



AVI
GROWING GREAT BRANDS

2010
NOTICE OF ANNUAL
GENERAL MEETING
(INCLUDING PROXY)



AVI Limited: ISIN: ZAE000049433 Share code: AVI
Registration number: 1944/017201/06
("AVI" or "the Group" or "the Company")

AVI

www.avi.co.za

GROWING GREAT BRANDS

This Notice of Annual General Meeting is a separate document enclosed with the AVI Limited 2010 annual report.

NOTICE OF ANNUAL GENERAL MEETING



AND INCORPORATING A FORM OF PROXY FOR THE USE OF HOLDERS OF CERTIFICATED ORDINARY SHARES AND DEMATERIALIZED ORDINARY SHARES WITH "OWN NAME" REGISTRATION ONLY.

Notice is hereby given that the sixty-sixth annual general meeting of members of the Company will be held at 2 Harries Road, Illovo, Johannesburg on Wednesday, 20 October 2010 at 11:00 for the following purposes:

1. To consider the annual financial statements for the year ended 30 June 2010, together with the reports of the directors and auditors.
2. To re-appoint KPMG Inc. as the external auditors of the Company.
3. To elect a director in place of Mr AWB Band who will retire by rotation in accordance with the Company's Articles of Association. Mr Band is available for re-election.*
4. To elect a director in place of Mr JR Hersov who will retire by rotation in accordance with the Company's Articles of Association. Mr Hersov is available for re-election.*
5. To elect a director in place of Mr GR Tipper who will retire by rotation in accordance with the Company's Articles of Association. Mr Tipper is available for re-election.*
6. To consider the election of Mr MJ Bosman as a non-executive director.*
7. To consider the election of Mrs A Kawa as a non-executive director.*
8. To consider and, if deemed fit, to pass without modification, an ordinary resolution that with effect from 1 July 2010 the fees payable to the current non-executive directors, excluding the chairman of the Board and the foreign non-executive director, Mr Adriaan Nühn, be increased from R175 000 per year to R188 000 per year.
9. To consider and, if deemed fit, to pass without modification, an ordinary resolution that the fees payable to the chairman of the Board be increased from R512 000 per year to R548 000 per year.
10. To consider and, if deemed fit, to pass without modification, an ordinary resolution that the fees payable to the foreign non-executive director, Mr Adriaan Nühn, be increased from Euro 33 000 per year to Euro 35 310 per year.
11. To consider and, if deemed fit, to pass without modification, an ordinary resolution that the fees payable to the members of the Appointments and Remuneration Committee, excluding the chairman of this committee, be increased from R40 000 per year to R52 000 per year.
12. To consider and, if deemed fit, to pass without modification, an ordinary resolution that the fees payable to the members of the Audit Committee, excluding the chairman of this committee, be increased from R60 000 per year to R70 000 per year.
13. To consider and, if deemed fit, to pass without modification, an ordinary resolution that the fees payable to the chairman of the Appointments and Remuneration Committee be increased from R75 000 per year to R80 250 per year.
14. To consider and, if deemed fit, to pass without modification, an ordinary resolution that the fees payable to the chairman of the Audit Committee be increased from R140 000 per year to R150 000 per year.

The increases in directors' fees proposed in terms of resolutions 8 to 14 above are based on a detailed review and comparison of non-executive directors' fees with market-related benchmarks. Non-executive director's fees are paid as a combination of a fixed retainer and for attendance at those meetings formally convened.

**Brief CVs of the directors appear on page 45 in the AVI Limited 2010 annual report.*

NOTICE OF ANNUAL GENERAL MEETING continued

15. To consider and, if deemed fit, to pass without modification, the following special resolution.

“Resolved as a special resolution that the Company or any of its subsidiaries be and are hereby authorised, by way of a general approval, to acquire ordinary shares issued by the Company, in terms of sections 85(2) and (3) and section 89, respectively, of the Companies Act No. 61 of 1973, as amended, section 48 of the Companies Act, No. 71 of 2008, as amended and in terms of the Listings Requirements (“Listings Requirements”) of the JSE Limited (“the JSE”), namely that:

- any such acquisition of ordinary shares shall be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty;
- any such acquisition of ordinary shares is authorised by the Company’s Articles of Association;
- this general authority shall be valid until the Company’s next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution;
- acquisitions of shares in aggregate in any one financial year may not exceed 10% of the Company’s issued ordinary share capital as at the date of passing of this special resolution;
- in determining the price at which ordinary shares issued by the Company are acquired by it or any of its subsidiaries in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% of the weighted average of the market value at which such ordinary shares are traded on the JSE as determined over the five business days immediately preceding the date of repurchase of such ordinary shares by the Company or any of its subsidiaries;
- at any point in time, the Company may only appoint one agent to effect any repurchase on the Company’s behalf;
- the Company’s sponsor must confirm the adequacy of the Company’s working capital for purposes of undertaking the repurchase of shares in writing to the JSE before entering the market to proceed with the repurchase;
- the Company and/or its subsidiaries may not repurchase any shares during a prohibited period as defined by the Listings Requirements unless they have in place a repurchase programme where the dates and quantities of ordinary shares to be traded during the relevant period are fixed and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period; and
- shares held within the AVI Group (so called Treasury shares) will not have their votes at general meetings taken account of for Listings Requirements resolution approval purposes.”

The directors consider that such a general authority should be put in place in order to repurchase the Company’s shares should an opportunity to do so, which is in the best interests of the Company and its shareholders, present itself during the year.

Upon cumulatively repurchasing 3% of the initial number of ordinary shares in issue and for each 3% of ordinary shares repurchased thereafter, the Company will make an announcement to such effect not later than 08:30 on the second business day following the day on which the relevant threshold is reached or exceeded.

The reason for and effect of the special resolution, if passed and becoming effective, is to grant the directors of the Company a general authority in terms of the applicable Companies Act and the Listings Requirements of the JSE for the repurchase by the Company, or a subsidiary of the Company, of the Company’s shares.

16. To consider and, if deemed fit, to pass without modification, the following ordinary resolution:
 "Resolved as an ordinary resolution that the amendments to the AVI Black Staff Empowerment Scheme ("Scheme") as highlighted in the conformed copy of the document establishing the Scheme, tabled at the annual general meeting at which this resolution will be considered, and initialled by the chairman of such meeting for the purposes of identification, be and are hereby approved".

The reason for proposing this resolution is clarified in detail in annexure 1 to this notice and in summary is to secure recognition of the AVI Black Staff Empowerment Scheme ("Scheme") for Broad-based Black Economic Empowerment ("BBBEE") rating purposes, and thereby visibly support the Company's transformation agenda. The Scheme was adopted by shareholders during October 2006. In terms of the Scheme a trust was established to facilitate the purchase of approximately 7,7% of the Company's issued share capital by the current and future (at that time) black employees of the Company, thereby:

- providing the eligible employees with an incentive to advance the Company's interests and contributing to the establishment of a motivated workforce;
- facilitating the acquisition of an economic stake in the Company by black employees; and
- contributing to black economic empowerment in South Africa.

The Scheme was established prior to the promulgation, in February 2007, of the Codes of Good Practice ("Codes") in terms of the Broad-based Black Empowerment Act, 2003 ("BBBEE Act") and its structure does not strictly meet all of the requirements to rank, for the purposes of the Codes, as a BBBEE transaction. In particular, the shareholding of the AVI Black Staff Empowerment Trust ("Trust"), through which the Company's eligible employees ("Participants") participate in the Scheme, is not being measured for equity ownership purposes, due to certain recognition criteria contained in the Codes not being met.

The proposed amendments make provision:

- to recognise the voting rights of the Participants;
- to account for transfer of economic interest at the Participants' level;
- to provide for the appointment of trustees of the Trust by the Participants; and
- certain other amendments to ensure compliance with the amended requirements of Schedule 14 to the Listings Requirements.

A conformed copy of the trust deed, incorporating all proposed amendments, is available for inspection by shareholders at the Company's registered office at 2 Harris Road, Illovo, Johannesburg, during normal business hours.

In order to be effective for the purposes of the Listings Requirements, this resolution must be approved by a 75% majority of the votes cast in respect of such resolution by all shareholders present or represented by proxy at the annual general meeting. All shares held by the AVI incentive and empowerment scheme trusts will not have their votes at the annual general meeting taken account of for Listings Requirements resolution approval purposes.

17. To consider and, if deemed fit, to pass without modification, the following ordinary resolution:
 "Resolved as an ordinary resolution that:
- the specific authorities previously granted to the directors of the Company to allot and issue ordinary shares of R0,05 each in the authorised but unissued share capital of the Company for the purposes of the the AVI Limited Share Incentive Scheme and the AVI Executive Share Incentive Scheme, (collectively "Schemes") are hereby rescinded to the extent that they have not, as at the date of passing of this resolution, been utilised; and
 - 10 279 154 ordinary shares of R0,05 each in the authorised but unissued share capital of the Company, be and are hereby placed under the control of the directors of the Company as a specific authority to them to allot and issue all or any of such shares to participants under the AVI Executive Share Incentive Scheme in accordance with the terms and conditions of the scheme."

NOTICE OF ANNUAL GENERAL MEETING continued

Resolution 17 (continued)

In the circular to shareholders dated 9 October 2007 relating to the adoption of the AVI Equity Participation Scheme it was stated that the maximum number of shares, in aggregate, which may be allocated to or acquired by all participants in all other incentive schemes adopted by the Company (other than the AVI Black Economic Empowerment Scheme) would not exceed 3% of the Company's issued share capital from time to time, which at that date was 10 279 154 ordinary shares, unless otherwise agreed by the board and sanctioned by shareholders in general meeting.

The other schemes referred to above comprise the AVI Share Incentive Scheme, and the AVI Executive Share Incentive Scheme, which was implemented to replace the AVI Share Incentive Scheme following approval by shareholders in October 2002. The AVI Share Incentive Scheme has come to the end of its useful life with all options exercised during the course of the 2010 financial year and will be deregistered in the near future. Accordingly, it is proposed that all previous authorities be rescinded and replaced with a new specific authority to issue shares to the AVI Executive Share Incentive Scheme and to fix that number at 10 279 154 ordinary shares in the authorised but unissued share capital of the Company (currently 3% of the issued ordinary share capital of the Company) in accordance with the proposal in the 9 October 2007 circular.

On approval of this resolution, the AVI Executive Share Incentive Scheme Trust Deed will be updated to reflect the revised fixed number of shares.

Subject to shareholders passing this resolution, the directors intend to allot and issue, for the purposes of the Schemes adopted by the Company sufficient shares to meet the anticipated number of shares which will be required for the purposes of the Schemes based on allocations made to participants to date. It is estimated that this will result in an increase of R95,2 million in the Company's share premium account.

In order to be effective for the purposes of the Listings Requirements, this resolution must be approved by a 75% majority of the votes cast in favour of such resolution by all shareholders present or represented by proxy at the annual general meeting.

18. To consider and, if deemed fit, to pass without modification, the following ordinary resolution:
"Resolved as an ordinary resolution that, subject to the Company having a sufficient amount standing to the credit of its share premium account, the Company be and is authorised, in terms of section 90 of the Companies Act, 1973, as amended, or section 46 of the Companies Act, 2008, as amended, as the case may be, and Article 119 of the Company's Articles of Association, to make a cash payment of up to R261,5 million in the aggregate, at the rate of 75 cents per share to the holders of ordinary shares of R0,05 each in the issued share capital of the Company, registered as such on Friday, 12 November 2010 and that the aggregate amount of which payment (being up to R261,5 million) be provided out of the Company's share premium account in terms of Article 120 and that the share premium account be reduced accordingly."

In view of the Company's low balance sheet gearing and strong cash generating characteristics, the Board has proposed a special payment to shareholders, in addition to the normal dividend, as an equitable and efficient way to return capital to shareholders. The payment will be made in Rand, out of the Company's liquid assets. The Company's balance sheet as at 30 June 2010 reflects that there is sufficient share premium to effect a payment of R166,8 million, or 48,6 cents per ordinary share. If resolution 17 is approved and the directors allot further shares to the AVI Executive Share Scheme Trust, the share premium will increase by R95,2 million, which will allow a further payment of up to R94,7 million or 26,4 cents per share out of share premium (up to 75 cents in total). The effect of the payment on the Company's share premium in each of the situations described is set out in the table below:

	Before the transaction	After the transaction	% change
Assuming payment of 48,6 cents per share			
Share premium (Rm)	166,8	–	(100,0)
Assuming payment of 75 cents per share			
Share premium (Rm)	262,0	0,5	(99,8)

Resolution 18 (continued)

The accounting policies are those presented in the annual financial statements for the year ended 30 June 2010 and have been applied consistently in preparation of the unaudited pro forma financial effects. The directors are responsible for the preparation of the unaudited pro forma financial effects. Due to the nature of the unaudited pro forma financial effects, they may not fairly present the Company's financial position, changes in equity, and 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 the Company. The tables below set out, for illustrative purposes only, the unaudited pro forma financial effects of the payment on the earnings per ordinary share, headline earnings per ordinary share, net asset value per ordinary share and net tangible asset value per ordinary share based on the Company's audited financial results for the year ended 30 June 2010. It does not purport to be indicative of what the financial results would have been had the transaction been implemented on a different date.

	Before the transaction	After the transaction	% change
Assuming payment of 48,6 cents per share			
EPS (cents)	157,5	157,2	(0,2)
Fully diluted EPS (cents)	151,9	151,6	(0,2)
HEPS (cents)	183,6	183,3	(0,2)
Fully diluted HEPS (cents)	177,1	176,8	(0,2)
NAV per share (cents)	974,1	925,2	(5,0)
TNAV per share (cents)	667,5	618,7	(7,3)
Assuming payment of 75 cents per share			
EPS (cents)	157,5	157,0	(0,3)
Fully diluted EPS (cents)	151,9	151,5	(0,3)
HEPS (cents)	183,6	183,1	(0,3)
Fully diluted HEPS (cents)	177,1	176,6	(0,3)
NAV per share (cents)	974,1	898,6	(7,8)
TNAV per share (cents)	667,5	592,1	(11,3)

Notes:

1. The "before the transaction" column is based on AVI's published audited financial statements for the year ended 30 June 2010.
2. The "after the transaction" earnings and headline earnings have been adjusted for transaction costs (R0,15 million in respect of a 48,6 cents per share special payment and R0,2 million in respect of a 75 cents per share special payment) relating to the payment made to shareholders out of share premium and capital gains tax assuming that the transaction took effect on 1 July 2009.
3. The "after the transaction" net asset value and net tangible asset value is based on the following assumptions:
 - a. The payment out of share premium took effect on 30 June 2010; and
 - b. Transaction costs of R0,15 million and R0,2 million in respect of a 48,6 cents and 75 cents per share special payment respectively have been accrued for in current liabilities at 30 June 2010.
4. The assumption has been made that the payment to shareholders out of share premium will not have a secondary tax on companies effect but is expected to have a small capital gains tax effect in the various Schemes.

NOTICE OF ANNUAL GENERAL MEETING continued

Resolution 18 (continued)

The reporting accountants' report on the unaudited pro forma financial effects of the payment is set out in Annexure 2 to this notice. The reporting accountants have given and have not, prior to the publication of this notice, withdrawn their written consent to the inclusion of their report in the form and context in which it appears in Annexure 2 to this notice.

The directors are of the opinion that the special payment will be beneficial to shareholders and recommend that shareholders vote in favour of the resolution authorising the payment. The directors intend to vote their shares in the Company, in favour of such resolution.

Transaction costs relating to the special payment are set out below:

Description	Costs at 48,6 cents per share R000	Costs at 75 cents per share R000
Taback and Associates (Proprietary) Limited (corporate law adviser)	10	10
KPMG Services (Proprietary) Limited (tax adviser)	40	40
KPMG Inc (independent reporting accountants)	40	40
JSE inspection fees	9	9
JSE securities listing fee	–	63
The Standard Bank of South Africa Limited (sponsor)	50	50
	149	212

Salient dates and times

	2010
Annual report posted to shareholders on	Tuesday, 28 September
Forms of proxy to be received by 11:00 on	Tuesday, 19 October
Annual general meeting to be held at or about 11:00 on	Wednesday, 20 October
Results of the annual general meeting released on SENS on	Wednesday, 20 October
Results of the annual general meeting published in the press on	Thursday, 21 October
Last day to trade on the JSE in order to receive the payment	Friday, 5 November
First trading day ex-payment on the JSE	Monday, 8 November
Record date*	Friday, 12 November
Payment date	Monday, 15 November

*Date on which at close of business shareholders must be recorded as such in the register to receive the payment

- 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;
- 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.

Resolution 18 (continued)

Exchange control

In terms of the Exchange Control Regulations of South Africa:

- in the case of certificated shareholders:
 - any share certificate that might be issued to non-resident shareholders will be endorsed “non-resident”;
 - any new share certificates and cash distribution payments based on emigrants’ linked units controlled in terms of the Exchange Control Regulations will be forwarded to the authorised dealer in foreign exchange controlling their blocked assets. The election by emigrants for the above purpose must be made through the authorised dealer in foreign exchange controlling their blocked assets. Such new share certificates will be endorsed “non-resident”; and
 - cash distribution payments due to non-residents are freely transferable from South Africa. In respect of all non-residents of the common monetary area (collectively the Republics of South Africa and Namibia and the Kingdoms of Lesotho and Swaziland), the cash distribution payments due will be sent to the registered address of the shareholder concerned or in accordance with instructions given to the transfer secretaries;
- in the case of dematerialised shareholders:
 - any shares issued to emigrants from the common monetary area and all other non-residents of the common monetary area, will be credited to their CSDP or broker’s account and a “non-resident” annotation will appear in the CSDP or broker’s register;
 - any cash distribution paid to emigrants from the common monetary area, will be credited to their CSDP or broker’s accounts which will arrange for the same to be credited directly to the shareholder’s blocked Rand account held by that shareholder’s authorised dealer and held to the order of that authorised dealer; and
 - any cash distribution paid to non-resident shareholders who are not emigrants from the common monetary area, will be credited directly to the bank account nominated for the relevant shareholders, by their duly appointed CSDP or broker.

Non-resident and emigrant dematerialised shareholders will have all aspects relating to exchange control managed by their CSDP or broker.

19. To transact such other business as may be transacted at an annual general meeting.

Directors’ statement

The directors, having considered the effects of resolutions 15 and 18 above, consider that for a period of 12 (twelve) months after the date of this notice:

- the Company and the Group will be able, in the ordinary course of business, to pay its debts;
- the assets of the Company and the Group, measured in accordance with the accounting policies used in the latest annual Group financial statements, will exceed the liabilities of the Company and the Group;
- the Company and the Group’s ordinary share capital, reserves and working capital will be adequate for ordinary business purposes.

General information

The following additional information, some of which appears in the AVI Limited 2010 annual report, is provided in terms of the Listings Requirements for purposes of the general authority to repurchase shares (resolution 15) and the special payment out of share premium account (resolution 18):

- directors and management – page 45 of the AVI Limited 2010 annual report;
- major beneficial shareholders – pages 57 and 130 of the AVI Limited 2010 annual report;
- directors’ interests in securities – page 53 of the AVI Limited 2010 annual report;
- share capital of the Company page 93 of the AVI Limited 2010 annual report.

NOTICE OF ANNUAL GENERAL MEETING continued

Litigation statement

The directors, whose names appear on pages 44 and 45 of the AVI Limited 2010 annual report are not aware of any legal or arbitration proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 (twelve) months, a material effect on the Group's financial position.

Directors' responsibility statement

The directors, whose names appear on pages 44 and 45 of the AVI Limited 2010 annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to resolutions 15 and 18 above and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this notice contains all information required by law and the Listings Requirements.

Material changes

Other than the facts and developments reported on in the annual report, there have been no material changes in the affairs or financial position of the Company and its subsidiaries since the date of signature of the annual report and up to the date of this notice.

Voting and proxies

On a show of hands, every shareholder of the Company who is present in person or by proxy at the annual general meeting shall have one vote, and on a poll, every shareholder of the Company who is present in person or by proxy at the annual general meeting or which (being a company or body corporate) is represented, shall have one vote for every ordinary share in the Company of which such shareholder is the holder.

Dematerialised shareholders (who are not "own name" dematerialised shareholders) who wish to attend the annual general meeting or to vote by way of proxy, must contact their Central Securities Depository Participant ("CSDP") or broker who will furnish them with the necessary Letter of Representation to attend the annual general meeting or they must provide their CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and their CSDP or broker.

Shareholders entitled to attend and vote at the annual general meeting may appoint one or more persons as such shareholder's proxy to attend, speak and vote in its stead. A proxy need not be a shareholder of the Company.

A form of proxy is attached for the convenience of certificated shareholders and "own name" dematerialised shareholders only, who are unable to attend the annual general meeting, but who wish to be represented thereat. In order to be valid, duly completed forms of proxy must be received by the transfer secretaries of the Company, Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown, 2107) by not later than 11:00 on Tuesday, 19 October 2010.

By order of the Board

Vivien Crystal
Company Secretary (acting)
2 Harries Road, Illovo

28 September 2010

ANNEXURE 1

Summary of the draft amendments to the AVI Black Staff Empowerment Scheme ("the Scheme") as proposed in resolution 16 in the notice of annual general meeting

The background

The Scheme was established to facilitate the acquisition of an economic stake in the Company by eligible black employees and contribute to black economic empowerment in South Africa. It was also designed to provide eligible employees with an incentive to advance the Company's interests and to contribute to the establishment of a motivated workforce.

The Scheme was established prior to the promulgation, in February 2007, of the Codes of Good Practice ("the Codes") in terms of the Broad-Based Black Empowerment Act, 2003 ("the BBBEE Act") and its structure does not strictly meet all of the requirements to rank, for the purposes of the Codes, as a BBBEE transaction. In particular, the shareholding of the AVI Black Staff Empowerment Trust ("the Trust"), through which the Company's eligible employees ("the participants") participate in the Scheme, is not being measured for equity ownership purposes, due to certain recognition criteria contained in the Codes not being met.

The proposed amendments provide for the following:

- The recognition of the voting rights of the participants.
- The administration of the Scheme to account for transfer of economic interest at the participants' level.
- The appointment of trustees of the Trust by the participants.
- Certain other amendments to ensure compliance with the amended requirements of Schedule 14 to the Listings Requirements of the JSE Limited ("the Listings Requirements").

The salient details of the proposed amendments are set out below.

Recognition of voting rights

The participants must be entitled to exercise the voting rights attaching to the shares in the Company in respect of which they have a right to purchase in terms of the Scheme.

In terms of the Scheme's mechanics, the participants obtain a right to purchase an allocated number of the Company's shares at a future date ("the vesting date"). At the date of allocation the participants are not the owners of these shares ("the Scheme shares"). The Trust remains the owner of the Scheme shares until a participant exercises his right to purchase them.

In order to entitle a participant to exercise the voting rights attached to the Scheme shares representative of his/her right to purchase, it is proposed that he/she be entitled to give voting instructions (not proxies) to the trustees of the Trust ("trustees"), who in turn will vote the Scheme shares in accordance with the participant's instructions at any shareholders' meeting of the Company at which they are entitled to exercise such voting rights.

ANNEXURE 1 continued

Prior to any shareholders' meeting of the Company, a document will be circulated to participants requesting the participants' voting instructions to the trustees, in respect of the resolutions to be considered at such meeting. Participants will need to respond with their voting instructions by a deadline. The trustees will exercise the votes attaching to the Scheme shares in accordance with the instructions received from participants provided that:

- The trustees will be entitled to exercise (or abstain from exercising) the votes attaching to Scheme shares as they may deem fit should no instructions be received by the trustees in respect of such Scheme shares.
- The trustees will be entitled to exercise (or abstain from exercising) the votes attaching to those shares in the Company held by the Trust and in respect of which no right to purchase exists.
- Shares in the Company held by the Trust will not, in terms of the Listings Requirements, have their votes at general or annual general meetings of the Company taken into account for the purposes of resolutions proposed in terms of the Listings Requirements or for the purposes of determining categorisations as detailed in section 9 of the Listings Requirements.

Changes to the administration of the Trust to account for transfer of economic interest at participant level

The "economic interest" in shares (as defined by the Codes), must be irrevocably transferred and paid to the participants or set off against their loans.

Currently Scheme shares are owned by the Trust until participants exercise their right to purchase (as defined). The Scheme was structured on the basis that the right to purchase is a "restricted equity instrument" in terms of section 8C of the Income Tax Act, 1962 ("Income Tax Act") and, as such, the rights to purchase only vest when the restrictions cease to have effect, ie when the right to purchase is exercised and the 14-day trading restriction expires. At that stage, a participant will be required to pay income tax. If all restrictions are removed and "unrestricted equity instruments" are created, then the Scheme shares would be deemed, in terms of section 8C, to vest at the time of grant to the right to purchase in respect thereof and income tax will become payable during that year of grant. This is simply not viable for most of the participants.

That part of the Codes which deal with "measuring ownership" states under the heading "Options and share warrants" that " ... economic interest will be recognised when a participant holds an instrument granting the holder the right to acquire an equity instrument or part thereof at a future date, if ... the value of any economic interest is irrevocably transferred for the option period and paid to the holder of that instrument before the exercise of that right."

The "economic interest" is defined as "a claim against (the Company) representing a return on ownership of (the Company) similar in nature to a dividend right". The "return on ownership" is the right to any capital gain or the right to a dividend resulting from ownership of the particular instrument.

Currently, on exercise of a right to purchase by a participant, the dividends and interest that have accrued to the Trust in respect of the Scheme shares which are the subject of the right to purchase are set off against the purchase price of such Scheme shares. If the proposed amendments are made the trustees will be required to maintain individual participant accounts at all times reflecting interest and dividends accruing in respect of a participant's Scheme shares.

It is, therefore, possible to give participants a right to purchase rather than outright ownership, which right to purchase is then "restricted" for income tax purposes, but at the same time to allow for recognition of the Scheme for the purposes of the Codes by giving participants voting rights for the life of the right to purchase and ensuring that all "returns on ownership" are for the benefit of participants.

Appointment of trustees of the Trust

In terms of the Codes, participants must be entitled to participate in appointing at least 50% of the trustees, of whom at least 50% must be black people and 25% of whom must be black women. This requirement is subject to the provisions of Schedule 14 of the JSE Listings Requirements "Requirements for share incentive schemes", which provides that Trustees may not be participants.

To ensure that this right of participants is not undermined it will be necessary for participants to nominate and elect their own trustees. It is considered appropriate for the existing Trustees to propose suitable persons for election based on clearly defined competencies. These persons could include some of the current Trustees. Participants would, however, still retain the right to nominate other suitable persons who would also have to meet the defined criteria. All persons nominated or elected to be appointed as a Trustee would be required, at the sole discretion of the Company's Remuneration Committee, to meet certain basic levels of qualification and experience, including adequate financial literacy and relevant knowledge and experience.

The Scheme currently provides for not less than three and not more than five trustees, with a majority of trustees comprising black people. It is proposed that this be amended to not less than four and not more than eight of whom 50% should be Company-appointed trustees and 50% should be participant-appointed trustees. In addition, all the participant trustees should be black people and at least one should be female.

The proposed amendments are supportive of the founding principles of the Scheme and are supportive of the ownership rights determined in terms of the BBBEE Act. If the proposed amendments are approved, they will not have any retrospective effect and they will not have any financial effects on the Scheme or the Company.

The BBBEE rating agency which the Company appoints to undertake its annual BBBEE verifications has provided the Company with written confirmation that the proposed amendments to the Scheme will ensure that it meets the requirements of the Codes to be recognised as a BBBEE transaction.

ANNEXURE 2

The Directors
AVI Limited
PO Box 1897
Saxonwold
2132

23 September 2010

Dear Sirs

Independent Reporting Accountants' limited assurance report on the unaudited pro forma financial effects of AVI Limited ("AVI")

Introduction

We have performed our limited assurance engagement with regard to the unaudited pro forma financial effects of AVI set out in the notice of annual general meeting of the 30 June 2010 Annual Financial Statements to be issued on or about 20 September 2010 ("Annual Financial Statements"). The unaudited pro forma financial effects relate to the special payment to shareholders, in addition to the normal dividend ("special dividend").

The pro forma financial information has been prepared for purposes of complying with the requirements of the JSE, for illustrative purposes only, to provide information about how the special dividend may have affected the reported financial information had the changes been undertaken on 1 July 2009 for income statement purposes and on 30 June 2010 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, after the transaction.

Directors' responsibility

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

Their responsibility includes determining that the pro forma financial information contained in the Annual Financial Statements has been properly compiled on the basis stated, the basis is consistent with the accounting policies of AVI 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 Annual Financial Statements. 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 for the year ended 30 June 2010 with the source documents, considering the pro forma adjustments in light of the accounting policies of AVI, 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.

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

Whilst our work performed involved an analysis of the unadjusted audited historical 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; 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 notice of annual general meeting to be issued by AVI in the form and context in which it appears.

Yours faithfully
KPMG Inc.



Per M Bove
Chartered Accountant (SA)
Registered Auditor
Director

ADMINISTRATION AND PRINCIPAL SUBSIDIARIES

ADMINISTRATION

Company registration

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

Company secretary

Vivien Crystal

Group financial manager

Justin O'Meara

Business address and registered office

2 Harries Road
Illovo
Johannesburg 2196
South Africa

Postal address

PO Box 1897
Saxonwold 2132
South Africa

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

Auditors

KPMG Inc.

Sponsor

Standard Bank

Commercial bankers

Standard Bank
FirstRand Bank

Transfer secretaries

Computershare Investor
Services 2004 (Pty) Limited

Business address

70 Marshall Street
Marshalltown
Johannesburg 2001
South Africa

Postal address

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

PRINCIPAL SUBSIDIARIES

Food and beverage brands

National Brands Limited

Reg no: 1948/029389/06
(incorporating Entyce Beverages,
Snackworks
and Ciro Beverage Solutions

30 Sloane Street
Bryanston 2021

PO Box 5159
Rivonia 2128
Telefax: +27 (0)11 707 7799

Managing directors

Donnee MacDougall (Entyce Beverages)
Telephone: +27 (0)11 707 7100

Geoff Whyte (Snackworks)

Telephone: +27 (0)11 707 7200

Rob Katzen (Ciro Beverage Solutions)

Telephone: +27 (0)11 807 3915

The Real Juice Co Holdings (Pty) Limited

Reg no: 2001/001413/07

2 Harries Road
Illovo 2196

PO Box 1897
Saxonwold 2132

Managing director

Donnee MacDougall
Telephone: +27 (0)11 707 7100
Telefax: +27 (0)11 707 7808

Chilled and frozen convenience brands

Irvin & Johnson Holding

Company (Pty) Limited

Reg no: 2004/013127/07

1 Davidson Street
Woodstock
Cape Town 8001

PO Box 1628
Cape Town 8000

Managing director

Ronald Fasol
Telephone: +27 (0)21 440 7800
Telefax: +27 (0)21 440 7271

Denny Mushrooms (Pty) Limited

Reg no: 1998/003042/07

29 Eaton Avenue
Bryanston 2021

PO Box 787166
Sandton City 2146

Managing director

Roger Coppin
Telephone: +27 (0)11 707 7500
Telefax: +27 11 (0)11 707 7762

Fashion brands

Indigo Cosmetics (Pty) Limited

Reg no: 2003/009934/07

16-20 Evans Avenue
Epping 17460

PO Box 3460
Cape Town 8000

Managing director

Susan O'Keeffe
Telephone: +27 (0)21 507 8500
Telefax: +27 (0)21 507 8501

A&D Spitz (Pty) Limited

Reg no: 1999/025520/07

29 Eaton Avenue
Bryanston 2021

PO Box 782916
Sandton 2145

Managing director

Robert Lunt
Telephone: +27 (0)11 707 7300
Telefax: +27 (0)11 707 7763

PROXY

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



For use only by shareholders holding certificated shares, nominee companies of a Central Securities Depository Participants ("CSDP"), brokers' nominee companies and shareholders who have dematerialised their shares and who have elected own-name registration at the annual general meeting of the Company, to be held at 2 Harries Road, Illovo, Johannesburg, 2196 at 11:00 on Wednesday, 20 October 2010 ("annual general meeting").

Shareholders who have already dematerialised their shares through a CSDP or broker must not complete this form of proxy and must provide their CSDP or broker with their voting instructions.

Holders of dematerialised shares, other than those with "own name" registration wishing to attend the annual general meeting must inform their CSDP or broker of such intention and request their CSDP or broker to issue them with the necessary Letter of Representation to attend.

I/We

of (address)

being the holder/s of _____ ordinary shares in the Company, do hereby appoint:

1. _____ or failing him/her,

2. _____ or failing him/her,

3. the chairman of the annual general meeting, as my/our proxy to act for me/us at the annual general meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each adjournment thereof and to vote or abstain from voting on such resolutions in respect of the ordinary shares in the issued capital of the Company registered in my/our name/s in accordance with the following instructions (see note 2):

Resolution No.		Number of votes (one vote per share)		
		In favour of	Against	Abstain
1.	To consider the financial statements for the year ended 30 June 2010			
2.	To reappoint KPMG Inc. as auditors			
3.	To re-elect Mr AWB Band as a director			
4.	To re-elect Mr JR Hersov as a director			
5.	To re-elect Mr GR Tipper as a director			
6.	To elect Mr MJ Bosman as a director			
7.	To elect Mrs A Kawa as a director			
8.	Ordinary resolution (increase in fees payable to current non-executive directors, excluding the chairman of the board and the foreign non-executive director)			
9.	Ordinary resolution (increase in fees payable to the chairman of the Board)			
10.	Ordinary resolution (increase in fees payable to the foreign non-executive director)			
11.	Ordinary resolution (increase in fees payable to members of the Appointments and Remuneration Committee)			
12.	Ordinary resolution (increase in fees payable to members of the Audit Committee)			
13.	Ordinary resolution (increase in fees payable to chairman of the Appointments and Remuneration Committee)			
14.	Ordinary resolution (increase in fees payable to chairman of the Audit Committee)			
15.	Special resolution (authority to buy back shares)			
16.	Ordinary resolution (approval of the amendments to the AVI Black Staff Empowerment Scheme)			
17.	Ordinary resolution (the specific authority to issue shares for the purposes of the AVI Limited share incentive schemes and the rescission of previously granted specific authorities)			
18.	Ordinary resolution (authorising the Company to make a payment to shareholders out of share premium)			

Insert an "X" in the relevant space above according to how you wish your votes to be cast, however, if you wish to cast your votes in respect of less than all of the shares that you own in the Company, insert the number of ordinary shares held in respect of which you desire to vote.

Signed at _____ on _____ 2010

Signature _____

Assisted by me (where applicable) _____

Each shareholder is entitled to appoint one or more proxies (none of whom need be a member of the Company) to attend, speak and, on a poll, vote in place of that shareholder at the annual general meeting.

Please read the notes on the reverse side hereof

NOTES

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting "the chairman of the annual general meeting", but any such deletion must be initialled by the shareholder concerned. The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. Please insert an "X" in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in the Company, insert the number of ordinary shares held in respect of which you wish to vote. Failure to comply with the above will be deemed to authorise the chairman of the annual general meeting, if he is the proxy, to vote in favour of and any other proxy to vote or to abstain from voting in respect of the resolutions to be considered at the annual general meeting as he/she deems fit, in either case, in respect of all the shareholder's votes exercisable thereat. A shareholder or the proxy is not obliged to exercise all the votes exercisable by the shareholder or by the proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by the proxy.
3. Duly completed forms of proxy must be received at the office of the transfer secretaries, Computershare Investor Services (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 or posted to PO Box 61051, Marshalltown, 2107 to be received by not later than 11:00 on Tuesday, 19 October 2010.
4. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
5. 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's transfer secretaries or waived by the chairman of the annual general meeting.
6. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
7. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries of the Company.
8. The chairman of the annual general meeting may reject or accept a form of proxy which is completed and/or received other than in accordance with these notes if he is satisfied as to the manner in which the shareholder wishes to vote.

