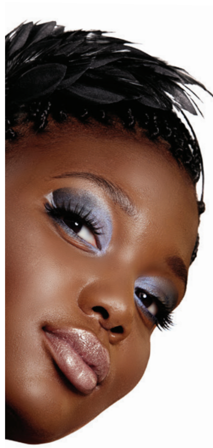
SENS DOCUMENT

Interim Results

for the six months ended 31 December 2012

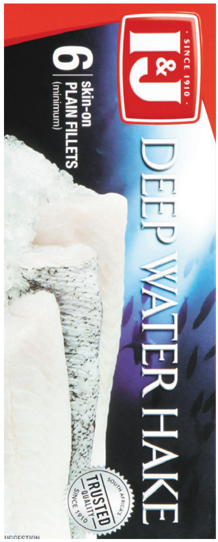


AVI GROWING GREAT BRANDS

AVI

GROWING GREAT BRANDS



AVI LIMITED

ISIN: ZAE000049433 / JSE share code: AVI / Registration number: 1944/017201/06

("AVI" or "the Group" or "the Company")

For more information, please visit our website:
www.avi.co.za

KEY FEATURES

Revenue from continuing operations up 11% to R4,89 billion

Solid operating performance constrained by lower contribution from I&J

Operating profit from continuing operations up 8% to R921,3 million

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Headline earnings per share from continuing operations up 8% to 210 cents

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Pleasing progress on capacity and efficiency projects

Green Cross included in results from 1 July 2012

Interim dividend of 90 cents per share.

GROUP OVERVIEW

AVI's results for the six months reflect a solid overall performance in a difficult trading environment characterised by constrained consumer spending and increased competition in most categories.

Entyce delivered slightly higher profit than last year with strong performances in Tea and Creamer offset by pressure in the coffee category. Snackworks' excellent result was driven by good volume growth with effective promotional activity and improved factory performance. Spitz achieved strong volume growth resulting in leverage and profit growth despite the material impact of a weaker Rand on gross profit margins. Green Cross was included from 1 July 2012 and partially offset the decline in the contribution from I&J, relative to the first half of last year.

Increased focus on our business in the rest of Africa yielded pleasing results with revenue growing 15,7% and operating profit 18,3%.

Revenue from continuing operations rose by 10,8%, from R4,42 billion to R4,89 billion with selling price increases and volume growth in most categories offset by lower sales volumes in I&J. Gross profit rose by 9,5% to R2,25 billion with the consolidated gross profit margin declining from 46,5% to 45,9%. Entyce and Snackworks maintained gross profit margins despite the constrained environment however I&J was impacted by higher fishing costs while Spitz absorbed the impact of a weaker Rand on core product ranges in order to support sales volumes. Operating profit increased by 7,9%, from R854,0 million to R921,3 million with a decrease in the consolidated operating profit margin from 19,3% to 18,8% largely due to I&J's poorer result.

Headline earnings from continuing operations rose by 11,2%, from R575,6 million to R640,0 million due to a lower effective tax rate with withholding tax on dividends replacing secondary tax on companies, offset by higher net finance costs, and lower earnings from I&J's joint venture with Simplot in Australia, which struggled in a difficult Australian retail environment. Headline earnings per share from continuing operations increased 8,2% from 194,2 cents to 210,2 cents with more shares in issue due to the vesting of employee share options.

Cash generated by operations remained strong, increasing by 5,9% to R969,8 million before working capital changes. Working capital increased by R207,5 million reflecting volume growth and temporary increases in stock levels in some of the businesses. Capital expenditure increased to R309,9 million with ongoing expenditure on major projects to improve capacity, technology and efficiency as well as the purchase of previously leased office premises in Johannesburg. Other material cash out-flows during the period were dividends of R926,2 million (including the special dividend of 180 cents per share), the acquisition of Green Cross for R344,8 million net of cash acquired, and taxation of R215,2 million. Net debt at the end of December 2012 was R782,2 million compared to net cash of R50,6 million at the end of December 2011.

Several long-term improvement projects are in progress at the coffee and biscuit factories. The new Marel fish processing line at I&J was commissioned in January 2013 and is expected to contribute to an improved second half result. In addition, an expansion to the Redhill distribution centre has been approved as has additional office and distribution space at Green Cross.

SEGMENTAL REVIEW – CONTINUING OPERATIONS

Six months ended 31 December

	Segmental revenue			Segmental operating profit		
	2012 Rm	Restated* 2011 Rm	% change	**2012 Rm**	Restated* 2011 Rm	% change
Food & beverage brands	**3 454,1**	3 264,8	5,8	**539,8**	548,9	(1,7)
Entyce	**1 310,0**	1 225,4	6,9	**247,4**	244,9	1,0
Snackworks	**1 424,4**	1 290,3	10,4	**245,9**	203,2	21,0
I&J	**719,7**	749,1	(3,9)	**46,5**	100,8	(53,9)
Fashion brands	**1 431,7**	1 148,5	24,7	**394,1**	316,9	24,4
Personal care	**515,8**	487,5	5,8	**91,1**	85,9	6,1
Footwear & apparel	**915,9**	661,0	38,6	**303,0**	231,0	31,2
Corporate	**5,8**	3,2		**(12,6)**	(11,8)	
Group	**4 891,6**	4 416,5	10,8	**921,3**	854,0	7,9

** Restated to exclude Real Juice now shown as a discontinued operation.*

Entyce (excluding Real Juice now shown as discontinued)

Revenue increased 6,9% to R1,31 billion while operating profit increased by 1,0% to R247,4 million with the operating profit margin at 18,9% compared to 20,0% in the prior period.

Tea revenue grew 10,4% due to price increases taken over the previous 12 months, a further increase in Rooibos prices to recover increased raw material costs and good Rooibos volume growth. Coffee revenue was slightly lower than last year with the impact of price increases taken over the previous 12 months offset by lower sales volumes with the category impacted by lower overall consumer demand following several years of steep price inflation. Strong growth in Creamer revenue was driven largely by volumes.

Gross profit margin decreased slightly with higher tea and coffee costs, including the impact of a weaker Rand, not fully recovered in a constrained environment. Strong growth in creamer volumes with concomitant leverage offset the impact of lower coffee sales volumes and Ciro's out-of-home coffee business benefited from lower arabica coffee input prices. Selling and administration cost increases were above inflation due to higher marketing costs and increased distribution costs as a result of increased volumes. Profit margins in absolute terms remain at strong levels and ongoing investment in the coffee and creamer factory in Isando will support further improvement in Entyce's competitive position in these categories in future years.

Snackworks

Revenue of R1,42 billion was 10,4% higher than last year while operating profit rose by 21,0%, from R203,2 million to R245,9 million. The operating profit margin increased from 15,8% to 17,3%.

The increase in revenue is largely attributable to a 10,1% increase in biscuit sales volumes and higher snack selling prices. Biscuit volumes responded well to focused price promotion and benefited from good service levels on seasonal demand without the disruption of gas shortages experienced in the first half of last year. The overall increase in cost for Snackworks' basket of raw materials was not material and the leverage from higher volumes, together with sustained good factory performance, resulted in improved gross profit and operating profit margins.

Several capital projects are still in progress in the biscuit factories with further benefits in quality, capacity and efficiency expected in future years.

I&J

Revenue decreased by 3,9% from R0,75 billion to R0,72 billion while operating profit decreased from R100,8 million to R46,5 million. The operating profit margin decreased from 13,5% to 6,5%.

I&J had an unexpectedly difficult semester compared to the first half of last year with a number of material factors constraining profitability. Sales volumes declined by 13,9% due largely to low fishing fleet availability caused by planned and unplanned vessel maintenance and poor catch rates on a comparable basis. In addition a material increase in fuel costs for the fishing fleet following the termination of the supply of our cheaper marine fuel blend in the second half of the last financial year, and lower foreign exchange gains than registered in the prior period, impacted on profits.

I&J's catch rates improved in the latter part of the period under review and should these catch rates be sustained, the increased volumes, together with the benefit of the weaker Rand on export sales should support a materially improved second half for I&J.

The new Marel fish processing line was successfully commissioned in January 2013 and will be optimised over the next few months. The improved efficiency from the new line is expected to contribute to a better second half performance at I&J.

Fashion Brands, including Green Cross from 1 July 2012 (personal care, footwear and apparel)

Revenue rose by 24,7% to R1,43 billion and operating profit increased by 24,4%, from R316,9 million to R394,1 million, with the operating profit margin maintained at 27,5%.

In the personal care category, Indigo's revenue grew by 5,8% to R515,8 million while operating profit increased by 6,1% to R91,1 million. The operating profit margin for the period improved from 17,6% to 17,7%. Revenue growth was constrained with limited overall growth and increased competition in the aerosol category offset by good performance in colour cosmetics. Gross profit margin came under pressure from the weaker Rand and the mix change however marketing spend was more focussed than in prior years which contributed to the improvement in the operating margin.

In the footwear and apparel category, revenue increased by 38,6% to R915,9 million and operating profit increased by 31,2% from R231,0 million to R303,0 million. The increase is due to the acquisition of Green Cross which added R171,0 million of revenue and R47,6 million of operating profit in the semester, as well as strong volume led growth in Spitz with the core Carvela, Kurt Geiger and Lacoste brands all performing well. The operating profit margin decreased from 34,9% to 33,1%.

In the Spitz business total footwear volumes grew 11,5% while Kurt Geiger clothing revenue increased by 42% due to maturing revenue from stores opened last year and four new stores opened in the current period. Footwear gross margins were impacted by the weaker Rand with higher costs absorbed in key product ranges to support sales volumes, however volume growth resulted in a 10,4% increase in operating profit from R230,1 million to R254,1 million, while operating profit margin declined slightly from 36,2% to 34,9%.

Green Cross performed soundly, achieving price increases commensurate with rising input costs in a constrained consumer environment. There was limited growth in trading space with only one new store compared to last year however profit margins were maintained through price increases and tight cost control. The earn out period for the previous owners ends on 28 February 2013 and investment in the factory site and retail stores will increase in the second half of the year.

DISCONTINUED OPERATIONS (REAL JUICE AND DENNY)

Six months ended 31 December

	Segmental revenue		Segmental operating profit		Capital items	
	2012 Rm	Restated* 2011 Rm	**2012 Rm**	Restated* 2011 Rm	**2012 Rm**	Restated* 2011 Rm
Real Juice	**33,6**	76,3	**0,6**	1,0	**41,1**	–
Denny	**–**	–	**–**	–	**–**	27,3
	33,6	76,3	**0,6**	1,0	**41,1**	27,3

** Restated to include Real Juice now shown as a discontinued operation.*

In May 2012 AVI entered into an agreement in terms of which Clover acquired 100% of Real Juice. The conditions precedent were fulfilled in September 2012 and consequently the transaction was recognised with effect from 1 October 2012. The final purchase price of R62,3 million (after adjustments and interest) resulted in a capital profit of R40,9 million after derecognising the minority interest.

Denny was sold with effect from 1 July 2011 resulting in a capital profit in the prior period of R27,3 million before capital gains taxation of R10,3 million.

DIVIDEND

The interim dividend has increased by 8,4% to 90 cents per share and is in line with AVI's reduced dividend cover introduced a year ago.

OUTLOOK

We anticipate that the current constrained consumer demand environment will persist and result in increased levels of competition in our categories. Together with cost pressure attributable to the weaker Rand, rising energy costs and sustained high prices for some of our raw material requirements, this will result in margin pressure in the second half of the year.

With most of the raw materials and foreign exchange required for the second half secured in terms of our normal hedging practices, the business units will focus on managing the balance between selling prices, volumes and profit margins to achieve the best long term return from our brands.

Notwithstanding expectations of a difficult trading environment we remain optimistic that we can continue to deliver growth in key categories using our strong brand portfolio and improving manufacturing base. Capital expenditure levels remain high and the benefits of the various projects will be realised over the medium term. I&J's catch rates improved in the latter part of the period under review and should these catch rates be sustained, the increased volumes, together with the benefit of the weaker Rand on export sales should support a materially improved second half result. In addition we expect our business in the rest of Africa to continue growing strongly.

The board is confident that AVI is well positioned to continue pursuing growth from the current brand portfolio while remaining vigilant for brand acquisition opportunities both domestically and regionally.

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

Gavin Tipper
Chairman

Simon Crutchley
CEO

11 March 2013

CONDENSED GROUP BALANCE SHEETS

	Unaudited at 31 December 2012 Rm	Restated 2011 Rm	Audited at 30 June 2012 Rm
Assets			
Non-current assets			
Property, plant and equipment	**1 967,8**	1 640,8	1 756,9
Intangible assets and goodwill	**1 146,8**	757,3	748,6
Investments	**338,3**	325,2	328,4
Deferred taxation	**46,0**	44,7	47,2
	3 498,9	2 768,0	2 881,1
Current assets			
Inventories and biological assets	**1 190,8**	917,5	1 042,0
Trade and other receivables including derivatives	**1 516,7**	1 288,1	1 315,6
Cash and cash equivalents	**404,8**	293,5	242,1
Assets of discontinued operations classified as held-for-sale*	**–**	–	43,4
Other assets classified as held-for-sale**	**4,6**	3,2	5,7
	3 116,9	2 502,3	2 648,8
Total assets	**6 615,8**	5 270,3	5 529,9
Equity and liabilities			
Capital and reserves			
Attributable to equity holders of AVI	**3 410,8**	3 355,8	3 615,1
Non-controlling interests	**–**	(19,6)	(17,8)
Total equity	**3 410,8**	3 336,2	3 597,3
Non-current liabilities			
Financial liabilities, borrowings and operating lease straight-line liabilities	**15,6**	51,4	15,7
Employee benefits	**365,1**	369,8	349,7
Deferred taxation	**226,9**	81,9	90,9
	607,6	503,1	456,3
Current liabilities			
Current borrowings	**1 185,0**	203,7	63,2
Trade and other payables including derivatives	**1 362,3**	1 171,8	1 338,7
Corporate taxation	**50,1**	55,5	15,3
Liabilities of discontinued operations classified as held-for-sale*	**–**	–	59,1
	2 597,4	1 431,0	1 476,3
Total equity and liabilities	**6 615,8**	5 270,3	5 529,9
Net debt/(cash)* **	**782,2**	(50,6)	(175,0)

* *Discontinued operations at 30 June 2012 comprise the fresh fruit juice manufacturing business of Real Juice Co Holdings Proprietary Limited ("Real Juice") which was disposed with effect from 1 October 2012. The balance sheet at 31 December 2011 has not been restated for the discontinued operation and the Real Juice assets and liabilities are included in their respective asset and liability classes.*

** *Other assets held-for-sale comprise equipment and properties held for disposal.*

*** *Comprises financial liabilities, borrowings and current borrowings less cash and cash equivalents.*

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

	Unaudited six months ended 31 December 2012 Rm	Restated 2011 Rm	% change	Audited Year ended 30 June 2012 Rm
Continuing operations				
Revenue	**4 891,6**	4 416,5	11	8 287,1
Cost of sales	**2 645,0**	2 364,6	12	4 524,3
Gross profit	**2 246,6**	2 051,9	9	3 762,8
Selling and administrative expenses	**1 325,3**	1 197,9	11	2 390,3
Operating profit before capital items	**921,3**	854,0	8	1 372,5
Income from investments	**4,5**	1,8	150	13,8
Finance costs	**(28,5)**	(15,2)	88	(28,1)
Share of equity-accounted earnings of joint ventures	**5,4**	25,3	(79)	46,8
Capital items	**2,3**	1,7	35	(13,8)
Profit before taxation	**905,0**	867,6	4	1 391,2
Taxation	**263,3**	290,0	(9)	443,6
Profit from continuing operations	**641,7**	577,6	11	947,6
Discontinued operations*				
Revenue	**33,6**	76,3	(56)	146,2
Operating profit before capital items	**0,6**	1,0	40	8,1
Income from investments	**0,5**	1,1	(55)	2,2
Finance costs	**(0,6)**	(1,3)	(54)	(2,5)
Capital items	**41,1**	27,3	51	27,4
Profit before taxation	**41,6**	28,1	(48)	35,2
Taxation	**–**	10,3	(100)	10,3
Profit from discontinued operations	**41,6**	17,8	(134)	24,9
Total operations				
Profit for the period	**683,3**	595,4	15	972,5
Profit attributable to:				
Owners of AVI	**683,2**	595,2	15	970,5
Non-controlling interests	**0,1**	0,2	(50)	2,0
	683,3	595,4	15	972,5
Other comprehensive income net of tax	**3,6**	81,6	(96)	100,9
Foreign currency translation differences	**20,1**	54,0	(63)	59,7
Actuarial gain recognised	**–**	–		32,7
Cash flow hedging reserve	**(22,9)**	38,3	(160)	24,4
Income tax on other comprehensive income	**6,4**	(10,7)	(160)	(15,9)
Total comprehensive income for the period	**686,9**	677,0	1	1 073,4
Total comprehensive income attributable to:				
Owners of AVI	**686,8**	676,8	1	1 071,4
Non-controlling interests	**0,1**	0,2	(50)	2,0
	686,9	677,0	1	1 073,4
Basic earnings per share from continuing operations (cents)#	**210,7**	194,8	8	316,7
Diluted basic earnings per share from continuing operations (cents)##	**201,1**	187,5	7	302,0
Basic earnings per share (cents)#	**224,3**	200,8	12	324,3
Diluted basic earnings per share (cents)##	**214,0**	193,2	11	309,3
Depreciation and amortisation of property, plant and equipment, fishing rights and trademarks included in operating profit from continuing operations	**128,3**	106,1	21	220,7
Headline earnings per share from continuing operations (cents)#	**210,2**	194,2	8	320,0
Diluted headline earnings per share from continuing operations (cents)##	**200,5**	186,8	7	305,2

* *Discontinued operations comprise the fresh fruit juice manufacturing business of Real Juice which was disposed with effect from 1 October 2012 and the fresh, canned and value-added mushroom business conducted by Denny, which was disposed of with effect from 1 July 2011.*

\# *Basic earnings and headline earnings per share is calculated on a weighted average of 304 503 220 (31 December 2011: 296 405 261 and 30 June 2012: 299 228 661) ordinary shares in issue.*

\## *Diluted basic earnings and headline earnings per share is calculated on a weighted average of 319 214 311 (31 December 2011: 308 126 447 and 30 June 2012: 313 746 916) ordinary shares in issue.*

CONDENSED GROUP STATEMENT OF CASH FLOWS

	Unaudited six months ended 31 December 2012 Rm	Restated 2011 Rm	% change	Audited year ended 30 June 2012 Rm
Continuing operations				
Operating activities				
Cash generated by operations before working capital changes	**969,8**	916,2	6	1 678,9
Increase in working capital	**(207,5)**	(138,7)	50	(226,3)
Cash generated by operations	**762,3**	777,5	(2)	1 452,6
Interest paid	**(28,5)**	(15,3)	86	(28,1)
Taxation paid	**(215,2)**	(205,8)	5	(396,3)
Net cash available from operating activities	**518,6**	556,4	(7)	1 028,2
Investing activities				
Cash flow from investments	**4,5**	2,4	88	15,0
Property, plant and equipment acquired	**(309,9)**	(290,8)	7	(541,1)
Proceeds from disposals of property, plant and equipment	**20,5**	5,2	294	8,4
Acquisition of Green Cross	**(344,8)**	–		–
Movement in joint ventures and other investments	**10,6**	45,0	(76)	66,7
Net cash used in investing activities	**(619,1)**	(238,2)	160	(451,0)
Financing activities				
Net increase in shareholder funding	**22,8**	18,6	23	99,9
Short-term funding raised/(repaid)	**1 124,5**	(383,7)	(393)	(524,2)
Own ordinary shares purchased by the Company	**–**	(100,7)		(100,7)
Dividends paid	**(926,2)**	(221,5)	318	(475,5)
Net cash generated by/(used in) financing activities	**221,1**	(687,3)	(132)	(1 000,5)
Discontinued operations*				
Cash flows from operating activities	**(18,7)**	(12,2)	(53)	(3,4)
Cash flows from investing activities	**0,2**	0,4	(50)	0,9
Cash flows from financing activities	**(4,6)**	(0,4)	1050	(6,0)
Proceeds on disposal of discontinued operation	**62,3**	261,9		261,9
Cash flows from discontinued operations	**39,2**	249,7	(84)	253,4
Total operations				
Increase/(decrease) in cash and cash equivalents	**159,8**	(119,4)	(234)	(169,9)
Cash and cash equivalents at beginning of period	**242,1**	404,1	(40)	404,1
	401,9	284,7		234,2
Translation of cash equivalents of foreign subsidiaries at beginning of period	**2,9**	8,8	(67)	7,9
Cash and cash equivalents at end of period	**404,8**	293,5		242,1
Attributable to:				
Continuing operations	**404,8**	293,5	38	242,1
Discontinued operations**	**–**	–		–

** Discontinued operations comprise the fresh fruit juice manufacturing business of Real Juice which was disposed with effect from 1 October 2012 and the fresh, canned and value-added mushroom business conducted by Denny, which was disposed of with effect from 1 July 2011.*

*** Cash flows between continuing and discontinued operations are eliminated on consolidation and therefore the movement on the closing cash balances does not reconcile to the individual cash flow movements reflected above.*

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

	Share capital and premium Rm	Treasury shares Rm	Reserves Rm	Retained earnings Rm	Total Rm	Non-controlling interests Rm	Total equity Rm
Six months ended 31 December 2012							
Balance at 1 July 2012	29,5	(621,2)	223,2	3 983,6	**3 615,1**	(17,8)	**3 597,3**
Profit for the period				683,2	**683,2**	0,1	**683,3**
Other comprehensive income							
Foreign currency translation differences			20,1		**20,1**		**20,1**
Cash flow hedging reserve			(16,5)		**(16,5)**		**(16,5)**
Total other comprehensive income	–	–	3,6	–	**3,6**	–	**3,6**
Total comprehensive income for the period	–	–	3,6	683,2	**686,8**	0,1	**686,9**
Transactions with owners, recorded directly in equity							
Share-based payments			8,2		**8,2**		**8,2**
Deferred taxation on Group share scheme recharge			4,1		**4,1**		**4,1**
Dividends paid				(926,2)	**(926,2)**		**(926,2)**
Own ordinary shares sold by AVI Share Trusts (net)		23,5		(0,7)	**22,8**		**22,8**
Total contributions by and distributions to owners	–	23,5	12,3	(926,9)	**(891,1)**	–	**(891,1)**
Changes in ownership interests in subsidiaries							
Disposal of Real Juice					**–**	17,7	**17,7**
Total transactions with owners	–	23,5	12,3	(926,9)	**(891,1)**	17,7	**(873,4)**
Balance at 31 December 2012	**29,5**	**(597,7)**	**239,1**	**3 739,9**	**3 410,8**	**–**	**3 410,8**
Six months ended 31 December 2011							
Balance at 1 July 2011 (Restated)	29,5	(707,8)	69,7	3 475,3	**2 866,7**	(19,8)	**2 846,9**
Profit for the period				595,2	**595,2**	0,2	**595,4**
Other comprehensive income							
Foreign currency translation differences			54,0		**54,0**		**54,0**
Cash flow hedging reserve			27,6		**27,6**		**27,6**
Total other comprehensive income	–	–	81,6	–	**81,6**	–	**81,6**
Total comprehensive income for the period	–	–	81,6	595,2	**676,8**	0,2	**677,0**
Transactions with owners, recorded directly in equity							
Share-based payments			8,7		**8,7**		**8,7**
Deferred taxation on Group share scheme recharge			6,5		**6,5**		**6,5**
Dividends paid				(221,5)	**(221,5)**		**(221,5)**
Own ordinary shares sold by AVI Share Trusts (net)		16,7		1,9	**18,6**		**18,6**
Total transactions with owners	–	16,7	15,2	(219,6)	**(187,7)**	–	**(187,7)**
Balance at 31 December 2011	**29,5**	**(691,1)**	**166,5**	**3 850,9**	**3 355,8**	**(19,6)**	**3 336,2**
Year ended 30 June 2012							
Balance at 1 July 2011	29,5	(707,8)	69,7	3 475,3	**2 866,7**	(19,8)	**2 846,9**
Profit for the period				970,5	**970,5**	2,0	**972,5**
Other comprehensive income							
Foreign currency translation differences			59,7		**59,7**		**59,7**
Actuarial gains recognised			23,6		**23,6**		**23,6**
Cash flow hedging reserve			17,6		**17,6**		**17,6**
Total other comprehensive income	–	–	100,9	–	**100,9**	–	**100,9**
Total comprehensive income for the period	–	–	100,9	970,5	**1 071,4**	2,0	**1 073,4**
Transactions with owners, recorded directly in equity							
Share-based payments			18,1		**18,1**		**18,1**
Deferred taxation on Group share scheme recharge			34,5		**34,5**		**34,5**
Dividends paid				(475,5)	**(475,5)**		**(475,5)**
Own ordinary shares sold by AVI Share Trusts		86,6		13,3	**99,9**		**99,9**
Total transactions with owners	–	86,6	52,6	(462,2)	**(323,0)**	–	**(323,0)**
Balance at 30 June 2012	**29,5**	**(621,2)**	**223,2**	**3 983,6**	**3 615,1**	**(17,8)**	**3 597,3**

SUPPLEMENTARY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2012

AVI Limited ("AVI" or the "Company") is a South African registered company. The condensed consolidated interim financial statements of the Company comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in jointly controlled entities.

1. Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards ("IFRS"), the presentation and disclosure requirements of IAS 34 – *Interim Financial Reporting*, the SAICA Financial Reporting Guides, the Listing Requirements of the JSE Limited (the "JSE") and the South African Companies Act. These condensed interim financial statements have not been reviewed or audited by the Group's auditors.

2. Basis of preparation

The condensed consolidated interim financial statements are prepared in millions of South African Rands ("Rm") on the historical cost basis, except for derivative financial instruments which are measured at fair value and non-current assets and disposal groups held-for-sale which are stated at the lower of carrying amount and fair value less costs to sell.

The accounting policies used in the preparation of these results are consistent with those presented in the annual financial statements for the year ended 30 June 2012 and have been applied consistently to the periods presented in these condensed consolidated interim financial statements by all Group entities.

3. Changes in accounting policies

In the 2012 financial year the Group adopted the option to recognise immediately in other comprehensive income actuarial gains and losses arising from the defined benefit post retirement medical aid plan, in accordance with the allowed alternative under the existing IAS 19 – *Employee Benefits*. In prior years, the Group applied the corridor method to recognise actuarial gains or losses in profit or loss.

The change in accounting policy was applied retrospectively with the restatement of comparatives. The impact of the restatement on comparatives was reported in the Group's results for the year ended 30 June 2012 and therefore the table below summarises the adjustment made to the balance sheet at 31 December 2011.

	Employee benefits liability Rm	Net deferred taxation asset/ (liability) Rm	Retained earnings/ profit or loss Rm	Reserves Rm
Balance as reported at 31 December 2011	(297,3)	(57,5)	(3 841,6)	(228,0)
Effect of change in accounting policy	(72,5)	20,3	(9,3)	61,5
Restated balance at 31 December 2011	(369,8)	(37,2)	(3 850,9)	(166,5)

The change in policy had no effect on the statement of comprehensive income, basic earning per share and diluted earnings per share for the six months ended 31 December 2011.

For the six months ended 31 December 2012

4. Determination of headline earnings

	Unaudited six months ended 31 December 2012 Rm	Restated 2011 Rm	% change	Audited Year ended 30 June 2012 Rm
Profit for the year attributable to equity holders of AVI	**683,2**	595,2	15	970,5
Total capital items included in earnings	**42,8**	18,9		7,1
Net surplus/(loss) on disposal of investments, properties, vessels and plant and equipment	**1,4**	0,5		(1,8)
Net surplus on disposal of assets classified as held-for-sale	**1,1**	–		0,3
Profit on disposal of Denny	**–**	27,3		27,3
Profit on disposal of Real Juice	**40,9**	–		–
Impairment of plant and equipment, investments, intangible assets and assets classified as held-for-sale	**–**	–		(13,5)
Other	**–**	1,2		1,3
Capital items attributable to non-controlling interests	**–**	–		(0,1)
Taxation attributable to capital items	**(0,6)**	(10,1)		(6,4)
Headline earnings	**640,4**	576,3	11	963,4
Attributable to:				
Continuing operations	**640,0**	575,6	11	957,5
Discontinued operations	**0,4**	0,7		5,9
	640,4	576,3	11	963,4
Headline earnings per ordinary share (cents)	**210,3**	194,4	8	322,0
Continuing operations (cents)	**210,2**	194,2	8	320,0
Discontinued operations (cents)	**0,1**	0,2		2,0
Diluted headline earnings per ordinary share (cents)	**200,6**	187,0	7	307,1
Continuing operations (cents)	**200,5**	186,8	7	305,2
Discontinued operations (cents)	**0,1**	0,2		1,9

SUPPLEMENTARY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS continued

5. Segmental results

	Six months ended 31 December			Year ended 30 June
	2012 Rm	Restated 2011 Rm	% change	2012 Rm
CONTINUING OPERATIONS				
Segmental revenue				
Food and beverage brands	**3 454,1**	3 264,8	6	6 274,8
Entyce	**1 310,0**	1 225,4	7	2 330,7
Snackworks	**1 424,4**	1 290,3	10	2 428,7
I&J*	**719,7**	749,1	(4)	1 515,4
Fashion brands	**1 431,7**	1 148,5	25	2 005,2
Personal care	**515,8**	487,5	6	918,1
Footwear and apparel**	**915,9**	661,0	39	1 087,1
Corporate and consolidation	**5,8**	3,2		7,1
Group	**4 891,6**	4 416,5	11	8 287,1
Segmental operating profit before capital items				
Food and beverage brands	**539,8**	548,9	(2)	922,5
Entyce	**247,4**	244,9	1	415,4
Snackworks	**245,9**	203,2	21	328,5
I&J*	**46,5**	100,8	(54)	178,6
Fashion brands	**394,1**	316,9	24	463,6
Personal care	**91,1**	85,9	6	155,7
Footwear and apparel**	**303,0**	231,0	31	307,9
Corporate and consolidation	**(12,6)**	(11,8)		(13,6)
Group	**921,3**	854,0	8	1 372,5
DISCONTINUED OPERATIONS				
Segmental revenue				
Real Juice	**33,6**	76,3		146,2
Segmental operating profit before capital items				
Real Juice	**0,6**	1,0		8,1

** Following the disposal of the fresh, canned and value-added mushroom business conducted by Denny on 1 July 2011 the Chilled and frozen convenience brand segment only comprises the I&J business and therefore the segment has been renamed to I&J.*
*** Includes Green Cross with effect from 1 July 2012.*

The fresh fruit juice manufacturing business of Real Juice was sold with effect from 1 October 2012. As a result, Real Juice was disclosed as a discontinued operation in AVI's results for the year ended 30 June 2012, and comparatives for the six months ended 31 December 2011 in the statements of comprehensive income and cash flows have been restated accordingly.

6. Investment activity

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 ending 28 February 2013. The transaction was subject to the fulfilment of certain conditions precedent which occurred during July 2012 and consequently the transaction has been accounted for from 1 July 2012.

Green Cross contributed revenue of R171,0 million, operating profit of R47,6 million and profit after taxation of R36,3 million to the Group for the six months ended 31 December 2012. The Green Cross balance sheet at the date of acquisition was as follows:

	Carrying amount Rm
Non-current assets	45,6
Current assets	129,2
Non-current liabilities	(3,4)
Current liabilities	(33,1)
Net identifiable assets and liabilities	**138,3**
Trademark recognised on acquisition	399,7
Deferred taxation on trademark recognised	(111,9)
Total consideration	**426,1**
Less: Contingent purchase consideration recognised on acquisition	(35,0)
Total consideration paid on 27 July 2012	**391,1**
Less: Cash and cash equivalents in business acquired	(46,3)
Cash outflow from the group on acquisition	**344,8**

Disposal of Real Juice Co Holdings Proprietary Limited

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 Real Juice Co. Holdings Proprietary Limited ("Real Juice") were disposed of for a consideration of R62,3 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 R3,7 million and a capital profit of R40,9 million was earned, after derecognising the accumulated non-controlling interest of R17,7 million. Real Juice has been disclosed as a discontinued operation in the Group's results for the six months ended 31 December 2012 with the comparatives for the six months ended 31 December 2011 being restated accordingly.

Other than the above transactions there were no significant changes to investments during the period.

SUPPLEMENTARY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS continued

7. Commitments

	Six months ended 31 December 2012 Rm	Restated 2011 Rm	Year ended 30 June 2012 Rm
Capital expenditure commitments for property, plant and equipment	**161,0**	287,4	302,4
Contracted for	**138,0**	214,8	175,0
Authorised but not contracted for	**23,0**	72,6	127,4

It is anticipated that this expenditure will be financed by cash resources, cash generated from operating activities and existing borrowing facilities. Other contractual commitments have been entered into in the normal course of business.

8. Post-balance sheet events

No significant events outside the ordinary course of business have occurred since the balance sheet date.

9. Dividend declaration

Notice is hereby given that a gross interim ordinary dividend No 78 of 90 cents per share for the six months ended 31 December 2012 has been declared payable to shareholders of ordinary shares. The dividend has been declared out of income reserves and will be subject to dividend withholding tax at a rate of 15%. The Company has no secondary tax credits available and consequently a net interim dividend of 76,5 cents per share will be distributed to those shareholders who are not exempt from paying dividend tax. In terms of dividend tax legislation, the dividend tax amount due will be withheld and paid over to the South African Revenue Services by a nominee company, stockbroker or Central Securities Depository Participant ("CSDP") (collectively "Regulated intermediary") on behalf of shareholders. However, all shareholders should declare their status to their regulated intermediary, as they may qualify for a reduced dividend tax rate or exemption. AVI's issued share capital at the declaration date is 343 953 141 ordinary shares. AVI's tax reference number is 9500/046/71/0. The salient dates relating to the payment of the dividend are as follows:

Last day to trade cum dividend on the JSE	Wednesday, 27 March 2013
First trading day ex dividend on the JSE	Thursday, 28 March 2013
Record date	Friday, 5 April 2013
Payment date	Monday, 8 April 2013

In accordance with the requirements of Strate Limited, no share certificates may be dematerialised or rematerialised between Thursday, 28 March 2013 and Friday, 5 April 2013, 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, 8 April 2013.

10. Preparer of financial statements

These condensed consolidated financial statements have been prepared under the supervision of Owen Cressey CA(SA), the AVI Group Chief Financial Officer.

ADMINISTRATION AND PRINCIPAL SUBSIDIARIES

ADMINISTRATION

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

Company secretary
Sureya Naidoo

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
Email: 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
Business address
70 Marshall Street
Marshalltown
Johannesburg 2001
South Africa

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

PRINCIPAL SUBSIDIARIES

Food and beverage brands
National Brands Limited
Reg No: 1948/029389/06
(incorporating Entyce beverages, Snackworks & Ciro beverage solutions)

30 Sloane Street
Bryanston 2021

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

Managing directors
Donnee MacDougall (Entyce beverages)
Telephone: +27 (0)11 707 7100

Gaynor Poretti (Snackworks)
Telephone: +27 (0)11 707 7200

Paul Hanlon (Ciro beverage solutions)
Telephone: +27 (0)11 807 3915

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
Ronald Fasol
Telephone: +27 (0)21 402 9200
Telefax: +27 (0)21 402 9282

Fashion brands
Indigo Cosmetics 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

A&D Spitz Proprietary Limited
Reg No: 1999/025520/07

29 Eaton Avenue
Bryanston 2021

PO Box 782916
Sandton 2145

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

Green Cross
Incorporating the following legal entities:
Green Cross Manufacturing Proprietary Limited
Reg No: 1994/08549/07
Green Cross Properties Proprietary Limited
Reg No: 1994/09874/07
Green Cross Retail Holdings Proprietary Limited
Reg No: 1998/003766/07

26 – 30 Benbow Avenue
Epping Industria
7460

PO Box 396
Eppingdust 7475

Managing director
Gunter Zeppel
Telephone: +27 (0)21 507 9700
Telefax: +27 (0)21 507 9707

DIRECTORS

Executive

Simon Crutchley
(Chief executive officer)

Owen Cressey
(Chief financial officer)

Independent non-executive

Gavin Tipper[1]
(Chairman)

Angus Band[1] (Resigned 2 November 2012)

James Hersov[2]

Kim Macilwaine[5] (Resigned 2 November 2012)

Adriaan Nühn[1, 4]

Mike Bosman[2]

Andisiwe Kawa[1]

Abe Thebyane[1]

Neo Dongwana[2, 3]

Barry Smith[3]

[1] Member of the Remuneration, Nomination and Appointments Committee
[2] Member of the Audit and Risk Committee
[3] Social and Ethics Committee
[4] Dutch
[5] British


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