CAPEVIN HOLDINGS LIMITED

("Capevin Holdings" or "the Company" or "the Group")
(Incorporated in the Republic of South Africa)
Registration number 1997/020857/06
JSE Share code CVH
ISIN ZAE000167714

AUDITED SUMMARY CONSOLIDATED RESULTS FOR THE YEAR ENDED 30 JUNE 2014 AND CASH DIVIDEND DECLARATION

• **Normalised headline earnings per share**	**+0.7% to 43.8 cents**
• **Headline earnings per share**	**+42.0% to 48.7 cents**
• **Intrinsic value per share at 30 June 2014, compared to 30 June 2013**	**+14.9% to R9.34**
• **Final dividend per share**	**+2.6% to 12.0 cents**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June		
	2014	2013 Restated*	2012 Restated*
	R'000	R'000	R'000
ASSETS			
Non-current assets	**2 303 459**	2 094 567	1 794 190
Investment in joint venture	**2 301 659**	2 094 317	1 793 940
Available-for-sale asset	**1 800**	250	250
Current assets	**6 626**	2 641	3 445
Investment in money market fund	**4 314**	-	-
Cash and cash equivalents	**2 312**	2 641	3 445
Total assets	**2 310 085**	2 097 208	1 797 635
EQUITY AND LIABILITIES			
Equity			
Ordinary shareholders' interest	**2 305 472**	2 092 013	911 191
Non-controlling interests	**-**	-	879 328
Total equity	**2 305 472**	2 092 013	1 790 519
Non-current liabilities			
Deferred taxation	**335**	47	47
Current liabilities	**4 278**	5 148	7 069
Trade payables	**335**	606	2 769
Unclaimed dividends	**3 912**	4 037	4 245
Current income tax liability	**31**	505	55
Total equity and liabilities	**2 310 085**	2 097 208	1 797 635
Net asset value per share (cents)	**262.0**	237.8	203.4

* *The audited 30 June 2013 annual results were restated due to a change in accounting policy that is disclosed in note 2.*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 30 June 2014 R'000	2013 Restated* R'000
Share of profit of joint venture	**431 121**	314 879
(Loss)/gain on dilution of interest in joint venture	**(158 921)**	2 649
Investment income	**596**	527
Administrative expenses	**(2 176)**	(2 476)
Profit before taxation	**270 620**	315 579
Taxation	**1 121**	(3 335)
Profit for the year	**271 741**	312 244
Other comprehensive income	**134 135**	161 218
Items that may be reclassified subsequently to profit or loss:		
Fair value adjustment - available-for-sale asset	**1 550**	-
Tax charge relating to available-for-sale asset	**(288)**	-
Share of other comprehensive income of joint venture		
Fair value adjustment – available-for-sale asset	**3 137**	2 396
Currency translation differences	**133 524**	84 568
Reclassified to profit or loss	**(13 987)**	-
Items that will not be reclassified to profit or loss:		
Actuarial gains and losses of joint venture	**922**	68 839
Other equity movements of joint venture	**9 277**	5 415
Total comprehensive income for the year	**405 876**	473 462
Profit for the year attributable to:		
Owners of the parent	**271 741**	289 843
Non-controlling interest	**-**	22 401
	271 741	312 244
Total comprehensive income attributable to:		
Owners of the parent	**405 876**	452 717
Non-controlling interest	**-**	20 745
	405 876	473 462

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

	Year ended 30 June 2014 R'000	2013 Restated* R'000
Earnings attributable to ordinary shareholders	**271 741**	289 843
Headline earnings adjustable items		
Share of adjustments of joint venture before taxation	**(2 913)**	(3 135)
Tax on share of adjustments of joint venture	**538**	130
Loss/(gain) on dilution of interest in joint venture	**158 921**	(2 649)
Headline earnings	**428 287**	284 189
Abnormal excise provision, net of taxation	**3 014**	46 700
Impact of new business acquisition	**-**	29 717
Remeasurement of contingent consideration	**(45 959)**	-
Normalised headline earnings#	**385 342**	360 606
Earnings per share (cents)		
- Basic	**30.9**	35.0
- Diluted	**28.3**	31.8
Headline earnings per share (cents)		
- Basic	**48.7**	34.3
- Diluted	**46.1**	31.2
Normalised headline earnings per share (cents)		
- Basic	**43.8**	43.5
- Diluted	**41.2**	40.4
Number of shares (thousands)		
- In issue	**880 103**	880 103
- Weighted average	**880 103**	829 189

\# *Normalised headline earnings excludes the Company's share of Distell's abnormal excise and interest provision, the remeasurement of the contingent consideration of the acquisition of Burns Stewart Distillers, as well as the acquisition costs of Burns Stewart Distillers in the 2013 financial year.*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Year ended 30 June 2014 R'000	2013 Restated* R'000
Ordinary shareholders' equity at the beginning of the year	**2 092 013**	911 191
Total comprehensive income	**405 876**	452 717
Unclaimed dividends written back	**907**	1 412
Ordinary shares issued	**-**	2 485 035
Dividends paid	**(193 324)**	(173 380)
Transactions with non-controlling interest	**-**	(1 584 962)
Ordinary shareholders' equity at the end of the year	**2 305 472**	2 092 013
Non-controlling interest's equity at the end of the year	**-**	-
Beginning of the year	**-**	879 328
Total comprehensive income	**-**	20 745
Transactions with non-controlling interest	**-**	(900 073)
Total equity at the end of the year	**2 305 472**	2 092 013
Dividend per share (cents)		
- Interim	**10.25**	10.00
- Final	**12.00**	11.70

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 30 June 2014 R'000	2013 Restated* R'000
Cash flows from operating activities		
Dividends received	**197 740**	178 377
Dividends paid	**(193 324)**	(173 380)
Interest received	**587**	519
Administrative expenses	**(2 176)**	(2 476)
Taxation refunded/(paid)	**647**	(2 885)
Increase/(decrease) in trade and other payables and unclaimed dividends	**511**	(959)
	3 985	(804)
Cash flows from investing activities		
Investment in money market fund	**(4 314)**	-
Net increase/(decrease) in cash and cash equivalents	**(329)**	(804)
Cash and cash equivalents at the beginning of the year	**2 641**	3 445
Cash and cash equivalents at the end of the year	**2 312**	2 641

ADDITIONAL INFORMATION

Fair value remeasurements

The following methods and assumptions are used to determine the fair value of each class of financial instruments:

- Financial instruments available-for-sale and investment in money market fund: Fair value is based on quoted market prices or, in the case of unlisted instruments, appropriate valuation methodologies, being the actual net asset value of the investment.

Financial instruments measured at fair value, are disclosed by level of the following fair value hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – Inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following tables illustrate the fair values of financial assets and liabilities that are measured at fair value, by hierarchy level:

30 June 2014	***Level 1*** **R'000**	***Level 2*** **R'000**	***Level 3*** **R'000**	**Total R'000**
Assets				
Available-for-sale asset	**-**	**-**	**1 800**	**1 800**
Investment in money market fund	**4 314**	**-**	**-**	**4 314**
	4 314	**-**	**1 800**	**6 114**

30 June 2013				
Assets				
Available-for-sale asset	-	-	250	250
	-	-	250	250

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, and the requirements of the Companies Act (No. 71 of 2008), as amended, applicable to summary financial statements. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

The accounting policies applied in the preparation of the consolidated financial statements from which the summary consolidated financial statements were derived are in terms of International Financial Reporting Standards and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements, except for the implementation of IFRS 11 Joint Arrangements and the amendments to IAS 19 Employee Benefits. The adoption of IFRS 11 and the revised IAS 19 required a restatement of the comparative results. Refer note 2.

During the year under review various other new and revised accounting standards became effective, but their implementation had no impact on the results of either the current or prior year.

The summary consolidated financial statements do not contain all the information and disclosures required in the consolidated financial statements. The summary consolidated financial statements were extracted from the consolidated audited financial statements upon which PricewaterhouseCoopers Inc. has issued an unmodified report. The audited consolidated financial statements and the unmodified audit report are available for inspection at the Company's registered office.

These summary consolidated financial statements have been compiled by the Company's appointed manager, Remgro Management Services Limited, under the supervision of the Financial Director, L C Verwey CA(SA), CFA.

2. PRIOR YEAR RESTATEMENTS

IFRS 11 Joint Arrangements

IFRS 11 requires an entity that is a party to an arrangement to assess whether the contractual arrangement gives all the parties, or a group of the parties, control of the arrangement collectively. All the parties, or a group of the parties, control the arrangement collectively when they must act together to direct the activities that significantly affect the returns of the arrangement (the relevant activities). Accordingly all rights in relation to Remgro-Capevin Investments Proprietary Limited (Remgro-Capevin Investments) had to be considered in order to determine whether the investment should be classified as a subsidiary, joint venture or associate and the investment was reclassified as a joint venture.

IAS 19 Employee Benefits

The revised IAS 19 requires that all past service costs and actuarial gains and losses be recognised in profit or loss and in other comprehensive income, respectively, during the period in which they arise. It also replaced interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit asset/liability. The Group applied IAS 19 retrospectively in accordance with the transitional provision of the standard.

The impact of the adoption of these changes on the annual financial statements was as follows:

	Balance as previously reported Debit/(Credit) R'000	IFRS 11 Debit/(Credit) R'000	IAS 19 Debit/(Credit) R'000	**Restated balance Debit/(Credit) R'000**
GROUP				
1 July 2012				
Statement of financial position				
Investment in associate	1 794 447	(1 794 447)	-	**-**
Investment in joint venture	-	1 794 447	(507)	**1 793 940**
Equity reserve	(893 748)	-	507	**(893 241)**
Total assets	1 798 142	-	(507)	**1 797 635**
Total equity and liabilities	(1 798 142)	-	507	**(1 797 635)**
30 June 2013				
Statement of financial position				
Investment in associate	2 095 280	(2 095 280)	-	**-**
Investment in joint venture		2 095 280	(963)	**2 094 317**
Total assets	2 098 171	-	(963)	**2 097 208**
Equity reserve	(2 053 280)	-	963	**(2 052 317)**
Total equity and liabilities	(2 098 171)	-	963	**(2 097 208)**
Statement of comprehensive income				
Share in profit of associate	(317 249)	317 249	-	**-**
Share in profit of joint venture	-	(317 249)	2 370	**(314 879)**
Gain on dilution of interest in joint venture	(2 644)	-	(5)	**(2 649)**
Profit before taxation	(317 944)	-	2 365	**(315 579)**
Profit attributable to owners of the parent	(314 609)	-	2 365	**(312 244)**
Remeasurement of defined benefit plans of joint venture	(66 930)	-	(1 909)	**(68 839)**
Total comprehensive income for the year	(473 918)	-	456	**(473 462)**
Total comprehensive income attributable to owners of the parent	(453 173)	-	456	**(452 717)**
Statement of changes in equity				
Ordinary shareholders' equity – 30 June 2013	(2 092 976)	-	963	**(2 092 013)**
Equity reserve	(2 053 280)	-	963	**(2 052 317)**
2013 Earnings per share (cents)				
- Basic	35.2	-	(0.2)	**35.0**
- Diluted	32.0	-	(0.2)	**31.8**

Dilutive earnings measures

Previously the calculation of diluted earnings per share and diluted headline earnings per share excluded the dilutive effect of Distell's share schemes and BEE structures. Diluted earnings measures for the 2013 financial year were restated to take these into account.

3. GROUP STRUCTURE

The sole investment of Capevin Holdings is an effective interest of 26.86% (2013: 28.90%) in the issued share capital of Distell Group Limited ("Distell"), held via its 50% interest in Remgro-Capevin Investments.

4. RELATED PARTY TRANSACTIONS

During the year the Group received dividends from Remgro-Capevin Investments (a joint venture) of R198 327 000 (2013: R178 369 000), and the Group paid administrative fees of R100 000 (2013: R810 000) and a sponsor fee of R9 000 (2013: R33 000) to PSG Corporate Services Proprietary Limited, as well as professional fees of R43 000 to PSG Capital Proprietary Limited (subsidiaries of an investor with significant influence over the Group at the time of the expenses being incurred). The Group also paid administrative fees of R810 000 to Remgro Management Services Limited (a subsidiary of an investor with significant influence over the Group).

Directors' emoluments

During the year, Mr C A Otto received directors' fees of R26 875 (2013: RNil), Messrs A E v Z Botha and R M Jansen each received directors' fees of R32 250 (2013: R10 000), and Mr N Celliers received R10 750 (2013: RNil).

Directors' interests

Mr C A Otto holds an indirect, non-beneficial interest in 21 000 (2013: 21 000) of the Company's ordinary shares.

On 4 November 2013, when Mr A Mellet resigned as a director of the Company, he held 8 000 (2013: 8 000) ordinary shares, his indirect beneficial holding was 42 000 (2013: 42 000) and his indirect non-beneficial holding was 563 800 (2013: 557 800) ordinary shares in the Company.

There has been no change in the interests of the directors in the securities of the Company from the reporting date up to the approval of the annual financial statements.

5. SEGMENT REPORT

Capevin Holdings is an investment holding company, with its sole investment being an effective interest in Distell. The directors have not identified any other segment to report on.

6. EVENTS AFTER THE REPORTING DATE

Subsequent to the financial year-end, Distell entered into an agreement to acquire a 26% share of KWA Holdings East Africa Limited (KHEAL) for approximately R105.0 million. KHEAL is Kenya's leading spirits manufacturer, bottler and distributor, with strong and established local mainstream brands. This transaction enables Distell to expand its production and distribution footprint in leading East African markets.

COMMENTARY

FINANCIAL RESULTS

Distell's reported headline earnings for the year ended 30 June 2014 increased by 40.4% to R1 513.9 million, while headline earnings per share increased by 35.7% to 721.3 cents. Distell's normalised headline earnings, excluding the remeasurement of the contingent purchase consideration for Burns Stewart Distillers, an additional interest provision on excise duty in the current period, as well as the full impact of the new business acquisition costs and the interest provision on excise duty in the previous year, increased by 1.7% to R1 366.1 million.

Capevin Holdings' headline earnings per share for the year ended 30 June 2014 consequently increased by 42.0% to 48.7 cents per share and on a normalised basis increased by 0.7% to 43.8 cents per share.

Capevin Holdings' intrinsic value increased by 14.9% to R9.34 per share based on Distell's last traded share price of R140.00 at 30 June 2014 (excluding capital gains tax). The discount to intrinsic value has narrowed from 17.6% at 30 June 2013 to 12.3% at 30 June 2014.

IMPACT OF DISTELL'S BLACK ECONOMIC EMPOWERMENT (BEE) TRANSACTION

On 17 January 2014 Distell issued 15.0 million shares (net of treasury shares) in terms of its restructured BEE transaction. Due to this transaction, Capevin Holdings' interest in Distell diluted from 28.90% to 26.86% and a loss of R158.9 million was realised. This loss is net of a credit amount of R13.987 million of items that were previously recognised in other comprehensive income that was reclassified to profit or loss.

PROSPECTS

Distell's board believes that trading conditions will improve, albeit at modest levels, during the year ahead. They are, however, confident that the strength, appeal and versatility of Distell's brands and the company's broad geographic footprint across a range of economies and regions will allow them to further unlock real stakeholder value.

Refer to *www.distell.co.za* for Distell's comprehensive results.

DIRECTORATE

Remgro Management Services Limited was appointed to replace PSG Corporate Services Proprietary Limited as Company Secretary of Capevin Holdings with effect from the close of business on 4 November 2013.

Following the change in Company Secretary, Mr L C Verwey replaced Mr A Mellet as Financial Director. Effective from close of business on 4 November 2013, Mr Mellet resigned from the Board of Directors and Mr Verwey's status as director of the Company changed from non-executive director to Financial Director.

Following the appointment of Mr L C Verwey as Financial Director, he no longer served as a member of the Audit and Risk Committee and Mr C A Otto, the independent non-executive chairman was appointed by the Board to fill the vacancy on the Audit and Risk Committee.

REPORTS OF THE INDEPENDENT AUDITOR

The Company's directors are responsible for the preparation of a summarised version of the audited consolidated financial statements.

These summary consolidated financial statements for the year ended 30 June 2014 have been audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the annual financial statements from which these summary consolidated financial statements were derived.

A copy of the auditor's report on the summary consolidated financial statements and of the auditor's report on the annual consolidated financial statements are available for inspection at the Company's registered office, together with the financial statements identified in the respective auditor's reports.

The auditor's report does not necessarily report on all of the information contained in this announcement/financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office.

DECLARATION OF CASH DIVIDEND

In terms of the dividend policy of Capevin Holdings, dividends received from its indirect interest in Distell, after providing for administrative expenses, will be distributed to shareholders. The directors have consequently resolved to approve and declare a final gross cash dividend (dividend number 20) of 12.0 cents (2013: 11.7 cents) per share for the year ended 30 June 2014. The dividend has been declared from income reserves.

There are no STC credits available for utilisation. A dividend withholding tax of 15% or 1.8 cents per share will be applicable, resulting in a net dividend of 10.2 cents per share, unless the shareholder concerned is exempt from paying dividend withholding tax or is entitled to a reduced rate in terms of the applicable double-tax agreement.

The number of issued ordinary shares as at 10 September 2014 is 880 103 265. The Company's income tax number is 9599/656/71/8.

Dates of importance:

Last day to trade in order to participate in the dividend	Friday, 26 September 2014
Shares trade ex dividend	Monday, 29 September 2014
Record date	Friday, 3 October 2014
Payment date	Monday, 6 October 2014

Share certificates may not be dematerialised or rematerialised between Monday, 29 September 2014, and Friday, 3 October 2014, both days inclusive.

In terms of the Company's Memorandum of Incorporation, dividends will only be transferred electronically to the bank accounts of shareholders, while dividend cheques will no longer be mailed. If you have in the past received dividend cheques, please contact the Transfer Secretaries to provide them with confirmation of your banking details. In the instance where shareholders do not provide the Transfer Secretaries with their banking details, the dividend will not be forfeited but will be marked as "unclaimed" in the share register until the shareholder provides the Transfer Secretaries with the relevant banking details for payout.

The Annual Report will be posted to members and will be available on Capevin Holding's website at www.capevin.com during September 2014.

Signed on behalf of the Board of Directors.

Chris Otto
Chairman

Lucas Verwey
Financial Director

Stellenbosch
10 September 2014

DIRECTORATE

Non-executive directors
C A Otto* *(Chairman)*,
J J Durand, N Celliers*, A E v Z Botha*, R M Jansen*
(**Independent*)

Executive director
L C Verwey *(Financial Director)*

CORPORATE INFORMATION

Secretary
Remgro Management Services Limited

Listing
JSE Limited
Sector: Consumer goods – Food and Beverage – Beverages

Business address and registered office
Millennia Park, 16 Stellentia Avenue, Stellenbosch 7600
(PO Box 456, Stellenbosch 7599)

Transfer Secretaries
Computershare Investor Services Proprietary Limited,
70 Marshall Street, Johannesburg 2001
(PO Box 61051, Marshalltown 2107)

Auditors
PricewaterhouseCoopers Inc.
Stellenbosch

Sponsor
Rand Merchant Bank (A division of FirstRand Bank Limited)

Website
www.capevin.com