

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 2016 AND CASH DIVIDEND DECLARATION

• Normalised headline earnings per share	+11.8% to 49.2 cents
• Headline earnings per share	+12.6% to 49.2 cents
• Total ordinary dividend per share	+12.0% to 25.60 cents
• Intrinsic value per share at 30 June 2016	R10.79

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June

	2016 R'000	2015 R'000
ASSETS		
Non-current assets	2 852 443	2 559 147
Investment in joint venture	2 852 443	2 557 347
Available-for-sale asset	-	1 800
Current assets		
Cash and cash equivalents	15 871	4 842
Total assets	2 868 314	2 563 989
EQUITY AND LIABILITIES		
Equity		
Ordinary shareholders' interest	2 856 204	2 546 060
Non-current liabilities		
Deferred taxation	-	335
Current liabilities	12 110	17 594
Trade payables	268	318
Unclaimed dividends	11 800	17 239
Current income tax liability	42	37
Total equity and liabilities	2 868 314	2 563 989
Net asset value per share (cents)	324.5	289.3

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 30 June	
	2016 R'000	2015 R'000
Share of profit of joint venture	410 662	385 899
Loss on dilution of interest in joint venture	(2 527)	(246)
Investment income	1 452	1 025
Profit on sale of investment	1 650	-
Unclaimed dividends forfeited	1 252	1 106
Administrative expenses	(2 162)	(2 280)
Profit before taxation	410 327	385 504
Taxation	(496)	(284)
Profit for the year	409 831	385 220
Other comprehensive income	92 615	70 113
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Fair value adjustment - available-for-sale asset	(150)	-
Tax charge relating to available-for-sale asset	28	-
Reclassified to profit or loss	(1 343)	-
Share of other comprehensive income of joint venture		
Fair value adjustment – available-for-sale asset	(4 630)	1 529
Currency translation differences	65 244	48 215
Reclassified to profit or loss	(754)	(361)
<i>Items that will not be reclassified to profit or loss:</i>		
Share of joint venture's remeasurements of post-employment benefits	22 092	16 332
Other equity movements of joint venture	12 128	4 398
Total comprehensive income for the year	502 446	455 333
Profit for the year attributable to:		
Owners of the parent	409 831	385 220
Total comprehensive income attributable to:		
Owners of the parent	502 446	455 333
Earnings per share (cents)		
- Basic	46.6	43.8
- Diluted	46.4	43.6

HEADLINE EARNINGS RECONCILIATION

	Year ended	
	30 June	
	2016	2015
	R'000	R'000
Earnings attributable to ordinary shareholders	409 831	385 220
Headline earnings adjustable items		
Share of joint venture's impairment of intangible asset*	21 463	-
Share of joint venture's other capital (gains)/losses	491	(849)
Tax on share of joint venture's capital gains and losses	(91)	157
Gain on disposal of investment	(1 650)	-
Tax effect on gain of disposal of investment	92	-
Loss on dilution of interest in joint venture	2 527	246
Headline earnings	432 663	384 774
Remeasurement and reversal of contingent consideration	-	2 388
Normalised headline earnings[#]	432 663	387 162
Earnings per share (cents)		
- Basic	46.6	43.8
- Diluted	46.4	43.6
Headline earnings per share (cents)		
- Basic	49.2	43.7
- Diluted	49.0	43.5
Normalised headline earnings per share (cents)		
- Basic	49.2	44.0
- Diluted	49.0	43.8
Number of shares (thousands)		
- In issue	880 103	880 103
- Weighted average	880 103	880 103

* The impairment relates to the Bisquit brand: The expected potential market growth in China and Russia at the time of acquisition has not materialised leading to an impairment in the carrying value of the brand.

Normalised headline earnings excludes the Company's share of Distell Group Limited's remeasurement and reversal of the contingent consideration of the acquisition of Burn Stewart Distillers Limited in the 2015 financial year.

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Year ended 30 June	
	2016 R'000	2015 R'000
Ordinary shareholders' equity at the beginning of the year	2 546 060	2 305 472
Total comprehensive income	502 446	455 333
Dividends paid	(192 302)	(214 745)
Ordinary shareholders' equity at the end of the year	2 856 204	2 546 060

Dividend per share (cents)

- Interim	11.40	12.40
- Final	14.20	10.45

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 30 June	
	2016 R'000	2015 R'000
Cash flows from operating activities		
Dividends received	207 129	200 088
Dividends paid	(192 302)	(214 745)
Interest received	1 442	1 015
Administrative expenses	(2 162)	(2 280)
Taxation paid	(491)	(278)
Increase/(decrease) in trade and other payables and unclaimed dividends	(4 237)	14 416
	9 379	(1 784)
Cash flows from investing activities	1 650	4 314
Proceeds from disposal of investment	1 650	-
Investment in money market fund	-	4 314
Net increase in cash and cash equivalents	11 029	2 530
Cash and cash equivalents at the beginning of the year	4 842	2 312
Cash and cash equivalents at the end of the year	15 871	4 842

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: 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 Group had, except for the investment in Historical Homes of South Africa Limited (HHSa), no financial instruments measured at fair value. HHSa was classified as level 3 and was disposed of during the 2016 financial year for R1 650 000.

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 (JSE) for preliminary reports, and the requirements of the Companies Act (No. 71 of 2008), as amended, applicable to summary financial statements. The JSE requires 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 IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

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 on 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, P R Louw CA(SA).

2. GROUP STRUCTURE

The sole investment of Capevin Holdings is an effective interest of 26.77% (2015: 26.82%) in the issued share capital of Distell Group Limited (Distell), held via its 50% interest in Remgro-Capevin Investments Proprietary Limited (Remgro-Capevin Investments).

3. RELATED PARTY TRANSACTIONS

During the year the Group received dividends from Remgro-Capevin Investments (a joint venture) of R207 119 220 (2015: R200 078 000). The Group also paid administrative fees of R980 500 (2015: R925 000) to Remgro Management Services Limited (a subsidiary of an investor with significant influence over the Group). The Group also disposed of its investment in Historical Homes of South Africa Limited to Eikenlust Proprietary Limited (a subsidiary of an investor with significant influence over the Group) for a total amount of R1 650 000.

Directors' emoluments

Director	30 June 2016	30 June 2015
A E v Z Botha	R37 200	R17 400
N Celliers*	-	R11 600
R M Jansen	R37 200	R34 800
E G Matenge-Sebesho*	R24 800	R11 600
C A Otto	R37 200	R34 800

**Mr N Celliers resigned, and Ms E G Matenge-Sebesho was appointed, as a director on 12 September 2014.*

Directors' interests

No director (or associate of any of the directors), holds an interest in the securities of 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.

4. 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.

5. EVENTS AFTER THE REPORTING DATE

The Group is unaware of any matter or event that is material to the financial affairs of the Company that have occurred between the reporting date and the date of approval of the annual financial statements.

COMMENTARY (unaudited)

FINANCIAL RESULTS

For the year ended 30 June 2016 Distell's revenue grew by 9.6% to R21.5 billion on a sales volume increase of 2.8%. Distell's results for the year, supported by strong overall revenue growth and efficiency improvements across the business, also benefitted from a substantially weaker rand against the major currencies in which Distell trades. Operating costs rose by 9.1% given continued investment in key strategic initiatives and in selected markets where growth opportunities have been identified.

Distell reported a 12.3% increase in headline earnings to R1 611 million, with headline earnings per share increasing by 12.1% to 735.3 cents. Capevin Holdings' headline earnings per share for the year ended 30 June 2016 consequently increased by 12.6% to 49.2 cents per share.

During April 2013, Distell acquired Burn Stewart Distillers Limited (BSD). A subsequent remeasurement and reversal of the contingent purchase consideration payable on the BSD acquisition was included in the 2015 financial year. Distell's normalised headline earnings, which excludes the remeasurement and reversal of the purchase consideration for BSD, increased by 11.6%.

Capevin Holdings' normalised headline earnings and normalised headline earnings per share (based on Distell's normalised measure as described above) increased by 11.8% to R432.7 million and 49.2 cents per share respectively.

The Company's intrinsic value decreased by 2.9% to R10.79 per share – based on Distell's last traded price of R161.80 at 30 June 2016 (excluding capital gains tax) (30 June 2015: R166.97). Capevin Holdings' discount to intrinsic value has widened from 14.6% at 30 June 2015 to 16.8% at 30 June 2016.

PROSPECTS

Distell's board believes that the outlook for global economic growth will remain subdued amid volatile trading conditions during the year ahead. They are, however, confident that Distell will continue to be able to pursue its long-term strategy to grow shareholder value. Distell remains well-positioned to take early advantage of any improvements in economic conditions given its diverse portfolio of appealing brands, as well as a strengthened and extended route to market network and its strong financial position.

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

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 2016 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 24) of 14.20 cents (2015: 10.45 cents) per share for the year ended 30 June 2016. The dividend has been declared from income reserves.

A dividend withholding tax of 15% or 2.1300 cents per share will be applicable, resulting in a net dividend of 12.07 cents per share, unless the shareholder concerned is exempt from paying dividend withholding tax or is entitled to a reduced rate in terms of an applicable double-tax agreement.

The total gross dividend per share for the year ended 30 June 2016 therefore amounts to 25.60 cents, compared to 22.85 cents for the year ended 30 June 2015, representing an increase of 12.0%.

The number of issued ordinary shares as at 12 September 2016 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	Tuesday, 27 September 2016
Shares trade ex dividend	Wednesday, 28 September 2016
Record date	Friday, 30 September 2016
Payment date	Monday, 3 October 2016

Share certificates may not be dematerialised or rematerialised between Wednesday, 28 September 2016, and Friday, 30 September 2016, 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 are no longer issued. 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 pay out.

The Annual Report will be posted to members and will be available on Capevin Holding's website at www.capevin.com during September 2016.

Signed on behalf of the Board of Directors.

Chris Otto
Chairman

Pieter Louw
Financial Director

Stellenbosch
12 September 2016

DIRECTORATE

Non-executive directors

C A Otto* (*Chairman*),

A E v Z Botha*, J J Durand, R M Jansen*, E G Matenge-Sebesho*
(**Independent*)

Executive director

P R Louw (*Financial Director*)

CORPORATE INFORMATION

Secretary

Remgro Management Services Limited

Listing

JSE Limited

Sector: Consumer – Food and Beverage – Beverages – Distillers & Vintners

Business address and registered office

Millennia Park, 16 Stellantia 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)

Auditor

PricewaterhouseCoopers Inc.
Stellenbosch

Sponsor

Rand Merchant Bank (A division of FirstRand Bank Limited)

Website

www.capevin.com