



SUMMARISED
GROUP REPORT 2016

Profile	1
Awards	2
Chairman and chief executive officer's report	4
Financial report	7
Sustainability	9
Summarised financial statements	13
Administrative information	24
Notice of the annual general meeting	25
Shareholders' diary	IBC
Form of proxy	Inserted

NOTICE IN TERMS OF SECTION 29(3) OF THE COMPANIES ACT, 2008 (THE ACT)

These summarised financial statements are a summary of the annual financial statements of the group for the year ended 31 March 2016.

The annual financial statements of the group have been audited in compliance with the Act.

The preparation of the annual financial statements has been supervised by DP Smit CA(SA).

A copy of the annual financial statements is available at request from the registered offices of the group.

PROFILE

KWV IS CELEBRATED AS AN INDUSTRY LEADER, BOTH LOCALLY AND INTERNATIONALLY

KWV is one of the leading wine and spirits producers in South Africa. The company has a distinguished heritage founded on product innovation and exceptional brands, which is celebrated around the globe. These include Roodeberg, KWV Wines, Laborie, Golden Kaan, Cathedral Cellar, KWV The Mentors, Café Culture, and Wild Africa Cream, together with KWV 3, 5, 10, 12, 15 and 20 Year Old brandies.

The KWV head office is located in Paarl, in the Western Cape Province – one of the country's top wine-producing districts.

The company sources wine and grapes from the best and most sought-after viticultural regions in South Africa. KWV is able to experiment with new wine techniques, terroirs and varieties to ensure that the company remains relevant, fresh and innovative.

In the past year alone, KWV has garnered multiple international as well as local accolades for both its wines and its spirits. KWV Wines once again made the list of Drinks International's Top 50 World's Most Admired Wine Brands as the highest ranked South African wine brand, and locally, for the fifth year in a row, was lauded as Best Producer at South Africa's longest-running and most prestigious wine and brandy competition, the Veritas Awards.

At the International Spirits Competition, KWV was named the World's Best Cognac and Brandy Producer, with the KWV 20 Year Old winning the Best Brandy in the World Trophy alongside the distinguished Grand Champion title – an honour usually bestowed upon a Cognac.

KWV's new releases included the popular KWV Cruxland Gin, which incorporates nine distinctive botanicals including the rare Kalahari truffle, and the vanilla-custard-flavoured liqueur, Wink. An exciting addition to the Ready-to-drink portfolio came in the form of the well-known Hooch brand, originally launched in the South African market in the late 1990s.

These numerous awards and successes reflect the pioneering spirit KWV is recognised by, as well as the company's dedication to contributing and consistently improving the standards and quality of South Africa's wine and spirits industries.

To order wine or brandy, visit www.kwvwineemporium.co.za/shop, or www.kwvempyrean.co.za.



AWARDS

In the year under review, KWV's wines and brandies were awarded an impressive number of trophies, medals and awards in local and international competitions.

International Spirits Challenge

KWV Brandy	KWV Brandy	Trophy for Brandy/Cognac Producer of the year	June 2015
KWV Brandy	KWV 20	Gold and Trophy	June 2015
Imoya	IMOYA VSOP	Silver	June 2015
KWV Brandy	KWV 10	Silver	June 2015
KWV Brandy	KWV 12	Silver	June 2015
KWV Brandy	KWV 15	Silver	June 2015
KWV Gin	Gin	Silver	June 2015
Laborie Brandy	Laborie Alambic	Silver	June 2015
Cognac	KWV XO Cognac	Bronze	June 2015
KWV Liqueur	Wild Africa Cream	Bronze	June 2015

International Wine Challenge

KWV The Mentors	Chardonnay	Gold	July 2015
Perold	Insignis	Gold	July 2015

Concours Mondial de Bruxelles

KWV The Mentors	Cabernet Sauvignon	Gold	May 2015
KWV The Mentors	Chenin Blanc	Gold	May 2015
KWV The Mentors	Orchestra	Gold	May 2015
Laborie Wines	Jean Taillefert	Gold	May 2015
Roodeberg	Roodeberg Red	Gold	May 2015

International Wine & Spirits Competition – United Kingdom

KWV Brandy	KWV 10	Gold Outstanding	July 2015
KWV Brandy	KWV 15	Gold Outstanding	July 2015
KWV Brandy	KWV 20	Gold Outstanding	July 2015
Cathedral Cellar	Chenin Blanc	Gold	July 2015
KWV Brandy	KWV 12	Gold	July 2015
KWV The Mentors	Petit Verdot	Gold	July 2015
KWV The Mentors	Orchestra	Gold	July 2015
KWV The Mentors	Cabernet Sauvignon	Gold	July 2015
Cognac	KWV XO Cognac	Silver Outstanding	July 2015
Imoya	IMOYA VSOP	Silver Outstanding	July 2015
Laborie Brandy	Laborie Alambic	Silver Outstanding	July 2015

South African Wine Index

KWV Brandy	KWV 20	Platinum - Category Winner	November 2015
Laborie Brandy	Laborie Alambic	Platinum - Category Winner	November 2015
KWV Brandy	KWV 15	Gold	November 2015

Michelangelo International Wine and Spirit Awards

KWV Heritage	Limited Release Port	Trophy	October 2015
Laborie Brandy	Laborie Alambic	Double Gold and Trophy	October 2015
KWV Brandy	KWV 12	Double Gold	October 2015
KWV The Mentors	Grenache Blanc	Double Gold	October 2015

Veritas (Best producer of the year award)

KWV Brandy	KWV 10	Double Gold	October 2015
KWV Brandy	KWV 12	Double Gold	October 2015
KWV Brandy	KWV 15	Double Gold	October 2015
KWV Classic	Tawny	Double Gold	October 2015
KWV The Mentors	Chardonnay	Double Gold	October 2015
KWV The Mentors	Orchestra	Double Gold	October 2015
KWV The Mentors	Sauvignon Blanc Darling	Double Gold	October 2015
KWV The Mentors	Semillon	Double Gold	October 2015
Perold	Tributum	Double Gold	October 2015

Decanter World Wine Awards

KWV Classic	Tawny	Regional Trophy/Gold	April 2015
KWV The Mentors	Sauvignon Blanc/Semillon	Gold	April 2015
KWV The Mentors	Petit Verdot	Gold	April 2015

Old Mutual Trophy Wine Show

KWV Heritage	KWV Likeurwyn 1937	Trophy - Best Museum Class Noble Late Harvest Dessert Wine	May 2015
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Diners Club Winemaker of the Year Awards

KWV The Mentors	Pinotage	Johann Fourie - Winemaker of the Year	November 2015
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South African Young Wine Show Regionals (Sarel Rossouw Trophy)



CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S REPORT

We continue to strive for a better balance between volume growth, profit margins and building the KWV brand.

We have consistently said that our aim is to build KWV into a global, diversified, alcoholic beverage business. This is ambitious, but nonetheless achievable given the strength of the KWV brands. KWV again ranked the highest of all South African wine brands in Drinks International's Top 50 World's Most Admired Wine Brands.

Our profits do not yet reflect the progress being made in transforming the business and building our brands over the past five years. We can, however, say with confidence that our business processes, the quality of our products and the relationships with our local and international partners have never been better. We have managed to contain our overhead costs without significant staff retrenchments, and have improved the profitability and professionalism of our South African operations. Overhead costs are lower now (2016: R74 million) than five years ago (2011: R78 million) and salary cost increased with percentages below inflation since 2013 despite revenue growing by more than 50%.

Despite these improvements, we are dealing with a changing brandy market in South Africa, and an international wine market that is increasingly being commoditised at its lower end. Our business was built on a South African brandy market of more than 50 million litres. This market has halved in the last 10 years and for a business that ages its products for up to 20 years, this does create significant challenges. While our competitors seem to have come to the conclusion that discounting brandy products will retain volumes, we consider the opposite to hold true. Premiumisation is the only way that the profitability and growth of the brandy category will improve.

The largest portion of KWV wine is sold internationally, where the South African wine category is under pressure. This is predominantly the result of vast quantities of low-priced South African wine being sold in bulk, or in manufactured brands that aim to provide products at low price points. We are not sure if this trend will continue. Cooperative wine producers are focused on selling their wine to bulk buyers as fast as possible, and often these cooperative cellars have the ability to balance their selling prices by reducing or maintaining the price paid to their producer members. In general, cooperative producer members have very little leverage with the cellars they sell to, have to wait long periods of time to be paid, and frequently do not have the benefit of brands that command price premiums.

Despite the declining South African wine category, KWV has grown its wine volumes and has increased the gross profit earned from wine sales, both locally and internationally. This is as a result of the strength of the KWV wine brands, with brands like Roodeberg and KWV retaining their shelf position and price points.

The wine industry has benefited tremendously from the improvement in quality and yield of grape production. Viticultural improvements have enabled the industry to increase production despite limited new vineyard planting during the last five years. We expect the incremental benefits of these improvements to diminish significantly in the future. As the ability of producers to improve income through yield management declines, the industry will face pressure to increase the price paid for quality grapes. Increasingly, alternative products also provide farmers with better returns. KWV prides itself on its producer relationships, and one of its business priorities is to ensure that these relationships are secure through sustainable business models.

Our brandy premiumisation strategy has required us to adapt our procurement plans and, as a result of this, we will reduce the amount of wine we procure for the production of brandy in future. We will focus on our best suppliers and aim to secure the long-term availability of raw material for premium brandy production. Our current brandy inventory exceeds our requirements and over the last four years we have systematically sold bulk brandy. We will continue with this strategy in selected aged brandy categories as we aim to balance our working capital with our long-term sales plans.

KWV is striving to position its brandies at aspirational levels higher than that of our direct competitors, and to premiumise our offering. In the year under review, this strategy has started to bear fruit and, although our volumes are down, the profitability of our brandy portfolio has shown a significant improvement. In addition, we have been able to reduce our packed and blended brandy inventories, which improved cash flow.

Increasingly other brandy companies are also claiming the 'best brandy in the world' accolade in an effort to counter our reputation as the best brandy producer, but these accolades are based on awards in nondescript competitions with a low number of entries. In our opinion, the International Spirits Challenge and the International Wine & Spirit Competition are the only representative competitions in the world that warrant the claim of Best Brandy and we believe that most respected industry professionals would agree with this.

Sales and Marketing

During the year, we have revisited our overhead cost structure, and the effect of a simplified and more efficient management structure is already evident. In addition, the focus of our advertising and promotional spend has also improved from 15% of Revenue in 2012 to 10% in 2016, and we are moving resources towards brand-building activities, such as the Currie Cup campaign of September 2015, and away from aggressive discounting and price promotions.

We continue to strive for a better balance between volume growth, profit margins and building the KWV brand. South African packed exports to Europe have declined by 3% from the previous year, but in spite of this, KWV has managed to grow its volumes in Europe with 8%.

Exports to Africa remain constrained as almost all countries experience slow or zero growth due to low commodity prices, political turmoil and pressure on exchange rates. We managed to maintain sales volumes, but our aspirations for growth did not materialise.

Route to Market

KWV continues to invest in its route to market resources. Sales in Russia have almost doubled and are benefiting from the focus of having our own Russian sales team. Our sales volumes in the USA have grown by 33%, albeit from a low base, and we are continuing to grow the size of our small in-market sales force.

In most other regions, we make use of agents and importers. We have developed long-standing relationships across several decades and we regard these partners as a valuable extension of our business. We have made a few changes to our importers in the year under review, and we believe that the quality standards of our importers and our relationships with them continue to improve.

Operations

KWV also continued to improve quality specifications during the year, and has reduced its production variances by R9,8 million. Improvements in production efficiencies over the past five years have resulted in cost savings of R30 million. Packed and dry inventories were reduced without impacting order satisfaction, and inventory losses were also reduced. At the same time, the number of trophies, medals and awards attest to our ongoing improvement in product quality and desirability.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S REPORT *(continued)*

Exchange Rate

A significant percentage of the KWV group's revenue is derived from export sales, and a significant portion of our cost of goods is fixed in rands well in advance of a given financial year. This means the group's results are very sensitive to the fluctuations in the ZAR exchange rate. Our strategy is to hedge a significant portion of budgeted sales in advance of a financial year so that we ensure that we achieve the margins budgeted for in our business plan.

The rand weakened significantly from 1 April 2015 to 31 March 2016, particularly towards the latter part of the financial year. As a result, significant foreign exchange losses were incurred on the hedge book, while the benefit of the weaker rand reflected in improved gross margins.

Inventory

KWV has an excessively high investment in inventory – a total of R1,03 billion at historical cost. During the year under review, all inventories, with the exception of bulk spirits, were reduced. While reducing surplus bulk spirit inventories remain an area of focus going forward, we will do this in a responsible way, at price points that ensure long-term profitability.

Proposed Transaction to Sell Operational Assets

On 11 May 2016, we announced a transaction with the Vasari Group whereby KWV will dispose of its operational assets for a consideration of R1,15 billion. This transaction is subject to various conditions, including the passing of a special resolution by KWV shareholders. Shareholders are referred to the detailed transaction announcement, and are advised to consult KWV's website for further details and ongoing announcements.



Marcel Golding
Chairman



André van der Veen
Chief Executive Officer

19 May 2016

FINANCIAL REPORT

Careful management of our sales and marketing expenses, together with our premiumisation strategy have resulted in a significant improvement in the profitability of our brands.

Revenue grew by 6,6% to R1 224 million in the current year. Volumes decreased by 5%, but export sales benefited from an 11,6% trade-weighted weakening of the rand.

Wine

Revenue from wine sales increased by 13,1%, even though volumes remained flat. We achieved revenue growth of 8% in the South African market, with our core brands, KWV and Laborie, performing particularly well. Export wine sales to Europe delivered volume growth of 8%, further boosted by an 8,5% strengthening of the euro. Our Roodeberg, KWV and Pearly Bay brands are proving to be well established in the European market, and are category leaders in many countries.

Spirits

Revenue from spirit sales decreased by 17,5% compared to that of the prior year. This was mainly due to a decline in bulk spirit volumes. The fierce competition in the South African market remains a challenge. Volumes of our KWV 3 and KWV 5 brands reduced as we refrained from participating in excessive discounting in the category. Careful management of our sales and marketing expenses, together with our premiumisation strategy have, however, resulted in a significant improvement in the profitability of these brands. Volumes of our KWV 10 brand grew by 7%, which resulted in an 18% increase in revenue from the previous year.

Contract bottling

Revenue from contract bottling was up 151,8%, but volumes were only 11% higher. This comes as a result of KWV now bottling spirits products for which the excise value is included in revenue. Although these increased volumes are contributing to the absorption of surplus capacity at our operating facilities, contract bottling does not contribute significantly to the profitability of the group.

Other sales, mainly Ready-to-drink (RTD)

Investment in KWV's RTD portfolio is finally starting to show improved results, with R17,6 million in revenue added by our new Hooch brand. The Ciao brand is showing similar promise, with revenue growth of 27% for the year.

South Africa

South African revenue increased by 6,6% from the previous year. The relatively small increase masks significant changes in the sales mix. Revenue from contract bottling increased substantially, sales of RTDs and wines grew satisfactorily, and brandy sales declined. Despite the net decline in volumes, a trading profit improvement of R22,2 million was achieved on packed sales due to the increased focus on maintaining profitable price points, and by curtailing sales and marketing costs.

Europe

Revenue and trading profit in Europe decreased with 6,9% and 10,6% respectively, mainly as a result of lower bulk spirit exports compared to that of the prior year. Packed volumes, however, increased by 8%, despite poor economic growth and increasing pressure on the South African category abroad. Strong volume growth was achieved in Sweden, Finland and Belgium. Our investment in our own Russian office is showing promise, with a 97% volume growth from the prior year. Trading profit from packed sales improved with 57% as a result of the stronger euro, volume growth and improved efficiency in promotional spend and overhead sales expenses.

FINANCIAL REPORT *(continued)*

Africa (excl. South Africa) and the rest of the world

Revenue from sales in Africa showed a moderate growth of 3,3%, which was significantly less than what we had aimed for. Sales in Asia and America were more encouraging, increasing with 16,6% from the prior year, mostly as a result of the stronger US dollar and yen. Trading profit in Africa, Asia and America improved as a result of product mix and the weaker rand.

Statement of comprehensive income

The group's gross profit margin increased from 29,5% in the prior year to its current 30,3%. If the effect of contract bottling is excluded, KWV increased its gross profit margin from 31,0% in 2015, to 34,7% in 2016. The main contributing factors were the weakening of the rand, as well as the improved product mix in Europe, Asia and South Africa.

Other gains and losses contain significant exchange rate losses of R39,6 million compared to a profit of R31,1 million in the prior year. Both the prior year profits (when the rand strengthened significantly) and the current year losses (when the rand weakened throughout the year, particularly against the dollar) are a result of our strategy to hedge a significant portion of our expected exports in advance of a financial year.

Operating expenses decreased by 2,5%. This is despite inflationary pressure and revenue growth of 6,6%.

The net effect is that the group made an operating profit of R36,6 million compared to R62,3 million in the prior year, and generated headline earnings of R30,3 million compared to R47,7 million in the prior year. If bulk spirit sales are excluded, an operating profit of R28,1 million was generated, compared to R27,9 million in 2015.

Statement of financial position

The total assets and liabilities as per the statement of financial position are stable. The most noticeable change is the lower payables caused by the earlier harvest in 2016, along with a decrease in the excise payable. The increased liability for derivative financial instruments reflects the impact of the weaker rand on KWV's forward hedge book.

KWV's net asset value improved from R18,63 to R19,04 per share.

SUSTAINABILITY

The group remains committed to fostering opportunities for the youth and greater communities in which it operates.

The group is committed to the empowerment, development and upliftment of disadvantaged communities, primarily in the geographical areas in which it operates. KVV's strategy is aligned with the Millennium Development Goals, King III Report and the group's overall mission and vision.

The objectives of KVV's sustainability policy are:

- *to have a positive and sustainable impact on communities through investment;*
- *to improve the quality of life and welfare of disadvantaged people;*
- *to build and improve relationships with the group's existent as well as potential stakeholders; and*
- *to advocate and promote the responsible use of the group's products, as well as other alcoholic beverages, within the self-regulatory environment in which KVV operates.*

COMMUNITY DEVELOPMENT AND SOCIAL UPLIFTMENT

KVV implements its social sustainability strategy through enterprise and socio-economic development.

Enterprise Development

The Clothing Bank

The Clothing Bank is a best practice example of sustainable enterprise development. This entrepreneurial initiative has assisted more than 218 women in the Winelands region and 1 100 nationally to start small retail businesses. The focus of The Clothing Bank's programme is holistic as it assists the participants with a transformation of both their emotional and economic states. The programme trains specifically unemployed mothers so that they may break their dependence on external sources by being able to earn a sufficient income to provide for their family's basic needs. In the process, the initiative also aims to build the self-esteem of the participants on their

way to becoming confident, skilful and financially independent women.

Coaching plays a fundamental role in the upliftment and emotional empowerment of the women who participate. Participants start running a small business within weeks of joining the programme and life coaches meet with participants regularly during the two-year training period. When participants exit the training programme, they are supported to find alternative micro franchise business solutions, and are mentored in making the shift from their small retail business to new "business in a box" opportunities. KVV sponsored six women to participate in this initiative during the 2016 financial year.

Fleet Coffee Company

Fleet Coffee Company, a mobile business which sells barista-styled coffee, was established in January 2015 as an employment opportunity for youths in surrounding communities. Currently, the company operates in the KVV Sensorium, with Cheslin in the position of local barista. KVV assisted Fleet with a start-up loan of R80 571.

The Team Café

The Team Café is a black-owned enterprise which provides a canteen service at KVV Head Office and caters for functions. KVV assisted The Team Café by providing and refurbishing the premises for the canteen.

Socio-economic Development

Masikhule Childcare (Masikhule)

Masikhule's staff training programme is focused on early childhood development (ECD) at designated rural and township centres. The implementation of a sound ECD programme requires that centres have access to basic resources such as educational materials and stationery. Masikhule's mission is to ensure that infants and young children from disadvantaged communities receive valuable and appropriate stimulation, which is vital for rounded development and future

SUSTAINABILITY *(continued)*

learning. The programme offers accessible, community-based training in ECD skills to crèche and community workers. Masikhule aims to improve the lives of unemployed women in these communities by providing training in childcare skills, and placements in suitable jobs as child minders. The KWV Foundation Trust donated R37 787 towards the programme for in-house training and mentoring at three Klapmuts crèches, and R15 713 towards renovations and building materials for the ABC Daycare crèche in Klapmuts.

The Pebbles project

The purpose of this project is to enrich the lives of children with special educational needs from disadvantaged backgrounds. It provides support and training to local wine farm and township crèches, and has established after-school supervision for older children living in the Winelands region. The Trust sponsored R50 000 towards the Pebbles School Leavers Programme. The aim of this project is to provide learners with not only sufficient information to make responsible and informed career decisions, but also with the means to further their studies after graduation.

AIKIDO SOUTH AFRICA® (ASA)

ASA was established to teach aikido, a traditional Japanese martial art, to a broad spectrum of children, youths and adults. The association currently provides training programmes for disadvantaged children from the most impoverished communities in the Boland, including Mbekweni, Klapmuts and Paarl. The Trust has partnered with ASA by providing a facility where ASA training programmes can take place.

Pinotage Youth Development Academy (PYDA)

The PYDA develops young talent for employment in the wine industry and related sectors. The academy aims to transform the lives of the students and their communities, as well as contribute to broader transformation efforts. The PYDA's high-quality youth development programme dovetails with the government's education initiatives, such as the provision of further education and training to those unable to access a university education. The Trust has partnered with the academy on its journey by sponsoring the attendance of one Paarl-based individual, as well as assisting with work placements and practical support from specialist employees.

Khula Development Group

Khula Development Group equips fieldworkers with the competencies needed to reintegrate children into the school system after they have dropped out. The school sends the fieldworkers to the homes of the learners to determine the cause of their truancy. With support from the Khula Group, the fieldworkers remain in contact with and monitor the children to ensure continued school attendance. The Trust has sponsored Khula Development Group with R120 000 to continue with this programme at Klapmuts Primary School.

Discover & Share tennis project

The aim of the project is to improve the overall well-being of children and the youth in the Paarl-Wellington area by promoting purposeful tennis coaching, in cooperation with local partners in the schools. The children and young adults are motivated to share their positive attitude towards exercise and sport with their friends and family members. KWV is providing access to the tennis courts on their premises to the Discover & Share team where tennis lessons take place during the week.

The KWV Foundation Trust supports, among others, the following organisations:

- *Boland School for Autism – www.bolandautism.org.za*
- *Durbanville Children's Home*
- *Klapmuts Primary School*
- *Ligstraal School for Learners with Special Educational Needs – www.ligstraalschool.com*
- *The Institute for the Blind – www.blind-institute.org.za*
- *Thembinkosi Daycare Centre*
- *Valcare Trust – www.valcare.org.za*

Responsible use of alcohol

As a founding member of the Industry Association for Responsible Alcohol Use (ARA), KWV is committed to supporting the ARA in its objectives to reduce alcohol-related harm through combating the abuse of alcoholic beverages.

The primary targets for ARA's interventions are two broad groups, which includes younger individuals and adults who are most vulnerable and thus most at risk of suffering the negative consequences of alcohol abuse.

The ARA is one of the main funders of the Foundation for Alcohol Related Research, which undertakes extensive inquiry into the areas of foetal alcohol syndrome and foetal alcohol spectrum disorders.

KWV subscribes to the ARA Code of Commercial Communication, and is committed to complying with the Code in support of the self-regulatory environment in which the group operates.

ENVIRONMENT

KWV's commitment to environmental preservation is reflected in its policy and Integrated Management System (IMS). KWV ensures that practices and procedures relating to the purchase of raw materials, as well as production and packaging operations, are evaluated so as to guarantee minimal detrimental effect on the environment.

In addition to practices concerning sustainability, KWV's IMS also places an emphasis on product quality, food safety, employee health and safety, and waste management.

KWV and all its grape and wine product suppliers are accredited members of the Integrated Production of Wine (IPW) scheme, an internationally leading, extensive and strict sustainability programme. In addition to comprehensive requirements relating to agricultural best practices, the IPW also contains guidelines dedicated to the conservation of biodiversity in the Winelands.

The sustainability principles of the IPW scheme continue to be a focus of KWV, and the group has invested time with the suppliers of its raw materials to discuss the application of the principles.

Under supervision of the manager for sustainability, the environmental sustainability programme is implemented by the group's environmental champions whose roles are to evaluate, measure and monitor certain environmental aspects and the impacts these have on the various areas of responsibility.

This year, KWV again participated in the annual HCI Carbon Disclosure Project.

Biodiversity

KWV successfully passed both IPW and Biodiversity Wine Initiative (BWI) audits. The Laborie Estate is a member of the BWI, thus its farming activities are

conducted in a manner which is environmentally sustainable. Areas have also been set aside for the preservation of endemic plant species such as Spekboom, and alien vegetation is cleared frequently.

Water and Energy Management

The group installed real-time monitoring devices on electricity and water distribution networks at the KWV production site in Paarl. The devices are now being used to establish a consumption baseline for these resources.

The consumption of energy and process services for both water and electricity are actively being monitored and managed per department through the environmental sustainability programme.

KWV continues investigating and implementing techniques and technologies to improve operational efficiencies and, in the process, reducing the impact of its carbon footprint and fossil fuel consumption.

The group made a capital investment of R1,2 million to install a small-scale solar power plant. This plant will act as a pilot to examine the feasibility of a bigger initiative in the future. A further energy conservation initiative resulted in the incandescent security flood lights being replaced with LED flood lights.

KWV is also investigating and has budgeted for variable speed drivers for selected compressors.

Water Management and Recycling Projects

- *Waste water from the rinsing process during bottling is recycled and reused for conveyor lubrication.*
- *A project is currently underway to capture run-off water from the demineralization plant.*
- *The installation of an effluent equalization plant is the first step towards treating water for re-use in elementary washing and gardening. At present, the plant is geared towards addressing the pH and COD fluctuations of the effluent.*
- *Water used for the preservation and cleaning of barrels before utilisation in the maturation process is reused in the gardens at the Worcester processing plant.*

SUSTAINABILITY *(continued)*

KWV, in collaboration with its recycling partners, steadily reduces the group's solid and liquid waste by actively managing and monitoring volumes through the group's recycling programme. In accordance with the National Environmental Management Waste Act, No. 59 of 2008, the KWV production site in Paarl is registered on the South African Integrated Pollution and Waste Information System (iPWIS).

Effluent Treatment

Paarl

As prescribed by the Drakenstein Municipality Water Supply, Sanitation Services and Industrial Effluent By-law, No. 18 of 2007, KWV applied for and obtained an Industrial Effluent Disposal permit which is valid for a period of five years. KWV completed the installation of the effluent equalizing plant.

Upington

In terms of the National Environmental Management Waste Act, a legal process has been completed and an application for a waste licence has been submitted to the Department of Environmental Affairs and Planning. As part of determining alternative effluent treatment methods, trials for a wetland pilot plant are currently underway.

Worcester

Solamoyo Processing Company, the result of a partnership between KWV, Distell and Brenn-O-Kem, operates our effluent disposal project. The management of the site is governed by the Management Services Agreement between Solamoyo Processing Company and the Breede Valley Municipal Council.

A mechanical evaporator was acquired, which functions similarly to a demister, but causes less effluent to land on the ground before evaporation.

Environmental Initiatives

- *The installation of a 42,6 kW peak PV plant in Paarl which could lead to the generation of 65 278 kW per year.*
- *Energy efficiency was improved at the Paarl plant by insulating steam lines. 690 metric tons of carbon dioxide emissions are now being saved by the decrease in heavy fuel oil consumption.*

KWV Safety and Process Risk Management

KWV has realigned the safety and risk management structure of the group to ensure compliance with legislation.

The group contracted a new security service provider in Paarl and Worcester, and additional security systems were upgraded.

TRANSFORMATION

Broad-based Black Economic Empowerment (BBBEE)

KWV is proud of its qualification for a Level 3 BBBEE rating. Recent changes to BBBEE codes will pose a significant challenge to the group's rating going forward, but KWV is committed to exploring proactive solutions to ensure that it remains the group with some of the best empowerment statistics in the wine industry. Enterprise and supplier development form a significant part of KWV's BBBEE focus, and procurement from smaller entities is emphasised. Through Niveus Investments Limited and the KWV Employee Empowerment Trust, the black empowerment group, Hosken Consolidated Investments, which holds shares on behalf of black employees, has a significant shareholding in KWV.

The group remains committed to fostering opportunities for the youth and greater communities in which it operates. KWV's internship programme continues to grant young graduates the opportunity to gain valuable exposure to a workplace environment. In addition, the group has embarked on learnerships for physically disabled youths and also aims to provide enrollees with practical experience in the workplace. The internal supervisory learnership has paved the way for the promotion for two learners. KWV keeps graduated learners on its database and was able to appoint four former learners as part of the group's 2016 Harvest team.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The summary financial statements are the responsibility of the directors of KVV Holdings Limited. The audited annual financial statements of the group for the year ended 31 March 2016, from which these summary financial statements have been derived were prepared in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act, 2008. The directors are also responsible for the other information included in the group report and for both its accuracy and its consistency with the financial statements.

It is the responsibility of the independent external auditors to report on the fair presentation of the financial statements.

The directors are ultimately responsible for the internal controls. Management enables the directors to meet their responsibilities in this regard. Standards and systems of internal control are designed and implemented by management to provide reasonable assurance as to the integrity and reliability of financial records and of the financial statements and to adequately safeguard, verify and maintain accountability for the group's assets. Appropriate accounting policies, supported by reasonable and prudent judgements and estimates, are applied on a consistent and going concern basis. Systems and controls include the proper delegation of responsibilities, effective accounting procedures and adequate segregation of duties.

Based on the information and explanations given by management and the internal auditors, the directors are of the opinion that the accounting controls are adequate and that the financial records may be relied upon for preparing the financial statements and maintaining accountability for the group's assets and liabilities. Nothing has come to the attention of the directors to indicate that any breakdown in the functioning of these controls, resulting in material loss to the group, have occurred during the year and up to the date of this report. The directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing the financial statements.

The summarised financial statements which appear on pages 17 to 23 were approved by the board of directors on 19 May 2016 and are signed on their behalf by:



Marcel Golding
Chairman



André van der Veen
Chief Executive Officer

DECLARATION BY THE GROUP SECRETARY

I hereby confirm, in my capacity as company secretary of KVV Holdings Limited that for the year ended 31 March 2016, the company has filed all required returns and notices in terms of the Companies Act, 2008 and that all such returns and notices are to the best of my knowledge and belief true, correct and up to date.



Albert Eksteen
Group Secretary

REPORT OF THE GROUP AUDIT AND RISK MANAGEMENT COMMITTEE

The Group Audit and Risk Management Committee (Audit Committee) consists of a minimum of three directors, the majority of whom are independent non-executive directors. The board chairperson and the chief executive officer attend meetings by invitation while the external and internal auditors, together with relevant members of management, also attend meetings by invitation. Directors who are not members of the Audit Committee may attend committee meetings. The internal and external auditors enjoy unrestricted access to the Audit Committee.

Attendance at meetings held during the year under review, was as follows:

Director	May	Nov
F-A du Plessis (chairman)	√	√
KR Moloko (resigned 22/05/2015)	A	-
LA van Dyk (appointed 22/07/2015)	-	√
JA Copelyn	√	A

√ = Present A = Absent with apology

The committee reports that it has considered the matters set out in section 94(7)(f) of the Companies Act, 2008, 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.

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 KVV Holdings Limited and the group for the year ended 31 March 2016 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, 2008 and International Financial Reporting Standards (IFRS).



F-A du Plessis
Chairman of the Audit Committee

19 May 2016

INDEPENDENT AUDITOR'S REPORT ON THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

to the shareholders of KVV Holdings Limited

The summarised consolidated financial statements, set out on pages 18 to 23, which comprise the summarised consolidated statement of financial position as at 31 March 2016, and the summarised consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of KVV Holdings Limited for the year ended 31 March 2016. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 19 May 2016. Our auditor's report on the audited consolidated financial statements contained an Other Matter paragraph: "Other Reports Required by the Companies Act" (refer below).

The summarised consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summarised consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of KVV Holdings Limited.

DIRECTORS' RESPONSIBILITY FOR THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of a summary of the audited consolidated financial statements in accordance with the basis described in note 1 and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the summarised consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements."

OPINION

In our opinion, the summarised consolidated financial statements derived from the audited consolidated financial statements of KVV Holdings Limited for the year ended 31 March 2016 are consistent, in all material respects, with those consolidated financial statements, in accordance with the basis described in note 1 and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

The "Other Reports Required by the Companies Act" paragraph in our audit report dated 19 May 2016 states that as part of our audit of the consolidated financial statements for the year ended 31 March 2016, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated financial statements. These reports are the responsibility of the respective preparers. The paragraph also states that, based on reading these reports, we have not identified material inconsistencies between these reports and the audited consolidated financial statements. The paragraph furthermore states that we have not audited these reports and accordingly do not express an opinion on these reports. The paragraph does not have an effect on the summarised consolidated financial statements or our opinion thereon.



PricewaterhouseCoopers Inc
Director: DG Malan
Registered Auditor

Paarl
19 May 2016

DIRECTORS' REPORT

NATURE OF ACTIVITIES

The primary activities of KVV Holdings Limited and its subsidiaries are as follows:

- The purchase of grapes, wine and distilling wine for processing and maturation, of which the products are eventually sold in the form of wine, brandy and other distillates
- The sales, marketing and distribution of branded liquor products
- Making and managing investments in associated businesses

FINANCIAL RESULTS

The financial results of the group are disclosed in the attached financial statements.

DIVIDEND

No dividend (2015: nil) per ordinary share is declared for the year under review.

EVENTS AFTER REPORTING PERIOD

On 11 May 2016, an announcement was made about the conditional disposal of the operational assets of the KVV Group. Refer to note 5 for more information.

DIRECTORS

The complete board of directors as at 19 May 2016 is set out on page 24.

AUDITORS

PricewaterhouseCoopers Inc. will continue in office in accordance with section 90 (6) of the Companies Act 71 of 2008.

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2016

	2016 R'000	2015 R'000
ASSETS		
Non-current assets	274 916	261 000
Property, plant and equipment	241 577	227 427
Intangible assets	15 162	16 610
Investments in associates and joint ventures	18 177	16 798
Deferred taxation	–	165
Current assets	1 314 254	1 320 089
Inventory	1 029 116	1 035 493
Trade and other receivables	222 449	210 139
Current income tax assets	43	35
Derivative financial instruments	18 319	3 715
Bank and cash balances	44 327	70 707
Total assets	1 589 170	1 581 089
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	1	1
Share premium	425 722	425 722
Reserves	869 089	841 389
Total equity	1 294 812	1 267 112
Non-current liabilities		
Deferred taxation	63 942	45 090
Deferred revenue: government grant	53 042	45 090
	10 900	–
Current liabilities		
Trade and other payables	230 416	268 887
Deferred revenue: government grant	181 117	267 302
Derivative financial instruments	1 875	–
	47 424	1 585
Total equity and liabilities	1 589 170	1 581 089

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2016

	2016	2015
	R'000	Restated R'000
Revenue	1 224 214	1 147 911
Cost of sales	(852 837)	(807 916)
Gross profit	371 377	339 995
Other income	14 821	7 671
Other gains and (losses) – net	(42 290)	29 519
Operating expenses	(307 325)	(314 875)
Promotion, marketing and distribution	(231 855)	(237 476)
Operational and administrative expenses	(75 470)	(77 399)
Operating profit	36 583	62 310
Interest received	1 886	1 923
Finance costs	(1 620)	(2 097)
Share of profit of associates and joint ventures	239	1 579
Profit before income tax	37 088	63 715
Income tax	(9 302)	(17 494)
Profit for the year	27 786	46 221
Other comprehensive income/(loss)		
Change in foreign currency translation reserve	(86)	52
Total comprehensive income	27 700	46 273

(Attributable to equity holders of the company)

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2016

	2016 R'000	2015 R'000
Share capital		
Balance at beginning and end of the year	1	1
Share premium		
Balance at beginning and end of the year	425 722	425 722
Reserves		
<i>Common control reserve</i>		
Balance at beginning and end of the year	787 230	787 230
<i>Retained earnings</i>		
Balance at beginning of the year	57 270	10 180
Net profit attributable to ordinary shareholders	27 786	46 221
Transferred from currency translation reserve	–	2 212
Equity accounted earnings transferred to equity reserve	15	(1 343)
Balance at end of the year	85 071	57 270
<i>Treasury shares</i>		
Balance at beginning of the year	(7 238)	(2 923)
Treasury shares acquired by the group	–	(4 315)
Balance at end of the year	(7 238)	(7 238)
<i>Equity reserve</i>		
Balance at beginning of the year	4 040	2 697
Transfer of equity accounted earnings from retained earnings	(15)	1 343
Balance at end of the year	4 025	4 040
<i>Currency translation reserve</i>		
Balance at beginning of the year	87	2 247
Transferred to retained earnings	–	(2 212)
Movement during the year	(86)	52
Balance at end of the year	1	87
Total reserves at end of the year	869 089	841 389
Equity at end of the year	1 294 812	1 267 112

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2016

	2016 R'000	2015 R'000
CASH FLOW FROM OPERATING ACTIVITIES		
Cash from operations before changes in working capital	116 278	93 079
Changes in working capital	(111 975)	(112 964)
Cash from/(utilised in) operations	4 303	(19 885)
Interest received	1 863	1 923
Finance costs	(1 620)	(2 097)
Taxation paid	(1 193)	(496)
Net cash flow from operating activities	3 353	(20 555)
CASH FLOW FROM INVESTING ACTIVITIES		
Replacement of property, plant and equipment	(43 706)	(33 152)
Additions to property, plant and equipment	(922)	(5 187)
Acquisition of property, plant and equipment	(44 628)	(38 339)
Proceeds on disposal of property, plant and equipment	444	1 345
Acquisition of software	(347)	(451)
Investments in joint ventures and associates	(1 852)	(1 648)
Repayments of loans receivable	–	3 254
Dividends received	255	236
Net cash flow from investing activities	(46 128)	(35 603)
CASH FLOW FROM FINANCING ACTIVITIES		
Re-purchase of shares	–	(4 315)
Government grant received	16 395	–
Net cash flow from financing activities	16 395	(4 315)
Net decrease in cash and cash equivalents	(26 380)	(60 473)
Cash and cash equivalents at beginning of the year	70 707	131 180
Cash and cash equivalents at end of the year	44 327	70 707

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2016

1. BASIS FOR PREPARATION AND ACCOUNTING POLICY

The group's financial statements, from which the summarised financial statements were derived, were prepared in accordance with International Financial Reporting Standards. The accounting policy according to which the financial statements were prepared, agrees with the policy applied in the previous year. The complete set of financial statements is available for inspection at the registered office.

The external auditors PricewaterhouseCoopers Inc audited the financial statements of the group. A copy of the unqualified audit report is available at the registered office.

	2016 Number '000	2015 Number '000
2. EARNINGS PER SHARE		
Shares issued	68 980	68 980
Treasury shares	(979)	(979)
	68 001	68 001
Used in the calculation of earnings per share	68 001	68 188
	R'000	R'000
Profit for the year	27 786	46 221
Adjusted for:		
Impairment of investments in joint ventures	310	734
Loss on sale of property, plant and equipment	2 262	817
Headline earnings	30 358	47 772
	Cents	Cents
Earnings per share		
– Basic earnings	40,9	67,8
– Headline earnings	44,6	70,1
	R'000	Restated R'000
3. SEGMENTAL ANALYSIS		
Functional analysis of sales	1 224 214	1 147 911
Wine	550 726	486 810
Spirits	463 937	562 411
Contract bottling	156 843	62 274
Other	52 708	36 416
Regional analysis of sales	1 224 214	1 147 911
South Africa	736 266	656 706
Europe and the United Kingdom	304 863	327 573
Africa (excl. South Africa)	59 796	57 891
Rest of the world	123 289	105 741
Operating profit per region	36 583	62 310
Trading profit:		
South Africa	36 962	6 525
Europe and the United Kingdom	63 403	70 920
Africa (excl. South Africa)	11 584	8 945
Rest of the world	27 573	16 129
Items not allocated to segments:		
Other income, gains and losses – net	(27 469)	37 190
Operational and administrative expenses	(75 470)	(77 399)

4. RESTATEMENT OF FINANCIAL INFORMATION FOR COMPARATIVE PERIODS

Management reviewed the classification of income statement items in the 2016 financial year. During this process, certain amounts were identified which were not classified correctly in prior periods. The most material of these relate to settlement discounts reallocated from promotion, marketing and distribution expenses, to revenue as well as income and cost of sales relating to the Laborie Estate reclassified from expenses to revenue and cost of sales.

The changes in classification had the following effects on the summarised financial statements:

	Previously stated R'000	Change in classifi- cation R'000	Restated R'000
Summarised consolidated statement of comprehensive income			
Relating to 31 March 2015			
Revenue	1 155 385	(7 474)	1 147 911
Cost of sales	(803 636)	(4 280)	(807 916)
Promotion, marketing and distribution expenses	(247 505)	10 029	(237 476)
Operational and administrative expenses	(79 124)	1 725	(77 399)
Net effect		–	

The restatement had no impact on the statement of financial position.

5. EVENTS AFTER REPORTING PERIOD

Conditional disposal of the operational assets of the KWV group

On 11 May 2016, it was announced that KWV have concluded conditional agreements in terms of which KWV South Africa (Pty) Ltd shall dispose of the operational assets of the KWV group, and that KWV shall dispose of all of its shares in and loan accounts against its wholly-owned subsidiary, KWV Intellectual Properties (Pty) Ltd for an aggregate consideration of approximately R1 150 000 000.

The agreements are subject to a number of conditions, of which the following are most important:

- Approval of the transactions through a special resolution by the shareholders of KWV;
- Successful completion of a due diligence investigation by the purchaser companies; and
- Approval of the transactions by the Competition Authorities.

The consideration will be paid as follows:

- R575 000 000 (50% of the purchase consideration) will be paid on the effective date of the transactions, and the remainder will be deferred and settled in three instalments on each of the first, second and third anniversaries of the effective date.
- The full consideration of R1 150 000 000 will increase by 6% per annum from 1 May 2016 onwards. This increase will be added to the value of the three deferred instalments.
- These deferred instalments will be secured by way of bank guaranteed promissory notes, and will carry interest at 8,5%, compounded annually.

The financial effects of this transaction were not recognised at 31 March 2016. The group anticipates reporting a loss on disposal of approximately R175 million before tax in 2017.

ADMINISTRATIVE INFORMATION

Directors

MJA Golding (Chairman)
A van der Veen (CEO)
JA Copelyn
F-A du Plessis
NL Ellis
MN Joubert
KI Mampeule
MM Mhlari (appointed 21 August 2015)
KR Moloko (resigned 22 May 2015)
DP Smit (Executive)
LA van Dyk

Auditors

PricewaterhouseCoopers Inc
PwC Building
Zomerlust Estate
Berg River Boulevard
Paarl

Bankers

Absa Bank Ltd
Suider-Paarl

Company secretary

AW Eksteen
Telephone: 021 807 3911

Enquiries regarding transfer of shares

Link Market Services (Pty) Ltd
Telephone: 011 630 0823

Registered office

La Concorde
57 Main Street
Suider-Paarl
7646
South Africa

Postal address

PO Box 528
Suider-Paarl
7624

Website

www.kwv.co.za

Company registration number

2009/012871/06

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given in terms of section 62 of the Companies Act, 2008, (Act 71 of 2008) as amended (“the Act”) that the annual general meeting of the company will be held on Friday, 29 July 2016 at 10:00 at La Concorde, 57 Main Street, Paarl, to transact the following business and to consider and, if deemed fit, to pass the following ordinary and special resolutions with or without modification:

1. ORDINARY RESOLUTION NUMBER 1

Presentation of the directors’ report

To receive and adopt the directors’ report for the year ended 31 March 2016.

2. ORDINARY RESOLUTION NUMBER 2

Presentation of audited financial statements

To receive and adopt the audited financial statements for the year ended 31 March 2016.

3. ORDINARY RESOLUTION NUMBER 3

Presentation of audit committee report

To receive and adopt the report of the Audit and Risk Management Committee for the year ended 31 March 2016.

ELECTION OF DIRECTORS

Clause 22.7 of the company’s memorandum of incorporation determines that no person other than a director retiring at the meeting shall, unless recommended by the directors for election, be eligible for election to the office of director at any annual general meeting unless, not less than 7 (seven) days nor more than 14 (fourteen) days before the day appointed for the meeting, there shall have been given to the secretary notice in writing by some member duly qualified to be present and vote at the meeting for which such notice is given of the intention of such member to propose such person for election and also notice in writing signed by the person to be proposed of her/his willingness to be elected.

The directors have recommended the following:

4. ORDINARY RESOLUTION NUMBER 4

To re-elect Ms Fran du Plessis who retires at this annual general meeting in terms of the memorandum of incorporation and who is eligible and available for re-election.

Ms du Plessis is a chartered accountant (South Africa) and is an admitted advocate of the Cape High Court. She is an expert on taxation issues and contracts and brings strong legal and financial expertise to the KWV Holdings Limited board, where she is also the chairman of the audit committee. She is a director of LDP Incorporated, is an ad hoc lecturer in the Faculty of Law at the University of Stellenbosch and the co-author of several books on taxation.

5. ORDINARY RESOLUTION NUMBER 5

To re-elect Ms Meta Mhlarhi who retires at this annual general meeting in terms of the memorandum of incorporation and who is eligible and available for re-election.

Ms Mhlarhi is a qualified Chartered Accountant. She has extensive knowledge in public sector finance gained through advising, amongst others, the National Treasury, Department of Environmental affairs, Social Housing Regulatory Agency, Limpopo Housing and chairing the audit committee of RAL and BBI SOC. She also brings her investment banking experience gained at Investec Corporate Finance. She is involved with Solar Capital De Aar’s Solar Farms in the Northern Cape. She also has experience in the mining industry through an investment in Anoraq’s Resources Corporation, a junior platinum company. She serves or has served on a number of boards, amongst them Atlatsa, SARS advisory board, AON, Broadband Infracore, Road Agency Limpopo and NTP (subsidiary of NECSA).

NOTICE OF THE ANNUAL GENERAL MEETING *(continued)*

6. ORDINARY RESOLUTION NUMBER 6

To re-elect Mr Khutso Mampeule who retires at this annual general meeting in terms of the memorandum of incorporation and who is eligible and available for re-election.

Mr Mampeule graduated with BA, BSC and MBA degrees in the United States of America and previously served as CEO and executive director of the South African Post Office Limited, chief executive of Old Mutual Employee Benefits and CEO of South African Express Airways. He is the founder and chairman of Lefa Holdings Proprietary Limited, a black-owned and managed investment holding and consulting company, and was formerly the chairman of the Aviation Training and Development board as well as deputy chairman of the Airline Association of South Africa. He currently serves on the board of Niveus Investments Limited, and is also the chairman of its audit committee.

APPOINTMENT OF AUDITORS AND AUDIT AND RISK MANAGEMENT COMMITTEE

7. ORDINARY RESOLUTION NUMBER 7

Re-appointment of independent auditors

To re-appoint PricewaterhouseCoopers as independent external auditors of the company and to appoint Mr Hardie Malan as designated auditor, for the ensuing year.

8. ORDINARY RESOLUTION NUMBER 8

To appoint Ms Fran du Plessis as a member of the Audit and Risk Management Committee of the company.

9. ORDINARY RESOLUTION NUMBER 9

To appoint Prof Laetitia van Dyk as a member of the Audit and Risk Management Committee of the company.

10. ORDINARY RESOLUTION NUMBER 10

To appoint Mr John Copelyn as a member of the Audit and Risk Management Committee of the company.

SPECIAL RESOLUTIONS

11. SPECIAL RESOLUTION NUMBER 1

Inter company loan

In terms of the requirements of section 65 (11) (f) of the Act, shareholders are requested to approve the following resolution as a special resolution:

“Resolved that in terms of and pursuant to the provisions of section 45(3) (a) (ii) of the Companies Act No. 71 of 2008, as amended, the Company is hereby authorised, by way of general authority to:

- 1.1. provide intercompany loans to companies or corporations which are related or inter-related to the Company; and/or
- 1.2. provide direct or indirect financial assistance to companies or corporations which are related or inter-related to the Company”.

Explanation

Special resolution number 1 is required in terms of Section 45 of the Act to grant the directors of the Company the authority to cause the Company to provide financial assistance by way of loan, guarantee, the provision of security or otherwise, to any company or corporate entity which is related or inter-related to the Company. The special resolution does not authorise the provision of financial assistance to a director or prescribed officer of the Company.

12. SPECIAL RESOLUTION NUMBER 2

Directors' remuneration

In terms of the requirements of section 65 (11) (h) of the Act, shareholders are requested to approve the following resolution as a special resolution:

"In terms of and pursuant to the provisions of section 66(9) of the Companies Act No. 71 of 2008, as amended, the Company is hereby authorised to pay remuneration to its non-executive directors for their services as directors as set out in the following table".

Chairman	R150 000 per annum
Director	R90 000 per annum
Chairman of committee	R20 000 per annum
Member of committee	R5 000 per meeting, with a maximum of R10 000.

Explanation:

Special resolution number 2 is required in terms of Section 66(9) of the Act, which provides that remuneration payable to non-executive directors of a company in respect of their services as directors must be approved by special resolution of the shareholders of the company.

13. SPECIAL RESOLUTION NUMBER 3

Disposal of greater part of assets

In terms of the requirements of section 115(2)(b) of the Act, shareholders are requested to approve the following resolution as a special resolution:

"It is hereby resolved as a special resolution that, KWV Holdings authorises and approves, in terms of section 115(2)(b) of the Companies Act, the disposal by its wholly-owned subsidiary, KWV SA, of all or the greater part of KWV SA's assets or undertaking, as contemplated in the Sale of Business Agreement and in accordance with its terms and conditions."

In terms of the Act and the KWV Holdings Memorandum of Incorporation, this special resolution will be adopted with the support of not less than 75% of voting rights exercised on this special resolution.

Reason and effect of the special resolution

In terms of section 115(2)(b) of the Act, since the Sale of Business concerns a disposal of all or the greater part of the assets or undertaking of KWV SA, and having regard to the consolidated financial statements of its holding company, KWV Holdings, the disposal also constitutes a disposal of all or the greater part of the assets or undertaking of KWV Holdings, KWV SA is not entitled to implement the Sale of Business without the approval of the shareholders of KWV Holdings by special resolution.

The reason for and effect of this special resolution is to authorise and approve the disposal by KWV SA, a wholly owned subsidiary of KWV Holdings, of all or the greater part of its assets or undertaking to Warshay Investments Proprietary Limited as contemplated in the Sale of Business Agreement.

14. SPECIAL RESOLUTION NUMBER 4

Change of name

"It is hereby resolved as a special resolution that, subject to the implementation of the Sale of Business Agreement, the name of the Company shall be changed from "KWV Holdings Limited" to "La Concorde Holdings Limited", and the Company's Memorandum of Incorporation is amended accordingly."

In terms of the Companies Act and the KWV Holdings Memorandum of Incorporation, this special resolution will be adopted with the support of not less than 75% of voting rights exercised on this special resolution.

NOTICE OF THE ANNUAL GENERAL MEETING *(continued)*

Reason for and effect of the special resolution

In terms of the Sale of Business Agreement, KWV South Africa (Pty) Ltd shall transfer the registration of all names utilised by its business, including the name “KWV South Africa (Pty) Ltd” to Warshay. The Company is required to procure the change to the name of KWV South Africa (Pty) Ltd within 120 days after the Effective Date thereof. The Board of Directors consequently believes that the name of the Company should likewise be changed to “La Concorde Holdings Limited”. The effect of this Special Resolution is to change the name of the Company to “La Concorde Holdings Limited”.

RECORD DATE

The transfer of shares will be suspended from Tuesday 26 July 2016 (“Record Date”) until after the annual general meeting. No share transfers from the Record Date up to the date of the meeting will be recognised for voting purposes at the meeting. Only the shareholders as indicated on the share register on the Record Date will be entitled to vote at the meeting being either personally present or represented by proxy.

PROXIES

A shareholder who is entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, participate in and vote at the meeting in the place of the shareholder. Such a proxy need not also be a shareholder of the company. A form of proxy, in which is set out the relevant instructions for its completion, is enclosed for the use of shareholders who are unable to attend the meeting but who wish to be represented thereat. Proxies may only be revoked in writing.

The instrument appointing a proxy and the authority (if any) under which it is signed must reach the office of the company secretary by no later than 10:00 on Wednesday, 27 July 2016.

IDENTIFICATION

The attention of shareholders is drawn to the provisions of section 63 (1) of the Act, which determines that:

“Before any person may attend or participate in a shareholders meeting that person must present reasonably satisfactory identification.”

Shareholders or their proxies wishing to attend the meeting are therefore advised to bring their identity document, passport or drivers license and, in the case of a legal person, documentary proof confirming the authority of a person signing the form of proxy in a representative capacity.

VOTES

On a show of hands, any person present and entitled to exercise voting rights shall have one vote.

On a poll, any person present and entitled to exercise voting rights shall have the number of votes determined in accordance with the voting rights associated with the securities held by that shareholder.

RESOLUTIONS

For an ordinary resolution to be approved by shareholders, it must be supported by more than 50% of the voting rights exercised on the resolution.

For a special resolution to be approved by shareholders, it must be supported by at least 75% of the voting rights exercised on the resolution.

By order of the board of directors.



Albert Eksteen
Group Secretary

Paarl
23 June 2016



KVV HOLDINGS LIMITED
 Registration number 2009/012871/06
 ("the company")

FORM OF PROXY
ANNUAL GENERAL MEETING, FRIDAY, 29 JULY 2016

I/We (full names) _____

of (address) _____

being a shareholder of KVV Holdings Limited, hereby appoint _____

of (address) _____

or in the event of the absence of the abovementioned proxy or if a specific proxy is not appointed in terms hereof, the chairman of the general meeting, as my/our proxy to vote for me/us and on my/our behalf at the general meeting to be held on 29 July 2016 at 10:00 and at any adjournment thereof in respect of the resolutions as set out in the notice of the said meeting, as follows:

	For	Against	Abstain
Ordinary Resolution Number 1 Approval of directors' report			
Ordinary Resolution Number 2 Approval of financial statements			
Ordinary Resolution Number 3 Approval of Audit and Risk Management Committee report			
Ordinary Resolution Number 4 Re-election of Ms Fran du Plessis as a director			
Ordinary Resolution Number 5 Re-election of Ms Meta Mhlarhi as a director			
Ordinary Resolution Number 6 Re-election of Mr Khutso Mampeule as a director			
Ordinary Resolution Number 7 Appointment of Mr Hardie Malan as auditor			
Ordinary Resolution Number 8 Appointment of Ms Fran du Plessis as member of the Audit and Risk Management committee			
Ordinary Resolution Number 9 Appointment of Prof Laetitia van Dyk as member of the Audit and Risk Management committee			
Ordinary Resolution Number 10 Appointment of Mr John Copelyn as member of the Audit and Risk Management committee			
Special Resolution Number 1 Inter company loan			
Special Resolution Number 2 Directors' remuneration			
Special Resolution Number 3 Disposal of greater part of assets*			
Special Resolution Number 4 Change of name			

IMPORTANT: PLEASE SEE THE NOTES ON THE BACK OF THIS PROXY FORM.

This proxy appointment is	Revocable	Irrevocable	(please indicate)
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Signed at _____ on this the _____ day of _____ 2016.

 SIGNATURE OF SHAREHOLDER

 SIGNATURE OF WITNESS

NOTES

1. Indicate instructions to proxy in respect of each resolution by way of a clear cross in the applicable block provided above. Unless otherwise instructed my/our proxy may vote as he or she deems fit.
2. A shareholder of the company who is entitled to be present and vote may appoint any individual, including an individual who is not a shareholder of the company, as a proxy to participate in, and speak and vote at, the meeting on behalf of the shareholder.
3. Any amendment or correction made on this Form of Proxy must be initialled by the signatory.
4. The appointment of a proxy is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder.
5. The appointment of a proxy is revocable unless the proxy appointment expressly states otherwise. If the appointment is revocable the revocation of a proxy must be in writing and signed by the person giving the proxy.
6. A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the instrument appointing the proxy provides otherwise.
7. This proxy appointment, unless revoked earlier, remains valid only until the end of the meeting.
8. In the case of a legal person (company, CC, trust etc.), documentary proof confirming the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy provided that the chairman of the general meeting may waive this requirement if he is satisfied that the person had the necessary authority.
9. A copy of the instrument appointing a proxy must be deposited at the registered office of the company (For attention: the Group Secretary) not less than 48 (forty eight) hours (excluding Saturdays, Sundays and public holidays) prior to the time determined for the commencement of the meeting i.e. by 10:00 on Wednesday, 27 July 2016. The registered address of the company is La Concorde, 57 Main Street, Paarl, 7646. For purposes of “depositing” proxy forms sent to the company secretary by fax will be accepted, at fax number 021 807 3000.
10. Proxies not complying with the above requirements will be rejected.

*STATEMENT BY THE INDEPENDENT BOARD

Having regard to the terms and conditions of the Transactions as set out more fully in the Transaction Agreements, the knowledge and advice available to the Independent Board as well as the fair and reasonable opinion of the Independent Expert, as contemplated in the Independent Expert Report, the Independent Board is of the unanimous opinion that the Transactions are in the long-term interests of KWV Holdings and its shareholders. The Independent Board recommends that the KWV Holdings Shareholders vote in favour of the special and ordinary resolutions to be proposed at the General Meeting.

SHAREHOLDERS' DIARY

Annual general meeting
Financial reports
annual report: 31 March 2016

29 July 2016

May 2016

