

**BOWLER METCALF LIMITED**

(Registration number 1972/005921/06)  
 Share code: BCF ISIN number: ZAE000030797  
 ("Bowler Metcalf" or "the Company")

**CONDENSED UNAUDITED CONSOLIDATED RESULTS FOR THE SIX MONTHS ENDED  
 31 DECEMBER 2016 AND DIVIDEND DECLARATION**

**Revenue + 14%** **Dividend + 5%**

**CONDENSED STATEMENT OF FINANCIAL POSITION**

	R mil 31/12/16	%	R mil 30/06/16
		Change	
<b>Non-current Assets</b>	<b>414.9</b>	- 2	422.2
Property, plant & equipment	145.9		130.7
Investment properties	6.0		6.2
Investment in associates	187.2		279.6
Related party loan	70.1		-
Deferred tax	0.8		0.8
Intangible assets	4.9		4.9
<b>Current Assets</b>	<b>316.4</b>	- 21	401.3
Inventories	77.7		68.8
Trade and other receivables	124.4		106.2
Prepayments	2.7		21.3
Cash and cash equivalents	111.6		158.2
Related party loan	-		46.8
	-		-
<b>Total Assets</b>	<b>731.3</b>	- 11	823.5
<b>Total Equity</b>	<b>647.0</b>	- 7	699.0
<b>Non-current liabilities</b>	<b>45.7</b>		60.7
Deferred Tax	45.7		60.7
<b>Current Liabilities</b>	<b>38.6</b>	- 39	63.8
Trade and other payables	38.1		59.2
Taxation	0.5		4.6
	-		-
<b>Total Equity &amp; Liabilities</b>	<b>731.3</b>		823.5

**NOTES TO THE CONDENSED STATEMENT OF FINANCIAL POSITION****Prepayments are comprised of:**

- advance payments - capital	1.5	19.3
- advance payments - expenses	1.2	2.0

**CONDENSED STATEMENT OF CHANGES IN EQUITY (R mil)**

	Share Capital	Retained Earnings	Treasury Shares	Total Equity
30 Jun 15	21.5	676.3	(30.2)	667.6
Comprehensive Income	-	65.5	-	65.5
Dividends	-	(34.3)	-	(34.3)
	-	-	-	-
30 Jun 16	21.5	707.5	(30.2)	699.0
Comprehensive Income	-	(36.8)	-	<b>(36.8)</b>
Dividends	-	(15.2)	-	<b>(15.2)</b>
<b>31 Dec 16</b>	<b>21.5</b>	<b>655.5</b>	<b>(30.2)</b>	<b>647.0</b>

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 DECEMBER 2016**

	31/12/16 R mil	% Change	31/12/15 R mil
<b><i>Continuing operations</i></b>			
Revenue	291.7	+14	254.8
Other income	0.5		1.1
Operating costs	(166.6)		(148.6)
Depreciation	(12.6)		(11.0)
Impairment of investment in associate	(72.3)		-
Rent & property finance	(1.3)		(1.1)
Staffing costs	(66.7)		(61.6)
Share of (loss)/profit of associate	(20.1)		14.5
	-		-
<b>(Loss) / Profit from operations</b>	<b>(47.4)</b>	-199	48.1
Net finance income	9.6		8.2
- income	9.6		8.2
<b>Net (loss) / profit before tax</b>	<b>(37.8)</b>	-167	56.3
Income tax expense	1.0		(11.5)
<b><i>(Loss) / Profit for the period from continuing operations</i></b>	<b>(36.8)</b>	-182	44.8
<b><i>Discontinued operations</i></b>			
Income tax expense	-		(8.0)
<b>Loss for the period from discontinued operations</b>	-		(8.0)
<b>Attributable to equity holders of parent</b>	<b>(36.8)</b>	-200	36.8

<b>(Loss) / Earnings &amp; diluted (loss) / earnings per share</b>				
	<b>CPS</b>		<b>CPS</b>	
- Continuing operations	<b>(44.4)</b>	-182	54.1	
- Discontinued operations	-		(9.7)	
	<b>(44.4)</b>	-200	44.4	-
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## NOTES TO THE CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	<b>R mil</b>	<b>R mil</b>
<b>Related party transactions</b>		
Quality Beverages 2000 (Pty) Ltd (subsidiary of associate)		
- revenue	<b>29.1</b>	33.1
- rental income	<b>2.3</b>	2.2
- finance income	<b>3.4</b>	2.9

## CONDENSED STATEMENT OF CASH FLOWS

<b>Operating Activities</b>	<b>4.3</b>	13.6
Profit before tax	<b>(37.8)</b>	56.3
Non-cash items	<b>104.9</b>	(3.2)
Working capital changes	<b>(29.6)</b>	(7.9)
Taxation paid	<b>(18.0)</b>	(12.6)
Dividends paid	<b>(15.2)</b>	(19.0)
<b>Investing Activities</b>	<b>(50.9)</b>	(27.6)
Property plant and equipment - additions	<b>(27.6)</b>	(37.5)
Property plant and equipment - disposals	-	9.9
Related party loans	<b>(23.3)</b>	-
<b>Financing Activities</b>	-	(1.1)
Borrowings	-	(1.1)
	-	-
<b>Net Cash Flow</b>	<b>(46.6)</b>	(15.1)
Opening balance	<b>158.2</b>	139.6
<b>Closing balance</b>	<b>111.6</b>	124.5
Comprising:		
Cash & cash equivalents	<b>111.6</b>	124.5

## HEADLINE EARNINGS

	R mil 31/12/16	%	R mil 31/12/15
		Change	
<b>Continuing operations</b>			
(Loss) / Profit for the period from continuing operations	(36.8)		44.8
Profit on disposal of plant & equipment	-		0.2
profit	-		0.3
tax	-		(0.1)
Impairment of investment in associate	56.1		-
loss	72.3		-
tax	(16.2)		-
Impairment within equity accounted profits	13.4		-
loss	13.4		-
tax	-		-
<b>Headline earnings - continuing operations</b>	<b>32.7</b>	-27	<b>45.0</b>
<b>Discontinued operations</b>			
Loss for the period from discontinued operations	-		(8.0)
Tax rate adjustment - disposal of subsidiary	-		8.0
<b>Headline earnings - discontinued operations</b>	<b>-</b>		<b>-</b>
<b>Headline earnings - attributable to holders of the parent</b>	<b>32.7</b>	-27	<b>45.0</b>

## BASIC & DILUTED HEADLINE EARNINGS PER SHARE (c)

	CPS		CPS
<b>Continuing operations</b>			
(Loss) / Earnings per share	(44.4)		54.1
<b>HEADLINE EARNINGS RECONCILIATION</b>			
Impairment of investment in associate per share	83.9		-
Profit on disposal of plant & equipment	-		0.2
<b>Basic &amp; diluted headline earnings per share-continuing operations</b>	<b>39.5</b>	-27	<b>54.3</b>
<b>Discontinued operations</b>			
Earnings per share	-		(9.7)
Tax rate adjustment - disposal of subsidiary	-		9.7
<b>Basic &amp; diluted headline earnings per share-discontinued operations</b>	<b>-</b>		<b>-</b>
<b>Basic &amp; diluted headline earnings per share - attributable to holders of the parent</b>	<b>39.5</b>	-27	<b>54.3</b>

## ADDITIONAL INFORMATION

Dividend/share paid (c)	<b>18.40</b>	-20	23.00
Ordinary dividend proposed (c)	<b>19.32</b>	+5	18.40
Dividend cover (times)	<b>2.04</b>		2.95
Weighted shares in issue (mil)	<b>82.80</b>		82.80
Capital commitments (Rmil)	<b>1.70</b>		10.90
Current ratio	<b>8.20</b>		8.78
Return on equity (%)	<b>(11.38)</b>		10.74
Closing share price (cents)	<b>880</b>		1,060

## CONDENSED SEGMENTAL ANALYSIS

(Rmil)	Plastic Packaging	Beverages	Property Investment	Un-allocated & Eliminations	Total
<b>Revenue</b>					
Jul-Dec 15	252.6	-	2.2	-	254.8
- total revenue	252.6	-	10.7	-	263.3
- intersegment	-	-	(8.5)	-	(8.5)
<b>Jul-Dec 16</b>	<b>289.4</b>	<b>-</b>	<b>2.4</b>	<b>-</b>	<b>291.7</b>
- total revenue	<b>289.4</b>	<b>-</b>	<b>11.4</b>	<b>-</b>	<b>300.7</b>
- intersegment	<b>-</b>	<b>-</b>	<b>(9.0)</b>	<b>-</b>	<b>(9.0)</b>
<b>Operating Profit</b>					
Jul-Dec 15	26.9	14.5	8.0	(1.3)	48.1
- continuing operations	26.9	14.5	8.0	(1.3)	48.1
<b>Jul-Dec 16</b>	<b>37.5</b>	<b>(92.4)</b>	<b>8.5</b>	<b>(1.0)</b>	<b>(47.4)</b>
- continuing operations	<b>37.5</b>	<b>(92.4)</b>	<b>8.5</b>	<b>(1.0)</b>	<b>(47.4)</b>
<b>Attributable Profit</b>					
Jul-Dec 15	25.8	6.5	5.8	(1.3)	36.8
- continuing operations	25.8	14.5	5.8	(1.3)	44.8
- discontinued operations	-	(8.0)	-	-	(8.0)
<b>Jul-Dec 16</b>	<b>34.1</b>	<b>(76.3)</b>	<b>6.2</b>	<b>(0.7)</b>	<b>(36.8)</b>
- continuing operations	<b>34.1</b>	<b>(76.3)</b>	<b>6.2</b>	<b>(0.7)</b>	<b>(36.8)</b>
<b>Total Assets</b>					
30 Jun 16	508.2	279.6	78.0	(42.4)	823.5
- total assets	505.4	279.6	33.6	0.0	818.6
- intersegment	2.8	-	44.4	(42.4)	4.9
<b>31 Dec 16</b>	<b>522.1</b>	<b>187.2</b>	<b>82.0</b>	<b>(60.1)</b>	<b>731.3</b>
- total assets	<b>435.8</b>	<b>187.2</b>	<b>33.2</b>	<b>70.1</b>	<b>726.4</b>
- intersegment	<b>86.3</b>	<b>-</b>	<b>48.8</b>	<b>(130.2)</b>	<b>4.9</b>
<b>Capital Expenditure</b>					
Jul-Dec 15	37.5	-	-	-	37.5
<b>Jul-Dec 16</b>	<b>27.6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27.6</b>

## **CEO'S COMMENTARY**

The SA retail trading environment, and more specifically the FMCG element, can best be described as capricious and uncertain over the last 6 months. This economic reality, together with new challenges such as the pending sugar tax, has impeded and slowed progress, delaying the targets that formed the basis of merger profitability projections in respect of the SoftBev beverages business, especially in the Inland region. The directors of Bowler Metcalf considered it appropriate to impair the Company's 42.06% stake in SoftBev by R56.12m (after tax). Together with the impairment within SoftBev itself, a total HEPS adjustment of R69.5m (after tax) is applicable to the impairment of the SoftBev beverages business.

The core Bowler Plastics business has demonstrated robust interim growth in turnover of 15% and a concomitant operating profit growth of 39%.

### **Plastic Packaging - Bowler Plastics**

The reconstructed packaging business achieved its earnings growth in a generally difficult market during this period. A good spread of niche business and a portfolio of strong customers have proved to be invaluable. Growth has been well spread amongst all Bowler operational plants. The majority of key projects have reached their production phases. The Gauteng plant expansion has resulted in a regional activity growth of close to 50% on Prior Year ("PY"), laying the foundation for a stronger regional presence in the future. Operational costs have been generally well controlled despite some higher levels of new project industrialisation costs. Controlling operational costs will remain a continued focus area. Raw material prices have been relatively stable, and that augers well for the future. The increased activity levels in all plants have necessitated a focus on the expansion of facilities, which is currently in progress.

### **Beverages - SoftBev**

The merged SoftBev business is in the second year of national operation. The merger objectives envisaged show potential of being achieved, be it at a slower pace than anticipated. This needs to be understood in the context of national demographics, unrecoverable sugar price increases, the influence of sugar tax, disposable income driven market contraction and resulting aggressive competitor behaviour, all of which was not evident at the time of the merger. Despite this, SoftBev has successfully focussed on brand growth, achieving 14% on PY. This has however come with some margin loss, and pressure on operational costs, which were aggravated by drought related water restrictions and capacity constraints. The management team continues in its aggressive steps to address these business challenges head on. In November a R90mil filling line was successfully added to the Gauteng operation, which will address certain of the operational issues.

A highlight in the SoftBev business has been the encouraging growth of the energy drink business (Reboost).

### **Outlook**

Bowler Plastics and SoftBev are not immune to the severe economic pressures prevalent in the retail and manufacturing industries. These show little sign of abating in the immediate future. Both management teams remain undeterred in their pursuit to achieve the respective objectives set for the businesses, with the support of stable and experienced teams.

Bowler Plastics continues to focus on niche market growth with its focus on technology solutions and operational cost optimisations.

SoftBev's focus is directed towards brand growth particularly in the Inland while following a prudent rightsizing of the business to prevailing market realities.

## **BASIS OF PREPARATION**

The condensed unaudited consolidated results have been prepared in accordance with and containing information required by IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and in the manner required by the Companies Act, 2008 and the Johannesburg Stock Exchange's Listings Requirements. The condensed report has been prepared using accounting policies and methods of computation that are in terms of IFRS and which are consistent with those of the previous annual financial statements. The condensed report has not been audited or reviewed by the auditors.

## **ACQUISITIONS AND DISPOSALS**

There have been no additions or disposals during the period under review.

## **CHANGES TO THE BOARD**

There were no changes to the Board during the period.

## **ISSUE AND RE-PURCHASE OF TREASURY SHARES**

There were no issues or re-purchases of treasury shares during the period.

## **CASH DIVIDEND DECLARATION**

An interim gross cash dividend of 19.32 cents per share ("cps") (2015: 18.4 cps) has been declared for the six months ended 31 December 2016 and is payable to shareholders on Monday, 3 April 2017. The last day to trade will be Tuesday, 28 March 2017. "Ex" dividend trading begins on Wednesday, 29 March 2017 and the record date will be Friday, 31 March 2017. Share certificates may not be dematerialised or re-materialised between Wednesday, 29 March 2017 and Friday, 31 March 2017, both days inclusive. Directors confirm that the solvency and liquidity test is satisfied at the date of this report.

This dividend will be made from income reserves. The gross dividend is 19.32 cps. Dividend Withholding Tax (DWT) is 20%. The net local cash dividend to shareholders liable for DWT will therefore be 15.46 cps.

The number of shares in issue at the date of declaration is 88 428 066 shares.

Unless otherwise requested in writing, individual dividend cheques of less than R50 will not be paid but retained in the company's unclaimed dividend account. Accumulated unpaid dividends in excess of R200 may be claimed in writing from the Transfer Secretaries.

BJ FROST (Non-Exec Chairman)  
PF SASS (Chief Executive Officer)

Company Tax No: 9775130710

Prepared by: CA Bothma (Professional Accountant (SA))

## **CAPE TOWN**

10 March 2017

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## **REGISTERED AUDITOR**

Mazars - Partner Jaco Cronje - Registered Auditor  
Mazars House, Rialto Road,  
Grand Moorings Precinct, Century City, 7441

## **TRANSFER SECRETARIES**

Computershare Investor Services (Pty) Ltd  
PO Box 61051, Marshalltown, 2107

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## **SPONSOR**

Arbor Capital Sponsors Proprietary Limited

