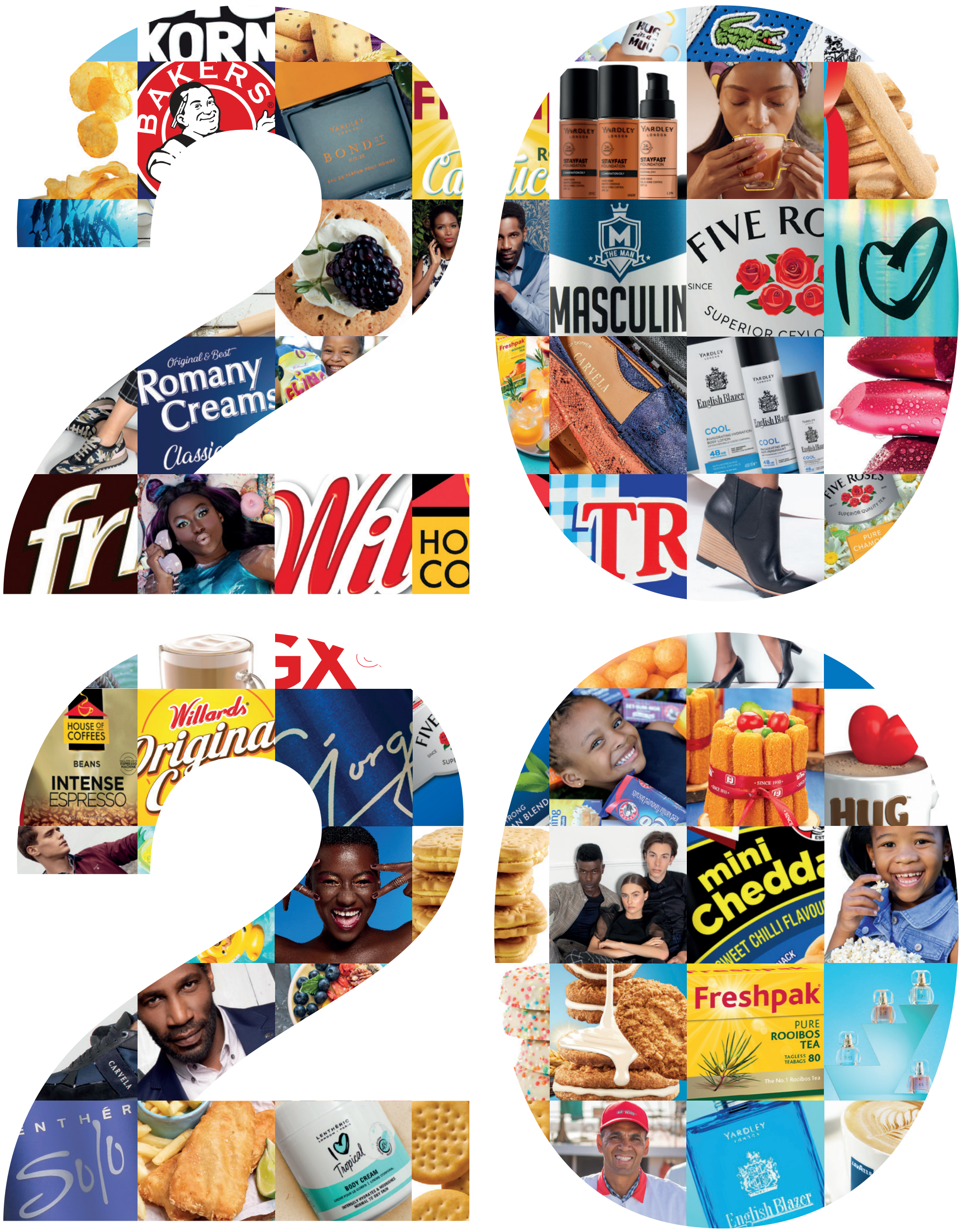
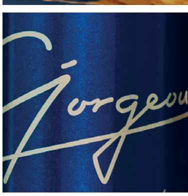
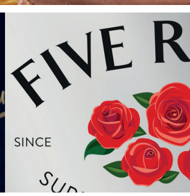


AVI

GROWING GREAT BRANDS

RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2019





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

AVI

key features

- Revenue growth of 1,0%
- Constrained consumer demand environment
- Aggressive competitor pricing in certain categories
- December trading weaker than anticipated, exacerbated by load-shedding
- Value versus volume across key categories carefully balanced
- Gross profit margins protected despite the challenging environment
- Selling and administrative costs held in line with the prior year
- Operating profit marginally higher at Group level
- Higher finance costs in line with higher average debt levels
- Strong cash generation sustained
- Capital expenditure of R187,0 million
- Capital profit of R374 million on sale of interest in Simplot joint venture
- Headline earnings per share down 3,8% to 293,8 cents
- Basic earnings per share, including capital items, up 35,3%
- Interim dividend cover maintained, interim dividend of 160 cents per share

AVI adopted the new accounting standards listed below with effect from 1 July 2018; consequently both current and prior year information presented in this report is prepared in accordance with the new standards:

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

results commentary

GROUP OVERVIEW

Group revenue for the semester was 1,0% higher than last year. The trading environment remained difficult with continued pressure on consumer spending resulting in sales volume weakness in many of our businesses. This was exacerbated by aggressive competitor discounting in some categories and the impact of Black Friday, which diverted consumer spending and constrained December sales. Realised selling prices were higher in a few categories where we increased prices during the last financial year, and benefited from lower levels of discounting.

Gross profit margins were well protected reflecting generally lower raw material cost inflation and good cost control, with the consolidated gross profit margin decreasing from 41,9% to 41,5%. Selling and administrative costs were in line with last year, reflecting tight cost management and non-recurrence of the unfavourable movement in the mark-to-market adjustment on I&J's fuel hedges in the first semester of last year. Operating profit of R1,46 billion was slightly higher than last year, while the operating profit margin decreased from 20,6% to 20,4%.

Finance costs increased in line with higher average debt levels while joint venture earnings decreased due to lower profits from I&J's joint venture with Simplot Australia Proprietary Limited ("Simplot").

Headline earnings declined by 3,5% from R1,00 billion to R0,97 billion, with the increase in operating profit insufficient to offset higher finance costs and lower joint venture income. Headline earnings per share decreased 3,8% from 305,5 cents to 293,8 cents with a 0,3% increase in the weighted average number of shares in issue due to the vesting of employee share options.

During the semester I&J sold its interest in a joint venture with Simplot, realising proceeds of R633 million and a capital gain, after tax, of R374 million. This resulted in a 35,3% increase in basic earnings per share for the semester.

Cash generated by operations decreased by 1,9% from R1,68 billion to R1,65 billion. Working capital rose R103,2 million due mostly to Indigo's payment for Coty stock taken over in terms of the revised business model arising from the renewal of the licence agreement in June 2019. Capital expenditure of R187,0 million was lower than last year, but is expected to be higher in the second semester. Other material cash flows during the period were the receipt of R631,8 million, net of costs, for I&J's interest in the Simplot joint venture; the ordinary dividend paid of R824,5 million; and taxation of R341,3 million. Net debt at the end of December 2019 was R1,65 billion compared to R2,51 billion at the end of December 2018.

DIVIDEND

The interim dividend cover has been maintained, resulting in the declaration of an interim dividend of 160 cents per share, a decrease of 3,0% on last year's interim dividend.

SEGMENTAL REVIEW

Six months ended 31 December

	Segmental revenue			Segmental operating profit		
	2019 Rm	2018 Rm	% change	**2019 Rm**	2018 Rm	% change
Food & Beverage brands	**5 391,9**	5 345,1	0,9	**1 118,0**	1 051,0	6,4
Entyce Beverages	**1 967,8**	2 032,7	(3,2)	**459,7**	468,1	(1,8)
Snackworks	**2 242,6**	2 130,6	5,3	**489,3**	430,1	13,8
I&J	**1 181,5**	1 181,8	0,0	**169,0**	152,8	10,6
Fashion brands	**1 749,8**	1 723,5	1,5	**340,9**	414,9	(17,8)
Personal Care*	**687,8**	584,2	17,7	**93,5**	128,4	(27,2)
Spitz (including Gant)	**941,6**	985,4	(4,4)	**259,2**	301,8	(14,1)
Green Cross	**120,4**	153,9	(21,8)	**(11,8)**	(15,3)	22,9
Corporate	**–**	–		**(1,7)**	(10,3)	
Group	**7 141,7**	7 068,6	1,0	**1 457,2**	1 455,6	0,1

** Impacted by change in Coty business model (refer commentary below).*

Entyce Beverages

Revenue decreased 3,2% to R1,97 billion while operating profit decreased 1,8% to R459,7 million with the operating profit margin at 23,4% compared to 23,0% in the prior year.

Tea revenue decreased 3,5% due mainly to lower sales volumes with higher price points established over the last few years impacting demand, particularly for premium offerings. The gross profit margin improved with rooibos raw material prices starting to decline from record levels and lower black tea input costs ameliorating some of the pressure from a weaker Rand. In addition, selling and administrative costs were lower due to effective cost management and different timing of marketing expenditure. Operating profit growth was healthy in the context of the trading environment.

Coffee revenue was 9,1% lower than last year due to lower sales volumes of mixed instant and speciality coffee as a result of sustained aggressive competitor activity. This resulted in de-leveraging and lower operating profit than last year.

Creamer revenue was slightly lower, with lower sales volumes largely offset by improved price realisation, necessary to offset raw material cost inflation. Volumes decreased 7,0% due to better on shelf availability of competitor product. Gross profit margin was slightly lower while selling and administrative costs were the same as last year. Operating profit was sustained at a high level, although lower than last year's record performance.

Snackworks

Revenue of R2,24 billion was 5,3% higher than last year while operating profit rose 13,8%, from R430,1 million to R489,3 million. The operating profit margin improved from 20,2% to 21,8%.

Biscuit revenue grew by 4,8% due to selling price increases in the second semester of the 2019 financial year, in response to accumulated cost pressures, as well as lower levels of discounting, partly offset by lower sales volumes. Better factory performance supported a small improvement in the gross profit margin while selling and administrative costs increased below the rate of inflation, resulting in sound growth in operating profit for the semester.

Snacks revenue increased by 6,9% due to selling price increases in the second semester of the 2019 financial year in response to accumulated cost pressures, as well as lower levels of discounting, with sales volumes slightly higher than last year. The gross profit margin improved slightly and the increase in selling and administrative costs was below the rate of inflation, resulting in good growth in operating profit for the semester.

I&J

Revenue of R1,18 billion was slightly lower than last year while operating profit increased from R152,8 million to R169,0 million. The operating profit margin increased from 12,9% to 14,3%.

Core hake revenue was 3,8% up on last year due to higher sales volumes in line with a better wet fleet fishing performance and better export exchange rates achieved. Selling prices in some export markets were lower due to increased competition.

The gross profit margin improved slightly due to improved wet fleet fishing, lower fuel prices and lower repair and maintenance costs, partly offset by lower unrealised profit recognised in the valuation of live abalone, in line with lower market prices in the core Hong Kong market due to ongoing protests.

Selling and administrative costs were lower than last year, with a lower unfavourable mark-to-market adjustment on I&J's fuel hedges.

Personal Care

Indigo's revenue increased by 17,7% due to a change in the Coty business model following the renewal of terms in June 2019. Indigo now operates as a licensed distributor rather than an agent, and accordingly reports the full purchase cost and revenue from Coty products with effect from 1 July 2019. Owned brands revenue on a like-for-like basis was slightly up on last year, supported by growth in roll-ons and lotions from new product launches, and a small recovery in aerosol volumes. Selling prices remained under pressure from aggressive competitor discounting.

The gross profit margin decreased due to changes in the sales mix and cost increases not fully recovered in a constrained and competitive market, while selling and administrative costs increased at a rate above inflation due to a material increase in marketing costs necessary to support new product launches in H1. This resulted in a decrease in operating profit from R128,4 million to R93,5 million.

Spitz (including Gant)

Revenue declined by 4,4% due largely to an 8,5% drop in footwear volumes. The critical December trading month was impacted by sustained load-shedding in the first week of December, the impact of discretionary money directed to the extended "Black Friday" week in late November, and evidence that many households prioritised other goods this year with a material decline in December's volumes arising from double digit declines in women's and children's shoe categories. Selling prices of core ranges have not increased since April 2016. The clothing brands performed acceptably in a challenging environment.

The gross profit margin was lower than last year due to higher Rand exchange rates while selling and administrative costs were in line with last year. Operating profit decreased from R301,8 million to R259,2 million and the operating profit margin decreased from 30,6% to 27,5%.

Green Cross

Green Cross revenue decreased by 21,8% largely due to lower sales volumes. Sales volumes were impacted by ongoing discounting in the mid-price comfort footwear segment, the loss of sales resulting from the decision to accelerate the conversion of stores to the new GX & Co multi-brand format, and the late arrival of a portion of the summer range in line with the anticipated short-term challenges of extending the import supply chain. The gross profit margin increased and fixed costs were lower than last year, in line with the restructuring completed last year, however, these improvements were not enough to offset the impact of lower sales volumes, resulting in an operating loss of R11,8 million for the semester. The prior year operating loss of R15,3 million included restructuring costs of R15 million.

OUTLOOK

The trading environment will remain difficult with constrained consumer spending presenting an ongoing challenge in many of our categories. We expect that some of our categories will continue to have low, or even negative, growth rates until there is a meaningful improvement in the economy. Furthermore, our competitors and retailers are likely to continue to behave aggressively in search of market share and constrained profit opportunities. Notwithstanding this, we are targeting profit growth in the second semester, underpinned by:

- Our strong brand portfolio and relevant innovation;
- Foreign currency exposures and key raw materials for the majority of the year's requirements hedged and secured at levels that support sound profitability;
- Ongoing efforts to manage costs and efficiencies across all businesses;
- Expected lower finance costs in line with lower debt levels.

Anticipated sales volumes remain key to achieving this growth and we will continue to react quickly to market changes as we pursue the most appropriate balance of price, sales volume and profit margins for each of our brands. 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. We remain of the view that the performance of the hake resource is set to improve over the next few years, while export exchange rate hedges are at levels that support sound profitability, and the more recent Rand weakness provides some upside potential. The deadline for the hake long-term rights application process has been extended by a year and the process is not expected to impact on operations in the second semester. There is considerable uncertainty as to how long the Coronavirus and Hong Kong protests will disrupt abalone demand but it is very likely that the contribution from this business will be lower than last year.

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

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

Gavin Tipper	**Simon Crutchley**
Chairman	*CEO*

9 March 2020

condensed consolidated balance sheet

	Unaudited at 31 December		Audited at 30 June
	2019 Rm	2018 Rm	2019 Rm
Assets			
Non-current assets			
Property, plant and equipment	**3 402,5**	3 475,1	3 430,1
Right-of-use assets	**297,1**	370,1	317,5
Intangible assets and goodwill	**805,7**	916,8	817,0
Investments and other long-term assets (note 8)	**27,8**	384,9	377,0
Deferred taxation	**30,9**	31,1	46,7
	4 564,0	5 178,0	4 988,3
Current assets			
Inventories and biological assets	**2 469,8**	2 183,4	2 501,5
Trade and other receivables including derivatives	**1 979,7**	1 949,2	2 072,4
Cash and cash equivalents	**282,4**	335,3	233,1
	4 731,9	4 467,9	4 807,0
Total assets	**9 295,9**	9 645,9	9 795,3
Equity and liabilities			
Capital and reserves			
Total equity	**4 911,3**	4 439,7	4 539,3
Non-current liabilities			
Cash-settled share-based payment liability	**39,6**	38,9	39,7
Lease liabilities	**226,7**	300,1	251,0
Employee benefit liabilities	**386,3**	389,4	378,0
Deferred taxation	**459,8**	424,5	428,9
	1 112,4	1 152,9	1 097,6
Current liabilities			
Current borrowings including short-term portion of lease liabilities	**1 706,9**	2 547,2	2 425,6
Trade and other payables including derivatives	**1 437,7**	1 444,3	1 698,0
Current tax liabilities	**127,6**	61,8	34,8
	3 272,2	4 053,3	4 158,4
Total equity and liabilities	**9 295,9**	9 645,9	9 795,3
Movement in net debt			
Opening balance	**2 034,6**	1 269,8	1 269,8
Short-term funding (repaid)/raised	**(715,7)**	768,2	655,1
(Increase)/decrease in cash and cash equivalents	**(50,6)**	6,2	104,7
Translation of cash equivalents of foreign subsidiaries	**1,3**	1,3	5,0
Net debt excluding IFRS 16 lease liabilities	**1 269,6**	2 045,5	2 034,6
IFRS 16 lease liabilities	**381,9**	466,5	408,9
Net debt*	**1 651,5**	2 512,0	2 443,5

** 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 2019 Rm	2018 Rm	% change	Audited year ended 30 June 2019 Rm
Revenue	**7 141,7**	7 068,6	1,0	13 150,9
Cost of sales	**(4 174,8)**	(4 103,6)	1,7	(7 740,2)
Gross profit	**2 966,9**	2 965,0	0,1	5 410,7
Selling and administrative expenses	**(1 509,7)**	(1 509,4)	–	(2 888,2)
Operating profit before capital items	**1 457,2**	1 455,6	0,1	2 522,5
Interest received	**2,7**	3,4	(20,6)	6,0
Finance costs	**(103,2)**	(97,8)	5,5	(200,8)
Share of equity-accounted earnings of joint ventures	**15,7**	37,1	(57,7)	42,2
Capital items	**444,8**	(11,1)	(4 107,2)	(127,8)
Profit before taxation	**1 817,2**	1 387,2	31,0	2 242,1
Taxation	**(467,9)**	(393,0)	19,1	(637,6)
Profit for the period	**1 349,3**	994,2	35,7	1 604,5
Profit attributable to:				
Owners of AVI	**1 349,3**	994,2	35,7	1 604,5
Other comprehensive income/(loss), net of tax	**(11,5)**	(14,3)		(16,4)
Items that are or may be subsequently reclassified to profit or loss				
Foreign currency translation differences	**5,0**	(9,2)		(27,6)
Cash flow hedging reserve	**(22,9)**	(7,1)		(4,5)
Taxation on items that are or may be subsequently reclassified to profit or loss	**6,4**	2,0		1,3
Items that will never be reclassified to profit or loss				
Actuarial gain recognised	**–**	–		20,0
Taxation on items that will never be reclassified to profit or loss	**–**	–		(5,6)
Total comprehensive income for the period	**1 337,8**	979,9	36,5	1 588,1
Total comprehensive income attributable to:				
Owners of AVI	**1 337,8**	979,9	36,5	1 588,1
Depreciation and amortisation of property, plant and equipment, right-of-use assets, fishing rights and trademarks included in operating profit	**302,1**	296,6	1,9	592,4
Earnings per share				
Basic earnings per share (cents)#	**410,2**	303,2	35,3	448,7
Diluted basic earnings per share (cents)##	**409,1**	301,7	35,6	486,7
Headline earnings per share (cents)#	**293,8**	305,5	(3,8)	516,6
Diluted headline earnings per share (cents)##	**293,0**	304,1	(3,7)	514,6

 # Basic earnings and headline earnings per share are calculated on a weighted average of 328 919 400 (31 December 2018: 327 951 933 and 30 June 2019: 328 315 207) ordinary shares in issue.

Diluted basic earnings and diluted headline earnings per share are calculated on a weighted average of 329 861 725 (31 December 2018: 329 528 005 and 30 June 2019: 329 641 365) ordinary shares in issue.

condensed consolidated statement of cash flows

	Unaudited six months ended 31 December 2019 Rm	2018 Rm	% change	Audited year ended 30 June 2019 Rm
Operating activities				
Cash generated by operations	**1 646,4**	1 677,6	(1,9)	2 849,9
Interest paid	**(103,2)**	(97,8)	5,5	(200,8)
Taxation paid	**(341,3)**	(344,5)	(0,9)	(604,0)
Net cash available from operating activities	**1 201,9**	1 235,3	(2,7)	2 045,1
Investing activities				
Interest received	**2,7**	3,4	(20,6)	6,0
Property, plant and equipment acquired	**(187,0)**	(290,4)	(35,6)	(472,6)
Additions to intangible assets	**(1,9)**	(3,3)	(42,4)	(16,7)
Proceeds from disposals of property, plant and equipment	**17,2**	10,6	62,3	22,0
Contributions to Enterprise and Supplier Development initiatives	**–**	–		(5,4)
Proceeds from disposal of interest in Simplot joint venture (note 8)	**631,8**	–		–
Other movements in joint ventures and other investments	**13,2**	10,9	21,1	23,8
Net cash used in investing activities	**476,0**	(268,8)	(277,1)	(442,9)
Financing activities				
Proceeds from shareholder funding	**1,4**	21,2	(93,4)	28,0
Short-term funding repaid	**(715,7)**	768,2	(193,2)	655,1
Lease liabilities repaid	**(87,5)**	(83,3)	5,0	(166,7)
Payment to I&J BBBEE shareholders	**(1,0)**	–		(1,0)
Ordinary dividend paid	**(824,5)**	(855,9)	(3,7)	(1 399,4)
Special dividend paid	**–**	(822,9)	(100,0)	(822,9)
Net cash used in financing activities	**(1 627,3)**	(972,7)	67,3	(1 706,9)
Increase/(decrease) in cash and cash equivalents	**50,6**	(6,2)	(916,1)	(104,7)
Cash and cash equivalents at beginning of period	**233,1**	342,8		342,8
	283,7	336,6		238,1
Translation of cash equivalents of foreign subsidiaries	**(1,3)**	(1,3)	–	(5,0)
Cash and cash equivalents at end of period	**282,4**	335,3		233,1

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 2019						
Balance at 1 July 2019	280,3	(458,2)	573,7	4 250,1	(106,6)	4 539,3
Profit for the period	–	–	–	1 349,3	–	1 349,3
Other comprehensive income						
Foreign currency translation differences	–	–	5,0	–	–	5,0
Cash flow hedging reserve, net of tax	–	–	(16,5)	–	–	(16,5)
Total other comprehensive income	–	–	(11,5)	–	–	(11,5)
Total comprehensive income for the period	–	–	(11,5)	1 349,3	–	1 337,8
Transactions with owners, recorded directly in equity						
Share-based payments	–	–	22,4	–	–	22,4
Deferred taxation on Group share scheme recharge	–	–	(2,1)	–	–	(2,1)
Dividends paid	–	–	–	(824,5)	–	(824,5)
Own ordinary shares sold by AVI Share Trusts	–	1,4	–	–	–	1,4
Repurchase and cancellation of treasury shares (note 7)	(0,9)	299,3	(298,4)			–
Reclassification of Simplot joint venture foreign currency translation reserve (note 8)	–	–	(163,0)	–	–	(163,0)
Total contributions by and distributions to owners	(0,9)	300,7	(441,1)	(824,5)	–	(965,8)
Balance at 31 December 2019	279,4	(157,5)	121,1	4 774,9	(106,6)	4 911,3
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	–	–	–	(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
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	–	–	–	(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 year	–	–	–	1 604,5	–	1 604,5
Other comprehensive income						
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

supplementary notes to the condensed consolidated interim financial statements

For the six months ended 31 December 2019

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 Rand ("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 2018 and the annual financial statements for the year ended 30 June 2019.

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.

2. Segmental results

	Unaudited six months ended 31 December 2019 Rm	2018 Rm	% change	Audited year ended 30 June 2019 Rm
Segmental revenue				
Food & Beverage brands	**5 391,9**	5 345,1	0,9	10 220,7
Entyce Beverages	**1 967,8**	2 032,7	(3,2)	3 822,6
Snackworks	**2 242,6**	2 130,6	5,3	3 890,9
I&J	**1 181,5**	1 181,8	0,0	2 507,2
Fashion brands	**1 749,8**	1 723,5	1,5	2 930,2
Personal Care*	**687,8**	584,2	17,7	1 111,4
Spitz (including Gant)	**941,6**	985,4	(4,4)	1 523,8
Green Cross	**120,4**	153,9	(21,8)	295,0
Group	**7 141,7**	7 068,6	1,0	13 150,9
Segmental operating profit before capital items				
Food & Beverage brands	**1 118,0**	1 051,0	6,4	1 969,3
Entyce Beverages	**459,7**	468,1	(1,8)	838,3
Snackworks	**489,3**	430,1	13,8	723,1
I&J	**169,0**	152,8	10,6	407,9
Fashion brands	**340,9**	414,9	(17,8)	565,7
Personal Care	**93,5**	128,4	(27,2)	237,2
Spitz (including Gant)	**259,2**	301,8	(14,1)	358,1
Green Cross	**(11,8)**	(15,3)	22,9	(29,6)
Corporate and consolidation	**(1,7)**	(10,3)	83,5	(12,5)
Group	**1 457,2**	1 455,6	0,1	2 522,5

** From July 2019 Indigo is responsible for the full revenue and cost of sales in respect of Coty product. Prior to this, only commission on sales was included in revenue.*

3. Revenue

Disaggregation of revenue from contracts with customers ("revenue") into categories that depict the nature, amount, timing and uncertainty of revenue.

The following table sets out revenue by geographical market:

Geographical market	Unaudited six months ended 31 December 2019 Entyce Beverages Rm	Snackworks Rm	I&J Rm	Personal Care Rm	Footwear and Apparel Rm	Total Rm
South Africa	**1 721,1**	**1 981,1**	**462,3**	**623,3**	**1 055,2**	**5 843,0**
Other African countries	**241,0**	**254,4**	**11,0**	**64,4**	**6,8**	**577,6**
Rest of the world	**5,7**	**7,1**	**708,2**	**0,1**	**–**	**721,1**
Total revenue	**1 967,8**	**2 242,6**	**1 181,5**	**687,8**	**1 062,0**	**7 141,7**

Geographical market	Unaudited six months ended 31 December 2018 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

Geographical market	Audited for the year ended 30 June 2019 Entyce Beverages Rm	Snackworks Rm	I&J Rm	Personal Care Rm	Footwear and Apparel Rm	Total Rm
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% (31 December 2018: less than 2% and 30 June 2019: 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 2019 Rm	2018 Rm	% change	Audited year ended 30 June 2019 Rm
Profit for the year attributable to owners of AVI	**1 349,3**	994,2	35,7	1 604,5
Total capital items after taxation	**(382,8)**	7,8		91,7
Gain on disposal of interest in Simplot joint venture (note 8)	**(433,1)**	–		–
Net (gain)/loss on disposal of property, plant and equipment	**(11,5)**	0,4		0,1
Impairment of property, plant and equipment	**–**	10,7		26,1
Net loss on disposal of intangible assets	**–**	–		0,2
Impairment of Green Cross trademark*	**–**	–		99,7
Impairment of other intangible assets	**–**	–		1,7
Net gain on partial and full lease terminations	**(0,2)**	–		–
Taxation attributable to capital items	**62,0**	(3,3)		(36,1)
Headline earnings	**966,5**	1 002,0	(3,5)	1 696,2
Headline earnings per ordinary share (cents)	**293,8**	305,5	(3,8)	516,6
Diluted headline earnings per ordinary share (cents)	**293,0**	304,1	(3,7)	514,6

	Number of shares	Number of shares	% change	Number of shares
Weighted average number of ordinary shares	**328 919 400**	327 951 933	0,3	328 315 207
Weighted average diluted number of ordinary shares	**329 861 725**	329 528 005	0,1	329 641 365

** 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 required to return the business to acceptable profitability.*

5. Cash generated by operations

	Unaudited six months ended 31 December			Audited year ended 30 June
	2019 Rm	2018 Rm	% change	2019 Rm
Cash generated by operations before working capital changes	**1 753,0**	1 735,4	1,0	3 116,7
Change in working capital	**(106,6)**	(57,8)	84,4	(266,8)
Cash generated by operations	**1 646,4**	1 677,6	(1,9)	2 849,9

6. Commitments

	Unaudited six months ended 31 December		Audited year ended 30 June
	2019 Rm	2018 Rm	2019 Rm
Capital expenditure commitments for property, plant and equipment	**149,8**	183,2	167,3
Contracted for	**107,7**	103,3	153,4
Authorised but not contracted for	**42,1**	79,9	13,9

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. Repurchase and cancellation of treasury shares

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 was 335 430 838 ordinary shares.

The delisting and cancellation of shares has resulted in a R299,3 million reduction in the treasury shares balance of which R0,9 million has been allocated against share capital and the balance to share buy-back reserve, with no impact on earnings or earnings per share.

8. Disposal of interest in Simplot joint venture

On 4 November 2019, the Company and its subsidiary, I&J Holdings Proprietary Limited ("I&J"), entered into an agreement in terms of which Simplot Australia Proprietary Limited and related entities ("Simplot Australia") acquired I&J's 40% effective interest in the Simplot Seafood Snacks and Meals Joint Venture ("Simplot JV") and the rights to certain internally generated intellectual property assets ("IP assets") utilised by the Simplot JV, for an aggregate cash consideration of AUD62 million.

The net purchase consideration after transaction costs was R631,8 million and has resulted in a capital gain of R433,1 million before tax, and R373,7 million after tax comprising:

	Net capital gain Rm
Sale of interest in Simplot JV and IP assets	210,7
Reclassification of the cumulative foreign currency translation reserve from equity to profit on disposal, as required by IAS 21	163,0
	373,7

The carrying amount of the investment in the Simplot JV disposed of was R363,3 million. IP assets were internally generated and therefore were not recognised as intangible assets.

9. 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 during the six months ended 31 December 2019.

10. Post-reporting date events

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

11. Dividend declaration

Notice is hereby given that a gross interim ordinary dividend No 94 of 160 cents per share for the six months ended 31 December 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 interim dividend of 128 cents per share will be distributed to those shareholders who are not exempt from paying dividend tax. In terms of dividend tax legislation, the dividend tax amount due will be withheld and paid over to the South African Revenue Services by a nominee company, stockbroker or Central Securities Depository Participant ("CSDP") (collectively "regulated intermediary") on behalf of shareholders. However, all shareholders should declare their status to their regulated intermediary, as they may qualify for a reduced dividend tax rate or exemption. AVI's issued share capital at the declaration date is 335 837 451 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, 14 April 2020
First trading day ex dividend on the JSE	Wednesday, 15 April 2020
Record date	Friday, 17 April 2020
Payment date	Monday, 20 April 2020

In accordance with the requirements of Strate Limited, no share certificates may be dematerialised or rematerialised between Wednesday, 15 April 2020, and Friday, 17 April 2020, 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, 20 April 2020.

12. 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
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Saxonwold 2132
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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
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg 2196

Postal address
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Saxonwold, 2132
South Africa
Telephone: +27 (0)11 370 5000
Telefax: +27 (0)11 370 5271

PRINCIPAL SUBSIDIARIES

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

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Bryanston 2021

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Rivonia 2128

Managing director
Gaynor Poretti
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[5]

Adriaan Nühn[1, 2, 4, 7]

Mike Bosman[2]

Abe Thebyane[1]

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 from the Audit and Risk Committee on 7 November 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*

[7] *Appointed to the Audit and Risk Committee on 21 January 2020*

Bastion

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