9700
Telefax: +27 (0)21 507 9707

DIRECTORS

Executive

Simon Crutchley
(Chief Executive Officer)

Owen Cressey
(Chief Financial Officer)

Michael Koursaris
(Business Development Director)

Independent non-executive

Gavin Tipper[1]
(Chairman)

James Hersov[2]

Adriaan Nühn[1, 4]

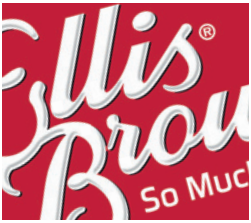
Mike Bosman[2]

Andisiwe Kawa[1, 5]

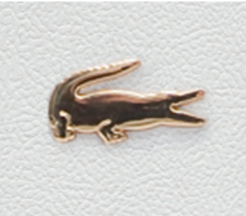
Abe Thebyane[1]

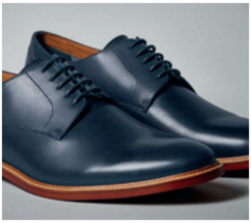
Neo Dongwana[2, 3]

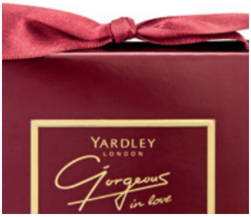
[1] *Member of the Remuneration, Nomination and Appointments Committee*
[2] *Member of the Audit and Risk Committee*
[3] *Member of the Social and Ethics Committee*
[4] *Dutch*
[5] *Resigned 28 February 2018*



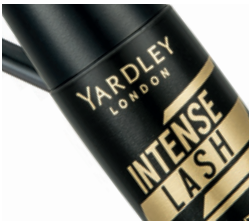

Good Morning
Breakfast Biscuits






YARDLEY
LONDON
Gorgeous
in love


HUG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INTENSE
LASH

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