

CAPEVIN
INVESTMENTS LIMITED

ANNUAL REPORT 2010

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KEY FINANCIAL STATISTICS

Group financial results for the year ended 30 June 2010

	2010 R'000	2009 R'000	% change
Profit for the year attributable to equity holders of the company	274 125	276 483	(0,9)
Headline earnings attributable to equity holders of the company	273 304	277 316	(1,4)
Earnings per share – basic and diluted (cents)			
Attributable earnings	652,7	658,3	(0,9)
Headline earnings	650,7	660,3	(1,4)
Dividend per share (cents)	355,0	355,0	–
Interim	173,0	173,0	
Final (declared after year-end)	182,0	182,0	
Net asset value per share (cents)	3 629,2	3 344,4	8,5
Intrinsic value per share (cents)	9 148,1	7 682,8	19,1

CHAIRMAN'S REPORT

FINANCIAL RESULTS

The group's financial results reflect those of its associate company, Distell Group Limited (Distell), as this is the only significant asset of the group. During the year under review Distell's revenue grew by 8,7% to R11,8 billion on a sales volume increase of 7,3%. Although reasonable sales volume growth was achieved, this year's results were significantly impacted by adverse exchange rates and, to a lesser extent, a less favourable sales mix. Benefits derived from improved throughput and better operating efficiencies were thus insufficient to protect margins and profitability. Consequently, operating profit declined by 1,2% and the net operating margin deteriorated to 11,8% (2009: 13,0%).

Distell's attributable and headline earnings per share for the year under review decreased by 1,5% and 1,2%, to 468,1 cents and 469,1 cents respectively. Distell's diluted headline earnings per share, which also takes into account the cumulative dilutive effect of the Distell BEE transaction, decreased by 2,1% to 445,4 cents. This dilution could have a significant impact on Capevin Investments' future results and it is disclosed in more detail in note 12 to the financial statements.

The attributable earnings of Capevin Investments decreased by 0,9% to R274,1 million and headline earnings decreased by 1,4% to R273,3 million. Distell maintained their annual dividend at 256 cents per share.

DIVIDEND

In terms of the dividend policy of Capevin Investments, dividends received from its indirect interest in Distell, after providing for administration costs, will be distributed to shareholders.


Included in the figure for administration costs are once-off items emanating from the compulsory offer made to shareholders and name change. Administration costs of a recurring nature should in future only increase in line with inflation. A detailed breakdown of administration costs are disclosed in Annexure A to the financial statements.

The directors have consequently resolved to declare a final ordinary dividend of 182 cents (2009: 182 cents) per ordinary share for the year ended 30 June 2010.

PROSPECTS

The board of Distell said that although there were some early signs of a global economic recovery in the latter part of the financial year under review, the high levels of unemployment and limited disposable income are likely to continue to impact consumer spending adversely. The trading environment is expected to remain extremely competitive, both domestically and internationally.

However, Distell's business is appropriately structured with a diversified and exciting range of well-priced, quality brands in spirits, ciders, ready-to-drinks and wines to enable the group to compete effectively and to continue maximising trading opportunities and profitability.



Khutso Mampeule

Chairman

30 August 2010

CORPORATE GOVERNANCE STATEMENT

The Capevin Investments Limited group (Capevin Investments) is committed to the principles of transparency, integrity and accountability as also advocated in the King II Report on Corporate Governance. The group accepts and supports in principle the King Report on Corporate Governance, and complies with the principles and requirements insofar as considered practicable and applicable.

The group's associate company, Distell Group Limited (Distell), is similarly committed to these principles of good corporate governance.

BOARD OF DIRECTORS

Board composition

Directors are elected on recommendation of the current directors or, if properly nominated, by shareholders. Currently the board comprises six directors. All directors represent major shareholders in Capevin Investments. The appointment of directors is formal and transparent, and considered to be a matter for the board as a whole.

Capevin Investments is an investment holding company with limited day-to-day operations and has not filled the office of CEO. PSG Corporate Services (Proprietary) Limited has been appointed as manager and company secretary of Capevin Investments. Accordingly, the directors are all considered to be non-executive. There is a clear division of responsibilities at board level to ensure a balance of power and authority, such that no one individual has unfettered powers of decision making.

Mr KI Mampeule fills the role of Chairman. The Listings Requirements of the JSE Limited requires the position of financial director to be filled, and accordingly Mr CA Otto has been appointed as such. Mr CA Otto has no executive responsibilities other than that of the financial statements of Capevin Investments.

Role and responsibilities

The directors retain full and effective control of the company and are responsible for the establishment of strategies, policies and the approval of financial objectives.

The company operates as an investment holding company which holds as its sole asset an indirect

investment in Distell. In view of the narrow scope of the company's operations, the role of the board is limited to monitoring the company's investment performance and for ensuring that procedures and practices are in place to protect the company's assets and reputation. The board also assumes responsibility for the management of relationships with various stakeholders.

Directors have access to the advice and services of the company secretary and are entitled to seek independent professional advice at the company's expense if reasonably required in the execution of their corporate responsibilities.

The board has appointed an audit and risk committee to assist it in the performance of its duties. A report by the Capevin Investments Audit and Risk Committee has been provided on page 4 of this annual report.

Board meeting attendance

A restructuring of the KVV group was effected during July 2009 and KVV's investment in Capevin Investments was split from its operational activities and assets. As a result, all directors previously appointed by KVV resigned and the board of Capevin Holdings Limited appointed new directors on 22 July 2009.

The board meets at least twice a year, or more frequently if required by circumstances. Attendance at meetings since the restructuring and up to the date of this report, was as follows:

Director	12 Aug 2009	8 Sept 2009	18 Jan 2010	9 Feb 2010	30 Aug 2010
AEVZ Botha ^(a)	√	√	√	√	√
JJ Durand ^(b)					√
KI Mampeule ^(a)	√	√	√	√	√
JJ Mouton ^(a)	√	R	√	√	√
CA Otto ^(a)	√	√	√	√	√
MH Visser ^(b)					√

√ Present

R Recused from meeting

^(a) New board of directors appointed on 22 July 2009

^(b) Appointed on 24 March 2010

DEALING IN SECURITIES

Directors of the company are prohibited from dealing in securities of the company during price-sensitive periods.

REPORT OF THE AUDIT AND RISK COMMITTEE

The Capevin Investments Limited Audit and Risk Committee ("the committee") comprises Messrs JJ Mouton (Chairman) and JJ Durand. With the finalisation of the KVV group's restructuring, the previous board resigned, new directors were appointed and a new audit committee was established. With Mr JJ Durand's appointment as director he replaced Mr CA Otto as member of the committee. Previously the board also functioned as the audit and risk committee. All the members are non-executive directors. The committee met as set out below during the past year and the meetings are open for all the directors to attend. The meetings held during the year were attended as follows:

Director	12 Aug 2009	8 Sept 2009	9 Feb 2010	30 Aug 2010
AEvZ Botha ^(a)	√	√	√	√
JJ Durand ^(b)				√
KI Mampeule ^(a)	√	√	√	√
JJ Mouton ^(a)	√	R	√	√
CA Otto ^(a)	√	√	√	√
MH Visser ^(b)				√

√

Present

R

Recused from meeting

^(a)

New board of directors appointed on 22 July 2009

^(b)

Appointed on 24 March 2010

The committee reports that it has considered the matters set out in section 270A(5) of the Companies Act, 61 of 1973, as amended by the Corporate Laws Amendment Act, and is satisfied with the independence and objectivity of the external auditor, PricewaterhouseCoopers Inc. The committee has considered and recommended the fees payable to the external auditor and is satisfied with the extent of non-audit-related services performed.

As required by JSE Listings Requirement 3.84(i), the committee has satisfied itself that the group financial director has appropriate expertise and experience.

Based on the information and explanations given by management and discussions with the independent external auditor regarding the results of their audit, the committee is satisfied that there was no material breakdown in the internal accounting controls during the financial year under review.

The committee has evaluated the financial statements of Capevin Investments Ltd for the year ended 30 June 2010 and, based on the information provided to the committee, considers that the group complies, in all material respects, with the requirements of the Companies Act, 61 of 1973, as amended, and International Financial Reporting Standards (IFRS).



JJ Mouton

Chairman

30 August 2010

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The directors are responsible for the maintenance of adequate accounting records and to prepare annual financial statements that fairly represent the state of affairs and the results of the group. The external auditor is responsible for independently auditing and reporting on the fair presentation of these annual financial statements. Management fulfils this responsibility primarily by establishing and maintaining accounting systems and practices adequately supported by internal accounting controls. Such controls provide assurance that the group's assets are safeguarded, that transactions are executed in accordance with management's authorisations and that the financial records are reliable. The annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and incorporate full and reasonable disclosure. Appropriate and recognised accounting policies are consistently applied.

The Audit and Risk Committee of the group meets regularly with the external auditor, as well as administrative management, to evaluate matters concerning accounting policies, internal control, auditing

and financial reporting. The external auditor has unrestricted access to all records, assets and personnel as well as to the Audit and Risk Committee.

The financial statements are prepared on the going concern basis, since the directors have every reason to believe that the group has adequate resources to continue for the foreseeable future.

The financial statements set out on pages 7 to 25 were approved by the board of directors of Capevin Investments Ltd and are signed on its behalf by:



KI Mampeule
Chairman



CA Otto
Financial director

30 August 2010
Stellenbosch

DECLARATION BY THE COMPANY SECRETARY

We declare that, to the best of our knowledge, the company has lodged with the Registrar all such returns as are required of a public company in terms of the Companies Act, 61 of 1973, as amended, and that all such returns are true, correct and up to date.



PSG Corporate Services (Pty) Ltd
Per WL Greeff
Company secretary

30 August 2010
Stellenbosch

INDEPENDENT AUDITOR'S REPORT

to the members of Capevin Investments Limited

We have audited the group annual financial statements and annual financial statements of Capevin Investments Ltd, which comprise the consolidated and separate statements of financial position as at 30 June 2010, and the consolidated and separate income statements, statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 7 to 24.

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.

AUDITOR'S 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.

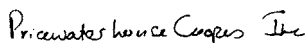
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of Capevin Investments Ltd as at 30 June 2010, and its consolidated and separate financial performance and its 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.

OTHER MATTER

The supplementary information set out on page 25 does not form part of the annual financial statements and is presented as additional information. We have not audited this schedule and accordingly we do not express an opinion thereon.



PricewaterhouseCoopers Inc.

Director: HD Nel
Registered auditor

30 August 2010
Cape Town

DIRECTORS' REPORT

NATURE OF BUSINESS

The company is an investment company which holds 50% (2009: 50%) of the issued share capital of Remgro-Capevin Investments Ltd. The latter company holds 58,24% (2009: 58,45%) of the issued share capital of Distell Group Ltd ("Distell"), which invests mainly in the manufacture, distribution and marketing of wine, spirits and alcoholic fruit beverages.

HOLDING COMPANY

The holding company of Capevin Investments Ltd is Capevin Holdings Ltd. Capevin Holdings Ltd holds 51,0% (2009: 51,0%) of the company's issued share capital.

OPERATING RESULTS

The main asset of the group is an investment in Distell which is held through the associate company, Remgro-Capevin Investments Ltd, and the equity method of accounting is therefore applied during the preparation of the consolidated financial statements.

Shareholders' attention is drawn to the information disclosed in note 12 of the financial statements regarding the dilution of Capevin Investments' interest in Distell.

The financial position and the results of operations are fully dealt with in the attached financial statements.

DIVIDENDS

On 19 February 2010 an interim dividend of 173 cents (2009: 173 cents) per share was declared, and paid on 23 March 2010.

A final dividend of 182 cents (2009: 182 cents) per share was declared on 30 August 2010 and is payable on 27 September 2010.

SHARE CAPITAL

There has been no changes to the authorised and issued share capital of the company during the year. The authorised and issued share capital is disclosed in note 4 to the financial statements.

DIRECTORS

The directors of the company at the date of this report were:

- Kl Mamepele (Chairman)
- AEvZ Botha
- JJ Durand (appointed 24 March 2010)
- JJ Mouton
- CA Otto (Financial director)
- MH Visser (appointed 24 March 2010)

DIRECTORS' INTERESTS

At 30 June 2010 and at the date of this report, Mr CA Otto held an indirect non-beneficial interest in 1 000 of the issued shares of the company. At the previous reporting date Mr PBB Hugo (resigned as director on 22 July 2009) held 1 500 of the issued shares of the company.

The directors received remuneration as set out in note 10 to the annual financial statements.

EVENTS SUBSEQUENT TO THE REPORTING DATE

The directors are unaware of any matter or event which is material to the financial affairs of the company that have occurred between the reporting date and the date of approval of these annual financial statements.

SECRETARY

The secretary of the company is PSG Corporate Services (Pty) Ltd. The business and postal addresses are set out below:

Business address	Postal address
1st Floor	PO Box 7403
Ou Kollege	Stellenbosch
35 Kerk Street	7599
Stellenbosch	
7600	

AUDITOR

PricewaterhouseCoopers Inc. will continue in office in accordance with section 270(2) of the Companies Act of South Africa.

STATEMENTS OF FINANCIAL POSITION

at 30 June 2010

	Notes	GROUP			COMPANY	
		2010 R'000	2009* R'000	2008* R'000	2010 R'000	2009** R'000
ASSETS						
Non-current assets						
Investment in associate	2	1 525 214	1 404 938	1 295 813	42 000	42 000
Current assets						
Cash and cash equivalents	3	258	631	377	258	631
Income tax receivable		4	19	16	4	19
Total assets		1 525 472	1 405 569	1 296 190	42 258	42 631
EQUITY AND LIABILITIES						
Equity attributable to owners of the parent						
Share capital	4	42 000	42 000	42 000	42 000	42 000
Reserves		1 482 254	1 362 635	1 253 596	(960)	(303)
Total equity		1 524 254	1 404 635	1 295 596	41 040	41 697
Current liabilities						
Trade payables		90	128	11	90	128
Unclaimed dividends		1 128	806	583	1 128	806
Total equity and liabilities		1 525 472	1 405 569	1 296 190	42 258	42 631

* Restated as set out in note 9 to the annual financial statements

** Reclassified as set out in note 9 to the annual financial statements

INCOME STATEMENTS

for the year ended 30 June 2010

	Notes	GROUP		COMPANY	
		2010 R'000	2009* R'000	2010 R'000	2009** R'000
Share of profit of associate		274 493	278 788		
Gain/(loss) on dilution of interest in associate		1 413	(1 101)		
Investment income	5	270	288	150 475	150 493
Administrative expenses	6	(2 051)	(1 412)	(2 051)	(1 412)
Profit before taxation		274 125	276 563	148 424	149 081
Taxation	7		(80)		(80)
Profit for the year attributable to equity holders of the company		274 125	276 483	148 424	149 001
Earnings per share – basic and diluted	8				
Attributable earnings (cents)		652,7	658,3		
Headline earnings (cents)		650,7	660,3		

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 30 June 2010

	GROUP		COMPANY	
	2010 R'000	2009* R'000	2010 R'000	2009 R'000
Profit for the year attributable to equity holders of the company	274 125	276 483	148 424	149 001
Other comprehensive loss, net of tax	(5 425)	(18 357)	–	–
Share of other comprehensive loss of associate	(9 842)	(23 861)		
Other equity movements of associate	4 417	5 504		
Total comprehensive income for the year, attributable to equity holders of the company	268 700	258 126	148 424	149 001

* Restated as set out in note 9 to the annual financial statements

** Reclassified as set out in note 9 to the annual financial statements

STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2010

	Share capital R'000	Retained earnings* R'000	Equity reserve* R'000	Total R'000
GROUP				
Balance at 1 July 2008	42 000	(217)	1 253 813	1 295 596
Profit for the year		276 483		276 483
Other comprehensive loss, net of tax	–	–	(18 357)	(18 357)
Share of other comprehensive loss of associate			(23 861)	(23 861)
Other equity movements of associate			5 504	5 504
Total comprehensive income/(loss)	–	276 483	(18 357)	258 126
Transactions with owners	–	(276 569)	127 482	(149 087)
Net transfer from retained earnings		(127 482)	127 482	–
Unclaimed dividends written back		13		13
Dividends paid		(149 100)		(149 100)
Balance at 30 June 2009	42 000	(303)	1 362 938	1 404 635
Profit for the year		274 125		274 125
Other comprehensive loss, net of tax	–	–	(5 425)	(5 425)
Share of other comprehensive loss of associate			(9 842)	(9 842)
Other equity movements of associate			4 417	4 417
Total comprehensive income/(loss)	–	274 125	(5 425)	268 700
Transactions with owners	–	(274 782)	125 701	(149 081)
Net transfer from retained earnings		(125 701)	125 701	–
Unclaimed dividends written back		19		19
Dividends paid		(149 100)		(149 100)
Balance at 30 June 2010	42 000	(960)	1 483 214	1 524 254

* Restated as set out in note 9 to the annual financial statements

STATEMENTS OF CHANGES IN EQUITY (continued)

for the year ended 30 June 2010

	Share capital R'000	Retained earnings R'000	Total R'000
COMPANY			
Balance at 1 July 2008	42 000	(217)	41 783
Profit for the year		149 001	149 001
Transactions with owners			
Unclaimed dividends written back		13	13
Dividends paid		(149 100)	(149 100)
Balance at 30 June 2009	42 000	(303)	41 697
Profit for the year		148 424	148 424
Transactions with owners			
Unclaimed dividends written back		19	19
Dividends paid		(149 100)	(149 100)
Balance at 30 June 2010	42 000	(960)	41 040

Dividend per share

Interim – 173 cents per share (2009: 173 cents)

Final – 182 cents per share (2009: 182 cents)

STATEMENTS OF CASH FLOWS

for the year ended 30 June 2010

	Notes	GROUP		COMPANY	
		2010 R'000	2009 R'000	2010 R'000	2009 R'000
Cash flows from operating activities					
Administrative expenses		(2 051)	(1 412)	(2 051)	(1 412)
Increase in trade payables and unclaimed dividends		303	353	303	353
Cash utilised in operations		(1 748)	(1 059)	(1 748)	(1 059)
Dividends received		150 205	150 205	150 205	150 205
Dividends paid		(149 100)	(149 100)	(149 100)	(149 100)
Interest received		270	288	270	288
Taxation received/(paid)		15	(83)	15	(83)
Net (decrease)/increase in cash and cash equivalents		(358)	251	(358)	251
Cash and cash equivalents at beginning of the year		612	361	612	361
Cash and cash equivalents at end of the year	3	254	612	254	612

ACCOUNTING POLICIES

for the year ended 30 June 2010

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented.

1.1 BASIS OF PREPARATION

The consolidated and separate annual financial statements of Capevin Investments Ltd have been prepared in accordance with International Financial Reporting Standards (IFRS) and the manner required by the Companies Act of South Africa. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Management has made no significant estimates or assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The results of the associate company, which are equity accounted in the consolidated financial statements, includes some significant estimates and judgements. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are mainly biological assets, impairment of receivables, retirement benefits, impairment of intangible assets, useful life and impairment of property, plant and equipment, inventory provisions, share options and deferred and income taxes.

Economic interest financial statements

As Capevin Investments Ltd does not have any investments in subsidiaries but only an investment in associate, the company prepares 'economic interest' financial statements in which its investment is equity accounted. These 'economic interest' financial statements are referred to as 'group'.

Standards, interpretations and amendments to published standards that are effective for the first time in 2010 and relevant to the group's operations

- IFRS 8 Operating Segments (effective January 2009). The standard requires an entity to adopt the 'management approach' to reporting on the financial performance of its operating segments. The standard sets out requirements for disclosure of information about an entity's operating segments and also about the entity's products and services, the geographical areas in which it operates, and its major customers. The disclosure should enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.
- IAS 1 Revised – Presentation of Financial Statements (effective January 2009). The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the group presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income. Comparative information has been re-presented so that it is also in conformity with the revised standard. The change in accounting policy only impacts presentation aspects, and has no impact on the reported results of the group.

ACCOUNTING POLICIES *(continued)*

for the year ended 30 June 2010

- IAS 27 Revised – Consolidated and Separate Financial Statements (effective July 2009). The revised standard requires the effect of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and the gain or loss is recognised in profit or loss.

Standards, interpretations and amendments to published standards that are effective for the first time in 2010 and not currently relevant to the group's operations

- Amendment to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations (effective January 2009)
- IFRS 3 Revised – Business Combinations (effective July 2009)
- Amendments to IFRS 7 Financial Instruments: Disclosures (effective January 2009)
- IAS 23 Revised – Borrowing Costs (effective January 2009)
- Amendment to IAS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective January 2009)
- Amendment to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation (effective January 2009)
- Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items (effective July 2009)
- IFRIC 15 Agreements for the Construction of Real Estate (effective January 2009)
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation (effective October 2008)
- IFRIC 17 Distribution of Non-cash Assets to Owners (effective July 2009)
- IFRIC 18 Transfers of Assets from Customers (effective July 2009)
- AC 503 Revised – Accounting for Black Economic Empowerment Transactions (effective January 2009)
- AC 504 – IAS 19 (AC 116) – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction in the South African Pension Fund Environment (effective April 2009)
- Improvements to IFRSs 2008 (effective January 2009 and July 2009)
- Improvements to IFRSs 2009 (effective July 2009)

Standards, interpretations and amendments to published standards that are not yet effective but relevant to the group's operations

- IFRS 9 Financial Instruments (effective January 2013)
Management is in the process of assessing the impact of this standard on the reported results of the group.

Standards, interpretations and amendments to published standards that are not yet effective nor relevant to the group's operations

- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards (effective January 2010 and July 2010)
- Amendments to IFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions (effective January 2010)
- Amendment to IFRIC 14 Prepayments of a Minimum Funding Requirement (effective January 2011)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective July 2010)
- Amendments to IAS 24 Related Party Disclosures (effective January 2011)
- Amendments to IAS 32 Classification of Rights Issues (effective February 2010)
- Improvements to IFRSs 2009 (effective January 2010)
- Improvements to IFRSs 2010 (effective July 2010 and January 2011)

ACCOUNTING POLICIES *(continued)*

for the year ended 30 June 2010

1.2 BASIS OF CONSOLIDATION

Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in its associates' other comprehensive income and other reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

Dilution gains and losses arising on investments in associates are recognised in the income statement.

Investments in associates are accounted for at cost less accumulated impairment losses in the company's financial statements.

Interest-free loans to associates with no specific terms of repayment are considered to be a capital contribution to the associate and are included in the carrying amount of the investment.

Significant accounting policies of associates

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), but excludes borrowing cost. Net realisable value is the estimated selling price in the ordinary course of business, less the applicable costs of completion and selling expenses. Costs of inventories include the transfer from equity of any gains/losses on qualifying cash flow hedges of raw material purchases.

Employee benefits – Retirement funds: Defined-benefit plans

The liability recognised in the statement of financial position in respect of defined-benefit pension plans and post-retirement medical benefits is the present value of the defined-benefit obligation at the reporting date less the fair value of plan assets together with adjustments to unrecognised past service costs. The defined-benefit obligation is actuarially valued every three years and reviewed every year by independent actuaries using the projected unit credit method. The

ACCOUNTING POLICIES *(continued)*

for the year ended 30 June 2010

present value of the defined-benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. Current service costs are recognised immediately in income. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised outside profit or loss in the period in which they occur and are presented in other comprehensive income.

Merchandising and promotional items

Merchandising and promotional items are expensed when the group has access to such items, regardless of when these items are utilised by the group.

1.3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of deposits held at call with banks and money market funds. Cash and cash equivalents are classified as loans and receivables (refer note 1.6).

1.4 REVENUE RECOGNITION

Interest income is recognised according to the effective-interest method and dividends are recognised when the right to receive payment is established.

1.5 CURRENT AND DEFERRED INCOME TAX

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the group's associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in associated companies, except where the group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

ACCOUNTING POLICIES *(continued)*

for the year ended 30 June 2010

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

1.6 FINANCIAL ASSETS

The group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments and fixed maturities – other than those that the group intends to sell in the short term. Loans and receivables are carried at amortised cost using the effective-interest method. Specific provisions are made against identified doubtful advances.

Recognition and measurement of financial assets

Purchases and sales of financial assets are recognised on trade date – the date on which the group commits to purchase or sell the asset. Financial assets not carried at fair value through profit or loss, are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has substantially transferred all risks and rewards of ownership.

1.7 FINANCIAL LIABILITIES

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity. Financial liabilities consists of trade payables and unclaimed dividends which are recognised initially at fair value and subsequently at amortised cost using the effective-interest method.

1.8 SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

1.9 DIVIDENDS

Dividend distributions are recognised in the period in which they are declared by the company's board of directors.

1.10 SEGMENT REPORT

Capevin Investments Ltd is an investment holding company with its only investment being an effective interest in Distell Group Ltd. The directors have not identified any other segment to report on.

1.11 STATEMENT OF CASH FLOWS

The statement of cash flows is prepared using the indirect method.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2010

	GROUP			COMPANY	
	2010 R'000	2009 R'000	2008 R'000	2010 R'000	2009 R'000
2. INVESTMENT IN ASSOCIATE					
Unlisted investment in Remgro-Capevin Investments Ltd – at cost	42 000	42 000	42 000	42 000	42 000
<p>The investment comprises 50 ordinary shares of R1 each and an unsecured, interest-free loan with no specific terms of repayment. The investment ultimately represents a shareholding of 29,12% (2009: 29,22%) in Distell Group Ltd.</p>					
Interest in post-acquisition reserves	1 483 214	1 362 938	1 253 813		
Balance at beginning of the year	1 362 938	1 253 813	1 115 629		
Share of profit of associate	274 493	278 788	272 041		
Dividend received from associate	(150 205)	(150 205)	(124 976)		
Gain/(loss) on dilution of interest in associate	1 413	(1 101)	(5 716)		
Other comprehensive loss	(5 425)	(18 357)	(3 165)		
Carrying value	1 525 214	1 404 938	1 295 813		
<p>The market value of the investment, based on the JSE Ltd price at 30 June 2010, amounted to R3,8 billion (2009: R3,2 billion).</p>					
The principal financial information in respect of Distell Group Ltd					
<i>Abridged statement of financial position</i>					
Total assets	8 201 031	7 449 575	6 408 123		
Non-current	2 732 444	2 360 319	1 961 551		
Current	5 468 587	5 089 256	4 446 572		
Total liabilities	(2 962 730)	(2 640 201)	(1 975 923)		
Non-current	(673 946)	(638 974)	(186 827)		
Current	(2 288 784)	(2 001 227)	(1 789 096)		
Total equity	5 238 301	4 809 374	4 432 200		
<i>Abridged income statement</i>					
Revenue	11 808 884	10 863 728	9 409 597		
Profit for the year attributable to ordinary shareholders	941 556	953 712	928 988		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *(continued)*

for the year ended 30 June 2010

	GROUP		
	2010 R'000	2009 R'000	2008 R'000
2. INVESTMENT IN ASSOCIATE			
<i>(continued)</i>			
The principal financial information in respect of Distell Group Ltd			
<i>Earnings per share (cents)</i>			
– attributable earnings	468,1	475,3	464,6
– diluted earnings	444,5	455,4	436,1
– headline earnings	469,1	474,8	459,3
– diluted headline earnings	445,4	455,0	431,2
<i>Dividend per share (cents)</i>	256,0	256,0	236,0
– interim	124,0	124,0	104,0
– final (declared after year-end)	132,0	132,0	132,0

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
3. CASH AND CASH EQUIVALENTS				
Cash at bank and money market funds	254	612	254	612
4. SHARE CAPITAL				
Authorised				
56 000 000 shares with a par value of R1 each	56 000	56 000	56 000	56 000
Issued				
42 000 000 shares with a par value of R1 each	42 000	42 000	42 000	42 000
5. INVESTMENT INCOME				
Dividends received from associate			150 205	150 205
Interest received on cash and short-term funds	270	288	270	288
	270	288	150 475	150 493

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 30 June 2010

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
6. ADMINISTRATIVE EXPENSES				
Auditor's remuneration (audit services)	176	69	176	69
– current year	111	69	111	69
– prior year underprovision	65		65	
Expenses incurred in respect of mandatory offer	350		350	
Other administrative expenses	1 525	1 343	1 525	1 343
	2 051	1 412	2 051	1 412
7. TAXATION				
South Africa normal tax – current year		80		80
	%	%	%	%
Tax rate reconciliation:				
Standard rate for companies	28,00	28,00	28,00	28,00
Income from associate	(28,18)	(28,12)		
Exempt dividend income			(28,34)	(28,12)
Tax losses for which no deferred income tax asset was recognised	0,18	0,14	0,34	0,14
	–	0,02	–	0,02

History shows that Capevin Investments Ltd's STC credits increase over time as dividends received exceeds dividends paid. Therefore no deferred tax asset has been raised on the unutilised STC credits of R10 171 000 (2009: R9 066 000).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *(continued)*
for the year ended 30 June 2010

	GROUP	
	2010	2009
	R'000	R'000
8. EARNINGS PER SHARE		
The calculation of earnings per share is based on the following:		
Earnings attributable to ordinary shareholders	274 125	276 483
Interest in adjustments of associate, net of taxation	592	(268)
Gross amount	821	(372)
Tax effect	(229)	104
(Gain)/loss on dilution of interest in associate	(1 413)	1 101
Headline earnings attributable to ordinary shareholders	273 304	277 316
Ordinary shares in issue (thousands)	42 000	42 000
Basic and diluted		
Earnings attributable to ordinary shareholders (R'000)	274 125	276 483
Headline earnings attributable to ordinary shareholders (R'000)	273 304	277 316
Attributable earnings per share (cents)	652,7	658,3
Headline earnings per share (cents)	650,7	660,3

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *(continued)*
for the year ended 30 June 2010

9. RESTATEMENT/RECLASSIFICATION OF PRIOR YEAR FIGURES

Group

Prior year figures have been restated to account for the effects of the amendment to IAS 38 Intangible Assets on Distell Group Ltd's financial results. Promotional stock and merchandising items were previously included in inventory and expensed through the income statement when utilised. In accordance with the amendment to IAS 38, promotional stock and merchandising items should be expensed through the income statement when such items are earmarked for promotional purposes.

Capevin Investments Ltd also changed its accounting policy following the guidance in IAS 27 Revised – Consolidated and Separate Financial Statements, whereby any gain or loss on the dilution of interest in an associate should be accounted for in the income statement. The group's previous policy was to account for such gain or loss directly in equity.

The effect of these restatements are as follows on the group results:

	Previously reported R'000	Currently reported R'000	Difference R'000
Statement of financial position at 30 June 2009			
Investment in associate	1 411 998	1 404 938	<u>(7 060)</u>
Income statement for the year ended 30 June 2009			
Share of profit of associate	278 990	278 788	<u>(202)</u>
Loss on dilution of interest in associate		(1 101)	(1 101)
Profit for the year	277 786	276 483	(1 303)
Equity movements for the year ended 30 June 2009			
Equity reserve opening balance	1 260 671	1 253 813	(6 858)
Loss on dilution of interest in associate	(1 101)		<u>1 101</u>
			<u>(7 060)</u>
Impact on earnings per share			
Earnings attributable to ordinary shareholders (R'000)	277 786	276 483	(1 303)
Headline earnings attributable to ordinary shareholders (R'000)	277 518	277 316	(202)
Attributable earnings per share (cents)	661,4	658,3	(3,1)
Headline earnings per share (cents)	660,8	660,3	(0,5)

Company

The comparative figure for current liabilities in the statement of financial position has been reclassified to reflect the split between unclaimed dividends and trade payables, and the comparative figure for investment income in the income statement has been reclassified to reflect the total of dividends and interest received (refer note 5).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *(continued)*

for the year ended 30 June 2010

10. RELATED-PARTY TRANSACTIONS

During the year Capevin Investments Ltd received dividends from Distell Group Ltd (an associate of Capevin Investments Ltd) as set out in note 2, and paid an administrative fee of R637 000 (excl VAT) (2009: Rnil) and a sponsor fee of R25 000 (excl VAT) (2009: Rnil) to PSG Corporate Services (Pty) Ltd (a fellow subsidiary of an investor exercising significant influence over the holding company of Capevin Investments Ltd).

During the prior year Capevin Investments Ltd paid an administrative fee of R682 000 (excl VAT) to KWV South Africa (Pty) Ltd (a fellow subsidiary up to the previous reporting date).

During the year, as part of the administration agreement, PSG Corporate Services (Pty) Ltd paid directors' remuneration of R20 000 to each of Messrs AEvZ Botha, JJ Mouton and CA Otto, and R25 000 to Mr KI Mampeule in his capacity as Chairman.

11. COMMITMENTS AND CONTINGENCIES

Distell Group Ltd has lodged an appeal against revised tax assessments issued by the South African Revenue Service. The matter will be heard in the Special Income Tax court. The group's interest in the amount that is at risk is R8,6 million (2009: R8,6 million).

12. BLACK ECONOMIC EMPOWERMENT (BEE) AND DILUTION OF INTEREST IN ASSOCIATE

In October 2005 Distell entered into a broad-based black economic empowerment transaction. As part of this transaction options on Distell shares were issued to the BEE consortium and have been accounted for in terms of IFRS 2 Share-based Payment.

The cost of this transaction to Distell's shareholders, calculated by using an option pricing model, equated to R122,3 million. A portion of this amount, R67,2 million, related to non-employees and has been expensed in full in the 2006 financial year, with a corresponding increase in equity. The remaining R55,1 million relates to Distell employees' portion and is being expensed over a vesting period of eight years.

In terms of the transaction, Distell will issue ordinary shares to the BEE consortium, between 30 June 2013 and 30 June 2015. This will result in a dilution of Capevin Investments Ltd's interest in Distell. The extent of the eventual dilution of Distell's shareholders will depend on a number of factors, but it will not exceed the maximum limit of 15%.

When these shares are issued to the BEE consortium, Capevin Investments Ltd will recognise, a dilution of up to 15% against its investment in its associate (currently carried at R1,5 billion). At the same time its interest in Distell's earnings will decrease by up to 15%.

To take cognisance of the above, Distell's 2010 financial statements disclose diluted headline earnings per share that is 5,1% (2009: 4,2%) less than the headline earnings per share.

Although there has been no real dilution of Capevin Investments Ltd's interest yet, this is viewed as a realistic indication of the extent to which the rights, that will lead to the eventual dilution, have already vested.

If the basis on which Distell has calculated its diluted headline earnings per share is applied to Capevin Investments Ltd's results, its headline earnings for the year would decrease by R13,8 million (2009: R11,6 million) to 617,8 cents per share (2009: 632,7 cents).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS *(continued)*

for the year ended 30 June 2010

13. FINANCIAL RISK MANAGEMENT

The financial instruments on the statement of financial position are limited to cash and cash equivalents, trade payables and unclaimed dividends.

Cash and cash equivalents are classified as loans and receivables and trade payables and unclaimed dividends are classified as liabilities measured at amortised cost. None of the financial instruments are measured at fair value; however, the fair value of the investment in associate is disclosed in note 2.

The group and company's operations expose it to negligible levels of credit and interest rate risk, and no currency or price risk.

Credit risk relates to bank balances held with financial institutions. The risk is limited by the high credit rating (Moody's: A3) of the financial institutions.

Interest rate risk relates only to the bank balances and any change in interest rates will have a negligible effect on the group and company's results.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. The group and company's financial liabilities are all payable within 12 months from the reporting date.

	Shareholders		Shares held	
	Number	%	Number	%
14. SHARE ANALYSIS				
Range of shareholding				
1 – 500	705	34,0	205 610	0,5
501 – 1 000	429	20,7	380 461	0,9
1 001 – 5 000	570	27,5	1 462 093	3,5
Over 5 000	370	17,8	39 951 836	95,1
	<u>2 074</u>	<u>100,0</u>	<u>42 000 000</u>	<u>100,0</u>

Public and non-public shareholding

Non-public

Holding company: Capevin Holdings Ltd	1	0,0	21 420 000	51,0
Remgro International Holdings (Pty) Ltd	1	0,0	4 034 692	9,6

Public

<u>2 072</u>	<u>100,0</u>	<u>16 545 308</u>	<u>39,4</u>
<u>2 074</u>	<u>100,0</u>	<u>42 000 000</u>	<u>100,0</u>

Individual shareholders holding

5% or more as at 30 June 2010

Holding company: Capevin Holdings Ltd	21 420 000	84,1
Remgro International Holdings (Pty) Ltd	4 034 692	15,9
	<u>25 454 692</u>	<u>100,0</u>

ANNEXURE A: DETAILED INCOME STATEMENT

for the year ended 30 June 2010

	COMPANY	
	2010 R'000	2009* R'000
Investment income	150 475	150 493
Administrative expenses		
<i>Recurring nature</i>	(1 549)	(1 412)
Administration fees	(726)	(778)
Advertising and promotions	(323)	(247)
Auditor's remuneration – current year	(111)	(69)
Listing fees	(161)	(161)
Professional and secretarial fees	(217)	(142)
Other	(11)	(15)
<i>Non-recurring nature</i>	(502)	–
Auditor's remuneration – prior year underprovision	(65)	
Expenses incurred in respect of mandatory offer	(350)	
Professional and secretarial fees	(87)	
Profit before taxation	148 424	149 081

* Reclassified as set out in note 9 to the annual financial statements

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given of the annual general meeting of shareholders of Capevin Investments Limited ("Capevin Investments" or "the company") to be held at PSG Group's offices situated at 1st Floor, Ou Kollege, 35 Kerk Street, Stellenbosch on Friday, 22 October 2010 at 09:00.

1. To receive and consider the annual financial statements of the company and the reports of the directors and the auditor for the year ended 30 June 2010.
2. Re-election of directors
 - 2.1 To re-elect as director Mr AEVZ Botha who retires by rotation in terms of the articles of association of the company and, being eligible, offers himself for re-election.

Summary curriculum vitae of Abrie Botha

Mr Botha is a wine farmer and owner of Goedemoed Boerdery in Vredendal, and is also Chairman of VinPro Ltd and Namaqua Wines.

- 2.2 To re-elect as director Mr JJ Durand who retires by rotation in terms of the articles of association of the company and, being eligible, offers himself for re-election.

Summary curriculum vitae of Jannie Durand

Mr Durand obtained the degrees BAcc (Hons) and MPhil and is a Chartered Accountant (SA). He is currently the Chief Investment Officer of Remgro Ltd and a director of numerous other companies.

- 2.3 To re-elect as director Mr JJ Mouton who retires by rotation in terms of the articles of association of the company and, being eligible, offers himself for re-election.

Summary curriculum vitae of Jan Mouton

Mr Mouton obtained the degrees BAcc (Hons) and MPhil Finance and is a Chartered Accountant (SA). He is currently the manager of PSG Flexible Fund and a non-executive director of PSG Group Ltd.

- 2.4 To re-elect as director Mr MH Visser who retires by rotation in terms of the articles of association of the company and, being eligible, offers himself for re-election.

Summary curriculum vitae of Thys Visser

Mr Visser obtained the degree BComm (Hons) and is a Chartered Accountant (SA). He is currently the Chief Executive Officer of Remgro Ltd and a director of numerous other companies, including Distell Group Ltd.

3. To confirm the reappointment of PricewaterhouseCoopers Inc. as auditor for the ensuing year on the recommendation of the Capevin Investments Audit and Risk Committee.
4. To confirm the auditor's remuneration for the year ended 30 June 2010 as determined by the Capevin Investments Audit and Risk Committee.
5. To consider and, if deemed fit, pass, with or without modification, the following special resolution:

5.1 Special resolution

"Resolved as a special resolution that in terms of section 62 of the Companies Act, 61 of 1973, as amended, and with effect from the date of registration of this special resolution, the articles of association of the company be and is hereby amended as follows:

1. By inserting a new article 15.12 and a new article 15.13 after the existing article 15.11 reading as follows:

“15.12 Ooreenkomstig artikel 90 van die Wet kan die maatskappy sy aandeelhouers betaal, mits sodanige betaling onderhewig is aan nakoming van die bepalings van die Wet en die noteringsvereistes van die JSE, indien van toepassing.

15.13 Ondanks enige andersluidende bepaling hierin en sonder om die bepalings van statuut 15.1 tot 15.11 (ingesluit) te beperk, kan die maatskappy van tyd tot tyd sy aandeelkapitaal, verklaarde kapitaal, enige kapitaalaflossingsfonds of enige aandeelpremierekening op enige wyse wat deur die wet toegelaat word verminder, met en onderhewig aan die toestemming wat deur die wet vereis word. Sonder om die wye omvang van die voorafgaande in te kort, kan die maatskappy by wyse van 'n spesiale besluit aandeel verkry wat deur die maatskappy uitgereik word, aandeel in sy houermaatskappy verkry, en kan filiale van die maatskappy (as daar is) aandeel in die maatskappy verkry.

Enigiets wat ooreenkomstig die vorige statuut gedoen word, word gedoen onderhewig aan:

15.13.1 die bepalings van die Wet; en/of

15.13.2 die voorwaardes van die spesiale besluit wat dit magtig; en/of

15.13.3 in soverre statuut 15.3.1 of statuut 15.3.2 nie van toepassing is nie, sodanige wyse wat deur die direkteure bepaal kan word.”

2. By deleting the existing articles 60.1 and 60.2 and replacing them with the following articles 60.1 and 60.2:

“60.1 sal, in die geval van onopgeëiste dividendbetalings, deur die maatskappy in trust gehou word totdat dit opgeëis word, met dien verstande dat dividende wat vir 'n tydperk van drie jaar vanaf die datum waarop die dividende verklaar is, deur die direkteure as verbeurd verklaar kan word tot voordeel van die maatskappy;

60.2 sal, in die geval van alle gelde buiten dividende wat aan aandeelhouers verskuldig is, onbepaald deur die maatskappy in trust gehou word totdat dit regmatiglik deur die aandeelhouers opgeëis word;”

Reason for and effect of the special resolution

The reason for and effect of the special resolution is to amend the articles of association of the company so that:

- i. the company may, should its directors deem it appropriate, make payments to its shareholders in terms of section 90 of the Companies Act, 61 of 1973, as amended (“the Companies Act”), subject to complying with the listings requirements of the JSE Limited (“the JSE”) in regard to any such payment.
- ii. the company, and any future subsidiary of the company, may, should the directors deem it appropriate and subject to obtaining the requisite shareholder approval and complying with the provisions of the Companies Act and with the listings requirements of the JSE, purchase the shares of the company or its holding company in terms of section 85 and 89 of the Companies Act;
- iii. the articles of association comply with the requirements of the listings requirements of the JSE in regard to the treatment of unclaimed dividends and other payments due to shareholders.

Information relating to the special resolution

- i. General information in respect of directors (page 7), major shareholders (page 24), directors' interests in securities and material changes (page 7) and the share capital of the company (page 19) is contained in the annual report to which this notice is attached.
- ii. The company is not involved in any legal or arbitration proceedings, nor are any proceedings pending or threatened of which the company is aware that may have or have had in the previous 12 months, a material effect on the company's financial position.
- iii. The directors, whose names are on page 7 of the annual report to which this notice is attached, collectively and individually accept full responsibility for the accuracy of the information given 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 that have been made and that the notice contains all information required by the Listings Requirements of the JSE.

VOTING

Shareholders entitled to attend and vote at the annual general meeting may appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy need not be a member of the company. A form of proxy, in which the relevant instructions for its completion are set out, is enclosed for the use of a certificated shareholder or own-name registered dematerialised shareholder who wishes to be represented at the annual general meeting. Completion of a form of proxy will not preclude such shareholder from attending and voting (in preference to that shareholder's proxy) at the annual general meeting.

The instrument appointing a proxy and the authority (if any) under which it is signed must reach the company secretary at the address given below by no later than 12:00 on Wednesday, 20 October 2010.

Dematerialised shareholders, other than own-name registered dematerialised shareholders, who wish to attend the annual general meeting in person will need to request their Central Securities Depository Participant (CSDP) or broker to provide them with the necessary authority in terms of the custody agreement entered into between such shareholders and the CSDP or broker.

On a poll, ordinary shareholders will have one vote in respect of each share held. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who are unable to attend the annual general meeting and who wish to be represented thereat, must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between themselves and the CSDP or broker in the manner and time stipulated therein.

By order of the board

PSG Corporate Services (Pty) Ltd

Company secretary

23 September 2010

Stellenbosch

Registered office

Capevin Investments Ltd

Ou Kollege

35 Kerk Street

Stellenbosch, 7600

(PO Box 7403, Stellenbosch, 7599)

Transfer secretaries

Computershare Investor Services (Pty) Ltd

70 Marshall Street

Johannesburg, 2001

(PO Box 61051, Marshalltown, 2107)

CAPEVIN

INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)
 (Registration number 1979/007263/06)
 JSE share code: CVI (previously KVV)
 ISIN code: ZAE 000136446
 ("Capevin Investments" or "the company")

FORM OF PROXY – FOR USE BY CERTIFICATED AND OWN-NAME DEMATERIALISED SHAREHOLDERS ONLY

For use at the annual general meeting of ordinary shareholders of the company to be held at PSG Group's offices situated at 1st Floor, Ou Kollege, 35 Kerk Street, Stellenbosch on Friday, 22 October 2010 at 09:00.

I/We (Full name in print) _____

of (address) _____

being the registered holder of _____ ordinary shares hereby appoint:

1. _____ or failing him/her,
2. _____ or failing him/her,
3. the chairman of the meeting,

as my proxy to vote for me/us at the annual general meeting for purposes of considering and, if deemed fit, passing, with or without modification, the special resolution and ordinary resolutions to be proposed thereat and at each adjournment thereof and to vote for and/or against the resolutions and/or abstain from voting in respect of the shares registered in my/our name(s) in accordance with the following instructions (see Notes):

	Number of shares		
	In favour of	Against	Abstain
1. To adopt the annual financial statements and reports			
2.1 To re-elect AEvZ Botha as director			
2.2 To re-elect JJ Durand as director			
2.3 To re-elect JJ Mouton as director			
2.4 To re-elect MH Visser as director			
3. To confirm the reappointment of the auditor, PricewaterhouseCoopers Inc.			
4. To confirm the auditor's remuneration			
5. Special resolution – amendments to the articles of association			

Please indicate your voting instruction by way of inserting the number of shares or by a cross in the space provided.

Signed at _____ on this _____ day of _____ 2010

Signature(s)

Assisted by (where applicable) (state capacity and full name)

Each Capevin Investments shareholder is entitled to appoint one or more proxy(ies) (who need not be a shareholder(s) of the company) to attend, speak and vote in his stead at the annual general meeting.

Notes

1. A Capevin Investments 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". The person whose name appears first on the form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A Capevin Investments shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of shares to be voted on behalf of that shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the chairman of the annual general meeting, if he/she is the authorised proxy, to vote in favour of the resolutions at the meeting, or any other proxy to vote or to abstain from voting at the meeting as he/she deems fit, in respect of all the shares concerned. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or his/her proxy, but the total of the votes cast and in respect whereof abstentions are recorded may not exceed the total of the votes exercisable by the shareholder or his/her proxy.
3. When there are joint registered holders of any shares, any one of such persons may vote at the meeting in respect of such shares as if he/she was solely entitled thereto, but, if more than one of such joint holders be present or represented at any meeting, that one of the said persons whose name stands first in the register in respect of such shares or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member, in whose name any shares stand, shall be deemed joint holders thereof.
4. Forms of proxy must be completed and returned to be received by the secretary of the company, PSG Corporate Services (Pty) Ltd (PO Box 7403, Stellenbosch, 7599), by not later than 12:00 on Wednesday, 20 October 2010.
5. Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).
6. 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 secretary or waived by the Chairman of the annual general meeting.
7. 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, should such shareholder wish to do so.

ADMINISTRATION

Details of Capevin Investments Ltd

Previously KVV Investments Ltd
Registration number 1979/007263/06
Share code: CVI (previously KVV)
ISIN code: ZAE 000136446

Secretary and registered office

PSG Corporate Services (Pty) Ltd
Registration number 1996/004840/07
Ou Kollege
35 Kerk Street
Stellenbosch, 7600
(PO Box 7403, Stellenbosch, 7599)

Telephone +27 21 887 9602
Facsimile +27 21 887 9619

Transfer secretaries

Computershare Investor Services (Pty) Ltd
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

Sponsor

PSG Capital

Auditor

PricewaterhouseCoopers Inc.

Website address

www.capevin.com

