GROWING GREAT BRANDS

AVI

2014 INTEGRATED ANNUAL REPORT

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ABOUT THIS REPORT

AVI's Integrated Annual Report covers the economic, environmental and social activities of the Group for the period 1 July 2013 to 30 June 2014 and aims to provide AVI's stakeholders with a transparent, balanced and holistic view of the Group's performance. In addition, where it is informative to add information post 30 June 2014, this has been included and noted.

This report covers the entire Group, comprising Entyce Beverages, Snackworks, I&J, and Fashion Brands. Since the release of AVI's Integrated Annual Report for the year ended 30 June 2014, there has been no change to the structure, ownership or products and services of the Group.

In compiling the report, AVI has considered the Companies Act, No 71 of 2008, as amended; the Listings Requirements of the JSE Limited; the King Report on Governance for South Africa 2009 and the International Financial Reporting Standards ("IFRS") in respect to the annual financial statements.

BOARD RESPONSIBILITY

The Board of directors ("the Board") acknowledges its responsibility to ensure the integrity of the Integrated Annual Report. The Board has accordingly applied its mind to the Integrated Annual Report and in their opinion the Integrated Annual Report addresses all material issues, and presents fairly the integrated performance of the organisation and its impacts.

Any questions or comments on the report can be forwarded to info@avi.co.za.

AVI LIMITED
ISIN: ZAE000049433
Share code: AVI
Registration number: 1944/017201/06
("AVI" or "the Group" or "the Company")
www.avi.co.za

OUR BUSINESS

GROWING GREAT BRANDS

Listed on the Johannesburg Stock Exchange in the Food Products sector, AVI Limited's extensive brand portfolio includes more than 50 brands.

AVI's lifeblood is its portfolio of remarkable brands, many of which carry a heritage and pedigree built up over decades and some of which occupy a place in our national character. It would not be a stretch to claim that the vast majority of South Africa's population has at some time or another been conscious of, consumed or aspired to own, one of our brands.

AVI's brands that have grown into great South African favourites include:

- Five Roses, Freshpak, House of Coffees, Frisco, Koffiehuis, Ellis Brown, Ciro and Lavazza in the Beverages category;
- Bakers, Pyotts, Provita, Baumann's and Willards in the Biscuits and Snacks category;
- I&J in the Frozen category; and
- Yardley, Lenthéric and Coty in Personal Care and Spitz, Carvela, Green Cross, Kurt Geiger, Lacoste, Tosoni, Nina Roche and Gant in our Footwear and Apparel portfolio.

We have 130 branded retail outlets under the Spitz, Kurt Geiger, Green Cross, Gant and Carvela brands.

This privileged position carries with it an obligation to develop and manage each brand to its fullest potential. We have structured our business to best suit this end. We have four business units taking care of beverages, including out of home solutions, sweet and savoury snacks, frozen foods, and fashion brands are separated into Personal Care brands, and Footwear and Apparel.

We also have a well-developed shared services structure spanning: International, IT, Finance, Human Resources, Logistics, Marketing and Field Marketing that allows us to take advantage of our scale and deliver more for less.

With a turnover of R10,27 billion in this last financial year, AVI's brands are a household name in South Africa and growing every day.



OPERATING STRUCTURE

AVI

- ENTYCE BEVERAGES
  - TEA
  - COFFEE
  - CREAMER
  - OUT OF HOME
- SNACKWORKS
  - BISCUITS
  - SNACKS
- I&J
  - SEAFOOD
  - GENERAL FOOD
- PERSONAL CARE
  - INDIGO
- FOOTWEAR AND APPAREL
  - SPITZ
  - KURT GEIGER
  - GREEN CROSS
  - GANT
- SHARED SERVICES
  - INTERNATIONAL
  - IT
  - HUMAN RESOURCES
  - FINANCE
  - LOGISTICS
  - FIELD MARKETING
  - MARKETING

OUR BUSINESS HIGHLIGHTS

Revenue from continuing operations up 11,4% to R10,27 billion

Operating profit from continuing operations up 12,2% to R1,71 billion

Headline earnings per share from continuing operations up 12,4% to 384 cents

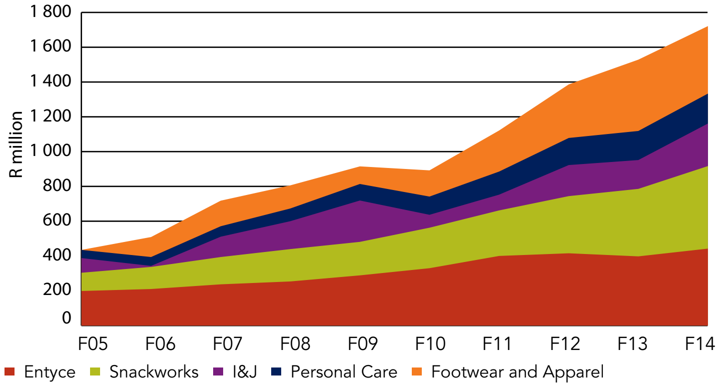
Sound Group performance notwithstanding pressure on consumers and rising input costs

R532 million investment in capacity and efficiency

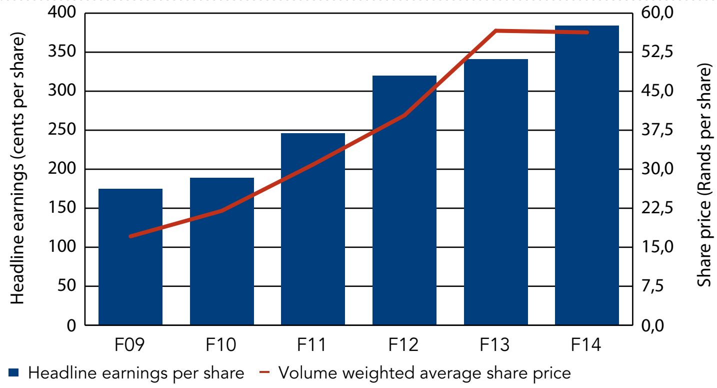
Capital profit of R150 million following revision of Coty licence agreement

Total dividend up 15,4% to 300 cents per share – final dividend of 180 cents

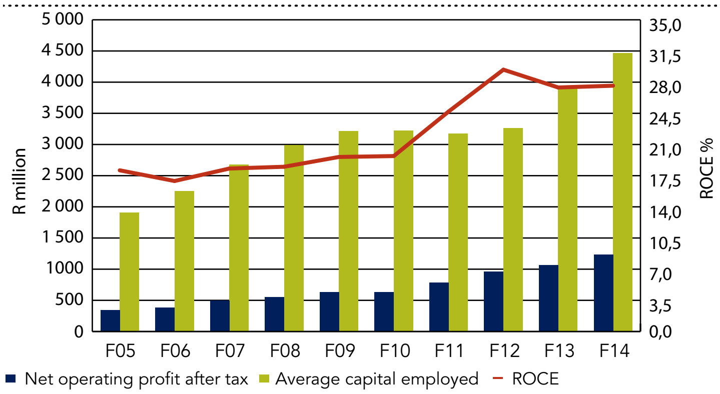
OPERATING PROFIT HISTORY



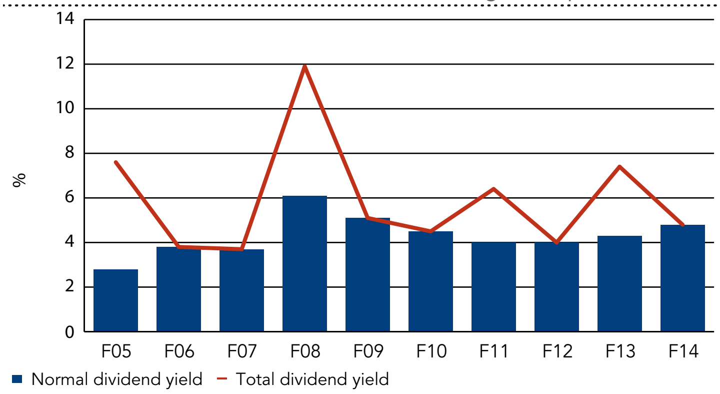
HISTORICAL HEADLINE EARNINGS AND SHARE PRICE



RETURN ON CAPITAL EMPLOYED



HISTORICAL DIVIDEND YIELD (based on closing share price)



AVI

	2014 R'm	2013 R'm	2012 R'm	2011 R'm	2010 R'm
REVENUE	**10 267,4**	9 218,3	8 287,1	7 489,7	7 271,0
OPERATING PROFIT	**1 712,5**	1 526,2	1 372,5	1 117,5	895,1
OPERATING MARGIN (%)	**16,7**	16,6	16,6	14,9	12,3
CAPITAL EXPENDITURE	**531,9**	566,9	541,1	410,2	329,8

ENTYCE BEVERAGES

	2014 R'm	2013 R'm	2012 R'm	2011 R'm	2010 R'm
REVENUE	**2 717,4**	2 414,9	2 330,7	2 112,2	1 957,5
OPERATING PROFIT	**442,4**	397,8	415,4	402,2	329,9
OPERATING MARGIN (%)	**16,3**	16,5	17,8	19,0	16,9
CAPITAL EXPENDITURE	**180,4**	219,8	205,2	127,9	90,4

Snackworks
That's Good Times!

	2014 R'm	2013 R'm	2012 R'm	2011 R'm	2010 R'm
REVENUE	**3 057,9**	2 681,6	2 428,7	2 159,7	2 080,9
OPERATING PROFIT	**474,5**	387,9	328,5	263,9	232,8
OPERATING MARGIN (%)	**15,5**	14,5	13,5	12,2	11,2
CAPITAL EXPENDITURE	**76,1**	143,9	171,8	117,6	46,6

I&J

	2014 R'm	2013 R'm	2012 R'm	2011 R'm	2010 R'm
REVENUE	**1 823,1**	1 591,9	1 515,4	1 369,3	1 381,8
OPERATING PROFIT	**244,6**	165,8	178,6	92,1	74,3
OPERATING MARGIN (%)	**13,4**	10,4	11,8	6,7	5,4
CAPITAL EXPENDITURE	**183,7**	112,9	67,1	40,9	42,7

Fashion Brands

	2013 R'm	2013 R'm	2012 R'm	2011 R'm	2010 R'm
REVENUE	**2 659,3**	2 518,2	2 005,2	1 842,6	1 583,7
OPERATING PROFIT	**560,1**	576,9	463,6	368,5	255,4
OPERATING MARGIN (%)	**21,1**	22,9	23,1	20,0	16,1
CAPITAL EXPENDITURE	**88,5**	80,3	85,7	113,3	138,6

AVI OBJECTIVES AND STRATEGIES

To be recognised as South Africa's leading consumer brands manager

Brands are AVI's lifeblood and we are endowed with a portfolio of remarkable brands, many of which carry a heritage and pedigree built up over decades and some of which occupy a place in our national character. It would not be a stretch to claim that the vast majority of South Africa's population has at some time or another been conscious of, consumed or aspired to own one of our brands. Coupled with this privileged position is an obligation to develop and manage each brand to its fullest potential.

The strength of our brands is a function of the value they deliver to our consumers which is underpinned by their quality, price and inventiveness. We strive to constantly improve what our brands deliver by making our products more valuable, more accessible and more desirable and we are committed to supporting the long-term competitiveness of our brands with appropriate investments behind marketing, research and new product development. We view our role not merely in terms of enhancing the position of our brands within a category, but of being a material contributor to the development of the categories themselves. It is not our objective to serve all potential customers, but to service those whose needs are aligned with our business objectives better than anyone else by providing them with the most rewarding consumption experience. A happy consumer is the foundation of the growing volumes, market shares, profit margins and brand loyalty, which drive success in the consumer products space.

To consistently outperform our peer group, both operationally and in shareholder returns

AVI's financial success is measured first and foremost by the adequacy of returns generated for our shareholder community. Our twin return objectives reflect our goal of being an attractive investment vehicle over the long term, both relative to our peer set, and on an absolute basis. The benchmark for success against our relative performance target is to earn top quartile total shareholder returns over successive rolling three-year periods, while that of our absolute performance target is to deliver real combined dividend and share price appreciation exceeding 10% per annum. The achievement of these benchmarks will depend crucially on AVI's ability to service its customers and communities efficiently and effectively. This is not only a strong endorsement of the value added by our organisation but also a key underpin of the ongoing sustainability thereof.

To build sustainable and defensible positions in each of our priority markets and categories

We do not view legacy as an inhibitor of opportunity and are committed to operating in any market or category where our brands, products and organisational competencies endow us with a sustainable advantage over our competitors. We believe that long-term continuing success is a function of focus and the discipline required to recognise where we can and cannot compete effectively.

Practically this perspective demands that we regularly reappraise the extent of our current activities and consider exiting areas where growth or profitability are deemed poor in the long run or where the competitive landscape is changing in ways that inhibit our ongoing success. It also materially shapes the development of our organic and acquisitive growth initiatives by ensuring that the imperative and desire for growth are tempered by a true assessment of any new opportunity and our ability to sustain and enhance our competitiveness in the new market or category over the long term.

To maintain and develop a corporate structure that adds material value to our underlying business portfolio

Our corporate and shared services structures play a meaningful role in defining and enhancing our competitiveness and as such are capable of supporting heightened long-term earnings growth. While we operate in many distinct categories our corporate ethos and enabling structures embrace a "one company" philosophy. They are an effective mechanism for leveraging the strength of our brands and exploiting the efficiency and productivity improvement, process simplification and cost reduction opportunities inherent in their combined scale. They allow us to serve more consumers in more markets more efficiently and strengthen our importance to our key national retail partners.

To advance our absolute and relative competitiveness in each core category every year

The global consumer products' environment is a vibrant space and one in which sustaining the saliency of one's brands has become increasingly challenging. Rapid technological development, increased access to information and the relentless pace of innovation globally have all contributed to the most fluid consumer environment in history. Better informed consumers have ever more demanding expectations from their brands and are faced with a wider portfolio of choices when making their consumption decision.

Our response to new opportunities, changing consumer preferences and lifestyles, and competitor activity will need to be quicker and more flexible than ever before in the years to come. Ongoing success in this increasingly "winner-takes-all" environment demands a strong commitment to continuous improvement in all areas of our operations.

To sustain and develop an impeccable corporate reputation with all stakeholders

AVI's ongoing standing as a leading South African corporate requires continued focus on ethical management practices to ensure its sustainability. Beyond integrity and transparency in our dealings, with our shareholders, customers, consumers, employees and other stakeholders, this also encompasses a commitment to ensuring that AVI plays its role as a corporate citizen, to minimising any adverse environmental impact to improving the living standards and addressing the ongoing need for transformation in the society in which it operates.

To attract, develop and retain the best talent in the industry

In the fierce competition for skills and talent AVI will actively seek to recruit, nurture and retain exceptional people recognising that they remain our strongest differentiator in developing our leading brand-centric culture. We believe that our scale and opportunity reinforces our ability to attract and retain the talented individuals necessary to execute our strategies, and cements the quality of functional leadership in an environment characterised by increasing skills shortages and intense competition for human capital.

Reinforce business returns with a prudent but nimble corporate capital allocation philosophy

The strength of its brand portfolio has resulted in AVI generating robust cash flows which often exceed the supply of investment opportunities that meet our strategic, risk and return criteria. While we have strong ambitions for organic and value-adding acquisitive growth, this paradigm of cash generation in excess of reinvestment need is likely to persist in future. AVI will seek to supplement underlying shareholder return generation through the prudent use of corporate capital management strategies including share repurchases, leverage and special dividends where appropriate.

CHAIRMAN and CEO'S REVIEW

Overview

In recent years we have highlighted our concerns regarding the low rate of growth in the South African economy and the lack of any catalysts to meaningfully change that. Unfortunately those concerns are still relevant; economic growth is far too low to absorb the ever increasing demand for employment, labour legislation does not support job creation and inflation levels are high. These factors, coupled with significantly reduced levels of unsecured lending and the severe and protracted strikes during the year, have contributed to economically stressed consumers and pedestrian levels of growth in consumer spending.

AVI's results for the year were pleasing given the economic environment. Revenue from continuing operations rose by 11,4%, operating profit increased by 12,2% and headline earnings from continuing operations rose by 14,9%, from R1,05 billion to R1,2 billion.

Snackworks delivered an excellent result with strong volume growth in Biscuits and sustained margin improvement in Snacks. I&J benefited from the weaker Rand as well as improved fishing and processing to deliver an improved result, notwithstanding usually bad weather in the first semester which adversely impacted the performance of the wet vessel fleet. Entyce had strong volume growth in Tea, Coffee and Creamer in the second semester which underpinned a good full-year result. At Indigo, the Coty profit contribution was preserved in the new relationship, while owned brands performed well in body sprays and colour cosmetics. Margins in the Footwear and Apparel businesses were impacted by the weaker Rand and increasing pressure on consumer spending with some amelioration as a result of space growth in Kurt Geiger and Spitz.

Our African markets performed well at a revenue level with growth of 20%. The increase in operating profit was limited to 2,3% as a result of gross margin pressure and increased operating costs incurred to gear the business for growth. This included a change in the basis of our operations in two of the countries we service that resulted in some disruption but should provide a sound base for the future.

Despite price increases to recover input cost increases we achieved volume growth in most categories. This is a testament to the strength of the brands and to the consumers' preparedness to pay for products they know and love and on the quality of which they can rely.

Competition in the market at retail level remains fierce with certain of the retailers pushing hard to gain market share and enhance margins. While we are strongly supportive of efforts to grow the market, we paid particular attention to managing the nature and extent of the support we provide to our retail partners.

We continued our programme of substantial capital investment and completed a number of significant projects during the year. The investment made in recent years has created efficiencies which have been key to our ability to absorb cost pressures during the year and to limit the extent of the price increases necessary to maintain our margins.

Safety is an important part of our operating ethos and it was gratifying to see a decrease in our disabling injury frequency rate from 1,01 to 0,80. Steps are continually being taken to proactively identify and prevent potentially harmful situations and to improve employee training. High-risk areas are identified and carefully managed to achieve sustainable improvements.

Share options in terms of the Company's Black Staff Empowerment Share Scheme vested during the year and approximately 3 090 employees have benefited as participants and have received a total gross benefit of R185,9 million.

The Group maintained its BBBEE rating at a level 4 during the year. As a responsible corporate citizen we continue to strive for improvement in the various elements of the scorecard. We have reviewed the amendments to the BBBEE codes and while we wholeheartedly support the need for transformation and ongoing improvement in levels of transformation, we have concerns as to the practicality and commerciality of certain of the new requirements.

Financial review

Revenue from continuing operations rose by 11,4% from R9,22 billion to R10,27 billion with selling price increases across the portfolio and volume growth in most of our categories. Gross profit rose by 7,7% to

GAVIN TIPPER
Chairman

R4,43 billion with the consolidated gross profit margin declining from 44,6% to 43,1% due mainly to input cost pressure from the weaker Rand and the change in Indigo's trading model with Coty which reduced the gross profit margin, but positively impacted operating profit. Operating profit increased by 12,2% from R1,53 billion to R1,71 billion with volume leverage supported by good containment of selling and administrative expenses across the Group. The operating profit margin increased from 16,6% to 16,7%.

Cash generated by operations increased by 28,6% to R2,0 billion after a net working capital increase of R101,1 million. The working capital increase reflects revenue growth and higher input costs, offset by a reduction in stock and debtors attributable to the Coty business. Capital expenditure of R531,9 million includes payments of R107,7 million for I&J's vessels on order as well as ongoing investment in capacity and efficiency across the Group. An amount of R150,0 million was received from Coty on revision of their commercial relationship with Indigo. Other material cash outflows during the period were dividends of R910,2 million and taxation of R465,1 million. Net debt at the end of June was R365,2 million compared to R697,2 million at the end of June 2013.

Indigo's long relationship with Coty as a licensee was changed to a full-service agency agreement with effect from November 2013, resulting in the capital receipt of R150,0 million and a reduction in Indigo's working capital. The overall profit contribution from the Coty business was preserved.

Dividend

In terms of the Company's dividend policy a final dividend of 180 cents per share has been declared, bringing the total dividend for the year to 300 cents, 15,4% higher than last year.

Investing for growth

We have pursued an aggressive capital replacement and expansion programme for a number of years and that continued in the current year with an investment of R531,9 million. The projects to enhance efficiency and add capacity included investments in tea packaging equipment, bulk sugar handling for our Westmead biscuit factory, an expansion to the Redhill distribution centre, six new Spitz and three new Kurt Geiger stores, new offices and stores for Green Cross, a leased vessel for I&J, and deposits on a new freezer vessel and a new wet vessel.

There is a high level of project discipline in the Group and most projects were well executed and, where completed and commissioned, have delivered in line with our expectations. Our investments over the years have enabled us to drive significant levels of efficiency while producing meaningful improvements in product quality. This has been crucial to our ability to grow revenue in a depressed and highly competitive market where the consumer either will not, or cannot, accept ongoing price increases to cover cost pressures.

We have approved a number of significant projects for the new financial year. These will include the replacement of ageing equipment and will add some of the capacity we believe we will require in the medium term.

Our consumers have high expectations of our brands and we are determined to equip our factories to keep delivering on those.

Corporate governance

AVI's Board is committed to ensuring that our success is achieved with a clear recognition of the interdependency of the Company with its wider stakeholders including the need for our returns to be achieved in a sustainable manner. Our efforts in this regard are set out in the detailed sustainable development section of this report.

The recommendations of the King Report ("King III") have been integrated into AVI's Board and sub-committee charters, as have the requirements of the Companies Act. The corporate governance section of this report sets out our approach to corporate governance and our compliance with King III.

Board

We are pleased to announce the appointment of Richard Inskip to the Board as an independent non-executive director, with effect from June 2014. Richard has a wealth of retail experience and we look forward to his contribution.

After a number of years of service Barry Smith has indicated that he will retire at the forthcoming Annual General Meeting. We offer our thanks to Barry for his input over the years and wish him well in his retirement.

Outlook

We expect another difficult year for the South African economy. Our financial markets will be affected by the likely termination of quantitative easing in the United States and the possibility of more aggressive financial stimulus in Europe. The South African Reserve Bank has raised interest rates in the face of higher inflation but has not been able to catalyse meaningful levels of economic growth. The looming stagflationary pressures do not bode well and we will have to work hard to retain margins without impacting on our volumes. The selling price increases taken across the Group during the fourth quarter of the last financial year should ease margin pressure, however, any continuation of the Rand weakness we have experienced since the end of the financial year will have the opposite effect.

Entyce and Snackworks have well-established capabilities to defend market share and profit margins and will be seeking to grow volumes where there is opportunity. Indigo is maintaining its strong body spray position and performing well in colour cosmetics. Spitz, Kurt Geiger and Green Cross will benefit from new store openings, while the Green Cross wholesale business is expected to deliver a substantially improved performance. Our international business is targeting a strong year on the back of improved distribution in several export markets. I&J's catch rates were reasonable in the second semester and should these catch rates continue, the increased volumes, together with the benefit of secured foreign currency rates, will support a strong performance in the year ahead.

We remain vigilant for credible brands that are relevant to our business and that we can acquire at prices which will yield acceptable returns. We will consider domestic and regional acquisitions but will do so in a manner that recognises the need to deploy our capital responsibly.

The creation of an economy that provides employment to those who seek jobs, that is able to support those who need support, and that is sustainable in the long

SIMON CRUTCHLEY
Chief Executive Officer

term, requires government, business and labour to work together. A constructive level of trust between these groupings is lacking but is necessary, and leadership from each of the parties, but particularly from government, must emerge, or we will continue to erode the living standards of an unacceptably large part of our population. As a country we need better quality education, efficient application of our limited financial resources, an environment that is conducive to physical rather than financial investment, and integrity at all levels; at a practical level these are complex and difficult objectives but they are critical and they are achievable given trust and the right leadership.

Notwithstanding expectations of a difficult trading environment we are confident that our unique brand portfolio can continue to deliver growth in key categories. We are focused on our regional initiatives and anticipate strong growth from these in the next year.

Acknowledgements

AVI's business is based on our brand portfolio but also on the energy, passion and talents of our people. We acknowledge them, recognise that our success depends on them and thank them for their service to the Company in a difficult year. In addition, the partnership and contribution of all of our consumers, customers, suppliers and service providers as well as the support of our shareholders, is acknowledged and appreciated.

Gavin Tipper
Chairman

Simon Crutchley
Chief Executive Officer

OPERATIONAL REVIEWS

ENTYCE
BEVERAGES
A DIVISION OF NATIONAL BRANDS LIMITED

Revenue of R2,72 billion was 12,5% higher than 2013, primarily due to volume growth in the tea, coffee and creamer categories as well as increased selling prices, particularly in the tea category. Volume growth was ahead of the market in all three categories and particularly strong in the creamer category. Selling prices were constrained by high promotional activity from multinational competitors, which eased towards the end of the year. The gross profit margin declined from 41,9% to 40,3% largely because the weaker Rand resulted in higher raw material costs that were partially absorbed to support volumes in a constrained and competitive environment. Selling and administrative costs continue to be well managed across the business. Operating profit increased by 11,2% from R397,8 million to R442,4 million, largely attributable to a strong tea category performance with smaller contributions from coffee and creamer where profit growth was constrained by sustained pressure from competitors and limited coffee category growth. The operating profit margin decreased slightly from 16,5% to 16,3%.

Tea

Entyce's tea business delivered strong growth and maintained high profitability and return on investment. Tea revenue grew 15,8% due to volume growth of 6,7% and price increases necessary to offset rising black tea and rooibos tea input costs. Black tea volumes were up 2,9% and rooibos volumes were up 13,1%. The three master brands, Five Roses, Freshpak and Trinco have all grown their market shares, strengthening Entyce's tea market leadership. The trading environment was constrained with a 1,0% decrease in overall category volumes in the year, however, competitive pricing, improved market shares and volumes, active consumer and retailer promotions and effective advertising support delivered an improved top-line result.

Gross profit margin declined as high raw material costs, particularly Sri Lankan and Malawian tea prices, and the full impact of a weaker Rand, were not fully recovered in the year due to the competitive trading environment. Selling and administrative costs increased slightly ahead of inflation with increased distribution and field marketing costs driven by higher sales volumes and fuel prices. Operating profit for the tea category increased by 14,1%.

Coffee

Coffee revenue was 6,8% up with volumes up 4,9% largely due to mixed instant coffee volumes recovering off a low base in the second half of the last financial year, and price increases to ameliorate the impact of the weaker Rand on raw material costs. The mixed instant coffee category volumes were buoyed by the launch of Frisco and Koffiehuis gusset pouch packs, a more affordable coffee solution for customers. The total South African coffee market was only up 0,1% in the period under review.

From an input cost perspective, the Rand cost of all raw material inputs was higher than in the prior year due to

material weakening of the Rand, notwithstanding lower robusta and Arabica coffee bean prices in US Dollar terms.

Gross profit margins were adversely impacted by the competitive customer landscape and our inability to increase selling prices or get enough volume growth to fully leverage the investment made in manufacturing capacity over the last few years. Selling and administrative cost increases were well below inflation, primarily a function of a lower, more focused marketing spend without the elevated level of support for Frisco Granules that was launched two years ago. Operating profit increased by 5,4%.

Investment in coffee manufacturing capability and capacity continued apace in 2014, with improvements to the roaster, tin and pouch packing lines, boilers, glucose and palm oil storage tanks, the coffee agglomerator and the roasted coffee handling system. The major capex in the coffee category has now been completed and this business is well positioned to benefit from volume growth in future years.

Creamer

Creamer revenue rose by 18,6% due mainly to increased sales volumes which were a function of buoyant demand and good trade support from the major retailers and wholesalers. Selling price increases were implemented later than planned in order to maintain price points against aggressive discounting in the category.

The gross profit margin was positively impacted by the higher volumes, factory efficiencies and better pricing on commodity inputs, but unfavourably impacted by the devaluation of the Rand. Selling and administrative costs were well controlled but increased ahead of inflation as a consequence of the higher distribution and sales costs in line with higher volumes. Operating profit increased by 3,1%.

Management is currently evaluating alternatives to building more capacity in a category which continues to achieve relatively high growth.

Ciro out-of-home coffee solutions

Revenue for the year grew by 7,2% due mainly to selling price increases while core coffee volumes were maintained. Selling price increases were largely offset by higher raw material costs in Rand terms due to the weaker Rand, notwithstanding lower Arabica coffee bean prices in US Dollar terms.

Improved product mix, service levels and factory efficiencies resulted in a better gross profit performance. This together with well-controlled selling and administrative costs resulted in a 12,6% improvement in operating profit.

Capital expenditure

Entyce's capital expenditure of R180,4 million in 2014 included R18,4 million for new 750g and 250g coffee tin fillers, R7,6 million to upgrade the coffee agglomerator tower, R11,8 million for a new roasted coffee handling system, R13,3 million for raw material liquid storage tanks and R6,6 million for new coffee and creamer packing lines. In the tea plant, R11,0 million was spent on two new black tea packing lines and R10,8 million was spent on land adjacent to the current facility to accommodate a planned factory upgrade over the next few years. Ciro spent R20,0 million on new vending equipment.

ENTYCE BEVERAGES	2014 R'm	2013 R'm	2012 R'm	2011 R'm	2010 R'm	2009 R'm	2008 R'm	2007 R'm	2006 R'm	Change 2014 vs 2013 %
REVENUE	**2 717,4**	2 414,9	2 330,7	2 112,2	1 957,5	1 841,6	1 638,7	1 417,0	1 307,3	**12,5**
OPERATING PROFIT	**442,4**	397,8	415,4	402,2	329,9	280,8	253,9	237,0	210,1	**11,2**
OPERATING MARGIN (%)	**16,3**	16,5	17,8	19,0	16,9	15,2	15,5	16,7	16,1	**(1,2)**
CAPITAL EXPENDITURE	**180,4**	219,8	205,2	127,9	90,4	81,3	67,7	36,4	33,9	**(17,9)**

Snackworks
That's Good Times!

Revenue of R3,06 billion was 14,0% higher than last year mainly as a result of strong biscuit volume growth and sustained higher selling prices in the snacks category. Gross profit margin was slightly below last year due to stronger volume growth of the more affordable biscuit products and increased cost of imported raw materials because of the weaker Rand, however, leverage from higher volumes resulted in further improvement in the operating profit margin. Operating profit rose by 22,3%, from R387,9 million to R474,5 million and the operating profit margin increased from 14,5% to 15,5%.

Biscuits

Biscuits revenue grew 15,0% with a 9,4% increase in sales volumes and higher selling prices. Volumes benefitted from strong category growth as well as increased market share. Increased capacity improved service levels through seasonal demand peaks and also supported the introduction of new flavours and pack formats that contributed to volume growth.

Growth in gross profit from higher sales volumes was tempered by pressure on gross profit margin from a higher proportion of more affordable products that have lower profit margins, as well as rising raw material costs caused by the weakening of the Rand against major currencies. Price increases taken at the beginning of the year did not fully recover the increase in raw material costs caused by the material weakening of the Rand against major currencies, and further price increases were taken in June 2014 to protect profit margins going into the 2015 financial year.

The higher gross profit and well controlled selling and administrative costs resulted in a material improvement in operating profit with the overall operating profit margin maintained in line with last year.

Snacks

Snacks revenue increased 11,0% with sustained higher pricing in the category supported by volume growth of 3,7%, mostly in extruded corn products. Gross profit margin improved due to the higher prices and relatively benign increases in the main raw materials used in the snacks category. Selling and administrative costs were well controlled, contributing to a material improvement in operating profit.

Capital expenditure

Snackworks capital expenditure of R76,1 million in 2014 was invested predominantly in the Westmead biscuit factory which spent R44,6 million to improve raw material and product handling, and increase capacity. The investment in the Isando biscuit factory was focused on routine replacement, with capacity expansion expected in the medium term.

Capital expenditure at the Rosslyn snacks factory has been carefully managed for some time, given the poor returns from this category. In the year ahead approximately R52 million will be spent on replacing old equipment with benefits expected in capacity and product quality.

Snackworks
That's Good Times!

	2014 R'm	2013 R'm	2012 R'm	2011 R'm	2010 R'm	2009 R'm	2008 R'm	2007 R'm	2006 R'm	Change 2014 vs 2013 %
REVENUE	**3 057,9**	2 681,6	2 428,7	2 159,7	2 080,9	2 036,8	1 677,2	1 394,2	1 279,7	**14,0**
OPERATING PROFIT	**474,5**	387,9	328,5	263,9	232,8	192,5	185,8	156,8	127,0	**22,3**
OPERATING MARGIN (%)	**15,5**	14,5	13,5	12,2	11,2	9,5	11,1	11,2	9,9	**6,9**
CAPITAL EXPENDITURE	**76,1**	143,9	171,8	117,6	46,6	44,8	58,3	47,3	59,2	**(47,1)**

Revenue increased by 14,5% from R1,59 billion to R1,82 billion due mainly to the benefit of the weaker Rand on export sales, supported by limited selling price increases and a 1,5% increase in sales volumes. Export markets remain under pressure due to the constrained European economy with marginal foreign currency price increases achieved, while local market prices were constrained by aggressive competition. Notwithstanding the adverse impact of unusually bad weather on wet fleet catch rates in the first semester, fishing fleet availability and freezer vessel catch rates improved, resulting in an increase in overall tonnes caught.

Gross profit margin improved, due mainly to the benefit of the weaker Rand, combined with improved fishing fleet utilisation and production efficiencies, partly offset by lower wet vessel catch rates. Selling and administrative expenses were well managed but increased ahead of inflation as the prior financial year benefited from the once-off inclusion of a pension fund

	2014 R'm	2013 R'm	2012 R'm	2011 R'm	2010 R'm	2009 R'm	2008 R'm	2007 R'm	2006* R'm	Change 2014 vs 2013 %
REVENUE	**1 823,1**	1 591,9	1 515,4	1 369,3	1 381,8	1 597,5	1 476,8	1 427,2	1 432,5	**14,5**
OPERATING PROFIT	**244,6**	165,8	178,6	92,1	74,3	237,9	160,4	112,9	5,8	**47,5**
OPERATING MARGIN (%)	**13,4**	10,4	11,8	6,7	5,4	14,9	10,9	7,9	0,4	**28,8**
CAPITAL EXPENDITURE	**183,7**	112,9	67,1	40,9	42,7	65,5	27,1	35,0	65,7	**62,7**

** Includes Alpesca*

surplus of R24,7 million. Operating profit increased from R165,8 million to R244,6 million and the operating profit margin increased from 10,4% to 13,4%.

Simplot Joint Venture

In addition to the operating profit shown above, I&J's joint venture with Simplot (Australia) Proprietary Limited ("Simplot") yielded equity earnings of R28,5 million compared to R23,9 million last year. Manufacturing performance improved, but the joint venture remains under severe margin pressure from the constrained Australian economy, and strong competition in both the retail and food service sectors.

Capital expenditure

Capital expenditure of R183,7 million included payments for vessels of R107,7 million. Deposits totalling R60,3 million were paid for a new deep sea fishing trawler and a used freezer factory ship, both of which will be delivered early in the 2016 financial year. In addition I&J has entered into a purchase and sale back of a second deep sea trawler which is already fishing and will be used until the end of May 2015.

Remaining capital expenditure was focused on maintenance of the existing fleet of vessels and the processing facilities.

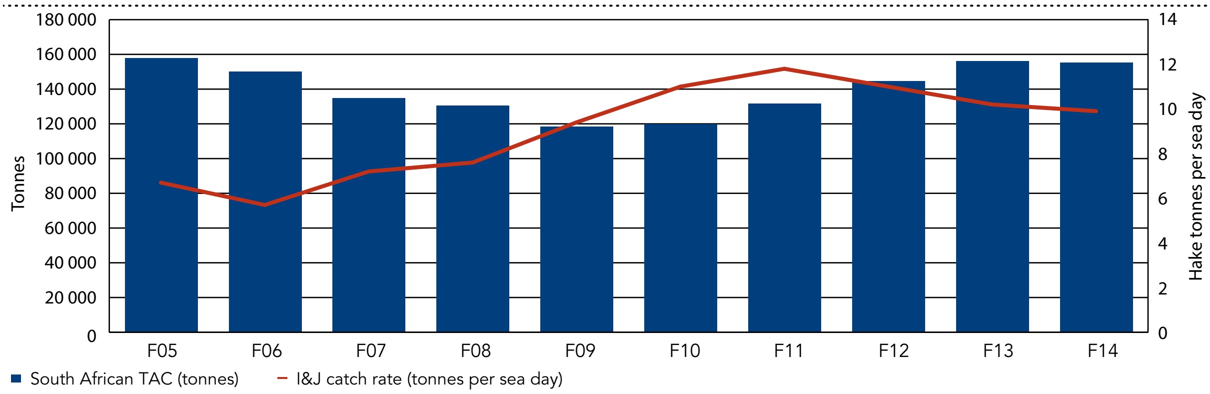
RSA Hake resource

Following four consecutive years of increases in the South African hake total allowable catch ("TAC"), cumulatively amounting to a 31,6% increase since the low point in 2009, 2014 saw a marginal decline of 0,5% in the TAC. I&J's quota allocation has remained constant at 28% resulting in a decrease from 43 689 tonnes to 43 471 tonnes. The RSA hake quota for calendar years 2007 to 2014 is summarised in the table below.

Since 2007, the South African hake resource has shown an encouraging increase in total biomass and catch rates remain at economically sound levels, notwithstanding some decline in the last few years.

During 2010 the Marine Stewardship Council ("MSC") recertified that the South African hake resources met the requisite environmental standards for sustainable fishing for a further five years, which is due for review again in 2015. This certification gives assurance to buyers and consumers that the seafood comes from a well-managed and sustainable resource, which is increasingly relevant in I&J's export markets. As part of the 2015 review process, the MSC performed an audit in April 2014, and initial feedback has not highlighted any material concerns which could jeopardise the certification. However, the SA Deep Sea Trawling Association will continue to work closely with the Department of Agriculture, Forestry and Fisheries ("DAFF") to maintain a sustainable fishery into the future, including activities such as research voyages, the on-board observer programme and effective patrolling of the fishery.

SOUTH AFRICAN HAKE TAC AND I&J CATCH RATES



Hake quota

(tonnes)	**2014**	2013	2012	2011	2010	2009	2008	2007
South Africa	**155 308**	156 088	144 742	131 847	119 861	118 578	130 532	135 000
I&J	**43 471**	43 689	40 515	36 906	33 550	33 199	36 531	37 755
% of TAC	**28,0**	28,0	28,0	28,0	28,0	28,0	28,0	28,0

Fashion Brands

	2014 R'm	2013 R'm	2012 R'm	2011 R'm	2010 R'm	2009 R'm	2008 R'm	2007 R'm	2006 R'm	Change 2014 vs 2013 %
REVENUE	**2 659,3**	2 518,2	2 005,2	1 842,6	1 583,7	1 400,6	1 253,3	1 058,1	868,6	**5,6**
Indigo	**1 043,8**	982,1	918,1	890,3	802,8	730,2	623,5	555,9	476,8	**6,3**
Spitz	**1 264,4**	1 170,4	1 044,3	900,5	732,2	629,9	601,5	502,2	391,8	**6,5**
Green Cross*	**326,5**	327,5	–	–	–	–	–	–	–	**(0,3)**
Other	**42,6**	38,2	42,8	51,8	48,7	40,5	28,3	–	–	**11,5**
OPERATING PROFIT	**560,1**	576,9	463,6	368,5	255,4	196,2	206,3	208,4	165,6	**(2,9)**
Indigo	**172,0**	167,1	155,7	132,4	104,7	94,5	73,4	63,3	50,5	**2,9**
Spitz	**322,6**	326,4	304,6	238,6	157,8	114,2	139,0	145,1	115,1	**(1,2)**
Green Cross*	**58,8**	79,9	–	–	–	–	–	–	–	**(26,4)**
Other	**6,7**	3,5	3,3	(2,5)	(7,1)	(12,5)	(6,1)	–	–	**91,4**
OPERATING MARGIN (%)	**21,1**	22,9	23,1	20,0	16,1	14,0	16,5	19,7	19,1	**(7,9)**
Indigo	**16,5**	17,0	17,0	14,9	13,0	12,9	11,8	11,4	10,6	**(2,9)**
Spitz	**25,9**	27,9	29,2	26,5	21,6	18,1	23,1	28,9	29,4	**(7,2)**
Green Cross*	**18,0**	24,4	–	–	–	–	–	–	–	**(26,2)**
Other	**15,7**	9,2	7,7	(4,8)	(14,6)	(30,9)	(21,6)	0,0	0,0	**71,7**
CAPITAL EXPENDITURE (%)	**88,5**	80,3	85,7	113,3	138,6	49,4	89,3	55,0	26,4	**10,2**
Indigo	**24,5**	31,5	35,0	71,5	127,2	26,8	24,9	17,3	16,9	**(22,2)**
Spitz	**32,6**	44,0	49,3	41,6	11,2	21,1	55,3	37,7	9,5	**(25,9)**
Green Cross*	**31,2**	3,5	–	–	–	–	–	–	–	**791,4**
Other	**0,2**	1,3	1,4	0,2	0,2	1,5	9,1	–	–	**(84,6)**

**Green Cross has been included in the Group's results from 1 July 2012.*

indigo brands

Revenue grew by 6,3% to R1,04 billion due to volume growth and price increases on owned brands offset by a reduction in Coty-related revenue following the commencement of new trading terms with effect from November 2013. Revenue growth excluding Coty, on a like-for-like basis, was 7,7%. Aerosol volumes recovered notwithstanding the competitive environment and Yardley colour cosmetics also performed well.

Gross profit margin came under pressure from higher cost of imported components as a result of the weaker Rand, however, this was largely offset by well-managed selling and administrative expenses. Operating profit increased by 2,9% to R172,0 million. The operating profit margin for the period decreased from 17,0% to 16,5%.

Indigo's long relationship with Coty as a licensee was changed to a full service agency agreement with effect from November 2013, resulting in a capital receipt of R150,0 million and a reduction in Indigo's working capital. The overall profit contribution from the Coty business was preserved.

Capital expenditure

Capital expenditure of R24,5 million for the year covered the replacement of colour cosmetic merchandising units and manufacturing equipment.

indigo brands

	2014 R'm	2013 R'm	2012 R'm	2011 R'm	2010 R'm	2009 R'm	2008 R'm	2007 R'm	2006 R'm	Change 2014 vs 2013 %
REVENUE	**1 043,8**	982,1	918,1	890,3	802,8	730,2	623,5	555,9	476,8	**6,3**
OPERATING PROFIT	**172,0**	167,1	155,7	132,4	104,7	94,5	73,4	63,3	50,5	**2,9**
OPERATING MARGIN (%)	**16,5**	17,0	17,0	14,9	13,0	12,9	11,8	11,4	10,6	**(2,9)**
CAPITAL EXPENDITURE	**24,5**	31,5	35,0	71,5	127,2	26,8	24,9	17,3	16,9	**(22,2)**

Footwear and Apparel

Revenue increased by 5,2% to R1,62 billion due to higher clothing volumes in Kurt Geiger and selling price inflation, offset by lower footwear sales volumes. The weaker Rand resulted in material gross margin pressure with pricing limited by constrained consumer spending. Operating profit decreased by 5,3% from R409,8 million to R388,1 million and the operating profit margin decreased from 26,7% to 24,0%.

Footwear and Apparel	2014 R'm	2013 R'm	2012 R'm	2011 R'm	2010 R'm	2009 R'm	2008 R'm	2007 R'm	2006 R'm	Change 2014 vs 2013 %
REVENUE	**1 615,5**	1 536,1	1 087,1	952,3	780,9	670,4	629,8	502,2	391,8	**5,2**
OPERATING PROFIT	**388,1**	409,8	307,9	236,1	150,7	101,7	132,9	145,1	115,1	**(5,3)**
OPERATING MARGIN (%)	**24,0**	26,7	28,3	24,8	19,3	15,2	21,1	28,9	29,4	**(10.1)**
CAPITAL EXPENDITURE	**64,0**	48,8	50,7	41,8	11,4	22,6	64,4	37,7	9,5	**31,1**

Includes Green Cross from 1 July 2012

SPITZ KURT GEIGER

Revenue grew by 6,5% with the Spitz stores growing by 4,6% and the Kurt Geiger stores by 21,5%. Higher clothing sales volumes, increased selling prices and growth in trading space were offset by a 5,8% decline in footwear sales volumes reflecting the pressure on consumers. Kurt Geiger clothing revenue increased by 21,1% due to maturing revenue from stores opened last year and new stores opened in the current period.

Gross margins were materially impacted by the weaker Rand, with higher costs absorbed in key product ranges to support sales volumes. This resulted in a decline in gross profit margin from the high base built on an extended period of Rand stability. This pressure was ameliorated with price increases taken in the fourth quarter and cost containment measures. Operating profit decreased from R326,4 million to R322,6 million and operating profit margin declined from 27,9% to 25,9%. Key trading statistics are shown below. Spitz benefited from successful new store openings in the year and Kurt Geiger has achieved good improvement in trading density, although still short of targeted levels.

Capital expenditure

Capital expenditure of R32,6 million was primarily directed at new store openings and refurbishment of older stores. Spitz opened six new stores and refurbished four, while Kurt Geiger opened three new doors. Store investment planned for the 2015 financial year includes three new Kurt Geiger doors and three new Spitz doors.

SPITZ KURT GEIGER	2014 R'm	2013 R'm	2012 R'm	2011 R'm	2010 R'm	2009 R'm	2008 R'm	2007 R'm	2006 R'm	Change 2014 vs 2013 %
REVENUE	**1 246,4**	1 170,4	1 044,3	900,5	732,2	629,9	601,5	502,2	391,8	**6,5**
OPERATING PROFIT	**322,6**	326,4	304,6	238,6	157,8	114,2	139,0	145,1	115,1	**(1,2)**
OPERATING MARGIN (%)	**25,9**	27,9	29,2	26,5	21,6	18,1	23,1	28,9	29,4	**(7,2)**
CAPITAL EXPENDITURE (%)	**32,6**	44,0	49,3	41,6	11,2	21,1	55,3	37,7	9,5	**(25,9)**

SPITZ	2014	2013	2012	2011	2010
NUMBER OF STORES	**70**	64	61	57	56
TURNOVER (R'm)	**1 094**	1 044	959	876	720
AVERAGE (m^2)	**17 264**	16 357	15 107	15 233	15 147
TRADING DENSITY (R/m^2)	**63 300**	63 820	63 460	57 480	47 539
CLOSING (m^2)	**17 813**	16 586	15 662	14 991	15 012

KURT GEIGER	2014	2013	2012	2011	2010
NUMBER OF STORES	**32**	30	26	15	3
TURNOVER (R'm)	**154**	127	86	25	12
AVERAGE (m^2)	**3 825**	3 845	2 839	953	318
TRADING DENSITY (R/m^2)	**40 175**	32 897	30 140	26 149	38 241
CLOSING (m^2)	**3 880**	3 751	3 507	1 910	318

SPITZ CARVELA KURT GEIGER LACOSTE GANT nina roche Tosoni

GREEN CROSS

Revenue decreased slightly due to lower wholesale volumes attributable to lower demand, increased competition and non-recurrence of bulk orders recorded in the prior year. The retail stores performed soundly, achieving revenue growth in a constrained consumer environment, and the first new design store opened in June 2014. Selling and administrative expenses increased at a rate above inflation with investment in people to support medium-term growth targets. Operating profit decreased from R79,9 million to R58,8 million and operating profit margin decreased from 24,4% to 18,0%.

Investment in the product offering and retail format to leverage the growth opportunities inherent in the Green Cross brand will continue in the 2015 financial year.

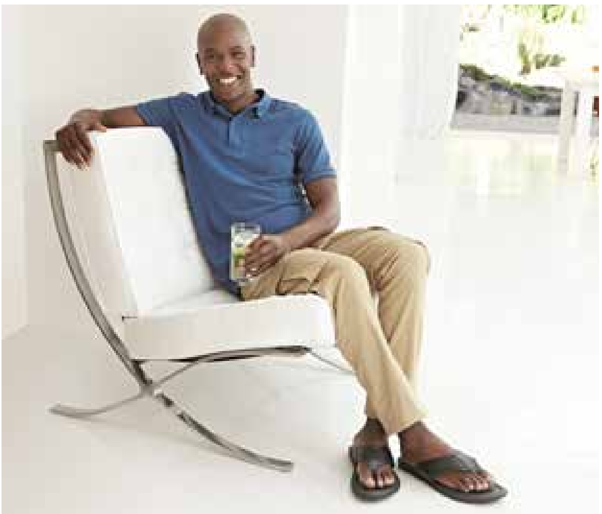
Key trading statistics are shown in the following table:

Green Cross	2014	2013	2012
NUMBER OF STORES	**30**	29	29
TURNOVER (R'm)	**189**	180	167
AVERAGE (m^2)	**3 237**	3 225	3 167
TRADING DENSITY (R/m^2)	**58 273**	55 795	52 786
CLOSING (m^2)	**3 360**	3 225	3 225

Capital expenditure

Capital expenditure of R31,2 million was primarily directed at the completion of the new office and value store at the existing site in Epping, Cape Town.

Store investment planned for the 2015 financial year includes five Green Cross mono-branded stores and the commencement of a refurbishment programme for the old stores.



GREEN CROSS	2014 R'm	2013 R'm	2012 R'm	Change 2014 vs 2013 %
REVENUE	**326,5**	327,5	315,5	**(0,3)**
OPERATING PROFIT	**58,8**	79,9	82,6	**(26,4)**
OPERATING MARGIN (%)	**18,0**	24,4	26,2	**(26,2)**
CAPITAL EXPENDITURE	**31,2**	3,5	3,4	**791,4**

Green Cross has been included in the Group's results from 1 July 2012.

AVI INTERNATIONAL

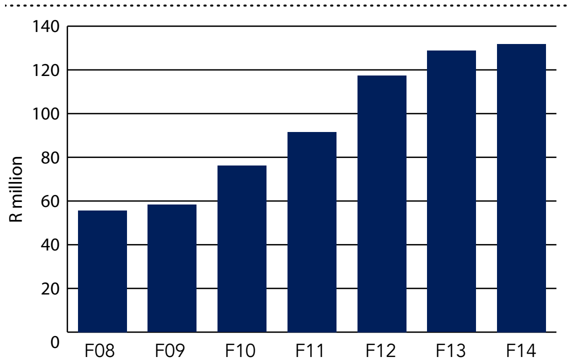
The aggregated result of our business outside of South Africa, excluding I&J's export business, is summarised below. AVI International has subsidiaries in Botswana, Zambia and Namibia, with the balance of countries being supported by a network of third-party distributors. Some tea products are packed in Botswana and Zambia. Capital expenditure has been approved for expanded tea packing capacity in both Botswana and Zambia and production will commence during the coming financial year. This was the first full year of operation for our Namibian subsidiary which was established to ensure business continuity following the closure of the distributor who had previously serviced the Namibian market.

Revenue for the year increased by 20,3% to R769,0 million. The biscuit and tea categories remain the mainstay of the international business delivering revenue growth of 33,3% and 15,8% respectively off the back of higher volumes and selling prices. Gross profit margin declined slightly with higher raw material costs passed on by the producing business units and not fully recovered during the year under review. Selling and administrative costs increased materially with higher marketing investment, increased costs in Namibia compared to the previous distributor model and investment in resources within the International structure to drive future growth. Operating profit increased by 2,3% to R131,9 million.

While the 2014 financial year did not meet our profit targets, good progress has been made on several fronts that improve the ability to grow in future years:

- There was a significant increase in primary market seeding activity to build recognition of core brands in new markets;
- Capital expenditure has been approved for expanded tea packing capacity in both Botswana and Zambia and production will commence during the coming financial year; and
- A new distributor has been appointed in Mozambique who will improve AVI International's reach and market presence.

OPERATING PROFIT HISTORY



AVI International	2014 R'm	2013 R'm	2012 R'm	2011 R'm	2010 R'm	2009 R'm	2008 R'm	Change 2014 vs 2013 %
REVENUE	**769,0**	639,4	557,5	497,8	446,1	392,9	315,5	**20,3**
OPERATING PROFIT	**131,9**	128,9	117,5	91,7	76,2	58,3	55,8	**2,3**
OPERATING MARGIN (%)	**17,2**	20,2	21,1	18,4	17,1	14,8	17,7	**(14,9)**

This table is an aggregation of results included in Entyce Beverages, Snackworks and Indigo Brands.

FINANCIAL REVIEW

Continuing operations

AVI's results for the twelve months ended 30 June 2014 reflect a sound overall performance in a period of increasing pressure on consumer spending and rising input costs stemming largely from the weaker Rand.

Revenue from continuing operations rose by 11,4%, from R9,22 billion to R10,27 billion with selling price increases across the portfolio and volume growth in most of our categories. Gross profit rose by 7,8% to R4,43 billion with the consolidated gross profit margin declining from 44,6% to 43,1% due mainly to input cost pressure from the weaker Rand and the change in Indigo's trading model with Coty which reduced the gross profit margin, but positively impacted operating profit. Operating profit increased by 12,2%, from R1,53 billion to R1,71 billion with volume leverage supported by good containment of selling and administrative expenses across the Group. The operating profit margin increased from 16,6% to 16,7%.

Snackworks delivered an excellent result with strong volume growth in Biscuits and sustained margin improvement in Snacks. I&J benefited from the weaker Rand, as well as improved fishing and processing to deliver an improved result notwithstanding unusually bad weather in the first semester, which adversely impacted the fishing performance of the wet vessel fleet. Entyce had strong volume growth in Tea, Coffee and Creamer in the second semester which underpinned a good full year result. At Indigo, the Coty profit contribution was preserved in the new relationship, while owned brands performed well in body sprays and colour cosmetics. Margins in the footwear and apparel businesses were impacted by the weaker Rand and increasing pressure on consumer spending, with some amelioration as a result of space growth in Kurt Geiger and Spitz.

Headline earnings from continuing operations rose by 14,9%, from R1,05 billion to R1,20 billion due to a lower effective tax rate, higher earnings from I&J's Joint Venture with Simplot in Australia and lower net finance costs. Headline earnings per share from continuing operations increased 12,4% from 341,2 cents to 383,6 cents with a 2,2% increase in the weighted average number of shares in issue due to the vesting of employee share options, particularly in the AVI Black Staff Empowerment Scheme Trust.

Indigo's long relationship with Coty as a licensee was changed to a full service agency agreement with effect from November 2013, resulting in a capital receipt of R150,0 million and a reduction in Indigo's working capital. The overall profit contribution from the Coty business was preserved.

Cash generated by operations increased 28,6% to R2,00 billion after a net working capital increase of R101,1 million. The working capital increase reflects revenue growth and higher input costs, offset by a reduction in stock and debtors attributable to the Coty business. Capital expenditure of R531,9 million includes payments of R107,7 million for I&J's vessels on order, as well as ongoing investment in capacity and efficiency across the Group. An amount of R150,0 million was received from Coty on revision of their commercial relationship with Indigo. Other material cash outflows during the period were dividends of R910,2 million and taxation of R465,1 million. Net debt at the end of June 2014 was R365,2 million compared to R697,2 million at the end of June 2013.

Segmental review – continuing operations

Year ended 30 June

	Segmental revenue			Segmental operating profit		
	2014 R'm	2013 R'm	Change %	**2014 R'm**	2013 R'm	Change %
Food and Beverage brands	**7 598,4**	6 688,4	13,6	**1 161,5**	951,5	22,1
Entyce Beverages	**2 717,4**	2 414,9	12,5	**442,4**	397,8	11,2
Snackworks	**3 057,9**	2 681,6	14,0	**474,5**	387,9	22,3
I&J	**1 823,1**	1 591,9	14,5	**244,6**	165,8	47,5
Fashion Brands	**2 659,3**	2 518,2	5,6	**560,1**	576,9	(2,9)
Personal Care	**1 043,8**	982,1	6,3	**172,0**	167,1	2,9
Footwear & Apparel	**1 615,5**	1 536,1	5,2	**388,1**	409,8	(5,3)
Corporate	**9,7**	11,7		**(9,1)**	(2,2)	
Group	**10 267,4**	9 218,3	11,4	**1 712,5**	1 526,2	12,2

Definitions

Number of ordinary shares in issue

Total issued ordinary share capital.

Weighted average number of ordinary shares in issue

The time weighted average number of ordinary shares in issue, excluding shares held by AVI share trusts and subsidiaries.

Earnings per ordinary share

- Earnings and headline earnings respectively for the year in cents divided by the weighted average number of ordinary shares in issue.
- Diluted earnings and diluted headline earnings per ordinary share are calculated taking account of the unexercised share options as disclosed in Note 36 of the annual financial statements on pages 130 to 132, duly adjusted to take account of the shares to be issued at fair value calculated in accordance with IAS 33. Calculations are presented in Note 33 of the annual financial statements.

Dividend cover

Headline earnings per share from continuing operations divided by the dividends declared to ordinary shareholders of the Company in respect of the results for the year.

Financial ratios

- Operating margin:
  Operating profit as a percentage of revenue.
- Return on capital employed:
  Operating profit before capital items and after taxation from continuing operations, as a percentage of average capital employed.
- Capital employed:
  Capital employed is total equity plus net interest-bearing debt.
- Net working capital:
  Inventories and trade receivables, less trade payables.
- Free cash flow:
  Cash available from operating activities and investments, less net capital expenditure.
- Free cash flow per ordinary share:
  Free cash flow for the year in cents divided by the weighted average number of ordinary shares in issue.
- EBITDA:
  Operating profit before capital items and depreciation and amortisation.
- Net debt/(cash):
  Financial liabilities and borrowings and current borrowings less cash and cash equivalents.
- Interest cover ratio:
  EBITDA divided by net finance costs.
- Net debt/capital employed:
  Net debt divided by capital employed.

Key statistics for continuing operations

	2014	2013	2012	2011	2010
Financial ratios (%)					
– Operating margin	**16,7**	16,6	16,6	14,9	12,3
– Return on capital employed	**27,6**	27,4	29,4	24,7	19,7
– Net working capital as a percentage of revenue	**18,5**	19,1	18,1	17,5	17,5
– EBITDA	**1 998,6**	1 785,2	1 593,2	1 310,3	1 074,8
Liquidity					
– Free cash flow (R'm)	**970,1**	551,2	510,5	599,9	597,9
– Free cash flow per ordinary share (cents)	**309,1**	179,5	170,6	198,3	199,7
– Net debt/capital employed	**7,6**	15,6	(5,1)	8,0	9,6
– Interest cover ratio	**41,3**	33,9	111,4	32,6	12,6
Employees at 30 June	**10 834**	10 500	9 659	9 548	9 557
Revenue – continuing operations (R'm)	**10 267,4**	9 218,3	8 287,1	7 489,7	7 271,0
Revenue per employee (R'000)	**947,7**	877,9	858,0	784,4	760,8

Share statistics – five-year summary

	2014	2013	2012	2011	2010
Number of ordinary shares in issue ('000)	**344 938**	343 953	342 145	349 108	343 482
Weighted average number of ordinary shares in issue ('000)	**313 804**	306 994	299 229	302 548	299 493
Share performance – continuing operations (cents per share)					
Earnings	**419,3**	340,1	316,7	244,3	187,5
Diluted earnings	**409,3**	325,5	302,0	236,0	180,9
Headline earnings	**383,6**	341,2	320,0	246,4	189,4
Diluted headline earnings	**374,5**	326,5	305,2	238,0	182,9
Dividends declared (excluding special dividends)	**300,0**	260,0	203,0	125,0	100,0
Dividend cover (times)	**1,25**	1,25	1,5	2,0	2,0
Market price per share (cents)					
– At year-end	**6 125**	5 945	5 000	3 120	2 210
– Highest	**6 301**	6 338	5 150	3 200	2 699
– Lowest	**4 917**	4 952	2 846	2 100	1 684
– Volume weighted average	**5 630**	5 662	4 036	2 842	2 071
Total market capitalisation at closing prices (R'm)	**21 127,5**	20 448,0	17 107,3	10 892,2	7 591,0
Price earnings ratio[1]	**16,0**	17,4	15,6	12,6	11,7
Value of shares traded (R'm)	**11 390,4**	15 022,0	12 023,0	4 823,8	4 244,9
Value traded as a percentage of average capitalisation (%)	**58,7**	77,1	87,1	48,6	59,7
Number of shares traded (millions)	**202,3**	265,3	297,9	169,8	205,0
Liquidity – number traded as percentage of shares in issue at year-end (%)	**58,7**	77,1	87,1	48,6	59,7
Average weekly Rand value traded (R'm)	**223,3**	294,5	235,7	94,6	83,2

[1] *Calculated based on the published headline earnings per share and the share price at year-end.*

Value added statement (total operations)

	2014		2013	
	R'm	%	R'm	%
VALUE ADDED				
Revenue	10 267,4		9 251,9	
Cost of materials and services	6 020,3		5 374,2	
Value added by operations	4 247,1	96	3 877,7	98
Capital items (gross)	138,0	3	36,5	1
	4 385,1	99	3 914,2	99
Investment and other income	36,1	1	34,8	1
	4 421,2	100	3 949,0	100
VALUE DISTRIBUTED AND RETAINED				
Employees				
Salaries, wages and other benefits	1 927,7	44	1 771,8	45
Providers of capital	1 150,1	26	1 420,5	36
Dividends paid to Group shareholders	910,2	21	1 195,4	30
Interest paid	56,0	1	63,7	2
Operating lease expenses	183,9	4	161,4	4
GOVERNMENT	654,8	15	610,0	15
Taxation	654,8	15	610,0	15
Re-invested in the Group	688,6	16	146,7	4
Depreciation	283,1	6	256,3	6
Profit for the year	1 315,7	30	1 085,8	27
Dividends paid	(910,2)	(21)	(1 195,4)	(30)
	4 421,2	100	3 949,0	100

Group at a glance

	2014 R'm	2013 R'm	2012 R'm	2011 R'm	2010 R'm	Change 2014 vs 2013 %
AVI (continuing operations)						
Revenue	**10 267,4**	9 218,3	8 287,1	7 489,7	7 271,0	11,4
Operating profit	**1 712,5**	1 526,2	1 372,5	1 117,5	895,1	12,2
Operating margin (%)	**16,7**	16,6	16,6	14,9	12,3	0,7
Capital expenditure	**531,9**	566,9	541,1	410,2	329,8	(6,2)
Entyce Beverages (including Out of Home and excluding Real Juice)						
Revenue	**2 717,4**	2 414,9	2 330,7	2 112,2	1 957,5	12,5
Operating profit	**442,4**	397,8	415,4	402,2	329,9	11,2
Operating margin (%)	**16,3**	16,5	17,8	19,0	16,9	(1,2)
Capital expenditure	**180,4**	219,8	205,2	127,9	90,4	(17,9)
Snackworks						
Revenue	**3 057,9**	2 681,6	2 428,7	2 159,7	2 080,9	14,0
Operating profit	**474,5**	387,9	328,5	263,9	232,8	22,3
Operating margin (%)	**15,5**	14,5	13,5	12,2	11,2	6,9
Capital expenditure	**76,1**	143,9	171,8	117,6	46,6	(47,1)
I&J						
Revenue	**1 823,1**	1 591,9	1 515,4	1 369,3	1 381,8	14,5
Operating profit	**244,6**	165,8	178,6	92,1	74,3	47,5
Operating margin (%)	**13,4**	10,4	11,8	6,7	5,4	28,8
Capital expenditure	**183,7**	112,9	67,1	40,9	42,7	62,7
Fashion Brands						
Revenue	**2 659,3**	2 518,2	2 005,2	1 842,6	1 583,7	5,6
Operating profit	**560,1**	576,9	463,6	368,5	255,4	(2,9)
Operating margin (%)	**21,1**	22,9	23,1	20,0	16,1	(7,9)
Capital expenditure	**88,5**	80,3	85,7	113,3	138,6	10,2
Personal Care						
Revenue	**1 043,8**	982,1	918,1	890,3	802,8	6,3
Operating profit	**172,0**	167,1	155,7	132,4	104,7	2,9
Operating margin (%)	**16,5**	17,0	17,0	14,9	13,0	(2,9)
Capital expenditure	**24,5**	31,5	35,0	71,5	127,2	(22,2)
Footwear & Apparel*						
Revenue	**1 615,5**	1 536,1	1 087,1	952,3	780,9	5,2
Operating profit	**388,1**	409,8	307,9	236,1	150,7	(5,3)
Operating margin (%)	**24,0**	26,7	28,3	24,8	19,3	(10,1)
Capital expenditure	**64,0**	48,8	50,7	41,8	11,4	31,1

** Includes Green Cross from 1 July 2012*

	2014 R'm	2013 R'm	2012 R'm	2011 R'm	2010 R'm	Change 2014 vs 2013 %
AVI (discontinued operations)						
Revenue	–	33,6	146,2	880,2	949,7	(100,0)
Operating profit	–	0,6	8,1	23,2	7,8	(100,0)
Operating margin (%)	–	1,8	5,6	2,6	0,8	
Capital expenditure	–	–	–	11,8	17,0	
Denny						
Revenue	–	–	–	385,2	359,9	
Operating profit	–	–	–	50,0	45,9	
Operating margin (%)	–	–	–	13,0	12,8	
Capital expenditure	–	–	–	9,0	7,5	
Alpesca						
Revenue	–	–	–	298,4	329,4	
Operating loss	–	–	–	(37,5)	(50,6)	
Operating margin (%)	–	–	–	(12,6)	(15,4)	
Capital expenditure	–	–	–	0,3	5,1	
Real Juice*						
Revenue	–	33,6	146,2	196,6	260,4	(100,0)
Operating profit	–	0,6	8,1	10,7	12,5	(100,0)
Operating margin (%)	–	1,8	5,6	5,4	4,8	
Capital expenditure	–	–	–	2,5	4,4	

** 2013 includes Real Juice up to 1 October 2012*

Group balance sheet – five-year summary

	2014 R'm	2013 R'm	2012 R'm	2011 R'm	2010 R'm
ASSETS					
Non-current assets					
Property, plant and equipment	**2 317,1**	2 088,2	1 756,9	1 459,5	1 340,4
Intangible assets and goodwill	**1 146,6**	1 145,6	748,6	759,4	923,4
Investments	**406,8**	375,1	328,4	310,0	304,1
Deferred tax asset	**41,8**	45,4	47,2	83,3	60,0
	3 912,3	3 654,3	2 881,1	2 612,2	2 627,9
Current assets					
Inventories and biological assets	**1 382,7**	1 270,7	1 042,0	943,1	918,4
Trade and other receivables including derivatives	**1 509,1**	1 425,8	1 315,6	1 116,9	1 189,5
Cash and cash equivalents	**298,5**	212,4	242,1	380,1	589,3
Assets classified as held-for-sale	**–**	5,6	49,1	348,1	293,2
	3 190,3	2 914,5	2 648,8	2 788,2	2 990,4
Total assets	**7 102,6**	6 568,8	5 529,9	5 400,4	5 618,3
EQUITY AND LIABILITIES					
Capital and reserves					
Attributable to equity holders of AVI	**4 216,2**	3 677,6	3 615,1	2 866,7	2 954,1
Non-controlling interests	**–**	–	(17,8)	(19,8)	(19,8)
Total equity	**4 216,2**	3 677,6	3 597,3	2 846,9	2 934,3
Non-current liabilities					
Borrowings and operating lease straight-line liabilities	**16,2**	16,1	15,7	55,8	65,1
Employee benefits	**348,5**	347,9	349,7	359,2	292,8
Deferred taxation	**269,8**	240,3	90,9	73,1	113,6
	634,5	604,3	456,3	488,1	471,5
Current liabilities					
Current borrowings	**647,5**	893,5	63,2	583,0	848,1
Trade and other payables including derivatives	**1 599,8**	1 375,7	1 338,7	1 279,1	1 183,4
Share buy-back liability	**–**	–	–	100,7	–
Corporate taxation	**4,6**	17,5	15,3	16,6	17,3
Liabilities classified as held-for-sale	**–**	0,2	59,1	86,0	163,7
	2 251,9	2 286,9	1 476,3	2 065,4	2 212,5
Total equity and liabilities	**7 102,6**	6 568,8	5 529,9	5 400,4	5 618,3

Group income statements – five-year summary

	2014 R'm	2013 R'm*	2012 R'm*	2011 R'm*	2010 R'm
CONTINUING OPERATIONS					
Revenue	**10 267,4**	9 218,3	8 287,1	7 489,7	7 271,0
Operating profit before capital items	**1 712,5**	1 526,2	1 372,5	1 117,5	895,1
Income from investments	**7,6**	10,4	13,8	9,4	11,1
Finance costs	**(56,0)**	(63,1)	(28,1)	(49,6)	(96,7)
Equity-accounted earnings of joint ventures	**28,5**	23,9	46,8	36,1	40,0
Capital items	**138,0**	(4,6)	(13,8)	(8,4)	(8,3)
Profit before taxation	**1 830,6**	1 492,8	1 391,2	1 105,0	841,2
Taxation	**514,9**	448,6	443,6	365,9	275,9
Profit after taxation	**1 315,7**	1 044,2	947,6	739,1	565,3
Non-controlling interests (excluding capital items)	**–**	–	–	–	3,5
Earnings attributable to owners of AVI	**1 315,7**	1 044,2	947,6	739,1	561,8
Capital items after non-controlling interests and tax	**(111,9)**	3,3	9,9	6,3	5,8
Headline earnings	**1 203,8**	1 047,5	957,5	745,4	567,6

**Excludes Real Juice which is classified as discontinued and was disposed of on 1 October 2012.*

Group cash flow statements – five-year summary

	2014 R'm	2013 R'm*	2012 R'm*	2011 R'm*	2010 R'm
CONTINUING OPERATIONS					
Operating activities					
Cash generated by operations before working capital changes	**2 102,8**	1 750,6	1 678,9	1 358,6	1 105,5
(Increase)/decrease in working capital	**(101,1)**	(194,1)	(226,3)	10,7	21,3
Cash generated by operations	**2 001,7**	1 556,5	1 452,6	1 369,3	1 126,8
Interest paid	**(56,0)**	(63,1)	(28,1)	(49,6)	(93,9)
Taxation paid	**(465,1)**	(406,6)	(396,3)	(327,6)	(250,3)
Net cash available from operating activities	**1 480,6**	1 086,8	1 028,2	992,1	782,6
Investing activities					
Cash flow from investments	**7,6**	10,4	15,0	13,1	13,7
Property, plant and equipment – net investment	**(518,1)**	(546,0)	(532,7)	(405,3)	(320,1)
Intangible assets purchased	**(4,0)**	–	–	–	–
Payment from Coty on revision of commercial relationship	**150,0**	–	–	–	–
Disposals, acquisitions and other movements in investments	**27,1**	(356,7)	66,7	52,2	18,8
Net cash used in investing activities	**(337,4)**	(892,3)	(451,0)	(340,0)	(287,6)
Financing activities					
Capital returned to shareholders	**–**	–	(100,7)	(395,8)	–
Net increase in shareholder funding	**93,9**	85,9	99,9	38,4	47,0
Long-term borrowings – net repaid	**–**	–	–	–	(1,3)
(Decrease)/increase in short-term funding	**(246,1)**	830,9	(524,2)	(179,5)	(145,6)
Dividends paid	**(910,2)**	(1 195,4)	(475,5)	(335,6)	(272,4)
Net cash used in financing activities	**(1 062,4)**	(278,6)	(1 000,5)	(872,5)	(372,3)
DISCONTINUED OPERATIONS	**–**	39,3	253,4	23,2	(29,1)
Increase/(decrease) in cash and cash equivalents	**80,8**	(44,8)	(169,9)	(197,2)	93,6
Cash and cash equivalents at beginning of year	**212,4**	242,1	404,1	598,0	529,7
	293,2	197,3	234,2	400,8	623,3
Translation of cash equivalents of foreign subsidiaries at beginning of year	**5,3**	15,1	7,9	3,3	(25,3)
Cash and cash equivalents at end of year	**298,5**	212,4	242,1	404,1	598,0
Attributable to:					
Continuing operations	**298,5**	212,4	242,1	380,1	589,3
Discontinued operations	**–**	–	–	24,0	8,7

** Excludes Real Juice which is classified as discontinued and was disposed of on 1 October 2012.*

SUSTAINABLE DEVELOPMENT REPORT

Introduction and overview

Sustainable development enables corporate citizens to prosper in a responsible manner and within a framework that safeguards both their and future generations' long-term sustainability. It requires the identification and active management of those issues that could materially affect the long-term successful existence of the enterprise in the context of all stakeholders – including, but not exhaustively, shareholders and institutional investors, consumers, employees, customers, suppliers, government, unions, and local communities.

AVI Limited ("the Company") has a well-run governance framework that enables it to identify and manage those material sustainability issues that exist, or that may come to exist. The Company also operates in a manner that ensures that the needs of the present generation of stakeholders are met without compromising future generations. Sustainability matters are monitored and managed, for example, by the appropriate diversity committee, health and safety committee, internal review committee, audit committee or social and ethics committee, while the overarching responsibility for matters before these committees remains vested with the Board of directors ("Board"). Sustainability matters that are deemed to be of a material nature, or that require heightened focus, are elevated to the Board. Executives within the Company remain responsible for specific matters and are held accountable for their successful implementation and management.

The Company considers its sustainability responsibilities under the following three broad categories:

- **Ethics** – ethics are at the foundation of an effective and sustainable organisation that must be able to operate without censure or compromise in the long term. Proper ethics and appropriate values are central to the Company's culture and therefore the behaviour of its employees. They assist in establishing a willingness to accept and embrace broader issues in our society, forming the basis of the Company's interactions with its stakeholders.
- **Scarce resources** – in order to ensure future generations have access to the resources on which the Company is reliant, and that the Company's viability is not compromised in the long term, the Company is intent on carefully managing those resources relevant to its operations. In addition to managing the very specific risks relating to its finite hake fishing resources, the Company is committed to the application of sustainable practices across its operations.

- **Transformation and good corporate citizenship** – the Company recognises the moral, social and economic imperative to embrace and support transformation in South Africa and to be regarded as a valuable participant in the South African economy and society. The Company also recognises the need to be, and to be seen as, a good corporate and socially responsible citizen that is desirable to do business with.

Guiding framework

The following guidelines and/or standards were consulted when compiling this report:

- The King Report on Corporate Governance for South Africa, 2009 ("King III Report");
- The Listings Requirements of the JSE Limited ("Listings Requirements");
- The JSE Socially Responsible Investment Index ("JSE SRI") criteria; and
- The Global Reporting Initiative ("GRI") framework.

While the King III Report and Listings Requirements require the Company to prepare an integrated report, various other reporting frameworks deal with the underlying sustainability reporting criteria. The GRI framework and JSE SRI Index have been identified by the Company as appropriate frameworks for reporting on these issues based on the Company's specific needs, its areas of operation and stakeholder concerns.

During the year the Company identified material Group-wide issues for reporting purposes and an index indicating where these issues are referenced throughout this Integrated Annual Report can be found on page 48. While these issues have been categorised according to the GRI framework, the Company has not undertaken a detailed self-assessment nor been formally assessed and the decision to use the GRI and JSE SRI frameworks for guidance in compiling this report is not intended to declare compliance as understood in either framework. The Company remains committed to further developing its approach to integrated reporting over the period ahead and will during that process continually review and reassess the scope of its reporting, as well as the advisability and need for formal reporting or assessment against the accepted frameworks.

Disclosures on the Company's approach to managing the matters reflecting on the Company's sustainability can be found throughout the report either as an introduction to the relevant sections or as specific disclosures on relevant issues.

Social and Ethics Committee

The Social and Ethics Committee was constituted in August 2011 in terms of the Companies Act, No 71 of 2008, as amended, and the Regulations thereto ("the Companies Act 2008"), and adopted formal terms of reference, delegated to it by the Board, as its charter. The charter is subject to the provisions of the Companies Act 2008 (in particular section 72 as read with Regulation 43). The committee has discharged its functions in terms of its charter, and in particular performed the following duties:

- Reviewed the Company's activities, having regard to relevant legislation and other legal requirements and best practice, relating to:
  - social and economic development;
  - good corporate citizenship;
  - the environment, health and public safety;
  - consumer relationships;
  - labour and employment; and
  - the Company's ethics codes and performance.

The committee has unrestricted access to all Company information, employees and directors and is authorised, after discussion with the Chairman of the Board or the Chief Executive Officer where necessary, to investigate any matters within its terms of reference; seek external professional advice; secure the attendance of relevant consultants at its meetings; and implement policies approved by the Board. In addition the committee has the mandate to bring matters within its remit to the attention of the Board and to report back to shareholders at the Annual General Meeting.

For further details regarding the composition and meetings of the committee, shareholders are referred to the Corporate Governance Report on pages 62 and 63.

Stakeholder engagement

Stakeholder engagement is an important aspect of the Company's sustainability responsibilities and it formally identifies and recognises the material stakeholders with legitimate interests with whom it engages on relevant issues. Engagement with these stakeholders takes a variety of forms, depending on the matter at hand, and may vary in frequency. Where key topics and concerns are raised through such stakeholder engagements, the Company responds to the relevant stakeholders in a variety of ways, including directly or through its annual reporting. The table on the next page lists the more obvious stakeholders and provides examples of the nature of the engagements that the Company has with them.

Stakeholder type	Nature of engagement
Shareholders, analysts and media	Annual General Meeting at which shareholders have an opportunity to vote on material resolutions, including the appointment and remuneration of directors Distribution of information via the website, including financial, brand, governance, social, ethics, and sustainability matters Press releases and SENS announcements Formal presentation of the half-year and final financial results in Cape Town and Johannesburg Integrated Annual Report Interviews and media briefings Scheduled bi-annual meetings with analysts Ad hoc meetings with analysts and investors, both locally and overseas, as required
Customers and consumers	Daily contact in own and customers' stores Meetings Consumer and product research Marketing campaigns Website Customer care and complaint lines Customer audits
Employees and employee representative bodies (including unions)	Intranet and published newsletters or notices Bi-annual presentations by the Chief Executive Officer to the executive community Presentations and written communication (e.g. newsletters and posters) on material issues and regulations affecting employees Conferences and general staff meetings Performance appraisals Union representative forums Workplace forums such as the employment equity and learning and development forums Industry relevant Sector Education and Training Authorities Independent anonymous reporting hotline Intranet-based incident reporting system Ad hoc events
Suppliers	Supplier product and relationship management conferences Visits and meetings Supplier audits Senior operational and procurement staff day-to-day interactions
Communities and non-profit organisations	Corporate social investment programmes Workplace learning and development programmes for unemployed learners Partnerships and sponsorships Ad hoc community engagements in surrounding communities, including Company sponsored employee volunteer days
Business associations	Participation in, or membership of, numerous associations such as Business Against Crime; the Consumer Goods Council; a number of fishing industry associations including the South African Deep-Sea Fishing Industry Association, the Responsible Fishing Alliance, the World Wildlife Foundation's South African Sustainable Seafood Initiative, the Abalone Farmers Association and the South African Mid-water Trawling Association; the Association of Food and Science Technology; the Restaurant Association; the Speciality Coffee Association; the Cosmetic, Toiletry and Fragrance Association; the Aerosol Manufacturers' Association, the Institute of Packaging, and the Responsible Packaging Management Association of South Africa Participation in association initiatives
Government or regulators	Regular contact with significant industry regulators through business associations

Ethics

The Company has a well-established and comprehensive Code of Conduct and Ethics ("the code") that applies to all directors and employees and provides clear guidance on what is considered to be acceptable conduct. The code requires all directors and employees to maintain the highest ethical standards and ensure that the Company's affairs are conducted in a manner which is beyond reproach. The code is communicated to all new employees as part of their induction training, published on the intranet for access at all times by employees, and published on the external website for public access. The code is aligned with the recommendations in the King III Report and was recently reviewed by the Social and Ethics Committee to ensure that it remains up to date and relevant.

In order to monitor ongoing compliance with the code, the Company has a formal governance framework. Within the governance framework material issues are highlighted in management reports that are reviewed by the operating executives. If appropriate, matters are elevated to the Company's Board or Audit and Risk Committee. This formal framework is supported by the Company's internal audit function, which is responsible for investigating identified areas of concern and reporting its findings to the Company's Chief Financial Officer and the Audit and Risk Committee.
The Company believes that an independent and professional hotline disclosure service is an important component of an ethical environment and subscribes to "Be Heard". This service facilitates confidential reporting on fraud and other unethical conduct. Communication drives are undertaken from time to time to remind employees of this "whistleblowing" service. In addition, the Company has implemented an in-house intranet-based incident reporting service that requires employees to report incidents, or potential incidents, which have caused, or could have caused, harm to the Company's property or people on the Company's premises. A senior employee actively manages the incident management reporting system and also engages with the "Be Heard" service providers. All anonymous reports and other reported incidents are reviewed on a daily basis, and, if appropriate, thoroughly investigated. The Company has a proven track record of dealing appropriately with matters arising from the "Be Heard" and incident management reporting system. Investigations and disciplinary hearings have been held and, where appropriate, civil and criminal action has been taken.

In addition to the formal framework, it is imperative to promote a culture that is consistent with the ethical values that the Company aspires to. This is achieved through the example set by the Board and executive management, consistent enforcement of these values, and the careful selection of employees that display the desired attributes and values. The Company continues to communicate formally with suppliers and customers to secure their support for and compliance with its ethical standards.

Scarce resources and biodiversity

The Company's primary exposure to scarce resources that could materially impact its business is the performance of its fishing resources in South Africa. I&J has secured long-term hake fishing rights at a level that can support economic returns provided that the resource remains healthy.

The health of the South African fishing resource is managed by the Department of Agriculture, Forestry and Fisheries ("the Department"). The Department sets an industry-wide annual "total allowable catch" ("the TAC") for each species under management and, for certain species, also sets a "total allowance effort" ("the TAE") in which a limit is placed on the number of boats, number of men, and the number of days per year that each boat is licensed to fish. In addition to the TAC, hake trawling sector and effort limitations apply which seek to ensure that the capacity of the deep-sea trawling fleet does not grow too big for the available resources.

Between 2002 and 2009, in response to falling catch rates and a high proportion of juvenile fish in the catches, the TAC was substantially reduced. Since then scientific surveys and catches have shown that the hake stocks are healthy and have been growing steadily for the past five years. In 2011, after seven years of TAC cuts, the annual catch limit was increased by 10%, followed by an increase of 9,78% in 2012. It was thereafter raised by a further 7,8% to 43 689 tonnes for I&J for the 2013 fishing season and then reduced slightly in 2014 by 0,5% to 43 447 tonnes. Of concern, however, is the continued unavailability of the Departmental research vessel, the RV Africana, used to maintain the scientific input underlying the TAC calculations. The SA Deep Sea Trawling Association continues to assist the Fisheries' Branch by making an industry vessel available to do the research voyages as and when necessary.

During 2010 the Marine Stewardship Council recertified that the South African hake resources met the requisite environmental standards for sustainable fishing for a further five years. This certification gives assurance to buyers and consumers that the seafood comes from a well-managed and sustainable resource, which is increasingly relevant in I&J's export markets. This certification is due for review in 2015.

I&J strives to lead initiatives to manage fishing effort and protect breeding areas off the South African coast.

Effort control measures, such as the ring-fencing initiative for the demarcation of trawling grounds, are being monitored and I&J continues to partner with the Department to ensure compliance and enforcement thereof. I&J has a good working relationship with the World Wildlife Fund South Africa ("WWF-SA") which has resulted in the development of projects such as the responsible fisheries training programme and initiatives to reduce the incidental mortality of sea birds. During 2009 WWF-SA and I&J, together with other major South African fishing companies, formed the Responsible Fisheries Alliance ("RFA"). The alliance is intended to ensure that all stakeholders understand and support the implementation of an Ecosystem Approach to Fisheries ("EAF") management in South Africa's fisheries. EAF seeks to protect and enhance the health of marine ecosystems. The goals of the RFA include promoting responsible fisheries practices, influencing policy on fishery governance, and supporting skills development and research in the industry.

I&J is the signatory to a Participation Agreement with WWF-SA's Sustainable Seafood Initiative ("WWF-SASSI") which provides that by the end of 2015 all seafood sold by I&J will be either:

- certified by the Marine Stewardship Council ("MSC") for wild caught products; or
- certified by the Aquaculture Stewardship Council ("ASC") for farmed products; or
- green-listed by the WWF-SASSI; or
- the subject of a credible, time bound improvement project.

I&J's commitments have been incorporated into the I&J Sustainable Seafood Policy ("SSP"), a comprehensive document that sets out the standards to which I&J strives to adhere and the standards expected from its suppliers. With the policy in place customers are assured that all I&J seafood products are derived from sustainably managed fisheries or aquaculture operations or fisheries working under an improvement programme.

I&J's Danger Point abalone farm is situated immediately adjacent to the sea and is the Company's only property in or adjacent to an area of high bio-diversity. South Africa's high-energy coastline is generally unsuitable for offshore fish farming and land-based aquaculture allows for better control over environmental factors so that the impact on the environment can be limited. Although abalone aquaculture has a relatively low impact on the environment, in order to minimise any potential harm the global abalone farming industry, including I&J, has engaged with the WWF to develop a set of standards. The Danger Point abalone farm is working towards adopting these recently developed Global Abalone Standards and once the Aquaculture Stewardship Council has established the audit standards for abalone, the Danger Point farm will apply for certification. Once certification is achieved, an eco-label will be used to guarantee that I&J's abalone products are and continue to be raised in an environmentally responsible manner.

Transformation and good corporate citizenship

Transformation

The Company recognises the moral, social and economic imperative to embrace and support transformation in South Africa and to be a valuable participant in the South African economy and society. A transformed company in the South African context is not only one that has a workforce that is representative of the country's racial and gender demographics and that operates with a bias towards broad-based empowerment opportunities, but one that also embraces diversity.

The Company continues to focus on its transformation and remains intent on providing a workplace that encourages diversity. Transformation is considered in the context of broad-based black economic empowerment ("BBBEE") and is measured annually by an external verification agency against the generic BBBEE scorecard. A central senior manager actively co-ordinates the Company's efforts and ensures that the subsidiaries are well educated on the various facets of transformation. The subsidiaries' progress is monitored and they are centrally assisted in the implementation of targets and various initiatives. During the year under review significant time and funds were invested in advancing the transformation plans that had been developed during the previous years. The progress of these plans was reviewed at half year where appropriate and revised activities were agreed upon, where necessary.

The Company has improved its score and maintained a consolidated BBBEE rating of level 4 in 2014 with an improved score from 68,67% in 2013 to 70,25% in the current year, and continues to qualify as a "Value Adding Vendor" as defined in the BBBEE Codes, which entitles the Company to apply a 1,25 multiple to its level 4 BEE procurement recognition level of 100%, thereby offering its customers an effective 125% procurement recognition.

Five-year BBBEE scorecard

Objective	Element	Level 4 – 70,25% 2014	Level 4 – 68,67% 2013	Level 4 – 65,41% 2012	Level 4 – 68,58% 2011	Level 5 – 64,51% 2010
Direct empowerment	Ownership	**61,57%**	61,86%	60,18%	62,25%	9,18%
	Management control	**35,70%**	45,47%	39,26%	36,99%	27,36%
Human resource development	Employment equity	**33,37%**	33,49%	19,58%	34,48%	30,64%
	Skills development	**65,12%**	46,65%	51,96%	54,02%	56,96%
Indirect empowerment	Preferential procurement	**97,95%**	98,64%	93,57%	95,76%	80,36%
	Enterprise development	**100%**	100%	100%	100%	100%
Residual	Socio-economic development	**100%**	100%	100%	100%	100%


EMPOWERLOGIC
Your Logical Empowerment Solution
Broad Based Black Economic Empowerment Verification Certificate
A Consolidated Verification Certificate Issued to
AVI Limited and Subsidiaries
Level 4 Contributor

Measured Entity (Full List of Entities Listed on Page 2 of Certificate)

Company Name	AVI Limited and Subsidiaries
Registration Number	1944/017201/06
VAT Number	Refer page 2
Address	2 Harries Road, Illovo Johannesburg 2196 South Africa

BEE Status

BBBEE Status Level	Level 4
Issue Date	27/08/2014
Expiry Date	26/08/2015
Certificate Number	ELC4929GEN8B
Version	Final
Applicable Scorecard	Codes - Generic
Applicable BBBEE Codes	Generic Codes Gazetted on 9 February 2007

EmpowerLogic (Pty) Ltd
BBBEE Verification Agency
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SANAS Accredited
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Certificate Page 1 of 2

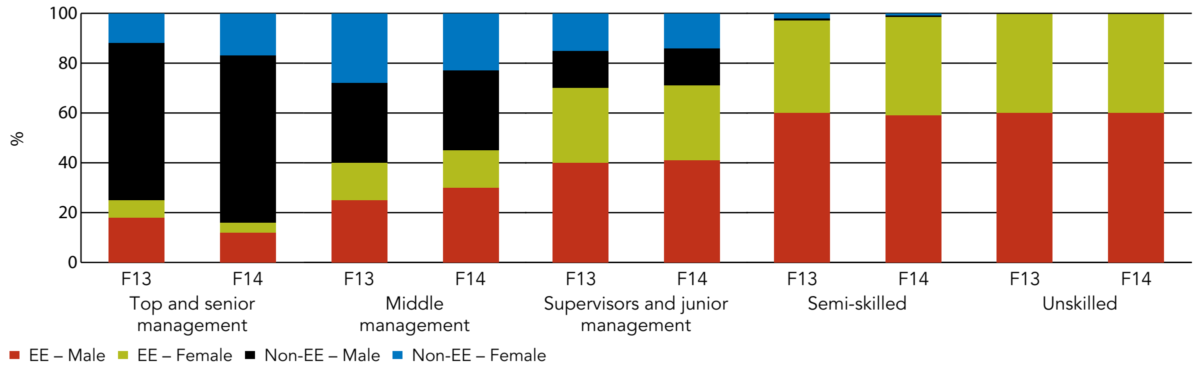
Revised BBBEE Codes

The revised BBBEE Codes were promulgated in October 2013 and there are a number of material changes to the Codes of Good Practice. The Company is conducting an impact assessment and scenario planning exercise with a view to establishing new targets and timelines against the revised codes, which are applicable to all verification certificates issued after 1 May 2015.

Ownership

The Company's ownership score has progressed from 9,18% in 2010 to 61,57% in 2014. This is principally owing to the Company's Black Staff Empowerment Share Scheme ("the Scheme"), which was launched during January 2007 and the changes made to the Scheme in 2010, which allowed the Company to secure recognition of the Scheme for BBBEE rating purposes, thereby visibly providing support to the Company's transformation agenda. The Scheme placed 7,7% of the Company's total issued share capital or 26 million ordinary AVI shares in a trust for the benefit of its eligible black employees and, in aggregate, the participants will benefit from growth in the share price over a seven-year period, with the first tranche vesting after five years.

AVI EMPLOYMENT EQUITY DEMOGRAPHICS



The first tranche of shares, being one-third of the total allocation made on 1 January 2007, vested on 1 January 2012. Over the life of the Scheme to date, 10 199 participants have benefited from the Scheme and received a total gross benefit of R469,5 million, including 1 342 participants who left the Company's employ in a manner that classified them as "good leavers" and which good leavers have received a total gross benefit of R84 million.

In accordance with the changes made to the Scheme during 2010, participants were entitled to – and many did – vote on the resolutions proposed at the Company's Annual General Meeting held on 30 October 2013.

At a subsidiary level, the Company remains committed to ensuring that a direct economic benefit flows to I&J employees and the Company's Board has approved the continuation of a 5% black staff shareholding up to 2020. The total amount paid to participants since commencement of the Scheme in May 2005 amounted to R20,5 million – a significant contribution towards the financial and social upliftment of I&J's employees. This is an important aspect of the focus on the transformation of the fishing industry.

Management control and employment equity

The Company's score on both management control and employment equity decreased in the year under review from 45,5% to 35,7% and 33,5% to 33,4% respectively. These continue to be areas of material importance and heightened focus to the Company. Attracting senior black candidates from their current employment in these less certain economic times is difficult.

During the year the Company has furthered its efforts to appoint, develop and retain black employees, especially where representation is required in the middle and senior management and executive bands. The Company's employment equity efforts remain behind training, developing and mentoring black employees with the objective of retaining them and preparing them for more senior roles.

Skills development

Development of the Company's employees remains a priority and, under the leadership of the senior learning and development manager and the Group HR executive, the central learning and development service has made material progress over the past few years by successfully originating relevant learning opportunities for a broad community of employees, continually reviewing current learning services and requirements and enhancing their alignment to the Company's needs, assisting the Company in developing its employees in an appropriate manner and progressing the Company's transformation agenda. The Company has credible relationships with a number of Sector Education and Training Authorities, including the Food and Beverage SETA, the Wholesale and Retail SETA and the Chemical Industries SETA, which enabled the Company to successfully access discretionary grants of R5,4 million. The appointment of a Group Skills Development Facilitator has resulted in an increased focus on the management of learnerships, apprenticeships, internships, graduate and work experience programmes and during the year the Company had 434 learners (all of whom are black) on these types of skills development programmes, with 497 black learners having access to discretionary grant funding.

Significant funds continue to be spent on customised programmes that run in the various subsidiary companies, including various Wholesale and Retail SETA learnerships in Spitz and Field Marketing designed to provide learners with retail skills; artisan apprenticeships in Snackworks and I&J; the Bakers School of Baking which is aimed at providing learners with the theoretical knowledge and on-the-job experience needed to acquire a qualification equivalent to that of Master Baker; and the Ciro Barista Upliftment Programme and Technical Upliftment Programme launched in 2014 in association with the Ekurhuleni East College. The Ciro Barista Upliftment Programme had 31 successful graduates during 2014, 87% of whom found permanent employment with Ciro's assistance. The Technical Upliftment Programme is designed to train candidates on workplace health and safety standards, basic electrical knowledge and dispensing equipment repairs and fault-finding skills. I&J remains a leading training provider to the wider South African maritime community with its training courses for seamen which are accredited by the South African Maritime Safety Authority and the Transport Education and Training SETA; Indigo Brands continues with its four academic programmes specific to the production environment, namely the National Certificate: Production Technology (NQF Level 2), the Operations Management Development Programme (NQF Level 4), the Diploma in Production Management (NQF Level 5), and the National Certificate: Generic Management (NQF Levels 3 and 4); and Ciro continues its Barista Upliftment Programme as a formal learnership, certified by the internationally recognised City and Guilds. The majority of learners on these programmes are black.

In December 2013 eight young senior managers graduated from the "License to Lead" leadership programme, and in June 2014 six junior managers graduated from the "Fit to Lead" development programme, in both of which the Company partnered with the University of Stellenbosch's business school.

In addition the central learning and development service conducts workshops on matters such as goal setting, development of the HR community, performance management, and learning and development benchmarking, to name just a few.

As a result of the increased focus on the quality, relevance and management of skills development initiatives, the Company increased the amount spent on recorded skills development initiatives from R29,7 million to R40,0 million, an amount equivalent to 2,3% of its total payroll costs (in comparison with 1,8% in the previous year). A total of 5 950 employees or 71% (an increase of 13%) of the total workforce (including permanent and fixed term contract employees), were trained during the year, 89% of whom were black and 52% male. On average these employees were subjected to 42 hours of training each.

The above efforts resulted in a significant increase of the skills development score from 46,65% in 2013 to 65,12% in 2014.

Preferential procurement

Preferential procurement remained an area of particular focus during the year under review. The collaboration of specialist procurers in the Company and a focus on favouring local suppliers with higher BBBEE ratings than their competitors has played a large role in the ongoing improvement in the Company's preferential procurement performance over the years resulting in a score of 97,95% in 2014.

The Company continues to engage with suppliers regarding their transformation needs and to require its suppliers to register on the Department of Trade and Industry IT portal, which provides a single national catalogue of vendors and their BBBEE profiles.

The subsidiaries have procurement policies in place addressing such matters as BBBEE targets, origin of materials, environmental awareness and sustainability, as well as labour practices and ethics. Potential suppliers are required to undergo a thorough vendor evaluation and selection process in which they address these issues. Wherever possible, locally based suppliers are preferred over international suppliers. The Company makes every effort to ensure that it only does business with suppliers who comply with all applicable legislation and has not identified any of its suppliers where employees' labour and human rights are, or are at risk of, being violated.

Good corporate citizenship

The Company recognises the benefits of being a good corporate citizen with a commitment to contributing to sustainable economic, social and environmental development through working with employees, their families, the local communities and society at large to improve quality of life, and being an organisation that it is desirous to do business with.

Labour data and practices

	2014	2013
Number of permanent employees (at 30 June)	**8 051**	7 668
Gender split (%)		
Male	**60**	61
Female	**40**	39
Ethnic split (%)		
African	**58**	56
White	**9**	10
Indian/Chinese	**5**	5
Coloured	**27**	28
Non-South African	**1**	1
Ethnic and gender split (%)		
Black[1] male	**55**	55
White male	**5**	6
Black female	**35**	34
White female	**5**	5

[1] Black includes African, Indian and Coloured as defined in the BBBEE Codes.

Approximately 37% of the Company's permanent employees are members of recognised trade unions covered by collective agreements defining the terms of the relationship between the Company, the unions and the members, as well as their engagement on matters ranging from operational changes to annual negotiations on wages and other substantive issues. Union engagement is managed at an executive level within the subsidiaries, with oversight from the Company.

The Company requires the subsidiaries to have appropriate policies and procedures in place to address employee and industrial relations issues and to ensure that these policies and procedures are communicated to all employees and other relevant stakeholders.

The Company complies with all applicable labour and employment legislation, including legislation pertaining to freedom of association, child labour, and forced and compulsory labour, and is committed to the protection of all employees' human rights, the provision of decent work, and fair and sustainable labour practices. During the year no infringements of these rights or incidents of discrimination were reported.

Health, safety and wellness

The Company provides a healthy and safe work environment to its employees as a basic right and recognises that a healthy and safe workplace enhances employee morale and productivity. It is also recognised that a healthy and safe workplace is essential in the food handling industry and ensures that consumers are protected and product quality assured.

Health and safety requirements are firstly monitored and reviewed within the risk management framework of the Company and legislative compliance is required as a minimum standard. The requisite health and safety committees are in place and training occurs on an ongoing basis. These on-site committees deal with issues as and when required, and if necessary they elevate matters to the internal review committees that they report to. If necessary, matters are referred to the Company's Board of directors or Audit and Risk Committee. In addition the Social and Ethics Committee monitors these matters. There are also various supplementary health and wellness initiatives that form part of the Company's employee engagement framework.

The Company's safety record is viewed against the industry standard disabling injury frequency rate ("DIFR"), which measures the percentage of employees that suffer a disabling injury for every 200 000 man hours worked. A disabling injury is an injury that causes an employee to miss a shift following the one on which they were injured. At a company level the Company experienced 105 disabling injuries (compared to 130 in the previous year), resulting in 897 lost days and achieved a DIFR of 0,80 for the year, an improvement over the previous year's rating of 1,01. The Company's DIFR target is 0,67 and steps are continually being taken to proactively identify and prevent potentially harmful situations and improve employee training. A regrettable reality in the retail sector has been an escalation in store robberies and both Spitz and Green Cross are taking all possible measures to limit the probabilities of robberies in their stores. They have also strengthened their relationships with the providers of the AVI Employee Wellness Programme to ensure that all affected staff receive counselling after any traumatic event.

As Company-wide statistics can mask events, the Company categorises all injuries into one of three classes. Class 1 being damage that permanently alters a person's life ranging to class 3 that inconveniences a person's life. During the year under review there was an increase in class 3 injuries with many of the injuries resulting from employees failing to take due care. Two of the Company's employees suffered class 1 injuries, both of which resulted in partial finger amputations due to the use or maintenance of equipment. The businesses in question have implemented additional safety measures and retrained employees.

The high safety standards adopted by the operations are continually being enhanced by accreditation with independent standard-regulating authorities. The material manufacturing and food handling sites have achieved and maintained Hazard Analysis and Critical Control Point Certification, a management system in which food safety is addressed through the analysis and control of biological, chemical, and physical hazards from raw material production, procurement and handling, to manufacturing, distribution and consumption of the finished product.

With the exception of the Durban tea and Rosslyn snacks factories, which are ISO 22000 (food safety quality management system) certified, all of the Company's tea, coffee, biscuit and cosmetics manufacturing sites remain ISO 9001 (quality management system) certified. In addition the Indigo Brands cosmetics factory is SANS 1851 (Control of Quality: Trade Metrology Act) certified, the Isando biscuit factory is ISO 22000 and OHSAS 18000 certified, the Durban tea factory is SANS 10330 certified, both the Durban tea and Isando coffee factories are Hazard Analysis and Critical Control Points ("HACCP"), a systematic preventive approach to food safety from biological, chemical, and physical hazards in production processes that can cause the finished product to be unsafe, and design measurements to reduce these risks to a safe level) certified, the Westmead biscuit factory has its Certificate of Acceptability from the KwaZulu-Natal Department of Health, and the Rosslyn snacks factory is Publicly Available Specification 220:2008 (PAS 220:2008) certified, which is a standard that specifies requirements to assist in controlling food safety risks within the manufacturing processes and is used in conjunction with ISO 22000. The Isando and Westmead biscuit factories maintained certification to the American Institute of Baking ("AIB") Food Safety Standard the Westmead biscuit factory maintained its certification and the Isando biscuit factory obtained certification, to the FSSC 22000:2010, an international standard for the certification of Food Safety Management Systems. The Isando coffee and creamer factory, the Durban tea factory, and the Isando and Westmead biscuit factories, are all ISO 14001 (environmental management system) certified. The I&J Woodstock and Valued Added Processing sites have "A" listed British Retail Consortium ("BRC") for Global Standards, Higher Level International Food Standard ("IFS") global food safety certification, Marine Stewardship Council ("MSC") Chain of Custody Certification (a sustainability certification) and SABS 1841 (Control of Quantity – Trade Metrology Act) certification. The Micro laboratory at the Woodstock factory has SANAS 17025 accreditation. In addition to applying standards to the Company's own operations, the Isando and Westmead biscuit factories have made progress in the past year through supplier audits towards having all their suppliers certified to a recognised Food Safety standard.

All of the Company's sites are reviewed annually by independent risk management consultants and continual improvement is driven through risk committees at each site, which in turn report their findings to the Company's Audit and Risk Committee, which has the ultimate responsibility for the consideration of risk management throughout the Group.

The Company is also a top 50 subscriber to the Food Safety Initiative which operates under the auspices of the Consumer Goods Council of South Africa. It takes all reasonable steps to collaborate with stakeholders to ensure that food produced, distributed and marketed in South Africa meets with the highest standards of food safety and nutrition and complies with legal requirements or recognised codes of good practice.

The Company continues to recognise the detrimental social and economic impact that HIV/Aids is having in South Africa. The Company has a formal HIV/Aids policy which details, inter alia, the Company's philosophy, responsibilities, and support programmes. The Company's Board accepts responsibility for the Group's response to the issue of HIV/Aids and holds the boards of the Group subsidiaries accountable for the implementation and monitoring of the response strategies as set out in the policy framework. Flowing from this policies and practices have evolved over the years that include the placement of permanent clinics at the larger sites; knowledge, attitude and practices surveys; awareness and education programmes; voluntary counselling and testing programmes; individual case management; the provision of universal precautions to prevent accidental transmission in the workplace; and the dispensing of free condoms.

Following the success of the Company-wide HIV/Aids voluntary counselling and testing ("VCT") programme that was introduced in 2007, the Company continues to offer this service at all sites to all employees. The VCT programme achieves the objectives of raising awareness, increasing significantly the number of employees that know their HIV status and providing the Company with detailed information per site so that its efforts are appropriately focused.

The Company's larger sites have active primary healthcare clinics either on a full-time or part-time basis. They are well equipped and managed by appropriate medical professionals. These clinics play a material role in the day-to-day healthcare management of the Company's lower-income earning employees, and in a number of instances provide an outreach programme for immediate family members. Many of the clinics are involved in doing annual medical checks for all employees, running VCT programmes, and providing flu vaccines to high-risk employees at no cost to the employees.

Utilisation levels of the employee wellness programme, managed by ICAS and introduced throughout the Company during April 2009, remain constant and the programme is well used by the Company's HR community, the Company's employees and their immediate families. The employee wellness programme covers areas that address the entire spectrum of psychosocial stressors in the workplace and at home, lifestyle diseases, and work-life balance by providing an independent, impartial, professional and confidential counselling and advisory service that extends beyond healthcare and, among other services, gives the Company's employees and their immediate family members access to financial and legal advisory services. The Company and its subsidiaries continue to actively promote the use of the employee wellness programme.

In addition to the formal employee wellness programme, a number of sites held wellness programmes and days on matters such as diabetes; tuberculosis; HIV/Aids; eye care; cancer awareness; and generally maintaining a healthy lifestyle.

Corporate social investment

The Company's corporate social investment ("CSI") programme is aimed at bringing about positive social and economic changes to historically disadvantaged communities in the environments in which the Company operates. The Company achieved 100% for both its enterprise development and socio-economic development scores in the most recent BBBEE rating. On an annual basis an amount of approximately 1% of the Company's pre-tax profits achieved in the previous year is set aside for this purpose. The areas of focus are broadly education and skills development; sports, arts and culture; the environment; and health and welfare. Grants are managed through various established structures within the Company but mostly through the Company's Community Investment Trust. This trust is served by elected employees who have shown an interest in CSI and an ability to manage the CSI programme. All material projects are properly vetted and monitored by the trustees to review that they achieve what was initially intended and to monitor the impact and success of such projects. In addition the Company is always cognisant of the impact, both negative and positive, that its operations could have on local communities and commits to identifying any such communities and to engaging with them regarding the prevention or mitigation of negative impacts.

During the year under review R11,5 million was allocated to and spent on the Company's CSI programmes.

The greatest portion of the Company's CSI funding was spent on the education and skills development of disadvantaged people. The Company supported a large group of senior scholars and channelled further support into a more focused group of tertiary students in the following manner:

- 450 scholars were supported through the Company's Star Schools Incubator Programme, which affords grade 10, 11 and 12 children from 27 schools in disadvantaged areas the opportunity to attend additional classes in mathematics, science and English. The Company sponsored three programmes which assisted the scholars who attend school on Saturday mornings and during school holidays. The programme has proven to be very successful with a pass rate of 99% for grade 12 scholars at the end of the 2013 academic year, compared to the national average of 78,2%. Furthermore 84% of those scholars obtained university exemption, compared to a national average of 30,6%.
- The Company provided full bursaries to 22 students through its Tertiary Bursary Programme. The bursaries assisted these students to further their higher education at various universities, technikons and colleges. The students were selected based on their financial means, academic results and preferred fields of study, which were aligned to the Company's graduate recruitment needs. In addition, the Company placed three students within the business to complete one-year of in-service training required to qualify in their chosen fields and two graduates as graduate trainees for a one-year developmental

programme. A student mentorship programme runs in parallel to this initiative which provides extensive and ongoing support to these students.
- For the third consecutive year, the Company partnered with the Foundation of School Leadership and Management, an initiative established by former school principals aimed at sustainable, proactive and skills-based interventions which directly benefit schools' leadership, learners and their communities. The "Adopt a School Leader Programme" focuses on public schools serving the local community of Tembisa in Gauteng.
- The St Mungo Diepsloot Community Action allows youths over the age of 18 and who have not achieved their matric to achieve a matric equivalent education and skills and enables them to become employable or self-employed through the Adult Basic Education and Training, or carpentry and sewing programmes. The project also provides formal mentoring and other support to graduates in their employment location for as long as is needed.
- The Columba 1400SA programme is a value-based leadership development programme for disadvantaged youth. This programme has the potential to enhance the ethical fibre of the youth in South Africa and a group of grade 10 learners are taught values such as integrity, service and discipline in a highly impactful six-day programme followed by an implementation programme for their entire school. Underprivileged schools are chosen and the headmaster and one of the teachers are required to attend the programme.

Other CSI initiatives worthy of mention that the Company supported during the year were:
- For the sixth year Spitz partnered with the Irene Children's Homes to donate obsolete new but "debranded" stock to disadvantaged communities.
- Green Cross was introduced to the Tembisa Schools and Kliptown Youth Programmes, to which they made a donation of school shoes.
- The Kliptown Youth Programme was founded in 2007 and currently serves 400 children of Kliptown through homework assistance, sports, performing arts and computer literacy. It also provides 600 meals, six days a week.
- St Mary's Hospital, Westmead, Durban: The hospital provides home-based care and a drop-in centre for residents in the surrounding areas where the population has a high HIV/Aids prevalence. The Company sponsors one of seven drop-in centres where children can be dropped off to be cared for by a volunteer day mother. The children are provided with a place of safety, nourishing meals and basic educational stimulation.
- National Sea Rescue Institute ("the NSRI"): I&J makes an annual donation to the NSRI and, over the years, has made a substantial contribution to the organisation's infrastructure, building a state-of-the-art rescue station in Cape Town harbour, donating a number of rescue craft, and supporting the "Waterwise" initiative which teaches children between the ages of nine and 14 what to do in an emergency and how to "breathe for their buddy" while waiting for the emergency services to arrive.
- Enactus, which is an international non-profit organisation that brings together student, academic and business leaders who are committed to using the power of entrepreneurial action to improve the quality of life and standard of living for people in need. The Company supported the Enactus teams at the University of Fort Hare, the CIDA City Campus and the Tertiary School in Business Administration ("TSiBA").

The Company has also been involved in or made donations to a number of other important initiatives, such as HeartWorks, Look Good-Feel Better, the JNF – Walter Sisulu Environmental Centre, the Rural Education Access Programme and a number of smaller but just as important projects.

At a more personal level, the Company's employees are encouraged to become involved with their local communities on Company sponsored employee volunteer days branded as "I am Inspired". All of the projects are selected from organisations with which

1. Employee Volunteer Programme – Gahlanso Primary School, Tembisa
2. Green Cross School Shoe Donation – Kliptown Youth Programme
3. Rural Education Access Programme – First-Year Student Orientation
4. Graduate – Tsphepho Khoetsa
5. Kliptown Youth Programme – Preparing nutritious meals
6. Thuto Ke Maatla High School, Tembisa – Career day

the Company has established relationships and the Company gives employees time off to provide their services to these projects.

Environmental policy

The Company recognises that its use of natural resources has a socio-economic and physical impact on the environment, accepts responsibility for such impact, and pursues responsible environmental and climate change practices. This involves:

- reducing the Company's environmental impact and continually improving the Company's environmental performance as an integral part of the Company's business strategy and operating methods;
- compliance with all applicable environmental legislation or standards;
- the practice of responsible environmental management related to inputs (material, energy and water) and outputs (emissions, effluents and waste) affecting ecosystems and communities;
- independent annual environmental audits at each manufacturing site measuring the impact that the particular operation has on its environment and reviewing compliance with legislation and Company policy;
- providing a framework for setting and reviewing objectives and targets;
- ensuring that all employees understand the environmental policy and conform to the standards it requires; and
- reporting in the Company's annual report on performance against targets.

The Company's Board of directors is responsible for ensuring that the principles of the policy are taken into consideration in formulating the Company's business plans, and the Company's Chief Executive Officer and senior management are in turn responsible for implementation of the business plans and communication of the policy. The Board of directors has delegated the responsibility for monitoring compliance with this policy to the Company's Audit and Risk Committee. Certain aspects of this subject are also considered by the Social and Ethics Committee.

The Company remains committed to all applicable environmental matters, including those which impact on climate change and relate to responsible and sustainable environmental practices, such as greenhouse gas emissions; raw materials usage and recycling; resource usage and efficiency (including water and electricity); impacts on biodiversity; and emissions, effluents and waste management. In particular the Company is alert to the impact that climate change could have on natural resources and the effect that legislative changes could have on the way the Company does business. The Company monitors relevant global and local legislation, regulations and emission-reduction targets.

Environmental data

During the year under review the Company identified key areas of environmental impact for measurement, management and reporting.

	Indicator	Unit	Data 2014	2013	2012
1	**Total water consumption by source**				
1.1	Municipal	Litres	**1 043 354 478**	981 630 869	876 674 227
1.2	Ground water (borehole)	Litres	**2 152 000**	43 690 000	48 650 000
2	**Total energy consumption**				
2.1	Purchased electricity	kWh	**106 484 439**	104 363 238	102 942 232
2.2	Coal	Tonnes	**13 541**	14 364	13 479
2.3	Petrol	Litres	**996 017**	1 089 360	1 101 370
2.4	Diesel	Litres	**12 268 956**	19 039 640	6 498 706
2.5	Liquefied petroleum gas ("LPG")	Litres	**1 823 823**	1 591 998	1 493 206
2.6	Natural gas	Cubic metres	**3 482 760**	3 283 150	3 371 258
2.7	Marine/heavy fuel oil	Litres	**8 234 325**	–	11 247 428
2.8	Paraffin	Litres	**970 877**	1 064 317	1 011 376
3	**Carbon emissions for above indicators**				
3.1	Total carbon emissions	Metric tonnes	**196 794**	216 558	208,837
3.2	Carbon emissions per employee	Metric tonnes	**24,44**	28,24	28,86

The Company will continue defining and implementing the scope and methods of monitoring and reporting on these issues and, whereas the quantity of water, energy and materials used, and the waste produced vary depending on the operational objectives of the Company at any given time, establishing a method to set relevant objectives and targets and to manage progress towards these.

In addition to the key areas referred to above the Company will during the year ahead consider further areas of environmental impact for possible measurement and reporting, as well as initiatives to mitigate environmental impacts of products and services, where relevant.

Environmental practices

During the year, the subsidiary companies continued their initiatives to measure and mitigate detrimental environmental impact. Some of the Company's activities and achievements were:

- **Environmental management systems** – The Isando coffee and creamer factory, the Durban tea factory and both the Isando and Westmead biscuit factories are all ISO 14001 certified. This environmental quality management system enables the factories to identify and control the environmental impact of their activities; continually improve their environmental performance; and implement a systematic approach to setting environmental objectives and targets, achieving these and demonstrating that they have been achieved. I&J has the Marine Stewardship Council's Chain of Custody Certification for sustainability in the fishing industry. During the year under review an environmental legal audit was conducted at the Redhill distribution centre and only one area of non-conformance was found and resolved.
- **Energy conservation** – The current energy shortage, and global efforts to reduce greenhouse gas emissions, make conserving energy a priority for the Company. Efforts include electricity saving initiatives such as:
  - improving the efficiencies of production machinery, equipment and processes, and the installation of energy-efficient lighting solutions, to maximise energy savings and limit wastage;
  - optimising the use of cold storage space at I&J and decommissioning underutilised cold storage space;
  - the installation of electricity meters per site for the measurement of electricity consumption and consumption patterns and Demand Site Management Surveys by Eskom to enable the formulation of improvement plans to correct excessive use or wastage; and
  - electrical load-shifting where possible bearing in mind the Company's operational requirements and the installation of power correction units to maintain a constant, minimum level power supply.

  In addition, the Company's subsidiaries are taking steps to measure and manage their carbon footprint through, inter alia, the use of the Greenhouse Gas Accounting Protocol and the ISO 14064 International Standard for GHG Emissions Inventories and Verification.
- **Water conservation** – Poor water quality and shortages are a significant potential risk to the Company and the subsidiaries take steps to minimise these risks. These steps include utilising borehole water where appropriate, reservoirs for storing water, recycling condensate produced during the heating processes back to the boilers, and adopting environmentally friendly storm water reticulation, while simultaneously taking measures to measure and manage water consumption.

- **Fuel consumption** – Within its distribution operations there is ongoing focus on optimisation of delivery routes and consideration of distribution networks through the utilisation of routing and scheduling software throughout the Company, the deployment of on-board technology, advanced fuel management systems, more efficient engines and matching of loads to vehicles, as well as driver training academies, which all remain key issues in reducing fuel consumption and the Company's carbon footprint.
- **Emissions, effluents and waste** – The Company is committed to an overall waste management strategy, reducing the use of raw materials, reducing waste, reusing waste wherever possible, and recycling waste that cannot be eliminated or reused. Key to managing waste is the monitoring and analysis of waste volumes and component parts to give the Company the information it needs to manage waste effectively. The Company also recognises its responsibility in terms of the Air Quality Act of 2004 and is committed to efficient and effective air quality management and thus ensures that all ovens, paraffin and oil-fired boilers, and boiler stacks are correctly operated, well maintained and routinely inspected. In addition, the factories engage with approved inspection authorities and conduct air emission surveys. An air emission survey was conducted at the Isando Coffee and Creamer factory during the year under review and no non-compliances were noted. A Green Paper on air emissions was published in November 2013 and the new proposed regulations are expected to come into force during 2015. The most significant change from the current regulations will be specifications for certain industrial emissions, which may require further modifications to equipment in the factories.
  - Effluent management at the Snackworks factories involves flocculation and removal of solids from the water, and reduction of the pH and chemical oxygen demand ("COD") levels. At the distribution centres all vehicles are washed using biodegradable chemicals and grease traps are cleaned regularly to prevent contamination of the main sewer system. In general, waste materials are classified for possible reuse, recycling or disposal and disposals are done through registered waste disposal and recycling companies.
  - Where appropriate the tea and coffee factories are installing new equipment and modifying old equipment in order to reduce emissions, including the installation of a new roaster at the Isando coffee factory. By-products recycled by Entyce Beverages include spent ground beans and cardboard outer packaging from raw materials. Conversion to liquid chicory has reduced by-products by 6% and waste by 40%.
  - I&J routinely recycles corrugated cartons, used sunflower oil and used marine oil and contracts a specialist waste management partner, certified by the Institute of Waste Management of Southern Africa, to assist it with the integrated management of solid waste generated by fishing and processing operations. In 2010 I&J commenced on-site waste sorting and management trials at its primary processing facility in Woodstock. Entyce Beverages has implemented various initiatives to reduce the weight (and resultant waste) of packaging by down-gauging of flexible packaging and tin and removing excess packaging. In addition, it is encouraging consumers to recycle by including recycle logos and categorisation on packaging.
  - Indigo Brands has committed itself to being part of the local government's initiative of waste management for its sector. A site waste management survey has been completed which will result in a formal waste management plan with the view to introducing waste reduction and management actions. In addition it recycles corrugated cartons, aerosol cans and glass bottles.
- **Raw materials** – The Company's use of sustainable raw materials, including recycled and recyclable materials and materials derived from ethical and sustainable sources as certified by bodies such as the Roundtable on Sustainable Palm Oil ("RSPO"), the Forestry Stewardship Council ("FSC") (for packaging materials produced from sustainable forests), the Convention on Biological Diversity, and the Right Rooibos initiative, is an integral part of the Company's sustainability strategy. All of the palm oil procured by the Company is from RSPO certified suppliers and the yellow maize procured for the manufacture of liquid glucose is certified free of genetically modified organisms. The high-performance paperboard used in I&J retail packs is produced from a certified, renewable resource and all paperboard materials can be recycled multiple times. These retail cartons are packed into outer cartons supplied by local companies that meet the environmental management standard ISO 14001 and are certified by the FSC, and all I&J outer cartons are 100% recyclable. All paperboard materials used by National Brands are produced from sustainable forests which are FSC compliant, contain no heavy metals or mineral oils, and no fossil fuel energy is used in the production of these products. These materials are also 100% recyclable. Ciro introduced a range of Fairtrade, Organic, Rain Forest Alliance and UTZ (an international standard for sustainable farming of coffee, cocoa and tea) certified products, and partnered with Mbokomu Rural Cooperative Society in Tanzania to assist farmers and farming communities to improve the quality of their coffee and improve processing to reduce waste.

Three non-compliance notices were issued by the eThekwini Municipality's Pollution Control Division to the Westmead biscuit factory for high COD and sugar levels in the waste water and a R1 000,00 fine was levied. Two non-compliance notices were issued by the Ekurhuleni Municipality to the Isando biscuit factory for high pH levels. On both sites corrective actions were taken to remedy the non-compliances and to prevent future non-compliances. Other than the notices and fine referred to above, no other fines or non-monetary sanctions for infringement of or non-compliance with environmental laws and regulations were recorded and/or levied against the Company, directors, officers or employees during the period under review and the Company experienced no major environmental incidents. No formal requests or directives have been issued by government agencies or local authorities for the reduction of air emissions.

Consumer and product legislation

The Company's internal legal advisers keep the Company abreast of generic and industry-specific consumer and product-related legislative and regulatory developments, both pending and apparent, and ensure that the Board, management and employees are informed and, where necessary, trained on these developments and the implementation thereof.

In the year under review the Company continued addressing changes brought about by the Consumer Protection Act of 2008, including reviewing its procedures for the holding of promotional competitions, the draft amendments to the regulations relating to the Labelling and Advertising of Foodstuffs published in terms of the Foodstuffs, Cosmetics and Disinfectants Act, 1972. The Company's central marketing function, together with the Group legal advisers, ensures that there is adherence to laws, standards and voluntary codes relating to marketing and communications, including advertising, promotions, competitions and sponsorships. All applicable labelling legislation is regularly reviewed and, where appropriate, changes are made to the Company's labelling. The research and development managers in the subsidiary companies are responsible for ensuring compliance.

The Company remains a member of a number of industry associations as set out in more detail in the stakeholder engagement table.

No judgments, damages, penalties, or fines for infringement of or non-compliance with consumer or product-related legislation were recorded and/or levied against the Company, directors, officers or employees during the period under review.

Major risks

The Company and its subsidiaries have well-run governance processes and sound systems of internal control which are effective in managing the conventional key areas of business risk such as brand management, manufacturing, financial management and information technology. Other risks that are often more challenging to manage, and pose a greater threat to business success, are summarised below:

Key risks	Comments
Failure to stay in touch with and react quickly to changing consumer perspectives and needs, resulting in lost growth opportunities or erosion of market share	• Product formats and price points are managed flexibly in different parts of the consumer cycle, in line with consumer needs • Each business unit gives high priority to understanding the risks and opportunities that South Africa's growing black consumer base presents, and responding in a manner appropriate to each category • The characteristics of our African export geographies are studied carefully so that we can enhance the relevance of our offering in each geography • New product development is aligned with the points above and actively pursued • Brand investment is material and consistent with ongoing efforts to improve the efficiency and effectiveness of this spend
Availability of experienced and commercially minded business leaders to seek improvement and grow profits	• This is an ongoing challenge, particularly given the diversity of AVI's operations. Considerable resources are expended in identifying people and, where appropriate, attracting them • The Group has a flexible operating model which provides high transparency to the centre and facilitates effective interaction on key matters when needed • Remuneration and reward systems provide meaningful wealth generation opportunities for managers who excel • Various formal and informal internal learning and development initiatives are provided
Changing competitive landscape that impacts on profitability	• A volatile currency with the risk of rapid and material weakening has traditionally been an effective protection against import competition, but has proven less so in the last few years and may not be in the future • A fairly small domestic market reduces the attractiveness of major greenfields investment in South Africa with the risk that surplus capacity will inhibit the ability to generate economic returns on investment • New suppliers or customers entering the South African FMCG market can present both risks and opportunities. We believe that the Company has sufficient scale and relevance with its strong brand portfolio to be important to new entrants, and to be able to forge mutually beneficial trading relationships • The Company's best protection in a changing competitive landscape is to continually work to keep our brands and products relevant to consumers, to improve efficiency so that margins can be sustained when prices are constrained, and to be diligent in managing the price/volume/margin equation flexibly as circumstances require
Over reliance on third-party brands and diminished profitability if licenses are not renewed	• Most of the Company's core brands are owned • Key third party brands that the Company has access to are the Lacoste brand in Spitz, and the Coty agency held by Indigo Brands. We have a long history of strong and successful relationships with both parties and believe that our business units represent compelling opportunities to each licensor that will be difficult to match.

Key risks	Comments
Sustaining and growing profit margins	• Top-line growth is a continual focus area for all of our businesses and brings with it the opportunity to leverage fixed costs and expand profit margins. While the most notable achievements in this regard have been in our fashion brands businesses, our more mature categories have all maintained or improved their market positions over the last few years, with some of them such as biscuits and creamer achieving strong volume growth • A failure to invest in manufacturing capacity and/or technology at the correct time may create a risk of market share erosion from both local and imports and major capacity investment remains imperative • Many of the Company's Key Value Items ("KVIs") enjoy a brand premium because of their long legacy of delivery and quality with consumers. We seek to preserve this premium through retention of product intrinsics and high focus on product quality. We will continue to invest replacement capital expenditure in those parts of our business where it is necessary to sustain efficient and high-quality production • The Company has extensive exposure to foreign exchange and commodity price volatility. These exposures are hedged in a manner that allows selling prices to be managed predictably and responsibly and historically our businesses with their strong brands have demonstrated the ability to recover lost profit margin fairly quickly after periods of pressure. The notable exception being I&J, which has little ability to compensate for the impact of a strong Rand on its material export revenues, but similarly also benefits materially when the Rand is weaker • There remain many opportunities to improve profit margins across the Group over the next few years. These include initiatives such as central procurement, ongoing improvements in logistics and field marketing, new technology and increased automation in our factories
Social and political environment	• I&J's long-term fishing rights are dependent on an ongoing review process. If this process becomes politicised it may result in a reduced allocation of hake quota to I&J. • The inability of the Department of Agriculture, Forestry and Fisheries to meet its responsibility to ensure regular research as part of the Marine Stewardship Council accreditation, puts this accreditation at risk • Ongoing increases in administered charges for electricity, water and property rates create additional cost pressure and reduce competitiveness relative to imports • In a two-tiered economy the Company increasingly competes with smaller operators who are not measured or monitored effectively against increasing and onerous legislated requirements • Inflexible labour legislation and increasing demands and industrial action by labour unions reduce competitiveness against imports and increases investment hurdles • Availability of utilities necessary to run business can be mitigated at extra cost, but reduces competitiveness. The Company has substantially completed a programme of installing full back-up power generation at key sites • The imposition of price controls pursuant to a populist political and social agenda could impact on parts of the Company's product portfolio • Dissatisfaction with service delivery by government and municipalities could lead to civil disruption and strikes with a material adverse effect on volumes and profit • The continued decline of educational standards erodes the supply of essential skills to maintain our medium term competitiveness • The emergence of new and ambitious social programmes that place too heavy a burden on organised business and tax-payers, to the extent that the availability of capital reduces in South Africa and over time compromises our ability to sustain our current asset base and competitiveness • Compliance with increasing consumer facing legislation such as in respect of labelling, advertising, genetically modified organisms ("GMOs"), salt, and sugar and the increased focus on providing "healthy" alternatives to existing products, requires increased work and pressure on research and development • Changes to the Broad-Based Black Economic Empowerment Codes of Good Practice with, inter alia, substantially increased financial requirements for meeting minimum compliance levels, will have a material negative impact on the scorecard rating and may make it difficult to achieve and maintain the historical rating
Environmental	• The impact of climate change on natural resources through changing weather patterns and increased global temperatures could affect natural and agricultural resources on which the Company is dependent • Climate change will attract regulatory costs which will increase operating costs • Government commitments to emission-reduction targets could have a significant impact on the operating and distribution practices of the Company • Deteriorating water quality through pollution, including tainted ground water from mining operations

Going forward

The Company will continue formalising its approach to integrated sustainability reporting and to providing a balanced view of the economic, social and environmental aspects of the Company. In particular there will be focus on:

- further defining and implementing the scope and methods of monitoring and reporting on the environmental issues identified during the year under review, and establishing a method to set relevant objectives and targets for these issues;
- reviewing and evolving the principles and practices of sustainable development established throughout the Company; and
- reviewing and evolving the Company's integrated reporting to ensure the appropriate reporting of environmental, social and economic sustainability, underpinned by good corporate governance.

Index of material issues

Aspect	Core indicator		Page/not reported
General standard disclosures			
Strategy and analysis	G4-1	Statement from the most senior decision-maker of the Company about the relevance of sustainability to the Company and its strategy, particularly with regard to managing the challenges associated with economic, environmental and social performance	4 – 9
	G4-2	Description of key impacts, risks and opportunities	4 – 9
Organisational profile	G4-3	Name of the Company	Inside front and back cover
	G4-4	Primary brands, products and/or services	1
	G4-5	Location of Company's headquarters	Inside back cover
	G4-6	Number of countries where the Company operates and names of countries with major operations or that are specifically relevant to the sustainability issues covered in the report	84 – 87
	G4-7	Nature of ownership and legal form	1
	G4-8	Markets served (geographical, sector and types of customers)	1; 84 – 87
	G4-9	Scale of the Company, including: • number of employees; • number of operations; • net sales; • total capitalisation in terms of debt and equity; and • quantity of products provided.	Annual financial statements from page 75
	G4-10	• Total number of employees by contract and gender; • Total number of permanent employees by employment type and gender; • Total workforce by employees and supervised workers and gender; • Total workforce by region and gender; • Report whether substantial portion of work is performed by workers who are legally recognised as self-employed or individuals other than employees or supervised workers, including employees or supervised workers of contractors; and • Report significant variations in employment numbers.	39

Aspect	Core indicator		Page/not reported
Organisational profile continued	G4-11	Report the percentage of total employees covered by collective bargaining agreements	39
	G4-12	Describe the organisation's supply chain	32 – 47
	G4-13	Significant changes during the reporting period regarding size, structure or ownership	78 – 80
	G4-14	Report whether and how the precautionary approach or principle is addressed by the organisation	32 – 47
	G4-15	List externally developed economic, environmental and social charters, principles or other initiatives to which the organisation subscribes or which it endorses	32 – 47
	G4-14	List members of associations in which the organisation: • Holds a position on the governing body • Participates in projects or committees • Provides substantive funding beyond routine membership dues • Views membership as strategic	32 – 47
Identified material aspects and boundaries	G4-17	List all entities included in the consolidated financial statements and report whether any entity included in the consolidated financial statements is not covered by the report	Annual financial statements from page 75
	G4-18	Explain the process for defining the report content and the aspect boundaries and explain how the organisation has implemented the reporting principles for defining report content	Inside front cover
	G4-19	List all the material aspects identified in the process for defining report content	Inside front cover; 32 and 33
	G4-20	For each material aspect report the aspect boundary within the organisation	32 and 33
	G4-21	For each material aspect report the aspect boundary outside the organisation	32 and 33
	G4-22	Report the effect of any restatements of information provided in previous reports and the reasons for such restatements	Entire annual report, if applicable
	G4-23	Report significant changes from previous reporting periods in the scope and aspect boundaries	Not applicable
Stakeholder engagement	G4-24	Provide a list of stakeholder groups engaged by the organisation	33 and 34
	G4-25	Report the basis for identification and selection of stakeholders with whom to engage	33 and 34
	G4-26	Report the organisation's approach to stakeholder engagement, including frequency of engagement and an indication of whether engagement was undertaken specifically as part of the report preparation process	33 and 34
	G4-27	Report key topics and concerns that have been raised through stakeholder engagement and how the organisation has responded. Report the stakeholder groups that raised each of the key topics and concerns	33 and 34

Aspect	Core indicator		Page/not reported
Report profile	G4-28	Reporting period	Inside front cover
	G4-29	Date of most recent previous report	Inside front cover
	G4-30	Reporting cycle	Inside front cover
	G4-31	Contact point for questions regarding the report or its contents	Inside front cover
	G4-32	• Report the "in accordance" option the organisation has chosen • Report the GRI Content Index for the chosen option • Report the reference to the External Assurance Report	32 and 33
	G4-33	Policy and current practice with regard to seeking external assurance	34
Governance	G4-34	Governance structure of the Company, including Board committees	60 – 69
	G4-35	Report the process for delegating authority for economic, environmental and social topics from the Board to senior executives and other employees	60 – 69
	G4-36	Report whether the organisation has established an executive level position/s with responsibility for economic, environmental and social topics and whether post holders report directly to the Board	60 – 69
	G4-37	Report processes for consultation between stakeholders and the Board on economic, environmental and social topics	60 – 69
	G4-38	Report the composition of the Board and its committees	60 – 69
	G4-39	Report whether the Chairman of the Board is also an executive officer (and, if so, their function within the Company's management and the reasons for this arrangement)	60 – 69
	G4-40	Report the nomination and selection processes for the Board and its committees including any considerations of diversity, and whether and how stakeholders are involved	60
	G4-41	Processes in place for the Board to ensure conflicts of interest are avoided and managed and whether conflicts of interest are reported to stakeholders	60
	G4-42	Report the Board and senior executive's roles in the development, approval and updating of the organisation's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	60 – 69
	G4-43	Report the measures taken to develop and enhance the Board's collective knowledge of economic, environmental and social topics	60 – 69

Aspect	Core indicator		Page/not reported
Governance continued	G4-44	• Report the processes for evaluation of the Board's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment • Report actions taken in response to the above evaluation	60 – 69
	G4-45	• Report the Board's role in the identification and management of economic, environmental and social impacts, risks and opportunities • Report whether stakeholder consultation is used to support the above	60 – 69
	G4-46	Report the Board's role in reviewing the effectiveness of the organisation's risk management processes for economic, environmental and social topics	60 – 69
	G4-47	Report the frequency of the Board's review of economic, environmental and social impacts, risks and opportunities	60 – 69
	G4-48	Report the highest committee that formally reviews and approves the organisation's sustainability report and ensures that all material aspects are covered	60 – 69
	G4-49	Report the process for communicating critical concerns to the Board	60 – 69
	G4-50	Report the nature and total number of critical concerns that were communicated to the Board and the mechanisms used to address and resolve them	60 – 69
	G4-51	Report the remuneration policies for the Board and senior executives for the below types of remuneration: • Fixed pay and variable pay • Sign-on bonuses or recruitment incentive payments • Termination payments • Clawbacks • Retirement benefits Report how performance criteria in the remuneration policy relate to the Board and senior executives' economic, environmental and social objectives	70 – 74
	G4-52	Key topics and concerns that have been raised through stakeholder engagement, and how the Company has responded to those key topics and concerns, including through its reporting	33, 34 and 69
	G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable	33, 34 and 70
	G4-54	Report the ratio of the annual total compensation for the organisation's highest paid individuals to the median annual total compensation for all employees (excluding the CEO)	Not reported

Aspect	Core indicator		Page/not reported
Governance continued	G4-55	Report the ratio of percentage increase in annual total compensation for the organisation's highest paid individual to the median percentage increase in annual total compensation for all employees	Not reported
	G4-56	Describe the organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics	32 – 35; 43; 60 – 69
	G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behaviour, and matters related to organisational integrity, such as helplines or advice lines	35
	G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organisation integrity, such as escalation through management, whistleblowing mechanisms or hotlines	35
Specific standard disclosures by aspects			
Environmental	G4-EN1	Materials used by weight or volume	44
	G4-EN2	Percentage of materials used that are recycled input materials	44 and 45
	G4-EN3	Energy consumption within the organisation	44
	G4-EN4	Energy consumption outside the organisation	Not reported
	G4-EN5	Energy intensity ratio	Not reported
	G4-EN6	Reduction of energy consumption	44
	G4-EN7	Reductions in energy requirements of sold products and services	Not reported
	G4-EN8	Total water withdrawal by source	44
	G4-EN9	Water sources significantly affected by withdrawal of water	Not reported
	G4-EN10	Percentage and total volume of water recycled and reused	Not reported
	G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	35 and 36
	G4-EN12	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	35 and 36
	G4-EN13	Habitats protected or restored	35 and 36
	G4-EN14	Total number of ICUN red species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	35 and 36
	G4-EN15	Direct greenhouse gas emissions (Scope 1)	44
	G4-EN16	Energy indirect greenhouse gas emissions (Scope 2)	Not reported
	G4-EN17	Other indirect greenhouse gas emissions (Scope 3)	Not reported
	G4-EN18	Greenhouse gas emissions intensity	Not reported

Aspect	Core indicator		Page/not reported
Environmental continued	G4-EN19	Reduction of greenhouse gas emissions	44
	G4-EN20	Emissions of ozone-depleting substances	Not reported
	G4-EN21	NOx, SOx and other significant air emissions	Not reported
	G4-EN22	Total water discharge by quality and destination	Not reported
	G4-EN23	Total weight of waste by type and disposal method	Not reported
	G4-EN24	Total number and volume of significant spills	None
	G4-EN25	Weight of transported, imported, exported or treated waste deemed hazardous, and percentage of transported waste shipped internationally	45
	G4-EN26	Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the organisation's discharges of water and runoff	Not applicable
	G4-EN27	Extent of impact mitigation of environmental impacts of products and services	43 – 46
	G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	Not reported
	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	45
	G4-EN30	Significant environmental impact of transporting products and other goods and materials for the organisation's operations and transporting members of the workforce	Not reported
	G4-EN31	Total environmental protection expenditures and investments by type	43 – 46
	G4-EN32	Percentage of new suppliers that were screened using environmental criteria	Not reported
	G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	43 – 46
	G4-EN34	Number of grievances about environmental impacts filed, addressed and resolved through formal grievance mechanisms	None

Aspect	Core indicator		Page/not reported
Human rights	G4-HR1	Percentage and total number of significant investment agreements and contracts that include human rights' clauses, or that underwent human rights screening	Not reported
	G4-HR2	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to the operations, including the percentage of employees trained	Not reported
	G4-HR3	Total number of incidents of discrimination and corrective actions taken	None
	G4-HR4	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights	None
	G4-HR5	Operations and significant suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour	None
	G4-HR6	Operations and significant suppliers identified as having significant risks for incidents of forced or compulsory labour, and measures taken to contribute to the elimination of all forms of forced or compulsory labour	None
	G4-HR7	Percentage of security personnel trained in the organisation's human rights policies or procedures	Not reported
	G4-HR8	Total number of incidents of violations involving rights of indigenous people and actions taken	None
	G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	No non-compliant sites
	G4-HR10	Percentage of new suppliers that were screened using human rights criteria	Not reported
	G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	39
	G4-HR12	Number of grievances about human rights impacts filed, addressed and resolved through formal grievance mechanisms	None

Aspect	Core indicator		Page/not reported
Labour practices and decent work	G4-LA1	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Comply with labour and employment legislation and collective agreements
	G4-LA2	Return to work and retention rates after parental leave, by gender	Comply with labour and employment legislation and collective agreements
	G4-LA3	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	Comply with labour and employment legislation and collective agreements
	G4-LA4	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes	Comply with labour and employment legislation and collective agreements
	G4-LA5	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism and total number of work-related fatalities	40
	G4-LA6	Workers with high incidence or high rates of diseases related to their occupation	Not reported
	G4-LA7	Health and safety topics covered in formal agreements with trade unions	Comply with labour and employment legislation and collective agreements
	G4-LA8	Average hours of training per year per employee, by gender and by employee category	39
	G4-LA9	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	38 and 39
	G4-LA10	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	39
	G4-LA11	Composition of governance bodies and breakdown of employees per employee category by gender, age, minority group membership, and other indicators of diversity	39; 60 – 63
	G4-LA12	Ratio of basic salary and remuneration of women to men by employee category	Not reported
	G4-LA13	Percentage of new suppliers that were screened using labour practices criteria	Not reported
	G4-LA14	Significant actual and potential negative impacts for labour practices	Not reported
	G4-LA15	Number of grievances about labour practices filed, addressed and resolved through formal grievance mechanisms	Not reported
	G4-LA16	Percentage and total number of business units analysed for risks related to corruption	100%

Aspect	Core indicator		Page/not reported
Society	G4-SO1	Percentage of operations with implemented local community engagements, impact assessments and development programmes	32 – 46
	G4-SO2	Operations with significant actual and potential negative impacts on local communities	32 – 46
	G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	32 – 46
	G4-SO4	Communication and training on anti-corruption policies and procedures	33
	G4-SO5	Confirmed incidents of corruption and actions taken	Not reported
	G4-SO6	Total value of political contributions by country and recipient	None
	G4-SO7	Total number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices and their outcomes	None
	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	None
	G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	Not reported
	G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	32 – 46
	G4-SO11	Number of grievances about impacts on society filed, addressed and resolved through formal grievance mechanisms	None

Aspect	Core indicator		Page/not reported
Product responsibility	G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	46
	G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their lifecycle, by type of outcomes	None
	G4-PR3	Type of product and service information required by the organisation's procedures for product and service information and labelling, and percentage of significant product and service categories subject to such information requirements	46
	G4-PR4	Total number of incidents of non-compliance with legislation and voluntary codes concerning product and service information and labelling, by type of outcomes	46
	G4-PR5	Results of surveys measuring customer satisfaction	Not reported
	G4-PR6	Sale of banned or disputed products	None
	G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship, by type of outcome	46
	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	None
	G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	46
Economic	G4-EC1	Direct economic value generated and distributed	27
	G4-EC2	Financial implications and other risks and opportunities due to climate change	43 – 47
	G4-EC3	Coverage of the organisation's defined benefit plan obligations	91 and 92; 129 –134
	G4-EC4	Significant financial assistance received from government	38 and 39
	G4-EC5	Report the ratios of standard entry level wage by gender compared to local minimum wages	Not reported
	G4-EC6	Report proportion of senior management hired from local community	Not reported
	G4-EC7	Development and impact of significant infrastructure investments and services supported and impact on communities and local economies through commercial, in-kind, or pro-bono engagement	Not reported
	G4-EC8	Report significant indirect economic impacts, including the extent of impacts	Not reported
	G4-EC9	Report the proportion of spending on local suppliers	Not reported

BOARD OF DIRECTORS

1 **Andisiwe Kawa** (52)
Independent non-executive director

Qualifications: MBA (Wharton, University of Pennsylvania), MA, Ed M (Columbia University), BSc (Walter Sisulu University)
Directorships: AVI Limited, Interwaste Holdings Limited, Aquarius Platinum (South Africa) Proprietary Limited, Chuma Holdings Proprietary Limited, Zingwenya Investments Proprietary Limited

Andy is a business woman with a portfolio of interests. She is Chairman of Interwaste Holdings and Chuma Holdings and is a trustee of the Chuma Foundation and Resilience Networks. Apart from her business interests, Andy plays a significant role in social development. She is also interested in advocacy work against gender-based violence in SA and is founder and Chairman of Kwanele-Enuf Foundation. She is a Rotarian and fellow of Africa Leadership Initiative of South Africa and the Aspen Global Leadership Network. Andy was appointed to the AVI Board on 15 July 2010.

2 **Simon L Crutchley** (50)
Chief Executive Officer and executive director

Qualifications: BBusSci (UCT)
Directorships: AVI Limited

Simon was a co-founder of Otterbea International Proprietary 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 AVI Board in 1999, was appointed business development director in 2002 and Chief Executive Officer in October 2005.

3 **Gavin R Tipper** (49)
Independent non-executive Chairman

Qualifications: BCom, BAcc (Wits), MBA (UCT), CA(SA)
Directorships: AVI Limited, Interwaste Holdings Limited, Hyprop Investments Limited, Redefine International Plc, York Timber Holdings Limited

Gavin completed his articles at KPMG in 1987. He went on to hold the position of technical partner at the firm before joining Coronation Holdings Limited in 2001 as Chief Operating Officer. Gavin left the Coronation group in 2011 and now serves on a number of boards; he was appointed to the AVI Board in March 2007 and was appointed Chairman of the Board on 1 July 2012.

4 **Neo P Dongwana** (42)
Independent non-executive director

Qualifications: BCom (Cape Town), Postgraduate Diploma in Accounting (Cape Town), CA(SA), BCom Hons – Financial Analysis and Portfolio Management (Cape Town)
Directorships: AVI Limited, Barloworld Limited, Mutual and Federal Insurance Company Limited, Mpact Limited, South African Breweries Proprietary Limited

Neo is a chartered accountant and was previously an audit partner at Deloitte, and before that an equities analyst at Sanlam Investment Management. She is a member of the Education and Monitoring Committees of the Independent Regulatory Board for Auditors ("IRBA") and also serves as a member of the Financial Services Board ("FSB") Appeal Board. She until recently represented South Africa on the Southern African Development Community ("SADC")'s audit committee. Neo was appointed to the AVI Board on 15 March 2011.

5 **Michael J Bosman** (53)
Independent non-executive director

Qualifications: BCom (Hons), LLM (Cape Town), AMP (Harvard), CA(SA)
Directorships: AVI Limited

Mike is the Chairman of One Digital Media. He was previously the Group CEO of TBWA, which included South Africa's top-ranked creative advertising agency TBWA Hunt Lascaris, Chairman of several other communication companies in the TBWA group, and executive director of FCB Worldwide, an advertising agency group based in New York. Mike was appointed to the AVI Board on 1 March 2010.

6 **Owen P Cressey** (47)
Chief Financial Officer and executive director

Qualifications: DipAcc (Natal), CA(SA)
Directorships: AVI Limited

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 AVI Board as Chief Financial Officer in May 2006.

7 **Barry JK Smith** (63)
Independent non-executive director

Qualifications: BSc Hons (Mathematics) (Stellenbosch), BSc Hons (Operations Research) (Unisa), MBA (Harvard)
Directorships: AVI Limited

Barry is an executive with experience in the production and marketing of consumer beverages. Until December 2010 he held the position of President of SABMiller Latin America, as well as being a member of the Executive Committee of SABMiller. He held a number of other positions within SABMiller since 1984. Barry was appointed to the AVI Board on 15 March 2011.

8 **Michael Koursaris** (37)
Business development director and executive director

Qualifications: BCom, Hons (Finance), HDip Com Law (Wits), MBA (Columbia), CFA
Directorships: AVI Limited

Michael joined AVI in 2002 as business development analyst and was appointed to the role of business development executive in January 2011. Prior to joining AVI Michael held the position of associate at New York headquartered financial management consultancy Stern Stewart and Co., working in its Johannesburg office from 1999 to 2002. Michael was appointed to the AVI Board on 9 September 2013.

9 **James R Hersov** (50)
Independent non-executive director

Qualifications: MA (Cantab)
Directorships: AVI Limited, Amatheon Agri Zambia Limited

James was co-founder and joint managing director of Otterbea International Proprietary Limited from 1989 to 1994. From 1994 to 1998 he served on the Board and the Executive Committee of Anglovaal Limited. He was appointed to the Board of AVI Limited in 1995. He served on the Board of Aveng Limited from 1999 until 2008 and was also a member of its Audit and Risk Committee. He has also served as a director of Control Instruments Group Limited and WesBank. He has been executive Chairman of Amatheon Agri Zambia since 2011.

10 **Adriaan Nühn** (61)
Independent non-executive director

Qualifications: BBusAdmin (Hogere Economische School, Eindhoven, The Netherlands), MBA (Univ of Puget Sound, Washington)
Directorships: AVI Limited, Kuoni AG, Cloetta AB, Plukon Food Group NV, Sligro Food Group NV, H.G. International BV

Adriaan started his career as a financial analyst with Xerox Corporation, after which he spent 10 years with Richardson Vicks Proctor and Gamble in Belgium, South Africa, Sweden and Austria. He thereafter spent 17 years with the Sara Lee Corporation, the last six years of which he was CEO and Chairman of the Board of management of Sara Lee International. Adriaan was appointed to the AVI Board in November 2007.

11 **Abe M Thebyane** (54)
Independent non-executive director

Qualifications: BAdmin from the University of the North; Postgraduate Diploma in HR Management from Wits Business School; Diploma in Company Direction from the Graduate Institute of Management and Technology; MBA from De Montfort University, UK
Directorships: AVI Limited, Reagile IHS Proprietary Limited

Abe is group executive: human resources, Nedbank Group Limited. Previously he was executive head: human resources, Anglo Platinum Limited and executive director: human resources, Iscor Limited. In addition, Abe has held senior human resources and business-related positions in various South Africa companies, i.e. General Electric SA Proprietary Limited, Gemini Consulting, etc. Abe was appointed to the AVI Board on 3 December 2010.

12 **Richard Inskip** (52)
Independent non-executive director

Qualifications: BCom (University of Port Elizabeth)
Directorships: AVI Limited, Cafeine Retail Consulting Proprietary Limited, Food by Staple Proprietary Limited, Inguquka Proprietary Limited, iKamva Safaris Proprietary Limited

Richard worked as a senior director in the retail and retail financial services industry in South Africa with more than 25 years of relevant experience. His most recent executive role was as the operations and financial services director of Woolworths Holdings and he served on a number of boards within the Woolworths Group. He was a founding member of the Executive Committee of the Consumer Goods Council of South Africa. Richard was appointed to the AVI Board on 18 June 2014.

Front Row left to right: 1 Andisiwe Kawa | 2 Simon L Crutchley | 3 Gavin R Tipper | 4 Neo P Dongwana

Back Row left to right: 5 Michael J Bosman | 6 Owen P Cressey | 7 Barry JK Smith | 8 Michael Koursaris | 9 James R Hersov | 10 Adriaan Nühn | 11 Abe M Thebyane

Absent: 12 Richard Inskip

CORPORATE GOVERNANCE REPORT

Framework

AVI Limited ("the Company") is a public company incorporated in South Africa under the provisions of the Companies Act No 71 of 2008, as amended and the Regulations thereto ("the Companies Act 2008") and is listed on the JSE Limited ("the JSE").

The Company's Board of directors ("the Board") is committed to ensuring that the Company is governed appropriately. The Board recognises the responsibility of the Company to conduct its affairs with prudence, transparency, accountability, fairness and in a socially and environmentally responsible manner. The Company complies with the provisions of the Companies Act 2008 and the JSE Listings Requirements, and the principles of the Code of Corporate Governance Principles and Practices as recommended in the King Report on Governance for South Africa 2009 ("King III").

Board governance structure

The general powers of the Board and the directors are conferred in the Company's Memorandum of Incorporation. Terms of reference for the Board are set out in the Company's Board charter which is reviewed periodically. The charter covers the powers and authority of the Board and provides a clear and concise overview of the responsibilities and accountability of the Board members, both collectively and individually, including the policy and procedures for appointments to the Board as assisted by the Remuneration, Nomination and Appointments Committee. Appointments to the Board are done in a formal and transparent manner and are a matter of the Board as a whole. The Board charter is available on request from the Company Secretary.

To ensure conflicts of interest are avoided the Board members annually provide a general disclosure of their personal financial interests in terms of section 75 of the Companies Act 2008, and are reminded at the commencement of every Board and Board committee meeting that they are required to declare any material personal financial interests that they may have in contracts entered into or authorised by the Company or in any matters to be discussed at the meeting, as well as any changes to their interests as previously declared.

The Board has adopted a unitary structure and no individual member of the Board has unfettered powers of decision making. The responsibility for running the Board and executive responsibility for the conduct of the business are differentiated in the Board charter. Accordingly the roles of the Chairman of the Board and of the Chief Executive Officer are separated, with Gavin Tipper and Simon Crutchley, respectively holding these positions for the year under review.

Directorate

As at 30 June 2014 the Board comprised three executive directors and nine non-executive directors. All of the non-executive directors are independent as defined by King III and have the required knowledge, skills and independence of thought to pass sound judgement on the various key issues relevant to the business of the Company, independent of the Company's management. Consideration is given to gender and racial diversity, as well as diversity in business, geographic and academic backgrounds, when appointing directors. Tailored induction programmes are run to familiarise newly appointed directors with the Group's operations. The particulars of the directors are set out in the Board of directors' section of this Integrated Annual Report.

Michael Koursaris, the Business Development Executive, was appointed as an executive director on 9 September 2013, and his appointment was considered by shareholders at the Annual General Meeting held on 30 October 2013.

Richard Inskip was appointed as an independent non-executive director on 18 June 2014 and his appointment will be considered by shareholders at the Company's Annual General Meeting on 30 October 2014.

At least one-third of the Board's members retire each year at the Annual General Meeting in terms of the Company's Memorandum of Incorporation. Retiring directors are eligible for re-election.

Board and director assessment

The Board is required to assess its performance against its charter requirements on an annual basis. The assessment was done and it was found that in all material respects the Board complied with these requirements. The Chairman continued to monitor and manage the participation of the Board's members, and considered the development requirements, if any, of each director.

In addition, during the year under review, the Board independently considered the performance of the Chairman and Chief Executive Officer. The Chairman and the Chief Executive Officer did not participate in the Board's discussions regarding their own performance.

Board meetings

During the year under review, the Board met formally on four occasions to conduct the normal business of the Company. Attendance at these meetings is summarised in the table below:

Name	6/09/2013	21/11/2013	7/03/2014	4/06/2014
GR Tipper	√	√	√	√
MJ Bosman	√	√	√	√
SL Crutchley	√	√	√	√
OP Cressey	√	√	√	√
NP Dongwana	√	√	√	√
JR Hersov	√	√	√	√
RJD Inskip				
A Kawa	√	√	√	√
M Koursaris		√	√	√
A Nühn	√	√	√	√
BJK Smith	√	√	√	√
AM Thebyane	√	√	√	√

Key: √ = in attendance; ▭ = not yet in office

In addition to these formal meetings and as a prelude to the Board meeting of 4 June 2014, the Board met with the executive management of the Company's subsidiaries on 3 June 2014 and 4 June 2014 and reviewed their performance for the past year and considered their objectives, strategies and budgeted performance for the year ahead.

Company Secretary

The Company Secretary for the year under review was Sureya Naidoo.

All directors have unlimited access to the advice and services of the Company Secretary, who is accountable to the Board for ensuring that Board procedures are complied with and that sound corporate governance and ethical principles are adhered to.

The Company Secretary's principal responsibilities to the Board and to the individual directors are to:

- guide them in the discharge of their duties, responsibilities and powers;
- provide information, advice and education on matters of ethics and good governance; and
- ensure that their proceedings and affairs, and those of the Company, are properly administered in compliance with all relevant legislation, in particular the Companies Act 2008 and the JSE Listings Requirements.

As required by the JSE Listings Requirements, the Board assessed and satisfied itself at the Board meeting of 5 September 2014, of the competence, qualifications and experience of the Company Secretary and that she has maintained an arm's-length relationship with the Board and its directors.

Board committees

The Board is assisted in the discharge of its duties and responsibilities by the Audit and Risk Committee, the Remuneration, Nomination and Appointments Committee and the Social and Ethics Committee. The ultimate responsibility at all times for Board duties and responsibilities, however, resides in the Board and it therefore does not abdicate its responsibilities to these committees.

These committees act within formalised terms of reference which have been approved by the Board and which have been reviewed to reflect the Company's application, where appropriate, of the principles embodied in King III, the statutory requirements of the Companies Act 2008 and the JSE Listings Requirements. The terms of reference set out the committees' purpose, membership requirements, duties, and reporting procedures. Relevant legislative requirements, such as those incorporated in the Companies Act 2008, are incorporated in the committee charters. Board committees, and the members thereof, may take independent professional advice at the Company's expense.

When appropriate, ad hoc committees are formed to facilitate the achievement of specific short-term objectives.

There is full disclosure, transparency and reporting from these committees to the Board at each Board meeting, and the chairpersons of the committees attend the Annual General Meeting to respond to shareholders' queries.

Audit and Risk Committee ("Audit Committee")

During the year under review, the Audit Committee comprised Mike Bosman (the Chairman), James Hersov and Neo Dongwana, all of whom are independent non-executive directors. In compliance with the Companies Act 2008 shareholders will be asked at the Annual General Meeting on 30 October 2014 to elect the members of the Audit Committee. The current members will be available for re-election.

The Company's external auditors, the Chairman of the Board, the Chief Executive Officer, the Chief Financial Officer, the Group's head of internal audit and other senior executives attend the Audit Committee meetings by invitation.

Each operating subsidiary has an internal review committee which monitors risk management and compliance activities. These committees are chaired by the Company's Chief Financial Officer and meet at least twice a year with the external auditors and the Group's head of internal audit, with the relevant financial and managing directors in attendance. Audit Committee members attend the subsidiary internal review meetings by open invitation. There is a formal reporting line from the various internal review committees into the Audit Committee via the Company's Chief Financial Officer.

The Audit Committee met twice during the year under review. The attendance of the members is reflected in the table below:

Name	28/08/2013	27/02/2014
MJ Bosman	√	√
NP Dongwana	√	√
JR Hersov	√	√

Key: √ = in attendance

The Audit Committee is responsible for the consideration of key financial and operating control risks and in particular assists the Board in the following matters:

- Monitoring the financial reporting process;
- Recommending the appointment of an independent registered auditor, determining the terms of engagement and approving fees for audit and non-audit work undertaken;
- Monitoring the operation and effectiveness of internal control systems, including information technology controls;
- Overseeing the internal audit function, monitoring its effectiveness, and reviewing corrective action in relation to findings;
- Overseeing the implementation and effective operation of a structured risk management process that incorporates insurance, health and safety, and environmental issues;
- Implementing sound corporate governance policies;
- Reviewing and recommending to the Board for approval the interim and annual financial statements, the going concern status of the Company, interim and final dividends and other special payments to shareholders; and
- Considering and satisfying itself, on an annual basis, of the expertise and experience of the Chief Financial Officer.

KPMG Incorporated was re-appointed as the Company's external auditor by shareholders at the Company's Annual General Meeting on 30 October 2013. With specific reference to the non-audit services provided by the external auditor, and at the recommendation of the Audit Committee, the Board has resolved that the auditors shall not:

- function in the role of management;
- audit their own work; and
- serve in an advocacy role for the Company.

In accordance with the requirements of the Companies Act 2008, all non-audit-specific service engagements with the external auditors were pre-approved by the Audit Committee. Dedicated internal audit resources continued to be provided via a service provision arrangement with Ernst & Young Advisory Services Limited.

The Audit Committee discharged the functions ascribed to it in terms of the Companies Act 2008 and the JSE Listings Requirements as reported in the Directors' Report. It also complied in all material respects with its mandate and the responsibilities prescribed in the applicable charter.

Remuneration, Nomination and Appointments Committee ("Remcom")

During the year under review, the members of Remcom were Adriaan Nühn (the Chairman), Andy Kawa, Abe Thebyane and Gavin Tipper. The Company's Chief Executive Officer and Human Resources Executive attend relevant parts of Remcom meetings by invitation.

Remcom met four times during the year under review and the attendance detail is reflected in the table below:

Name	5/08/2013	5/09/2013	20/11/2013	2/06/2014
A Nühn	√	√	√	√
A Kawa	√	√	√	√
AM Thebyane	√	√	√	√
GR Tipper	√	√	√	√

Key: √ = in attendance

Remcom assists the Board by overseeing the following matters:

- Ensuring that the Company's directors and the Group's senior executives are competitively rewarded for their individual contributions to the Group's overall performance. Remcom ensures that the remuneration of the senior executive members of the Group is set by a committee of Board members who have no personal interest in the outcomes of their decisions and who will give due regard to the interests of shareholders and to the financial and commercial health of the Company;
- Succession planning for, and approving the appointment of, senior executives within the Group;
- Recommending an appropriate remuneration and reward framework (including salaries, benefits, share options and incentive schemes) to ensure that the Group's employees are appropriately engaged and retained. The framework considers guaranteed remuneration, short-term and long-term incentives, and benefits;
- Reviewing the composition of the Board and its committees with respect to size, diversity, skills and experience; and
- Recommending the appointment of directors to shareholders.

Remcom complied in all material respects with its mandate and the responsibilities prescribed in the applicable charter.

Social and Ethics Committee

During the year under review, the Social and Ethics Committee comprised two independent non-executive directors, namely Neo Dongwana (the Chairman) and Barry Smith, as well as executive members, namely Paul Presbury, the Group HR and legal executive; Willem Visser, the Group asset protection manager; Sarah-Anne Orphanides, the managing director of Entyce Beverages; and Catherine Makin, the Group marketing executive. On 6 September 2013, Mr Presbury resigned as a member of the Committee and Mrs Orphanides was appointed a member of the Committee. In addition the Company's Chairman, Chief Executive Officer and Chief Financial Officer, attend the meetings by invitation.

The committee met twice during the year under review and the attendance detail is reflected in the table below:

Name	28/08/2013	6/03/2014
NP Dongwana	√	√
BJK Smith	√	√
C Makin	√	√
SA Orphanides		√
PD Presbury	X	
W Visser	√	√

Key: √ = in attendance; X = not in attendance; = resigned
= not yet in office

The Social and Ethics Committee assists the Board in the following matters:

- Monitoring the Company's activities with regard to social and economic development; good corporate citizenship; the environment, health and public safety; consumer relationships; and labour and employment;
- Drawing matters within its mandate to the attention of the Board as the occasion requires;
- Ensuring that the Company's ethics are managed effectively; and
- Reporting to the shareholders at the Company's Annual General Meeting on the matters within its mandate.

The Social and Ethics Committee discharged the functions ascribed to it in terms of the Companies Act 2008. It also complied in all material respects with its mandate and the responsibilities prescribed in the applicable charter.

Dealings in JSE securities

The Company and its directors comply with the JSE Listings Requirements in respect of trading in Company shares. In terms of the Company's closed-period policy, all directors and staff are precluded from dealing in Company shares during closed periods, namely from 31 December and 30 June of each year, until the release of the Group's interim and final results, respectively. The same arrangements apply for other closed periods declared during price-sensitive transactions for directors, officers and participants in the share incentive schemes and staff who may have access to price-sensitive information. A pre-approval policy and process for all dealings in Company shares by directors and selected key employees is strictly followed. Details of directors' and the Company Secretary's dealings in Company shares are disclosed through the Securities Exchange News Service ("SENS") in accordance with the JSE Listings Requirements.

The Company Secretary regularly disseminates written notices to brief the directors, executives, and employees on insider trading legislation, and to advise them of closed periods.

Further, in accordance with the JSE Listings Requirements, the Company's non-disclosure and confidentiality agreement in use for suppliers and other third parties contains provisions and undertakings regarding the disclosure of price-sensitive information and insider trading.

Investor relations and communication with stakeholders

The Company identifies key stakeholders with legitimate interests and expectations relevant to the Company's strategic objectives and long-term sustainability and strives to have transparent, open and clear communications with them. Reports, announcements and meetings with investment analysts and journalists, as well as the Company's website, are useful conduits for information. Further detail of these key stakeholders and the Company's engagements with them is set out in the Sustainable Development Report.

The Chairmen of the Board and the Board committees are expected to attend the Company's Annual General Meeting, and shareholders can use this opportunity to direct any questions they may have. A summary of the proceedings of general meetings and the outcome of voting on the items of business is available on request.

Keeping abreast of legislative requirements

The Company's internal legal advisers keep the Company abreast of generic and industry-specific legislative and regulatory developments, both pending and apparent, and ensure that the Board, management and employees are informed and, where necessary, trained on these developments and the implementation thereof.

In the year under review the Company remained focused on the changes brought about by, inter alia, King III and the Companies Act 2008, as well as changes to the JSE Listings Requirements and financial, labour, consumer and product legislation, some of which are addressed more fully elsewhere in this Integrated Annual Report.

Participation in industry forums

The Company and its subsidiaries participate in various forums that represent the interests of an industry or sector of the economy, including the Consumer Goods Council of South Africa, the Rooibos Council, the Aerosol Manufacturers' Association of South Africa, the Cosmetic, Toiletry and Fragrance Association of South Africa, the Responsible Fisheries' Alliance, the Association of Food and Science Technology, and the White Fish Technical Committee (a subcommittee of the Deep-Sea Fishing Industry Association). Care is taken to ensure that proceedings at these forums do not contravene competition regulations.

King III compliance disclosures

In compliance with the JSE Listings Requirements, the Company discloses hereunder details pertaining to its compliance with the principles of King III. In addition to these specific disclosures, statements are included throughout the Integrated Annual Report dealing with these principles.

	Principle	Implementation
Chapter 1: Ethical leadership and corporate citizenship		
1.1	The Board should provide effective leadership based on an ethical foundation	The Board operates within the powers conferred on it in the Memorandum of Incorporation and Board Charter; bases all deliberations, decisions and actions on strategic objectives, and ethical and moral values; considers the legitimate interests of all stakeholders; and aligns its conduct with the values that drive the Company's business
1.2	The Board should ensure that the Company is and is seen to be a responsible corporate citizen	The Board is responsible for economic, social and environmental performance and reporting, and the Company has credible and well-co-ordinated programmes in respect of social and environmental issues and stakeholder engagement
1.3	The Board should ensure that the Company's ethics are managed effectively	The Company has a code of conduct and ethics which is communicated internally and externally and the importance of ethical behaviour is emphasised in all of the Company's engagements. Ethical issues are considered by risk committees, internal review committees, the Company's Audit Committee and Social and Ethics Committee, and at Board level
Chapter 2: Boards and directors		
2.1	The Board should act as the focal point for and custodian of corporate governance	The Board operates within the powers conferred in the Memorandum of Incorporation and Board Charter which place it in the position to direct, govern and effectively control the Company
2.2	The Board should appreciate that strategy, risk, performance and sustainability are inseparable	The Board annually reviews the Company's objectives, strategies, and risks
2.3	The Board should provide effective leadership based on an ethical foundation	See 1.1 above
2.4	The Board should ensure that the Company is and is seen to be a responsible corporate citizen	See 1.2 above
2.5	The Board should ensure that the Company's ethics are managed effectively	See 1.3 above
2.6	The Board should ensure that the Company has an effective and independent Audit Committee	See chapter 3 below
2.7	The Board should be responsible for the governance of risk	See chapter 4 below
2.8	The Board should be responsible for information technology governance	See chapter 5 below
2.9	The Board should ensure that the Company complies with applicable laws and considers adherence to non-binding rules, codes and standards	See chapter 6 below
2.10	The Board should ensure that there is an effective risk-based internal audit	See chapter 7 below
2.11	The Board should appreciate that stakeholders' perceptions affect the Company's reputation	See chapter 8 below

	Principle	Implementation
Chapter 2: Boards and directors continued		
2.12	The Board should ensure the integrity of the Company's Integrated Annual Report	See chapter 9 below
2.13	The Board should report on the effectiveness of the Company's system of internal controls	See chapters 7 and 9 below
2.14	The Board and its directors should act in the best interests of the Company	The Board and directors are, inter alia, required to exercise care, skill and diligence; act in good faith; exercise objective judgement; declare any personal financial interests or conflicts of interest; and not deal in the Company's securities during closed or other price-sensitive periods
2.15	The Board should consider business rescue proceedings or other turnaround mechanisms as soon as the Company is financially distressed as defined in the Companies Act	The Board monitors the Company's solvency and liquidity and is aware of and understands its responsibilities regarding business rescue proceedings
2.16	The Board should elect a Chairman of the Board who is an independent non-executive director. The CEO of the Company should not also fulfil the role of Chairman of the Board	The position of Chairman is held by an independent non-executive director
2.17	The Board should appoint the CEO and establish a framework for the delegation of authority	The CEO is appointed by the Board and his role and responsibilities are set out in the Board charter
2.18	The Board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	The Board comprises a majority of independent non-executive directors
2.19	Directors should be appointed through a formal process	The Board charter defines a formal process for the appointment of directors by the Board with the assistance of the Remuneration, Nomination and Appointments Committee
2.20	The induction of and ongoing training and development of directors should be conducted through formal processes	New directors undergo a thorough induction and orientation programme as well as ongoing training and development regarding matters relevant to the Company, including but not limited to accounting standards and policies, the environment in which the Company operates, corporate governance, and legislation
2.21	The Board should be assisted by a competent, suitably qualified and experienced Company Secretary	A Company Secretary is appointed in compliance with the Companies Act 2008, the JSE Listings Requirements and the recommendations of King III
2.22	The evaluation of the Board, its committees and the individual directors should be performed every year	The Board, committees and directors are evaluated annually against their roles, functions, duties and performance criteria and the results of the evaluation of executive directors are considered in determining their remuneration and benefits
2.23	The Board should delegate certain functions to well-structured committees but without abdicating its own responsibilities	The Board has delegated certain responsibilities, but without abdicating responsibility, to the Audit and Risk Committee; the Remuneration, Nomination and Appointments Committee; the Social and Ethics Committee; and, from time to time, ad hoc committees appointed to deal with specific matters. In particular, the functions of the Risk Committee are incorporated into the Audit Committee, and the functions of the Nomination Committee are incorporated into the Remuneration, Nomination and Appointments Committee
2.24	A governance framework should be agreed between the Group and its subsidiary boards	A governance framework exists between the Company and its subsidiaries which recognises the legal and regulatory requirements that apply to subsidiaries of a listed company, including the Companies Act 2008 and the JSE Listings Requirements

	Principle	Implementation
Chapter 2: Boards and directors continued		
2.25	Companies should remunerate directors and executives fairly and responsibly	The Remuneration, Nomination and Appointments Committee reviews directors and executives' salaries annually against benchmarking exercises and their performance
2.26	Companies should disclose the remuneration of each individual director and prescribed officer	The remuneration of directors and prescribed officers is disclosed in the Integrated Annual Report
2.27	Shareholders should approve the Company's remuneration policy	Shareholders approve the Company's remuneration policy as contained in the Integrated Annual Report on a non-binding advisory vote at the Annual General Meeting
Chapter 3: Audit committees		
3.1	The Board should ensure that the Company has an effective and independent Audit Committee	The Company has an effective and independent Audit Committee elected by shareholders at the Annual General Meeting
3.2	Audit Committee members should be suitably skilled and experienced independent non-executive directors	All Audit Committee members are appointed after being assessed as being suitably skilled and experienced independent non-executive directors in compliance with the Companies Act 2008
3.3	The Audit Committee should be chaired by an independent non-executive director	The Audit Committee is chaired by an independent non-executive director
3.4	The Audit Committee should oversee integrated reporting	The Audit Committee operates within the functions defined in the Audit Committee charter, including overseeing integrated reporting
3.5	The Audit Committee should ensure that a combined assurance model is applied to provide a co-ordinated approach to all assurance activities	The assurance activities of management, internal and external audit are co-ordinated with each other, with the relationship between the external assurers and management being monitored by the Audit Committee
3.6	The Audit Committee should satisfy itself of the expertise, resources and experience of the Company's finance function	The Audit Committee annually evaluates the expertise, experience and adequacy of resources in the Group's finance function
3.7	The Audit Committee should be responsible for overseeing of internal audit	In terms of the Audit Committee charter, the Audit Committee oversees the internal audit function and monitors its effectiveness
3.8	The Audit Committee should be an integral component of the risk management process	The Audit Committee oversees the risk management processes across the Group
3.9	The Audit Committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	The Audit Committee annually recommends the appointment of the external auditors to shareholders at the Annual General Meeting and is responsible for oversight of the external audit process as more fully set out on pages 61 and 77
3.10	The Audit Committee should report to the Board and shareholders on how it has discharged its duties	The Audit Committee reports to the Board at every Board meeting and to shareholders at the Annual General Meeting on the discharge of its functions, as well as in this Integrated Annual Report on page 83

	Principle	Implementation
Chapter 4: The governance of risk		
4.1	The Board should be responsible for the governance of risk	In terms of the Board Charter, the Board is responsible for the governance of risk which is delegated to the Audit Committee but without abdicating the Board's responsibility
4.2	The Board should determine the levels of risk tolerance	Risks are reviewed and prioritised by the Board on a regular basis and as part of normal operational management processes
4.3	The Risk Committee or Audit Committee should assist the Board in carrying out its risk responsibilities	See 4.1 above
4.4	The Board should delegate to management the responsibility to design, implement and monitor the risk management plan	Management has responsibility for the risk management plan in accordance with the Board-approved policy and framework, which is monitored by the Audit Committee
4.5	The Board should ensure that risk assessments are performed on a continual basis	Formal risk assessments are conducted at least annually. Risks are assessed on an ongoing basis as part of normal operational management processes
4.6	The Board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	The consideration of unpredictable risks is incorporated into regular business review processes
4.7	The Board should ensure that management considers and implements appropriate risk responses	Appropriate risk responses are considered and implemented by management on an ongoing basis
4.8	The Board should ensure continual risk monitoring by management	The monitoring of risk is incorporated into regular business review processes and exceptions are highlighted to the Board
4.9	The Board should receive assurance regarding the effectiveness of the risk management process	Assurance by management regarding the risk management process is incorporated into regular business review processes
4.10	The Board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	The statutory annual financial statements include disclosure on financial risks and the operating environment is commented on in this Integrated Annual Report to the extent deemed prudent taking into account commercially privileged information
Chapter 5: The governance of information technology		
5.1	The Board should be responsible for information technology ("IT") governance	The Board is responsible for IT governance in terms of the Board Charter and the IT governance policy, which is delegated to the Audit Committee but without abdicating responsibility
5.2	IT should be aligned with the performance and sustainability objectives of the Company	IT is aligned with the performance and sustainability objectives of the Company in accordance with the IT Governance Charter
5.3	The Board should delegate to management the responsibility for the implementation of an IT governance framework	Management has the responsibility for the implementation of the IT governance framework in accordance with the IT Governance Charter
5.4	The Board should monitor and evaluate significant IT investments and expenditure	The Board monitors and evaluates significant IT investments and expenditures in accordance with the IT Governance Charter
5.5	IT should form an integral part of the Company's risk management	IT forms an integral part of the Company's risk management in accordance with the risk management framework and IT Governance Charter
5.6	The Board should ensure that information assets are managed effectively	The management of IT assets is incorporated into regular business review processes
5.7	A Risk Committee and Audit Committee should assist the Board in carrying out its IT responsibilities	See 5.1 above

	Principle	Implementation
Chapter 6: Compliance with laws, codes, rules and standards		
6.1	The Board should ensure that the Company complies with applicable laws and considers adherence to non-binding rules, codes and standards	In terms of the Board Charter the Company is committed to compliance with applicable laws and the Company remains informed on and complies with all applicable laws, and considers adherence to relevant non-binding rules, codes and standards
6.2	The Board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the Company and its business	In terms of the Board Charter the Board and individual directors are required to have a working knowledge of all applicable laws, rules, codes and standards, and they are educated on these matters as appropriate
6.3	Compliance risk should form an integral part of the Company's risk management process	Compliance risk forms part of the Company's risk management framework and processes
6.4	The Board should delegate to management the implementation of an effective compliance framework and processes	Compliance risk forms part of the risk management framework, the implementation of which is delegated to management and overseen by the Audit Committee and Board
Chapter 7: Internal audit		
7.1	The Board should ensure that there is an effective risk-based internal audit	The Company has an effective risk-based internal audit function outsourced to an independent professional firm, whose duties and responsibilities are defined in the Internal Audit Charter
7.2	Internal review should follow a risk-based approach to its plan	Internal audit follows a risk based approach in accordance with the Internal Audit Charter
7.3	Internal audit should provide a written assessment of the effectiveness of the Company's system of internal control and risk management	Internal audit is outsourced to an independent professional firm. The need for and requirements that need to be met in order to obtain this assurance are being evaluated
7.4	The Audit Committee should be responsible for overseeing internal audit	In terms of the Audit Committee Charter the Audit Committee is responsible for overseeing internal audit
7.5	Internal audit should be strategically positioned to achieve its objectives	Internal audit is independent and objective and well positioned to achieve its objectives

	Principle	Implementation
Chapter 8: Governing stakeholder relationships		
8.1	The Board should appreciate that stakeholders' perceptions affect a Company's reputation	Stakeholder engagement is an important aspect of the Company's responsibilities and it formally identifies and recognises the material stakeholders with legitimate interests with whom it engages on relevant issues
8.2	The Board should delegate to management to proactively deal with stakeholder relationships	Management has the responsibility to proactively deal with stakeholder relationships and engagements
8.3	The Board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the Company	The Company recognises material stakeholders with legitimate interests with whom it engages as necessary on relevant issues
8.4	Companies should ensure the equitable treatment of shareholders	All holders of the same class of shares, including minorities, are treated equitably in accordance with the preferences, rights, limitations and other terms applicable to such shares and any other relevant provisions of the Companies Act 2008 and the JSE Listings Requirements
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	The Company communicates with stakeholders in a variety of forms as more fully set out in this Integrated Annual Report on pages 33 and 34
8.6	The Board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible	Disputes with stakeholders would be addressed in the appropriate forum and steps taken to ensure that such disputes are resolved as effectively, efficiently and expeditiously as possible
Chapter 9: Integrated reporting and disclosure		
9.1	The Board should ensure the integrity of the Company's Integrated Annual Report	The Board is responsible for integrated reporting, including the integrity of the report
9.2	Sustainability reporting and disclosure should be integrated with the Company's financial reporting	Sustainability reporting and disclosure form an integral part of the Integrated Annual Report
9.3	Sustainability reporting and disclosure should be independently assured	External assurance will be considered when the Sustainable Development Report has been more fully developed

REMUNERATION REPORT

This report sets out the Company's remuneration and reward philosophy, policy and practice for non-executive directors, executive directors, executives and senior managers. It also provides details of the remuneration paid to and share options acquired by non-executive directors, executive directors and certain executives during the financial year ended 30 June 2014, and their interests in the Company's shares as at 30 June 2014.

Remuneration and reward philosophy

The intended consequence of the Company's remuneration and reward framework is to attract, retain and motivate the most talented people available to the Group to align with its determination to deliver superior returns to shareholders.

The reward framework is designed to:
- attract and recruit talented people from a shrinking pool of talent;
- retain competent employees who enhance business performance;
- direct employees' activities towards business priorities;
- recognise and reward employees for superior performance;
- support a high-performance environment;
- address diverse employee motivational needs across differing categories; and
- support the Company's transformation agenda.

During the year under review the Company's remuneration and reward practices played a material role in retaining key talent and supporting the achievement of the Company's objectives.

Key developments

At the Annual General Meeting held on 30 October 2013 and in accordance with the recommendations of the King Report on Corporate Governance for South Africa, 2009 ("King III"), shareholders endorsed the Company's remuneration policy as set out in the Remuneration Report contained in the Integrated Annual Report, by way of a non-binding advisory vote. Shareholders will be asked annually to consider the remuneration policy and to pass this vote.

During the year under review the Remuneration, Nomination and Appointment Committee ("Remcom") conducted a detailed review of the continued appropriateness of the nature and mechanisms of the Company's incentive schemes. It was resolved to retain both the short and long-term incentives schemes in their current format.

Composition of remuneration and rewards

In the year under review, the remuneration packages of executive directors and senior management continued to comprise:
- a guaranteed remuneration package (structured as the employee's total cost to the Company);
- an annual bonus based on business and individual performance;
- long-term incentive plans; and
- access to retirement fund and medical aid benefits funded from their guaranteed remuneration package.

Guaranteed remuneration

Remcom reviews the salaries of the executive directors and executive management annually. At least once every two years Remcom appoints an independent remuneration consultant to review the remuneration paid to the Group's executive management, as well as to selected positions within the next level of management. Assessments against the market are done in respect of total remuneration as well as the component parts. For the 2014 financial year a benchmarking exercise was carried out by the Company's Reward and Remuneration Manager in respect of executive and other senior managers' remuneration using the Deloitte Executive survey and the PricewaterhouseCoopers REM channel benchmarking tool, which, together with an AVI-specific company sizing methodology, determined a competitive and reasonable market against which to measure AVI executive and senior management remuneration. This benchmarking exercise then informed the adjustments made by Remcom during the annual salary review process.

The Company remunerates its employees who are regarded as established performers within reasonable proximity to the market median, subject to their experience and individual contribution to the Company. Employees who are clear outperformers may be remunerated from the median to within reasonable proximity of the upper quartile, while employees who are regarded as underperformers are paid below the median and are actively managed. This approach recognises the market forces in play and the heightened requirement to attract and retain talented employees. In recent times the Company has often found that it is necessary to offer to remunerate executives with proven track records at the upper quartile to attract them to the Company.

Short-term incentive schemes

Annual or short-term incentives are based on both the financial achievement of the subsidiary to which an employee is accountable and on individual performance measured against key performance indicators that may be both financial and non-financial. The more an employee is able to influence the financial performance of a subsidiary, due to his/her role and levels of responsibility, the greater his/her annual incentive is aligned with the financial performance of that subsidiary. Executive management recommends annual incentives to Remcom for approval. Remcom retains the absolute discretion to authorise incentives.

The annual incentives payable to executive and other management, for targeted levels of performance, range between 15% and 60% of an employee's guaranteed remuneration package, depending on roles, responsibilities and individual contributions, determined with reference to market norms and as deemed appropriate by Remcom. The actual incentive payment for the year under review for executive and other management was R82,8 million which was 23% of the total remuneration cost to the Company of this group of employees, excluding the cost of the incentives. The payment for the prior year was R44,0 million or 12,5% of the total remuneration cost to the Company.

Earning potentials

The maximum potential bonus awards for short-term incentives for the Chief Executive Officer, executive directors and prescribed officers are as follows:

Category of employee	On-target bonus (TCTC)	Bonus range (TCTC)	Company performance portion of bonus	Individual performance portion of bonus
CEO	60%	0% – 120%	75%	25%
Executive directors and prescribed officers	50%	0% – 100%	75%	25%

Weighting of short-term incentive measures

The measures and weightings used for the Chief Executive Officer, executive directors and prescribed officers for the year ended 30 June 2014 were:

2013/2014 AVI short-term incentive measures

	Weightings
Financial measure • Profit and capital employed achieved relative to target	75%
Individual KPIs comprising: • Effective management and delivery of core responsibilities • Attraction and retention of key talents • Effective brand development activity • Successful execution of key projects • Achievement of transformation objectives and targets • Progress made on medium-term programmes	25%

Long-term incentive schemes

Long-term share incentive schemes remain a material part of the Group's reward framework. The schemes are designed to ensure that appropriate employees are retained over a medium to long-term period, rewarded responsibly for their efforts, and that their interests are aligned with the interests of shareholders.

The share incentive schemes currently in operation at the Company were all approved by shareholders. There are currently three share incentive schemes in place – the AVI Limited Executive Share Incentive Scheme, the AVI Limited Out-Performance Scheme and the Black Staff Empowerment Share Scheme. The level of participants, and the extent of their participation, are benchmarked against the market and are approved by Remcom.

In addition to the Company's long-term incentive schemes, the Group's subsidiary companies operate "phantom share option schemes" which enable the Company to reward appropriate employees for the results that their efforts generate within the subsidiaries in which they are employed. Notional share options in the subsidiaries are granted to select employees that are either within the top three levels of management or that are regarded as key skills that require retention. The recipients benefit from the appreciation of the notional share price. Annual allocations of notional shares are made to eligible employees within a range of 35% to 165% of their guaranteed remuneration package, depending on their role and individual contribution to the subsidiary. The value of the shares is calculated based on the Company's price earnings ratio and the audited operating profit after tax of the relevant subsidiary Company, with constraints to ensure that the schemes do not reward undeserved outcomes. Remcom approves the allocations annually.

During 2006 specific approval was granted by shareholders for the shares made available to the Black Staff Empowerment Share Scheme and a maximum of 6% of the issued share capital of the Company may be allocated to the other share incentive schemes. In 2010 this was amended in accordance with Schedule 14 of the JSE Listings Requirements and specific approval was granted by shareholders for a maximum of 26 500 000 shares to be made available to the Black Staff Empowerment Share Scheme and 10 279 154 shares to be made available to each of the AVI Limited Executive Share Incentive Scheme and the AVI Limited Out-Performance Scheme. The remaining authority to the share schemes as at 30 June 2014, excluding the Black Staff Empowerment Share Scheme, is 5 062 227 shares to the AVI Limited Executive Share Incentive Scheme and 5 168 943 shares to the AVI Limited Out-Performance Share Scheme, which jointly represent 3% of the issued share capital of the Company. Details of share options issued are set out in the Directors' Report.

The first tranche of shares in the AVI Black Staff Empowerment Share Scheme, being one-third of the total allocation made on 1 January 2007, vested on 1 January 2012. Over the life of the Scheme to date, approximately 10 199 participants have benefited from the Scheme with a total gross benefit of R469,5 million, including 1 342 participants who left the Company's employ in a manner that classified them as "good leavers" and which good leavers have received a total gross benefit of R84,0 million.

In summary, the nature and key characteristics of the various schemes are:

Title and nature	Participants	Allocation method	Performance conditions	Vesting period	Exercise period
The AVI Limited Executive Share Incentive Scheme (a share option scheme that delivers value against share price appreciation)	Executive and senior management of the Company and shared services	Annual, percentage of remuneration (between 35% and 235%) determined by Remcom, based on seniority and contribution	• The employee must remain employed by the Group throughout the vesting period • The employee must maintain agreed individual performance targets aligned to the annual short-term incentive measures • The share price on exercise must be greater than the allocation price	Three years from grant date	Within two years from vesting date
The AVI Limited Out-Performance Scheme (a share grant scheme that delivers value dependent upon the Company's performance relative to its peers)	Directors of the Company and select executives of the Company and subsidiaries	Annual, percentage of remuneration (between 50% and 60%) determined by Remcom, based on seniority and contribution, subject to sacrifice of incentive plan instruments under the Executive or Phantom Share Incentive Scheme	• The employee must remain employed by the Group throughout the vesting period • The employee must maintain agreed individual performance hurdles aligned to the annual short-term incentive measures • The Company must meet total shareholder return performance thresholds relative to its peers. There is a minimum performance threshold below which the share grants are nullified	Three years from grant date	On the vesting date
The Black Staff Empowerment Share Scheme (a share rights scheme that delivers value against share price appreciation)	Black employees (as defined in terms of the Broad-Based Black Economic Empowerment Act of 2003) of the Group	On appointment and on promotion over the period 1 January 2007 to 31 December 2011, between 70% and 200% of remuneration, based on seniority	• The employee must remain employed by the Group throughout the vesting period	In equal portions on five, six and seven years from grant date	Up to year seven from grant date
Various phantom share schemes (notional share option schemes that deliver value against the subsidiaries' performance and the Company's price earnings ratio)	Executive and senior management of the subsidiaries	Annual, percentage of remuneration (between 35% and 165%) determined by Remcom, based on seniority and contribution	• The employee must remain employed by the Group throughout the vesting period • The employee must maintain agreed individual performance targets aligned to the annual short-term incentive measures • The share price on exercise must be greater than the allocation price	Three years from grant date	Within two years from vesting date

The various long-term share incentive schemes do not permit rights or options to be issued at a discount to their value at the grant date and they do not permit rights and options to be re-priced.

Benefits

Retirement fund contributions

Defined contribution pension and provident fund arrangements exist throughout the Group. Retirement funding contributions are charged against expenditure when incurred. Executive and management employees are remunerated on a total cost to company basis and therefore all funding requirements for retirement benefits are borne by these employees. The assets of retirement funds are managed separately from the Group's assets by Boards of Trustees. The trustees are both Company and employee elected, and where appropriate the boards have pensioner representation. The Boards of Trustees oversee the management of the funds and ensure compliance with all relevant legislation.

Medical aid contributions

The Anglovaal Group Medical Scheme, a restricted membership scheme, offers medical benefits for the employees of participating employers in the Group. The scheme is managed by a Board of Trustees elected by members (including pensioners) and employer companies and is administered by Discovery Health. The Board of Trustees is assisted by an Audit and Investment Committee and a Committee of Management. As with the Group's retirement funds, the assets of the scheme are managed separately from those of the Group. The Board of Trustees ensures compliance with all relevant legislation and, in particular, manages the relationship with the Council of Medical Schemes. Executive and management employees are remunerated on a total cost to company basis and therefore all funding requirements for this scheme are borne by employees.

Executive directors' emoluments

Emoluments paid to executive directors of the Company by the Company during the year under review:

	2014							
Executive director	Salary R'000	Rating	Bonus and performance-related payments R'000	Pension fund contributions R'000	Gains on exercise of share options R'000	Other benefits and allowances R'000	Total 2014 R'000	Total 2013 R'000
SL Crutchley	5 462	85%	2 155	425	26 298	53	34 393	63 084
OP Cressey	3 365	85%	1 003	264	11 089	59	15 780	23 578
M Koursaris	2 458	91%	740	215	6 522	20	9 955	*

** Not reported in 2013 owing to the date of appointment being after 1 July 2013.*

The expense for the year in respect of share options granted to executive directors, determined in accordance with IFRS2 – *Share-Based Payments*, was R4,2 million (2013: R3,6 million).

The executive directors of the Company receive no emoluments from the subsidiaries of the Company.

Non-executive directors' emoluments

Non-executive directors are remunerated in line with market-related rates for the time required to discharge their ordinary responsibilities on the Board and its sub-committees. A portion of the fees is paid as a retainer with the balance being paid for attendance of normal scheduled meetings. For extraordinary ad hoc services rendered that fall outside their ordinary duties, the non-executive directors are remunerated by way of a market-related hourly fee, subject to authorisation by Remcom. No ad hoc services fees were paid during the year under review.

Non-executive directors are not appointed under service contracts, their remuneration is not linked to the Company's financial performance and they do not qualify for participation in any share incentive schemes.

At the Annual General Meeting held on 30 October 2013 shareholders approved the fees payable to the Chairman and non-executive directors for their services to the Board and other Board committees for the 2014 financial year as follows:

Non-executive directors' fees

Chairman of the Board	R676 000
Resident non-executive directors	R230 000
Non-resident non-executive director	€41 000
Chairman of the Audit Committee	R185 000
Members of the Audit Committee	R85 500
Chairman of the Remuneration, Nomination and Appointments Committee	€13 500
Members of the Remuneration, Nomination and Appointments Committee	R78 500
Chairman of the Social and Ethics Committee	R85 500
Members of the Social and Ethics Committee	R58 000

Prescribed officers' remuneration

In accordance with the King III recommendation on disclosure of remuneration paid to prescribed officers (as defined in the Companies Act of 2008), the prescribed officers in the Group, excluding executive directors, were remunerated as follows during the year under review:

Prescribed officer	Salary R'000	Bonus and performance-related payments Ratings	R'000	Pension fund contributions R'000	Gains on exercise of share options R'000	Other benefits and allowances R'000	**Total 2014 R'000**
1	3 428	92%	1 193	312	11 285	54	**16 272**
2	3 095	79%	529	242	9 360	59	**13 285**
3	2 410	87%	836	189	8 195	46	**11 676**
4	2 134	85%	657	168	8 315	47	**11 321**
5	2 607	80%	1 185	200	2 341	–	**6 333**
6	2 484	79%	318	272	–	42	**3 116**
7*	2 463	100%	202	191	–	–	**2 856**
8	1 747	64%	145	137	–	42	**2 071**
9*	1 729	–	–	135	–	34	**1 898**
10**	1 520	0%	–	–	–	3	**1 523**

** The figures reported are for less than 12 months owing to the date of appointment being after 1 July 2013.*
*** The figures reported are for less than 12 months owing to the date of termination being before 30 June 2014.*

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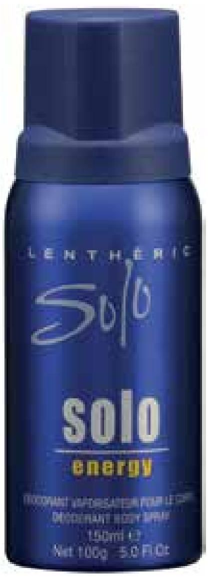

The annual financial statements of AVI Limited have been audited in compliance with section 30 of the Companies Act, No 71 of 2008, as amended, and have been prepared under the supervision of Owen Cressey, CA(SA), the AVI Group Chief Financial Officer.

These financial statements were published on Monday, 8 September 2014.

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The Group annual financial statements and annual financial statements of AVI Limited which appear on pages 78 to 154 were authorised for issue by the Board of directors on 5 September 2014 and are signed on their behalf.

GR Tipper
Non-executive Chairman

SL Crutchley
Chief Executive Officer

CERTIFICATE OF THE COMPANY SECRETARY

In terms of section 88(2)(e) of the Companies Act, No 71 of 2008, as amended, I certify that, to the best of my knowledge and belief, the Company has lodged with the Companies and Intellectual Property Commission for the financial year ended 30 June 2014, all such returns required of a public company in terms of the Companies Act, No 71 of 2008, as amended, and that all such returns are true, correct and up to date.

S Naidoo
Company Secretary
Illovo, Johannesburg
5 September 2014

INDEPENDENT AUDITORS' REPORT

To the shareholders of AVI Limited

Report on the financial statements

We have audited the Group financial statements and the financial statements of AVI Limited, which comprise the balance sheets at 30 June 2014, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes as set out on pages 81 and 82 and pages 84 to 153.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of AVI Limited at 30 June 2014, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 30 June 2014, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

KPMG Inc.
Registered Auditor

Per G Stanier
Chartered Accountant (SA)
Registered Auditor
Director
5 September 2014

KPMG Crescent
85 Empire Road
Parktown
Johannesburg

DIRECTORS' REPORT

Business of the Company and Group

AVI Limited ("the Company"), which is registered and incorporated in the Republic of South Africa and listed on the JSE Limited ("JSE"), is a branded consumer products company. The Company registration number is 1944/017201/06. The Group comprises trading subsidiaries that manufacture, process, market and distribute branded consumer products in the food, beverage, footwear, apparel and cosmetics sectors.

Directors' responsibilities relating to the annual financial statements

The Group annual financial statements and annual financial statements of AVI Limited were compiled under the supervision of Mr OP Cressey, CA(SA), the AVI Group's Chief Financial Officer.

The Company's directors are responsible for the preparation and fair presentation of the Group annual financial statements and annual financial statements, comprising the balance sheets at 30 June 2014, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. In addition, the directors are responsible for preparing the Directors' Report.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the Company and its subsidiaries' ability to continue as going concerns and there is no reason to believe they will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the Group financial statements and financial statements are fairly presented in accordance with the applicable financial reporting framework.

Financial

The results of operations for the year are set out in the statement of comprehensive income on page 101.

Revenue and operating profit before capital items were as follows:

	2014 R'm	2013 R'm
REVENUE		
Continuing operations		
Branded consumer products	**10 257,7**	9 206,6
Corporate	**9,7**	11,7
	10 267,4	9 218,3
Discontinued operations		
Real Juice	**–**	33,6
Total	**10 267,4**	9 251,9
The discontinued operation comprised the fresh fruit juice manufacturing business of Real Juice which was disposed of with effect from 1 October 2012.		
OPERATING PROFIT/(LOSS) BEFORE CAPITAL ITEMS		
Continuing operations		
Branded consumer products	**1 721,6**	1 528,4
Corporate	**(9,1)**	(2,2)
	1 712,5	1 526,2
Discontinued operation		
Real Juice	**–**	0,6
Total	**1 712,5**	1 526,8

Details of this analysis are provided in the segmental report, which follows the Directors' Report.

A five-year summary of Group balance sheets, income statements and cash flow statements is presented on pages 30 and 31.

Corporate activity

There have been no significant changes to investments during the year.

Share capital

Details of the Company's authorised and issued share capital are given in Note 8 to the financial statements on page 113.

Issues and redemptions during the year

A summary of the movement in the number of ordinary shares in issue during the year is given in Note 8 to the financial statements on page 113.

General authority for the Company to acquire its own shares

The directors consider that it will be advantageous for the Company to have a general authority to acquire its own shares. Such authority will be utilised if the directors consider that it is in the best interests of the Company and shareholders to effect any such acquisitions having regard to prevailing circumstances and the cash resources of the Company at the appropriate time. Accordingly, shareholders will be asked to approve such general authority at the Annual General Meeting on 30 October 2014.

General authority for the Company to provide direct or indirect financial assistance to present or future subsidiaries

The directors consider that a general authority should be put in place to provide direct or indirect financial assistance to present or future subsidiaries and/or any other company or entity that is or becomes related or inter-related to the Company. Such authority will assist the Company, inter alia, in making inter-company loans to subsidiaries as well as granting letters of support and guarantees in appropriate circumstances. The existence of a general authority would avoid the need to refer each instance to shareholders for approval. This general authority would be valid up to and including the 2014 Annual General Meeting of the Company. Accordingly, shareholders will be asked to approve such general authority at the Annual General Meeting on 30 October 2014.

Dividends

Dividends, paid and proposed, are disclosed in Note 34 to the financial statements on page 128.

Directorate

There were the following changes to the Board in the year under review. Mr M Koursaris and Mr R Inskip were appointed on 9 September 2013 and 18 June 2014 respectively.

In terms of the Company's Memorandum of Incorporation, Messrs GR Tipper, JR Hersov, SL Crutchley and OP Cressey retire at the forthcoming Annual General Meeting. All the retiring directors, being eligible, offer themselves for re-election.

In terms of the Companies Act the appointments of Messrs MJ Bosman (Chairman), JR Hersov and Mrs NP Dongwana to the Audit and Risk Committee need to be approved at the forthcoming Annual General Meeting.

Directors' service contracts

Standard terms and conditions of employment apply to executive directors, which, inter alia, provide for notice of termination of three months. Non-executive directors conclude service contracts with the Company on appointment. Their term of office is governed by the Memorandum of Incorporation which provides that one-third of the aggregate number of directors will retire by rotation at each Annual General Meeting, but may, if eligible, offer themselves for re-election.

Share schemes

Particulars relating to the Group's various share incentive schemes are set out in Note 36 on pages 129 to 134 of the financial statements.

Directors' interests

The interests of the directors in the issued listed securities of the Company as at 30 June 2014 and 30 June 2013, being ordinary shares of 5 cents each, are as follows:

	Direct number	Beneficial indirect number	% of total
At 30 June 2014			
SL Crutchley	800 000	–	0,23
OP Cressey	31 000	–	0,01
M Koursaris	82 500	–	0,02
Total	913 500	–	0,26
At 30 June 2013			
SL Crutchley	741 543	–	0,20
OP Cressey	–	–	–
M Koursaris	–	–	–
Total	741 543	–	0,20

There has been no change in the directors' interests reflected above since the reporting date.

Material shareholders

The Company does not have a holding company.

Ordinary shares

The beneficial holders of 3% or more of the issued ordinary shares of the Company at 30 June 2014, according to the information available to the directors, were:

	Number of ordinary shares	%
Government Employees Pension Fund	55 687 221	16,1
Liberty Group	17 958 844	5,2
AVI Investment Services Proprietary Limited	17 234 352	5,0
Fidelity Worldwide Investment	14 156 414	4,1
Employee share schemes	10 582 863	3,1

Special resolutions passed by the Company and registered by the Registrar of Companies

The following special resolutions have been passed by the Company since the previous Directors' Report dated 6 September 2013 to the date of this report:

- To approve the fees payable to the current non-executive directors, excluding the Chairman of the Board and the foreign non-executive director.
- To approve the fees payable to the Chairman of the Board.
- To approve the fees payable to the foreign non-executive director.
- To approve the fees payable to the members of the Remuneration, Nomination and Appointments Committee, excluding the Chairman of the committee.
- To approve the fees payable to the members of the Audit and Risk Committee, excluding the Chairman of the committee.
- To approve the fees payable to the members of the Social and Ethics Committee, excluding the Chairman of the committee.
- To approve the fees payable to the Chairman of the Remuneration, Nomination and Appointments Committee.
- To approve the fees payable to the Chairman of the Audit and Risk Committee.
- To approve the fees payable to the Chairman of the Social and Ethics Committee.
- To authorise, by way of a general approval, the Company or any of its subsidiaries to acquire ordinary shares issued by the Company in terms of the Companies Act and Listings Requirements of the JSE.
- To authorise, by way of a general approval, the Company, in terms of section 45 of the Companies Act, to provide direct or indirect financial assistance by way of loan, guarantee, the provision of security or otherwise to any of its present or future subsidiaries and/or any other company or entity that is or becomes related or inter-related to the Company.

Post-reporting date events

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

DIRECTORS' REMUNERATION REPORT

Share incentive scheme interests

Name	Date of grant	Exercise price per share R	Instruments[1] outstanding at 30 June 2013 number	Granted number	Exercised number	Relinquished[2] number	**Instruments[1] outstanding at 30 June 2014 number**
THE AVI EXECUTIVE SHARE INCENTIVE SCHEME							
SL Crutchley	1 April 2010	23,94	319 705	–	(319 705)	–	**–**
	1 April 2011	29,38	285 738	–	–	–	**285 738**
	1 April 2012	45,49	207 160	–	–	–	**207 160**
	1 April 2013	55,88	231 299	–	–	(61 597)	**169 702**
	1 April 2014	53,38	–	261 502	–	–	**261 502**
OP Cressey	1 October 2010	26,33	115 390	–	(115 390)	–	**–**
	1 October 2011	32,60	101 084	–	–	–	**101 084**
	1 October 2012	58,83	59 974	–	–	–	**59 974**
	1 October 2013	58,50	–	104 013	–	(31 868)	**72 145**
M Koursaris	1 April 2010	23,94	29 675	–	(29 675)	–	**–**
	1 April 2011	29,38	54 487	–	(54 487)	–	**–**
	1 April 2012	45,49	39 832	–	–	–	**39 832**
	1 April 2013	55,88	53 561	–	–	(23 795)	**29 766**
	1 April 2014	53,38	–	85 114	–	–	**85 114**
			1 497 905	450 629	(519 257)	(117 260)	**1 312 017**

[1] Includes options and unexercised scheme shares.
– Unless specifically noted, all options are vested or vest three years after grant date, and lapse on the fourth anniversary (issued before 2011) or on the fifth anniversary (issued after 2011) of the grant date.
– None of the non-executive directors have share incentive scheme interests.
– The shareholdings of the directors are given in the Directors' Report.
[2] The number of relinquished options represents options sacrificed in favour of AVI Out-Performance Scheme options in terms of the rules of the AVI Out-Performance Scheme.

Name	Date of grant	Grant price per share R	Instruments outstanding at 30 June 2013 number	Granted number	Exercised number	Relinquished number	**Instruments outstanding at 30 June 2014 number**
THE AVI OUT-PERFORMANCE SCHEME							
SL Crutchley	1 October 2010	25,41	112 208	–	(112 208)	–	**–**
	1 October 2011	32,43	94 357	–	–	–	**94 357**
	1 October 2012	58,61	56 304	–	–	–	**56 304**
	1 October 2013	57,86	–	61 597	–	–	**61 597**
OP Cressey	1 October 2010	25,41	52 817	–	(52 817)	–	**–**
	1 October 2011	32,43	44 281	–	–	–	**44 281**
	1 October 2012	58,61	26 217	–	–	–	**26 217**
	1 October 2013	57,86	–	31 868	–	–	**31 868**
M Koursaris	1 October 2010	25,41	26 430	–	(26 430)	–	**–**
	1 October 2011	32,43	30 520	–	–	–	**30 520**
	1 October 2012	58,61	18 913	–	–	–	**18 913**
	1 October 2013	57,86	–	23 795	–	–	**23 795**
			462 047	117 260	(191 455)	–	**387 852**

All instruments vest three years after grant date. Instruments are converted to shares if the performance requirements are met on the measurement date.

Emoluments

	2014						
	Salary R'000	Bonus and performance-related payments R'000	Pension fund contributions R'000	Gains on exercise of share options* R'000	Other benefits and allowances R'000	Total R'000	2013 R'000
EXECUTIVE DIRECTORS							
SL Crutchley	**5 462**	**2 155**	**425**	**26 298**	**53**	**34 393**	63 084
OP Cressey	**3 365**	**1 003**	**264**	**11 089**	**59**	**15 780**	23 578
M Koursaris**[3]	**2 458**	**740**	**215**	**6 522**	**20**	**9 955**	–
	11 285	**3 898**	**904**	**43 909**	**132**	**60 128**	86 662

* *Gains on exercise of share options represent the actual gain received by the director on exercising vested options.*
** *Directors' emoluments includes amounts paid prior to appointment and earned as a salaried employee during the current year.*

	Total R'000	2013 R'000
NON-EXECUTIVE DIRECTORS' AND COMMITTEE FEES		
GR Tipper (Chairman)	**898**	843
AW Band[1]	**–**	113
JR Hersov	**316**	268
KE Macilwaine[1]	**–**	89
A Nühn	**774**	558
M Bosman	**415**	362
A Kawa	**309**	285
A Thebyane	**309**	254
N Dongwana	**401**	375
B Smith	**288**	269
R Inskip[2]	**–**	–
	3 710	3 416
	63 838	90 078

Details relating to the Group's remuneration practices are set out in the Remuneration Report on pages 70 to 74.

The IFRS 2 expense recognised in profit or loss in respect of options granted to directors is as follows:

	2014 R'000	2013 R'000
SL Crutchley	**2 460**	2 566
OP Cressey	**1 108**	1 072
M Koursaris[3]	**626**	–
	4 194	3 638

[1] *Resigned 2 November 2012*
[2] *Appointed 18 June 2014*
[3] *Appointed 9 September 2013*

AUDIT COMMITTEE REPORT

The Audit Committee is pleased to present its report for the financial year ended 30 June 2014 in terms of section 94(7)(f) of the Companies Act, No 71 of 2008, as amended ("the Companies Act").

The Audit Committee has adopted formal terms of reference, delegated to it by the Board of directors, as its charter. The charter is in line with the Companies Act, the King Code and Report on Governance for South Africa ("King lll") and the JSE Listings Requirements. The committee has discharged the functions delegated to it in terms of its charter. This process is supported by the operating subsidiary companies which have internal review committees that monitor risk management and compliance activities. There is a formal reporting line from the various internal review committees into the Audit Committee via the Company's Chief Financial Officer.

During the year under review the committee performed the following statutory duties:

1. Reviewed and recommended for adoption by the Board such financial information as is publicly disclosed which for the year included:
   - the interim results for the six months ended 31 December 2013; and
   - the annual financial statements for the year ended 30 June 2014.
2. Considered and satisfied itself that the external auditors KPMG Inc. are independent.
3. Approved the external auditors' budgeted fees and terms of engagement for the 2014 financial year.
4. Determined the non-audit-related services which the external auditors were permitted to provide to AVI and reviewed the policy for the use of the external auditors for non-audit-related services. All non-audit-related service agreements between the AVI Group and the external auditors were pre-approved.
5. Nominated KPMG Inc. for appointment as the Group auditors for the 2014 financial year.
6. Resolved to continue to co-source the internal audit function from Ernst & Young Advisory Services Proprietary Limited during the financial year.
7. Reviewed the Audit Committee charter in line with King lll recommendations.
8. Reviewed the internal audit charter in line with King lll recommendations.
9. Confirmed the internal audit plan for the 2014 financial year.
10. Reviewed the IT governance structure for the AVI Group.
11. Confirmed adequate whistle-blowing facilities were in place throughout the AVI Group and reviewed and considered action taken with regard to incident reports.
12. Held separate meetings with management, the external and internal auditors to discuss any problems and reservations arising from the year-end audit and other matters that they wished to discuss.
13. Noted that it had not received any complaints, either from within or outside the Company, relating either to the accounting practices, the internal audits, the content or auditing of the financial statements, the internal financial controls or any other related matter.
14. Conducted a self-evaluation exercise into the effectiveness of the Audit Committee.
15. Recommended to the Board the re-appointment of KPMG Inc. as the Group auditors and Mr G Stanier as the registered auditor responsible for the audit for the year ending 30 June 2015, which will be considered at the forthcoming Annual General Meeting.
16. Evaluated and satisfied itself as to the appropriateness of the expertise and experience of the Company's financial director.
17. Satisfied itself as to the expertise, resources and experience of the Company's finance function.

For further details regarding the Audit Committee, shareholders are referred to the Corporate Governance Report on page 61.

On behalf of the Audit Committee

MJ Bosman
Audit Committee Chairman
5 September 2014

SEGMENT REPORTING

	Continuing operations							
							Fashion Brands	
	Entyce		Snackworks		I&J		Personal Care	
	2014 R'm	2013 R'm	**2014 R'm**	2013 R'm	**2014 R'm**	2013 R'm	**2014 R'm**	2013 R'm
Revenue from customers	**2 717,4**	2 414,9	**3 057,9**	2 681,6	**1 823,1**	1 591,9	**1 043,8**	982,1
Total segment revenue	**2 744,9**	2 448,4	**3 060,9**	2 689,4	**1 823,1**	1 591,9	**1 044,8**	983,4
Intersegment revenue	**(27,5)**	(33,5)	**(3,0)**	(7,8)	**–**	–	**(1,0)**	(1,3)
Segment result								
Operating profit/(loss) before capital items	**442,4**	397,8	**474,5**	387,9	**244,6**	165,8	**172,0**	167,1
Share of equity accounted earnings of JVs	**–**	–	**–**	–	**28,5**	23,9	**–**	–
Operating profit/(loss) from ordinary activities	**442,4**	397,8	**474,5**	387,9	**273,1**	189,7	**172,0**	167,1
Income from investments	**6,0**	9,1	**0,8**	0,8	**6,0**	7,1	**2,3**	2,2
Interest expense	**55,0**	32,0	**21,5**	27,4	**9,6**	7,0	**9,2**	19,5
Taxation	**119,9**	123,8	**117,8**	90,7	**78,7**	56,7	**44,3**	37,8
Segment profit/(loss) before capital items	**273,5**	251,1	**336,0**	270,6	**190,8**	133,1	**120,8**	112,0
Capital items (after tax)								
Profit for the year								
Segment assets	**1 761,6**	1 477,5	**1 232,3**	1 241,7	**1 867,1**	1 654,6	**617,3**	735,9
Segment liabilities	**1 531,1**	937,2	**607,8**	839,6	**743,8**	632,7	**408,8**	534,9
Additions to property, plant and equipment	**180,4**	219,8	**76,1**	143,9	**183,7**	112,9	**24,5**	31,5
Depreciation and amortisation	**78,0**	64,5	**69,4**	60,3	**62,6**	55,7	**27,4**	32,5
Impairment losses	**–**	–	**0,8**	2,6	**–**	–	**–**	–
Number of employees at year-end	**1 043**	946	**2 271**	2 175	**2 047**	1 989	**385**	389

	2014 R'm	**%**	2013 R'm	%
TOTAL OPERATIONS				
Segmental revenue by market				
The Group's consolidated revenue by geographic market, regardless of where goods were produced, was as follows:				
South Africa	**8 402,2**	**81,8**	7 717,9	83,4
International operations	**485,2**	**4,7**	357,5	3,9
Exports from South Africa	**1 380,0**	**13,4**	1 176,5	12,7
	10 267,4	**100,0**	9 251,9	100,0
Analysis of non-current assets* by geographic area				
South Africa	**3 448,4**	**89,5**	3 217,7	89,6
Other African	**17,7**	**0,5**	19,3	0,5
Australia	**389,0**	**10,1**	352,2	9,8
	3 855,1	**100,0**	3 589,2	100,0

*Comprises non-current assets less deferred tax assets, and other investments.
**Includes AVI Field Marketing Services. Costs attributable to AVI Field Marketing Services have been allocated to the appropriate segments.

Fashion Brands Footwear and Apparel 2014 R'm	Fashion Brands Footwear and Apparel 2013 R'm	Corporate and consolidation 2014 R'm	Corporate and consolidation 2013 R'm	Total 2014 R'm	Total 2013 R'm	Discontinued operation Real Juice 2014 R'm	Discontinued operation Real Juice 2013 R'm	Total 2014 R'm	Total 2013 R'm
1 615,5	1 536,1	**9,7**	11,7	**10 267,4**	9 218,3	**–**	33,6	**10 267,4**	9 251,9
1 615,5	1 536,1	**73,4**	67,3	**10 362,6**	9 316,5	**–**	33,6	**10 362,6**	9 350,1
–	–	**(63,7)**	(55,6)	**(95,2)**	(98,2)	**–**	–	**(95,2)**	(98,2)
388,1	409,8	**(9,1)**	(2,2)	**1 712,5**	1 526,2	**–**	0,6	**1 712,5**	1 526,8
–	–	**–**	–	**28,5**	23,9	**–**	–	**28,5**	23,9
388,1	409,8	**(9,1)**	(2,2)	**1 741,0**	1 550,1	**–**	0,6	**1 741,0**	1 550,7
1,2	4,1	**(8,7)**	(12,9)	**7,6**	10,4	**–**	0,5	**7,6**	10,9
12,2	9,6	**(51,5)**	(32,4)	**56,0**	63,1	**–**	0,6	**56,0**	63,7
105,9	113,4	**22,2**	27,4	**488,8**	449,8	**–**	–	**488,8**	449,8
271,2	290,9	**11,5**	(10,1)	**1 203,8**	1 047,6	**–**	0,5	**1 203,8**	1 048,1
				111,9	(3,4)	**–**	41,1	**111,9**	37,7
				1 315,7	1 044,2	**–**	41,6	**1 315,7**	1 085,8
649,0	649,5	**975,3**	809,6	**7 102,6**	6 568,8	**–**	–	**7 102,6**	6 568,8
568,1	507,3	**(973,2)**	(560,5)	**2 886,4**	2 891,2	**–**	–	**2 886,4**	2 891,2
64,0	48,8	**3,2**	10,0	**531,9**	566,9	**–**	–	**531,9**	566,9
42,3	39,4	**6,4**	6,6	**286,1**	259,0	**–**	–	**286,1**	259,0
0,3	1,0	**–**	–	**1,1**	3,6	**–**	–	**1,1**	3,6
1 699	1 593	**3 389**	3 408**	**10 834**	10 500	**–**	–	**10 834**	10 500

Basis of segment presentation

The segment information has been prepared in accordance with IFRS 8 – *Operating Segments* ("IFRS 8") which defines requirements for the disclosure of financial information of an entity's operating segments. The standard requires segmentation based on the Group's internal organisation and reporting of revenue and operating income based upon internal accounting presentation.

Identification of reportable segments

The Group discloses its reportable segments according to the entity components that management monitors regularly in making decisions about operating matters. The reportable segments comprise various operating segments primarily located in South Africa.

The revenue and operating assets are further disclosed within the geographical areas in which the Group operates. Segment information is prepared in conformity with the basis that is reported to the CEO, who is the chief operating decision maker, in assessing segment performance and allocating resources to segments. These values have been reconciled to the consolidated financial statements. The basis reported by the Group is in accordance with the accounting policies adopted for preparing and presenting the consolidated financial statements.

Segment revenue excludes value added taxation and includes intersegment revenue. Revenue from customers represents segment revenue from which intersegment revenue has been eliminated. Sales between segments are made on a commercial basis.

Segment operating profit before capital items represents segment revenue less segment operating expenses, excluding capital items included in Note 21.

Segment expenses include direct and allocated expenses. Depreciation and amortisation have been allocated to the segments to which they relate.

The segment assets comprise all assets that are employed by the segment and that either are directly attributable to the segment, or can be allocated to the segment on a reasonable basis.

Reportable segments

Entyce

Revenue in this segment is derived from the sale of tea, coffee and creamer, primarily in South Africa.

The Ciro Full Service Coffee Company is the leading South African retail and food services supplier of premium ground coffee and beverage service solutions to the out-of-home consumption market including airports, hotels, caterers, restaurants and corporates.

Snackworks

The principal activity within this segment is the sale of a full range of sweet and savoury biscuits, and baked and fried potato and maize snacks, primarily in South Africa.

I&J

I&J processes, markets and distributes premium quality value-added seafood in local and international markets (mainly Europe and Australia).

Fashion Brands

Fashion Brands provides personal care and footwear and apparel offerings.

Personal Care

Indigo Brands, which forms the base for the Personal Care segment, creates, manufactures and distributes leading cosmetic and toiletry products that range from mass market to bridge fragrances. Some product is exported.

Footwear and Apparel

Spitz, Green Cross and Gant make up the Footwear and Apparel segment and retail a portfolio of owned and licensed footwear and apparel brands in South Africa.

Corporate

The corporate office provides strategic direction, as well as financial, treasury, legal and information technology services to the largely autonomous subsidiaries. Other entities in this segment comprise the various staff scheme share trusts.

Geographical information

The Group's operations are principally located in South Africa. The Australian asset comprises I&J's interest in the Australian fish processing joint venture with Simplot (Australia) Proprietary Limited.

Major customers

The Group's most significant customers, being two South African retailers, individually contribute to more than 10% of the Group's revenue (R2 433,0 million in the current year and R1 924,1 million in the previous year) in the Entyce, Snackworks and I&J segments.

ACCOUNTING POLICIES

AVI Limited (the "Company") is a South African registered company. The consolidated financial statements of the Company for the year ended 30 June 2014 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in joint ventures. Where reference is made to the Group in the accounting policies, it should be interpreted as also referring to the Company where the context requires, unless otherwise noted.

Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), in compliance with the JSE Listings Requirements, the interpretations adopted by the International Accounting Standards Board ("IASB"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, and the requirements of the Companies Act of South Africa.

Basis of preparation

The consolidated and separate financial statements are prepared in millions of South African Rand ("R'm"), which is the Company's functional currency, on a historical cost basis, except for the following assets and liabilities which are stated at their fair value:

- derivative financial instruments and biological assets;
- liabilities for cash settled share-based payment arrangements; and
- non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that may affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about areas of estimation and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

Note 1 – useful lives and residual values of property, plant and equipment
Note 2 – useful lives and impairment tests on intangible assets
Note 3 – utilisation of tax losses
Note 7 – estimated fair value less cost to sell of disposal groups
Note 11 – measurement of defined benefit obligations

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, except for the adoption of the new and revised accounting standards as detailed below.

Adoption of new and revised accounting standards

The Group has adopted the following new and revised accounting standards, including any consequential amendments to other standards, with a date of initial application of 1 July 2013:

- IFRS 10 – *Consolidated Financial Statements*
- IFRS 11 – *Joint Arrangements*
- IFRS 12 – *Disclosure of Interests in Other Entities*
- IFRS 13 – *Fair Value Measurement*
- IAS 19 – *Employee Benefits* (as revised in 2011)
- IAS 27 – *Separate Financial Statements* (2011)
- IAS 28 – *Investment in Associates and Joint Ventures* (2011)
- Presentation of Items of Other Comprehensive Income (amendments to IAS 1)
- Amendments to IAS 36 – *Recoverable amount disclosures for non-financial assets* (early adoption)

In accordance with IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors*, the adoption of new and revised standards described on page 89 have been applied retrospectively.

IFRS 10 – *Consolidated Financial Statements*
In accordance with the transitional provisions of IFRS 10, the Group reassessed the control conclusion for its investees at 1 July 2013.

As a result of adopting IFRS 10, the Group has changed its accounting policy for evaluating control over its investees. IFRS 10 introduces a new control model that is applicable to all investees, by focusing on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect those returns.

The adoption of the above standard has had no impact on the Group's control conclusions.

IFRS 11 – *Joint Arrangements*
In terms of IFRS 11, proportionate consolidation of joint arrangements is no longer permitted. Joint arrangements are now classified as either joint ventures or joint operations. Joint ventures are required to be equity accounted.

Following the adoption of this standard the Group re-evaluated its involvement in its principal joint arrangement with Simplot Australia Proprietary Limited and concluded that the investment meets the definition of a joint venture. Consequently there has been no change in accounting for the joint arrangement by applying equity accounting.

IFRS 12 – *Disclosure of Interests in Other Entities*
As a result of IFRS 12, the Group has expanded its disclosures with regards to its interests in subsidiaries and equity-accounted investees.

IFRS 13 – *Fair Value Measurement*
IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRS.

It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRS, including IFRS 7. As a result, the Group has included additional disclosures in this regard (see Note 45).

In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurement of the Group's assets and liabilities.

IAS 19 – *Employee Benefits* (as revised in 2011)
Under the revised standard (IAS 19) actuarial gains and losses are required to be recognised immediately in other comprehensive income with the corridor method and the recognition of actuarial gains and losses in profit or loss no longer being permitted. Past service cost as well as gains and losses on curtailments or settlements are recognised immediately in profit or loss. The definitions of short-term and other long-term employee benefits have been amended and the distinction between the two will depend on when the entity expects the benefit to be settled wholly or in full.

The adoption of the above standard has not significantly impacted the financial results.

Presentation of Items of Other Comprehensive Income (amendments to IAS 1)
As a result of amendments to IAS 1, the Group has modified the presentation of items of other comprehensive income in its statement of comprehensive income, to present separately items that would be reclassified to profit or loss from those that would never be. Comparative information has been re-presented accordingly.

Amendments to IAS 36 – *Recoverable amount disclosures for non-financial assets* (early adoption)
The amendment reverses the unintended requirement in IFRS 13 – *Fair Value Measurement* to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite life intangible assets have been allocated. Under the amendments, the recoverable amount is required to be disclosed only when an impairment loss has been recognised or reversed.

Basis of consolidation

Subsidiaries
The consolidated financial statements include the financial statements of the Company and its subsidiaries. Where an investment in a subsidiary is acquired or disposed of during the financial year its results are included from, or to, the date control commences or ceases. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

Subsidiaries are those entities controlled by the Group. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Losses applicable to non-controlling interests in a subsidiary are allocated to the non-controlling interest even if doing so causes the non-controlling interest to have a deficit balance.

Transaction costs that the Group incurs in connection with a business combination are expensed as incurred.

Joint arrangements
Joint arrangements are those entities in respect of which there is a contractual agreement whereby the Group and one or more other parties undertake an economic activity, which is subject to joint control.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

The Group's participation in joint ventures is accounted for using the equity method and is recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and other comprehensive income of the equity-accounted investees, until the date on which joint control ceases.

Eliminations on consolidation
Intra-group balances and transactions, and any unrealised gains or losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with joint ventures are eliminated to the extent of the Group's interest in these enterprises. Unrealised losses on transactions with joint ventures are eliminated in the same way as unrealised gains except that they are only eliminated to the extent that there is no evidence of impairment.

Goodwill
All business combinations are accounted for by applying the "acquisition method", as at acquisition date, which is the date on which control is transferred to the Group. For acquisitions taking place on or after 1 July 2009 the Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as at the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination. If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in expenses.

The Group measures any non-controlling interest at either fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable assets. This election is made on a transaction-by-transaction basis.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

A bargain purchase gain arising on an acquisition is recognised directly in profit or loss as a capital item.

Premiums and discounts arising on subsequent purchases from, or sales to, non-controlling interests in subsidiaries
Following the presentation of non-controlling interests in equity, any increases and decreases in ownership interests in subsidiaries without a change in control are recognised as equity transactions in the consolidated financial statements. Accordingly, any premiums or discounts on subsequent purchases of equity instruments from, or sales of equity instruments to, non-controlling interests are recognised directly in the equity of the parent shareholder.

Business combinations involving entities under common control
Business combinations involving entities or businesses under common control comprise business combinations where both entities remain under the ultimate control of the Group before and after the combination, and that control is not transitory. The assets and liabilities in common control transactions within the Group are transferred at existing carrying value.

Black economic empowerment ("BEE") transactions
BEE transactions involving the disposal or issue of equity interests in subsidiaries are only recognised when the accounting recognition criteria have been met.

Although economic and legal ownership of such instruments may have transferred to the BEE partner, the derecognition of such equity interests sold or recognition of equity instruments issued in the underlying subsidiary by the parent shareholder is postponed until the accounting recognition or derecognition criteria have been satisfied.

A dilution in the earnings attributable to the parent shareholders (in the interim period until accounting recognition criteria have been met) is adjusted for in the diluted earnings per share calculation by an appropriate adjustment to the earnings used in such calculation.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition or construction of an asset that requires a substantial period of time to prepare for its intended use, are capitalised. Interest is capitalised over the period during which the qualifying asset is being acquired or constructed and where borrowings have been incurred. Capitalisation ceases when the construction is interrupted for an extended period or when the qualifying asset is substantially complete. All other borrowing costs are recognised in profit or loss using the effective interest method.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash balances on hand, deposits held on call with banks, net of overdrafts forming part of the Group's cash management, all of which are available for use by the Group unless otherwise stated. Cash and cash equivalents are measured at amortised cost.

Capital items

Capital items are items of income and expense relating to the acquisition, disposal or impairment of investments, businesses, property, plant and equipment, and intangible assets. Capital items relate to separately identifiable remeasurements (not adjusted for related taxation and related non-controlling interests) other than included remeasurements specifically included in headline earnings as defined in Circular 2/2013 – Headline earnings.

Discontinued operations

A discontinued operation is a clearly distinguishable component of the Group's business that is abandoned or disposed of pursuant to a single plan and which represents a separate major line of business or geographical area of operation that can be distinguished physically, operationally and for financial reporting purposes.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held-for-sale, if earlier. When an operation is classified as a discontinued operation, the comparative profit or loss is restated as if the operation had been discontinued from the start of the previous period.

Dividends payable

Dividends payable are recognised in the period in which such dividends are declared.

Employee benefits

Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service.

The accruals for employee entitlements to salaries, performance bonuses and annual leave represent the amounts which the Group has a present obligation to pay as a result of employees' services provided to the reporting date. The accruals have been calculated at undiscounted amounts based on current salary levels at the reporting date.

Defined contribution plans

The Group provides defined contribution plans for the benefit of employees, the assets of which are held in separate funds. These funds are funded by payments from employees and the Group. The Group's contributions to defined contribution plans are charged to profit or loss in the year to which they relate.

Defined benefit obligations

The Group's obligation to provide post-retirement medical aid benefits are defined benefit obligations. The projected unit credit method is used to determine the present value of the defined benefit obligations, the related current service cost and, where applicable, the past service cost.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss.

The Group recognises all actuarial gains and losses in respect of defined benefit obligations directly in other comprehensive income immediately.

ACCOUNTING POLICIES continued

Other long-term employee benefits
The Group's net obligation in respect of long-term employee benefits, other than post-retirement and pension plans, is the amount of future benefits that employees have earned in return for their services in the current and prior periods.

That benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The calculation of benefits is performed using the projected unit credit method. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

Termination benefits
Termination benefits are expensed at the earlier of when the Group can no longer withdraw from the offer of those benefits and when the Group recognises costs for a restructuring. If the benefits are payable more than 12 months after the reporting date, they are discounted to their present value.

Share-based payment transactions
Group share-based payment transactions
Transactions in which a parent grants rights to its own equity instruments directly to the employees of its subsidiaries are classified as equity-settled in the financial statements of the parent. The subsidiary classifies these transactions as equity-settled in its financial statements where it has no obligation to settle the share-based payment transaction.

The subsidiary recognises the services acquired with the share-based payment as an expense and recognises a corresponding increase in equity as a capital contribution from the parent for those services acquired. The parent recognises in equity the equity-settled share-based payment and recognises a corresponding increase in the investment in subsidiary.

Equity-settled
The fair value of share options granted to Group employees is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and expensed over the period during which the employee becomes unconditionally entitled to the equity instruments. The fair value of the instruments granted is measured using generally accepted valuation techniques, taking into account the terms and conditions upon which the instruments are granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to market conditions not being met.

Cash-settled
The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employee becomes unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised in profit or loss.

Black economic empowerment transactions
Where goods or services are considered to have been received from black economic empowerment partners as consideration for equity instruments of the Group, these transactions are accounted for as share-based payment transactions, even when the entity cannot specifically identify the goods or services received.

Group share scheme recharge arrangements
A recharge arrangement exists whereby the cost to the scheme of acquiring shares issued in accordance with certain share schemes granted by the holding company shall be funded by way of contributions from employer companies in respect of participants who are their employees. The recharge arrangement is accounted for separately from the underlying equity-settled share-based payment upon initial recognition, as follows:
- The subsidiary recognises a recharge liability at fair value, determined using generally accepted valuation techniques, and a corresponding adjustment against equity for the capital contribution recognised in respect of the share-based payment.
- The parent recognises a corresponding recharge asset at fair value and a corresponding adjustment to the carrying amount of the investment in the subsidiary.

Subsequent to initial recognition the recharge arrangement is remeasured at fair value (as an adjustment to the net capital contribution) at each subsequent reporting date until settlement date to the extent vested. Where the recharge amount recognised is greater than the initial capital contribution recognised by the subsidiary in respect of the share-based payment, the excess is recognised as a net capital distribution to the parent in equity. The amount of the recharge in excess of the capital contribution, recognised by the parent as an increase in the investment in subsidiary, is recognised as an adjustment to the net capital contribution through a reduction in the net investment in the subsidiary.

Financial instruments

Measurement

Financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs when the Group becomes a party to the contractual arrangements. Subsequent to initial recognition these instruments are measured as detailed below.

Financial assets

Financial assets are recognised when the Group has rights to cash or another financial asset. Such assets consist of cash and cash equivalents, a contractual right to receive cash or another financial asset or a contractual right to exchange financial instruments with another entity on potentially favourable terms.

Investments

Investments held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Other investments held by the Group are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains or losses, which are recognised in profit or loss. When these investments are disposed of, the cumulative gain or loss previously recognised directly in other comprehensive income is recognised in profit or loss as a capital item. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

Trade and other receivables

Trade and other receivables are stated at amortised cost using the effective interest method less impairment losses.

Cash and cash equivalents

Cash and cash equivalents initially are measured at fair value. Due to their short-term nature, the amortised cost approximates its fair value.

Financial liabilities

Financial liabilities are recognised when there is a contractual obligation to deliver cash or another financial asset or to exchange financial instruments with another entity on potentially unfavourable terms. Financial liabilities, other than derivative instruments, are measured at amortised cost using the effective interest method.

Interest-bearing borrowings

Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings using the effective interest method.

Trade and other payables

Trade and other payables are stated at amortised cost using the effective interest method.

Offset

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when the Group has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Derivative instruments

The Group uses derivative financial instruments to manage its exposure to risks arising from operational, financing and investment activities. The Group does not hold or issue derivative financial instruments for trading purposes.

Subsequent to initial recognition, derivative instruments are measured at fair value through profit or loss. Fair value is determined by comparing the contracted rate to the current rate of an equivalent instrument with the same maturity date. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

Gains and losses on subsequent measurement

Gains and losses arising from a change in the fair value of derivative financial instruments that are not part of a hedging relationship are recognised in profit or loss in the year in which the change arises.

Hedging

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income and presented in the cash flow hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged firm commitment or forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the cumulative amount recognised in equity up to the transaction date is adjusted against the initial measurement of the asset or liability. For other cash flow hedges, the cumulative amount is recognised in profit or loss in the period when the commitment or forecast transaction affects profit or loss.

Where the hedging instrument or hedge relationship is terminated or no longer meets the criteria for hedge accounting but the hedged transaction is still expected to occur, the cumulative unrealised gain or loss at that point remains in equity and is recognised in profit or loss when the underlying transaction occurs. If the hedged transaction is no longer expected to occur, the cumulative unrealised gain or loss is recognised in profit or loss immediately.

Where a derivative financial instrument is used to hedge economically the foreign exchange exposure of a recognised monetary asset or liability, no hedge accounting is applied and any gain or loss on the hedging instrument is recognised in profit or loss.

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to South African Rand, being the functional currency of the Company and presentation currency of the Group, at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to South African Rand at the exchange rates ruling at that date. Gains or losses on translation are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currency are translated using the exchange rate at the date of the transaction.

Foreign operations

The assets and liabilities of all foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to South African Rand at foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated to Rand at approximate foreign exchange rates ruling at the date of the transactions. Foreign exchange differences arising on translation are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity. The foreign currency translation reserve applicable to a foreign operation is released to profit or loss upon disposal of that foreign operation.

Impairment of non-financial assets

The carrying amounts of the Group's assets, other than deferred tax assets, biological assets, inventories and financial assets which are separately assessed and provided against where necessary, are reviewed at each reporting date to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated.

For goodwill and intangible assets that have an indefinite useful life, the recoverable amount is estimated at least annually.

The recoverable amount of assets is the greater of their fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognised in profit or loss as a capital item, when the carrying amount exceeds the recoverable amount.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised, and when the indication of impairment no longer exists.

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an impaired available-for-sale financial asset accumulated in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in other comprehensive income.

Intangible assets

Intangible assets, excluding goodwill, acquired by the Group are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Where the useful life of an intangible asset is assessed as indefinite, the intangible asset is not amortised, but is tested annually for impairment.

Subsequent expenditure on acquired intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, and expenditure on internally generated goodwill and brands, is recognised in profit or loss as an expense when incurred.

Inventories

Inventories are stated at the lower of cost and net realisable value.

The cost of inventories is based on the first-in first-out method or a weighted average cost basis, whichever is applicable, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity. The cost of items transferred from biological assets is their fair value less costs to sell at the date of transfer.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Biological assets

Biological assets are stated at fair value less estimated costs to sell, with any resultant gain or loss recognised in profit or loss. Costs to sell include all costs that would be necessary to sell the assets, excluding costs necessary to get the assets to market.

Investments in subsidiary companies

Investments in subsidiary companies are stated at cost, less impairment losses.

Lease payments

Operating lease payments

Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases. Payments made under operating leases with fixed escalation clauses are recognised in profit or loss on a straight-line basis over the term of the lease.

Income from operating lease arrangements is recognised in profit or loss on a straight-line basis over the term of the lease.

Finance lease payments

Leases that transfer substantially all of the risks and rewards of ownership of the underlying asset to the Group are classified as finance leases. Assets acquired in terms of finance leases are capitalised at the lower of fair value and the present value of the minimum lease payments at inception of the lease, and depreciated over the shorter of the estimated useful life of the asset or the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

The capital element of future obligations under the leases is included as a liability in the balance sheet. Lease payments are allocated using the effective interest method to determine the lease finance cost, which is recognised in the profit or loss over the lease period, and the capital repayment, which reduces the liability to the lessor.

Assets held-for-sale

Assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held-for-sale. Immediately before classification as held-for-sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and biological assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains or losses on remeasurement are recognised in profit or loss as capital items. Gains are not recognised in excess of any cumulative impairment loss.

Property, plant and equipment

Owned assets

Items of property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads.

Vessels

Major vessel reconstructions are capitalised where such reconstruction extends the useful life of a vessel. The reconstruction is written off over the remaining expected useful life of the vessel.

Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when the cost is incurred if it is probable that future economic benefits embodied within the item will flow to the Group and the cost of such item can be measured reliably. All other costs are recognised in profit or loss as an expense when incurred.

Depreciation

Land is not depreciated. Freehold buildings, plant and equipment are depreciated on a straight-line basis over their expected useful lives to an estimated residual value. The current estimated useful lives are as follows:

• Buildings		40 – 50 years
• Plant and machinery		3 – 20 years
• Motor vehicles	– trucks	3 – 8 years
	– other	3 – 5 years
• Furniture and equipment		3 – 10 years
• Vessels	– hull	35 – 45 years
	– other components	5 – 10 years

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. Residual values, depreciation methods and useful lives of all assets are reassessed annually. In addition, depreciation of an item of property, plant and equipment begins when it is available for use and ceases at the earlier of the date it is classified as held-for-sale or the date that it is derecognised upon disposal.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation, and where a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting the obligations under the contract.

Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan and has either started to implement the plan or announced its main features to those affected by it. Future operating costs are not provided for.

Revenue recognition

Revenue is recognised only when it is probable that the economic benefits associated with a transaction will flow to the Group and the amount of revenue can be measured reliably.

Goods and services

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, allowances, trade discounts and Value Added Tax. Revenue arising from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

Revenue from services, including the distribution of third-party products, is recognised over the period that the services are rendered.

Recognition of income from investments

Dividends

Dividends are recognised when the right to receive payment is established, with the exception of dividends on cumulative preference share investments which are recognised on a time proportion basis in the period to which they relate.

Interest

Interest is recognised on a time proportion basis that takes account of the effective yield on the asset.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Preference share capital

Preference share capital is classified as equity if it is non-redeemable and any dividends are discretionary, or is redeemable but only at the Company's option. Dividends on preference share capital classified as equity are recognised as distributions within equity.

Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders and if dividend payments are not discretionary. Dividends thereon are recognised in profit or loss as interest expense.

Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a change in equity. Repurchased shares held by subsidiaries are classified as treasury shares and presented as a deduction from total equity. The consideration received when own shares held by the Group are re-issued is presented as a change in equity and no profit or loss is recorded.

Where loans advanced by the holding company to a subsidiary to acquire treasury shares are to be repaid principally by the buy-back of such shares, the loan is classified as an equity instrument by the holding company.

Taxation

Taxation on the profit or loss for the year comprises current and deferred taxation. Taxation is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in other comprehensive income or equity.

Current taxation

Current taxation comprises tax payable calculated on the basis of the estimated taxable income for the year, using the tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable for previous years.

Deferred taxation

Deferred taxation is provided using the balance sheet method based on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base. The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the reporting date.

Deferred taxation is charged to profit or loss except to the extent that it relates to a transaction that is recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity, or a business combination that is an acquisition, in which case it is recognised as an adjustment to goodwill. The effect on deferred taxation of any changes in tax rates is recognised in profit or loss, except to the extent that it relates to items previously charged or credited directly to other comprehensive income or equity.

A deferred taxation asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred taxation assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Dividend Withholding Tax

Dividend Withholding Tax is a tax on shareholders receiving dividends and is applicable to all dividends declared on or after 1 April 2012. The Group withholds dividends tax on behalf of its shareholders at a rate of 15% on dividends declared. Amounts withheld are not recognised as part of the Group's tax charge but rather as part of the dividend paid recognised directly in equity.

Where withholding tax is withheld on dividends received, the dividend is recognised at the gross amount with the related withholding tax recognised as part of the tax expense unless it is otherwise reimbursable in which case it is recognised as an asset.

Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding (adjusted for own shares held) during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible redeemable preference shares, share options and equivalent equity instruments granted to employees, and BEE transactions that have not yet met the accounting recognition criteria.

New standards and interpretations in issue not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 30 June 2014. These include the following standards and interpretations, and amendments to standards that are applicable to the business of the Group, and have not been applied in preparing these financial statements:

- Amendments to IAS 16 and IAS 38 – *Clarification of acceptable methods of depreciation and amortisation*
  The amendment to IAS 38 – *Intangible Assets* introduces a rebuttable presumption that the use of revenue-based amortisation methods is inappropriate. This presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are highly correlated, or when the intangible asset is expressed as a measure of revenue. The amendments to IAS 16 – *Property, Plant and Equipment* explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment.

  This amendment will be effective for the Group's 30 June 2017 year-end and is not expected to have a significant impact on the Group's results.

- Amendments to IAS 19 – *Defined Benefit Plans: Employee Contributions*
  The amendment to IAS 19 introduces relief from the existing requirement, which has been effective since 1 January 2013, for entities to forecast future contributions from employees or third parties and attribute those contributions to periods of service as negative benefits under the plan's benefit formula or on a straight-line basis. This results in contributions being included when calculating net current service costs as well as the defined benefit obligation.

  Under the new amendment contributions that are eligible are permitted (but not required) to be recognised as a reduction of the service cost in the period in which the related service is rendered. This amendment will be effective for the Group's 30 June 2015 year-end and is not expected to have a significant impact on the Group's results.

- Amendments to IAS 32 – *Financial Instruments: Presentation: Offsetting Financial Assets and Financial Liabilities*
  The amendment will be effective for the Group's year ending 30 June 2015 and provides clarity regarding situations resulting in legally enforceable rights to set off financial assets and financial liabilities.

  The amendment is not expected to impact the Group's results significantly.

- IFRS 9 – *Financial Instruments*
  IFRS 9 addresses the initial measurement and classification of financial assets and will replace the relevant sections of IAS 39. Under IFRS 9 there are two options in respect of classification of financial assets, namely, financial assets measured at amortised cost or at fair value. Financial assets are measured at amortised cost when the business model is to hold assets in order to collect contractual cash flows and when they give rise to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets are measured at fair value.

  In addition, IFRS 9 addresses the initial measurement and classification of financial liabilities and will replace the relevant sections of IAS 39. The classification and measurement of financial liabilities are the same as IAS 39 except that fair value changes for financial liabilities designated at fair value through profit or loss, attributable to changes in the credit risk of the liability, will be presented in other comprehensive income and derivative financial liabilities linked to and settled by delivery of unquoted equity instruments whose fair value cannot be reliably measured, are measured at fair value.

  The IASB has not yet published a new effective date for this standard and therefore management will assess the impact when the effective date is known.

- Amendments to IFRS 10, IFRS 12 and IAS 27 – *Investment Entities*
  The amendments will be effective for the Group's year ending 30 June 2015 and provide clarity that a qualifying investment entity is required to account for investments in controlled entities, as well as investments in associates and joint ventures, at fair value through profit or loss. The mandatory consolidation exemption applies to subsidiaries that are considered an extension of the investment entity's investment activities.

  Management has not assessed the impact of the new standard.

- Amendments to IFRS 11 – *Accounting for Acquisitions of Interests in Joint Operations*
  Under the amendment to IFRS 11, business combination accounting is required to be applied to acquisitions of interests in a joint operation that constitutes a business. Business combination accounting also applies to the acquisition of additional interests in joint operations while the joint operator retains joint control. The additional interest acquired is measured at fair value while previously held interests in joint operations are not remeasured. The amendment places focus on the definition of a business as the key determinant as to whether the acquisition should be accounted for as a business combination or as the acquisition of a collection of assets.

  The amendments will apply to the year ending 30 June 2017 on a prospective basis. The amendment is not expected to impact the Group's results.

- IFRS 15 – *Revenue from Contracts with Customers*
  The new revenue standard introduces a new revenue recognition model for contracts with customers. The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue, at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

  The standard is effective for the year ending 30 June 2018. Management has not yet assessed the impact of this standard but does not expect a significant impact on the Group's results following its implementation.

- Annual improvements to IFRS: 2010 – 2012 and 2011 – 2013 (various standards)
  The new cycles of improvements form part of the IASB's annual improvements process to make non-urgent but necessary amendments to IFRS. Amendments have been made to a total of nine standards.

  The amendments are effective for the year ending 30 June 2015 with most amendments being applied prospectively. Management has not assessed the impact of the improvements in detail but does not expect a significant impact on the Group's results following the implementation of the applicable improvements.

Non-applicable standards, amendments and interpretations

The other remaining standards, amendments and interpretations issued but not yet effective have been assessed for applicability to the Group and management has concluded that they are not applicable to the business of the Group and will therefore have no impact on future financial statements.

BALANCE SHEETS

As at 30 June 2014	Notes	Group 2014 R'm	Group 2013 R'm	Company 2014 R'm	Company 2013 R'm
ASSETS					
Non-current assets					
Property, plant and equipment	1	**2 317,1**	2 088,2	**–**	–
Intangible assets and goodwill	2	**1 146,6**	1 145,6	**–**	–
Investments in subsidiaries	39, 40	**–**	–	**1 935,2**	1 881,5
Investment in joint venture	41	**391,4**	355,4	**–**	–
Group share scheme recharge receivable	36.4	**–**	–	**6,4**	8,4
Other investments and long-term receivables	42	**15,4**	19,7	**203,6**	191,7
Deferred taxation	3	**41,8**	45,4	**–**	–
		3 912,3	3 654,3	**2 145,2**	2 081,6
Current assets					
Inventories	4	**1 314,4**	1 205,9	**–**	–
Biological assets	5	**68,3**	64,8	**–**	–
Derivatives		**8,1**	57,3	**–**	–
Current tax assets		**22,4**	35,2	**–**	–
Trade and other receivables	6	**1 478,6**	1 333,3	**992,0**	548,5
Cash and cash equivalents		**298,5**	212,4	**0,3**	–
Assets classified as held-for-sale	7	**–**	5,6	**–**	–
		3 190,3	2 914,5	**992,3**	548,5
Total assets		**7 102,6**	6 568,8	**3 137,5**	2 630,1
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	8	**17,0**	17,0	**17,2**	17,1
Share premium	8	**12,5**	12,5	**244,0**	185,1
Treasury shares	8	**(448,1)**	(538,2)	**–**	–
Treasury share loan to subsidiary		**–**	–	**(99,8)**	(149,7)
Premium on transactions with non-controlling interests		**(2,7)**	(2,7)	**–**	–
Reserves	9	**350,2**	311,7	**153,8**	140,8
Retained earnings		**4 287,3**	3 877,3	**2 768,5**	2 418,2
Total equity		**4 216,2**	3 677,6	**3 083,7**	2 611,5
Non-current liabilities					
Employee benefits	11	**348,5**	347,9	**–**	–
Operating lease straight-line liability	12	**16,2**	16,1	**–**	–
Other long-term liabilities	37	**–**	–	**27,8**	15,5
Deferred taxation	3	**269,8**	240,3	**–**	–
		634,5	604,3	**27,8**	15,5
Current liabilities					
Current borrowings	13	**647,5**	893,5	**–**	–
Other financial liabilities including derivatives	14	**29,1**	38,9	**–**	–
Trade and other payables	15	**1 570,7**	1 336,8	**26,0**	3,1
Current tax liability		**4,6**	17,5	**–**	–
Liabilities classified as held-for-sale	7	**–**	0,2	**–**	–
		2 251,9	2 286,9	**26,0**	3,1
Total equity and liabilities		**7 102,6**	6 568,8	**3 137,5**	2 630,1

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 30 June 2014	Notes	Group 2014 R'm	Group 2013 R'm	Company 2014 R'm	Company 2013 R'm
CONTINUING OPERATIONS					
Revenue	16	**10 267,4**	9 218,3	**–**	–
Cost of sales		**5 839,6**	5 110,5	**–**	–
Gross profit		**4 427,8**	4 107,8	**–**	–
Selling and administrative expenses		**2 715,3**	2 581,6	**6,2**	6,3
Operating profit/(loss) before capital items	17	**1 712,5**	1 526,2	**(6,2)**	(6,3)
Income from investments	18	**7,6**	10,4	**1 387,4**	1 156,9
Finance costs	19	**56,0**	63,1	**0,3**	3,0
Share of equity-accounted profit of joint ventures	20	**28,5**	23,9	**–**	–
Capital items	21	**138,0**	(4,6)	**(30,3)**	13,8
Profit before taxation		**1 830,6**	1 492,8	**1 350,6**	1 161,4
Taxation	22	**514,9**	448,6	**–**	–
Profit from continuing operations		**1 315,7**	1 044,2	**1 350,6**	1 161,4
DISCONTINUED OPERATION					
Profit from discontinued operation		**–**	41,6	**–**	–
Profit for the year		**1 315,7**	1 085,8	**1 350,6**	1 161,4
Other comprehensive income, net of tax:		**17,5**	53,5	**–**	–
Items that are or may be subsequently reclassified to profit or loss					
– Foreign currency translation differences		**41,3**	48,5	**–**	–
– Cash flow hedging reserve		**(31,3)**	0,7	**–**	–
– Taxation on items that are or may be subsequently reclassified to profit or loss		**8,8**	(0,3)	**–**	–
Items that will never be reclassified to profit or loss					
– Actuarial (loss)/gain recognised		**(1,8)**	6,4	**–**	–
– Taxation on items that will never be reclassified to profit or loss		**0,5**	(1,8)	**–**	–
Total comprehensive income for the year		**1 333,2**	1 139,3	**1 350,6**	1 161,4
Profit attributable to:					
Owners of AVI		**1 315,7**	1 085,7		
Non-controlling interest		**–**	0,1		
		1 315,7	1 085,8		
Total comprehensive income attributable to:					
Owners of AVI		**1 333,2**	1 139,2		
Non-controlling interest		**–**	0,1		
		1 333,2	1 139,3		
Basic earnings per share from continuing operations (cents)	33	**419,3**	340,1		
Diluted earnings per share from continuing operations (cents)	33	**409,3**	325,5		
Basic earnings per share from total operations (cents)	33	**419,3**	353,6		
Diluted earnings per share from total operations (cents)	33	**409,3**	338,4		

Details of the headline earnings and dividends declared per ordinary share are given in Notes 33 and 34 to the financial statements on pages 126 to 128.

The discontinued operation comprised the fresh fruit juice manufacturing business of Real Juice which was disposed of with effect from 1 October 2012.

STATEMENTS OF CASH FLOWS

For the year ended 30 June 2014	Notes	Group 2014 R'm	Group 2013 R'm	Company 2014 R'm	Company 2013 R'm
CONTINUING OPERATIONS					
Cash flows from/(utilised by) operating activities					
Cash generated by/(utilised in) operations	23	**2 102,8**	1 750,6	**(6,1)**	(6,3)
(Increase)/decrease in working capital	24	**(101,1)**	(194,1)	**(444,6)**	430,8
Cash generated by/(utilised in) operating activities		**2 001,7**	1 556,5	**(450,7)**	424,5
Interest paid		**(56,0)**	(63,1)	**(0,3)**	(3,0)
Taxation paid	25	**(465,1)**	(406,6)	**–**	–
Net cash available from/(utilised in) operating activities		**1 480,6**	1 086,8	**(451,0)**	421,5
Investing activities					
Cash flow from investments		**7,6**	10,4	**1 387,5**	1 156,8
– Interest received		**7,6**	10,4	**–**	–
– Dividends received		**–**	–	**1 387,5**	1 156,8
Acquisition of property, plant and equipment		**(531,9)**	(566,9)	**–**	–
Additions to intangible assets		**(4,0)**	–	**–**	–
Proceeds from disposals of property, plant and equipment		**13,8**	20,9	**–**	–
Payment from Coty on revision of commercial relationship	27	**150,0**	–	**–**	–
Investments – net disposals/(acquisitions)		**27,1**	(356,7)	**(44,8)**	(412,4)
– Subsidiaries and businesses (net of cash acquired)	28	**–**	(379,8)	**–**	(360,7)
– Increase in amounts owing by subsidiary companies		**–**	–	**(44,8)**	(54,4)
– Joint ventures and other investments	31	**27,1**	23,1	**–**	2,7
Net cash (utilised in)/generated by investing activities		**(337,4)**	(892,3)	**1 342,7**	744,4
Financing activities					
Treasury share loan repaid by subsidiary from dividends received		**–**	–	**49,9**	67,1
Proceeds from shareholder funding	32	**93,9**	85,9	**59,0**	108,0
Short-term funding (repaid)/raised		**(246,1)**	830,9	**–**	–
Dividends paid	26	**(910,2)**	(1 195,4)	**(1 000,3)**	(1 341,4)
Net cash used in financing activities		**(1 062,4)**	(278,6)	**(891,4)**	(1 166,3)
DISCONTINUED OPERATION*					
Net cash flows from discontinued operation		**–**	39,3	**–**	–
Increase/(decrease) in cash and cash equivalents		**80,8**	(44,8)	**0,3**	(0,4)
Cash and cash equivalents at beginning of year		**212,4**	242,1	**(0,0)**	0,4
Net increase as a result of the translation of the cash equivalents of foreign subsidiaries		**5,3**	15,1	**–**	–
Cash and cash equivalents at end of year		**298,5**	212,4	**0,3**	(0,0)

**The discontinued operation comprised the fresh fruit juice manufacturing business of Real Juice which was disposed of with effect from 1 October 2012.*

Cash flows between continuing and discontinued operations are eliminated on consolidation. In the current year there are no discontinued operations and consequently no cash flows (2013: R39,3 million) have occurred from discontinued operations to continuing operations.

STATEMENTS OF CHANGES IN EQUITY

For the year ended 30 June 2014	Share capital and premium R'm	Treasury shares R'm	Reserves R'm	Retained earnings R'm	Premium on transactions with non-controlling interest R'm	Total equity R'm
GROUP						
Balance at beginning of year	29,5	(538,2)	311,7	3 877,3	(2,7)	3 677,6
Total comprehensive income for the year						
Profit for the year	–	–	–	1 315,7	–	1 315,7
Other comprehensive income						
Foreign currency translation differences	–	–	41,3	–	–	41,3
Actuarial losses recognised, net of tax	–	–	(1,3)	–	–	(1,3)
Cash flow hedging reserve, net of tax	–	–	(22,5)	–	–	(22,5)
Total other comprehensive income for the year	–	–	17,5	–	–	17,5
Total comprehensive income for the year	–	–	17,5	1 315,7	–	1 333,2
Transactions with owners recorded directly in equity						
Contributions by and distribution to owners						
Share-based payments	–	–	13,0	–	–	13,0
Group share scheme recharge	–	–	8,0	–	–	8,0
Dividends paid	–	–	–	(910,2)	–	(910,2)
Own ordinary shares sold by Company's share trusts	–	90,1	–	4,5	–	94,6
Total contributions by and distribution to owners	–	90,1	21,0	(905,7)	–	(794,6)
Balance at end of year	29,5	(448,1)	350,2	4 287,3	(2,7)	4 216,2

	Share capital and premium R'm	Treasury share loan* R'm	Reserves R'm	Retained earnings R'm	Total R'm
COMPANY					
Balance at beginning of year	202,2	(149,7)	140,8	2 418,2	2 611,5
Total comprehensive income for the year					
Profit for the year	–	–	–	1 350,6	1 350,6
Transactions with owners recorded directly in equity					
Contributions by and distribution to owners					
Share-based payments	–	–	13,0	–	13,0
Dividends paid	–	–	–	(1 000,3)	(1 000,3)
Issue of ordinary shares	59,0	–	–	–	59,0
Amounts repaid by subsidiary from dividends received	–	49,9	–	–	49,9
Total transactions with owners	59,0	49,9	13,0	(1 000,3)	(878,4)
Balance at end of year	261,2	(99,8)	153,8	2 768,5	3 083,7

** Loan to subsidiary to acquire treasury shares to be repaid primarily by the delivery of such shares and therefore classified as an equity instrument.*

STATEMENTS OF CHANGES IN EQUITY continued

For the year ended 30 June 2013	Share capital and premium R'm	Treasury shares R'm	Reserves R'm	Retained earnings R'm	Premium on transactions with non-controlling interest R'm	Total R'm	Non-controlling interest R'm	Total equity R'm
GROUP								
Balance at beginning of year	29,5	(621,2)	225,9	3 983,6	(2,7)	3 615,1	(17,8)	3 597,3
Total comprehensive income for the year								
Profit for the year	–	–	–	1 085,7	–	1 085,7	0,1	1 085,8
Other comprehensive income								–
Foreign currency translation differences	–	–	48,5	–	–	48,5	–	48,5
Actuarial gains recognised, net of tax	–	–	4,6	–	–	4,6	–	4,6
Cash flow hedging reserve, net of tax	–	–	0,4	–	–	0,4	–	0,4
Total other comprehensive income for the year	–	–	53,5	–	–	53,5	–	53,5
Total comprehensive income for the year	–	–	53,5	1 085,7	–	1 139,2	0,1	1 139,3
Transactions with owners recorded directly in equity								
Contributions by and distribution to owners								
Share-based payments	–	–	13,4	–	–	13,4	–	13,4
Group share scheme recharge	–	–	18,9	–	–	18,9	–	18,9
Dividends paid	–	–	–	(1 195,4)	–	(1 195,4)	–	(1 195,4)
Own ordinary shares sold by Company's share trusts	–	83,0	–	3,4	–	86,4	–	86,4
Total contributions by and distribution to owners	–	83,0	32,3	(1 192,0)	–	(1 076,7)	–	(1 076,7)
Changes in ownership interests in subsidiaries								
Disposal of Real Juice	–	–	–	–	–	–	17,7	17,7
Total transactions with owners	–	83,0	32,3	(1 192,0)	–	(1 076,7)	17,7	(1 059,0)
Balance at end of year	29,5	(538,2)	311,7	3 877,3	(2,7)	3 677,6	–	3 677,6

	Share capital and premium R'm	Treasury share loan* R'm	Reserves R'm	Retained earnings R'm	Total R'm
COMPANY					
Balance at beginning of year	94,2	(216,8)	127,4	2 598,2	2 603,0
Total comprehensive income for the year					
Profit for the year	–	–	–	1 161,4	1 161,4
Transactions with owners recorded directly in equity					
Contributions by and distribution to owners					
Share-based payments	–	–	13,4	–	13,4
Dividends paid	–	–	–	(1 341,4)	(1 341,4)
Issue of ordinary shares	108,0	–	–	–	108,0
Amounts repaid by subsidiary from dividends received	–	67,1	–	–	67,1
Total contributions by and distribution to owners	108,0	67,1	13,4	(1 341,4)	(1 152,9)
Balance at end of year	202,2	(149,7)	140,8	2 418,2	2 611,5

** Loan to subsidiary to acquire treasury shares to be repaid primarily by the delivery of such shares and therefore classified as an equity instrument.*

	Group 2014						
	Land R'm	Buildings R'm	Plant and machinery R'm	Motor vehicles, furniture and equip-ment R'm	Vessels R'm	Equip-ment subject to finance leases R'm	Total R'm
1. Property, plant and equipment							
Cost							
At beginning of year	86,6	516,6	1 738,5	1 039,1	445,2	0,4	3 826,4
Additions	–	49,2	195,0	123,3	164,4	–	531,9
Disposals	–	(1,8)	(66,1)	(95,2)	(3,8)	–	(166,9)
Effect of movement in exchange rates	–	0,2	(0,2)	0,2	–	–	0,2
At end of year	86,6	564,2	1 867,2	1 067,4	605,8	0,4	4 191,6
Accumulated depreciation and impairment charges							
At beginning of year	–	84,1	772,6	612,6	268,5	0,4	1 738,2
Disposals	–	(0,4)	(62,8)	(81,7)	(3,1)	–	(148,0)
Effect of movement in exchange rates	–	–	–	0,1	–	–	0,1
Depreciation charge for the year	–	12,7	119,7	115,6	35,1	–	283,1
Impairment charge for the year	–	–	0,8	0,3	–	–	1,1
At end of year	–	96,4	830,3	646,9	300,5	0,4	1 874,5
Net carrying value							
At beginning of previous year	79,0	340,3	742,6	416,8	178,2	–	1 756,9
At end of previous year	86,6	432,5	965,9	426,5	176,7	–	2 088,2
At end of current year	86,6	467,8	1 036,9	420,5	305,3	–	2 317,1

	Group 2013						
	Land R'm	Buildings R'm	Plant and machinery R'm	Motor vehicles, furniture and equipment R'm	Vessels R'm	Equipment subject to finance leases R'm	Total R'm
1. Property, plant and equipment continued							
Cost							
At beginning of year	79,0	417,3	1 469,4	931,7	444,4	0,4	3 342,2
Additions	8,5	80,1	317,9	128,3	32,1	–	566,9
Disposals	(0,9)	(9,8)	(66,9)	(50,7)	(31,3)	–	(159,6)
Effect of movement in exchange rates	–	0,2	0,5	1,1	–	–	1,8
Applicable to subsidiary sold	–	28,8	17,6	28,7	–	–	75,1
At end of year	86,6	516,6	1 738,5	1 039,1	445,2	0,4	3 826,4
Accumulated depreciation and impairment charges							
At beginning of year	–	77,0	726,8	514,9	266,2	0,4	1 585,3
Disposals	–	(4,9)	(61,7)	(43,1)	(29,2)	–	(138,9)
Effect of movement in exchange rates	–	0,1	–	0,8	–	–	0,9
Reclassification of assets	–	0,2	–	(0,2)	–	–	–
Applicable to subsidiary sold	–	–	8,0	23,0	–	–	31,0
Depreciation charge for the year	–	11,7	96,9	116,2	31,5	–	256,3
Impairment charge for the year	–	–	2,6	1,0	–	–	3,6
At end of year	–	84,1	772,6	612,6	268,5	0,4	1 738,2
Net carrying value							
At beginning of previous year	82,0	293,0	572,3	321,0	190,9	0,3	1 459,5
At end of previous year	79,0	340,3	742,6	416,8	178,2	–	1 756,9
At end of current year	86,6	432,5	965,9	426,5	176,7	–	2 088,2

	2014 R'm	2013 R'm
1. Property, plant and equipment continued		
Land comprises:		
Freehold	**86,6**	86,6

During the year ended 30 June 2014 I&J conducted a review of the useful lives of vessels and plant and machinery. Given the hard-wearing nature of the assets the useful lives were extended resulting in the following change to the depreciation expenses, recognised in cost of sales, in the current and future periods:

	2014 R'm	2015 R'm	2016 R'm	2017 R'm	2018 and thereafter R'm
(Decrease)/increase in depreciation expense	(7,2)	(7,2)	(7,2)	(7,2)	28,8

- The current estimated useful lives of property, plant and equipment are reflected under accounting policies on page 96.
- Expenditure on property, plant and equipment in the course of construction and included above at 30 June 2014 was R217,6 million (2013: R243,7 million).
- The original cost of fully depreciated plant and equipment that was still in use at 30 June 2014 was R796,6 million (2013: R754,3 million).
- Property, plant and equipment, with a carrying value of R45,0 million (2013: Rnil) has been ceded as security for interest-bearing borrowings (Note 13).
- Impairment losses during the year arose due to identified obsolescence on, damage to and underperformance of items of plant, machinery and equipment.
- A register containing details of properties is available for inspection by shareholders or their duly authorised agents during business hours at the registered office of the Company.

	Goodwill R'm	Fishing rights R'm	Trademarks and licence agreements R'm	Customer relationships and contracts R'm	Total R'm
			Group 2014		
2. Intangible assets and goodwill					
Cost					
At beginning of year	**492,6**	**4,7**	**686,6**	**15,3**	**1 199,2**
Trademark registration costs capitalised	**–**	**–**	**4,0**	**–**	**4,0**
At end of year	**492,6**	**4,7**	**690,6**	**15,3**	**1 203,2**
Accumulated amortisation and impairment charges					
At beginning of year	**15,6**	**1,9**	**20,8**	**15,3**	**53,6**
Amortisation charge for the year	**–**	**0,3**	**2,7**	**–**	**3,0**
At end of year	**15,6**	**2,2**	**23,5**	**15,3**	**56,6**
Net carrying value					
At beginning of previous year	**477,0**	**3,1**	**268,5**	**–**	**748,6**
At end of previous year	**477,0**	**2,8**	**665,8**	**–**	**1 145,6**
At end of current year	**477,0**	**2,5**	**667,1**	**–**	**1 146,6**

Useful lives

The fishing rights are being amortised over the initial quota allocation period of 15 years.

Trademarks comprise well-established growing brands which are considered to have indefinite useful lives and are not amortised. Trademark registration costs are amortised over the registration period of 10 years. Customer relationships are amortised over a period of two years. Licence agreements and customer contracts are amortised over a period of 10 years.

- Trademarks with a carrying value of Rnil (2013: R30,0 million) have been ceded as security for interest-bearing borrowings.

	Goodwill R'm	Fishing rights R'm	Trademarks and licence agreements R'm	Customer relationships and contracts R'm	Total R'm
			Group 2013		
Cost					
At beginning of year	492,6	4,7	286,9	15,3	799,5
Applicable to subsidiary acquired	–	–	399,7	–	399,7
At end of year	492,6	4,7	686,6	15,3	1 199,2
Accumulated depreciation and impairment charges					
At beginning of year	15,6	1,6	18,4	15,3	50,9
Amortisation charge for the year	–	0,3	2,4	–	2,7
At end of year	15,6	1,9	20,8	15,3	53,6
Net carrying value					
At beginning of previous year	477,0	3,4	271,5	7,5	759,4
At end of previous year	477,0	3,1	268,5	–	748,6
At end of current year	477,0	2,8	665,8	–	1 145,6

2. Intangible assets and goodwill continued

Cash-generating units containing goodwill and trademarks

The following units have significant carrying amounts of goodwill and trademarks net of impairment losses:

	Goodwill		Group trademarks		Total	
	2014 R'm	2013 R'm	**2014 R'm**	2013 R'm	**2014 R'm**	2013 R'm
A&D Spitz	**449,2**	449,2	**69,5**	69,5	**518,7**	518,7
Carvela	**–**	–	**71,3**	71,3	**71,3**	71,3
Kurt Geiger	**–**	–	**15,3**	15,3	**15,3**	15,3
Green Cross	**–**	–	**399,7**	399,7	**399,7**	399,7
Yardley	**–**	–	**28,2**	28,2	**28,2**	28,2
Lentheric	**–**	–	**37,0**	37,0	**37,0**	37,0
House of Coffees	**15,3**	15,3	**33,6**	33,6	**48,9**	48,9
Baker Street Snacks	**12,5**	12,5	**–**	–	**12,5**	12,5
Multiple units without significant balances	**–**	–	**12,5**	11,2	**12,5**	11,2
	477,0	477,0	**667,1**	665,8	**1 144,1**	1 142,8

Goodwill arises on the acquisition of assets that did not meet the criteria for recognition as intangible assets at the date of acquisition.

Impairment tests

The carrying amounts of goodwill and trademarks with an indefinite useful life are reviewed at least annually on the basis of forecast profits of the cash-generating units and forecast sales of branded products. Management forecasts typically cover a three-year period and thereafter a reasonable rate of growth is applied based on market conditions. Goodwill impairment tests are performed using a discounted cash flow model and trademarks on a relief from royalty method. Discount rates used in the discounted cash flow models are based on a weighted average cost of capital of similar businesses in the same sector and of similar size and range between 13,0% and 17,2% (2013: 11,9% and 16,2%) depending on the business's risk profile. Perpetuity growth rates were set at 5% (2013: 5%). Royalty rates used are determined with reference to industry benchmarks and profitability of products.

Impairment tests were also conducted on other intangible assets with impairment indicators.

Impairment losses

No impairment losses have been recognised in the current and previous year.

	Group 2014 R'm	Group 2013 R'm	Company 2014 R'm	Company 2013 R'm
3. Deferred taxation				
Balance at beginning of year, being a net liability	**194,9**	36,8	**–**	–
Charge to profit or loss	**50,1**	56,2	**–**	–
– Current year – temporary differences	**48,9**	56,5	**–**	–
– Prior year under/(over) provision	**1,2**	(0,3)	**–**	–
Disposal of Real Juice	**–**	6,9	**–**	–
Acquisition of Green Cross	**–**	112,2	**–**	–
Effect of movement in exchange rates recognised directly in other comprehensive income	**0,3**	(0,4)	**–**	–
Reserve movements in respect of actuarial gains recognised directly in other comprehensive income	**(0,5)**	1,8	**–**	–
Reserve movements in respect of cash flow hedging recognised directly in other comprehensive income	**(8,8)**	0,3	**–**	–
Reserve movements in respect of Group share scheme recharge arrangements	**(8,0)**	(18,9)	**–**	–
Balance at end of year, being a net liability	**228,0**	194,9	**–**	–
Balance at end of year comprises:				
Accelerated capital allowances	**231,1**	192,1	**–**	–
Intangible assets' temporary differences	**177,0**	177,7	**–**	–
Provisions and other temporary differences:	**(160,0)**	(153,4)	**–**	–
– Post-retirement medical aid	**(101,0)**	(100,0)	**–**	–
– Leave pay and bonus accruals	**(56,8)**	(41,5)	**–**	–
– Other deductible temporary differences	**(2,2)**	(11,9)	**–**	–
Cash flow hedge reserve	**(4,3)**	4,5	**–**	–
Group share scheme recharge receivable	**(13,8)**	(21,1)	**–**	–
Unused tax losses	**(2,0)**	(4,9)	**–**	–
	228,0	194,9	**–**	–
Deferred taxation is recognised at the following rates:				
South African operations – 28% (2013: 28%)	**223,6**	195,1	**–**	–
Foreign operations at average rate – 30% (2013: 35%)	**4,4**	(0,2)	**–**	–
	228,0	194,9	**–**	–
Reflected as:				
Deferred taxation asset	**41,8**	45,4	**–**	–
Deferred taxation liability	**269,8**	240,3	**–**	–

Deferred tax assets recognised on unused tax losses, except as noted below, were recognised as management considered it probable that future taxable profits will be available against which they can be utilised. The probable utilisation of the losses was based on budgeted and forecast results of subsidiary companies within three to five years depending on the stability of the business. The tax losses do not expire under current tax legislation.

	Group 2014 R'm	Group 2013 R'm
The estimated losses which are available for the reduction of future taxable income are:	**74,4**	77,0
of which has been taken into account in calculating deferred taxation:	**7,1**	17,5
Shareholders' interest in the estimated tax losses not yet recognised is therefore:	**67,3**	59,5

Deferred tax assets have not been recognised in respect of those losses where it is not probable, under current circumstances, that future taxable income will be available to utilise the benefits in the foreseeable future.

	Group 2014 R'm	Group 2013 R'm	Company 2014 R'm	Company 2013 R'm
4. Inventories				
Raw materials	**287,3**	226,5	**–**	–
Consumable stores	**125,6**	91,7	**–**	–
Work in progress	**22,2**	14,9	**–**	–
Manufactured finished goods	**418,6**	498,3	**–**	–
Merchandise – finished goods purchased for resale	**460,7**	374,5	**–**	–
	1 314,4	1 205,9	**–**	–
5. Biological assets				
Balance at beginning of year	**64,8**	49,9	**–**	–
Increase due to purchases	**34,2**	30,1	**–**	–
Transferred for processing and sold	**(94,3)**	(60,8)	**–**	–
Gains arising from change in fair value due to physical change	**66,8**	35,0	**–**	–
Losses arising from change in fair value less estimated costs to sell attributable to price changes	**(6,6)**	3,9	**–**	–
Effect of movement in exchange rates	**3,4**	6,7	**–**	–
Balance at end of year	**68,3**	64,8	**–**	–
	Number of animals	Number of animals		
Standing volume	**10 888 259**	10 226 353		
Volume harvested/sold in current year	**3 296 833**	2 228 860		

Biological assets comprise abalone which is farmed by I&J.

Measurement of fair value

The fair value measure for abalone of R68,3 million (2013: R64,8 million) has been categorised as Level 3 fair values based on inputs to the valuation techniques used. The valuation techniques used in measuring fair values, as well as the significant unobservable inputs used, are as follows:

Valuation technique

The Group adopts a combination of the market comparison and cost techniques in determining the fair value of abalone based on the marketable size of the animal. The market comparison model is based on the current market price of abalone which takes cognisance of the animal size, less costs to sell. In the case of smaller animals where no active market exists, the cost technique is adopted and considers the cost per animal taking into account operational costs incurred and the number of animals in the smaller class range.

Significant unobservable inputs

- Cost per animal in the smaller range, determined by the operational costs and the number of animals in the smaller class range.
- Current market price for the size classes where a principal active market exists.
- The current stock holding in tonnes of the different size classes.
- The changes in the operational costs to sell.
- The current exchange rate in US Dollar (market prices are US Dollar-based).
- Growth rates of abalone determined on a monthly moving average in millimetres to gram ratio.

Inter-relationship between key unobservable inputs and the fair value measurement

The estimated fair value would increase/(decrease) if:

- the South African Rand were to weaken/(strengthen) relative to the US Dollar; and
- the size and volume of abalone, which is based on growth rates, harvest volumes, etc., were higher/(lower).

	Group 2014 R'm	Group 2013 R'm	Company 2014 R'm	Company 2013 R'm
6. Trade and other receivables				
Trade accounts	**1 427,6**	1 274,3	**–**	–
Short-term portion of Group share scheme recharge receivable (Note 36.4)	**–**	–	**43,1**	67,1
Short-term portion of pension fund surplus (Note 42)	**4,7**	4,3	**–**	–
Other receivables	**33,3**	25,3	**948,9**	481,4
VAT receivable	**19,9**	37,5	**–**	–
Prepayments	**29,5**	30,5	**–**	–
	1 515,0	1 371,9	**992,0**	548,5
Allowance for credit notes and discounts	**33,1**	30,2	**–**	–
Impairment losses allowance	**3,3**	8,4	**–**	–
	1 478,6	1 333,3	**992,0**	548,5
7. Assets and liabilities classified as held-for-sale				
Assets				
– Continuing operations	**–**	5,6	**–**	–
Liabilities				
– Continuing operations	**–**	(0,2)	**–**	–
7.1 Continuing operations				
Assets				
Property, plant and equipment	**–**	5,6	**–**	–
Liabilities				
Trade and other payables	**–**	(0,2)	**–**	–

Assets held-for-sale comprised property, plant and equipment surplus to requirements of continuing operations to be realised principally through sale. During the current financial year these assets were fully impaired (Note 21).

7.2 Discontinued operations

In the previous year AVI disposed of 100% of the equity in and shareholders' loans against The Real Juice Co Holdings Proprietary Limited ("Real Juice") for a consideration of R62,4 million (after adjustments and interest) to Clover S.A. Proprietary Limited ("Clover"), a subsidiary of Clover Industries Limited. The value of the net assets disposed of at the effective date amounted to R3,8 million and a capital profit of R40,9 million was earned, after derecognising the accumulated non-controlling interest of R17,7 million (for a detailed analysis of the cash flows pertaining to the disposal, refer to Note 29).

7. Assets and liabilities classified as held-for-sale continued

7.2 Discontinued operations continued

The following results for the fresh fruit juice manufacturing business of Real Juice Co Holdings were included in the Group's 2013 results up to the date of disposal on 1 October 2012:

	Real Juice	
	2014 R'm	2013 R'm
Revenue	–	33,6
Operating profit before capital items	–	0,6
Income from investments	–	0,5
Finance costs	–	0,6
Capital items	–	41,1
Profit before taxation	–	41,6
Taxation	–	–
Profit from discontinued operations	–	41,6
Summarised cash flow statement		
Cash flows from operating activities	–	(18,7)
Cash flows from investing activities	–	0,2
Cash flows from financing activities	–	(4,6)
Proceeds on disposal of discontinued operation (Note 29)	–	62,4
Net cash flows from discontinued operations	–	39,3

8. Share capital and premium

	Group		Company	
	2014 R'm	2013 R'm	**2014 R'm**	2013 R'm
Share capital				
Authorised				
Ordinary share capital				
960 000 000 (2013: 960 000 000) ordinary shares of 5 cents each	**48,0**	48,0	**48,0**	48,0
Preference share capital				
10 000 000 (2013: 10 000 000) convertible redeemable preference shares of 20 cents each	**2,0**	2,0	**2,0**	2,0
Total authorised share capital	**50,0**	50,0	**50,0**	50,0
Issued				
344 938 392 (2013: 343 953 141) ordinary shares of 5 cents each	**17,0**	17,0	**17,2**	17,1
Total issued share capital	**17,0**	17,0	**17,2**	17,1
Share premium				
Balance at beginning of year	**12,5**	12,5	**185,1**	77,1
Premium on issue of ordinary shares	**–**	–	**58,9**	108,0
Balance at end of year	**12,5**	12,5	**244,0**	185,1
Total issued share capital and premium	**29,5**	29,5	**261,2**	202,2
Share capital and premium recognised at Company level	**261,2**	202,2		
Less: Cumulative fair value of shares issued to participants of the AVI Out-Performance Scheme*	**(231,7)**	(172,7)		
Share capital and premium recognised at Group level	**29,5**	29,5		

** The fair value of shares issued to participants is recharged to the respective employer companies on issue but is eliminated at a Group level in order to recognise the fair value of the share issue from a Group perspective.*

	Group 2014 R'm	Group 2013 R'm
8. Share capital and premium continued		
Treasury shares		
Balance at beginning of year	**(538,2)**	(621,2)
Own ordinary shares sold by the Company's share trusts during the year	**90,1**	83,0
Balance at end of year	**(448,1)**	(538,2)

	Group and Company 2014 Number	Group and Company 2013 Number
The number of ordinary shares in issue is summarised as follows:		
Total issued shares	**344 938 392**	343 953 141
Less: Shares held by the Company's share trusts and subsidiary	**27 817 215**	33 534 744
	317 121 177	310 418 397

	Group 2014 R'm	Group 2013 R'm	Company 2014 R'm	Company 2013 R'm
9. Reserves				
The balance at end of year comprises:				
Capital redemption reserve fund	**3,5**	3,5	**3,5**	3,5
Cash flow hedging reserve	**(12,6)**	9,9	**–**	–
Actuarial reserve	**(34,6)**	(33,3)	**–**	–
Foreign currency translation reserve	**172,3**	131,0	**–**	–
Share-based payment reserve	**221,6**	200,6	**150,3**	137,3
	350,2	311,7	**153,8**	140,8

Capital redemption reserve fund

Represents the fund that was required in terms of the Companies Act, No 61 of 1973, to maintain the capital base of the Company. This was effected by a transfer from retained earnings following the redemption of any preference shares at their par value and has been retained following the enactment of the Companies Act, No 71 of 2008, as amended.

Cash flow hedging reserve

The reserve represents the Group's portion of the cumulative net change in the fair value of cash flow hedging instruments relating to hedged transactions falling due in the future.

Actuarial reserve

The reserve comprises the cumulative actuarial gains/losses in respect of the Group's post-retirement medical aid liability which have been recognised directly in other comprehensive income after taxation. Realisation of this reserve will not be reclassified to profit or loss.

Foreign currency translation reserve

The reserve comprises the cumulative foreign exchange differences arising as a result of the translation of the operations of foreign operations.

Share-based payment reserve

The reserve comprises the fair value of equity instruments granted to Group employees, net of tax on deductible recharges. The fair value of the instrument is measured at grant date using generally accepted valuation techniques after taking into account the terms and conditions upon which the instruments were granted.

	Group		Company	
	2014 R'm	2013 R'm	**2014 R'm**	2013 R'm
10. Financial liabilities and borrowings				
Loan secured by cession of rights under an international trademark licensing agreement (Note 2)	**–**	4,0	**–**	–
Less: Amount repayable within one year included in current borrowings (Note 13)	**–**	(4,0)	**–**	–
	–	–	**–**	–

The secured loan of R4,0 million, reflected in the prior year, was denominated in South African Rand and bore interest at a fixed rate between 12% and 13%. The loan was settled in full during the current financial year.

	Group	
	2014 R'm	2013 R'm
11. Employee benefits		
Post-retirement medical aid obligation	**364,3**	360,8
Share-based payment obligation	**32,5**	17,7
– Cash-settled	**4,9**	0,9
– Earnings-linked performance bonuses	**27,6**	16,8
	396,8	378,5
Amount payable within one year included under trade and other payables (Note 15)	**(48,3)**	(30,6)
	348,5	347,9
11.1 Post-retirement medical aid obligation		
Reconciliation of benefit obligation recognised in balance sheet		
Balance at beginning of year	**360,8**	361,8
Recognised in profit or loss – operating profit	**26,2**	30,9
– Current service cost	**1,7**	1,5
– Interest cost	**24,5**	29,4
Actuarial loss/(gain) recognised in other comprehensive income	**1,8**	(6,4)
Contribution paid	**(24,5)**	(25,5)
Balance at end of year	**364,3**	360,8
Actuarial loss/(gain) recognised directly in other comprehensive income		
Net cumulative amount at beginning of year	**33,3**	37,9
Recognised during the year	**1,8**	(6,4)
Deferred tax thereon	**(0,5)**	1,8
Net cumulative amount at end of year	**34,6**	33,3

11. Employee benefits continued

11.1 Post-retirement medical aid obligation continued

The Group has an obligation to provide certain post-retirement medical aid benefits to certain eligible employees and pensioners. The entitlement to these benefits for current employees is dependent upon the employee remaining in service until retirement age.

The actuarial valuation of the post-retirement medical aid contributions liability was performed at 1 January 2014 and projected to 30 June 2014.

The principal actuarial assumptions used were:

Discount rate	8,50% (2013: 7,00%)
Medical inflation	7,00% (2013: 5,50%)

Assumed healthcare cost inflation rates have a significant effect on the actuarially determined defined benefit obligation. A one percentage point change in assumed healthcare cost inflation rates would have the following effects:

	One percentage point increase R'm	One percentage point decrease R'm
Effect on present value of the actuarially determined defined benefit obligation	**40,2**	**(34,2)**
Effect on the aggregate service and interest cost	**3,8**	**(3,2)**

	2014 R'm	2013 R'm	2012 R'm	2011 R'm	2010 R'm
Historical information					
Present value of the defined benefit obligation	**364,3**	360,8	361,8	386,0	373,4
Actuarial loss/(gain) recognised in other comprehensive income	**1,8**	(6,4)	(32,7)	10,5	23,4

	Group 2015 R'm	2014* R'm
Expected future expense		
Current service cost	**1,5**	1,7
Interest cost	**29,7**	24,4
Recognised in profit or loss – operating profit	**31,2**	26,1

** Future expense as reported in the Group's Integrated Annual Report for 2013.*

	Group 2014 R'm	Group 2013 R'm	Company 2014 R'm	Company 2013 R'm
12. Operating lease straight-line liability				
Balance at beginning of year	**16,1**	11,7	**–**	–
Subsidiary acquired	**–**	1,8	**–**	–
Current portion included in trade and other payables (Note 15)	**(2,0)**	–	**–**	–
Recognised in profit or loss	**2,1**	2,6	**–**	–
Balance at end of year	**16,2**	16,1	**–**	–
13. Current borrowings				
Overdrafts and other current borrowings	**614,0**	889,5	**–**	–
Vessel finance liability*	**33,5**	–	**–**	–
Current portion of interest-bearing borrowings (Note 10)	**–**	4,0	**–**	–
	647,5	893,5	**–**	–
** The Avro Warrior, which was acquired during the year, has been ceded as security against this liability. The amount owing is due and payable no later than 29 April 2015 and will be settled through the return of the vessel concerned.*				
14. Other financial liabilities including derivatives				
FEC cash flow hedge liability	**28,7**	38,9	**–**	–
Fuel oil swap	**0,4**	–	**–**	–
	29,1	38,9	**–**	–
15. Trade and other payables				
Trade accounts	**878,7**	742,6	**–**	–
Other payables and accrued expenses	**631,3**	551,5	**26,0**	3,1
Earnings-linked performance bonuses	**10,4**	12,1	**–**	–
Operating lease straight-line liability falling due within one year (Note 12)	**2,0**	–	**–**	–
Employee benefits falling due within one year (Note 11)	**48,3**	30,6	**–**	–
	1 570,7	1 336,8	**26,0**	3,1

	Group 2014 R'm	Group 2013 R'm
16. Revenue		
Group revenue comprises the following excluding Value Added Tax:		
– Sale of goods	**10 125,8**	9 178,4
– Services, fees, commissions and royalties	**141,6**	73,5
	10 267,4	9 251,9
	10 267,4	9 251,9
Continuing operations	**10 267,4**	9 218,3
Discontinued operations	**–**	33,6

A segmental and geographical analysis of Group revenue is given on pages 84 and 85 in the segment report.

Effective 31 October 2013, AVI Limited and Coty agreed to a revision of their existing commercial relationship. Following the revision Indigo no longer reports revenue associated with the sale of Coty-branded products but instead recognises revenue in relation to the services provided to Coty by Indigo (Note 27).

	Group 2014 R'm	Group 2013 R'm
17. Operating profit/(loss) before capital items – continuing operations		
In arriving at the operating profit/(loss) before capital items, the following have been taken into account:		
Amortisation	**3,0**	2,7
– fishing rights	**0,3**	0,3
– trademarks	**2,7**	2,4
Auditors' remuneration		
– fees for audit	**9,8**	10,0
– fees for other services	**1,2**	1,3
– taxation services and consultations	**0,8**	0,9
– other	**0,4**	0,4
Depreciation of property, plant and equipment	**283,1**	256,3
– buildings	**12,7**	11,7
– plant, equipment and vehicles	**235,3**	213,1
– vessels	**35,1**	31,5
Employment costs (Note 36)	**1 927,7**	1 767,8
Foreign exchange losses	**39,3**	7,3
Operating lease expenses	**183,9**	161,4
– property	**178,1**	156,6
– plant, equipment and vehicles	**5,8**	4,8
Loss on adjustment of inventory to net realisable value	**5,6**	12,0
Remuneration for services	**42,7**	45,1
– administrative, financial, managerial and secretarial fees	**22,1**	24,0
– technical fees	**20,6**	21,1
Pension fund surplus income	**–**	(24,7)
Research and development costs	**53,4**	56,0

	Company 2014 R'm	Company 2013 R'm
17. Operating profit/(loss) before capital items – continuing operations continued		
Income on recognition of on-charge receivable	**(11,9)**	(15,8)
Change in fair value of put/call option liability (Note 37)	**12,3**	15,5
Auditors' remuneration		
– Fees for audit	**0,2**	0,2
– Fee for taxation services and consultations	**–**	0,1
Administrative, financial, managerial and secretarial fees	**0,5**	0,5

Note
Details of the directors' remuneration are given in the Directors' Remuneration Report on page 81.

	Group 2014 R'm	Group 2013 R'm	Company 2014 R'm	Company 2013 R'm
18. Income from investments				
Dividends – unlisted companies	**–**	–	**1 387,4**	1 156,9
Interest	**7,6**	10,9	**–**	–
	7,6	10,9	**1 387,4**	1 156,9
Dividends were received from:				
– Subsidiary companies	**–**	–	**1 362,2**	1 134,0
– Other investments	**–**	–	**25,2**	22,9
	–	–	**1 387,4**	1 156,9
Continuing operations	**7,6**	10,4		
Discontinued operations	**–**	0,5		
19. Finance costs				
Borrowings	**(56,0)**	(63,7)	**(0,3)**	(3,0)
Continuing operations	**(56,0)**	(63,1)		
Discontinued operations	**–**	(0,6)		
20. Share of equity-accounted profit of joint ventures				
Equity-accounted profit of principal joint venture	**29,2**	23,5		
Equity-accounted (loss)/profit of non-principal joint venture	**(0,7)**	0,4		
	28,5	23,9		

	Group 2014 R'm	Group 2013 R'm	Company 2014 R'm	Company 2013 R'm
21. Capital items				
Net loss on disposal of property, plant and equipment and assets held-for-sale of disposal group	**(5,1)**	(1,0)	**–**	–
Profit on the disposal of Real Juice	**–**	40,9	**–**	19,7
Payment from Coty on revision of commercial relationship	**150,0**	–	**–**	–
Impairment of assets held-for-sale	**(5,8)**	–	**–**	–
Impairment of investment in subsidiary	**–**	–	**(30,3)**	(5,9)
Impairment of plant and equipment	**(1,1)**	(3,6)	**–**	–
Other	**–**	0,2	**–**	–
	138,0	36,5	**(30,3)**	13,8
Continuing operations	**138,0**	(4,6)	**(30,3)**	13,8
Discontinued operations	**–**	41,1	**–**	–
Attributable taxation (Note 22)	**(26,1)**	1,2	**–**	–
	111,9	37,7	**(30,3)**	13,8
22. Taxation				
South African normal taxation	**414,1**	350,8	**–**	–
Deferred taxation	**48,9**	56,5	**–**	–
Foreign taxation	**16,6**	25,9	**–**	–
Capital Gains Tax	**28,0**	–	**–**	–
Dividend Withholding Tax	**9,3**	11,8	**–**	–
Prior year (over)/underprovisions				
– Current	**(3,2)**	3,9	**–**	–
– Deferred	**1,2**	(0,3)	**–**	–
	514,9	448,6	**–**	–
Dealt with as follows:				
In respect of profit before capital items	**488,8**	449,8	**–**	–
In respect of capital items (Note 21)	**26,1**	(1,2)	**–**	–
	514,9	448,6	**–**	–
Continuing operations	**514,9**	448,6	**–**	–
Discontinued operations	**–**	–	**–**	–

	Group 2014 %	Group 2013 %	Company 2014 %	Company 2013 %
22. Taxation continued				
Reconciliation of rate of taxation (continuing operations)				
Standard rate of company taxation	**28,0**	28,0	**28,0**	28,0
Increase/(reduction) in effective rate as a result of:				
– Capital Gains Tax	**1,5**	–	**–**	–
– Disallowable expenditure	**0,5**	1,3	**1,0**	0,6
– Effect of foreign taxes	**–**	0,3	**–**	–
– Exempt income	**(2,3)**	(0,3)	**(29,0)**	(28,6)
– Dividend Withholding Tax	**0,5**	0,8	**–**	–
– Utilisation of assessed loss not recognised previously	**–**	(0,1)	**–**	–
– Prior year (over)/under provisions	**(0,1)**	0,2	**–**	–
– Other	**–**	(0,1)	**–**	–
Effective rate of taxation for the year (continuing operations)	**28,1**	30,1	**–**	–
Reconciliation of rate of taxation (discontinued operations)				
Standard rate of company taxation	**–**	28,0	**–**	–
Reduction in effective rate as a result of:				
– Utilisation of capital loss on disposal of business	**–**	(28,5)	**–**	–
– Utilisation of assessed loss not capitalised previously	**–**	0,5	**–**	–
Effective rate of taxation for the year (discontinued operations)	**–**	–	**–**	–

	Group 2014 R'm	Group 2013 R'm	Company 2014 R'm	Company 2013 R'm
23. Cash generated by/(utilised in) operations				
Operating profit/(loss) before capital items	**1 712,5**	1 526,2	**(6,2)**	(6,3)
Adjusted for:				
– Non-cash items	**390,3**	224,4	**0,1**	–
– Depreciation of property, plant and equipment	**283,1**	256,3	**–**	–
– Amortisation of intangible assets	**3,0**	2,7	**–**	–
– Foreign currency translations	**0,3**	(3,1)	**–**	–
– Equity-settled share-based payments	**13,0**	13,4	**(0,2)**	0,3
– Movement in provisions and other non-cash items	**90,9**	(44,9)	**0,3**	(0,3)
Continuing operations	**2 102,8**	1 750,6	**(6,1)**	(6,3)

	Group 2014 R'm	Group 2013 R'm	Company 2014 R'm	Company 2013 R'm
24. (Increase)/decrease in working capital				
Increase in inventories and biological assets	**(115,1)**	(157,0)	**–**	–
(Increase)/decrease in trade and other receivables	**(139,9)**	(34,7)	**(467,5)**	445,0
(Increase)/decrease in trade and other payables	**153,9**	(2,4)	**22,9**	(14,2)
Continuing operations	**(101,1)**	(194,1)	**(444,6)**	430,8

The net movement in working capital has been adjusted to take account of the foreign exchange differences and other known non-cash items.

	Group 2014 R'm	Group 2013 R'm	Company 2014 R'm	Company 2013 R'm
25. Taxation paid				
Amount owing at beginning of year	**17,5**	15,3	**–**	–
Amount overpaid at beginning of year (including discontinued)	**(35,2)**	(31,6)	**–**	–
Net amount prepaid at beginning of year	**(17,7)**	(16,3)	**–**	–
	464,8	392,4	**–**	–
Charge per profit or loss (including discontinued)	**514,9**	448,6	**–**	–
Deferred taxation included therein (Note 3)	**(50,1)**	(56,2)	**–**	–
Acquisition of Green Cross	**–**	12,5	**–**	–
Effect of movement in foreign exchange rates	**0,2**	0,3	**–**	–
Net amount prepaid at end of year	**17,8**	17,7	**–**	–
Amount owing at end of year	**(4,6)**	(17,5)	**–**	–
Amount pre-paid at end of year	**22,4**	35,2	**–**	–
Amount paid during the year	**465,1**	406,6	**–**	–
26. Dividends paid				
Ordinary dividend paid	**910,2**	645,4	**1 000,3**	722,3
Special dividend paid	**–**	550,0	**–**	619,1
Dividend paid and reflected in statement of changes in equity	**910,2**	1 195,4	**1 000,3**	1 341,4

27. Payment from Coty on revision of commercial relationship

Effective 31 October 2013, AVI Limited and Coty Inc. agreed to a revision of their existing commercial relationship whereby AVI ceased to be the exclusive licensee of Coty in South Africa and was appointed as the exclusive manufacturer, importer, distributor and marketer of Coty's value branded portfolio in South Africa and 13 other African countries. The core rationale for the revision was:

- Coty's desire to have direct control and ownership of its South African business;
- the desire of the parties to meaningfully expand the presence and sales of Coty's value brand portfolio in certain African countries in the short term; and
- the opportunity for the parties to continue to extract material synergistic benefits from the sharing of AVI's manufacturing and route to market infrastructure.

As compensation for the revision Coty made a once-off payment to Indigo of R150,0 million in November 2013.

The transitional agreement in place between the parties expires on 1 December 2014. It is the intention of the parties to conclude a final agreement for a period of no less than five years, commencing on 2 December 2014. The terms of the transitional agreement result in the same operating profit being earned by Indigo as it would have earned had the original licence agreement remained in place, and it is expected that the final agreement will achieve a similar result.

Following the revision, Indigo no longer reports revenue and profit associated with the sale of Coty branded product but instead recognises revenue and profit in relation to the services provided to Coty by Indigo. The impact on the individual lines disclosed in AVI's consolidated statement of comprehensive income for the year ended 30 June 2014 is not significant and is not expected to be significant going forward.

The impact on Group results for the year ended 30 June 2014 is as follows:

	Group		Company	
	2014 R'm	2013 R'm	**2014 R'm**	2013 R'm
Payment from Coty on revision of commercial relationship	**150,0**	–	**–**	–
Less: Capital Gains Tax	**(28,0)**	–	**–**	–
Net capital gain	**122,0**	–	**–**	–

	Group		Company	
	2014 R'm	2013 R'm	**2014 R'm**	2013 R'm
28. Acquisition/disposal of subsidiaries and businesses				
Continuing operations				
Net disposal of subsidiary				
Net investment in subsidiary	–	–	–	45,7
Profit on disposal	–	–	–	19,7
Proceeds on disposal	–	–	–	65,4
Net assets of subsidiaries and businesses acquired				
Non-current assets	–	(45,6)	–	(426,1)
Current assets	–	(129,2)	–	–
Non-current liabilities	–	3,4	–	–
Current liabilities	–	33,1	–	–
Net identifiable assets and liabilities	–	(138,3)	–	(426,1)
Trademarks recognised on acquisition	–	(399,7)	–	–
Deferred taxation on trademark recognised	–	111,9	–	–
Total consideration	–	(426,1)	–	(426,1)
Less: Cash and cash equivalents in business acquired	–	46,3	–	–
Cash outflow on acquisition	–	(379,8)	–	(426,1)
Net (acquisition)/disposal of subsidiaries and businesses				
Proceeds on disposal	–	–	–	65,4
Cash outflow on acquisition	–	(379,8)	–	(426,1)
	–	(379,8)	–	(360,7)

Prior year acquisition of Green Cross

Effective 1 March 2012, AVI Limited entered into an agreement in terms of which it acquired 100% of the issued share capital and shareholders' loans of Green Cross. Since the acquisition of A&D Spitz Proprietary Limited ("Spitz") in July 2005, AVI's premium branded footwear and apparel portfolio has contributed meaningfully to the Group's growth in profitability. The transaction represented a rare opportunity to acquire an established category-leading brand of relevant scale with a solid record of profitable operations.

The purchase consideration payable by AVI was an initial amount of R382,5 million plus a contingent earn-out payment of a maximum amount of R35,0 million, payable in March 2013 subject to certain profit hurdles being achieved in Green Cross' financial year ended 28 February 2013. In total the Group paid a consideration of R428,3 million for the business with an initial payment of R391,1 million paid in July 2012 and the remaining R37,2 million (R35,0 million contingent consideration plus interest of R2,2 million) paid in May 2013 following the achievement of the required profit target. In line with the requirements of accounting standards, the interest paid in respect of the contingent consideration was expensed in the period and consequently a consideration of R426,1 million is reflected. The transaction was subject to the fulfilment of certain conditions precedent which occurred during July 2012 and consequently the transaction was accounted for from 1 July 2012.

Green Cross contributed revenue of R327,5 million, operating profit of R80,0 million and profit after taxation of R60,1 million to the Group for the year ended 30 June 2013.

	Group		Company	
	2014 R'm	2013 R'm	**2014 R'm**	2013 R'm

29. Proceeds on disposal of discontinued operations

	Group 2014 R'm	Group 2013 R'm	Company 2014 R'm	Company 2013 R'm
Net assets of subsidiaries and businesses disposed				
Property, plant and equipment	–	14,5	–	–
Taxation – deferred and corporate	–	6,9	–	–
Working capital	–	15,8	–	–
Interest-bearing borrowings	–	(33,4)	–	–
Non-controlling interest	–	17,7	–	–
	–	21,5	–	–
Net assets disposed	–	21,5	–	–
Profit on disposal of subsidiary	–	40,9	–	–
Cash flow on disposal (Note 7,2)	–	62,4	–	–

The above disposal is reflected as part of the proceeds on disposal of discontinued operations and relates to the disposal of Real Juice.

Prior year disposal of Real Juice

On 31 May 2012, AVI entered into an agreement with Clover S.A. Proprietary Limited ("Clover"), a subsidiary of Clover Industries Limited, in terms of which 100% of the equity in and shareholders' loans against The Real Juice Co Holdings Proprietary Limited ("Real Juice") were disposed of for a consideration of R62,4 million (after adjustments and interest). The conditions precedent to the transaction were fulfilled during September 2012 and consequently the transaction was effective from 1 October 2012. The value of the net assets disposed of at the effective date amounted to R3,8 million and a capital profit of R40,9 million was earned, after derecognising the accumulated non-controlling interest of R17,7 million.

30. Post-balance sheet date events

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

	Group		Company	
	2014 R'm	2013 R'm	**2014 R'm**	2013 R'm

31. Movement in joint ventures and other investments

	Group 2014 R'm	Group 2013 R'm	Company 2014 R'm	Company 2013 R'm
Repayment of funds invested through insurance cell captive	–	9,7	–	–
Loans repaid	**27,1**	13,4	–	–
Redemption of preference share investment	–	–	–	17,9
Purchase of preference share investment	–	–	–	(15,2)
	27,1	23,1	–	2,7

32. Increase in shareholder funding

	Group 2014 R'm	Group 2013 R'm	Company 2014 R'm	Company 2013 R'm
Own ordinary shares issued	–	–	**59,0**	108,0
Sale of own ordinary shares by the Company's share trusts	**93,9**	85,9	–	–
	93,9	85,9	**59,0**	108,0

	Group			
	2014		2013	
	Gross R'm	**Net of tax and non-controlling interests R'm**	Gross R'm	Net of tax and non-controlling interests R'm

33. Earnings and headline earnings

The calculations of earnings and headline earnings per ordinary share are based on a weighted average of 313 804 047 (2013: 306 993 534) ordinary shares in issue.

The diluted earnings and headline earnings per share are calculated on 321 421 910 (2013: 320 859 312) ordinary shares.

	Gross R'm 2014	**Net of tax and non-controlling interests R'm 2014**	Gross R'm 2013	Net of tax and non-controlling interests R'm 2013
Determination of headline earnings				
Earnings attributable to owners of AVI		**1 315,7**		1 085,7
Attributable to:				
Continuing operations		**1 315,7**		1 044,2
Discontinued operation		**–**		41,5
Adjustment for capital items	**138,0**	**111,9**	36,5	37,7
– Net loss on disposal of property, plant and equipment	**(5,1)**	**(3,5)**	(1,2)	(0,9)
– Net profit on disposal of assets held-for-sale of disposal group	**–**	**–**	0,2	0,2
– Impairment of assets held-for-sale	**(5,8)**	**(5,8)**	–	–
– Net profit on disposal of Real Juice	**–**	**–**	40,9	40,9
– Payment from Coty on revision of commercial relationship	**150,0**	**122,0**	–	–
– Impairment of plant and equipment	**(1,1)**	**(0,8)**	(3,6)	(2,6)
– Other	**–**	**–**	0,2	0,1
Headline earnings		**1 203,8**		1 048,0
Attributable to:				
Continuing operations		**1 203,8**		1 047,5
Discontinued operation		**–**		0,5
		1 203,8		1 048,0

33. Earnings and headline earnings continued

	Group 2014 Number	Group 2013 Number
Reconciliation of weighted average number of ordinary shares		
Issued shares at beginning of year	**343 953 141**	342 144 990
Effect of own shares held by trusts and subsidiary	**(33 534 744)**	(39 047 108)
Effect of treasury shares sold in July – September	**263 391**	136 720
Effect of treasury shares sold in October – December	**1 306 241**	2 230 883
Effect of treasury shares sold in January – March	**1 594 257**	1 376 728
Effect of treasury shares sold in April – June	**221 761**	151 321
Weighted average number of ordinary shares	**313 804 047**	306 993 534
Effect of share options outstanding during the year in incentive scheme trusts	**771 561**	1 451 758
Effect of share options outstanding during the year in the Black Staff Empowerment Scheme Trust	**5 883 871**	10 926 671
Effect of Out-Performance Scheme instruments outstanding during the year	**962 431**	1 487 349
Weighted average diluted number of ordinary shares	**321 421 910**	320 859 312

For determining the dilutive effect of these options, the IFRS 2 – *Share-Based Payment* charge not yet expensed is added to the exercise price.

	Group 2014 Cents	Group 2013 Cents
Headline earnings per ordinary share	**383,6**	341,4
Attributable to:		
Continuing operations	**383,6**	341,2
Discontinued operation	**–**	0,2
Diluted headline earnings per ordinary share	**374,5**	326,7
Attributable to:		
Continuing operations	**374,5**	326,5
Discontinued operation	**–**	0,2
Earnings per ordinary share	**419,3**	353,6
Attributable to:		
Continuing operations	**419,3**	340,1
Discontinued operation	**–**	13,5
Diluted earnings per ordinary share	**409,3**	338,4
Attributable to:		
Continuing operations	**409,3**	325,5
Discontinued operation	**–**	12,9

	Group 2014 R'm	Group 2013 R'm	Company 2014 R'm	Company 2013 R'm
34. Dividends paid				
Ordinary shares				
No 76 of 120 cents, paid 15 October 2012		366,7		412,7
No 77 of 180 cents, paid 15 October 2012		550,0		619,1
No 78 of 90 cents, paid 8 April 2013		278,7		309,6
No 79 of 170 cents, paid 21 October 2013	**531,0**		**586,4**	
No 80 of 120 cents, paid 7 April 2014	**379,2**		**413,9**	
	910,2	1 195,4	**1 000,3**	1 341,4
No 81 of 180 cents in respect of the year ended 30 June 2014 was declared on 5 September 2014 and is payable on 20 October 2014. This will be at the following cost after taking account of the ordinary shares in issue at the date of approval of the annual report	**570,8**		**620,9**	

The dividends declared post 1 April 2012 have been declared out of income reserves and are subject to Dividend Withholding Tax at a rate of 15% in respect of those shareholders who are not exempt from paying Dividend Withholding Tax.

	Group 2014 R'm	Group 2013 R'm
35. Commitments and contingent liabilities		
Commitments		
Capital commitments		
Capital expenditure authorised by the directors		
Property, plant and equipment		
– Contracted for	**436,9**	130,2
– Not contracted for	**125,2**	78,6
	562,1	208,8

It is anticipated that this expenditure will be financed by cash resources, cash generated from activities and existing borrowing facilities.

Other contractual commitments have been entered into in the normal course of business.

	Group 2014 R'm	Group 2013 R'm

35. Commitments and contingent liabilities continued

Operating leases

Non-cancellable operating lease rentals are payable as follows:	Group 2014 R'm	Group 2013 R'm
Within one year	**125,2**	121,2
Between two and five years	**205,1**	219,0
After five years	**37,0**	39,4
	367,3	379,6

Certain retail outlets rented by Spitz, Green Cross and Gant are subject to contingent rentals which are determined in reference to the respective stores' turnover in the year concerned. Turnover rentals are calculated as a fixed percentage of the sales exceeding the agreed targets, both of which are defined in the respective rental agreements. In most instances turnover rentals have been limited to a maximum amount payable. The majority of retail leases are subject to annual escalations at varying rates and cover a period of three to five years with an option to renew on expiry.

Contingent liabilities

Company

The Company has signed limited guarantees with certain major banks in respect of funding advanced by the banks to some of the Company's subsidiaries. The Company signed a deed of suretyship with Rand Merchant Bank in respect of the performance of the obligations of a subsidiary company, Indigo Brands Proprietary Limited, with regard to the repayment of the secured loan (2013: R4,0 million) referred to in Note 10. At 30 June 2014, the loan had been settled and consequently the suretyship is no longer in place.

36. Employee benefits

	Group 2014 R'm	Group 2013 R'm	Company 2014 R'm	Company 2013 R'm
Employment cost	**1 927,7**	1 771,8	**–**	–
Short-term employment benefits	**1 753,5**	1 589,5	**–**	–
Termination benefits	**8,0**	23,4	**–**	–
Share-based payments				
– Equity-settled	**13,0**	13,4	**–**	–
– Cash-settled	**–**	0,1	**–**	–
Earnings linked performance bonuses	**27,6**	23,8	**–**	–
Post retirement medical aid costs	**26,2**	30,9	**–**	–
Retirement benefits	**99,4**	90,7	**–**	–
Continuing operations	**1 927,7**	1 767,8	**–**	–
Discontinued operation	**–**	4,0	**–**	–

36.1 Retirement benefits

The Group provides retirement benefits for its eligible employees. Of the Group's 10 834 (2013: 10 500) employees, 7 474 (2013: 7 175) are members of defined contribution Group pension and provident funds or state-administered funds in other jurisdictions. South African funds are governed by the Pension Funds Act, 1956, as amended. Other funds are governed by the respective legislation of the country concerned. The contributions paid by the Group companies for retirement benefits are charged to profit or loss as they are incurred, and amounted to R99,4 million (2013: R90,7 million).

36. Employee benefits continued

36.2 Share incentive schemes

The interests of the directors are given on page 81 in the Directors' Remuneration Report.

A summary of the movements in share incentive instruments is set out in the tables below.

The AVI Executive Share Incentive Scheme

Date of grant	Exercise price per share R	Instruments[1] outstanding at 30 June 2013 number	Granted number	Exercised number	Relinquished number	**Instruments[1] outstanding at 30 June 2014 number**
31 May 2005	12,62	2 882	–	–	–	**2 882**
1 April 2010	23,94	482 915	–	(482 915)	–	**–**
1 October 2010	26,33	189 144	–	(189 144)	–	**–**
1 April 2011	29,38	862 586	–	(504 043)	(12 253)	**346 290**
1 October 2011	32,60	174 189	–	–	(7 515)	**166 674**
1 April 2012	45,49	702 451	–	–	(19 575)	**682 876**
1 October 2012	58,83	146 392	–	–	(5 524)	**140 868**
1 April 2013	55,88	714 718	–	–	(150 409)	**564 309**
1 October 2013	58,50	–	209 172	–	(31 868)	**177 304**
1 April 2014	53,38	–	946 862	–	(37 467)	**909 395**
		3 275 277	1 156 034	(1 176 102)	(264 611)	**2 990 598**

[1] *Includes options, immediate shares and any vested but unexercised rights.*

The options and/or immediate shares are available to be exercised in their entirety in all cases three years after the effective date of granting of rights. Any options and/or immediate shares not exercised on the tenth anniversary (options issued before 2007), the fourth anniversary (options issued after 2007 but before 2011) or fifth anniversary (issued after 2011) of such date will lapse. Exercises in any period prior to vesting in the third year represent the portion allowed to be exercised on retirement, death, disability or retrenchment.

The AVI Financial Services Cash-settled Share Appreciation Rights Plan

Date of grant	Grant price per share R	Instruments outstanding at 30 June 2013 number	Granted number	Exercised number	Relinquished number	**Instruments outstanding at 30 June 2014 number**
October 2011	32,60	9 663	–	–	–	**9 663**
		9 663	–	–	–	**9 663**

The above scheme is a cash-settled scheme in a subsidiary that is accounted for in terms of IFRS 2 – *Share-Based Payment*, since the share appreciation rights are directly linked to the AVI Limited share price. The rights are available to be exercised in their entirety in all cases three years after the grant date. Any rights not exercised on the fourth anniversary of such date will lapse.

36. Employee benefits continued

36.2 Share incentive schemes continued

The AVI Out-Performance Scheme

The AVI Out-Performance Scheme ("OPS") replaced the former AVI Equity Participation Scheme. The maximum number of instruments 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 unless otherwise agreed by the Board and sanctioned by shareholders in a general meeting.

Overview of scheme principles

The scheme is based on a total shareholder return ("TSR") measure. TSR is the increase in value of shares after the notional reinvestment of all distributions. Allocations of scheme shares are made to designated employees in conjunction with the identification of the peer group against which that tranche will be measured.

At the measurement date in respect of each tranche:

- AVI's TSR and the TSR of each peer in the peer group for that tranche will be determined;
- the TSR of each peer in the peer group will be ranked in ascending order in 10 performance deciles;
- depending on the peer group decile within which AVI's TSR will be ranked, between 0 and 3,6 times the number of the scheme shares allocated to the participant will vest. No shares vest if AVI's TSR is ranked below the 40th peer group decile.

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 may 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.

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.

Date of grant	Grant price per share R	Instruments outstanding at 30 June 2013 number	Granted number	Exercised number	Relinquished number	**Instruments outstanding at 30 June 2014 number**
1 October 2010	25,41	410 521	–	(410 521)	–	**–**
1 October 2011	32,43	319 886	–	–	–	**319 886**
1 October 2012	58,61	213 222	–	–	–	**213 222**
1 October 2013	57,86	–	321 387	–	(17 283)	**304 104**
		943 629	321 387	(410 521)	(17 283)	**837 212**

All instruments vest three years after grant date. Instruments are converted to shares only if the performance requirements are met on the vesting date.

36. Employee benefits continued

36.2 Share incentive schemes continued

The AVI Black Staff Empowerment Scheme Trust

Date of grant	Grant price R	Exercise price[1] R	Instruments[1] outstanding at 30 June 2013 number	Exercised number	Relinquished number	**Instruments[1] outstanding at 30 June 2014 number**
January 2007	15,51	12,61	3 248 532	(3 118 516)	(54 743)	**75 273**
October 2007	19,58	18,79	564 587	(274 907)	(9 498)	**280 182**
April 2008	16,49	13,82	627 540	(293 433)	(20 641)	**313 466**
October 2008	15,68	11,46	745 359	(243 633)	(24 099)	**477 627**
April 2009	16,16	11,44	1 027 735	(327 493)	(31 722)	**668 520**
October 2009	18,48	14,10	1 986 281	(113 552)	(212 159)	**1 660 570**
April 2010	23,47	20,44	804 028	(65 749)	(113 899)	**624 380**
October 2010	25,32	22,13	887 147	(2 358)	(134 027)	**750 762**
April 2011	29,55	28,02	956 322	(15 241)	(237 257)	**703 824**
October 2011	32,29	30,69	973 539	(73 418)	(183 410)	**716 711**
December 2011	37,25	36,79	231 624	(5 372)	(28 730)	**197 522**
			12 052 694	(4 533 672)	(1 050 185)	**6 468 837**

[1] *The exercise price is calculated at 30 June 2014 in terms of the Trust deed, which sets the purchase price as an amount equal to the sum of:*
– the grant price; plus
– an amount equal to a portion of the interest on the Trust loan attributable to such shares calculated to the date of exercise of the right to purchase; less
– any dividends received by the Trust in respect of the shares up to the date of exercise of the right to purchase.

Participants have been granted a Right to Purchase from the Trust ordinary AVI shares in three equal tranches after the fifth, sixth and seventh anniversary of acceptance of the offer by the participant. The right to purchase is subject to the express condition that the participant is still an employee at the relevant exercise date. The final allocation occurred in December 2011 and consequently no further allocations will be made. The Scheme shall terminate by no later than 12 years from inception. Exercises in any period prior to vesting on the fifth, sixth and seventh anniversary represent the portion allowed to be exercised upon retirement, retrenchment, disability or death.

Restrictions

Sufficient ordinary shares in the authorised and unissued capital of the Company were placed under the control of the directors with specific authority to allot and issue them in terms of the Company's existing share incentive schemes ("the Schemes"). The total number of share instruments, options or instruments convertible into ordinary shares which may be allocated for purposes of the Schemes may not exceed 10 279 154 shares in respect of the AVI Executive Share Incentive Scheme or 10 279 154 in respect of the Out-Performance Scheme. Each participant may not acquire share instruments or options under the Schemes which would amount in aggregate to more than 2% (presently 6 898 768 ordinary shares) of the total issued ordinary share capital of the Company.

The total number of share instruments and options outstanding as at 30 June 2014 is 2 990 598 (2013: 3 275 277) and 837 212 (2013: 943 629) in respect of the AVI Executive Share Incentive Scheme and Out-Performance Scheme respectively, which equates to 1,1% (2013: 1,2%) of the issued share capital. The AVI Black Staff Empowerment Scheme Trust is not subject to these restrictions.

36. Employee benefits continued

36.3 Share-based payments

Management and staff of AVI Financial Services participate in a cash-settled share-based payment plan linked to the share price of AVI Limited, which is accounted for in terms of IFRS 2 – *Share-Based Payment*. The fair value of the equity instruments issued under the AVI Executive Share Incentive Scheme and the AVI Black Staff Empowerment Scheme are measured using the Black-Scholes model. The fair value of equity instruments issued under the Out-Performance Scheme are measured using the Black-Scholes model as well as the Monte Carlo valuation methodology which is used to project the TSR performance of the Group against a predefined peer group.

The contractual life of the equity instruments is used as an input into the model. The equity instruments are granted under a service condition and the expected attrition is considered in estimating the number of options expected to vest.

The fair value of the estimated number of options expected to vest is expensed over the vesting period of the underlying equity instrument. In the event of accelerated vesting, the remaining fair value of the vested instruments is expensed in the period of vesting.

	2014	2013
Assumptions applied in arriving at fair value of instruments issued during the year		
Equity instruments issued by the AVI Executive Share Incentive Trust		
Fair value at grant date	**R9,99 – R6,84**	R8,31 – R9,05
Share price	**R58,50 – R53,38**	R58,83 – R55,88
Exercise price	**R58,50 – R53,38**	R58,83 – R55,88
Expected volatility	**18,0% – 26,6%**	21,0% – 26,7%
Option life	**3,5 years**	3,5 years
Dividend yield	**4,68% – 5,12%**	4,09% – 4,31%
Risk-free interest rate	**7,21% – 8,10%**	6,51% – 6,38%
Equity instruments issued by the Out-Performance Scheme Trust		
Fair value at grant date	**R13,60**	R15,14
Share price	**R57,86**	R58,61
Option life	**3 years**	3 years
Dividend yield	**5,0%**	4,2%
Risk-free interest rate	**7,21%**	8,00%
Expected mean TSR performance	**8,5%**	10,0%

The expected volatility is based on the average volatility over a period of six months prior to grant date or measurement date.

The R207 bond rate was used to determine a risk-free interest rate at grant date or measurement date.

36. Employee benefits continued

36.4 Group share scheme recharge receivable

Options granted under the Group's Out-Performance Scheme are subject to a recharge arrangement with participating subsidiaries upon exercise of the options by employees of those companies and have been accounted for as follows:

	Company	
	2014 R'm	2013 R'm
Group share scheme recharge receivable at fair value	**49,5**	75,5
Less: Short-term portion reflected in trade and other receivables	**(43,1)**	(67,1)
Long-term portion of receivable at fair value	**6,4**	8,4

The fair value of equity instruments issued under the Out-Performance Scheme is measured using the Black-Scholes model as well as the Monte Carlo valuation methodology which is used to project the TSR performance of the Group against a predefined peer group. The fair value of the liability is remeasured at each reporting date and at settlement date. The model inputs at 30 June 2014 were as follows:

	2014	2013
Share price	**R61,25**	R59,45
Terms (years)	**0,25 – 2,25**	0,25 – 2,25
Expected vesting percentile based on TSR performance	**40th – 80th**	40th – 90th
Vesting multiple based on relative TSR performance	**0,2 – 2,4**	0,2 – 3,0
Number of outstanding options (number)	**837 212**	943 629

Details of options granted to employees are reflected on page 131.

	Group	
	2014 R'm	2013 R'm
Share-based payment expense		
Equity-settled		
Options granted under the AVI Executive Share Incentive Scheme	**5,1**	3,5
Instruments granted under the Out-Performance Scheme	**4,2**	2,8
Equity instruments granted to all black employees	**3,7**	7,1
	13,0	13,4
Cash-settled		
Share appreciation rights – AVI Financial Services	**–**	0,1

37. Black economic empowerment ("BEE") transactions

Irvin & Johnson Holding Company Proprietary Limited

The Company sold 20% of its shareholding in I&J to Main Street 198 Proprietary Limited ("Main Street") in November 2004. Main Street is jointly owned by Mast Fishing Investment Holdings Proprietary Limited and Tresso Trading 946 Proprietary Limited, two broad-based black-empowered companies with strong commitment to the South African fishing industry. The proceeds on disposal amounted to R160,8 million and the consideration was funded by the Company subscribing for cumulative redeemable preference shares in Main Street.

AVI further increased the BEE shareholding in I&J by donating 1% and selling 4% of its shareholding in I&J to a company owned by the South African black employees of I&J and its subsidiaries, Richtrau No 53 Proprietary Limited ("Richtrau"), on 1 May 2005. On completion of the first vesting cycle and settlement of the gains due to I&J's black employees, the scheme has been extended through the introduction of the I&J Black Staff Holding Company Proprietary Limited, a company owned by the South African black employees of I&J and its subsidiaries, which acquired 100% of the issued share capital of Richtrau. The consideration paid by the I&J Black Staff Holding Company amounted to R15,3 million and was funded by AVI Limited subscribing for a cumulative redeemable preference share in the I&J Black Staff Holding Company.

Post the implementation of the above transactions, the effective direct BEE shareholding in I&J is 25% (2013: 25%).

37. Black economic empowerment ("BEE") transactions continued

Accounting recognition of the non-controlling interests

Notwithstanding that the BEE transactions have been completed and that the BEE shareholders have beneficial ownership and voting control over their 25% shareholdings, the accounting recognition in the Group's consolidated financial statements of a non-controlling interest in respect of shares held by the BEE companies requires deferral until the redemption of the preference shares subscribed for to finance the purchase of such shares, as the shares in I&J and Richtrau serve as security for the cumulative liability on the preference shares.

The preference share liability of each company, including arrear preference dividends was as follows:

	Company	
	2014 R'm	2013 R'm
Main Street 198 Proprietary Limited	**180,3**	190,3
I&J Black Staff Holding Company Proprietary Limited	**15,3**	15,3

The investment in redeemable preference shares is recognised at amortised cost using the effective interest method. Preference dividend income is recognised in profit or loss at the preference dividend rate over the period that it is earned. The impairment of the preference share investment is assessed at each reporting date taking into consideration the earnings attributable to the non-controlling shareholder and is recognised in profit or loss, if necessary (Note 42).

Application of IAS 19 – *Employee Benefits* and IAS 39 – *Financial Instruments*

The Group has adopted the following principles in accounting for the transactions referred to above:

Main Street

The sale of the 20% interest to Main Street was an equity instrument that was considered to have fully vested in the hands of the participants before 1 January 2005. Under the exemption offered by IFRS 1 – *First-time Adoption of IFRS* the transaction was not accounted for as a share-based payment. The Main Street 198 shareholders' agreement provides for the payment of ordinary dividends equal to 10% of dividends received from I&J on an annual basis. Furthermore, the shareholders' agreement provides for put and call options determined by a fixed formula. The put option is classified as a derivative financial instrument and is accounted for at fair value (currently Rnil (2013: Rnil)).

I&J Black Staff Holding Company

The I&J Black Staff Holding Company's shareholders' agreement provides for the payment of ordinary dividends equal to 10% of dividends received from I&J, through the shareholding in Richtrau, on an annual basis. Furthermore, when employee vesting conditions are met, the I&J Black Staff Holding Company has undertaken to repurchase ordinary shares from the employees at a price based on the earnings performance of I&J less the remaining redeemable preference share liability. AVI Limited has undertaken to provide funding for the repurchase commitments of the I&J Black Staff Holding Company, if required. Accordingly, the arrangement has been accounted for as a long-term employee benefit under the requirements of IAS 19 – *Employee Benefits* in the consolidated financial statements. The liability (R4,9 million at 30 June 2014 and R0,9 million at 30 June 2013) has been measured using the projected unit credit method and an expense of R4,3 million (2013: R0,9 million) has been recognised in the current year.

The Memorandum of Incorporation provides for a put and call option determined by a fixed formula. The put option is classified as a derivative financial instrument in the books of AVI Limited and has been accounted for at fair value in terms of IAS 39 – *Financial Instruments: Recognition and Measurement* (R27,8 million at 30 June 2014 and R15,5 million at 30 June 2013). At an AVI Group level the fair value of this liability has been reversed and a long-term employee benefit has been recognised in terms of IAS 19 – *Employee Benefits*.

Reconciliation of change in fair value of put/call liability (level 3 financial instrument)

	Company	
	2014 R'm	2013 R'm
Fair value of put/call liability at beginning of year	**15,5**	–
Changes in fair value recognised in profit or loss	**12,3**	15,5
Fair value of put/call liability at end of year	**27,8**	15,5

	Group		Company	
	2014 R'm	2013 R'm	**2014 R'm**	2013 R'm

38. Related-party transactions

Transactions with Group entities				
Administration fees paid to a subsidiary	**–**	–	**0,5**	0,5
Dividends received from subsidiaries (Note 18)	**–**	–	**1 362,2**	1 134,0
Loans to subsidiary companies (Note 40)	**–**	–	**494,4**	499,5
Treasury share loan to subsidiary classified as equity instrument	**–**	–	**99,8**	149,7
Receivable from share trust	**–**	–	**–**	13,1
Call account maintained with treasury division of subsidiary	**–**	–	**948,9**	468,3
Group share scheme recharge receivable from subsidiaries (Note 36.4)	**–**	–	**49,5**	75,5
Other payables to subsidiaries	**–**	–	**22,9**	0,4
Trade receivables from joint ventures	**9,7**	11,0	**–**	–
Royalties received from joint ventures	**18,2**	15,2	**–**	–
Sales to joint ventures	**103,4**	107,5	**–**	–

Details of the principal subsidiaries' joint ventures and other investments are given on pages 138 to 140.

Material shareholders

The Company does not have a holding company.

Ordinary shares

The beneficial holders of 3% or more of the issued ordinary shares of the Company at 30 June 2014 according to the information available to the directors were:

	Number of ordinary shares	**%**
Government Employees Pension Fund	**55 687 221**	**16,1**
Liberty Group	**17 958 844**	**5,2**
AVI Investment Services Proprietary Limited	**17 234 352**	**5,0**
Fidelity Worldwide Investment	**14 156 414**	**4,1**
Employee share schemes	**10 582 863**	**3,1**

38. Related-party transactions continued

Directors' of the company

Directors' emoluments

The individual directors' emoluments paid in respect of the financial period under review are set out in the Directors' Remuneration Report on page 82.

Directors' service contracts

Standard terms and conditions of employment apply to executive directors which provide for notice of termination of three months. Non-executive directors conclude service contracts with the Company on appointment. Their term of office is governed by the Memorandum of Incorporation which provides that one-third of the aggregate number of directors will retire by rotation at each Annual General Meeting but may, if eligible, offer themselves for re-election.

Transactions with key management personnel

The directors of the Company, directors of any of its subsidiaries and business unit management with executive responsibility have been identified as the key management personnel of the Group.

The key management personnel costs are as follows:

	Group	
	2014 R'm	2013 R'm
Short-term employee benefits	**95,6**	106,3
Post-employment benefits	**7,3**	6,0
Termination benefits	**1,1**	7,6
Share-based payment expense	**16,6**	44,0
	120,6	163,9

Executives also participate in the Company's share option scheme, details of which are given in Note 36.

	Company	
	2014 R'm	2013 R'm
39. Subsidiaries		
Investment in subsidiaries		
Unlisted – shares in owned subsidiaries	**1 448,5**	1 478,8
Borrowings by subsidiary companies	**525,5**	530,6
	1 974,0	2 009,4
Share-based payments capitalised	**92,2**	53,0
Impairment allowance	**(31,2)**	(31,2)
Treasury share loan to subsidiary classified as equity	**(99,8)**	(149,7)
Total interest in subsidiaries	**1 935,2**	1 881,5

40. Principal subsidiary companies

Name of company and nature of business	Class	Issued permanent capital* 2014 R'm	Issued permanent capital* 2013 R'm	Group effective percentage holding 2014 %	Group effective percentage holding 2013 %	Book value of Company's interest – Shares 2014 R'm	Shares 2013 R'm	Indebtedness to the Company 2014 R'm	Indebtedness to the Company 2013 R'm
A&D Spitz Proprietary Limited – Retailer of branded shoes and fashion accessories	Ord	–	–	100	100	576,6	576,6	–	–
AVI Investment Services Proprietary Limited – Investment company	Ord	–	–	100	100	–	–	279,6	284,7
Green Cross – Producer and retailer of branded shoes and footwear accessories									
Green Cross Manufacturers Proprietary Limited	Ord	–	–	100	100	305,0	305,0	90,8	64,3
Green Cross Retail Holdings Proprietary Limited	Ord	–	–	100	100	–	8,1	–	20,5
Green Cross Properties Proprietary Limited	Ord	–	–	100	100	–	22,2	–	6,0
Hampton Sportswear Proprietary Limited – Retailer of branded apparel	Ord	–	–	100	100	20,7	20,7	–	–
Irvin & Johnson Holding Company Proprietary Limited – International integrated fishing processing and marketing of branded value-added fish and seafood products	Ord	–	–	75	75	319,1	319,1	–	–
Indigo Brands Proprietary Limited – Manufacturers, marketers and distributors of cosmetics, fragrances and toiletries	Ord	–	–	100	100	–	–	124,0	124,0
National Brands Limited – Manufacturers and marketers of branded food and beverage products	Ord	3,5	3,5	100	100	227,1	227,1	–	–
Nina Roche Shoe Collection Proprietary Limited – Retailer of branded shoes and fashion accessories	Ord	–	–	100	100	–	–	31,1	31,1
						1 448,5	1 478,8	525,5	530,6
Impairment allowance									
– Nina Roche						(0,1)	(0,1)	(31,1)	(31,1)
Share-based payments capitalised						92,2	53,0	–	–
						1 540,6	1 531,7	494,4	499,5

All companies are incorporated in South Africa.

** Where Rnil amount is less than R1 million.*

41. Investment in joint venture

	Shares held by Group 2014 Number	Shares held by Group 2013 Number	Group effective percentage holding 2014 %	Group effective percentage holding 2013 %
PRINCIPAL JOINT VENTURE				
Name of company and nature of business				
Joint venture				
– Equity accounted, financial year-end 31 August				
Simplot Seafood Snacks and Meals division (unincorporated and operates in Australia, managed by Simplot Australia Proprietary Limited)				
– Food processing, trading and distribution	**–**	–	**40**	40

	Group 2014 R'm	Group 2013 R'm
GROUP CARRYING VALUE OF JOINT VENTURE		
Shares at cost	**25,2**	25,2
Share of post-acquisition reserves	**366,2**	330,2
Total carrying value	**391,4**	355,4
I&J's proportionate share of assets and liabilities of Simplot Seafood, Snacks and Meals division		
Property, plant and equipment	**80,3**	79,2
Current assets	**422,6**	355,5
Current liabilities	**(113,5)**	(78,6)
Share of net assets	**389,4**	356,1
Summarised financial information in respect of the principal joint venture		
I&J's proportionate share of revenue and expenditure was:		
Revenue	**942,7**	873,4
Expenditure	**913,5**	847,7
Profit before taxation	**29,2**	25,7
Taxation	**–**	–
Profits after taxation reflected as share of equity-accounted earnings of joint venture	**29,2**	25,7
I&J's proportionate share of cash flow generated was:		
Cash generated by operating activities	**10,9**	31,2
Cash generated by/(utilised in) investing activities	**0,6**	(11,0)
Cash effects of financing activities	**(28,2)**	(14,5)
Net (decrease)/increase in cash and cash equivalents	**(16,7)**	5,7
Capital commitments		
– Contracted for	**5,3**	4,0
– Not contracted for	**0,2**	2,0
	5,5	6,0

42. Other investments and long-term receivables

	Shares held				Group effective percentage holding	
	Group		Company			
	2014 Number	2013 Number	**2014 Number**	2013 Number	**2014 %**	2013 %
PRINCIPAL OTHER INVESTMENTS						
Name of company and nature of business						
Main Street 198 Proprietary Limited						
– Cumulative redeemable convertible "A" preference shares*	**800**	800	**800**	800	**100**	100
I&J Black Staff Holding Company Proprietary Limited						
– Cumulative redeemable preference shares*	**50 000**	50 000	**50 000**	50 000	**100**	100

	R'm	R'm	**R'm**	R'm
Other investments comprise				
Preference share investments in the empowerment consortia, including dividends accrued	**–**	–	**175,8**	175,9
Pension fund surplus	**19,3**	22,8	**–**	–
Loan receivable	**0,8**	1,2	**27,8**	15,8
	20,1	24,0	**203,6**	191,7
Less: Short-term portion reflected in trade and other receivables	**4,7**	4,3	**–**	–
	15,4	19,7	**203,6**	191,7

* *The 25% black empowerment shareholding in I&J is held by two investment nominee companies. AVI has subscribed for preference shares in Main Street 198 Proprietary Limited and I&J Black Staff Holding Company Proprietary Limited (collectively referred to as "the empowerment consortia"), the investment nominee companies owned by these empowerment investors, to fund the acquisition of the I&J shares. The net preference share investment represents the original subscription price plus arrear preference dividends, less a capping allowance to limit the recognition of preference dividend income to the equivalent attributable earnings of I&J (Note 37).*

None of the investments are listed on a stock exchange.

A register disclosing full details of all companies in which the Group has investments is available for inspection by shareholders or their duly appointed authorised agents during business hours at the registered office of the Company.

43. Financial risk management

43.1 Overview

The Group has exposure to the following risks from its use of financial instruments:
• Credit risk
• Liquidity risk
• Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing financial risk and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of directors has overall responsibility for the establishment and oversight of the Group's financial risk management framework. The AVI Group treasury, together with the relevant business unit executives, is responsible for developing and monitoring the relevant financial risk management policies.

The Group's financial risk management policies are established to identify and analyse the risks faced by the Group to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees management's monitoring of compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the financial risks faced by the Group. The Group Audit Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Group Audit Committee.

43.2 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of directors monitors the return on average capital employed, which the Group defines as operating profit before capital items from continuing operations after taxation, divided by average total shareholders' equity plus net debt.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group's target, which is determined by the AVI Board, is to achieve a return on average capital employed at 120% of the weighted average cost of capital which was estimated at 11,7% (2013: 10,7%). In 2014 the return was 27,6% (2013: 27,4%). In comparison the weighted average interest expense on interest-bearing borrowings (excluding liabilities with imputed interest) was 6,99% (2013: 6,48%).

From time to time the Group purchases its own shares in the market under general authority granted by shareholders; the timing of these purchases depends on market prices. Primarily the shares are part of a programme to return capital to shareholders, but some may be used for issuing shares under the Group's share option programmes. Buying decisions are made under specific mandates from the executive directors.

There were no changes in the Group's approach to capital management during the year.

The AVI Group is subject to and complies with the following capital reporting covenants required by some of the Group's bankers:
• Consolidated net debt to EBITDA less than 3,0.
• Consolidated EBITDA to net finance costs greater than 2,5.

Internal debt limits used by executive management on a day-to-day basis are more conservative than the above.

43. Financial risk management continued

43.3 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers, cash and cash equivalents, and loan receivables and other investments.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Geographically there is concentration of credit risk in the South African market.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before payment and delivery terms and conditions are offered. The Group's review includes external ratings when available and in some cases bank references. Purchase limits are established for each customer which represents the maximum open amount; these limits are reviewed annually or when conditions arise that warrant a review. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

Most of the Group's customers have been transacting with the Group for over three years and losses have occurred infrequently. In monitoring customer credit risk customers are grouped according to their credit characteristics including whether they are an individual or legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, ageing profile, maturity and existence of previous financial difficulties. Trade and other receivables relate mainly to the Group's retail and wholesale customers. Customers that are graded as "high risk" are placed on a restricted customer list and future sales are made on a prepayment basis. Overdue accounts are put on hold until payments are received to return them within limits.

Most goods sold are subject to retention of title clauses so that in the event of non-payment the Group may have a secured claim. The Group does not require collateral in respect of trade and other receivables.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Cash and cash equivalents, loan receivables and other investments

The majority of the Group's investments are in liquid securities with counterparties that have sound credit ratings. Where considered necessary, security is sought. Management does not expect any counterparty to fail to meet its obligations.

Guarantees

The Group's policy is to provide limited financial guarantees in respect of banking facilities for wholly owned subsidiaries. At 30 June 2014 guarantees were in place for AVI Financial Services Proprietary Limited, National Brands Limited, A&D Spitz Proprietary Limited, Green Cross Manufacturers Proprietary Limited and Green Cross Retail Holdings Proprietary Limited. (2013: AVI Financial Services Proprietary Limited, National Brands Limited A&D Spitz Proprietary Limited, Green Cross Manufacturers Proprietary Limited and Green Cross Retail Holdings Proprietary Limited.)

In addition, the Group provides limited sureties for outstanding debt under the cash management agreement of Group subsidiary companies that participate in the Group's cash management agreement.

43. Financial risk management continued

43.3 Credit risk continued

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Group Carrying amount		Company Carrying amount	
	2014 R'm	2013 R'm	**2014 R'm**	2013 R'm
Other investments	**15,4**	19,7	**203,6**	191,7
Other financial assets including derivatives	**8,1**	57,3	**–**	–
Trade and other receivables*	**1 429,2**	1 265,3	**992,0**	548,5
Cash and cash equivalents	**298,5**	212,4	**0,3**	–
Total	**1 751,2**	1 554,7	**1 195,9**	740,2

** Excludes prepayments and VAT receivables.*

The maximum exposure to credit risk for trade receivables for the Group at the reporting date by geographic region was:

	Group Carrying amount	
	2014 R'm	2013 R'm
South Africa	**1 110,2**	982,8
Europe	**118,9**	113,4
Australasia	**24,6**	10,7
Rest of Africa	**140,8**	137,2
Total	**1 394,5**	1 244,1

The maximum exposure to credit risk for trade receivables for the Group at the reporting date by type of customer was:

	Group Carrying amount	
	2014 R'm	2013 R'm
Wholesale customers	**424,3**	387,2
Retail customers	**810,7**	741,6
End-user customers and direct sales	**159,5**	115,3
Total	**1 394,5**	1 244,1

The Group's most significant customers, being two South African retailers, accounted for 29,3% of the trade receivables carrying amount at 30 June 2014 (2013: 27,3%).

43. Financial risk management continued

43.3 Credit risk continued

Impairment losses

The ageing of trade receivables at the reporting date was:

	Gross 2014 R'm	Impairment 2014 R'm	Gross 2013 R'm	Impairment 2013 R'm
Not past due	**1 316,6**	**–**	1 119,2	(0,4)
Past due 0 – 30 days	**34,2**	**–**	82,5	–
Past due 31 – 120 days	**36,3**	**(0,3)**	22,5	(0,4)
Past due 121 days – 1 year	**5,4**	**(1,2)**	13,5	(4,2)
Past due more than 1 year	**2,0**	**(1,8)**	6,4	(3,4)
Total	**1 394,5**	**(3,3)**	1 244,1	(8,4)

Based on historical default rates the Group believes that a nominal impairment allowance is appropriate in respect of trade receivables not past due.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2014 R'm	2013 R'm
Balance as at 1 July	**(8,4)**	(7,5)
Impairment loss recognised in profit or loss	**(2,5)**	(1,8)
Impairment loss reversal	**0,2**	0,5
Impairment loss utilised	**7,4**	0,5
Acquisition of Green Cross	**–**	(0,1)
Balance as at 30 June	**(3,3)**	(8,4)

The allowance accounts in respect of trade receivables are used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amount is considered irrecoverable and is written off against the financial asset directly.

43. Financial risk management continued

43.4 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Group's reputation.

The Group actively manages short-term funding requirements via the Group Treasury with regular forecasts. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of eight weeks including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Group maintains the following lines of credit:

- R1 750 million Treasury facilities that can be drawn down to meet short-term financing needs. These facilities are overnight call borrowings. Interest is payable at the quoted overnight borrowing rate applicable on the date of advance.
- R500 million multi-option facility in National Brands Limited that can be drawn down to meet short-term financing needs. This facility is an overnight call borrowing and interest is payable at the quoted overnight borrowing rate applicable on the date of advance.
- R175,3 million overdraft facilities available to the subsidiaries that are unsecured. Interest is payable at the prime lending rate if the facilities are used.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount R'm	Contractual cash flows R'm	6 months or less R'm	6 – 12 months R'm	+1 – 2 years R'm	+2 – 5 years R'm	More than 5 years R'm
Group							
30 June 2014							
Non-derivative financial liabilities							
Trade and other payables*	**1 510,0**	**1 510,0**	**1 510,0**	**–**	**–**	**–**	**–**
Vessel finance liability	**33,5**	**33,5**	**–**	**33,5**	**–**	**–**	**–**
Overdraft and current borrowings	**614,0**	**614,0**	**614,0**	**–**	**–**	**–**	**–**
	2 157,5	**2 157,5**	**2 124,0**	**33,5**	**–**	**–**	**–**
30 June 2013							
Non-derivative financial liabilities							
Secured bank loans	4,0	4,4	2,2	2,2	–	–	–
Trade and other payables*	1 294,1	1 294,1	1 294,1	–	–	–	–
Overdraft and current borrowings	889,5	895,5	889,5	6,0	–	–	–
	2 187,6	2 194,0	2 185,8	8,2	–	–	–
Company							
30 June 2014							
Non-derivative financial liabilities							
Trade and other payables*	**26,0**	**26,0**	**26,0**	**–**	**–**	**–**	**–**
	26,0	**26,0**	**26,0**	**–**	**–**	**–**	**–**
30 June 2013							
Non-derivative financial liabilities							
Trade and other payables*	3,1	3,1	3,1	–	–	–	–
	3,1	3,1	3,1	–	–	–	–

** Excludes performance bonuses, post-retirement liabilities and operating lease straight-line liability.*

43. Financial risk management continued

43.4 Liquidity risk continued

The following table indicates the periods in which the cash flows associated with derivatives that are cash flow hedges are expected to occur:

	Carrying amount R'm	Contractual cash flows R'm	6 months or less R'm	6 – 12 months R'm
Group				
30 June 2014				
FECs used for hedging				
– Imports	**(7,9)**	**(690,2)**	**(417,7)**	**(272,5)**
– Exports	**(9,3)**	**609,9**	**346,9**	**263,0**
	(17,2)	**(80,3)**	**(70,8)**	**(9,5)**
30 June 2013				
FECs used for hedging				
– Imports	37,8	(437,0)	(370,0)	(67,0)
– Exports	(23,6)	577,3	280,9	296,4
	14,2	140,3	(89,1)	229,4

43.5 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and commodity input prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

The Group buys foreign currency derivatives in order to manage foreign exchange risks. Such transactions are carried out within the guidelines set by the Group Treasury. Generally the Group seeks to apply hedge accounting in order to manage volatility in profit or loss.

The Group also enters into fuel oil swaps to manage a portion of its exposure to fluctuations in the oil price on diesel fuels.

The Group does not enter into commodity contracts other than to meet the Group's expected usage requirements; such contracts are not settled net.

Currency risk

The Group is exposed to currency risk on sales purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The Group is primarily exposed to the Euro, the United States Dollar and Australian Dollar.

Generally the Group hedges 25% to 75% of its estimated foreign currency exposure in respect of forecast sales and purchases over the following 12 months. The Group hedges between 75% and 100% of all trade receivables, trade payables, and firm and ascertainable commitments denominated in a foreign currency. The Group uses forward exchange contracts to hedge its currency risk, all with a maturity of less than one year from the reporting date. When necessary, forward exchange contracts are rolled over at maturity.

In respect of transactions not covered by forward exchange contracts or other monetary assets and liabilities denominated in foreign currencies that arise in the normal course, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary.

The Group's investments in foreign subsidiaries are not hedged as those currency positions are considered to be long term in nature.

43. Financial risk management continued

43.5 Market risk continued

Exposure to currency risk

The Group's exposure to significant foreign currency risk was as follows based on nominal amounts:

	Trade receivables FC'm	Cash and cash equivalents FC'm	Trade payables FC'm	Balance sheet exposure FC'm	Estimated forecast sales* FC'm	Estimated forecast purchases* FC'm	FECs on sales/ receivables FC'm	FECs on purchases/ payables FC'm	Net forecast FC exposure FC'm
Group									
Net exposure as at 30 June 2014									
Australian Dollar	**1,0**	**3,6**	**(0,1)**	**4,5**	**12,5**	**–**	**(8,0)**	**–**	**9,0**
Botswana Pula	**26,0**	**42,7**	**(10,5)**	**58,2**	**–**	**–**	**–**	**–**	**58,2**
Euro	**8,3**	**5,7**	**(5,1)**	**8,9**	**55,3**	**(42,1)**	**(30,3)**	**20,4**	**12,2**
US Dollar	**2,6**	**8,8**	**(9,2)**	**2,2**	**16,1**	**(81,7)**	**(7,8)**	**42,9**	**(28,3)**
Zambian Kwacha	**14,9**	**0,6**	**(1,2)**	**14,3**	**–**	**–**	**–**	**–**	**14,3**
Net exposure as at 30 June 2013									
Australian Dollar	1,2	1,5	–	2,7	11,0	–	(7,2)	–	6,5
Botswana Pula	23,1	22,0	(8,6)	36,5	–	–	–	–	36,5
Euro	8,8	6,9	(2,7)	13,0	58,1	(17,9)	(33,5)	19,7	39,4
US Dollar	2,1	4,3	(5,9)	0,5	18,7	(62,8)	(9,5)	42,1	(11,0)
Zambian Kwacha	10,1	9,3	(2,6)	16,8	–	–	–	–	16,8

** Estimated forecast sales and purchases reflect anticipated transactions for the 12 months from 30 June.*

The following significant exchange rates applied during the year:

	Reporting date			
	30 June 2014		30 June 2013	
1FC = X ZAR	**Closing rate**	**Average for the year**	Closing rate	Average for the year
Australian Dollar	**10,0301**	**9,5125**	9,1158	9,0617
Botswana Pula	**0,8281**	**0,8277**	0,8637	0,9051
Euro	**14,5636**	**14,0947**	12,9341	11,4606
US Dollar	**10,6401**	**10,3845**	9,9463	8,8467
Zambian Kwacha	**1,6875**	**1,8128**	1,8182	1,7502

43. Financial risk management continued

43.5 Market risk continued

Sensitivity analysis

A 10% weakening of the Rand against the following currencies at 30 June applied against the net forecast foreign currency exposure for the next 12 months would result in the following changes to operating profit over a 12-month period. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2013.

	Group Profit/(loss)	
	2014 R'm	2013 R'm
Australian Dollar	**9,0**	5,9
Botswana Pula	**4,8**	3,2
Euro	**17,8**	51,0
US Dollar	**(30,1)**	(10,9)
Zambian Kwacha	**2,4**	3,1
	3,9	52,3

A 10% strengthening of the Rand against the above currencies at 30 June would have had the equal but opposite effect to the amounts shown above. This analysis assumes that all other variables, in particular interest rates, remain constant.

Interest rate risk

The Group, being strongly cash generative, adopts a policy of ensuring that most of its exposure to changes in interest rates on borrowings is on a floating rate basis. Where economical, interest rate swaps may be entered into on a portion of debt.

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Group Carrying amount		Company Carrying amount	
	2014 R'm	2013 R'm	**2014 R'm**	2013 R'm
Fixed rate instruments				
– Financial liabilities	**–**	4,0	**–**	–
	–	4,0	**–**	–
Variable rate instruments				
– Financial assets	**318,6**	236,4	**176,1**	175,9
– Financial liabilities	**(614,0)**	(889,5)	**–**	–
	(295,4)	(653,1)	**176,1**	175,9

Fair value sensitivity analysis for fixed rate instruments

The Group accounts for fixed rate instruments on an amortised cost basis and therefore a change in interest rates at the reporting date would not affect profit or loss.

43. Financial risk management continued

43.5 Market risk continued

Cash flow sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest rates at the reporting date calculated on the closing balances and using simple interest for 12 months would have decreased profit by the amounts shown below. A decrease of 100 basis points would have had the equal but opposite effect to the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2013.

	Group Profit/(loss)		Company Profit/(loss)	
	2014 R'm	2013 R'm	**2014 R'm**	2013 R'm
Variable rate instruments				
– Financial assets	**3,2**	2,4	**1,8**	1,8
– Financial liabilities	**(6,1)**	(8,9)	**–**	–
Net cash flow sensitivity	**(2,9)**	(6,5)	**1,8**	1,8

	Group		Company	
	2014 R'm	2013 R'm	**2014 R'm**	2013 R'm
44. Finance income and expense				
Recognised in profit or loss				
Finance income				
Interest income on cash and cash equivalents, loans and receivables, and other investments at amortised cost	**7,6**	10,9	**–**	–
Dividend income	**–**	–	**25,2**	22,9
Total	**7,6**	10,9	**25,2**	22,9
Finance costs				
Interest expense on borrowings	**56,0**	63,7	**0,3**	3,0
Total	**56,0**	63,7	**0,3**	3,0
Recognised in other comprehensive income				
Foreign currency translation differences for foreign operations	**41,3**	48,5		
Actuarial (loss)/gain recognised	**(1,8)**	6,4		
Changes in fair value of cash flow hedges	**(31,3)**	0,7		
Income tax on other comprehensive income	**9,3**	(2,1)		
Total	**17,5**	53,5		
Recognised in:				
Hedging reserve	**(22,5)**	0,4		
Actuarial reserve	**(1,3)**	4,6		
Translation reserve	**41,3**	48,5		
	17,5	53,5		

45. Financial assets and liabilities

Accounting classifications and fair values

The table below sets out the Group's classification of each class of financial assets and liabilities, including their levels in the fair value hierarchy:

	Carrying amount				Fair value				
	Total carrying amount R'm	Fair value – hedging instru-ments R'm	Loans and receivables at amortised cost R'm	Financial liabilities at amortised cost R'm	Total R'm	Level 1 R'm	Level 2 R'm	Level 3 R'm	Total R'm
GROUP									
30 June 2014									
Financial assets measured at fair value	8,1	8,1	–	–	8,1	–	8,1	–	8,1
Forward exchange contracts	8,1	8,1	–	–	8,1	–	8,1	–	8,1
Financial assets not measured at fair value	1 743,1	–	1 743,1	–	1 743,1	–	–	–	–
Loan receivable	0,8	–	0,8	–	0,8	–	–	–	–
Pension fund surplus	19,3	–	19,3	–	19,3	–	–	–	–
Trade and other receivables									
– Trade accounts	1 391,2	–	1 391,2	–	1 391,2	–	–	–	–
– Other receivables	33,3	–	33,3	–	33,3	–	–	–	–
Cash and cash equivalents	298,5	–	298,5	–	298,5	–	–	–	–
Financial liabilities measured at fair value	(29,1)	(29,1)	–	–	(29,1)	–	(29,1)	–	(29,1)
Forward exchange contracts	(28,7)	(28,7)	–	–	(28,7)	–	(28,7)	–	(28,7)
Fuel oil swap	(0,4)	(0,4)	–	–	(0,4)	–	(0,4)	–	(0,4)
Financial liabilities not measured at fair value	(2 157,5)	–	–	(2 157,5)	(2 157,5)	–	–	–	–
Bank overdraft	(614,0)	–	–	(614,0)	(614,0)	–	–	–	–
Vessel finance liability	(33,5)	–	–	(33,5)	(33,5)	–	–	–	–
Trade and other payables									
– Trade payables	(878,7)	–	–	(878,7)	(878,7)	–	–	–	–
– Other payables and accrued expenses	(631,3)	–	–	(631,3)	(631,3)	–	–	–	–

45. Financial assets and liabilities continued

Accounting classifications and fair values continued

	Carrying amount					Fair value			
	Total carrying amount R'm	Fair value – hedging instruments R'm	Loans and receivables at amortised cost R'm	Financial liabilities at amortised cost R'm	Total R'm	Level 1 R'm	Level 2 R'm	Level 3 R'm	Total R'm
GROUP									
30 June 2013									
Financial assets measured at fair value	57,3	57,3	–	–	57,3	–	57,3	–	57,3
– Forward exchange contracts	54,6	54,6	–	–	54,6	–	54,6	–	54,6
– Fuel oil swap	2,7	2,7	–	–	2,7	–	2,7	–	2,7
Financial assets not measured at fair value	1 497,4	–	1 497,4	–	1 497,4	–	–	–	–
– Loan receivable	1,2	–	1,2	–	1,2	–	–	–	–
– Pension fund surplus	22,8	–	22,8	–	22,8	–	–	–	–
Trade and other receivables									
– Trade accounts	1 235,7	–	1 235,7	–	1 235,7	–	–	–	–
– Other receivables	25,3	–	25,3	–	25,3	–	–	–	–
Cash and cash equivalents	212,4	–	212,4	–	212,4	–	–	–	–
Financial liabilities measured at fair value	(38,9)	(38,9)	–	–	(38,9)	–	(38,9)	–	(38,9)
– Forward exchange contracts	(38,9)	(38,9)	–	–	(38,9)	–	(38,9)	–	(38,9)
Financial liabilities not measured at fair value	(2 187,6)	–	–	(2 187,6)	(2 187,6)	–	–	–	–
– Secured loans	(4,0)	–	–	(4,0)	(4,0)	–	–	–	–
– Bank overdraft	(889,5)	–	–	(889,5)	(889,5)	–	–	–	–
Trade and other payables									
– Trade payables	(742,6)	–	–	(742,6)	(742,6)	–	–	–	–
– Other payables and accrued expenses	(551,5)	–	–	(551,5)	(551,5)	–	–	–	–

The different levels as disclosed in the table above have been defined as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3 – inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Measurement of fair value

The following table shows the valuation techniques used in measuring level 2 and level 3 fair values as well as the significant unobservable inputs used:

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
Derivative assets and liabilities at fair value: used for hedging	Market comparison technique: The fair value of foreign currency contracts and fuel oil swaps (used for hedging) are marked-to-market by comparing the contracted forward rate to the present value of the current forward rate of an equivalent contract with the same maturity date.	Not applicable	Not applicable

There were no transfers between levels 1, 2 or 3 of the fair value hierarchy for the years ended 30 June 2014 and 30 June 2013.

45. Financial assets and liabilities continued

Accounting classifications and fair values continued

The table below sets out the Company's classification of each class of financial assets and liabilities, including their levels in the fair value hierarchy:

	Carrying amount				Fair value				
	Total carrying amount R'm	Financial assets and liabilities designated at fair value R'm	Loans and receivables at amortised cost R'm	Financial liabilities at amortised cost R'm	Total R'm	Level 1 R'm	Level 2 R'm	Level 3 R'm	Total R'm
COMPANY									
30 June 2014									
Financial assets not measured at fair value									
Loan receivable – on-charge receivable	27,8	27,8	–	–	27,8	–	–	–	–
Preference shares	175,8	–	175,8	–	175,8	–	–	–	–
Group share scheme recharge receivable	49,5	–	49,5	–	49,5	–	–	–	–
Other receivables	948,9	–	948,9	–	948,9	–	–	–	–
Cash and cash equivalents	0,3	–	0,3	–	0,3	–	–	–	–
Financial liabilities not measured at fair value									
Other long-term liability – put/call liability	(27,8)	(27,8)	–	–	(27,8)	–	–	(27,8)	(27,8)
Other payables and accrued expenses	(26,0)	–	–	(26,0)	(26,0)	–	–	–	–
30 June 2013									
Financial assets not measured at fair value									
Loan receivable – on-charge receivable	15,8	15,8	–	–	15,8	–	–	–	–
Preference shares	175,9	–	175,9	–	175,9	–	–	–	–
Group share scheme recharge receivable	75,5	–	75,5	–	75,5	–	–	–	–
Other receivables	481,4	–	481,4	–	481,4	–	–	–	–
Financial liabilities not measured at fair value									
Put/call liability	(15,5)	(15,5)	–	–	(15,5)	–	–	(15,5)	(15,5)
Other payables and accrued expenses	(3,1)	–	–	(3,1)	(3,1)	–	–	–	–

45. Financial assets and liabilities continued

Accounting classifications and fair values continued

Where the Group and Company financial assets and financial liabilities are not measured at fair value it has been determined that their carrying amount approximates their fair value. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Measurement of fair value

The following table shows the valuation techniques used in measuring level 2 and level 3 fair values as well as the significant unobservable inputs used.

Financial instruments measured at fair value

AVI holds a call option in terms of which the shares in the I&J Black Staff Holding Company Proprietary Limited may be acquired for a consideration determined in accordance with a fixed formula. If AVI does not exercise its call option, the shareholders of the I&J Black Staff Holding Company are entitled to put the shares to AVI (in terms of a put option) for a consideration determined by the same formula. The call option is exercisable on 1 July 2021 with the put option exercisable on 28 December 2021. The amount expected to be incurred by AVI on exercising the put/call option will be recovered from I&J through an on-charge. Consequently, an on-charge receivable is recognised for the amount expected to be received from I&J based on the amount AVI will incur in buying the shares in the I&J Black Staff Holding Company.

The valuation technique unobservable inputs and the inter-relationship between significant inputs and the fair value in respect of the put/call liability are detailed below. As the on-charge receivable represents a recovery of the amount AVI expects to incur on exercising the put/call option, the valuation technique and inputs remain the same as those applied in determining the fair value of the put/call liability.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
Financial assets and liabilities designated at fair value in respect of the on-charge receivable and the put/call liability.	Discounted cash flows: The valuation model considers the present value of expected payments discounted to a present value using a risk-free discount rate. The expected payments are determined in reference to a fixed formula which forms the basis for future payments and considers the I&J Group forecast headline earnings (weighted average of earnings in the three years preceding the calculation date of 1 July 2021) taking cognisance of historical earnings volatility. Given the complexity of I&J's business and historical headline earnings volatility, the determination of forecast earnings is challenging, however, as the timeline nears the calculation date greater certainty will be achieved.	1. I&J's forecast headline earnings are impacted by exchange rates hake resource performance and selling prices in export markets; and 2. discount rate of 7,88% equal to the R208 bond rate which has a similar maturity date.	The estimated fair value would increase/(decrease) if: 1. the headline earnings were higher/(lower); and 2. the discount rate were lower/(higher).

There were no transfers between levels 1, 2 or 3 of the fair value hierarchy for the years ended 30 June 2014 and 30 June 2013.

A reconciliation of the movement in the fair value of the put/call liability has been disclosed in Note 37.

ANALYSIS OF ORDINARY SHAREHOLDERS

as at 30 June 2014

Shareholder spread	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
1 – 1 000 shares	6 300	48,08	3 350 486	0,97
1 001 – 10 000 shares	5 680	43,35	17 924 815	5,20
10 001 – 100 000 shares	852	6,50	25 442 440	7,38
100 001 – 1 000 000 shares	216	1,65	68 128 442	19,75
1 000 001 shares and over	56	0,42	230 092 209	66,70
Total	13 104	100,00	344 938 392	100,00

Distribution of shareholders

Custodians	132	1,01	102 543 552	29,73
Collective investment schemes	210	1,60	60 362 856	17,50
Organs of state	9	0,07	56 909 081	16,50
Retirement benefit funds	231	1,76	26 873 503	7,79
Assurance companies	47	0,36	24 018 478	6,96
Retail shareholders	9 114	69,55	19 777 494	5,73
AVI Investment Services Proprietary Limited	1	0,01	17 234 352	5,00
Trusts	2 545	19,42	12 268 426	3,56
Employee share schemes	2	0,02	10 582 863	3,07
Scrip lending	22	0,17	3 933 822	1,14
Private companies	292	2,23	2 818 637	0,82
Stockbrokers and nominees	38	0,29	1 776 615	0,52
Foundations and charitable funds	136	1,04	1 724 552	0,50
Hedge funds	20	0,15	1 143 104	0,33
Insurance companies	17	0,13	752 418	0,22
Medical aid funds	25	0,19	735 711	0,21
Public companies	9	0,07	375 950	0,11
Investment partnerships	77	0,59	372 062	0,11
Close corporations	121	0,92	363 137	0,11
Managed funds	39	0,30	292 495	0,08
Public entities	5	0,04	67 793	0,02
Unclaimed scrip	11	0,07	11 423	0,00
Control account	1	0,01	68	0,00
Total	13 104	100,00	344 938 392	100,00

Shareholder type

Non-public shareholders	14	0,11	84 417 936	24,49
Directors and associates (excluding employee share schemes)	3		913 500	0,27
Government Employees Pension Fund	8		55 687 221	16,14
AVI Investment Services Proprietary Limited	1		17 234 352	5,00
Employee share schemes	2		10 582 863	3,07
Public shareholders	13 090	99,89	260 520 456	75,51
Total	13 104	100,00	344 938 392	100,00

Beneficial shareholders with a holding greater than 3% of the issued shares	Number of shares	% of issued capital
Government Employees Pension Fund	55 687 221	16,14
Liberty Group	17 958 844	5,21
AVI Investment Services Proprietary Limited	17 234 352	5,00
Fidelity Worldwide Investment	14 156 414	4,10
Employee share schemes	10 582 863	3,07
Total	115 619 694	33,52

Total number of shareholdings	13 104
Total number of shares in issue	344 938 392

Share price performance

Opening price 1 July 2013	R58,77
Closing price 30 June 2014	R61,25
Closing high for the period (26 June 2014)	R62,20
Closing low for the period (4 February 2014)	R50,11
Number of shares in issue	344 938 392
Volume traded during period	202 297 535
Ratio of volume traded to shares issued (%)	58,65
Rand value traded during the period	R11 390 385 807

SHAREHOLDERS' DIARY

Reports and profit statements	2014
Half-year interim report announcement in press	Tuesday, 11 March
Results announcement in press	Tuesday, 9 September
Annual financial statements posted	Tuesday, 30 September

Final dividend

Dividends declared	Friday, 5 September
Details of dividends announcement on SENS	Monday, 8 September
Details of dividends announcement in press	Tuesday, 9 September
Last day to trade cum dividend on the JSE Limited ("JSE")	Friday, 10 October
First trading day ex dividend on the JSE	Monday, 13 October
Record date	Friday, 17 October
Payment date	Monday, 20 October

In accordance with the requirements of Strate Limited, no share certificates may be dematerialised or rematerialised between Monday, 13 October 2014 and Friday, 17 October 2014, both days inclusive.

Dividends in respect of certificated shareholders will be transferred electronically to shareholders' bank accounts on payment date. In the absence of specific mandates, dividend cheques will be posted to shareholders. Shareholders who hold dematerialised shares will have their accounts at their Central Securities Depository Participant ("CSDP") or broker credited on Monday, 20 October 2014.

NOTICE OF ANNUAL GENERAL MEETING

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

NOTICE OF ANNUAL GENERAL MEETING

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

Notice is hereby given that the seventieth Annual General Meeting of members of the Company will be held at 2 Harries Road, Illovo, Johannesburg, on Thursday, 30 October 2014 at 11:00 for the following purposes:

To consider and if deemed fit, to pass with or without modification, ordinary resolutions 1 to 10. In terms of the Companies Act 71 of 2008, as amended ("the Companies Act"), for an ordinary resolution to be adopted, it must be supported by more than 50% of the total number of votes which the shareholders present or represented by proxy at this meeting are entitled to cast.

1. "That the annual financial statements for the year ended 30 June 2014, together with the reports of the directors, the independent auditors, and the Audit and Risk Committee, be and are hereby adopted."
2. "That KPMG Inc. be and are hereby re-appointed as the external auditors of the Company."
3. "That Mr SL Crutchley, who will retire by rotation in accordance with the Company's Memorandum of Incorporation and who, being eligible, offers himself for re-election, be and is hereby re-elected as a director of the Company."*
4. "That Mr OP Cressey, who will retire by rotation in accordance with the Company's Memorandum of Incorporation and who, being eligible, offers himself for re-election, be and is hereby re-elected as a director of the Company."*
5. "That Mr JR Hersov, who will retire by rotation in accordance with the Company's Memorandum of Incorporation and who, being eligible, offers himself for re-election, be and is hereby re-elected as a director of the Company."*
6. "That Mr GR Tipper, who will retire by rotation in accordance with the Company's Memorandum of Incorporation and who, being eligible, offers himself for re-election, be and is hereby re-elected as a director of the Company."*
7. "That Mr RJD Inskip be and is hereby elected as a non-executive director of the Company."*
8. "That Mr MJ Bosman, be and is hereby elected as a member and the Chairman of the Audit and Risk Committee."*
9. "That Mr JR Hersov, be and is hereby elected as a member of the Audit and Risk Committee."*
10. "That Mrs NP Dongwana, be and is hereby elected as a member of the Audit and Risk Committee."*

**Brief CVs of the directors appear on page 58 of the Integrated Annual Report.*

To consider and if deemed fit, to pass with or without modification, special resolutions 11 to 21. In terms of the Companies Act for a special resolution to be adopted, it must be supported by at least 75% of the total number of votes which the shareholders present or represented by proxy at this meeting are entitled to cast.

11. "That with effect from 1 July 2014 the fees payable to the current non-executive directors, excluding the Chairman of the Board and the foreign non-executive director, Mr A Nühn, be increased from R230 000 per year to R246 000 per year."
12. "That with effect from 1 July 2014 the fees payable to the Chairman of the Board be increased from R676 000 per year to R744 000 per year."
13. "That with effect from 1 July 2014 the fees payable to the foreign non-executive director, Mr A Nühn, be increased from EUR41 000 per year to EUR43 870 per year."
14. "That with effect from 1 July 2014 the fees payable to the members of the Remuneration, Nomination and Appointments Committee, excluding the Chairman of this committee, be increased from R78 500 per year to R84 000 per year."
15. "That with effect from 1 July 2014 the fees payable to the members of the Audit and Risk Committee, excluding the Chairman of this committee, be increased from R85 500 per year to R91 500 per year."
16. "That with effect from 1 July 2014 the fees payable to the members of the Social and Ethics Committee, excluding the Chairman of this committee, be increased from R58 000 per year to R62 000 per year."
17. "That with effect from 1 July 2014 the fees payable to the Chairman of the Remuneration, Nomination and Appointments Committee be increased from R171 000 per year to R183 000 per year. If the foreign non-executive director, Mr A Nühn, is Chairman of the Remuneration, Nomination and Appointments Committee, the fee will be increased from EUR13 500 per year to EUR14 445 per year with effect from 1 July 2014."
18. "That with effect from 1 July 2014 the fees payable to the Chairman of the Audit and Risk Committee be increased from R185 000 per year to R198 000 per year."
19. "That with effect from 1 July 2014 the fees payable to the Chairman of the Social and Ethics Committee be increased from R85 500 per year to R91 500 per year."

The increases in non-executive directors' fees proposed in terms of special resolutions 11 to 19 above are based on a detailed review and comparison of non-executive directors' fees to market-related benchmarks. Non-executive directors' fees are paid as a combination of a fixed retainer and for attendance at formally convened meetings.

20. "That the Company and/or any of its subsidiaries be and are hereby authorised, by way of a general approval in terms of the Listings Requirements of the JSE Limited ("the JSE"), to acquire ordinary shares issued by the Company, upon such terms and conditions and in such amounts as the directors of the Company may from time to time decide, provided that:
    - any such acquisition shall only be made in compliance with the provisions of sections 4 and 48 read with section 46 of the Companies Act;
    - any such acquisition of ordinary shares shall be effected on the open market through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty (reported trades being prohibited);
    - any such acquisition of ordinary shares is authorised by the Company's Memorandum of Incorporation;
    - 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;
    - the Company may not, in any one financial year, acquire in excess of 10% of the Company's issued ordinary share capital as at the date of passing of this special resolution;
    - the Company's subsidiaries shall not be entitled to acquire, on a cumulative basis, in excess of 10% of the Company's issued ordinary share capital as at the date of passing this special resolution;
    - a resolution by the Board of directors that it has authorised the repurchase, that the Company and its subsidiary/ies have passed the solvency and liquidity test and that, since the test was performed, there have been no material changes to the financial position of the Group;
    - 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 and/or its subsidiaries may not repurchase any ordinary 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 have been submitted to the JSE in writing prior to the commencement of the prohibited period. The Company will instruct an independent third party, which makes its investment decisions in relation to the Company's securities independently of, and uninfluenced by, the Company, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE; 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 accordance with the Listings Requirements in order to enable the repurchase of 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.

21. "That the Company be and is hereby authorised, in terms of section 45 of the Companies Act, to provide direct or indirect financial assistance by way of loan, guarantee, the provision of security or otherwise to any of its present or future subsidiaries and/or any other company or entity that is or becomes related or inter-related to the Company, for any purpose or in connection with any matter, including but not limited to, the subscription for any option, or any securities issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company."

    The directors consider that such a general authority should be put in place in order to assist the Company, inter alia, to make inter-company loans to subsidiaries, as well as to grant letters of support and guarantees in appropriate circumstances. The existence of a general authority would avoid the need to refer each instance to shareholders for approval. This general authority would be valid up to and including the 2016 Annual General Meeting of the Company.

To consider the non-binding ordinary resolution 22

22. "That, by way of a non-binding advisory ordinary resolution, the Company's remuneration policy as set out in the Remuneration Report, be and is hereby endorsed."

    King III dealing with boards and directors requires companies to table their remuneration policy every year to shareholders by way of a non-binding advisory vote at the Annual General Meeting. This vote enables shareholders to express their views on the remuneration policy adopted.

To consider any other business

23. To transact such other business as may be transacted at an Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING continued

Directors' statement

The directors, having considered the effects of special resolutions 20 and 21 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 their debts;
- the assets of the Company and the Group, fairly valued in accordance with generally accepted accounting practice, will exceed the liabilities of the Company and the Group; and
- the Company and 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 may appear elsewhere in the Integrated Annual Report of which this notice forms part, is provided in terms of the Listings Requirements of the JSE for purposes of the general authority to repurchase shares (resolution 20):

- major beneficial shareholders – pages 136 and 154;
- directors' interests in securities – page 80;
- share capital of the Company page 113.

Directors' responsibility statement

The directors, whose names appear on pages 58 and 59 of the Integrated Annual Report, collectively and individually accept full responsibility for the accuracy of the information pertaining to resolutions 20 and 21 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 of the JSE.

Material changes

Other than the facts and developments reported on in the Integrated 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.

Record date

The directors have determined in accordance with sections 59(1)(a) and (b) that:

- the record date for the purposes of receiving notice of the Annual General Meeting shall be the close of business on Tuesday, 30 September 2014; and
- the record date for the purposes of the Annual General Meeting (being the date on which a shareholder must be registered in the Company's share register in order to participate in and vote at the Annual General Meeting) shall be the close of business on Friday, 24 October 2014.

Identification

In terms of section 63(1) of the Companies Act, before any person may attend or participate in an Annual General Meeting, that person must present reasonably satisfactory identification and the person presiding at the Annual General Meeting must be reasonably satisfied that the right of the person to participate in and vote at the Annual General Meeting, either as a shareholder, or as a proxy for a shareholder, has been reasonably verified.

Voting and proxies

On a show of hands, every shareholder who is present in person or by proxy at the Annual General Meeting shall have one vote, and on a poll, every shareholder 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 authority 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 their 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 2004 Proprietary Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by not later than 11:00 on Tuesday, 28 October 2014.

By order of the Board

Sureya Naidoo
Company Secretary
2 Harries Road, Illovo
30 September 2014

FORM OF PROXY

AVI Limited
(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 Participant ("CSDP"), brokers' nominee companies and shareholders who have dematerialised their shares and who have elected own-name registration at the seventieth Annual General Meeting of the Company, to be held at 2 Harries Road, Illovo, Johannesburg, 2196, at 11:00 on Thursday, 30 October 2014 ("Annual General Meeting").

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

Holders of dematerialised shares, other than those with "own name" registration, who wish 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 authorisation to attend the meeting.

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 number		Number of votes (one vote per share)		
		In favour of	Against	Abstain
1.	Adoption of the financial statements for the year ended 30 June 2014			
2.	Re-appointment of KPMG Inc. as the external auditors of the Company			
3.	Re-election of Mr SL Crutchley as a director			
4.	Re-election of Mr OP Cressey as a director			
5.	Re-election of Mr JR Hersov as a director			
6.	Re-election of Mr GR Tipper as a director			
7.	Election of Mr RJD Inskip as a non-executive director			
8.	Appointment of Mr MJ Bosman as a member and Chairman of the Audit and Risk Committee			
9.	Appointment of Mr JR Hersov as a member of the Audit and Risk Committee			
10.	Appointment of Mrs NP Dongwana as a member of the Audit and Risk Committee			
11.	Special resolution (increase in fees payable to non-executive directors, excluding the Chairman of the Board and the foreign non-executive director)			
12.	Special resolution (increase in fees payable to the Chairman of the Board)			
13.	Special resolution (increase in fees payable to the foreign non-executive director)			
14.	Special resolution (increase in fees payable to members of the Remuneration, Nomination and Appointments Committee)			
15.	Special resolution (increase in fees payable to members of the Audit and Risk Committee)			
16.	Special resolution (increase in fees payable to members of the Social and Ethics Committee)			
17.	Special resolution (increase in fees payable to Chairman of the Remuneration, Nomination and Appointments Committee)			
18.	Special resolution (increase in fees payable to Chairman of the Audit and Risk Committee)			
19.	Special resolution (increase in fees payable to Chairman of the Social and Ethics Committee)			
20.	Special resolution (general authority to buy back shares)			
21.	Special resolution (financial assistance to group entities)			
22.	Ordinary resolution to endorse the remuneration policy (non-binding advisory vote)			

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 ordinary 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 ______________ 2014

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 TO FORM OF PROXY

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 2004 Proprietary 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, 28 October 2014.

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. The appointment of a proxy or proxies is furthermore revocable, in which case a shareholder may revoke the proxy appointment by cancelling it in writing or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company.

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.

9. If the instrument appointing a proxy or proxies has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the Company's Memorandum of Incorporation to be delivered by the Company to the shareholder must be delivered by the Company to the shareholder, or to the proxy or proxies, if the shareholder has directed the Company to do so in writing and paid any reasonable fee charged by the Company for doing so.

10. The appointment of a proxy or proxies remains valid only until the end of the Annual General Meeting subject to any revocation thereof.

ADMINISTRATION AND PRINCIPAL SUBSIDIARIES

Administration

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

Company Secretary

Sureya Naidoo

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

The Standard Bank of
South Africa Limited

Commercial bankers

Standard Bank
FirstRand Bank

Transfer secretaries

Computershare Investor Services Proprietary Limited

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
and Snackworks)

30 Sloane Street
Bryanston 2021

PO Box 5159
Rivonia 2128

Managing directors
Sarah-Anne Orphanides
(Entyce Beverages)
Telephone: +27 (0)11 707 7100
Telefax: +27 (0)11 707 7799

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

I&J

Irvin & Johnson Holding Company
Proprietary Limited
Reg No: 2004/013127/07

1 Davidson Street
Woodstock
Cape Town 8001

PO Box 1628
Cape Town 8000

Managing director
Jonty Jankovich
Telephone: +27 (0)21 402 9200
Telefax: +27 (0)21 402 9282

Fashion Brands

Personal care

Indigo Brands Proprietary Limited
Reg no: 2003/009934/07

16 – 20 Evans Avenue
Epping 1 7460

PO Box 3460
Cape Town 8000

Telephone: +27 (0)21 507 8500
Telefax: +27 (0)21 507 8501

Managing director
Robert Lunt
Telephone: +27 (0)21 507 8500
Telefax: +27 (0)21 507 8501

Footwear & Apparel

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

29 Eaton Avenue
Bryanston 2021

PO Box 782916
Sandton 2145

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

Green Cross Manufacturers
Proprietary Limited
Reg no: 1994/08549/07

26 to 30 Benbow Avenue
Epping Industria
7460

PO Box 396
Epping Industria 7475

Managing director
Greg Smith
Telephone: +27 (0)21 507 9700
Telefax: +27 (0)21 507 9707





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