

This circular is important and requires your immediate attention.

The definitions commencing on page 3 of this circular apply *mutatis mutandis* throughout this document, including this cover page.

Action required

- If you are in any doubt as to what action you should take arising from this circular, please consult your CSDP, broker, banker, attorney, accountant or other professional adviser immediately.
- If you have disposed of all of your AVI shares, please forward this circular to the purchaser of such shares or to the CSDP, broker, banker, attorney or other agent through whom the disposal was effected.
- Shareholders are referred to the page overleaf of this circular, which sets out the action required by them.



AVI

AVI Limited

(Incorporated in the Republic of South Africa)
(Registration number 1944/017201/06)
Share code: AVI ISIN: ZAE00049433
("AVI" or "the Company")

Circular to shareholders

regarding

- **the payment to shareholders of R257.0 million out of share premium in terms of section 90 of the Companies Act, and**
- **the adoption of the AVI Out-Performance Scheme**

and incorporating

- **a notice convening the general meeting of shareholders; and**
 - **a form of proxy (for use by certificated shareholders and own-name dematerialised shareholders only).**
-

Corporate law adviser

T A B A C K S

Sponsor

 Standard Bank

Independent reporting
accountants and auditors



Date of issue: 9 October 2007

Copies of this circular may be obtained in English only at AVI's registered office during normal business hours from Tuesday, 9 October 2007 until Wednesday, 24 October 2007.

Action required by shareholders

The definitions commencing on page 3 of this circular apply *mutatis mutandis* to the following action required by shareholders:

Please take careful note of the following provisions regarding the action required by shareholders:

1. If you have disposed of all of your AVI shares, this circular should be handed to the purchaser of such shares or the CSDP, broker, banker, attorney or other agent who disposed of your AVI shares for you.
2. If you are in any doubt as to what action to take, consult your CSDP, broker, banker, attorney, accountant or other professional adviser immediately.
3. This circular contains information relating to a payment to shareholders out of share premium and the AVI Out-Performance Scheme. You should carefully read through this circular and decide how you wish to vote on the resolutions to be proposed at the general meeting.
4. The general meeting will be held at the registered office of AVI, 2 Harries Road, Illovo, Johannesburg on Wednesday, 24 October 2007, commencing at 11:15 (or so soon thereafter as the annual general meeting of AVI convened for 11:00 on the same day and at the same venue shall have been concluded or adjourned).

5. IF YOU HAVE DEMATERIALISED YOUR AVI SHARES

5.1 Own-name registration

You are entitled to attend, or be represented by proxy, at the general meeting.

If you are unable to attend the general meeting, but wish to be represented thereat, you must complete and return the attached form of proxy, in accordance with the instructions contained therein, to be received by the transfer secretaries, Computershare Investor Services 2004 (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by no later than 11:15 on Tuesday, 23 October 2007.

5.2 Other than own-name registration

You are entitled to attend, or be represented by proxy, at the general meeting. You must not, however, complete the attached form of proxy. You must advise your CSDP or broker timeously if you wish to attend, or be represented at the general meeting.

If your CSDP or broker does not contact you, you are advised to contact your CSDP or broker and provide them with your voting instructions. If your CSDP or broker does not obtain instructions from you, they will be obliged to act in terms of your mandate furnished to them.

If you do wish to attend or be represented at the general meeting, your CSDP or broker will be required to issue the necessary letter of representation to you to enable you to attend or to be represented at the general meeting.

6. IF YOU HOLD CERTIFICATED AVI SHARES

6.1 You are entitled to attend, or be represented by proxy, at the general meeting.

6.2 If you are unable to attend the general meeting, but wish to be represented thereat, you must complete and return the attached form of proxy, in accordance with the instructions contained therein, to be received by the transfer secretaries, Computershare Investor Services 2004 (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by no later than 11:15 on Tuesday, 23 October 2007.

Corporate information and advisers

Secretary and registered office

Mande Ndema
B.SocSci LLB
2 Harries Road
Illovo
Johannesburg, 2196
(PO Box 1897, Saxonwold, 2132)

Corporate law adviser

Taback and Associates (Proprietary) Limited
(Registration number 2000/010434/07)
13 Eton Road
Parktown
Johannesburg, 2193
(PO Box 3334, Houghton, 2041)

Sponsor

The Standard Bank of South Africa Limited
(Registration number 1962/000738/06)
3 Simmonds Street
Johannesburg, 2001
(PO Box 61344, Marshalltown, 2107)

Transfer secretaries

Computershare Investor Services 2004 (Proprietary) Limited
(Registration number 2004/003647/06)
Ground Floor
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

Independent reporting accountants and auditors

KPMG Inc.
(Registration number 1999/021543/21)
KPMG Crescent
85 Empire Road
Parktown, 2193
(Private Bag 9, Parkview, 2122)

Salient dates and times

The definitions commencing on page 3 of this circular have, where necessary, been used in the salient dates and times as set out below:

	2007
Circular posted to shareholders on	Tuesday, 9 October
Forms of proxy to be received by 11:15 on	Tuesday, 23 October
General meeting to be held at 11:15 (or so soon thereafter as the annual general meeting of AVI convened for 11:00 on the same day and at the same venue shall have been concluded or adjourned) on	Wednesday, 24 October
Results of the general meeting released on SENS on	Wednesday, 24 October
Results of the general meeting published in the press on	Thursday, 25 October
Last day to trade on the JSE in order to receive the payment	Friday, 9 November
First trading day ex-payment on the JSE	Monday, 12 November
Payment record date	Friday, 16 November
Payment to shareholders	Monday, 19 November

Notes

1. These dates and times are subject to amendment. Any such amendment will be released on SENS and published in the press.
2. AVI shares may not be dematerialised or rematerialised between Monday, 12 November 2007 and Friday, 16 November 2007, both days inclusive.

Definitions

In this circular, unless otherwise stated or the context otherwise indicates, the words in the first column below shall have the meaning stated opposite them, respectively, in the second column below, reference to the singular shall include the plural and *vice versa*, words denoting one gender shall include the other genders, and an expression denoting natural persons shall include juristic persons and associations of persons:

“allocation”	a notional allocation of AVI shares made to designated employees in terms of the scheme;
“allocation date”	the date on which an allocation is made;
“Annual Report”	the AVI Annual Report for the financial year ended 30 June 2007;
“AVI”	AVI Limited (Registration number 1944/017201/06), a public company incorporated in South Africa and listed on the JSE;
“AVI share”	an ordinary share of R0,05 in the capital of AVI;
“board”	the board of directors of AVI acting either itself or through any committee constituted by the board and to which the board shall have delegated authority for the purposes of the payment to shareholders or the scheme;
“business day”	a day other than a Saturday, Sunday or official public holiday in South Africa;
“certificated shareholders”	shareholders who hold certificated shares;
“certificated shares”	AVI shares held in certificated form;
“common monetary area”	the geographic regions comprising South Africa, the Republic of Namibia and the Kingdoms of Swaziland and Lesotho;
“circular”	this circular, dated 9 October 2007, including all annexures, the notice of general meeting and form of proxy attached;
“Companies Act”	the Companies Act, 1973, as amended;
“CSDP”	a Central Securities Depository Participant;
“dematerialised shareholders”	shareholders who hold dematerialised shares;
“dematerialised shares”	those AVI shares which have been incorporated into the Strate system and which are held on AVI’s sub-register in electronic form in terms of the Securities Services Act;
“designated employee”	an employee to whom an allocation is made as determined by the board in its discretion from time to time;
“directors”	the directors of AVI for the time being, whose names are reflected in paragraph 10 of this circular;
“document of title”	share certificate, transfer deed or form, balance receipt or any other document of title acceptable to AVI in respect of certificated shareholders;
“employee”	a person employed by AVI or any employer company in a full-time capacity who is not within 36 months of his retirement, unless the board shall in its discretion have waived the requirement that such person is not within 36 months of his retirement;
“employer company”	a company in the group which employs a participant;
“general meeting”	the general meeting of shareholders to be held at the registered office of AVI, 2 Harries Road, Illovo, Johannesburg on Wednesday, 24 October 2007 at 11:15 (or so soon thereafter as the annual general meeting of AVI convened for 11:00 on the same day and at the same venue, shall have been concluded or adjourned) to consider and, if deemed appropriate, approve the resolutions tabled thereat;
“group”	AVI and its subsidiaries;
“JSE”	The JSE Limited, a company duly registered and incorporated with limited liability under the company laws of South Africa under registration number 2005/0222939/06, and licensed as an exchange under the Securities Services Act;
“last day to trade”	Friday, 9 November 2007, being the last day on which shareholders can trade their AVI shares on the JSE in order to be recorded as such in the register on the payment record date;
“last practicable date”	the last practicable date prior to the finalisation of this circular, being Monday, 10 September 2007;

“Listings Requirements”	the Listings Requirements of the JSE, as amended from time to time;
“measurement date”	in respect of each tranche, the third anniversary of the allocation date of such tranche unless otherwise contemplated in the trust deed, provided that if a measurement date is not a business day, then the measurement date shall be the next following business day;
“measurement period”	in respect of each tranche, the period from the allocation date to the measurement date of such tranche;
“participants”	designated employees to whom allocations are made;
“payment”	the payment of R257.0 million in the aggregate, at the rate of 75 cents per AVI share, to be made by AVI to shareholders registered as such on the payment record date by way of a payment from the share premium account of AVI in terms of its articles of association and section 90 of the Companies Act;
“payment record date”	Friday, 16 November 2007, being the date, at the close of business on which, shareholders must be recorded as such in the register in order to be entitled to receive the payment;
“peer”	a company within a peer group;
“peer group”	in respect of each tranche, those companies listed on the JSE which are selected by the board, in its discretion, to constitute the peer group for such tranche and against the TSR of which, the TSR of AVI for such tranche will be measured;
“R” or “Rand”	South African Rand, the lawful currency of South Africa;
“register”	the register of shareholders;
“ruling price”	the volume weighted average price of an AVI share on the JSE for the 30 trading days prior to the close of trade on the date on which the ruling price is to be calculated for the purposes of the scheme;
“scheme”	the AVI Out-Performance Scheme, details of which are set out in the trust deed;
“scheme shares”	the AVI shares to be acquired by the Trust for the purposes of the scheme;
“Securities Services Act”	the Securities Services Act, 2004, as amended;
“SENS”	the Securities Exchange News Service of the JSE;
“shareholders”	holders of AVI shares;
“South Africa”	the Republic of South Africa;
“South African Exchange Control Regulations”	the South African Exchange Control Regulations, as amended, promulgated in terms of section 9 of the Currency and Exchanges Act, 1933, as amended;
“Strate”	Strate Limited (Registration number 1998/022242/06), a company incorporated in South Africa and the electronic settlement system for transactions that take place on the JSE and off-market trades;
“subsidiary”	a company which is a subsidiary of AVI within the meaning of the Companies Act;
“targeted annual bonus entitlement”	is the annual bonus that will be due to a designated employee of AVI or the employer company (which ever may be the case) and the designated employee meet their agreed performance objectives;
“tranche”	the aggregate of all allocations made on a particular allocation date;
“transfer secretaries”	Computershare Investor Services 2004 (Proprietary) Limited (Registration number 2004/003647/06), a private company registered and incorporated in South Africa;
“Trust”	the AVI Out-Performance Scheme Trust constituted in terms of the trust deed for the purpose of the scheme;
“trust deed”	the deed constituting the Trust; and
“TSR”	the total shareholder return in respect of each measurement period, being the increase in value over the measurement period (expressed as a percentage) of AVI shares or the shares of each of the peers within a peer group, as the context may require, after the notional reinvestment of all distributions made in respect of such shares, using the closing price of such shares on the JSE on the trading day after the date of such distributions. For this purpose, “distributions” shall include interim and final ordinary dividends, capitalisation awards, dividends in specie, partial unbundling distributions and any other distributions or payments of value to holders of such shares.

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(Incorporated in the Republic of South Africa)
(Registration number 1944/017201/06)
Share code: AVI ISIN: ZAE000049433

Directors

A W B Band (Chairman)*	P M Goss*
S L Crutchley (Chief Executive Officer)	J R Hersov*
O P Cressey (Chief Financial Officer)	S D Jagoe*
M H Buthelezi*	R S Katzen
N J M Canca*	G R Tipper*
A R Evans*	

**Non-executive*

Circular to shareholders

1. PURPOSE OF THIS CIRCULAR

The purpose of this circular is to:

- 1.1 inform shareholders of, and seek the requisite approval of shareholders for, the payment which is proposed by the directors; and
- 1.2 provide shareholders with the relevant information relating to the scheme and to enable shareholders to make an informed decision as to whether or not they should vote in favour of the resolutions set out in the notice of general meeting for the adoption and implementation of the scheme.

PART A – PAYMENT TO SHAREHOLDERS

2. INTRODUCTION

2.1 In view of AVI's low balance sheet gearing and strong cash generating characteristics, the board has approved a programme to return approximately R500 million to shareholders. In order to effect this programme within a reasonable period, it has two elements – a limited share buy-back in the open market and a specific payment out of the share premium account of AVI. Accordingly, the board is proposing a payment to shareholders of 75 cents per AVI share, by way of a reduction of AVI's share premium account from R411.0 million to R154.0 million.

2.2 The payment will be made in Rand, out of the liquid assets of AVI.

3. SHAREHOLDERS ENTITLED TO PARTICIPATE IN THE PAYMENT

Only those shareholders who are recorded in the register on the payment record date will be entitled to receive the payment. The last day to trade in order to be recorded in the register on the payment record date will be Friday, 9 November 2007.

4. METHOD OF EFFECTING PAYMENT

Payment will be effected on Monday, 19 November 2007 in the manner detailed below:

4.1 Certificated shareholders

Payments to certificated shareholders will be transferred electronically to shareholders' bank accounts on payment date if details of such bank account are available to the transfer secretaries and the shareholder concerned has entered into a mandate with the transfer secretaries. In the absence of specific mandates, cheques will be posted to the shareholder's registered address, at the risk of the shareholder concerned.

4.2 Dematerialised shareholders

All payments to dematerialised shareholders will be paid to their respective CSDP or broker who will update the accounts of such shareholders in accordance with the applicable custody agreement.

5. CONDITION PRECEDENT

In terms of the Listings Requirements, the Companies Act and the Company's Articles of Association, the payment is subject to the passing of an ordinary resolution by shareholders approving, as a specific approval, the payment.

6. EFFECTS OF THE PAYMENT

6.1 Share premium account

AVI's balance sheet as at 30 June 2007 reflects that there is sufficient share premium to effect the payment of R257.0 million.

The effect of the payment on AVI's share premium is set out in the table below:

	Before the payment	After the payment	Percentage change %
Share premium (R'm)	411.0	154.0	(62.5)

6.2 Pro forma financial effects of the payment

The directors of AVI are responsible for the preparation of the unaudited pro forma financial effects. Due to the nature of the pro forma financial effects, they may not fairly present AVI's financial position, changes in equity, results of operations or cash flows.

The unaudited pro forma financial information is merely intended to illustrate how the payment to shareholders out of share premium, based on certain assumptions, might have affected the audited financial statements of AVI.

The table below sets out, for illustrative purposes only, the unaudited pro forma financial effects of the payment on the earnings per AVI share, headline earnings per AVI share, net asset value per AVI share and net tangible asset value per AVI share based on the audited annual financial results of AVI for the year ended 30 June 2007.

	Before the payment	After the payment	Percentage change %
Earnings per AVI share (cents)	156.6	156.4	(0.1)
Headline earnings per AVI share (cents)	146.8	146.6	(0.1)
Net asset value per AVI shares (cents)	847.0	765.0	(9.7)
Net tangible asset value per AVI share (cents)	512.2	430.3	(16.0)

Notes:

1. The "before the payment" column is based on AVI's published audited financial statements for the year ended 30 June 2007.
2. The "after the payment" earnings and headline earnings have been adjusted for the transaction costs for the payment to shareholders out of share premium assuming the transaction took effect on 1 July 2006.
3. The net asset value and tangible net asset value in the "after the payment" column are based on the following assumptions:
 - the payment out of share premium (75 cents per AVI share) took effect on 30 June 2007; and
 - the transaction costs have been included in creditors at 30 June 2007.
4. The assumption has been made that the payment to shareholders out of share premium will not have a secondary tax on companies effect.
5. The payment will have no effect on the issued share capital of AVI and no effect on the number of AVI shares in issue.

The reporting accountants' report on the pro forma financial effects of the payment is set out in the Annexure to this circular. The reporting accountants have given and have not, prior to the publication of this circular, withdrawn their written consent to the inclusion of their report in the form and context in which it appears in this circular.

7. STATEMENT BY THE DIRECTORS

The directors have considered the effect of the payment and are of the opinion that:

- 7.1** AVI and the group will be able, in the ordinary course of business, to pay its debts for a period of 12 months after the date of the approval of this circular;
- 7.2** the assets of AVI and the group will be in excess of the liabilities of AVI and the group for a period of 12 months after the date of the approval of this circular;
- 7.3** the share capital and reserves of AVI and the group will be adequate for ordinary business purposes for a period of 12 months after the date of the approval of this circular; and
- 7.4** the working capital of AVI and the group will be adequate for ordinary business purposes for a period of 12 months after the date of the approval of this circular.

PART B – THE SCHEME

8. SALIENT FEATURES OF THE SCHEME

8.1 Purpose and background

8.1.1 The purpose of the scheme is to replace the AVI Equity Participation Scheme (“the EPP Scheme”) approved by shareholders in general meeting during October 2002 with a simpler scheme which has materially the same principles as the EPP Scheme and which is designed to achieve materially the same objectives as the EPP Scheme, core to which are to:

- 8.1.1.1 create a variable compensation system for a community of the senior executive management of the group who can reasonably be expected to have a significant impact on the future financial performance of the group and to encourage them to achieve out-performance;
- 8.1.1.2 align the performance of senior executive management with the best interests of shareholders by binding them to a common end-goal;
- 8.1.1.3 hold senior executive management to the highest standard of performance through peer review and the benchmarking of minimum performance targets which will have to be attained to remain competitive in an environment of competition for scarce capital resources; and
- 8.1.1.4 retain and attract senior executive managers of the highest calibre, whose skills will enable the group to out-perform its peers.

8.1.2 In terms of the EPP Scheme:

- 8.1.2.1 participants under the EPP Scheme were allocated a number of preference shares issued by AVI as determined by the board, who in making such determination gave consideration to the role undertaken, the responsibility and the seniority of eligible candidates;
- 8.1.2.2 the cost to participants under the EPP Scheme of acquiring each preference share allocated was the payment of the fair value of each preference share plus the sacrifice of one ordinary AVI share option granted in terms of one of the other share incentive schemes of AVI;
- 8.1.2.3 the preference shares allocated were capable of converting, after a vesting period of at least three years, and subject to vesting conditions having been achieved, at a maximum rate of 4:1 into AVI shares depending on the TSR performance of AVI shares relative to the TSR performance of a defined peer group; and
- 8.1.2.4 in the event that any preference shares were not converted, they would be redeemed at an amount not exceeding the subscription price, at the discretion of the board.

8.1.3 Pursuant to the adoption of the EPP Scheme, two allocations of preference shares were made by the board in 2003 and 2004 respectively.

8.1.4 The EPP Scheme has proved successful in achieving the purposes for which it was initiated, outlined in 8.1.1 above, but has also proved to be unnecessarily complicated with respect to the mechanism utilised to distribute value to participants under the EPP Scheme in the event of the vesting conditions having been achieved. In particular, the creation of another class of shares and the variability of the conversion rate of preference shares into AVI shares are impediments to the ease of ongoing performance monitoring and communication with participants under the EPP Scheme.

8.1.5 The scheme as contemplated in this circular is therefore proposed to overcome the shortcomings of the EPP Scheme, while maintaining the objectives of the EPP Scheme.

8.2 Establishment of the Trust

8.2.1 The trust deed establishes the Trust for the purpose of acquiring the scheme shares to which participants will become entitled in terms of the scheme, and for the purpose of administering the scheme.

8.2.2 The Trust will be administered by not less than three nor more than five trustees, who will not be executive directors and who will not be entitled to be participants.

8.2.3 The Trust will be funded by way of the Trust's own resources and/or contributions and/or loans made to the Trust by employer companies.

8.3 Number of shares available for the purposes of the scheme

8.3.1 The maximum number of shares, in aggregate, which may be allocated in terms of the scheme shall not exceed 3% of AVI's issued share capital from time to time (which at the last practicable date is 10 279 154 shares) unless otherwise agreed by the board and sanctioned by shareholders in general meeting.

8.3.2 The maximum number of shares, in aggregate, which may be allocated to or acquired by all participants in all other incentive schemes (which excludes the AVI Black Economic Empowerment Scheme) shall not exceed 3% of AVI's issued share capital from time to time (which at the last practicable date is 10 279 154 shares) unless otherwise agreed by the board and sanctioned by shareholders in general meeting.

8.3.3 The maximum number of shares in the aggregate which may be allocated to any single participant which, together with any other shares or options held by such participant under any incentive scheme established by AVI, shall, when aggregated with all the shares allocated to such participant but which have not vested as at the allocation date concerned, not exceed 2% of AVI's issued share capital from time to time (which at the last practicable date is 6 852 769 shares) unless otherwise agreed by the board and sanctioned by the shareholders in general meeting.

8.4 Scheme participation

8.4.1 It is contemplated that allocations will be made only to members of the senior executive management of the group as determined by the board, but initially comprising the chief executive officer, functional or business unit heads and/or category heads who make or are required to make a material contribution to the profitability of the group and who report directly to the chief executive officer.

8.4.2 An allocation of scheme shares to a designated employee does not confer the right to further allocations. Future participation in the scheme will be dependent on continued fulfilment of that person's performance criteria from time to time.

8.5 Overview of scheme principles

8.5.1 The board will, on an annual basis:

- 8.5.1.1 instruct the trustees to make an offer of an allocation of scheme shares to designated employees specified in such instruction. In determining the designated employees to whom allocations will be made and the extent of such allocations, the board will take into account the role undertaken, the responsibility, seniority, the targeted annual bonus entitlement and performance by the designated employee concerned during the year immediately prior to the date of such allocation, other than in the case of recently appointed designated employees, where past performance at AVI will have no bearing on the board's determination. The value of the scheme shares allocated to a designated employee in any one year may not exceed the value of that designated employee's targeted annual bonus entitlement;
- 8.5.1.2 establish the peer group for the tranche which will comprise the allocations to be made in terms of 8.5.1.1 above; and
- 8.5.1.3 determine the allocation date for such tranche.

8.5.2 Designated employees, on receipt of an offer of an allocation of scheme shares must signify their acceptance, failing which such offer will lapse.

8.5.3 On acceptance of an allocation of scheme shares, designated employees that participate in:

- 8.5.3.1 another share incentive scheme that provides ordinary share options in AVI, shall be required to sacrifice an ordinary share option per scheme share accepted;
- 8.5.3.2 another share incentive scheme that provides notional share options in an employer company, shall be required to sacrifice that number of options that the board determines that have the same fair value as that sacrifice made by participants of AVI ordinary share options in terms of 8.5.3.1 above.

8.5.4 At the measurement date in respect of each tranche:

- 8.5.4.1 AVI's TSR and the TSR of each peer in the peer group for that tranche will be determined;
- 8.5.4.2 the TSR of each peer in the peer group will be ranked in ascending order in 10 performance deciles ("peer group deciles") each of which having an upper and lower limit;
- 8.5.4.3 AVI's TSR will be ranked within the peer group decile, the lower limit of which is less than AVI's TSR and the upper limit of which is equal to or greater than AVI's TSR; and

- 8.5.4.4 depending on the peer group decile within which AVI's TSR will be ranked, between 0 times and 3.6 times the number of scheme shares allocated to a participant will vest in such participant in accordance with the following table:

Peer group decile within which AVI's TSR is ranked	Multiple of the scheme share allocation which will vest
0	0.0x
10 th	0.0x
20 th	0.0x
30 th	0.0x
40 th	0.2x
50 th	0.7x
60 th	1.2x
70 th	1.8x
80 th	2.4x
90 th	3.0x
100 th	3.6x

If AVI's TSR is ranked below the lowest peer group decile, no scheme shares will vest. If AVI's TSR is ranked above the highest peer group decile, the maximum number of scheme shares will vest.

- 8.5.5** The Trust will deliver to each participant that number of AVI shares which shall have vested in respect of that participant. The cost of acquiring such AVI shares shall be funded by way of contributions from employer companies in respect of participants who are their employees. The participants will not be required to pay the Trust for the delivery of AVI shares, but in order to participate shall be required to sacrifice share options as referred to in 8.5.3 above.
- 8.5.6** 0 (zero) shares will vest in the participants in instances where the vesting multiple of the share allocation is 0 (zero), or 0.0x as described in the table above, at the measurement date, and the measurement date for each tranche may not be re-determined or varied.
- 8.5.7** As the allocation of scheme shares is a notional allocation, the scheme shares so allocated will not attract any dividends or voting rights in the hands of participants until vested. On vesting the shares will rank *pari passu* in all respects with AVI shares.

8.6 The measure of Out-Performance

- 8.6.1** TSR is widely held to be the most robust measure of corporate financial return as it includes the total return realised by shareholders, including capital gains, dividends, share repurchases, dividends in specie, capitalisation awards and any other distributions of value to which the holders of shares are entitled and constitutes the basis of out-performance measurement in terms of the scheme.
- 8.6.2** The calculation of the TSR assumes that all dividends and other distributions or payouts are re-invested in shares of AVI or the peers, as the case may be, on the date after distribution or payment and that these grow at the same rate as the future capital appreciation of such shares into which they were converted for the remainder of the measurement period.

By way of example, assume a share price at the beginning of a year of, say, R22.00 per share, that by the end of the year, the share price has risen to R25.30, that the company concerned has

paid a dividend of 66 cents per share during the year and that the share price immediately after the payment of such dividend was R22.00 per share. The TSR will be calculated as:

$$\frac{R25.30 + (R0.66 \times R25.30 / R22.00)}{R22.00} = 18.45\%$$

8.7 Peer group selection

8.7.1 The peer group for each tranche will be selected annually by the board in its discretion.

8.7.2 The peer group for each tranche once selected will be fixed for the measurement period unless the shares of any peer within such peer group are delisted from the JSE, for any reason other than a liquidation by reason of insolvency, in which event it shall be deleted from the peer group concerned.

8.7.3 In considering companies for selection as a peer group, the board will endeavour to include a group of no fewer than 20 and no more than 30 JSE listed companies, which, in the board's view, share the same macro-economic drivers of performance as those applicable to the group from time to time.

8.8 Number of AVI shares allocated and frequency

The board will in its discretion annually determine the number of scheme shares to be notionally allocated to each designated employee in respect of each tranche taking into account the role undertaken, the responsibility, seniority and performance by, the designated employee concerned during the year immediately before the date of such determination, subject to 8.5.1.1 above.

8.9 Cessation of employment of a participant

AVI shares shall only vest in a participant in terms of the scheme if the participant concerned shall be an employee as at the measurement date concerned, save and except in the case of a participant ceasing to be an employee not more than 180 days prior to the measurement date in respect of any tranche by reason of death or disablement or incapacity as a result of ill-health or injury, in which event the participant concerned or his estate shall be entitled to receive the full number of vested shares to which he would otherwise have been entitled.

8.10 General

8.10.1 A participant may not cede or assign any rights or obligations under the scheme.

8.10.2 The board may amend any provisions of the scheme subject to the prior approval (if required) of the JSE and the trustees provided that no amendment which adversely affects the rights of participants under the scheme may be made unless it shall have been approved by the participants whose rights are so affected and will require the sanction of shareholders in general meeting.

8.10.3 Notwithstanding any other terms contained in the scheme, all those matters referred to in Item 14.1 of the 14th Schedule of the Listings Requirements, may only be altered with prior approval of the shareholders in a general meeting.

8.11 Condition precedent

In terms of the Listings Requirements, the adoption of the scheme is subject to the passing of an ordinary resolution by shareholders approving, as a specific approval, the adoption of the scheme.

PART C – GENERAL

9. SHARE CAPITAL

The table below sets out the authorised and issued ordinary share capital of AVI at the last practicable date:

	R'm
<i>Authorised share capital</i>	
960 000 000 ordinary shares of R0,05 each	48.0
10 000 000 convertible redeemable preference shares of R0,20 each	2.0
<i>Issued share capital</i>	
342 638 463 ordinary shares of R0,05 each	17.1
148 024 convertible redeemable preference shares of R0,20 each	0.1
Share premium	411.0
Total issued share capital	428.2

10. DIRECTORS AND DIRECTORS' INTERESTS

10.1 Directors of AVI

The names, ages, qualifications and functions of the directors of AVI at the last practicable date are set out below:

Name, ages and qualifications	Business address	Function
S L Crutchley (43) BBusSci (UCT)	2 Harries Road Illovo, 2196	Chief executive officer
A W B Band (55) BA, BAcc (Wits), CA(SA)	124 Empire Place Sandhurst, 2196	Non-executive chairman
O P Cressey (40) DipAcc (Natal), CA(SA)	2 Harries Road Illovo, 2196	Chief financial officer
R S Katzen (39) BAcc(Wits), CA(SA)	2 Harries Road Illovo, 2196	Business development director
M H Buthelezi (43) CA(SA)	5 Bergbron Drive Northcliff, 2195	Non-executive director
N J M Canca (42) BA in Economics & Political Science (Emory)	JSE Building, 10th Floor 17 Diagonal Street, Newtown Johannesburg, 2001	Non-executive director
A R Evans (64) MA (Oxon), MBA (Harvard)	Huntersvlei Viljoenskroon, 9520	Non-executive director
P M Goss (59) BEcon(Hons), BAccSc (Hons) (Stell), CA(SA)	15 Suffert Road Pinetown, 3601	Non-executive director
J R Hersov (42) MA (Cantab)	1st Floor, 2 Arnold Road Rosebank, 2196	Non-executive director
S D Jagoe (56) BSc Eng (Wits), MBA (Trinity College, Dublin)	1st Floor, South Wing 160 Jan Smuts Avenue Rosebank, 2196	Non-executive director
G R Tipper (42) BCom, BAcc (Wits), MBA (UCT), CA(SA)	Coronation House, The Oval 1 Oakdale Road, Newlands	Non-executive director

Brief CV's of the directors of AVI are set out below:

S L Crutchley (chief executive officer)

Simon was a co-founder of Otterbea International (Pty) Limited, an international trading business based in South Africa. He was appointed managing director of Consol Limited in 1997 and oversaw the successful turnaround of that company. He joined the Board of AVI Limited in 1999, was appointed business development director in 2002 and Chief Executive Officer in October 2005.

A W B Band (non-executive chairman)

Angus joined AVI as an executive director in 1997 and was appointed chief executive officer of National Brands Limited in 1998 and Group chief executive officer of AVI Limited in 1999. He is currently chairman of AVI Limited and chairman of Aveng Limited.

O P Cressey (chief financial officer)

Owen was admitted as a chartered accountant in 1990 and held senior financial management posts in the Anglo American Group. Owen joined AVI in September 2005 as Group financial manager. He was appointed to the Board of AVI Limited as Chief Financial Officer in May 2006.

R S Katzen (executive director)

After completing his articles at Coopers & Lybrand, Rob joined its corporate finance division in 1993. He was appointed corporate finance manager for the Anglovaal Limited group in 1995 and held this position until the final restructuring of that group in 1999. He was appointed to the Board of AVI Limited as finance director in 1999. He has been managing director of The Real Beverage Company from May 2006.

M H Buthelezi (non-executive director)

Humphrey completed his articles with Deloitte in 1990 and qualified in 1991. He ran his own audit practice for a period of eight years. He then served as an audit partner at Ernst & Young for three years. Humphrey is actively involved in the petroleum industry where he is an executive chairman of Wozani Berg Gasoline (Pty) Limited.

N J M Canca (non-executive director)

Nomhle has over 10 years' experience in financial services. She qualified to practise as a stockbroker and an investment adviser and worked both in the United States and in South Africa. She is the former CEO of Canca Financial Services, an advisory Consultancy in the financial services industry, and was co-founder and executive director of Women Investment Portfolio Holdings Limited ("Wiphold") and the Women's Development Bank. She served on the Katz Commission into Tax Reform.

A R Evans (non-executive director)

Anthony has been involved in agriculture for over 37 years. He has been chairman of the family owned Rhys Evans Group since 1972. He has enjoyed achievements such as Agricultural Leader of the Year (1999) and Paul Harris Rotary Fellow (1983).

P M Goss (non-executive director)

After graduating from the University of Stellenbosch, Pat qualified as a chartered accountant with Ernst & Young and joined the Industrial Development Corporation. He has been involved with the businesses which have grown to become First Rand Limited, having served on its various boards for 30 years to date. He spent many years in the retail food industry until the family interests were disposed of to Pick 'n Pay. A former chairman of the Natal Parks Board, he is active in conservation related activities and serves on LEWA Wildlife Conservancy (Kenya).

J R Hersov (non-executive director)

James was co-founder and joint managing director of Otterbea International (Pty) Limited. In 1994 he was appointed a director and member of the executive committee of Anglovaal Limited and was involved in the restructuring of the Anglovaal Group. He has also served as a director of Control Instruments Group and Wesbank. He was appointed to the board of Aveng Limited in 1999.

S D Jagoe (non-executive director)

After qualifying as an engineer, Sean worked in the mining equipment industry for five years. Thereafter he obtained an MBA and has been involved in corporate finance and mergers and acquisitions for the past 25 years through senior positions held at, inter alia, Rand Merchant Bank and Morgan Stanley.

G R Tipper (non-executive director)

Gavin completed his articles with KPMG in 1987. He went on to hold the position of technical partner at the firm, before joining Coronation Holdings Ltd in 2001 as a chief operating officer dealing in various financial instruments and long-term equity investments. Gavin was appointed to the AVI Board during March 2007 where he also serves as a member of the audit committee.

10.2 Directors' interests in AVI

The directors' interests in AVI at 30 June 2007, being AVI's most recent year end, are set out below:

	Beneficial		Non-beneficial		% of total shares in issue*
	Direct	Indirect	Direct	Indirect	
A W B Band	346 861	—	—	—	0.1
S L Crutchley	539 545	—	—	—	0.2
P M Goss	—	48 400	—	—	0.0
R S Katzen	283 622	—	—	—	0.1
Total	1 170 028	48 400	—	—	0.4

*The total number of shares in issue as at 30 June 2007 was 342 638 463 shares.

The directors' interests in the convertible redeemable preference share capital of AVI as at 30 June 2007 were as follows:

	Number of convertible redeemable preference shares	% of total issued preference share capital*
S L Crutchley	40 918	27.6
R S Katzen	25 854	17.5
Total	66 772	45.1

*The total number of convertible redeemable preference shares in issue as at 30 June 2007 was 148 024 convertible redeemable preference shares.

Other than the purchase of 117 781 shares by Mr R S Katzen at a price of R10.02 per share, there has been no dealing in securities by directors between 30 June 2007 and the last practicable date of this circular.

10.3 Directors' interests in transactions

The directors have not had any material beneficial interests, whether direct or indirect, in transactions that were effected by AVI during the current or immediately preceding financial year. Further to this, they have had no material beneficial interests in a transaction during an earlier financial year that remain in any respect outstanding or unperformed.

11. MAJOR SHAREHOLDERS

Insofar as is known to AVI, the major shareholders who beneficially held 5% or more of the issued ordinary share capital of AVI as at 30 June 2007 (being AVI's financial year end) were as follows:

Major shareholders	Number of shares	Percentage held %
Public Investment Corporation	45 943 905	13.4
Coronation Fund Managers	32 914 224	9.6
AVI Black Staff Empowerment Scheme Trust	26 487 980	7.7
Liberty Group	25 997 323	7.6
Sanlam Investment Management	24 672 409	7.2
Total	156 006 841	45.5

12. DIRECTORS' OPINION AND RECOMMENDATION

12.1 The directors are of the opinion that the payment will be beneficial to shareholders and recommend that shareholders vote in favour of the resolutions authorising the payment set out in the notice convening the general meeting. The directors intend to vote their AVI shares in favour of such resolutions.

12.2 The directors are of the opinion that the scheme will be beneficial to AVI and its shareholders and recommend that shareholders vote in favour of the resolutions set out in the notice convening the general meeting. The directors intend to vote their AVI shares in favour of such resolutions.

13. LITIGATION STATEMENT

The directors are not aware of any legal or arbitration proceedings (including any such proceedings that are pending or threatened), involving the group which may have, or have had, a significant effect on the group's financial position during the last 12 months preceding the date of this circular.

14. MATERIAL CHANGES

There have been no material changes in the financial statements or trading position of AVI between publication of AVI's year end results for the year ended 30 June 2007 on 10 September 2007 and the date of this circular.

15. DIRECTORS' RESPONSIBILITY STATEMENTS

The directors, whose names are detailed in paragraph 10 above:

- have considered all statements of fact and opinion in this circular;
- collectively and individually, accept full responsibility for the accuracy of the information given;
- certify that, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement false or misleading;
- have made all reasonable enquiries in this regard; and
- certify that, to the best of their knowledge and belief, that the circular contains all information required by law and the Listings Requirements.

16. EXCHANGE CONTROL REGULATIONS

The following is a summary of the South African Exchange Control Regulations with respect to the payment. In the event of any doubt, shareholders are advised to consult their professional advisers as soon as possible.

16.1 Residents of the common monetary area

In the case of:

- 16.1.1** certificated shareholders whose registered addresses in the register are within the common monetary area and whose documents of title are not restrictively endorsed in terms of the South African Exchange Control Regulations, the payment will be posted to such shareholders; or
- 16.1.2** dematerialised shareholders whose registered addresses in the register are within the common monetary area and have not been restrictively designated in terms of the South African Exchange Control Regulations, the payment will be credited directly to the accounts nominated for the relevant shareholder by their appointed CSDP/broker in terms of the provisions of the custody agreement with their CSDP/broker.

16.2 Emigrants from the common monetary area

In the case of shareholders who are emigrants from the common monetary area, the payment will:

- 16.2.1** in the case of certificated shareholders whose documents of title have been restrictively endorsed under the South African Exchange Control Regulations, be forwarded to the authorised dealer in foreign exchange in South Africa controlling such certificated shareholder's blocked assets in terms of the South African Exchange Control Regulations; or
- 16.2.2** in the case of dematerialised shareholders, be credited to the bank account of the shareholders' CSDP/broker which shall arrange for the same to be credited directly to the shareholders' blocked Rand bank accounts held by the shareholders' authorised dealers and held to the order of the shareholders' authorised dealers in foreign exchange in South Africa.

16.3 All other non-residents of the common monetary area

The payment accruing to non-resident shareholders whose registered addresses are outside the common monetary area and who are not emigrants from the common monetary area will:

- 16.3.1** in the case of certificated shareholders, whose documents of title have been restrictively endorsed under the South African Exchange Control Regulations, be posted to the registered addresses of the non-resident shareholders concerned, unless written instructions to the contrary are received and an address provided; or
- 16.3.2** in the case of dematerialised shareholders, be credited by their duly appointed CSDP/broker directly to the accounts nominated by the shareholders in terms of the provisions of the custody agreement with their CSDP/broker.

16.4 Information not provided

If the information regarding the authorised dealer is not given or instructions are not given as required, the payment will be held by AVI for the benefit of the certificated shareholders concerned pending receipt of the necessary information or instructions. Any interest accrued on the amount so held will be for the benefit of and accrue to AVI.

17. CONSENTS

Each of The Standard Bank of South Africa Limited, Taback and Associates (Proprietary) Limited, Computershare Investor Services 2004 (Proprietary) Limited and KPMG Inc. have provided their written consents to act in the capacity stated and to their names being used in this circular and have not withdrawn their consents prior to the publication of this circular.

18. GENERAL MEETING

18.1 Notice of general meeting

A notice convening the general meeting is attached to this circular. The general meeting will be held at the registered address of AVI, 2 Harries Road, Illovo, Johannesburg on Wednesday, 24 October 2007, commencing at 11:15 (or so soon thereafter as the annual general meeting of AVI convened for 11:00 on the same day and at the same venue, shall have been concluded or adjourned).

18.2 Dematerialised shareholders other than own-name dematerialised shareholders

If you have not been contacted by your CSDP or broker, it would be advisable for you to contact your CSDP or broker to furnish them with instructions. If your CSDP or broker does not obtain instructions from you, they will be obliged to act in terms of your mandate furnished to them. Such dematerialised shareholders, other than own-name dematerialised shareholders, must not complete the attached form of proxy. Unless you advise your CSDP or broker in the manner and cut-off time stipulated by your CSDP or broker, that you wish to attend the general meeting or send a proxy to represent you at the general meeting, your CSDP or broker will assume you do not wish to attend the general meeting or send a proxy. If you wish to attend the general meeting, you must request your CSDP or broker to issue the necessary letter of representation to you, to enable you to attend or be represented at the general meeting.

18.3 Dematerialised own-name shareholders and certificated shareholders

If your shares have been dematerialised but are recorded in the register of AVI in your name or if your shares have not been dematerialised you can attend and vote at the general meeting. If you are unable to attend the general meeting and wish to be represented thereat, you must complete the attached form of proxy in accordance with the instructions therein and lodge it with or post it to the transfer secretaries, to be received by no later than 11:15 on Tuesday, 23 October 2007 (or 24 hours before any adjournment of the general meeting which date, if necessary, will be notified on SENS and in the press). A form of proxy for use by shareholders at the general meeting is included with this circular. Instructions for its completion and lodging with the transfer secretaries are contained on the form.

18.4 Voting rights

All the AVI shares rank *pari passu* with each other.

In terms of AVI's articles of association, every shareholder present or represented by proxy at general meetings shall have one vote on a show of hands, and, on a poll, shall have one vote for every AVI share held.

AVI shares held by the AVI incentive and empowerment scheme trusts will not have their votes at the general meeting taken account of for Listings Requirements resolution approval purposes.

19. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection during normal business hours at the registered office of AVI, from the date of this circular up to and including the date of the general meeting:

- this circular;
- the memorandum and articles of association of AVI;
- the written consents of the advisers as set out in paragraph 17;
- the signed reporting accountants' report reproduced in Annexure 1; and
- the trust deed.

By order of the Board

Mande Ndema
Company Secretary

9 October 2007
Sandton

Registered office

AVI Limited
2 Harries Road
Illovo
Johannesburg, 2196
(PO Box 1897, Saxonwold, 2132)

Transfer secretaries

Computershare Investor Services 2004 (Proprietary) Limited
Ground Floor
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

Annexure 1 – Independent Reporting Accountants’ report on the pro forma financial information

The Directors
AVI Limited
2 Harries Road
Illovo
Johannesburg
2196

3 October 2007

Dear Sirs

Independent Reporting Accountants’ limited assurance report on the unaudited pro forma financial effects

INTRODUCTION

We have performed our limited assurance engagement with regard to the unaudited pro forma financial effects (“the pro forma financial information”) of AVI Limited set out in paragraph 6 of the circular to be dated on or about 9 October 2007 issued in connection with the payment out of share premium (“circular”).

The pro forma financial information has been prepared for purposes of complying with the requirements of the JSE Limited (“JSE”), for illustrative purposes only, to provide information about how the payment out of share premium (“transaction”) might have affected the reported financial information had the transaction been undertaken on 1 July 2006 for income statement purposes and on 30 June 2007 for balance sheet purposes.

Because of its nature, the pro forma financial information may not present a fair reflection of the financial position, changes in equity, results of operations or cash flows of AVI Limited, after the transaction.

DIRECTORS’ RESPONSIBILITY

The directors of AVI Limited are solely responsible for the compilation, contents and presentation of the pro forma financial information contained in the circular and for the financial information from which it has been prepared.

Their responsibility includes determining that the pro forma financial information contained in the circular has been properly compiled on the basis stated, the basis is consistent with the accounting policies of AVI Limited and the pro forma adjustments are appropriate for the purposes of the pro forma financial information as disclosed in terms of the JSE Listings Requirements.

REPORTING ACCOUNTANTS’ RESPONSIBILITY

Our responsibility is to express a limited assurance conclusion on the pro forma financial information included in the prospectus. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements applicable to Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the Guide on Pro Forma Financial Information issued by the South African Institute of Chartered Accountants.

This standard requires us to comply with ethical requirements and to plan and perform the assurance engagement to obtain sufficient appropriate audit evidence to support our limited assurance conclusion, expressed below.

We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

SOURCES OF INFORMATION AND WORK PERFORMED

Our procedures consisted primarily of comparing the unadjusted audited historical financial information of AVI Limited with the source documents, considering the pro forma adjustments in light of the accounting policies of AVI Limited, considering the evidence supporting the pro forma adjustments, recalculating the amounts based on the information obtained and discussing the pro forma financial information with the directors of AVI Limited.

In arriving at our conclusion, we have relied upon financial information prepared by the directors of AVI Limited and other information from various public, financial and industry sources.

Whilst our work performed involved an analysis of the historical audited financial information and other information provided to us, our limited assurance engagement does not constitute either an audit or review of any of the underlying financial information undertaken in accordance with the International Standards on Auditing or the International Standards on Review Engagements and accordingly, we do not express an audit or review opinion.

In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe that our evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

OPINION

Based on our examination of the evidence obtained, nothing has come to our attention that causes us to believe that in terms of section 8.17 and 8.30 of the JSE Listings Requirements:

- the pro forma financial information has not been properly compiled on the basis stated;
- such basis is inconsistent with the accounting policies of AVI Limited; and
- the adjustments are not appropriate for the purposes of the pro forma financial information as disclosed pursuant to section 8.30 of the JSE Listings Requirements.

CONSENT

We consent to the inclusion of this letter and the reference to our opinion in the circular to be issued by AVI Limited in the form and context in which it appears.

Yours faithfully

KPMG Inc.

Per Mickey Bove

Chartered Accountant (SA)

Registered Auditor

Director

KPMG Inc.
KPMG Crescent
85 Empire Road
Parktown, 2193



(Incorporated in the Republic of South Africa)
(Registration number 1944/017201/06)
Share code: AVI ISIN: ZAE000049433
("AVI" or "the Company")

Notice of general meeting of shareholders

Notice is hereby given that a general meeting of shareholders of the Company will be held at 2 Harries Road, Illovo, Johannesburg on Wednesday, 24 October 2007, commencing at 11:15 (or so soon thereafter as the annual general meeting of the Company convened for 11:00 on the same date and at the same venue, shall have been concluded or adjourned) for the purpose of considering and, if deemed fit, passing with or without modification, the following resolutions which will be proposed as ordinary resolutions:

ORDINARY RESOLUTION NUMBER 1

"Resolved as an ordinary resolution that the Company be and is hereby authorised, in terms of section 90 of the Companies Act, 1973, as amended, and Article 119 of the Company's Articles of Association, to make a cash payment of R257.0 million, in the aggregate, at the rate of 75 cents per share, to holders of ordinary shares of R0.05 each in the issued share capital of the Company registered as such on Friday, 16 November 2007 and that the aggregate amount of which payment (being R257.0 million) be provided out of the Company's share premium account in terms of Article 120, by reducing such account from R411.0 to R154.0 million."

ORDINARY RESOLUTION NUMBER 2

"Resolved as an ordinary resolution that, subject to ordinary resolution number 1 being passed at the meeting at which this ordinary resolution number 2 will be proposed and considered, the directors of the Company be and are hereby authorised to do all such things and sign all documents, including Company forms, and take all such action as they consider necessary to give effect to and implement the payment to shareholders to be undertaken by the Company in terms of ordinary resolution number 1."

ORDINARY RESOLUTION NUMBER 3

"Resolved as an ordinary resolution that the AVI Out-Performance Scheme, as set out in the trust deed tabled at the meeting at which this ordinary resolution number 3 will be proposed and considered and initialled by the chairman of the meeting for the purposes of identification, be and it is hereby adopted by the Company."

ORDINARY RESOLUTION NUMBER 4

"Resolved as an ordinary resolution that, subject to ordinary resolution number 3 being passed at the meeting at which this ordinary resolution number 4 will be proposed and considered, the directors of the Company be and are hereby authorised to do all such things and sign all documents, including Company forms, and take all such action as they consider necessary to give effect to and implement the AVI Out-Performance Scheme."

ORDINARY RESOLUTION NUMBER 5

“Resolved as an ordinary resolution that, subject to ordinary resolution number 3 being passed at the meeting at which this ordinary resolution number 5 will be proposed and considered, 10 279 154 ordinary shares of R0,05 each in the authorised but un-issued share capital of the Company be and is hereby placed under the control of the directors as a specific authority and instruction to allot and issue such shares in accordance with the terms and conditions of the AVI Out-Performance Scheme adopted by the Company in terms of ordinary resolution number 3.”

Voting and proxies

Any shareholder who holds certificated ordinary shares in the Company or who holds dematerialised ordinary shares in the Company through a Central Securities Depository Participant (“CSDP”) and who has selected “own-name” registration, may attend, speak and vote at the general meeting or may appoint any other person or persons (none of whom need to be a shareholder) as a proxy or proxies, to attend, speak and vote at the general meeting in such shareholder’s stead.

Should any shareholder who holds dematerialised ordinary shares in the Company and has not selected “own-name” registration, wish to attend, speak and vote at the general meeting, such shareholder should timeously inform his CSDP or broker for the purposes of obtaining the necessary letter of representation from such shareholder’s CSDP or broker to attend the general meeting or timeously provide such shareholder’s CSDP or broker with such shareholder’s voting instructions in order for the CSDP or broker to vote on such shareholder’s behalf at the general meeting.

A proxy form is enclosed for use by shareholders holding certificated ordinary shares in the Company or dematerialised ordinary shares in the Company through a CSDP and who have selected “own-name” registration. Such proxy form, duly completed, should be forwarded to reach the transfer secretaries of the Company, Computershare Investor Services 2004 (Proprietary) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by no later than 11:15 on Tuesday, 23 October 2007.

AVI shares held by the AVI incentive and empowerment scheme share trusts will not have their votes at the general meeting taken account of for Listings Requirements resolution approval purposes.

Hand deliveries to:

Computershare Investor Services 2004
(Proprietary) Limited
Ground Floor, 70 Marshall Street
Johannesburg, 2001

Postal deliveries to:

Computershare Investor Services 2004
(Proprietary) Limited
PO Box 61051
Marshalltown, 2107

Proxy forms must be received by no later than 11:15 on Tuesday, 23 October 2007 (or 24 hours before any adjournment of the general meeting which date, if necessary, will be notified on the Securities Exchange News Service of the JSE Limited and in the press).

By order of the Board

Mande Ndema

Company Secretary

Johannesburg
9 October 2007

Registered office

2 Harries Road
Illovo
Johannesburg, 2196



AVI

AVI Limited

(Incorporated in the Republic of South Africa)
(Registration number 1944/017201/06)
Share code: AVI ISIN: ZAE000049433
("AVI" or "the Company")

Form of proxy

This form of proxy is for the use of shareholders who hold certificated shares or who are registered as own-name in dematerialised form only. Shareholders who have dematerialised their shares, other than with own-name registration, are requested to refer to the "Action required" provided on the inside front cover of the circular to which this form of proxy is attached, for a full understanding of the action required by them.

For use by shareholders at the general meeting of the Company ("general meeting") to be held at 11:15 on Wednesday, 24 October 2007, at the registered office of the Company, 2 Harries Road, Illovo, Johannesburg (or so soon thereafter as the annual general meeting of the Company convened for 11:00 on the same date and at the same venue, shall have been concluded or adjourned) or at any adjournment thereof.

I/We (please print names in full)

of (address)

being the holder(s) of [] ordinary shares in AVI

do hereby appoint (see note 2):

1. of or failing him/her,

2. of or failing him/her,

3. the Chairman of the general meeting,

as my/our proxy to act for me/us and on my/our behalf at the general meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary resolutions to be proposed thereat and at any adjournment thereof; and to vote for and/or against the ordinary resolutions and/or abstain from voting in respect of the shares registered in my/our name(s), in accordance with the following instructions (see note 3):

Table with 4 columns: Resolution description, For, Against, Abstain. Rows include Ordinary resolution number 1-5 with descriptions of payments, director actions, and share placements.

*Note: Please indicate with an "x" or the number of shares in the spaces above how you wish your votes to be cast. If no indication is given, the proxy will vote or abstain in his/her discretion.

Any shareholder entitled to vote at the general meeting may appoint a proxy or proxies to attend, speak and vote in his/her stead. A proxy need not be a shareholder of the Company.

Signed at on 2007

Signature(s)

Name in BLOCK LETTERS (full name if signing in a representative capacity)

Assisted by (where applicable)

Please read the notes on the reverse hereof.

Notes

1. This form of proxy must only be used by shareholders who hold shares that are not dematerialised or who hold dematerialised shares in their own-name.
2. A shareholder entitled to attend and vote may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space provided, with or without deleting "the Chairman of the general meeting". A proxy need not be a shareholder of the Company. The person whose name stands first on the form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. A shareholder is entitled to one vote on a show of hands and, on a poll, a shareholder is entitled to one vote for each share held. A shareholder's instructions to the proxy must be indicated by inserting an "X" or the relevant number of votes exercisable by the shareholder in the appropriate box. Failure to comply with this will be deemed to authorise the Chairman of the general meeting, if he is the proxy, to vote in favour of all the resolutions at the general meeting and any other proxy to vote or to abstain from voting at the general meeting as he/she deems fit, in respect of all the shareholders' votes.
4. A vote given in terms of an instrument of proxy shall be valid in relation to the general meeting notwithstanding the death of the person granting it, or the revocation of the proxy, or the transfer of the share in respect of which the vote is given, unless an intimation in writing of such death, revocation or transfer is received by the transfer secretaries, not less than 24 hours before the commencement of the general meeting.
5. If a shareholder does not indicate on this form of proxy that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the general meeting be proposed, the proxy shall be entitled to vote as he/she thinks fit.
6. The Chairman of the general meeting may reject or accept any form of proxy which is completed and/or received, other than in compliance with these notes.
7. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the Company or the transfer secretaries or unless this requirement is waived by the Chairman of the general meeting.
9. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the Company.
10. Where there are joint holders of shares:
 - any one holder may sign this form of proxy;
 - the vote(s) of the senior shareholder (for that purpose seniority will be determined by the order in which the names of shareholders appear in the Company's register of shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).
11. Forms of proxy should be lodged with or mailed to Computershare Investor Services 2004 (Proprietary) Limited:

Hand deliveries to: Computershare Investor Services 2004 (Proprietary) Limited Ground Floor, 70 Marshall Street Johannesburg, 2001	Postal deliveries to: Computershare Investor Services 2004 (Proprietary) Limited PO Box 61051 Marshalltown, 2107
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to be received by no later than 11:15 on Tuesday, 23 October 2007 (or 24 hours before any adjournment of the general meeting which date, if necessary, will be notified in the press and on the JSE Limited South Africa News Service).
12. Any alteration or correction made to this form of proxy, other than the deletion of alternatives, must be initialled by the signatory/ies.