SENS DOCUMENT FOR THE YEAR ENDED 30 JUNE 2018

GROWING GREAT BRANDS

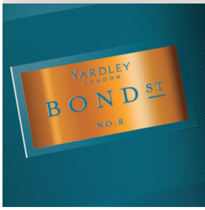
AVI LIMITED

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/investor/results-and-presentations/current-year

KEY FEATURES

- Profit growth in a challenging demand environment
- Carefully balanced value versus volume across key categories
- Revenue up 1,9% to R13,44 billion
- Gross profit margin recovery in line with easing of Rand driven cost pressures
- Operating profit up 7,0% to R2,55 billion
- Cash generated by operations up 16,1% to R2,69 billion
- Capital expenditure to grow and sustain our businesses of R419,9 million
- Return on capital employed increased to 28,7%
- Headline earnings per share up 7,0% to 543,1 cents
- Final dividend of 260 cents per share, total normal dividend up 7,4% to 435 cents per share
- Special dividend of 250 cents per share



GROUP OVERVIEW

Revenue growth for the 2018 financial year was constrained by a challenging trading environment. Poor consumer demand and aggressive competition limited volume growth in many of our key categories. Our consumers have been impacted by a prolonged period of price inflation driven by the effect of the weaker Rand on input costs, the VAT increase and higher fuel prices, and compounded by the impact of job losses.

Group revenue rose by 1,9% largely due to the annualisation of selling price increases taken during the prior financial year, partially offset by lower sales volumes in some categories. Selling price increases were only taken in categories affected by specific raw material cost pressures and in most cases, selling prices were maintained throughout the year to support sales volumes.

Despite lower price inflation and limited gains in sales volumes, the ongoing efforts to reduce procurement costs and improve factory efficiencies supported an improvement in the consolidated gross profit margin for the year. Improved exchange rates compared to last year and benign inflation in our basket of key raw materials priced in foreign currencies contributed further to this improvement. Selling and administrative costs were tightly managed and benefited from the restructuring initiatives completed in the prior financial year. All business units achieved operating profit growth and the Group's consolidated operating profit margin improved over the prior year.

Both Entyce and Snackworks delivered sound operating profit growth in the context of the tough trading environment, with particularly pleasing performances from the tea and snacks categories underpinning growth for the year. I&J had a strong second semester supported by improved fishing and cost savings, resulting in good growth in operating profit despite the adverse impact of a stronger Rand on export sales. Indigo Brands delivered a solid performance in a highly competitive category. Spitz achieved good full year profit growth, notwithstanding a subdued second half with footwear sales volumes under pressure following a very strong December performance.

Green Cross had a disappointing year. However, the business remains profitable and cash generative and the operational changes made during the year will significantly improve core operating performance and working capital levels. A further impairment of R108,0 million after tax has been made against this investment in recognition of the extended period it will take to return the business to acceptable profitability from the current base. The impairment will be recorded as a non-cash capital item.

Headline earnings rose 7,8%, from R1,65 billion to R1,77 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 7,0% from 507,7 cents to 543,1 cents with a 0,7% 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 10,7% to R3,03 billion. Working capital rose R339,3 million, mostly due to an increase in debtors' payments deferred to the first business day in July. Capital expenditure of R419,9 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 with the finalisation and approval of several factory improvement projects taking longer than expected. Other material cash outflows during the period were dividends of R1,42 billion and taxation of R620,9 million. Net debt at the end of June 2018 was R1,27 billion compared to R1,44 billion at the end of June 2017.

DIVIDEND

AVI has maintained a normal dividend payout ratio of 80% of diluted headline earnings. In line with this a final dividend of 260 cents per share has been declared, bringing the total normal dividend for the year to 435 cents, an increase of 7,4% on last year.

In addition, in line with AVI's ongoing commitment to return excess cash to shareholders, the Board has approved a special dividend of 250 cents per share.

SEGMENTAL REVIEW

Year ended 30 June

	Segmental revenue			Segmental operating profit		
	2018 Rm	2017 Rm	% change	**2018 Rm**	2017 Rm	% change
Food & Beverage brands	**10 282,5**	10 076,0	2,1	**1 922,6**	1 790,6	7,4
Entyce Beverages	**3 834,1**	3 757,1	2,1	**792,6**	735,1	7,8
Snackworks	**3 960,8**	3 956,2	0,1	**705,0**	666,4	5,8
I&J	**2 487,6**	2 362,7	5,3	**425,0**	389,1	9,2
Fashion brands	**3 155,0**	3 108,6	1,5	**645,0**	607,5	6,2
Personal Care	**1 190,6**	1 194,5	(0,3)	**250,3**	241,5	3,6
Footwear & Apparel	**1 964,4**	1 914,1	2,6	**394,7**	366,0	7,8
Corporate	**–**	–		**(15,1)**	(12,8)	
Group	**13 437,5**	13 184,6	1,9	**2 552,5**	2 385,3	7,0

Entyce Beverages

Revenue increased 2,1% to R3,83 billion while operating profit increased 7,8% to R792,6 million with the operating profit margin at 20,7% compared to 19,6% in the prior year.

Tea revenue grew by 5,4% due mainly to selling price increases taken in the current and prior financial years in response to higher rooibos and black tea prices, offset by a 1,8% 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. An improved gross profit margin reflects some recovery of accumulated pressure in the first semester, with the second semester gross profit margin in line with last year. 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 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 first semester resulting in improved demand in the second half of the year, albeit at lower margins. Overall Coffee profit and profit margins remain healthy.

Creamer performance for the year was solid, with effective promotional activity and full distribution of the new 800 gram pack format resulting in sales volume growth despite aggressive competitor activity. Raw material cost pressures abated in line with better import exchange rates achieved, resulting in an improvement in gross profit margin. Operating profit and operating profit margin both showed good improvement over last year.

Snackworks

Revenue of R3,96 billion was 0,1% higher than last year while operating profit rose 5,8%, from R666,4 million to R705,0 million. The operating profit margin increased from 16,8% to 17,8%.

Biscuits revenue decreased by 1,7% due to a 5,8% 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, helping to offset the impact of lower volumes and resulting in a slight increase in the gross profit margin. Operating profit for the year increased marginally despite the lower sales volumes and limited price increases, with tightly controlled selling and administrative costs, including savings from the restructuring completed in the prior financial year, resulting in an increase in operating profit margin.

Snacks revenue grew 5,9% 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 year.

I&J

Revenue increased by 5,3% from R2,36 billion to R2,49 billion while operating profit increased from R389,1 million to R425,0 million. The operating profit margin increased from 16,5% to 17,1%.

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, improved fishing in the second half and higher volumes of non-hake products.

Operating profit increased despite the stronger Rand due to non-recurrence of the unprotected strike in August 2016 and higher unrealised foreign exchange gains, supported by sound performance from the fishing and processing operations and good focus on cost-savings initiatives over the year.

Abalone profit declined as the stronger Rand reduced current period revenue and resulted in a smaller fair value adjustment to the value of live abalone on hand at the end of the year.

Personal Care

Indigo's revenue from owned brands grew by 2,7% due to volume growth from gains in market share in key categories and price increases implemented in the last financial year. Total revenue, including service fees and sales of product manufactured for Coty, decreased by 0,3%. Export sales volumes declined with less launch activity and disruption in several markets resulting from import restrictions and local currency weakness. This offset operating profit growth in the domestic market, resulting in a 3,6% increase in operating profit for the year. The operating profit margin increased from 20,2% to 21,0%.

Footwear & Apparel

The Footwear & Apparel category increased revenue by 2,6% to R1,96 billion while operating profit increased by 7,8% from R366,0 million to R394,7 million. The operating profit margin increased from 19,1% to 20,1%.

The Spitz business grew revenue by 3,3% as a result of higher prices on non-core ranges. Selling prices of core ranges have not been increased since April 2016, supporting demand and a strong December performance. After achieving growth in the first semester, sales volumes were subdued in the second semester and full year volumes were slightly lower than last year. 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 year grew by 11,7% from R339,9 million to R379,6 million, and the operating profit margin improved from 22,7% to 24,6%.

Green Cross operating profit declined from R26,8 million to R6,2 million primarily due to poor performance of new ranges in the retail doors which resulted in a decline in sales volumes as well as gross profit margin, compounded by the ongoing decline in the wholesale channel. Costs were well controlled but savings were insufficient to offset the decline in sales volumes and gross profit margin. A further impairment of R108,0 million after tax has been made against this investment in recognition of the extended period it will take to return the business to acceptable profitability from the current base.

During the year, reporting lines for key activities in Green Cross were 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. Cash flow for the period was positive due mainly to a 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 low.

OUTLOOK

The trading environment is expected to remain difficult in the next financial year, with the current pressures on consumer spending likely to be compounded by the cumulative impact of ongoing job losses in both the private and public sectors. 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. If recent Rand weakness persists, we will see import cost increases in the second semester that will be difficult to recover in a constrained environment, resulting in pressure on profit margins. Notwithstanding this, our brands remain healthy and appealing to many consumers and a good portion of the new financial year's import requirements have been covered at rates that support good levels of 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 and current financial years, 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 while sustaining strong profit margins.

I&J's prospects remain materially dependent on fishing performance and exchange rates. Excluding the impact of weather conditions, catch rates on the freezer vessels have improved in the last few months and, if sustained, should result in good sales volumes to well-priced export markets. Export exchange rates secured for the year are at levels that support sound profitability and the more recent Rand weakness provides upside potential. The hake long-term rights application process, to allocate rights from 2021, should commence formally during the next year, but is not expected to impact on operations in this financial year.

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
10 September 2018

Simon Crutchley
CEO

ABRIDGED SUMMARISED CONSOLIDATED BALANCE SHEET

	Audited at 30 June	
	2018 Rm	2017 Rm
Assets		
Non-current assets		
Property, plant and equipment	**3 403,6**	3 480,8
Intangible assets and goodwill	**926,2**	994,0
Investments	**360,0**	376,9
Deferred taxation	**24,3**	24,1
	4 714,1	4 875,8
Current assets		
Inventories and biological assets	**2 165,4**	2 068,8
Trade and other receivables including derivatives	**2 442,3**	2 074,9
Cash and cash equivalents	**342,8**	246,7
	4 950,5	4 390,4
Total assets	**9 664,6**	9 266,2
Equity and liabilities		
Capital and reserves	**5 146,4**	4 851,7
Total equity	**5 146,4**	4 851,7
Non-current liabilities		
Cash-settled share-based payment liability	**38,9**	–
Operating lease straight-line liabilities	**14,3**	12,8
Employee benefit liabilities	**382,3**	379,7
Deferred taxation	**389,2**	375,6
	824,7	768,1
Current liabilities		
Current borrowings	**1 612,6**	1 690,8
Trade and other payables including derivatives	**2 031,8**	1 925,8
Current tax liabilities	**49,1**	29,8
	3 693,5	3 646,4
Total equity and liabilities	**9 664,6**	9 266,2

Net debt*	**1 269,8**	1 444,1
Return on capital employed (%)**	**28,7**	28,0

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

** *Operating profit before capital items and after taxation, as a percentage of average capital employed.*

ABRIDGED SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Audited year ended 30 June		
	2018 Rm	2017 Rm	% change
Revenue	**13 437,5**	13 184,6	1,9
Cost of sales	**(7 498,0)**	(7 422,4)	1,0
Gross profit	**5 939,5**	5 762,2	3,1
Selling and administrative expenses	**(3 387,0)**	(3 376,9)	0,3
Operating profit before capital items	**2 552,5**	2 385,3	7,0
Interest received	**5,7**	5,1	11,8
Finance costs	**(132,4)**	(157,5)	(15,9)
Share of equity accounted earnings of joint ventures	**56,3**	63,2	(10,9)
Capital items	**(136,6)**	(127,5)	7,1
Profit before taxation	**2 345,5**	2 168,6	8,2
Taxation	**(669,7)**	(615,4)	8,8
Profit for the year	**1 675,8**	1 553,2	7,9
Profit attributable to:			
Owners of AVI	**1 675,8**	1 553,2	7,9
	1 675,8	1 553,2	7,9
Other comprehensive income/(loss), net of tax	**33,0**	(59,2)	
Items that are or may be subsequently reclassified to profit or loss			
Foreign currency translation differences	**3,8**	(37,5)	
Cash flow hedging reserve	**29,0**	(8,7)	
Taxation on items that are or may be subsequently reclassified to profit or loss	**(8,1)**	2,4	
Items that will never be reclassified to profit or loss			
Actuarial gain/(loss) recognised	**11,5**	(21,4)	
Taxation on items that will never be reclassified to profit or loss	**(3,2)**	6,0	
Total comprehensive income for the year	**1 708,8**	1 494,0	14,4
Total comprehensive income attributable to:			
Owners of AVI	**1 708,8**	1 494,0	14,4
	1 708,8	1 494,0	14,4
Depreciation and amortisation included in operating profit	**412,9**	397,4	3,9
Earnings per share			
Basic earnings per share (cents)#	**513,1**	479,0	7,1
Diluted earnings per share (cents)##	**510,1**	475,2	7,3
Headline earnings per share (cents)#	**543,1**	507,7	7,0
Diluted headline earnings per share (cents)##	**540,0**	503,6	7,2

Basic earnings and headline earnings per share are calculated on a weighted average of 326 624 426 (30 June 2017: 324 230 182) ordinary shares in issue.

Diluted earnings and diluted headline earnings per share are calculated on a weighted average of 328 520 186 (30 June 2017: 326 828 137) ordinary shares in issue.

ABRIDGED SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

	Audited year ended 30 June		
	2018 Rm	2017 Rm	% change
Operating activities			
Cash generated by operations	**2 691,9**	2 318,6	16,1
Interest paid	**(132,4)**	(157,5)	(15,9)
Taxation paid	**(620,9)**	(546,7)	13,6
Net cash available from operating activities	**1 938,6**	1 614,4	20,1
Investing activities			
Interest received	**5,7**	5,1	11,8
Property, plant and equipment acquired	**(419,9)**	(545,6)	(23,0)
Additions to intangible assets	**(14,6)**	(2,3)	534,8
Proceeds from disposals of property, plant and equipment	**14,8**	18,0	(17,8)
Contributions to Enterprise and Supplier Development initiatives	**(8,6)**	–	100,0
Cash flows from joint ventures	**83,9**	79,1	6,1
Net cash used in investing activities	**(338,7)**	(445,7)	(24,0)
Financing activities			
Proceeds from shareholder funding	**59,9**	63,3	(5,4)
Short-term funding repaid	**(78,2)**	(46,9)	66,7
Payment to I&J BBBEE shareholders	**(65,0)**	–	100,0
Ordinary dividends paid	**(1 421,3)**	(1 244,5)	14,2
Net cash used in financing activities	**(1 504,6)**	(1 228,1)	22,5
Increase/(decrease) in cash and cash equivalents	**95,3**	(59,4)	(260,4)
Cash and cash equivalents at beginning of year	**246,7**	309,1	(20,2)
	342,0	249,7	37,0
Translation of cash equivalents of foreign subsidiaries	**0,8**	(3,0)	(126,7)
Cash and cash equivalents at end of year	**342,8**	246,7	39,0
Movement in net debt			
Opening balance	**1 444,1**	1 428,6	1,1
Short-term funding repaid	**(78,2)**	(46,9)	
(Increase)/decrease in cash and cash equivalents	**(95,3)**	59,4	
Translation of cash equivalents of foreign subsidiaries	**(0,8)**	3,0	
Net debt	**1 269,8**	1 444,1	(12,1)

ABRIDGED SUMMARISED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital and premium Rm	Treasury shares Rm	Reserves Rm	Retained earnings Rm	I&J BBBEE shareholders Rm	Total equity Rm
Year ended 30 June 2018						
Balance at 1 July 2017	280,3	(541,9)	449,9	4 666,1	(2,7)	4 851,7
Profit for the year	–	–	–	1 675,8	–	1 675,8
Other comprehensive income						
Foreign currency translation differences	–	–	3,8	–	–	3,8
Actuarial gains recognised, net of tax	–	–	8,3	–	–	8,3
Cash flow hedging reserve, net of tax	–	–	20,9	–	–	20,9
Total other comprehensive income	–	–	33,0	–	–	33,0
Total comprehensive income for the year	–	–	33,0	1 675,8	–	1 708,8
Transactions with owners, recorded directly in equity						–
Share-based payments	–	–	37,0	–	–	37,0
Group share scheme recharge	–	–	14,2	–	–	14,2
Dividends paid	–	–	–	(1 421,3)	–	(1 421,3)
Own ordinary shares sold by AVI Share Trusts	–	55,4	–	4,5	–	59,9
I&J BBBEE shareholders	–	–	–	–	(103,9)	(103,9)
Total contributions by and distributions to owners	–	55,4	51,2	(1 416,8)	(103,9)	(1 414,1)
Balance at 30 June 2018	**280,3**	**(486,5)**	**534,1**	**4 925,1**	**(106,6)**	**5 146,4**
Year ended 30 June 2017						
Balance at 1 July 2016	114,3	(435,9)	459,4	4 354,4	(2,7)	4 489,5
Profit for the year	–	–	–	1 553,2	–	1 553,2
Other comprehensive loss						
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 loss	–	–	(59,2)	–	–	(59,2)
Total comprehensive income for the year	–	–	(59,2)	1 553,2	–	1 494,0
Transactions with owners, recorded directly in equity						
Share-based payments	–	–	28,0	–	–	28,0
Group share scheme recharge			21,4			21,4
Dividends paid	–	–	–	(1 244,5)	–	(1 244,5)
Issue of ordinary shares to AVI Share Trust	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)**	**449,9**	**4 666,1**	**(2,7)**	**4 851,7**

NOTES TO THE ABRIDGED SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2018

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

1. Basis of preparation

The abridged summarised consolidated financial statements have been prepared in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports, and the requirements of the Companies Act of South Africa applicable to summary financial statements. The Listings Requirements require abridged reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (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 also, as a minimum, to contain the information required by IAS 34 – *Interim Financial Reporting*.

The accounting policies used in the preparation of the abridged summarised consolidated financial statements were derived and are in terms of International Financial Reporting Standards and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

The abridged summarised consolidated 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 Group has adopted the amendments to the following accounting standard in the preparation of these results, which became effective for the Group from 1 July 2017:

Amendments to IAS 7 *(Disclosure Initiative)*

The amendments provide for disclosure that enables 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.

The required disclosure has been provided in the annual consolidated financial statements. The implementation of the amendments had no impact on the Group's results.

The remaining standards, amendments and interpretations, which became effective in the period ended 30 June 2018 were assessed for applicability to the Group and management concluded that they had no impact.

2. Segmental results

	Audited year ended 30 June		
	2018 Rm	2017 Rm	% change
Segmental revenue			
Food & Beverage brands	**10 282,5**	10 076,0	2,1
Entyce Beverages	**3 834,1**	3 757,1	2,1
Snackworks	**3 960,8**	3 956,2	0,1
I&J	**2 487,6**	2 362,7	5,3
Fashion brands	**3 155,0**	3 108,6	1,5
Personal Care	**1 190,6**	1 194,5	(0,3)
Footwear & Apparel	**1 964,4**	1 914,1	2,6
Group	**13 437,5**	13 184,6	1,9
Segmental operating profit before capital items			
Food & Beverage brands	**1 922,6**	1 790,6	7,4
Entyce Beverages	**792,6**	735,1	7,8
Snackworks	**705,0**	666,4	5,8
I&J	**425,0**	389,1	9,2
Fashion brands	**645,0**	607,5	6,2
Personal Care	**250,3**	241,5	3,6
Footwear & Apparel	**394,7**	366,0	7,8
Corporate and consolidation	**(15,1)**	(12,8)	
Group	**2 552,5**	2 385,3	7,0

NOTES TO THE ABRIDGED SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS continued

3. Determination of headline earnings

	Audited year ended 30 June		
	2018 Rm	2017 Rm	% change
Profit for the year attributable to owners of AVI	**1 675,8**	1 553,2	7,9
Total capital items after taxation	**98,1**	92,8	
Net gain on disposal of property, plant and equipment	**(13,4)**	(9,7)	
Impairment of property, plant and equipment	**–**	2,3	
Impairment of Green Cross trademark*	**150,0**	150,0	
Joint venture capital profit	**–**	(15,1)	
Taxation attributable to capital items	**(38,5)**	(34,7)	
Headline earnings	**1 773,9**	1 646,0	7,8
Headline earnings per ordinary share (cents)	**543,1**	507,7	7,0
Diluted headline earnings per ordinary share (cents)	**540,0**	503,6	7,2

	Number of shares	Number of shares	% change
Weighted average number of ordinary shares	**326 624 426**	324 230 182	0,7
Weighted average diluted number of ordinary shares	**328 520 186**	326 828 137	0,5

** The Green Cross trademark of R399,7 million was recognised on acquisition of the business on 1 March 2012. An impairment loss of R150 million was recognised in the prior year, and a further impairment loss of R150 million has been recognised in the current year, in consideration of the extended period it will take to return the business to acceptable profitability from the current base.*

4. Cash generated by operations

	Audited year ended 30 June		
	2018 Rm	2017 Rm	% change
Cash generated by operations before working capital changes	**3 031,2**	2 738,4**	10,7
Change in working capital	**(339,3)**	(419,8)**	(19,2)
Cash generated by operations	**2 691,9**	2 318,6	16,1

*** Historically adjustments for non-cash items have taken into account the income statement charge for incentive provisions and earnings-linked performance bonuses, as well as the current service cost and interest cost relating to the Group's post-retirement medical aid obligation, without adjusting for related cash payments. This has been corrected in the current year, and the prior year has been restated. Accordingly, an adjustment of R255,2 million has been processed between "Cash generated by operations before working capital changes" and "Change in working capital" to more appropriately account for cash payments within "Cash generated by operations before working capital changes". "Cash generated by operations" remains unchanged.*

5. I&J Broad-Based Black Economic Empowerment ("BBBEE") transactions

Previously the Company sold 20% of its shareholding in Irvin & Johnson Holding Company Proprietary Limited ("I&J") to Main Street 198 Proprietary Limited ("Main Street"), a broad-based black empowered company with strong commitments to the South African fishing industry. The I&J shareholders agreement provides for put and call options between the Company and Main Street, the exercise price of which is determined by a fixed formula based on I&J's earnings.

During June 2018, the exercise date of the put and call options was extended from July 2018 to July 2022. As part of the extension, a minimum guaranteed exercise price of R106,8 million was agreed with Main Street based on the application of the fixed formula at 30 June 2018. R65,0 million of this minimum guaranteed amount was paid to Main Street in June 2018 with the balance payable on exercise of the put and call options.

The sale of the 20% interest to Main Street was an equity instrument that was considered to have fully vested in the hands of the participants before 1 January 2005. Under the exemption offered by IFRS 1 – *First-time Adoption of IFRS* the transaction was not accounted for as a share-based payment. The extension of the arrangement in the current year has been treated as a modification within the scope of IFRS 2 – *Share-based Payments.* Prior to the extension AVI could elect to settle the transaction in either shares or cash. The inclusion of the minimum guaranteed amount, however, results in the modification of the transaction from an equity-settled share-based payment transaction to a cash-settled share-based payment transaction. Accordingly, the payment of R65,0 million and present value of the remaining minimum guaranteed amount have been recorded directly against equity as part of the modification of the previous equity-settled arrangement, and a cash-settled share-based payment liability of R38,9 million recognised for the present value of the remaining minimum guaranteed amount plus estimated dividends over the remaining period.

6. Commitments

	Audited year ended 30 June	
	2018 Rm	2017 Rm
Capital expenditure commitments for property, plant and equipment	**371,4**	351,8
Contracted for	**143,3**	97,6
Authorised but not contracted for	**228,1**	254,2

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

7. 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 using a forward pricing model with reference to quotes from financial institutions. Significant inputs into the Level 2 fair value measurement include yield curves as well as market interest rates and foreign exchange rates. The estimated fair values of recognised financial instruments approximate their carrying amounts based on the nature or maturity period of the financial instruments.

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 year ended 30 June 2018.

Further information about the assumptions made in measuring fair values is included in the consolidated financial statements available at the Company's registered office.

8. Post-balance sheet events

No events that meet the requirements of IAS 10 have occurred since the balance sheet date.

9. 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 year ended 30 June 2018. These include the following standards and interpretations, and amendments to standards, that are applicable to the business of the Group, and have not been applied in preparing these financial statements:

IFRS 15 – *Revenue from Contracts with Customers*

This standard combines, enhances and replaces specific guidance on recognising revenue with a single revenue standard that introduces a new revenue recognition model for contracts with customers.

The core principle of IFRS 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers for an amount that reflects the consideration to which an entity expects to be entitled to in exchange for those goods or services. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

The standard is mandatory for accounting periods beginning on or after 1 January 2018 and will therefore be adopted by AVI for the year ended 30 June 2019. The Group is planning to apply the standard retrospectively, recognising the cumulative effect of initially applying the standard in retained earnings at the date of initial application on 1 July 2018.

The Group has undertaken a detailed review of the main types of commercial arrangements with customers under the five-step model of IFRS 15 and has concluded that the application of IFRS 15 will have the following indicative impact (based on the results for the year ended 30 June 2018) on the presentation of the consolidated financial statements:

(i) An amount of R475,6 million in payments to customers currently treated as selling and distribution costs will be reclassified as deductions from revenue due to clarity provided by IFRS 15 regarding "identifiable" and "separable" not provided by IAS 18.

(ii) An amount of R63,4 million relating to transport and insurance costs currently offset against revenue will be reallocated to cost of sales due to clarity provided by IFRS 15 regarding agent versus principal.

(iii) An amount of R305,5 million of accruals and provisions for payments to customers currently included in trade and other payables will be offset against trade and other receivables due to clarity provided by IFRS 15 regarding "identifiable" and "separable" not provided by IAS 18.

The implementation of the new standard will not materially impact the measurement and timing of revenue recognition and therefore no impact on retained earnings on 1 July 2018 is expected.

9. New standards and interpretations in issue not yet effective continued

IFRS 9 – *Financial Instruments*

IFRS 9 addresses the accounting principles for the financial reporting of financial assets and financial liabilities, including classification, measurement, impairment, derecognition and hedge accounting. IFRS 9 replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 – *Financial Instruments: Recognition and Measurement*.

The standard is mandatory for accounting periods beginning on or after 1 January 2018 and will therefore be adopted by AVI for the year ended 30 June 2019. The Group is planning to apply the standard retrospectively as at 1 July 2018, however, with no restatement of comparative information for prior years. AVI has elected to retain the hedge accounting requirements of IAS 39.

IFRS 9 replaces the current IAS 39 categories of financial assets with three principle classification categories – measured at amortised cost, fair value through other comprehensive income and fair value through profit or loss. Financial assets held by the Group have been assessed, considering contractual cash flow characteristics and the business models for managing financial assets. Based on the assessment, there will be no impact on the classification of financial assets as a result of the adoption of IFRS 9.

IFRS 9 replaces the "incurred loss" model of IAS 39 with a forward looking "expected credit loss" model to measure impairment losses on financial assets. The majority of the Group's financial assets are trade receivables for which IFRS 9 requires the simplified approach to be applied, measuring the impairment loss allowance based on lifetime expected credit loss. Further to this, as a practical expedient, AVI has applied a provision matrix assessing historical credit losses per aged bucket of trade debtors and overlaying this with AVI's assessment of general economic conditions to estimate expected future losses. The implementation of IFRS 9 will result in a R4,5 million increase in the impairment loss allowance. This will be recognised against retained earnings on 1 July 2018.

IFRS 16 – *Leases*

IFRS 16 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, and related interpretations.

IFRS 16 has one model for lessees which will result in leases previously classified as operating leases and recorded off-balance sheet being capitalised on the balance sheet, requiring a lessee to recognise a right-of-use asset and a concomitant lease liability. The standard will have the most significant impact in AVI's retail businesses which lease all their retail doors. AVI does not have any finance leases.

The standard is mandatory for accounting periods beginning on or after 1 January 2019, however the Group is planning to early adopt the standard for the year ended 30 June 2019 with the date of initial application 1 July 2018. The Group is planning to apply the standard retrospectively recognising the cumulative effect of initially applying the standard in retained earnings at the date of initial application (modified retrospective approach).

As part of the modified retrospective transition approach, AVI has elected to apply the practical expedient which allows single discount rates to be applied to portfolios of leases with reasonably similar characteristics.

As an accounting policy election, AVI will apply the following recognition exemptions which allow for certain lease payments to be expensed over the lease term as opposed to recognising a right-of-use asset and related lease liability on the lease commencement date:

- Short-term leases – these are leases with a lease term of 12 months or less; and
- Leases of low value assets – these are leases where the underlying asset is of low value.

At transition date, the adoption of IFRS 16 will result in the recognition of right-of-use assets to the value of R367,1 million and lease liabilities of R465,0 million. Taking into account leases in place on the initial application date, operating profit is expected to increase by approximately R40 million due to the replacement of the operating lease expense with depreciation of right-of-use assets. This increase will partly be offset by a higher interest expense on lease liabilities of approximately R30 million, resulting in an estimated after tax gain in earnings of R7 million. On the statement of cash flows, estimated lease payments of R180 million, previously included in cash generated by operations, will be disclosed under financing activities (R150 million relating to the principal portion of lease payments) and interest paid (R30 million).

Non-applicable standards, amendments and interpretations

The other remaining standards, amendments and interpretations issued but not yet effective have been assessed for applicability to the Group and management has concluded that they are not applicable to the business of the Group and will therefore have no impact on future financial statements.

10. Dividend declaration

Notice is hereby given that a gross final ordinary dividend No 90 of 260 cents per share for the year ended 30 June 2018 and a gross special dividend No 91 of 250 cents per share have been declared payable to shareholders of ordinary shares. Both dividends have been declared out of income reserves and will be subject to dividend withholding tax at a rate of 20%. Consequently, a net final ordinary dividend of 208 cents per share and a net special dividend of 200 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 amounts 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 dividends are as follows:

Last day to trade cum dividend on the JSE	Tuesday, 9 October 2018
First trading day ex dividend on the JSE	Wednesday, 10 October 2018
Record date	Friday, 12 October 2018
Payment date	Monday, 15 October 2018

In accordance with the requirements of Strate Limited, no share certificates may be dematerialised or rematerialised between Wednesday, 10 October 2018, and Friday, 12 October 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, 15 October 2018.

11. Reports of the independent auditor

The abridged summarised consolidated financial statements for the year ended 30 June 2018 have been audited by Ernst & Young Inc., who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the annual consolidated financial statements from which these abridged summarised consolidated financial statements were derived. The auditor's report on the abridged summarised consolidated financial statements does not necessarily report on all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report on the abridged summarised consolidated financial statements and of the auditor's report on the annual consolidated financial statements which is available for inspection at the Company's registered office, together with the accompanying financial statements identified in the respective auditor's report.

12. Preparer of financial statements

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

13. Annual report

The annual report for the year ended 30 June 2018 will be posted to shareholders on or about Tuesday, 2 October 2018. The financial statements will include the notice of the annual general meeting of shareholders to be convened on Thursday, 1 November 2018.

ADMINISTRATION AND PRINCIPAL SUBSIDIARIES

ADMINISTRATION

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

Company Secretary
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E-mail: info@avi.co.za
Website: www.avi.co.za

Auditors
Ernst & Young Inc.
Appointed 30 January 2018

Sponsor
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South Africa Limited

Commercial bankers
Standard Bank
FirstRand Bank

Transfer secretaries
Computershare Investor
Services Proprietary Limited

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15 Biermann Avenue
Rosebank
Johannesburg 2196

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

PRINCIPAL SUBSIDIARIES

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

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Bryanston 2021

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Rivonia 2128

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

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

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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

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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
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Acting managing director
Simon Crutchley
Telephone: +27 (0)11 707 7300
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Green Cross Manufacturers Proprietary Limited
Reg no: 1994/008549/07

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 27 February 2018.*

Bastion

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