

NOTES TO THE INTERIM FINANCIAL STATEMENTS

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*; as well as AC 500 standards; the requirements of the South African Companies Act 71 of 2008, as amended; and the Listings Requirements of the JSE Ltd. 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.

Capevin Investments Ltd ("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.

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 Investments is an effective interest of 29,02% (31 December 2010: 29,07% and 30 June 2011: 29,04%), held via Remgro-Capevin Investments Ltd, in the issued share capital of Distell Group Ltd ("Distell").

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 consequently they have submitted an objection to this assessment. Capevin Investments' interest in the amount that is at risk is R15,2 million (excluding penalties and interest).

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.

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.

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 Investments' 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 Investments, 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 6) of 198,4 cents (2010: 172,5 cents) per 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

CAPEVIN
INVESTMENTS LIMITED

UNAUDITED INTERIM RESULTS

for the six months ended 31 December 2011

- **Headline earnings per share** ↑ **23,2%**
to **R5,35**
- **Intrinsic value per share** ↑ **4,9%**
to **R104,78**
- **Dividend per share** ↑ **15%** to **198,4 cents**

GROUP INCOME STATEMENT

	Unaudited Six months ended 31 December	Audited Year ended 30 June	
	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
Interest income	96	98	192
Administrative expenses	(727)	(808)	(1 568)
Profit before taxation	225 782	183 533	279 518
Taxation	(26)	(27)	(54)
Profit for the period attributable to equity holders of the company	225 756	183 506	279 464
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Non-headline items			
Interest in adjustments of associate, net of taxation	72	(31)	367
Gain on dilution of interest in associate	(951)	(896)	(1 726)
Headline earnings	224 877	182 579	278 105
Earnings per share (cents)			
– Attributable (basic and diluted)	537,5	436,9	665,4
– Headline (basic and diluted)	535,4	434,7	662,2
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	
	2011	2010	2011
	R'000	R'000	R'000
Profit for the period attributable to equity holders of the company	225 756	183 506	279 464
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 attributable to equity holders of the company	245 436	176 138	275 338

GROUP STATEMENT OF FINANCIAL POSITION

	Unaudited 31 December	Audited 30 June	
	2011	2010	2011
	R'000	R'000	R'000
ASSETS			
Non-current assets			
Investment in associate	1 820 421	1 624 640	1 651 777
Current assets	1 323	982	289
Income tax receivable	4		4
Cash and cash equivalents	1 319	982	285
Total assets	1 821 744	1 625 622	1 652 066
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	42 000	42 000	42 000
Reserves	1 778 669	1 582 579	1 609 396
Total equity	1 820 669	1 624 579	1 651 396
Current liabilities	1 075	1 043	670
Trade payables	472	458	90
Unclaimed dividends	603	558	580
Income tax payable		27	
Total equity and liabilities	1 821 744	1 625 622	1 652 066
Net asset value per share (cents)	4 335	3 868	3 932

GROUP STATEMENT OF CHANGES IN OWNERS' EQUITY

	Unaudited Six months ended 31 December	Audited Year ended 30 June	
	2011	2010	2011
	R'000	R'000	R'000
Ordinary shareholders' equity at beginning of period	1 651 396	1 524 254	1 524 254
Total comprehensive income	245 436	176 138	275 338
Unclaimed dividends written back	67	627	694
Dividends paid	(76 230)	(76 440)	(148 890)
Ordinary shareholders' equity at end of period	1 820 669	1 624 579	1 651 396
Dividend per share (cents)			
– Interim	198,4	172,5	172,5
– Final			181,5

GROUP STATEMENT OF CASH FLOWS

	Unaudited Six months ended 31 December	Audited Year ended 30 June	
	2011	2010	2011
	R'000	R'000	R'000
Cash flows from operating activities			
Administrative expenses	(727)	(808)	(1 568)
Increase in payables and unclaimed dividends	471	424	146
Cash utilised in operations	(256)	(384)	(1 422)
Dividends received	77 450	77 450	150 205
Dividends paid	(76 230)	(76 440)	(148 890)
Interest received	96	98	192
Taxation (paid)/received	(26)	4	(54)
Net increase in cash and cash equivalents	1 034	728	31
Cash and cash equivalents at beginning of period	285	254	254
Cash and cash equivalents at end of period	1 319	982	285