

NOTES TO THE INTERIM RESULTS

1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The interim financial statements have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS), including IAS 34 – *Interim Financial Reporting*; the requirements of the South African Companies Act of 1973, as amended; and the Listings Requirements of the JSE Limited. The accounting policies applied in the preparation of these interim financial statements are consistent with those used in the previous financial year, and no new accounting standards, interpretations or amendments to IFRS were relevant. Capevin Investments Limited (“the company” or “the group” or “Capevin Investments”) prepares “economic interest” financial statements in which its interest in associate is equity accounted. These “economic interest” financial statements are referred to as “group” financial statements.

2. GROUP STRUCTURE

The sole investment of Capevin Investments is an effective interest of 29,07% (31 December 2009: 29,16% and 30 June 2010: 29,12%), held via Remgro-Capevin Investments Limited, in the issued share capital of Distell Group Limited (“Distell”). Each of the company’s shares effectively represents 1,397 shares in Distell.

3. COMMITMENTS AND CONTINGENCIES

Distell has lodged an appeal against revised tax assessments issued by the South African Revenue Service. The matter was heard in the Special Income Tax Court during October 2010, but judgement has not yet been delivered. The group’s interest in the amount that is at risk is R8,6 million (31 December 2009: R8,6 million and 30 June 2010: R8,6 million).

4. SEGMENT REPORT

Capevin Investments 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.

COMMENTARY

FINANCIAL RESULTS

During the six months under review Distell’s revenue grew by 3,6% to R6,9 billion on a sales volume increase of 2,8%. Although reasonable sales volume growth was achieved, the results for the period under review were significantly affected by adverse exchange rates and, to a lesser extent, a less favourable sales mix. Benefits were derived from improved throughput and better operating efficiencies; however, these were insufficient to protect margins and profitability. Consequently, operating profit declined marginally by 0,1%, while the net operating margin deteriorated to 13,8% (2009: 14,3%).

Capevin Investments’ results reflect the marginal increase in Distell’s profit for the period under review.

The company’s intrinsic value is calculated based on Distell’s share price at 31 December 2010 (excluding CGT).

PROSPECTS

The board of Distell said that although there are indications of a global economic recovery, lingering vulnerabilities persist in some quarters. Moreover, widespread unemployment and limited disposable income are likely to continue to impact adversely on consumer spending. However, Distell remains confident in the inherent strength and continued relevance of its diverse and well-balanced portfolio.

Refer to www.distell.co.za for Distell’s detailed interim results.

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. The directors have consequently resolved to declare an ordinary dividend (dividend number 4) of 172,5 cents (2009: 173,0 cents) per share for the six months ended 31 December 2010. The salient dates of this dividend distribution are:

Last day to trade cum dividend	Friday, 11 March 2011
Trading ex dividend commences	Monday, 14 March 2011
Record date	Friday, 18 March 2011
Date of payment	Tuesday, 22 March 2011

Share certificates may not be dematerialised or rematerialised between Monday, 14 March 2011, and Friday, 18 March 2011, both days inclusive.

Signed on behalf of the board of directors

CA Otto
Chairman

A Wessels
Financial director

Stellenbosch
23 February 2011

www.capevin.com

CAPEVIN
INVESTMENTS LIMITED

UNAUDITED
INTERIM RESULTS
for the six months ended 31 December 2010

ADMINISTRATIVE INFORMATION

Registration number: 1979/007263/06

JSE share code: CVI

ISIN number: ZAE000136446

Directors: CA Otto (Chairman), AEvZ Botha, JJ Durand, JJ Mouton, MH Visser, A Wessels

Secretary: PSG Corporate Services (Pty) Ltd

Registered office: 1st Floor, 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

Sponsor: PSG Capital

Auditor: PricewaterhouseCoopers Inc.

- Intrinsic value per share of **R106,10**
- Increase in headline earnings per share of **0,8% to 434,7 cents**
- Dividend per share of **172,5 cents**

GROUP INCOME STATEMENT

	Unaudited Six months ended 31 December	Audited Year ended 30 June	
	2010 R'000	2009 R'000	2010 R'000
Share of profit of associate	183 347	181 599	274 493
Gain on dilution of interest in associate	896	767	1 413
Interest income	98	126	270
Administrative expenses	(808)	(744)	(2 051)
Profit before taxation	183 533	181 748	274 125
Taxation	(27)		
Profit for the period attributable to equity holders of the company	183 506	181 748	274 125
Profit for the period attributable to equity holders of the company	183 506	181 748	274 125
Non-headline items			
Interest in adjustments of associate, net of taxation	(31)	140	592
Gain on dilution of interest in associate	(896)	(767)	(1 413)
Headline earnings	182 579	181 121	273 304
Earnings per share (cents)			
– Attributable (basic and diluted)	436,9	432,7	652,7
– Headline (basic and diluted)	434,7	431,2	650,7
Number of shares in issue and weighted average (thousands)	42 000	42 000	42 000

GROUP STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months ended 31 December	Audited Year ended 30 June	
	2010 R'000	2009 R'000	2010 R'000
Profit for the period attributable to equity holders of the company	183 506	181 748	274 125
Share of other comprehensive (loss)/ income of associate	(9 633)	873	(9 842)
Other equity movements of associate	2 265	1 953	4 417
Total comprehensive income attributable to equity holders of the company	176 138	184 574	268 700

GROUP STATEMENT OF FINANCIAL POSITION

	Unaudited 31 December	Audited 30 June	
	2010 R'000	2009 R'000	2010 R'000
ASSETS			
Non-current assets			
Investment in associate	1 624 640	1 512 680	1 525 214
Current assets	982	1 281	258
Cash and cash equivalents	982	1 262	254
Income tax receivable		19	4
Total assets	1 625 622	1 513 961	1 525 472
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	42 000	42 000	42 000
Reserves	1 582 579	1 470 769	1 482 254
Total equity	1 624 579	1 512 769	1 524 254
Current liabilities	1 043	1 192	1 218
Trade payables	458	391	90
Unclaimed dividends	558	801	1 128
Income tax payable	27		
Total equity and liabilities	1 625 622	1 513 961	1 525 472
Net asset value per share (cents)	3 868	3 602	3 629

GROUP STATEMENT OF CHANGES IN OWNERS' EQUITY

	Unaudited Six months ended 31 December	Audited Year ended 30 June	
	2010 R'000	2009 R'000	2010 R'000
Ordinary shareholders' equity at beginning of period	1 524 254	1 404 635	1 404 635
Total comprehensive income	176 138	184 574	268 700
Unclaimed dividends written back	627		19
Dividends paid	(76 440)	(76 440)	(149 100)
Ordinary shareholders' equity at end of period	1 624 579	1 512 769	1 524 254
Dividend per share (cents)			
– Interim	172,5	173,0	173,0
– Final			182,0

GROUP STATEMENT OF CASH FLOWS

	Unaudited Six months ended 31 December	Audited Year ended 30 June	
	2010 R'000	2009 R'000	2010 R'000
Cash flows from operating activities			
Administrative expenses	(808)	(744)	(2 051)
Increase in trade payables and unclaimed dividends	424	258	303
Cash utilised in operations	(384)	(486)	(1 748)
Dividends received	77 450	77 450	150 205
Dividends paid	(76 440)	(76 440)	(149 100)
Interest received	98	126	270
Taxation received	4		15
Net increase/(decrease) in cash and cash equivalents	728	650	(358)
Cash and cash equivalents at beginning of period	254	612	612
Cash and cash equivalents at end of period	982	1 262	254