AVI

ANNUAL
REPORT
2008

AVI ANNUAL REPORT 2008


CARVELA
ladies
only
mens
only
CARVELA
ladies
& mens
CARVELA
exclusive to
SPITZ

what's inside

CHAIRMAN AND CEO'S REVIEW

It was clear when writing the 2007 annual report that our business environment was in transition.

However, few predicted the significance of the changes to come and the impact they would have on South African consumers. The FNB/Bureau for Economic Research Business Confidence Index shifted dramatically in our financial year: this index having hovered around 80 since the first quarter of 2004 practically halved in the space of six months to a recent reading of 45. Consumer confidence waned as sharply, with the same bureau's Consumer Confidence Index dropping to negative numbers for the first time in four years by the end of the first quarter of 2008. South Africa's changing fortunes were mirrored in many parts of the world but were compounded domestically by Eskom's unanticipated supply crisis in January, a spate of xenophobic violence against immigrants, political uncertainty, rising interest rates and a weakening currency. Positively, South Africa was not materially affected by the USA's "sub-prime" crisis and enjoyed the benefits of historically high prices for the nation's basket of commodity exports.

It was unsurprising, if not entirely foreseen, that consumers' willingness and/or ability to spend declined in the second half of our financial year. In addition, the weaker currency coupled to the continuing and unprecedented rise (until more recently) of international soft commodity and energy prices substantially impacted on the domestic cost of many of AVI's key raw materials. We were fortunate in the year to have hedged against this rise in costs in many of our key raw materials which ameliorated the size of price increases for our key brands and preserved substantially our gross margins.

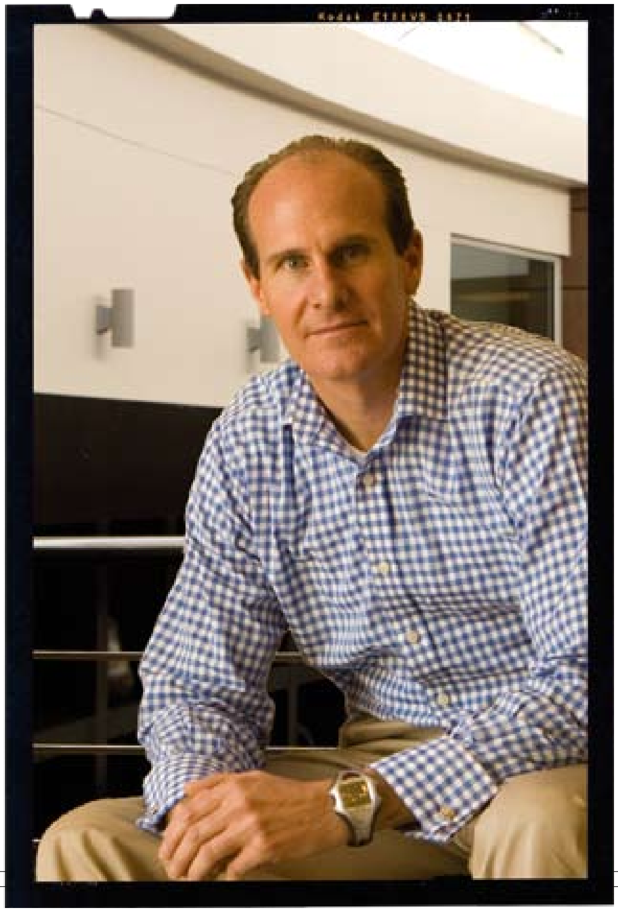
Material to our reporting of these results was the Board's decision to dispose of

Alpesca, I&J's Argentinean hake trawling and processing subsidiary. Alpesca was acquired in 2001, largely on the promise of its access to a sizeable and sustainable hake resource which, if successfully coupled to I&J's ability to add value, would enhance access to European retail markets. Whilst this objective has been substantially achieved and the operation is efficient, Argentina's mercurial fiscal, currency and labour environments have continued to undermine profitability and returns. The disposal of Alpesca, once complete, will allow the I&J team more time to focus on opportunities in South Africa and Australia.

In spite of the deterioration in the trading environment, demand for the Company's brands was pleasing, with robust growth in the first half supported by satisfactory demand over the remainder of the year. Overall financial performance from continuing operations (excluding Alpesca) was good with revenue and operating profit up 13,8% and 13,7% respectively. Our improved performance was spread across the business, with good volume growth evident in many of our key brands. The performance of the tea, biscuit, and personal care brands was especially strong, with solid gains in their respective market shares. A detailed review of each business unit's performance is set out later in this report.

Headline earnings per share from continuing operations rose by 14,9% to 159,0 cents. A final dividend of 47 cents per share has been declared (2007: 43 cents per share) bringing the total dividend for the year to 80 cents per share (2007: 73 cents per share). A total of R549,7 million was returned to shareholders through a payment out of share premium of 75 cents per share and through buying back shares in the open market.

Brands remain at the heart of our business. This year we made good progress in strengthening our ability to sustain and enhance their value. Our commitment to an optimal balance between short-term profitability and the investment to support the long-term value of our brands



remains a central philosophy. In the year, over R500 million was committed to the marketing and trade support of our brands and in addition, more than R270 million was invested in fixed capital that supports their ongoing production. A number of material capital projects were concluded in the year, notably investments in new capacity and technology to support our biscuit and coffee brands. In the last financial year, biscuit production capacity fell short of unexpectedly high demand and our service levels, to retail and wholesale partners, fell below our target levels. The successful commissioning in February of the new Isando biscuit line has seen service levels recover and provides additional capacity for the years ahead.

We remain committed to product innovation and appreciate that doing this well and consistently requires talented people, appropriate investment and a keen feel for changing consumer needs. Success here is substantially important to our medium-term growth prospects and the progress in the year was pleasing. The Indigo team continues to demonstrate their ability to enhance and add value to deodorant body sprays and ended the financial year as clear market leaders, substantially enhancing current and future profit. At Snackworx, a new marketing team reviewed the entire biscuit and snacking brand portfolio; packaging has been upgraded and a number of exciting innovations make their debut in the coming financial year.

The financial performance of our footwear and apparel brand portfolio within Spitz, despite remaining credible was below our expectations for the year. Trading was materially tougher in the second semester which coupled to our planned investment in new stores, people and systems eroded operating margins. We are confident that our accelerated investment phase, notwithstanding the reduction in margins during this year, will be rewarded in future years. We were delighted to see both the Lacoste and Carvella brands listed in the top twenty of the IPOS/Markinor 2008 survey of South Africa's "coolest" brands. Better still is Carvella's top 10 position amongst brands rated "cool" by 16 to 19 year olds, highlighting material promise for the future of Spitz.

Efficient distribution is essential to our business as it dictates where consumers find our brands and also has growing significance with respect to our margins. Last year, we began an exercise to review opportunities to reduce costs and look for ways to widen distribution for our products. We are delighted that this exercise, which is not complete, saw us exceed our savings target of R30 million in this year. In addition our logistics team believe that we have a very credible opportunity to widen and improve our presence across retail and wholesale channels. At present, our sales and merchandising activities are fragmented, with too many outsourced partners and resultantly little to show for the size of the Group. This is an exciting opportunity which if effectively resolved in the coming year promises wider distribution, enhanced shelf presence and reduced merchandising costs.

During the year we tackled three under-performing areas of the business: Alpesca, I&J's joint venture with Simplot in Australia and the ongoing losses in the retail chilled juice business. Our decision to divest from Alpesca has been communicated, with progress on the disposal expected in the remainder of the calendar year. Simplot's recovery was pleasing, with improved manufacturing, a strong recovery of market shares, and higher selling prices supported by unusually high profits from sea-food trading activity. Despite strong volume growth following the successful re-launch of our Real Juice brands, the ongoing pressure of sustained raw material and spiralling fuel costs resulted in a loss similar to the prior year. We have resolved to regionalise this category in the coming year which will result in the juice brands supporting a smaller but inherently profitable activity.

In 2007 AVI celebrated its 63rd year listed on the JSE, one of a handful of companies with this track record. AVI has a well established governance framework that allows us to identify and actively manage those issues that may materially affect our long-term successful existence, and also operate in a manner that endeavours to meet the needs of present shareholders without compromising the needs of future generations. We manage our sustainability responsibilities under the following three broad categories:

- **Ethics:** to be effective AVl must be able to operate without censure or compromise, and to do so its directors and employees must act with honesty, integrity and with the best interests of its stakeholders in mind. AVI has a well developed framework, supported by policies and practices that enforce the highest ethical standards that are rigorously applied by the directors and the executive management. AVI has a culture of ethical behaviour that is integrated in the day-to-day activities of each employee. During the year, heightened focus was given to educating employees on anti-competitive conduct.
- **Scarce Resources:** in respect of AVI's commercial viability, its primary exposure to scarce resources remains that of the South African and Argentinean hake fishing resources. In South Africa, the catch limitations and other control mechanisms imposed have had a positive effect, resulting in an improvement in the bio-mass of the resource. This has not been the case in Argentina where the resources seem to be declining despite the controls and limitations that exist. In addition to managing the very specific risk relating to its hake fishing resources, AVI is committed to the application of sustainable practices across its operations; and
- **Transformation and Good Corporate Citizenship** – AVI recognises the social and economic imperative to be a transformed company in the South African context and to attract diversity in the workplace. AVI also recognises the clear commercial advantages to be, and to be seen as, a good corporate citizen that is desirable to work for and do business with. Encouraging progress was made during the year under review, and the Company's transformation remains a key focus area for the Board. During the year the Group received its first verified Broad-Based Black Economic Empowerment ("BBBEE") rating in terms of the relevant codes that had been gazetted during February 2007. The Group has achieved a rating of 40.13 (representing level 7 compliance) which will allow our customers a BBBEE procurement recognition level of 50%. This however is not truly representative of AVI's transformation efforts as the AVI Black Staff Empowerment Scheme is not recognised as a share ownership scheme in terms of the codes and therefore does not give AVI the additional recognition (represented by 7 points) we believe it deserves. This scheme has placed 7,7% of AVI's issued ordinary shares in the hands of a trust for the benefit of the Group's 5 800 Black employees.

We are indebted to all our people, whose diverse talents and hard-work have contributed to this year's performance. Our success depends substantially on people and here we are fortunate to have so many, whose energy and passion for our brands

CHAIRMAN AND CEO'S REVIEW CONTINUED

underwrites their market leading positions. Talent at all levels of AVI remains a key focus and the ongoing shortage of skills in South Africa does remain a key challenge.

We were delighted to have enhanced the Board's diversity and skills with the appointment of two new non-executive directors in November and December 2007. Pinky Moholi and Adriaan Nühn both add substantially to our Board's wealth of relevant experience and insight. To all members of our Board, our thanks for your support and contribution during the year.

Outlook

AVI is fortunate to have a portfolio of market-leading brands that have well demonstrated defensive attributes over many decades. Our brands provide consumers enjoyment, quality and value for money and are well positioned to compete effectively for growth and market share in the years ahead. Our government's ongoing investment in GDFI remains substantial and there are indirect benefits which will support a fair level of consumer spending. This, coupled to our people's passion to enhance operational efficiencies, to improve and innovate our products underpins our confidence that we can sustain and grow earnings over the medium term.

Angus Band
Chairman

Simon Crutchley
CEO

3 September 2008


Freshpak
NATURALLY CAFFEINE FREE
CHAMOMILE
ROOIBOS HERBAL TEA
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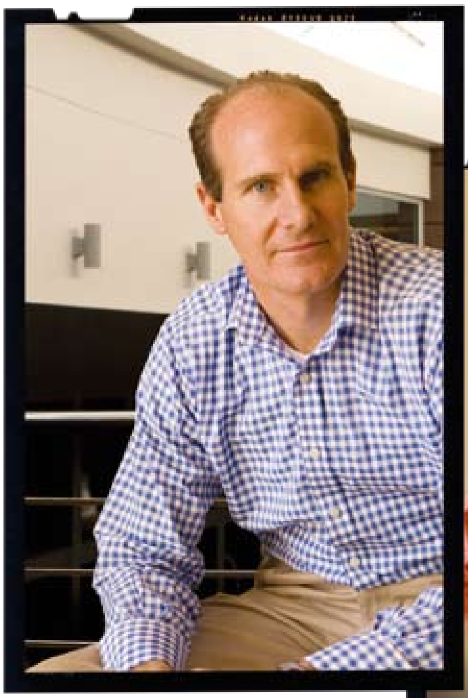
TAGLESS TEABAGS
Take a moment with the soothing tea blended with the chamomile flower.
Naturally caffeine-free, Freshpak Chamomile Tea relaxes you and comforts the soul with its herbal flavour.
THE TEA FOR ME · NATURALLY ·

BOARD OF DIRECTORS

Rob S Katzen (40)
Business development director
Qualifications: BAcc (Wits), CA(SA)
Directorships: AVI Limited
After completing his articles at Coopers & Lybrand, Rob joined its corporate finance division in 1993. He was corporate finance manager for the Anglovaal Limited Group in 1995 and held this position until the final restructuring of the group in 1999, when he was appointed to the Board of AVI Limited as finance director and held this position until appointed business development director of AVI Limited on 1 May 2006.

Simon L Crutchley (45)
Chief executive officer
Qualifications: BBusSci (UCT)
Directorships: AVI Limited
Simon was a co-founder of Otterbea International (Pty) Limited, an international trading business based in South Africa. He was appointed managing director of Consol Limited in 1997 and oversaw the successful turnaround of that company. He joined the Board of AVI Limited in 1999, was appointed business development director in 2002 and chief executive officer in October 2005.

Owen P Cressey (41)
Chief financial officer
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 Board of AVI Limited as chief financial officer in May 2006.

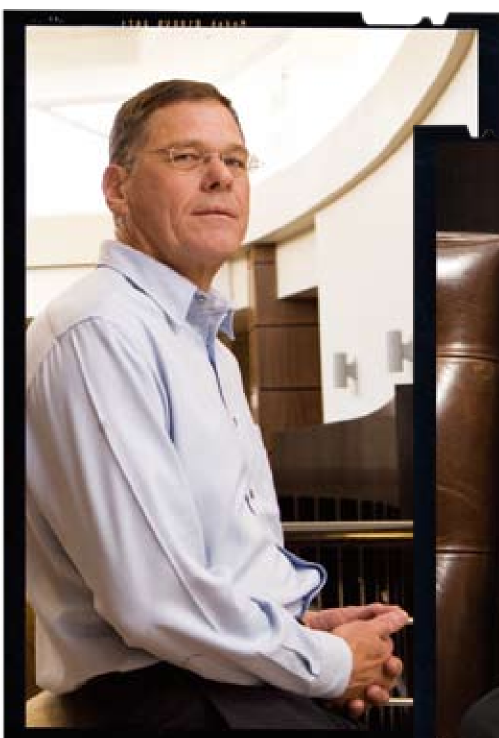


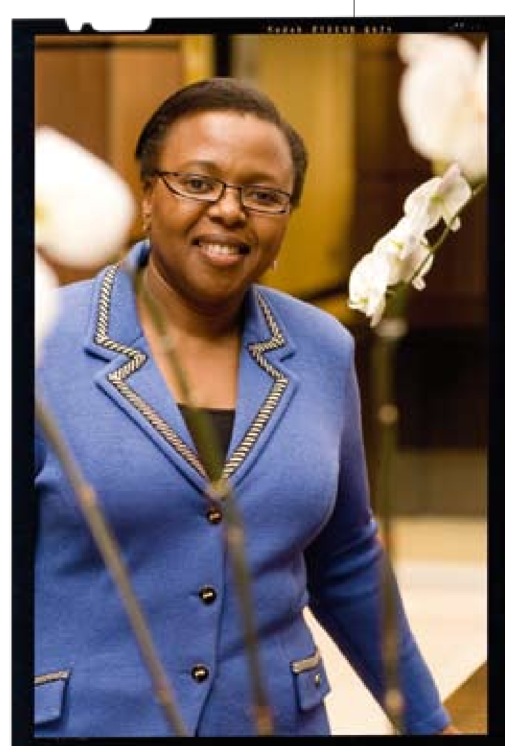
Non-executive directors

Sean D Jagoe (57)
Qualifications: BScEng (Wits), MBA (Trinity College, Dublin)
Directorships: AVI Limited, Ceramic Industries Limited and Reunert Limited
After qualifying as an engineer, Sean worked in the mining equipment industry for five years. Thereafter he obtained an MBA and has been involved in corporate finance and mergers and acquisitions for the past 26 years through senior positions held at, inter alia, Rand Merchant Bank and Morgan Stanley.

Gavin R Tipper (43)
Qualifications: BCom, BAcc (Wits), MBA (UCT), CA(SA)
Directorships: AVI Limited, Coronation Holdings Limited, Coronation Investments & Trading Limited and chairman of CIREF Ltd, an AIM London listed company. Gavin completed his articles with KPMG in 1987. He went on to hold the position of technical partner at the firm, before joining Coronation Holdings Ltd in 2001 as a chief operating officer dealing in various financial instruments and long-term equity investments. Gavin was appointed to the AVI Board during March 2007 where he also serves as a member of the Audit Committee.

Nombulelo T Moholi (48)
Qualifications: BSc Engineering (UCT), SEP (Stanford, USA), SMMP (Harvard, USA)
Directorships: AVI Limited. GOBA (Pty) Ltd. Director Group Strategy, Marketing & Corporate Affairs for the Nedbank Group
Nombulelo has over 20 years experience in the ICT industry. After qualifying as an engineer she worked at GEC and Siemens. She joined Telkom SA as the head of the Payphone business in 1994, served as a group executive in Regulatory Affairs until 1999, and managing executive for International and Wholesale Business until 2003. She then assumed the position of chief sales and marketing officer and Exco member. During this period she was appointed by Telkom to the TDS Board and Telkom Retirement Fund, and by the South African Government in various non-executive roles such as the Council of Pretoria Technikon, the SABS and various telecommunications advisory forums. Nombulelo is a trustee of the Nedbank Foundation and the chairperson of the Eyethu Community Trust.





Non-executive directors (continued)

M Humphrey Buthelezi (44)
Qualifications: CA(SA)
Directorships: AVI Limited, Umgeni Water, Audit Committee member of the Competition Commission and the Safety and Security Sector and Training Authority ("SASSETA")

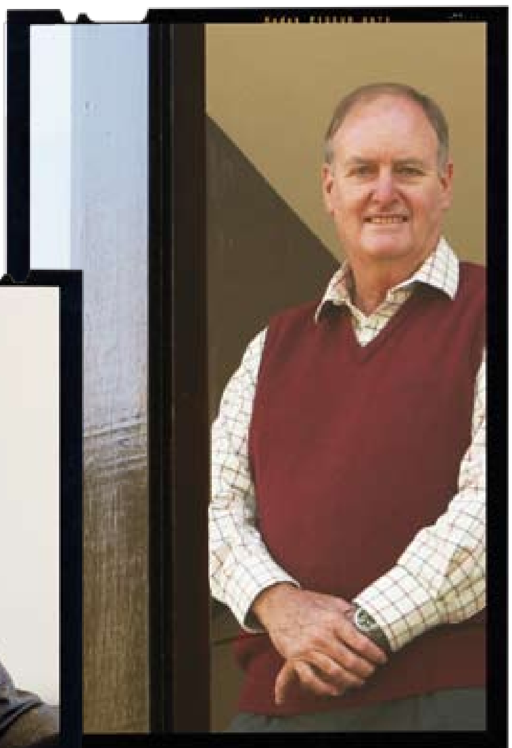
Humphrey completed his articles with Deloitte in 1990 and qualified in 1991. He ran his own audit practice for a period of eight years. He then served as an audit partner at Ernst & Young for three years. Humphrey is actively involved in the petroleum industry where he is an executive chairman of Wozani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

Nomhle JM Canca (43)
Qualifications: BA(Economics & Political Science) (Emory)
Directorships: AVI Limited, Primedia Holdings Ltd, Pareto and chief executive officer of Blue IQ Investment Holdings

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

Adriaan Nühn (55)
Qualifications: BBusAdmin (Hogere Economische School, The Netherlands), MBA (Univ of Puget Sound, Washington)
Directorships: AVI Limited. Director: Alpinvest Partners NV, Macintosh Retail group NV, Leaf BV, Gilde Venture Fund, IBood, Rutte BV

Adriaan started his career as a financial analyst with Xerox Corporation, after which he spent 10 years with Procter & Gamble, where he served as managing director Austria, and European Category manager Personal Cleansing. He then spent 17 years at Sara Lee Corporation, the last five years of which he was CEO and chairman of the Board of Management.



Angus WB Band (56)
Chairman
Qualifications: BA, BAcc (Wits), CA(SA)
Directorships: Chairman, AVI Limited. Director of the Consol Group, Liberty Group Limited and Aveng Limited

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

Pat M Goss (60)
Qualifications: BEcon (Hons), BAccSc (Hons) Stellenbosch, CA(SA)
Directorships: AVI Limited, RMB Holdings and FirstRand Ltd

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

James R Hersov (43)
Qualifications: MA (Cantab)
Directorships: AVI Limited and Aveng Limited

James was co-founder and joint managing director of Otterbea International (Pty) Limited. In 1994 he was appointed a director and member of the executive committee of Anglovaal Limited and was involved in the restructuring of the Anglovaal Group. He has also served as a director of Control Instruments Group and Wesbank. He was appointed to the Board of Aveng Limited in 1999.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Bakersman
can
BAKERS
Meet the Romany's: Balls, Tartes, Cookies, Vanilla Choc and Double Choc.
They're all a little different, but they'll always be Romany's.

Boardroom BREW

Add a cordial, refreshing touch to your business meetings

Tea has always been part and parcel of social interaction – and it's become an integral part of the corporate world, too. With the stress and rush of business schedules, there's nothing like a cup of your favourite Five Roses blend to relax the atmosphere, put a smile on the faces of clients – and make clinching that deal doubly rewarding!

What's more, serving up a cup of South Africa's best-loved, full-bodied tea shows consideration and thoughtfulness in the midst of a deadline-driven environment.

So for the perfect start to a meeting, make sure an assortment of Five Roses Tea is served. Include some of the new Five Roses range of speciality teas such as Lemon, Green Tea Lemon & Lime, Honey & Rooibos, Green tea & Jasmine, Chamomile & Rooibos, Chai Spice, Grapefruit & Lavender, as this caters to everyone's tea preferences and indicates you're in touch with the latest tea trends.

And, as every businesswoman knows, presentation is key: provide hot water in an urn or flask, funky teacups and saucers, teaspoons, lemon slices, milk in a jug and both brown and white sugar. For that extra-special touch, add a bowl of honey with a honey spoon. A plate of biscuits, petit-fours or mini savoury snacks also goes a long way to warming hearts and whetting appetites.

Trust Five Roses to add a gracious, human touch to your business and boardroom etiquette.

"CHATTING OVER A CUP OF TEA IS A GREAT WAY TO BREAK DOWN FORMAL BARRIERS BETWEEN PEOPLE, AND TO CREATE RELAXED ENVIRONMENTS IN WHICH NEW RELATIONSHIPS AND NETWORKS CAN DEVELOP." – SAMANTHA ELLIOTT (ABOVE LEFT), MANAGER: PRIVATE EQUITY DIVISION, STANDARD BANK

VANESSA VAN VREDEN. MAKE-UP: MARC BOSS @ RED HOT OPS

OPERATIONAL REVIEW

Entyce beverages combines the strengths of well known and much loved South African tea, coffee and creamer beverage brands such as Five Roses, Freshpak, Frisco, House of Coffees and Ellis Brown with top quality short-life fruit juice, Quali juice and The Real Juice Company.

"Market share in the key Five Roses and Freshpak brands increased as a result of successful promotional activity, packaging re-launches and the introduction of new speciality teas."

Revenue was 15,6% higher than in 2007 due to input cost driven price increases across all categories and increased tea and creamer volumes. Gross margin for the year was 39,7% compared to 40,6% last year with increased creamer and juice raw material costs not fully recovered in selling prices. This impact was offset by the leverage benefit of higher tea and creamer sales volumes resulting in an improvement in operating margin from 12,0% to 12,2%. Operating profit increased from R160,6 million to R189,1 million with the largest gain recorded by the tea category.

Tea revenue grew by 16,2% with volume growth of 10,6% supported by a 5,0% increase in average realised prices. Market share in the key Five Roses and Freshpak brands increased as a result of successful promotional activity, packaging re-launches and the introduction of new speciality teas. Increases in packaging and transport costs were partially offset by softer rooibos tea input prices while increases in the cost of black tea arising from constrained Kenyan supply were ameliorated by some forward buying which deferred the need for further selling price increases into the 2009 financial year.

Coffee revenue rose by 8,3% with selling price increases in response to sustained high coffee bean prices. Margins in the first half of the year were supported by forward securing coffee prices but came under pressure in the second half. Sales volumes were limited by strong competition in this category and declined by 3,5%.

Creamer revenue rose by 34,2% due to price increases in response to significantly higher palm oil and glucose costs, as well as increased volumes from outsourced production. Margins decreased but remained satisfactory. Project plans to increase in-house production capacity are being finalised and some investment is likely to be made in the next year.

Cold beverages, consisting of the Real Juice and Quali Juice brands, made progress at the revenue line, achieving material selling price increases and growing volumes. However margins were eroded by significantly higher raw material and transport costs. The operating loss of R21,3 million is the same as last year. Subsequent to year end management has completed consultations with affected employees to close the inland region operations (Gauteng, KwaZulu-Natal and Free State) and in future the business will operate only in the Cape region which is inherently profitable, although currently under pressure from high raw material costs.

The main increases in capital expenditure in 2008 relate to replacement of tea packaging equipment and expenditure to improve technology and increase capacity in coffee production.

Entyce	2008 Rm	2007 Rm	2006 Rm	2005 Rm	Change 08 vs 07 %
Revenue	**1 547,5**	1 339,1	1 228,2	1 153,8	15,6
Operating profit	**189,1**	160,6	147,2	137,5	17,7
Operating margin (%)	**12,2**	12,0	12,0	11,9	1,7
Capital expenditure	**53,5**	25,5	25,2	28,2	109,8

OPERATIONAL REVIEW CONTINUED

> “Packaging for the key Bakers and Pyotts brands was updated during the year and there are a number of other innovations in progress.”

Revenue growth of 20,3% for the year reflects higher selling prices achieved as well as volume growth of 4,2%. Price increases were implemented in response to sustained high raw material prices, particularly flour, palm oil, shortening and butter. Despite this, gross margins came under pressure and decreased from 41,8% to 39,4%. Increased volumes off the fixed cost base gave some operating leverage which largely offset the lower gross margins. Operating profit margin decreased from 11,2% to 11,1%. Operating profit increased by 18,5% from R156,8 million to R185,8 million.

Biscuit revenue increased by 22,1% due to volume growth of 4,1% and price increases necessitated by sustained high commodity prices. The biscuit category is benefiting from the new high capacity biscuit line and packaging equipment at Isando which provides additional capacity on key value lines and has materially improved service levels, particularly for Bakers Tennis biscuits. Demand growth slowed in the second half of the year but remains sound.

A new marketing team has re-energised the focus on delivering the potential of our very strong biscuit brands. Packaging for the key Bakers and Pyotts brands was updated during the year, a range of Bakers premium biscuits was launched towards the end of the year and there are a number of other innovations in progress.

The biscuit factories at Isando and Westmead both re-organised their employee shift patterns in January to improve working hours and lay the foundation for better continuity on

The Bakers, Pyotts and Baumann's brands are an iconic part of South Africa's biscuit history. Combined with the full snack portfolio under Willard's a full range of sweet and savoury biscuits and baked and fried snacks is offered to the snacking consumer.

shift changeovers which should enhance yields and capacity in future. In the short term these changes have been disruptive resulting in reduced operating efficiency in the second half of the year.

Revenue from the snacks category increased by 15,6% with volume growth of 4,5%. As with biscuits, higher raw material prices put significant pressure on margins in this category, resulting in the first real price increases in several years. Operating margin, while positive, remains constrained by the strong competition in this category.

Further selling price increases were implemented post 30 June 2008 as a consequence of wage increases and sustained high raw material, packaging, transport and energy costs. In conjunction with increasing pressure on consumers this could dampen demand growth in 2009. However, as noted above, there remain material opportunities to improve production yields and there are indications that some commodity prices have started reducing from their highs, which may ease the pressure on margins in the latter part of the 2009 financial year.

Capital expenditure includes the completion of the new biscuit line and packaging equipment at Isando.

Snackworx	**2008 Rm**	2007 Rm	2006 Rm	2005 Rm	Change 08 vs 07 %
Revenue	**1 677,2**	1 394,2	1 279,7	1 177,3	20,3
Operating profit	**185,8**	156,8	127,0	105,4	18,5
Operating margin (%)	**11,1**	11,2	9,9	9,0	(0,9)
Capital expenditure	**58,3**	47,3	59,2	41,6	23,3

I&J processes, markets and distributes premium quality, value-added frozen foods in local and international markets. Denny is South Africa's largest producer of fresh and processed mushrooms and with a growing range of convenience foods and sauces has become a trusted household name respected for freshness and quality.

Continuing operations

Revenue increased by 5,0%. I&J's South African operations realised higher prices as a result of a weaker Rand and increases in both overseas and local prices for sea-food products. Hake volumes were lower because of the reduced quota allocations. Denny achieved slightly higher sales volumes and also increased prices in response to increases in the cost of imported materials and higher packaging and transport costs. Operating profit increased by 40,1% from R139,1 million to R194,9 million largely because of a healthy improvement at I&J's South African operations driven by the weaker Rand and a more efficient base in both trawling and processing activities. Denny benefited from firm demand and increased production and contributed R8,3 million of the increase in operating profit. Operating profit margin improved from 8,2% to 11,0%.

"There is ongoing focus on improving operating efficiency, and heightened activity on getting more value from I&J's strong brand heritage."

Chilled and frozen convenience brands	2008* Rm	2007* Rm	2006 Rm	2005 Rm	Change 08 vs 07 %
Revenue	**1 775,4**	1 690,8	1 678,7	1 596,9	5,0
Operating profit	**194,9**	139,1	27,3	112,1	40,1
Operating margin (%)	**11,0**	8,2	1,6	7,0	34,1
Capital expenditure	**40,3**	63,3	80,7	84,0	(36,3)

*excludes Alpesca

I&J total operations

Revenue and operating profit derived by I&J from each fishing resource was as follows:

	Revenue		Operating profit	
Fishing resource	**2008 Rm**	2007 Rm	**2008 Rm**	2007 Rm
South Africa	**1 341,4**	1 322,9	**148,6**	103,9
Other	**135,4**	104,3	**11,7**	9,0
Continuing	**1 476,8**	1 427,2	**160,4**	112,9
Argentina	**445,5**	480,5	**(10,2)**	33,1
Total	**1 922,3**	1 907,7	**150,1**	146,0

The core South African fishing and processing operation continues to perform soundly with the fleet capacity well matched to lower quota and less staff at the processing operations, although the year-on-year impetus of recent initiatives has declined as they become part of the base performance. Catch rates for the year were slightly higher than in 2007. This business remains well geared to a weaker Rand, with significant Euro-denominated exports, but also has material price increases in fuel and packaging material to deal with. There is ongoing focus on improving operating efficiency, and heightened activity on getting more value from I&J's strong brand heritage in the domestic market, with new product ranges launched and in development.

I&J's "other" business comprises sea-food trading operations and royalty income on product beneficiated in Australia through the Simplot joint venture.

Alpesca's results declined significantly in 2008 as result of reduced quota, lower catch rates, wage inflation and lower shrimp prices. This operation made an operating loss of R10,2 million in 2008 compared to a profit of R33,1 million in 2007. In June 2008 AVI's board resolved to disinvest from Alpesca. Notwithstanding the value inherent in Alpesca's long-term hake and shrimp fishing rights and strong processing capabilities, this asset has proven difficult for I&J to achieve consistent economic returns and it has detracted significantly from the focus on optimising I&J's South African operations. In accordance with accounting standards Alpesca has been classified as a discontinued operation.

I&J's joint venture with Simplot (Australia) Pty Ltd ("Simplot") produced better results in 2008, yielding R15,0 million in profit before tax compared to a loss of R22,3 million in 2007.

This was the result of Simplot achieving better processing efficiencies, market share gains and higher than usual sea-food trading profits in 2008. There is ongoing engagement with the joint venture partner to improve returns from this investment.

There were no major capital expenditure items in 2008. The quota reductions of the last few years have allowed I&J to dispose of its oldest vessels, which would have needed replacing, and still catch the full allocated quota. There is likely to be increased expenditure on fleet upgrading and replacement over the next few years as more vessels reach the end of their useful lives and quota volumes increase.

I&J quota

The South African hake Total Allowable Catch ("TAC") was reduced by 10% for the 2007 calendar year, and a further 3,3% for the 2008 calendar year. I&J's quota allocation has remained constant at 28,0% resulting in a reduction from 37 755 tons to 36 530 tons.

The Argentinian hake TAC was reduced by 20,5% for the 2007 calendar year, with a proportional reduction in Alpesca's quota. The total hake quota for calendar years 2006 to 2008 is summarised in the table below:

Hake quota (tons)	2008	2007	2006
South Africa	**130 532**	135 000	150 000
I&J	**36 530**	37 755	41 950
%	**28,0**	28,0	28,0
Argentina	**270 000**	340 000	380 000
Alpesca	**20 270**	25 923	27 847
%	**7,5**	7,6	7,3

I&J resource management

I&J's economic performance is strongly linked to the performance of its hake fishing resources.

During 2007 the South African hake resource showed an encouraging increase in total bio-mass and continues to do so. While this bodes well for the future, the resource is managed using conservative models and there could be further reductions in the TAC in the short term, although these are not expected to be material.

I&J remains at the forefront of initiatives to limit fishing efforts and protect breeding areas off the South African coast.

During 2008 effort control measures were introduced which limit the number of days that a vessel may be permitted to fish in accordance with the quota available to that particular vessel. I&J is monitoring the effectiveness of the effort control measures and is committed to assist the Marine and Coastal Management department to ensure compliance and enforcement thereof.

In Argentina recent research has indicated poor juvenile recruitment and there are concerns of over-fishing against allocated quota. In addition to a 20% quota reduction, this has resulted in reduced access to certain fishing grounds and an increase in the number of prescribed non-fishing days. The resulting reduction in hake catch has materially affected Alpesca's performance.

Denny

Production volumes at Denny improved after a strike disrupted the first quarter and increased by 2,4% on a year-on-year basis. Demand and supply were well matched for most of the year, resulting in stable selling prices. There was ongoing progress in growing the Denny brand, with several new sauce and soup ranges launched. Operating profit increased from R26,2 million to R34,5 million.

Give your heart a helping hand...

With heart-friendly foods

We all know that following a balanced eating plan and exercising is good for our heart, body and mind. A healthy eating plan boosts your overall feeling of wellbeing, giving you more energy and vitality. September is when the Heart & Stroke Foundation SA especially reminds us all to look after our heart and September 28th is World Heart Day. So why not vary your meals this month to include more Heart Mark approved foods? These foods are lower in saturated fat, cholesterol, added sodium, and sugars and high in fibre (when relevant). You can have it all... delicious food that is also gentle on your heart with the I&J Heart Mark approved range. The range offers heart-friendly fish, chicken and beef products the whole family will love plus the familiar quality and great taste you can count on from I&J. Look out for the Heart Mark logo on the products below – a mark that is only given to those foods that play a role in fighting or lowering the rate of heart problems.

APPROVED AS PART OF THE HEART AND STROKE FOUNDATION EATING PLAN

ESS4126/09/08 By Vickie de Beer; photographs by Johan Wilke; assistants Nicola Basson

Perfect for baking, grilling, poaching and microwaving; available in Fillets, Steaks and Medallions.

Succulent fish fillet portions coated in a crispy crumb and available in five delicious flavours.

Delicious crumbed fish fillet portions, lightly flavoured with herb and lemon.

Ideal finger food to ensure the little ones get all the goodness of fish.

Tender chicken breast fillets coated in a light and crispy crumb with 25% less fat than regular coated chicken.

Thick, juicy and packed with all the great taste of regular burgers but with 25% less fat.

OPERATIONAL REVIEW

Ciro Beverage Solutions is the leading 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. Sir Juice adds a premium short-life juice offering to the business unit's portfolio.

"The work done this year has put the business into a stronger position to manage the tougher consumer environment expected in 2009."

OPERATIONAL REVIEW CONTINUED

Out of home	**2008 Rm**	2007 Rm	2006 Rm	2005 Rm	Change 08 vs 07 %
Revenue	**392,7**	344,9	288,1	304,4	13,9
Operating profit	**42,7**	53,5	42,5	58,0	(20,1)
Operating margin (%)	**10,9**	15,5	14,8	19,1	(29,7)
Capital expenditure	**25,3**	21,0	14,3	27,3	20,5

Revenue from Ciro Beverage Solutions (Ciro) was 13,9% higher than last year due to high volume growth in fresh juice and hot chocolate volumes as well as price increases in response to rising input costs, particularly coffee. Core coffee volumes were maintained despite increased competition and tighter consumer spending in the second half.

The higher proportion of relatively low margin juice combined with input cost pressures, particularly in respect of coffee and fruit prices, resulted in lower gross margins. In addition, fixed costs rose above inflation with investment in an improved sales and technical service capability that was necessary to sustain Ciro's position as the leading beverage solutions provider. Operating profit decreased from R53,5 million to R42,7 million.

Ciro has reacted well to the increased competitive pressures created by a growing number of regional service providers, attracted into the category by a prolonged period of buoyant growth. It retains strong national service capabilities and an unmatched range of premium international and local brands. The work done this year has put the business into a stronger position to manage the tougher consumer environment expected in 2009.


LENTHÉRIC
TOO HOT
TO HANDLE
LENTHÉRIC
TOO HOT
TO HANDLE
KALEIDOSCOPE
LENTHÉRIC
TOO HOT
TO HANDLE
KALEIDOSCOPE
50ml ℮
THE NEW KALEIDOSCOPE FRAGRANCE

OPERATIONAL REVIEW CONTINUED

Fashion brands	2008 Rm	2007 Rm	2006 Rm	2005 Rm	Change 08 vs 07 %
Revenue	**1 253,3**	1 058,1	868,6	459,4	18,4
Operating profit	**206,3**	208,4	165,6	47,0	(1,0)
Operating margin (%)	**16,4**	19,7	19,1	10,2	(16,8)
Capital expenditure	**89,3**	54,9	26,4	14,8	62,4

Fashion brand's cosmetics, footwear and couture offerings meet the needs of all fashion conscious South Africans. AVI creates, manufactures and distributes leading cosmetics and toiletry products that range from mass market to bridge fragrances, including Yardley and Lenthéric, with licence agreements to distribute world-renowned brands from the house of Coty and Puig. Spitz, Nina Roche and Gant retail an exciting portfolio of owned and licensed international footwear and apparel brands to discerning consumers.

"Successful new product development and launches underpinned the sustained growth of all of the major cosmetics brands – Yardley, Lenthéric and Coty."

Revenue growth of 18,4% for the year is largely the result of higher sales volumes supported by price increases taken in the second half of the year (4% in Indigo and 10% in Spitz). Operating profit has decreased from R208,4 million to R206,3 million due to lower footwear and apparel margins as explained below.

Indigo's revenue increased by 12,2% to R623,5 million with good growth in volumes for the second year in succession. Indigo made strong gains in body sprays supported by a robust performance from the fragrance and make-up product categories. Successful new product development and launches underpinned the sustained growth of the major brands – Yardley, Lenthéric and Coty.

Personal care	2008 Rm	2007 Rm	2006 Rm	2005 Rm	Change 08 vs 07 %
Revenue	**623,5**	555,9	476,8	459,4	12,2
Operating profit	**73,4**	63,3	50,5	47,0	16,0
Operating margin (%)	**11,8**	11,4	10,6	10,2	3,5
Capital expenditure	**24,9**	17,3	16,9	14,8	43,9

> exceptionally strong appeal of our key Carvela, Lacoste and Kurt Geiger brands

Gross margins have come under some pressure from rising import costs due to the weaker Rand and higher fuel price, which have been partially offset by selling price increases. Operating profit increased 16,0% to R73,4 million and operating margin improved from 11,4% to 11,8%.

The footwear and apparel category grew revenue by 25,4% through additional trading space, like-for-like volume growth of 4% and price increases in the second half of the year.

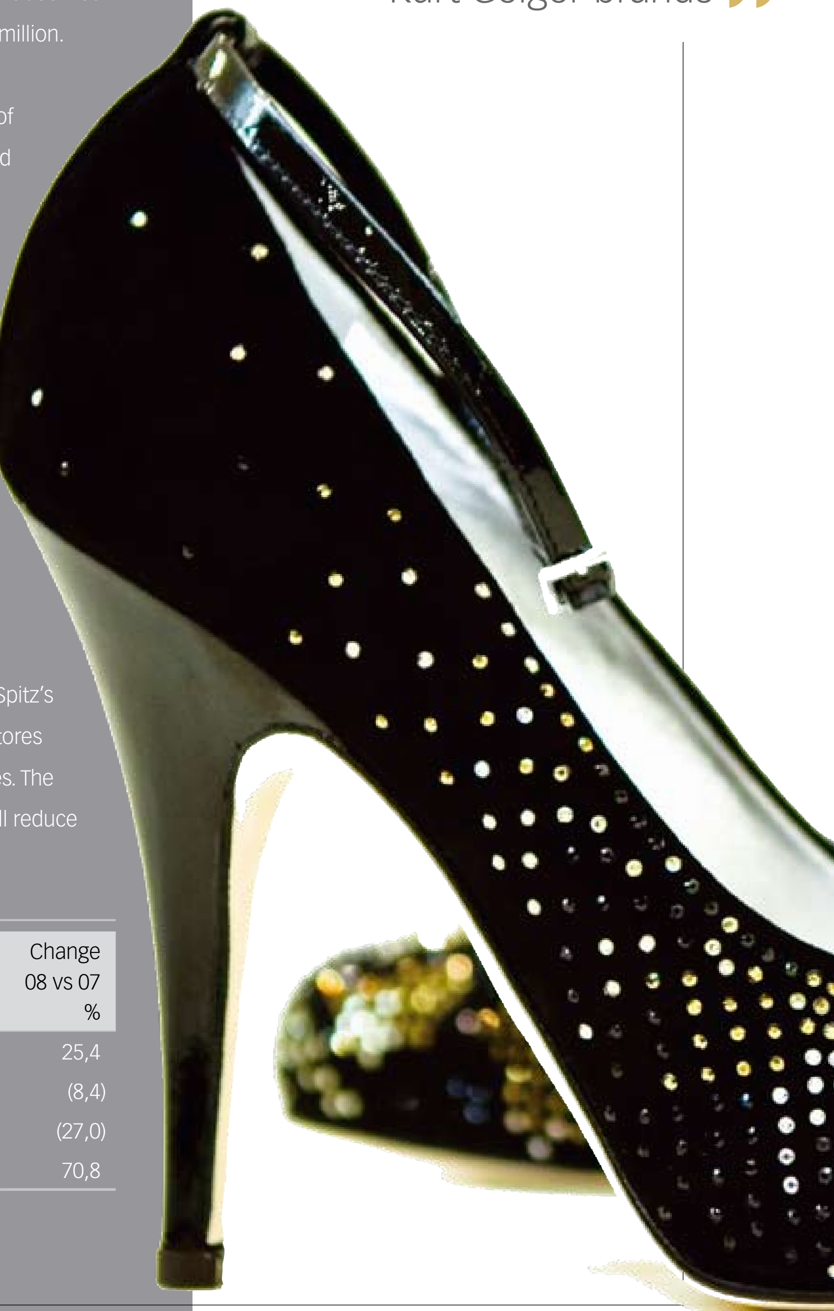
Spitz	2008	2006
Average storage area (m^2)	**13 393**	9 696
Store area at year end (m^2)	**14 722**	10 555
Sales density (R000/(m2)	**44,9**	51,8

Like-for-like revenue growth has trended lower through the second half as consumers' ability to spend becomes more constrained, although the reduction has been cushioned by the exceptionally strong appeal of our key Carvela, Lacoste and Kurt Geiger brands. The de-leveraging that was expected to result from the planned investment in new stores, people and systems has been amplified by the slowing revenue growth, resulting in a decline in the operating profit margin from 28,9% to 21,1%. Operating profit declined from R145,1 million to R132,9 million.

This business needs a period of consolidation after a prolonged period of rapid growth. The rate of expansion has been reviewed in light of slowing sales growth, with five new doors opened in the second half of 2008 compared to thirteen in the first half. In 2009, growth will be limited to no more than five or six stores.

The increase in capital expenditure is attributable to Spitz's programme of opening new stores and refurbishing existing stores. The level of capital expenditure will reduce in 2009.

Footwear and apparel	2008 Rm	2007 Rm	2006 Rm	2005 Rm	Change 08 vs 07 %
Revenue	**629,8**	502,2	391,8	—	25,4
Operating profit	**132,9**	145,1	115,1	—	(8,4)
Operating margin (%)	**21,1**	28,9	29,4		(27,0)
Capital expenditure	**64,4**	37,7	9,5	—	70,8



FINANCIAL REVIEW

Continuing operations

Revenue rose by 13,8% from R5,9 billion to R6,7 billion as a result of volume growth, particularly in the tea, biscuits, creamer and personal care categories, and higher selling prices in all categories. The consolidated gross profit margin declined from 42,7% of revenue to 41,3% as a result of cost pressures which were largely offset by selling price increases and volume leverage. Operating profit rose by 13,7%, from R702,3 million to R798,7 million and the operating profit margin was maintained at 12,0%.

Net financing costs increased from R23,2 million in 2007 to R64,0 million as a result of higher interest rates and an increase in the Group's gearing to fund working capital and capital expenditure requirements.

AVI's share of the equity accounted earnings of joint ventures was a net profit of R17,2 million compared to a loss of R21,4 million in the prior period. The improvement is due to a better performance from I&J's joint venture with Simplot (Australia) Pty Ltd ("Simplot"), which achieved better processing efficiencies, market share gains and higher than usual sea-food trading profits in 2008.

The effective tax rate of 34,7% is slightly higher than last year with an earnings shift towards higher tax jurisdictions and lower capital profits, which are taxed at lower rates, offset by the reduction in the South African corporate tax rate from 29% to 28%.

Headline earnings increased by 12,0% from R434,4 million to R486,7 million while the weighted average number of shares in issue decreased by 2,5% as a result of the share buyback. Consequently headline earnings per share increased by 14,9% to 159,0 cents per share.

The capital items of R13,7 million before tax largely comprise profits on the sale of trawlers as I&J matches its fleet size to lower quota levels.

Cash generated by operations before working capital changes increased by 18,3% to R1,02 billion. Working capital has increased by R354,7 million reflecting both higher input costs and quantities of stock on hand at year end as well as high sales in June at Entyce, Snackworx and I&J, resulting in a temporary increase in the trade debtors balance. Net working capital at the end of June increased from 17,3% of sales in 2007 to 19,7% of sales. Other material cash out-flows during the year were the return of capital to shareholders totalling R549,7 million, normal dividends of R233,4 million, capital expenditure of R271,6 million and taxation of R247,4 million. Net debt at the end of June 2008 was R724,4 million compared to R83,5 million at the end of June 2007.

Capital expenditure of R271,6 million included mainly replacement expenditure as well as the new biscuit line at Isando and new stores for Spitz.

Discontinued operation

Alpesca's results declined significantly in 2008 as result of reduced quota, lower catch rates, wage inflation and lower shrimp prices. This operation made an operating loss of R10,2 million in 2008 compared to a profit of R33,1 million in 2007. The prior year's results have been re-presented to reflect Alpesca's contribution to Group results as results from discontinued operations.

I&J is in negotiations with prospective buyers for Alpesca. Management is of the view that no impairment of I&J's investment in Alpesca is required.

Segmental review – continuing operations

Year ended 30 June

	Segmental revenue			Segmental operating profit		
	2008 Rm	2007 Rm	Change %	**2008 Rm**	2007 Rm	Change %
Food & beverage brands	**5 392,8**	4 769,0	13,1	**612,5**	510,0	20,1
Entyce	**1 547,5**	1 339,1	15,6	**189,1**	160,6	17,7
Snackworx	**1 677,2**	1 394,2	20,3	**185,8**	156,8	18,5
Chilled & frozen convenience brands	**1 775,4**	1 690,8	5,0	**194,9**	139,1	40,1
Out of home	**392,7**	344,9	13,9	**42,7**	53,5	(20,1)
Fashion brands	**1 253,3**	1 058,1	18,4	**206,3**	208,4	(1,0)
Personal care	**623,5**	555,9	12,2	**73,4**	63,3	16,0
Footwear & apparel	**629,8**	502,2	25,4	**132,9**	145,1	(8,4)
Corporate	**14,5**	24,8		**(20,1)**	(16,1)	
Group	**6 660,6**	5 851,9	13,8	**798,7**	702,3	13,7

DEFINITIONS

Number of ordinary shares issued

Total issued ordinary share capital at end of year.

Weighted average number of ordinary shares in issue

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

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 is calculated taking account of the unexercised share options as disclosed in the directors' report on pages 57 to 60, duly adjusted to take account of the shares to be issued at fair value calculated in accordance with International Accounting Standard 33.

Calculations are presented in note 29 of the annual financial statements.

Dividend cover

Headline earnings per share from continuing operations divided by the dividends per share 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
  Headline earnings from continuing operations, as a percentage of average capital employed.

  Capital employed is total equity plus net debt.
- Net working capital
  Inventories and trade receivables, less trade payables.
- Free cash flow
  Cash available from operating activities and investments, less capital expenditure incurred to maintain operations.
- Free cash flow per ordinary share
  Free cash flow for the year 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.
- Debt/equity ratio
  Net debt divided by total equity.

Key statistics

	2008*	2007*	2006	2005	2004
Financial ratios					
– operating margin (%)	**12,0**	12,0	9,6	9,9	9,3
– return on capital employed (%)	**16,3**	16,3	14,9	18,8	16,1
– net working capital as a percentage of revenue (%)	**19,7**	17,3	14,7	14,7	13,8
– EBITDA	**965,4**	852,3	685,5	623,0	545,9
Liquidity					
– free cash flow (Rm)	**204,1**	231,4	297,0	353,7	335,4
– free cash flow per ordinary share (cents)	**66,7**	73,7	95,1	113,5	106,2
– net debt/equity ratio (%)	**30,8%**	8,4%	11,5%	(11,9%)	(13,0%)
– interest cover ratio	**15,1**	36,7	20,5	33,3	34,1
Employees at 30 June					
– South Africa	**7 661**	8 023	7 595	7 675	6 052
– International	**18**	50	1 813	1 756	1 641
	7 679	8 073	9 408	9 431	7 693
Revenue per employee (R'000)	**867**	725	571	499	562

*excluding Alpesca

Share statistics – five-year summary

	2008	2007	2006	2005	2004
Number of ordinary shares issued ('000)	**342 638**	342 638	316 150	315 386	309 981
Weighted average number of ordinary shares in issue ('000)	**306 082**	313 775	312 373	311 590	315 810
Share performance – continuing operations (cents per share)					
Earnings	**162,9**	147,5	103,4	198,6	83,5
Diluted earnings	**161,4**	146,7	102,7	196,1	82,6
Headline earnings	**159,0**	138,4	107,2	108,2	85,9
Diluted headline earnings	**157,6**	137,6	106,6	106,9	84,9
Dividends declared	**80,0**	73,0	53,0	51,0[1]	80,0[2]
Dividend cover	**2,0**	2,0	2,0	2,1	2,3[2]
Market price per share (cents)					
– at year-end	**1 295**	1 971	1 380	1 320	
– highest	**2 254**	2 354	1 810	1 551[4]	
– lowest	**1 245**	1 380	1 321	1 215[4]	
– volume weighted average	**1 821**	1 841	1 562	1 352[4]	
Total market capitalisation at closing prices (Rm)	**4 437,2**	6 753,0	4 362,9	4 163,1	
Price earnings ratio[3]	**8,1**	13,4	12,9	12,2	
Value of shares traded (Rm)	**4 764,2**	3 608,0	3 469,9	1 909,7[4]	
Value traded as a percentage of average capitalisation (%)	**80,6**	60,0	70,3	45,7[4]	
Number of shares traded (millions)	**261,6**	196,0	222,1	141,3[4]	
Liquidity – number traded as percentage of weighted average number of shares in issue at year end (%)	**76,3**	62,5	71,1	92,7[4]	
Average weekly Rand value traded (Rm)	**91,5**	69,0	66,7	106,1[4]	

[1]Includes 14 cents from the capital repayment of 64 cents paid in February 2005.
[2]Dividend declared for total operations. Dividend cover calculated using total headline earnings of 186,2 cents.
[3]Calculated based on the published headline earnings per share and the share price at year end.
[4]Based on period post-unbundling of Consol Limited from 28 February to 30 June 2005.

Value added statement

	2008		2007	
	Rm	**%**	Rm	%
VALUE ADDED				
Revenue	**7 106,1**		6 332,4	
Cost of materials and services	**4 511,4**		3 837,7	
Value added by operations	**2 594,7**	**98**	2 494,8	98
Capital items (gross)	**13,9**	**1**	36,4	
	2 608,6		2 530,9	99
Investment and other income	**39,7**	**1**	17,1	1
	2 648,3	**100**	2 548,0	100
VALUE DISTRIBUTED AND RETAINED				
EMPLOYEES				
Salaries, wages and other benefits	**1 463,3**	**55**	1 396,3	55
PROVIDERS OF CAPITAL	**421,8**	**16**	331,3	13
Dividends payable to Group shareholders	**233,4**	**9**	199,5	8
Interest paid	**96,5**	**4**	57,6	2
Operating lease expenses	**91,9**	**3**	74,2	3
GOVERNMENT	**345,5**	**13**	368,3	15
Taxation	**345,5**	**13**	368,3	15
RE-INVESTED IN THE GROUP	**417,7**	**16**	452,1	18
Depreciation	**182,4**	**6**	171,9	7
Future growth	**235,3**	**10**	280,2	11
	2 648,3	**100**	2 548,0	100

Group at a glance

	2008* Rm	2007* Rm	2006 Rm	2005 Rm	Change 08 vs 07 %
AVI					
Revenue	**6 660,6**	5 851,9	5 375,6	4 707,3	13,8
Operating profit	**798,7**	702,3	517,3	469,1	13,7
Operating margin (%)	**12,0**	12,0	9,6	10,0	0,0
Capital expenditure	**271,6**	233,8	215,1	207,1	16,1
Entyce					
Revenue	**1 547,5**	1 339,1	1 228,2	1 153,8	15,6
Operating profit	**189,1**	160,6	147,2	137,5	17,7
Operating margin (%)	**12,2**	12,0	12,0	11,9	1,7
Capital expenditure	**53,3**	25,5	25,2	28,3	109,8
Snackworx					
Revenue	**1 677,2**	1 394,2	1 279,7	1 177,3	20,3
Operating profit	**185,8**	156,8	127,0	105,4	18,5
Operating margin (%)	**11,1**	11,2	9,9	9,0	(0,9)
Capital expenditure	**58,3**	47,3	59,2	41,6	23,3
Chilled & frozen convenience brands					
Revenue	**1 775,4**	1 690,8	1 678,7	1 596,9	5,0
Operating profit	**194,9**	139,1	27,3	112,1	40,1
Operating margin (%)	**11,0**	8,2	1,6	7,0	34,1
Capital expenditure	**40,4**	63,1	80,7	84,0	(36,3)
Out of home					
Revenue	**392,7**	344,9	288,1	304,4	13,9
Operating profit	**42,7**	53,5	42,5	58,0	(20,1)
Operating margin (%)	**10,9**	15,5	14,8	19,1	(29,7)
Capital expenditure	**25,3**	21,0	14,3	27,3	20,5
Fashion brands					
Revenue	**1 253,3**	1 058,1	868,6	459,4	18,4
Operating profit	**206,3**	208,4	165,6	47,0	(1,0)
Operating margin (%)	**16,4**	19,7	19,1	10,2	(16,8)
Capital expenditure	**89,3**	55,0	26,4	14,8	62,4

*Note – AVI consolidated results and Chilled & frozen convenience brands exclude Alpesca, now classified as discontinued

FINANCIAL REVIEW CONTINUED

Group abridged balance sheets – five-year summary

	2008 Rm	2007 Rm	2006 Rm	2005 Rm	2004 Rm
ASSETS					
Non-current assets					
Property, plant and equipment	**1 164,8**	1 241,7	1 182,4	1 143,2	2 287,0
Intangible assets and goodwill	**986,2**	1 052,1	1 041,7	420,8	262,5
Investments	**312,8**	245,9	263,0	252,6	222,1
Deferred tax asset	**89,1**	121,6	100,8	102,0	104,2
	2 552,9	2 661,3	2 587,9	1 918,6	2 875,8
Current assets					
Inventories	**873,0**	760,8	578,2	500,0	890,2
Trade and other receivables	**1 178,7**	1 058,6	883,2	786,8	1 375,2
Cash and cash equivalents	**174,9**	317,1	335,8	448,7	674,5
Assets classified as held for sale	**493,0***	30,5	26,3	24,5	–
	2 719,6	2 167,0	1 823,5	1 760,0	2 939,9
Total assets	**5 272,5**	4 828,3	4 411,4	3 678,6	5 815,7
EQUITY AND LIABILITIES					
Capital and reserves					
Attributable to equity holders of AVI	**2 518,8**	2 680,4	2 339,9	2 166,4	3 127,9
Minority interests	**(17,5)**	(18,4)	(8,5)	(2,9)	309,8
Total equity	**2 501,3**	2 662,0	2 331,4	2 163,5	3 437,7
Non-current liabilities					
Financial liabilities and borrowings	**409,7**	196,6	212,8	112,4	155,8
Provisions and employee benefits	**293,5**	286,2	269,2	134,3	194,9
Deferred taxation	**154,0**	144,6	130,1	268,4	339,2
	857,2	627,4	612,1	515,1	689,9
Current liabilities					
Current borrowings	**536,3**	344,1	411,5	78,5	72,4
Trade and other payables	**1 048,1**	1 117,5	1 000,2	885,8	1 536,1
Corporate taxation	**73,4**	66,9	56,2	35,7	79,6
Liabilities classified as held for sale	**256,2***	10,4	–	–	–
	1 914,0	1 538,9	1 467,9	1 000,00	1 688,1
Total equity and liabilities	**5 272,5**	4 828,3	4 411,4	3 678,6	5 815,7

*includes Alpesca

Group income statements – five-year summary

	2008* Rm	2007* Rm	2006 Rm	2005 Rm	2004 Rm
Revenue	**6 660,6**	5 851,9	5 375,6	4 707,3	4 321,5
Operating profit before capital items	**798,7**	702,3	517,3	469,1	405,8
Income from investments	**22,5**	25,3	16,5	30,9	41,6
Finance costs	**(86,5)**	(48,5)	(49,7)	(39,6)	(52,9)
Equity accounted earnings of joint ventures	**17,2**	(21,4)	(12,3)	1,2	3,8
Capital items	**13,7**	34,2	(10,9)	(21,8)	(7,0)
Profit/(loss) before taxation	**765,6**	691,9	460,9	439,8	391,3
Taxation	**265,8**	237,1	143,1	124,7	130,0
Profit/(loss) after taxation	**499,8**	454,8	317,8	315,1	261,3
Minority interests (excluding capital items)	**1,4**	(8,1)	(5,1)	(3,4)	(2,4)
Earnings attributable to ordinary shareholders	**498,4**	462,9	322,9	318,5	263,7
Capital items after minorities and tax	**(11,8)**	(28,5)	12,1	18,7	7,4
Headline earnings	**486,7**	434,4	335,0	337,2	271,1

*Note – excludes Alpesca, now classified as discontinued.

Group abridged cash flow statements – five-year summary

Continuing operations	2008 Rm	2007 Rm	2006 Rm	2005 Rm	2004 Rm
Operating activities					
Cash generated by operations before working capital changes	**1 022,8**	864,6	660,2	631,6	549,6
Increase in working capital	**(354,7)**	(165,4)	(36,5)	16,3	(55,7)
Cash generated by operations	**668,1**	699,2	623,7	647,9	493,9
Interest paid	**(91,0)**	(47,7)	(29,7)	(39,6)	(52,9)
Taxation paid	**247,4**	(255,2)	(186,4)	(170,0)	(72,4)
Net cash available from operating activities	**329,7**	396,3	407,6	438,3	368,6
Investment activities					
Cash flow from investments	**29,6**	24,0	17,0	30,9	42,6
Property, plant and equipment – acquired	**(271,6)**	(233,8)	(215,1)	(207,1)	(172,9)
– proceeds on disposal	**47,4**	76,4	4,9	6,6	8,6
Intangible assets purchased	**–**	–	(19,2)	(0,1)	(88,8)
Investments – net (acquisitions)/disposals	**(37,8)**	(360,1)	(230,6)	(193,9)	(97,9)
Net cash used in investing activities	**(232,4)**	(493,5)	(443,0)	(363,6)	(308,4)
Financing activities					
Net increase/(decrease) in shareholder funding	**(545,0)**	7,1	10,1	(213,5)	(114,2)
Long-term borrowings – net raised/(repaid)	**308,8**	(4,5)	54,2	(101,4)	92,4
Increase/(decrease) in short-term funding	**206,2**	257,3	(7,1)	6,1	41,1
Dividends paid	**(233,4)**	(199,5)	(179,2)	(167,9)	(336,9)
Net cash from/(used) in financing activities	**263,4**	60,4	(122,0)	(476,7)	(317,6)
Discontinued operations	**22,8**	15,2	37,3	183,3	(38,3)
Decrease in cash and cash equivalents	**(143,3)**	(21,6)	(120,1)	(218,7)	(295,7)
Cash and cash equivalents at beginning of period	**317,1**	335,8	448,7	674,5	986,9
	173,8	314,2	328,6	455,8	691,2
Translation of cash equivalents of foreign subsidiaries at beginning of year	**31,0**	2,9	7,2	(7,1)	(16,7)
Cash and cash equivalents at end of period	**204,8**	317,1	335,8	448,7	674,5
Continuing operations	**174,9**				
Discontinued operations	**29,9**				


YARDLEY
LONDON
Gold spice
Spice up your summer shimmer
YARDLEY
Gold spice
Bronzing Powder
YARDLEY
Gold spice
Lip Shimmer
YARDLEY
Gold spice
Jewel Eyes


kate
kate
moss
WILD BEAUTY BLOSSOMS
kate moss
PARFUMS

CORPORATE GOVERNANCE REPORT

Framework

AVI Limited ("the Company") is a public company incorporated in South Africa under the provisions of the Companies Act 61 of 1973, as amended, and is listed on the JSE Limited ("the JSE").

The Company's Board of directors ("the Board") is committed to ensuring that the Company complies with the principles of the Code of Corporate Practices and Conduct as recommended in the King Report on Corporate Governance in South Africa 2002 ("King II"), as well as with the spirit and form of the obligations that exist in terms of the JSE Listing Requirements. The Board recognises the responsibility of the Company to conduct its affairs with prudence, transparency, accountability, fairness and social responsibility.

Board governance structure

The general powers of the Board and the directors are conferred in the Company's Articles of Association. Terms of reference for the Board are set out in the Company's board charter which is reviewed at appropriate times. The Board charter is modelled on the charter principles recommended by King II, and covers the powers and authority of the Board. It provides a clear and concise overview of the responsibilities and accountability of the Board members, both collectively and individually. The Board charter is available on request from the company secretary.

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 Mr Angus Band and Mr Simon Crutchley holding these positions, respectively.

Directorate

The Board is comprised of three executive directors and nine non-executive directors. Eight of the non-executive directors are independent in terms of King II's standards. The non-executive directors have the required knowledge, skills and independence of thought to pass sound judgement on those 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 periodically to familiarise newly appointed directors with the Group's operations.The particulars of the directors are set out on pages 8 to 11 of the annual report.

Mr Anthony Evans resigned as a non-executive director on 24 October 2007 as he had reached the usual retirement age. Mr Adriaan Nühn and Mrs Nombulelo Moholi were appointed as non-executive directors on 15 November 2007 and 1 December 2007 respectively.

At least a third of the Board's members retire every year at the Company's annual general meeting in terms of the Company's Articles of Association. Retiring directors are eligible for re-election.

Board and director assessment

The Board assesses its performance against its charter annually. This process which has been based on questionnaires is being reviewed and a new process will be implemented in the 2009 financial year. In addition the chairman actively manages the participation and performance of Board members and looks at the development needs of individual directors. The Appointments and Remuneration Committee appraises the performance of the chairman and the chief executive officer and makes recommendations to the Board. The chairman and the chief executive officer do not participate in discussions regarding their own performance. During the year the charters for the board and its sub-committees were reviewed and updated and the Board and its sub-committees are satisfied that they have complied with their mandate in all material aspects.

Board meetings

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

Name	06/09/07	27/11/07	05/03/08	12/06/08
AWB Band	✓	✓	✓	✓
MH Buthelezi	✓	✓	✓	✓
NJM Canca	✓	✓	✓	✓
SL Crutchley	✓	✓	✓	✓
OP Cressey	✓	✓	✓	✓
AR Evans	✓	■	■	■
PM Goss	✗	✗	✓	✓
JR Hersov	✓	✓	✓	✓
SD Jagoe	✗	✓	✓	✓
RS Katzen	✓	✓	✓	✓
GR Tipper	✓	✓	✓	✓
A Nühn	▪	✓	✓	✓
NT Moholi	▪	▪	✓	✗

Key: ✓ in attendance; ✗ not in attendance; ▪ not yet in office ■ retired

As a prelude to the Board meeting of 12 June 2008 the entire Board met with executive management of the Company's subsidiaries 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 is Mr Mande Ndema. 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 and responsibilities;
- 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, including the JSE Listing Requirements.

Board committees

The Board is assisted in the discharge of its duties and responsibilities by the Audit Committee and the Appointments and Remuneration Committee. The ultimate responsibility at all times 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. 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, are incorporated in the sub-committee charters. Board committees, and the members thereof, may take independent professional advice at the Company's expense.

Where 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, while the chairpersons of the committees attend the annual general meeting and are available to respond to shareholder queries.

Audit committee

During the year under review the Audit Committee comprised of Mr Humphrey Buthelezi (the chairman), Mr Angus Band, Mr Gavin Tipper and Mr Anthony Evans. When Mr Evans resigned from the Board on 24 October 2007, he simultaneously relinquished his membership on the Audit Committee.

In June 2008 the committee was re-constituted in accordance with the requirements of the Corporate Laws Amendment Act, No 24 Of 2006 (promulgated on 14 December 2007) which provides that an Audit Committee must consist only of independent non-executive directors. As Mr Angus Band was a full-time salaried employee of the Company within the last three financial years he did not meet the definition of independence contained within the Corporate Laws Amendment Act and resigned. He remains available to consult with Audit Committee members and attend Audit Committee meetings on request.

With effect from July 2008 the Audit Committee comprises of two independent non-executive directors, Mr Humphrey Buthelezi (the chairman) and Mr Gavin Tipper. The external auditors, the chief executive officer, the chief financial officer, the head of internal audit and other senior executives attend 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 AVI chief financial officer and meet at least twice a year with the external auditors, the Group's head of internal audit and the relevant financial and managing directors in attendance. Audit Committee members attend the subsidiary internal review meetings by open invitation and there is a formal reporting line into the AVI Audit Committee via the chief financial officer.

The Audit Committee met three times in the year under review. The attendance detail is reflected in the following table:

Name	28/08/07	19/11/07	26/02/08
MH Buthelezi	✓	✓	✓
AWB Band	✓	✓	✓
AR Evans	✓	■	■
GR Tipper	✓	✗	✓

Key: ✓ in attendance ✗ not in attendance
■ retired

The Audit Committee is responsible for the management 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 and determining the terms of engagement and approving fees for audit and non-audit work undertaken;
- monitoring the operation of effective systems of internal control, including information technology controls;
- overseeing the internal audit function, monitoring its effectiveness, and reviewing corrective action;
- overseeing the operation of an effective risk management process that incorporates insurance, health and safety, and environmental issues; and
- implementing sound corporate governance policies.

With specific reference to the non-audit services provided by the external auditor, 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.

During the year the auditors provided non-audit services within thresholds set by the Audit Committee. With effect from 1 July 2008, in accordance with the new requirements of the Corporate Laws Amendment Act, all engagements with the external auditors to provide non-audit services must be pre-approved by the Audit Committee.

The Audit Committee discharged the functions ascribed to it in terms of the Companies Act as reported in the Director's Report on page 54.

Appointments and remuneration committee ("Remcom")

The members of Remcom are Mr Sean Jagoe (the chairman), Mr Angus Band, Mrs Nomhle Canca and Mr Pat Goss.

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

Name	03/09/07	26/02/08	06/05/08
SD Jagoe	✓	✓	✓
AWB Band	✓	✓	✓
NJM Canca	✗	✓	✓
PM Goss	✗	✓	✓

Key: ✓ in attendance ✗ not in attendance

Remcom assists the Board by overseeing the following activities:

- 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 therefore 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 interest of the 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, fringe benefits, share options and incentives applicable to directors and senior executives) 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.

Dealings in JSE Securities

The Company and its directors comply with the JSE Listing 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, until the release of the Group's final and interim results respectively. The same arrangements apply for closed periods during other price-sensitive transactions for directors, officers and participants in the share incentive scheme 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 to the JSE though the Stock Exchange News Services (SENS).

The company secretary regularly disseminates written notices to inform the directors, executives, and employees regarding the insider trading legislation, and advises them of closed periods.

Investor relations and communication with stakeholders

The Company strives to be transparent, open and to have clear communications with all of its relevant stakeholders. In this regard, the Company seeks to continuously improve upon its communication efforts through more detailed disclosure of relevant financial and other information. The board appreciates the importance of dissemination of accurate information to all stakeholders, and is willing to have open and relevant dialogue with all parties with whom the Company does business. Reports, announcements and meetings with investment analysts and journalists, as well as the Company website, are useful conduits for information.

All Board members 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 are available on request.

Remuneration, short and long-term incentives and retirement fund benefits

Once the Board has approved the Company's remuneration and reward policy, Remcom is entrusted with its implementation.

Remuneration levels are set with reference to independent salary surveys on a regular basis, taking cognisance of specific industry skills requirements. 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 selected positions within the next levels of management. The salary curve for each band is also compared to published industry statistics. Where bargaining units exist within the operations, negotiations take place with recognised unions.

The Company remunerates established performers around the market median. Employees that are out-performers can be remunerated up to the upper quartile, while under-performers are paid below the median and are actively managed. This approach recognises both the market forces in play and the heightened requirement to attract and retain talented employees.

Annual or short-term incentives are based on both the financial achievement of the business unit to which an employee is accountable and on individual performance measured against the achievement of key performance indicators. Executive management recommends incentives to Remcom for approval. Remcom retains the absolute discretion to authorise incentives.

The incentives payable to executive management, for targeted levels of performance, range between thirty five and sixty percent, as deemed appropriate by

Remcom and determined with reference to market norms. The actual incentive payment for the year under review for executive management was 52,5 percent of the total cost of remuneration of this group of employees, excluding the cost of the incentives.

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 adequately 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 two conventional option schemes – the AVI Limited Share Incentive Scheme and the AVI Limited Executive Share Incentive Scheme. The participants are all approved by Remcom.

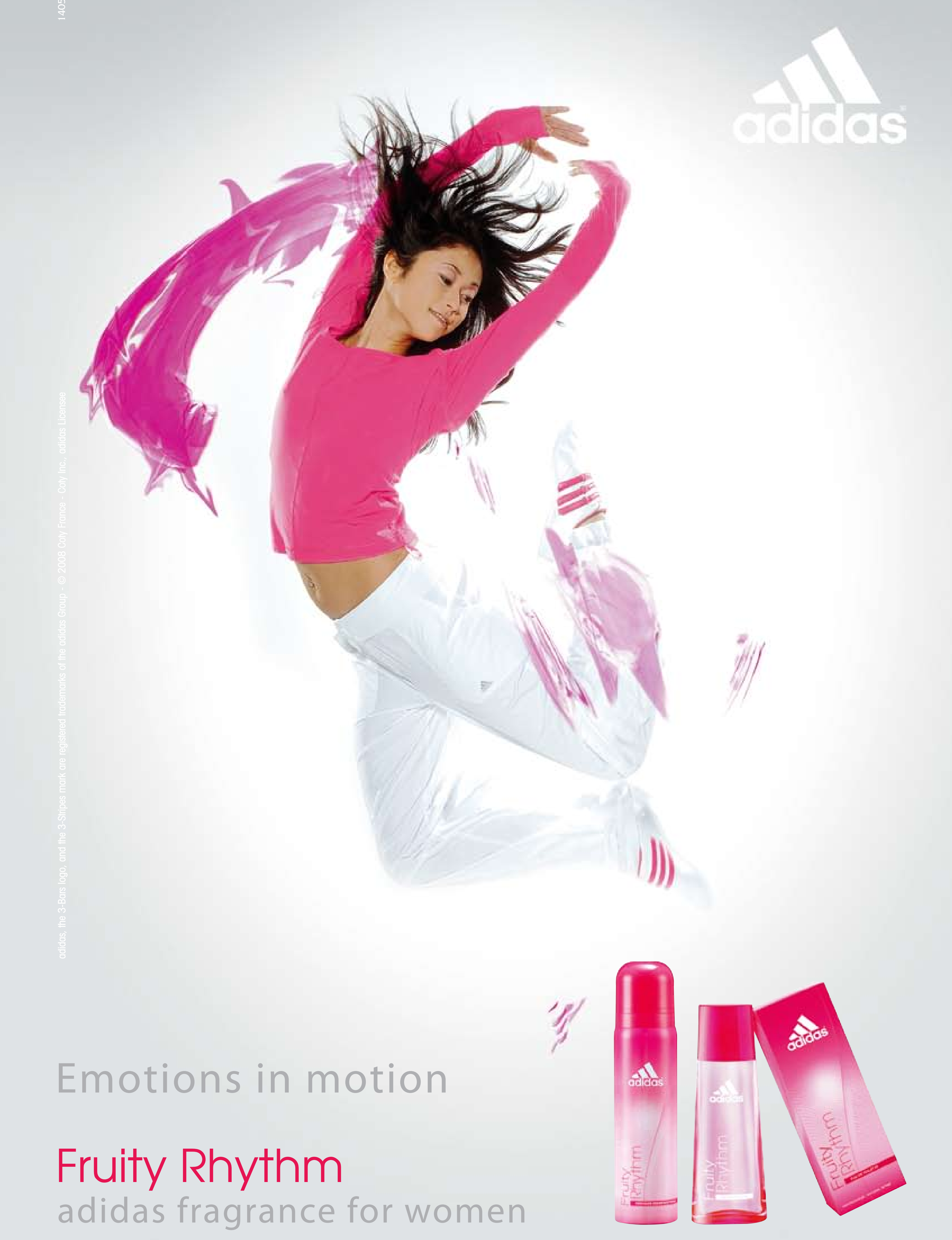
In addition to the Company's long-term incentive schemes, the Group's subsidiary companies operate so-called "phantom share schemes" which enables the Company to reward appropriate employees for the results that their efforts generate within the subsidiaries in which they are employed. Notional shares in the subsidiaries are granted to deserved employees that are either within the top three levels of management or that are regarded as key skills that require retention. The value of the shares is calculated based on the Group's price earnings ratio and the audited headline earnings of the relevant subsidiary company, with constraints to ensure that the schemes do not reward undeserved outcomes. Remcom approves the allocations.

As an enhancement to the reward framework, on 24 October 2007, at the last annual general meeting, the Company's shareholders approved the AVI Out-Performance Scheme which replaced the AVI Limited Employee Equity Participation Plan. Participation is limited to a few key employees that may materially impact on the Company's performance. Participants will benefit from the value created for the Company's shareholders (measured as the total shareholders' return) relative to the value these shareholders could have gained had they invested with the Company's peers.

A maximum of six percent of the issued share capital of the Company may be allocated to the share incentive schemes, and no individual may accumulate more than two percent of the issued share capital. The current allocation represents 1,7 percent. Details of share options issued are set out on pages 57 to 60.

Remcom has recommended, subject to shareholder approval at the annual general meeting on 15 October 2008, that non-executive directors be remunerated based on the principle of market-related rates for the time required to discharge their responsibilities. This remuneration would be compared to an appropriate peer set to ensure reasonability. Non-executive directors do not qualify for participation in any share incentive schemes. Details of remuneration and fees of directors are disclosed on page 63.

Defined contribution pension and provident fund arrangements exist throughout the Group. Retirement funding contributions are charged against expenditure when incurred. The assets of such 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.


1405
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Fruity Rhythm
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Fruity Rhythm

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 Company in the context of all stakeholders – shareholders, consumers, employees, customers, suppliers, government, and local communities.

AVI has a well-run governance framework that enables it to identify and manage material and relevant sustainability issues. AVI also operates in a manner that endeavours to meet the needs of the present generation of stakeholders, without compromising the needs of future generations. Depending on the matter at hand, it is monitored and managed, for example, by the appropriate diversity committee, health and safety committee, internal review committee or the audit committee. Executives within the Group however remain responsible for specific matters and are held accountable for their successful implementation and management.

Matters that are deemed to be of a material nature, or that require heightened focus, are elevated to AVI's Board of directors. AVI has also appointed a senior resource to co-ordinate the Group's efforts and to ensure that sufficient focus is given by the operations to those matters that are deemed to be of importance.

AVI considers its sustainability responsibilities under the following three broad categories:

- **Ethics** – ethics are the cornerstone of an effective and sustainable organisation that must be able to operate without censure or compromise in the long term. Ethics are central to AVI's culture, the behaviour of its employees and assist in establishing a willingness to accept and embrace broader issues in our society, forming the basis of AVI's interactions with its stakeholders;
- **Scarce resources** – in order to ensure that future generations have access to the scarce resources on which AVI is reliant, and AVI's viability is not compromised in the long term, the Group is intent on carefully managing those scarce resources relevant to its operation. In addition to managing the very specific risk relating to its hake fishing resources, AVI is committed to the application of sustainable practices across its operations; and
- **Transformation and good corporate citizenship** – AVI recognises the 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. AVI also recognises the need to be, and to be seen as, a good corporate citizen that is desirable to do business with.

Ethics

AVI has a well established Code of Ethics that applies to all directors and employees and provides clear guidance on what is considered to be acceptable conduct. This code requires all directors and employees to maintain the highest ethical standards and ensure that AVI's affairs are conducted in a manner which is beyond reproach. The code is rigorously applied, which has resulted, during the year under review, in a number of dismissals and prosecutions. An issue that was given particular attention during the year was anti-competitive conduct. In addition to previous interventions, the executives throughout the Group were given a detailed account of the relevant legislation and practical guidelines on conduct. Each executive declared in writing that, to their knowledge, no anti-competitive behaviour had been conducted.

In order to ensure compliance with the Code of Ethics, and to promote proper behaviour in general, AVI 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 AVI's Board of directors. This formal framework is supported by the Group's internal audit function, which is responsible to investigate issues of concern established by the internal auditors or as requested and to report their findings to the chief financial officer of the Group. The Group continues to subscribe to "Tip-offs Anonymous", an independent hotline service that facilitates confidential reporting on fraud and other unethical conduct.

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

Scarce resources

AVI's primary exposure to scarce resources that could materially impact its business is the performance of its fishing resources in South Africa and Argentina. As previously reported, long-term hake fishing rights have been secured in both jurisdictions at levels that can support economic returns provided that the resources remain healthy.

In South Africa access to marine resources is managed by Marine and Coastal Management ("MCM"), a division of the Department of Environmental Affairs and Tourism. MCM sets an industry-wide annual quota or "total allowable catch" ("TAC") for each species under management. MCM, in its response to its concern over the viability of the South African hake resources, decreased the industry-wide TAC by 5% in 2006 and a further 10% in 2007. During 2007 the South African hake resource showed an encouraging increase in total bio-mass and continues to do so. MCM's management of the resource however is appropriately conservative. For 2008 MCM reduced the industry-wide TAC further by 3,3% which resulted in I&J's hake quota for the period being reduced by this percentage to 36 530 tons.

Work aboard an I&J trawler

I&J remains at the forefront of initiatives to limit fishing effort and protect breeding areas off the South African coast. During 2008 effort control measures were introduced which limit the number of days that a vessel may be permitted to fish in accordance with the quota available to that particular vessel. I&J is monitoring the effectiveness of the effort control measures and is committed to assist MCM to ensure compliance and enforcement thereof.

The Argentinean hake resource is managed in a similar way to the South African resource. Research during the year however indicated poor juvenile recruitment and possible over fishing. The Argentinean industry-wide TAC which had been reduced by 10,5% in 2007 was reduced a further 20,6% in 2008. In addition, the access to some fishing grounds has been reduced and the number of prescribed non-fishing days increased. This has materially affected the performance of I&J's Alpesca operation.

Transformation and good corporate citizenship

Transformation

AVI recognises the 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.

AVI is progressing its transformation and is intent on providing a workplace that encourages diversity. Its transformation is considered in the context of broad-based black economic empowerment ("BBBEE") and is measured against the generic BBBEE scorecard. A central senior manager actively coordinates the Group'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 various initiatives. During the year under review the Group markedly improved its activity around those transformation initiatives that had been identified during the rating exercise undertaken during the 2007 financial year. Significant time and funds were invested in developing transformation plans within the operations for the year. These plans were reviewed at half year and revised activities were agreed upon, where necessary. The Group's transformation efforts and achievements were made more visible across the Group by engaging more actively with the operations and maturing communication across the Group. For example, a portal on AVI's intranet site was created that updates the Group's employees on material transformation developments and provides a forum for feedback.

As a result of the Group's collective efforts AVI's consolidated BBBEE rating has improved markedly to level 7 (at 40.13 points at June 2008). The most significant contributions to this improvement came from progress in the preferential procurement, skills development and employment equity areas. At a subsidiary level I&J made the most significant improvement and has been rated as a level 5 contributor with a score of 61.19.

Ownership

The AVI Black Staff Empowerment Share Scheme ("the Scheme"), which was launched during January 2007, has placed 7,7% of AVI's total issued share capital or 26,5 million ordinary AVI shares in a trust for the benefit of its eligible black employees. They will benefit from growth in the share price over a seven year period. To date approximately 5 800 employees have benefited as participants.

The immediate challenge for the Scheme is to ensure that it remains meaningful in light of the current economic environment that has resulted in AVI's share price declining with the rest of the South African equity market. There is on-going communication to the Scheme's participants regarding the Scheme's mechanisms and the equity market.

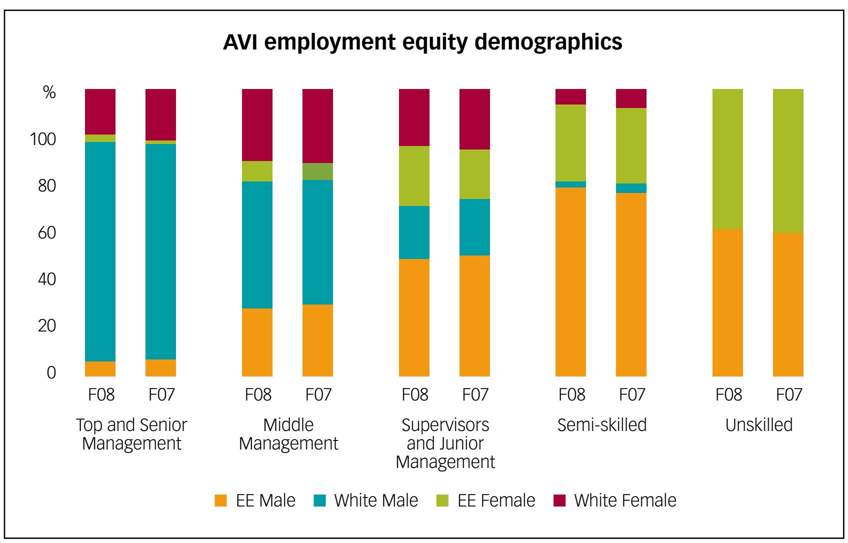
As previously reported, AVI unfortunately does not get recognition for the Scheme in its BBBEE scorecard calculation due to the manner in which the Scheme has been constructed. It is not deemed to be a share ownership scheme as it is share option-based and does therefore not give immediate ownership rights to the participants. The Scheme however promotes real broad-based black empowerment as each participant receives a material allocation of share options that is determined as a proportion of his or her annual cost of employment. As this lack of recognition for the Scheme seems unreasonable, during the year ahead AVI intends to review the structure of the Scheme and, if appropriate, engage with the Department of Trade and Industry in the hope that it may be properly recognised in the Group's BBBEE scorecard.

Management control and employment equity

During the year under review AVI has accelerated its efforts to appoint, develop and retain black employees, especially where under-represented in the management and executive bands. The Group has had some notable successes in key functions during the year under review, but has also had its progress hampered by losing some of its senior black staff.

AVI's employment equity efforts, that are expected to show success in the medium term, remain behind training, developing and mentoring black employees with the objective of preparing them for more senior roles. While demographic compositions seem similar year-on-year, key senior roles were populated with talented black candidates. This remains an area of focus in the year ahead. The Group's employment equity demographics are reflected in the graph below:

Spitz Customer Service Excellence Programme



Skills development

Skills development across the Group requires greater focus during the year ahead. During the year under review the Group spent an amount equivalent to 0,8% of its total payroll costs on skills development. While the investment in skills development could undoubtedly be enhanced, the development undertaken was more specific to individual requirements than before, and there was good progress made in internal training and mentoring. For example, A&D Spitz developed and has begun to implement a tailored Customer Service Excellence Programme that exposes all of its sales staff to 20 learner modules that are supported with on-job training.

A performance system has been designed to measure the success of the programme. There has also been a drive behind advancing learnerships in the Group. I&J has been most successful and placed 180 people through various marine-related learnerships that were managed in conjunction with the Transport, Education and Training Authority.

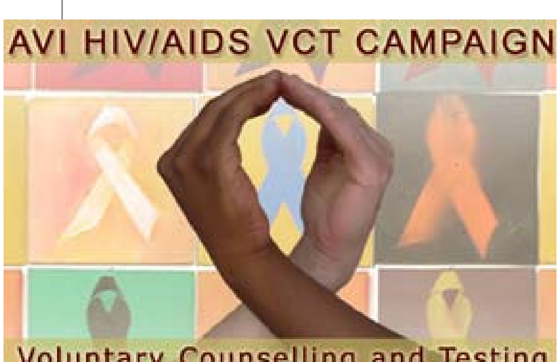
To better prepare the Group for the challenges ahead in the recruitment, development and retention of talented employees, AVI has matured its Human Resources structure and enhanced the quality of its Human Resources personnel during the year under review. It has also progressed its processes and practices to ensure more effective and responsible management of its employees. AVI has improved its recruitment and retention practices, its performance management practices, its industrial relations, and its approach to rewards and recognitions.

Preferential procurement

Preferential procurement has been a focus area during the year under review. Considering both the diversity of the operations within the Group and that the BBBEE scorecard was implemented as recently as February 2007, it was necessary to:

- create a master list of all of the Group's suppliers (approximately 4 000 in number), with sufficient detail to contact them to ascertain their BBBEE rating and to understand the reliance on them by the Group;
- obtain the suppliers' BBBEE rating and proof thereof. While this was a successful exercise, it remains work in progress; and
- where opportunities were readily available, favour suppliers with a higher BBBEE rating than their competitors.

The collaboration of the procurement community across the Group has markedly improved the Group's preferential procurement outlook. However further benefits are expected in the year ahead.



Good corporate citizenship

AVI recognises the benefits of being a good corporate citizen and being an organisation that is desirable to do business with.

Wellness – Safety and Health

AVI 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 to the food-handling industry and ensures that consumers are protected and quality assured.

Health and safety requirements are firstly monitored and reviewed within the risk management framework of the Group and legislative compliance is required as a minimum standard. The requisite health and safety committees are in place and training occurs on an on-going 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. Where appropriate, matters are referred to AVI's Board of directors. There are also various supplementary health and wellness initiatives that form part of AVI's employee engagement framework.

AVI's safety record is viewed against the industry standard disabling injury frequency rate ("DIFR"). This 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 Group level AVI achieved a DIFR of 1,20 for the year, compared to 1,26 for 2007. The trawling and fish processing activities are the most risky and where the Group's highest DIFRs are recorded. These remain a focus area for improvement as the Group targets a DIFR of less than 1,0.

The high safety standards adopted by the operations are 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. AVI's tea, coffee and biscuit manufacturing sites are ISO 9001 certified (which relates to their quality management systems) and ISO 14001 certified (which relates to their environmental management systems).

AVI continues to recognise the detrimental social and economic impact that HIV/AIDS is having in South Africa. In past years AVI has conducted a prevalence and impact assessment. This resulted in policy and practice that included the placement of permanent clinics at the larger sites; knowledge, attitude and practices surveys; awareness and education programmes; select voluntary counselling and testing programmes; select individual case management; the provision of universal precautions to prevent accidental transmission in the workplace; and the dispensing of free condoms.

During the year under review AVI significantly enhanced its efforts by introducing a Group-wide HIV/AIDS voluntary counselling and testing ("VCT") programme and provided post VCT-support for HIV+ employees. The programme commenced with interactive education sessions amongst manageable groups of 30 employees. Immediately thereafter the attendees were invited to be tested and establish their HIV/AIDS status.

3 488 or 61% of the Group's employees were tested, of which 278 or 8% of employees were found to be HIV+. These HIV+ employees have been given access to post-VCT support that includes counselling and lifestyle education so as to ensure that they manage their wellbeing appropriately. In the majority of instances these HIV+ employees have been placed under the watchful care of the clinics that exist on the Group's larger sites.

The VCT programme achieved the objectives of raising awareness, increasing significantly the number of employees that know their HIV status and providing AVI with detailed information per site so that its future efforts may be appropriately focused. The challenges ahead are to further equip the HIV+ employees sufficiently to lead healthy lifestyles and to confront various site-specific issues that arose during the VCT programme.

AVI's larger sites have active primary health-care 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 health care management of AVI's lower income earning employees.

Star Schools Project

Community social investment

AVI's Community Social Investment ("CSI") programme is aimed at bringing about positive social and economic changes to historically disadvantaged communities and to enhance the environment within which the Company operates. On an annual basis an amount of approximately 1% of the Group's pretax profits achieved in the previous year is set aside for this purpose. The areas of focus are education and skills development; sports, arts and culture; the environment and health and welfare. Grants are managed through various established structures within the Group but mostly through the AVI 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 ensure that they meet their objectives. During the year approximately R7 million was spent on the CSI programme. In addition, Snackworx continued to fund the successful Bakers Mini Cricket Sport Development Programme. Including this initiative, the total CSI contribution was in excess of R11 million during the year.

Some of the more noteworthy initiatives were:

- STAR Schools – 450 underprivileged grade 10, 11 and 12 learners from 27 schools were sponsored to attend the Star Schools programme, which provided them with extra schooling in Mathematics, Science and English. The matriculants achieved a 91% pass rate in comparison to the national average of 65%;
- Tertiary Education Bursaries – bursaries for tertiary education at universities was provided to eight students from disadvantaged backgrounds. Students

The St. Mary's home based care and drop in centre

have been selected based on their financial means, academic results and preferred field of study. The top graduates from the Star Schools were included in the selection process. The students are mentored by employees of the Group;

St Mary's Home Based Care and Drop In Centre

- St Mary's Hospital's Home Based Care And Drop-In Centre – AVI has continued to support St Mary's Hospital's community outreach programme, which cares for impoverished rural communities in the surrounds of Snackworx's Westmead (Durban) operation. AVI's contribution is used to support home care for the terminally ill and to purchase provisions for seven drop-in centres where day care and food is provided to vulnerable children and orphans from the community;
- WARMTH (War Against Malnutrition Tuberculosis and Hunger) – WARMTH operates 40 community kitchens in disadvantaged areas in the Western Cape. Each kitchen provides approximately 400 low-cost nourishing meals per day to those in need. I&J's contribution assists towards the supplies needed, and operating costs, of five kitchens;
- GAPA (Grandmothers Against Poverty and AIDS) – GAPA's objective is to assist senior citizens to develop skills and a support network to enable them to address the needs of their family members affected by HIV/AIDS. I&J has previously funded a community hall and trading store to enable GAPA to manufacture handicrafts. During the year under review I&J has funded the building of a classroom at the central GAPA office, to provide much needed aftercare facilities for local primary school children;
- REAP (Rural Education Access Programme) – REAP assists learners from poor rural communities to obtain tertiary education and to bridge the gap between secondary and tertiary education through providing financial and mentoring assistance;
- Apollo Music Trust – The Apollo Music Trust enables disadvantaged high school learners to experience orchestral concerts as an enriching cultural event. Transport, subsistence and the orchestral performance are provided;
- Friends of The Johannesburg Libraries – AVI assisted two libraries in the under developed surrounds of Johannesburg to replenish their reference books. The libraries are frequented by disadvantaged learners that are reliant on its resources to further their studies.

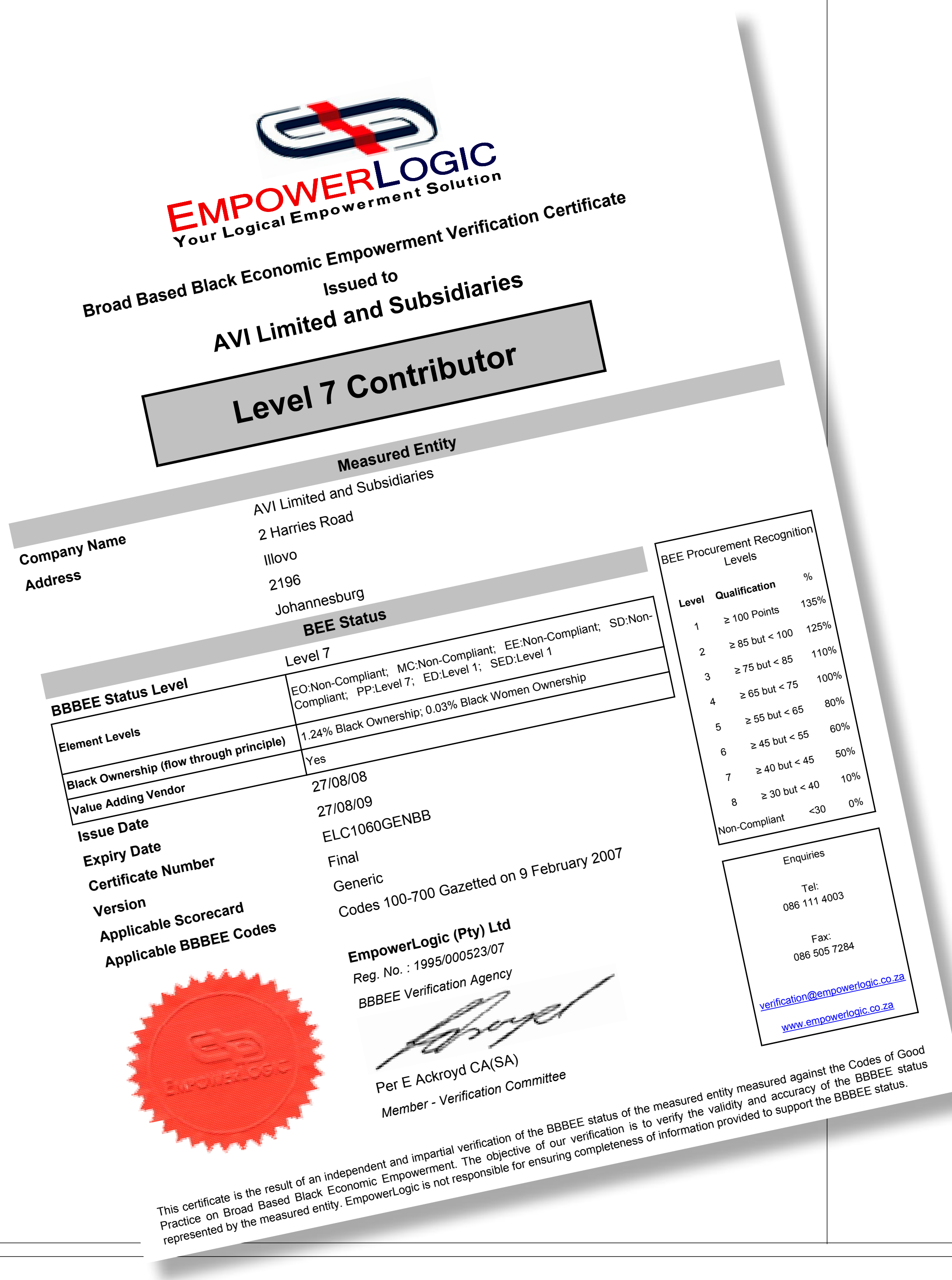
Environmental practices

AVI pursues responsible environmental practices. This involves compliance with all applicable environmental legislation and

Kitchen operator, Nontlantla Mgaju and her helper Buyiswa Mdlalo, pictured outside the WARMTH container in Silver City, Mitchells Plain the practice of responsible environmental management related to inputs (material, energy and water) and outputs (emissions, effluents and waste). An independent party conducts annual environmental audits at each site. The audit measures the impact that the particular operation has on its environment and reviews compliance with legislation and Group policy.

During the year under review some of the Group's achievements were:

- Environmental controls – ISO 14001 accreditation, which relates to environmental management systems, was achieved at Entyce's tea and coffee manufacturing sites and at Snackworx's biscuit manufacturing sites;
- Energy conservation – Snackworx refurbished an existing steam-generating plant at its Rosslyn site, which materially reduced electricity and coal consumption. The success of this project will result in its adoption of this initiative at other sites during the year ahead;
- Fuel consumption – due to more efficient route planning and the review of the distribution networks, fuel consumption across the Group has significantly improved; and
- Carbon Disclosure Project – AVI participated in the 2008 International Carbon Disclosure Project using data from Denny, Indigo, I&J, Snackworx and Entyce. This is an international initiative aimed at measuring Greenhouse Gas emissions in response to the threat posed by climate change. The two key areas measured and reported on this year were consumption of electricity (R32 million) and fossil fuels (R162 million). This has created a context for future improvements.



EMPOWERLOGIC
Your Logical Empowerment Solution

Broad Based Black Economic Empowerment Verification Certificate
Issued to
AVI Limited and Subsidiaries

Level 7 Contributor

Measured Entity

Company Name	AVI Limited and Subsidiaries
Address	2 Harries Road Illovo 2196 Johannesburg

BEE Status

BBBEE Status Level	Level 7
Element Levels	EO:Non-Compliant; MC:Non-Compliant; EE:Non-Compliant; SD:Non-Compliant; PP:Level 7; ED:Level 1; SED:Level 1
Black Ownership (flow through principle)	1.24% Black Ownership; 0.03% Black Women Ownership
Value Adding Vendor	Yes
Issue Date	27/08/08
Expiry Date	27/08/09
Certificate Number	ELC1060GENBB
Version	Final
Applicable Scorecard	Generic
Applicable BBBEE Codes	Codes 100-700 Gazetted on 9 February 2007

BEE Procurement Recognition Levels

Level	Qualification	%
1	≥ 100 Points	135%
2	≥ 85 but < 100	125%
3	≥ 75 but < 85	110%
4	≥ 65 but < 75	100%
5	≥ 55 but < 65	80%
6	≥ 45 but < 55	60%
7	≥ 40 but < 45	50%
8	≥ 30 but < 40	10%
Non-Compliant	<30	0%

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EmpowerLogic (Pty) Ltd
Reg. No. : 1995/000523/07
BBBEE Verification Agency

Per E Ackroyd CA(SA)
Member - Verification Committee

This certificate is the result of an independent and impartial verification of the BBBEE status of the measured entity measured against the Codes of Good Practice on Broad Based Black Economic Empowerment. The objective of our verification is to verify the validity and accuracy of the BBBEE status represented by the measured entity. EmpowerLogic is not responsible for ensuring completeness of information provided to support the BBBEE status.

Contents

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements and Group annual financial statements which appear on pages 54 to 122 were authorised for issue by the Board of directors on 3 September 2008 and are signed on their behalf.

AWB Band
Non-executive chairman

SL Crutchley
Chief executive officer

CERTIFICATE OF THE COMPANY SECRETARY

In terms of section 268G(d) of the Companies Act, 1973, as amended, I certify that, to the best of my knowledge and belief, the Company has lodged with the Registrar of Companies for the financial year ended 30 June 2008, all such returns required of a public company in terms of the Companies Act, and that all such returns are true, correct and up to date.

M Ndema
Company secretary
Illovo, Johannesburg
3 September 2008

REPORT OF THE INDEPENDENT AUDITORS

To the members of AVI Limited

We have audited the Group annual financial statements and the annual financial statements of AVI Limited, which comprise the balance sheets at 30 June 2008 and the income statements, the statements of changes in equity and cash flow statements for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report as set out on pages 54 to 122.

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 in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 2008, 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 in the manner required by the Companies Act of South Africa.

KPMG Inc.
Registered Auditor

Per MCA Hoffman
Chartered Accountant (SA)
Registered Auditor
Director
3 September 2008

KPMG Crescent
85 Empire Road
Parktown
Johannesburg

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 currently 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 Company's directors are responsible for the preparation and fair presentation of the Group annual financial statements and separate parent annual financial statements, comprising the balance sheets at 30 June 2008, and the income statements, the statements of changes in equity and cash flow statements for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

The directors' responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these financial statements.

The directors have made an assessment of the Group and Company's ability to continue as a going concern and there is no reason to believe the businesses will not be going concerns in the year ahead.

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

Audit Committee report in terms of section 270A(1)(f) of the Companies Act (the Act)

The AVI Audit Committee has discharged the functions delegated to it in terms of the AVI Audit Committee charter and ascribed to it in terms of the Act.

During the period under review, the AVI Audit Committee:

(a) met on three separate occasions to review *inter alia* the year end and interim results of the AVI Group, as well as to consider regulatory and accounting standard compliance in so far as the same pertained to the Audit Committee and the AVI Group respectively;
(b) considered and satisfied itself that the external auditors KPMG Inc are independent;
(c) approved the external auditors' budgeted fees for the 2008 financial year and nominated KPMG Inc for appointment as the Group auditors for 2009;
(d) determined the non-audit-related services which the external auditors are permitted to provide to AVI and revised the policy for the use of the external auditors for non-audit-related services. As from 1 July 2008, all non-audit-related service agreements between the AVI Group and the external auditors are pre-approved;
(e) confirmed the internal audit charter and audit plan for the 2008 financial year;
(f) engaged an independent service provider to assess and evaluate the effectiveness of the internal audit function; and
(g) held separate meetings with management to discuss any problems and reservations arising from the year end audit and other matters that they wished to discuss. The chairman of the Audit Committee met separately with both external and internal auditors.

On 12 June 2008, Mr Angus Band resigned as a member of the Audit Committee, in compliance with the new criteria of the Corporate Laws Amendment Act, which provides that an audit committee must consist only of non-executive directors who have not in the past three financial years been full-time salaried employees of the company. Mr Band was a full-time salaried employee of the Company during the 2006 financial year.

For further details regarding the AVI Audit Committee, shareholders are referred to the Corporate Governance Report on page 36.

Financial

The results of operations for the year are set out in the income statement on page 79.

Revenue and operating profit before capital items were generated from the Group's defined segments as follows:

	2008 Rm	2007 Rm
REVENUE		
Continuing operations		
Branded consumer products	**6 646,1**	5 827,1
Corporate	**14,5**	24,8
	6 660,6	5 851,9
Discontinued operations		
Alpesca	**445,5**	480,5
Total	**7 106,1**	6 332,4
A decision was made to disinvest from Alpesca in June 2008 and consequently the results of this operation have been disclosed as discontinued in both years.		
OPERATING PROFIT/(LOSS) BEFORE CAPITAL ITEMS		
Continuing operations		
Branded consumer products	**818,8**	718,4
Corporate	**(20,1)**	(16,1)
	798,7	702,3
Discontinued operations		
Alpesca	**(10,2)**	33,1
Total	**788,5**	735,4

Details of this analysis are provided on pages 64 and 65 in the segmental information report, which follows the directors' report.

A five-year summary of Group balance sheets, income statements and cash flow statements is presented on pages 32 to 33.

Corporate activity

Information regarding the Company's interest in subsidiaries and details regarding associated companies, joint ventures and other investments is given on pages 109 to 111.

The principal changes were as follows:

- Effective 1 July 2007, Ciro Beverage Solutions (Pty) Limited, a subsidiary of National Brands Limited, acquired the assets of a roaster and distributor of coffee in the Out of Home sector for R15,2 million. A long-term supply agreement between Ciro Beverage Solutions (Pty) Limited and Famous Brands Limited was concluded as a condition of this transaction.
- Effective 4 October 2007, I&J disposed of part of the assets of an ancillary offshore subsidiary, which was shown as held for sale at 30 June 2007, for R15,1 million.
- Effective 15 November 2007, the Company acquired a licensee and wholesaler of exclusive apparel brands (including Gant), for R20,7 million.
- In June 2008 AVI's Board resolved to disinvest from the Argentinean hake and shrimp operations conducted by Alpesca s.a. ("Alpesca"), a wholly owned subsidiary of Irvin and Johnson Holding Company (Proprietary) Limited ("I&J").

There were no other significant changes to investments.

Share capital

Details of the Company's authorised and issued share capital are given in Note 8 to the annual financial statements on page 90.

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 91.

As approved at the general meeting held on 24 October 2007, the Company made a payment of 75 cents per share, amounting to R257,0 million out of share premium in terms of S90 of the Companies Act. Of this amount, R26,4 million was received by shares held by share trusts and a subsidiary.

In accordance with the general authority granted by shareholders at its annual general meetings held on 18 October 2006 and 24 October 2007, the Company has through a wholly owned subsidiary, AVI Investment Services (Pty) Limited, purchased 17 306 884 of its own shares on the open market of the JSE Limited, at a cost of R319,1 million.

During the year, the Company redeemed 148 024 convertible redeemable preference shares at par plus the premium on the initial subscription price (an aggregate of 90 cents per share). These shares had been issued to staff participating in the AVI Limited Equity Participation Plan and were redeemed on expiry of the Plan.

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 15 October 2008.

Dividends

Dividends, paid and proposed, are disclosed in Note 30 to the annual financial statements on page 104.

Directorate

There were the following changes to the Board in the year under review. Mr AR Evans retired as a member of the Board on 24 October 2007. Mr A Nühn joined the Board on 16 November 2007 and Ms NT Moholi joined the Board on 1 December 2007.

In terms of the Company's Articles of Association, Messrs AWB Band, SL Crutchley, JR Hersov, A Nühn and Ms NT Moholi retire at the forthcoming annual general meeting. All the retiring directors, being eligible, offer themselves for re-election.

Interests of the directors

The interests of the directors in the issued listed securities of the Company as at 30 June 2008 and 30 June 2007, being ordinary shares of 5 cents each, are as follows:

	Direct number	Beneficial Indirect number	% of total
At 30 June 2008			
AWB Band	**346 861**	**–**	**0,1**
SL Crutchley	**539 545**	**–**	**0,2**
PM Goss	**–**	**231 000**	**0,1**
RS Katzen	**409 325**	**–**	**0,2**
Total	**1 295 731**	**231 000**	**0,6**
At 30 June 2007			
AWB Band	346 861	–	0,1
SL Crutchley	539 545	–	0,2
PM Goss	–	231 000	0,1
RS Katzen	283 622	–	0,1
Total	1 170 028	231 000	0,5

The direct beneficial interests of the directors in the convertible redeemable preference shares of 90 cents each are as follows:

	Number of convertible redeemable preference shares	% of total issued
At 30 June 2007		
SL Crutchley	40 918	27,6
RS Katzen	25 854	17,5
Total	66 772	45,1

During the year the Company redeemed all outstanding convertible redeemable preference shares on expiry of the AVI Limited Equity Participation Plan.

The Company has not been advised of any changes in the above interests in ordinary shares during the period 1 July 2008 to the date of this report.

Share incentive schemes

The interests of the directors are given on page 62 in the directors' remuneration report.

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

Date of grant	Exercise price R	Instruments[1] outstanding at 30 June 2007 number	Exercised number	Relinquished number	Instruments[1] outstanding at 30 June 2008 number
THE AVI SHARE INCENTIVE SCHEME					
September 2001	6,21	64 390	(21 093)	–	**43 297**
November 2001	6,67	13 177	(9 820)	(1 511)	**1 846**
May 2002	7,82	15 923	–	–	**15 923**
May 2002	7,71	10 890	(10 890)	–	**–**
		104 380	(41 803)	(1 511)	**61 066**

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

DIRECTORS' REPORT continued

The options and/or scheme shares are available to be exercised as follows: 25% on the second anniversary of the date of granting of rights, 25% on the third anniversary, 25% on the fourth anniversary and 25% on the fifth anniversary. Any options and/or scheme shares not exercised on the tenth anniversary of such date of granting of rights will lapse.

Date of grant	Exercise price R	Instruments[2] outstanding at 30 June 2007 number	Granted number	Exercised number	Relinquished number	Instruments[2] outstanding at 30 June 2008 number
THE AVI EXECUTIVE SHARE INCENTIVE SCHEME						
10 January 2003	8,18	90 457	–	(62 081)	–	**28 376**
1 July 2003	8,53	50 713	–	(14 648)	–	**36 065**
1 January 2004	9,55	241 891	–	(170 271)	(884)	**70 736**
1 July 2004	10,02	402 215	–	(179 831)	–	**222 384**
31 May 2005	12,62	1 683 542	–	(54 551)	(159 036)	**1 469 955**
10 October 2005	15,19	162 573	–	(19 440)	(18 996)	**124 137**
1 April 2007[3]	19,39	–	462 635	–	–	**462 635**
1 October 2007	21,12	–	421 983	–	–	**421 983**
1 April 2008	16,26	–	1 530 538	–	–	**1 530 538**
		2 631 391	2 415 156	(500 822)	(178 916)	**4 366 809**

[2]*Includes options, immediate shares and any vested but unexercised rights.*
[3]*Allocation was due in April 2007 but granted in current financial year after finalisation of revised scheme rules.*

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) or fourth anniversary (issued after 2006) 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 or resignation.

Date of grant	Exercise price	Instruments outstanding at 30 June 2007	Granted number	Exercised number	Relinquished number	Instruments outstanding at 30 June 2008
THE AVI FINANCIAL SERVICES CASH-SETTLED SHARE APPRECIATION RIGHTS PLAN						
January 2001	8,21	57 350	–	(45 426)	–	**11 924**
January 2002	6,23	23 537	–	–	–	**23 537**
January 2003	8,21	55 175	–	(24 717)	–	**30 458**
January 2004	9,79	88 639	–	(40 416)	–	**48 223**
January 2005	12,62	199 722	–	(45 443)	(334)	**153 945**
October 2005	13,21	161 989	–	–	–	**161 989**
January 2006	16,32	89 288	–	(11 080)	(4 085)	**74 123**
April 2006	16,32	628 729	–	–	–	**628 729**
May 2006	16,85	69 332	–	–	–	**69 332**
October 2006	15,91	177 516	–	–	–	**177 516**
April 2007[1]	19,39	–	604 371	–	–	**604 371**
		1 551 277	604 371	(167 082)	(4 419)	**1 984 147**

[1]*Allocation was due in April 2007 but granted in current financial year after finalisation of revised scheme rules.*

The above scheme is a cash-settled scheme in a subsidiary that is accounted for in terms of *IFRS 2 – Share-Based Payments,* since the share appreciation rights are directly linked to the AVI Ltd 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 tenth anniversary (issued before 2007) or on the fourth anniversary (issued after 2006) of such date will lapse.

The AVI Limited Equity Participation Plan ("the Plan")

Participants in the Plan have been issued convertible redeemable preference shares of 20 cents each at a premium of 70 cents each. During the year the Company redeemed all outstanding convertible redeemable preference shares on expiry of the Plan.

	Number of shares in issue
At 30 June 2007	148 024
Redeemed during the year	(148 024)
At 30 June 2008	–

The AVI Out-Performance Scheme

At the general meeting held on Wednesday, 24 October 2007, shareholders approved the adoption of the AVI Out-Performance Scheme ("OPS") to replace the 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 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 times 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 shall be funded by way of contributions from employer companies in respect of participants who are their employees. The participants will not be required to pay the Trust for the delivery of AVI shares.

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.

Allocations

Date of grant	Grant price	Granted number	Exercised number	Relinquished number	Instruments outstanding at 30 June 2008
31 October 2007	21,35	556 486	–	–	**556 486**
25 June 2008	14,47	816 209	–	–	**816 209**
		1 372 695	–	–	**1 372 695**

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

AVI Black Staff Empowerment Scheme

Date of grant	Grant price	Exercise price[1]	Instruments outstanding at 30 June 2007	Granted number	Relinquished number	Instruments outstanding at 30 June 2008
THE AVI BLACK STAFF EMPOWERMENT SCHEME TRUST						
January 2007	15,51	15,91	21 120 475	–	(3 623 303)	**17 497 172**
October 2007	19,58	19,80	–	1 521 449	–	**1 521 449**
April 2008	16,49	16,69	–	1 265 334	–	**1 265 334**
			21 120 475	2 786 783	(3 623 303)	**20 283 955**

[1]*The exercise price is calculated at 30 June 2008 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. Allocations will occur semi-annually in April and October each year, but not later than the end of 2011. The Scheme shall terminate by no later than 12 years from inception.

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 6 percent (presently 20 558 308 ordinary shares) of the total issued ordinary share capital of the Company. Each participant may not acquire share instruments or options under the Schemes which would amount in aggregate to more than 2 percent (presently 6 852 769 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 2008 is 5 800 570, which equates to 1,7% of the issued share capital. The AVI Black Staff Empowerment Scheme Trust is not subject to these restrictions.

Material shareholders

The Company does not have a holding company.

Ordinary shares

The beneficial holders of 5% percent or more of the issued ordinary shares of the Company at 30 June 2008, according to the information available to the directors were:

	Number of ordinary shares	%
Coronation Fund Managers	47 967 214	14,0
Public Investment Corporation	42 187 842	12,3
AVI Black Staff Empowerment Scheme Trust	26 487 980	7,7
Liberty Group	18 440 753	5,4

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

The following special resolution has been passed by the Company since the previous directors' report dated 6 September 2007 to the date of this report.

- To authorise 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.

Post-balance sheet events

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

DIRECTORS' REMUNERATION REPORT

Share Incentive Scheme interests

THE AVI LIMITED SHARE INCENTIVE SCHEMES Name	Date of grant	Exercise price per share R	Instruments[1] outstanding at 30 June 2007 number	Granted number	Exercised number	Instruments[1] outstanding at 30 June 2008 number
SL Crutchley	27 September 2001	6,21	21 406	–	–	**21 406**
	01 July 2004	10,02	114 285	–	–	**114 285**
	31 May 2005	12,62	211 953	–	–	**211 953**
	1 April 2008	16,26	–	508 155	–	**508 155**
RS Katzen	1 July 2004	10,02	117 781	–	(117 781)	**–**
	31 May 2005	12,62	141 968	–	–	**141 968**
	1 April 2008	16,26	–	153 911	–	**153 911**
OP Cressey	10 October 2005	15,19	47 508	–	–	**47 508**
	1 October 2007	21,12	–	114 168	–	**114 168**
			654 901	776 234	(117 781)	**1 313 354**

[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 tenth anniversary (issued before 2007) or on the fourth anniversary (issued after 2006) of the grant date.*
- *None of the non-executive directors has share incentive scheme interests.*
- *The shareholdings of the directors, are given in the directors' report on page 57.*

THE AVI FINANCIAL SERVICES CASH-SETTLED SHARE APPRECIATION RIGHTS PLAN Name	Date of grant	Exercise price R	Instruments outstanding at 30 June 2007 number	Granted number	Instruments outstanding at 30 June 2008
SL Crutchley	1 October 2005	13,21	161 989	–	**161 989**
	1 April 2006	16,32	209 099	–	**209 099**
	1 April 2007[(1)]	19,39	–	314 595	**314 595**
RS Katzen	1 April 2006	16,32	120 634	–	**120 634**
	1 April 2007[(1)]	19,39	–	129 738	**129 738**
OP Cressey	1 May 2006	16,85	69 332	–	**69 332**
	1 October 2006	15,91	123 743	–	**123 743**
			684 797	444 333	**1 129 130**

[(1)]Allocation was due in April 2007 but awarded in current financial year after finalisation of scheme rules.

The above scheme is a cash-settled scheme in a subsidiary that is accounted for in terms of *IFRS 2 – Share-Based Payments,* since the share appreciation rights are directly linked to the AVI Ltd share price. The options are exercisable in their entirety three years after the grant date. Any rights not exercised on the tenth anniversary (issued before 2007) or on the fourth anniversary (issued after 2006) of such date will lapse.

THE AVI OUT PERFORMANCE SCHEME Name	Date of grant	Grant price R	Granted number	Instruments outstanding at 30 June 2008
SL Crutchley	31 October 2007	21,35	98 810	**98 810**
	25 June 2008	14,47	97 194	**97 194**
RS Katzen	31 October 2007	21,35	43 414	**43 414**
	25 June 2008	14,47	25 622	**25 622**
OP Cressey	31 October 2007	21,35	45 175	**45 175**
	25 June 2008	14,47	53 324	**53 324**
			363 539	**363 539**

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

Emoluments

Paid to directors of the Company by the Company and its subsidiaries

	2008						
	Salary R'000	Bonus and performance related payments* R'000	Pension fund contri-butions R'000	Gains on exercise of share options R'000	Other benefits and allowances R'000	Total R'000	2007 R'000
EXECUTIVE DIRECTORS							
SL Crutchley	**2 913**	**2 179**	**377**	**–**	**226**	**5 695**	5 444
OP Cressey	**1 578**	**1 112**	**188**	**–**	**163**	**3 041**	1 792
RS Katzen	**1 560**	**544**	**181**	**1 187**	**113**	**3 585**	2 899
	6 051	**3 835**	**746**	**1 187**	**502**	**12 321**	10 135
NON-EXECUTIVE DIRECTORS' AND COMMITTEE FEES							
AWB Band (chairman)						**425**	425
MH Buthelezi						**190**	160
NJM Canca						**140**	130
AR Evans[3]						**49**	145
AKL Fihla[1]						**–**	75
PM Goss						**140**	130
JR Hersov						**110**	100
SD Jagoe						**170**	140
NT Moholi[4]						**64**	–
A Nühn[5]						**233**	–
GR Tipper[2]						**155**	25
						1 676	1 330
						13 997	11 465

[1]*Resigned 22 March 2007*
[2]*Appointed 26 March 2007*
[3]*Retired 24 October 2007*
[4]*Appointed 1 December 2007*
[5]*Appointed 16 November 2007*
**Bonuses paid during the year under review relate to the 2007 financial year.*

Details relating to the Group's remuneration practices are set out in the Corporate Governance report on pages 36 to 40.

SEGMENT REPORTING

	Continuing operations							
	Entyce		Snackworx		Chilled & Frozen Convenience Brands		Out of Home	
	2008 Rm	2007 Rm	**2008 Rm**	2007 Rm	**2008 Rm**	2007 Rm	**2008 Rm**	2007 Rm
Net segment revenue	**1 547,5**	1 339,1	**1 677,2**	1 394,2	**1 775,4**	1 690,8	**392,7**	344,9
Revenue from customers	**1 547,5**	1 339,1	**1 677,2**	1 394,2	**1 775,4**	1 690,8	**392,7**	344,9
Intersegment revenue	**36,2**	37,9	**21,1**	16,2			**5,6**	
SEGMENT RESULT								
Operating profit/(loss) before capital items	**189,1**	160,6	**185,8**	156,8	**194,9**	139,1	**42,7**	53,5
Share of equity accounted earnings of JVs	**–**	–	**–**	–	**17,2**	(21,4)	**–**	–
Operating profit from ordinary activities	**189,1**	160,6	**185,8**	156,8	**212,1**	117,7	**42,7**	53,5
Income from investments	**23,8**	7,3	**17,7**	6,2	**50,3**	18,1	**5,5**	2,2
Interest expense	**51,4**	18,1	**21,2**	2,7	**31,8**	14,6	**7,1**	1,7
Taxation	**59,8**	58,9	**52,2**	54,2	**72,7**	36,4	**11,7**	17,2
Segment profit/(loss) before capital items	**101,7**	90,9	**130,1**	106,1	**157,9**	84,8	**29,4**	36,8
Capital items (after minorities and tax)								
Profit for the year								
SEGMENT ASSETS	**802,4**	762,1	**906,6**	855,0	**1 862,0**	1 711,1	**367,9**	275,4
SEGMENT LIABILITIES	**805,2**	585,7	**480,4**	392,3	**905,8**	868,1	**170,4**	100,8
CAPITAL								
Additions to property, plant and equipment	**53,3**	25,3	**58,3**	47,3	**40,4**	63,1	**25,3**	21,0
Depreciation and amortisation	**18,0**	15,6	**35,5**	31,8	**52,0**	56,9	**18,2**	18,6
Impairment losses/(reversals)	**4,3**	–	**2,9**	–	**(0,1)**	16,8	**(2,0)**	2,0
Number of employees at year end	**847**	818	**1 499**	1 492	**3 573**	4 062	**496**	595

	2008		2007	
Total operations	**Rm**	**%**	Rm	%
Segmental revenue by market				
The Group's consolidated revenue by geographic market, regardless of where goods were produced, was as follows:				
South Africa	**5 523,2**	**77,7**	4 842,2	76,6
International operations	**747,2**	**10,5**	696,0	11,0
Exports from South Africa	**835,7**	**11,8**	794,2	12,4
	7 106,1	**100,0**	6 332,4	100,0
Analysis of non-current assets* by geographic area				
South Africa	**2 149,0**	**90,6**	2 018,3	82,2
Other African	**7,6**	**0,3**	5,7	0,2
Europe	**0,2**	**0,0**	22,6	0,9
Australia	**216,2**	**9,1**	158,2	6,4
South America	**–**	**–**	251,1	10,2
	2 373,0	**100,0**	2 455,9	100,0

**Comprise non-current assets less financial instruments, deferred tax assets, and assets arising from post employment benefits and insurance contracts*

								Discontinued operations			
Personal care		Footwear & apparel		Corporate & consolidation		**Total**		Alpesca		**Total**	
2008 Rm	2007 Rm	**2008 Rm**	2007 Rm	**2008 Rm**	2007 Rm	**2008 Rm**	2007 Rm	**2008 Rm**	2007 Rm	**2008 Rm**	2007 Rm
623,5	555,9	629,8	502,2	14,5	24,8	6 660,6	5 851,9	445,5	480,5	7 106,1	6 332,4
623,5	555,9	629,8	502,2	14,5	24,9	6 660,6	5 851,9	445,5	480,5	7 106,1	6 332,4
3,5	2,5			(66,4)	(56,6)	–	–			–	–
73,4	63,3	132,9	145,1	(20,1)	(16,1)	798,7	702,3	(10,2)	33,1	788,5	735,4
–	–	–	–	–	–	17,2	(21,4)	–	–	17,2	(21,4)
73,4	63,3	132,9	145,1	(20,1)	(16,1)	815,9	680,9	(10,2)	33,1	805,7	714,0
8,1	1,9	5,3	2,4	(88,2)	(12,8)	22,5	25,3	–	–	22,5	25,3
11,0	4,0	12,3	1,2	(48,3)	6,2	86,5	48,5	10,0	9,4	96,5	57,9
19,5	21,1	38,9	55,0	9,2	(11,4)	264,0	231,4	(10,0)	(2,5)	254,0	228,9
51,0	40,1	87,0	91,3	(69,2)	(23,7)	487,9	426,3	(10,2)	26,2	477,7	452,5
										12,0	30,7
										489,7	483,2
470,9	433,6	314,8	248,6	87,8	140,7	4 812,4	4 426,5	460,1	401,8	5 272,5	4 828,3
341,2	329,4	207,2	176,3	(393,3)	(490,6)	2 516,9	1 962,0	254,3	204,3	2 771,2	2 166,3
24,9	17,3	64,4	37,7	4,9	21,9	271,5	233,8	11,3	17,7	282,8	251,5
18,3	13,9	18,0	5,8	6,7	7,4	166,7	150,0	24,4	27,6	191,1	177,6
–	–	–	–	–	1,8	5,1	20,6	–	–	5,1	20,6
458	440	684	513	122	153	7 679	8 073	1 532	1 776	9 211	9 849

SEGMENT REPORTING continued

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.

IFRS 8 replaces IAS 14 – Segment Reporting. The standard requires segmentation based on the group's internal organisation and reporting of revenue and operating income based upon internal accounting presentation.

IFRS 8 was approved by the IASB in November 2006 and is effective for reporting periods beginning on or after 1 January 2009. The Group has early adopted the standard.

Identification of reportable segments

The group discloses its reportable segments according to the entity components that management monitor 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 chief operating decision makers 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.
The operating segments of AVI Limited are the same as the previously reported business segments based on IAS 14.

Segment revenue excludes value added taxation and includes intersegment revenue. Net revenue 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 20.

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 of the different segments 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, creamer, and chilled fruit juice, primarily in South Africa.

Snackworx
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.

Chilled & Frozen Convenience Brands
I&J processes, markets and distributes premium quality value-added seafood in local and international markets (mainly Europe and Australia). Denny is South Africa's largest producer of fresh and processed mushrooms, with a growing range of convenience foods and sauces.

Out of Home
Ciro Beverage Solutions is the leading 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. Sir Juice adds a premium short-life juice offering.

Fashion brands
Fashion brands provides personal care, footwear and apparel offerings. Indigo Cosmetics creates, manufactures and distributes leading cosmetic and toiletry products that range from mass market to bridge fragrances. Some product is exported. Spitz, Nina Roche and Gant 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 autonomous subsidiaries. Other entities in this segment comprise the various staff scheme share trusts.

Geographical segments

The group's operations are principally located in South Africa. The South American assets comprise a disposal group held for sale, previously included in the Chilled & Frozen Convenience Brands segment

Major customers

The Group's most significant customers, being two South African retailers, individually contribute to more than 10% of the Group's revenue in the Entyce, Snackworx and Chilled & Frozen Convenience Brands segments.

AVI Limited (the "Company") is a South African registered company. The consolidated financial statements of the Company for the year ended 30 June 2008 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and joint ventures.

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the interpretations adopted by the International Accounting Standards Board ("IASB") and in the manner required by the South African Companies Act.

Basis of preparation

The annual financial statements are prepared in millions of South African Rand ("Rm") on the historical cost basis, except for the following assets and liabilities which are stated at their fair value: derivative financial instruments and biological assets.

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 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.

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
Note 32 – contingencies
Note 33 – measurement of share-based payments

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by all Group entities.

Basis of consolidation

Subsidiaries

The Group 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.

Subsidiaries are those entities over whose financial and operating policies the Group has the power to exercise control, so as to obtain benefits from their activities.

Associated companies and joint ventures

An associated company is an enterprise over whose financial and operating policies the Group has the ability to exercise significant influence, but not control. A joint venture is an enterprise over whose financial and operating policy decisions the Group has the ability to exercise joint control in terms of a contractual arrangement.

The Group's share of post-acquisition recognised gains and losses of associated companies is equity accounted from the date that significant influence commences to the date that significant influence ceases. The Group's attributable share of post-acquisition reserves of joint ventures is equity accounted from the date that joint control commences to the date that joint control ceases.

Where the Group's share of losses of an associated company or joint venture exceeds the carrying amount, the investment is carried at nil. Additional losses are only recognised to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of associates or joint ventures.

Eliminations on consolidation

Intra-group balances and transactions, and any unrealised gains and losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associated companies and joint ventures are eliminated to the extent of the Group's interest against the investment in these enterprises. Unrealised losses on transactions with associated companies and 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 "purchase method". Goodwill represents amounts arising on the acquisition of subsidiaries, businesses and joint ventures.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment. Negative goodwill arising on an acquisition is recognised directly in the income statement as a capital item.

Premiums and discounts arising on subsequent purchase from or sales to minority interests in subsidiaries

Following the presentation of minority 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 minority 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 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.

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.

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.

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 income statement is restated as if the operation had been discontinued from the start of the previous period.

Dividends payable

Dividends payable and any Secondary Tax on Companies pertaining thereto 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 balance sheet date. The accruals have been calculated at undiscounted amounts based on current salary levels at the balance sheet 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 the income statement 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.

Past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested, past service costs are recognised immediately.

Actuarial gains and losses in respect of defined benefit obligations are recognised as income or an expense if the net cumulative unrecognised actuarial gains and losses at the end of the previous financial year exceeded the greater of:

- 10 percent of the present value of the defined benefit obligation at that date before deducting plan assets; and
- 10 percent of the fair value of any plan assets at that date.

The amount recognised is the excess determined above, divided by the expected average remaining working lives of the employees participating in that plan.

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 benefit 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.

Share-based payment transactions

Group share-based payment transactions

Transactions in which a parent grants rights to its equity instruments directly to the employees of its subsidiaries are classified as equity settled in the financial statements of the subsidiary, provided the share-based payment is classified as equity settled in the consolidated financial statements of the parent.

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 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 and a corresponding adjustment against equity for the capital contribution recognised in respect of the share-based payment.
- The parent recognises a recharge asset 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 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. The amount of the recharge in excess of the capital contribution recognised as an increase in the investment in subsidiary is deferred and recognised as dividend income by the parent when settled by the subsidiary.

Financial instruments

Measurement

Financial instruments are recognised initially at fair value plus, for instruments net of 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 or other access to economic benefits. 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 the income statement.

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 equity, except for impairment losses and foreign exchange gains or losses, which are recognised in the income statement. When these investments are disposed of, the cumulative gain or loss previously recognised directly in equity is recognised in the income statement as a capital item. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the income statement.

Trade and other receivables
Trade and other receivables are stated at amortised cost less impairment losses.

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

Financial liabilities
Financial liabilities are recognised when there is an obligation to transfer benefits and that obligation is a contractual liability 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.

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 the income statement over the period of the borrowings on an effective interest basis.

Trade and other payables
Trade and other payables are stated at amortised cost.

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.

Derivative instruments are measured at fair value. Fair value is determined by comparing the contracted rate to the current rate of an equivalent instrument with the same maturity date.

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 the income statement 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 equity.

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.

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 the income statement when the underlying transaction occurs. If the hedged transaction is no longer expected to occur, the cumulative unrealised gain or loss is recognised in the income statement 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 the income statement.

ACCOUNTING POLICIES continued

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 end of the financial year are translated to South African Rand at the rates ruling at that date. Gains or losses on translation are recognised in the income statement.

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 balance sheet 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 directly in a separate component of equity – foreign currency translation reserve. The foreign currency translation reserve applicable to a foreign operation is released to the income statement 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 receivables which are separately assessed and provided against where necessary, are reviewed at each balance sheet 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 cost to sell 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 the income statement 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, or 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 available-for-sale financial asset recognised previously 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 equity.

Intangible assets

Intangible assets, excluding goodwill, acquired by the Group are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the income statement 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 the income statement 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 point-of-sale costs 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 point-of-sale costs, with any resultant gain or loss recognised in the income statement. Point-of-sale costs 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

Payments made under operating leases with fixed escalation clauses are recognised in the income statement on a straight-line basis over the term of the lease.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability. The finance charge is allocated to each period during the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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 first is allocated to goodwill, and then to remaining assets and liabilities on *pro rata* basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property 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. Gains are not recognised in excess of any cumulative impairment loss.

ACCOUNTING POLICIES continued

Impairment losses on initial classification as held-for-sale and gains and losses on subsequent remeasurement are included in the income statement as capital items.

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.

Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of a finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. Other leases, which do not transfer substantially all the risks and rewards of ownership, are treated as operating leases with lease payments charged against operating profit.

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 additional 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 the income statement 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		4 – 20 years
• Motor vehicles	– trucks	3 – 8 years
	– other	3 – 5 years
• Furniture and equipment		3 – 10 years
• Vessels	– hull	20 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 is to begin 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 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. 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.

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 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 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

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 or if dividend payments are not discretionary. Dividends thereon are recognised in the income statement 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, 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. Consideration received when own shares held by the Group are re-issued is presented as a change in equity and no gain 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 the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in 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 balance sheet date, and any adjustment of 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 substantially enacted at the balance sheet date.

ACCOUNTING POLICIES continued

Deferred taxation is charged to the income statement except to the extent that it relates to a transaction that is recognised directly in equity, in which case it is recognised in 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 the income statement, except to the extent that it relates to items previously charged or credited directly to 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.

Secondary taxation on companies

Secondary taxation on companies is recognised in the year dividends are declared, net of dividends received. A deferred taxation asset is recognised on unutilised STC credits when it is probable that such unused STC credits will be utilised in the future.

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 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 2008. These include the following standards and interpretations that are applicable to the business of the Group, and have not been applied in preparing these consolidated financial statements:

- *IAS 1: Presentation of Financial Statements*

  IAS 1 will be adopted by AVI Limited for the first time for its financial reporting period ending 30 June 2010 and supersedes the 2003 version of IAS 1. The Group will present all non-owner changes in equity in a single statement of comprehensive income and owner changes in equity in the statement of changes in equity.

  The standard will not impact the Group's previously reported results and is not expected to have a significant impact on the Company. Presentation matters will be addressed when the financial statements for the year ending 30 June 2010 are prepared.

- *IAS 23 – Borrowing Costs* revised eliminates the option of immediate recognition as an expense of borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. The Group's current policy is to capitalise borrowing costs attributable to the acquisition, construction or production of a qualifying asset and as such this revision is not anticipated to have any effect on the Group's previously reported consolidated financial statements. The revised statement will become effective for the Group's 2010 financial statements.

- *IAS 27 amendments: Consolidated and Separate Financial Statements*

  The IAS 27 amendments will be adopted by AVI Limited for the first time for its financial reporting period ending 30 June 2010 and will require the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. They will no longer result in goodwill or gains and losses. This is consistent with the current Group accounting policy in this regard.The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in the income statement.

  The amendments to IAS 27 also require that losses (including negative "other comprehensive income" as detailed in the revised IAS 1) have to be allocated to the non-controlling interest even if doing so causes the non-controlling interest to be in a deficit position. The Group will in future change its accounting policies on the allocation of losses to non-controlling interests. In the past, losses were allocated only until the non-controlling interests had a zero balance.

- *IFRS 2 amendments: IFRS 2 Share-based Payment: Vesting Conditions and Cancellations*
  These IFRS 2 amendments will be adopted by AVI Limited for the first time for its financial reporting period ending 30 June 2010 and applies retrospectively. This amendment deals with two matters. It clarifies that vesting conditions are service conditions and performance conditions only. Other conditions of a share-based payment are non-vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. These changes will have no impact on the Group's financial statements as the treatment of "non-vesting" conditions is consistent with the Group's current accounting policies.

- *IFRS 3: Business Combinations (revised)*
  The revised IFRS 3 will be adopted by AVI Limited for the first time for its financial reporting period ending 30 June 2010. IFRS 3 applies to all new business combinations that occur after 1 July 2009. In future all transaction costs will be expensed and contingent purchase consideration will be recognised at fair value at acquisition date. For successive share purchases, any gain or loss for the difference between the fair value and the carrying amount of the previously held equity interest in the acquiree will be recognised in profit or loss.

- *IFRIC 12 – Service Concession Arrangements* addresses how service concession operators should apply IFRS to account for the obligations they undertake and the rights they receive in service concession arrangements. This interpretation is effective for the Group's 2009 financial statements and is not expected to have any material effect on the Group.

- *IFRIC 13 – Customer Loyalty Programmes* addresses accounting by entities that grant loyalty award credits to customers who buy goods or services. Specifically, it explains how such entities should account for their obligations to provide free or discounted goods or services ('awards') to customers who redeem award credits. This interpretation is effective for the Group's 2009 financial statements and is not expected to have a material effect on the Group.

- *IFRIC 14 – The Limits on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* provides general guidance on how to assess the limit in IAS 19 – *Employee Benefits* on the amount of a pension fund surplus that can be recognised as an asset. The availability of a refund of surplus or a reduction in future contributions (economic benefits) is determined based on the terms and conditions of the plan and any relevant statutory requirements. This interpretation is effective for the Group's 2009 financial statements and is not expected to have a material effect on the Group.

Amendments to various standards resulting from the May 2008 annual improvements to IFRS
The annual improvements project is the IASB's process for dealing with non-urgent but necessary amendments to IFRS. The Improvements to IFRS 2008 contains amendments that result in accounting changes for presentation, recognition or measurement purposes and terminology or editorial amendments that the IASB expects to have either no or only minimal effects on accounting.

The directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the previously reported financial statements of the Company.

BALANCE SHEET

		Group		Company	
	Note	**2008 Rm**	2007 Rm	**2008 Rm**	2007 Rm
ASSETS					
Property, plant and equipment	1	**1 164,8**	1 241,7	**–**	–
Intangible assets and goodwill	2	**986,2**	1 052,1	**–**	–
Investments in subsidiaries	35,36	**–**	–	**1 554,8**	1 517,9
Investments in joint ventures	37	**222,0**	162,1	**–**	–
Other investments	38	**90,8**	83,8	**201,2**	200,4
Deferred taxation	3	**89,1**	121,6	**6,6**	17,3
		2 552,9	2 661,3	**1 762,6**	1 735,6
Current assets					
Inventories	4	**828,4**	720,6	**–**	–
Biological assets	5	**44,6**	40,2	**–**	–
Derivatives		**22,0**	0,8	**–**	–
Current tax assets		**5,3**	22,8	**–**	–
Trade and other receivables	6	**1 151,4**	1 035,0	**10,7**	17,7
Cash and cash equivalents		**174,9**	317,1	**38,9**	187,2
Assets classified as held for sale	7	**493,0**	30,5	**–**	–
		2 719,6	2 167,0	**49,6**	204,9
Total assets		**5 272,5**	4 828,3	**1 812,2**	1 940,5
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	8	**17,1**	17,2	**17,1**	17,2
Share premium	8	**153,9**	411,0	**153,9**	411,0
Treasury shares	8	**(719,8)**	(435,7)	**–**	–
Treasury share loan to subsidiary	35,36	**–**	–	**(306,0)**	–
Premium on minority equity transactions		**(2,7)**	(2,7)	**–**	–
Reserves	9	**150,5**	23,2	**35,7**	19,5
Retained earnings		**2 919,8**	2 667,4	**1 783,9**	1 363,7
Minority interests		**(17,5)**	(18,4)	**–**	–
Total equity		**2 501,3**	2 662,0	**1 684,6**	1 811,4
Non-current liabilities					
Financial liabilities and borrowings	10	**388,5**	176,4	**–**	–
Employee benefits	11	**293,5**	286,2	**–**	–
Operating lease straight-line liability	12	**21,2**	20,2	**–**	–
Deferred taxation	3	**154,0**	144,6	**–**	–
		857,2	627,4	**–**	–
Current liabilities					
Current borrowings	13	**510,8**	338,6	**120,2**	120,2
Derivatives		**25,5**	5,5	**–**	–
Trade and other payables	14	**1 048,1**	1 117,5	**7,4**	8,9
Corporate taxation		**73,4**	66,9	**–**	–
Liabilities classified as held for sale	7	**256,2**	10,4	**–**	–
		1 914,0	1 538,9	**127,6**	129,1
Total equity and liabilities		**5 272,5**	4 828,3	**1 812,2**	1 940,5

INCOME STATEMENT

	Note	Group 2008 Rm	Group 2007 Rm	Company 2008 Rm	Company 2007 Rm
CONTINUING OPERATIONS					
Revenue	15	**6 660,6**	5 851,9	**690,5**	332,8
Cost of sales		**3 912,3**	3 351,6		
Gross profit		**2 748,3**	2 500,3		
Selling and administrative expenses		**1 949,6**	1 798,0	**(1,1)**	2,7
Operating profit/(loss) before capital items	16	**798,7**	702,3	**1,1**	(2,7)
Income from investments	17	**22,5**	25,3	**690,5**	332,8
Finance costs	18	**86,5**	48,5	**(0,3)**	(0,8)
Share of equity accounted profit/(loss) of joint ventures	19	**17,2**	(21,4)	**–**	–
Capital items	20	**13,7**	34,2	**–**	(0,3)
Profit before taxation		**765,6**	691,9	**691,3**	329,0
Taxation	21	**265,8**	237,1	**10,7**	(4,6)
Profit from continuing operations		**499,8**	454,8	**680,6**	333,6
DISCONTINUED OPERATIONS	7				
Revenue	15	**445,5**	480,5	**–**	–
Cost of sales		**351,9**	353,2	**–**	–
Gross profit		**93,6**	127,3	**–**	–
Selling and administrative expenses		**103,8**	94,2	**–**	–
Operating (loss)/profit before capital items	16	**(10,2)**	33,1	**–**	–
Finance costs	18	**10,0**	9,4	**–**	–
Capital items	20	**0,2**	2,2	**–**	–
(Loss)/profit before taxation		**(20,0)**	25,9	**–**	–
Taxation	21	**(9,9)**	(2,5)	**–**	–
(Loss)/profit from discontinued operations		**(10,1)**	28,4	**–**	–
Profit for the year		**489,7**	483,2	**680,6**	333,6
Attributable to:					
Equity holders of AVI		**488,3**	491,3		
Minority interests		**1,4**	(8,1)		
		489,7	483,2		
Basic earnings per share from continuing operations (cents)	29	**162,9**	147,5		
Diluted earnings per share from continuing operations (cents)	29	**161,4**	146,7		
Basic earnings per share from total operations (cents)	29	**159,6**	156,6		
Diluted earnings per share from total operations (cents)	29	**158,1**	155,7		

Details of the headline earnings and dividend declared per ordinary share are given in Notes 29 and 30 to the financial statements on pages 102 and 104.

CASH FLOW STATEMENT

	Note	Group 2008 Rm	Group 2007 Rm	Company 2008 Rm	Company 2007 Rm
CONTINUING OPERATIONS					
Cash flows from/(utilised by) operating activities					
Cash generated by/(utilised in) operations	22	**1 022,8**	864,6	**(3,9)**	(3,0)
(Increase)/decrease in working capital	23	**(354,7)**	(165,4)	**10,3**	14,3
Cash generated/(utilised) by operating activities		**668,1**	699,2	**6,4**	11,3
Interest paid		**(91,0)**	(47,7)	**(0,3)**	(0,8)
Taxation paid	24	**(247,4)**	(255,2)	**–**	(0,5)
Net cash available from operating activities		**329,7**	396,3	**6,1**	10,0
Investing activities					
Cash flow from investments		**29,6**	24,0	**689,7**	314,4
– interest received		**26,0**	20,6	**0,1**	0,7
– dividends received		**3,6**	3,4	**689,6**	313,7
Acquisition of property, plant and equipment		**(271,6)**	(233,8)	**–**	–
Proceeds from disposals of property, plant and equipment		**47,4**	76,4	**–**	–
Investments – net (acquisitions)/disposals		**(37,8)**	(360,1)	**(20,7)**	(337,9)
– subsidiaries and businesses (net of cash acquired)	26	**(34,6)**	(359,5)	**(20,7)**	(340,8)
– loans repaid by subsidiaries		**–**	–	**–**	2,9
– associated companies, joint ventures and other investments	27	**(3,2)**	(0,6)	**–**	–
Net cash used in investing activities		**(232,4)**	(493,5)	**669,0**	(23,5)
Financing activities					
Capital repayment and repurchase of own shares		**(549,7)**	–	**(563,0)**	–
Increase in shareholder funding	28	**4,7**	7,1	**–**	407,7
Long-term borrowings		**308,8**	(4,5)	**–**	–
– raised		**311,0**	2,6	**–**	–
– (repaid)		**(2,2)**	(7,1)	**–**	–
Increase in short-term funding		**206,2**	257,3	**–**	–
Dividends paid	25	**(233,4)**	(199,5)	**(260,4)**	(207,1)
Net cash (used in)/from financing activities		**(263,4)**	60,4	**(823,4)**	200,6
DISCONTINUED OPERATIONS					
Cash flows from operating activities		**31,7**	41,8	**–**	–
Cash flows from investing activities		**(11,0)**	(11,6)	**–**	–
Cash flows from financing activities		**2,1**	(15,0)	**–**	–
		22,8	15,2	**–**	–
(Decrease)/increase in cash and cash equivalents		**(143,3)**	(21,6)	**(148,3)**	187,1
Cash equivalents at beginning of period		**317,1**	335,8	**187,2**	0,1
Net increase as a result of the translation of the cash equivalents of foreign subsidiaries		**31,0**	2,9	**–**	–
Cash and cash equivalents at end of period		**204,8**	317,1	**38,9**	187,2
Continuing operations		**174,9**			
Discontinued operations		**29,9**			

STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2008	Share capital and premium Rm	Treasury shares Rm	Reserves Rm	Retained earnings Rm	Premium on minority equity trans-actions Rm	Total Rm	Minority interests Rm	Total equity Rm
GROUP								
Balance at beginning of year	428,2	(435,7)	23,2	2 667,4	(2,7)	2 680,4	(18,4)	2 662,0
Recognised income and expense								
Profit for the year	–	–	–	488,3	–	488,3	1,4	489,7
Foreign currency translation differences	–	–	111,5	–	–	111,5	–	111,5
Cash flow hedging reserve	–	–	(0,4)	–	–	(0,4)	–	(0,4)
Transactions with shareholders								
Share-based payments	–	–	16,2	–	–	16,2	–	16,2
Dividends paid	–	–	–	(232,9)	–	(232,9)	(0,5)	(233,4)
Capital repayment	(257,0)	26,4	–	–	–	(230,6)	–	(230,6)
Own ordinary shares sold by Company's Share Trusts (net)	–	8,6	–	(3,0)	–	5,6	–	5,6
Own ordinary shares purchased by subsidiary	–	(319,1)	–	–	–	(319,1)	–	(319,1)
Redemption of convertible redeemable preference shares	(0,2)	–	–	–	–	(0,2)	–	(0,2)
Balance at end of year	171,0	(719,8)	150,5	2 919,8	(2,7)	2 518,8	(17,5)	2 501,3

	Share capital and premium	Treasury share loan	Reserves	Retained earnings	Total
COMPANY					
Balance at beginning of year	428,2	–	19,5	1 363,7	1 811,4
Recognised income and expense					
Profit for the year	–	–	–	680,6	680,6
Transactions with shareholders					
Share-based payments	–	–	16,2	–	16,2
Dividends paid	–	–	–	(260,4)	(260,4)
Capital repayment	(257,0)	–	–	–	(257,0)
Amount advanced to subsidiary for repurchase of own shares*	–	(319,1)	–	–	(319,1)
Amounts repaid by subsidiary from dividends and disposal of shares	–	13,1	–	–	13,1
Redemption of convertible redeemable preference shares	(0,2)	–	–	–	(0,2)
Balance at end of year	171,0	(306,0)	35,7	1 783,9	1 684,6

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

STATEMENT OF CHANGES IN EQUITY continued

Year ended 30 June 2007	Share capital and premium Rm	Treasury shares Rm	Reserves Rm	Retained earnings Rm	Premium on minority equity trans-actions Rm	Total Rm	Minority interests Rm	Total equity Rm
GROUP								
Balance at beginning of year	**20,5**	**(40,8)**	**(13,2)**	**2 376,1**	**(2,7)**	**2 339,9**	**(8,5)**	**2 331,4**
Recognised income and expense								
Profit for the year	–	–	–	491,3	–	491,3	(8,1)	483,2
Foreign currency translation differences	–	–	17,3	–	–	17,3	–	17,3
Cash flow hedging reserve	–	–	10,5	–	–	10,5	–	10,5
Transactions with shareholders								
Share-based payments	–	–	8,6	–	–	8,6	–	8,6
Dividends paid	–	–	–	(197,7)	–	(197,7)	(1,8)	(199,5)
Issue of ordinary shares	407,7	–	–	–	–	407,7	–	407,7
Own ordinary shares sold/(purchased) by Company's Share Trusts (net)	–	(394,9)	–	(2,3)	–	(397,2)	–	(397,2)
Redemption of convertible redeemable preference shares	–	–	–	–	–	–	–	–
Balance at end of year	428,2	(435,7)	23,2	2 667,4	(2,7)	2 680,4	(18,4)	2 662,0
COMPANY								
Balance at beginning of year	20,5	–	10,9	1 237,2	–	1 268,6		
Recognised income and expense								
Profit for the year	–	–	–	333,6	–	333,6		
Transactions with shareholders								
Share-based payments	–	–	8,6	–	–	8,6		
Dividends paid	–	–	–	(207,1)	–	(207,1)		
Issue of ordinary shares	407,7	–	–	–	–	407,7		
Redemption of convertible redeemable preference shares	–	–	–	–	–	–		
Balance at end of year	428,2	–	19,5	1 363,7	–	1 811,4		

	Group 2008						
	Land Rm	Buildings Rm	Plant and machinery Rm	Motor vehicles, furniture and equipment Rm	Vessels Rm	Equipment subject to finance leases Rm	Total Rm
1. Property, plant and equipment							
Cost							
At beginning of year	45,1	322,5	1 084,3	474,1	520,3	4,5	2 450,8
Additions	4,7	13,0	101,8	135,5	24,3	3,5	282,8
Disposals	(0,4)	(0,7)	(19,5)	(32,5)	(7,0)	–	(60,1)
Applicable to subsidiaries acquired	–	–	2,1	0,1	–	–	2,2
Realignment of currencies	–	10,4	7,7	1,6	15,6	0,2	35,5
Reclassification of assets	1,0	(1,0)	0,5	(0,5)	–	–	–
Transfer to assets held-for-sale	(12,4)	(53,0)	(77,4)	(9,0)	(160,3)	(1,7)	(313,8)
At end of year	38,0	291,2	1 099,5	569,3	392,9	6,5	2 397,4
Accumulated depreciation and impairment charges							
At beginning of year	–	52,9	623,8	277,4	250,5	4,5	1 209,1
Disposals	–	(0,2)	(15,6)	(28,4)	(4,7)	–	(48,9)
Realignment of currencies	–	0,8	2,9	1,1	7,9	0,1	12,8
Reclassification of assets	–	–	(0,4)	0,4	–	–	–
Transfer to assets held-for-sale	–	(5,9)	(31,5)	(6,1)	(83,5)	(0,9)	(127,9)
Depreciation charge for the year	–	6,8	76,4	65,9	31,5	1,8	182,4
Impairment charge for the year	–	–	0,9	3,8	–	0,4	5,1
At end of year	–	54,4	656,5	314,1	201,7	5,9	1 232,6
Net carrying value							
At beginning of previous year	43,6	251,1	438,3	153,1	294,3	2,0	1 182,4
At end of previous year	45,1	269,6	460,5	196,7	269,8	–	1 241,7
At end of current year	38,0	236,8	443,0	255,2	191,2	0,6	1 164,8

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

	Group 2007						
	Land Rm	Buildings Rm	Plant and machinery Rm	Motor vehicles, furniture and equipment Rm	Vessels Rm	Equipment subject to finance leases Rm	Total Rm
1. Property, plant and equipment continued							
Cost							
At beginning of year	43,6	298,6	1 020,0	416,8	584,6	5,5	2 369,1
Additions	1,5	30,5	110,6	95,8	12,6	0,5	251,5
Disposals	–	(3,4)	(39,4)	(42,6)	(53,1)	–	(138,5)
Applicable to subsidiaries acquired	–	–	2,7	3,2	2,5	–	8,4
Realignment of currencies	–	0,4	(1,5)	(0,2)	(2,2)	–	(3,5)
Reclassification of assets	–	(3,3)	0,9	2,6	1,3	(1,5)	–
Transfer to assets held-for-sale	–	(0,3)	(9,0)	(1,5)	(25,4)	–	(36,2)
At end of year	45,1	322,5	1 084,3	474,1	520,3	4,5	2 450,8
Accumulated depreciation and impairment charges							
At beginning of year	–	47,5	581,7	263,7	290,3	3,5	1 186,7
Disposals	–	(0,3)	(35,6)	(38,3)	(52,5)	–	(126,7)
Applicable to subsidiaries acquired	–	–	–	0,9	–	–	0,9
Realignment of currencies	–	–	(0,3)	(0,1)	(1,0)	–	(1,4)
Reclassification of assets	–	(1,1)	1,1	(0,2)	–	0,2	–
Transfer to assets held-for-sale	–	–	(1,4)	(0,5)	(22,9)	–	(24,8)
Depreciation charge for the year	–	6,8	76,0	51,9	36,4	0,8	171,9
Impairment charge for the year	–	–	2,3	–	0,2	–	2,5
At end of year	–	52,9	623,8	277,4	250,5	4,5	1 209,1
Net carrying value							
At beginning of previous year	45,0	255,0	400,1	134,9	306,7	1,5	1 143,2
At end of previous year	43,6	251,1	438,3	153,1	294,3	2,0	1 182,4
At end of current year	45,1	269,6	460,5	196,7	269,8	–	1 241,7

	Group 2008 Rm	Group 2007 Rm
1. Property, plant and equipment continued		
Land comprises:		
Freehold	**38,0**	43,8
Long leasehold	**–**	1,3
	38,0	45,1

- The current estimated useful lives of property, plant and equipment are reflected under accounting policies on page 74.
- Expenditure on property, plant and equipment in the course of construction and included above at 30 June 2008 was R92,9 million (2007: R65,5 million).
- The original cost of fully depreciated plant and equipment that was still in use at 30 June 2008 was R507,5 million (2007: R469,9 million).
- Property, plant and equipment, with a carrying value of R27,2 million (2007: R29,9 million) has been ceded as security for interest-bearing borrowings.
- Impairment losses during the year arose due to identified obsolescence on items of plant 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.

	Group 2008				
	Goodwill Rm	Fishing rights Rm	Trade-marks and licence agreements Rm	Customer relationships and contracts Rm	Total Rm
2. Intangible assets and goodwill					
Cost					
At beginning of year	**587,8**	**141,1**	**380,0**	**2,0**	**1 110,9**
Arising on acquisition of subsidiaries	**–**	**–**	**24,2**	**14,0**	**38,2**
Goodwill adjustment on contingent purchase consideration	**0,9**	**–**	**–**	**–**	**0,9**
Transfer to assets held-for-sale	**–**	**(151,4)**	**–**	**–**	**(151,4)**
Realignment of currencies	**–**	**15,0**	**–**	**–**	**15,0**
At end of year	**588,7**	**4,7**	**404,2**	**16,0**	**1 013,6**
Accumulated amortisation and impairment charges					
At beginning of year	**18,5**	**36,4**	**3,3**	**0,6**	**58,8**
Amortisation for the year	**–**	**4,2**	**2,0**	**2,5**	**8,7**
Transfer to assets held-for-sale	**–**	**(44,4)**	**–**	**–**	**(44,4)**
Realignment of currencies	**–**	**4,3**	**–**	**–**	**4,3**
At end of year	**18,5**	**0,5**	**5,3**	**3,1**	**27,4**
Net carrying value					
At beginning of previous year	**555,3**	**110,5**	**375,9**	**–**	**1 041,7**
At end of previous year	**569,3**	**104,7**	**376,7**	**1,4**	**1 052,1**
At end of current year	**570,2**	**4,2**	**398,9**	**12,9**	**986,2**

- Trademarks with a carrying value of R30,0 million (2007: R30,0 million) have been ceded as security for interest-bearing borrowings.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

	Group 2007				
	Goodwill Rm	Fishing rights Rm	Trade-marks Rm	Customer relationships Rm	Total Rm
2. Intangible assets and goodwill					
Cost					
At beginning of year	573,8	143,0	377,0	–	1 093,8
Arising on acquisition of subsidiaries	17,4	–	3,0	2,0	22,4
Transfer to assets held-for-sale	(3,4)	–	–	–	(3,4)
Realignment of currencies	–	(1,9)	–	–	(1,9)
At end of year	587,8	141,1	380,0	2,0	1 110,9
Accumulated amortisation and impairment charges					
At beginning of year	18,5	32,5	1,1	–	52,1
Amortisation for the year	–	4,7	0,4	0,6	5,7
Impairment charge (Note 20)	–	–	1,8	–	1,8
Realignment of currencies	–	(0,8)	–	–	(0,8)
At end of year	18,5	36,4	3,3	0,6	58,8
Net carrying value					
At beginning of previous year	106,0	96,5	218,3	–	420,8
At end of previous year	555,3	110,5	375,9	–	1 041,7
At end of current year	569,3	104,7	376,7	1,4	1 052,1

Useful lives

The fishing rights are being amortised over the initial quota allocation period, extending from 10 – 30 years.

Trademarks comprise well-established growing brands. With the exception of trademarks with a cost of R11,2 million that are being amortised over a period of 25 years, the remainder of the portfolio of brands are considered to have indefinite useful lives and are not amortised. Customer relationships are amortised over a period of two years. Licence agreements and customer contracts are amortised over a period of 10 years.

2. Intangible assets and goodwill (continued)

Cash generating units containing goodwill

The following units have significant carrying amounts of goodwill:

	Group	
	2008 Rm	2007 Rm
Arising on acquisition of A&D Spitz	**449,2**	449,2
Arising on acquisition of Denny Mushrooms	**54,0**	54,0
House Of Coffees	**15,3**	15,3
Baker Street Snacks	**12,5**	12,5
	531,0	531,0
Multiple units without significant goodwill	**39,2**	38,3
	570,2	569,3

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

An impairment charge amounting to Rnil million was provided in respect of intangible assets (2007: R1,8 million on discontinued trademark).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

	Group		Company	
	2008 Rm	2007 Rm	**2008 Rm**	2007 Rm
3. Deferred taxation				
Balance at beginning of year, being a net liability/(asset)	**23,0**	29,3	**(17,3)**	(12,5)
Charge to income statement:	**1,6**	(11,9)	**10,7**	(4,8)
– change in tax rate	**(0,8)**	–	**0,2**	–
– current year – temporary differences	**(4,7)**	(8,1)	**–**	–
– deferred taxation on STC credits	**10,7**	(4,8)	**10,5**	(4,8)
– prior year (over)/under provision	**(3,6)**	1,0	**–**	–
Subsidiaries acquired	**10,7**	0,8	**–**	–
Realignment of currencies recognised directly in equity	**(5,5)**	0,6	**–**	–
Reserve movements in respect of cash flow hedging recognised directly in equity	**0,4**	4,2	**–**	–
Balance at end of year, being a net liability/(asset)	**30,2**	23,0	**(6,6)**	(17,3)
Continuing operations	**64,9**			
Discontinued operations	**(34,7)**			
Balance at end of year comprises:				
Accelerated capital allowances	**110,4**	110,8	**–**	–
Intangible assets temporary differences	**106,7**	107,9	**–**	–
Provisions and other temporary differences:	**(92,6)**	(115,4)	**–**	–
– post-retirement medical aid	**(81,4)**	(83,7)	**–**	–
– leave pay and bonus accruals	**(38,3)**	(48,7)	**–**	–
– other taxable temporary differences	**27,1**	17,0	**–**	–
Cashflow hedging reserve	**(0,4)**	(0,9)	**–**	–
Unused tax losses	**(52,6)**	(62,1)	**–**	–
Unused credits in respect of STC	**(6,6)**	(17,3)	**(6,6)**	(17,3)
	64,9	23,0	**(6,6)**	(17,3)
Deferred taxation is comprised at the following rates				
South Africa operations – 28% (2007: 29%)	**88,4**	70,4	**–**	–
Foreign operations at average rate – 33,4% (2007: 32,7%)	**(16,9)**	(30,1)	**–**	–
Secondary taxation on companies – 10,0% (2007: 12,5%)	**(6,6)**	(17,3)	**(6,6)**	(17,3)
	64,9	23,0	**(6,6)**	(17,3)
Reflected as:				
Deferred taxation asset	**89,1**	121,6	**6,6**	17,3
Deferred taxation liability	**154,0**	144,6	**–**	–

Deferred tax assets recognised on unused tax losses 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 five years. The tax losses do not expire under current tax legislation.

	Group 2008 Rm	Group 2007 Rm
The estimated losses which are available for the reduction of future taxable income are	**276,8**	284,6
of which has been taken into account in calculating deferred taxation.	**187,8**	214,1
The shareholders' interest in the estimated tax losses not yet utilised is therefore	**89,0**	70,5

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		Company	
	2008 Rm	2007 Rm	**2008 Rm**	2007 Rm
4. Inventories				
Raw materials	**238,7**	165,0	**–**	–
Consumable stores	**50,9**	58,4	**–**	–
Work in progress	**10,2**	17,9	**–**	–
Manufactured finished goods	**357,4**	312,6	**–**	–
Merchandise – finished goods purchased for resale	**171,2**	166,7	**–**	–
	828,4	720,6	**–**	–

5. Biological assets

	Mushrooms Rm	Abalone Rm	Total Rm
Balance at 1 July 2006	9,9	41,4	51,3
Increase due to new production facilities	0,5	–	0,5
Increase due to purchases	0,5	30,2	30,7
Transferred for processing and sold	(47,3)	(16,9)	(64,2)
Harvested items moved to inventory	(0,9)	(23,4)	(24,3)
Gain/(loss) arising from change in fair value due to physical change	48,2	(2,6)	45,6
Gain/(loss) arising from change in fair value less estimated point of sale costs attributable to price changes	0,4	(0,1)	0,3
Effect of movements in exchange rates	–	0,3	0,3
Balance at 1 July 2007	11,3	28,9	40,2
Increase due to purchases	1,8	14,0	15,8
Transferred for processing and sold	(55,5)	(31,2)	(86,7)
Harvested items moved to inventory	(1,1)	–	(1,1)
Gain arising from change in fair value due to physical change	57,2	14,6	71,8
Gain arising from change in fair value less estimated point of sale costs attributable to price changes	–	2,3	2,3
Effect of movements in exchange rates	–	2,3	2,3
Balance at 30 June 2008	13,7	30,9	44,6

	Kilograms	Animals
Standing volume	180 485	5 207 884
Volume harvested/sold in current year	9 424 143	117 431

	Group		Company	
	2008 Rm	2007 Rm	**2008 Rm**	2007 Rm
6. Trade and other receivables				
Trade accounts	**1 081,9**	928,7	**–**	–
Other receivables	**70,4**	78,6	**10,7**	17,7
Prepayments	**26,3**	22,6	**–**	–
Pension fund surplus apportionment accrued	**0,9**	26,1	**–**	–
	1 179,5	1 056,0	**10,7**	17,7
Provision for credit notes and discounts	**19,8**	11,5	**–**	–
Impairment losses allowance	**8,3**	9,5	**–**	–
	1 151,4	1 035,0	**10,7**	17,7

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

	Group		Company	
	2008 Rm	2007 Rm	**2008 Rm**	2007 Rm
7. Assets and liabilities classified as held-for-sale				
Assets				
Property, plant and equipment	**192,8**	12,2	**–**	–
Intangible assets	**107,0**	–	**–**	–
Deferred tax	**34,7**	–	**–**	–
Inventories	**54,3**	17,6	**–**	–
Trade and other receivables	**74,3**	0,7	**–**	–
Cash and cash equivalents	**29,9**	–	**–**	–
	493,0	30,5	**–**	–
Liabilities				
Non-current borrowings	**(57,9)**	–	**–**	–
Short-term borrowings	**(93,6)**	(6,3)	**–**	–
Trade and other payables	**(104,7)**	(4,1)	**–**	–
	(256,2)	(10,4)	**–**	–

Discontinued operations

The discontinued operation represents the Argentinian hake and shrimp operations conducted by Alpesca s.a., a wholly owned subsidiary of Irvin & Johnson Holding Company (Pty) Ltd.

Assets held-for-sale comprise Alpesca s.a., an offshore subsidiary of I&J presented as a disposal group, and property, plant and equipment with a book value of R33 million classified as held for sale. Efforts to sell the subsidiary have commenced (2007: ancillary offshore subsidiary, properties and retired fishing vessels).

7.1 Assets and liabilities of discontinued operation classified as held for sale

The presentation formats prescribed by IFRS do not allow for comparability of continuing operations on the face of the balance sheet. To enable users of the financial statements to assess the impact of the discontinued operation on the balance sheet, the assets and liabilities of Alpesca as presented in assets and liabilities classified as held for sale in 2008, and the equivalent balances for 2007, are shown below:

	Alpesca	
	2008 Rm	2007 Rm
Assets		
Property, plant and equipment	**157,5**	150,8
Intangible assets	**107,0**	100,3
Deferred tax	**34,7**	17,7
Inventories	**54,3**	40,2
Trade and other receivables	**74,3**	70,3
Cash and cash equivalents	**29,9**	20,3
Non-current asset held for sale	**2,4**	2,2
Total assets	**460,1**	401,8
Liabilities		
Non-current borrowings	**57,9**	80,6
Provisions	**11,3**	6,4
Short-term borrowings	**93,6**	53,9
Trade and other payables	**91,5**	63,4
Total liabilities	**254,3**	204,3

	Group and Company	
	2008 Rm	2007 Rm

8. Share capital and premium

	2008 Rm	2007 Rm
Share capital		
Authorised		
Ordinary share capital		
960 000 000 (2007: 960 000 000) ordinary shares of 5 cents each	**48,0**	48,0
Preference share capital		
10 000 000 (2007: 10 000 000) convertible redeemable preference shares of 20 cents each	**2,0**	2,0
Total authorised share capital	**50,0**	50,0
Issued		
342 638 463 (2007: 342 638 463) ordinary shares of 5 cents each	**17,1**	17,1
Nil (2007: 148 024) convertible redeemable preference shares of 20 cents each	**–**	0,1
Total issued share capital	**17,1**	17,2
Share premium		
Balance at beginning of year	**411,0**	4,7
Premium on issue of ordinary shares net of share issue expenses	**–**	406,3
Capital repayment	**(257,0)**	–
Redemption of convertible redeemable preference shares	**(0,1)**	–
Balance at end of year	**153,9**	411,0
Total issued share capital and premium	**171,0**	428,2

	Group	
	2008 Rm	2007 Rm
Treasury shares		
Balance at beginning of year	**(435,7)**	(40,8)
Net own ordinary shares purchased and sold by the Company's Share Trusts and subsidiary during the year	**(310,5)**	(394,9)
Value of capital repayment received by Treasury shares	**26,4**	–
Balance at end of year	**(719,8)**	(435,7)

	Group and Company	
	2008 Number	2007 Number
Details relating to the movements in the issued share capital are given on page 56 in the directors' report and in the statement of changes in equity on pages 81 and 82. The number of ordinary shares in issue is summarised as follows:		
At beginning of year	**342 638 463**	316 150 483
Issue to The AVI Black Staff Empowerment Scheme Trust	**–**	26 487 980
	342 638 463	342 638 463
Less: Shares held by the Company's Share Trusts and subsidiary	**45 117 569**	28 342 540
At end of year	**297 520 894**	314 295 923

- **Convertible redeemable preference shares**

The convertible redeemable preference shares ("preference shares") were offered to participants under The Anglovaal Industries Limited Equity Participation Plan ("the plan"). The third anniversary date of the plan has passed, and the remaining outstanding preference shares were redeemed at the subscription price.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

9. Reserves

	Group 2008 Rm	Group 2007 Rm	Company 2008 Rm	Company 2007 Rm
The balance at the end of the year comprises:				
Capital redemption reserve fund	**3,5**	3,5	**3,5**	3,5
Cash flow hedging reserve	**(2,5)**	(2,1)	**–**	–
Foreign currency translation reserve	**117,3**	5,8	**–**	–
Share-based payments reserve	**32,2**	16,0	**32,2**	16,0
	150,5	23,2	**35,7**	19,5

• Capital redemption reserve fund
Represents the fund that is required in terms of the South African Companies Act to maintain the capital base of the Company. This is effected by a transfer from retained earnings following the redemption of any preference shares at their par value.

• 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.

• 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 payments reserve
The reserve comprises the fair value of equity instruments granted to Group employees. 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.

10. Financial liabilities and borrowings

	Group 2008 Rm	Group 2007 Rm	Company 2008 Rm	Company 2007 Rm
Loans secured by agreements over property, plant and equipment	**0,3**	2,1	**–**	–
Loan secured by cession of rights under an international trademark licensing agreement	**17,9**	19,8	**–**	–
Finance lease liabilities	**27,2**	28,0	**–**	–
Total secured loans	**45,4**	49,9	**–**	–
Deferred purchase consideration	**7,2**	5,5	**–**	–
Unsecured loans	**357,4**	192,5	**–**	–
Total borrowings	**410,0**	247,9	**–**	–
Amount repayable within one year included in current borrowings (Note 13)	**21,5**	71,5	**–**	–
	388,5	176,4	**–**	–

Interest rates and years of repayments

			Group – Repayable during the year ending 30 June				
	Rate of interest %	**Total borrowings 2008 Rm**	2009 Rm	2010 Rm	2011 Rm	2012 Rm	2013 onwards Rm
Secured loans	12 – 13	**18,2**	2,5	2,4	2,7	3,1	7,5
Finance lease liabilities	8 – 13	**27,2**	4,0	5,0	5,6	7,0	5,6
Unsecured loans		**364,6**	15,0	42,4	307,2	–	–
	0	**7,1**	–	7,1	–	–	–
	8 – 9	**37,2**	15,0	15,0	7,2	–	–
	13	**320,3**	–	20,3	300,0	–	–
		410,0	21,5	49,8	315,5	10,1	13,1

	Group 2008 Rm	Group 2007 Rm	Company 2008 Rm	Company 2007 Rm
The borrowings are in the following currencies:				
South African Rand	**380,0**	77,6	–	–
Australian Dollars	**30,0**	35,9	–	–
US Dollars	**–**	129,3	–	–
Argentine Pesos	**–**	5,1	–	–
	410,0	247,9	–	–

	Group 2008 Rm	Group 2007 Rm
11. Employee benefits		
Post-retirement medical aid		
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 2008 and projected to 30 June 2008.		
The principal actuarial assumptions used were:		
Discount rate 8,50% (2007: 8,25%)		
Medical inflation 7,0% (2007: 6,75%)		
Actuarially determined present value of unfunded obligations	**327,4**	312,2
Unrecognised actuarial loss	**(30,5)**	(25,2)
Net liability in balance sheet	**296,9**	287,0
Balance at beginning of year	**287,0**	278,7
Transfer from income statement – operating profit	**29,9**	26,1
Current service cost	**2,3**	1,8
Interest cost	**24,7**	23,6
Experience adjustment	**2,9**	0,7
Contributions paid	**(20,0)**	(17,8)
Balance at end of year	**296,9**	287,0
Amounts payable within one year included under trade and other payables (Note 14)	**(20,6)**	(20,8)
	276,3	266,2
Share-based payment obligations		
– cash settled	**7,9**	6,6
– earnings-linked performance bonuses	**9,3**	13,4
	17,2	20,0
	293,5	286,2

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 Rm	One percentage point decrease Rm
Effect on present value of the actuarially determined defined benefit obligation:	40,4	(33,8)
Effect on the aggregate service and interest cost	3,9	(3,3)

Historical information	**2008 Rm**	2007 Rm	2006 Rm	2005 Rm	2004 Rm
Present value of the defined benefit obligation	**327,4**	312,2	293,2	297,1	343,6
Experience adjustments arising on plan liabilities	**2,9**	0,7	0,6	3,4	–

It is estimated that contributions for the following year will approximate those paid in the current year.

	Group 2008 Rm	Group 2007 Rm	Company 2008 Rm	Company 2007 Rm
12. Operating lease straight-line liability				
Balance at beginning of year	**20,2**	20,0	**–**	–
Recognised in income statement	**1,0**	0,1	**–**	–
Acquisition of subsidiary	**–**	0,1	**–**	–
Balance at end of year	**21,2**	20,2	**–**	–
13. Current borrowings				
Overdrafts and other current borrowings	**489,3**	267,1	**120,2**	120,2
Current portion of interest-bearing borrowings (Note 10)	**21,5**	71,5	**–**	–
	510,8	338,6	**120,2**	120,2

Company

The Company's current borrowings of R120,2 million (2007: R120,2 million) are from subsidiary companies (Note 38).

	Group 2008 Rm	Group 2007 Rm	Company 2008 Rm	Company 2007 Rm
14. Trade and other payables				
Trade accounts	**570,7**	617,9	**–**	–
Earnings linked performance bonuses	**20,1**	45,1	**–**	–
Other payables and accrued expenses	**436,7**	433,7	**7,4**	8,9
Post-retirement liabilities falling due within one year (Note 11)	**20,6**	20,8	**–**	–
	1 048,1	1 117,5	**7,4**	8,9

	Group 2008 Rm	Group 2007 Rm
15. Revenue		
Group revenue comprises the following excluding value added tax:		
Sale of goods	**7 062,4**	6 219,5
Services, fees and royalties	**43,7**	112,9
	7 106,1	6 332,4

A segmental and geographical analysis of Group revenue is given on pages 64 to 65 in the segmental information report.

Revenue of the Company comprises investment income (Note 17).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

	Group Continuing operations		Group Discontinued operations	
	2008 Rm	2007 Rm	**2008 Rm**	2007 Rm
16. Operating profit/(loss)				
In arriving at the operating profit/(loss) before capital items, the following have been taken into account:				
Amortisation	**4,8**	1,3	**3,9**	4,4
– fishing rights	**0,3**	0,3	**3,9**	4,4
– trademarks	**2,0**	0,4	**–**	–
– customer relationships	**2,5**	0,6	**–**	–
Auditors' remuneration				
– fees for audit	**8,3**	9,0	**0,3**	0,4
– fees for other services	**1,5**	2,6	**0,2**	0,1
– taxation services and consultations	**1,1**	1,3	**–**	–
– other	**0,4**	1,3	**0,2**	0,1
Depreciation of property, plant and equipment	**161,9**	148,7	**20,5**	23,2
– buildings	**6,5**	6,0	**0,3**	0,8
– plant, equipment and vehicles	**134,4**	120,9	**7,9**	7,0
– vessels	**19,6**	21,2	**11,9**	15,2
– equipment subject to finance lease	**1,4**	0,6	**0,4**	0,2
Employment costs (see note 32)	**1 257,5**	1 157,7	**205,8**	213,1
Foreign exchange losses/(gains)	**19,9**	53,0	**11,1**	2,7
– losses	**16,7**	61,8	**10,4**	2,2
– gains	**(1,5)**	(8,7)	**–**	–
– forward exchange contracts net fair value adjustments	**4,7**	(0,1)	**0,7**	0,5
being:				
– realised	**15,1**	52,7	**10,4**	2,2
– unrealised	**4,8**	0,3	**0,7**	0,5
Operating lease expenses	**91,9**	72,6	**1,0**	1,6
– property	**82,3**	63,3	**–**	–
– plant, equipment and vehicles	**9,6**	9,3	**1,0**	1,6
Write downs of inventory to net realisable value	**3,6**	6,2	**–**	–
Remuneration for services	**31,7**	30,1	**–**	–
– administrative, financial, managerial and secretarial fees	**17,1**	21,9	**–**	–
– technical fees	**14,6**	8,2	**–**	–
Research and development costs	**31,2**	15,8	**0,2**	0,3

	Company 2008 Rm	Company 2007 Rm
16. Operating profit/(loss) continued		
Auditors' remuneration		
– fees for audit	**0,1**	0,1
– other services	**–**	0,1
Directors' remuneration (Note below)	**14,0**	11,4
– executive directors, including share option gains	**12,3**	10,1
– non-executive directors	**1,7**	1,3
Administrative, financial, managerial and secretarial fees	**0,2**	0,1

Note
Details of the directors' remuneration is given in the directors' remuneration report on page 63.

	Group 2008 Rm	Group 2007 Rm	Company 2008 Rm	Company 2007 Rm
17. Income from investments				
Dividends – unlisted companies	**3,4**	3,4	**690,4**	332,1
Interest	**19,1**	21,9	**0,1**	0,7
	22,5	25,3	**690,5**	332,8
Dividends were received from				
– subsidiary companies	**–**	–	**660,3**	303,6
– other investments	**3,4**	3,4	**30,1**	28,5
	3,4	3,4	**690,4**	332,1
18. Finance costs				
Borrowings	**(95,9)**	(57,7)	**(0,3)**	(0,8)
Imputed interest on deferred purchase consideration	**(0,6)**	(0,2)	**–**	–
	(96,5)	(57,9)	**(0,3)**	(0,8)
Continuing operations	**(86,5)**	(48,5)		
Discontinued operations	**(10,0)**	(9,4)		
19. Share of equity accounted profit/(loss) of joint ventures				
Equity accounted profit/(loss) of principal joint venture	**15,0**	(22,3)		
Equity accounted profits of non-principal joint ventures	**2,2**	0,9		
	17,2	(21,4)		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

	Group		Company	
	2008 Rm	2007 Rm	**2008 Rm**	2007 Rm
20. Capital items				
Net surplus/(deficit) on disposal of investments, properties, vessels and plant and equipment	**19,0**	57,0	**–**	(0,3)
Impairments (Note 29)	**(5,1)**	(20,6)	**–**	–
	13,9	36,4	**–**	(0,3)
Continuing operations	**13,7**	34,2	**–**	(0,3)
Discontinued operations	**0,2**	2,2	**–**	–
Attributable taxation (Note 21)	**(1,9)**	(5,7)	**–**	–
	12,0	30,7	**–**	(0,3)
21. Taxation				
South African normal taxation	**221,7**	200,0	**–**	0,2
Deferred taxation	**(5,5)**	(8,1)	**–**	–
Foreign taxation	**12,1**	7,4	**–**	–
Capital gains taxation	**1,0**	3,5	**–**	–
Secondary Tax on Companies – current	**19,5**	35,4	**–**	–
– deferred	**10,7**	(4,8)	**10,7**	(4,8)
Prior year under/(over) provisions – current	**–**	0,2	**–**	–
– deferred	**(3,6)**	1,0	**–**	–
	255,9	234,6	**10,7**	(4,6)
Dealt with as follows:				
In respect of profit before capital items	**254,0**	228,9	**10,7**	(4,6)
In respect of capital items (Note 20)	**1,9**	5,7	**–**	–
	255,9	234,6	**10,7**	(4,6)
Continuing operations	**265,8**	237,1		
Discontinued operations	**(9,9)**	(2,5)		
	255,9	234,6		

	Group		Company	
	2008 **%**	2007 %	**2008** **%**	2007 %
21. Taxation continued				
Reconciliation of rate of taxation (continuing operations)				
Standard rate of company taxation	**28,0**	29,0	**28,0**	29,0
Increase/(reduction) in effective rate as a result of:				
Change in tax rate	**(0,2)**	–	**–**	–
Capital gains tax	**0,1**	0,5	**–**	–
Disallowable expenditure	**3,4**	2,2	**0,2**	0,3
Effect of foreign taxes	**(0,5)**	(1,4)	**–**	–
Exempt income	**(2,7)**	(2,3)	**(28,2)**	(29,3)
Secondary Tax on Companies	**3,9**	4,1	**1,6**	(1,4)
Tax losses incurred but not capitalised	**1,7**	1,6	**–**	–
Prior year (over)/under provisions	**(0,5)**	0,2	**–**	–
Other	**1,5**	0,4	**–**	–
Effective rate of taxation for the year (continuing operations)	**34,7**	34,3	**1,6**	(1,4)
Reconciliation of rate of taxation (discontinued operations)				
Standard rate of company taxation	**28,0**	29,0		
Disallowable expenditure	**(34,1)**	24,8		
Effect of foreign taxes	**40,1**	(23,9)		
Exempt income	**15,5**	(39,8)		
Effective rate of taxation for the year (discontinued operations)	**49,5**	(9,9)		
22. Cash generated by/(utilised in) operations				
Operating profit/(loss) before capital items	**798,7**	702,3	**1,1**	(2,7)
Adjustment for:				
– non-cash items:	**224,1**	162,3	**(5,0)**	(0,3)
– depreciation of property, plant and equipment	**161,9**	148,7	**–**	–
– amortisation of intangible assets	**4,8**	1,3	**–**	–
– foreign currency translations	**3,7**	6,9	**–**	–
– movements in provisions and other	**53,7**	5,4	**(5,0)**	(0,3)
Continuing operations	**1 022,8**	864,6	**(3,9)**	(3,0)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

	Group		Company	
	2008 Rm	2007 Rm	**2008 Rm**	2007 Rm
23. (Increase)/decrease in working capital				
Increase in inventories and biological assets	**(129,0)**	(169,6)	**–**	–
(Increase)/decrease in receivables	**(145,6)**	(110,2)	**7,1**	17,0
(Decrease/increase in payables	**(80,1)**	114,4	**3,2**	(2,7)
Continuing operations	**(354,7)**	(165,4)	**10,3**	14,3

The net movement on working capital has been adjusted to take account of the foreign exchange differences and other known non-cash items. Subsidiaries have been included from the effective dates of the respective acquisitions or the effective dates of the respective disposals.

	Group		Company	
	2008 Rm	2007 Rm	**2008 Rm**	2007 Rm
24. Taxation paid				
Amount owing at beginning of year	**66,9**	56,2	**–**	0,3
Amount overpaid at beginning of year	**(22,8)**	(3,5)	**–**	–
Net amount owing at beginning of year	**44,1**	52,7	**–**	0,3
Charge per income statement	**255,9**	234,6	**10,7**	(4,6)
Other direct movements	**(2,8)**	–	**–**	–
Deferred taxation included therein (Note 3 to the financial statements)	**(1,6)**	11,9	**(10,7)**	4,8
	251,5	246,5	**–**	0,2
Realignment of currencies	**(0,3)**	0,1	**–**	–
Amount owing at end of year	**(73,4)**	(66,9)	**–**	–
Amount pre-paid at end of year – discontinued operations	**20,2**	–	**–**	
Amount pre-paid at end of year	**5,3**	22,8	**–**	–
Net amount owing at end of year	**(47,9)**	(44,1)	**–**	–
Amount paid during year	**247,4**	255,2	**–**	0,5
25. Dividends paid				
Per statement of changes in equity	**233,4**	199,5	**260,4**	207,1

26. Investments in subsidiary

	Group 2008 Rm	Group 2007 Rm	Company 2008 Rm	Company 2007 Rm
Acquisition of subsidiary			**(20,7)**	(340,8)
– Initial acquired interest			**(20,7)**	(0,8)
– Deferred purchase consideration			**–**	(340,0)
			(20,7)	(340,8)
Net assets of subsidiaries and businesses acquired:				
Property, plant and equipment	**(2,2)**	(7,5)		
Intangible asset – goodwill	**–**	(17,4)		
Intangible asset – trademarks and licence agreements	**(24,2)**	(3,0)		
Intangible asset – customer relationships and contracts	**(14,0)**	(2,0)		
Working capital	**(4,9)**	3,6		
(Cash and cash equivalents)/net short-term borrowings	**(1,3)**	0,8		
Taxation – deferred and corporate	**10,7**	0,8		
Long-term borrowings	**–**	0,7		
	(35,9)	(24,0)		
Net cash and cash equivalents included in acquisitions	**1,3**	(0,8)		
Total purchase consideration net of cash acquired	**(34,6)**	(24,8)		
Deferred purchase consideration at beginning of year	**(5,5)**	(340,0)		
Imputed interest and goodwill adjustment	**(1,7)**	(0,2)		
Deferred purchase consideration at end of year	**7,2**	5,5		
Cash flow on acquisitions	**(34,6)**	(359,5)	**(20,7)**	(340,8)

The acquisitions in the current year comprised:
- Hampton Sportswear (Pty) Ltd – acquired by the Company.
- Operating assets in the Out of Home Coffee market – acquired by a subsidiary of National Brands Ltd.

The impact of the acquisitions on revenue and profit of the Group had they been owned for the entire period is not material.

The acquisitions in the prior year comprised:
- Assets of Nina Roche, a retailer of exclusive footwear and accessory brands – acquired by a subsidiary of the Company.
- Operating assets in the Out of Home juice market – acquired by a subsidiary of The Real Beverage Company (Pty) Ltd.

	Group 2008 Rm	Group 2007 Rm	Company 2008 Rm	Company 2007 Rm
27. Investments in joint ventures and other investments				
Cost of acquisitions and loans advanced	**(11,2)**	(15,4)	**–**	–
Loans repaid	**8,0**	14,8	**–**	–
	(3,2)	(0,6)	**–**	–
28. Increase in shareholder funding				
Net sale of own ordinary shares by the Company's Share Trusts	**4,7**	7,1	**–**	–
Proceeds from the issue of ordinary shares to the Company's Share Trusts	**–**	–	**–**	407,7
	4,7	7,1	**–**	407,7

	Group 2008 Gross Rm	Group 2008 Net of tax and minorities Rm	Group 2007 Gross Rm	Group 2007 Net of tax and minorities Rm
29. Earnings and headline earnings				
The calculations of earnings and headline earnings per ordinary share are based on a weighted average of 306 081 992 (2007: 313 775 479) ordinary shares in issue.				
The diluted earnings and headline earnings per share are calculated on 308 840 457 (2007: 315 614 574) ordinary shares.				
Determination of headline earnings				
Earnings		**488,3**		491,3
Attributable to:				
Continuing operations		**498,4**		462,9
Discontinued operations		**(10,1)**		28,4
Adjustment for capital items	**13,9**	**12,0**	36,4	30,7
Net surplus on disposal of investments, properties, vessels and plant and equipment	**19,0**	**16,5**	57,0	52,4
Impairment of plant, equipment and vessels	**(5,1)**	**(4,5)**	(2,5)	(1,8)
Impairment of trademarks	**–**	**–**	(1,8)	(1,3)
Impairment of disposal group held-for-sale	**–**	**–**	(16,3)	(18,6)
Headline earnings		**476,3**		460,6
Attributable to:				
Continuing operations		**486,7**		434,4
Discontinued operations		**(10,4)**		26,2
		476,3		460,6

29. Earnings and headline earnings continued

	2008 Number	2007 Number
Reconciliation of weighted average number of ordinary shares		
Issued shares at beginning of year	**342 638 463**	316 150 483
Effect of issue of shares to black staff empowerment scheme trust	**–**	26 487 980
Effect of own shares held by trusts	**(28 342 540)**	(29 565 405)
Effect of shares acquired directly in the market	**(8 503 646)**	–
Effect of shares issued in July – September	**145 560**	289 452
Effect of shares issued in October – December	**103 682**	283 179
Effect of shares issued in January – March	**15 444**	118 353
Effect of shares issued in April – June	**25 029**	11 437
Weighted average number of ordinary shares	**306 081 992**	313 775 479
Weighted average number of ordinary shares	**306 081 992**	313 775 479
Effect of share options outstanding during the year in Incentive Scheme Trusts	**789 970**	1 037 167
Effect of share options outstanding during the year in the Black Staff Empowerment Scheme Trust[1]	**2 406**	–
Effect of Out Performance Scheme instruments outstanding during the year	**1 373 993**	–
Effect of convertible redeemable preference shares outstanding during the year	**592 096**	801 928
Weighted average diluted number of ordinary shares	**308 840 457**	315 614 574

[1]For determining the dilutive effect of these options, the IFRS 2 Share-based Payment charge not yet expensed is added to the exercise price. This notional strike price is greater than the AVI volume weighted average price for the 2008 financial year of R18,21, and the first two tranches are therefore anti-dilutive.

	Group	
	2008 cents	2007 cents
Headline earnings per ordinary share	**155,6**	146,8
Attributable to:		
Continuing operations	**159,0**	138,4
Discontinued operations	**(3,4)**	8,4
Diluted headline earnings per ordinary share	**154,2**	145,9
Attributable to:		
Continuing operations	**157,6**	137,6
Discontinued operations	**(3,4)**	8,3
Earnings per ordinary share	**159,6**	156,6
Attributable to:		
Continuing operations	**162,9**	147,5
Discontinued operations	**(3,3)**	9,1
Diluted earnings per ordinary share	**158,1**	155,7
Attributable to:		
Continuing operations	**161,4**	146,7
Discontinued operations	**(3,3)**	9,0

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

	Group 2008 Rm	Group 2007 Rm	Company 2008 Rm	Company 2007 Rm
30. Dividends paid				
Ordinary shares				
No. 64 of 33 cents, paid 9 October 2006		103,4		104,3
No. 65 of 30 cents, paid 10 April 2007		94,3		102,8
No. 66 of 43 cents, paid 8 October 2007	**134,0**		**147,3**	
No. 67 of 33 cents, paid 7 April 2008	**98,8**		**113,1**	
	232,8	197,7	**260,4**	207,1
Dividend No. 68 of 47 cents in respect of the year ended 30 June 2008 was declared on 3 September 2008 and is payable on 6 October 2008. 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.	**139,8**		**161,0**	

	Group 2008 Rm	Group 2007 Rm
31. Commitments and contingent liabilities		
Commitments		
Capital commitments		
Capital expenditure authorised by the directors		
Property, plant and equipment		
– contracted for	**79,3**	89,5
– not contracted for	**48,4**	40,5
	127,7	130,0
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.		
Operating leases		
Non-cancellable operating lease rentals are payable as follows:		
Within one year	**70,9**	56,6
Between two and five years	**185,6**	126,6
After five years	**51,0**	72,5
	307,5	255,7

31. Commitments and contingent liabilities continued

Contingent liabilities

Group

The South African Revenue Service ("SARS") has issued revised assessments on a foreign subsidiary for taxes plus penalties and interest in respect of the tax years previously assessed, 1998 through 2003. The additional taxes assessed by SARS amount to R49,4 million. The total amount in terms of these assessments, including penalties and interest up to July 2008, is R271,0 million.

Were assessments to be issued for the 2004 to 2008 tax years on the same basis applied in the assessments received, the total amount of additional tax payable in respect of these years would be R43,3 million, excluding penalties, with interest thereon estimated at R10,1 million.

The foreign subsidiary is waiting to be allocated a court date.

The issues in dispute are of a complex nature and it is anticipated that the matter will remain unresolved for an extended period.

Company

The Company has signed a deed of suretyship with Rand Merchant Bank in respect of the performance of the obligations of a subsidiary company, Indigo Cosmetics (Pty) Limited, with regard to the repayment of the secured loan of R17,9 million (2007: R19,8 million) referred to in Note 10. 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.

32. Employee benefits

	Group		Company	
	2008 Rm	2007 Rm	**2008 Rm**	2007 Rm
Employment costs	**1 463,3**	1 370,8	**–**	–
Short-term employment benefits	**1 279,9**	1 245,1	**–**	–
Termination benefits	**35,5**	15,7	**–**	–
Share-based payments				
– equity settled	**16,0**	8,6	**–**	–
– cash settled	**(1,2)**	5,6	**–**	–
– earnings linked performance bonuses	**19,4**	25,3	**–**	–
Post retirement medical aid costs	**29,9**	26,1	**–**	–
Retirement benefits	**83,8**	70,5	**–**	–
Pension fund surplus apportionment accrual	**–**	(26,1)	**–**	–

Retirement benefits

The Group provides retirement benefits for its eligible employees. Of the Group's 9 211 employees, 4 289 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 the income statement as they are incurred, and amounted to R83,8 million (2007: R70,5 million).

Share-based payments

Details of equity instruments granted to employees are detailed on pages 57 to 60 of the directors' report. Senior management in the subsidiaries participate in company specific earnings linked performance bonus schemes which are accounted for in terms of IAS 19 – Employee Benefits. Management and staff of AVI Financial Services participate in a cash-settled share-based payment plan linked to the share price of AVI Ltd, which is accounted for in terms of IFRS 2 – Share-Based Payments. Equity instruments that were granted after 7 November 2002 and not yet vested by 1 January 2005 have been measured and recognised in accordance with the principles contained in IFRS 2 – Share-Based Payments. The fair value of the equity instruments were measured using the Black-Scholes model. 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 vested equity instruments is expensed in the period of vesting. The fair value of share appreciation rights is determined using the Black-Scholes model at grant date and is re-measured at each reporting date and settlement date.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

32. Employee benefits continued

FAIR VALUE OF EQUITY INSTRUMENTS AND ASSUMPTIONS

	2008	2007
INSTRUMENTS ISSUED BY THE SHARE INCENTIVE TRUSTS		
Fair value at grant date	**R4,51 – R3,81**	R4,23
Share price	**R21,12 – R16,26**	R19,39
Exercise price	**R21,12 – R16,26**	R19,39
Expected volatility [(1)]	**25,5% – 32,8%**	28,7%
Option life	**3,5 years**	3,5 years
Dividend yield	**3,5% – 4,27%**	3,8%
Risk free interest rate [(2)]	**8,27% – 9,17%**	7,81%
INSTRUMENTS ISSUED BY THE BLACK STAFF EMPOWERMENT SCHEME TRUST		
Weighted average fair value at grant date	**R2,12 – R1,70**	R3,60
Share price at grant date	**R19,58 – R16,49**	R18,78
Weighted average exercise price	**R28,38 – R25,68**	R20,04
Expected volatility (weighted average volatility) [(1)]	**22,21% – 23,54%**	21,75%
Option life (expected weighted average life)	**6,0 years**	6,0 years
Dividend yield	**3,55% – 4,76%**	3,32%
Risk free interest rate [(2)]	**8,26% – 9,23%**	7,85%
INSTRUMENTS ISSUED BY THE OUT PERFORMANCE SCHEME TRUST		
Fair value at grant date	**R14,26 – R7,67**	
Share price at grant date	**R21,35 – R14,47**	
Option life (expected weighted average life)	**3 years**	
Dividend yield	**3,2% – 5,2%**	
Risk free interest rate [(2)]	**8,49% – 10,13%**	
Expected mean TSR performance	**42% – 42%**	
RIGHTS ISSUED BY THE AVI FINANCIAL SERVICES CASH-SETTLED SHARE APPRECIATION RIGHTS PLAN		
Fair value at measurement date (year end)	**R0,53**	R5,74
Share price	**R13,69**	R20,30
Exercise price	**R19,39**	R15,91
Expected volatility (weighted average volatility) [(1)]	**29,5%**	23,3%
Option life (expected weighted average life)	**3,5 years**	3,5 years
Dividend yield	**4,55%**	3,57%
Risk-free interest rate [(2)]	**10,72%**	8,49%

[(1)] The expected volatility is based on the average volatility over a period of six months prior to grant date or measurement date.
[(2)] The R157 bond rate was used to determine a risk-free interest rate at grant date or measurement date.

	2008 Rm	2007 Rm
32. Employee benefits continued		
EMPLOYEE EXPENSES		
Equity settled		
Equity instruments granted between 7 November 2002 and 1 July 2004	**–**	0,3
Convertible redeemable preference shares granted 1 January 2003 and 2004	**–**	0,2
Options granted	**3,2**	1,6
Instruments granted under the Out performance scheme	**1,8**	–
Equity instruments granted to all black employees	**11,0**	6,5
	16,0	8,6
Cash settled		
Share appreciation rights – AVI Financial Services	**(1,2)**	5,6

33. Black Economic Empowerment ("BEE") transactions

Irvin & Johnson Holding Company (Pty) Limited ("I&J")
The Company sold 20% of its shareholding in I&J to Main Street 198 (Pty) Limited ("Main Street") in November 2004. Main Street is jointly owned by Mast Fishing Investment Holdings (Pty) Limited and Tresso Trading 946 (Pty) 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 convertible 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 (Pty) Limited ("Richtrau"), on 1 May 2005. The proceeds on disposal amounted to R18,0 million and the consideration was funded by the Company subscribing for a cumulative redeemable preference share in Richtrau. The value generated by this shareholding will vest to those employee shareholders remaining in the employ of I&J and its subsidiaries after 30 April 2010.

Post the implementation of these transactions the effective direct BEE shareholding in I&J is 25%.

Accounting recognition of the disposal of shares
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 the disposal of shares to 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 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	
	2008 Rm	2007 Rm
Main Street 198 (Pty) Ltd	**209,8**	204,7
Richtrau 53 (Pty) Ltd	**18,0**	18,0

The recognition of the preference dividend income in AVI Ltd is capped at the earnings attributable to the minority shareholders (refer note 38).

Application of IFRS 2 – Share-based payments, IAS 19 – Employee benefits and IAS 39 – Financial Instruments
The Group has adopted the recommendations of IFRIC 8 – Scope of IFRS 2 and the interpretation issued by SAICA AC 503 – Accounting for BEE transactions on the following bases, consistent with the prior year:

- The sale of the 20% interest to Main Street was an equity instrument that was considered to have fully vested in the hand 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 5% of dividends received from I&J on an annual basis. Furthermore the shareholder's 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 (2007: Rnil).
- The Richtrau shareholders' agreement provides for the payment of ordinary dividends equal to 10% of dividends received from I&J on an annual basis. Furthermore, upon employee vesting conditions being met, Richtrau 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 of Richtrau. AVI Limited has undertaken to provide funding for the repurchase commitments of Richtrau if required. Accordingly the arrangement has been accounted for as an employee benefit under the requirements of IAS 19 with an expense of R3,8 million recognised in the current year (2007: R2,3 million).

	Group		Company	
	2008 Rm	2007 Rm	**2008 Rm**	2007 Rm
34. Related party transactions				
Transactions with group entities				
Administration fees paid to a subsidiary	**–**	–	**0,2**	0,1
Dividends received from subsidiaries (see Note 17)	**–**	–	**660,3**	303,6
Loans to/from subsidiary companies (see Note 36)	**–**	–	**22,5**	22,5
Treasury share loan to subsidiary classified as equity instrument	**–**	–	**306,0**	–
Call account maintained with treasury division of subsidiary	**–**	–	**38,8**	187,1
Other receivables from subsidiaries	**–**	–	**10,7**	17,7
Other payables to subsidiaries	**–**	–	**6,7**	3,2
Loans to joint ventures (see Note 37)	**148,4**	105,7	**–**	–
Trade receivables from joint venture	**17,2**	19,0	**–**	–
Royalties received from joint ventures	**11,2**	11,1	**–**	–
Sales to joint ventures	**121,7**	175,5	**–**	–

Details of the principal subsidiaries, joint ventures and other investments are given on pages 109 to 111.

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	
	2008 Rm	2007 Rm
Short-term employee benefits	**106,1**	71,1
Post-employment benefits	**3,9**	2,9
Termination benefits	**4,3**	5,4
Equity compensation benefits	**26,1**	25,4
	140,4	104,8

Executives also participate in the Company's share option schemes, details of which are given in the directors' report on pages 57 and 59.

	Company	
	2008 Rm	2007 Rm
35. Subsidiaries		
Company's aggregate interest in the profits and losses after taxation of subsidiaries		
Profits after minority interests at subsidiary company level	**630,2**	568,6
Losses after minority interests at subsidiary company level	**(67,8)**	(70,1)
Investment in subsidiaries		
Unlisted – shares in owned subsidiaries	**1 388,1**	1 367,4
Borrowings by subsidiary companies	**469,7**	163,8
	1 857,8	1 531,2
Share-based payments capitalised	**32,2**	15,9
Provision for impairment	**(29,2)**	(29,2)
Treasury share loan to subsidiary classified as equity	**(306,0)**	–
Total investment in subsidiaries	**1 554,8**	1 517,9
Short-term borrowings from subsidiary companies	**(120,2)**	(120,2)
Total interest in subsidiaries	**1 434,6**	1 397,7

36. Principal subsidiary companies

						Book value of Company's interest			
		Issued permanent capital		Group effective percentage holding		Shares		Indebtedness to/(by) the Company	
Name of company and nature of business	Class	**2008 Rm**	2007 Rm	**2008 %**	2007 %	**2008 Rm**	2007 Rm	**2008 Rm**	2007 Rm
A&D Spitz (Pty) Limited – retailer of branded shoes and fashion accessories	Ord.	**–**	**–**	**100**	100	**576,6**	576,6	**–**	–
AVI Investment Services (Pty) Limited – investment company	Ord.	**–**	**–**	**100**	100	**–**	–	**306,0**	–
AVI Financial Services (Pty) Limited – financial and management company	Ord.	**–**	**–**	**100**	100	**–**	–	**–**	–
Denny Mushrooms (Pty) Limited – producer and marketer of mushrooms	Ord.	**–**	**–**	**100**	100	**137,1**	137,1	**4,5**	4,5
Dyambu Investment Nominees (Pty) Limited – investment company	Ord.	**–**	**–**	**100**	100	**1,5**	1,5	**–**	–
	Cum. redeemable prefs.	**–**	**–**	**100**	100	**48,2**	48,2	**(60,1)**	(60,1)
Hampton Sportswear (Pty) Limited – retailer of branded apparel	Ord.	**–**	**–**	**100**	–	**20,7**	–	**–**	–
Irvin & Johnson Holding Company (Pty) Limited – international integrated fishing, processing and marketing of branded value-added fish and seafood products	Ord.	**–**	**–**	**75**	75	**319,1**	319,1	**–**	–
Indigo Cosmetics (Pty) 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 (Pty) Limited – retailer of branded shoes and fashion accessories	Ord.	**–**	**–**	**100**	100	**–**	–	**14,2**	14,2
Ntshonalanga Consortium Investment Nominees (Pty) Limited – investment company	Ord.	**–**	**–**	**100**	100	**1,5**	1,5	**–**	–
	Cum redeemable prefs.	**–**	**–**	**100**	100	**48,2**	48,2	**(60,1)**	(60,1)
The Real Juice Co Holdings (Pty) Limited – manufacturers and distributors of ready-to-drink beverages	Ord.	**–**	**–**	**75**	75	**8,1**	8,1	**21,1**	21,1
						1 388,1	1 367,4	**349,6**	43,6
Provision for impairment losses									
– Real Juice Co						**(8,1)**	(8,1)	**(21,1)**	(21,1)
Share-based payments capitalised						**32,2**	15,9	**–**	–
						1 412,2	1 375,2	**328,5**	22,5

Apart from Real Juice Co, the directors' valuation of each of the investments in subsidiary companies, all of which are unlisted, is not less than their respective carrying values. All companies are incorporated in South Africa.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

37. Joint ventures

	Number of shares held Group		Group effective percentage holding	
	2008	2007	**2008 %**	2007 %
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 (Pty) Ltd)				
– food processing, trading and distribution	**–**	–	**40**	40

		Group	
		2008 Rm	2007 Rm
GROUP CARRYING VALUE OF JOINT VENTURES			
Shares at cost		**25,2**	25,2
Capital loans		**148,4**	105,7
		173,6	130,9
Share of post-acquisition reserves		**48,4**	31,2
Total carrying value		**222,0**	162,1
I&J's proportionate share of assets and liabilities of Simplot Seafood, Snacks and Meals division			
Property, plant and equipment		**66,0**	59,9
Current assets		**239,2**	185,2
Non-current liabilities – non-interest-bearing	– Group companies	**(35,6)**	(28,3)
	– Other	**(51,9)**	(41,3)
Current liabilities	– Group companies	**(8,8)**	(7,6)
	– Other	**(79,2)**	(80,4)
Share of net assets		**129,7**	87,5
Summarised financial information in respect of the principal joint venture			
I&J's proportionate share of revenue and expenditure was:			
Revenue		**583,6**	508,1
Expenditure		**568,6**	530,4
Profit/(loss) before taxation		**15,0**	(22,3)
Taxation		**–**	–
Profit/(loss) after taxation, reflected as share of equity accounted earnings of joint venture		**15,0**	(22,3)
I&J's proportionate share of the cash flow generated was:			
Cash generated/(utilised) by operating activities		**3,3**	(7,5)
Cash utilised in investing activities		**(2,3)**	(4,8)
Net decrease in cash and cash equivalents		**1,0**	(12,3)
Capital commitments			
– contracted for		**0,3**	0,4
– not contracted for		**0,9**	3,9
		1,2	4,3

38. Other investments

	Number of shares held				Group effective percentage holding	
	Group		Company			
	2008	2007	**2008**	2007	**2008** %	2007 %
PRINCIPAL OTHER INVESTMENTS						
Name of company and nature of business						
Other investments						
Main Street 198 (Pty) Limited						
– cumulative redeemable convertible "A" preference shares[1]	**800**	800	**800**	800	**100**	100
Richtrau No 53 (Pty) Limited						
– cumulative redeemable preference share[1]	**1**	1	**1**	1	**100**	100
	Rm	Rm	**Rm**	Rm		
Other investments comprise:						
Preference share investments in the empowerment consortia, including dividends accrued[1]	**–**	–	**195,3**	194,5		
Insurance cell captive fund – net bank deposits and investments[2]	**83,3**	82,2	**5,9**	5,9		
Loan receivable	**7,5**	–	**–**	–		
Other	**–**	1,6	**–**	–		
	90,8	83,8	**201,2**	200,4		

Notes

1. *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 (Pty) Limited and Richtrau No 53 (Pty) Limited, 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 provision to limit the recognition of preference dividend income to the equivalent attributable earnings of I&J (refer Note 33).*
2. *Insurance cell captive fund*
   The Group consolidates its attributable share of an insurance cell captive managed on behalf of the Group by Guardrisk Insurance Company Limited. The net assets reserved within the cell captive are to be utilised against insurance claims arising within the Group not covered by third party insurances.
3. *None of the investments is listed on a stock exchange.*
4. *The directors' valuation of each of the unlisted investments is not less than their respective carrying values.*
5. *A register disclosing full details of all companies in which the Group has investments is available for inspection by members or their duly authorised agents during business hours at the registered office of the Company.*

39. Financial risk management

39.1 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 consolidated financial statements.

The Board of directors has overall responsibility for the establishment and oversight of the Group's financial risk management framework. The 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 how management monitors 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 Audit Committee.

39.2 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 headline earnings divided by total shareholders' equity plus net debt. The Board of directors also monitors and approves the level of dividends to ordinary shareholders.

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 is to achieve a return on average capital employed at 120% of the weighted average cost of capital, which was estimated at 11,5% (2007: 10,9%). In 2008 the return was 16,3% (2007: 16,8%). In comparison, the weighted average interest expense on interest-bearing borrowings (excluding liabilities with imputed interest) was 11,7% (2007: 9,1%).

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 Company and some of its subsidiaries are subject to and comply 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.

39. Financial risk management continued

39.3 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 loans receivables.

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 retailer 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

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 2008 guarantees were in place for AVI Financial Services (Pty) Limited and National Brands Limited (2007: AVI Financial Services (Pty) Limited).

39. Financial risk management continued

39.3 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	
	2008 Rm	2007 Rm	**2008 Rm**	2007 Rm
Other investments	**90,8**	83,8	**201,2**	200,4
Other financial assets including derivatives	**22,0**	0,8	**–**	–
Trade and other receivables*	**1 124,2**	986,3	**10,7**	17,7
Cash and cash equivalents	**174,9**	317,1	**38,9**	187,2
Total	**1 141,9**	1 388,0	**250,8**	405,3

**Excludes prepayments and pension fund surplus apportionment accrual.*

The maximum exposure to credit risk for trade receivables for the Group at the reporting date by geographic region was:

	Group carrying amount	
	2008 Rm	2007 Rm
South Africa	**788,0**	718,7
Europe	**189,5**	122,7
South America	**–**	2,0
Australasia	**17,2**	19,5
Rest of Africa	**67,4**	54,3
Total	**1 062,1**	917,2

The maximum exposure to credit risk for trade receivables for the Group at the reporting date by type of customer was:

	Group carrying amount	
	2008 Rm	2007 Rm
Wholesale customers	**374,6**	270,3
Retailer customers	**597,6**	588,3
Manufacturers and processors	**16,4**	18,9
End-user customers and direct sales	**73,5**	39,7
Total	**1 062,1**	917,2

The Group's most significant customers, being two South African retailers, accounted for 24,8% of the trade receivables carrying amount at 30 June 2008 (2007: 29,2%).

39. Financial risk management continued

39.3 Credit risk continued

Impairment losses

The ageing of trade receivables at the reporting date was:

	Gross 2008 Rm	**Impairment 2008 Rm**	Gross 2007 Rm	Impairment 2007 Rm
Not past due	**967,4**	**(0,1)**	778,2	(2,1)
Past due 0 – 30 days	**54,4**	**(0,1)**	105,8	(0,2)
Past due 31 – 120 days	**29,5**	**(1,9)**	20,8	(1,2)
Past due more than 120 days < 1 year	**9,2**	**(4,6)**	8,0	(2,1)
Past due more than 1 year	**1,6**	**(1,6)**	4,4	(3,9)
Total	**1 062,1**	**(8,3)**	917,2	(9,5)

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2008 Rm	2007 Rm
Balance as at 1 July	**(9,5)**	(7,2)
Impairment loss recognised in the income statement	**(6,7)**	(3,1)
Impairment loss allowance on discontinued operation	**4,7**	–
Impairment loss no longer required and released to income	**1,3**	0,3
Impairment loss allowance utilised	**1,9**	0,5
Balance as at 30 June	**(8,3)**	(9,5)

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.

39. Financial risk management continued

39.4 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 090 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 three year term debt that has been negotiated at a subsidiary level, which if required is renewable for another two years. Interest is payable at the one month JIBAR borrowing rate reset monthly plus a negotiated margin.
- R367 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:

Group	Carrying amount Rm	Contractual cash flows Rm	6 months or less Rm	6 – 12 months Rm	1 – 2 years Rm	2 – 5 years Rm	More than 5 years Rm
30 June 2008							
Non-derivative financial liabilities							
Secured bank loans	**18,2**	**22,1**	**2,2**	**2,2**	**4,4**	**13,3**	**–**
Finance leases	**27,2**	**37,8**	**3,7**	**3,7**	**8,2**	**21,6**	**0,6**
Unsecured loans	**364,6**	**490,5**	**29,9**	**29,2**	**57,8**	**341,6**	**32,0**
Trade and other payables*	**1 007,4**	**1 007,4**	**1 007,4**	**–**	**–**	**–**	**–**
Overdrafts and current borrowings	**489,3**	**489,3**	**489,3**	**–**	**–**	**–**	**–**
Total	**1 906,7**	**2 047,1**	**1 532,5**	**35,1**	**70,4**	**376,5**	**32,6**
30 June 2007							
Non-derivative financial liabilities							
Secured bank loans	21,9	25,3	2,2	2,3	5,1	15,7	–
Finance leases	28,0	41,2	4,1	3,1	6,6	22,4	5,0
Unsecured loans	198,0	221,0	38,2	38,2	55,7	61,5	27,4
Trade and other payables*	1 051,6	1 051,6	1 051,6	–	–	–	–
Overdrafts and current borrowings	267,1	267,1	266,7	0,4	–	–	–
Total	1 566,6	1 606,2	1 362,8	44,0	67,4	99,6	32,4
Company							
30 June 2008							
Trade and other payables	**7,4**	**7,4**	**7,4**	**–**	**–**	**–**	**–**
Current borrowings	**120,2**	**120,2**	**120,2**	**–**	**–**	**–**	**–**
	127,6	**127,6**	**127,6**	**–**	**–**	**–**	**–**
30 June 2007							
Trade and other payables	8,9	8,9	8,9	–	–	–	–
Current borrowings	120,2	120,2	120,2	–	–	–	–
	129,1	129,1	129,1	–	–	–	–

**Excludes performance bonuses and post retirement liabilities.*

39. Financial risk management continued

39.4 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. They are expected to impact profit or loss in the same periods.

	Carrying amount Rm	Contractual cash flows Rm	6 months or less Rm	6 – 12 months Rm	1 – 2 years Rm	2 – 5 years Rm	More than 5 years Rm
30 June 2008							
FECs used for hedging							
– assets	**10,5**	**(436,8)**	**(316,0)**	**(120,8)**	**–**	**–**	**–**
– liabilities	**(12,2)**	**200,1**	**145,7**	**54,4**	**–**	**–**	**–**
Total	**(1,7)**	**(236,7)**	**(170,3)**	**(66,4)**	**–**	**–**	**–**
30 June 2007							
FECs used for hedging							
– assets	(3,2)	(292,4)	(153,3)	(139,1)	–	–	–
– liabilities	0,1	206,2	182,4	23,8	–	–	–
Total	(3,1)	(86,2)	29,1	(115,3)	–	–	–

39.5 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 market 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 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.

At any point in time the Group hedges 25 to 75 percent 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 percent 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 investment in its Argentinian subsidiary is partially hedged by US dollar denominated secured bank loans, which mitigates the currency risk arising from the subsidiary's net assets. The Group's investments in other foreign subsidiaries are not hedged as those currency positions are considered to be long-term in nature.

39. Financial risk management continued

39.5 Market risk continued

Exposure to currency risk

The Group's exposure to significant foreign currency risk was as follows based on notional amounts:

	Trade receiv-ables FCm	Cash and cash equiva-lents FCm	Trade payables FCm	Borro-wings FCm	Balance sheet exposure FCm	Esti-mated forecast sales* FCm	Esti-mated forecast purch-ases* FCm	FECs on sales/ receiv-ables FCm	FECs on purch-ases/ payables FCm	Net forecast FC exposure FCm
Net exposure as at 30 June 2008										
Australian dollars	**2,5**	**0,9**	**(0,1)**	**(4,0)**	**(0,7)**	**15,3**	**(0,9)**	**(4,9)**	**0,9**	**9,7**
Botswana pula	**17,6**	**14,6**	**(7,8)**	**–**	**24,4**	**–**	**–**	**–**	**–**	**24,4**
Euro	**14,5**	**10,3**	**(4,9)**	**–**	**19,9**	**54,7**	**(27,2)**	**(17,5)**	**16,7**	**46,6**
US dollars	**1,4**	**3,6**	**(8,2)**	**–**	**(3,2)**	**–**	**(67,4)**	**–**	**41,9**	**(28,7)**
Zambian kwacha	**2 094,1**	**2 897,0**	**(670,3)**	**–**	**4 320,8**	**–**	**–**	**–**	**–**	**4 320,8**
Net exposure as at 30 June 2007										
Australian dollars	2,4	0,2	(0,2)	(6,0)	(3,6)	14,8	–	(4,2)	–	7,0
Botswana pula	11,7	13,4	(10,0)	–	15,1	–	–	–	–	15,1
Euro	9,4	9,4	(6,4)	–	12,4	70,6	(20,2)	(25,1)	12,9	50,6
US dollars	5,5	5,6	(5,8)	(18,3)	(13,0)	–	(54,3)	–	27,1	(40,2)
Zambian kwacha	1 518,6	959,6	(687,8)	–	1 790,4	–	–	–	–	1 790,4

**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 2008		30 June 2007	
1FC = x ZAR	**Closing rate**	**Average for the year**	**Closing rate**	**Average for the year**
Australian dollars	**7,5188**	**6,5739**	5,9844	5,6717
Botswana pula	**1,1714**	**1,1989**	1,1723	1,1713
Euro	**12,3354**	**10,7205**	9,5279	9,3620
US dollars	**7,8288**	**7,2675**	7,0530	7,1681
Zambian kwacha	**0,0039**	**0,0020**	0,0022	0,0018

39. Financial risk management continued

39.5 Market risk continued

Sensitivity analysis

A 10 percent 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 2007.

	Group Profit/(loss)	
	2008 Rm	2007 Rm
Australian dollars	**7,3**	4,2
Botswana pula	**2,9**	1,8
Euro	**57,5**	48,2
US dollars	**(22,5)**	(28,4)
Zambian kwacha	**1,7**	0,4
Net effect	**46,9**	26,2

A 10 percent 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	
	2008	2007	**2008**	2007
Fixed rate instruments				
– financial assets	**–**	50,6	**–**	–
– financial liabilities	**(25,0)**	(26,9)	**–**	–
Total	**(25,0)**	23,7	**–**	–
Variable rate instruments				
– financial assets	**275,7**	367,5	**195,3**	194,5
– financial liabilities	**(874,3)**	(487,8)	**–**	–
Total	**(598,6)**	(120,3)	**195,3**	194,5

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.

39. Financial risk management continued

39.5 Market risk continued

Cash flow sensitivity analysis for variable rate instruments

A change 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. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2007.

	Group Profit/(loss)		Company Profit/(loss)	
	2008	2007	**2008**	2007
Variable rate instruments				
– financial assets	**2,7**	3,6	**1,9**	1,9
– financial liabilities	**(8,7)**	(4,9)	**–**	–
Net cash flow sensitivity	**(6,0)**	(1,3)	**1,9**	1,9

40. Finance income and expense

	Group		Company	
	2008 Rm	2007 Rm	**2008 Rm**	2007 Rm
Recognised in profit or loss				
Finance income				
Interest income on cash and cash equivalents, loans and receivables and other investments at amortised cost	**19,1**	21,9	**0,1**	0,7
Dividend income	**3,4**	3,4	**30,1**	28,5
Total	**22,5**	25,3	**30,2**	29,2
Finance costs				
Interest expense on borrowings	**95,9**	57,7	**0,3**	0,8
Imputed interest expense on liability held at amortised cost	**0,6**	0,2	**–**	–
Total	**96,5**	57,9	**0,3**	0,8
Recognised directly in equity				
Foreign currency translation differences for foreign operations	**111,5**	17,3		
Effective portion of changes in fair value of cash flow hedges	**(7,4)**	35,1		
Net change in fair value of cash flow hedges transferred to hedged items	**3,8**	(9,6)		
Income tax on income and expense recognised directly in equity	**3,2**	(15,0)		
Total	**111,1**	27,8		
Recognised in				
Hedging reserve	**(0,4)**	10,5		
Translation reserve	**111,5**	17,3		
Total	**111,1**	27,8		

41. 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, and their fair values

	Carrying amounts as at 30 June 2008					Carrying amounts as at 30 June 2007				
	Total carrying amount Rm	Derivatives at fair value Rm	Loans and receivables at amortised cost Rm	Bank and cash Rm	Total fair value Rm	Total carrying amount Rm	Derivatives at fair value Rm	Loans and receivables at amortised cost Rm	Bank and cash Rm	Total fair value Rm
Assets										
Other investments										
– Bank deposits	**83,3**	**–**	**–**	**83,3**	**83,3**	82,2	–	–	82,2	82,2
– Loan receivables	**7,5**	**–**	**7,5**	**–**	**7,5**	1,6	–	1,6	–	1,6
Other financial assets										
– Forward exchange contracts	**22,0**	**22,0**	**–**	**–**	**22,0**	0,8	0,8	–	–	0,8
Trade and other receivables										
Trade accounts	**1 053,8**	**–**	**1 053,8**	**–**	**1 053,8**	907,7	–	907,7	–	907,7
Other receivables	**70,4**	**–**	**70,4**	**–**	**70,4**	78,6	–	78,6	–	78,6
Cash and cash equivalents	**174,9**			**174,9**	**174,9**	317,1			317,1	317,1
Total	**1 411,9**	**22,0**	**1 131,7**	**258,2**	**1 411,9**	1 388,0	0,8	987,9	399,3	1 388,0

	Carrying amounts as at 30 June 2008				Carrying amounts as at 30 June 2007			
	Total carrying amount Rm	Derivatives at fair value Rm	Amortised cost Rm	Total fair value Rm	Total carrying amount Rm	Derivatives at fair value Rm	Amortised cost Rm	Total fair value Rm
Liabilities								
Financial liabilities and borrowings								
Secured loans	**18,2**	**–**	**18,2**	**18,2**	21,9	–	21,9	21,9
Finance leases	**27,2**		**27,2**	**27,2**	28,0	–	28,0	28,0
Unsecured loans	**364,6**	**–**	**364,6**	**364,6**	198,0	–	198,0	198,0
Short-term borrowings								
Bank overdrafts	**489,3**	**–**	**489,3**	**489,3**	267,1	–	267,1	267,1
Other financial liabilities								
– Forward exchange contracts	**25,5**	**25,5**	**–**	**25,5**	5,5	5,5	–	5,5
Trade and other payables								
Trade payables	**570,7**	**–**	**570,7**	**570,7**	617,9	–	617,9	617,9
Other payables and accrued expenses	**436,7**	**–**	**436,7**	**436,7**	433,7	–	433,7	433,7
Total	**1 932,2**	**25,5**	**1 906,7**	**1 932,2**	1 572,1	5,5	1 566,6	1 572,1

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

41. Financial assets and liabilities continued

Accounting classifications and fair values

The table below sets out the Company's classification of each class of financial assets and liabilities, and their fair values

	Carrying amounts as at 30 June 2008				Carrying amounts as at 30 June 2007			
	Total carrying amount Rm	Loans and receivables at amortised cost Rm	Bank and cash Rm	Total fair value Rm	Total carrying amount Rm	Loans and receivables at amortised cost Rm	Bank and cash Rm	Total fair value Rm
Assets								
Other investments								
– Bank deposits	**5,9**	**–**	**5,9**	**5,9**	5,9	–	5,9	5,9
– Preference shares	**195,3**	**195,3**	**–**	**195,3**	194,5	194,5	–	194,5
Trade and other receivables								
Other receivables	**10,7**	**10,7**	**–**	**10,7**	17,7	17,7	–	17,7
Cash and cash equivalents	**38,9**		**38,9**	**38,9**	187,2		187,2	187,2
Total	**250,8**	**206,0**	**44,8**	**250,8**	405,3	212,2	193,1	405,3

	Carrying amounts as at 30 June 2008			Carrying amounts as at 30 June 2007		
	Total carrying amount Rm	Amortised cost Rm	Total fair value Rm	Total carrying amount Rm	Amortised cost Rm	Total fair value Rm
Liabilities						
Short-term borrowings						
– From subsidiaries	**120,2**	**120,2**	**120,2**	120,2	120,2	120,2
Trade and other payables						
Other payables and accrued expenses	**7,4**	**7,4**	**7,4**	8,9	8,9	8,9
Total	**127,6**	**127,6**	**127,6**	129,1	129,1	129,1

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. 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.

Cash and cash equivalents

The carrying amount approximates fair value because of the short maturity of these instruments.

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Derivatives

The fair value of forward exchange contracts is 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.

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

ANALYSIS OF ORDINARY SHAREHOLDING

	Number of shareholders	% of total shareholders	Number of shares	% of issued capital
Registered shareholder spread				
1 – 1 000 shares	1 530	38,95	783 921	0,23
1 001 – 10 000 shares	1 613	41,06	5 695 235	1,66
10 001 – 100 000 shares	490	12,48	16 543 496	4,83
100 001 – 1 000 000 shares	237	6,03	81 253 762	23,71
1 000 001 shares and above	58	1,48	238 362 049	69,57
Total	**3 928**	**100,00**	**342 638 463**	**100,00**

	Total shareholding	% of issued capital
Beneficial shareholder categories		
Pension funds	136 639 503	39,87
Unit trusts/Mutual funds	91 501 458	26,70
Insurance companies	28 358 628	8,28
AVI Black Staff Empowerment Scheme Trust	26 487 980	7,73
Other managed funds	16 601 001	4,85
Corporate holding	15 826 990	4,62
Private investors	14 492 546	4,23
Foreign government	4 144 632	1,21
Custodians	1 357 412	0,40
Charity	517 339	0,15
Local authority	493 900	0,14
University	258 623	0,08
Investment trust	153 290	0,04
Hedge fund	120 000	0,04
Remainder	5 685 161	1,66
Total	**342 638 463**	**100,00**

	Number of shareholders	% of total shareholders	Number of shares	% of issued capital
Public and non-public shareholdings				
Non-public shareholders	7	0,19	44 945 072	13,12
Directors and associates	4	0,10	1 295 731	0,38
AVI Black Staff Empowerment Scheme	1	0,03	26 487 980	7,73
AVI Limited Executive Share Purchase Trust	1	0,03	1 334 371	0,39
AVI Investment Services	1	0,03	15 826 990	4,62
Public shareholders	3 921	99,81	297 693 391	86,88
Total	**3 928**	**100,00**	**342 638 463**	**100,00**

	Total shareholding	% of issued capital
Beneficial shareholdings above 3%		
Coronation Fund Managers	47 967 214	14,00
Public Investment Corporation	42 187 842	12,31
AVI Black Staff Empowerment Scheme Trust	26 487 980	7,73
Liberty Group	18 440 753	5,38
AVI Investment Services	15 826 990	4,62
Total	**150 910 779**	**44,04**

SHAREHOLDERS' DIARY

Reports and profit statements	2008
Half-year interim report announcement in press	Friday, 7 March
Results announcement in press	Friday, 5 September
Annual financial statements posted	Tuesday, 23 September

Final dividend on ordinary shares

Dividend declared	Wednesday, 3 September
Details of dividend announcement on SENS	Thursday, 4 September
Details of dividend announcement in press	Friday, 5 September
Last day to trade cum dividend on the JSE Limited ("JSE")	Friday, 26 September
First trading day ex dividend on the JSE	Monday, 29 September
Record date	Friday, 3 October
Payment date	Monday, 6 October

In accordance with the requirements of STRATE, no share certificates may be dematerialised or rematerialised between Monday, 29 September 2008 and Friday, 3 October 2008, 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, 6 October 2008.

Annual general meeting

Wednesday 15 October

AND 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 sixty-fourth annual general meeting of members of the Company will be held at 2 Harries Road, Illovo on Wednesday, 15 October 2008 at 11:00 for the following purposes:

1. To consider the annual financial statements for the year ended 30 June 2008, together with the reports of the directors and auditors.
2. To re-appoint KPMG Inc. as the external auditors of the Company.
3. To elect a director in place of Mr AWB Band who will retire by rotation in accordance with the Company's Articles of Association. Mr Band is available for re-election.*
4. To elect a director in place of Mr SL Crutchley who will retire by rotation in accordance with the Company's Articles of Association. Mr Crutchley is available for re-election.*
5. To elect a director in place of Mr JR Hersov who will retire by rotation in accordance with the Company's Articles of Association. Mr Hersov is available for re-election.*
6. To elect a director in place of Ms NT Moholi who will retire in accordance with the Company's Articles of Association. Ms Moholi is available for re-election.*
7. To elect a director in place of Mr A Nühn who will retire in accordance with the Company's Articles of Association. Mr Nühn is available for re-election.*
8. To consider and, if deemed fit, to pass without modification, the following special resolution.

*Brief CVs of the directors appear on pages 8 to 11 of the annual report.

Special resolution

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

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

The directors, having considered the effects of the repurchase of the maximum number of ordinary shares in terms of the foregoing general authority, consider that for a period of 12 (twelve) months after the date of the notice of this annual general meeting:

- the Company and the Group will be able, in the ordinary course of business, to pays its 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;
- the Company and the Group's ordinary share capital, reserves and working capital will be adequate for ordinary business purposes.

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

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

The following additional information, some of which may appear elsewhere in the annual report is provided in terms of the Listings Requirements for purposes of the general authority:

- directors and management – pages 8 to 11
- major beneficial shareholders – pages 61 and 123
- directors' interests in ordinary shares – page 57; and
- share capital of the Company page 91.

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

9. To consider and, if deemed fit, to pass without modification, the following ordinary resolution:

Ordinary resolution

"Resolved as an ordinary resolution that with effect from 1 July 2008:

- the fees payable to the current non-executive directors, excluding the chairman and the foreign non-executive director, Mr Adriaan Nühn, be increased from R110 000 per year to R132 000 per year;
- the fees payable to the members of the Appointments and Remuneration Committee, excluding the chairman of this committee, be increased from R30 000 per year to R33 000 per year;
- the fees payable to the members of the Audit Committee, excluding the chairman of this committee, be increased from R45 000 per year to R49 500 per year;
- the fees payable to the chairman of the Appointments and Remuneration Committee be increased from R60 000 per year to R66 000 per year;
- the fees payable to the chairman of the Audit Committee be increased from R80 000 per year to R88 000 per year;
- the fees payable to the chairman of the Board of Directors be increased from R350 000 per year to R512 000 per year;
- the fees payable to the foreign non-executive director, Adriaan Nühn be set at the rand equivalent to €30 000 (thirty thousand euros) per year;
- The fees payable in terms of this resolution shall be paid as a combination of a fixed retainer and for attendance at those meetings formally convened.

The increases in directors' fees proposed in terms of the resolution above are based on a detailed review and comparison of non-executive directors' fees with market-related benchmarks, together with an evaluation of the time required by directors to keep up to date with the affairs of the Company and to prepare for meetings.

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

Litigation statement

In terms of section 11.26 of the Listings Requirements the directors, whose names appear on pages 8 to 11 of the annual report are not aware of any legal or arbitration proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 (twelve) months, a material effect on the Group's financial position, save for a tax dispute with SARS, as disclosed in note 31 to the annual financial statements.

Directors' responsibility statement

The directors, whose names appear on pages 8 to 11 of the annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to the special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this notice contains all information required by law and the Listings Requirements.

Material changes

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

Voting and proxies

On a show of hands, every shareholder of the Company who (being an individual) is present in person or by proxy at the annual general meeting or which (being a company or body corporate) is represented thereat by a representative appointed pursuant to section 188 of the Companies Act 61 of 1973, as amended, shall have one vote, and on poll, every shareholder of the Company who (being an individual) is present in person or by proxy at the annual general meeting or which (being a company or body corporate) is represented by proxy at the annual general meeting, shall have one vote for every ordinary share in the Company of which it is a 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 its stead. A proxy need not be a shareholder of the Company.

A form of proxy is attached for the convenience of certificated shareholders and "own name" dematerialised shareholders only, who are unable to attend the annual general meeting, but who wish to be represented thereat. In order to be valid, duly completed forms of proxy must be received by the transfer secretaries of the Company, Computershare Investor Services 2004 (Pty) Limited, 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown, 2107) by not later than 11:00 on Tuesday, 14 October 2008.

By order of the Board

Mande Ndema
Company secretary
2 Harries Road, Illovo
23 September 2008

AVI

PROXY

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

For use only by shareholders holding certificated shares, nominee companies of a Central Securities Depository Participants ("CSDP"), brokers' nominee companies and shareholders who have dematerialised their shares and who have elected own-name registration at the annual general meeting of the Company, to be held at 2 Harries Road, Illovo, 2196 at 11:00 on Wednesday, 15 October 2008 ("annual general meeting").

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

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

I/We ______________________________

of (address) ______________________________

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

1. ______________________________ or failing him/her,

2. ______________________________ or failing him/her,

3. the chairman of the annual general meeting,

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

	Number of votes (one vote per share)		
	In favour of	Against	Abstain
To consider the financial statements for the year ended 30 June 2008			
To reappoint KPMG Inc. as auditors			
To re-elect Mr AWB Band as a director			
To re-elect Mr SL Crutchley as a director			
To re-elect Mr JR Hersov as a director			
To elect Ms NT Moholi as a director			
To elect Mr A Nühn as a director			
Special resolution (authority to buy back shares)			
Ordinary resolution (increase in directors' fees)			

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

Signed at ______________________________ on ______________________________ 2008

Signature ______________________________

Assisted by me (where applicable) ______________________________

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

Please read the notes on the reverse side hereof.

NOTES

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting "the chairman of the annual general meeting", but any such deletion must be initialled by the shareholder concerned. The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.

2. Please insert an "X" in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in the Company, insert the number of ordinary shares held in respect of which you wish to vote. Failure to comply with the above will be deemed to authorise the chairman of the annual general meeting, if he is the proxy, to vote in favour of and any other proxy to vote or to abstain from voting in respect of the resolutions to be considered at the annual general meeting as he/she deems fit, in either case, in respect of all the shareholder's votes exercisable thereat. A shareholder or the proxy is not obliged to exercise all the votes exercisable by the shareholder or by the proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by the proxy.

3. Duly completed forms of proxy must be received at the office of the transfer secretaries, Computershare Investor Services 2004 (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 or posted to PO Box 61051, Marshalltown, 2107 to be received by not later than 11:00 on Tuesday, 14 October 2008.

4. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.

5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company's transfer secretaries or waived by the chairman of the annual general meeting.

6. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.

7. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries of the Company.

8. The chairman of the annual general meeting may reject or accept a form of proxy which is completed and/or received other than in accordance with these notes if he is satisfied as to the manner in which the shareholder wishes to vote.

ADMINISTRATION AND PRINCIPAL SUBSIDIARIES

ADMINISTRATION

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

Company secretary
Mande Ndema

Group financial manager
John von Gottberg

Business address and registered office
2 Harries Road
Illovo
Johannesburg 2196
South Africa

Postal address
PO Box 1897
Saxonwold 2132
South Africa

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

Auditors
KPMG Inc.

Sponsor
Standard Bank

Principal bankers
Standard Bank
FirstRand Bank

Transfer secretaries
Computershare Investor
Services 2004 (Pty) Limited
Business address
70 Marshall Street
Marshalltown
Johannesburg 2001
South Africa

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

PRINCIPAL SUBSIDIARIES

Food and beverage brands

National Brands Limited
Reg no: 1948/029389/06
(incorporating Entyce, Snackworx
and Out of Home)

30 Sloane Street
Bryanston 2021

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

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

David Hood (Snackworx)
Telephone: +27 (0)11 707 7200

Mark Blanckenberg (Out of Home)
Telephone: +27 (0)11 807 3915

The Real Juice Co Holdings (Pty) Limited
Reg no: 2001/001413/07

5 Industrial Road
Kya Sands 2163

PO Box 134
Kya Sands 2163

Managing director
Roger Coppin
Telephone: +27 (0)11 707 7200
Telefax: +27 (0)11 707 7808

Chilled and frozen convenience brands
Irvin & Johnson Holding
Company (Pty) Limited
Reg no: 2004/013127/07

1 Davidson Street
Woodstock
Cape Town 8001

PO Box 1628
Cape Town 8000

Managing director
Francois Kuttel
Telephone: +27 (0)21 402 9200
Telefax: +27 (0)21 402 9282

Denny Mushrooms (Pty) Limited
Reg no: 1998/003042/07

29 Eaton Avenue
Bryanston 2021

PO Box 787166
Sandton City 2146

Managing director
Roddy Cairns
Telephone: +27 (0)11 707 7500
Telefax: +27 11 (0)11 707 7762

Fashion brands

Indigo Cosmetics (Pty) Limited
Reg no: 2003/009934/07

16-20 Evans Avenue
Epping 1 7460

PO Box 3460
Cape Town 8000

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

A&D Spitz (Pty) Limited
Reg no: 1999/025520/07

29 Eaton Avenue
Bryanston 2021

PO Box 782916
Sandton 2145

Managing director
Robert Lunt
Telephone: +27 (0)11 707 7300
Telefax: +27 (0)11 707 776


KG
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