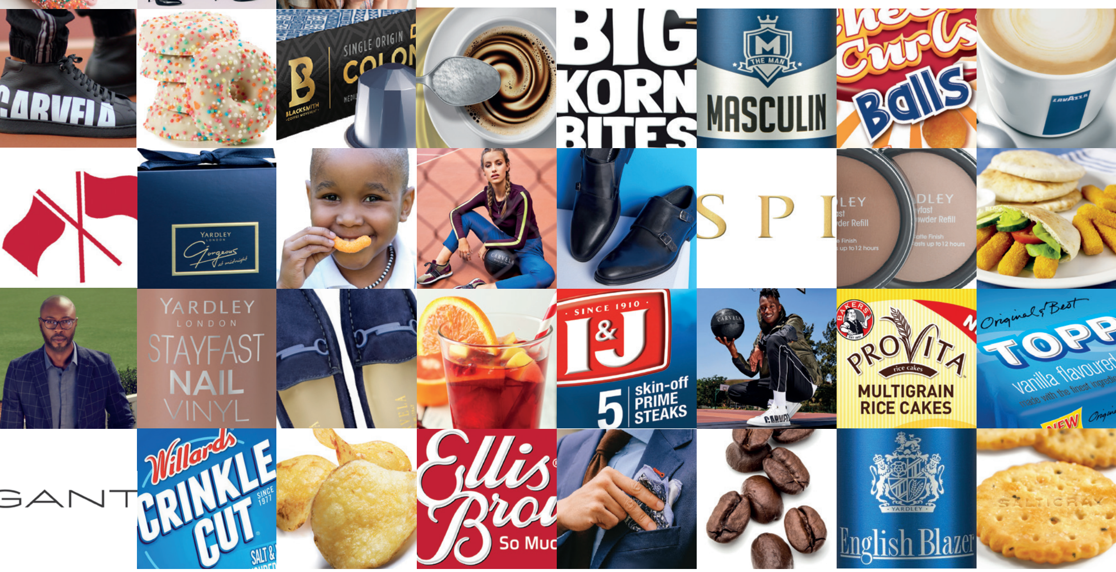
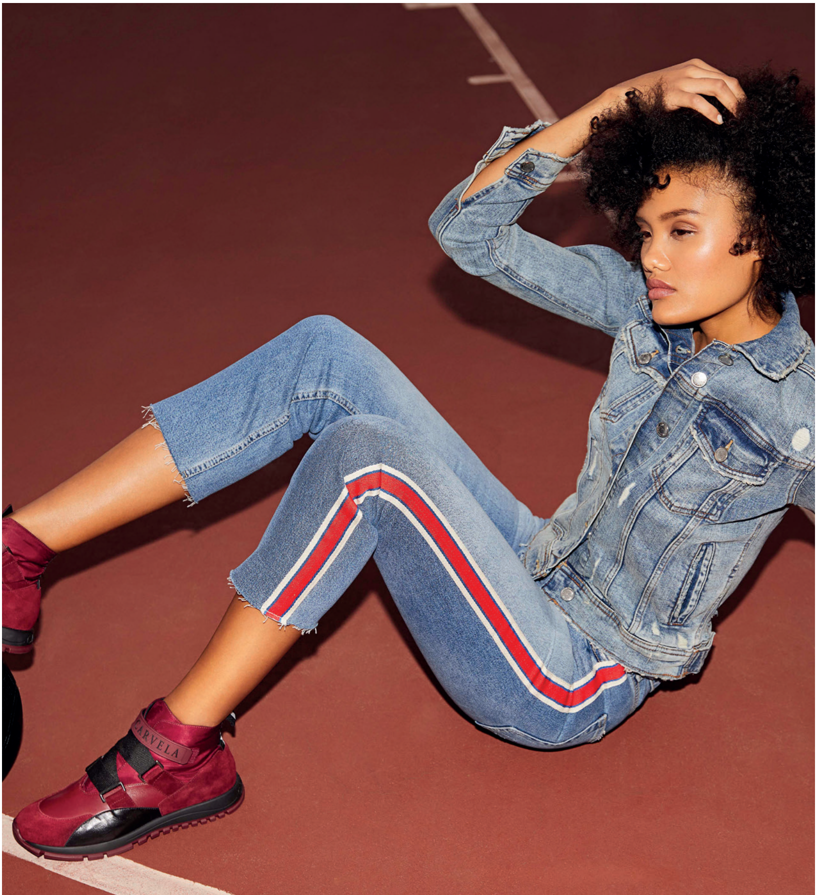
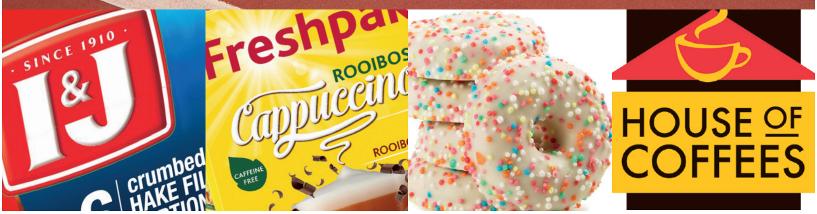
RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2018



GROWING GREAT BRANDS





AVI LIMITED

ISIN: ZAE000049433 JSE and A2X 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

Like-for-like revenue growth of 0,2%:

- Pressure on sales volumes in constrained consumer environment most notably in December
- Carefully balanced value versus volume across key categories

Gross profit margins protected despite the difficult environment

Selling and administrative costs well managed, up 3,1% on a like-for-like basis, including:

- Restructuring costs at Green Cross
- Unrealised loss from mark-to-market of I&J's fuel hedges

Operating profit down 6,4% on a like-for-like basis

Cash generated by operations up 0,9% on a like-for-like basis

Continued investment to grow and sustain our businesses with capital expenditure of R290,4 million

Negligible impact of new accounting standards on headline earnings

Headline earnings per share down 6,2% to 305,5 cents

Interim dividend cover maintained, interim dividend of 165 cents per share

AVI has adopted the following new accounting standards with effect from 1 July 2018:

- IFRS 15 – *Revenue from Contracts with Customers*;
- IFRS 16 – *Leases*;
- IFRS 9 – *Financial Instruments*.

While the impact at a headline earnings level is negligible for AVI, IFRS 15 and 16 have a material impact on many of the items reported in the financial statements, rendering direct comparison to last year's results meaningless for these lines. Additional tables and schedules have been included in this report to assist in comparing the results to those for last year on a like-for-like basis. Where comparisons to prior year results are made on a like-for-like basis in the commentary, this is before taking reclassifications in terms of the new revenue and lease accounting standards into account. The illustrative F19 information presented on a like-for-like basis is the responsibility of the directors of AVI, and does not constitute financial information fairly presented in accordance with International Financial Reporting Standards.

GROUP OVERVIEW

Group revenue for the semester was 0,2% higher than for the same period last year on a like-for-like basis. The trading environment remained difficult with continued pressure on consumer spending resulting in sales volume weakness in many of our businesses, exacerbated by competitor discounting in some categories. In particular, December's sales volumes were lower than last year particularly in Spitz, which was unable to repeat record December 2017 sales volumes. Selling prices were increased in selected categories where there was a need to ameliorate accumulated cost pressures, but were maintained throughout the period for the most part.

Gross profit margins were well protected reflecting generally low raw material cost inflation and good cost control, with the consolidated gross profit margin decreasing slightly from 45,0% to 44,3% on a like-for-like basis.

Despite tight management of selling and administrative costs, which increased by 3,1% on a like-for-like basis, like-for-like operating profit was 6,4% lower than for the first semester of the last financial year due to the impact of lower sales volumes, provisions for the significant restructuring at Green Cross, and an unfavourable movement in the mark-to-market adjustment on I&J's fuel hedges as a result of the low oil price at the end of the period.

The new accounting standards had a negligible impact on headline earnings. Headline earnings declined by 5,6% from R1,06 billion to R1,00 billion with the decrease in operating profit partially offset by an increase in earnings from I&J's Australian joint venture. Headline earnings per share decreased 6,2% from 325,6 cents to 305,5 cents with a 0,6% 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 increased by 0,9% to R1,57 billion on a like-for-like basis. Working capital rose R57,8 million due mostly to higher stock on hand resulting from constrained sales volumes in the second quarter of the financial year. Capital expenditure amounted to R290,4 million, reflecting continued investment across the Group to sustain and improve our businesses. Other material cash outflows during the period were an ordinary dividend of R855,9 million, a special dividend of R822,9 million and taxation of R344,5 million. Net debt at the end of December 2018 was R2,51 billion compared to R1,21 billion at the end of December 2017, including R466,5 million of lease liabilities recognised in terms of the new lease accounting standard adopted on 1 July 2018.

DIVIDEND

Cash generation remains healthy and AVI has maintained its normal interim dividend cover. Accordingly, an interim dividend of 165 cents per share has been declared.

SEGMENTAL REVIEW

Segmental revenue and operating profit for each business are presented below on a like-for-like basis.

Six months ended 31 December

	Segmental revenue			Segmental operating profit		
	2018 Rm	2017 Rm	% change	**2018 Rm**	2017 Rm	% change
Food & Beverage brands	**5 548,6**	5 413,6	2,5	**1 042,7**	1 054,9	(1,2)
Entyce Beverages	**2 116,9**	2 039,0	3,8	**467,0**	424,3	10,1
Snackworks	**2 258,4**	2 176,5	3,8	**429,2**	452,0	(5,0)
I&J	**1 173,3**	1 198,1	(2,1)	**146,5**	178,6	(18,0)
Fashion brands	**1 763,8**	1 886,8	(6,5)	**399,2**	482,7	(17,3)
Personal Care	**624,5**	631,4	(1,1)	**128,4**	140,3	(8,5)
Footwear and Apparel	**1 139,3**	1 255,4	(9,2)	**270,8**	342,4	(20,9)
Corporate	**–**	–		**(10,3)**	(7,4)	
Group like-for-like	**7312,4**	7 300,4	0,2	**1 431,6**	1 530,2	(6,4)
Impact of new accounting standards	**(243,8)**	–		**24,0**	–	
Group as reported	**7 068,6**	7 300,4	(3,2)	**1 455,6**	1 530,2	(4,9)

Entyce Beverages

Revenue increased 3,8% to R2,12 billion while operating profit increased 10,1% to R467,0 million with the operating profit margin at 22,1% compared to 20,8% in the prior year.

Tea revenue grew by 2,3% due mainly to selling price increases taken in the prior financial year in response to higher rooibos and black tea prices, offset by a 3,5% decrease in volumes. The premium Five Roses and Freshpak tea brands performed well in terms of margin contribution but saw increasing volume pressure at higher price points with some demand moving to lower priced offerings. Gross profit margin improved with lower black tea input costs ameliorating some of the pressure from increased rooibos raw material prices. Operating profit growth was healthy and the operating profit margin improved.

Coffee revenue and operating profit were lower than last year, due mainly to margin pressure on mixed instant coffee and sales volume pressure on premium coffee from sustained aggressive competitor activity. The out of home and affordable coffee categories both achieved growth for the semester, and the overall profitability of the coffee business remains sound.

Creamer benefited from a significant increase in demand following competitor supply issues and sales volumes were 22,5% higher than in the first half of last year. Profit margins improved due to the volume leverage and contributed to strong operating profit growth for the semester.

Snackworks

Revenue of R2,26 billion was 3,8% higher than last year while operating profit decreased 5,0%, from R452,0 million to R429,2 million. The operating profit margin decreased from 20,8% to 19,0%.

Biscuits revenue grew by 4,4% due to a 3,9% increase in sales volumes, however the gross profit margin decreased due to a temporary period of poor yields in the Isando factory and commissioning write-offs in the Westmead factory where the new chocolate lines are ramping up to normal production. Notwithstanding tightly controlled selling and administrative costs, this resulted in a decrease in operating profit and the operating profit margin for the semester.

Snacks revenue grew 1,8% due mainly to 1,9% growth in sales volumes. Gross profit margin was slightly lower than last year, yielding a small increase in gross profit that was insufficient to cover the increase in selling and administrative costs, resulting in a small decrease in operating profit and the operating profit margin.

I&J

Revenue decreased by 2,1% from R1,20 billion to R1,17 billion while operating profit decreased from R178,6 million to R146,5 million. The operating profit margin decreased from 14,9% to 12,5%.

The revenue decrease is mainly attributable to lower fish trading and by-catch sales, while core hake revenue was slightly up on last year, despite lower quota, due to an improved sales mix and better export exchange rates achieved.

Fishing performance was inconsistent, with an initial period of good catch rates and improved size mix offset by lower catch rates in the second quarter. Gross profit margin was in line with last year.

Selling and administrative costs excluding unrealised losses on fuel hedges were lower than last year, however the low oil price at the end of the period resulted in an unfavourable movement in the mark-to-market adjustment on I&J's fuel hedges that largely accounts for the decrease in operating profit.

Personal Care

Indigo's revenue decreased by 1,1% from R631,4 million to R624,5 million due mainly to volume pressure on fragranced body sprays resulting from aggressive discounting by competitors, mostly in the first quarter of the financial year. This was partially offset by good growth in roll-ons and body lotions and recovery in some export markets. The gross profit margin decreased slightly due to changes in the sales mix and together with lower sales volumes resulted in a decrease in operating profit from R140,3 million to R128,4 million. The operating profit margin decreased from 22,2% to 20,6%.

Footwear and Apparel

Revenue in the Footwear and Apparel category decreased by 9,2% to R1,14 billion while operating profit decreased by 20,9% from R342,4 million to R270,8 million. The operating profit margin decreased from 27,3% to 23,8%.

The Spitz business saw revenue decline by 7,8% due largely to an 8,2% drop in footwear sales volumes. Selling prices of core ranges have not been increased since April 2016, however consumer demand was subdued and the business was not able to repeat last year's record December sales performance. Gross profit margin was maintained in line with last year and selling and administrative expenses increased by only 1,3%, however the lower volumes and consequent decline in gross profit resulted in a 15,4% decrease in operating profit, from R334,6 million to R283,1 million. The operating profit margin decreased from 32,3% to 29,7%.

Green Cross revenue decreased by 20,4% largely due to lower sales volumes. Sales volumes were impacted by soft demand and widespread discounting in the mid-price comfort footwear segment, exacerbated by poor performance of the summer range in retail doors. Fixed costs were tightly managed and decreased compared to last year, before taking restructuring costs into account. In November Green Cross embarked on a consultation process with affected employees following an in-principle decision to stop all manufacturing operations at its facility in Epping, Cape Town. Restructuring provisions of approximately R15 million have been included in the first half result pending finalisation of the consultation process. Including these costs, Green Cross recorded an operating loss of R18,8 million compared to a profit of R4,4 million last year. Cash flow for the period was positive due mainly to a further reduction in stock levels.

OUTLOOK

The trading environment is expected to remain difficult, with constrained consumer spending. Our expectation is that many of our categories will continue 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 majority of the second semester's import requirements have been covered at rates that support sound levels of profitability, subject to acceptable demand and sales volumes. There is a reasonable prospect of a stronger second semester than in the prior year should current sales volumes be sustained and I&J's catch rates remain as per forecasts. 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 identify opportunities 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. Notwithstanding some periods of poor catch rates in the first semester, we remain of the view that the performance of the hake resource is set to improve over the next few years. Export exchange rates secured for the second semester are at levels that support sound profitability and the more recent Rand weakness provides some upside potential. The hake long-term rights application process, to allocate rights from 2021, has commenced but without much structure or detail to date, and is not expected to impact on operations in this financial year.

The Green Cross consultation process should be completed before the end of the year allowing for more accurate recognition of restructuring costs.

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

11 March 2019

CONDENSED CONSOLIDATED BALANCE SHEET

	Unaudited at 31 December		Audited at 30 June
	2018* **Rm**	2017 Rm	2018 Rm
Assets			
Non-current assets			
Property, plant and equipment	**3 475,1**	3 455,8	3 403,6
Right-of-use assets	**370,1**	–	–
Intangible assets and goodwill	**916,8**	993,3	926,2
Investments	**384,9**	365,3	360,0
Deferred taxation	**31,1**	17,2	24,3
	5 178,0	4 831,6	4 714,1
Current assets			
Inventories and biological assets	**2 183,4**	1 869,2	2 165,4
Trade and other receivables including derivatives	**1 949,2**	2 423,4	2 442,3
Cash and cash equivalents	**335,3**	334,2	342,8
	4 467,9	4 626,8	4 950,5
Total assets	**9 645,9**	9 458,4	9 664,6
Equity and liabilities			
Capital and reserves			
Total equity	**4 439,7**	5 129,8	5 146,4
Non-current liabilities			
Cash-settled share-based payment liability	**38,9**	–	38,9
Lease liabilities	**300,1**	–	–
Operating lease straight-line liabilities	**–**	13,6	14,3
Employee benefit liabilities	**389,4**	386,6	382,3
Deferred taxation	**424,5**	405,9	389,2
	1 152,9	806,1	824,7
Current liabilities			
Current borrowings including short-term portion of lease liabilities	**2 547,2**	1 542,9	1 612,6
Trade and other payables including derivatives	**1 444,3**	1 897,6	2 031,8
Current tax liabilities	**61,8**	82,0	49,1
	4 053,3	3 522,5	3 693,5
Total equity and liabilities	**9 645,9**	9 458,4	9 664,6
Movement in net debt			
Opening balance	**1 269,8**	1 444,1	1 444,1
IFRS 16 lease liability movements	**466,5**	–	–
Short-term funding raised/(repaid)	**768,2**	(147,9)	(78,2)
Decrease/(increase) in cash and cash equivalents	**6,2**	(91,2)	(95,3)
Translation of cash equivalents of foreign subsidiaries	**1,3**	3,7	(0,8)
Net debt**	**2 512,0**	1 208,7	1 269,8

** These figures include the impact of changes in accounting policies following the implementation of new accounting standards in the current year (refer to note 9). The annexure sets out the financial statements on a like-for-like basis.*

*** Comprises current borrowings plus long-term lease liabilities, less cash and cash equivalents.*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited six months ended 31 December			Audited year ended 30 June
	2018* Rm	2017 Rm	% change	2018 Rm
Revenue	**7 068,6**	7 300,4	(3,2)	13 437,5
Cost of sales	**(4 103,6)**	(4 018,4)	2,1	(7 498,0)
Gross profit	**2 965,0**	3 282,0	(9,7)	5 939,5
Selling and administrative expenses	**(1 509,4)**	(1 751,8)	(13,8)	(3 387,0)
Operating profit before capital items	**1 455,6**	1 530,2	(4,9)	2 552,5
Interest received	**3,4**	2,4	41,7	5,7
Finance costs	**(97,8)**	(74,3)	31,6	(132,4)
Share of equity-accounted earnings of joint ventures	**37,1**	25,4	46,1	56,3
Capital items	**(11,1)**	3,4	(426,5)	(136,6)
Profit before taxation	**1 387,2**	1 487,1	(6,7)	2 345,5
Taxation	**(393,0)**	(423,6)	(7,2)	(669,7)
Profit for the period	**994,2**	1 063,5	(6,5)	1 675,8
Profit attributable to:				
Owners of AVI	**994,2**	1 063,5	(6,5)	1 675,8
Other comprehensive (loss)/income, net of tax	**(14,3)**	(59,4)		33,0
Items that are or may be subsequently reclassified to profit or loss				
Foreign currency translation differences	**(9,2)**	(29,4)		3,8
Cash flow hedging reserve	**(7,1)**	(41,7)		29,0
Taxation on items that are or may be subsequently reclassified to profit or loss	**2,0**	11,7		(8,1)
Items that will never be reclassified to profit or loss				
Actuarial gain recognised	**–**	–		11,5
Taxation on items that will never be reclassified to profit or loss	**–**	–		(3,2)
Total comprehensive income for the period	**979,9**	1 004,1	(2,4)	1 708,8
Total comprehensive income attributable to:				
Owners of AVI	**979,9**	1 004,1	(2,4)	1 708,8
Depreciation and amortisation of property, plant and equipment, right-of-use assets, fishing rights and trademarks included in operating profit	**296,6**	207,5	42,9	412,9
Earnings per share				
Basic earnings per share (cents)#	**303,2**	326,2	(7,1)	513,1
Diluted basic earnings per share (cents)##	**301,7**	324,2	(6,9)	510,1
Headline earnings per share (cents)#	**305,5**	325,6	(6,2)	543,1
Diluted headline earnings per share (cents)##	**304,1**	323,6	(6,0)	540,0

 # Basic earnings and headline earnings per share are calculated on a weighted average of 327 951 933 (31 December 2017: 325 996 202 and 30 June 2018: 326 624 426) ordinary shares in issue.

Diluted basic earnings and diluted headline earnings per share are calculated on a weighted average of 329 528 005 (31 December 2017: 328 029 825 and 30 June 2018: 328 520 186) ordinary shares in issue.

** These figures include the impact of changes in accounting policies following the implementation of new accounting standards in the current year (refer to note 9). The annexure sets out the financial statements on a like-for-like basis.*

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited six months ended 31 December			Audited year ended 30 June
	2018* **Rm**	2017 Rm	% change	2018 Rm
Operating activities				
Cash generated by operations	**1 677,6**	1 560,3	7,5	2 691,9
Interest paid	**(97,8)**	(74,3)	31,6	(132,4)
Taxation paid	**(344,5)**	(330,0)	4,4	(620,9)
Net cash available from operating activities	**1 235,3**	1 156,0	6,9	1 938,6
Investing activities				
Interest received	**3,4**	2,4	41,7	5,7
Property, plant and equipment acquired	**(290,4)**	(193,2)	50,3	(419,9)
Additions to intangible assets	**(3,3)**	–		(14,6)
Proceeds from disposals of property, plant and equipment	**10,6**	3,0	253,3	14,8
Contributions to Enterprise and Supplier Development initiatives	**–**	–		(8,6)
Movement in joint ventures and other investments	**10,9**	19,1	(42,9)	83,9
Net cash used in investing activities	**(268,8)**	(168,7)	59,3	(338,7)
Financing activities				
Proceeds from shareholder funding	**21,2**	47,2	(55,1)	59,9
Short-term funding raised/(repaid)	**768,2**	(147,9)	(619,4)	(78,2)
Lease liabilities repaid	**(83,3)**	–		–
Payment to I&J BBBEE shareholders	**–**	–		(65,0)
Ordinary dividends paid	**(855,9)**	(795,4)	7,6	(1 421,3)
Special dividend paid	**(822,9)**	–		–
Net cash used in financing activities	**(972,7)**	(896,1)	8,5	(1 504,6)
Decrease/(increase) in cash and cash equivalents	**(6,2)**	91,2	(106,8)	95,3
Cash and cash equivalents at beginning of period	**342,8**	246,7		246,7
	336,6	337,9		342,0
Translation of cash equivalents of foreign subsidiaries	**(1,3)**	(3,7)	(64,9)	0,8
Cash and cash equivalents at end of period	**335,3**	334,2		342,8

** These figures include the impact of changes in accounting policies following the implementation of new accounting standards in the current year (refer to note 9). The annexure sets out the financial statements on a like-for-like basis.*

CONDENSED CONSOLIDATED STATEMENT 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
Six months ended 31 December 2018						
Balance at 1 July 2018	280,3	(486,5)	534,1	4 925,1	(106,6)	5 146,4
Impact of changes in accounting policies (note 9)	–	–	–	(56,9)	–	(56,9)
Balance at 1 July 2018 (restated)	280,3	(486,5)	534,1	4 868,2	(106,6)	5 089,5
Profit for the period	–	–	–	994,2	–	994,2
Other comprehensive income						
Foreign currency translation differences	–	–	(9,2)	–	–	(9,2)
Cash flow hedging reserve, net of tax	–	–	(5,1)	–	–	(5,1)
Total other comprehensive income	–	–	(14,3)	–	–	(14,3)
Total comprehensive income for the period	–	–	(14,3)	994,2	–	979,9
Transactions with owners, recorded directly in equity						
Share-based payments	–	–	18,9	–	–	18,9
Deferred taxation on Group share scheme recharge	–	–	9,0	–	–	9,0
Dividends paid	–	–	–	(1 678,8)	–	(1 678,8)
Own ordinary shares sold by AVI Share Trusts	–	21,9	–	(0,7)	–	21,2
Total contributions by and distributions to owners	–	21,9	27,9	(1 679,5)	–	(1 629,7)
Balance at 31 December 2018	**280,3**	**(464,6)**	**547,7**	**4 182,9**	**(106,6)**	**4 439,7**
Six months ended 31 December 2017						
Balance at 1 July 2017	280,3	(541,9)	449,9	4 666,1	(2,7)	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)**	**412,7**	**4 936,9**	**(2,7)**	**5 129,8**
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 gain 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 period	–	–	33,0	1 675,8	–	1 708,8
Transactions with owners, recorded directly in equity						
Share-based payments	–	–	37,0	–	–	37,0
Deferred taxation on 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**

SUPPLEMENTARY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2018

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.

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 2017 and the annual financial statements for the year ended 30 June 2018 except for the changes due to the adoption of new accounting standards per note 9.

New standards and interpretations in issue not yet effective

The 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.

2. Segmental results

Segmental revenue and operating profit for the six months ended 31 December 2018 presented per the new accounting standards implemented in the current year (refer to note 9):

	Unaudited six months ended 31 December			Audited year ended 30 June
	2018 As reported Rm	2017 As reported Rm	% change	2018 As reported Rm
Segmental revenue				
Food & Beverage brands	**5 345,1**	5 413,6	(1,3)	10 282,5
Entyce Beverages	**2 032,7**	2 039,0	(0,3)	3 834,1
Snackworks	**2 130,6**	2 176,5	(2,1)	3 960,8
I&J	**1 181,8**	1 198,1	(1,4)	2 487,6
Fashion brands	**1 723,5**	1 886,8	(8,7)	3 155,0
Personal Care	**584,2**	631,4	(7,5)	1 190,6
Footwear and Apparel	**1 139,3**	1 255,4	(9,2)	1 964,4
Group	**7 068,6**	7 300,4	(3,2)	13 437,5
Segmental operating profit before capital items				
Food & Beverage brands	**1 051,0**	1 054,9	(0,4)	1 922,6
Entyce Beverages	**468,1**	424,3	10,3	792,6
Snackworks	**430,1**	452,0	(4,8)	705,0
I&J	**152,8**	178,6	(14,4)	425,0
Fashion brands	**414,9**	482,7	(14,0)	645,0
Personal Care	**128,4**	140,3	(8,5)	250,3
Footwear and Apparel	**286,5**	342,4	(16,3)	394,7
Corporate and consolidation	**(10,3)**	(7,4)	(39,2)	(15,1)
Group	**1 455,6**	1 530,2	(4,9)	2 552,5

2. Segmental results continued

Segmental revenue and operating profit for the six months ended 31 December 2018 presented per the old basis of accounting, excluding the impact of the new accounting standards implemented in the current year:

	Unaudited six months ended 31 December			Audited year ended 30 June
	2018 Like-for-like Rm	2017 As reported Rm	% change	2018 As reported Rm
Segmental revenue				
Food & Beverage brands	**5 548,6**	5 413,6	2,5	10 282,5
Entyce Beverages	**2 116,9**	2 039,0	3,8	3 834,1
Snackworks	**2 258,4**	2 176,5	3,8	3 960,8
I&J	**1 173,3**	1 198,1	(2,1)	2 487,6
Fashion brands	**1 763,8**	1 886,8	(6,5)	3 155,0
Personal Care	**624,5**	631,4	(1,1)	1 190,6
Footwear and Apparel	**1 139,3**	1 255,4	(9,2)	1 964,4
Group	**7 312,4**	7 300,4	0,2	13 437,5
Segmental operating profit before capital items				
Food & Beverage brands	**1 042,7**	1 054,9	(1,2)	1 922,6
Entyce Beverages	**467,0**	424,3	10,1	792,6
Snackworks	**429,2**	452,0	(5,0)	705,0
I&J	**146,5**	178,6	(18,0)	425,0
Fashion brands	**399,2**	482,7	(17,3)	645,0
Personal Care	**128,4**	140,3	(8,5)	250,3
Footwear and Apparel	**270,8**	342,4	(20,9)	394,7
Corporate and consolidation	**(10,3)**	(7,4)	(39,2)	(15,1)
Group	**1 431,6**	1 530,2	(6,4)	2 552,5

3. Revenue

Following the implementation of IFRS 15 on 1 July 2018 (refer to note 9), AVI is required to disaggregate revenue from contracts with customers ("revenue") into categories that depict how the nature, amount, timing and uncertainty of revenue and related cash flows are affected by economic factors.

The following table sets out revenue by geographical market:

	Unaudited Six months ended 31 December 2018					
Geographical market	Entyce Beverages Rm	Snackworks Rm	I&J Rm	Personal Care Rm	Footwear and Apparel Rm	Total Rm
South Africa	**1 769,1**	**1 908,8**	**425,4**	**518,7**	**1 131,7**	**5 753,7**
Other African countries	**260,3**	**216,4**	**19,3**	**65,5**	**7,6**	**569,1**
Rest of the world	**3,3**	**5,4**	**737,1**	**–**	**–**	**745,8**
Total revenue	**2 032,7**	**2 130,6**	**1 181,8**	**584,2**	**1 139,3**	**7 068,6**

The majority of revenue comprises revenue from the sale of goods. Less than 2% of total revenue compromises income arising from services, rental agreements and trademark licence agreements.

4. Determination of headline earnings

	Unaudited six months ended 31 December			Audited year ended 30 June
	2018* Rm	2017 Rm	% change	2018 Rm
Profit for the year attributable to owners of AVI	**994,2**	1 063,5	(6,5)	1 675,8
Total capital items after taxation	**7,8**	(2,1)		98,1
Net loss/(gain) on disposal of property, plant and equipment	**0,4**	(3,4)		(13,4)
Impairment of property, plant and equipment	**10,7**	–		–
Impairment of Green Cross trademark**	**–**	–		150,0
Taxation attributable to capital items	**(3,3)**	1,3		(38,5)
Headline earnings	**1 002,0**	1 061,4	(5,6)	1 773,9
Headline earnings per ordinary share (cents)	**305,5**	325,6	(6,2)	543,1
Diluted headline earnings per ordinary share (cents)	**304,1**	323,6	(6,0)	540,0

	Number of shares	Number of shares	% change	Number of shares
Weighted average number of ordinary shares	**327 951 933**	325 996 202	0,6	326 624 426
Weighted average diluted number of ordinary shares	**329 528 005**	328 029 825	0,5	328 520 186

* *These figures include the impact of changes in accounting policies following the implementation of new accounting standards in the current year (refer to note 9).*

** *The Green Cross trademark was recognised on acquisition of the business on 1 March 2012. As part of the annual review for the year ended 30 June 2018 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. Cash generated by operations

	Unaudited six months ended 31 December			Audited year ended 30 June
	2018* Rm	2017 Rm	% change	2018 Rm
Cash generated by operations before working capital changes	**1 735,4**	1 736,4	(0,1)	3 031,2
Change in working capital	**(57,8)**	(176,1)	(67,2)	(339,3)
Cash generated by operations	**1 677,6**	1 560,3	7,5	2 691,9

* *These figures include the impact of changes in accounting policies following the implementation of new accounting standards in the current year (refer to note 9).*

Prior to preparing the results for the year ended 30 June 2018, adjustments for non-cash items took 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 correctly accounted for in the current year, however, the prior year has been restated. Accordingly, an adjustment of R134,1 million has been processed between "Cash generated by operations before working capital changes" and "Changes in working capital" as reported in the prior year, to more appropriately account for cash payments within "Cash generated by operations before working capital changes". "Cash generated by operations" remains unchanged.

6. Commitments

	Unaudited six months ended 31 December		Audited year ended 30 June
	2018 Rm	2017 Rm	2018 Rm
Capital expenditure commitments for property, plant and equipment	**183,2**	251,1	371,4
Contracted for	**103,3**	153,5	143,3
Authorised but not contracted for	**79,9**	97,6	228,1

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 six months ended 31 December 2018.

8. Post-reporting date events

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

9. Changes in accounting policies

The Group has changed its accounting policies following the adoption of the following new accounting standards, including any consequential amendments to other standards, in the preparation of these interim results. The annexure to these condensed consolidated financial statements sets out the results for the six months ended 31 December 2018 per the old basis of accounting.

IFRS 15 – *Revenue from Contracts with Customers*

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

The standard is mandatory for accounting periods beginning on or after 1 January 2018 and therefore has been adopted by AVI for the year ended 30 June 2019. The Group has applied the standard retrospectively and assessed the cumulative effect of initially applying the standard on 1 July 2018 to be Rnil, without any adjustment to retained earnings on this date.

The core principle of IFRS 15 is that an entity recognises revenue from contracts with customers to depict the transfer of control 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 implementation of the new standard has not impacted the measurement and timing of revenue recognition, however, it had the following impact on the presentation of the consolidated financial statements:

(i) An amount of R278,9 million in payments to customers for the six months ended 31 December 2018 previously treated as selling and distribution costs has been reclassified as a deduction from revenue due to clarity provided by IFRS 15 regarding "identifiable" and "separable" not provided by IAS 18.

Related to this, an amount of R427,5 million of accruals and provisions for payments to customers as at 31 December 2018, previously included in trade and other payables has been offset against trade and other receivables.

(ii) An amount of R35,1 million relating to transport and insurance costs for the six months ended 31 December 2018 previously offset against revenue has been reallocated to cost of sales due to clarity provided by IFRS 15 regarding agent versus principal.

9. Changes in accounting policies 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 has therefore been adopted by AVI for the year ended 30 June 2019. The Group has applied 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 and it was concluded that there is no impact on the measurement 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 overlayed this with AVI's assessment of general economic conditions to estimate expected future losses. The implementation of IFRS 9 resulted in a R4,5 million increase in the impairment loss allowance on 1 July 2018, and a R3,2 million decrease in retained earnings after adjusting for deferred tax of R1,3 million.

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.

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

IFRS 16 has one model for lessees which results 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 has the most significant impact in AVI's retail businesses which lease all their retail doors.

9. Changes in accounting policies continued

As prescribed by IFRS 16, lease liabilities are measured at the present value of remaining lease payments discounted at the incremental borrowing rate at the date of initial application. AVI elected to measure right-of-use assets on transition date at their carrying amounts as if IFRS 16 had applied since the lease commencement dates, discounted using the incremental borrowing rate at the date of initial application. Right-of-use assets relating to new leases are measured as the amount of initial measurement of the lease liability plus initial direct costs.

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

As an accounting policy election, AVI has applied 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 resulted in the recognition of right-of-use assets to the value of R367,1 million and lease liabilities of R465,0 million. This, together with the derecognition of operating lease straight-line liabilities of R23,3 million and adjustments for deferred tax, resulted in a R53,7 million decrease in retained earnings on transition date.

As a result of adopting IFRS 16, operating profit for the six months ended 31 December 2018 has increased by R24,0 million due to the replacement of operating lease expenses with depreciation on right-of-use assets. This increase is partly offset by an interest expense on lease liabilities of R20,6 million, resulting in an after-tax gain in earnings of R2,4 million. On the statement of cash flows, lease payments of R103,9 million, previously included in cash generated by operations, have been disclosed under financing activities (R83,3 million relating to the principal portion of lease payments) and interest paid (R20,6 million).

Opening retained earnings impact of change in accounting policies

The impact of the change in accounting policies on retained earnings at 1 July 2018 due to the adoption of the new accounting standards is as follows:

	Increase/ (decrease) in retained earnings Rm
Adoption of IFRS 15 – *Revenue from Contracts with Customers*	–
Adoption of IFRS 9 – *Financial Instruments*	(3,2)
Adoption of IFRS 16 – *Leases*	(53,7)
	(56,9)

10. Dividend declaration

Notice is hereby given that a gross interim ordinary dividend No 92 of 165 cents per share for the six months ended 31 December 2018 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 132 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 Service 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 352 665 190 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	Monday, 15 April 2019
First trading day ex dividend on the JSE	Tuesday, 16 April 2019
Record date	Thursday, 18 April 2019
Payment date	Tuesday, 23 April 2019

In accordance with the requirements of Strate Limited, no share certificates may be dematerialised or rematerialised between Tuesday, 16 April 2019, and Thursday, 18 April 2019, 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 Tuesday, 23 April 2019.

11. 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

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South Africa

Postal address
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Saxonwold 2132
South Africa

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

Auditors

Ernst & Young Inc.

Sponsor

The Standard Bank of South Africa Limited

Commercial bankers

Standard Bank
Nedbank

Transfer secretaries

Computershare Investor Services Proprietary Limited
Business address
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Rosebank
Johannesburg 2196

Postal address
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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 and 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: 1994/008549/07

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

ANNEXURE

This annexure sets out the illustrative financial results for six months ended 31 December 2018 per the old basis of accounting, including adjustments to the reported results for the impact of new accounting standards implemented in the current year (refer to note 9), to allow for a like-for-like comparison to the results reported in prior periods. This illustrative financial information is the responsibility of the directors of AVI Limited and does not constitute financial statements fairly presented in accordance with IFRS. The financial statements fairly presented in accordance with IFRS are included on pages 6 to 18.

Condensed consolidated balance sheet (like-for-like)

	Unaudited at 31 December				Audited at 30 June
	2018* As reported Rm	Adjustments** Rm	2018 Like-for-like Rm	2017 Rm	2018 Rm
Assets					
Non-current assets					
Property, plant and equipment	3 475,1	–	3 475,1	3 455,8	3 403,6
Right-of-use assets	370,1	(370,1)	–	–	–
Intangible assets and goodwill	916,8	–	916,8	993,3	926,2
Investments	384,9	–	384,9	365,3	360,0
Deferred taxation	31,1	(8,2)	22,9	17,2	24,3
	5 178,0	(378,3)	4 799,7	4 831,6	4 714,1
Current assets					
Inventories and biological assets	2 183,4	–	2 183,4	1 869,2	2 165,4
Trade and other receivables including derivatives	1 949,2	428,8	2 378,0	2 423,4	2 442,3
Cash and cash equivalents	335,3	–	335,3	334,2	342,8
	4 467,9	428,8	4 896,7	4 626,8	4 950,5
Total assets	9 645,9	50,5	9 696,4	9 458,4	9 664,6
Equity and liabilities					
Capital and reserves					
Total equity	4 439,7	54,7	4 494,4	5 129,8	5 146,4
Non-current liabilities					
Cash-settled share-based payment liability	38,9	–	38,9	–	38,9
Lease liabilities	300,1	(300,1)	–	–	–
Operating lease straight-line liabilities	–	16,0	16,0	13,6	14,3
Employee benefit liabilities	389,4	–	389,4	386,6	382,3
Deferred taxation	424,5	12,9	437,4	405,9	389,2
	1 152,9	(271,2)	881,7	806,1	824,7
Current liabilities					
Current borrowings including short-term portion of lease liabilities	2 547,2	(166,4)	2 380,8	1 542,9	1 612,6
Trade and other payables including derivatives	1 444,3	433,4	1 877,7	1 897,6	2 031,8
Current tax liabilities	61,8	–	61,8	82,0	49,1
	4 053,3	267,0	4 320,3	3 522,5	3 693,5
Total equity and liabilities	9 645,9	50,5	9 696,4	9 458,4	9 664,6
Movement in net debt					
Opening balance	1 269,8	–	1 269,8	1 444,1	1 444,1
IFRS 16 lease liability movements	466,5	(466,5)	–	–	–
Short-term funding raised/(repaid)	768,2	–	768,2	(147,9)	(78,2)
Decrease/(increase) in cash and cash equivalents	6,2	–	6,2	(91,2)	(95,3)
Translation of cash equivalents of foreign subsidiaries	1,3	–	1,3	3,7	(0,8)
Net debt* **	2 512,0	(466,5)	2 045,5	1 208,7	1 269,8

** These figures include the impact of changes in accounting policies following the implementation of new accounting standards in the current year (refer to note 9).*

*** Adjustments include the following:*

- *reclassification of accruals and provisions for payments to customers from trade and other receivables to trade and other payables in line with the disclosure applied prior to the implementation of IFRS 15;*
- *reversal of the increase in impairment loss allowance recognised against trade receivables following the implementation of IFRS 9;*
- *reversal of IFRS 16 right-of-use assets and concomitant lease liabilities, and reinstatement of IAS 17 operating lease straight-line liabilities; and*
- *deferred tax adjustments relating to the above.*

**** Comprises current borrowings plus long-term lease liabilities, less cash and cash equivalents.*

ANNEXURE continued

This annexure sets out the illustrative financial results for six months ended 31 December 2018 per the old basis of accounting, including adjustments to the reported results for the impact of new accounting standards implemented in the current year (refer to note 9), to allow for a like-for-like comparison to the results reported in prior periods. This illustrative financial information is the responsibility of the directors of AVI Limited and does not constitute financial statements fairly presented in accordance with IFRS. The financial statements fairly presented in accordance with IFRS are included on pages 6 to 18.

Condensed consolidated statement of comprehensive income (like-for-like)

	Unaudited six months ended 31 December					Audited year ended 30 June
	2018* As reported Rm	**Adjustments** Rm**	**2018 Like-for-like Rm**	2017 As reported Rm	change	2018 As reported Rm
Revenue	**7 068,6**	**243,8**	**7 312,4**	7 300,4	0,2	13 437,5
Cost of sales	**(4 103,6)**	**28,6**	**(4 075,0)**	(4 018,4)	1,4	(7 498,0)
Gross profit	**2 965,0**	**272,4**	**3 237,4**	3 282,0	(1,4)	5 939,5
Selling and administrative expenses	**(1 509,4)**	**(296,4)**	**(1 805,8)**	(1 751,8)	3,1	(3 387,0)
Operating profit before capital items	**1 455,6**	**(24,0)**	**1 431,6**	1 530,2	(6,4)	2 552,5
Interest received	**3,4**	**–**	**3,4**	2,4	41,7	5,7
Finance costs	**(97,8)**	**20,6**	**(77,2)**	(74,3)	4,0	(132,4)
Share of equity-accounted earnings of joint ventures	**37,1**	**–**	**37,1**	25,4	46,1	56,3
Capital items	**(11,1)**	**–**	**(11,1)**	3,4	(426,5)	(136,6)
Profit before taxation	**1 387,2**	**(3,4)**	**1 383,8**	1 487,1	(7,0)	2 345,5
Taxation	**(393,0)**	**(1,0)**	**(392,0)**	(423,6)	(7,5)	(669,7)
Profit for the period	**994,2**	**(2,4)**	**991,8**	1 063,5	(6,7)	1 675,8
Profit attributable to:						
Owners of AVI	**994,2**	**(2,4)**	**991,8**	1 063,5	(6,7)	1 675,8
Other comprehensive (loss)/income, net of tax	**(14,3)**	**–**	**(14,3)**	(59,4)		33,0
Items that are or may be subsequently reclassified to profit or loss						
Foreign currency translation differences	**(9,2)**	**–**	**(9,2)**	(29,4)		3,8
Cash flow hedging reserve	**(7,1)**	**–**	**(7,1)**	(41,7)		29,0
Taxation on items that are or may be subsequently reclassified to profit or loss	**2,0**	**–**	**2,0**	11,7		(8,1)
Items that will never be reclassified to profit or loss						
Actuarial gain recognised	**–**	**–**	**–**	–		11,5
Taxation on items that will never be reclassified to profit or loss	**–**	**–**	**–**	–		(3,2)
Total comprehensive income for the period	**979,9**	**(2,4)**	**977,5**	1 004,1	(2,6)	1 708,8
Total comprehensive income attributable to:						
Owners of AVI	**979,9**	**(2,4)**	**977,5**	1 004,1	(2,6)	1 708,8
Depreciation and amortisation of property, plant and equipment, right-of-use assets, fishing rights and trademarks included in operating profit	**296,6**	**(81,8)**	**214,8**	207,5	3,5	412,9
Headline earnings	**1 002,0**	**(2,4)**	**999,6**	1 061,4	(5,8)	1 773,9
Headline earnings per share (cents)#	**305,5**	**(0,7)**	**304,8**	325,6	(6,4)	543,1

* *These figures include the impact of changes in accounting policies following the implementation of new accounting standards in the current year (refer to note 9).*

** *Adjustments include the following:*
- *reclassification of payments to customers from revenue to selling and administrative expenses in line with the disclosure applied prior to the implementation of IFRS 15;*
- *reclassification of transport and insurance costs from cost of sales to revenue in line with the disclosure applied prior to the implementation of IFRS 15;*
- *reversal of IFRS 16 depreciation on right-of-use assets and finance costs on related lease liabilities, and reinstatement of operating lease straight-line expenses per IAS 17; and*
- *deferred tax adjustments relating to the above.*

Headline earnings per share is calculated on a weighted average of 327 951 933 (31 December 2017: 325 996 202 and 30 June 2018: 326 624 426) ordinary shares in issue.

This annexure sets out the illustrative financial results for six months ended 31 December 2018 per the old basis of accounting, including adjustments to the reported results for the impact of new accounting standards implemented in the current year (refer to note 9), to allow for a like-for-like comparison to the results reported in prior periods. This illustrative financial information is the responsibility of the directors of AVI Limited and does not constitute financial statements fairly presented in accordance with IFRS. The financial statements fairly presented in accordance with IFRS are included on pages 6 to 18.

Condensed consolidated statement of cash flows (like-for-like)

	Unaudited six months ended 31 December					Audited year ended 30 June
	2018* As reported Rm	Adjustments** Rm	2018 Like-for-like Rm	2017 As reported Rm	% change	2018 As reported Rm
Operating activities						
Cash generated by operations	1 677,6	(103,9)	1 573,7	1 560,3	0,9	2 691,9
Interest paid	(97,8)	20,6	(77,2)	(74,3)	3,9	(132,4)
Taxation paid	(344,5)	–	(344,5)	(330,0)	4,4	(620,9)
Net cash available from operating activities	1 235,3	(83,3)	1 152,0	1 156,0	(0,3)	1 938,6
Investing activities						
Interest received	3,4	–	3,4	2,4	41,7	5,7
Property, plant and equipment acquired	(290,4)	–	(290,4)	(193,2)	50,3	(419,9)
Additions to intangible assets	(3,3)	–	(3,3)	–		(14,6)
Proceeds from disposals of property, plant and equipment	10,6	–	10,6	3,0	253,3	14,8
Contributions to Enterprise and Supplier Development initiatives	–	–	–	–		(8,6)
Movement in joint ventures and other investments	10,9	–	10,9	19,1	(42,9)	83,9
Net cash used in investing activities	(268,8)	–	(268,8)	(168,7)	59,3	(338,7)
Financing activities						
Proceeds from shareholder funding	21,2	–	21,2	47,2	(55,1)	59,9
Short-term funding raised/(repaid)	768,2	–	768,2	(147,9)	(619,4)	(78,2)
Lease liabilities repaid	(83,3)	83,3	–	–		–
Payment to I&J BBBEE shareholders	–	–	–	–		(65,0)
Ordinary dividends paid	(855,9)	–	(855,9)	(795,4)	7,6	(1 421,3)
Special dividend paid	(822,9)	–	(822,9)	–		–
Net cash used in financing activities	(972,7)	83,3	(889,4)	(896,1)	(0,7)	(1 504,6)
Decrease/(increase) in cash and cash equivalents	(6,2)	–	(6,2)	91,2	(106,8)	95,3
Cash and cash equivalents at beginning of period	342,8	–	342,8	246,7	39,0	246,7
	336,6	–	336,6	337,9	(0,4)	342,0
Translation of cash equivalents of foreign subsidiaries	(1,3)	–	(1,3)	(3,7)	(64,9)	0,8
Cash and cash equivalents at end of period	335,3	–	335,3	334,2	0,3	342,8

* *These figures include the impact of changes in accounting policies following the implementation of new accounting standards in the current year (refer to note 9).*

** *Adjustments include the following:*

– reclassification of cash flows relating to lease payments from lease liabilities repaid and interest paid (disclosure required by IFRS 16) to cash generated by operations as previously disclosed under IAS 17.

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