

# AVI disposes of Denny Mushrooms

Food group AVI is sell 100% of the issued share capital of and AVI's shareholder claims against Denny Mushrooms to Blue Falcon 134 Trading.



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Blue Falcon's shareholders include RMB Ventures Six, an indirect subsidiary of FirstRand, which holds a 49.9% interest in Denny, and Denny's executive management team.

Denny is the leading producer of fresh, canned and value added mushroom products in South Africa, with a market share exceeding 50%.

"While Denny is a sound business with the leading national brand in the fresh and canned mushroom categories, the importance of branding in the "fresh to market" produce segment in general and in the fresh mushroom segment in particular has declined over the past several years and this category is no longer strategically aligned to AVI's growth ambitions," the company said on Wednesday.

The effective date of the transaction is 1 July 2011.

The transaction is subject to the fulfilment of certain conditions precedent including the unconditional approval of the South African Competition Authorities.

Details of the transaction would be communicated at the group's year-end presentation to be held on 5 September, AVI noted.

Denny would be disclosed as a discontinued operation in AVI's results for the year ended June 2011 and comparatives for the year ended June 2010 would be restated accordingly.

This would impact the previously disclosed earnings per share from continuing operations, AVI noted. Headline earnings per share would be revised to 189.4 cents for the year ended June 2010 from a previously disclosed 198.7 cents, while

earnings per share would be revised to 187.5 cents from 197.0 cents before.

The expected percentage increases in earnings per share from continuing operations for the year ended June 2011 remain the same as communicated in AVI's trading update on 22 June, it said.

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