AVI

GROWING GREAT BRANDS

RESULTS FOR THE YEAR ENDED 30 JUNE 2019

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. Refer to note 10 of the summarised consolidated financial statements for additional information on the impact of the adoption of the new accounting standards.

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. The comparisons to prior year results made on a like-for-like basis in the commentary are before taking reclassifications in terms of the new revenue and lease accounting standards into account. Similarly, this commentary would equally apply to the unadjusted financial information after taking into account the effects of the reclassifications.

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.

key statistics

	IFRS % change	Like-for-like % change
Revenue	**(2,1)**	**1,2**
Gross profit	**(8,9)**	**(0,3)**
Gross profit margin	*(6,9)*	*(1,5)*
Operating profit	**(1,2)**	**(3,0)**
Operating profit margin	*1,0*	*(4,2)*
Headline earnings	**(4,4)**	**(4,7)**
Headline earnings per share	(4,9)	(5,2)
Cash generated by operations	5,9	(1,8)

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

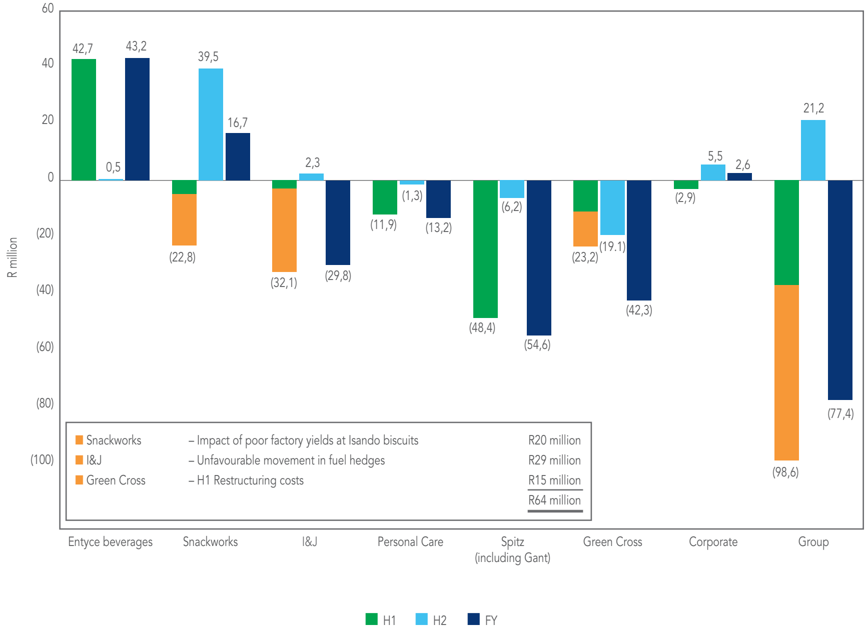
key features

- Improved second semester
- Like-for-like revenue growth of 1,2%:
  - Pressure on sales volumes in constrained consumer environment
  - Balanced value versus volume across key categories
- Gross profit margins protected despite the difficult environment
- Selling and administrative costs up 1,7% on like-for-like basis, including:
  - Restructuring costs at Green Cross – R27 million
  - Unrealised loss from mark-to-market of I&J's fuel hedges – R29 million
- Operating profit down 3,0% on like-for-like basis
- Cash generated by operations of R2,64 billion down 1,8% like-for-like
- Investment to sustain and grow our businesses of R472,6 million
- Negligible impact of new accounting standards on headline earnings
- Headline earnings per share down 4,9% to 516,6 cents
- Dividend cover maintained, final dividend of 250 cents per share

GROUP OVERVIEW

AVI recovered from a difficult first semester with growth in the second half of the year compared to the second half of last year. Although not sufficient to offset the first half decline, it is encouraging to see the resilience of the business in tough times and to commence the next financial year from a sound operating base.

A comparison of year-on-year operating profit by semester, on a like-for-like basis, is shown in the chart below:



GROUP OVERVIEW continued

Group revenue for the year was 1,2% higher than 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 aggressive competitor discounting in some categories. 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 maintained throughout the year in most categories and were only increased where there was a need to ameliorate accumulated cost pressures.

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 44,2% to 43,5% on a like-for-like basis.

Despite tight management of selling and administrative costs, which increased by 1,7% on a like-for-like basis, like-for-like operating profit was 3,0% lower due to the impact of lower sales volumes in some categories, restructuring costs of R27 million at Green Cross, and an unfavourable movement of R29 million 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 4,4% from R1,77 billion to R1,70 billion due to the decrease in operating profit and higher finance costs in line with higher debt levels. Headline earnings per share decreased 4,9% from 543,1 cents to 516,6 cents with a 0,5% 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 decreased by 1,8% to R2,64 billion on a like-for-like basis. Working capital rose R266,8 million due mostly to higher stock levels at year-end while capital expenditure amounted to R472,6 million, reflecting continued investment across the group to sustain and improve our businesses. Other material cash outflows during the period were ordinary dividends of R1,40 billion, a special dividend of R822,9 million and taxation of R604,0 million. Net debt at the end of June 2019 was R2,44 billion compared to R1,27 billion at the end of June 2018, including R408,9 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 dividend cover. Accordingly, a final dividend of 250 cents per share has been declared, bringing the full year dividend to 415 cents per share.

SEGMENTAL REVIEW

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

Year ended 30 June

	Segmental revenue			Segmental operating profit		
	2019 Rm	2018 Rm	% change	**2019 Rm**	2018 Rm	% change
Food & Beverage brands	**10 590,2**	10 282,5	3,0	**1 952,7**	1 922,6	1,6
Entyce Beverages	**3 981,6**	3 834,1	3,8	**835,8**	792,6	5,5
Snackworks	**4 120,8**	3 960,8	4,0	**721,7**	705,0	2,4
I&J	**2 487,8**	2 487,6	0,0	**395,2**	425,0	(7,0)
Fashion brands	**3 009,3**	3 155,0	(4,6)	**534,9**	645,0	(17,1)
Personal Care	**1 190,5**	1 190,6	(0,0)	**237,1**	250,3	(5,3)
Spitz (including Gant)	**1 523,8**	1 598,3	(4,7)	**333,9**	388,5	(14,1)
Green Cross	**295,0**	366,1	(19,4)	**(36,1)**	6,2	(682,3)
Corporate	**–**	–		**(12,5)**	(15,1)	
Group like-for-like	**13 599,5**	13 437,5	1,2	**2 475,1**	2 552,5	(3,0)
Impact of new accounting standards	**(448,6)**	–		**47,4**	–	
Group as reported	**13 150,9**	13 437,5	(2,1)	**2 522,5**	2 552,5	(1,2)

Entyce Beverages

Revenue increased 3,8% to R3,98 billion while operating profit increased 5,5% to R835,8 million with the operating profit margin at 21,0% compared to 20,7% in the prior year.

Tea revenue grew by 2,1% due mainly to selling price increases taken in the prior financial year in response to higher rooibos and black tea prices, offset by a 3,2% 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. The more affordable Trinco brand performed well, offsetting the decrease in Five Roses sales volumes. 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 in the context of the current trading environment and the operating profit margin improved.

Coffee revenue was 5,7% lower than last year due to price pressure on mixed instant and speciality coffee arising from aggressive competitor activity. The consequent margin pressure, together with a 2,2% decrease in sales volumes, resulted in lower operating profit than last year. Operating profit margin decreased but remains at a healthy level for our combined coffee business.

Creamer benefited from a significant increase in demand following competitor supply issues. Entyce was able to meet this demand with high service levels by using spare manufacturing capacity and sales volumes rose 22,7% resulting in revenue growth of 22,5%. This yielded strong operating profit growth for the year and an improvement in profit margins.

SEGMENTAL REVIEW continued

Snackworks

Revenue of R4,12 billion was 4,0% higher than last year while operating profit rose 2,4%, from R705,0 million to R721,7 million. The operating profit margin decreased from 17,8% to 17,5%.

Biscuits revenue grew by 4,4% due to a 2,7% increase in sales volumes and selling price increases in the second semester in response to accumulated cost pressures. The price increases supported a strong second semester performance which resulted in sound operating profit growth for the full year notwithstanding a disappointing operational performance with poor yields in the first semester. Operating profit margin was in line with last year.

Snacks revenue increased by 3,0% due to 1,5% growth in sales volumes for the year and selling price increases in the second semester in response to accumulated cost pressures. Gross profit margin was in line with last year, however the growth in gross profit 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 of R2,49 billion was slightly up on last year while operating profit decreased from R425,0 million to R395,2 million. The operating profit margin decreased from 17,1% to 15,9%.

Core hake revenue was slightly up on last year due to an improved sales mix and better export exchange rates achieved. Overall catch rates and size mix were similar to last year, however higher fuel prices and increased repair and maintenance costs resulted in a slight decrease in gross profit margin.

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 of R29 million 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 of R1,19 billion was the same as last year with limited price increases and good growth in roll-ons and body lotions offset by volume pressure on fragranced body sprays and colour cosmetics resulting from aggressive discounting by competitors.

The gross profit margin decreased due to changes in the sales mix and together with lower sales volumes resulted in a decrease in operating profit from R250,3 million to R237,1 million. The operating profit margin decreased from 21,0% to 19,9%.

Spitz (including Gant)

The Spitz business saw revenue decline by 4,7% due largely to a 6,9% 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 slightly higher than last year and selling and administrative expenses were tightly managed, however the lower volumes and consequent decline in gross profit resulted in a 14,1% decrease in operating profit, from R388,5 million to R333,9 million. The operating profit margin decreased from 24,3% to 21,9%.

SEGMENTAL REVIEW continued

Green Cross

Green Cross revenue decreased by 19,4% 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 and winter ranges in retail doors. Fixed costs were tightly managed and decreased compared to last year, before taking restructuring costs into account. A major restructure was completed in the second half of the year, resulting in closure of the Epping factory and expansion of the import supply chain. Retrenchment costs of R21 million were incurred, as well as additional stock provisions of R6 million. Including these costs, Green Cross recorded an operating loss of R36,1 million compared to a profit of R6,2 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, all of AVI's businesses are targeting profit growth in the next financial year, underpinned by:

- Strong brands, supported by relevant innovation, that remain appealing to many consumers;
- Foreign currency and key raw materials for the majority of the year's requirements secured at levels that support sound levels of profitability, including lower rooibos and butter prices than achieved in the 2019 financial year;
- Good price levels secured for key raw materials for the majority of the year's requirements, including lower rooibos and butter prices than achieved in the 2019 financial year.

Acceptable demand and sales volumes are key to achieving growth and 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. This will be supported by ongoing focus on factory efficiency, procurement opportunities and review of fixed overheads. Capital projects that underpin our manufacturing capacity, product quality and service levels will continue to be supported.

AVI International, supported by our South African manufacturing capabilities, remains focused on steadily building our brands' shares in export markets whilst sustaining strong profit margins.

I&J's prospects remain materially dependent on fishing performance and exchange rates. We remain of the view that the performance of the hake resource is set to improve over the next few years, while export exchange rates are largely secured 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, is not expected to impact operations in the financial year ahead.

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	**Simon Crutchley**
Chairman	*CEO*

summarised consolidated balance sheet

	Audited at 30 June 2019* Rm	Audited at 30 June 2018 Rm
Assets		
Non-current assets		
Property, plant and equipment	**3 430,1**	3 403,6
Right-of-use assets	**317,5**	–
Intangible assets and goodwill	**817,0**	926,2
Investments and other long-term assets	**377,0**	360,0
Deferred taxation	**46,7**	24,3
	4 988,3	4 714,1
Current assets		
Inventories and biological assets	**2 501,5**	2 165,4
Trade and other receivables including derivatives	**2 072,4**	2 442,3
Cash and cash equivalents	**233,1**	342,8
	4 807,0	4 950,5
Total assets	**9 795,3**	9 664,6
Equity and liabilities		
Capital and reserves		
Total equity	**4 539,3**	5 146,4
Non-current liabilities		
Cash-settled share-based payment liability	**39,7**	38,9
Lease liabilities	**251,0**	–
Operating lease straight-line liabilities	**–**	14,3
Employee benefit liabilities	**378,0**	382,3
Deferred taxation	**428,9**	389,2
	1 097,6	824,7
Current liabilities		
Current borrowings including short-term portion of lease liabilities	**2 425,6**	1 612,6
Trade and other payables including derivatives	**1 698,0**	2 031,8
Current tax liabilities	**34,8**	49,1
	4 158,4	3 693,5
Total equity and liabilities	**9 795,3**	9 664,6
Movement in net debt		
Opening balance	**1 269,8**	1 444,1
Short term funding raised/(repaid)	**655,1**	(78,2)
Decrease/(increase) in cash and cash equivalents	**104,7**	(95,3)
Translation of cash equivalents of foreign subsidiaries	**5,0**	(0,8)
Net debt excluding IFRS 16 lease liability movements	**2 034,6**	1 269,8
IFRS 16 lease liability movements	**408,9**	–
Net debt**	**2 443,5**	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 10). 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.*

summarised consolidated statement of comprehensive income

	Audited year ended 30 June 2019* Rm	2018 Rm	% change
Revenue	**13 150,9**	13 437,5	(2,1)
Cost of sales	**(7 740,2)**	(7 498,0)	3,2
Gross profit	**5 410,7**	5 939,5	(8,9)
Selling and administrative expenses	**(2 888,2)**	(3 387,0)	(14,7)
Operating profit before capital items	**2 522,5**	2 552,5	(1,2)
Interest received	**6,0**	5,7	5,3
Finance costs	**(200,8)**	(132,4)	51,7
Share of equity accounted earnings of joint ventures	**42,2**	56,3	(25,0)
Capital items	**(127,8)**	(136,6)	(6,4)
Profit before taxation	**2 242,1**	2 345,5	(4,4)
Taxation	**(637,6)**	(669,7)	(4,8)
Profit for the period	**1 604,5**	1 675,8	(4,3)
Profit attributable to:			
Owners of AVI	**1 604,5**	1 675,8	(4,3)
Other comprehensive (loss)/income, net of tax			
Items that are or may be subsequently reclassified to profit or loss			
Foreign currency translation differences	**(27,6)**	3,8	
Cash flow hedging reserve	**(4,5)**	29,0	
Taxation on items that are or may be subsequently reclassified to profit or loss	**1,3**	(8,1)	
Items that will never be reclassified to profit or loss			
Actuarial gain recognised	**20,0**	11,5	
Taxation on items that will never be reclassified to profit or loss	**(5,6)**	(3,2)	
Total comprehensive income for the year	**1 588,1**	1 708,8	(7,1)
Total comprehensive income attributable to:			
Owners of AVI	**1 588,1**	1 708,8	(7,1)
Depreciation and amortisation of property, plant and equipment, right-of-use assets, fishing rights and trademarks included in operating profit	**592,4**	412,9	43,5
Earnings per share			
Basic earnings per share (cents)#	**488,7**	513,1	(4,8)
Diluted earnings per share (cents)##	**486,7**	510,1	(4,6)
Headline earnings per share (cents)#	**516,6**	543,1	(4,9)
Diluted headline earnings per share (cents)##	**514,6**	540,0	(4,7)

* *These figures include the impact of changes in accounting policies following the implementation of new accounting standards in the current year (refer to note 10). The annexure sets out the financial statements on a like-for-like basis.*

\# *Basic earnings and headline earnings per share are calculated on a weighted average of 328 315 207 (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 329 641 365 (30 June 2018: 328 520 186) ordinary shares in issue.*

summarised consolidated statement of cash flows

	Audited year ended 30 June		
	2019* **Rm**	2018 Rm	% change
Operating activities			
Cash generated by operations	**2 849,9**	2 691,9	5,9
Interest paid	**(200,8)**	(132,4)	51,7
Taxation paid	**(604,0)**	(620,9)	(2,7)
Net cash available from operating activities	**2 045,1**	1 938,6	5,5
Investing activities			
Interest received	**6,0**	5,7	5,3
Property, plant and equipment acquired	**(472,6)**	(419,9)	12,6
Additions to intangible assets	**(16,7)**	(14,6)	14,4
Proceeds from disposals of property, plant and equipment	**22,0**	14,8	48,6
Contributions to Enterprise and Supplier Development initiatives	**(5,4)**	(8,6)	(37,2)
Movement in joint ventures and other investments	**23,8**	83,9	(71,6)
Net cash used in investing activities	**(442,9)**	(338,7)	30,8
Financing activities			
Proceeds from shareholder funding	**28,0**	59,9	(53,3)
Short-term funding raised/(repaid)	**655,1**	(78,2)	(937,7)
Lease liabilities repaid	**(166,7)**	–	
Payment to I&J BBBEE shareholders	**(1,0)**	(65,0)	(98,5)
Ordinary dividends paid	**(1 399,4)**	(1 421,3)	(1,5)
Special dividend paid	**(822,9)**	–	
Net cash used in financing activities	**(1 706,9)**	(1 504,6)	13,4
(Decrease)/increase in cash and cash equivalents	**(104,7)**	95,3	(209,9)
Cash and cash equivalents at beginning of period	**342,8**	246,7	
	238,1	342,0	
Translation of cash equivalents of foreign subsidiaries	**(5,0)**	0,8	
Cash and cash equivalents at end of period	**233,1**	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 10). The annexure sets out the financial statements on a like-for-like basis.*

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 2019						
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 10)	–	–	–	(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	–	–	–	1 604,5	–	1 604,5
Other comprehensive loss						
Foreign currency translation differences	–	–	(27,6)	–	–	(27,6)
Actuarial gain recognised, net of tax	–	–	14,4	–	–	14,4
Cash flow hedging reserve, net of tax	–	–	(3,2)	–	–	(3,2)
Total other comprehensive loss	–	–	(16,4)	–	–	(16,4)
Total comprehensive income for the period	–	–	(16,4)	1 604,5	–	1 588,1
Transactions with owners, recorded directly in equity						
Share-based payments	–	–	41,5	–	–	41,5
Deferred taxation on Group share scheme recharge	–	–	14,5	–	–	14,5
Dividends paid	–	–	–	(2 222,3)	–	(2 222,3)
Own ordinary shares sold by AVI Share Trusts	–	28,3	–	(0,3)	–	28,0
Total contributions by and distributions to owners	–	28,3	56,0	(2 222,6)	–	(2 138,3)
Balance at 30 June 2019	**280,3**	**(458,2)**	**573,7**	**4 250,1**	**(106,6)**	**4 539,3**
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**

notes to the summarised consolidated financial statements

For the year ended 30 June 2019

AVI Limited ("AVI" or the "Company") is a South African registered company. These 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 summarised consolidated financial statements have been prepared in accordance with the requirements of the JSE Limited Listings Requirements for summarised reports, and the requirements of the Companies Act of South Africa applicable to summary financial statements. The Listings Requirements require summarised 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 summarised consolidated financial statements were derived from 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 except for the changes due to the adoption of new accounting standards per note 10.

The 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.

New standards and interpretations in issue not yet effective

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.

notes to the summarised consolidated financial statements continued

2. Segmental results

Segmental revenue and operating profit for the year ended 30 June 2019 is presented below in accordance with the Group's internal accounting presentation for the year ended 30 June 2019, i.e. as if the new accounting standards IFRS 9, IFRS 15 and IFRS 16 had not been applied. This provides a like-for-like comparison to the financial results for the year ended 30 June 2018. Refer to note 10.

	Year ended 30 June		
	2019 Rm	2018 Rm	% change
Segmental revenue			
Food & Beverage brands	**10 590,2**	10 282,5	3,0
Entyce Beverages	**3 981,6**	3 834,1	3,8
Snackworks	**4 120,8**	3 960,8	4,0
I&J	**2 487,8**	2 487,6	0,0
Fashion brands	**3 009,3**	3 155,0	(4,6)
Personal Care	**1 190,5**	1 190,6	0,0
Spitz (including Gant)	**1 523,8**	1 598,3	(4,7)
Green Cross	**295,0**	366,1	(19,4)
Group like-for-like	**13 599,5**	13 437,5	1,2
Impact of new accounting standards (note 10)	**(448,6)**	–	
Group as reported	**13 150,9**	13 437,5	(2,1)
Segmental operating profit before capital items			
Food & Beverage brands	**1 952,7**	1 922,6	1,6
Entyce Beverages	**835,8**	792,6	5,5
Snackworks	**721,7**	705,0	2,4
I&J	**395,2**	425,0	(7,0)
Fashion brands	**534,9**	645,0	(17,1)
Personal Care	**237,1**	250,3	(5,3)
Spitz (including Gant)	**333,9**	388,5	(14,1)
Green Cross	**(36,1)**	6,2	(682,3)
Corporate and consolidation	**(12,5)**	(15,1)	
Group like-for-like	**2 475,1**	2 552,5	(3,0)
Impact of new accounting standards (note 10)	**47,4**	–	
Group as reported	**2 522,5**	2 552,5	(1,2)

3. Revenue

Following the implementation of IFRS 15 on 1 July 2018 (refer to note 10), 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:

	For the year ended 30 June Audited					
	Entyce Beverages Rm	Snackworks Rm	I&J Rm	Personal Care Rm	Footwear & Apparel Rm	Total Rm
Geographical market						
South Africa	**3 347,2**	**3 447,9**	**860,1**	**985,7**	**1 804,1**	**10 445,0**
Other African countries	**467,9**	**432,1**	**31,6**	**125,3**	**14,7**	**1 071,6**
Rest of the world	**7,5**	**10,9**	**1 615,5**	**0,4**	**–**	**1 634,3**
Total revenue	**3 822,6**	**3 890,9**	**2 507,2**	**1 111,4**	**1 818,8**	**13 150,9**

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

4. Determination of headline earnings

	Audited year ended 30 June 2019* Rm	2018 Rm	% change
Profit for the year attributable to owners of AVI	**1 604,5**	1 675,8	(4,3)
Total capital items after taxation	**91,7**	98,1	(6,5)
Net loss/(gain) on disposal of property, plant and equipment	**0,1**	(13,4)	(100,7)
Impairment of property, plant and equipment	**26,1**	–	
Net loss on disposal of intangible assets	**0,2**	–	
Impairment of Green Cross trademark**	**99,7**	150,0	0,0
Impairment of other intangible assets	**1,7**	–	
Taxation attributable to capital items	**(36,1)**	(38,5)	(6,2)
Headline earnings	**1 696,2**	1 773,9	(4,4)
Headline earnings per ordinary share (cents)	**516,6**	543,1	(4,9)
Diluted headline earnings per ordinary share (cents)	**514,6**	540,0	(4,7)

	Number of shares	Number of shares	% change
Weighted average number of ordinary shares	**328 315 207**	326 624 426	0,5
Weighted average diluted number of ordinary shares	**329 641 365**	328 520 186	0,3

* *These figures include the impact of changes in accounting policies following the implementation of new accounting standards in the current year (refer to note 10).*

** *The Green Cross trademark of R399,7 million was recognised on acquisition of the business on 1 March 2012. As part of the annual review of the carrying amounts of trademarks with indefinite useful lives for the year ended 30 June 2019, the remaining carrying amount of the Green Cross trademark of R99,7 million was impaired, taking into account the extended period it will take to return the business to acceptable profitability from the current base.*

notes to the summarised consolidated financial statements continued

5. Cash generated by operations

	Audited year ended 30 June		
	2019* **Rm**	2018 Rm	% change
Cash generated by operations before working capital changes	**3 116,7**	3 031,2	2,8
Change in working capital	**(266,8)**	(339,3)	(21,4)
Cash generated by operations	**2 849,9**	2 691,9	5,9

* *These figures include the impact of changes in accounting policies following the implementation of new accounting standards in the current year (refer to note 10).*

6. 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 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 prior year was 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 resulted 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 were recorded directly against equity as part of the modification of the previous equity-settled arrangement, and a cash-settled share-based payment liability of R39,7 million (2018: R38,9 million) recognised for the present value of the remaining minimum guaranteed amount.

7. Commitments

	Audited year ended 30 June	
	2019 **Rm**	2018 Rm
Capital expenditure commitments for property, plant and equipment	**167,3**	371,4
Contracted for	**153,4**	143,3
Authorised but not contracted for	**13,9**	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.

8. 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. The fair value of these assets is disclosed as Level 3 per the fair value hierarchy, with the 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 for the year ended 30 June 2019.

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

9. Post-balance sheet events

At 30 June 2019, the Company's wholly owned subsidiary, AVI Investment Services Proprietary Limited ("AVI Investment Services") held 17 234 352 ordinary shares in the Company, which were acquired in the market pursuant to a share buy-back exercise in 2007.

On 19 August 2019, AVI Investment Services effected a distribution in specie of these shares to the Company, in its capacity as the holding company of AVI Investment Services.

The subsequent delisting and cancellation of the 17 234 352 ordinary shares, as approved by the JSE Limited, was effected on 29 August 2019.

The shares cancelled represented 4,89% of the issued share capital of the Company immediately prior to the cancellation. Post the cancellation, the issued share capital of the Company is 335 430 838 ordinary shares.

The delisting and cancellation of shares is expected to result in a R317,7 million reduction of treasury shares of which R0,9 million will be allocated against share capital and the balance to reserves, with no impact on earnings or earnings per share.

10. 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 the results for the year ended 30 June 2019. The annexure to these summarised consolidated financial statements sets out the results for the year ended 30 June 2019 as if the new accounting standards had not been applied.

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.

10. Changes in accounting policies continued

IFRS 15 – *Revenue from Contracts with Customers* continued

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 has had the following impact on the presentation of the consolidated financial statements:

(i) An amount of R523,7 million in payments to customers for the year ended 30 June 2019 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, and in line with the requirement of IFRS 9 that trade receivables be measured using the guidance of IFRS 15, an amount of R410,2 million of accruals and provisions for payments to customers as at 30 June 2019, previously included in trade and other payables, has been offset against trade and other receivables.

(ii) An amount of R75,1 million relating to transport and insurance costs for the year ended 30 June 2019 previously offset against revenue has been reallocated to cost of sales due to clarity provided by IFRS 15 regarding agent versus principal.

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 as permitted by IFRS 9.

IFRS 9 replaces the current IAS 39 categories of financial assets with three principal classification categories – measured at amortised cost, fair value through other comprehensive income and fair value through profit and 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.

On 1 July 2018, financial assets previously classified as "Loans and receivables" were classified as "Debt instruments at amortised cost" under IFRS 9. Similarly, financial assets previously classified as "Financial assets at fair value through profit or loss" were classified as "Debt instruments, derivatives and equity instruments at fair value through profit or loss" under IFRS 9. On transition to IFRS 9, the carrying amount of these financial assets remained the same as the carrying amount reported at 30 June 2018 per IAS 39.

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, with no significant financing component, 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 overlaid 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.

10. Changes in accounting policies continued

IFRS 16 – *Leases* continued

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.

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, prepaid lease payments (less lease incentives) and estimated costs of dismantling and removing the underlying asset.

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 year ended 30 June 2019 has increased by R47,4 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 R39,0 million, resulting in an after-tax gain in earnings of R6,0 million. On the statement of cash flows, lease payments of R205,7 million, previously included in cash generated by operations, have been disclosed under financing activities (R166,7 million relating to the principal portion of lease payments) and interest paid (R39,0 million). Refer to annexure.

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)

11. Dividend declaration

Notice is hereby given that a gross final ordinary dividend No 93 of 250 cents per share for the year ended 30 June 2019 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 final 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 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 335 430 838 ordinary shares. AVI's tax reference number is 9500/046/71/0. The salient dates relating to the payment of the dividend are as follows:

Last day to trade cum dividend on the JSE	Tuesday, 8 October 2019
First trading day ex dividend on the JSE	Wednesday, 9 October 2019
Record date	Friday, 11 October 2019
Payment date	Monday, 14 October 2019

In accordance with the requirements of Strate Limited, no share certificates may be dematerialised or rematerialised between Wednesday, 9 October 2019, and Friday, 11 October 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 Monday, 14 October 2019.

12. Reports of the independent auditor

The summarised consolidated financial statements for the year ended 30 June 2019 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 summarised consolidated financial statements were derived. The auditor's report on the 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 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.

13. 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.

14. Annual report

The annual report for the year ended 30 June 2019 will be posted to shareholders on or about Friday, 4 October 2019. The financial statements will include the notice of the annual general meeting of shareholders to be convened on Thursday, 7 November 2019.

administration and principal subsidiaries

ADMINISTRATION

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

Company Secretary
Sureya Scheepers

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

Postal address
PO Box 1897
Saxonwold 2132
South Africa

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

Auditors
Ernst & Young Inc.

Sponsor
The Standard Bank of South Africa Limited

Commercial bankers
Standard Bank
Nedbank

Transfer secretaries
Computershare Investor Services Proprietary Limited

Business address
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg 2196

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

PRINCIPAL SUBSIDIARIES

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

30 Sloane Street
Bryanston 2021

PO Box 5159
Rivonia 2128

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

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

1 Davidson Street
Woodstock
Cape Town 7925

PO Box 1628
Cape Town 8000

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

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

16 – 20 Evans Avenue
Epping 1 7460

PO Box 3460
Cape Town 8000

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

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

29 Eaton Avenue
Bryanston 2021

PO Box 782916
Sandton 2145

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

Green Cross Manufacturers Proprietary Limited
Reg no: 1994/008549/07

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]

Abe Thebyane[1]

Neo Dongwana[2, 3, 5]

Alexandra Muller[2, 3, 6]

[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 7 May 2019.

[6] Appointed to the Board and Audit and Risk Committee on 1 July 2019. Appointed to the Social and Ethics Committee on 1 August 2019.

annexure

This annexure sets out the illustrative financial results for the year ended 30 June 2019 as if the new accounting standards IFRS 9, IFRS 15 and IFRS 16 had not been applied to allow for a like-for-like comparison to the financial results for the year ended 30 June 2018 (the "like-for-like information"). For further details on the new accounting standards, refer to note 10.

The like-for-like information is presented in accordance with the JSE Listings Requirements and the SAICA Guide on Pro forma Financial Information.

This like-for-like 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 7 to 18.

The like-for-like information has been prepared for illustrative purposes only and because of its nature may not fairly present the Group's financial position, results of operations or cash flows.

A copy of the like-for-like information together with Ernst & Young Inc.'s independent reporting accountants' assurance report thereon is available for inspection at the Company's registered office.

The tables on the following pages illustrate the pro forma summarised consolidated balance sheet as at 30 June 2019, the pro forma summarised consolidated statement of comprehensive income and the pro forma summarised consolidated statement of cash flows for the year ended 30 June 2019 after taking into account the specific adjustments noted below each table.

The audited reported figures for the year ended 30 June 2019, which have been extracted from the audited annual financial statements of AVI for the year ended 30 June 2019, include the impact of changes in accounting policies following the implementation of new accounting standards in the current year (refer to note 10).

Similarly, the audited reported figures for the year ended 30 June 2018 have been extracted from the audited annual financial statements of AVI for the year ended 30 June 2018.

Pro forma summarised consolidated balance sheet

	at 30 June					
	Audited 2019 As reported Rm	Adjustments IFRS 9[1] Rm	IFRS 15[2] Rm	IFRS 16[3] Rm	2019 Like-for-like Rm	Audited 2018 Rm
Assets						
Non-current assets						
Property, plant and equipment	3 430,1	–	–	–	3 430,1	3 403,6
Right-of-use assets	317,5	–	–	(317,5)	–	–
Intangible assets and goodwill	817,0	–	–	–	817,0	926,2
Investments	377,0	–	–	–	377,0	360,0
Deferred taxation	46,7	–	–	(7,7)	39,0	24,3
	4 988,3	–	–	(325,2)	4 663,1	4 714,1
Current assets						
Inventories and biological assets	2 501,5	–	–	–	2 501,5	2 165,4
Trade and other receivables including derivatives	2 072,4	3,0	410,2	–	2 485,6	2 442,3
Cash and cash equivalents	233,1	–	–	–	233,1	342,8
	4 807,0	3,0	410,2	–	5 220,2	4 950,5
Total assets	9 795,3	3,0	410,2	(325,2)	9 883,3	9 664,6
Equity and liabilities						
Capital and reserves						
Total equity	4 539,3	2,2	–	47,8	4 589,3	5 146,4
Non-current liabilities						
Cash-settled share-based payment liability	39,7	–	–	–	39,7	38,9
Lease liabilities	251,0	–	–	(251,0)	–	–
Operating lease straight-line liabilities	–	–	–	19,3	19,3	14,3
Employee benefit liabilities	378,0	–	–	–	378,0	382,3
Deferred taxation	428,9	0,8	–	10,6	440,3	389,2
	1 097,6	0,8	–	(221,1)	877,3	824,7
Current liabilities						
Current borrowings including short-term portion of lease liabilities	2 425,6	–	–	(157,9)	2 267,7	1 612,6
Trade and other payables including derivatives	1 698,0	–	410,2	6,0	2 114,2	2 031,8
Current tax liabilities	34,8	–	–	–	34,8	49,1
	4 158,4	–	410,2	(151,9)	4 416,7	3 693,5
Total equity and liabilities	9 795,3	3,0	410,2	(325,2)	9 883,3	9 664,6

Notes to the pro forma summarised consolidated balance sheet:
Adjustments, as explained in note 10, include the following:
[1] *Reversal of the increase in impairment loss allowance recognised against trade receivables following the implementation of IFRS 9 as well as related deferred tax adjustments.*
[2] *Reclassification of accruals and provisions for payments to customers from trade and other receivables to trade and other payables in line with the presentation applied prior to the implementation of IFRS 15.*
[3] *Reversal of IFRS 16 right-of-use assets and concomitant lease liabilities, and reinstatement of IAS 17 operating lease straight-line liabilities as well as related deferred tax adjustments.*

Pro forma summarised consolidated statement of comprehensive income

	For the year ended 30 June					
	Audited 2019 As reported Rm	Adjustments IFRS15[1] Rm	IFRS16[2] Rm	2019 Like-for-like Rm	Audited 2018 Rm	% change
Revenue	13 150,9	448,6	–	13 599,5	13 437,5	1,2
Cost of sales	(7 740,2)	75,1	(13,2)	(7 678,3)	(7 498,0)	2,4
Gross profit	5 410,7	523,7	(13,2)	5 921,2	5 939,5	(0,3)
Selling and administrative expenses	(2 888,2)	(523,7)	(34,2)	(3 446,1)	(3 387,0)	1,7
Operating profit before capital items	2 522,5	–	(47,4)	2 475,1	2 552,5	(3,0)
Interest received	6,0	–	–	6,0	5,7	5,3
Finance costs	(200,8)	–	39,0	(161,8)	(132,4)	22,2
Share of equity-accounted earnings of joint ventures	42,2	–	–	42,2	56,3	(25,0)
Capital items	(127,8)	–	–	(127,8)	(136,6)	(6,4)
Profit before taxation	2 242,1	–	(8,4)	2 233,7	2 345,5	(4,8)
Taxation	(637,6)	–	2,4	(635,2)	(669,7)	(5,2)
Profit for the period	1 604,5	–	(6,0)	1 598,5	1 675,8	(4,6)
Profit attributable to:						
Owners of AVI	1 604,5	–	–	1 598,5	1 675,8	(4,6)
Other comprehensive (loss)/income, net of tax	(16,4)	–	–	(16,4)	33,0	
Items that are or may be subsequently reclassified to profit or loss						
Foreign currency translation differences	(27,6)	–	–	(27,6)	3,8	
Cash flow hedging reserve	(4,5)	–	–	(4,5)	29,0	
Taxation on items that are or may be subsequently reclassified to profit or loss	1,3	–	–	1,3	(8,1)	
Items that will never be reclassified to profit or loss						
Actuarial gain recognised	20,0	–	–	20,0	11,5	
Taxation on items that will never be reclassified to profit or loss	(5,6)	–	–	(5,6)	(3,2)	
Total comprehensive income for the period	1 588,1	–	(6,0)	1 582,1	1 708,8	(7,4)
Total comprehensive income attributable to:						
Owners of AVI	1 588,1	–	(6,0)	1 582,1	1 708,8	(7,4)
Depreciation and amortisation of property, plant and equipment, right-of-use assets, fishing rights and trademarks included in operating profit	592,4	–	(160,4)	432,0	412,9	4,6
Headline earnings	1 696,2	–	(6,0)	1 690,2	1 773,9	(4,7)
Basic earnings per share (cents)#	488,7	–	(1,8)	486,9	513,1	(5,1)
Diluted basic earnings per share (cents)##	486,7	–	(1,8)	484,9	510,1	(4,9)
Headline earnings per share (cents)#	516,6	–	(1,8)	514,8	543,1	(5,2)
Diluted headline earnings per share (cents)##	514,6	–	(1,8)	512,8	540,0	(5,0)

Notes to the pro forma summarised consolidated statement of comprehensive income:

Adjustments, as explained in note 10, include the following:

[1] *Reclassification of payments to customers from revenue to selling and administrative expenses as well as reclassification of transport and insurance costs from cost of sales to revenue in line with the presentation applied prior to the implementation of IFRS 15.*

[2] *Reversal of IFRS 16 depreciation on right-of-use assets (R160,4 million) and reinstatement of operating lease straight-line expenses per IAS 17 (R207,8 million), allocated between cost of sales and selling and administrative expenses, with a net impact of R47,4 million on operating profit before capital items. In addition, the IFRS 16 finance costs on lease liabilities is reversed, and the net deferred tax impact on the aforementioned adjustments accounted for.*

IFRS 9 has had an insignificant impact on the pro forma summarised consolidated statement of comprehensive income for the year ended 30 June 2019.

Basic earnings and headline earnings per share are calculated on a weighted average of 328 315 207 (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 329 641 365 (30 June 2018: 328 520 186) ordinary shares in issue.

Pro forma summarised consolidated statement of cash flows

	For the year ended 30 June				
	Audited 2019 As reported Rm	Adjustments IFRS 16[1] Rm	2019 Like-for-like Rm	Audited 2018 Rm	% change
Operating activities					
Cash generated by operations	2 849,9	(205,7)	2 644,2	2 691,9	(1,8)
Interest paid	(200,8)	39,0	(161,8)	(132,4)	22,2
Taxation paid	(604,0)	–	(604,0)	(620,9)	(2,7)
Net cash available from operating activities	2 045,1	(166,7)	1 878,4	1 938,6	(3,1)
Investing activities					
Interest received	6,0	–	6,0	5,7	5,3
Property, plant and equipment acquired	(472,6)	–	(472,6)	(419,9)	12,6
Additions to intangible assets	(16,7)	–	(16,7)	(14,6)	14,4
Proceeds from disposals of property, plant and equipment	22,0	–	22,0	14,8	48,6
Contributions to Enterprise and Supplier Development initiatives	(5,4)	–	(5,4)	(8,6)	(37,2)
Movement in joint ventures and other investments	23,8	–	23,8	83,9	(71,6)
Net cash used in investing activities	(442,9)	–	(442,9)	(338,7)	30,8
Financing activities					
Proceeds from shareholder funding	28,0	–	28,0	59,9	(53,3)
Short-term funding raised/(repaid)	655,1	–	655,1	(78,2)	(937,7)
Lease liabilities repaid	(166,7)	166,7	–	–	
Payment to I&J BBBEE shareholders	(1,0)	–	(1,0)	(65,0)	(98,5)
Ordinary dividends paid	(1 399,4)	–	(1 399,4)	(1 421,3)	(1,5)
Special dividend paid	(822,9)	–	(822,9)	–	
Net cash used in financing activities	(1 706,9)	166,7	(1 540,2)	(1 504,6)	2,4
Decrease/(increase) in cash and cash equivalents	(104,7)	–	(104,7)	95,3	(209,9)
Cash and cash equivalents at beginning of period	342,8		342,8	246,7	39,0
	238,1	–	238,1	342,0	(30,4)
Translation of cash equivalents of foreign subsidiaries	(5,0)		(5,0)	0,8	(725,0)
Cash and cash equivalents at end of period	233,1	–	233,1	342,8	(32,0)

Notes to the pro forma summarised consolidated statement of cash flows:

Adjustments, as explained in note 10, include the following:

[1] *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.*

IFRS 9 and IFRS 15 have had no impact on the pro forma summarised consolidated statement of cash flows for the year ended 30 June 2019.

Bastion

AVI

GROWING GREAT BRANDS

WWW.AVI.CO.ZA