

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The interim financial statements of Capevin Holdings Ltd ("the company" or "the group" or "Capevin Holdings") have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS), including IAS 34 – *Interim Financial Reporting* and the requirements of the South African Companies Act 71 of 2008, as amended. 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 to the group's operations.

These unaudited interim financial statements have been compiled by Andro Rossouw, CA(SA), an employee of the company's appointed manager, PSG Corporate Services (Pty) Ltd.

2. GROUP STRUCTURE

The sole investment of Capevin Holdings is an effective interest of 14,80% (31 December 2010: 14,83% and 30 June 2011: 14,81%) in the issued share capital of Distell Group Ltd ("Distell"), held via its 51% (31 December 2010: 51% and 30 June 2011: 51%) interest in Capevin Investments Ltd.

3. COMMITMENTS AND CONTINGENCIES

The Distell group has received an assessment from the South African Revenue Service for additional employees tax relating to the Distell Group's share incentive scheme. Distell obtained legal and tax specialist opinions on this matter, which indicated that no provision is necessary and they have consequently submitted an objection to this assessment. Capevin Holdings' interest in the amount that is at risk is R7,8 million (excluding penalties and interest).

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. RECLASSIFICATION OF PRIOR YEAR FIGURES

The cash flow results for the six months ended 31 December 2010 and for the year ended 30 June 2011 have been reclassified to ensure consistent classification throughout the group relating to dividends paid. Dividends paid were previously classified as "cash flows from financing activities". Due to the nature of Capevin Holdings' operations, being that of an investment holding company, dividends paid have been reclassified as "cash flows from operating activities".

	Previously reported R'000	Currently reported R'000	Difference R'000
Six months ended 31 December 2010			
Cash flows from operating activities	77 669	348	77 321
Cash flows from financing activities	(77 321)		(77 321)
			<u>-</u>
Year ended 30 June 2011			
Cash flows from operating activities	149 394	(1 501)	150 895
Cash flows from financing activities	(150 895)		(150 895)
			<u>-</u>

COMMENTARY

FINANCIAL RESULTS

During the six months under review, Distell's revenue increased by 15,9% to R8 billion, despite a challenging trading environment and the ongoing consumer pursuit of lower-priced options. Distell's cider and RTD (ready-to-drink) brands continued their strong performance locally and the company's wine portfolio showed a marginal increase in sales volumes. Both domestic and international sales volumes increased by approximately 10%. Results for the period under review were favourably impacted by a weaker rand, which largely contributed to the net operating margin improving to 14,6% (2010: 13,8%).

Capevin Holdings' results reflect the increase in Distell's profitability during the period under review. The company's intrinsic value is calculated based on Distell's last traded share price of R75 at 31 December 2011 (excluding capital gains tax).

PROSPECTS

The board of Distell believes challenging trading conditions, both domestically and internationally, to continue in the short term, with unemployment and limited disposable income to have an adverse impact on household consumption expenditure. Foreign currency volatility could also impact profitability. However, Distell is well positioned to take advantage of any improvement in economic conditions.

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

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 declare an ordinary dividend (dividend number 15) of 9,4 cents (2010: 8,5 cents) per ordinary class A share for the six months ended 31 December 2011.

The salient dates of this dividend distribution are:

Last day to trade cum dividend	Friday, 9 March 2012
Trading ex dividend commences	Monday, 12 March 2012
Record date	Friday, 16 March 2012
Date of payment	Thursday, 22 March 2012

Share certificates may not be dematerialised or rematerialised between Monday, 12 March 2012 and Friday, 16 March 2012, both days inclusive.

Signed on behalf of the board of directors

Chris Otto
Chairman

Stellenbosch
17 February 2012

Adri Wessels
Financial director

ADMINISTRATIVE INFORMATION

Registration number: 1997/020857/06

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

Auditor: PricewaterhouseCoopers Inc.

CAPEVIN
HOLDINGS LIMITED

**UNAUDITED
INTERIM RESULTS**

for the six months ended 31 December 2011

- **Headline earnings per share** ↑ 23,2% to **25,5 cents**
- **Intrinsic value per share** ↑ 4,9% to **R5,01**
- **Dividend per share** ↑ 10,6% to **9,4 cents**

GROUP INCOME STATEMENT	Unaudited		Audited
	Six months ended		Year ended
	31 December	2010	2011
	2011	2010	2011
	R'000	R'000	R'000
Share in profits of associate	225 462	183 347	279 168
Gain on dilution of interest in associate	951	896	1 726
Investment income	205	267	472
Administrative expenses	(1 257)	(1 306)	(2 528)
Profit before taxation	225 361	183 204	278 838
Taxation	(54)	(74)	(206)
Profit for the period	225 307	183 130	278 632

Attributable to:

Equity holders of the company	114 687	93 212	141 695
Non-controlling interests	110 620	89 918	136 937
	225 307	183 130	278 632

Profit for the period attributable to equity holders of the company

Non-headline items	114 687	93 212	141 695
Interest in adjustments of associate, net of taxation	37	(16)	187
Gain on dilution of interest in associate	(485)	(457)	(880)
Headline earnings	114 239	92 739	141 002

Earnings per share (cents)

– Attributable (basic and diluted)	25,6	20,8	31,6
– Headline (basic and diluted)	25,5	20,7	31,5

Number of shares in issue and weighted average (thousands)

	447 923	447 923	447 923
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GROUP STATEMENT OF COMPREHENSIVE INCOME

	Unaudited		Audited
	Six months ended		Year ended
	31 December	2010	2011
	2011	2010	2011
	R'000	R'000	R'000
Profit for the period	225 307	183 130	278 632
Share of other comprehensive income/(loss) of associate	17 591	(9 633)	(8 537)
Other equity movements of associate	2 089	2 265	4 411
Total comprehensive income for the period	244 987	175 762	274 506

Attributable to:

Equity holders of the company	124 724	89 454	139 591
Non-controlling interests	120 263	86 308	134 915
	244 987	175 762	274 506

GROUP STATEMENT OF FINANCIAL POSITION

	Unaudited		Audited
	31 December		30 June
	2011	2010	2011
	R'000	R'000	R'000
ASSETS			
Non-current assets	1 820 671	1 624 890	1 652 027
Investment in associate	1 820 421	1 624 640	1 651 777
Available-for-sale financial asset	250	250	250
Current assets	4 926	5 525	3 685
Trade receivables			5
Income tax receivable	4		4
Cash and cash equivalents	4 922	5 525	3 676
Total assets	1 825 597	1 630 415	1 655 712
EQUITY AND LIABILITIES			
Equity	1 821 152	1 626 479	1 651 715
Ordinary shareholders' interest	929 025	830 435	842 531
Non-controlling interests	892 127	796 044	809 184
Non-current liabilities			
Deferred taxation	35	35	35
Current liabilities	4 410	3 901	3 962
Trade payables	716	692	164
Unclaimed dividends	3 693	3 135	3 719
Income tax payable	1	74	79
Total equity and liabilities	1 825 597	1 630 415	1 655 712
Net asset value per share (cents)	207,4	185,4	188,1

GROUP STATEMENT OF CHANGES IN EQUITY

	Unaudited		Audited
	Six months ended		Year ended
	31 December	2010	2011
	2011	2010	2011
	R'000	R'000	R'000
Ordinary shareholders' equity at beginning of period	842 531	778 547	778 547
Total comprehensive income	124 724	89 454	139 591
Unclaimed dividends written back	739	2 299	2 332
Dividends paid	(38 969)	(39 865)	(77 939)
Ordinary shareholders' equity at end of period	929 025	830 435	842 531
Non-controlling interests' equity at end of period	892 127	796 044	809 184
Beginning of period	809 184	746 884	746 884
Total comprehensive income	120 263	86 308	134 915
Unclaimed dividends written back	33	308	341
Dividends paid	(37 353)	(37 456)	(72 956)
Total equity at end of period	1 821 152	1 626 479	1 651 715

Dividend per share (cents)

– Interim	9,4	8,5	8,5
– Final			8,7

GROUP STATEMENT OF CASH FLOWS

	Unaudited		Audited
	Six months ended		Year ended
	31 December	2010*	2011*
	2011	2010*	2011*
	R'000	R'000	R'000
Cash flows from operating activities			
Administrative expenses	(1 257)	(1 306)	(2 528)
Increase in payables and unclaimed dividends	1 297	1 048	1 171
Cash generated by/(utilised in) operations	40	(258)	(1 357)
Interest received	198	267	467
Taxation (paid)/refunded	(132)	210	79
Dividends received	77 462	77 450	150 205
Dividends paid	(76 322)	(77 321)	(150 895)
Net increase/(decrease) in cash and cash equivalents	1 246	348	(1 501)
Cash and cash equivalents at beginning of period	3 676	5 177	5 177
Cash and cash equivalents at end of period	4 922	5 525	3 676

* Reclassified as set out in note 5